



**Brighton & Hove  
City Council**

# Cabinet Meeting

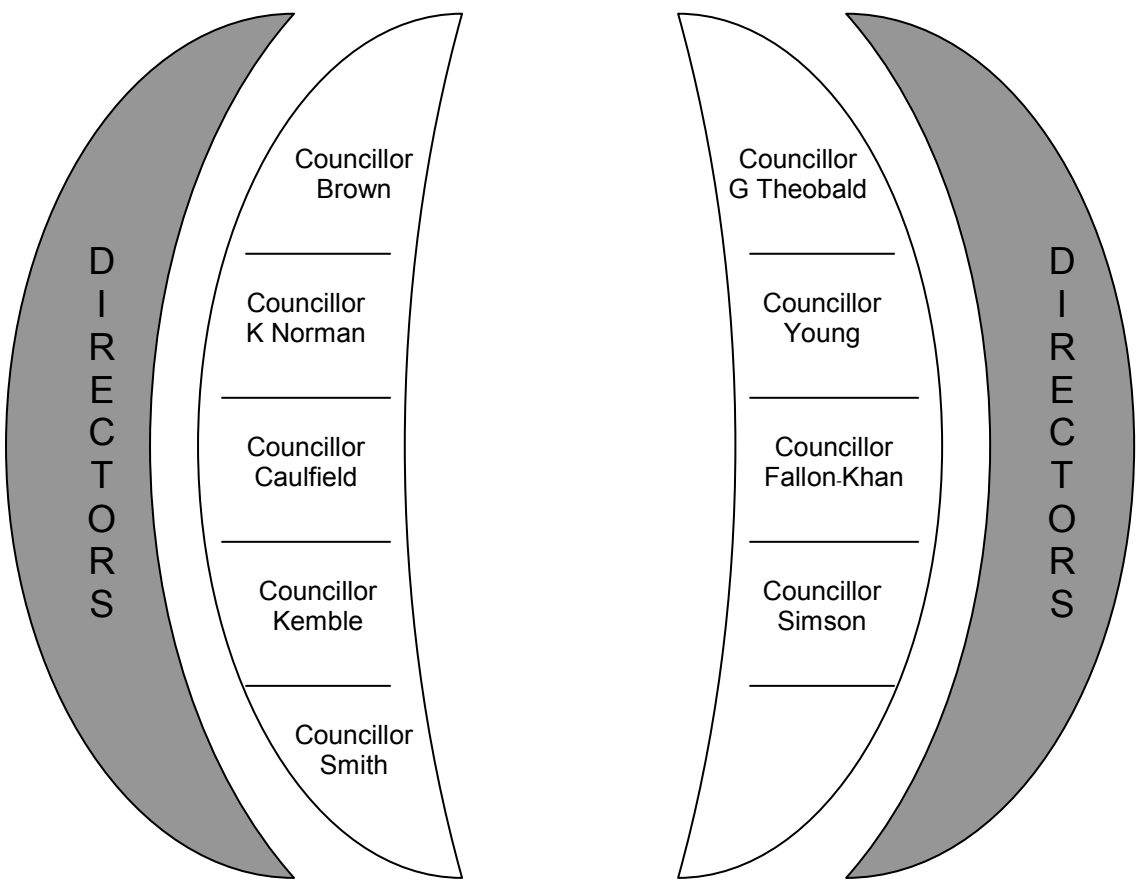
Title:	<b>Cabinet</b>
Date:	<b>12 March 2009</b>
Time:	<b>4.00pm</b>
Venue	<b>Council Chamber, Hove Town Hall</b>
Members:	<b>Councillors:</b> Mears (Chairman)  Mrs Brown, Caulfield, Fallon-Khan, Kemble, K Norman, Simson, Smith, G Theobald and Young
Contact:	<b>Martin Warren</b> Senior Democratic Services 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

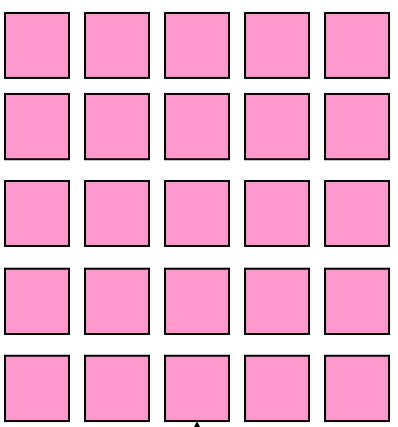
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Speaker      Opposition Speaker      Opposition Speaker      Leader of the Opposition

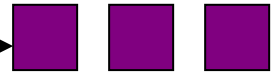


Public Seating

Members in Attendance



Press



## AGENDA

### 175. 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.*

### 176. MINUTES OF THE PREVIOUS MEETING

1 - 12

Minutes of the Meeting held on 12 February 2009 (copy attached).

### 177. CHAIRMAN'S COMMUNICATIONS

### 178. ITEMS RESERVED FOR DISCUSSION

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

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

### 179. PETITIONS

No petitions received by date of publication.

### 180. PUBLIC QUESTIONS

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

## **CABINET**

- 181. DEPUTATIONS** **13 - 14**
- (The closing date for receipt of deputations is 12 noon on 5 March 2009)
- a) To receive a deputation presented by Mr. Gavin Beatty. (copy attached)
- 182. LETTERS FROM COUNCILLORS** **15 - 18**
- (The closing date for receipt of letters from Councillors was 10.00am on 2 March 2009)
- a) Councillor Oxley – Retail Development (copy attached)  
b) Councillor Kitcat – Consultation regarding development (copy attached)
- 183. WRITTEN QUESTIONS FROM COUNCILLORS** **19 - 20**
- a) Councillor Kitcat – IT provision (copy attached)
- 184. NOTICES OF MOTION**
- No Notices of Motion have been referred.
- 185. REPORTS FROM OVERVIEW & SCRUTINY COMMITTEES**
- a) Ice Rink – Queens Square (copy to follow)
- 186. PLANNED MAINTENANCE BUDGET ALLOCATION 2009-10 AND PROGRAMME OF WORKS FOR THE COUNCIL'S OPERATIONAL BUILDINGS** **21 - 30**
- Report of the Interim Director of Finance & Resources (copy attached)
- Contact Officer: Angela Dymott Tel: 29-1450*  
*Ward Affected: All Wards*
- 187. TREASURY MANAGEMENT POLICY STATEMENT 2009/10** **31 - 54**
- Report of the Interim Director of Finance & Resources (copy attached)
- Contact Officer: Peter Sargent Tel: 29-1241*  
*Ward Affected: All Wards*
- 188. ANNUAL INVESTMENT STRATEGY 2009 / 10** **55 - 70**
- Report of the Interim Director of Finance & Resources (copy attached)
- Contact Officer: Peter Sargent Tel: 29-1241*  
*Ward Affected: All Wards*

## CABINET

### **189. 2008/09 QUARTER 3 PERFORMANCE REPORT 71 - 100**

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

*Contact Officer:* Barbara Green *Tel:* 291081

*Ward Affected:* All Wards

#### **PART TWO**

### **190. PRESTON BARRACKS 101 - 114**

Report of the Director of Cultural Services (copy circulated to Members only)

[Exempt Category 3]

*Contact Officer:* Mark Jago *Tel:* 29-1106

*Ward Affected:* All Wards

### **191. PART TWO MINUTE OF 12 FEBRUARY CABINET MEETING 115 - 116**

(copy circulated to Members only)

[Exempt Category 3]

*Contact Officer:* Martin Warren *Tel:* 01273 291058

*Ward Affected:* All Wards

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

The City Council actively welcomes members of the public and the press to attend its meetings and holds as many of its meetings as possible in public. Provision is also made on the agendas for public questions to committees and details of how questions can be raised can be found on the website and/or on agendas for the meetings.

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.

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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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## CABINET

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If you have any queries regarding this, please contact the Head of Democratic Services or the designated Democratic Services Officer listed on the agenda.

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

Date of Publication - Wednesday, 4 March 2009

BRIGHTON & HOVE CITY COUNCIL

CABINET

4.00pm 12 FEBRUARY 2009

COUNCIL CHAMBER, HOVE TOWN HALL

MINUTES

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

**Also in attendance:** Councillors Kennedy (Green Party Spokesperson), Mitchell (Opposition Spokesperson) and Watkins (Liberal Democrat Spokesperson)

**Other Members present:** Councillor Cobb

PART ONE

**158. PROCEDURAL BUSINESS**

**158a Declarations of Interests**

158a.1 Councillor Mears declared a personal interest in item 171 as she was part of a family business at the Open Market.

**158b Exclusion of Press and Public**

158b.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.

158b.2 **RESOLVED** - That the press and public be excluded from the meeting during consideration of items 173 onward.

**159. MINUTES OF THE PREVIOUS MEETING**

159.1 **RESOLVED** - That the minutes of the meeting held on 15 January 2009 be approved as a correct record.

**160. CHAIRMAN'S COMMUNICATIONS**

- 160.1 The Chairman noted that the meeting would be web cast.
- 160.2 The Chairman noted that Councillor Geoffrey Theobald was absent on Council business, attending the Budget meeting of the Police Authority.
- 160.3 The Chairman welcomed representatives from the Green and Liberal Democrat Groups to Cabinet. Group Leaders would be invited to attend all Cabinet and Cabinet Member Meetings in future. The Chairman had requested officers to develop a protocol to provide clarity and transparency on new working practices.
- 160.4 The Chairman reported that the Planning Committee had approved the Albion Football Club's plans for a new Community Stadium to be built at Falmer. The club hoped to hold off the first match in the new stadium in August 2011.
- 160.5 The Chairman informed the meeting that Andrew Lansley MP, Shadow Secretary for Health had visited the city the day before. The Chairman and Cabinet colleagues had met Mr. Lansley and discussed important health issues in the city and work with the PCT and partners.

**161. ITEMS RESERVED FOR DISCUSSION**

- 161.1 All items were reserved for discussion.

**162. PUBLIC QUESTIONS**

- 162.1 There were none.

**163. WRITTEN QUESTIONS FROM COUNCILLORS**

- 1631 There were none.

**164. PETITIONS**

- 164.1 The Cabinet considered a petition as presented at Council on 29 January 2009 by Councillor Mitchell and signed by 583 people.
- 164.2 *'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'.*

164.3 The Chairman invited Councillor Simson to respond.

164.4 Councillor Simson thanked Councillor Mitchell and the residents of Turner and Eastern Road for the petition.

164.5 Councillor Simson explained that Government were no longer giving the council grants for neighbourhood renewal or neighbourhood management in the city. Staff affected by these funding changes had been given 'at risk' notices and the council was working to ensure that, where ever possible, staff would be matched to alternative roles in the council rather than being made redundant.

164.6 The Administration were prioritising the continuation of neighbourhood and community support in the city and had secured a new support package for the city for the next two years.

164.7 Councillor Simson would be meeting with the Chairs of the Turner and Eastern Road Partnerships to discuss the details and was pleased to confirm that the support would be for two years and include a commitment to completing the Community Charter and the continued use of Mantell House as a Community Resource.

164.8 **RESOLVED** – That the petition be noted.

164.9 The Cabinet considered a petition as presented at Council on 29 January 2009 by Councillor Elgood and signed by 219 people.

164.10 *'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.*

- 164.11 Councillor Watkins attended to speak in to the petition. In supporting its' aims he suggested the creation of a cross-party Member working group to further the aims of the petitioners.
- 164.12 The Chairman supported Councillor Watkins suggestion and requested that officers move to create a working group for Members.
- 164.13 **RESOLVED** – That the petition be noted.
- 164.14 The Chairman noted a further petition presented by Councillor Barnett in respect of funding for the swimming pool at Hangleton Junior School. As Councillor Barnett was on leave the Chairman referred the petition to the Culture, Recreation and Tourism Cabinet Member meeting for consideration.
- 164.15 **RESOLVED** – That the petition be referred to the Culture, Recreation and Tourism Cabinet Member Meeting.

## 165. DEPUTATIONS

- 165.1 There were none.

## 166. LETTERS FROM COUNCILLORS

- 166.1 The Chairman invited Councillor Mitchell to speak to her letter about the use of 'mosquito' noise machines that were being used as a deterrent to teenagers (for copy see minute book).
- 166.2 The Chairman invited Councillor Simson to respond.
- 166.3 Councillor Simson thanked Cllr. Mitchell for her letter, agreeing with its content and noting that it had also been submitted to the Community Safety Forum for discussion.
- 166.4 Councillor Simson noted the pro-active stance the council took in tackling anti-social behaviour and the fact that the Crime & Disorder Reduction Partnership (including the Sussex Police) decided some while ago not to make use of 'mosquito' devices.
- 166.5 In respect of the three points of action that Councillor Mitchell requested Councillor Simson noted that;
- a) There was no legislation that would allow the council to rule out the use of the devices on council owned buildings and land. However the council would not be using the devices.
  - b) A letter would be sent to the Home Secretary asking her to review the sale and use of the devices.
  - c) There already existed multiple council run or supported schemes that promoted alternative methods for tackling anti-social behaviour.
- 166.6 **RESOLVED** – That the letter and response as made above be noted.

**167. NOTICES OF MOTION**

167.1 There were none.

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

168.1 The Cabinet considered a report of the Interim Director of Finance & Resources that forecast the outturn position on the revenue and capital budgets as at the end of December 2008 (month 9) (for copy see minute book).

168.2 Councillor Brown thanked CYPT officers in successfully managing a difficult financial situation.

168.3 Councillor Mitchell asked for an explanation of the underspend on the West Area Youth and Support Budget. Councillor Brown suggested that this was due to fewer children being taken into care in the area and would write to Councillor Mitchell to confirm.

168.4 Councillor Mitchell noted that repairs to the Madeira lift might take longer than had initially been estimated.

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

- (1) That the Cabinet note the much improved forecast outturn position for the General Fund, which is now forecasting an underspend of £2.133 million.
- (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.
- (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.
- (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.
- (5) That the Cabinet note the forecast outturn position, £0.048 million underspend, on the capital budgets as at month 9.
- (6) That the Cabinet approve the following changes to the capital programme:
  - Budget re-profiles (Appendix 4)
  - Budget variations (Appendix 5)
  - Slippage (Appendix 6)

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

- 169.1 The Cabinet considered a report of the Interim Director of Finance & Resources that forecast the outturn position on the revenue and capital budgets as at the end of December 2008 (month 9) (for copy see minute book).
- 169.2 The Cabinet also considered a tabled extract from the proceedings of the Overview & Scrutiny Commission meeting held on the 3 February 2009. The extract detailed three additional recommendations proposed by the Commission for consideration by the Cabinet as detailed below (for copy see minute book):
- (a) In regard to recommendation (1) of the report, *'that the 'fees and charges' reports previously taken to Cabinet Members' Meetings as per paragraph 3.32 of the report be attached to the Budget Report when it is presented to Cabinet and Council.*
  - (b) In regard to recommendation (2) of the report, *'that the Committee meeting and budget setting timetables for 2010/11 allow for the full and timely involvement of the Overview & Scrutiny Commission in the budget setting process.'*
  - (c) In response to recommendation (3) of the report, *'that a report be brought to a future Overview & Scrutiny Commission meeting on the budget setting processes in other local authorities, including the role of overview & scrutiny, and stakeholder and public engagement.'*
- 169.3 In response to the additional recommendations proposed by the Overview & Scrutiny Commission the Chairman proposed:-
- (a) That the Executive would give consideration to including the fees and charges reports with the main budget reports, as part of the timetable for the next financial year;
  - (b) That the timing of reports was a matter of internal process, but the Executive would agree to consult opposition leaders about timings via the Leaders Group; and
  - (c) That a report be drafted for the Overview & Scrutiny Commission detailing how other authorities prepare their budgets and that it should be mindful of any resources implications.
- 169.4 Councillor Kemble reported that the East Sussex Fire & Rescue Service had set their budget increase at 3.5%.

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

- (1) To recommend to Council, subject to (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) To 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.
- (3) To 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.
- (4) That the proposals made by the Chairman in response to the recommendations made from the Overview & Scrutiny Organisation Commission be agreed:
  - (i) That consideration would be given to including the fees and charges reports with the main budget reports, as part of the timetable for the next financial year;

- (ii) That opposition leaders would be consulted about timings via the Leaders Group; and
- (iii) That a report be drafted for the Overview & Scrutiny Commission detailing how other authorities prepare their budgets and that it should be mindful of any resources implications.

## 170 CAPITAL RESOURCES & CAPITAL INVESTMENT PROGRAMME 2009/10

170.1 The Cabinet considered a report of the Interim Director of Finance & Resources that provided information about the level of available capital resources and recommended a Capital Investment Programme for 2009/10. The capital programme is set in the context of the Medium Term Financial Strategy approved by this Cabinet (for copy see minute book).

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

(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 of the report.
- 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 of the report
- 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 of the report.

## 171 HOUSING REVENUE ACCOUNT BUDGET 2009/10

171.1 The Cabinet 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 9 and the proposed Budget for 2009/10 as required by the Local Government and Housing Act 1989.

171.2 The Cabinet noted extracts from meetings of the Housing Management Consultative Committee 20 January 2009 (endorsing the budget) and the Cabinet Member for Housing 11 February 2009 (recommending the report to Cabinet).

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

That Cabinet recommend that Council;

- (1) Agree the budget for 2009/10 as shown in Appendix 1 of the report.
- (2) Agree the individual rent increases and decreases in line with rent restructuring principles as determined by the Government;
- (3) Agree the changes to fees and charges as detailed in paragraph 3.14 to 3.20 of the report.
- (4) 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
- (5) 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.

## **172 ICE RINK, QUEEN SQUARE, UPDATE ON DISPOSAL**

- 172.1 The Cabinet considered a report of the Interim Director of Finance & Resources that sought approval for the disposal of the Ice Rink Site and the adjoining office building at 11 Queen Square, Brighton (for copy see minute book).
- 172.2 The Chairman invited Councillor West to address the meeting.
- 172.3 Councillor West spoke as a Ward Councillor and on behalf of concerned residents in the neighbourhood. He recognised the need for development in the city, but was concerned that residents had not been consulted at this stage. He appreciated that the majority of concerns raised were pertinent directly to the Planning Committee but felt that, given the sensitive nature of the area and the number of existing community groups, that consultation at this stage would have been beneficial.
- 172.4 Councillor West noted that the report contained reference to a proposed five or six storey building. This, he stated, was contrary to the councils own planning guidance. He felt that a proposal of this type would struggle to obtain planning consent and could deleterious consequences for future proposals for the site. Councillor West requested that that the recommendations' made in the report not be approved.
- 172.5 Councillor West noted that the report stated that Ward Councillors had been consulted; he explained that this was not the case.
- 172.6 Councillor Fallon-Khan apologised for the erroneous information contained within the report as regards consultation with Ward Members. He accepted that this had not happened.
- 172.7 Councillor Fallon-Khan noted that the recommendation to dispose of the long leasehold interest did not pre-judge the outcome of the planning process, or fetter planning officers

in assessing the merits of the proposed scheme in making their recommendation to the planning committee. The sale was subject to planning consent which had to be obtained following consultations by the developer with interested parties.

- 172.8 Councillor Fallon-Khan understood that all of the interested parties had copies of the informal planning brief and understood the factors constraining the development of the site. He appreciated the concerns expressed about a possible 6 storey development, noting that none of the sketch proposals envisages 6 storeys above ground level.
- 172.9 Councillor Mitchell welcomed the development of the site, but questioned the lack of consultation with local groups. She was also concerned about the sensitivity of the location, noting the church and churchyard in the immediate vicinity.
- 172.10 Councillor Mitchell asked which background documents had been referenced to support the provision of additional hotel bed spaces in the city.
- 172.11 Councillor Fallon-Khan appreciated the need for sensitive development in the area and the specific issues relating to the church and its environs. He ensured Members that there would be proper consultation at the appropriate time.
- 172.12 Councillor Kemble noted that a Local Development Framework document contained reference to the number of bed spaces designated for the city. He requested that officers provide the information to Councillor Mitchell.
- 172.13 **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
    - (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) 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.



**PART TWO SUMMARY**

**173 ICE RINK, QUEEN SQUARE, UPDATE ON DISPOSAL**

173.1 The Cabinet considered a report of the Interim Director of Finance & Resources that sought approval for the disposal of the Ice Rink Site and the adjoining office building at 11 Queen Square, Brighton (for copy see minute book).

173.2 **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.

**174 TO CONSIDERS WHETHER OR NOT ANY OF THE ABOVE ITEMS AND THE DECISIONS THEREON SHOULD REMAIN EXEMPT FROM DISCLOSURE TO THE PRESS AND PUBLIC**

174.1 The Cabinet considered whether or not any of the above items should remain exempt from disclosure to the press and public.

174.2 **RESOLVED** – That items 173; contained in Part Two of the agenda and the decisions thereon remain exempt from disclosure to the press and public.

The meeting concluded at 5.30pm

Signed

Chair

Dated this

day of



<b>Subject:</b>	<b>Deputations</b>		
<b>Date of Meeting:</b>	<b>12 June 2008</b>		
<b>Report of:</b>	<b>Director of Strategy &amp; Governance</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Martin Warren</b>	<b>Tel:</b> 29-1058
	<b>E-mail:</b>	<b>martin.warren@birghton-hove.gov.uk</b>	
<b>Key Decision:</b>	No		
<b>Wards Affected:</b>	All		

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

- 1.1 To receive the following deputation presented directly to Cabinet by Mr Gavin Beatty and to receive any other deputations presented direct to Cabinet.

**Deputation concerning the impact of a large retailer locating in Portland Road Hove.**

I wish to bring a deputation to the meeting of the Cabinet on the 12 March 2009 regarding the impact of large food retailer locating in Portland Road, Hove.

The residents and traders supporting this are:

- 1) G. Beatty,
- 2) H. Boyd.
- 3) Q. Lamba
- 4) N. Patel
- 5) KL Morelli
- 6) J. Patel

My deputation is as follows; it has been brought to the attention of local residents and traders that a major food retailer wishes to locate on Portland Road, Hove. The opinions of the residents and traders are that it would be devastating to local trade, would most certainly reduce competition and choice for the local residents as businesses may be forced to close and ultimately would do nothing to help or support local traders to manage the effects of a deepening recession.

Furthermore, the community is believes that another store selling alcohol is not necessary, given the large number of retail outlets already selling such items in the area.

Therefore, in order to protect the future diversity of the cities economic base and defend the small and medium businesses in our city, we urge Brighton and Hove City Council to support this deputation.

Councillor Mary Mears  
Leader of the city council  
Brighton & Hove City Council  
King's House  
Grand Avenue  
Hove BN3 2LS

**Date:** 25 February 2009

**Our Ref:** BWO/EB - 10111

**Your Ref:**

Dear Mary

**Re: Request to Speak Out at Cabinet on 12 March 2009**

Denise and I would be grateful for the opportunity to speak to your Cabinet meeting on the 12<sup>th</sup> March.

For some weeks there has been an issue in the Portland Road area of Westbourne Ward about a major food retailer locating in the road.

Local people have said to us that they are concerned about:

- Popular small firms that have struggled to build up their trade in recent years will be put out of business by a major food retailer entering the area;
- In the long run, competition will be reduced through a lack of choice for local residents;
- A number of major chain supermarkets are only a short bus ride away from the neighbourhood.

Those people who are interested in such a store locating in the area have mentioned issues concerning parking and local traffic congestion.

Given the issues that this matter has raised and the Council's policy of assisting small businesses through the economic downturn, we would be grateful if you would exercise your powers under the Constitution and allow us to speak to put the case that the Cabinet should commission a report into the impact of large food retailers on smaller shops in the face of the present severe recession.

I look forward to hearing from you.

All good wishes.

Yours sincerely



Councillor Brian Oxley

Visit my blog pages at [www.brighton-hove-councillors.org.uk/BrianOxleyblog](http://www.brighton-hove-councillors.org.uk/BrianOxleyblog)



Brighton & Hove City Council's Cabinet  
Kings House, Grand Avenue  
Hove BN3 2LS

24th February 2009

Dear Brighton & Hove City Council Cabinet Members,

The Brighton Centre and any future redevelopment is critical to the city's continued economic well-being. As feasibility work progresses on redevelopment proposals for the Brighton Centre and surrounding amenities, we would like to draw your attention to the hopes and concerns of local residents in the city centre.

The Brighton Centre occupies a key position in our sea front townscape and is bounded by the Old Town, Regency Square and Montpelier & Clifton Hill Conservation Areas. Hence any new development will have a significant impact on the townscape and some of our key heritage areas.

We must be sensitive to the context of the area: Previous development in the area destroyed one side of Russell Square leaving a number of hostile roads primarily used to serve car parks. The centre stands by the iconic Grand Hotel and surrounding residential areas are of architectural importance to the city.

Thus we call on Cabinet members to support regular involvement with residents as proposals are developed. This should include public meetings and consultation with residents, ward councillors and the Conservation Advisory Group.

Such consultation, early and often, will help to address resident and conservation concerns and could well prevent an inappropriate proposal going before planning committee forcing a key project to face refusal.

We look forward to participating in the public dialogue on this key project for our city.

Sincerely,

Cllr Jason Kitcat  
Cllr Paul Steedman  
Cllr Amy Kennedy  
Cllr Bill Randall  
Cllr Pete West  
Cllr Ian Davey  
Cllr Sven Rufus





Cllr Ayas Fallon-Khan  
Cabinet Member for Central Services

**Date:** 24<sup>th</sup> February 2009

**Our Ref:** JK/

**Your Ref:**

Questions for Councillor Ayas Fallon-Khan,

Could the Cabinet Member for Central Services detail how many separate websites and domain names the council operates and at what annual cost?

Could the Cabinet Member for Central Services provide an estimate on the officer time and costs incurred as a result of the recent virus infection of the council network?

Cllr Jason Kitcat  
Green City Councillor, Regency Ward  
Brighton & Hove City Council



<b>Subject:</b>	<b>Planned Maintenance Budget Allocation 2009-10 and Programme of Works for the Council's Operational Buildings</b>		
<b>Date of Meeting:</b>	<b>12 March 2009</b>		
<b>Report of:</b>	<b>Director of Finance &amp; Resources</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Angela Dymott, Property &amp; Design</b>	<b>Tel: 29-1450</b>
		<b>Martin Hilson, Building Surveying Manager</b>	
		<b>Andrew Batchelor, Corporate Asset Manager</b>	
	<b>E-mail:</b>	<b>martin.hilson@brighton-hove.gov.uk</b> <b>andrew.batchelor@brighton-hove.gov.uk</b>	
<b>Key Decision:</b>	<b>Yes</b>	<b>Forward Plan No. CAB 6348</b>	
<b>Wards Affected:</b>	<b>All</b>		

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

- 1.1 To report upon the proposed 2009/10 allocation of improvement and repair works to civic offices, historic, operational and commercial buildings within the Corporate Planned Maintenance Budget of £3,682,000 and the Social Care Planned Works Budget of £500,000.
- 1.2 These budgets relate to those buildings where the council has a repairing liability but excludes council housing, highways and educational establishments which have their own budgetary provisions.

**2. RECOMMENDATIONS:**

- 2.1 That Cabinet approve the financial allocation to an annual programme of works to the operational buildings at an estimated cost of £4,182,000 as detailed in Appendices A and B, in accordance with Financial Regulation A.5.6.7.

**3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:**

- 3.1 In 2008, the Council published its updated Asset Management Plan & Corporate Property Strategy (AMP & CPS) for the period 2008 to 2011. This document sets out the property context for the City and the Council's property function linked to the corporate priorities and strategic objectives.

- 3.2 Property & Design are maintaining a rolling programme of condition surveys to all properties where the Council has a maintenance liability to assist in prioritising the annual programmes of work in consultation with client officers.
- 3.3 The surveys identify programmes of work required within the following five years and each of which are prioritised 1 to 3:
- **1:** Urgent works that will prevent immediate closure of the premises and / or address an immediate high health and safety risk and / or remedy a serious breach of legislation.
  - **2:** Essential works required within 2 years that will prevent serious deterioration and / or address a medium Health & Safety (H & S) risk and / or remedy a minor breach in legislation.
  - **3:** Desirable works required within 3 to 5 years to prevent deterioration of the fabric and / or address a low H&S risk and / or a minor breach in legislation.
- 3.4 Like most local authorities, the Council faces a backlog in its required maintenance and in a resource constrained environment needs to ensure best use of resources, value for money and that funding is properly prioritised. The AMP & CPS details the way in which the Council will manage the required maintenance of its property assets and is further detailed in the Corporate Building Maintenance Strategy, which is due to be presented to Cabinet Member Meeting Central Services in June 2009.

3.5 Required Maintenance (£m)

	Priority 1	Priority 2	Priority 3	<b>Total</b>
Operational	£1.5m	£4.6m	£11.6m	<b>£17.7m</b>
Investment	£0.1m	£1.1m	£1.3m	<b>£2.5m</b>
<b>Total</b>	<b>£1.6m</b>	<b>£5.7m</b>	<b>12.9m</b>	<b>£20.20m</b>

NB: these figures exclude required maintenance for council housing, highways and educational establishments as they are reported separately.

- 3.6 This year the Corporate Planned Maintenance Budget received around £12.5 million of bids against a budget of approximately £2.38 million, excluding the annual routine term maintenance contracts. The annual allocation addresses the more critical and fundamental works under priority 1 and 2. Thus desirable works (mainly priority 3) cannot always be included within the annual programme.
- 3.7 We closely monitor our required maintenance level and provide an annual report through our Property Performance Indicators (PPIs) which are published on our website. We are also seeking ways to improve the quality of our condition data to ensure that our reported required maintenance figure remains as accurate and valid as possible and can be used to inform the budget setting process and the Medium Term Financial Strategy.

- 3.8 This will mean that our total five year maintenance figure is certain to increase as we fine tune our asset management information gathering techniques. Such increases can be attributed to a variety of factors including:
- Inflation in tender costs for construction work outstripping increases in the allocated annual preventative maintenance budgets.
  - Improved knowledge of our building stock condition through enhanced surveys.
  - Better understanding of new legislation which places significant demands on the council.
  - Additional building elements having reached the end of their useful life.
- 3.9 The Corporate Building Maintenance Strategy is an appendix of the AMP & CPS and seeks to provide a strategic framework to enable corporate buildings to be maintained in a structured prioritised manner. This assists in ensuring best use of limited resources, reduces risk and maintains the value of the key assets. The strategy utilises prioritisation and decision matrices to ensure a robust and auditable process.
- 3.10 Property & Design reports annually on both the total required maintenance figure as well as the proportion in each of priorities 1 to 3 as one of the suite of property performance indicators under the National Property Performance Management Initiative (NaPPMI) which the Council has adopted. The results of the PIs are benchmarked nationally and locally and the results are used to inform our future action plans under the Asset Management Plan.
- 3.11 In accordance with the council's agreement with the trustees of the Dome Complex, £158,790 has been top-sliced from the budget to contribute to a sinking fund for maintenance liabilities at the Dome.
- 3.12 Procurement - Contract Standing Orders set out the mechanism for officers to procure works. In recent years the traditional acceptance of the lowest tender has been widened to allow for acceptance of the Most Economically Advantageous Tender. By setting out other criteria within the specification – usually quality, health and safety or performance related – tenders can be analysed and contracts awarded on a price / quality split.
- 3.13 In reality, for the majority of lower value building maintenance and improvement works, the quality element is defined within a well written specification. For this reason most works funded within this budget are procured using the traditional selective tendering route using contractors from our pre-approved lists. However the potential benefits of using partnering style framework agreements for future procurement of building works are currently being assessed with a view to improving project value for money and reducing risk.

#### 4. CONSULTATION

- 4.1 Regular consultations have taken place with all Client Officers of the relevant Departments and with technical officers.

#### 5. FINANCIAL & OTHER IMPLICATIONS:

##### Financial Implications:

- 5.1.1 The Council's revenue funded Planned Maintenance Budget for 2009/10 provides a total of £3,682,000 for annual planned maintenance expenditure on the council's civic offices, historic, operational (excluding schools and social care) and commercial buildings. Included within this annual budget and overall programme of works are items that will be capitalised and will be included in the 2009/10 capital programme. The proposed budget allocation to the respective building portfolios is shown in Appendix A to this report.
- 5.1.2 The Council's capital funded works programme provides an additional £500,000 for improvement works to social care premises. The proposed budget allocation is shown in Appendix B to this report.
- 5.1.3 The programme of works set out in the appendices can be funded from within the agreed budget allocations for 2009/10.

*Finance Officer Consulted: Patrick Rice Date: 12-02-09*

##### Legal Implications:

- 5.2.1 Where appropriate, works of repair set out in this report will comply with relevant lease conditions and health and safety/other statutory legislation. Framework agreements with individual contracts being called off under the frameworks using partnering agreements are effective contractual tools for delivering construction contracts on time within budget.
- 5.2.2 Human Rights Act considerations have been taken into account in the preparation of this report and the report does not include proposals that would contravene convention rights.

*Lawyer Consulted: Alison Leitch Date: 11-02-09*

##### Equalities Implications:

- 5.3 Where applicable, items of maintenance work within the programme will consider the Disability Discrimination Act 1995 to improve access and general facilities to address the diverse needs of staff and users of the civic offices, operational and commercial buildings.

#### Sustainability Implications:

- 5.4 Sustainability will be improved through the rationalisation of assets, associated infrastructure and environmental improvements. Energy efficiency measures are incorporated into maintenance works where appropriate.

#### Crime & Disorder Implications:

- 5.5 There are no direct implications in respect of the prevention of crime and disorder within this report although certain items of work try to minimise vandalism through design and the use of relevant materials.

#### Risk & Opportunity Management Implications:

- 5.6 The risks and opportunities are dependent on the successful procurement of contractors and robust contract and financial management to ensure that works are completed safely within budget and programme.

#### Corporate / Citywide Implications:

- 5.7 The maintenance of operational properties is part of the Asset Management & Corporate Property Strategy to ensure efficient and effective use of assets contributing to the City and the council's strategic priorities.

### **6. EVALUATION OF ANY ALTERNATIVE OPTION(S):**

- 6.1 Failure to maintain our building stock will increase risks, inhibit service delivery, may lead to a negative perception of the Council, reduce the value of the assets and prevent fulfilling the council's priorities, aims and objectives as stated in the AMP & CPS 2008-11.

### **7. REASONS FOR REPORT RECOMMENDATIONS**

- 7.1 Approve the financial allocation to an annual programme of maintenance works to the operational buildings.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

- A. Proposed Corporate Planned Maintenance Budget Allocation 2009/10  
B. Proposed Social Care Planned Works Budget Allocation 2009/10

### **Documents in Members' Rooms**

1. None

### **Background Documents**

1. The Asset Management Plan & Corporate Property Strategy 2008-2011.





**APPENDIX A:  
Proposed Corporate Planned Maintenance Budget Allocation 2009/10**

<b>Property Type</b>	<b>Examples of works and properties covered</b>	<b>Directorate</b>	<b>Budget Allocation £</b>
Corporate - Building	Clearance of roofs, gutters, eye bolt testing, surveys	All	181,500
Corporate - Mechanical and Electrical	Plant, lifts & equipment, water systems, legionella control, auto doors, fire shutters, fire alarm, security alarm systems	All	960,550
Historic	Royal Pavilion, Museums, Preston Manor, Rottingdean Grange	Cultural Services	480,310
Dome	General maintenance	Cultural Services	158,790
Leisure	Leisure Centres, swimming pools, paddling pools, Withdean Stadium, golf courses	Environment	199,000
Libraries	Asbestos works, brickwork repairs	Cultural Services	26,000
Seafront	Seafront railings, shelters, benches, toilets, children's playgrounds, Volks Railway, Madeira Terrace & lift	Environment	418,350
Amenity	Pavilions, fountains, cemeteries, memorials, car parks	Finance & Resources	147,000
Civic	Town Halls, council offices, Hollingdean Depot	Finance & Resources	665,500
Commercial	New England House, misc. Landlord obligations	Finance & Resources	157,000
Venues	Brighton Centre, Hove Centre	Cultural Services	288,000
<b>TOTAL</b>		<b>£ 3,682,000</b>	



## APPENDIX B:

### Proposed Social Care Planned Works Budget Allocation 2009/10

Property Type	Examples of works covered	Directorate	Budget Allocation £
Social Care Premises	Mechanical – boiler replacements	Adult Social Care & Housing (ASC &H)	£132,500
	Fire Safety Improvements – fire alarm system upgrades and works related to fire risk assessments	ASC&H and Children & Young People's Trust (CYPT)	£45,000
	Passenger Lifts – lift upgrades and DDA related works	ASC&H and CYPT	£50,500
	External Improvement Works – External improvements to enhance the capital value and to prevent deterioration of the building's fabric	ASC&H	£71,500
	Re-Roofing Works – replacement roof coverings including upgrading insulation where appropriate	CYPT	£28,000
	Internal Improvement Works – Internal improvements including those required to comply with the Commission for Social Care Inspectorate (CSCI) requirements for care homes.	ASC&H and CYPT	£172,500
<b>TOTAL</b>		<b>£ 500,000</b>	



**Subject:** Treasury Management Policy Statement 2009/10  
**Date of Meeting:** 12 March 2009  
**Report of:** Interim Director of Finance & Resources  
**Contact Officer:** Name: Peter Sargent Tel: 29-1241  
E-mail: peter.sargent@brighton-hove.gov.uk  
**Key Decision:** Yes Forward Plan No. CAB 6519  
**Wards Affected:** All

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

- 1.1 Part 1 of the Local Government Act 2003, which introduced a new capital finance system with effect from April 2004, requires each local authority, inter alia, to:
- comply with the requirements of 'the Code of Practice for Treasury Management in the Public Services' issued by CIPFA; and
  - comply with investment guidance issued by the Secretary of State
- 1.2 The Code of Practice requires each local authority to set out its strategy on treasury management for the forthcoming year. The purpose of this report is to recommend a treasury management policy statement (TMPS) and treasury management practices for the financial year commencing 1 April 2009.
- 1.3 The investment guidance relates to the annual investment strategy, which is subject to a separate report to Cabinet.

**2. RECOMMENDATION:**

- 2.1 Cabinet is recommended to approve:
- the Treasury Management Policy Statement 2009/10 as set out in Appendix 1 to this report;
  - the Treasury Management Practices 2009/10 as set out in Appendix 2 to this report; and
  - the Schedules to the Treasury Management Practices 2009/10 as set out in Appendix 3 to this report.

**3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:**

- 3.1 The recommended Treasury Management Policy Statement (TMPS) at Appendix 1 for the year commencing 1 April 2009 is unchanged from the 2008/2009 Statement and follows the drafting format within the Code of Practice.

- 3.2 The treasury management practices at Appendix 2 identify the practices and procedures that will be followed to achieve the aims of the Statement. These practices remain unchanged from previous years and are considered 'best practice' under the Code.
- 3.3 The treasury management practices are supplemented by a number of "schedules" (Appendix 3). These schedules contain specific details of the systems and routines to be employed and the records to be maintained which underpin the treasury management function.
- 3.4 The crisis in the financial markets continues to present challenges to the council's treasury management operations, in particular to the investment portfolio. In order to meet these challenges the schedules for 2009/10 include the options to fund (a) the increase in the capital financing requirement, (b) maturing debt and (c) the early repayment of debt through a reduction in investment levels. This is a continuation of measures introduced in the current financial year which has seen some £45m of debt repaid early.
- 3.4 Treasury management is included within the assessment of 'Financial standing' under the Audit Commission's comprehensive performance assessment. One of the criteria applied to judge and inform this enquiry is that "The council has a treasury management strategy that reflects the requirements of the CIPFA Code of Practice for Treasury Management in the Public Services". This report satisfies in full this criteria.
- 3.5 The treasury management service is subject to a detailed audit each year. The most recent audit in January 2009 concluded that "Full assurance is given to the control environment operating and management of risks for Treasury Management". The 2009/10 TMPS builds on this position.
- 3.6 Under the Prudential Code a number of prudential indicators must be set annually by the council prior to the commencement of the financial year. The 'General Fund Revenue Budget & Council Tax 2009/10' report to Cabinet on 12 February 2009 recommended, and full Council on 26 February 2009 approved, the indicators for 2009/10. The schedules to the treasury management practices include, where appropriate, the approved 2009/2010 indicators

#### **4. CONSULTATION**

- 4.1 The council's external treasury advisor has been consulted. The council's Head of Audit & Business Risk has been consulted on the section on money laundering. No other consultation has been necessary.

## **5. FINANCIAL & OTHER IMPLICATIONS:**

### Financial Implications:

- 5.1 The financial implications arising from the recommendations in this report are included in the Financing Costs budget.
- 5.2 Cabinet agreed at the meeting on 20 November 2008 to earmark the surplus generated on the Financing Costs budget in 2008/09 towards the anticipated shortfall in investment income in 2009/10 as a result of lower investment rates.

Finance Officer consulted: Peter Sargent Date: 12 February 2009

### Legal Implications:

- 5.2 The Code of Practice on treasury management is defined in regulations under Part 1 of the 2003 Act as 'guidance' that local authorities must take into account. The Interim Director of Finance & Resources is satisfied that the recommendation in this report is consistent with the 'Treasury Management in the Public Services – Code of Practice and Cross-Sectoral Guidance Notes' published by CIPFA 2001 and the 'Guidance notes for local authorities ... second edition 2006'
- 5.3 There are no direct human rights implications arising from this report.

Lawyer consulted: Abraham Ghebre-Ghiorghis Date 17 February 2009

### Equalities Implications:

- 5.4 None directly arising from this report.

### Sustainability Implications:

- 5.5 None directly arising from this report.

### Crime & Disorder Implications:

- 5.6 None directly arising from this report

### Risk & Opportunity Management Implications:

- 5.7 Risk assessment is contained within the treasury management practices

### Corporate / Citywide Implications:

- 5.7 An efficient & effective treasury management system will help to minimise the revenue impact of financing the council's capital investment plans

## **6. EVALUATION OF ANY ALTERNATIVE OPTION(S):**

- 6.1 This report sets out the council's treasury management policy statement for the year commencing 1 April 2009. The TMPS continues with the strong emphasis on risk management and the impact this may have on the performance of the treasury management service.

## **7. REASONS FOR REPORT RECOMMENDATIONS**

- 7.1 Codes of practice issued under the Local Government Act 2003 require the council to approve an annual treasury management policy statement. This report fulfils that requirement.

### **SUPPORTING DOCUMENTATION**

#### **Appendices:**

1. Treasury Management Policy Statement 2009/10
2. Treasury Management Practices 2009/10
3. Schedules to the Treasury Management Practices 2009/10

#### **Documents in Members' Rooms**

None

#### **Background Documents**

1. Part 1 of the Local Government Act 2003
2. 'Treasury Management in the Public Services – Code of Practice and Cross-Sectoral Guidance Notes' published by CIPFA 2001
3. 'Treasury Management in the Public Services – Guidance notes for local authorities ... second edition 2006'
4. 'The Prudential Code for Capital Finance in Local Authorities' published by CIPFA 2003
5. Brighton & Hove City Council Anti-Money Laundering Policy approved by full Council on 19 January 2006



**Brighton & Hove City Council**  
**Treasury Management Policy Statement 2009/2010**

The following paragraphs set out the council's Treasury Management Policy Statement for the year commencing 1 April 2009

1. The council defines its treasury management activities as

***“The management of the organisation’s cash flows, its bankings, money market and capital market transactions; the effective management of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”***

2. The council regards the successful identification, monitoring and management of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly the analysis and reporting of treasury management activities will focus on their risk implications for the council;
3. The council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving best value in treasury management and to employing suitable performance measurement techniques within the context of effective risk management.



**Brighton & Hove City Council**  
**Treasury Management Practices ('TMPs') 2009/2010**

The council's treasury management practices identify the practices and procedures that will be followed to achieve the aims of the Treasury Management Policy Statement. The TMP's follow the guidance issued by the Chartered Institute of Public Finance & Accountancy and are unaltered from the 2008/2009 Statement. Full details are held in Strategic Finance, Finance & Resources but in summary the Statements cover the following areas:

- **TMP1: Risk Management**
  - Includes a statement on the following risks
    - liquidity risk management
    - interest rate risk management
    - exchange rate risk management
    - inflation risk management
    - credit and counterparty risk management
    - refinancing risk management
    - legal and regulatory risk management
    - fraud, error and corruption, and contingency management
    - market management risks
- **TMP2: Best Value & Performance Measurement**
- **TMP3: Decision-making & Analysis**
- **TMP4: Approved Instruments, Methods & Techniques**
- **TMP5: Organisation, Clarity & Segregation of Responsibilities & Dealing Arrangements**
- **TMP6: Reporting Arrangements & Management Information Arrangements**
- **TMP7: Budgeting, Accounting & Audit Arrangements**
- **TMP8: Cash & Cash Flow Management**
- **TMP9: Money Laundering**
- **TMP10: Staff Training & Qualifications**
- **TMP11: Use of External Service Providers**
- **TMP12: Corporate Governance**
  - Details of the systems and routines to be employed and the records to be maintained that underpin the treasury management function and match the above practices are set out in the Schedules attached to these practices.



**Brighton & Hove City Council**  
**Schedules to Treasury Management Practices 2009/2010**

**Schedule 1 – Risk management**

**Liquidity risk management**

- Amounts of approved minimum cash balances and short-term investments

The level of cash balance, reserves and provisions will be determined annually by the council in accordance with the decision made in setting the council tax, housing rents and capital investment programmes.

The profile of cash investments will be determined by:

- spending programmes approved by the council;
- the need to balance daily cash flow surpluses with cash flow shortages;
- the increased need to manage investment risk during the period of high uncertainty within the financial markets; and
- interest rates over the short- to medium-term.

Regular reviews will be undertaken throughout the year to ensure an optimum mix of maturity periods is maintained for all investments.

Fuller details on cash flow management and projections are contained in Schedule 8.

- Details of short-term funding facilities

The council has an overdraft facility with the Co-operative Bank plc of £2 million. In addition the council has access to the Bank's treasury operations and the short-term money markets via a number of direct lines and money brokers.

**Interest rate**

- Details of approved interest rate exposure limits

The council will continue to maintain a high proportion of its debt portfolio on fixed rate terms. This will maintain the stability in the overall cost of borrowing. Exposure to variable rate loans will be considered where it can be justified that this offers a better alternative than fixed term loans, particularly as part of an overall restructuring of the debt portfolio. The council will continue to review and, where appropriate, implement debt restructuring opportunities that:

- result in a reduction in the overall cost of the debt portfolio, and
- do not adversely affect the (a) stability of the portfolio or (b) exposure to interest rate movements.

The council has a number of long-term loans where the lender may, periodically, vary the interest rate payable. The council has the right to repay these loans if the new interest rate is not acceptable. These loans are considered as 'fixed' for interest rate exposure purposes.

The council will maintain an investment portfolio that is consistent with its long term funding requirements, spending plans and cash flow movements.

- Trigger points and other guidelines for managing changes to interest rate levels

The council will manage its debt and investment portfolios so that the financial impact of any adverse movement in interest rates on each portfolio is minimised. The council will seek to benefit from changes in interest rates:

- for borrowing, through a combination of debt restructuring and the timing and terms (e.g. fixed/ variable) of new borrowing, and
- for investments, through an adjustment to the average maturity profile of the investment portfolio.

- Minimum / maximum proportions of variable & fixed rate debt / interest

Exposure to fixed rate and variable rate loans will be in accordance with prudential indicators (E2) & (E2a) (see Supplement 1 to these Schedules).

- Interest rate prospects (source : Butlers January 2009)

A projection of interest rates for 2009/10 is set out below. A commentary on the financial markets and prospects for future interest rates is contained in Supplement 2 to these Schedules.

**Table 1 – Interest Rates April 2009 to March 2010**

Month end	Bank Rate	Short-term rates		Long-term rates		
		3 mth	1 yr	5 yr	20 yr	50 yr
Mar 2009	1.0%	2.0%	2.4%	2.7%	4.1%	3.8%
Jun 2009	0.5% -0.75%	1.5%	1.8%	2.2%	3.9%	3.7%
Sep 2009	0.5% - 0.75%	1.5%	1.7%	2.2%	3.8%	3.7%
Dec 2009	1.0%	1.6%	1.8%	2.5%	3.9%	3.8%
Mar 2010	1.25%	1.7%	2.0%	2.6%	3.9%	4.1%

- Policies concerning the use of financial derivatives for interest rate management

The council has no statutory power to use financial derivatives.

### **Exchange rate**

- Details of approved exchange rate exposure limits for cash investments / debt

The council does not undertake treasury activity in any currency other than Sterling. Any non-Sterling transactions effected in the course of service delivery will be subject to the appropriate currency exchange charges and risk, except in the case of fees and charges due to the council, where the council shall receive the full Sterling equivalent after exchange rate and other transaction costs. Non-sterling transactions will be converted at the point of payment or receipt to avoid any exchange rate risk.

- Approved criteria for managing changes in exchange rate levels

The council has no approved criteria.

- Policies concerning the use of financial derivatives for exchange rate risk management

The council has no statutory power to use financial derivatives.

## Inflation

- Details of approved inflation exposure limits for cash investments / debt

The council does not operate separate exposure limits for inflation. Instead the council uses its policies on interest rate exposure to minimise the financial impact that any movement in inflation may have on the interest rate structure.

The council further manages inflation risk through its budgeting and monitoring processes. Details of these processes are held in Strategic Finance and/ Financial Services, Finance & Resources.

- Approved criteria for managing changes in inflation levels

The council has no approved criteria.

- Policies concerning the use of financial derivatives for inflation risk management

The council has no statutory power to use financial derivatives.

## Credit & counterparty policies

- Criteria to be used for creating / managing approved counterparty lists / limits

The Annual Investment Strategy 2009/2010 sets out the council's policy on investment criteria and counterparties. The Strategy is subject to separate approval by full Council and will be appended to this report when approved.

Investment for periods longer than 364 days will be in accordance with prudential indicator (E4) (see Supplement 1 to these Schedules).

## Refinancing

- Debt / other capital financing maturity profiling, policies and practices

Table 2 shows debt maturing at £6m over the next 3 years. The table also includes the loans where the lender may vary the interest rate and the council, then, has the right to repay. Based on the latest interest rate projections it is considered unlikely that these loans will be repaid early.

Table 2 – Projected debt maturity 2009/10 to 2011/12

		2009/10	2010/11	2011/12
Maturing debt		£0.0m	£0.0m	£6.0m
Debt subject to early repayment options		£35.0m	£30.0m	£35.0m
Debt maturing range	minimum	£0.0m	£0.0m	£6.0m
	maximum	£35.0m	£30.0m	£41.0m

Refinancing opportunities will be evaluated against the risk within the council's investment portfolio. Where it is considered prudent to do so, maturing debt may temporarily be met through a reduction in investments.

Debt restructuring will continue to be used where it meets the long-term objectives of the debt portfolio. The council will seek to minimise the level of debt that potentially could be repaid in any one year through the re-negotiation of existing terms.

- Projected capital investment requirements

Over the next three years net new borrowing (i.e. after providing for debt repayment) to meet capital investment is projected at circa £1.3m. In addition the capital investment strategy for the three years to 31 March 2012 shows a potential commitment to fund the Housing LDV. Annual requirements are shown in the Table 3.

Table 3 – Projected annual borrowing requirement 2009/10 to 2011/12

Projected balances as at	2009/10	2010/11	2011/12
Borrowing requirement – start of year	£259.4m	£261.1m	£261.8m
Borrowing requirement - end of year	£261.1m	£261.8m	£260.7m
Increase in borrowing requirement – minimum	£1.7m	£0.7m	–£1.1m
Potential borrowing – Housing LDV	£23.2m	£7.5m	£6.5m
Increase in borrowing requirement – maximum	£24.9m	£8.2m	£5.4m

Total new borrowing will be on terms consistent with the long-term objectives of the debt portfolio. Borrowing in advance of need will be considered where it proves to be beneficial to the council and where such borrowing does not result in the projected borrowing requirement being exceeded by March 2012.

The extent of new borrowing will be dependant upon improvements within the financial markets during the period. New borrowing opportunities will be evaluated against the risk within the council's investment portfolio. Where it is considered prudent to do so, the increase in the borrowing requirement may temporarily be met through a reduction in investments.

- Maturity profile – borrowing

The maturity profile of fixed rate debt will be maintained in accordance with prudential indicator (E3) (see Supplement 1 to these Schedules). Other forms of funding such as leasing and private finance initiatives are subject to separate terms agreed under each arrangement.

- Policy concerning limits on revenue consequences of capital financing

The revenue implications of the capital investment programme are reported to the council under a separate process to treasury management. Supported debt is met corporately through the Financing Costs budget, whilst unsupported debt is met from service department revenue block allocations.

## Legal & regulatory

- References to relevant statutes and regulations

Chapter 1, Part 1 of the Local Government Act 2003 (and related regulations, orders and guidance) govern the council in its treasury dealings. Details of the provisions within the 2003 Act are held within Strategic Finance. The Act also imposes a duty on the council to comply with the prudential code and treasury management code, both issued by the Chartered Institute of Public Finance & Accountancy ('CIPFA').

Sections 32 & 33 of the Local Government Act 1992 require the council to set a fully funded budget. This requirement has an impact on the council in setting its' limit on affordability borrowing.



All treasury operations will conform to the *Non-Investment Products Code* issued by the Bank of England in December 2001 and the *Treasury Management in the Public Services – A Code of Practice and Cross-Sectoral Guidance Notes* issued by CIPFA in 2001, as revised in 2006.

- Procedures for evidencing the council's powers / authorities to counterparties  
The council will provide evidence of the council's power if requested to do so by a counterparty.
- Required information from counterparties concerning their power / authorities  
The council will seek information on a counterparty only where that counterparty is new to the council and only to the extent not covered by its credit rating or information provided by a council money broker.
- Statement on the council's political risks and management of same  
The council is governed by statute and investors in the council are protected against any failure to meet loan or other debt obligations by such statutes. The council has approved an ethical investment statement, which is included in the Annual Investment Strategy.

#### **Fraud, error & corruption & contingency management**

- Details of systems and procedures to be followed, including Internet services  
Details of the treasury management systems and procedures to be followed, including access to information regarding the councils' bank accounts, are contained in the treasury management manual held within Strategic Finance. Access to the information for treasury management purposes via the council's electronic link to the Co-operative Bank is limited to a set number of persons within Strategic Finance.  
  
Access to the council's accounts is also provided to the Banking Team within Finance & Resources but this is limited to day-to-day banking activity and not treasury management.
- Emergency and contingency planning arrangements  
Details of the emergency and contingency planning arrangement for the access of bank account information and CHAPS payment transactions are contained in the treasury management manual held within Strategic Finance.
- Insurance cover details  
Treasury management activity is covered under the Professional Indemnity insurance up to the value of £10 million. Insurance cover is arranged, corporately, by Strategic Finance.

#### **Market value of investments**

- Details of approved procedures and limits for controlling exposure to investments whose capital value may fluctuate (gilts, CD's, etc)  
Details are set out in the Annual Investment Strategy.

## **Schedule 2 – Best value & performance measurement**

- Methodology to be applied for evaluating the impact of treasury management decisions

There will be an on-going review of the debt portfolio to ensure that the long-term objectives of the portfolio are maintained.

- Policy concerning methods for testing best value in treasury management

The council will review the performance of the treasury management function against the following long-term objectives:

- to increase Member and Officer understanding of the complex treasury management service so that a greater contribution can be made to policy formulation
- to manage the financial exposure to risk arising from fluctuations in interest rates and potential changes in Government policy
- to investigate options for improving performance and generating short and long term revenue savings
- to develop meaningful performance measures for borrowing and investment which can be reviewed and reported on a regular basis

- Methods to be employed for measuring the performance of the council's treasury management activities

The council will measure the performance of its' treasury management activities by reference to:

- the long-term objectives of the service;
- benchmark rates for short-term borrowing and investments;
- the trend in the average cost of long-term borrowing.

- Benchmarks and calculation methodology – debt management and investments

The council will benchmark debt management through any planned and/or proposed best value reviews for accountancy services.

One of the objectives for treasury management is to reduce, over the medium term, the average cost of the long-term debt portfolio. In the absence of any generally accepted market practice the benchmarking for borrowing will be assessed against this objective.

Investments are benchmarked against the 7-day LIBID rate. This rate is used as it traditionally represents an achievable return on short-term investments without active treasury management. The target rate – the margin above the benchmark – is as follows:

- for the in-house team: 105% of the benchmark rate (i.e. if the benchmark rate is 4% then the target rate is 4% times 1.05 which is 4.2%).
- for the external cash manager: 115% of the benchmark rate. The higher margin reflects the long-term nature of the cash manager mandate and the potential higher returns from the specialist markets available to the manager.

- Banking services

The Banking Team undertakes banking. The separation of the function from Strategic Finance is an essential element in the council's overall internal controls and security for treasury management activity.

The Banking Team is responsible for maintaining detailed records of all cash transactions of the council and for reconciling cash to the council's accounting system. The selection of a financial institution that can provide a banking service to the council is subject to reviews through market testing and competitive tendering. The Banking Team holds full details of such reviews.

### **Schedule 3 – Decision-making & analysis**

- Funding, borrowing, lending and new instruments / techniques – records to be kept, processes to be pursued and issues to be addressed

Details of the records, processes, etc are contained in the treasury management manual held within Strategic Finance.

### **Schedule 4 – Approved instruments, methods & techniques**

- Listings and individual limits for the use of approved investments, approved methods and approved techniques

The council shall use any instrument available under Chapter 1, Part 1 of the Local Government Act 2003 (and any relevant regulations, guidance and codes), including credit arrangements and operating leases, to raise finance.

Where practical the council will only transact with organisations that are registered with the Financial Services Authority, but in all other respects the council adopts an unlimited market for borrowing purposes. Under the Financial Services and Markets Act 2000 (Exemption) Order 2001 (SI 2001/1201) made under the Financial Services and Markets Act 2000 the council is exempt from the general prohibition in relation to accepting deposits.

The council or its agents may use any instrument authorised under guidance issued by the Secretary of State to make investments. No other instrument may be used without the prior approval of the Director of Finance & Resources.

For the purposes of investments the council's in-house treasury team will use only cash deposits, including money market funds and, subject to certain conditions (see Annual Investment Strategy), negotiable instruments and the Debt Management Account Deposit Facility.

### **Schedule 5 – Organisations, clarity & segregation of responsibilities & dealing arrangements**

- Limits to responsibilities / discretion at committee / executive levels

Full Council only has the statutory power to determine and revise the prudential indicators as required by the Prudential Code.

The council delegates responsibility for the implementation and monitoring of its treasury management policies, practices and the Annual Investment Strategy to Cabinet. The execution and administration of all treasury management decisions is further delegated to the Director of Finance & Resources and more specifically to the Strategic Finance team, who will act in accordance with the council's treasury management policy statement, TMPs and Annual Investment Strategy (Part 8.2 of the Constitution).

Financial Regulations also set out the respective duties of the Head of Paid Service (Chief Executive), Monitoring Officer (Director of Strategy & Governance) and the

Chief Finance Officer (Director of Finance & Resources). In respect of treasury management:

- the Monitoring Officer has a duty to report on any proposal, decision or omission that has given rise to or is likely to or would give rise to a contravention of the relevant legislation, including the codes of practice issued by CIPFA and the investment guidance issued by the Secretary of State;
- the Head of Paid Service has a duty to ensure that the number and grades of staff required to carry out treasury management is sufficient to discharge the function
- the Chief Finance Officer has a responsibility for the financial affairs of the council, including assurance that adequate and effective treasury management procedures are in place (including compliance with the relevant codes of practice issued by CIPFA and investment guidance issued by the Secretary of State) at all times.

In accordance with the code of practice on treasury management monies held by locally managed schools is aggregated with council monies for treasury management purposes. The model scheme for the delegation (to school governing bodies) of financial powers requires a governing body to seek the approval of the Director of Finance & Resources to any proposal to borrow money and the banking arrangements of the school.

- Principles and practices concerning segregation of duties

The treasury management team within Strategic Finance is responsible for the treasury management operation in totality. Long-term funding is undertaken on the expressed instruction of the Loans & Technical Manager; short-term funding and investment are undertaken after discussion with the Loans & Technical Manager.

Segregation of duties is achieved by the independent verification of transactions by the Banking Team.

- Treasury management organisation chart

A chart is detailed in Supplement 3 to these Schedules.

- State of duties / responsibilities of each treasury post

Details are contained in the treasury management manual held within Strategic Finance.

- Absence cover arrangements

Details are contained in the treasury management manual held within Strategic Finance.

- Dealing limits

Details of dealing limits are contained in the treasury management manual held within Strategic Finance.

Levels of outstanding borrowing will be monitored against the operational boundary (prudential indicator (D2)) and the authorised limit (prudential indicator (D1)) (see Supplement 1 to these Schedules).

- List of approved brokers / Policy on brokers services

Details of approved brokers are contained in the treasury management manual held within Strategic Finance. The discretion to appoint brokers rests with the Loans & Technical Manager. The number of brokers at any one time is kept to a minimum, subject to achieving sufficient access to the money markets and competition.

- Policy on taping of conversation

It is strongly recommended by the Bank of England (BoE) and the Financial Services Authority (FSA) for brokers and dealers to record telephone conversations with principals (such as the council). The council does not operate a specific policy on taping but is able to rely on the brokers and institutions with which it transacts.

- Direct dealing practices

Details of these direct dealing practices are contained in the treasury management manual held within Strategic Finance.

- Settlement transmission procedures / document requirements

Details are contained in the treasury management manual held within Strategic Finance.

- Arrangements concerning the management of third party funds

Third party funds are managed in accordance with the Treasury Management Policy Statement, subject to any special conditions.

### **Schedule 6 – Reporting requirements & management information arrangements**

- Content and frequency of committee reporting requirements

The Director of Finance & Resources will prepare (a) an annual treasury management policy statement, (b) a mid-year report on the activity of treasury management in the first 6 months of the year and (c) an annual review of treasury activity. These reports will exclude banking services, which are subject to separate arrangements<sup>1</sup>. Reports will be made to the Cabinet Member – Finance, except for the annual treasury management policy statement which is required to be made to Cabinet.

The annual treasury management policy statement will include the treasury management prudential indicators agreed by full Council as part of the council tax setting process.

- Content and frequency of management information reports

A monthly bulletin will be produced which summarises the key indicators and events affecting borrowing and investment activity. The bulletin will include a section on the monitoring of the treasury management prudential indicators. The bulletin will be circulated to:

- members on the Audit Committee;
- other key members of the council, including the Cabinet Member - Finance; and
- senior managers within the council and Finance & Resources.

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<sup>1</sup> See 'Banking Services' under Schedule 2

## **Schedule 7 – Budgeting, accounting & audit arrangements**

- Statutory / regulatory requirements

The council will conform to the relevant statutory and legislative requirements in the preparation of budgets, accounting and audit arrangements. Details of these requirements are held in Financial Services within Finance & Resources.

- Accounting practices and standards

The council will bring together, for budgeting and management control purposes, all of the costs and revenues associated with its treasury management activities (with the exception of banking services). The costs and revenues associated with banking are recorded separately.

- Sample budgets / accounts

Details of the budgets relating to treasury management activities are held within Strategic Finance.

- List of information requirements of external auditors

The information provided as part of the external audit of the council is subject to review on an annual basis between Finance & Resources and the Audit Commission. Financial Services hold the list of information for the audit of the council's Accounts.

## **Schedule 8 – Cash & cash flow management**

- Arrangements for preparing / submitting cash flow statements

One of the criteria for judgement used by the Audit Commission in assessing how well the council plans and manages its' finances is that the council undertakes cash-flow monitoring which is used to inform short- and long-term investment decisions.

Cash flow statements are prepared by Strategic Finance prior to the financial year in question. The statements are retained by Strategic Finance to assist in providing liquidity of funds over the period.

The statements are prepared for the financial year, with the cash flows analysed on a week by week basis. The cash flow statement informs the Loans & Technical Manager in advance of key periods of cash flow shortages or surpluses. This in turn enables a planned approach to investing short-term funds. Details of the actual movement in cash flows are reported in the monthly treasury management bulletin.

The Loans & Technical Manager will continue to explore options within the council's new accounting system for the provision of more accurate cash flow data in order to improve forecasts.

- Content and frequency of cash flow budgets

The cash flow statements contain the major receipts and payments of the council for the relevant period. Statements are revised weekly, including an analysis of any significant variations from projections.

- Listing of sources of information

Details of the sources of information are held in Strategic Finance.

- Bank statements procedures

Details of the procedures are held by the Banking Team.

- Payment scheduling and agreed terms of trade with creditors

Council Standing Orders and Financial Regulations require each service director to be responsible for the payment of creditors for his or her own department. The terms and conditions for such payments are negotiated and held within the relevant service directorate but the council is committed to paying suppliers invoices within 30 days of receipt.

- Arrangements for monitoring debtor / creditor levels

Systems are in place to ensure payment is received from council debtors within the prescribed time periods. Regular reports on income collection and recovery are made to the Cabinet Member – Finance. Systems are also in place to ensure creditors are paid within the contractual payment terms and are subject to a best value prudential indicator.

A review of data held on the council's accounting system is on-going to assess whether more accurate information on debtor / creditor levels can be obtained with the view to improving cash flow forecasting.

Schedules of creditor payments (both BACS and cheque runs) are received by Strategic Finance each week for inclusion within the cash flow forecasts for that week.

- Procedures for banking of funds

Details are set out in the council's Standing Orders and Financial Regulations.

- Practice concerning prepayments to obtain benefits

Each instance will be reviewed on an ad-hoc basis to ensure the most cost efficient and effective approach is adopted.

### **Schedule 9 – Money laundering**

- Procedures for establishing identity / authenticity of lenders

Where practical the council will only transact with organisations that are registered with the Financial Services Authority.

The treasury team will immediately advise the council's Money Laundering Reporting Officer should an incidence of money laundering be suspected.

- Methodology for identifying sources of deposit

Membership of the Financial Services Authority places, amongst other things, a duty on the member to set up and operate arrangements, including the appointment of a money laundering officer, to prevent money laundering. The council will rely on membership of the Financial Services Authority to satisfy itself of the integrity of its counterparties to treasury management transactions.

The council has adopted an anti fraud & corruption strategy as part of the council's constitution. The strategy strengthens the council's existing measures on anti-fraud & corruption and meets the broader implications of money laundering introduced through various statutes such as the Terrorism Act 2000, the Proceeds of Crime Act 2002 and the Money Laundering Regulations 2007.

The council's Audit & Business Risk Section within Finance & Resources has actioned an implementation plan that included an assessment of the council's exposure to the risk associated with money laundering. Awareness training has also been provided to key members of staff. Systems and controls will be kept under review and further awareness training will be provided as appropriate. Fuller details of the systems and controls can be obtained from the Audit & Business Risk Section.

The council has appointed a Money Laundering Reporting Officer as required under the Money Laundering Regulations 2003. The named officer is the council's Head of Audit & Business Risk.

### **Schedule 10 – Staff training & qualifications**

External training courses for the treasury management team will be considered for value and benefit. Subject to budgetary constraints training courses will be attended where value and benefit can be demonstrated.

Records of individual training will be kept in accordance with the procedures introduced by the council for such purposes. Career development and succession arrangements will also be in accordance with council policy on such arrangement.

Details of the qualifications for treasury staff are set out in the job descriptions and person specifications appertaining to each post. Secondments (if any) will be recorded in accordance with council policy on such instances.

### **Schedule 11 – Use of external service providers**

- Details of contracts with service providers, including bankers, brokers, consultants, advisers

The council uses an external cash manager to administer part of its investment portfolio. The manager is able to use specialist markets with the aim to achieve higher investment returns. The current manager, Scottish Widows Investment Partnership, was appointed in March 2006 following a competitive selection process. The agreement commenced in May 2006 and the contract is due for internal review in May 2009.

The council uses Butlers as its treasury advisors. The advisors are expected to be proactive in analysing information to assist the in-house treasury team to meet its targets on the cost of long term borrowing and investment returns as well as advise on developments in the treasury management field. The mandate with Butlers was extended for one year in December 2008. A full competitive selection process will be undertaken in the latter part of 2009.

- Procedures and frequency for tendering services

The procedure and frequency for tendering of services will conform to the provisions of the relevant council Standing Orders and Financial Regulations.

### **Schedule 12 – Corporate governance**

- Treasury management procedures

The council has formally adopted the code of practice on treasury management issued by CIPFA. This, together with the treasury management practices and schedules thereto, demonstrate that the organisation of the council's treasury function is open and transparent. Clear treasury policies and procedures have been developed to support the stewardship responsibilities of the Director of Finance & Resources.



- List of documents to be made available for public inspection

Various documents will be made available for public inspection, subject to confidentiality constraints.

- Procedures for consultation with stakeholders

Consultation with stakeholders will conform to the council policy on such consultation.

Prudential indicators approved by full Council 26 February 2009

**Prudential indicator (E1) – Adoption of CIPFA Code**

The CIPFA code of practice on treasury management is included within Part 8.2 (Financial Regulations) of the Council's new Constitution. The new Constitution was adopted by the council with effect from 16 May 2008. Prior to the new Constitution the Code was included in the council's Financial Regulations & Procedures.

**Prudential indicator (E2) – 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 percentages in Indicator E2 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.

**Prudential indicator (E2a) (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%

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

	2009/10	2010/11	2011/12
Limit	£35m	£35m	£35m

**Prudential indicator (E3) – 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%

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

	2009/10 Estimate	2010/11 Estimate	2011/12 Estimate
Authorised limit	£317m	£302m	£307m

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

	2009/10 Estimate	2010/11 Estimate	2011/12 Estimate
Operational boundary	£294m	£279m	£283m

Interest rate prospects (source : Butlers January 2009)

The UK economy has entered a profound recession, worsened by a dangerous combination of negative growth and dislocation in the domestic and world financial markets. The situation in the economy is considered critical by the policy setters who are concerned that the testing financial environment, the sharp decline in house prices and persistently tight credit conditions could trigger a collapse in consumer confidence. At best this could deliver a short, sharp downturn, at worst a prolonged Japanese-style recession.

The sharp downturn in world commodity, food and oil prices, the lack of domestic wage pressures and weak retail demand promises a very steep decline in inflation in the year ahead. In the recent pre-Budget Report, the Treasury suggested RPI inflation could fall to minus 2¼% by September 2009. Inflation considerations will not be a constraint upon Bank of England policy action. Indeed, the threat of deflation strengthens the case for more aggressive policy ease.

The Government's November 2008 pre-Budget Report did feature some fiscal relaxation but it also highlighted the very poor health of public sector finances. The size of the package is considered insufficient to kick-start the economy. The onus for economic stimulation will fall upon monetary policy and the Bank of England.

The Bank of England will continue to ease policy and the need to drive commercial interest rates, currently underpinned by the illiquidity of the money market, to much lower levels suggests the approach will be more aggressive than might otherwise have been the case. A Bank Rate below 1% now seems a distinct possibility and short-term LIBOR rates of below 2% may result. Only when the markets return to some semblance of normality will official rates be edged higher.

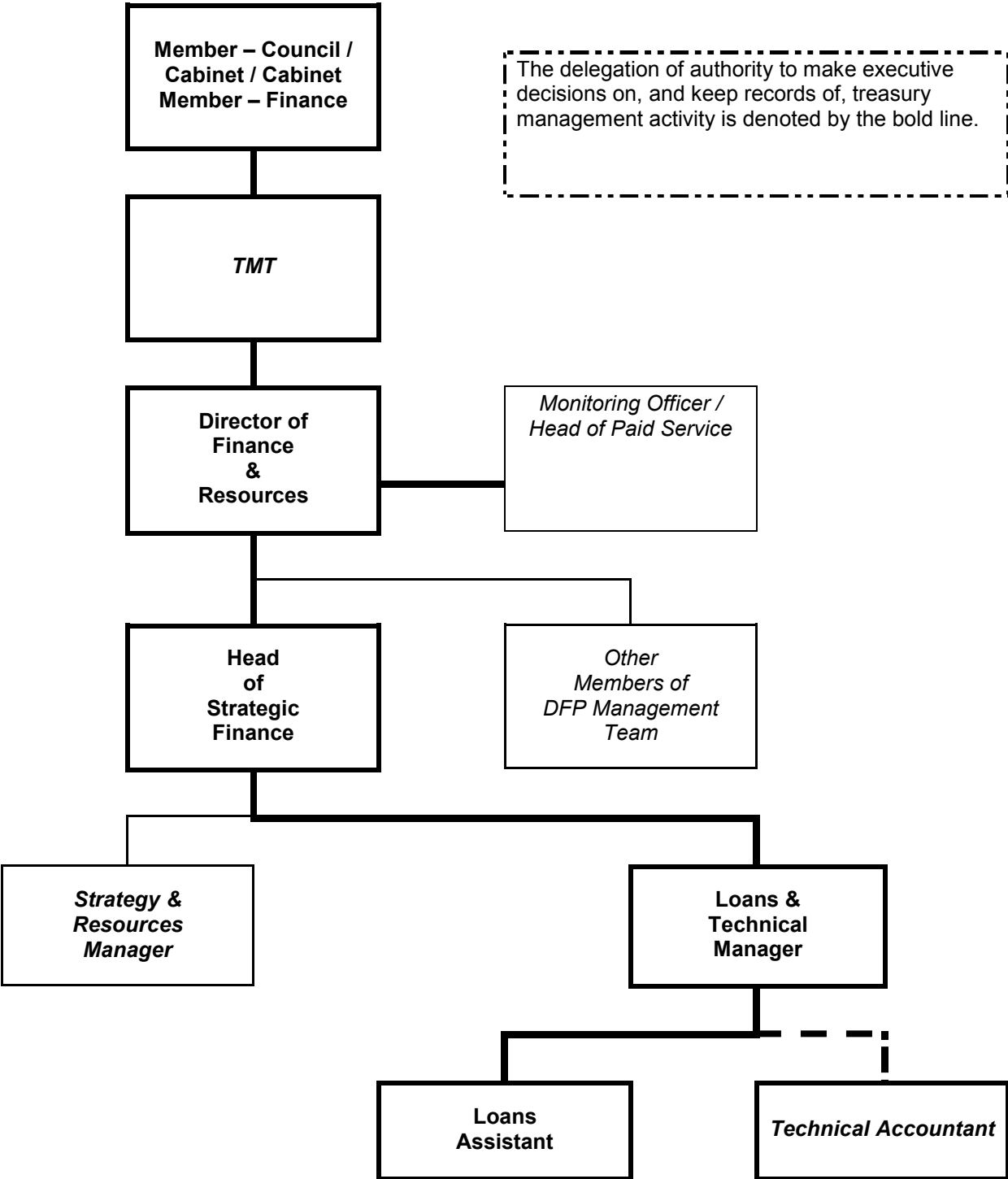
The prospect for long-term interest rates is not so clear cut. The threat of a deep global recession should result in long-term interest rates falling to yet lower levels. However, in complete contrast, the prospect of exceptionally high gilt-edged issuance by the Government over the next three years (totalling in excess of £100bn per annum) should result in long-term interest rates going up. This uncertainty is likely to last for a number of years but at least until the Government is in a position to start repaying debt.

Table – Expected Movement in Interest Rates April 2009 to March 2012  
(Annual averages)

	<u>Bank Rate</u>		<u>Short-term rates</u>		<u>Long-term rates</u>	
		3 mth	1 yr	5 yr	20 yr	50 yr
2009/10	1.0%	1.6%	1.8%	2.4%	3.9%	3.8%
2010/11	1.7%	2.1%	2.8%	3.2%	4.1%	4.0%
2011/12	2.4%	2.8%	3.6%	4.0%	4.3%	4.1%

Brighton & Hove City Council

Treasury Management Organisational Chart



**Subject:** Annual Investment Strategy 2009/10  
**Date of Meeting:** Cabinet – 12 March 2009  
Council – 19 March 2009  
**Report of:** Interim Director of Finance & Resources  
**Contact Officer:** Name: Peter Sargent Tel: 29-1241  
E-mail: peter.sargent@brighton-hove.gov.uk  
**Key Decision:** Yes Forward Plan No. CAB 6521  
**Wards Affected:** All

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

- 1.1 The Local Government Act 2003 introduced a prudential capital finance system whereby levels of borrowing and investments are decided locally by each council.
- 1.2 Guidance issued under the Act requires a local authority to approve an annual investment strategy which gives priority to security and liquidity and requires the council to set out:
- its policy on determining the credit-worthiness of its investment counterparties and the frequency at which such determinations are monitored;
  - its policy on holding investment instruments other than deposits held in financial institutions or government bodies;
  - its policy on determining the maximum periods for which funds may be invested;
  - its policy on the minimum level of investments to be held at any one time.
- 1.3 The purpose of this report is to seek Cabinet approval to the Annual Investment Strategy 2009/10 and to recommend the Strategy to full Council for adoption at its meeting on 19 March 2009.

**2. RECOMMENDATIONS:**

- 2.1 Cabinet is recommended to:
- agree the Annual Investment Strategy 2009/10 as set in Appendix 1 to this report; and
  - recommend Council to approve the Strategy at the meeting on 19 March 2009.
- 2.2 Council is recommended to approve the Annual Investment Strategy 2009/10 as set out in Appendix 1 to this report.

### **3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:**

- 3.1 The Annual Investment Strategy (AIS) for 2009/10 is set out in Appendix 1 to this report and covers investments made by the in-house treasury team and the council's external cash manager. The council uses a cash manager to take advantage of investment opportunities in specialist markets not covered by the in-house team, such as government stock. The AIS gives priority to security and liquidity.
- 3.2 Security is achieved by selecting only those institutions that meet stringent credit rating criteria or, in the case of non-rated UK building societies, have a substantial asset base. For the purpose of determining credit rating the council uses independent credit rating agencies. Rating criteria is only one factor taken into account in determining investment counterparties. Other sources, such as the financial press, will continue to be monitored and action will be taken where it is felt the risk attached to a particular counterparty has or is likely to worsen. Action will include the suspension of a counterparty in appropriate circumstances.
- 3.3 Liquidity is achieved by limiting the maximum period for investment.
- 3.4 The AIS, along with many other investment strategies, has been severely tested over the past 18 months as the financial markets continue to suffer from liquidity shortfalls and increased risk. The flexibility and robustness of the AIS has enabled the Director of Finance & Resources to implement changes that limited the council's exposure to the increased market risk. All money due to the council on investment was received in full and on time. This flexibility and robustness has been replicated in the AIS for 2009/10.
- 3.5 In response to the continuing crisis in the financial markets the AIS 2009/10 introduces a change to the method for selecting investment counterparties and the setting of investment parameters. With effect from 1 April 2009 the creditworthiness of an institution will be assessed by applying the lowest rating issued by the three main rating agencies – Fitch, Moody's and Standard & Poor's. In the majority of cases the ratings issued by the three agencies are aligned – however in recent months this has not always been the case and by adopting this slight change the council will always have the most up-to-date independent assessment.
- 3.6 One other change introduced in the AIS is an increase in the minimum asset base for building societies that are not rated, increased from £2bn to £3bn.

## 4. CONSULTATION

- 4.1 Following the collapse of the Icelandic Banks in October 2008, and the implications this event had for local authority investments, a number of high profile inquiries / reviews have been commissioned.
- The Chartered Institute of Public Finance & Accountancy is currently reviewing the Code of Practice for Treasury Management, particularly around risk management.
  - The Audit Commission is currently reviewing the investment strategies and practices adopted by local authorities.
  - The Department for Communities & Local Government has set up a Select Committee to inquire into the general principles involved in local authorities' treasury management. The Committee has received both written and oral evidence from a wide selection of participants, including local authorities, advisors and government officials.
- 4.2 All the above inquiries are on-going and consequently no formal responses have been received. However, without prejudging the outcome of these inquiries, it is possible that local authorities will be consulted on proposals to change the investment procedures adopted by local authorities.
- 4.3 The AIS 2009/10 is based on the existing codes of practice and investment guidance. Any changes needed to the AIS as a result of the inquiries will be reported to Cabinet and full Council.
- 4.4 The council's external treasury advisor has been consulted. No other consultation has been necessary.

## 5. FINANCIAL & OTHER IMPLICATIONS:

### Financial Implications:

- 5.1 The financial implications arising from the recommendations in this report are included in the Financing Costs budget.

Finance Officer consulted: Peter Sargent    Date: 12 February 2009

### Legal Implications:

- 5.2 The council must have regard to the guidance issued by the Secretary of State in determining its policies for investment. The Director of Finance & Resources is satisfied that the recommendations in this report are consistent with the guidance issued.
- 5.3 There are no direct human rights implications arising from this report.

Lawyer consulted: Abraham Ghebre-Ghiorghis    Date 17 February 2009

### Equalities Implications:

- 5.4 None directly arising from this report.

Sustainability Implications:

- 5.5 The council's ethical investment statement requests that institutions apply council deposits in a socially responsible manner.

Crime & Disorder Implications:

- 5.6 None directly arising from this report

Risk & Opportunity Management Implications:

- 5.7 The investment guidance issued under the 2003 Act requires the council to assess credit worthiness by reference to an independent rating agency. The AIS 2009/10 will use the ratings assigned by Fitch, Moody's and Standard & Poor's.
- 5.8 The ratings provide an opinion on the relative ability of an institution to meet financial commitments, such as interest, preferred dividends, repayment of principal, insurance claims or counterparty obligations. The council uses credit ratings as an indication of the likelihood of receiving its' money back in accordance with the terms of the investment. Other sources of information are used to supplement that provided by the rating agencies.
- 5.9 The minimum ratings set out in the AIS have the following meaning:

	<u>Generic criteria</u>	<u>Fitch</u>	<u>Moody's</u>	<u>Standard &amp; Poor's</u>
Short-term	Strong capacity for timely payment of financial commitments Where the credit risk is particularly strong, a "+" is added to the assigned rating	F1	P-1	A-1
Long-term	Very strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.	AA-	Aa3	AA-

- 5.10 Investment risk is managed by selecting only institutions that meet the council's stringent credit rating criteria. Liquidity risk is managed by applying maximum investment periods to institutions.

Corporate / Citywide Implications:

- 5.11 Investment income is a resource used by the council to fund revenue expenditure. The recommendations in this report will help to minimise capital risk whilst optimising investment returns over both the short and longer term.



## **6. EVALUATION OF ANY ALTERNATIVE OPTION(S):**

- 6.1 This report sets out the council's annual investment strategy for the year commencing 1 April 2009. The AIS continues with the strong emphasis on risk management and liquidity, two cornerstones to the guidance issued by the Secretary of State and the impact these have on investment performance.

## **7. REASONS FOR REPORT RECOMMENDATIONS**

- 7.1 Guidance issued under the Local Government Act 2003 requires the council to approve an annual investment strategy. This report fulfils that requirement.

### **SUPPORTING DOCUMENTATION**

#### **Appendix:**

1. Annual Investment Strategy 2009/10

#### **Documents in Members' Rooms**

None

#### **Background Documents**

1. Guidance issued by the Secretary of State under Section 15(1)(a) of the Local Government Act 2003
2. The Prudential Code for Capital Finance in Local Authorities published by CIPFA 2003



**Brighton & Hove City Council**  
**Annual Investment Strategy 2009/2010**

This Strategy complies with guidance issued by the Secretary of State on investments.

The following sets out the council's policy on investment criteria and counterparties. It should be noted that the minimum criteria set out in this document is only one factor taken into account for the investment of council funds. Other factors, such as Government guarantees and support and information available from the financial press and similar publications will also be taken into account when determining investment decisions. Counterparties that satisfy the minimum criteria are not automatically included on the council's approved investment list.

**1 Criteria to be used for creating / managing approved counterparty lists / limits**

Each counterparty included on the council's approved lending list must meet the criteria set out below. Without the prior approval of the council, no investment will be made in an instrument that falls outside the list below.

**1.1 Capital security**

Table 1 sets out the minimum capital security requirements for an investment to be made.

<u>Table 1 – Minimum capital security requirements</u>	
Banks/building societies with a credit rating	the institution must have a minimum short term rating of highest credit quality
Building societies that do not satisfy the minimum rating criteria above	the society must have an asset base in excess of £3 billion
Money market funds	the rating of the fund meets the minimum requirement of triple A ('AAA' / Aaa)
Debt Management Account Deposit Facility	the deposit is made in accordance with the rules and regulations relating to such investment as issued by the Debt Management Office from time to time

## 1.2 Maximum permitted investment by sector

Table 2 sets out the maximum permitted investment for each sector.

<u>Table 2 – Maximum permitted investment by sector</u>	
<u>Sector</u>	<u>%age of total investment portfolio at the time the investment made</u>
Banking sector	100%
Building society sector	75%
Local authority sector	75%
Money market funds	75%
Debt Management Account Deposit Facility	50%
Maximum amount invested for more than 1 year	25% (excl funds administered by external cash manager)

## 1.3 Maximum permitted investment by counterparty

### 1.3.1 General

With the exception of money market funds and the Debt Management Account Deposit Facility no one counterparty may have more than 75% of the relevant sector total at the time the investment is made.

### 1.3.2 Rated counterparties

Table 3 sets out the exposure limits and maximum periods for deposits based on various credit ratings.

<u>Table 3 – Exposure limits and maximum periods per counterparty (with rating)</u>				
<u>Rating</u>	<u>A rating of at least (lowest of Fitch (F) / Moody's (M) / Standard &amp; Poor's (SP))</u>			
Short-term	F = F1+ M = P-1 SP = A-1+	F = F1+ M = P-1 SP = A-1+	F = F1+ M = P-1 SP = A-1+	F = F1 M = P-1 SP = A-1
Long-term	F = AA+ M = Aa1 SP = AA+	F = AA- M = Aa3 SP = AA-	n/a	n/a
Exposure Limit	£10m	£10m	£10m	£5m
Maximum period – fixed deposits	3 years	2 years	1 year	1 year
Maximum period – negotiable instruments	5 years	5 years	1 year	1 year

In addition investment in money market funds and open ended investment companies with a rating of 'triple A' (i.e. AAA / Aaa) is permitted up to a value of £10 million per fund.

The only exception to Table 3 is investment in the council's banker, the Co-operative Bank plc. The maximum period and exposure limit for investment in this bank will be one month and £10 million respectively.

### **1.3.3 Non-rated counterparties**

Table 4 sets out the exposure limits and maximum periods for deposits for counterparties that are not rated.

<u>Table 4 – Exposure limits and maximum periods per counterparty / fund (with no rating)</u>		
<u>Counterparty</u>	<u>Exposure Limit</u>	<u>Maximum period</u>
Local authority	£5 million	1 year
Non-rated building society with an asset base in excess of £3bn	£5 million	6 months
Debt Management Account Deposit Facility	£10 million	6 months

### **1.3.4 Cash manager**

For the purposes of investments made by the council's external cash manager, the criteria in Table 5 will apply:

<u>Table 5 – Exposure limits and maximum periods per counterparty (Cash manager)</u>		
<u>Instrument</u>	<u>Exposure Limit</u>	<u>Maximum period</u>
Government stock	100% of Fund	10 years
Supra-national with minimum long-term rating of 'AA-' / Aa3 / AA-	100% of Fund	10 years
Regulation collective investment schemes	100% of Fund	n/a
Fixed term investments – minimum short-term rating of 'F1 / P-1 / A-1'	10% of Fund or £2.5m whichever is the greater	1 year
Fixed term investments – minimum long-term rating of 'AA- / Aa3 / AA-'	10% of Fund or £2.5m whichever is the greater	5 years

In addition to Table 5 the maximum average duration of the fund managed by the cash manager shall not exceed 4 years. All instruments used by the cash manager with a maturity of 3 months or more shall be negotiable.

#### 1.4 Investment classification (regulatory)

The investment guidance issued by the Secretary of State requires the council to identify investments as either 'specified' or 'non-specified'. Table 6 sets out the requirements for each type.

<u>Requirement</u>	<u>Specified</u>	<u>Non-specified</u>
Currency	Must be in Sterling	Any currency other than Sterling
Maturity period	Up to 12 months	Over 12 months
Credit worth	Counterparty with high credit rating or UK government or local authority	Other

All investments made by the council are denominated in Sterling and are made only in counterparties with a high credit worth (as set out in paragraph 1.3 above).

The use of non-specified investments is limited to (a) investment in non-rated building societies with an asset base in excess of £3bn or (b) investments for longer than 12 months in counterparties that meet the minimum long-term rating detailed in Tables 3 and 5 above.

#### 2 Approved methodology for changing limits and adding / removing counterparties

A counterparty shall be removed from the council's list where a change in their credit rating results in a failure to meet the criteria set out above.

A new counterparty may only be added to the list with the written prior approval of the Director of Finance & Resources and only where the counterparty meets the minimum criteria set out above.

A counterparty's exposure limit will be reviewed (and changed where necessary) following notification of a change in that counterparty's credit rating or a view expressed by the credit rating agency warrants a change.

A counterparty's exposure limit will also be reviewed where information contained in the financial press or other similar publications indicates a possible worsening in credit worth of a counterparty. The review may lead to the suspension of a counterparty where it is considered appropriate to do so by the Director of Finance & Resources.

#### 3 Full individual listings of counterparties and counterparty limits

A full list of counterparties in which the council will invest surplus funds, together with limits and maximum investment periods is contained in Schedule 1 to this AIS.

There is no pre-determined list for investments made by the cash manager but all counterparties must meet the minimum criteria as set out in Table 5 above.

#### **4 Details of credit rating agencies' services**

Credit ratings will be based on those issued periodically by the Fitch Ratings Group, Moody's and Standard & Poor's.

#### **5 Permitted types of investment instrument**

All investments must be denominated in Sterling.

The in-house treasury team may invest in fixed term and variable term cash deposits, money market funds and open ended investment companies. The in-house treasury team may only invest in negotiable instruments where to do so offers additional value in terms of investment return and appropriate and supporting advice has been sought from the council's external treasury advisors on the suitability of such an investment.

The cash manager may invest in government stock, supranational institutions, regulation collective investment funds and fixed term instruments. All investments with a maturity of 3 months or more shall be negotiable.

#### **6 Ethical investment statement**

The council has approved the following ethical investment statement that will apply to all cash investments made by, or on behalf of, the council

*"Brighton & Hove City Council, in making investments through its treasury management function, fully supports the ethos of socially responsible investments. We will actively seek to communicate this support to those institutions we invest in as well as those we are considering investing in by:*

- *encouraging those institutions to adopt and publicise policies on socially responsible investments;*
- *requesting those institutions to apply council deposits in a socially responsible manner."*

Counterparties shall be advised of the above statement each and every time a deposit is placed with them.

#### **7 Glossary**

Long-term – period in excess of 12 months

Negotiable instrument – an investment where the council can receive back the amount invested earlier than originally agreed (subject to conditions)

Non-specified investment – see Table 6 above

Short-term – period up to and including 12 months

Specified investment – see Table 6 above

Supra-national – an organisation that encompasses more than one nation, such as the World Bank





**Brighton & Hove City Council**  
**Banks and Other Institutions**  
**Annual Investment Strategy 2009/2010**  
**In-house Treasury Team**

Note - Ratings as advised by Butlers 17 February 2009

<u>Counterparty</u>	<u>Specified/ Non- specified</u> <sup>1</sup>	<u>Short-term</u> F = Fitch M = Moody's SP = Standard & Poor's			<u>Long-term</u> F = Fitch M = Moody's SP = Standard & Poor's			<u>Max amo- unt</u>	<u>Max period – fixed deposits</u> <sup>2</sup>
		F	M	SP	F	M	SP		
<u>AUSTRALIA</u>									
Australia & New Zealand Banking Group	Both (*)	F1+	P-1	A-1+	AA-	Aa1	AA	£10m	2 years
Commonwealth Bank of Australia	Both (*)	F1+	P-1	A-1+	AA	Aa1	AA	£10m	2 years
National Australia Bank	Both (*)	F1+	P-1	A-1+	AA	Aa1	AA	£10m	2 years
<u>BELGIUM</u>									
Dexia Bank	Specified	F1+	P-1	A-1	AA-	A1	A	£5m	1 year
Fortis Bank	Specified	F1+	P-1	A-1	A+	A1	A	£5m	1 year
KBC Bank	Specified	F1	P-1	A-1	A+	Aa3	A+	£5m	1 year
<u>CANADA</u>									
Bank of Montreal	Specified	F1+	P-1	A-1	AA-	Aa1	A+	£5m	1 year
Bank of Nova Scotia	Both (*)	F1+	P-1	A-1+	AA-	Aa1	AA-	£10m	2 years
Canadian Imperial Bank of Commerce	Specified	F1+	P-1	A-1	AA-	Aa2	A+	£5m	1 year
National Bank of Canada	Specified	F1	P-1	A-1	A+	Aa2	A	£5m	1 year
Toronto-Dominion Bank	Both (*)	F1+	P-1	A-1+	AA-	Aaa	AA-	£10m	2 years
<u>GERMANY</u>									
Deutsche Bank AG	Specified	F1+	P-1	A-1	AA-	Aa1	A+	£5m	1 year
HSH Nordbank	Specified	F1	P-1	A-1	A	Aa3	A	£5m	1 year
Landesbank Baden-Wuerttemberg	Specified	F1+	P-1	A-1	A+	Aa1	A+	£5m	1 year
Nordeutsche-Landesbank Giro	Specified	F1	P-1	A-1	A	Aa2	A	£5m	1 year
<u>IRELAND</u>									
Anglo Irish Bank	Specified	F1+	P-1	A-1	A-	A2	A-	£5m	1 year
Bank of Ireland	Specified	F1+	P-1	A-1	A	Aa3	A	£5m	1 year
<u>ITALY</u>									
Intesa Sanpaolo	Both (*)	F1+	P-1	A-1+	AA-	Aa2	AA-	£10m	2 years

<sup>1</sup> see para 1.4 of main report – distinction is a requirement under the investment regulations

<sup>2</sup> for negotiable instruments maximum period should read '5 years' instead of '2 years' and '3 years'. All other periods remain the same

Uni Credito Italiano	Specified	F1	P-1	A-1	A+	Aa3	A+	£5m	1 year
<b>SWEDEN</b>									
Svenska Handelsbanken	Both (*)	F1+	P-1	A-1+	AA-	Aa1	AA-	£10m	2 years
<b>UK BANKS</b>									
Abbey National plc	Both (*)	F1+	P-1	A-1+	AA-	Aa3	AA	£10m	2 years
Alliance & Leicester	Both (*)	F1+	P-1	A-1+	AA-	Aa3	AA	£10m	2 years
Allied Irish Bank (GB)	Specified	F1+		A-1	A		A	£5m	1 year
Barclays	Both (*)	F1+	P-1	A-1+	AA-	Aa3	AA-	£10m	2 years
Clydesdale Bank	Both (*)	F1+	P-1	A-1+	AA-	Aa3	AA-	£10m	2 years
Co-operative Bank plc	Specified	F1	P-1		A	A2		£10m	1 mth
HSBC Bank plc	Both (*)	F1+	P-1	A-1+	AA	Aa1	AA	£10m	2 years
Lloyds TSB Bank	Both (*)	F1+	P-1	A-1+	AA-	Aa3	AA-	£10m	2 years
Bank of Scotland	Both (*)	F1+	P-1	A-1+	AA-	Aa3	AA-	£10m	2 years
Royal Bank of Scotland	Specified	F1+	P-1	A-1	AA-	Aa3	A+	£5m	1 year
<b>UK BUILDING SOCIETIES (**)</b>									
Britannia (2)	Non-Specified	F2	P-1	A-2	A-	A2	A-	£5m	6 mths
Chelsea (5)	Specified	F1	P-1		A-	A2		£5m	1 year
Coventry (4)	Specified	F1	P-1		A	A2		£5m	1 year
Dunfermline (12)	Non-Specified		P-2			Baa2		£5m	6 mths
Leeds (8)	Specified	F1	P-1		A	A2		£5m	1 year
Nationwide (1)	Specified	F1+	P-1	A-1	AA-	Aa2	A+	£5m	1 year
Newcastle (10)	Non-Specified	F1	P-2	A-2	A-	A3	BBB+	£5m	6 mths
Norwich & Peterborough (11)	Specified	F1	P-1		A-	A2		£5m	1 year
Nottingham (14)	Non-Specified							£5m	6 mths
Principality (9)	Non-Specified	F2	P-2		A-	A3		£5m	6 mths
Skipton (6)	Specified	F1	P-1		A	A2		£5m	1 year
Stroud & Swindon (13)	Non-Specified							£5m	6 mths
West Bromwich (7)	Non-Specified	F2	P-2		A-	A3		£5m	6 mths
Yorkshire Society (3)	Specified	F1	P-1	A-1	A	A2	A	£5m	1 year
<b>IRELAND BUILDING SOCIETIES</b>									
EBS	Specified	F1+	P-1		BBB	A2		£10m	1 year
<b>OTHER</b>									
Other Local Authorities	Specified							£5m	1 year
Debt Management Acc Deposit Facility	Specified							£10m	6 mths

(\*) investments repayable within 12 months are classified as 'Specified', investments for a longer period are classified as 'Non-specified'

(\*\*) UK Building Societies ranking by Total Asset size – Source: BSA factsheet January 2009





<b>Subject:</b>	<b>Performance Improvement Report: Quarter Three 2008/09</b>		
<b>Date of Meeting:</b>	<b>12<sup>th</sup> March 2009 - Cabinet</b>		
<b>Report of:</b>	<b>Interim Director of Strategy &amp; Governance</b>		
<b>Contact Officer:</b>	<b>Name: Barbara Green</b>	<b>Tel: 29-1081</b>	
	<b>E-mail: barbara.green@brighton-hove.gov.uk</b>		
<b>Key Decision:</b>	<b>No</b>		
<b>Wards Affected:</b>	<b>All</b>		

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

1.1 There are 2 elements to this report:

- Progress against the Local Area Agreement (LAA Appendix 1)
- Progress against the health of our organisation indicators (Appendix 1)

**2. RECOMMENDATIONS:**

- 2.1 That Cabinet notes progress against the LAA outcomes and proposals for remedial actions against the indicators that are significantly off track.
- 2.2 That Cabinet Members review their areas of poor performance in greater detail at future Cabinet Members Meetings and/or discusses with the relevant leading partnership progress on the action plans.
- 2.3 That Cabinet note the changes in national performance management framework from CPA to CAA from April 2009.

**3. RELEVANT BACKGROUND INFORMATION:**

- 3.1 The Performance Improvement Report for Quarter 3 of 08/09 (Appendix 1) tracks progress against key actions and milestones to provide elected members with a comprehensive picture of progress. Cabinet are invited to use this information to check progress and, where necessary, recommend additional action or reporting. Colours provide the direction of travel at the time of reporting. Red indicates performance is significantly off target; amber indicates progress against milestones is unknown or uncertain; green points to progress being at or better than target; grey indicates that no judgement is possible at this time.

3.2 The effects of the economic recession are beginning to impact on our performance against targets and some additional service pressure's identified. The report provides a more detailed update on the Learning and Enterprise indicators as these are most at risk in the coming year.

On the basis of current information the big performance challenges locally are:

- NI 152 Working age people on out of work benefits
- NI 171 VAT registration rate
- NI 30 Re-offending rate of prolific and priority offenders
- NI 47 People killed or seriously injured in road traffic accidents
- NI 112 Under 18 conception rate
- NI 158 % non decent council homes
- NI 186 Per capita CO<sub>2</sub> emissions in the LA area

These indicators represent around 20% of our nationally agreed targets. Action plans are in place for each of the above and the LAA Delivery Plan clearly outlines the activity & milestones to address the shortfall in performance.

3.3 This report includes data up to December 2008, where it is available. However, the majority of information measured by the new National Indicator Set established by the Audit Commission and the Local Area Agreement is only available on an annual frequency. We have worked with partners to agree targets for the period of the agreement and integrated milestones & actions into the full LAA Delivery Plan. A full report against the whole Delivery Plan alongside new actions for 09/10 and an update on progress towards the Corporate Plan objectives will be published in the annual report in June 2009.

3.4 The new CAA framework has been issued for implementation from April 2009. CAA represents a fundamental change in the way the council and its partners are assessed moving away from solely focusing on the past performance of the council towards a forward looking assessment of our prospects for future success against our objectives. It comprises of two main elements; the Area Assessment and the Organisational Assessment.

3.5 The Health of the organisation section reports progress against indicators of corporate health including sickness and equality monitoring.

3.6 In the past we produced an annual report, called the Performance Plan, this report contained performance against the best value performance indicators (BVPIs). Under the new performance management arrangements there is no longer a requirement to report the BVPIs. In future we are proposing to produce an annual report that will review progress against the outcomes in the Local Area Agreement and the Corporate Plan.

3.7 This year (08/09) is subject to transitional arrangements. Following consultation last year carried out by the Audit Commission (AC) with local authorities and other public sector bodies, the new National Indicator Set has been published. This set of indicators will represent the indicators assessed as part of the CAA in future years, with particular focus on the 35 measures that have been selected as improvement priorities for Brighton & Hove in the new Local Area Agreement.

#### **4. CONSULTATION:**

4.1 The Audit Commission is consulting on major changes to the Comprehensive Performance Assessment (CPA) regime, moving to a new framework called Comprehensive Area Assessments (CAA). The next round of consultation is planned to conclude in October 2008 with the aim that the agreed new methodology and arrangements to be fully in place by 2009/10.

4.2 TMT and DMTs have been consulted on the new national indicator set and on the plans for future performance reporting. This reporting will ensure that we adequately reflect progress towards our objectives and will provide early warning for areas not on track to allow appropriate remedial action to be taken.

#### **5. FINANCIAL & OTHER IMPLICATIONS:**

##### **5.1 Financial Implications:**

Successful achievement of the LAA outcomes 2008-2011 will attract some performance reward grant; this will be in the region of £1.6 million. Finance

*Officer consulted: Nigel Manvell*

*Date: February 2009*

##### **5.2 Legal Implications:**

None

*Lawyer consulted: Liz Culbert*

*Date February 2009*

##### **5.3 Equalities Implications:**

The proposed new performance management framework aims to incorporate monitoring of progress against equalities and inclusion outcomes in the city.

##### **5.4 Sustainability Implications:**

The proposed new performance management framework aims to incorporate monitoring of progress against sustainability outcomes in the city.

5.5 Risk and Opportunity Management Implications:

The management of performance is important and contributes to avoiding the risk that the council's improvement priorities will not be delivered. Progress against performance indicators informs our risk and opportunity management assessments.

5.6 Crime & Disorder Implications:

Reducing crime and disorder is a central theme of the Corporate Plan and the Local Area Agreement and monitoring progress against these outcomes is a key element of the proposed new performance management framework.

5.7 Corporate / Citywide Implications:

Cabinet and The Management Team will continue to have a Performance Focus session each month, this is recognised as good practice and allows for both a quarterly overview of the organisation performance against the LAA and more spotlighted discussions on areas that require additional discussion. These discussions will feed into the service planning timetable and establishment of a new corporate plan in the future. This is an essential part of the council's performance management framework, providing the link between the new 3 year Corporate Plan and the annual Directorate and Team plans.

**6. EVALUATION OF ANY ALTERNATIVE OPTION(S):**

6.1 There are none.

**7. REASONS FOR REPORT RECOMMENDATIONS**

The report provides information on progress against the council's priorities ensuring close monitoring for continuous improvement.

**SUPPORTING DOCUMENTATION**

**Appendices:**

1. Appendix 1 – Performance Improvement Report – Quarter One

**Documents In Members' Rooms**

None

**Background Documents**

None



# Performance Improvement Report Quarter Three: Oct - Dec 2008

## Council priorities 2008-2011



Spending time on Brighton Seafront

**Protect the environment while growing the economy**

**Better use of public money**

**Reduce inequality by increasing opportunity**

**Fair enforcement of the law**

**Open and effective city leadership**

# Performance Improvement Report

## Quarter Three: Oct - Dec 2008

### Definitions of performance rating

Direction of travel incorporates an assessment of both performance against target and progress against the milestones in the delivery plan as follows:

● <b>GREEN</b>	Performance is good
●/● <b>AMBER/GREEN</b>	Performance is slightly off target but progress against delivery plan milestones is on track to deliver good performance
● <b>AMBER</b>	Performance is off target and progress against delivery plan milestones requires close monitoring
● <b>RED</b>	Performance is significantly off target
● <b>GREY</b>	No judgement possible (Targets may be missing or it is the baseline year for an indicator)

An indicator could be off target but if there is evidence the delivery of the planned actions will enable performance to reach the level targeted it will be colour coded AMBER/GREEN

# Performance Improvement Report

## Quarter Three: Oct - Dec 2008

### CONTENTS

<b>Section 1 – Summary of Local Area Agreement Outcomes</b>	<b>Pages</b>
<b>Promoting enterprise &amp; learning</b>	<b>Pages 4 - 7</b>
<b>Reducing crime and improving safety</b>	<b>Pages 8 - 10</b>
<b>Improving health &amp; wellbeing</b>	<b>Pages 11 - 14</b>
<b>Strengthening communities &amp; involving people</b>	<b>Pages 15 - 17</b>
<b>Improving housing &amp; affordability</b>	<b>Pages 18- 19</b>
<b>Promoting resource efficiency &amp; enhancing the environment</b>	<b>Pages 20 - 21</b>
<b>Promoting sustainable transport</b>	<b>Pages 22</b>
<b>Section 2 – Health of the organisation indicators</b>	<b>Pages 23 - 27</b>

## Performance Improvement Report Quarter Three: Oct - Dec 2008

Promoting enterprise & learning					
LAA outcome	Baseline	Target 08/09	Latest result	Direction of travel	Lead Directorate
NI 79 Achievement of a Level 2 qualification by the age of 19	69%	78%	Not Available September 09	●/● <b>AMBER/GREEN</b>	CYPT
NI 117 16 to 18 year olds who are not in education, training or employment (NEET)	9.3%	7.6%	7.8%	●/● <b>AMBER/GREEN</b>	CYPT
NI 152 Working age people on out of work benefits  (At this stage we can only judge progress by comparing the latest result with the baseline to give a sense of direction– we will know if the 08/09 target has been met in May 09 as the data corresponding to this target is not released until then)	24,672 14.5% (May 07)	23,524 (13.9%)	24,130 14.2% (May 08)	● <b>AMBER</b>	Cultural Services/CYPT
NI 163 Working age population qualified to at least Level 2 or higher	75.3%	76.9%	73% (2007)	● <b>AMBER</b>	Cultural Services/CYPT
NI 171 VAT and PAYE registration rate  (At this stage we can only judge progress by comparing the latest result with the baseline to give a sense of direction - we will know if we met the 08/09 target in Nov 2009 as this is when 2008 data is released)	72.8 (2007)	64 (target based on UK figure for 2007)	72.8 (baseline in 2007)	● <b>AMBER</b>	Cultural Services
L 1 Take forward the development of the Brighton Centre	N/A	Appoint Lead Architect and Design Team April/May 09	OJEU Notice published Jan 09	● <b>AMBER</b>	Cultural Services

## Performance Improvement Report Quarter Three: Oct - Dec 2008

Promoting enterprise & learning					
LAA outcome	Baseline	Target 08/09	Latest result	Direction of travel	Lead Directorate
L 2 Increase GVA per head  (Data corresponding to the 08/09 target will be released Nov 2010 – At this stage we can only judge progress by comparing the latest result with the baseline to give a sense of direction)	£18,833 (2005)	£17,965 Takes current of economic situation	£19,477 (2006)	● <b>AMBER</b>	Cultural Services
L 3 Increase the number of people in employment  (At this stage we can only judge progress by comparing the latest result with the baseline to give a sense of direction - we will know if we met the 08/09 target in June 2009)	125,300 06/07	127,000	130,700 (July 07-June 08)	● <b>AMBER</b>	Cultural Services
L 4 Increase the visitor economy	£408m	£427.8m	N/A	● <b>AMBER</b>	Cultural Services

### Summary of progress

- Progress against the NEET target (NI 117) is measured annually as an average for November, December and January. Compared to the 2006 figure of 10.85%, a significant improvement was made in 2007 with the figure of 9.24%. The 2008 target is 7.6%. The encouraging news is that the average of figures submitted to DCSF for November, December 2008 and January 2009 is 7.8% and the corresponding Unknown figure is 4.6%. The NEET and Unknown figures for December 2008 for the South East have gone up compared to November 2007 whereas in Brighton & Hove we have made significant improvements.
- The formation of an Economy Task Force to improve co-ordination, provide intelligence and steer activity. Membership includes, BHCC, SEEDA, Business Link, JobCentre Plus, Economic Partnership, Brighton & Hove Chamber of Commerce, Federation of Small Business
- The creation and launch of a 'Buy-Local' Campaign.

## Performance Improvement Report Quarter Three: Oct - Dec 2008

- The Council as landlord to offer monthly rather than quarterly rent terms to businesses in need of support with cash flow. The Council to offer monthly rather than 10 instalments of Business Rate collection to support cash flow.
- The Council to work towards payment of invoices to small businesses within 10 days of receipt.
- The funding and support for additional business support clinics and workshops to be operated by the Chamber of Commerce and Business Link.
- In Autumn 2008 a Worklessness Steering Group was set up to improve co-ordination of services to the newly unemployed as well as to support those who remain excluded from the labour market and are supporting a number of projects:
  - Breakthrough. Supports workless adult residents at risk of poor health
  - Tourism Futures Pre-Employment Training. Provides sector specific training to local workless people and a qualified workforce to local business.
  - Brighton Internship Programme. This delivers work placements into local digital media companies who provide on the job-training and experience for graduates.
  - Improved outreach and better co-ordination of outreach services by the numerous agencies whose delivery is aimed at workless residents.
- Re-launch of new Visitor website with the plan to drive traffic from 1.9m unique visitors annually to 3m by 2010.
- Visitor Information Centre seen traffic increase by 50% since moving to the Royal Pavilion Shop.
- Secured major new events and conferences for 2009 including Corporate Games and Conferences with an economic value of £61m.

### Risks

- The factors determining the depth and duration of the recession are largely outside the control of local influence. In many cases there is nothing that can be done locally to stop some of the businesses from closing and one issue is combating the view that we can save some of these businesses or that we can avoid increasing unemployment. It is quite likely that even with the best interventions most measures of economic performance in the City will go the wrong way in 2009.

## Performance Improvement Report

### Quarter Three: Oct - Dec 2008

- The economic downturn will make achieving LAA, CESP and RES targets around employment and enterprise a key challenge; good performance in comparison to the region and nation will be a strong indicator given the global nature of the economic crisis. LAA targets were set during a period of unprecedented economic growth.
- Funding for the continuation of many areas of activity remains uncertain. In the current year, discrete funds including from Working Neighbourhoods Fund and LABGI have supported activity. In the forthcoming year monies are as yet to be identified to support these activities continuing. LABGI determinations from GOSE have yet to be confirmed for 2009/10.
- Central and local fiscal and monetary interventions do not revive borrowing and spending in Brighton & Hove over next 18-24 months, leading to business failure/cutbacks/relocations which will impact on employment and benefit claimant rates, GVA, business rates collected etc. This will impact on council revenue.
- Maintaining forward momentum with commercial development projects in a period of low lending levels plus housing market and construction decline
- Loss of major employer. The highly vulnerable financial services sector is responsible for 'big four' private sector employers in the city.
- Medium-term damage to unique Brighton & Hove retail offer. Independent retailers are more prone to failure in an economic downturn, a relatively large proportion of independent failures which will impact on the city's comparative advantage in retail.
- Numbers of short breaks taken in the UK are likely to decline
- Quality of visitor offer compounds slackening demand – some of this is in public control e.g. Brighton Centre, others are in Private Hands e.g. Pier.

## Performance Improvement Report Quarter Three – Oct - Dec 2008

Reducing crime & improving safety					
LAA outcome	Baseline	08/09 target	Latest	Direction of travel	Lead Directorate
NI 17 Perceptions of anti-social behaviour	19.6% 08/09	Baseline year	Next Place Survey 2010	● <b>GREY</b>	Environment
NI 30 Re-offending rate of prolific and priority offenders	285 convictions	208 convictions (-27%)	262 -8.1% (Apr-Sept 08)	● <b>RED</b>	Environment
NI 32 Repeat incidents of domestic violence	New indicator	N/A	N/A	● <b>GREY</b>	Environment
NI 38 Drug-related (Class A) offending rate	New indicator	Baseline Year	Data available July 09	● <b>GREY</b>	Environment
NI 40 Drug users in effective treatment	1152	1164	1131 (April- Sept 08)	● <b>GREEN</b>	Environment
NI 47 People killed or seriously injured in road traffic accidents	165	159 3.6% reduction	N/A Data available Apr 09	● <b>RED</b>	Environment/ ESFRS
NI 111 First time entrants to the Youth Justice System aged 10 – 17	497	472	187	● <b>GREEN</b>	CYPT
L 5 Specialist support to victims of a serious sexual offence (NI 26)	New indicator	Baseline year	N/A	● <b>GREY</b>	Environment
L 6 Assault with injury crime rate (NI 20)	2,191	2,081 5% reduction	1514 (Dec 08)	● <b>GREEN</b>	Environment



## Performance Improvement Report Quarter Three – Oct - Dec 2008

Reducing crime & improving safety					
LAA outcome	Baseline	08/09 target	Latest	Direction of travel	Lead Directorate
L 7a Arson incidents (NI 33) – primary fires	246	221	149 (Dec 08)	● <b>GREEN</b>	ESFRS
L 7b Arson incidents (NI 33) – secondary fires	390	351	266 (Dec 08)	● <b>AMBER</b>	ESFRS
L 8 Number of police recorded LGBT hate crimes and incidents	184	193 (+5%)	101 (Dec 08)	● <b>AMBER</b>	Environment
L 9 Number of police recorded racist and religiously motivated crimes and incidents	554	526 (-5%)	268 (Dec 08)	● <b>GREEN</b>	Environment
L 10 Number of police recorded total sexual offences	283	297 (+5%)	280 (Dec 08)	● <b>GREEN</b>	Environment

### Summary of progress

Progress on milestones is good in particular activity against milestones to reduce numbers of first time entrants to the Youth Justice System is on track and progress is good. Increased level of joint working/pooled budgets between PCST and CYPT (Challenge and Support, Targeted Youth Support Service and Operation Park) to prevent and divert young people and reduce alcohol related disorder is assisting in good progress being achieved.

### Risks

- The NI indicators linked to crime, community safety, drugs and alcohol issues (NI 17,30,32,38,40,111 and local indicators 5,6,8,9 and 10) are all delivered and / or supported by staff who are funded by initiative funding streams and for which the funding for their posts is not currently confirmed beyond March 2009.
- Unless funded, multi-agency services which have strong evidence of successful crime reduction outcomes, such as the ASB Team, Operation Reduction, Priority and Prolific Offender Project, Environment Improvement Team, Communities Against Drugs Team and others will not be able to continue.

## Performance Improvement Report Quarter Three – Oct - Dec 2008

- Impact of recession on opportunities for Young Offenders to obtain employment may also undermine engagement in education and training.
- In addition it is known that the main funding streams available up until 2008/09 are reducing in 2009/10 and then ceasing completely from 2010/11. Whilst work is underway to look for alternative sources of funding and to try and mainstream posts where possible this is a significant risk to delivering this area of work over the life of this delivery plan. The impact on achievement of targets will need to be closely monitored.
- Although an increase target was set in view of the level of underreporting of LGBT motivated incidents apparent from the Count Me In 2 survey, recorded crimes and incidents has fallen steadily during the year. Work in 2008/09 has included the planning of courses to begin in February 2009 targeted at marginalised LGBT groups (including LGBT youth, HIV+ men, Bi, Trans and those with mental health needs) and the development of 3rd party reporting forms. These and other activities should result in increased rates of reporting to the police. The CDRP will therefore be considering at its March meeting, replacing the target with one that seeks to reduce the level of reporting.
- While the reoffending rate of the highest risk prolific & priority offenders (PPOs), who are assigned to the intensive supervision scheme, is very low, there is less intensive activity with other prolific & priority offenders. Consideration is being given by the PPO Steering Group to make adjustments so that resources support work across all prolific & priority offenders are applied in the most effective way for the rest of 2008/09 and for 2009/10.
- Data is not yet available to access the first year's progress on NI 47. However when looking at progress against BVPI 99 (which NI 47 supersedes) the risk for not achieving targets is high and this can be used as an indication for NI 47's result. The LTP1 delivery report published in 2006 identified that the number of KSI does not appear to be reducing in line with the target trajectory. There are a number of factors that may have contributed to the current level of progress, including the significant amount of essential roadwork's and other improvement schemes that have been taking place in the city. Also, the contributory factors that can cause collisions and casualties can be complex and may not be resolved simply through an engineering scheme or education and training. These can include errors of judgement, weather conditions, irrational behaviour due to drink or drugs or lack of familiarity with surroundings.

## Performance Improvement Report Quarter Three – Oct - Dec 2008

Improving health and well being					
LAA outcome	Baseline	08/09 target	Latest	Direction of travel	Lead Directorate
NI 39 Alcohol-harm related hospital admission rates	156.6 per 100,000 (2007/08)	0% increase	182.3	● <b>AMBER</b>	ASC&H/ Environment
NI 51 Effectiveness of child and adolescent mental health (CAMHs) services	TBC	4x4=16	16 Jan 09	● <b>GREEN</b>	CYPT
NI 56 Obesity among primary school age children in Year 6	17.7% 07/08	16.1	17.7	● <b>AMBER</b>	CYPT
NI 59 Initial assessments for children's social care carried out within 7 working days of referral	56%	76%	83% Jan 09	● <b>GREEN</b>	CYPT
NI 112 Under 18 conception rate	43 per 1000 = 10%	34.7 per 1000 = 28%	ONS 2007 Q2 report 43.1 per 1000	● <b>RED</b>	CYPT/ Environment
NI 116 Proportion of children in poverty	20%	19%	N/A	●/● <b>AMBER/GREEN</b>	CYPT/ALL
NI 119 Self-reported measure of people's overall health and well-being	80.4%	Baseline year	Next Place Survey 2010	● <b>GREY</b>	ASC&H
NI 123 16+ current smoking rate prevalence	981	944	494	● <b>AMBER</b>	ASC&H
NI 130 Social Care clients receiving Self Directed Support (Direct Payments and Individual Budgets)	TBC	300	242	● <b>GREEN</b>	ASC&H
NI 135 Carers receiving needs assessment or review	12%	16%	16.5%	●	ASC&H

## Performance Improvement Report Quarter Three – Oct - Dec 2008

Improving health and well being					
LAA outcome	Baseline	08/09 target	Latest	Direction of travel	Lead Directorate
and a specific carer's service, or advice and information				<b>GREEN</b>	
NI 150 Adults in contact with secondary mental health services in employment	New indicator	Baseline year	N/A	● <b>GREY</b>	ASC&H
L 11 Services for disabled children (NI 54)	New indicator	Baseline year	Survey pending in 2009	● <b>GREEN</b>	CYPT
L 12 % of people contacting the Access Point whose needs were met at the access point	0 New service	90%	89%	● <b>GREEN</b>	ASC&H
L 13a Reduce the number of 11-16 year olds completing the Safe at School Survey who state that they have been bullied in 2008	29% (2004)	24%	Available Feb 09	● <b>GREY</b>	CYPT
L 13b Reduce the number of 8-11 year olds completing the Safe at School Survey who state that they have been bullied in 2008	36% (2004)	26%	Available Feb 09	● <b>GREY</b>	CYPT
L 14 Reduction in suicide	14.5 per 100,000 – 05/06	13.69 per 100,000	13.84 per 100,000	● <b>AMBER</b>	CYPT
L 15 Increase uptake of risk assessment screening for hypertension and cholesterol in general practice measured by:	72.8%	72.8%	59.8% Year to date	● <b>GREEN</b>	ASC&H



## Performance Improvement Report Quarter Three – Oct - Dec 2008

- Performance against initial assessments for children's social care (NI 59) is good; it is an important indicator that provides reassurance on our safe guarding and child protection services, particularly pertinent following the events in Haringey.

### Risks

- Whilst the teenage conception rate has dropped by 10% since 1998, the 2010 target is now extremely challenging. In response, a new teenage pregnancy action plan has been developed for 2009-11. This establishes a Teenage Pregnancy Performance Board which will hold partners to account, new performance measures around screenings, assessments, interventions and referrals, a new targeted marketing campaign designed to challenge cultural norms around unprotected sex, early screening by school nurses, recruitment of specialist health visitors and early years workers to reduce the number of teenagers having more than one child and post-termination support to prevent further pregnancy.

## Performance Improvement Report Quarter Three – Oct - Dec 2008

Strengthening communities and involving people					
LAA outcome	Baseline	Target 08/09	Latest result	Direction of travel	Lead Directorate
NI 4 % of people who feel they can influence decisions in their locality	27.8% 08/09 baseline	Baseline year	Place Survey 2010	● <b>GREY</b>	S&G
NI 6 Participation in regular volunteering	23.9% 08/09 baseline	Baseline year	Place Survey 2010	● <b>GREY</b>	S&G
NI 7 Environment for a thriving third sector	19.8% 08/09 baseline	25% target for 2010 survey	Place Survey 2010	● <b>GREY</b>	S&G
NI 11 Engagement in the arts	61.2% 08/09 baseline	62.7% 09/10	Annual survey	● <b>GREY</b>	Cultural Services
L 17 % of people who believe people from different backgrounds get on well together in their local area (NI 1)	86.3% 08/09 baseline	Baseline year	Place Survey 2010	● <b>GREY</b>	S&G
L 18 Adult participation in sport (NI 8)	25.1% (Active People Survey 05/06)	Baseline year	22.2% (Active People Survey 07/08)	● <b>AMBER</b>	Environment
L 21 Public Libraries and Local Engagement Indicator	See Delivery Plan for measures			●/● <b>AMBER/GREEN</b>	Cultural Services

## Performance Improvement Report Quarter Three – Oct - Dec 2008

Strengthening communities and involving people					
LAA outcome	Baseline	Target 08/09	Latest result	Direction of travel	Lead Directorate
L 22 Number of school age children in organised school visits to museums	33,124 (2007/8)	35,000 (amended)	24,661 (Apr-Dec )	● GREEN	Cultural Services

### Summary of progress

The Stronger Communities Partnership is refreshing its LAA Delivery Plan in light of recent developments:

- A commissioning process has been implemented to allocate new additional resources which were made available to all LSP partnerships through the LPSA rewardable funding. Proposals will be considered in early March and new 1-2 year strategic projects will commence from April, based on priority criteria identified by a special SCP meeting.
- Baseline data has just become available for the strengthening communities targets following the publishing of results from the national Place and Third Sector Surveys. Partners have been discussing the findings, which are mixed, and considering sensible options for setting improvement targets for 2011. Concerns remain about the reliance on perception survey data, which can be so difficult to influence and is susceptible to a whole range of factors beyond anyone's control. The Partnership has requested further information and clarification from GOSE leads for NI4, 6 and 7 on what supplementary evidence is acceptable to include in the 'narrative' which accompanies LAA monitoring reports. We have suggested that case studies demonstrating the extent of activity within the 'strengthening communities' theme would be useful. We know that Brighton and Hove is regarded as a champion in the region for this area of work and that GOSE are keen to maintain a dialogue around performance and challenges. The Partnership is also planning a greater emphasis on communicating and promoting the range of work underway within the city, to raise awareness, increase involvement and potentially influence Surveys responses in 2011.



## Performance Improvement Report Quarter Three – Oct - Dec 2008

- The third sector with statutory partners is developing an action plan for groups during the recession, the outputs of which will be fed into the refreshed Delivery Plan, as will the plans for implementation of the Community Engagement Framework, for which a series of tasks groups are now in place.
- The Delivery Plan will inform the Partnership's contribution to the refresh of the Sustainable Community Strategy.

### Risks

- With the introduction of new activities under the Community Engagement Framework, the Sustainable Communities Act and the Duty to Involve the Stronger Communities Partnership is tasked with co-ordinating delivery of new activities without any increase in resources being made available to CVSF in providing the secretariat. Similarly, with the development of a new Stronger Neighbourhoods Group, there will be greater demand on neighbourhoods' infrastructure for partnership working. It is suggested therefore that LSP partners consider the extent to which SCP community engagement partners are co-ordinating and delivering on key statutory responsibilities and reconsider resourcing requirements accordingly. Additional resources and funding are being investigated and should help overcome the above pressures.

## Performance Improvement Report Quarter Three – Oct - Dec 2008

<b>Improving housing &amp; affordability</b>					
<b>LAA outcome</b>	<b>Baseline</b>	<b>Target 08/09</b>	<b>Latest result</b>	<b>Direction of travel</b>	<b>Lead Directorate</b>
NI 154 Net additional homes provided	569	570	480 projected by Jan 09	● <b>AMBER</b>	ASC&H/ Environment
NI 158 % non decent council homes	56.6%	46%	53.8%	● <b>RED</b>	ASC&H
NI 141 Number of vulnerable people achieving independent living	65%	66%	71%	● <b>GREEN</b>	ASC&H
L 27 Number of households living in Temporary Accommodation (NI 156)	498	385	388	● <b>GREEN</b>	ASC&H
L 23 Bringing empty properties back into use (BV 64)	153	153	108	● <b>GREEN</b>	ASC&H
L 24 Reduce the number of rough sleepers	10	8	9 (Nov 08)	●/● <b>AMBER/GREEN</b>	ASC&H/ Environment
L 25 Number of (fire) Home Safety Visits carried out	TBC	2,842	2,172	● <b>AMBER</b>	ESFRS

### Summary of progress

- Whilst performance on decent homes (NI 158) is still off track, the development of the LDV is going well and this will ensure improvements in the future.
- Despite a lot of effort by our repairs asset team the 2008/09 decent home programme has suffered from a slow first half of the year procurement and mobilisation start, this has contributed significantly towards with an anticipated slippage away from target of 4.50 %

## Performance Improvement Report Quarter Three – Oct - Dec 2008

- It is only now at the end of the 3<sup>rd</sup> quarter and start of the 4<sup>th</sup> quarter of 2008/09 that we are approaching and evidencing an acceptable level of decent home output delivery in terms of quantity and quality.
- At the end of 3<sup>rd</sup> quarter the percentage of properties that are non-decent has improved by 2% to 53.82%.
- The full impact of the improved decent homes management and control will continue to reduce month-on-month the levels of non-decency during the final quarter of the year, and our current projection is to achieve 50.5% non-decent by the 31<sup>st</sup> of March 2009.
- Although slippage has been experienced against the original target, the asset team expects to have returned a reduction in non decency of 6.15% for 2008/09. We still expect to meet the Decent Homes Target by 2014.

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### Risks

- Indications are that planning for additional residential properties have been severely curtailed due to the current economic climate, making performance on net additional homes provided (NI 154) very difficult to achieve. The Jan 09 projection of 480 units is based on sites with a planning permission as at 1 April 2008; verification will be available in summer 2009. The recession will certainly impact this target. Projected completions in 2008/09 points to a downturn in the housing market and it is likely that actual completions will be lower than we have projected, as some of the large schemes which are 'commenced' have not actually been completed at this point.
- Again, one of the knock on effects of the economic situation & unemployment is that we are likely to see an increase in homelessness and therefore we anticipate additional demand & need for temporary accommodation. These factors will also clearly impact on other issues e.g. health and crime, which in turn will again put services under additional pressure.
- We have minimised the risk of repeating the slow start in the first half of 2008/09 to the decent home programme by detailing and agreeing plans and programmes of work with our existing procured contractors for an April 2009 start.

## Performance Improvement Report Quarter Three – Oct - Dec 2008

Promoting resource efficiency & enhancing the environment					
LAA outcome	Baseline	Target 08/09	Latest result	Direction of travel	Lead Directorate
NI 186 Per capita CO <sub>2</sub> emissions in the Local Authority area	5.19 tons	4% reduction	5.19%	● <b>RED</b>	S&G
NI 187 Tackling fuel poverty – people receiving income based benefits living in homes with a low energy efficiency rating	TBC	Significant reduction	N/A	● <b>GREY</b>	ASC&H
NI 195 Improved street and environmental cleanliness - levels of graffiti	9%	8%	5%	● <b>GREEN</b>	Environment
L 26 CO <sub>2</sub> reduction from Local Authority operations (NI 185)	New indicator	Baseline year	N/A Data available July 09	● <b>GREY</b>	S&G

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### Summary of progress

- Latest analysis of CO<sub>2</sub> emissions (NI 186) in Brighton & Hove show that they increased slightly in 2005-06, though there was no overall change in the per capita emissions.
- The city's relatively low car ownership, falling car use, high bus use and promotion of cycling and walking have had a positive impact. The Personalised Travel Plan programme is the key instrument for further gains in this area, as measurement is based on the total number of vehicle movements counted.
- Domestic emissions from gas and electricity use went up slightly. The extensive, three-year £3 million Warm Homes energy efficiency programme, launched in January 2008, should bring this back down.

## Performance Improvement Report Quarter Three – Oct - Dec 2008

- The biggest rise was from businesses and organisations in the city. New carbon management programmes across the large employers in the public and private sectors should help to reverse this; in addition there will be business carbon management seminars and a comprehensive, free, online Low Carbon Economy Guide for Brighton & Hove businesses.

### Risks

- The trend for rising emissions in commerce and industry is a risk for CO2 emissions (NI 186 ). The lag between improvement action and data publication also presents a risk in that there has been little time to materially affect the overall performance against this measure during the lifetime of the LAA. The Audit Commission has said it is more interested in measures taken and demonstrable commitment to reductions than in achievement against the target per se.
- Ironically it is climate that represents the most significant risk: a cold winter like the one we have just experienced - or a hot summer -will push up emissions from heating and cooling and generate more traffic locally.

## Performance Improvement Report Quarter Three – Oct - Dec 2008

Promoting sustainable transport					
LAA outcome	Baseline	Target 08/09	Latest result	Direction of travel	Lead Directorate
NI 167 Congestion – average journey time per mile during the morning peak	3 min per mile	3 min per mile	N/A (year end)	● <b>GREY</b>	Environment
NI 175 Access to services and facilities by public transport, walking and cycling	91%	92%	N/A (year end)	● <b>GREY</b>	Environment

### Summary of progress

- Measuring congestion (NI 167) – this is a completely new indicator and the target is based on there being no increase in the average morning peak hour journey time on 5 key strategic routes entering the city centre. Latest results are not available until 2009 and there has been no progress to date on the actions and milestones
- Access to services and facilities by public transport, walking and cycling (NI 175) – this national indicator supersedes ltp1 and is a stretched target that now seeks to increase the proportion of the population that are within 10 minutes of a doctors surgery (using public transport and walking). Data is not yet available to monitor the first year's progress and no progress to date has been made on the actions and milestones.

### Risks

Not identified

## Performance Improvement Report Quarter Three – Oct - Dec 2008

Section 2 – Progress against health of the organisation indicators				
Indicator	Target	Q3 Result	Improvement Actions / Comments	Direction of travel
Progress against Equality standard level (BV2a)	Level 4	Level 2	<p>The council has a programme in place to improve its performance against the Standard over the coming year. We are due to be assessed at the end of March and are on track to improve our rating.</p> <p>In April 2009, the current Equality Standard for Local Government will be replaced with a new Equality Framework.</p>	● <b>RED</b>
% of disputed invoices with 30 days (BV8)	95	93.21	<p>(Year to date = 92.91% )</p> <p>Brighton &amp; Hove City Council has been paying about 93% of supplier invoices within thirty days of receipt, which is slightly below the locally set target of 95%. Staff within Financial Services have been working on ways in which we can further improve this area of performance and address the target of paying small suppliers within 10 days of receipt of invoice. 48% of all invoices are currently being paid with 10 days.</p> <p>From April new reports will be produced that</p>	● <b>AMBER</b>

## Performance Improvement Report Quarter Three – Oct - Dec 2008

Section 2 – Progress against health of the organisation indicators				
Indicator	Target	Q3 Result	Improvement Actions / Comments	Direction of travel
			<p>will focus on the length of time the Authority takes to pay suppliers, and this will include an analysis of the length of time it takes to pay small suppliers. These reports will be produced at corporate and directorate levels.</p> <p>Additionally, staff from Financial Services will be working with staff across the council who are involved with the purchasing of goods or services to improve our corporate use of the Purchasing System. Correct use of the Purchasing System will benefit the Authority and its suppliers by allowing us to process invoices more quickly, as well as providing improved procurement management information.</p>	
Absence due to Sickness, working days lost per FTE (BV12)	<p>7.13 days</p> <p>Full year target 9.50 days</p>	7.9 days	<p>Projection for 2008/09 = 10.16 days</p> <p>Work is well advanced to address sickness absence in the council. A pilot project has been operational in Adult Social Care &amp; Housing from June 2008.</p> <p>The pilot project has resulted in a reduction in sickness absence rates in Adult Social Care &amp; Housing.</p> <ul style="list-style-type: none"> <li>An improvement of 11% short term absence and 3% in long term absence</li> </ul>	<p>●</p> <p><b>AMBER</b></p>



## Performance Improvement Report Quarter Three – Oct - Dec 2008

Section 2 – Progress against health of the organisation indicators				
Indicator	Target	Q3 Result	Improvement Actions / Comments	Direction of travel
			<p>since project initiation and is on improving trend.</p> <p>Good practices will be shared on a prioritised basis and mainstreamed on an incrementally across Directorates from April (following a full review) starting initially with Cultural Services and then supporting other Directorate hot spots</p> <p>Absence Management project has initiated a range of measures to tackle short and long-term sickness and to improve staff wellbeing, Interventions include:</p> <ul style="list-style-type: none"> <li>• Intensive training for managers</li> <li>• One to one coaching for managers on difficult cases</li> <li>• Accelerated progression of long term cases</li> <li>• Trialling a new way of reporting and monitoring sickness</li> <li>• Improved management information</li> <li>• Early and pro-active intervention on cases of stress or back problems</li> <li>• Improved Occupation Health processes and wellbeing support</li> </ul> <p>Sustained management action and HR support is required to continue this downward trend.</p>	

## Performance Improvement Report Quarter Three – Oct - Dec 2008

Section 2 – Progress against health of the organisation indicators				
Indicator	Target	Q3 Result	Improvement Actions / Comments	Direction of travel
% of top paid 5% of staff who are women (BV11a)	52%	53.4%	This is top quartile performance (top quartile is 43.56%)	● <b>GREEN</b>
% of top paid 5% of staff who are from an ethnic minority (BV11b)	4%	3.2%	This is upper median quartile performance (top quartile starts at 4.53%)	● <b>AMBER</b>
% of top paid 5% of staff who have a disability (BV11c)	6%	4.0%	This is upper median quartile performance (top quartile starts at 5.49%)	● <b>AMBER</b>
% of top paid 5% of staff who are LGBT		12.8%	There is no comparison information for this indicator	
Staff declaring they meet DDA as a % of total workforce (BV16a)	4%	3.8%	This is upper median quartile performance (top quartile starts at 4.43%)	● <b>AMBER</b>
% of staff who are from ethnic minorities (BV 17a)	6%	4.4%	This is upper median quartile performance (top quartile starts at 5.2%)	● <b>AMBER</b>
% of buildings open to the public that are suitable and accessible to people with disabilities (BV156)	70%	68.9%	113 out of the 164 buildings accessible to the public now meet DDA standards. Improvement on last quarter is due to a reappraisal of building status ie Tourist Information Centre is no longer at Bartholomew House and brings the total number of buildings down from 165. Although access has been improved at Hove Town Hall, Portslade Town Hall, Wild Park Pavillion and Kings House this doesn't bring the buildings up to DDA standards.	● <b>GREEN</b>

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