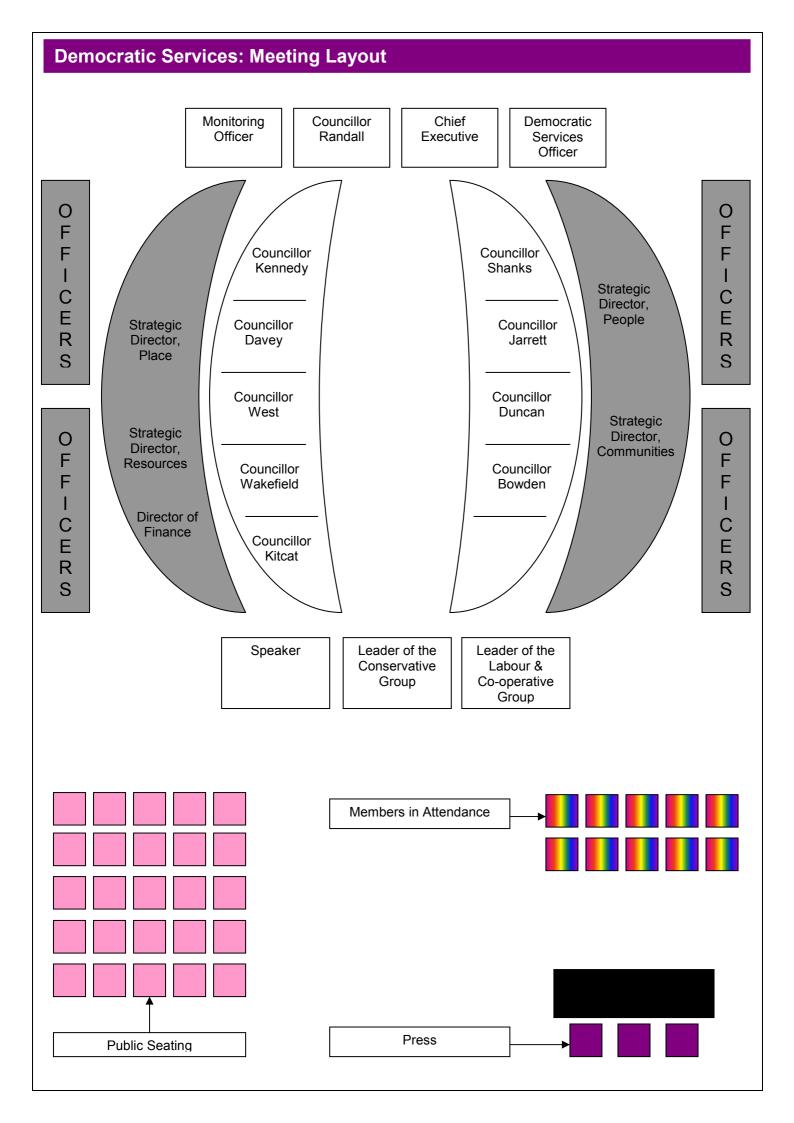


# Meeting abinet

Title:	Cabinet
Date:	14 July 2011
Time:	4.00pm
Venue	Council Chamber, Hove Town Hall
Members:	Councillors: Randall (Chair)
	Bowden, Davey, Duncan, Jarrett, Kennedy, Kitcat, Shanks, Wakefield and West
Contact:	Tanya Davies Acting Democratic Services Manager 01273 291227 tanya.davies@brighton-hove.gov.uk

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	some distance away and await further instructions; and			



#### **AGENDA**

Part One Page

#### 26. 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.

#### 27. MINUTES OF THE PREVIOUS MEETING

1 - 16

Minutes of the Meeting held on 9 June 2011 (copy attached).

#### 28. CHAIR'S COMMUNICATIONS

#### 29. ITEMS RESERVED FOR DISCUSSION

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

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

# 30. PETITIONS

No petitions have been received.

#### 31. PUBLIC QUESTIONS

(The closing date for receipt of public questions is 12 noon on 7 July 2011)

No public questions received by date of publication.

32.	DEPUTATIONS			17 - 18	
	(The closing date t	for receipt of deputations	s is 12 noon on 7 July 2011)		
	(copy attached).				
33.	LETTERS FROM	COUNCILLORS			
	(The closing date July 2011)	for receipt of letters fro	om Councillors is 10.00am on 4		
	No letters have be	en received.			
34.	WRITTEN QUEST	TIONS FROM COUNCIL	LORS	19 - 20	
	(The closing date 10.00am on 4 July	•	questions from Councillors is		
	(copy attached).				
35.	NOTICES OF MO	TION			
	No Notices of Motion have been referred.				
	FINANCIAL MATT	ΓERS			
36.	Targeted Budget Management (TBM) 2011/12 Month 2				
	Report of the Director of Finance (copy attached).				
	Contact Officer: Ward Affected:	Jeff Coates All Wards	Tel: 29-2364		
37.	Budget Update &	Budget Process Repo	ort 2012/13	55 - 72	
	Report of the Direct	ctor of Finance (copy att	ached).		
	Contact Officer:	Mark Ireland James Hengeveld	Tel: 29-1240 Tel: 29-1242		
	Ward Affected:	All Wards	161. 29-12 <del>4</del> 2		
38.		ement Policy Statemen egy) 2010/11 - End of y	t (Incorporating the Annual ear review	73 - 92	
	Report of the Direct	ctor of Finance (copy att	ached).		
	Contact Officer: Ward Affected:		Tel: 29-1241		
	STRATEGIC & PO	OLICY MATTERS			
39.	2008-11 Local Area Agreement (LAA) 2010/11 and 2010/11 Organisational Health Report				
	Report of the Strat	tegic Director, Resource	s (copy attached).		
	Contact Officer: Ward Affected:	•	Tel: 29-6823		

Ward Affected:

All Wards

#### 40. City Performance Plan & BHCC Organisational Health Report 117 - 148 Joint report of the Strategic Director, Resources and the Strategic Director, Place (copy attached). Tel: 29-1740 Contact Officer: Paula Black Ward Affected: All Wards 41. Response to the Recommendations of the Overview and Scrutiny 149 - 248 **Commission's Panel on Renewable Energy Potential** Report of the Strategic Director, Place (copy attached). Contact Officer: Thurstan Crockett Tel: 29-2503 Ward Affected: All Wards 42. Withdrawal of Core Strategy to Update and Amend 249 - 258 Report of the Strategic Director, Place (copy attached). Tel: 29-2504 Contact Officer: Liz Hobden Ward Affected: All Wards 259 - 270 43. Gypsy Roma Traveller Action Plan 2011/12 Report of the Strategic Director, Place (copy attached). Geoff Raw Tel: 29-7329 Contact Officer: Ward Affected: All Wards **CONTRACTUAL MATTERS** 271 - 282 44. Provision of the Commercial Portfolio's Estate Management **Consultancy Contract** Report of the Strategic Director, Resources (copy attached). Contact Officer: Angela Dymott Tel: 29-1450 Tel: 29-1440 Richard Butler Jessica Hamilton Tel: 29-1461 Ward Affected: All Wards 45. Re-Tendering of Home Care Contracts 283 - 294 Report of the Director of Adult Social Care & Health and Lead Commissioner, People (copy attached). Contact Officer: Debbie Greening Tel: 29-5739 Ward Affected: All Wards 46. Wide Area Network Procurement 295 - 300 Report of the Strategic Director, Resources (copy attached). Contact Officer: Paul Colbran Tel: 29-0283

Part Two

47. PART TWO MINUTES OF THE PREVIOUS MEETING
Part Two Minutes of the Meeting held on 9 June 2011 (copy circulated to Members only).

#### **PROPERTY & REGENERATION MATTERS**

# 48. Brighton & Hove Estates Conservation Trust - Business Case

305 - 310

Report of the Strategic Director, Resources (copy circulated to Members only).

[Exempt Category 3]

Contact Officer: Angela Dymott Tel: 29-1450

Jessica Hamilton Tel: 29-1461

Ward Affected: Hollingdean & Stanmer

#### 49. PART TWO ITEMS

To consider whether or not any of the above items and the decisions thereon should remain exempt from disclosure to the press and public.

#### **CABINET**

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.

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

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For further details and general enquiries about this meeting contact Tanya Davies, (01273 291227, email tanya.davies@brighton-hove.gov.uk) or email democratic.services@brighton-hove.gov.uk.

Date of Publication - Wednesday, 6 July 2011

# **CABINET**

# Agenda Item 27

**Brighton & Hove City Council** 

#### **BRIGHTON & HOVE CITY COUNCIL**

#### **CABINET**

#### 4.00PM 9 JUNE 2011

#### **COUNCIL CHAMBER, HOVE TOWN HALL**

#### **MINUTES**

**Present**: Councillors Randall (Chair), Bowden, Davey, Duncan, Jarrett, Kennedy, Kitcat, Shanks, Wakefield and West

**Also in attendance**: Councillors G Theobald (Opposition Spokesperson) and Mitchell (Opposition Spokesperson)

**Other Members present**: Councillors Carden, MacCafferty, Morgan, K Norman, Summers and Wealls

#### **PART ONE**

#### 1. PROCEDURAL BUSINESS

#### 1a Declarations of Interest

1a.1 Councillors Kennedy and Wakefield each declared a personal and prejudicial interest in Item 22, a confidential report of the Director of Finance concerning reimbursement arrangements for concessionary bus travel, as they were shareholders in the Big Lemon Bus Company. Both left the meeting during consideration on the item and did not take part in the decision.

# 1b Exclusion of Press and Public

- 1b.1 In accordance with section 100A of the Local Government Act 1972 ('the Act'), it was considered whether the press and public should be excluded from the meeting during an item of business on the grounds that it was likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the press or public were present during that item, there would be disclosure to them of confidential information (as defined in section 100A(3) of the Act) or exempt information (as defined in section 100I(1) of the Act).
- 1b.2 **RESOLVED** That the press and public be excluded from the meeting during consideration of Items 21 onwards.

#### 2. MINUTES OF THE PREVIOUS MEETING

2.1 **RESOLVED** - That the minutes of the meeting held on 7 April 2011 be approved as a correct record.

#### 3. CHAIR'S COMMUNICATIONS

- 3.1 The Chair noted that the meeting would be webcast.
- 3.2 The Chair stated that the city had elected the UK's first Green-led council and that change and a different way of working would follow. He advised that the new Administration was committed to producing practical answers to the city's challenges in spite of challenging financial circumstances, and would deliver high-quality, efficient and effective services in partnership with trade unions, the community and voluntary sector, the business community and residents. The Chair stated that the Administration had the following three keys aims for their four year term (for full details see webcast):
  - 1. Tackling inequalities:
  - 2. Making Brighton and Hove Britain's greenest city
  - 3. Involving residents, communities and community and voluntary organisations in everything we do

#### 4. ITEMS RESERVED FOR DISCUSSION

4.1 **RESOLVED** – That all the items be reserved for discussion.

#### 5. PETITIONS

- 5(i) Clean up after your pets dog fouling, North Portslade
- 5i.1 Councillor Carden presented a petition signed by 129 people calling for the council to take urgent action against dog owners who fail to clean up after their pets in North Portslade. He suggested that officers from the Animal Welfare Team attend summer fayres in the area to raise awareness and educate dog owners about the health risks to children and others.
- 5i.2 The Chair acknowledged that dog fouling was an issue right across the city and that he supported the suggestion to educate people through community events.
- 5i.3 Councillor West advised that he took the issue very seriously and recognised the dangers for children in particular. He stated that officers would respond in relation to the specific problems in North Portslade and gave assurances that the citywide issue was high on his agenda.
- 5i.4 **RESOLVED** That the petition be noted.

#### 6. PUBLIC QUESTIONS

6.1 The Chair reported that one public question had been received.

6.2 Ms Claire Blakemore asked the following question on behalf of the Youth Advocacy Project:

"On 22/03/2011 Care Leavers were removed from 'priority need' category for housing allocations. It appears there was no consultation of Care-Leavers or consideration of this group in the Equalities Impact Assessment.

In the minutes of Housing Cabinet Meeting 22/03/11 the Green Party state "the policy is in serious danger of being discriminatory of those most in need".

In future we request a full consultation with service users and any change in policy to be presented to the Corporate Parenting Board for scrutiny and ratification.

Can you assure us that this matter will be given the highest priority and resolved immediately?"

- 6.3 The Chair reported that he and Councillor Mitchell had met with a group of Care-Leavers earlier in the year and shared concerns about the housing issues they faced. He had requested that it be a priority issue for discussion at the next meeting of the Corporate Parenting Board. He advised that the Administration was committed to doing more to support Care-Leavers.
- 6.4 Councillor Wakefield gave the following response:

"Thank you for your question. I agree with the general point that you made about Care-Leavers and, of course, we'll always work to protect those that are most vulnerable in society

The allocation policy review in March 2011 was a major piece of work and, although the politics of the council were different at that time, the views of the Green Party remain consistent and we take this very seriously.

I would like to make a couple of points of clarification. We looked back at the paperwork and the minutes of the Housing Cabinet Member Meeting that you refer to in your question don't actually reference a quote from the Green Party because they weren't in fact any Green Party Members present at that meeting; however, former Councillor Rachel fryer did intervene to amend the report considered by the meeting to make some points on behalf of the Green Group. Her views included that fact that, at the time the report was being drafted, the Equalities Impact Assessment had not been seen and also the view that the policy that was proposed to be amended was in danger of being discriminatory to those most in need. We realise that this could include Care-Leavers and I can assure you that the matter you raise will be of highest priority

A few points just to reassure new colleagues here who many not be aware of the level of work that the officers have actually carried out on this already. Some consultation on the allocations policy was carried out at the time and under our new Administration, which is committed to open government, we can assure you that there will be further consultation with tenants. It was as a direct result of their input that the allocation policy was changed. An Equalities Impact Assessment was carried out and was provided when the report was considered.

There's a general agreement that the most suitable accommodation for young people, including Care-Leavers, is supported accommodation and we've already developed various projects and are looking to fill any gaps in their provision".

6.5 Ms Blakemore asked the following supplementary question:

"Will you consider those currently affected and can any further decisions be put on hold until the matter is looked into because young people are still receiving letters to say that they won't be getting the housing they were expecting to get?"

6.6 Councillor Wakefield gave the following response:

"I will raise that with the officers involved and we will look into it further."

#### 7. DEPUTATIONS

- 7.1 The Chair reported that one deputation had been received.
- 7.2 The Cabinet considered a deputation presented by Ms Valerie Paynter concerning grassed resident amenity space at Conway Court, Clarendon & Ellen Estate and calling for the council to defend it from use by non-residents and encroachment by local organisations and amenities. Ms Paynter also presented a petition on the subject signed by 81 people.
- 7.3 Councillor Wakefield noted that the issue related to use of the lawned area, but that it also touched on a number of other issues, such as planning. She advised that she would ask officers in Housing, Planning and Children's Services to respond to all of the important points raised in the deputation.
- 7.4 **RESOLVED** That the deputation and petition be noted.

#### 8. LETTERS FROM COUNCILLORS

#### 8A Request for urgent review of sale of Council land

- 8a.1 The Cabinet considered a letter from Councillors Mitchell, Morgan and Turton requesting that an urgent review of the sale of Council owned land currently occupied by Whitehawk Library and Whitehawk Youth Centre on Whitehawk Road/Findon Road be commissioned, and the possibility of providing additional housing on the site in addition to re-provision of a youth centre be examined.
- 8a.2 The Chair acknowledged that there were a number of significant issues to be addressed in the Whitehawk area and advised that he had asked officers to provide further information to the Cabinet to ensure that work could focus on solutions that would make the biggest difference within the resources available. He proposed that a report be brought back to the Cabinet in September and welcomed the ongoing involvement of the East Brighton ward councillors in any discussions.

#### 8a.3 **RESOLVED** –

- (1) That the letter be noted.
- (2) That a review of the sale of the land currently occupied by Whitehawk Library and Whitehawk Youth Centre on Whitehawk Road/Findon Road be commissioned and a report be brought back to the Cabinet in September 2011.

# 8B Whitehawk Primary School play area

- 8b.1 The Cabinet considered a letter from Councillor Morgan concerning loss of the use of the grassed area used by Whitehawk Primary School for school sports due to work on the Whitehawk Co-Location project, and requesting that consideration be given to providing the school with exclusive use of land to the north of the school, currently designated as housing land, instead of land situated across the road from the school, which is often used by members of the public for exercising dogs.
- 8b.2 Councillor Morgan noted the following issues with the land currently used as raised by representatives of the School Council and Green Team: dog fouling; time take to walk there; access issues for children with special educational needs; rubbish; holes in the ground.
- 8b.3 Councillor Mitchell stated that the existing site presented serious equalities issues and the council had failed to provide a ramp. She hoped that departments would work together to find a solution.
- 8b.4 Councillor Shanks confirmed that she would ask officers in the relevant departments to work collaboratively on the matter. She added that she welcomed input from young people about their schools.
- 8b.5 **RESOLVED** That the letter be noted.

#### 9. WRITTEN QUESTIONS FROM COUNCILLORS

9.1 There were none.

#### 10. NOTICES OF MOTION

10.1 There were none.

#### 11. STATE OF THE CITY REPORT AND SUMMARY

- 11.1 The Cabinet considered a report of the Strategic Director, Resources concerning the State of the City report and summary, which provided a snapshot of the city in terms of its characteristics and key issues, with an ultimate aim of creating a shared sense of priorities.
- 11.2 The Chair explained that the report would allow for a wider perspective on the challenges faced by the city and begin looking for solutions.

11.3 Councillor Theobald welcomed the report and noted that it did not contain anything unexpected. He asked for clarity on the new Administration's stance on Intelligent Commissioning and associated timescales.

- 11.4 The Chair advised that he had always been supportive on the concept of Intelligent Commissioning, but that he did not approve of the way it was introduced due to the high costs to the council and the potential for outsourcing under the previous Administration. He acknowledged the success of the pilots and the need to make further progress; the State of the City report would enable the council to establish new priorities and begin tackling the issues affecting the city.
- 11.5 Councillor Mitchell welcomed the report, which brought together information from other strategic plans from the council's partner organisations. She acknowledged successes achieved in tackled drug treatment and smoking cessation. She stated that she would like to see early work on the following:
  - Secondary school performance
  - Waste performance and recycling rates
  - Allotment provision
  - Bus congestion
  - Use of leisure facilities and parks by residents living in areas of deprivation
- 11.6 In response to comments from opposition Members, Councillor West stated that improving the recycling rate and introducing food waste recycling were a high priority; the issue of fortnightly rubbish collections had not yet been determined as ideas were still being formulated.
- 11.7 The Chair thanked Paula Black and Claire Wardman for their work on producing the report.
- 11.8 **RESOLVED** That, having considered the information and the reasons set out in the report, the Cabinet accepted the following recommendations:
  - (1) That the contents of the State of the City report and summary be reviewed and noted.
  - (2) That the report and summary be approved for publication by July, to inform future commissioning decisions.

#### 12. OLYMPICS TORCH RELAY

- 12.1 The Cabinet considered a report of the Strategic Director, Communities concerning the city's selection by the London Organising Committee of the Olympic Games (LOCOG), as one of 70 key iconic locations in the UK, to host an evening celebration for the Olympic Torch Relay on Monday, 16 July 2012.
- 12.2 Councillor Bowden reported that the decision to host the Olympic Torch had been taken quickly due to time constraints and that it the city's selection was a honour. He advised that officers had begun work on the details of the event and that opportunities for involvement from local sponsors would be investigated.

12.3 Councillor Mitchell welcomed the decision to host the event and the opportunity it presented for the city and its residents, but noted that the report contained no financial implications at this stage. She stated that past Olympic events had been used by protesters as an opportunity to promote various campaigns and queried whether Councillor Duncan's recent comments welcoming protesters was wise given that the city needed to continue to attract visitors and events to the city. She added that residents were being affected by the presence of protester camps in the city.

- 12.4 The Chief Executive reported that security costs would be borne by LOCOG and that the precise details of the event were still under discussion, but that LOCOG were aware of the council's concerns over costs. He advised that the possibility of involving local sponsors would be explored, but that it was important to be aware that opportunities were limited by the Olympics Act of Parliament.
- 12.5 Councillor Theobald welcomed the event and the opportunity for residents to participate, but stated that it was unfortunate that it had been linked to recent issues about protests. He noted Councillor Duncan's views, but advised that the presence of protester camps in the city's parks and gardens would be detrimental in a city that relied heavily on business and tourism.
- 12.6 Councillor Duncan advised that the Administration had stated that the council and the Police had a duty to facilitate lawful protest and that the council had liaised with the Police and local communities on the approach. A clear stance would ensure that all protests would be facilitated efficiently and cost-effectively, including any taking place at the time of the Olympic Torch Relay. He added that while he did not support the choice of sponsors for the Olympics, the event was an important opportunity for the city.

In relation to the protester camp at the Old Steine, the Administration were supportive of the right to protest peacefully, however, the presence of the camp contravened city byelaws; action had been taken and the protesters had agreed to vacate the site.

Councillor Duncan stated that the Administration's stance was consistent with its view prior to the election and that this had been communicated to the public in a number of ways.

- 12.7 Councillor Bowden reported that views on the encampment, including those of local residents, visitors and business, had been equally split between those who supported it and those against it.
- 12.8 **RESOLVED** That, having considered the information and the reasons set out in the report, the Cabinet accepted the following recommendations:
  - (1) That the contents of the report, and in particular, the agreement to host the Olympic Torch Relay event and associated celebrations be noted.
  - (2) That the Chief Executive, the Strategic Director for Communities and other relevant officers be authorised to take any steps necessary or incidental to organising and holding the event.

(3) That it be noted that a further report would be submitted in November 2011 setting out, in detail, how Brighton & Hove City Council, and the city as a whole, would seek to ensure the significant opportunities arising from the Games were exploited fully for those that live, work and visit the city.

#### 13. SINGLE EQUALITY SCHEME UPDATE

- 13.1 The Cabinet considered a report of the Strategic Director, Communities concerning an update on progress against the Single Equality Scheme Action Plan.
- 13.2 Councillor Duncan confirmed that the council would continue to carry out Equalities Impact Assessments for its own work regardless of central Government plans to abolish such requirements.
- 13.3 Councillor Mitchell welcomed the report. She noted that the new Administration would need time to reprioritise, but asked whether the budget amendment to retain the post of Hate Crime Worker would be honoured. She acknowledged the use of the Community Engagement Framework (CEF) and praised the approach.
- 13.4 Councillor Theobald noted that excellence in the Equalities Standard for Local Government had been achieved under the previous Administration. He asked how national changes to the 'Prevent' strategy, designed to tackle terrorism and extremism, would impact on the local approach.
- 13.5 Councillor Duncan commended the CEF and reported that a wide range of groups were supportive of its use. He advised that the new Administration had its own priorities, which would influence the council's work on equalities, but that much of the content of the report applied to the city's family of partnerships. He added that the Police would feed into the local review of the 'Prevent' project.
- 13.6 In response to questions from opposition Members, the Strategic Director, Communities advised that outcomes from the Turning the Tide report, which concerned social inclusion, had informed a number of pieces of work; he agreed to provide Councillor Mitchell with further details and also to circulate an update about the retention of the Hate Crime Worker post. With regard to the 'Prevent' agenda, he explained that the city had taken an inclusive approach and that consideration would be given to the effect of central Government changes on community groups.
- 13.7 The Chair acknowledged the work of the Communities & Equalities Team in producing the report and in particular Mary Evans and Sarah Tighe-Ford.
- 13.8 **RESOLVED** That, having considered the information and the reasons set out in the report, the Cabinet accepted the following recommendations:
  - (1) That the work to reduce inequality across the city be endorsed and progress made so far against the objectives set out in the Single Equality Scheme Action Plan be noted.
  - (2) That plans for a review of the Scheme and, concurrently, the council's Equality and Inclusion Policy, to build on existing good practice and ensure outcomes that make

a real and lasting difference to the way the city deals with these priority areas of work, be noted.

#### 14. SURVEILLANCE POLICY

14.1 The Cabinet considered a report of the Director of Finance informing Members of the activities that had been undertaken utilising the powers under the Regulation of Investigatory Powers Act 2000 (RIPA) since the last report to Cabinet in March 2011.

- 14.2 The Chair noted that the powers continued to be used sparingly and that he welcomed the approach taken by officers.
- 14.3 In response to questions from Councillor Theobald, the Director of Finance advised that the statistics were broadly similar to previous years and agreed to add comparative figures to the next report. She explained that the council was obliged to report any errors that occurred and noted that the error in the report was a breach that had been outside of the council's control.
- 14.4 **RESOLVED** That, having considered the information and the reasons set out in the report, the Cabinet accepted the following recommendations:
  - (1) That the continued use of covert surveillance and the accessing of communications data as an enforcement tool to prevent and detect all crime and disorder investigated by its officers, providing the necessity and proportionality rules are stringently applied, be approved.
  - (2) That the surveillance activity undertaken by the authority since the last report to Cabinet in March 2011, as set out in Appendix 1, be noted.
  - (3) That the outcome of the internal review be noted and approval be given for the implementation of the proposed changes with immediate effect.

#### 15. TARGETED BUDGET MANAGEMENT (TBM) PROVISIONAL OUTTURN 2010/11

- 15.1 The Cabinet considered a report of the Director of Finance concerning the council's provisional outturn position (Month 12) on the revenue and capital budgets for the financial year 2010/11.
- 15.2 Councillor Kitcat advised that the new Administration was committed to achieving value for money for the city's residents despite the cuts imposed on the council by central Government. He thanked the officers responsible for looking after the council's finances for their ongoing vigilance.
- 15.3 Councillor Theobald stated that the previous Administration had left the council with a significant underspend, regardless of the challenging financial circumstances and cuts to budgets, through a programme of careful financial management.
- 15.4 Councillor Mitchell noted the large overspend in the Communications budget and the underspend in the Housing Revenue Account repairs budget, despite demand for repairs and maintenance across the city.

15.5 Councillor Kitcat explained that the Communications overspend was due to the presentation of the accounts. The repairs underspend was based on predictions rather than real figures; now that the new repairs and maintenance contract was in operation, the figures had been reworked and would be reported as part of the next TBM report.

- 15.6 The Chair reported that he had prepared a letter to the Secretary of State for Communities and Local Government, Eric Pickles MP, and that he would be requesting a meeting to discuss the council's financial settlement and other important matters.
- 15.7 In response to questions from Councillor Theobald, the Director of Finance explained that slippage relating to car parks was due to ongoing works on The Lanes Car Park. She advised that more work was required on the business case before the report on 'Investment in City Infrastructure Car Park Improvement Phase II' could be considered by the Cabinet; it was anticipated that it would come to the next meeting in July.
- 15.8 **RESOLVED** That, having considered the information and the reasons set out in the report, the Cabinet accepted the following recommendations:
  - (1) That the provisional outturn position for the General Fund, which is an underspend of £2.560m, be noted.
  - (2) That the provisional outturn for the Section 75 Partnerships and Housing Revenue Account (HRA) for 2010/11 be noted.
  - (3) That the carry forwards as detailed in Appendix 3 be approved.
  - (4) That the provisional outturn position on the capital programme be noted.
  - (5) That the following changes to the capital programme be approved:
    - i) The budget reprofiling as set out in Appendix 4;
    - ii) The carry forward of slippage into the 2010/11 capital programme, to meet ongoing commitments on these schemes as set out in Appendix 5.

# 16. PHOTOVOLTAIC SOLAR PANEL IMPLEMENTATION PLAN FOR NON-HOUSING PROPERTIES

- 16.1 The Cabinet considered a report of the Strategic Director, Resources providing an update on the implementation of renewables within non-housing Council properties and in particular the installation of Photovoltaic (PV) solar panels to roof spaces on a select list of sites; the report sought approval for the purchase of solar panel equipment once detailed figures and a viable business case had been demonstrated at the end of the procurement process.
- 16.2 Councillor Kitcat advised that 40 sites had been identified and that it was hoped that progress on 23 of them would be made quite quickly. The intention was for the scheme to be self-financed as this would achieve the best value for money for the council. It was

- anticipated that the Feed In Tariff (FIT) would bring in revenue of between £40,000 and £160,000 each year.
- 16.3 Councillor Theobald welcomed the continuation of an initiative that had been started under the previous Administration and noted the potential for financial savings and reducing carbon emissions. He questioned whether self-financing the scheme would be more beneficial than seeking private seeking funding.
- 16.4 Councillor Mitchell welcomed the proposals and highlighted the importance of timing. She noted the cross-party support for the initiative, both locally and nationally, but stated that she had been disappointed that there was no mention of the work undertaken by a recent scrutiny panel on the issue and that the panel had not been privy to much of the information in the report.
- 16.5 Councillor Kitcat agreed to provide a more detailed written response about the financing of the initiative, but explained that the council could borrow money more cheaply than private sector companies, resulting in a better deal. He stated that, with regard to work of the scrutiny panel, the new Administration intended to be open and inclusive, which included co-operating with Overview & Scrutiny.
- 16.6 **RESOLVED** That, having considered the information and the reasons set out in the report, the Cabinet accepted the following recommendations:
  - (1) That it be noted that the outcome of the initial soft tendering exercise and recent framework contract development indicated that there was an outline business case to support delivery of a solar photovoltaic scheme across the council's non-housing stock that would save energy costs and reduce carbon emissions.
  - (2) That the installation of Photovoltaic Solar Panels on the properties highlighted in appendix 1 be approved, subject to completion of the tendering exercise and the financial viability of each site.
  - (3) That funding of up to £2.6m for the sites identified within Appendix 1 be approved. The business case would be funded through a combination of borrowing and the use of reserves subject to the Council's overall financial position.
  - (4) That authority be delegated to the Strategic Director, Resources and the Director Finance, in consultation with the Cabinet Member for Finance & Central Services to allow them to approve the purchase and installation of the panels for the identified properties through the self finance route, once more detailed costs were provided at the end of the tender process. This would allow the Council to move quickly and take advantage of the energy savings and be able to collect the full Feed in Tariff from the start.

#### 17. COMMUNITY STADIUM - PARK WALL FARM

17.1 The Cabinet considered a report of the Strategic Director, Resources making recommendations for the disposal of land that was previously part of Park Wall Farm for a car park adjacent to the Community Stadium site.

17.2 Councillor Theobald questioned the need for an additional recommendation in the Part Two report at Item 23. He asked whether consideration had been given to using the site as a Park & Ride facility on non-match days.

- 17.3 The Head of Legal & Democratic Services explained that it would have been difficult to report the additional recommendation in the public report with making reference to the confidential information.
- 17.4 Councillor Kitcat advised that by disposing of the land in this way the council was fulfilling the obligations entered into by the previous Administration and that consideration of a Park & Ride facility was not a factor.
- 17.5 **RESOLVED** That, having considered the information and the reasons set out in the report, the Cabinet accepted the following recommendations:
  - (1) That agrees in principle be given for the disposal to The Community Stadium Ltd of land that previously formed part of Park Wall Farm (shown on plan attached at Appendix 1) on long leasehold for 125 years and that agreement to the terms of the disposal be delegated to the Strategic Director Resources in consultation with the Cabinet Member for Finance & Central Services.

#### 18. PATCHAM PLACE

- 18.1 The Cabinet considered a report of the Strategic Director, Resources seeking approval to market and sell the Patcham Place on a long leasehold interest.
- 18.2 Councillor Mitchell stated that she hoped that the nature of the disposal would be in the best interests if the whole city and also provide jobs. She noted that the site was in a prime location on the edge of the South Downs and that an appropriate use should be sought.
- 18.3 Councillor Theobald stated that he had been disappointed that the South Downs National Park Authority had declined to use the site for its headquarters. He highlighted concerns about protection of the existing listed building and the need to move quickly to secure a use compatible with the conservation area and location, and retains existing rights of way.
- 18.4 Councillor Kitcat advised that the council would keep an open mind as to the preferred use of the site until bids had been received and that the intention was to move quickly in order to best protect the listed building.
- 18.5 **RESOLVED** That, having considered the information and the reasons set out in the report, the Cabinet accepted the following recommendations:
  - (1) That the marketing of Patcham Place, including the stable building, by appointing agents for disposal by way of a long leasehold interest be authorised.
  - (2) That a subsequent report summarising the results of the marketing exercise and bids received and providing recommendations for disposal be considered by the

Cabinet. The net capital receipt shall be used to support the council's corporate accommodation strategy, value for money and capital programme.

#### 19. PROCUREMENT OF VEHICLES

- 19.1 The Cabinet considered a report of the Strategic Director, Resources concerning the development and implementation of a fleet replacement programme to reduce carbon emissions and delivering value for money savings.
- 19.2 Councillor West noted that that the investment would result in savings of around £124,000 over a number of years. He advised that the fleet contributed 8% to the council's total carbon emissions and that the replacement programme would reduce the contribution by 22%, as well as achieving value for money for residents and improved working conditions for staff.
- 19.3 Councillor Mitchell welcomed the proposals and commended the recommendations put forward by the Environment & Community Safety Overview & Scrutiny.
- 19.4 Councillor Theobald noted that work on the proposals had begun under the previous Administration. He sought further clarity around the financial information and in particular questioned the cost of individual vehicles.
- 19.5 The Strategic Director, Place agreed to provide further information about the financial implications in writing, but added that vehicles were more expensive because a number of multi-purpose vehicles would be purchased in order to accommodate wheelchair users and other disabled users.
- 19.6 The Chair advised that the mobile library would be replaced separately and that he had asked officers to ensure that the replacement be as green as possible.
- 19.7 In response to a question from Councillor Mitchell, Councillor West confirmed that the new gritting vehicles did not form part of the replacement programme.
- 19.8 **RESOLVED** That, having considered the information and the reasons set out in the report, the Cabinet accepted the following recommendations:
  - (1) That the fleet vehicle replacement programme up to 2016/17, outlined in Appendix A, be approved and that it be subject to the approval of the annual Capital Investment Programme by Full Council and subject to an annual review of all vehicle replacement programmes to determine if the need for new vehicles as specified still existed.
  - (2) That, following the approval of detailed business cases by the Director of Finance, tenders be placed through either the EU procurement process or through existing legally compliant national framework agreements and that delegated authority be given to the Director of Finance to award current and future years' the contract(s).
  - (3) That the recommendations from the Environment & Community Safety Overview & Scrutiny Committee be approved.

#### 20. CABINET PORTFOLIOS AND WAYS OF WORKING

20.1 The Cabinet considered a report of the Strategic Director, Resources confirming the Cabinet portfolios agreed by the Leader of the Council on 19 May 2011 and proposing arrangements for the Cabinet Member Meetings to support the new portfolios.

- 20.2 The Chair reported that Chief Inspector Graham Bartlett of Sussex Police was supportive of the proposed approach to public health, which would see it sit alongside work on communities, equalities and public protection.
- 20.3 Councillor Theobald stated that it had been unfortunate that a special meeting of the Governance Committee had not been called to consider the proposals first and that the dissolution of the Sustainability Cabinet Committee was disappointing.
- 20.4 **RESOLVED** That, having considered the information and the reasons set out in the report, the Cabinet accepted the following recommendations:
  - (a) That the Cabinet portfolios approved by the Leader on 19<sup>th</sup> May 2011, as set out at Appendix One, and the explanatory note, as set out in appendix 2, be noted.
  - (b) That the proposals in paragraph 4 of the report regarding the arrangements for Cabinet Member Meetings be approved.
  - (c) That it be noted that the new Cabinet arrangements and any further modification to ways of working would be considered by the Governance Committee and any changes reported to Cabinet for approval.

# **PART TWO SUMMARY**

#### 21. PART TWO MINUTES OF THE PREVIOUS MEETING

21.1 **RESOLVED** - That the Part Two minutes of the meeting held on 7 April 2011 be approved as a correct record.

#### 22. CONCESSIONARY BUS TRAVEL - REIMBURSEMENT ARRANGEMENTS

- 22.1 The Cabinet considered a report of the Director of Finance concerning reimbursement arrangements for concessionary bus travel.
- 22.2 **RESOLVED** That, having considered the information and the reasons set out in the report, the Cabinet accepted the recommendations as detailed in the Part Two confidential report.

#### 23. COMMUNITY STADIUM - PARK WALL FARM

- 23.1 The Cabinet considered a report of the Strategic Director, Resources making recommendations for the disposal of land that was previously part of Park Wall Farm for a car park adjacent to the Community Stadium site.
  - (1) **RESOLVED** That, having considered the information and the reasons set out in the report, the Cabinet accepted the recommendations as detailed in the Part 1 report and in the Part Two confidential report.

#### 24. PATCHAM PLACE

- 24.1 The Cabinet considered a report of the Strategic Director, Resources seeking approval to market and sell the Patcham Place on a long leasehold interest.
- 24.2 **RESOLVED** That, having considered the information and the reasons set out in the report, the Cabinet accepted the recommendations as detailed in the Part 1 report.

#### 25. PART TWO ITEMS

- 25.1 The Cabinet considered whether or not any of the above items should remain exempt from disclosure to the press and public.
- 25.2 **RESOLVED** That items 21-24, contained in Part Two of the agenda, remain exempt from disclosure to the press and public.

The meeting concluded at 6.15pm		
Signed		Chair
Dated this	day of	

<b>CABINET</b>	C	<b>4B</b>	IN	ET
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# Agenda Item 32

**Brighton & Hove City Council** 

#### **DEPUTATIONS FROM MEMBERS OF THE PUBLIC**

A period of not more than fifteen minutes shall be allowed at each ordinary meeting for the hearing of deputations from members of the public. Each deputation may be heard for a maximum of five minutes following which the relevant Cabinet Member may speak in response. The deputation will be thanked for attending and its subject matter noted.

# (a) Deputation concerning the impact of proposed changes to the housing allocations policy – Mr Stewart Gover (Spokesperson)

"When the Electorate go to the Ballot-Box and wish to express their dissatisfaction with the incumbent Administration, they Vote to put in place one which they believe might serve them better! HOWEVER, many of those people. living for sometimes YEARS in the most dreadfully overcrowded and inappropriate conditions because their families have increased, have waited and WAITED, patiently and in the HOPE that this Council would treat the FAIRLY in line with their position on the waiting-list. Aware as the Tenant and Leaseholder Reps are at this time of a report that suggests the creation of YET ANOTHER SPECIAL-NEEDS GROUP with PRIORITY IN THE HOUSING LISTS it is clear to the Electorate that this report not only takes away the reason why they elected this Administration but is a CLEAR and UNPRINCIPLED attempt to avoid the properly constituted Consultation Period and would also deny their rights under, not only present local conditions but also the forthcoming Localism Act, QUICKLY before it arrives on the Statute Book! Councillors, these are not people to be used as GUINEA-PIGS for some kind of 'Green' EXPERIMENT. These are the people WHO ELECTED YOU to safeguard their quality of life and NOT to prolong their difficulties!"

CABINET	Agenda Item 34
	Brighton & Hove City Council

#### WRITTEN QUESTIONS FROM COUNCILLORS

The following questions have been received from Councillors and will be taken as read along with the written answer to be circulated the meeting. The Councillor asking the question may then ask one relevant supplementary question which shall be put and answered without discussion.

# (a) Councillor Fitch

"Does Cabinet a) recognise the importance of the Palace Pier to the people of this city and b) will they assure me that every effort will be made to work with any new owner of the pier to ensure that they officially return to the landmark's original name: Palace Pier?"

Councillor Bowden, Cabinet Member for Culture, Recreation & Tourism will respond.

# **CABINET**

# Agenda Item 36

**Brighton & Hove City Council** 

Subject: Targeted Budget Management (TBM) 2011/12 Month 2

Date of Meeting: 14 July 2011

Report of: Director of Finance

Lead Member: Cabinet Member for Finance & Central Services

Contact Officer: Name: Jeff Coates Tel: 29-2364

E-mail: jeff.coates@brighton-hove.gov.uk

Key Decision: Yes Forward Plan No: CAB22734

Wards Affected: All

#### FOR GENERAL RELEASE

#### 1. SUMMARY AND POLICY CONTEXT:

1.1 This report sets out the revenue and capital forecast outturn position for 2011/12 as at Month 2.

#### 2. RECOMMENDATIONS:

- 2.1 That Cabinet notes the provisional outturn position for the General Fund, which is an overspend of £0.941m.
- 2.2 That Cabinet notes the forecast outturn for the Section 75 Partnerships and Housing Revenue Account (HRA) for 2011/12.
- 2.3 That the Cabinet note the provisional outturn position on the capital programme.
- 2.4 That the Cabinet approve the following changes to the capital programme:
  - i) The new schemes as set out in Appendices 1 & 2.
  - ii) The ICT Fund as shown in Appendix 3.

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

- 3.1 This is the first budget monitoring report to reflect the Council's new organisational model. The reporting has been summarised by strategic budget areas with Appendix 1 providing details of the commissioning and delivery units aligned with these areas. In addition in order to raise the profile of capital monitoring there is now increased focus on more critical capital schemes (paragraph 3.9) and capital summaries are included for each of strategic budget areas within Appendix 1.
- 3.2 The table below shows the provisional outturn position for Council controlled revenue budgets within the General Fund and the outturn on NHS managed S75 Partnership Services.

3.3 In depth work has been undertaken on the corporate critical budget forecasts and these are summarised in paragraph 3.5. At this very early stage of the financial year only major variances on other budgets are identified. It is also worth noting that, based on previous experience, services' forecasts may be prudent at this early stage of the financial year and they are cautious about declaring underspends or improvements in income. More detailed explanation of the variances can be found in Appendix 1.

	2011/12	Forecast	Forecast	Forecast
	Budget	Outturn	Variance	Variance
	Month 2	Month 2	Month 2	Month 2
Directorate	£'000	£'000	£'000	%
People	116,548	116,775	227	0.2%
Place	48,076	48,686	610	1.3%
Communities	11,729	11,881	152	1.3%
Resources & Finance	30,457	31,334	877	2.9%
Sub Total	206,810	208,676	1,866	0.9%
Corporate Budgets	20,185	19,260	(925)	-4.6%
Total Council Controlled Budgets	226,995	227,936	941	0.4%
NHS Trust managed S75				
Services	14,194	14,376	182	1.3%
Total Overall Position	241,189	242,312	1,123	0.5%

3.4 The Total Council Controlled Budgets line in the above table represents the total forecast outturn on the Council's General Fund. The General Fund includes Commissioning Units and, Service Delivery Units which are organised under the strategic areas of People, Place or Communities. These, together with Resource & Finance Units, corporate budgets and Council-managed Section 75 services, make up the Total Council Controlled Budgets. The NHS Trust-managed Section 75 Services line represents those services for which local NHS Trusts act as the Host Provider under Section 75 Agreements. Services are managed by Sussex Partnership Trust and Sussex Community NHS Trust and include health and social care services for Adult Mental Health, Older People Mental Health, Substance Misuse, AIDS/HIV, Intermediate Care and Community Equipment. The financial risk for these services generally lies with the relevant provider Trust.

#### **Corporate Critical Budgets**

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

	2011/12	Forecast	Forecast	Forecast
	Budget	Outturn	Variance	Variance
	Month 2	Month 2	Month 2	Month 2
Corporate Critical	£'000	£'000	£'000	%
Child Agency & In House	21,780	21,664	(116)	-0.5%
Sustainable Transport -Parking	(13,706)	(13,497)	209	1.5%
Housing Benefits	177,624	177,624	-	0.0%
Community Care	43,231	43,231	-	0.0%
Total Council Controlled	228,929	229,022	93	0.0%
S75 NHS & Community Care	14,194	14,376	182	1.3%
Total Corporate Critical Budgets	243,123	243,398	275	0.1%

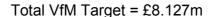
#### Value for Money (VfM) Programmes

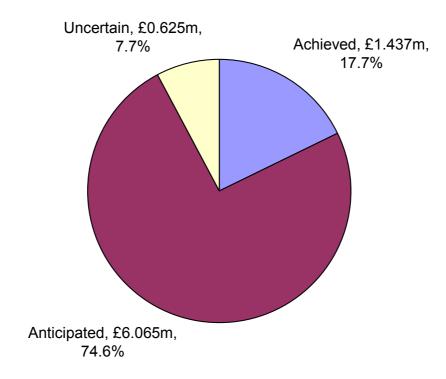
- 3.6 Value for Money is a well understood concept where the approach is to obtain maximum benefit from the resources deployed in the delivery of services. This requires a balancing of cost, efficiency and outcomes that meets local priorities. Value for money is not about cuts, it is about reducing costs, improving efficiency or improving outcomes for the same or less resources, or a combination of these. Recognising the importance of this, the external auditor is required to give an opinion in the Statement of Accounts on the council's arrangements for securing value for money in the use of its resources.
- 3.7 Over the years, the council has developed various approaches to improving value for money and continually monitors and compares the value for money of services to those of comparable authorities and/or services, known as benchmarking. To improve value for money, the council has adopted a programme approach split into phases.
  - Phase 1 involved raising awareness of VfM opportunities and improving skills across the organisation to enable service reviews to be undertaken and further opportunities to be identified. Some VfM savings were identified and achieved but were not significant enough to contribute to the longer term budget position.
  - Phase 2 recognised the greater scale of savings needed in the future and identified larger transformational and/or council-wide opportunities for achieving VfM efficiencies and savings.
  - Phase 3 continues the Phase 2 approach but includes a greater focus on the council's cost base, including management and administration costs. It also strengthens the focus on improving customer service through Customer Access initiatives and the application of widely adopted Systems Thinking reviews, which focus on reducing process times and costs while maintaining a strong customer perspective.
- 3.8 Phase 2 started in 2010/11 and the savings targets are well established and incorporated into budget forecasts. Project areas have clear plans for implementation and achievement of associated savings however this does not

mean they are straightforward to achieve given the scale and complexity of the projects. There is also a stretch target of £0.250m (£1.000m full year) which is less certain and for which plans are currently being worked through. This is most likely to be met from increased procurement savings opportunities.

- 3.9 Phase 3 started this financial year and although all workstreams have started, there are not yet detailed action plans in place for all projects. More details of Phase 3 are contained within Appendix 1 for Corporate Budgets.
- 3.10 A summary of current progress toward VfM savings is shown below.

# Value for Money Programme (All Phases) - 2011/12 Monitoring





#### **Collection Fund**

- 3.11 The Collection Fund is a separate account for transactions in relation to national non domestic rates, council tax and precept demands. Any deficit or surplus forecast on the collection fund is distributed between the Council, Sussex Police and East Sussex Fire Authority in proportion to the value of the respective precept on the collection fund.
- 3.12 Early projections of the Collection Fund position at 31st March 2012 indicate a potential total deficit of £1.3m of which the Council's share is £1.1m with the remainder met by Sussex Police and East Sussex Fire Authority. Council tax collection is above target so far this year so the deficit is entirely as a result of a lower than anticipated liability. This is mainly due to increases in the number of exemptions and discounts relating to students and unfurnished properties being higher than anticipated. Inspectors in the Revenues Team are looking into the causes of the increases to determine whether they are one-off or ongoing and an

updated forecast on the collection fund deficit will be reported in the TBM4 report to be considered at the September Cabinet meeting.

# **Housing Revenue Account**

3.13 The Housing Revenue Account is a separate ring-fenced account which covers income and expenditure related to the management and operation of the council's housing stock. Expenditure is generally funded by Council Tenants' rents. The forecast outturn on the HRA is summarised in the table below. More detail is provided in Appendix 1.

	2011/12	Forecast	Forecast	Variance
	Budget	Outturn	Variance	Month 2
	Month 2	Month 2	Month 2	%
Housing Revenue Account	£'000	£'000	£'000	
Expenditure	50,839	50,324	(515)	-1.0%
Income	(50,839)	(50,860)	(21)	0.0%
Total	-	(536)	(536)	

#### Capital Budget 2011/12

3.14 The table below provides a summary of the capital programme by strategic theme. Within Appendix 1 for each budget area there is a breakdown of the capital programme by Unit.

	2011/12	Forecast	Forecast	Forecast
	Budget	Outturn	Variance	Variance
	Month 2	Month 2	Month 2	Month 2
Budget Area	£'000	£'000	£'000	%
People	43,649	43,649	0	0.0%
Place	51,494	51,494	0	0.0%
Communities	5,561	5,561	0	0.0%
Resources & Finance	8,383	8,383	0	0.0%
Total Capital Budget	109,087	109,087	0	0.0%

- 3.15 Appendix 1 also provides details of proposed new capital schemes which are included in the budget figures above. Cabinet approval for new capital schemes is required under the Council's financial regulations. Appendix 2 shows an analysis of movements in the capital budget including new schemes, re-profiling (carry forwards) to the 2012/13 programme and slippage. At this early stage of the financial year no slippage or re-profiling has been identified.
- 3.16 Certain capital schemes have the potential to have significant revenue budget implications if they are not delivered according to timetable. It is proposed that progress on these more critical schemes is monitored throughout the year and reported regularly through the TBM reports. These schemes are shown in the table below and as at Month 2 no variances have been identified.

Scheme	Budget (£'000)	Description
Accommodation Strategy	2,847	Forms part of the Workstyles VFM programme. Delivery is critical to enable planned vacation of Priory House.
Solar Panel Implementation	2,600	Solar panels need to be installed before 31st March 2012 to maximise Feed in Tariff payments and deliver VFM savings.
Vehicle Replacement	1,854	Forms part of the VFM programme. Delivery is critical to enable planned revenue savings from improved fleet management.
New Primary School Places	11,272	Delivery critical to keep pace with anticipated increased demand for primary school places.
Total	18,573	

#### **Capital Receipts**

- 3.17 Capital receipts are used to support the capital programme. For 2011/12 the programme is fully funded, however, any changes to the level of receipts during the year will impact on future years' capital programmes and may impact on the level of future investment for corporate funds such as the Strategic Investment Fund, Asset Management Fund and ICT Fund. Capital receipts (excluding housing) are estimated to be £0.800m for 2010/11 and to date £0.054m has been received.
- 3.18 The Government receive 75% of the proceeds of 'right to buy sales'; the remaining 25% is retained by the council and used to fund the capital programme. The estimated useable receipts for 'right to buy' sales is £0.638m for this financial year and to date £0.102m has been received.

## **Comments by the Director of Finance**

3.19 The overspend forecast at Month 2 reflects some in-year issues which will need to be addressed but also reflects the higher level of savings assumed in the budget and the associated higher level of risk and difficulty of achieving those savings. Some of these savings have longer lead-in times before they will become more certain. The position demonstrates that continued rigorous cost control measures and recovery actions will be needed throughout the year. However, the council's budget strategy recognises the higher level of risks in the delivery of Value for Money Programme and other savings and therefore contains risk provisions of over £3.000m to accommodate potential timing issues and/or unforeseen difficulties in achieving savings. Details of these risk provisions are contained in the Corporate Budgets section of Appendix 1.

#### 4. CONSULTATION

4.1 A roundtable discussion was hosted by the Council Leader, with the Cabinet Member for Finance and Central Services, on 7<sup>th</sup> June with invitations issued to the three recognised trades unions, the Community & Voluntary Sector Forum and the Opposition parties' Leaders and Finance spokespersons. The objective of the meeting was to review the 2011/12 budget and to commence an open and

inclusive approach to the 2012/13 budget setting process. A summary of that discussion is shown at Appendix 5.

#### 5. FINANCIAL & OTHER IMPLICATIONS:

# **Financial Implications:**

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

#### **Legal Implications:**

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

Lawyer Consulted: Oliver Dixon Date: 20/06/11

#### **Equalities Implications:**

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

#### **Sustainability Implications:**

5.4 The report includes progress in meeting energy savings targets set out in the VFM Phase 3 programme.

#### Crime & Disorder Implications:

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

#### Risk & Opportunity Management Implications:

5.6 The Council's revenue budget and Medium Term Financial Strategy contain risk provisions to accommodate emergency spending, even out cash flow movements and/or meet exceptional items. The council maintains a working balance of £9.000m to mitigate these risks as recommended by the Audit Commission and Chartered Institute of Public Finance & Accountancy (CIPFA). The council also maintains other general and earmarked reserves and contingencies to cover specific project or contractual risks and commitments.

# **Corporate / Citywide Implications:**

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

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

6.1 The provisional outturn position on Council controlled budgets is an overspend of £0.941m. Any overspend will need to be funded from general reserves which

would then need to be replenished to ensure that the working balance did not remain below £9.000m.

#### 7. REASONS FOR REPORT RECOMMENDATIONS

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

# **SUPPORTING DOCUMENTATION**

# Appendices:

- 1. Detailed Revenue & Capital Outturn Forecasts
- 2. Capital Programme Summary
- 3. ICT Fund
- 4. VfM Programme Benefits Realisation
- 5. Budget Roundtable Discussion

**Documents in Members' Rooms** 

None

**Background Documents** 

None

**People - Revenue Budget Summary** 

	2011/12	Forecast	Forecast	Forecast
Unit	Budget	Outturn	Variance	Variance
	Month 2	Month 2	Month 2	Month 2
	£'000	£'000	£'000	%
Commissioner - Children's Youth & Families	6,348	5,875	-473	-7.5%
Commissioner - Schools, Skills & Learning	4,324	4,324	0	0.0%
Delivery Unit - Children's & Families	46,619	47,299	680	1.5%
Total Children's Services	57,291	57,498	207	0.4%
Commissioner - People	2,010	2,010	0	0.0%
Delivery Unit - Adults Assessment	48,265	48,285	20	0.0%
Delivery Unit - Adults Provider	8,982	8,982	0	0.0%
Total Adult Services	59,257	59,277	20	0.0%
Total Revenue - People	116,548	116,775	227	0.2%

### **Explanation of Key Variances**

#### **Commissioner – Children, Youth & Families**

The numbers of children placed in independent foster agency (IFA) placements continues to rise. During 2010/11 there were 164.52 FTE placements representing a 23% increase on the previous year. Currently there are 182.63 FTE placements. If nothing else changed this would imply an overspend of £0.613m. However it is anticipated that the outstanding VFM savings target of £1.160m will be achieved over the remainder of the year and this results in a forecast underspend of £0.547m on the IFA budget.

Children's Services have put in place a Value for Money action plan to address the level of activity and spend in IFA'S. The plan focuses on strengthening preventive services and streamlining social care processes including:

- increasing the use of the Common Assessment Framework to provide universal and tier 2 services to children and families in need
- driving the implementation of the 'Think Family' approach for families with the most complex needs
- introducing a tiered approach to manage social care referrals from other agencies including the remodelling of social work duty systems and the reinstatement of area and specialist resource panels or similar mechanisms
- improving the commissioning and procurement of expert assessments in care proceedings, strengthening arrangements for early permanence planning and increasing the numbers of in house foster placements able to provide tier 1 care.

The 2011/12 children's services VFM savings target is £2.019m. Current activity indicates that £0.859m savings have been achieved to date with £1.160m to be achieved over the remainder of the financial year.

# Commissioner - Schools, Skills & Learning

There are no reported budget variances at this time.

# **Delivery Unit – Children & Families**

The overspending services in this delivery unit relates to two main areas: Agency placements for children with disabilities and Area Social Work Teams. Disability placements are projected to overspend by £0.487m. The number of children with disabilities placed has increased over the last 12 months and now there are 15 children in placement compared with a budgeted level of 11 places.

The children's social work teams continue to be under pressure because of their statutory duties around child protection and looked after children's duties. There also continues to be a churn in frontline social workers leaving from the most pressurised teams i.e. the children's social work front doors. As a result of both of these factors the majority of the overspend within this area of £0.202m is due to agency social work staff. The branch has a robust rolling programme of recruitment and retention including a bursary scheme to attract newly qualified social workers from the universities.

# **Commissioner - People**

The forecast for Month 2 is a break-even position.

#### **Delivery Unit – Adults Assessment**

The forecast overspend of £0.020m across Assessment Services assumes achievement of the majority of the savings included within the budget strategy. Savings captured to date show that £1.300m of the £3.000m total have been delivered. The forecast assumes that £1.301m of VfM 2 savings will be achieved by the year end.

There is a continuation of the trends seen in recent years, where savings against the Older People Community Care budget (reduced costs and client numbers 15 WTE less than budgeted) are being offset by pressures on the Physical Disabilities budget (40 WTE more than budgeted).

#### **Delivery Unit – Adults Provider**

The forecast for Month 2 is a break-even position for Adult Provider services, however it should be noted that this assumes achievement of a savings target of £1.200m of which £0.250m relates to VfM 2.

There are risks attached to delivery of some of the savings plans, but it is currently too early to fully quantify these. Management action plans are being reviewed to minimise these risks and progress will be reported within future TBM forecasts.

### **People – Capital Budget Summary**

	2011/12	Forecast	Forecast	Forecast
Unit	Budget	Outturn	Variance	Variance
	Month 2	Month 2	Month 2	Month 2
	£'000	£'000	£'000	%
Delivery Unit - Children's & Families	42,775	42,775	0	0.0%
Total Children's Services	42,775	42,775	0	0.0%
Delivery Unit - Adults Assessment	874	874	0	0.0%
Total Adult Services	874	874	0	0.0%
Total Capital - People	43,649	43,649	0	0.0%

# **New Capital Schemes**

Included in the budget above for Delivery Unit – Children's & Families is the following new capital scheme:

#### **Tudor House Extension (£0.077m)**

Rockinghorse, a charity for sick and disabled children, wish to make a charitable donation to BHCC for the purpose of an extension to Tudor House residential unit, for a therapy room. All costs of this will be covered by the charitable donation. BHCC's Asset Management team are project-managing the work. Tudor House is an overnight short breaks facility for children and young people with severe learning disabilities and complex health needs. The work is due to be completed in July 2011.

# Adult Social Care Personal Social Services Capital Grant (£0.560m)

This Department of Health capital grant allocation of £0.627m in 2011/12 is to support 3 key areas; Personalisation, Reform and Efficiency. This funding is being supplemented by a revenue contribution of £0.160m. Officers are recommending the allocation of this funding over the following schemes which it is considered will achieve desired outcomes and further the aims of the personalisation programme.

Major / Minor Adaptations	£0.360m
Telecare	£0.120m
Equipment & Adaptations	£0.080m
Total	£0.560m

The risk is that further opportunities may present themselves during the year. For this reason a sum of £0.227m has yet to be allocated and proposals for the remaining funding will be brought back to Cabinet later in the year.

**Place - Revenue Budget Summary** 

	2011/12	Forecast	Forecast	Forecast
Unit	Budget	Outturn	Variance	Variance
	Month 2	Month 2	Month 2	Month 2
	£'000	£'000	£'000	%
Commissioner - City Regulation & Infrastructure	3,139	3,244	105	3.3%
Delivery Unit - City Infrastructure	23,664	23,873	209	0.9%
Delivery unit - Planning & Public Protection	5,397	5,432	35	0.6%
Major Projects	320	320	0	0.0%
Total City Regulation & Infrastructure	32,520	32,869	349	1.1%
Commissioner - Housing	15,246	15,385	139	0.9%
Delivery Unit - Housing & Social Inclusion	310	432	122	39.4%
Total Housing	15,556	15,817	261	1.7%
Total Revenue - Place	48,076	48,686	610	1.3%

### **Explanation of Key Variances**

#### **Commissioner - City Regulation & Infrastructure**

Sustainable Transport is forecasting an overspend against budget of £0.105m. Of this, £0.075m relates to a projected shortfall in income from recharging officer time to capital projects in Highway Engineering & Projects. The remaining £0.030m is in respect of the expected contribution to Shopmobility.

#### **Delivery Unit - City Infrastructure**

Sustainable Transport is forecasting an overspend against budget of £0.209m relating to the corporate critical Parking Operations budget. This is mainly due to a shortfall in the level of income forecast at the Regency Square Car Park which is expected to be £0.200m below budget. Investment in this Car Park was included in the overall revenue and capital Budgets for 2011/12. The detailed proposal is still being developed. The level of income achieved at this car park during 2010/11 was £0.962m, falling £0.168m short of budget. The actual average income over the last 3 years was £0.985m per annum. The car park has been badly affected by crime and negative television publicity as well as the economic climate. The proposed improvement works and marketing efforts are projected to reverse this trend.

#### **Delivery unit - Planning & Public Protection**

The projected overspend relates to Public Protection budgets. Overspends of £0.035m are expected due to increased vet and kennelling costs, and unachievable taxi licensing income.

### **Major Projects**

There are no reported budget variances at this time.

#### **Commissioner – Housing**

The projected pressure of £0.139m includes an increase in running costs of £0.073m in respect of enlarged and refurbished office space at Palace Place/Old Steine. An increase in rent with effect from April 2011 has been agreed with Property services (and reflected in their income) and higher utility bills are expected. The balance of the forecast overspend includes small variances on a number of areas.

# **Delivery Unit – Housing & Social Inclusion**

The budget for Travellers is projected to overspend by £0.122m. This overspend is mainly due to costs for security (£0.100m) and for rubbish clearance (£0.022 m). These costs are broadly similar to those incurred last year.

# Place - Capital Budget Summary

	2011/12	Forecast	Forecast	Forecast
Unit	Budget	Outturn	Variance	Variance
	Month 2	Month 2	Month 2	Month 2
	£'000	£'000	£'000	%
Commissioner - City Regulation	3,605	3,605	0	0.0%
& Infrastructure				
Delivery Unit - City	7,415	7,415	0	0.0%
Infrastructure				
Major Projects	892	892	0	0.0%
Total City Regulation &	11,912	11,912	0	0.0%
Infrastructure				
Commissioner - Housing	5,107	5,107	0	0.0%
Delivery Unit - Housing & Social	34,475	34,475	0	0.0%
Inclusion				
Total Housing	39,582	39,582	0	0.0%
Total Capital - Place	51,494	51,494	0	0.0%

#### **New Capital Schemes**

Included in the budget above for Major Projects is the following new capital scheme:

#### **Support for Major Projects (£0.400m)**

The Council has ongoing commitments to major projects that require financial support to enable their progression. The financial support takes the form of legal fees and specialist advisors for finance, design, architectural, transport, engineering and other external specialists. The funding for this has been identified from within the Strategic Investment Fund.

Included in the budget above for Commissioner Housing is the following new capital scheme:

# LDV Post Lease Refurbishment (£1.827m)

Housing Management properties will be identified by Brighton & Hove City Council (with agreement from Seaside community Homes) to pass over to Seaside Community Homes, who in turn will sub-contract Brighton & Hove City Council to purchase the qualifying works from Mears and other contractors (to comply with 'VAT shelter' requirements). The costs incurred by Brighton & Hove City Council will be placed against this scheme and then invoices will be raised on a monthly base to Seaside Community Homes to reclaim these costs. If the average cost is over £0.021m per property, a revenue contribution will be required from the General Fund to cover the costs, there is no provision for this and costs will be monitored to reduce the risk.

Within the £1.827m there is £0.035m that relates to the cost of any on-going capital works after the properties have been refurbished. The cost incurred by the council will be reclaimed through a management agreement fee that will be paid by Seaside Community Homes on a monthly basis. If the costs are higher than the management fee then a revenue contribution will be required from the General Fund to cover the costs.

# **Communities - Revenue Budget Summary**

	2011/12	Forecast	Forecast	Forecast
Unit	Budget	Outturn	Variance	Variance
	Month 2	Month 2	Month 2	Month 2
	£'000	£'000	£'000	%
Commissioner - Communities & Equalities	3,412	3,412	0	0.0%
Community Safety	1,645	1,645	0	0.0%
Commissioner - Sports & Leisure	1,391	1,391	0	0.0%
Commissioner - Culture	1,782	1,782	0	0.0%
Delivery Unit - Tourism & Leisure	3,499	3,651	152	4.3%
Total Revenue - Communities	11,729	11,881	152	1.3%

# **Explanation of Key Variances**

#### **Commissioner – Communities & Equalities**

The forecast for Month 2 is a break-even position.

# **Community Safety**

The forecast for Month 2 is a break-even position.

# **Commissioner - Sports & Leisure**

The forecast for Month 2 is a break-even position.

#### **Commissioner - Culture**

The forecast for Month 2 is a break-even position.

#### **Delivery Unit – Tourism & Leisure**

The forecast overspend of £0.152m relates to two areas where there are risks on income achievement. On Seafront and Sports facilities the projected overspend is £0.025m relating to a predicted shortfall on income from seafront leases. On Venues the projected overspend is £0.127m of which £0.057m is an ongoing income risk against the Hove Centre, as last year, and £0.070m against the Brighton Centre based on confirmed business. In all areas actual and forecast income is closely reviewed and action is being taken to maximise any business opportunities.

# **Communities - Capital Budget Summary**

Unit	2011/12 Budget Month 2 £'000	Forecast Outturn Month 2 £'000	Forecast Variance Month 2 £'000	Forecast Variance Month 2 %
Commissioner - Sports & Leisure	553	553	0	0.0%
Delivery Unit - Tourism & Leisure	5,008	5,008	0	0.0%
Total Capital - Communities	5,561	5,561	0	0.0%

There are no variances to report at this stage.

### **Resources & Finance - Revenue Budget Summary**

	2011/12	Forecast	Forecast	Forecast
Unit	Budget	Outturn	Variance	Variance
	Month 2	Month 2	Month 2	Month 2
	£'000	£'000	£'000	%
Delivery Unit - City Services	8,898	8,898	0	0.0%
Resources	17,729	18,606	877	4.9%
Finance	2,560	2,560	0	0.0%
Strategic Leadership Board	1,270	1,270	0	0.0%
Total Revenue – Resources & Finance	30,457	31,334	877	2.9%

# **Explanation of Key Variances**

#### **Delivery Unit - City Services**

The forecast for Month 2 is a break-even position. However, there are risks and challenges of moving to the new Customer Service Centre and implementation of some value for money initiatives, with the associated savings assumptions included within the budget.

#### Resources

The net overspend across Resources is £0.877m, of which the main variances are on the following areas: -

#### Human Resources (£0.447m overspend)

Human Resources have previously managed year-on-year savings but this has been subsidised by savings made elsewhere and the use of one-off funding sources. In the current financial year there is a projected shortfall of £0.447m made up from £0.175m from unachievable income from recruitment advertising and use of the new HR system by external organisations, a gap of £0.120m between the current cost of central union duties and the available funding, and additional costs associated with the running of the new HR payroll system. Vacancies are being held to try and manage the projected overspend. A detailed action plan is under development to address the shortfall and rebase the budget and staffing to match resources to budget.

# Communications (£0.311m overspend)

There is a risk of not achieving the full year effect of the £0.250m savings target applied to the Communications budget, in respect of the advertising and sponsorship tender. This is a result of delays in the procurement process for complex legal reasons. The process for all except one lot is now underway and it is anticipated that some additional income will be generated before the end of the financial year and an estimate of £0.100m has been included in the forecast.

The remaining variance of £0.161m is from a mixture of staffing pressures and anticipated shortfall against the advertising income budget for City News.

The Communications Value for Money review continues to reduce spend across the organisation, however spend was originally running above the budget available hence creating a challenge in generating net budget reductions. Plans are in place to consolidate

budgets for 2011/12 which is expected to generate savings through procurement and the management of demand. Council-wide expenditure on communications reduced by approximately £0.650m in 2010/11 compared to the previous financial year, offsetting pressures in the central Communications budget.

#### Property & Design (£0.124m overspend)

There is a pressure of £0.083m identified against Estates Management, due mainly to rental income shortfalls as a result of the challenging economic conditions. Property and Design will continue to secure the most advantageous rent settlements both for short term and long term gain. The remainder of the overspend (£0.041m) is in the Building Services & Facilities team and includes small variances on a number of areas.

#### **Finance**

The forecast for Month 2 is a break-even position.

### **Strategic Leadership Board**

The forecast for Month 2 is a break-even position.

#### **Resources & Finance - Capital Budget Summary**

	2011/12	Forecast	Forecast	Forecast
Unit	Budget	Outturn	Variance	Variance
	Month 2	Month 2	Month 2	Month 2
	£'000	£'000	£'000	%
Delivery Unit - City Services	109	109	0	0.0%
Resources	8,079	8,079	0	0.0%
Finance	195	195	0	0.0%
Total Capital – Resources &	8,383	8,383	0	0.0%
Finance				

#### **New Capital Schemes**

#### **ICT Fund (£0.500m)**

At Budget Council on 3rd March £0.500m was confirmed as the allocated ICT Fund for 2011/12. In addition, Cabinet has already approved the carry forward of the remaining £0.300m from 2010/11 giving a total budget for 2011/12 of £800,000. Appendix 3 provides a detailed breakdown of the proposed allocation of this in 2011/12.

# **Corporate Budgets - Revenue Budget Summary**

	2011/12	Forecast	Forecast	Forecast
Unit	Budget	Outturn	Variance	Variance
	Month 2	Month 2	Month 2	Month 2
	£'000	£'000	£'000	%
Bulk Insurance Premia	3,009	3,109	100	3.3%
Concessionary Fares	9,702	9,302	(400)	-4.1%
Capital Financing Costs	10,427	10,427	0	0.0%
Levies & Precepts	166	166	0	0.0%
VfM 3 Savings	(2,625)	(2,025)	600	22.9%
Risk Provisions	3,200	1,950	(1,250)	-39.1%
Other Corporate Items	(3,694)	(3,669)	25	0.7%
Total Revenue - Corporate Budgets	20,185	19,260	(925)	-4.6%

#### **Explanation of Key Variances**

#### **Bulk Insurance Premia**

There is a forecast overspend of £0.100m. Whilst the volume of claims has not increased, costs have. The most significant increase is in claimant solicitors' costs and their success fees.

#### **Concessionary Fares**

There is a £0.400m underspend on concessionary bus fares as a result of fixed deal agreements with Brighton & Hove Bus & Coach Company and Stagecoach South, agreed by Cabinet on 9th June, being lower than the budget provision.

### **Capital Financing Costs**

The forecast for Month 2 is a break-even position.

#### **Levies & Precepts**

The forecast for Month 2 is a break-even position.

#### VfM 3 Savings

Phase 3 started this financial year and although all workstreams have started, there are not yet detailed action plans in place for all projects. Overall, the achievement £0.600m of VfM 3 savings is currently uncertain. Appendix 4 provides a more detailed breakdown.

- The 'Process Efficiencies' expected to generated through the application of Systems
  Thinking reviews are likely to have variable lead-in times and are therefore uncertain
  at present. The detailed methodology and priority areas for Systems Thinking reviews
  are currently being determined.
- Management and Admin savings, however, are expected to be on track, supported by a Voluntary Severance Scheme which is currently in progress.

- 'Consolidation of Spend' concerns the bringing together of Council-wide expenditure and/or activity in relation to communications, training, ICT and property to explore opportunities for procurement, management or other efficiencies from consolidating these areas. Currently this work is in the research and analysis phase but there is reasonable confidence about the potential savings opportunities.
- Carbon Reduction initiatives will be designed to reduce both energy use and costs. A scheme to pursue the installation of Solar PV panels was agreed at Cabinet in June 2011, however, savings will not be realised until 2012/13. The procurement of Automatic Meter Reader (AMR) devices is also in train and there is potential for 6 months of benefit from this initiative in 2011/12. Other initiatives are currently being worked through and further opportunities will be identified for the future. Therefore, while there is high confidence of future savings from these initiatives, the longer leadin times for these initiatives means that the achievement of savings in 2011/12 is relatively uncertain overall. Additional project management, technical and analytical resource has been prioritised to support this work due to the multiple projects, long lead in times and high levels of complexity involved.

#### **Risk Provisions**

There are one-off risk provisions of £0.800m and it is forecast that these will be fully spent. It is anticipated that £0.192m of this will be needed for the complex Prince Regent and Withdean Sports Complex schemes subject to further planning confidence and with the expectation of payback once the schemes are successfully implemented. The remainder will be required for one-off costs associated with Criminal Records Bureau (CRB) compliance following OFSTED inspection, costs associated with compliance with Microsoft licence requirements following an audit process, and additional costs associated with the Carbon Reduction Commitment (CRC) scheme implementation.

There is a permanent risk provision of £0.750m relating to grants ending and this will not be required in the current financial year. It is therefore being released to support the overall position.

There is £1.250m of permanent risk provision, of which £0.500m is being released to support the overall position. The remaining £0.750m is being held back as these are currently very early forecasts.

In addition there is £0.400m of one-off risk provisions for children's and adults services which are currently being retained as it is currently very early in the financial year for those service areas.

#### **Other Corporate Items**

The forecast for Month 2 is a break-even position.

# NHS Trust Managed S75 Budgets - Revenue Budget Summary

Unit	2011/12 Budget Month 2	Forecast Outturn Month 2	Forecast Variance Month 2	Forecast Variance Month 2
	£'000	£'000	£'000	%
NHS Trust managed S75 Services	14,194	14,376	182	1.3%
Total S75	14,194	14,376	182	1.3%

# **Explanation of Key Variances**

# **NHS Trust Managed S75 Services**

There is a pressure of £0.363m on the Adult Mental Health Community Care budget, where Whole Time Equivalent (WTE) client numbers are approximately 20 more than budgeted. A financial recovery plan has been developed to focus on reducing the pressure, particularly against long-term placement spend. There is a 50/50 risk-share agreement with Sussex Partnership Foundation Trust, which is reflected in the variance reported.

# **Housing Revenue Account - Revenue Budget Summary**

	2044/42			Ганалагі
	2011/12	Forecast	Forecast	Forecast
	Budget	Outturn	Variance	Variance
	Month 2	Month 2	Month 2	Month 2
Housing Revenue Account	£'000	£'000	£'000	%
Employees	9,057	8,830	(227)	-2.5%
Premises – Repair	10,905	10,685	(220)	-2.0%
Premises – Other	3,286	3,286	-	0.0%
Transport & Supplies	2,128	2,048	(80)	-3.8%
Support Services	2,144	2,156	12	0.6%
Third Party Payments	54	54	_	0.0%
Revenue contribution to	3,778	3,778	_	0.0%
capital				
Capital Financing Costs	4,955	4,955	-	0.0%
Subsidy Payable	14,532	14,532	-	0.0%
Net Expenditure	50,839	50,324	(515)	-1.0%
Dwelling Rents (net)	(44,213)	(44,213)	-	0.0%
Other rent	(1,290)	,	50	3.9%
Service Charges	(3,454)	(3,454)	-	0.0%
Supporting People	(465)	(465)	_	0.0%
Other recharges & interest	(1,417)	(1,488)	(71)	-5.0%
Net Income	(50,839)	(50,860)	(21)	0.0%
Total Revenue - HRA	=	(536)	(536)	

# **Explanation of Key Variances**

The forecast outturn for 2011/12 is an underspend of £0.536m.

Further analysis of the forecast outturn variances are as follows:

- The Employees forecast underspend of £0.227m relates to the budget for TUPE costs for Property & Investment staff not being required as the final costs were less than originally forecast and fully paid in last financial year.
- The Premises Repairs forecast outturn is an underspend of £0.220m. This includes:
  - A projected saving on the gas servicing and maintenance contract of £0.161m from the rebasing of the open book contract value following the achievement of savings during the last financial year.
  - A reduction in the overhead costs for the Repairs Partnership contract of £0.059m resulting from efficiencies in the contract.
- Transport & Supplies is forecast to underspend by £0.080m due to a reduction in the requirement for the provision for bad debt resulting from the improvement in the collection of rent which has led to a reduction in the rent arrears total.

- The underachievement of Income in the Other Rent budget area relates to reduction in rental income of £0.050m for the HRA Commercial properties, this is mainly due to a downturn in the economic climate over the last couple of years affecting the letting of some commercial properties.
- There is a forecast increase in the income of £0.071m shown under Other Recharges & Interest relating to rechargeable works income where tenants are invoiced under the rechargeable works policy. The income in this area has been consistently higher over the past 2 financial years since there were improvements to the management of this policy and therefore the budget for future years will need to be reviewed to reflect this.

# **SUMMARY CAPITAL OUTTURN POSITION**

	2011/12	2011/12	2011/12	2011/12	2011/12	2011/12	2011/12
	Approved Budget	New Schemes	Variations	Slippage	Revised Budget	Forecast Outturn	Overspends / (Underspends)
Budget Area	£'000	£'000	£'000	£'000	£'000	£'000	£'000
People	43,012	637	0	0	43,649	43,649	0
Place	49,267	2,227	0	0	51,494	51,494	0
Communities	5,561	0	0	0	5,561	5,561	0
Resources & Finance	7,883	500	0	0	8,383	8,383	0
Total Council Budgets	105,723	3,364	0	0	109,087	109,087	0

### ICT Fund Projects 2011/12

At Budget Council on 3rd March 2011 £0.500m was confirmed as the allocated ICT Fund for 2011/12. In addition Cabinet has already approved the carry forward of the remaining £0.300m from 2010/11 giving a total budget for 2011/12 of £0.800m. Appendix 3 provides a detailed breakdown of the proposed allocation of this in 2011/12.

The report to Cabinet on 22<sup>nd</sup> April 2010 gave an indication of the likely priority areas for investment in 2011/12. These priority areas remain the same and this report provides an update on the outcomes expected from these investments. In addition each of these individual projects is underpinned by a detailed business case. Each business case is scrutinised for technical feasibility and financial implications through the ICT governance arrangements (established in 2009) to ensure that ICT projects are sound investments made within a framework of Council priorities.

Directorate: Resources

Project Title: VFM Workstyles 2011/12 Budget: £210,000

Complete the ICT implementation for Workstyles Phase 1 in Bartholomew House (to include further deployment of IP telephony, virtual desktop and electronic document management) which will deliver a flexible working environment over 3 floors and provide the infrastructure for the Customer Service Centre.

Project	Description	Cost
VFM Workstyles 2011- 12		
Application delivery	Further implementation of IP telephony, virtual desktop and electronic document management	£160,000
Networking	Completion of wired and wireless network connectivity for phase one of Workstyles	£50,000
	,	£210,000

Directorate: Resources

Project Title: Information Management 2011/12 Budget: £290,000

The City Planning system migration project is now underway. Its completion will deliver a much improved customer service and support the system rationalisation objective of ICT's VFM programme.

We will invest in a target server architecture to develop a single personalised customer interface over time (in support of channel shift), which can be accessed from anywhere with an internet connection. This aims to reduce overall support, management and training costs, improve the customer experience and improve public perception of the organisation and City.

Further investment will be targeted at migrating to a single platform which will deliver improved management of the content within our intranet and internet environments. This will support self service, improve data quality and ultimately support the Open Data and transparency agenda.

Information Management 2011/12			
Common means of authenticating	Initial implementation of identity and authentication management (single sign on) to support citizen access, self service and improved opportunities for collaboration and partnership working.	£40,000	
Information Systems integration	Initial implementation of a Customer Experience Platform to develop a single personalised customer interface	£100,000	
Planning system migration	Migrate the planning services from Northgate MVM applications to existing IDOX Uniform system	£100,000	
Implement target server architecture	Migrate to a single platform which will deliver improved management of the content within our intranet and internet environments.	£50,000	
		£290,000	

Directorate: Resources

Project Title: Communications and Infrastructure 2011/12 Budget: £300,000

The infrastructure and telecoms management software will be enhanced to provide the ability to deliver work telephony for staff working flexibly from home. This investment will also support a range of enhanced communication tools for future deployment which will enable a reduction in unnecessary travel time, work practice efficiencies and carbon reductions. We are building on the existing telephony investment and upgrading to remove any remaining proprietary restrictions.

We will explore hosted or commoditised options to increase data storage, e.g. to support further rollout of electronic document management.

# Item 36 Appendix 3

Communications and Infrastructure 2011/12			
Telephony systems upgrade and deployment	Upgrade the current telephony systems to support more flexible working styles, additional functionality and additional users	£200,000	
Unified Communications	Implement enhanced communication tools (e.g. OCS) to support the flexible working environment	£30,000	
Storage and server capacity	Increase capacity for virtualisation and data storage in support of the Workstyles programme	£70,000	
		£300,000	

# VfM Programme – Benefits Realisation as at Month 2

	Target	Achieved	Anticipated	Uncertain
VFM Phase 2 Project	£m	£m	£m	£m
Adult Social Care	1.801	0.250	1.551	0.000
Children's Services	2.019	0.859	1.160	0.000
ICT	0.218	0.218	0.000	0.000
Procurement	1.039	0.000	1.039	0.000
Fleet Management	0.150	0.000	0.150	0.000
Sustainable Transport	0.115	0.000	0.115	0.000
Outdoor Events	0.060	0.010	0.025	0.025
Workstyles	0.100	0.100	0.000	0.000
Total VFM Phase 2	5.502	1.437	4.040	0.025
	Target	Achieved	Anticipated	Uncertain
VFM Phase 3 Project	Target £m	Achieved £m	Anticipated £m	Uncertain £m
VFM Phase 3 Project Process Efficiencies	_		•	
	£m	£m	£m	£m
Process Efficiencies	£m 0.250	£m 0.000	£m 0.000	£m 0.250
Process Efficiencies Management Structures	£m 0.250 1.250	£m 0.000 0.000	£m 0.000 1.250	£m 0.250 0.000
Process Efficiencies Management Structures Admin & Business Support	£m 0.250 1.250 0.625	£m 0.000 0.000 0.000	£m 0.000 1.250 0.625	£m 0.250 0.000 0.000
Process Efficiencies Management Structures Admin & Business Support Consolidation of Spend	£m 0.250 1.250 0.625 0.250	£m 0.000 0.000 0.000 0.000	£m 0.000 1.250 0.625 0.150	£m 0.250 0.000 0.000 0.100
Process Efficiencies Management Structures Admin & Business Support Consolidation of Spend Carbon Reduction Initiatives	£m 0.250 1.250 0.625 0.250 0.250	£m 0.000 0.000 0.000 0.000 0.000	£m 0.000 1.250 0.625 0.150 0.000	£m 0.250 0.000 0.000 0.100 0.250
Process Efficiencies Management Structures Admin & Business Support Consolidation of Spend Carbon Reduction Initiatives	£m 0.250 1.250 0.625 0.250 0.250	£m 0.000 0.000 0.000 0.000 0.000	£m 0.000 1.250 0.625 0.150 0.000	£m 0.250 0.000 0.000 0.100 0.250
Process Efficiencies Management Structures Admin & Business Support Consolidation of Spend Carbon Reduction Initiatives	£m 0.250 1.250 0.625 0.250 0.250 2.625	£m 0.000 0.000 0.000 0.000 0.000	£m 0.000 1.250 0.625 0.150 0.000 2.025	£m 0.250 0.000 0.000 0.100 0.250 0.600

### **Budget Roundtable Discussion**

A roundtable discussion was hosted by the Council Leader with the Cabinet Member for Finance and Central Services on 7<sup>th</sup> June with invitations issued to the three recognised trades unions, the Community & Voluntary Sector Forum and the Opposition parties' leaders and finance spokespersons.

The objective of the meeting was to review the 2011/12 budget and to start an open and inclusive approach to the 2012/13 budget setting process. This report does not set out all of the issues raised in those discussions which included both some common views and some areas of genuine difference between contributors. As an example there was a consensus about the importance of the local authority ensuring adequate quality in external service provision through its procurement and contract monitoring processes, particularly in social care. However there were differences of views about the right balance between local authority direct service provision and the potential benefits from giving opportunities for other providers to deliver public services, in particular those from the community and voluntary sector and social enterprises.

A range of practical actions recommended for immediate approval by the Cabinet emerged from the meeting. They are set out below.

- (1) Strategic concerns were raised about the cumulative impact of a range of public service expenditure reductions on young people in the city and on those at risk of financial exclusion. It is proposed that the first issue will be considered as part of the Youth Review currently underway and the second as part of the development of a new Financial Inclusion strategy, including updated Equalities Impact Assessments in these areas.
  - Both of these pieces of work will be reported to Scrutiny in the autumn before decision making by Cabinet. One off resources of £0.500m was set aside in the 2011/12 budget to support the implementation of the Youth Review and £0.400m was set aside to support the Financial Inclusion work.
- (2) There was an important debate about the long term role of the council in its capacity as a Local Education Authority given changes to role and funding being implemented at a national level. These changes have important budget consequences as well as the overarching educational and policy ones. It is proposed that further consideration be given to this matter.
- (3) A number of specific concerns in relation to the council's 2011/12 budget were raised by the Leader and Cabinet Member for Finance & Central Services at this meeting and these and others have also been highlighted in other fora by various members of the Administration. It was recognised that in many areas including the Connexions service and Education Welfare Service, savings had already been fully implemented and that it was not practicable now given the overall financial position for these to be reversed.
- (4) It is recommended however that Brightstart Nursery remains open. There is sufficient funding in the 2011/12 budget to facilitate this.

- (5) It is also noted that options for the future of Castleham Supported Employment scheme are still being explored and again there is sufficient funding for this service to continue as is for 2011/12. Further consideration of the long term financial support required to both these service areas will be incorporated into the 2012/13 budget planning process.
- (6) It is proposed that further consideration be given to the future of day services for older people prior to the commencement of the planned consultation exercise which will be delayed until the autumn. There is sufficient funding in the 2011/12 budget to facilitate this further review.

Further budget roundtable discussions will be held on a similar basis as part of the planning process for the 2012/13 budget.

# **CABINET**

# Agenda Item 37

**Brighton & Hove City Council** 

Subject: Budget Update & Budget Process Report 2012/13

Date of Meeting: 14 July 2011

Report of: Director of Finance

Lead Member: Cabinet Member for Finance & Central Services

Contact Officer: Name: Mark Ireland Tel: 29-1240

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Key Decision: Yes Forward Plan No: CAB21117

Wards Affected: All

#### FOR GENERAL RELEASE

#### 1. SUMMARY AND POLICY CONTEXT:

- 1.1 This report sets out the financial context the Council is working in. It begins the process for preparing the 2012/13 budget and describes the basis and principles on which this will be planned, in particular in the context of indicative plans for 2013/14.
- 1.2 The process is designed to combine the city's intelligent commissioning approach and a continued focus on value for money. It includes a broader and more transparent approach to consultation and engagement and takes into account the equalities and sustainability implications of the council's financial and service plans.
- 1.3 The Medium Term Financial Strategy (MTFS) will be further updated in the autumn alongside the publication of the new Corporate Plan.

#### 2. RECOMMENDATIONS:

- 2.1 That Cabinet notes the resource and expenditure projections for 2012/13 to 2014/15 set out in table 3, paragraph 3.27.
- 2.2 That Cabinet instruct Directors and relevant Cabinet Members to produce options for working within a budget allocation over the next 2 years of -5%, -10% and 15% based on their 2011/12 adjusted budget as exemplified in appendix 1.
- 2.3 That Cabinet notes the resource projections for the capital investment programme as shown in appendix 2.
- 2.4 That Cabinet agrees the timetable for budget reports set out in paragraph 3.52.

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

#### 2011/12 Council Tax

3.1 There was a freeze in the overall council tax for residents of Brighton & Hove for 2011/12. The overall average across the country and for unitary councils was also a council tax freeze at 0%. The level of council tax at band D remains significantly lower than most other councils in Sussex.

# **Capping Announcement**

3.2 The Secretary of State for Communities and Local Government Eric Pickles announced on 23 March that following the 100 percent response to the freeze by eligible authorities, no further capping action was required in 2011/12. The capping criteria previously announced included the allowable council tax increase for 2011/12 being no more than 3.5%. The capping limit for 2012/13 will be announced by the Secretary of State in late November or early December as part of the provisional Local Government Finance Settlement. With inflation levels likely to be above 4% in the autumn it is unlikely that the allowable council tax increase for next year will be lower than this year.

#### 2010/11 Outturn

3.3 The 2010/11 provisional outturn was presented to Cabinet on 9<sup>th</sup> June 2011 and showed an underspend of £2.560m. The Budget report to Budget Council in March included an estimated underspend of £1.597m including the reversal of the provision for S117 Mental Health Act which is no longer required. The additional £0.963m resources will be transferred to general reserves which leaves a total unallocated general reserves balance of £1.243m at the start of the current financial year.

# 2011/12 Budget Position

3.4 A high level forecast of the likely level of spending at the end of this financial year based on spending patterns in the first 2 months of the year is shown in a report elsewhere on this agenda. It shows an overall projected overspend for council controlled budgets of £0.941m. This assumes the delivery of the majority of the extensive Value for Money programme and the use of £1.5m risk provisions on a one off basis. Service areas that are overspending are required to develop financial recovery plans so that a break even position is achieved. However there are unallocated general reserves set out later in this report in table 2 that are available to fund any overspend.

# Medium Term Financial Strategy 2012/13 - 2014/15

#### Resources

#### Local Government Resource Review

3.5 The Government published terms of reference for the review in March 2011 with the primary objectives being to give local authorities greater financial autonomy and strengthen incentives to support local economic growth. Currently there is no

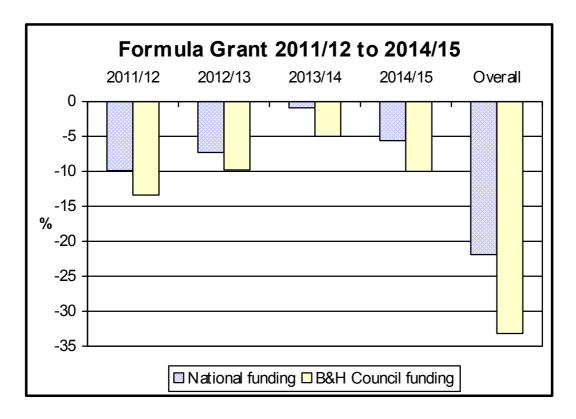
connection whatsoever between the business rates collected locally and the business rates funded proportion of Formula Grant. Proposals are being developed by the Department for Communities & Local Government which will allow councils to keep some or all of their business rate income collected locally. Councils will also get to keep increases in local business rates over and above inflation but see reductions in their resources if business rates fall. Local authority areas with a growing economy and increasing number of business premises have potentially most to gain from these proposals. The Government appears to be extremely keen to make changes and has an ambitious target of 1 April 2013 for the introduction of a new system.

3.6 Local government finance is extremely complicated and making changes of this fundamental nature is not easy and can create many unintended consequences. Officers are closely monitoring progress on the proposals and keeping the crossparty Members Budget Review Group informed of the latest developments. The work undertaken so far has thrown up many unanswered questions which makes assessing the impact on the future resource position of the council difficult to ascertain. However, any localisation of business rates will give the council significant new risks to manage as the income from business rates is quite volatile and provide some different financial incentives to take into account when the council is making decisions on business developments within the city.

#### Formula Grant

- 3.7 Whilst the Spending Review last year set out Government spending plan totals for 4 years the Government only announced a 2 year Local Government Finance Settlement covering 2011/12 and 2012/13. Although the 2012/13 figures are provisional there are currently no indications that there will be any significant changes when the 2012/13 settlement is announced at the end of November or beginning of December 2011. However, the way the Government reduced the 2011/12 settlement and proposes to reduce the 2012/13 settlement to reflect the growing number of academies is being challenged by a group of councils in the Courts and a hearing is expected in September.
- 3.8 Another 2 year settlement is likely to be announced in November or December 2012 for 2013/14 and 2014/15 taking into account any changes resulting from the Local Government Resource Review. These changes could have a significant impact on resource distribution so grant forecasts for these years are very provisional at this stage.
- 3.9 Major changes made to the grant distribution formula in 2003/04 and subsequent years resulted in the council being protected from the full scale of grant losses generated by those changes by a grant floor. The grant floor is set by the Government each year and represents the minimum increase or maximum decrease in grant any local authority can experience in any year. The council will receive £11million floor grant in 2012/13 and future forecasts assume that the council will continue to receive below national average grant settlements as floor grant protection declines. The Government have also said that future allocations of funding for the New Homes Bonus (see paragraph 3.19 for details) will be top-sliced from the resources allocated in the Spending Review to Formula Grant. The forecasts for the council have been reduced to reflect the possible impact of the top-slicing.

3.10 The following chart compares the average national Formula Grant changes set out in the Spending Review with the actual Formula Grant for 2011/12, the provisional settlement for 2012/13 and the forecasts for 2013/14 and 2014/15 for the council.



3.11 Formula Grant is expected to be £101million for the council in 2012/13 a reduction of £11million over the current year. Over the Spending Review period Formula Grant for Brighton & Hove is forecast to fall in cash terms by approximately one third or £43million.

# Specific Grants

- 3.12 The Local Government Finance Settlement for 2011/12 and 2012/13 swept away many of the specific grants the council previously received and relaxed the controls on nearly all the grants the council now receives by making them 'unringfenced'.
- 3.13 Unringfenced means there are no specific terms or controls that limit how the council can spend the grant and this allows the council the flexibility to reallocate funding according to local priorities and maximise outcomes. This means these grants are a general resource to the council in the same way formula grant is.
- 3.14 Therefore there is no requirement to account for these unringfenced grants discreetly; it also means there is no need to differentiate spending/commissioning decisions in services based on whether it is core funded or funded from an unringfenced grant.
- 3.15 For budget setting from 2012/13 it is proposed to 'gross up' service budgets for unringfenced grants based on their 2011/12 allocations which effectively makes the resource core funding and account for these grants as a corporate income budget. This means services can plan their resources more effectively not just

focus on the areas previously funded by that grant, whilst any fluctuations in these grants form part of the overall savings target. Although the Government has removed ringfencing consideration will be given during the budget process to protecting funding for certain services based on local priorities.

3.16 The following table shows the unringfenced grants that will be treated as core funding in the future.

Table1 – Unringfenced Grants	2011/12 allocation £'000
Early Intervention Grant	10,707
Learning Disability and Health Reform Grant	6,564
Housing Benefit and Council Tax Benefit Admin	3,258
Local Services Support Grant : -	
- Preventing Homelessness	1,300
- Community Safety	283
- Extended Rights for free Travel	213
- Lead Local Flood Grant	141
Work Choice	120
Drug Intervention Programme	280
Music Grant	385
Total	23,251
Unringfenced grants already held corporately	
Council Tax freeze grant	2,995
New Homes Bonus	596
Overall Total	26,842

3.17 Certain grants remain ringfenced such as Dedicated Schools Grant (DSG) and Pupil Premium; other grants are based on demonstrating spend to claim grant such as Housing Benefit or asylum seekers. There are no proposals to change the way these grants are managed.

#### Schools Funding

3.18 Schools funding can only be spent on schools related expenditure. In the Spending Review schools funding was protected with DSG and funding for the new Pupil Premium rising by 0.1% per annum in real terms (i.e. after allowing for inflation) over the period of the Spending Review at a national level. The Department for Education are continuing to consult on the changes to the way the national funding pot is distributed including the introduction of a national funding formula to replace locally agreed formulae. The next stage of consultation is expected in the summer. Changes to the distribution mechanisms will create winners and losers both at the local authority and individual school levels but it is too early to tell how schools within Brighton & Hove might be affected.

#### **New Homes Bonus**

3.19 The Government introduced the New Homes Bonus last year as a funding incentive for local authorities to facilitate the creation of new homes in their area. The council will receive approximately £0.6m per annum for 6 years from the first tranche. Allocations of this funding were agreed at Budget Council on the 3 March 2011. Using the same calculation and the data available from the council tax register to the end of May the council could receive a further £0.2m per annum for 6 years starting in 2012/13. This forecast will change as data on the register changes until October when the data is submitted to the Government who will announce initial funding allocations for 2012/13 in December. The forecast new allocation has not been built into the overall resource allocations contained in this report at this stage.

# Fees and Charges

3.20 Fees and charges are assumed to increase by a standard inflation of 2% each year. Details of fees and charges for 2012/13 will be presented to the relevant Cabinet Member Meetings and onto Council, where appropriate, prior to Budget Council. In addition, an overarching review of fees and charges will be undertaken prior to Budget Council to ensure there is no cumulative impact of proposed changes to fees and charges on vulnerable groups.

# Council Tax Strategy, Tax Base and the Collection Fund

- 3.21 The Collection Fund, the account into which all council tax and council tax benefit is paid, was forecast to breakeven at 31<sup>st</sup> March 2011. The actual position when the 2010/11 accounts were closed was a deficit of £0.215m which related to shortfall in the liability raised and the main reason for this was the increased level of student exemption awarded during the final 3 months being higher than anticipated. The city council share of the deficit is £0.183m and this, along with the forecast for the current year which will be finalised in January 2012, will need to be factored into the 2012/13 budget. The Collection Fund position is monitored monthly and projections are included in the regular TBM reports to Cabinet. The council's share of the in year forecast deficit is £0.9m which largely arises from increased numbers of exemptions and discounts.
- 3.22 The growth in properties as a result of new property developments is expected to be offset by a continuing growth in the number of properties occupied solely by students and therefore exempt from paying council tax. So the assumption that the taxbase will not increase beyond 2011/12 will be maintained. Further work will be undertaken to establish whether the increase in exemptions and discounts in the current year is a temporary or permanent phenomenon. At this stage the forecast tax base has not been reduced but the budget strategy will need to be flexible enough to cope with possible resource reductions should they be identified later in the year.
- 3.23 The future resource estimates in the budget papers agreed at Full Council in March were based on a council tax increase of 2.5%. The indicative council tax strategy in this report assumes increases of 3.5% for the next 3 years but it will be up to all Members at Budget Council in March 2012 to agree the final level of the council tax.

### General reserves position and working balance

- 3.24 The working balance is currently £9m and is planned to remain at this level over the next 3 years. The following table shows the projected general reserves position to 31<sup>st</sup> March 2012 assuming spending is in line with budget projections for 2011/12 shown in the TBM report and all risk provisions are allocated to support each year's budget.
- 3.25 The biennial actuarial review of the Insurance Fund has been recently completed. The fund needs to be set at a level the covers potential future successful claims. Officers have met with the Actuary to closely review all the provisions made for different types of claims and have agreed that based on the most recent data the fund should be set at just over £6.1m a reduction of £0.88m on the current level.
- 3.26 The table includes the potential Collection Fund deficit which is highlighted in paragraph 3.21 of this report and details of which are given in the TBM 2 report elsewhere on this agenda.

Table 2 - General Reserves	2011/12
	£'000
Unallocated general reserves	1,243
TBM2 forecast overspend	-941
Resources released from the Insurance Fund	879
Resources needed to cover the council's share of:	
Actual Collection Fund deficit in 2010/11	-183
Forecast Collection Fund deficit for 2011/12	-921
Forecast balance at 31 March 2012	77

# **Budget Estimates and Budget Process**

# MTFS summary expenditure estimates

3.27 The following table shows the budget estimates for 2012/13 to 2014/15.

Table 3 - Budget Estimates	2012/13	2013/14	2014/15
	£m	£m	£m
Base Budget	231.7	225.4	224.6
Inflation	2.9	4.9	4.9
New Risk Provision	0.5	0.5	0.5
Commitments	-1.9	-1.0	-0.2
Non achievable function & funding	0.5	0.0	0.0
changes (academies & private sewers)			
Service pressures - General	7.5	7.5	7.5
Service pressures - Specific grants	0.3	0.5	0.5
Service pressure - Carbon Allowances	0.1	0.3	0
Service pressures - Council Tax Benefit	0.0	2.6	0.0
Full year effect of 2011/12 savings	-3.9	0.0	0.0
Savings	-16.3	-17.2	-18.3
Sub-Total	221.4	223.5	219.5
Change in contribution to / from	4.0	1.1	0.0

reserves			
Budget Requirement	225.4	224.6	219.5
Funding Projections:			
Formula Grant	101.4	96.3	86.7
Council Tax	124.0	128.3	132.8
Total	225.4	224.6	219.5

### Pay and Inflation assumptions

- 3.28 The Government have announced a 2 year pay freeze for the public sector for 2011/12 and 2012/13. The budget estimates for 2012/13 include a risk provision for pay related matters equivalent to a 0.5% increase. The assumed pay award for 2013/14 and 2014/15 is 2% per annum.
- 3.29 The Government has set out proposals to increase the employee pension contributions by 3% on average phased in over a 3 year period although these proposals are subject to further negotiations with the trade unions. For the purpose of this report it has been assumed that any consequent reduction in employer contribution rates when the Pension Fund is next subject to actuarial review will be wholly offset by further grant reductions so the changes would be cost neutral for the council.
- 3.30 The provision for general inflation on both expenditure and income is 2% per annum. Compared to current levels of inflation in the economy this is low but inflation is expected to decrease later this year. Some budgets such as fuel and energy have been extremely volatile in recent times. The potential increase in energy costs above 2% inflation for the general fund has been included within the £7.5m overall provision for service pressures. Gas prices are projected to increase by 20% and the 100kw+ electricity sites by 15%. Electricity sites using below 100kw are on a fixed rate until April 2013. This pressure equates to approximately £0.41m for the general fund £0.25m for schools and £0.12m for the HRA.

#### Commitments and the Risk Provision

- 3.31 The 2011/12 budget includes recurrent risk provisions of £2m and one off risk provisions of £1.2m. Any of these resources that are not required to support the 2011/12 budget will become available to support the 2012/13 budget. In addition the 2011/12 budget included a 1% salary inflation assumption based on 0.5% for increased employer national insurance contributions and 0.5% for other pay related matters.
- 3.32 A general risk provision of £0.5m per annum is incorporated into the budget projections to cover uncertainties within the budget. A number of commitments have been included to cover the planned changes in budgets from previous decisions. In 2012/13 these include the planned 0.4% increase to employer pension contributions and reinvestment of NHS social care funding which are more than off-set by anticipated reductions in the financing costs budget and reversal of one off allocations within the 2011/12 budget.

# Single Status (Back pay & future pay)

- 3.33 Single Status Pay & Grading Structure was implemented in January 2010 which was supported by revenue funding of £1.63m to cover the ongoing financial implications. Over the next 3 to 4 years there will be an incremental drift pressure of approximately £0.6m in total as staff who received an increase in grade progress through their new pay banding. This pressure will be met within services' allocated budgets.
- 3.34 The Single Status Reserve, held to meet potential equal pay risks, stands at £5.75m as at 31 March 2011. The balance has reduced following settlement of residual equal pay claims in 2010/11 and the transfer of £3.5m to the restructure and redundancy reserve to cover costs associated with the 2011/12 budget savings package as approved by Full Council in March 2011. A further £1.5m was transferred out of the reserve to resolve pay-related matters in respect of non-teaching staff in Voluntary Aided Schools as agreed by Cabinet in April 2010. There remain a number of residual equal pay risks that may require the utilisation of one-off resources and these would be funded from the Single Status Reserve.

#### Service Pressures

- 3.35 The budget estimates for 2012/13 assume demographic growth and other service pressures of £7.5m, potential specific grant reductions of £0.3m and additional costs for the purchase of allowances through the Carbon Reduction Commitment of £0.1m.
- 3.36 Commissioners working with Heads of Delivery and Resource and Finance units have been asked for early indications of anticipated demographic, demand and other cost pressures and income shortfalls to support the allocation of the £7.5m funding. The following assumptions have made at this stage:

  Demographic and demand pressures (£5.4m): of which £2.5m for growth in numbers of clients in Adult Social care, in particular those with learning disabilities and physical disabilities and accessing mental health services. A further £2.5m pressure has been assumed for Children's services, which includes growth in independent foster and residential agency placements, in house placements and associated legal costs.

There is also assumed to be a continuation of the demand on travellers' services seen over recent years and on support provided by the Community Safety partnership (£0.4m).

Income shortfalls (£0.8m): there is assumed to be continued pressure on income from Penalty Charge Notices (PCN) due to the successful enforcement strategy, and continued risks on commercial property and service areas dependent on advertising revenue.

Legislative and compliance risk (£0.55m): some additional costs associated with the Localism Bill are anticipated and there are ongoing issues around ICT licensing and rising insurance costs.

The provision for increased energy costs has also been included in the £7.5m. While there are other cost pressures being faced by services it is assumed that these will be identified and managed within their overall resource base. £0.35m has also been retained centrally for distribution at a later stage when there is greater certainty of these figures.

3.37 Demographic and other service pressure funding of £7.5m has been included in the budget estimates for 2013/14, however indicative allocations have not been made at this stage as it is too early to predict where pressures would arise with certainty.

# **Budget Principles and Savings**

- 3.38 All service areas are being asked to produce options for working within a budget allocation over the next 2 years of -5%, -10% and -15% based on their 2011/12 adjusted budget and these are exemplified in appendix 1. It is expected that these plans cover both 2012/13 and 2013/14 in order to ensure that decision making is for the medium term, not just the short term. The intention is for Full Council to agree a budget for 2012/13 in the light of indicative plans for 2013/14.
- 3.39 This will also enable consideration to be given to allowing longer lead in times for delivery of savings in some areas if this would result in better long term outcomes.
- 3.40 These options would take into account not just options for reducing expenditure, but also for managing growth in service demand and exploring opportunities for generating additional income. Intelligent commissioning will be a core part of this thought process, ensuring that needs are properly understood and resources prioritised, to deliver the intended outcomes. This will help drive improved financial planning across service and organisational boundaries. There will also be a continued focus on improving value for money, both through the existing VFM programme and also identifying potential further opportunities.
- 3.41 The budget principles on which those options will be developed are:
  - \* To prioritise services for the young, elderly and vulnerable
  - \* To promote efficient use of public money
  - \* To support partnership working with public, private and third sector organisations
- 3.42 This process will produce a wide range of options, allowing greater public debate and scrutiny about what the challenges and choices are. The process is deliberately designed not to pre-judge the outcomes. Opportunities will arise to consider how the funding available for service pressures and the risk provisions in the budget will be best deployed to achieve a robust and deliverable budget.
- 3.43 Devolving aspects of budget decision making to local neighbourhoods will be a key consideration of any further decisions made. Both national legislative changes and local priorities offer new ways of ensuring local communities and communities of interest can play a significant role in making decisions that affect them.

# Value For Money Programme

3.44 The TBM month 2 report included on this agenda provides an update on the value for money (VFM) programme for 2011/12. Projections of gains through the programme will support services in managing the pressures identified and in meeting their savings targets.

# **Central Budgets**

# Financing Costs

- 3.45 No changes have been made to the forecasts contained within the 2011/12 budget report however, there is an increased risk that interest rates could remain at very low levels for longer than anticipated. Officers are looking at investment and borrowing strategies to minimise the adverse impact on the future financing costs budget whilst meeting agreed credit risk parameters given continuing high levels of uncertainty in the international financial markets.
- 3.46 Any impact from Government changes to Housing Finance will be reported later in the year once greater detail of the proposals is known.

# Concessionary Fares Budget

3.47 In June Cabinet agreed to the council entering into fixed deal agreements in 2011/12 with the key bus operators which led to more certainty on concessionary fares expenditure. The reduction of £0.4m has been reflected in the budget forecasts for future years and it is possible that further savings can be made if inflation (as measured by the Retail Price Index excluding mortgage repayments) is less than 5%.

#### Insurance Premia

3.48 Most of the insurance portfolio will be retendered during this year with new premia payments being paid from 1 April 2012. The level of those payments will depend both on the prevailing state of the insurance market and the claims history of the council. The insurance market is more expensive than 4 years ago when the portfolio was last tendered and although the council has not experienced an increase in the number of claims the average cost of those claims, in particular the legal costs element, has significantly increased. It is extremely difficult to predict what impact these issues will have on overall insurance costs but the projections allow for an increase of about 10%. It is hoped that negotiations will have been concluded in time for budget setting in February. Officers will continue to look at options to create greater value for money by varying levels of cover although most of these have now been fully explored.

# Capital Programme 2012/13

- 3.49 The projected capital programme and resources are included in the table in appendix 2. Grant funding is provided to the council as a Single Capital Pot and with the exception of Devolved Schools Grant these can be reprioritised as the Council sees fit. Unringfenced government grants for education, transport, health and disabled facilities are projected to be £13.8m in 2012/13 but are subject to confirmation from the Government in December 2011.
- 3.50 Capital receipts support the capital programme and the projections have been reviewed over a 3 year period and include receipts from the sale of Patcham Court Farm, the former ice rink in Queens Square, the Charter Hotel, Patcham Place and the Amex building.

3.51 The overall approach to capital investment, oversight and management is currently under review in the light of the availability of capital resources to ensure that they are used as efficiently and effectively as possible.

## **Timetable**

3.52 Timetable for budget papers. This timetable does not include detailed plans for ongoing consultation with stakeholders and this will be determined in conjunction with those involved.

Table 4 - Propos	sed 2012/13 Budget Timetable	1
Date	Meeting	Papers / Activities
22 <sup>nd</sup> September	Cabinet	Corporate Plan & Medium Term Financial Strategy Month 4 Forecasts of 2011/12 budget position Public Consultation begins
October / November		Star Chamber process
End November / beginning December		Provisional 2012/13 Local Government Finance Settlement
8 <sup>th</sup> December	Cabinet	Budget update and savings package Scrutiny process begins
19 <sup>th</sup> Jan 2012	Cabinet	Tax base report
9 <sup>th</sup> Feb 2012	Cabinet	Month 9 Forecasts of 2011/12 budget position General Fund Revenue 2012/13 Budget Housing Revenue Account Budget
27 <sup>th</sup> Feb 2012	Budget Council	Capital Programme

# 4. CONSULTATION

4.1 The magnitude of the savings required over the coming years requires the council to plan and consult well in advance and therefore the consultation process will look at proposals for the next 2 years. It is intended that there will be wide and open consultation on the budget based on best practice used elsewhere in the country. Advice has already been sought from the Local Government Association and officers have been investigating other consultation methods and models such as budget simulators, focus groups and online surveys.

- 4.2 The consultation process will involve:
  - public consultation in September/October through a process to be agreed by all political parties;
  - Scrutiny both early in the process on particular issues and in considering published proposals in December / January;
  - cross-party review and challenge of the options as they are developed (a "star chamber" process);
  - consultation with business rate payers;
  - roundtable discussions involving all political parties, recognised trades unions and the Community and Voluntary Sector Forum
  - formal and informal consultation with Trades Unions and with staff affected
  - formal consultation with service users as needed
- 4.3 In addition plans will be developed for moving beyond the immediate public consultation in the short term to more participative budget setting processes in the future.

# 5 FINANCIAL & OTHER IMPLICATIONS:

# Financial Implications:

5.1 These are contained in the main body of the report.

Finance Officer Consulted: Mark Ireland Date: 30/06/11

# <u>Legal Implications:</u>

5.2 The process of formulating a plan or strategy for the control of the council's borrowing, investments or capital expenditure, or for determining the authority's minimum revenue position is an executive function and thus falls to the Cabinet to discharge. The recommendations at paragraph 2 above are proper to be considered and, if appropriate, approved by the Cabinet.

Lawyer Consulted: Oliver Dixon Date: 30/06/11

# **Equalities Implications:**

5.3 Significant improvements were made in 2011/12 to the process of considering the Equalities Impact of the Budget process and these will be further developed in 2012/13. In particular the full detail of Equality Impact Assessments will be published alongside the papers for Scrutiny rather then them being available only on the council's website. In addition where possible and proportionate to the decision being taken, consideration will be given to the cumulative impact of the council's decision making on individuals and groups affected in the light of reductions in public expenditure by other bodies.

# **Sustainability Implications:**

5.4 It is intended to report on carbon budgets alongside the overall financial budget for the council. There are a number of options available for doing this which are currently being explored.

# **Crime & Disorder Implications:**

5.5 The crime and disorder implications of savings and service proposals will be set out in future budget reports.

# Risk & Opportunity Management Implications:

5.6 There are considerable risks to the council's short and medium term budget strategy including the impact of the economic conditions and changes in the national budget, spending exceeding budgets, pressures on existing budgets, further reductions in grant, legislative change demands for new spend. The budget process includes the recognition of these risks in determining the 2012/13 budget.

# Corporate / Citywide Implications:

5.7 The report is relevant to the whole of the city.

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

6.1 The budget process allows all parties to put forward viable budget amendments and council tax proposals to Budget Council on 27<sup>th</sup> February 2012. Budget Council has the opportunity to debate both the proposals put forward by Cabinet at the same time as any viable alternative proposals.

# 7 REASONS FOR REPORT RECOMMENDATIONS

7.1 The council is under a statutory duty to set its council tax and budget before 11 March each year. This report sets out the budget assumptions, process and timetable to meet this statutory duty.

# **SUPPORTING DOCUMENTATION**

## Appendices:

- Budget estimates and savings targets
- 2. Projected Capital Investment Programme

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

None

# **Background Documents**

- 1. Files held within Strategic Finance and Financial Services
- 2. Government Budget Report
- 3. Brighton & Hove City Council Budget report, March 2011

# Adjusted Budget and Savings Targets to cover 2012/13 and 2013/14

2012/13	People £'000	Place £'000	Communities £'000	Resources £'000	Corporate Budgets £'000	VFM savings to be distributed £'000	Grand Total £'000
A diviste of Perso 2011/10 /in alluding	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000	£ 000
Adjusted Base 2011/12 (including commitments)	125,485	47,974	15,580	28,463	20,484	(3,634)	234,352
Service Pressures - known FYE of 2011/12 savings	409 (427)	110 (155)	(80)	(144)	329	(3,125)	848
Unringfenced Grants	17,799	1,610	510	3,332	(23,251)	(3,123)	(3,931) 0
Total Adjusted 2011/12 Budget	143,266	49,539	16,010	31,651	(2,438)	(6,759)	231,269
Inflation 1 & 2	1,620	307	36	20	989	(58)	2,914
Indicative Service Pressures	5,000	450	300	750	1,000	, ,	7,500
Projected 2012/13 Spend	149,886	50,296	16,346	32,421	(449)	(6,817)	241,683
2012/13 Savings Target Based on a 3.5% Council Tax increase							(16,306)
Net Budget 2012/13							225,377

2013/14 Savings Target	(17,223)
Total savings target 2012/13 and	
2013/14	(33,529)

Savings targets for 2012/13 and 2013/14 combined	People	Place	Communities	Resources	Corporate Budgets	Procurement VFM savings to be distributed	Grand Total
Reduction in projected 2012/13 spend	-5.0%	-5.0%	-5.0%	-5.0%			
Total Savings (£'000)	(7,494)	(2,515)	(817)	(1,621)	(400)	(1,341)	(14,188)
Reduction in projected 2012/13 spend	-10.0%	-10.0%	-10.0%	-10.0%			
Total Savings (£'000)	(14,989)	(5,030)	(1,635)	(3,242)	(400)	(1,341)	(26,637)
Reduction in projected 2012/13 spend	-15.0%	-15.0%	-15.0%	-15.0%			
Total Savings (£'000)	(22,483)	(7,544)	(2,452)	(4,863)	(400)	(1,341)	(39,083)

# **Projected Capital Investment Programme**

Capital Programme	2012/13 £'000	2013/14 £'000	2014/15 £'000
Communities	416	0	0
People	8,971	7,942	7,399
Place	29,803	24,853	24,807
Resources	3,500	3,500	3,500
Total	42,690	36,295	35,706

Resources	£'000	£'000	£'000
Council Borrowing	7,415	1,500	1,500
Government Capital Grants	22,405	21,335	22,058
Capital Receipts & Reserves	9,383	9,993	8,728
Direct Revenue Funding	3,487	3,467	3,420
Total	42,690	36,295	35,706

# **Capital Receipts**

The capital programme in future years relies on certain receipts being generated over the 3 year period. If these do not materialise then the capital expenditure plans will need to be reviewed or alternative sources of funding identified. The capital investment plans for the HRA assume capital receipts generated through the LDV and these have been included within the 3 year projections.

# **Capital Grants**

Capital grants were announced as part of the 4 year settlement but there is no certainty over the level of grants from 2012/13 onwards. Indicative figures have been supplied by the government for transport for the next three years whereas grants for education have not been released and have been projected to fall by 10% each year.

# **Borrowing**

The council undertakes borrowing to finance capital expenditure plans. This includes continued annual investment in social services buildings, replacement of vehicles and plant and investment to support the HRA capital programme.

# Corporate Investment Funds

The table above includes the projected resources available to the Strategic Investment, Asset Management and ICT funds.

# **CABINET**

# Agenda Item 38

**Brighton & Hove City Council** 

Subject: Treasury Management Policy Statement

(incorporating the Annual Investment Strategy)

2010/11 - End of year review

Date of Meeting: 14 July 2011

Report of: Director of Finance

Lead Member: Cabinet Member for Finance & Central Services

Contact Officer: Name: Peter Sargent Tel: 29-1241

E-mail: peter.sargent@brighton-hove.gov.uk

Key Decision: No Wards Affected: All

#### FOR GENERAL RELEASE

# 1. SUMMARY AND POLICY CONTEXT:

- 1.1 The Treasury Management Policy Statement (TMPS) and the Treasury Management Practices (including the schedules) for the year 2010/11 were approved by Cabinet on 11 March 2010. The TMPS sets out the key role for treasury management, whilst the practices and schedules set out the annual targets for treasury management and the methods by which these targets shall be met.
- 1.2 The TMPS includes an annual investment strategy, which sets out the key investment parameters for council cash funds. Full Council approved the investment strategy on 18 March 2010.
- 1.3 The purpose of this report is to advise of the action taken during the second half of the financial year 2010/2011 on the TMPS, including the investment strategy (the action for the first half year was reported to Cabinet on 11 November 2010).

# 2. RECOMMENDATIONS:

- 2.1 That Cabinet endorses the action taken during the second half year to meet the treasury management policy statement and practices (including the annual investment strategy).
- 2.2 That Cabinet notes the maximum indicator for risk agreed at 0.05% has not been exceeded.
- 2.3 That Cabinet notes the authorised limit and operational boundary set by the Council have not been exceeded.

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

## **Overview of markets**

3.1 An overview of the market is set out in Appendix 1 to this report. The headline news during the half-year has seen the Bank of England leave the official Bank Rate and quantitative easing programme unchanged, inflation (as measured by the consumer prices index) remaining above the target range and financial difficulties within the Euro area a cause for concern.

# **Treasury Management Strategy**

- 3.2 A summary of the action taken in the period October 2010 to March 2011 is provided in Appendix 2 to this report. The main points are:
  - two flexible loans totalling £20m agreed in early 2010 became "live" with the cash being received in February 2011
  - a long-term loan valued at £15m was repaid on 1<sup>st</sup> March 2011
  - the level of investments made by the in-house treasury team totalled £32.6m as at 31<sup>st</sup> March 2011, a decrease of £6.9m during the half-year
  - the return on investments has exceeded the benchmark rate for both in-house investments and those undertaken by the cash manager
  - the two borrowing limits approved by the Council the authorised limit and operational boundary have not been exceeded.
- 3.3 The council continues to promote its' ethical investment statement with institutions within which it deposits money. Investment counterparties are advised of the following statement each and every time a deposit is placed with them:
  - "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."
- 3.4 With effect from April 2010 the council was commissioned by South Downs National Park Authority to provide a range of financial services, including treasury management. In terms of treasury management the Director of Finance advises on the management of risk, has developed an investment strategy and undertakes day-to-day as well as strategic treasury decisions.

# Budget v Outturn 2010/11

3.5 The following table summarises the performance on investments compared with the budgeted position and benchmark.

	In-house investments  Aver bal		Cash manager investments (net of fees)	
			Aver bal	Aver rate
Budget 2010/11	£17.7m	1.28%	£24.0m	1.38%
Actual	£47.2m	0.66%	£24.2m	1.05%
Benchmark rate (i.e. average market rate)	-	0.43%	-	0.43%

3.6 There was a marginal overspend on the financing costs budget of circa £26k in 2010/11. The following table (before adjusting for principal repayments and interest on PFI projects) summarises the areas of variance.

Budget 2010/11		£10.510m
Treasury management activity		
<ul> <li>Reduction in the cost of borrowing</li> </ul>	-£0.059m	
<ul> <li>Higher investment income</li> </ul>	-£0.043m	-£0.102m
Other changes not directed related to treasury		+£0.128m
management activity (e.g. reduction in interest		
payable on interest reserves & provisions)		
Actual 2010/11		£10.536m

# Summary of treasury activity October 2010 to March 2011

3.7 The table below summarises the treasury activity in the half-year to March 2011 with the corresponding period in the previous two years.

	Oct 08 to	Oct 09 to	Oct 10 to
	Mar 09	Mar 10	Mar 11
Long-term borrowing raised	£3.0m	£15.0m	£20.0m
Long-term borrowing repaid	(£47.0m)	-	(£15.0m)
Short-term borrowing raised	£21.4m	£138.0m	-
Short-term borrowing repaid	(£21.4m)	(£119.4m)	-
Investments made	£318.9m	£230.0m	£340.4m
Investments maturing	(£408.6m)	(£228.0m)	(£347.3m)

3.8 The following table summarises how the day-to-day cash flows in the second half-year have been funded compared to the same period in the previous two years.

	Oct 08 to	Oct 09 to	Oct 10 to
	Mar 09	Mar 10	Mar 11
Cash flow shortage	(£46.0m)	(£31.6m)	(£11.9m)
Increase / (decrease) in long-term borrowing	(£44.0m)	£15.0m	£5.0m
Increase / (decrease) in short-term borrowing	-	£18.6m	-
Decrease / (increase) in investments	£89.7m	(£2.0m)	£6.9m
Decrease / (increase) in bank balance	£0.3m	-	-

#### Interest rate risk

- 3.9 Cabinet has previously been advised the policy of repaying debt (to reduce investment risk) left the council exposed to the risk of long-term interest rates rising. To protect against this risk three loans were entered into whereby the terms were agreed in advance of cash being received.
- 3.10 Following the Chancellor's announcement on the Spending Review in October 2010 HM Treasury instructed the Public Works Loan Board (PWLB) to increase the average interest rate on all loans raised from 21<sup>st</sup> October. The impact on PWLB rates was an immediate increase across all periods, for example

Period (maturity loans)	20 <sup>th</sup> Oct 2010	21 <sup>st</sup> Oct 2010	Increase
10 years	3.22%	4.08%	+0.86%
20 years	4.08%	4.93%	+0.85%
50 years	4.26%	5.09%	+0.83%

Source: PWLB

- 3.11 The decision to borrow in advance has partially mitigated the increase in cost of borrowing PWLB funds.
- 3.12 During the half-year two of these loans totalling £20m were received. The average cost of these loans is 4.21% and the average period to maturity is 49 years. Details of the loans are set out in Appendix 2.

# Security of investments

3.13 A summary of investments made by the in-house treasury team and outstanding as at 31 March 2011 is tabled below. The table shows that investments continue to be held in high quality, short-term instruments.

AA institutions	£6.2m	19%
A institutions	£9.9m	30%
AAA rated money market funds	£16.5m	51%
	£32.6m	100%
Period – less than one month	£24.0m	74%
Period – over one month and less than three months	£6.2m	19%
Period – over three months and less than six months	£2.4m	7%
	£32.6m	100%

## Risk

3.14 As part of the investment strategy for 2010/11 the Council agreed a maximum risk indicator of 0.05%. The indicator is a simple target that measures the risk within the investment portfolio based on counterparty risk and length of investment. The indicator is consistent with the investment parameters set out in the investment strategy.

3.15 The following table summarises the indicator at the mid-point of each month in the half-year period and confirms investments have been made in high quality counterparties

	Mid month								
	Oct 10	Oct 10 Nov 10 Dec 10 Jan 11 Feb 11 Mar 11							
Maximum risk indicator	0.050%	0.050%	0.050%	0.050%	0.050%	0.050%			
Risk indicator	0.004%	0.003%	0.005%	0.004%	0.003%	0.002%			

## 4. CONSULTATION

4.1 The council's external treasury advisor has contributed to this report.

## 5. FINANCIAL & OTHER IMPLICATIONS

# Financial Implications:

- 5.1 The financial implications arising from the action taken under the TMPS are included in Financing Costs. Details of the 2010/11 outturn for financing costs are included under Section 3.6 above.
- 5.2 Cabinet agreed at it's meeting in November 2008 to earmark an underspend on Financing Costs to offset the lower investment returns projected over a three year period. As part of the 2011/12 General Fund Budget the reserve was reviewed and, based on projections that indicated the reserve is not expected to be required beyond 2012/13, the sum of £118k was released back to General Reserves. At 31 March 2011 the reserve stood at £1.077million. This reserve will be kept under review and any changes reported back to Cabinet.

Finance Officer consulted: Peter Sargent Date: 24/06/11

# Legal Implications:

- 5.3 The TMPS and action under it must be in accordance with Part I of the Local Government Act 2003 and regulations issued thereunder. Relevant guidance also needs to be taken into account.
- 5.4 This report is for information purposes only and as such it is not considered that anyone's rights under the Human Rights Act will be adversely affected by it.

Lawyer consulted: Abraham Ghebre-Ghiorgis Date: 24/06/11

# Equalities Implications:

5.5 No equalities impact assessment is required for this report.

# Sustainability Implications:

5.6 None arising from this report.

# **Crime & Disorder Implications:**

5.7 None arising from this report.

# Risk and Opportunity Management Implications:

- 5.8 Action taken in the six months to March 2011 is consistent with the risks identified within the TMPS and associated schedules.
- 5.9 In February 2011 the council's Head of Internal Audit & Business Risk undertook an audit of the treasury management function. The audit concluded that "substantial assurance" is provided on the effectiveness of the control framework operating and mitigation of risks for treasury management meaning that effective controls are in place to manage the key risks to the system/service.

# Corporate / Citywide Implications:

5.10 None arising from this report.

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

6.1 This report sets out action taken in the six months to March 2011. No alternative options are therefore considered necessary.

## 7. REASONS FOR REPORT RECOMMENDATIONS

7.1 Treasury management is governed by a code that is recognised as 'best and proper practice' under the Local Government Act 2003. The Code requires a minimum of two reports per year, one of which is a report looking back at the closing year. This report fulfils this requirement.

# SUPPORTING DOCUMENTATION

# **Appendices:**

- 1. Appendix 1 Economic background
- 2. Appendix 2 A summary of the action taken in the period October 2010 to March 2011
- 3. Appendix 3 Performance and balances
- 4. Appendix 4 Prudential indicators 2010/11 Actual

# **Documents In Members' Rooms**

None

# **Background Documents**

- 1. Part I of the Local Government Act 2003 and associated regulations
- 2. "The Treasury Management Policy Statement and associated schedules 2010/11" approved by Cabinet on 11 March 2010
- 3. The "Annual Investment Strategy 2010/11" approved by full Council on 18 March 2010
- 4. Papers held within Strategic Finance, Finance & Resources
- 5. "The Prudential Code for Capital Finance in Local Authorities" published by CIPFA 2003 and revised in 2009

# Market Overview - October 2010 to March 2011

(courtesy of Sector)

# Quarter – October to December 2010

The quarter provided a marked change in sentiment as a more robust economic backdrop in the UK and overseas led market participants to reassess their views on interest rate prospects in the UK.

The lead up to the quarter had been dominated by signs of a slowdown in international growth and renewed Eurozone sovereign concerns, this time centred on Ireland. The economic background suggested that the surprising strength seen earlier in 2010 would not be sustained. Investors were of the view that there would be little pressure on the Bank of England to raise rates, despite inflation levels remaining above 3%.

The Bank of England continued to argue that the higher than expected rate of inflation was generated by temporary factors which would ebb away over their two-year time horizon forecast period. In addition, the Bank believed that there was sufficient spare capacity in the economy to absorb these pressures without having a material longer-term impact.

The Government held to its fiscal commitment in the October Comprehensive Spending Review. This outlined an austerity package totalling £81bn over the coming years.

However, from this point on, much of the domestic data suggested that the economy was faring better than expected. This included activity indicators that suggested the recovery still had reasonable momentum and spending data showing a continued recovery in tandem with better than expected consumer confidence figures. The data came on the back of third quarter growth figures which came in at twice the expected rate. Despite conditions in the labour market showing further deterioration and fresh house price falls, the domestic economic position seemed markedly improved as the quarter progressed. This also manifested itself in a series of surveys released in the latter stages of the period which showed consumer's inflation expectations had risen appreciably over the quarter as a whole. This has been highlighted as a key factor for some members of the Bank of England's Monetary Policy Committee (MPC) in their rate deliberations.

The encouraging economic background and rising inflation rates through the quarter dispelled almost all expectations that the Bank of England would embark on another round of Quantitative Easing, with the result that gilt prices (i.e. Government stock) fell during the quarter.

In money markets, the economic environment and especially growing inflation concerns were feeding through to the longer end of the curve. While short-dated yields showed little movement, further out, levels were being offered which had not been seen since late-Summer 2009 as forecasters reined in their expectations of when the MPC would act on rates

# Quarter – January to March 2011

Financial markets produced a more mixed performance in the first quarter of 2011 following the rise in bond and money market yields in the previous quarter. On the domestic front the key deliberation for investors was the timing of the first interest rate rise from the Bank of England. However, international event also played a major role in market sentiment in this quarter.

The severe winter weather conditions through December were expected to have had a dampening effect on activity and this was confirmed when official figures were announced. The result was a short term spike in gilt prices during the latter stages of January and also a dip in longer dated money market yields as investors reassessed their profile for interest rate changes through 2011.

Although the growth data did see some reassessment of interest rate projections, markets soon reverted to the view that the drop was a blip rather than the start of a trend lower. The view was based on continued rising cost pressures, at both the consumer and wholesale level. This view was reinforced by MPC minutes which showed two members voting for a rate increase in January, rising to three members in February. Alongside these changes, the tone of the minutes implied that other members would change their view if subsequent data releases indicated that the economy bounced back from the winter.

However UK data for the remainder of the quarter suggested that the bounce back would not necessitate the MPC to begin raising rates. The view came despite a continuation of rising inflationary pressures on all fronts.

Adding to the government bond gains was the earthquake, tsunami and nuclear disaster which hit Japan in early March. The impact of the events saw a further shift in sentiment away from more "risky" assets to the benefit of government debt. Closer to home, Eurozone periphery concerns added to bond gains in February and March as Portugal joined Greece and Ireland in going to the EU/IMF for external financial assistance.

As the quarter drew to a close, gilts struggled to find any further gains and prices eased back from their overseas-related highs. Agreement in the Eurozone to expand the size of its Financial Stability Facility (EFSF) helped to soothe some investor concerns. In addition, after the initial switch to "safe havens", investors gradually reversed their positions towards quarter-end. On the domestic front, the UK Budget proved of little interest by essentially reinforcing the Government's position on tackling the debt burden. Of more interest was evidence from the Bank of England showing a rise in inflation expectations in the UK which left many investors believing that, despite the weak state of the economy, the MPC would still potentially look to raise rates in the near term. This view was also enhanced following the signal from the European Central Bank that it was to begin raising rates imminently in reaction to rising inflation in the Eurozone.

# A summary of the action taken in the period October 2010 to March 2011

# **Treasury Management Strategy**

# **New borrowing**

In early 2010 three flexible loan facilities totalling £30m were agreed to protect the council from increases in long-term funding rates. Two of these loans became active in February 2011. Details of these loans are set out in Table 1.

Table 1 – New borrowing October 2010 to March 2011

Date raised	Amount	Rate	Period
			(years)
Royal Bank of Scotland – 28 February 2011	£10.0m	4.20%	49
Royal Bank of Scotland – 28 February 2011	£10.0m	4.22%	49
	£20.0m	4.21%	49

The remaining flexible loan is due to become active in February 2012.

# **Debt maturity**

One PWLB loan, borrowed in March 2010 and totalling £15m, matured during the second half of the year.

# Weighted average maturity of debt portfolio

The weighted average maturity period of the debt portfolio has increased during the 2<sup>nd</sup> half-year as a consequence of the repayment of the one year loan and the new debt raised (Table 2).

Table 2 - Weighted average maturity profile - debt portfolio

Date raised	Oct 2010	Oct 2010	Mar 2011
		balance as	(**)
		at Mar 2011	
		(*)	
Weighted average maturity period	30.8 yrs	29.8 yrs	34.7 yrs

<sup>(\*)</sup> the 'Oct 2010 balance as at Mar 2011' figure reflects the natural 'time elapse' reduction in the average period of the debt portfolio

# Debt rescheduling

No debt rescheduling was undertaken during the 2<sup>nd</sup> half-year.

# Capital financing requirement

The prudential code introduces a number of indicators that compare 'net' borrowing (i.e. borrowing less investment) with the capital financing requirement (the capital financing requirement being amount of capital investment met from borrowing). Table 4 compares the capital financing requirement with net borrowing and actual borrowing.

With effect from 1 April 2009 the council is required to include the assets and liabilities relating to PFI schemes in the calculation of the capital financing requirement. For the purposes of this report and Table 4 below the capital financing requirement is reduced for the element relating to the PFI projects to provide a comparison with outstanding debt.

<sup>(\*\*)</sup> the weighted average maturity period as at 1 April 2010 was 31.3 years

<u>Table 4 – Capital financing requirement (adjusted for PFI liability) compared to debt outstanding 2010/11</u>

	31 Mar 2010	31 Mar 2011	Movement in
			year
Capital financing requirement (CFR)	£289.3m	£294.5m	+£5.2m
CFR met by PFI liability	-£30.3m	-£29.4m	+£0.9m
Adjusted CFR	£259.0m	£265.1m	+£6.1m
Outstanding debt – long-term	£180.7m	£185.7m	+£5.0m
Outstanding debt – short-term	£24.7m	-	-£24.7m
Investments – in-house team	-£18.8m	-£32.6m	-£13.8m
Investments – cash manager	-£24.1m	-£24.4m	-£0.3m
Net debt	£162.5m	£128.7m	-£33.8m
O/s debt to adjusted CFR	79.3%	70.0%	-9.3%
Net debt to adjusted CFR	62.7%	48.5%	-14.2%

## Cash flow debt / investments

The TMPS states the profile of any short-term cash flow investments will be determined by the need to balance daily cash flow surpluses with cash flow shortages. An analysis of the cash flows reveals a net shortfall for the 2<sup>nd</sup> half-year of £11.9 million (Table 5).

Table 5 – Cash flow October 2010 to March 2011

	Octob	Apr 10 to Mar 11	
	Payments	Net cash	
Total cash for period	£422.5m	-£11.9m	+£33.5m
Represented by:			
Decrease in short-term debt	-	-£24.7m	
Movement in in-house invest	+£6.9m	-£13.8m	
Increase in long-term borrow	+£5.0m	+£5.0m	
	+£11.7m	-£33.5m	

Overall the cash position for the financial year is a net surplus of some £33.5 million.

## Prudential indicators

Full Council approved a series of prudential indicators for 2010/11 at its meeting in February 2010. Taken together the indicators demonstrate that the council's capital investment plans are affordable, prudent and sustainable. Full details are set out in appendix 4.

In terms of treasury management the main indicators are the 'authorised limit' and 'operational boundary'. The authorised limit is the maximum level of borrowing that can be outstanding at any one time. The limit is a statutory requirement as set out in the Local Government Act 2003. The limit includes 'headroom' for unexpected borrowing resulting from adverse cash flow.

The operational boundary represents the level of borrowing needed to meet the capital investment plans approved by the council. Effectively it is the authorised limit minus the headroom and is used as an in-year monitoring indicator to measure actual borrowing requirements against budgeted forecasts.

Table 6 compares both indicators with the maximum debt outstanding in the 2<sup>nd</sup> half-

year. As with Table 4 above the indicators have been reduced by the liability under the PFI projects to provide a comparison with outstanding debt.

<u>Table 6 – Comparison of outstanding debt with Authorised Limit and</u>
<u>Operational Boundary – October 2010 to March 2011</u>
(adjusted for PFI liability)

	Authorised	Operational
	limit	boundary
Indicator set	£302.0m	£278.0m
PFI liability	£40.0m	£40.0m
"Borrowing" limits	£262.0m	£238.0m
Maximum amount o/s during the period October 2010 to March 2011	£185.7m	£185.7m
Variance	£76.3m	£52.3m

#### **Performance**

The series of charts in Appendix 3 provide a summary of the performance for both the debt and investment portfolios.

In summary the key performance is as follows:

- Chart 1 shows the average cost of the long-term debt portfolio increasing from 4.56% to 4.82% over the course of the year. The main reason for the increase is the repayment of the £15 million one-year loan taken out in March 2010 at a rate of 0.84% and the new loans totalling £20 million at an average rate of 4.21%.
- Chart 2 shows the level of investment managed by the cash manager and the inhouse treasury team.
  - The sum invested by the cash manager increases as investment income is reinvested. The increase in the amount invested in the year totals £0.3m.
  - The sum invested by the in-house treasury team has increased over the year by some £13.8 million. Short-term debt has been fully repaid during the year.
- Chart 3 compares the returns achieved on external investments with the benchmark rate of 7-day LIBID rate for the in-house treasury team and 7-day LIBID rate (compounded) for the cash manager. The chart confirms that the investment performance of both the cash manager and in-house treasury team has substantially exceeded the target rate of 7-Day LIBID (compounded) and 7-Day rate respectively.

# Approved organisations – investments

There have been three breaches in the investment criteria during the second half-year:

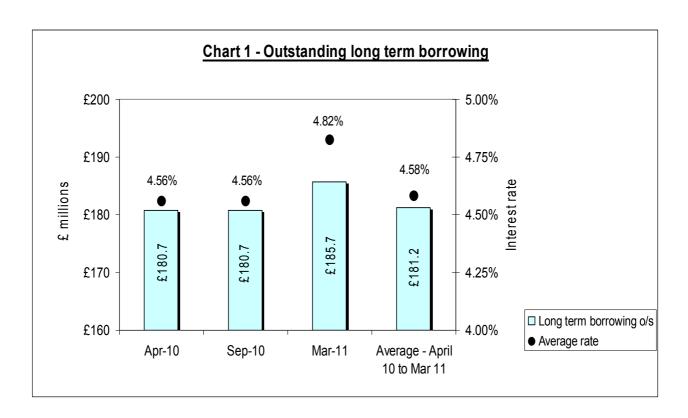
- The limit with Skipton Building Society was exceeded by £950k for a period of 28 days. The breach was rectified and there was no loss incurred by the council.
- The limit with the Co-operative Bank was exceeded by £5.075m for one day in December. The limit was exceeded for operational reasons and there was no loss to the council.
- The limit with Goldman Sachs was exceeded by £158k. The breach was rectified the following day and there was no loss to the council.

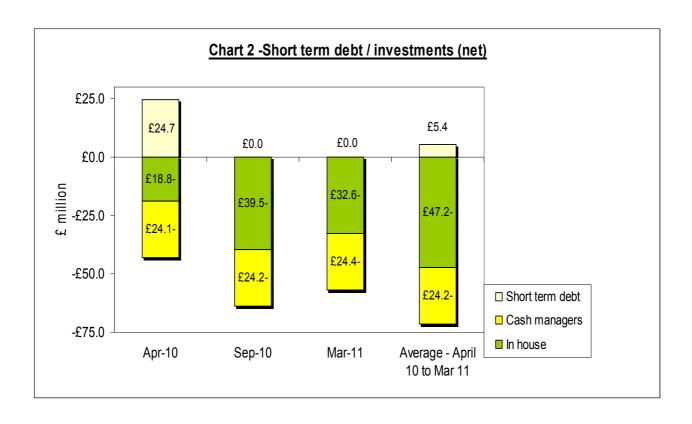
No new financial institutions were added to the list of investment counterparties approved in the AIS 2009/10.

# Changes to investment criteria

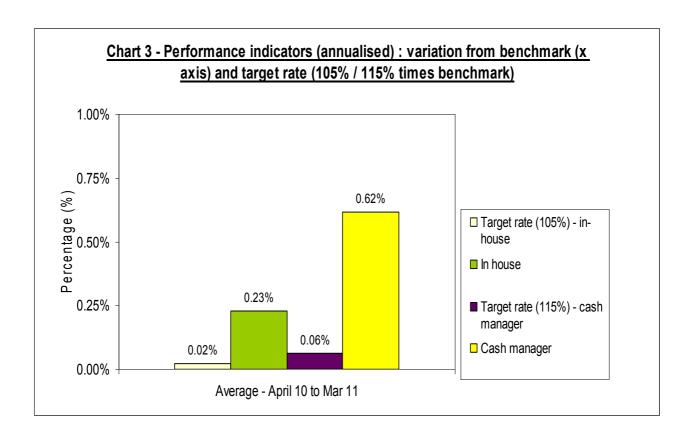
No changes have been made to the investment criteria.

# **Performance and balances**





# Item 38 Appendix 3



# **Prudential indicators 2010/11 Actual**

The following prudential indicators are required to be reported under the Prudential Code for Capital Finance in Local Authorities (published by CIPFA).

Prudential indicator	Actual indicator 2010/11
Actual ratio of financing costs to net revenue stream 2010/11	
- Non HRA	7.9%
- HRA	29.1%
Actual capital financing requirement as at 31 March 2011	
- Non HRA	£199.084m
- HRA	£95.418m
- Total	£294.502m
Actual external debt as at 31 March 2011	
- Actual borrowing	£185.746m
- Actual other long term liabilities	£29.445m
- Total	£215.191m

Note – The above indicators are based on International Financial Reporting Standards (IFRS) and include the impact of the council's three PFI projects.

# **CABINET**

# **Agenda Item 39**

**Brighton & Hove City Council** 

Subject: 2008-11 Local Area Agreement (LAA) 2010/11 and

2010/11 Organisational Health Report

Date of Meeting: 14 July 2011

Report of: Strategic Director, Resources

Lead Member: Cabinet Member for Finance & Central Services

Contact Officer: Name: Andy Edwards Tel: 29-6823

E-mail: andy.edwards@brighton-hove.gov.uk

Key Decision: No Wards Affected: All

## FOR GENERAL RELEASE

# 1. SUMMARY AND POLICY CONTEXT:

- 1.1 The report provides Local Area Agreement (LAA) performance information to the end of March 2011, the closing data for the LAA. It also provides information regarding the organisational robustness ('health') of some key council operations.
- 1.2 There are two appendices to this report; these contain final statistical information for the Local Area Agreement if this is available yet, and the organisational health of the council.
- 1.3 **'Local Area Agreement Summary Report'** (Appendix 1) The Local Area Agreement formed one strand of a city wide 'contract' which set priorities for Brighton and Hove and assessed how well we delivered against these. As this is a partnership agreement the responsibility for some indicators is shared across partner organisation across the city.
- 1.4 **Organisational Health 2010-11 year-end report** (Appendix 2) Organisational Health Indicators provide monitoring information and report progress about our corporate health, including council tax collection, staff sickness and equality monitoring.

#### 2. RECOMMENDATIONS:

- 2.1 That Cabinet notes results against the 2008-11 Local Area Agreement and our current organisational health.
- 2.2 That Cabinet notes that the Government has made changes to the national performance management framework. This affects the LAA in that performance is no longer monitored centrally and that the Performance Reward Grant previously attached to targets was removed.
- 2.3 That Cabinet notes that this will be the final LAA, since local authorities and strategic partnerships are no longer required to produce them.

2.4 That Cabinet notes that a new Performance and Risk Management Framework is being developed that contains city-wide performance priorities.

## 3. RELEVANT BACKGROUND INFORMATION:

- 3.1 After a broad and thorough consultation process in 2007, LAA targets were agreed by the Strategic Partnership as the main performance priorities in Brighton and Hove for 2008/11. During this process public sector partners, in collaboration with the third and private sector, agreed to 35 indicators selected from the National Indicator Set. In addition 22 local targets were selected which were felt to be a priority for the city.
- 3.2 The current LAA was set for a three year period and was based on priorities determined at the time of negotiation. Our LAA was signed off by the Government Office for the South East.
- 3.3 The LAA was reviewed at the end of the second year to ensure that it continued to contain appropriate measures for our aspirations and those of our residents. The aspirations of our residents determined the Sustainable Community Strategy.
- 3.4 The delivery of the Sustainable Community Strategy was monitored through the LAA. A family of partnerships, under the Local Strategic Partnership, are responsible for delivery and monitoring of activity. As such the LAA was a citywide partnership performance agreement. It was also a statement of intent and aspiration. Each partner organisation continues to monitor its own performance in key areas.
- 3.5 Performance against LAA targets has largely been positive with the final results so far achieved, but areas of challenge remain. These will be addressed by the new emerging Performance and Risk Management Framework for the city.
- 3.6 The LAA was formed in the main from the National Indicator Set introduced in 2008, but subsequently cancelled in 2010. In some cases the national data sources will be unavailable until later in the year, whilst in others there is a significant time lag that can be up to three years (e.g. economic and sustainability indicators). Following the cancellation of the National Indicator Set a number of data collections for indicators ended so these can no longer be reported on.
- 3.7 Although the National Indicator Set has been discontinued the council is still required to report on around three quarters of the data sets that made them up. These data sets are specified in the Single Data List issued by the Department of Communities and Local Government.
- 3.8 The council and its partners' are moving to a commissioning model of service delivery and the basis of this commissioning will be a robust evidence base for local needs and aspirations. This represents a significant shift away from the previous central Government driven framework that the LAA was part of.
- 3.9 Cabinet are invited to examine the information in Appendix 1, to see progress over the duration of the LAA and, where necessary, recommend additional action or reporting. Detailed action plans for each target were monitored by the

Strategic Partnerships. Colours provide the direction of travel at the time of reporting:

GREEN	On target
AMBER	An area in need of improvement but close to achieving targ
RED	Off-track

- 3.10 Cabinet is invited to note good progress between April 2008 and March 2011 in the following areas:
  - L13a: reduced bullying in 11 16 year old age group
  - NI051: effectiveness of child and adolescent mental health services (CAMHS)
  - NI130: % Social care clients receiving Self Directed Support
  - NI135: Carers receiving needs assessment or review
  - L 23 (BV064): Private sector vacant dwellings returned into occupation
  - NI141: Percentage of vulnerable people achieving independent living
  - NI158: % non-decent council homes
  - NI195c: Improved street and environment cleanliness reduced graffiti
  - L 06 (NI020): Number of 'Assaults with less serious injury
  - L 07a&b (NI033a&b) Arson incidents
  - NI032: Repeat incidents of domestic violence
  - NI040: Number of drug users recorded as being in effective treatment
  - NI111: First time entrants (FTE) to the Youth Justice System

Cabinet is invited to note areas of on going challenge between April 2008 and March 2011 in the following areas:

- NI156: Number of households living in temporary accommodation
- NI047: The number of people killed or seriously injured in road traffic accidents
- L 22: Number of school age children in organised school visits

There is additional information and context for all of the above in appendix 1.

Please note that there are still a large number of targets where final data are not yet available. Some of these will be known within the next month or so, but at least 10 targets will not have final data until late 2011 or into 2012.

- 3.11 Organisational Health Indicators (Appendix 2) report progress against our corporate health including sickness and equality monitoring.
- 3.12 Organisational Health targets dealing with payment of invoices are managed and reviewed by Finance. Performance on paying invoices to small businesses is

subject to improvement work within the council. We are working in partnership with businesses to improve the processes.

Cabinet is invited to note good progress in the following areas:

- BV002a: The level of the Equality Standard for local government
- BV009: % of council tax collected
- BV010: % of non-domestic rates collected
- BV011a: % of top 5% of earners that are women
- BV011b: % of top 5% of earners who declare they are from an ethnic minority
- BV016a: % of employees who declare that they have a disability
- BV017: Staff who declare that they are from an ethnic minority
- BV156 % of authority buildings open to the public accessible to people with disabilities

Cabinet in invited to note areas of on going challenge in the following areas:

- BV011c: % of top 5% of earners who declare they have a disability
- 3.13 Organisational Health targets dealing with payment of invoices are managed and reviewed by Finance. Performance on paying invoices to small businesses is subject to improvement work within the council and good progress has been made over the year. We are working in partnership with businesses to continue to improve the processes.
- 3.14 Workforce indicators, in particular in relation to employees with disabilities and staff from an ethnic minority receive ongoing close attention. As part of this Human Resources are actively pursuing employment policies and campaigns to increase representation.
- 3.15 The Overview & Scrutiny Commission and its committees play a part in our drive for improvement. Each took regular reports and reviewed specific areas of poor performance. The Commission and the committees have work plans that take into account areas of poor performance and provide challenge and support to officers and partners to improve performance.

# **Changes to the Reporting Framework**

- 3.17 The performance framework for managing the relationship between Central and Local Government has changed substantially over the last year. This change is intended to reduce bureaucratic burdens and enable focus on genuine local priorities. All designations of local improvement targets have therefore been revoked and full control of LAAs was handed to local authorities.
- 3.18 LAA performance will not be monitored centrally and the 'Performance Reward Grant' was cancelled. There is not a requirement to make a new agreement in 2011.
- 3.19 The National Indicator (NI) set has been cancelled and replaced with the Single Data List, a list of all data returns that councils must make to central government

departments and Arms Length bodies. These are comprehensive data sets and are not performance indicators, though some of the data sets previously informed the NI set.

# 4. CONSULTATION:

4.1 The Local Area Agreement 2008-2011 priorities were set in negotiation with the Local Strategic Partnership and the Government Office South East (GOSE).

# 5. FINANCIAL & OTHER IMPLICATIONS:

# Financial Implications:

5.1 The LAA financial incentive (Performance Reward Grant) was removed, however, the partnership working through the LAA and the performance results supported the delivery of value for money strategies. The Organisational Health Report supports the identification of all potential financial impacts of risks and allows performance to be reviewed with strategic partners as part of the Performance and Risk Framework.

Finance Officer consulted: Anne Silley Date: 07/06/11

# Legal Implications:

5.2 Local Area Agreements and the National Indicator Set were abolished in October 2010. Local Authorities are now required to provide to Central Government the information set out on the Single Data List described at paragraph 3.7 of the report.

Lawyer consulted: Elizabeth Culbert Date: 13/06/11

# Equalities Implications:

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

# **Sustainability Implications:**

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

# Risk and Opportunity Management Implications:

5.5 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

# Crime & Disorder Implications:

5.6 Reducing crime and disorder was 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.

# Corporate / Citywide Implications:

5.7 Cabinet, Public Service Board, the Strategic Leadership Board and the Corporate Management Team will get updates on the Performance and Risk Management Framework and City Performance Plan; this allows for both a regular overview of performance 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.

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

6.1 The monitoring of the Local Area Agreement was part of the performance management framework and was a corporately defined process. This will be replaced by the Performance and Risk Management Framework.

# 7. REASONS FOR REPORT RECOMMENDATIONS

7.1 The report provides information on the LAA priorities to ensure close monitoring for continuous improvement for priorities under new arrangements.

# SUPPORTING DOCUMENTATION

# Appendices:

- 1. Local Area Agreement Summary Report
- 2. Organisational Health Report

**Documents In Members' Rooms** 

None

**Background Documents** 

None



# **Brighton and Hove City Council LAA Summary Scorecard Report**

Period: 2010/11

Improving health & well being					
PERFORMANCE INDICATOR	UNIT	TARGET	ACTUAL	STATUS	
L 11 (NI054) - Services for disabled children	No.	no target	no data		

Data for this national indicator was stopped so it is not possible to present a final result. There is no status as this indicator is not targeted. When data was available, nationally parents rated the services received by their disabled child as 59 out of 100. In Brighton and Hove parents rated the services received by their disabled child as 58 out of 100. A higher score denotes greater satisfaction with services.

# L 12 - Percentage of contacts and enquiries % 90.00 awaiting data resolved at the access point

The Access Point consistently performed above target throughout the LAA, resolving many enquiries and improving the quality of service and care for customers. During 2009/10 Access Point has been resolving over 2,000 contacts and enquiries each month. In total 25,899 queries out of 27,995 were resolved at the point of contact during the year. Data for 2010/11 is awaiting finalisation as there has been a change in the systems used to monitor contacts.

L 13a - Reduce the number of 11-16 year	%	19.00	17.00	
olds completing the Safe at School Survey				GREEN
who state that they have been bullied				

There has been a significant reduction in bullying in this age group. It has dropped from a high of 29% in 2004, also down during the LAA from 22% in 2008/09. Schools attribute this improvement to the implementation of SEAL (Social and Emotional aspects of learning) a national strategy, more effective survey delivery and the role of support staff in responding quickly to bullying.

Brighton & Hove City Council

L 13b - Reduce the number of 8-11 year olds completing the Safe at School Survey who state that they have been bullied

23.00 23.70

AMBER

Bullying has reduced across Primary schools significantly. In 2004 it stood at 36% and has consistently reduced since then. Also, where there were greater instances of bullying in some schools this has now reduced to be in line with schools across the city.

%

# L 14 - Reduction in suicide per 100,000 No. 12.10 not yet available population

The result is based on a three-year rolling average. Note that the most recently published data was for 2007-09. This gave a rate of 13.22 with an upper confidence level (95%) of 15.72 and lower of 10.52. Data received so far does not show a statistically valid decrease. 2008-10 data will be published in December 2011.

# L 15 - Increase uptake of risk assessment % 72.80 71.50 Screening for hypertension and cholesterol AMBER in general practice

The number of patients screened over the last three years has been consistently just under target. However it is worth noting that the numbers of patients on register has increased, so the final percentage figure actually represents a positive result as higher number of screenings are taking place enabling preventative action at an early stage, although it is a slightly smaller proportion of all patients. The PCT is continuing with the roll-out of the NHS Health Checks programme that aims to identify high blood pressure along with other risk factors such as obesity.

# L 16 - Take up/offer of 'talking therapies' No. 5,482.00 not yet available

Awaiting final data. 2,809 people had received psychological (or 'talking') therapies by December 2010. The final result will be available shortly. The target for 10/11 has been discussed with the Strategic Health Authority who have agreed for it to be extended to October 2011 as the programme did not begin properly until October 2008.

# NI039 - Rate of Hospital Admissions per No. 2,010.00 2,004.48 (interim) 100,000 for Alcohol Related Harm

This is an interim result pending final data, which will be available in July 2011.

The LAA target was to limit the increase in hospital admissions for alcohol related harm over the three years to 3% less than the expected rise for this period. While the number of admissions in the city has been better than the targets, the continuing increase in admissions remains a cause for concern.

# NI051 - Effectiveness of child and No. 16 16 adolescent mental health (CAMHS) GREEN services

We have achieved the maximum level each year for this measure. The CAMHS service undertake a self assessment that evaluates performance in 4 areas from 1-4 (4 being the best). This result is the addition of those scores.

NI056d - Obesity in primary school age children in year 6 - percentage of children measured this year who are obese

% 17.50

78%

15.50

45%

GREEN

no colour

The results for percentage of obese children in year 6 has decreased during the year and are better than the national average (18.3%), although the change is not statistically significant.

%

NI059 - Percentage of initial assessments for children's social care carried out within 7 working days of referral

There has been a major change in guidance for this work from 1 April 2010. The revised Working Together to Safeguard Children guidance set out that an initial assessment should be completed within 10 working days of a referral (where a decision has been taken that one is required) rather than the previous timescale of seven days. As recommended by Ofsted there has been a change in process so all children are now seen as part of the Initial Assessment within 10 working days of referral.

NI112 Under 18 conception rate per 1000 population of 15-17 year olds

26.40 not yet available

The under 18 conception rate has dropped in the city over the last three years, though not quickly enough to meet the LAA targets. The latest results are still a marked improvement; the rate of conceptions per 1,000 people aged 15-17 in 2008 was 43.2, dropping to 33.1 in 2009. 2010 data will be available later in July 2011.

No.

%

NI116 - The percentage of children under 16 living in households in receipt of out of work benefits 17% not yet available

Time-lagged data mean it is not possible to determine this yet. The proportion fell year on year from 23.4% in 2004 to 20.3% in 2008. This data is pre-recession and does not provide a picture of current performance. Data for 2010 will not be available until 2012.

NI119 - Self-reported measure of peoples % no data no data overall health and wellbeing

This information was to be collected through the Place Survey, which was cancelled by Government, so no result will be available. It was to have shown people's perception of their own overall health and wellbeing, recorded using a series of measures to gauge different aspects of their health.

NI123 - Stopping smoking

No.

946.00 not yet available

Final data for this target should be available from 19th June 2011

NI130 - % Social care clients receiving Self % 30.00 33.50

Directed Support GREEN

There has been a significant improvement in this key measure of personalisation of people's care during the LAA. Not all service users are able to have self directed support; this represents the majority of those people in the city who can access services in this way (1367 people out of 4083 service users).

NI135 - Carers receiving needs assessment or review and a specific carer's service, or advice and information

22.00

35.70

GREEN

The council has exceeded the target during each year of the LAA, increasing from 19% in the first year to nearly 36% by the close.

%

NI150 - Adults receiving secondary mental % 3.3 not yet available health services whilst in paid employment

Brighton & Hove was required to show a statistically significant improvement over the three years for this indicator. There was a small improvement from 3.3% in 2008/09 (30 people) to 3.8% in 2009/10, but this still represents small numbers of people in paid employment. Awaiting final data for 2010/11: the Department of Health cleanses all data received and publishes the final results. This is likely to be in September 2011, although as it is data for an NI it may not be released.

Improving housing & afford	ability	/		
PERFORMANCE INDICATOR	UNIT	TARGET	ACTUAL	STATUS
L 23 (BV064) - Private sector vacant dwellings returned into occupation or demolished	No.	153.00	154.00	GREEN

This is an interim result for 2010/11 and will probably increase. Further empty properties are likely to be counted once verification from Council Tax records has been received, as has happened in each of the previous years. The target has been consistently exceeded throughout the LAA.

L 24 (LT31) - Reduce the number of rough No. 10.00 14.00 no colour sleepers

The methodology for counting rough sleepers has been changed by the government so this result is not comparable to previous results or the target. Actions to address rough sleeping in the city are contained within the Single Homeless Strategy 2009-14.

L 25 - Number of (fire) Home Safety Visits No. 2,842.00 2,697.00 AMBER

Although slightly worse than target for the final year of the LAA the number of fire home safety visits was higher than target for 2008/09 and 2009/10, so that overall the number of visits is just below that initially required.

NI141 - Percentage of vulnerable people % 68.00 72.20 GREEN

This area has consistently performed well, better than target throughout the LAA at around 72% of Supporting People service users moving on from supported accommodation in a planned way.

#### NI154 - Net additional homes provided No. 570 (1710) not yet available

The final result will be available in September 2011. Numbers of homes completed so far are 721 in 2008/09 and 380 in 2009/10 giving a cumulative total of 1101 by March 2010, against a target of 1140 for the same period. The target for the 3-year period is 1710.

The lower result in 2009/10 is being addressed by Building New Council Homes Tenant Working Group and Housing Revenue Account (HRA) Estates Master Plan. Work is being undertaken to identify sites and properties across the City that have potential for development, refurbishment or regeneration. Housing Management Consultative Committee & Cabinet have approved:

- The development of a comprehensive estates master plan in partnership with tenant representatives to inform best use of HRA assets and identify opportunities to build new Council homes
- The development of procurement, design and delivery options for new Council housing on up to 800 identified sites

The indicator shows the net increase in homes over the year, taking into account new builds, changes in use, demolitions and conversions. The result for additional homes is counted at the point that new properties have a roof, not at the point that they are occupied.

## NI156 - Number of households living in temporary accommodation

No. 333.00

501.00

RED

Target of 333 was set by to be met by April 2010 and this was achieved (316). This relates to statutory homeless households in Temporary Accommodation, the majority of which are good quality self contained flats and houses amongst the private sector housing stock, leased from between 5 – 10 years.

The figures have increased since April 2010; there has been an increase in homeless presentations and a decrease in available properties for rent in the private sector at Local Housing Allowance levels, as we are seeing the impact of the changes to LHA rates in the private sector. However, the accommodation provided is stable, secure and of a good quality.

NI158 - % non-decent council homes

% 26.00

25.97

OREEN

There has been significant good progress in this area. BHCC homes not meeting the Decent Homes Standard have dropped from 56.6% at the start of 2008 to under 26% by March 2011 and the council has met target for the end of the LAA. Work continues to improve the council's housing stock, with the forecast for March 2012 for only 12% not to meet the Standard.

### Promoting enterprise & learning

PERFORMANCE INDICATOR UNIT TARGET ACTUAL STATUS

# L 01 - Progress towards the development % 0.00 0.00 no colour of the Brighton Centre

There is no status for this indicator as it does not have results or targets as such; it is here to enable us to comment on the progress made towards the development of the Brighton Centre.

Standard Life dispatched the Contract Notice for publication in OJEU on 13 January 2009 to initiate the procurement process to appoint a Lead Architect and the professional development team to undertake a first

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stage feasibility design and study. 'Make' architectural team appointed as lead consultant for the development of the Brighton Conference Centre site – 27 July 2009.

The next agreed stage of work will be for Standard Life to begin feasibility work with their professional team. To date this has been delayed whilst further reports are undertaken with their cost consultants. A revised programme is due to be agreed for this work in 2011.

#### L 02 - Gross Value Added Per Head £ 18,685.00 not yet available

There is a significant time-lag in the data: 20,659.00 is the latest information available and relates to 2008. GVA (Gross Value Added) is a measure of the value of the local economy. A relatively high GVA per head indicates that the local economy is healthy and productive.

# L 04 - Improve the visitor economy £ 440.70 not yet available (£million)

The result represents the total spend made by visitors on their trip to the city in 2009 - this was an estimated £732.3million. From 2007 the methodology used to capture Economic Impact has changed.

NI079 - Achievement of a Level 2	%	82.00	79.10	
qualification by the age of 19				<b>AMBER</b>

While below the LAA target, performance has improved over the last four years to just over 79%, from 70.9% in 2007/08; in 2004 the result was 64%. This is above the latest national result of 78.7%, but lower than our statistical neighbours in the South East who scored 80.4%.

NI117 - 16 to 18 year olds who are not in	%	6.7%	7.5%	
education, employment or training (NEET)				<b>AMBER</b>

The annual 16-18 NEET rate is calculated as an average of November, December and January figures. The current economic conditions appear to be contributing to the rise in numbers. Many of the NEET group are falling out of employment rather than education or training.

# NI152(i) - Percentage of the working age % gap -1% to national not yet available population claiming out of work benefits

Data is not yet available for this measure, which was to be judged on how Brighton & Hove compared to the England average as of May 2011. The latest figures are for May 2009 to Feb 2010, when 24,333 people were claiming out of work benefits, a rate of 13.6.

# NI163 - Proportion of working age people % 79.00 not yet available qualified to Level 2 or higher

There is a significant time-lag for this data. The result for the calendar year 2009 is 75.5%, which is the latest available. The national result for 2009 was 65.4%.

NI171 - New business registration rate per No. 68.00 not yet available 10,000 of the population (VAT and PAYE)

Business registrations are a proxy measure for business start-ups (actual measure is VAT and PAYE per 10,000 pop).

The latest available information of 63.3 is for 2008. The target has been adjusted to reflect the impact of the recession and a change to baseline information.

In the Centre for Cities report for 2010, Brighton was highlighted as having the 6th highest business birth rate (out of 64 other areas – 49.6%) - this is compared with a business death rate of 42.4%. As well as featuring in the top ten for business births we also feature in the top ten for high skilled workforce and knowledge intensive industries – this highlights our high rate of entrepreneurial activity.

### Promoting resource & enhancing the environment

PERFORMANCE INDICATOR UNIT TARGET ACTUAL STATUS

L 26 (NI185) - CO2 emissions (tonnes) from No. 0.00 not yet available local authority operations

The result for 2009/10 is 31,725.4 tonnes CO2 (target 31,868 tonnes).

This includes CO2 emissions from civic buildings, school buildings, street lighting and illuminated bollards, business travel mileage and vehicle fleet mileage.

A carbon footprint was produced in 2008/09 and it was estimated that Brighton & Hove City Council produced 33,195 tonnes of CO2. The authority is aiming for a year on year 4% reduction between 2009 - 2012. This equates to achieving less than 31,868 tonnes of CO2 emissions in 2009/10 estimates, and 30,593 tonnes in 2011/12. Collection of emissions data is complex and while much work has been done to improve the accuracy and reliability of the council's carbon footprint there is still more to do. The result reported here is based on the best information we have available at this moment in time.

A footprint for 2010/11 is being developed and will be published on the council's website and submitted to the Government at the end of July 2011. This fits with the Governments timetable for ensuring compliance with legislative priority around Carbon Reduction Commitment which has an end of July deadline. We are on track to meet this statutory deadline and avoid associated financial penalties.

### NI186 - Per capita reduction in CO2 % 12.00 not yet available emissions in the LA area

Data for this target has a significant time-lag.

Emissions stood at 5.45 tonnes per person in 2007, and dropped to 5.30 tonnes in 2008. While this is some way off target was aspirational and possibly over ambitious. We are performing to similar levels of comparable authority areas and are reducing emissions at a greater rate than the England Average. Due to the relatively small industrial sector in Brighton and Hove we are limited in the reductions that are possible. Brighton and Hove has performed well in reducing domestic sector emissions, which are the main contributor to CO2 emissions in Brighton and Hove.

11.20 % NI187a - Tackling fuel poverty - % of people receiving income based benefits living in homes with a low energy efficiency rating

no data

This indicator has been cancelled and there will not be data for 2010/11. Brighton & Hove had been doing well before this, performing better than target in both 2008/09 and 2009/10.

At the Spending Review in October 2010 the Government announced it would commission an independent review to take a fresh look at the fuel poverty target and definition, to focus available resources where they will be most effective in tackling the problems of underlying fuel poverty. The review will publish interim findings, based on the analysis conducted, in autumn 2011 and a final report to Government no later than January 2012.

% NI187b - Tackling fuel poverty - % of people 34.00 no data receiving income based benefits living in homes with a high energy efficiency rating

This indicator has been cancelled and there will not be data for 2010/11. Brighton & Hove had been doing well before this, performing better than target in both 2008/09 and 2009/10.

At the Spending Review in October 2010 the Government announced it would commission an independent review to take a fresh look at the fuel poverty target and definition, to focus available resources where they will be most effective in tackling the problems of underlying fuel poverty. The review will publish interim findings, based on the analysis conducted, in autumn 2011 and a final report to Government no later than January 2012.

% NI195c - Improved street and 6.00 2.00 environmental cleanliness - levels of **GREEN** graffiti

There has been good progress in reducing graffiti in the city and levels have both been lower than target throughout the LAA and also consistently getting lower. This data is no longer being collected to the same definition so this final result is up to November 2010.

#### Promoting sustainable transport PERFORMANCE INDICATOR **TARGET** UNIT ACTUAL **STATUS**

NI167 - Congestion - average journey time No. 3.63 not yet available per mile during the morning peak

There is a significant time-lag for this data; the latest information is from 2008/09 when the result was 3.45. It represents the average journey time per mile (minutes) during the morning peak traffic flows.

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The target for this indicator was to maintain the baseline journey time figure for the duration of this LAA.

## NI175 - Access to services and facilities by % 93.00 not yet available public transport, walking and cycling

There is a significant time-lag for this data. The result for 2009/10 was 87% and is the latest available. This indicator measures accessibility to doctors' (GP) surgeries based on the proportion of the population within a 10 minute journey time from a surgery. During the period of this LAA, the PCT has overseen the relocation of a number of smaller, more localised GP surgeries in the Preston and Carden areas to larger sites at 175 Preston Road and Carden Hill respectively. These changes in location, rather than transport provision, are considered to be the main reason for the current level of performance, as most journeys within 10 minutes could only reasonably be expected to be carried out on foot and by bike using existing roads and pavements and no additional routes have been built. In addition, there are now higher frequencies on some of the core bus routes in the city.

It is noted however that accessibility within the 15 minute journey time threshold has remained constant from 2008 to 2010 at a very high level of 97%. Therefore, it could be concluded that the adoption of the 10 minute journey time for this indicator was too ambitious.

Reducing crime & improving safety					
PERFORMANCE INDICATOR	UNIT	TARGET	ACTUAL	STATUS	
L 05 (NI026) - Specialist support to victims of a serious sexual offence	No.	not set	no data		

This indicator was not put into practice. Data collection was being piloted during 2009/10 and it was decided that the measures would not be robust.

The Sexual Assault Referral Centre in Crawley has been providing support to victims from Brighton & Hove since September 2008.

L 06 (NI020) - Number of 'Assaults with less No. 1785 1710 Serious injury' offences GREEN

There has been consistent progress in the city with a year-on-year decrease in the number of assaults with less serious injury since 2005/6. During the LAA the results have been 1877 in 2008/09 and 1839 in 2009/10. Partnership work to manage the night time economy is well established and has supported this long term decrease.

L 07a (NI033a) - Arson incidents - No. 0.71 0.64

Deliberate primary fires per 1000

population

One of the content of the con

Good progress has been made during the LA in reducing the number of arson incidents. This result reflects 163 incidents, with figures shown as incidents per 1000 population. A primary fire is a major fire involving property, casualties or 5 or more appliances.

#### L 07b (NI033b) - Arson Incidents -Deliberate secondary fires per 1000 population

No. 1.12 0.8

0.85

**GREEN** 

Good progress has been made during the LA in reducing the number of arson incidents. This result reflects 225 incidents, with figures shown as incidents per 1000 population. A secondary fire is a major fire involving property, casualties or 4 or fewer appliances.

## L 08 - Number of Police recorded LGBT No. 0.00 72.00 hate crimes and incidents

This indicator is currently not targeted. It was included to monitor the effectiveness of work that prevents LGBT hate crimes and incidents, while also seeking to increase reporting of incidents. There is a difficulty in setting targets, because it is not possible to analyse the number of incidents actually taking place compared to an increasing likelihood that they will be reported. However, numbers recorded have decreased during the LAA, with 133 in 2008/09, 88 in 2009/10 and 72 in 2010/11.

### L 09 - Number of police recorded racist and No. 0.00 215.00 religiously motivated crimes and incidents

This indicator is currently not targeted. It was included to monitor the effectiveness of work that prevents racist and religious hate crimes and incidents, while also seeking to increase reporting of incidents. There is difficulty in setting targets, because it is not possible to analyse the number of incidents actually taking place compared to an increasing likelihood that they will be reported. However, numbers recorded have decreased during the LAA, with 320 in 2008/09, 285 in 2009/10 and 215 in 2010/11.

# NI017 - Perceptions of anti-social % 32.50 no data behaviour

This information was to be collected through the Place Survey, which was cancelled by Government, so no result will be available. The 2008 Place Survey gave a result of 19.4%.

# NI030 - The number of convictions for No. not set not yet available Prolific and other Priority Offenders (PPOs) over a 12 month period

Data is not yet available for this target. As of December 2010 the result stood at 172: local data indicates that the year end number of offences committed is in the range between 179 and 259 offences (from a baseline of 283 offences).

The final target was to have been confirmed by the Government Office for the South East and the Home Office after they had analysed information about the PPO cohort for 2010/11. This will not be set now.

NI032 - Repeat incidents of domestic violence

%

28.00

23.30

GREEN

The number of repeat MARAC (Multi-Agency Risk Assessment Conference) cases during 2010/11 has been better than target, though higher than last year (16.8%).

The representation at the MARAC is still very good with a lot of statutory and third sector agencies in attendance and the plans around these victims remain fit for purpose acknowledging some of the challenges faced with some of the referrals.

NI038 - Drug related (Class A) offending

No.

0.93

not yet available

There is a significant time-lag on this data, with 2010/11 data being available later in 2011. This target represents the ratio of actual against predicted reoffending by Class A drug users (i.e. if the number of actual offences was the same as the number of predicted offences this would equal a ratio of 1). The latest available result is up to December 2010 with a ratio of 1.02, worse than the annual target of 0.93. Three prolific and other priority offenders have been identified whose offending is above the predicted level, who are most at risk of reconviction, and who will be targeted intensively.

NI040 - Number of drug users recorded as being in effective treatment

No.

1187

1220

**GREEN** 

The target was to increase the number of drug users recorded as being in effective treatment by 3% over the LAA period. The number of drug users in effective treatment is defined as those Class A drug users [opiates and/or crack cocaine] who are in treatment for twelve weeks or more, or who are subject to a planned discharge within twelve weeks.

NI047 - The number of people killed or seriously injured in road traffic accidents in the calendar year

No.

123.00

136.00

**RED** 

While this is above the target set for the LAA this does still represent an improvement: both this year's result and three year rolling average are the lowest figures that have been recorded since before the inception of the LAA. This is the calendar year result for 2010. Eight of these incidents were fatalities, with the remainder being serious injuries. The target is based on a three year rolling average. The three year rolling average for 2010 was 142.3.

NI111 - First time entrants (FTE) to the Youth Justice System aged 10-17

No.

245.00

170.00

**GREEN** 

There has been very positive progress in this area. There have been 170 FTEs recorded for the full performance year 2010/11. This compares to 251 in 2009/10 which is a reduction of 81 young people. This is the lowest number of FTEs recorded in the last ten years.

The Police have now fully rolled out Community Resolution (CR) which uses a restorative justice approach

**Brighton & Hove City Council** LAA Summary Scorecard Report 2010/11 as an alternative to a police or court disposal. From January to May 2011, 114 young people have taken part in CR.

### Strengthening communities & involving people

PERFORMANCE INDICATOR	UNIT	TARGET	ACTUAL	STATUS
L 17 (NI001) - % of people who believe	%	N/A	N/A	
people from different backgrounds get on well together in their local area	76	N/A	N/A	

This information was to be collected through the Place Survey, which was cancelled by Government, so no result will be available.

The result from the 2008 Place survey was 86.1%, the UK average was 76.4% and the South East Average was 78.9%.

L 18 (NI008) - Adult participation in sport 24.70 % 22.70 and active recreation **AMBER** 

This indicator measures the percentage of the adult population participating in sport or active recreation 3 days a week. The result shown is taken from the 'Active People Survey' (APS) 4 which was conducted over the financial year of 2010/11. However, this result is not a statistically significant improvement on the original result of 22.7% as the confidence interval of 3.7% means that the result is a band between 21% and 28%.

L 21 - Community engagement in local % 100.00 not yet available libraries

Awaiting confirmation of result. Previously this has been 100%. Awaiting data.

L 22 - Number of school age children in No. 34,448.00 33,065.00 organised school visits to museums RED

This target has not been met. The main area where numbers have been lower is in Museum partner outreach sessions. This relates to outreach activity using objects from the Royal Pavilion & Museums collections and developed by the RP&M but delivered via other Museum partners within the region i.e. East Sussex Museums & Archaeology Project, Bexhill Museum, Horsham Museum & Henfield Museum. After a two-year partnership two of these four partners (Bexhill & Henfield) have dropped out of scheme during 2009/10 resulting in far fewer pupils being reached.

% NI004 - % of people who feel they can 30.60 no data influence decisions in their locality

The information was to have been collected through the Place Survey. However, the Place Survey was cancelled by Government and there has been no further data available during the LAA.

NI006 - Participation in regular 26.90 no data volunteering

Brighton & Hove City Council

LAA Summary Scorecard Report 2010/11

The information was to have been collected through the Place Survey. However, the Place Survey was cancelled by Government and there has been no further data available during the LAA.

### NI007 - Environment for a thriving third % 24.80 not yet available sector

Data is not yet available for this target. The results will be taken from the National Survey of Third Sector Organisations conducted in 2010. Results from that survey have not yet been released.

This indicator measures the contribution that local government and its partners make to the environment in which independent third sector organisations can operate successfully. The result in 2009/10 of 19.8% compares well to the national result of 16.2%.

NI011 - Engagement in the Arts

%

64.20

57.50



This information is taken from the 2010 Active People Survey. The result although less than target is not statistically significantly less than the original result as the response rate to this survey was particularly low. It measures the percentage of the adult population in a local area that report they have engaged in the arts at least three times in the 12 months prior to the survey. The target is set as a 2% increase on the 2008 result (61.7%).

In the 2009 survey we ranked 2nd of the Unitary Authorities and 7th when compared to the London Boroughs.



### **Brighton and Hove City Council**

### Organisational Health Report - Year End 2010/11

Period: 10/11

#### **SCORECARD**

				JOILE 0/ 1112
2010/11 Organisational Hea	alth R	eport		
PERFORMANCE INDICATOR	UNIT	TARGET	ACTUAL	STATUS
BV002a - The level of the Equality Standard	No.	3.00	3.00	
for Local Government to which the				GREEN
authority conforms				
Brighton & Hove City Council have been awarded w	ith the hial	haet naccibla c	tandard in equ	alities of

Brighton & Hove City Council have been awarded with the highest possible standard in equalities of 'excellent' in the new Equality Framework for local government. We are one of only three local authorities in the country to have received the reward.

BV008 - The percentage of all supplier	%	94.00	93.03	
invoices that are paid within 30 calendar				<b>AMBER</b>
days of receipt				

Payment of invoices to all suppliers within 30 calendar days of receipt has improved over the year. The cumulative result of 93.03% represents 188,935 invoices out of 203,086 being paid within that time, compared to 92.69% for 2009/10.

Please note that these figures exclude a utility provider with whom we have had significant problems processing electronic invoices. If these were included then the cumulative performance for the year would stand at 90.66%. There are a number of improvement actions being undertaken such as revisions to our contract specification for subsequent energy suppliers, to ease the impact of electronic invoices.

BV008 Local - Percentage of invoices from	%	80.00	75.00	
SME (Small or Medium Enterprises) and				<b>AMBER</b>
individuals that are paid within 10 working				
days of receipt				

This is a vast improvement on last year's figure of 48.39% and shows that strategies put in place to improve performance have been successful. During quarter 4, 17,716 of the 23,088 invoices were paid to SMEs within 10 days i.e. 76.73%. Of the 95,639 invoices received during the year, 71,729 were paid within 10 days.

BV009 - % of council tax collected

%

96.60

96.90

**GREEN** 

We have exceeded our targets on collection rates and were 0.3% above target, achieving a final collection rate of 96.9% for the year compared with a 09/10 year end result of 96.5%. 0.3% represents just over £350,000. The improved collection and recovery processes have helped to deliver the result against a difficult economic backdrop.

BV010 - % of non-domestic rates collected

%

97.60

98.21

GREEN

We have exceeded our targets on collection rates and we were 0.61% above target, achieving a final collection rate of 98.21% compared with the 09/10 year end result of 97.6%. This represents over £573,000 over target. The improved collection and recovery processes have helped to deliver the result against a difficult economic backdrop.

BV011a - % of top 5% of earners that are women

%

52.00

54.95

**GREEN** 

The proportion has slightly increased over the year; at the end of March, 122 of the 222 top earners i.e. 54.95% are female. This compares with 54.24% for the same period last year.

BV011b - % of top 5% of earners who declare that they are from an ethnic

%

3.50

3.52

**GREEN** 

minority

This proportion has increased over the year; at the end of March, 7 of the 199 top earners who declared information i.e. 3.52% were from an ethnic minority compared to 3.44% for the same period last year. However there has been an increase in the number of unknown cases of Ethnicity and Disability (23); we are monitoring recruitment and HR processes to see if there is any problem with the information. The figures may improve in the future as a result of this monitoring.

#### BV011c - % of top 5% of earners who declare that they have a disability

%

5.50

4.62

**RED** 

At the end of March, 9 of the 195 top earners (who declared information) i.e. 4.62% have a disability compared with 4.40% for the same period last year. We continue to use Search Providers in recruitment to actively seek staff with a disability at this level. There are 222 top earners but 27 have not declared whether they have a disability.

BV012 - Number of working days / shifts

No.

10.00

10.39

AMBER

lost due to sickness absence (non schools)

The Average number of days sickness per employee has increased slightly since last year. At the end of March the year's overall figure is 10.39 compared to 10.18 days per person last year.

A number of steps have been taken since December 2010 to reduce the level of sickness absence across the organisation. This has included:

- the development and launch of a new Attendance Management Procedure in April 2011

#### Brighton & Hove City Council

Organisational Health Report - Year End 2010/11

- -the launch of an e-learning package combined with a skills development programme for managers to ensure that managers are better equipped to manage attendance effectively. 163 managers have completed the e-learning and 68 have attended the skills workshops to date
- improving the quality and timeliness of sickness data captured
- improving the speed and effectiveness of management interventions in sickness cases, particularly long-term cases that make up a significant proportion of employee absences
- enabling managers to input sickness absence records for their staff directly onto the HR system, PIER.

%

BV016a - % of employees who declare that they have a disability (non schools) as a percentage of the total workforce who declare whether they have a disability..

5.00 5.87

GREEN

The number of employees declaring that they have a disability continues to be better than target. At the end of March, 5.87% of employees (246 of 4193 staff who declared their disability) declared that they met the disability definition; this compares with 5.01% for the same period last year. However, 18.9% (979 of 5170 staff) did not declare whether or not they had a disability and they are not included in the calculation.

%

# BV017 - Staff who declare that they are from an ethnic minority as a % of the total workforce (non schools)

5.00 5.50

GREEN

This result has slightly increased; at the end of March, 5.5% (237 of 4311 of staff who declared their ethnicity) declared that they were from an ethnic minority. This compares with 5.32% for the same period last year. This is the percentage of staff employed from an ethnic minority compared with the total workforce who declared their ethnicity. 16.6% (859 of the 5170 workforce) did not declare their ethnicity.

The recruitment freeze has resulted in a slight reduction in the size of the council's workforce over the last nine months or so. Despite this it would appear that the number of individuals who were from a BME background or who had declared a disability has remained fairly static.

%

### BV156 - % of authority buildings open to the public with all public areas suitable for and accessible to people with disabilities

80.00

80.38

**GREEN** 

Good progress has been made in ensuring the council's buildings are accessible to the public. The total number of buildings currently open to the public in Brighton & Hove is 158, of these 127 are considered under DDA legislation to be accessible.

#### This increase is due to:

- Completion of access improvement works to Mackie Avenue Recreation Ground and Queens Park
- Addition of the new accessible Coroner's Court at Woodvale Cemetery (adjacent to and linked to the Coroner's Office)
- Removal of the Corner's Office as the Coroner will use the newly completed and accessible Coroner's Court to meet people with disabilities
- A reassessment of existing properties has excluded Queen's Park Pavilion as there is no service being provided by or on behalf of the council from it.

### **CABINET**

### Agenda Item 40

**Brighton & Hove City Council** 

Subject: City Performance Plan & BHCC Organisational Health

Report

Date of Meeting: 14 July 2011

Report of: Strategic Director, Resources

**Strategic Director, for Place** 

Lead Member: Cabinet Member for Finance & Central Services

Contact Officer: Name: Paula Black Tel: 29-1740

E-mail: paula.black@brighton-hove.gov.uk

Key Decision: No Wards Affected: All

#### FOR GENERAL RELEASE

#### 1. SUMMARY AND POLICY CONTEXT:

- 1.1 In response to the council's restructure and changing requirements from Central Government the performance and risk management framework for the organisation has been reviewed and changed. In developing the approach lessons have been learnt from the previous national requirements ensuring these new arrangements focus on meeting local priorities and making a difference to residents and the city. The principal changes to the new framework are that it is:
  - based on how we can best support delivery of the city's outcomes
  - brings risk and performance management together
  - has a clear 'golden thread' through from staff performance reviews to the city's Sustainable Community Strategy
- 1.2 This report provides on overview of the Performance and Risk Management Framework (PRMF) and presents the City Performance Plan and the Organisational Health Report.

#### 2. RECOMMENDATIONS:

- 2.1 That Cabinet notes the new Performance and Risk Management Framework for the council.
- 2.2 That Cabinet endorses the City Performance Plan and recommends it to the Public Service Board (PSB) for final agreement.
- 2.3 That Cabinet approves the Organisational Health Report as being an appropriate suite of indicators to support the Strategic Leadership Board's management of the organisation.

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

- 3.1 Performance and Risk Management Framework
- 3.1.1 The component parts of the Performance and Risk Management Framework (PRMF) are:
  - Sustainable Community Strategy
  - City Performance Plan
  - BHCC Corporate Plan
  - Strategic Risk Register
  - Service Delivery Performance Compacts
  - Team Business and Risk Management Plans
  - Individual Performance Reviews (all staff)

A summary of the PRMF is provided in Appendix 1.

- 3.1.2 The changes to the city and the council's Performance and Risk Management Framework (PRMF) centre on the following two new key areas:
  - City Performance Plan: This plan reports on how the city is doing in terms of achieving its key objectives. Previously, the city and Central Government used the Local Area Agreement (LAA) as a tool to measure its performance on city issues. Following the abolition of the LAA by the Coalition Government the city has taken the opportunity to generate a new much more localised and outcome driven performance plan. The new City Performance Plan is led by the priorities and outcomes defined in the Sustainable Community Strategy (SCS) which was refreshed in 2010. The plan will measure and report against indicators that demonstrate if the Strategic Partnership is achieving change on the outcomes as set in the SCS.
  - BHCC Organisational Health Report: This plan reports on how the organisation is doing in terms of key measures around our finance and general organisational management, our workforce and meeting the needs of our customers. The city council Organisational Health Report (OHR) therefore sets out a suite of indicators that will support the Strategic Leadership Board in its management of the organisation.
- 3.1.3 To improve performance, reduce risk and eliminate duplication the new framework has integrated both risk and performance management. As part of this the Strategic Risk Register has been aligned with the new organisational structure and integrated with each part of the performance management framework.
- 3.1.4 The business plan template has also been amended to reflect the council's new structure and the new performance and risk management framework.

#### 3.2 City Performance Plan

3.2.1 The City Performance Plan will be the main mechanism by which the Strategic Partnership will monitor and manage the city's performance against the

- outcomes defined in the Sustainable Community Strategy. The Plan is provided in Appendix 2.
- 3.2.2 Where appropriate, and locally relevant, indicators from the 2008-11 Local Area Agreement (LAA) have been used in order to continue to measure these trends. However, it has also been an opportunity to discard any indicators from the National Indicator Set that were not considered useful or relevant. Targets will be set by attaching statutory targets where these exist. In other cases trend data from previous years will form the basis for new targets. These will be agreed in conversation with thematic partnerships and partner organisations.
- 3.2.3 The plan will be reported to the Strategic Partnership, the Public Service Board, Cabinet and Overview and Scrutiny Commission every six months. Once targets are attached to the Plan it will be returned to Overview and Scrutiny Commission.
- 3.2.4 There is no financial reward attached to the City Performance Plan. The Strategic Partnership is not required to report progress against the plan to Government.
- 3.2.5 The city council is leading the development of the Plan on behalf of the Public Service Board and Strategic Partnership. Each thematic partnership submitted its content for the plan as have officers from B&HCC and partner organisations. The Public Service Board and the Strategic Partnership will give final approval to the plan.
- 3.2.6 The Plan will be reviewed and updated annually as new intelligent commissioning work takes place.

#### 3.3 BHCC Organisational Health Report

- 3.3.1 The council's organisational health report builds on similar reports from previous years and is provided in Appendix 3. The full suite of indicators for 2011/12 has been built following discussions with officers from across the council in Resource, Finance, Delivery and Commissioning Units. Through these discussions the indicators have been reviewed and challenged to ensure that they are robust and meaningful and will produce progress reports that help Strategic Leadership Board and the Corporate Management Team (CMT) manage the organisation. The set will change as needs demand but it is felt that the number of indicators monitored is about right and should not increase significantly. Targets will be set by attaching statutory targets where these exist. In other cases trend data from previous years will form the basis for new targets. These will be agreed with Lead Commissioners, Heads of Delivery Units, Finance and Resource Units as appropriate.
- 3.3.2 Together all 40 indicators demonstrate how the organisation is performing, however 24 have been prioritised for 2011/12. It is envisaged that through the year as performance is monitored, reported and managed the indicators prioritised may change. Progress reports on priority indicators will be considered by SLB monthly and reports on the full suite of indicators will be reported every six months to Cabinet and Overview & Scrutiny.
- 3.3.3 We are currently working on the inclusion of further indicators for sustainability, equalities and B&HCC salary ratios.

#### 4. CONSULTATION

- 4.1 Each thematic partnership was responsible for contributing and confirming the outcomes and indicators for their relevant parts of the City Performance Plan. In addition, BHCC Lead Commissioners and Heads of Delivery were given opportunity to contribute and clarify the outcomes and indicators relevant to their responsibilities. Discussion was also held with the Third Sector Reference Group for Intelligent Commissioning and the three political groups within the council. The Plan was also discussed at the June meeting of the Overview and Scrutiny Commission.
- 4.2 All members of the Corporate Management Team were given the opportunity to comment on the indicators for inclusion in the Organisational Health Report. In addition, individual meetings were held between the corporate performance team and officers across Resource and Finance Units to challenge and clarify the indicators for inclusion in the OHR. All three political groups within the council also had opportunity to comment on the OHR. The OHR was also discussed at the June meeting of the Overview and Scrutiny Commission.

#### 5. FINANCIAL & OTHER IMPLICATIONS:

#### Financial Implications:

- 5.1 The Performance & Risk Management Framework supports the identification of all potential financial impacts of risks which can then be reflected in medium term financial plans and budget strategies; these are continually updated to reflect changing assumptions and likelihood of risk. The performance measures within the Organisational Health Report and City Performance Plan will enable progress during the year to be reviewed with strategic partners.
- 5.2 The council's Section 151 Officer also has regard to risk assessments in developing the medium term financial strategy and budget strategy. Section 25 of the Local Government Act 2003 requires the Chief Finance Officer of a local authority to report on the robustness of the estimates included in the budget and the adequacy of the reserves and contingencies for which the budget provides.

Finance Officer consulted: Anne Silley Date: 01/06/11

#### **Legal Implications:**

5.3 There are no legal implications arising from this report. Local Area Agreements and the National Indicator Set were abolished in October 2010. Everything that Local Authorities are required to provide to Central Government is now contained on the Single Data List which individual service areas collate and provide with support from the Performance Team.

Lawyer consulted: Elizabeth Culbert Date: 06/06/11

#### **Equalities Implications:**

5.4 An underlying principle of the city performance plan is that it focuses on the significant issues for the city, some of which are about tackling the inequality experienced by of our residents.

5.5 The council's organisational health report includes equalities indicators. These have been advised and recommended by the commissioner for equalities and communities.

#### **Sustainability Implications:**

- 5.6 The City Sustainability Partnership contributed to the sustainability outcomes and indicators for inclusion in the City Performance Plan. These are most notable in the section 'Living within Environmental Limits'. However, as reported in the Sustainable Community Strategy sustainability issues are embedded across the strategy's priorities and as such are reported across various parts of the City Performance Plan i.e. transport and the economy.
- 5.7 The BHCC Organisational Health Report includes specific sustainability indicators that will measure the organisation's performance on sustainability. These have been advised by relevant officers in the Finance and Resource Units. We are currently exploring the inclusion of further indicators for sustainability.

#### **Crime & Disorder Implications:**

5.8 The City Performance Plan includes a specific section on outcomes and indicators for crime and disorder. These have been suggested and confirmed with the Crime and Disorder Reduction Partnership.

#### Risk & Opportunity Management Implications:

- 5.9 Accompanying the City Performance Plan a city risk register has been developed.
- 5.10 Appropriate risk and opportunity indicators have been included in the BHCC Organisational Health Report as advised and recommended by the council's risk and opportunity manager.

#### Corporate / Citywide Implications:

- 5.11 The City Performance Plan is a partnership document. It is owned by, and the responsibility of, the Local Strategic Partnership and the Public Service Board. Therefore, CPP progress reports have implications for all public sector partners in the city.
- 5.12 Performance reporting on the council's Organisational Health Report will have specific implications for the council's target operating model as well as for specific teams within Resource and Finance Units as well as Delivery Units and the Commissioning Unit.

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

6.1 Through consultation with CMT and SLB the proposed Performance and Risk Management Framework is deemed to be the most suitable model.

- 6.2 Possible alternative options to developing the City Performance Plan included not developing a plan. This was deemed unsafe and unwise by the PSB.
- 6.3 Possible alternative options to developing an Organisational Health Report for the council included not developing a plan. This was deemed unsafe and unwise by the Corporate Management Team.

#### 7. REASONS FOR REPORT RECOMMENDATIONS

- 7.1 The council needs to ensure that it has a robust performance and risk management framework that meets the needs of the new structure and model of working.
- 7.2 As the council is one of the key and lead organisations of the Public Service Board and Strategic Partnership Cabinet is recommended to endorse the City Performance Plan to demonstrate the council's commitment and co-operation to performance management of city issues.
- 7.3 Cabinet is recommended to endorse the Organisational Health Report to ensure the council has an up to date, robust and relevant set of measures for monitoring and managing the organisation's performance as a whole.

#### **SUPPORTING DOCUMENTATION**

#### Appendices:

- 1. Performance and Risk Management Framework Summary
- 2. City Performance Plan 2011/12
- 3. BHCC Organisational Report 2011/12

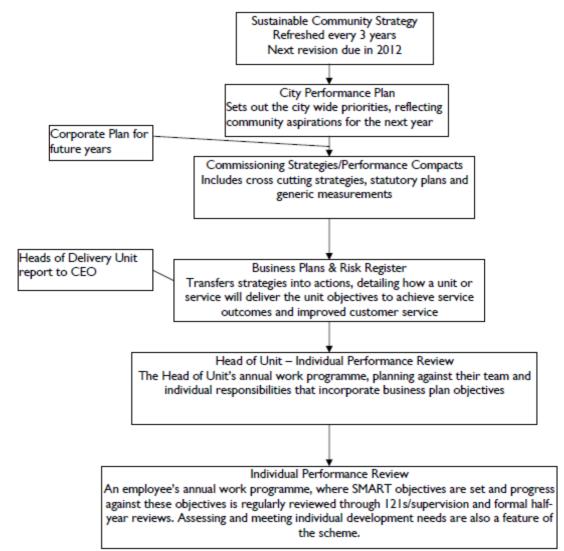
**Documents In Members' Rooms** 

None

**Background Documents** 

None

#### Performance and Risk Management Framework Summary



#### **Sustainable Community Strategy**

Our city's overarching plan is the Sustainable Community Strategy, which outlines a shared vision of 'Creating the City of Opportunities' and is agreed by Brighton & Hove's Strategic Partnership (LSP). It sets out the long-term intentions to improve economic, social and environmental well-being now and into the future. It is a 20 year strategy that is refreshed every three years. The vision is supported by 8 priority areas that are set with extensive input from public sector agencies, businesses, the voluntary sector, residents and community interest groups. The priority areas for 2009-2012 are:

- 1) Promoting enterprise and learning
- 2) Reducing crime and improving safety
- 3) Improving health and well-being
- 4) Strengthening communities and involving people
- 5) Improving housing and affordability
- 6) Living within environmental limits and enhancing the environment
- 7) Promoting sustainable transport

8) Providing quality advice and information services

#### **Brighton & Hove's City Performance Plan.**

The key delivery plan for the Sustainable Community Strategy is Brighton & Hove's City Performance Plan. The Plan details the measures we will deliver against, with our partners, to meet the city priorities. It provides an essential 'umbrella' for policy and service planning at every level and thereby helps to ensure that our daily activity is focused on local priorities.

Numerous partnership plans are also compiled, mapping out agreements between us and our partners to achieve shared objectives and targets set in line with the Sustainable Community Strategy and the City Plan, in specific areas. Examples include the Youth Justice Plan and the Crime & Disorder Reduction Partnership Strategy.

#### **Commissioning Strategies and Performance Compacts**

Performance Compacts flow from the City Performance Plan, the council's Strategic Risk Register and specific service delivery and commissioning arrangements. The Compacts are an agreement between commissioners and delivery units and set out the Service Level Outcomes that delivery units are required to meet in working toward strategic outcomes.

#### **Business Plan and Risk Register**

The compacts are in turn underpinned, at an operational level, by each Unit's Business Plan and Risk Register. Both levels of plan will:

- Reflect the relevant commitments in the Sustainable Community Strategy, City Performance Plan and other statutory and partnership plans e.g. Local Transport Plan
- Ensure services are planned in the context of continually improving customer access, satisfaction and outcomes
- Have regard to organisational improvement objectives and other key internal agendas, including VfM, Investors in People (IiP) and the requirements of the Equality Standard
- Consider other information sources, for example the results of staff feedback (staff survey), complaints data and service-specific consultations

This will help to prioritise where efforts should be focused, thereby establishing the unit and service objectives, and determine how capacity should be built and resources developed and allocated.

#### **Individual Performance Reviews (IPRs)**

The work-plan element of the IPR turns the business plans into tangible and measurable actions for individuals. They sit within the context of the business plans, forming the final tier of the framework. IPRs are completed at two levels, namely manager and individual. Manager IPRs must provide the operational work programme of the team, encompassing both the actions arising from their unit's and service objectives and the team's 'steady state' work (e.g. health and safety requirements), as well as outlining any individual responsibilities and objectives. These, in turn, will direct the specific work duties of each staff member that will contribute to the achievement of service

### Item 40 Appendix 1

outcomes and improved customer service. Progress is discussed and agreed every six months and documented in IPRs.

#### City Performance Plan 2011/12

#### Introduction

The **City Performance Plan** reports on the high level outcomes agreed in Brighton & Hove's Sustainable Community Strategy, Creating the City of Opportunity. It provides a current reflection of what we are aiming to achieve across the city and how will do it, and will enable the Strategic Partnership and citizens to assess how well the outcomes in the SCS are being delivered.

The City Performance Plan will:

- report 6 monthly on how successfully the Partnerships are delivering what they have set out to do in the Sustainable Community Strategy
- contain a series of measures that the Partnership draws upon to evidence progress against the identified outcomes

Partnership performance will be led in the city by the Public Service Board and ownership of the outcomes rests with the Local Strategic Partnership and its Thematic Partnerships.

The CPP for 2011/12 is an interim plan to allow for the significant changes taking place both nationally and locally, in particular with the council's move to a commissioning model. It is likely to be revised late in 2011 for 2012, following detailed outcomes work which will take place over the year. Following this it will be refreshed annually.

The Partnership will manage risks to try to make sure the identified outcomes in the CPP can be achieved. This involves:

- Identifying the risks which make a difference to achieving outcomes. Often these are negative things that could "go wrong", but sometimes taking risks can lead to positive opportunities which could make things even better than expected
- Assessing the likelihood of the risk happening and the potential impact on outcomes if it
  did. Those risks that are relatively more likely with a bigger impact are the ones that will be
  focused on
- Deciding what action to take to manage risks, who is going to do it and by when

Across the city of Brighton & Hove we will work together to manage risks, including setting up a city-wide risk register. This is to focus effort and action in areas which are most important, to make sure the outcomes for the city are delivered.

As the SCS was written before the general election and due to the decisions taken concerning the rapidity of the austerity measures that we now have in place, there will inevitably be a number of outcomes that will now have to be deemed 'aspirational' in 2011/12 rather than achievable due to budget constraints.

#### Next Steps:

Following approval of the plan (mid July) the performance team will work with partnerships and key local authority officers to identify appropriate targets against which performance can be measured and reported.

#### **CPP Outcomes and Indicators**

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#### 1. Promoting Enterprise & Learning

Our aim: a vibrant, socially and culturally diverse place with a wide range of job opportunities supported by accessible child care. A city that supports businesses to grow, encourages investment, innovation and a healthy and sustainable economy, and actively promotes learning and training opportunities for people of all ages.

#### 1.1 Sustain and grow the business base

We intend to develop strong international trade and to have a globally competitive creative and environmental industries sector. We aim for this to be a city that attracts visitors from across the UK and near Europe. We want to develop a thriving social enterprise sector.

We will know if we have achieved these by:

- 1.1.1 At least one pan-Local Economic Partnership (LEP) export project developed
- 1.1.2 Growth in digital media businesses
- 1.1.3 Improving the visitor economy; increase size of visitor economy per £m (L4)
- 1.1.4 Deliver the outcomes of the Social Enterprise Strategy

#### 1.2 Encourage Investment and Innovation

We want the city to have a reputation as a prime business location, a place to invest and innovate. Developers will contribute towards employment and training. We aim to continue the city's strong conference economy, and to promote job creation.

We will know if we have achieved these by:

- 1.2.1 Increase in number of businesses relocating to the city (promotion strategy developed implemented and monitored) (Clear, well received inward investment rapid response service established)
  - Number of substandard commercial premises upgrade (developed in partnership with commercial property owners)
- 1.2.2 Deliver the outcomes from the Building Futures (BUFU) Local Employment Scheme Training agreements developed for all key sites
- 1.2.3 Increase in conference £
- 1.2.4 Deliver the CESP outcomes relating to internationalisation and entrepreneurship Developer contributions toward employment & training (sustain/continue/increase)

#### 1.3 Culture of learning and training for people of all ages

We intend that children and young people will leave full-time education with the skills, qualifications and knowledge to secure suitable employment, apprenticeship or to progress in their education. Every child and young person should have the opportunity to access excellent and inclusive child care and education. We want to raise the adult literacy rate in the city and have a digitally literate and accessible city.

We will know if we have achieved these by:

1.3.1 Achievement of 5 or more A\*- C grades at GCSE or equivalent including English and Maths

Reduce the number of young people aged 16 – 18 who are Not in Employment Education or Training (NEET)

Increase the proportion of young people achieving a level 2 qualification by the age of 19

1.3.2 Narrowing the gap between the lowest achieving 20% in the Early Years Foundation Stage (EYFS) and the rest

Achievement gap between pupils eligible for Free School Meals (FSM) and their peers at Key Stage 2 and 4

KS4 attainment for BME groups

Special Educational Needs (SEN) /non-SEN gap achieving 5 A\*-C GCSEs including English and maths

Care leavers in education employment or training

Inequality gap in the achievement of a level 2 qualification by the age of 19

- 1.3.3 Reading and Writing groups in city libraries
- 1.3.4 Free ICT use in libraries

#### 1.4 Reduce Child Poverty

We aim to reduce numbers of children living in poverty and mitigate impact of poverty on their life chances.

We will know if we have achieved these by:

1.4.1 Children living in poverty (NI 116)

Take up of formal childcare amongst low income families

#### 1.5 Vibrant, socially and culturally diverse city

We want Brighton & Hove to have a reputation as a leading cultural city. All residents should have opportunities to engage and participate in the city's sport and cultural offer. The city should continue to develop thriving arts and cultural businesses.

We will know if we have achieved these by:

- 1.5.1 A rich and diverse festival programme
- 1.5.2 The percentage of adults who have attended or participated in arts activities / events at least 3 times in the last 12 months (NIO11)

Participation in sport by children and young people/ number of young people using sports facilities

No of adults participating in on & off site activities

No of families participating in on & off site activities

1.5.3 Economic impact of cultural quarter to visitor economy

Economic impact of individual major arts events

### 2. Reducing Crime & Improving Safety

A place in which children, young people and adults can be and feel safe by the fair enforcement of the law and preventing and reducing crime and fear of crime.

#### 2.1 Root causes of crime are addressed

We aim to reduce alcohol misuse and alcohol-related disorder, and reduce drug misuse and drug related offending.

We will know if we have achieved these by:

2.1.1 Number of patients seen at A&E as a result of an assault or alcohol-related incident

Number of alcohol-related hospital admissions (NI 039)

Police recorded assaults with injury

2.1.2 Class A Drug Related Offending (NI 038)

No of drug users recorded as 'in effective treatment' (NI 040)

Number of serious acquisitive crimes

2.2 The city's physical and social infrastructure is resistant to crime and disorder and people feel safer

We intend to improve the physical environment, physical and social infrastructure, and community resolution. We aim for citizens to have an improved feeling of safety and improved quality of life.

We will know if we have achieved these by:

2.2.1 Police recorded criminal damage offences

Fire service recorded primary and secondary non-accidental fires

NI 195 (street appearance)

2.2.2  $\,$ % of people feeling safe in day and after dark in their local area

% of people feeling safe in day and after dark in the city centre

2.2.3 Improved resilience to violent extremism among individuals, institutions and communities (self assessment utilising one of the strands of NI 35) - (subject to change pending outcome of nation review of Prevent Programme expected May 2011)

#### 2.3 Risks for children, young people and families are reduced

We aim to deter young people from criminal activity and to reduce youth crime.

We will know if we have achieved these by:

- 2.3.1 Reduce the number of first time entrants to the youth justice system
- 2.2.2 % of families, those community members negatively affected, and other stakeholders who feel that the situation has improved since the work of the Family Intervention Project began.

#### 2.4 Victims feel safer and their risks are reduced

We intend to ensure increased safety for domestic violence sufferers; to prevent and reduce sexual violence and abuse; to reduce racist/religiously motivated, LGBT and disability hate crime; and reduce anti social behaviour in the city.

We will know if we have achieved these by:

- 2.4.1 % domestic violence victims seen at the Multi-Agency Risk Assessment Conference (MARAC) who have been seen previously by the MARAC (last 12 months) (NI 32) Measure under discussion
- 2.4.2 Sexual violence and abuse measure under development
- 2.4.3 No of racist and religiously motivated hate incidents and crimes

No of disability motivated hate incidents and crimes (central database)

Increased levels of confidence and satisfaction by LGBT communities in statutory services' responses to hate incidents (on-line survey to be implemented during 2011/12)

2.4.4 Perceptions of anti-social behaviour (NI 17)

#### 2.5 Offenders are deterred/ prevented from re-offending

We aim to reduce offending by prolific and other offenders.

We will know if we have achieved these by:

2.5.1 Fewer convictions of prolific and other priority offenders over a 12 month period (NI 30) (Interim)

To be subsequently replaced by a measure relating to the 'Integrated Offender Management' cohort of offenders – measure under development

# 3. Improving Health & Wellbeing and reducing ill health inequalities

A place where there is a shared vision to improve health, care and well-being for everyone living and working in the city and for generations to come, by improving the conditions which influence our health, and by promoting healthy lifestyles, treating illness, providing care and support and reducing inequalities in health.

#### **Overarching Target**

 To reduce differences in life expectancy between communities. This is to be measured by a slope index of inequality in life expectancy, separately for men and women (Healthy Life Expectancy)

## 3.1 Tackling the wider determinants of health (Improving the conditions that improve health)

We want to ensure that people in Brighton & Hove enjoy a high quality of working life. We want to encourage positive health behaviour through an active living approach in community and workplace settings. We will apply the principles and approaches of Healthy Urban Planning to developments in the city

We will know if we have achieved these by:

- 3.1.1 Work sickness absence rate (city-wide measure in development)
- 3.1.2 Adults taking part in sport (NI008)
- 3.1.3 There should also be cross-reference to other measures in the CPP as follows:
  - Housing (eg NI 158, NI 187, NI 158)
  - Transport (eg NI 47 & 48, NI 175, 176)
  - Planning (eg policy re Lifetime Homes)
  - Sustainability (eg Access to green space)

#### 3.2 Helping people to live healthy lifestyles

We will try to help people to live healthy lifestyles.

We will know if we have achieved this by:

- Smoking prevalence in adults (4 week quitters)
- Prevalence of healthy weight in 4-5 (Reception) and 10-11 year olds (Y6)
- Adults taking part in sport (NI008)
- Number leaving drug treatment free of drug(s) dependence
- Rate of Hospital admissions per 100,000 for alcohol related harm
- Number of people offered and taking up talking therapy sessions (LAA L16)
- Chlamydia diagnosis rates per 100,000 young adults aged 15-24 (in development)
- Under 18 conception rate

## **3.3** Preventing ill health – shared between Public health, NHS, Adult Social Care, Children's services (clinical)

Work will take place across the Partnership towards prevention of ill health.

We will know if we have achieved this by:

- Screening uptake (of national screening programmes)
- Childhood immunisation rates
- Breastfeeding initiation and prevalence at 6-8 weeks after birth
- Maternal smoking prevalence
- Hospital admissions caused by injuries to under 5s
- Acute admissions as a result of falls or fall injuries for over 65s (need to check if this is currently a target) Chlamydia diagnosis rates per 100,000 young adults aged 15-24
- Proportion of persons presenting with HIV at a late stage of infection
- Take up of NHS Health Check programme by those eligible
- Increase access to and uptake of pharmacy based supervised consumption and increase the proportion of people receiving treatment within primary care, especially within outlying areas of the city

# 3.4 Healthy life expectancy and preventable mortality (preventing people from dying prematurely)

We will know if we have achieved this by:

- Suicide rate
- Mortality rate from communicable diseases
- Mortality rate from CVD in persons less than 75 years old
- Mortality rate from cancer in persons less than 75 years old
- Mortality rate from Chronic Liver disease in persons less than 75 years old

- Mortality rate from chronic respiratory diseases in persons less than 75 years old
- Excess seasonal mortality

#### 3.5 Improving care and support

We will enable people who need social care and support services to live with maximum independence and in safety. We will provide personalised care services which promote choice, control and independence for service users and carers. We will support into training and employment people with social care needs. We also aim to improve planned discharge rates for clients.

We will know if we have achieved these by:

#### 3.5.1 NI 131 delayed transfers of care

Permanent admissions to residential and nursing care homes

The proportion of people who use services who say that those services have made them feel safe and secure

The proportion of people who use services and carers who find it easy to find information about support

Context information:

 Additional information about outcomes for people accessing these services, focusing on reablement, transitional care, telecare and daily living equipment

#### 3.5.2 NI 130 % of service users receiving Self Directed Support (target 30%?)

NI 135 Carers receiving needs assessment or review and a specific carer's service, or advice and information

Clients receiving community based services who have been reviewed (target 85%)

*Context information:* 

- The proportion of people who use services who have control over their daily life
- Clients receiving community based services who have been reviewed target 85%
- Reablement measure to follow such as Intermediate Care Services target NI 125 of 85%
   (% of people still at home 90 days after received ICS)
- Draft measure: % of carers who report improvements in their wellbeing following a carers break/service - outcome survey for carers who have had self directed support - in development, pilot ongoing
- Service user and carer outcome survey with services

#### 3.5.3 NI 146 Adults with learning disabilities in employment

NI150 Adults receiving secondary mental health services in employment

Numbers of service users with a Learning Disability supported into voluntary work.

*Information for context:* 

Number of disabled people provided with and employment and training within the Supported Business

Number of disabled people supported in employment

Number of disabled people provided with employment and training within Supported Business

Number of disabled people supported in employment

3.5.4 Numbers of service users provided with day services

Numbers of service users with a Learning Disability provided with Community Support.

Person Centred Plans for people with a Learning Disability - annual audit

# 3.6 Promote health and well being and reduce health inequality for children and young people

We aim to provide a robust and confident protection pathway that protects children and young people who are at risk of maltreatment, harm, neglect and/or sexual exploitation. We will address the needs of vulnerable children and young people where families are affected by adult substance or alcohol misuse, domestic violence, mental health or learning disability. Children looked after by the authority will have stability, security and be well cared for. All children are to have access to high quality healthcare including specialist services for the most vulnerable. Young people will be helped to make positive choices about their sexual health, their lives, to minimise risk-taking behaviours, especially alcohol use and substance misuse.

We will know if we have achieved these by:

3.6.1 Reduce emergency hospital admissions caused by unintentional and deliberate injuries to children and young people

Percentage of initial assessments for children's social care carried out within 10 working days of referral

3.6.2 Reduce the child protection rate per 10,000

Increase the number of children and young people receiving a Common Assessment Framework (CAF) intervention

Percentage of children becoming the subject of Child Protection Plan for a second or subsequent time

Reduce the Looked After Children (LAC) rate per 10,000

LAC reviews within timescales

- 3.6.3 Reduce the no. of children placed 3+ times

  Percentage of LAC Reviews with positive participation
- 3.6.4 Increase % receiving the one year health visitor check
  Child and Adult Mental Health Services (CAMHS)
- 3.6.5 Levels of alcohol and substance misuse (SAWAS survey)Substance misuse treatment servicesHospital admissions for alcohol/drugs

## 4. Strengthening Communities & Involving People

Our aim: a place where communities are strong, inclusive and cohesive and have opportunities to get involved and influence decision making. A place where individuals are able to take advantage of opportunities to improve their quality of life. A place where the third sector is thriving to enable and support community engagement and provide services to diverse communities.

#### 4.1 Strong, Inclusive, Cohesive Communities

We want to ensure the city has communities with shared values and a strong sense of belonging to Brighton & Hove. To help develop a culture of active citizenship in the city, and create opportunities for individuals and communities to take more control over the issues that affect their lives in order to meet their needs, contribute to their economic and social opportunities and build active and inclusive communities. There should be engagement opportunities for all sections of the community.

We will know if we have achieved these by:

- 4.1.2 Participation in regular volunteering
- 4.1.3 CDC outcomes

NI 004 % people who feel they can influence decisions in their locality

**CVSF** outcomes

4.1.4 % of people from equalities strands engaged in community action

#### 4.2 Opportunities for people to get involved and influence decision making

The Partnership wants strong engagement structures that widen and deepen involvement of local communities, for children and young people to feel they can influence decisions that affect their lives and are involved in the review and design of services. There should be high quality and consistent community representation and influence across the public sector and partnership. Services should be improved and make better use of resources.

We will know if we have achieved these by:

- 4.2.1 % of people who feel they can influence decisions in their locality
- 4.2.2 % of young people and children who fee they can influence decision making
- 4.2.3 (additional measure to follow)
- 4.2.4 No. of CVSF rep attending meetings
- 4.2.5 Customer Service user satisfaction

Satisfaction with engagement opportunities

#### 4.3 Individuals are able to improve their quality of life

We want to ensure that Individuals and communities have access to the information, advice and support they need to develop their confidence, skills, knowledge and ability to: participate in community life; engage with services and decision-making; and come together to take action for themselves.

We will know if we have achieved these by:

4.3.1 NI 004 % people who feel they can influence decisions in their locality

NI 006 participation in regular volunteering

#### 4.4 Support a Thriving Third Sector – Indicators to be confirmed

We aim to provide high quality and accessible support services for the third sector, to have city commissioning & funding regimes that value the benefit, contributions and diversity of the sector. There must be good practice in cross-sector partnership working. Strong, sustainable community-led or owned buildings, with clear community benefit. An informed voluntary and community sector engaged collaboratively in neighbourhood and citywide decision making. A strong and resilient voluntary and community sector that delivers high quality services for individuals and communities in the city

We will know if we have achieved these by:

*Indicators to be confirmed* 

# 5. Improving Housing & Affordability

Our aim: enabling healthy homes, healthy lives and a healthy city that reduces inequality and offers independence, choice and a high quality of life.

#### 5.1 Improving Housing Supply

We will best use of the housing stock, increase the supply of affordable rented housing and identify opportunities to improve and develop deprived neighbourhoods. We will provide

opportunities for households to move to larger homes or downsize as their needs change, and we will help households become homeowners.

We will know if we have achieved these by:

- 5.1.1 Number of new homes developed for low cost home ownership

  Effective uptake of low cost home ownership options by local people
- 5.1.2 Minimum of 10% of new affordable homes to be family sized (25% on suitable sites)

  Secure under occupation funding and free up 80 larger homes per annum
- 5.1.3 Reduced deprivation and improved resident satisfaction with their neighbourhoodPipeline of sites suitable for housing from being available through to being in development
- 5.1.4 Under-occupation measure to be developed
- 5.1.5 Develop 130 new affordable rented homes per annum

Develop new affordable rented family sized homes Minimum of 10% of new affordable homes (25% on suitable sites)

Develop new affordable rented housing for wheelchair users 10% of all new affordable housing to meet wheelchair standard

#### 5.2 Improving Housing Quality

We will work with home owners and landlords to maintain and improve the quality of their housing. We will develop the Brighton & Hove standard for high quality and well maintained council housing and improve tenants' homes to ensure that they meet the standard. We will work with owners to bring more of the city's long term empty homes back into use. We will ensure that new housing is developed to the latest standards.

We will know if we have achieved these by:

#### 5.2.1 NI 187a&b

Tackling fuel poverty - people receiving income based benefits living in homes with a low energy efficiency rating (N.B this measure subject to confirmation of any issues arising with survey)

70% of all vulnerable people in the private sector living in decent homes by 2010

- 5.2.2 NI 158 % of decent council homes
- 5.2.3 BV 64 Empty private sector properties brought back into use
- 5.2.4 Planning Policy HO13 'Accessible housing and Lifetime Homes': 100% of all new homes meet the standard

New housing meet or exceed Level 3 of the code for sustainable homes standard (Level 4 preferred)

Planning Advice Note PAN03 'Accessible housing and Lifetime Homes': 10% of all new affordable housing meets the standard

#### 5.3 Improving Housing Support

We aim to support households to make informed choices about their housing options, provide adaptations and support to households and their carers. We will work to prevent homelessness and rough sleeping. We will also work to ensure student housing provides a positive contribution to students' lives and the city.

We will know if we have achieved these by:

#### 5.3.1 Measures to be developed

- Private landlords offering homes for rent through the magazine
- Develop a register of adapted properties
- Develop and publish a housing options guide for people with a Learning Disability
- 5.3.2 Reduced time from adaptation request to completion of work

Increased supply of accessible temporary accommodation for those in need

5.3.3 The number of cases where homelessness was prevented by casework; target more than 780 per year

Reduce the number of rough sleepers (L24)

5.3.4 Reduce or halt over concentrations of HMO across neighbourhoods

Improved environment in student areas and surrounding neighbourhoods (place survey replacement?)

# 6. Living within Environmental Limits and enhancing the environment

We aim to aspire to a healthy, just society, living within environmental limits by achieving a sustainable economy, promoting good governance and using sound science responsibly.

We will know if we have achieved these by:

- **6.1** A reduction in greenhouse gas emissions:
  - NI 186 and Gas and electricity consumption data: domestic, commercial and industrial.
- **6.2** Improved planning across the city for the risks and opportunities of climate change:
  - NI 188 Planning for Climate Change Adaptation

- **6.3** A reduction of waste and increased levels of reuse, recycling and composting:
  - NI 191 Residual household waste
  - NI 192 Waste sent for reuse, recycling and compost
- **6.4** Increase and conserve levels of biodiversity in the city:
  - Publication of the Local Biodiversity Action Plan
  - Designation of Local Wildlife Sites for the city, which will involve an intensive survey of all known important wildlife sites in the city
  - Launch of 'CityWildlife', a website devoted to local biodiversity to promote public engagement.

## 7. Promoting Sustainable Transport

Our aim: an integrated and accessible transport system, that enables people to travel around and access services as safely and freely as possible while minimising damage to the environment and contributing to a safer, cleaner, quieter and healthier city.

#### 7.1 Support Economic Growth:

To support national economic competitiveness and growth, by delivering reliable and efficient transport networks

We will know if we have achieved this by:

- · Peak period traffic flows
- NI 167 Congestion
- NI 176 Access to employment by public transport
- Bus services running on time

#### 7.2 Equality of Opportunity:

To promote greater equality of opportunity for all citizens, with the desired outcome of achieving a fairer society

We will know if we have achieved this by:

- Affordable, regular, freely accessible transport indicator to be confirmed
- NI 175 Access to services

#### 7.3 Climate Change:

To reduce transports emissions of carbon dioxide and other greenhouse gases, with the desired outcome of tackling climate change

We will know if we have achieved these by:

- Reducing NO2 emissions
- Reducing CO2 emissions
- NI 167 Congestion
- NI 177 Increase bus patronage
- Peak period traffic flows

#### 7.4 Better Safety and Security and Health:

To contribute to better safety and health and longer life-expectancy by reducing the risk of death, injury or illness arising from transport and by promoting travel modes that are beneficial to health.

We will know if we have achieved these by:

- NI 47 Killed and Seriously Injured (KSI)
- NI 48 Child KSI
- Total slight casualties
- Cycle trips
- No of pedestrian movements (increase walking)
- Reducing NO2 emissions
- Reducing CO2 emissions

#### 7.5 Quality of Life:

To improve quality of life for transport users and non-transport users, and to promote a healthy natural environment

We will know if we have achieved these by:

- NI 175 Access to services
- Bus services running on time

### 8. Providing Quality Advice and Information Services

Our aim: a place where residents can readily access free advice and information that they can rely on in order to help them to deal with difficult situations, avoid dependency on services and achieve their aspirations.

#### 8.1 A city where residents can readily access free advice and information

Advice Services partnership is a new partnership which is currently working on priorities and indicators. Indicators which address key elements of financial exclusion will be developed during 2011/12.



#### Organisational health report – progress update

#### Background

The Organisational Health Report has in previous years been the report that contained indicators that reflected the performance of parts of the Strategy and Governance Directorate.

This was taken as a starting point and management were asked to submit their ideas of key organisation wide indicators for inclusion in the new OHR.

This wider list was reviewed and an SLB priority subset was produced for the main focus of the new Organisational Health Report. This work highlighted those that were to be reported on a monthly basis and those less frequently. The desire for a dashboard style report has been difficult to achieve and work is on-going to facilitate this. Much of the focus so far has been in working with data suppliers to identify sources of information and ensure quality.

#### The Indicators

F	INANCE	Data Available
	Progress towards achieving value for money (VFM)	
	savings targets	Not yet
	% variance taken from targeted budget	
	management (TBM) reporting	Not yet
	% variance on corporate critical budgets	Not yet
	The percentage of all supplier invoices that are paid	
	within 30 calendar days of receipt (BV008 - <b>Org</b>	
	Health)	Yes
	Percentage of invoices from SME (Small or Medium	
	Enterprises) and individuals that are paid within 10	
	working days of receipt (BV008 local - <b>Org Health</b> )	Yes
	Percentage of council tax collected (BV009 - <b>Org</b>	
	Health)	Yes
	Percentage Business Rates Collected (BV010 - Org	
	Health)	Yes
	The percentage of all supplier invoices that are paid	
	within 30 calendar days of receipt (BV008 - <b>Org</b>	
	Health)	Yes
	Percentage of invoices from SME (Small or Medium	
	Enterprises) and individuals that are paid within 10	
	working days of receipt (BV008 local - <b>Org Health</b> )	Yes
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Employee stability index. i.e the number of staff that leave the council within the first year of service. (HR MIS/recruitment)	Yes
The number of leavers from the council	Yes
The number of new starters to the council	Yes
Average sickness days lost per head (BV012 - Org Health)	Yes
Spend on Agency workers vs. target	Yes
The % of posts occupied by agency workers and consultants	Yes
NEW HR cases for Grievance, Disciplinary, Capability, Probation and Sickness	Yes
PLACEHOLDER - Pay ratio Indicator showing the ratio between the lowest and highest paid officer	Under development
Percentage of the top 5% of earners that are women (BV011a – <b>Org Health</b> )	Yes
Percentage of the top 5% of earners from an ethnic minority (BV011b – <b>Org Health</b> )	Yes
Percentage of the top 5% of earners with a disability (BV011c – <b>Org Health</b> )	Yes
Percentage of the top 5% of earners declaring that they are Lesbian, Gay or Bisexual	Yes
Percentage of employees declaring they meet the Disability Discrimination Act (BV016 – <b>Org Health</b> )	Yes
% of employees declaring that they are Lesbian, Gay or bi-sexual	Yes
Percentage of staff from an ethnic minority (BV017a – <b>Org Health</b> )	Yes
The level of the Equality Standard for Local Government to which the authority conforms (BV002	. Was
Org Health)	Yes
CUSTOMER – under development	
The number of stage 1 complaints received	Yes
The number of stage 2 complaints received	Yes
Complaints referred to the Local Government Ombudsman	Yes
The number of Compliments received	Yes
% of queries resolved at the first point of contact (sample based)	No
Satisfaction out of 10 - ICE to advise specifics of	No consistency
indicator, the current focus is on volumes by access channel	but will report what is

	available
Contact volumes compared to target (no targets set so far but ICE measure contact volumes on key areas)	No consistency but will report what is available
External calls against 80 / 20	No
% of people satisfied with the way the council runs things (place survey)	Yes

#### **PROCESS**

kg of waste per household (NI191)	Yes
Percentage of waste recycled (NI192)	Yes
Tonnes Municipal waste to landfill (NI193)	Yes
Health Safety and Wellbeing - Total Incidents	Yes
Health Safety and Wellbeing - RIDDOR reported	
incidents	Yes
Corp Risk Register summary of actions	Not yet
Percentage of authority buildings open to the public	
with all public areas suitable for and accessible to	
people with disabilities (BV156 - <b>Org Health</b> )	Yes

#### Indicators that have been removed from the proposed list

- % Value/Failure demand (manual sample based measure)
- Average end to end process time (manual sample based measure)
- Face to face waiting time
- E-mails against 48 hours turnaround
- CO2 emissions due to council operations
- Reduction in water consumption in council buildings
- % NOx and primary PM10 emissions through Local Authority Operations
- Planning for climate change (self assessment)

#### Assessment of the current data availability gaps

**Finance** gaps are mainly down to the finance closedown process reporting will begin from July following TBM2.

**Customer** gaps are more significant – Complaints data is available in some detail but the other customer measures are not as easily available. The Performance Team is working with the Customer Programme Manager and SOCITM to deliver some customer channel benchmarking against 5 similar local authorities. This work should enable us to close some of the customer measurement gaps and integrate some element of cost per channel indicators, we will review the effort required to produce these. This work will

be undertaken throughout May with full benchmarked data being available late July.

A template customer satisfaction survey has been set up on the consultation portal and will be offered to services to add as a link to email communications.

**Other Gaps** we could take the opportunity to pull out of the compacts the key indicators of organisational success in achieving our outcomes. There is also a need to include some sustainability indicators as a way of galvanising support across the organisation for some of the key elements of the EMS.

#### **Next Steps**

The corporate Performance Team have developed an action plan to manage closing the reporting gaps.

# **CABINET**

# **Agenda Item 41**

**Brighton & Hove City Council** 

Subject: Response to the recommendations of the Overview

and Scrutiny Commission's Panel on Renewable

**Energy Potential** 

Date of Meeting: 14 July 2011

Report of: Strategic Director, Place

Lead Member: Cabinet Member for Environment & Sustainability

Contact Officer: Name: Thurstan Crockett Tel: 29-2503

E-mail: thurstan.crockett@brighton-hove.gov.uk

**Key Decision:** No

Wards Affected: All

#### FOR GENERAL RELEASE

#### 1. SUMMARY AND POLICY CONTEXT:

- 1.1 A cross-party scrutiny panel on renewable energy potential for the city was established to investigate how best the council and its partners could develop renewable and sustainable energy resources, taking best advantages of the incentives on offer and working to grow emerging renewable energy business in the city.
- 1.2 It's report was agreed by Environment & Community Safety Overview & Scrutiny Commission on April 4, 2011. This report sets out the Council's initial response to the findings of the Commission and the scope of further work.

#### 2. **RECOMMENDATIONS:**

2.1 That Cabinet approves the responses in Appendix 1 and the timetable, subject to further reports identifying the business cases and funding etc., as set out in paragraph 3.3.1 below.

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

- 3.1 The Renewables Scrutiny Panel was chaired by Dr Adrian Smith, of the Science and Technology Policy Research Unit, University of Sussex. Other panel members were Councillors West, Morgan, and Watkins.
- 3.2 The Panel held four public meetings, hearing from 26 expert witnesses, including council officers, representatives of city partner organisations, experts on renewable energy, sustainable energy businesses and local residents.
- 3.3 The Commission made far reaching and challenging recommendations.

  Progress in implementing these to date is set out in Appendix 1. The findings and recommendations have Council, public sector and City-wide implications relating to the administration's stated priorities for this work:

- Create an ambitious programme to insulate every home in the city and install renewable energy technologies - To cut fuel poverty and energy bills, make homes healthier and slash carbon emissions.
- Help older people access grants and loans to make their homes more energy efficient and reduce excess winter deaths
- Ensure that at least 30% of energy consumption in public buildings is generated through renewable sources by 2015.
- Use the feed-in-tariff for renewable energy generation to fund core services.
- Create a council-owned Energy Services Company to retrofit public and private sector homes.
- Employ the Energy Services Company to develop low and zero carbon heat and electricity networks, supply council buildings and businesses in the city.
- Push for ambitious targets for energy efficiency, sustainable energy and sustainable building design and materials.
- Ensure new buildings in the city are zero-carbon by 2014 ahead of the national target of 2016.
- Adopt local carbon budgets, reported alongside the financial budget.
- 3.3.1 The degree of potential investment and technical complexity should not be under estimated. Hence, in taking the initiative forward, the Cabinet Member for Environment & Sustainability has asked officers to undertake a review of how the recommendations may be implemented in the context of:
  - The 'One Planet Living' framework;
  - Setting a 'Return On Investment' methodology;
  - The Council's Medium Terms Financial Strategy (MTFS);
  - Identifying co-investment opportunities with other key agencies, businesses and funding streams;
  - Establishing a governance framework to drive a delivery programme; to allocate resources (to be agreed in relation to the Council's MTFS) and to assemble the necessary technical expertise.
- 3.3.2 These considerations (not least investment resources) are critical in establishing the capacity of the Council, the public sector and the City as a whole to deliver on the bold objectives and desired outcomes of the Scrutiny Panel report. In this context, the role and membership of the City Sustainability Partnership could be important in forging a strong investment plan which secures commitment from a range of stakeholders and investors and managing expectations of the pace and degree of change realistically possible.
- 3.3.3 There has been good progress in other key areas; in summary
  - In 2010-11 the Private Sector Housing Renewal programme in Brighton & Hove invested nearly £1m and delivered the following key outputs in relation to energy efficiency: 737 energy efficiency measures installed; including 25 renewable energy solar thermal hot water systems; 392 tonnes of CO2 saved.
  - The council has moved quickly to assess the benefits of the Feed in Tariff scheme. In addition to FIT Housing is exploring other options to increase investment in home energy efficiency across the city. These are summarised in Appendix 1
  - The council's substantial PV programmes planned for deployment by April 2012

- Property and Design work on renewables in new builds and refurbishments
- the setting up of a city Sustainable Energy Working Group of practitioners keen to progress the recommendations with the council
- background studies on solar and wind resource
- planning policy changes prepared top boost renewables through Core Strategy changes and wider work
- an improved monitoring system through planning for renewables in new builds
- mapping of council buildings with ageing oil-fired boilers in areas of the city with energy and heat demand - lending themselves to potential combined heat and power networks
- advice to Shoreham Port and help to get Brighton Energy Co-op close to contract signing on a large PV scheme for the roof of a business centre; and on managing a wider PV programme
- exploration of council investment in a Finance South East community energy fund which finances hard-to-fund feasibility and start up for community energy projects
- Property services work to explore Brighton Energy Co-op developing a large scale PV project and in the potential for wind energy projects.
- 3.3.4 The Private Sector Housing Team is also launching a GP and Health Professional referral pathway that will identify patients, whose housing conditions put them at greater risk of poorer health outcomes, including the effects of fuel poverty. This will allow GPs & Health Professionals to directly refer patients onto available and appropriate support such as grants and a range of other support and advice options
- 3.3.5 The city's current £12.5m government funded Private Sector Housing Renewal Programme is coming to an end. To date £4m of this has been invested in home energy efficiency in the city. Local businesses and contractors have been utilised significantly in carrying out assistance works. As delivery of the renewal assistance programme is subject to availability of resources, it is now proposed to review our private sector Housing Renewal Policy based on likely future funding.
- 3.3.6 Key Housing Commissioning goals include: reducing fuel poverty; minimising CO2 emissions; improving private sector & social housing tenants' and eligible owner occupied homes. Housing has a strong background in investment & delivery of home energy efficiency improvements across both the council housing stock and the private sector:
  - The £1m invested in2010-11 the Private Sector Housing Renewal.
  - The use of local businesses and contractors for both decent homes and energy efficiency measures in the private sector.
  - Across the council housing stock we have invested significantly in insulation & heating. The current SAP Energy Rating of 76.4 puts us in the top quartile of performance in this indicator. We are investing £3.5 million in boiler & heating replacements and upgrades, installing high efficiency condensing boilers.
- 3.3.7 Housing continues to aim to maximise home energy efficiency investment to meet our strategic Housing Commissioning goals, identifying funding and investment opportunities to maintain the current programme and opportunities for Brighton & Hove residents.

#### 4. CONSULTATION

4.1 Consultation has taken place with the Energy Team, Carbon Management Board, Property Services, Planning, Housing, the City Sustainability Partnership chairs, the partnership's working group on revising the city's Climate change Action Plan, and with the emerging city Sustainable Energy Working Group.

#### 5. FINANCIAL & OTHER IMPLICATIONS:

#### Financial Implications:

- 5.1 The Council and partners will need to examine the funding options available to support the development of the recommendations within the Executive Response and consider financial investment in the context of the Medium Term Financial Strategy. Opportunities will be explored alongside the City Sustainability Partnership. The PV solar panel procurement process is underway and funding options available for non housing buildings were considered by Cabinet on 9 July 2011.
- 5.2 Initiatives will be reported back at which stage detailed financial implications alongside investment strategies and included within considerations for budget strategies.

Finance Officer Consulted: Anne Silley / Rob Allen Date: 28/06/11

#### <u>Legal Implications:</u>

- 5.3 It is a constitutional requirement that Cabinet consider the Commission Panel's recommendations, and respond to the Environment and Community Safety Overview & Scrutiny Committee (ECSOSC), indicating what, if any action it proposes to take.
- 5.4 If ECSOSC has published the Panel recommendations, Cabinet must likewise publish its response.
- 5.5 Cabinet's response must be reported to full Council for information.

Lawyer Consulted: Oliver Dixon Date: 27/06/11

#### **Equalities Implications:**

5.6 Recommendations in this report are in line with the Council's approaches to equalities and inclusion. Tackling fuel poverty and fuel bills to help reduce inequality should be a core aim of any renewables programme, especially for the city's housing, and is the approach being adopted.

#### Sustainability Implications:

5.7 Sustainable energy development in the council and the city meets sustainability objectives environmentally, socially and potentially economically, if well designed and implemented.

#### Crime & Disorder Implications:

5.8 None

#### Risk & Opportunity Management Implications:

- 5.9 The biggest strategic risk is that the city misses the opportunity to make the most of the renewable energy resource and the financial incentives available.
- 5.10 The key short term risk is that delays in implementation will mean the council and others across the city missing out on the highest level FIT payment rate which has a deadline of April 2012; this is still very demanding and will need mobilisation across procurement, property and design, housing and planning to meet this.
- 5.11 FIT rates are partly designed to decrease as the capital costs of systems reduces and there has been a significant reduction in costs over recent years, bearing this out. So FITs and Renewable Heat Incentive (RHI) do present an ongoing opportunity, provided government doesn't change them again.
- 5.12 There is a risk relating to this uncertainty created by the government through the FIT review process, which has made it hard to publicise the FIT to the public with confidence as evidenced by the government's failure itself to do so.
- 5.13 The big opportunity is to derive a programme which takes account not just of the FIT and RHI, but also of the likelihood that energy prices will rise rapidly: analysts suggest anything between 25 and 40% over the next 18 months to 2 years; this itself is a big incentive to deploy renewable energy more quickly.
- 5.14 There is a risk that the council has not geared up for this, may not have the skills sets required in depth and breadth, and has a big challenge to catch up with good practice in this area by other local authorities and organisations and to work effectively in partnership with new and established energy companies, households, landlords and commercial property owners.
- 5.15 There is also a risk that with limited resources, the panel recommendations place too much emphasis on renewables when demand reduction energy efficiency is the first priority: the two need to sit side by side in any strategy and implementation.
- 5.16 A focus on renewables alone may also work against carbon reducing transitional technologies like gas-fired combined heat and power, which offer the opportunity of deep carbon reductions through more efficient systems while the cost of renewables comes down.

#### Corporate / Citywide Implications:

5.17 Stronger co-ordinating leadership is required to enable a step change in implementation of these actions and to ensure the administration priorities for renewable energy are addressed. People with the skills, finance, spaces, technologies and plans need to be brought together more effectively. The focus to date has been largely on council property and support for much better partnership working on a wider city programme of renewable energy

development is required. The city commissioning programme is an opportunity to address this, following the process set out at 3.3.1.

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

6.1 No alternative options have been explored at this stage that are not set out in this report and the appendix.

#### 7. REASONS FOR REPORT RECOMMENDATIONS

7.1 The scrutiny panel reported more than six months ago and this is the first practical opportunity to bring this report forward.

#### **SUPPORTING DOCUMENTATION**

#### Appendices:

- 1. Table of Recommendations with responses
- 2. Report of the Environment and Community Safety Overview and Scrutiny Panel

Documents in	n Members'	Rooms:
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None

#### **Background Documents:**

None

# **Executive response to the Renewable Energy Scrutiny Review**

Rec	Scrutiny	Executive Response to recommendation	Action taken or likely date of
Number	Recommendation	Decision-making body, date	action
1	Council plans to invest in sustainable energy: The Strategic Director, Place, to publish in 3 months time a public document setting out the council's plans to invest in sustainable and renewable energy.	The corporate buildings solar PV programme was approved in outline at Cabinet on 9 June 2011. The report covers 23 sites with a strong business case and a further 17 sites, which have the potential but will need clarification from survey work. The sites within the scheme are made up from corporate and school buildings. The procurement process for this project is currently looking at the most advantageous (time and cost) route for procuring the panels and a decision will hopefully be made imminently.  Housing has moved quickly to assess the benefits of the Feed in Tariff scheme. In addition to FIT, Housing are exploring other options to increase investment in home energy efficiency across the city:  • Sub regional procurement of solar PV underway. Framework agreement to be in place June 2011 available for the Council to call-off after business modelling completed and further approval sought/given  • Exploring the role the council will play in the delivery of the 'Green Deal' and are working towards a 'go early' scheme to replicate Green Deal benefits for city residents and to promote home energy efficiency and sustainable energy  • Renewable Heat Incentive – as more details emerge we will be able to explore options to benefit both council tenants and other residents in the city	PV programme for operational sites including procurement – Energy & Water Team/Procurement (by March 2012)  Housing Cabinet member report September 2011.  Installation programme - Architecture & Design Manager, by April 2012

		<ul> <li>Exploring use of Energy Service Companies as a potential delivery vehicle for significant home energy efficiency and sustainable energy projects in the city</li> <li>The Council has also undertaken a range of renewables projects, through works carried out by the Architectural team, that have incorporated various no and low carbon technologies alongside other sustainable design components. These have included:         <ul> <li>Balfour School: Ground Source Heat Pump, Solar Thermal and Passive Stack</li> <li>Davigdor School: Solar Thermal</li> <li>Somerhill Junior: Air source heat pump, solar thermal</li> </ul> </li> <li>Other projects currently underway include:         <ul> <li>Whitehawk Co-Location (Public building) Air Source heat pump, passive stack ventilation, rainwater harvesting</li> <li>Whitehawk Co-Location (School) Air Source heat pump, passive stack, rainwater harvesting</li> <li>Westdene Primary Air Source heat pump, passive stack, rainwater harvesting, solar thermal</li> <li>Queens Park Primary Air source Heat pump, passive stack ventilation</li> <li>Falmer Academy, Biomass boiler, rainwater</li> </ul> </li> </ul>	
		Faimer Academy, Biomass boiler, rainwater harvesting, solar thermal.	
2	Encouraging the city to invest in sustainable energy The Strategic Director, Place, to approach major	The council has worked with the Development Director of Shoreham Port to advise on renewables development and helped facilitate a connection with Brighton Energy Co-op which is working on securing a deal. This could be to put a solar PV array on the Hove Enterprise Centre within the	SPD08 to undergo review late 2011. Current 'recession busting' measures will be subject to review with a view to the introduction of carbon

	local land-owners and developers (including Shoreham Harbour) to explore as a matter of urgency how they can incorporate sustainable energy in their developments. The Strategic Director, Place, to report back on progress in 3 months time.	port; advice has also been given about appointing a project manager for the renewables work and about the impact of the FIT review. Also re work connected with the offshore windfarm development.  Local Plan Policy SU2 and SPD08 Sustainable Building Design Supplementary Planning Document seek to deliver high levels of energy performance including installation of renewable technologies through the planning system.  SPD08 includes a policy for carbon neutral development which has the potential to push this further. The policy has been temporarily waived as part of 'recession busting' measures.  The submission Core Strategy promotes the growth of environmental industries in the city in policy CP16 Planning for Sustainable Economic Development. Shoreham Harbour (DA7) is identified as a specific location for environmental industries. Policy CP1 addresses Sustainable Building Design targets for new build. Policy SA6 Sustainable Neighbourhoods seeks to promote environmental sustainability improvements to new and existing buildings.  Major local landowners have not been contacted due to the continued uncertainties in the renewables regime nationally.	offset payments towards grants for renewables.  Update employment and area based priorities providing an opportunity to update and amend policies.  Subject to members agreeing to withdraw the Core Strategy, policies will be updated and amended for October 2011 Cabinet. This will include CP1 which will be updated during the 'refresh' and public consultation undertaken.  — City Planning
3	A sustainable energy programme for the city The council to feed into a city wide energy planning process. This programme could be developed by the City Sustainability Partnership, if sufficiently	The CSP does not feel well enough resourced at present to develop this programme, but has invited the emerging Sustainable Energy Working Group to its July 18 meeting to hear how this might be developed. The group is made up of experienced renewables practitioners and has a practical focus on helping the council implement these recommendations. This would also involve an early mapping exercise of energy projects in the city leading	CSP meeting to explore formalising link with and role of working group – July 18 2011.

	resourced, to produce a city- wide sustainable energy programme, to ensure that sustainable energy is integrated into all appropriate projects.	potentially to an on-line directory of low carbon projects and providers here.  A city-wide programme should be developed as part of the Zero Carbon commission which is in the council's draft commissioning plan to begin in 2012/13. This conforms with the preparatory work being done for the CSP to revise the city's Climate Change Action Plan, with key strands on Housing, Transport, Industry & Commerce, Sustainable Energy and Adaptation.	CCAP draft due September 2011 Commissioning Plan due to be considered in September 2011
4	A council policy on sustainable energy The Strategic Director, Place, to develop a corporate policy on sustainable energy which would bring together the work being undertaken across the authority.	A policy has been drafted but needs to be improved to reflect the new administration's ambitions and also to have a more city-wide approach.	Resources Unit, by September 2011
5	A sustainable energy team The council to explore how to establish a dedicated team – for example, a Sustainable Energy Agency - to take forward sustainable energy initiatives in the city.	The Council's corporate Energy & Water Team are reviewing renewables potential in the city linked to council land and buildings and as a catalyst for wider impact and deployment. Additional resources – two FTE posts - are being allocated to the team to improve the capacity to do this and existing work on energy efficiency more quickly and effectively.  There could also be the potential for the energy working group to consider how an agency might be set up and this could form part of the commissioning process. The options need to be explored in more detail before any commitment is made to this.	Renewables investigation - Energy & Water Team Zero Carbon Commission 2012/13
6	Long term strategic planning The council to undertake, or	The level of solar availability or rather the strength and clearness of the light levels in Brighton is known to be good	Site suitability study and wind mapping complete - Energy &

	enable, a study on	and is only bettered by areas in the far South West. It is for	Water Team
	renewable energy potential in the city over the next 10 years.	that reason that initial studies have been carried out by the Council's corporate Energy & Water Team (EWT) to determine suitability of a number of Council properties.	To form part of the evidence base for commissioning for a local carbon city, a study would
		For other renewable technologies a wind mapping exercise was also carried out by the EWT, which used topographical data made available from DECC. This information was plotted onto our GIS system and sites that lent themselves to having wind turbines installed were highlighted. This	need to be drawn together from existing information and new information required. It is not clear yet who would lead this work.
		information has been shared with City Planning.  Identifying sites for renewables in city should be done through Part 2 of a citywide plan/Site Allocations document. National planning policy guidance on climate change in Planning Policy Statement 1 requires Local Planning Authorities to develop an evidence base to support policies including significant energy infrastructure. Early indications are that this approach will continue in the proposed National Planning Policy Framework (that will replace PPSs). A study on site specific opportunities for energy infrastructure should be undertaken to support future site allocations and ensure the future plan is sound.	Progressing work on site allocations should be done through an energy infrastructure feasibility study.  In terms of preparing this study there is a current resource gap in terms of in-house expertise and funding.
		Assumptions were made during the scoping of the panel's work about the viability of tidal and wave energy here, but the University of Brighton has a team patenting a new system which they would like to test locally if sufficient research and development funds can be sourced to develop a prototype first.	
7	A heat mapping exercise The Strategic Director, Place, to ensure that a heat mapping exercise is undertaken.	Initial work has been undertaken by the council's energy manager, which has looked at the studies carried out by the London Development Agency in London to develop their heat mapping programme. This work has been supported by Planning, as the information would benefit	Energy Manager – 2012/13

		development strategies within the city.	
8	A priority for Intelligent Commissioning The Strategic Director, Place, to consider the suitability of sustainable energy as a priority for Intelligent Commissioning and identify how both sustainable and renewable energy could be embedded in the council's planning process.	Zero Carbon is one of the potential priorities for a draft City Commissioning Plan and Sustainable Energy is a key strand of this.	2012/13 provisionally. Plan due for consideration by Cabinet in September.
9	Monitoring sustainable energy The Head of Planning and Public Protection to identify a resource to monitor renewable energy projects in the city and establish a monitoring system which enables learning from these projects to inform future policy.	The revised online Sustainability Checklist for Planning facilitates close monitoring of energy technologies proposed as part of development through the planning process.  Data on low and zero carbon technologies will be subject to regular monitoring. Findings will inform policy development and implementation.	The checklist launched on July 6 <sup>th</sup> 2011 became a validation requirement from July 13 <sup>th</sup> 2011 for planning applications for new residential and non residential development and conversions.  Annual Monitoring Report (AMR) will report back from the new checklist from 2012.  The AMR will measure the
			implementation of policies in the Core Strategy once adopted including policies set out in section 2 of the table.
10	Training and employment - opportunities and gaps The Strategic Director, Place, to ask the Economic Development team to review	The council's local employment scheme co-ordinator has started discussions with City College and South Downs college regarding the courses they are providing, following training promoted to local trades and business people on FIT and PV opportunities at events in Eastbourne and	

	and identify the training and employment suppliers for this sector; including the opportunities and gaps – e.g. apprenticeships, helping job seekers, City Employment Skills Plan and potential links to the city's Economic Partnership and the 'Coast to Capital' Local Enterprise Partnership.	Lewes.  Economic Development is working with Shoreham Harbour Partnership, West Sussex CC, City College Brighton & Hove, Northbrook College and partners in Plymouth, Southampton, Rotterdam and Antwerp to bid for EU funds to promote Port related employment for young unemployed people. The bid focuses on the development of Shoreham Harbour and the jobs, career and apprenticeship opportunities they provide e.g. the wind farm and bio fuel operations. If successful the bid will represent an investment of around £1million toward new curriculum, closer links between business and schools and work to promote supply chains for the sector.	The bid deadline is 8 July approved bids announced January 2012
11	Raising the profile of renewables The Strategic Director, Place, to establish a campaign to raise the profile of renewable energy.	A communications strategy is developing in relation to the new administration's priorities, not least for making Brighton & Hove the UK's Greenest City and this will contain a core component on renewables; to date the uncertainties in government policy on FITs have made it difficult to communicate.	September 2011 alongside corporate plan
		The City Council has sponsored Fotodocument to commission an international photographer Markel Redondo to document world leading Spanish solar power projects as part of a major exhibition of positive environmental images to be staged at Brighton Station and other SE stations in 2012. <a href="http://www.fotodocument.org/shortlist.htm">http://www.fotodocument.org/shortlist.htm</a>	
12	A statement of ambition The City Sustainability Partnership to be resourced to link up with universities, developers and installers in the city, community groups, as well as energy utility companies and developers	The CSP has limited resources still but can explore this as part of the unallocated LPSA reward funds made to the Brighton & Hove Strategic Partnership.  Some good links on this work exist currently – especially with the University of Brighton – but this could be developed and expanded. Again the working group may have a key role in this as it also contains a number of	Funds re-allocated Autumn 2011 – Public Service Board

# Item 41 Appendix 1

	experienced in city-scale renewables in other cities to produce a statement of ambition on sustainable energy for Brighton & Hove.	installers. The Greens manifesto contains a number of statements of ambition reflected in para. 3.3 of the report accompanying this Appendix.	
13	Helping community energy The Strategic Director, Place, to ensure that the Citywide Sustainable Energy programme would have as a key aim to use the growth of this sector to assist the community.	Talks are underway with Finance South East to explore the potential of the city council investing in a community energy fund which would finance feasibility and start-up stages of community energy funds.  Discussions have also been held with Brighton Energy Coop to explore possible sites for investment.	Meeting held on July 8, 2011



# Report of the Environment and Community Safety Overview and Scrutiny Panel

April 2011

# Scrutiny Panel on Renewable Energy Potential

#### **Panel Members**

Dr Adrian Smith (Chairman)
Councillor Warren Morgan
Councillor David Watkins
Councillor Peter West

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#### 1. Chair's foreword

Brighton & Hove has one of the oldest supplies of electricity in the world. New electrical devices were being pioneered in this city over 100 years ago. The council played a leading role in developing electricity in the city through a municipal company created in 1883. Through this innovative activity, the council transformed the city for the better. Electricity opened up new commercial and economic possibilities and improved the quality of life for residents and visitors. As in other cities, municipal electricity sales generated revenues for other public works and services.

Brighton & Hove was in the vanguard of the electrical energy revolution of the twentieth century. It could conceivably lead in the transformation to sustainable energy for the twenty-first century. As in that earlier era, the city has entrepreneurs, advocates, innovators, planners, landowners, investors, community groups and end-users all interested in new and this time renewable, energy systems. A portfolio of viable technologies exists appropriate for different situations in the city. National policy, markets and investment funds are being put into place. Local interest and capabilities are growing as a handful of exemplary projects already prove. However, if the city is serious about being a sustainable and innovative place, then a step change is needed, so that the exemplars become the norm.

Much of the potential is currently frustrated because there is insufficient coordinating leadership. People with the skills, finance, spaces, technologies, and plans need to be brought together more effectively. Some activity is under way; but it is tentative. It is also distributed across departments and organisations for which renewable energy is not a core business. This suggests to me that a dedicated team is required, backed up with high level support, and working in partnership with others. As innovative local authorities are demonstrating elsewhere, revenues from early projects can, when designed carefully, recoup early investments, employ dedicated staff, finance expansion, and help fund other public services. With the right vision and organisation, backed with well-resourced processes, then Brighton & Hove can reap the benefits of sustainable energy systems.

The council cannot do this alone. It needs to work alongside other groups. This includes local communities seeking to develop sustainable energy measures in the city. Much more effective partnerships with new and established energy companies, households, landlords and commercial property owners must be created as well. And where leadership is lacking, then it is up to citizens to place pressure upon the council to develop the leadership. Indeed, leadership on renewable energy can only be maintained if local people are involved, and can see how it benefits their lives and their city.

Some early wins with relatively straightforward renewable energy measures can help build awareness, confidence and interest in more demanding measures later. Systematic learning processes need to be put into place, so that experience accumulates and is shared widely. The reduction of energy

demand through efficiency measures has to be a central part of any sustainable energy strategy. Energy demand was beyond the scrutiny remit, but we recognise our recommendations must be integrated with demand reduction measures.

As with the electricity system pioneered by our forebears in the 1890s, building sustainable energy systems in our city will involve taking risks and learning from mistakes, as well as building on successes. There are questions of how these risks and benefits are distributed. We need to make sure the needs of the vulnerable are assured. Energy insecurities, price rises, and climate change impacts associated with existing energy systems are already hitting the poorest hardest – as testified by fuel poverty in the city. Implemented carefully, new sustainable energy systems could not only alleviate these problems, but also provide other benefits, such as apprenticeships, jobs, turn food waste into energy, and (because renewable energy builds upon local resources) help keep wealth circulating in the local economy.

The national situation with renewable energy is developing fast. A nimble and adaptable approach is required, one that can keep pace with developments and anticipate opportunities. Other cities are leading the way. Our recommendations in this report suggest ways that Brighton & Hove can join that vanguard.

The recommendations here were informed by evidence heard from 26 expert witnesses and considerable written evidence, as well as background materials on renewable energy in the UK. Panellists Councillors Warren Morgan, David Watkins and Pete West played an excellent, perceptive role in formulating the recommendations here, on the basis of evidence from very helpful and stimulating witnesses. The process received incredible support from the Scrutiny Team, especially Karen Amsden, Tom Hook, and Jonny Barton. I thank everyone for making the Chairing of this scrutiny panel so rewarding, and I hope their efforts contribute to a truly sustainable city for all.

Adrian Smith SPRU (Science & Technology Policy Research), University of Sussex March 2011

# 2. Executive summary and list of recommendations

#### Renewable and sustainable energy

2.1 The Panel was set up to identify what could be done to encourage the growth of renewable energy in the city. This term refers to energy sources which do not deplete the earth's natural resources.

However, as the Panel progressed it became clear that it would be sensible to widen the focus to include also consider what are known as 'transitional technologies' such as District Heating and Combined Heat and Power. Sustainable energy covers both renewable energy and transitional technologies.

#### Opportunities offered by sustainable energy

2.2 According to the Government's recently produced draft national Carbon Plan:

'...we cannot continue as we are. The UK needs clean, safe and affordable energy to heat our homes and power our businesses'

So sustainable energy is here to stay, and expanding the sector will offer many benefits to the city. To encourage this sector to grow, an ever increasing range of incentives are being offered to businesses, local authorities, individuals and organisations. These include the Feed in Tariff and the Renewable Heat Incentive.

The Panel heard a number of reasons why Brighton & Hove needs to value this sector, as more than just a means of reducing C0<sub>2</sub>. It can also be a way to address social policy goals and realise a wide range of economic opportunities for the city. These include:

- Tackling fuel poverty
- Income generation from incentives and selling energy
- Lowering energy prices
- Creating local jobs
- Linking to waste management, e.g. with district heating schemes
- Improving the city's infrastructure, e.g. improving housing conditions
- Education and improving skills
- Adding to our civic reputation and creating a hub for this sector

#### Seizing the opportunities for the city

2.3 Many of the witnesses who gave evidence to the Panel demonstrated how keen developers, community organisations and other local authorities are to respond to the opportunities presented by the sustainable energy sector. While Brighton & Hove has many of the capabilities to seize such

Carbon Plan http://www.decc.gov.uk/en/content/cms/what we do/lc uk/carbon plan/carbon plan.aspx

opportunities, so do several other cities. It will need to compete with these other locations for the investment and funding opportunities presented by developers and national policy. This echoes the findings of the Environmental Industries Scrutiny Inquiry which was carried out in 2009. This Inquiry was carried out for the CTEOSC to assess how the environmental industries sector could benefit Brighton & Hove.

#### Consequences of not taking up these opportunities

2.4 If these opportunities are not taken up, they could become risks and costs to the city. For example growing renewable energy can lead to lower energy prices, but if this is not done, then the city could leave itself vulnerable to future energy price rises and increasing fuel poverty. This is arguably more serious than the diminished credibility of claims to be a sustainable city, which would also result from inaction.

#### Leadership

- 2.5 The Panel heard a good deal of evidence which emphasised the importance of leadership in growing this sector. This needs to consist of:
  - Citywide leadership
  - Council leadership
  - Political leadership

Such leadership, backed with resources, would instil confidence and raise the profile of the sector.

#### Setting out our stall

- 2.6 This leadership needs to set the direction for, then champion, a consistent citywide programme to enable sustainable energy to realise its potential. This would include:
  - A citywide sustainable energy programme
  - A sustainable energy policy for the council
  - A dedicated agency or team in the city responsible for sustainable energy

#### Making renewable energy a core business

2.7 The Panel members were struck by how renewable energy was not a core concern for many organisations. One example was Shoreham Port, even though the Port Authority was sympathetic and want to benefit from the opportunities. It was also only the core business of a very limited number of people in the council. This is why a recommendation is to create a Sustainable Energy Agency for the city, which would focus on this crucial issue and work to put it into the mainstream.

#### Adapting to change

2.8 Sustainable energy is a complex sector with rapidly changing policies. The situation is both full of opportunities, but also fraught with dangers. This requires a wide range of skills and capabilities which are typically spread across a range of departments within the same organisation. These skills include:

- Technical
- Legal
- Financial
- Planning
- Marketing
- Partnership working
- Community development

A team leading the way on sustainable energy need not possess all these skills itself, but it needs to be able readily to access and coordinate specialist help from other parts of the organisation. So Brighton & Hove City Council needs to ensure that it has skilled people with the capacity to be responsive to these opportunities, negotiate partnerships and gain the benefits from energy projects.

#### Learning

- 2.9 One of the tasks of a specialist team would be to keep abreast of such a fast moving area. This would include:
  - Learning from good practice in Europe
  - Learning from good practice authorities
  - Monitoring projects in the city, to learn what worked well and what could be improved
  - Generating income by investing in energy saving and renewable energy measures, or partnering with others and sharing benefits. The Agency should not inhibit others from developing sustainable energy in the city

#### **Building capacity**

- 2.10 The Panel heard evidence which showed how much work other local authorities had already done to encourage this sector and highlighted how important it was for the council to:
  - Build capacity
  - Grow confidence
  - Gain experience

The projects that the council is currently developing, such as installing solar panels on its own homes, need to be seen as a way for the organisation to develop and prepare for even larger shifts to sustainable energy in the city: they should be viewed as various aspects of a centrally driven project rather than as discrete initiatives 'owned' by particular council teams or departments.

#### Increasing demand

- 2.11 While there are a number of ways in which organisations can better employ sustainable energy, there is also considerable potential for individuals to switch to renewables. In order to encourage a greater take up of renewable energy in the city from individuals, the Energy Agency could be tasked with:
  - Providing clear information about incentives and income generation

- Mapping information to enable both the community to assess if their homes would be suitable and potential developers to plan projects
- Giving clear information about the process and who to contact
- Gaining feedback from people who have installed renewables about which projects worked well and what could have gone better

#### Making projects happen

2.12 It is clear that a lot of plans and policies have been developed, or are being drawn up, to enable the growth of this sector in the city. The council needs to enable the next stage of making sure that projects actually happen and that benefits are captured locally.

#### Income generation

2.13 At a time of reductions to local authority budgets, renewable energy can provide a separate and resilient source of income. However it needs some investment up front. The evidence gathered from other local authorities, such as Kirklees Council, shows how councils can lever in considerable sums from partners, with only a relatively small outlay.

#### Helping community energy

2.14 Evidence to the Panel showed that community energy organisations are keen to grow opportunities in the city. The Panel feel that it would be beneficial for the council to work with them sympathetically and to pro-actively support them. Typically, these community organisations are quite new and inexperienced and may find it difficult to get involved in the larger projects being developed in the city. If the council was to encourage smaller lots to be offered to these community organisations, this would enable them to prove their credibility and give them project experience.

# Using energy opportunities to benefit deprived communities and local businesses

2.15 The Panel was also struck by the evidence from Kirklees Council about how it used renewables in housing in such a way that it retained benefits for the deprived communities concerned. The Panel would welcome the development of projects in this city which enable those who are experiencing fuel poverty to retain the benefits of installing renewables. The Panel hopes that such projects could also be used to encourage the development of social enterprises, training schemes and community groups to provide some of the renewable energy too.

#### Supporting small and medium projects at the city scale

2.16 Evidence to the Panel highlighted that potential developers and installers and community groups were primarily seeking advice, guidance and help from the council in setting up small and medium sized renewables projects.

These projects were also the ones most likely to bring local benefits (due to the local multiplier effect). City scale projects are likely to be where the council could have greater influence and help create local opportunities. Although the Panel welcomed the Rampion off-shore wind project which is being developed in Brighton & Hove,

#### Recommendations

These recommendations are listed below in the order in which they appear in the report. The full details of each recommendation are included in Section 8 of this report.

Recommendation 1: Council plans to invest in sustainable energy

The Strategic Director, Place, to publish in 3 months time a public document setting out the council's plans to invest in sustainable and renewable energy.

Recommendation 2: Encouraging the city to invest in sustainable energy

The Strategic Director, Place, to approach major local land-owners and developers (including Shoreham Harbour) to explore as a matter of urgency how they can incorporate sustainable energy in their developments. The Strategic Director, Place, to report back on progress in 3 months time.

Recommendation 3: A sustainable energy programme for the city

The council to feed into a city wide energy planning process. This programme could be developed by the City Sustainability Partnership, if sufficiently resourced, to produce a city wide sustainable energy programme, to ensure that sustainable energy is integrated into all appropriate projects.

Recommendation 4: A council policy on sustainable energy

The Strategic Director, Place, to develop a corporate policy on sustainable energy which would bring together the work being undertaken across the authority.

Recommendation 5: A sustainable energy team

The council to explore how to establish a dedicated team – for example, a Sustainable Energy Agency - to take forward sustainable energy initiatives in the city.

Recommendation 6: Long term strategic planning

The council to undertake, or enable, a study on renewable energy potential in the city over the next 10 years.

Recommendation 7: A heat mapping exercise

The Strategic Director, Place, to ensure that a heat mapping exercise is undertaken.

Recommendation 8: A priority for Intelligent Commissioning

The Strategic Director, Place, to consider the suitability of sustainable energy as a priority for Intelligent Commissioning and identify how both sustainable and renewable energy could be embedded in the council's planning process.

#### Recommendation 9: Monitoring sustainable energy

The Head of Planning and Public Protection to identify a resource to monitor renewable energy projects in the city and establish a monitoring system which enables learning from these projects to inform future policy.

Recommendation 10: Training and employment - opportunities and gaps

The Strategic Director, Place, to ask the Economic Development team to review and identify the training and employment suppliers for this sector; including the opportunities and gaps – e.g. apprenticeships, helping job seekers, City Employment Skills Plan and potential links to the city's Economic Partnership and the 'Coast to Capital' Local Enterprise Partnership.

Recommendation 11: Raising the profile of renewables

The Strategic Director, Place, to establish a campaign to raise the profile of renewable energy.

Recommendation 12: A statement of ambition

The City Sustainability Partnership to be resourced to link up with universities, developers and installers in the city, community groups, as well as energy utility companies and developers experienced in city-scale renewables in other cities to produce a statement of ambition on sustainable energy for Brighton & Hove.

Recommendation 13: Helping community energy

The Strategic Director, Place, to ensure that the Citywide Sustainable Energy programme would have as a key aim to use the growth of this sector to assist the community.

# 3. Background to the Panel

## Why the Panel was set up

The Environment and Community Safety Overview & Scrutiny Committee 3.1 (ECSOSC) resolved to establish a Scrutiny Panel on Renewable Energy Potential on 13<sup>th</sup> September 2010.

This Panel had been suggested because:

"...there has been no large scale support or uptake of renewable energy in the citv'.2

The aim was to find out:

'What is the renewable energy potential of the city? Is this being maximised and if not, why not?3'

#### Focus of the panel

- 3.2 The Panel agreed that the focus of the review was to be:
  - What can be learnt from other cities?
  - What is the renewables potential in Brighton & Hove and which technologies should the city realistically go for?
  - How can the city overcome barriers to much more renewable energy (RE) generation locally e.g. visual impact
  - What support is needed to enable more generation, especially community schemes?4

#### Terms of reference

- The terms of reference (TOR) for the Panel were:
  - 1. To understand how Brighton & Hove City Council (BHCC) can ensure the growth of renewable energy in the city
  - 2. To assess how best to take advantage of the financial benefits which are currently available, including the Feed In Tariff (FIT) scheme
  - 3. To consider what are the resources for renewables and how prioritisation is affecting decisions on renewables
  - 4. To assess what should be the renewables policy, priorities and targets for the city
  - 5. To identify the opportunities offered by this sector at the city scale. For example, the employment and business opportunities that could come from a growth in Solar PhotoVoltaic (PV) installations in the city
  - 6. To identify the barriers to local energy generation/projects that are already working and could be expanded
  - 7. To assess which are the best technologies to encourage and develop in the city

<sup>&</sup>lt;sup>2</sup> Work Programme Report to ESCOS on 13/09/10 http://present.brightonhove.gov.uk/mgConvert2PDF.aspx?ID=2364&T=10

³ ibid

<sup>&</sup>lt;sup>4</sup> Scoping report of the Panel

- 8. To judge what scale can each technology be used or be realised at
- 9. To recommend what are the priorities for progress e.g. by tenure, method of heating/lighting and measurements/targets
- 10. To identify which schemes will benefit the community and/or which ones can deliver the targets
- 11. To identify potential partners for delivering
- 12. To consider how to monitor what is installed and to review council policy and practice<sup>5</sup>

## Why hold a Panel now?

3.4 The national Feed-In Tariff (FIT) currently provides a very strong incentive for renewable energy in the UK. The Government is pushing local power and heat generation and there is broad political consensus on this nationally. However, the Government recently announced that the FIT rates will drop in 2012 for projects over 50kW. This suggests that the financial incentives to grow this sector will diminish over time.

#### Panel meetings

3.5 The Panel held one private scoping meeting and four public meetings. They heard from 24 witnesses and received written evidence from 12 contributors. The details of the meetings held, the minutes, written evidence and additional papers and comments submitted to the Panel are printed in Volume 2 of this report (which is available from the Scrutiny Team: <a href="mailto:scrutiny@brighton-hove.gov.uk">scrutiny@brighton-hove.gov.uk</a>) and will be made available on the council's website.

### Links to previous scrutiny panels

3.6 This Scrutiny Panel follows recent inquiries into both Environmental Industries and Climate Change Adaptation in the city. Where relevant, the findings and recommendations of this Panel have been linked to these previous scrutiny panels.

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<sup>&</sup>lt;sup>5</sup> Scoping report of the Panel

# WITNESSES WHO GAVE EVIDENCE (IN ORDER OF APPEARANCE)

Name	Title	Organisation
Councillor Ayas Fallon- Khan	Cabinet Member - Enterprise, Employment & Major Projects and Lead Councillor for Sustainability	
Geoff Raw	Strategic Director, Place	Brighton and Hove City Council (BHCC)
Patrick Allcorn	Assistant Director	Department for Energy and Climate Change (DECC)
David Payne	Sole proprietor	Cissbury Consulting
Will Cottrell	Chair	Brighton Energy Co-op
Judith Beard	Sustainability Policy Co- ordinator	Eastleigh Borough Council
Chris Rowlands	Director	OVESCo (Ouse Valley Energy Services Company Ltd)
Michael King	Associate	Combined Heat and Power Association (CHPA), a co-founder of Aberdeen Heat & Power (a not-for-profit ESCo)
Sayed Ahmed	Consultant	Arup
Jae Mather	Director of Sustainability	Carbon Free Group
Peter Davies	Development Director	Shoreham Port Authority
Dr Phil Webber	Head of the Environment Unit	Kirklees Council
Howard Johns	Managing Director	Southern Solar, also the Chairman of the Solar Trade Association and the Founder of OVESCo
Ross Gilbert	Director	Quoin Estates and Developments
Daren Howarth	Consultant	CLEVEL
Helmut Lusser	Chair	Hove Civic Society
John Kapp	Secretary	Renewables Infrastructure Group (RIG), Hove Civic Society
Thurstan Crockett	Head of Sustainability and Environmental Policy	BHCC

Martin Randall	Head of Planning and Public Protection	BHCC
Roger Dowty	Design and Conservation Manager	BHCC
Sam Rouse	Air Quality Advisor	BHCC
Angela Dymott	Head of Property and Design	BHCC
Glynnan Barham	Energy and Water Manager	BHCC
Jugal Sharma	Lead Commissioner Housing	BHCC
Nigel Manvell	Value for Money Programme Director	BHCC

# 4. Renewable energy – a national overview

# What is sustainable energy?

- 4.1 Sustainable energy refers both to zero and low carbon technologies. Zero carbon technologies produce heat or energy from sun, wind and water. They are called zero carbon because they produce no Carbon Dioxide (CO<sub>2</sub>) during operation. The kinds of energies which are considered to be genuinely zero carbon are:
  - Wind turbines
  - Solar thermal (hot water)
  - Solar PhotoVoltaic (which generates electricity)
  - Hydro and marine (such as tidal and wave)

Local decentralised power, or heat, from these is often referred to as microgeneration.

Low carbon technologies may also use grid electricity or mains gas to generate heat or power more efficiently, or employ fuels that have a relatively small CO<sub>2</sub> footprint (e.g. biofuel). They are called low carbon because they result in lower CO<sub>2</sub> emissions than traditional mains gas or electricity. They include:

- Geothermal and ground sourced heat pumps (GSHP), which require energy for pumping, fuel cells (which require electricity to make hydrogen)
- Combined heat and power (CHP) systems, which are frequently used in piped, district heating (DH). CHP can use renewable fuels such as biomass, biodiesel or renewable gas, e.g. from food waste or sewage treatment.

These zero and low carbon technologies are all sometimes called more 'sustainable energy' operations.

# What is renewable energy?

4.2 A key component of sustainable energy is renewable energy. These are the zero carbon technology sources listed above which:

'...do not deplete the earth's natural resources and do not create added waste products ... [so] they can be used indefinitely without degrading the environment. <sup>6</sup>

The UK Renewable Energy Strategy was produced in 2009. This strategy is aimed at reaching the goal of 15% of energy from renewables by 2020, and suggests the following targets:

- Electricity (according to Government figures more than 30% could come from renewables by 2020)
- Transport (could provide 10%)

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<sup>&</sup>lt;sup>6</sup> Website for the Renewable Energy Association <a href="http://www.r-e-a.net/">http://www.r-e-a.net/</a>

- Heat (could provide 12% currently around 1%)<sup>7</sup>
- Renewable cooling

This Scrutiny Panel was established to consider how Brighton & Hove could realise its potential for renewable energy, and make its contribution to delivering these national targets.

## Why is renewable energy important?

- 4.3 It is recognised that there is a need to radically increase the use of renewable energy. The main reasons are to:
  - Promote the security of energy supply (this includes reducing both overall demand for energy and dependency on imported energy, increasing energy self-sufficiency and addressing concerns about peak oil)
  - Help tackle climate change as energy production is currently responsible for the largest share of UK emissions of all greenhouse gases<sup>8</sup>
  - Respond to increasing energy costs
  - Address pollution problems with conventional fuel extraction and combustion
  - Develop new sectors for the economy

# Issues also considered by the Panel

4.4 The Panel also received evidence on, and discussed, the issues of energy efficiency and low carbon technology, even though they were not strictly part of the TOR of the inquiry – distinctions between types of sustainable energy are not necessarily recognised in practice by the people developing these technologies.

## **Energy efficiency**

- 4.5 Although the focus of the Panel was on renewable energy in the city, they were aware of the importance of working to improve energy efficiency at the same time. Sayed Ahmed, a consultant for Arup, told the Panel that the Greater London Authority has used the following hierarchy of importance:
  - 1. Reducing energy
  - 2. Using low carbon technology consumers need to understand how much C0<sub>2</sub> is used by different technologies
  - 3. Increasing the use of renewable energy<sup>9</sup>

#### Green Deal

4.6 The key national incentive which is currently being developed to encourage energy efficiency is the Green Deal. The key national incentive which is currently being developed to encourage energy efficiency is the Green Deal.

<sup>&</sup>lt;sup>7</sup> The UK Renewable Energy Strategy

<sup>&</sup>lt;sup>9</sup> Sayed Ahmed, Evidence to the Panel, 18.01.11

This will establish a framework to enable private firms to offer consumers energy efficiency improvements to their homes, community spaces and businesses at no upfront cost, and recoup payments through a charge in instalments on the energy bill. This increases the incentive for landlords, tenants and owner occupiers to carry out thee works.

- 4.7 It has been estimated that 14 million insulation measures including loft, cavity and solid wall insulation could be carried out in Britain's homes. The most energy inefficient homes could save on average around £550 per year by installing insulation measures under the Green Deal.<sup>10</sup>
- 4.8 In March 2011 it was announced that 1000 apprentices could receive funding for their training as part of the initiative. According to the Energy and Climate Change Secretary, Chris Huhne:

'The new green economy is going to support jobs, growth and help defend Britain from high oil prices...The Green Deal is likely to support 100,000 jobs by 2015 and up to 250,000 when it reaches its peak and will be great news for local economies with local firms encouraged to get involved in this new exciting industry.'<sup>11</sup>

### Low Carbon technologies

4.9 The Panel heard evidence about two key forms of low carbon technologies which could be seen as part of a sustainable energy strategy for the city.

#### Combined Heat and Power (CHP)

- 4.10 This is a process to capture waste heat from electricity generation to use it for heating processes. It can be offered at different scales ranging from power station level to individual buildings. According to the Combined Heat and Power Association (CHPA), the advantages of CHP include:
  - Carbon savings
  - Improved energy security as the power comes from a range of sources
  - Greater affordability 80% of the country is reliant on gas for thermal needs and CHP enables it to be reused more efficiently
  - Enabling local heat distribution, which can increase local control and accountability<sup>12</sup>

## Sayed Ahmed told the Panel that:

"...gas CHP had a future in urban areas of high heat density as a transitional carbon reduction technology... which could help deliver heat networks which in turn could be used for renewable energy options as they became more widely deliverable."

<sup>&</sup>lt;sup>10</sup> DECC website

<sup>11</sup> DECC website http://www.decc.gov.uk/en/content/cms/news/pn11 021/pn11 021.aspx

<sup>&</sup>lt;sup>12</sup> Michael King, Evidence to the Panel, 18.01.11

<sup>&</sup>lt;sup>13</sup> Sayed Ahmed, Evidence to the Panel, 18.01.11

### District Heating (DH)

4.11 This is a system where the heat for an area is produced centrally, and hot water or steam is transported to the buildings through a network of pipes. It can be an important option available to communities, local authorities and developments seeking to lower fuel bills and reduce carbon emissions, as such systems use a variety of low-carbon and renewable sources to generate the heat. 14

The Panel heard that DH has the following benefits:

- Scale it could use technologies which would not be available to single buildings
- Different users use power at different times of day so you can aggregate the power and make more efficient use of the energy
- Better fuel utilisation<sup>15</sup>

However, DH projects could not be done everywhere because they were:

- Location specific, requiring a density and diversity of buildings
- Dependent on an anchor load (single large consumer) e.g. hospital or leisure centre<sup>16</sup>

Michael King of the CHPA told the Panel that local authorities '... were key to making DH projects happen'. <sup>17</sup> Therefore BHCC could help in the following ways to enable a DH scheme:

- Incorporate it into the planning framework, which reduces the project risk and capital costs
- Assist with the financial modelling
- Offer its own buildings as an anchor load. An example was given of 'Aberdeen where these were high rise social housing estates, these were done in clusters and then joined into a ring-main to give them resilience and energy security'. 18

The Panel were keen to ensure that, where appropriate, the work to increase sustainable energy in the city would be carried out alongside work to improve energy efficiency and reduce energy use.

# National plans and targets for the growth of renewable energy

4.12 This section outlines the key national plans, policies and targets which have been developed for renewable energy.

http://www.decc.gov.uk/en/content/cms/what\_we\_do/uk\_supply/energy\_mix/distributed\_en\_heat/district\_heat/district\_heat.aspx

<sup>&</sup>lt;sup>14</sup> DECC website

<sup>&</sup>lt;sup>15</sup> Michael King, Evidence to the Panel, 18.01.11

<sup>16</sup> ihid

<sup>&</sup>lt;sup>17</sup> Michael King, Evidence to the Panel, 18.01.11

<sup>&</sup>lt;sup>18</sup> Michael King, Evidence to the Panel, 18.01.11

#### **The Climate Change Act 2008**

- 4.13 The Act set legally binding targets to reduce greenhouse gas emissions in the UK, namely to achieve a reduction of 34% by 2020 and at least an 80% reduction for 2050.<sup>19</sup>
- 4.14 The UK also has a legally binding target to deliver 15% of our energy from renewables by 2020. The Government has stated its *'firm commitment to renewable energy*. <sup>20</sup>

The funding and growth for this sector in the UK was assessed recently by the Committee of Public Accounts. When publishing the report, the Chair of this Committee emphasised their concern that:

'Given the urgency of the issue, progress in meeting ...targets has been unacceptably slow over the last decade. <sup>21</sup>

#### Localism Bill 2010

- 4.15 The Bill sets out the Government's intention to returning more power from central government to local communities, but has not yet passed into law. The measures which could affect sustainable energy developments are:
  - Giving communities a greater say over their area by a new right to challenge the take over of services, bid to buy local assets and veto excessive council tax rises
  - Restoring local control over local planning by replacing the Infrastructure Planning Commission with a democratically accountable system for major projects. The Bill will put neighbourhood plans as the new building blocks of the planning system where communities have the power to grant planning permission if a local majority is in favour
  - Giving local government a stronger financial stake in the local economy to attract business. Local authorities would be able to grant discretionary business rate discounts and give a greater voice to local businesses
- 4.16 These measures could have both a positive and negative effect on renewable energy developments. The reform to the planning system for example could enable more community renewable energy projects.

Renewable UK's Director of Communications, said:

'There is no doubt that this Bill, once it becomes law, will dramatically alter the rules for developing renewable energy projects, and the industry will have to

http://www.decc.gov.uk/assets/decc/What%20we%20do/UK%20energy%20supply/237-annual-energy-statement-2010.pdf

<sup>&</sup>lt;sup>19</sup> Climate Change Act 2008, http://www.legislation.gov.uk/ukpga/2008/27/contents

<sup>&</sup>lt;sup>20</sup> DECC Annual Energy Statement,

Parliament press release on the Committee of Public Accounts report on government funding for renewable energy technologies <a href="http://www.parliament.uk/business/committees/committees-a-z/commons-select/public-accounts-committee/news/pac-7th-report/">http://www.parliament.uk/business/committees/committees-a-z/commons-select/public-accounts-committee/news/pac-7th-report/</a>

follow suit. We could be looking at a radically different planning process, with Councillors allowed or even encouraged to campaign ahead of the decision, and the result in some cases being made by referendum. We will need to consult with communities ahead of logging an application and make sure that the economic and community benefits are clear. <sup>22</sup>

4.17 According to Patrick Allcorn from the Department of Energy and Climate Change (DECC):

'...the Feed In Tafiff could be used to provide small returns for the community to reinvest in local projects <sup>23</sup>

#### **Carbon Plan**

- 4.18 This is a Government-wide draft plan of action on climate change. It covers both domestic and international activity, for the next 5 years, and was published on 8<sup>th</sup> March 2011. It sets out a vision:
  - '...of a changed Britain, powered by cleaner energy used more efficiently in our homes and businesses, with more secure energy supplies and more stable energy prices, and benefiting from the jobs and growth that a low carbon economy will bring. <sup>24</sup>

## **Consultation on Microgeneration Strategy**

- 4.19 Microgeneration describes the small scale production of renewables at '...community and small commercial sites'. <sup>25</sup> This is recognised as an important way of encouraging the growth of renewables. A national consultation paper was published at the end of 2010 to investigate:
  - '...how to overcome the barriers to increase consumer confidence and sustainably grow the industry <sup>26</sup>

The key themes identified were:

- Quality: To ensure consumers have confidence that equipment and
  - installation is reliable and adheres to the highest standards;
- Skills: To develop the microgeneration supply chain to ensure it is

properly equipped with the right people to meet the expected rise in demand, as well as creating and sustaining jobs in the UK;

- **Technology**: To look at market intelligence, a systems approach and performance improvement.
- **Information and Advice**: To provide more accessible advice and information about microgeneration to consumers. '27

The issues highlighted in bold were all highlighted as important issues in the evidence presented to the Scrutiny Panel.

<sup>&</sup>lt;sup>22</sup> UK Renewables website, <a href="http://www.bwea.com/media/news/articles/pr20101214.html">http://www.bwea.com/media/news/articles/pr20101214.html</a>

<sup>&</sup>lt;sup>23</sup> Patrick Allcorn, Evidence to Panel, 06.12.10

<sup>&</sup>lt;sup>24</sup> The Carbon Plan, http://www.decc.gov.uk/en/content/cms/what we do/lc uk/carbon plan/carbon plan.aspx

<sup>&</sup>lt;sup>25</sup> DECC website <a href="http://www.decc.gov.uk/en/content/cms/consultations/microgen">http://www.decc.gov.uk/en/content/cms/consultations/microgen</a> strat/microgen strat.aspx

<sup>&</sup>lt;sup>26</sup> DECC website <a href="http://www.decc.gov.uk/en/content/cms/news/PNI0\_131/PNI0\_131.aspx">http://www.decc.gov.uk/en/content/cms/news/PNI0\_131/PNI0\_131.aspx</a>

<sup>&</sup>lt;sup>27</sup> DECC website <a href="http://www.decc.gov.uk/en/content/cms/consultations/microgen\_strat/microgen\_strat.aspx">http://www.decc.gov.uk/en/content/cms/consultations/microgen\_strat/microgen\_strat.aspx</a>

Other key policies referring to renewables include the Heat and Energy Saving Strategy (HESS)<sup>28</sup>, Low Carbon Transition Plan (LCTP)<sup>29</sup> and the Renewable Energy Use Plan (UKREP).<sup>30</sup>

## The national financial opportunities from renewables

4.20 It has been calculated that reaching the 2020 renewable energy targets would need £136bn of investment.<sup>31</sup> Despite the levels of incentives being offered to grow renewables, private sector funding is also needed on a significant scale. The growth of this sector presents considerable investment opportunities for developing new businesses and social enterprises.

This section describes the key incentives which are being offered to encourage the growth of renewable energy.

## The current incentives for renewable energy

4.21 The tight timescale to achieve these legally binding targets have led to a wide range of incentives being offered to encourage the development of this sector.

Evidence to the Panel highlighted that:

"...the cost-effectiveness of these [renewables] options is heavily dependent on the subsidies available. The majority of the...schemes which have come forward are as a result of funding schemes introduced either at the national or local level. 32

A representative from DECC told the Panel that introducing these incentives had:

'... set the direction of travel for local authorities to develop renewables [and] **Members need to decide if they want to tell the electorate that they had not taken advantage of the opportunities**. But by 2020 [they] want 1/3 of electricity to be renewable and 1/8 of heat. <sup>33</sup>

The main incentives for this sector are outlined below.

 $\frac{\text{http://www.decc.gov.uk/assets/decc/White\%20Papers/UK\%20Low\%20Carbon\%20Transition\%20Plan\%20WP09/L_20090724153238\_e\_@@\_lowcarbontransitionplan.pdf}$ 

http://www.decc.gov.uk/assets/decc/what%20we%20do/uk%20energy%20supply/energy%20mix/renewable%20energy/ored/25-nat-ren-energy-action-plan.pdf

21

<sup>&</sup>lt;sup>28</sup> http://hes.decc.gov.uk/consultation/download/index-5469.pdf

http://www.decc.gov.uk/assets/decc/what%20we%20do/uk%20energy%20supply/energy%20mix/renewable%20energy/ored/25-nat-ren-energy-action-plan.pdf

<sup>&</sup>lt;sup>32</sup> Sayed Ahmed, Evidence to the Panel, 18.01.11

<sup>33</sup> My emphasis, Patrick Allcorn, Evidence to the Panel, 06.12.10

#### Feed in Tariff (FIT)

- 4.22 The FIT offers a legally guaranteed minimum payment per unit of renewable electricity generation. It was introduced in April 2010:
  - "...to incentivise small scale (less than 5MWe) low carbon electricity generation, particularly by organisations, businesses, communities and individuals who are not traditionally engaged in the electricity market ... and will allow many people to invest ...in return for a guaranteed payment for both the electricity they generate and export."

By 2010, FITs were in operation in 19 other EU member states as well as a number of other countries worldwide. They were described in the UK Renewable Strategy as offering '...a hassle free and guaranteed income stream'.<sup>35</sup>

The Panel heard that the introduction of FIT had been a *'game changer'* particularly in growing the Solar PhotoVoltaic (PV) sector, because:

'...there has been a 10 fold increase in PV installations when compared to the previous year'. 37

It had been expected that the Tariff rates would remain unchanged until a review in 2013, which would set out new rates and refocus on the most cost effective technologies. Patrick Allcorn from DECC confirmed that such a review:

- "...would be based on reduced costs of installing and maintaining renewables. This is to ensure that people are not making big profits from renewables." <sup>38</sup>
- 4.23 However, on March 18<sup>th</sup> 2011 the Government published proposals to reduce the support for all new PV installations larger than microgeneration size (50kW) and stand alone installations. The rate of support for anaerobic digestion may be increased.

This proposal was described by Greg Barker, the Climate Change Minister, as '...part of plans to protect financial support for homes, communities and small businesses. <sup>39</sup> This fast track review took place:

'...after evidence showing that there could already be 169 MW of large scale solar capacity in the planning system – equivalent to funding solar panels on the roofs of around 50,000 homes if tariffs are left unchanged.<sup>40</sup>

A separate comprehensive review of FIT is now underway to:

22

<sup>&</sup>lt;sup>34</sup>DECC website <a href="http://www.decc.gov.uk/en/content/cms/consultations/microgen\_strat/microgen\_strat.aspx">http://www.decc.gov.uk/en/content/cms/consultations/microgen\_strat/microgen\_strat.aspx</a>

<sup>&</sup>lt;sup>35</sup> The UK Renewable Energy Strategy, 2009

<sup>&</sup>lt;sup>36</sup> Sayed Ahmed, Evidence to the Panel, 18.01.11

<sup>37</sup> ibid

<sup>&</sup>lt;sup>38</sup> Patrick Allcorn, Evidence to the Panel, 06.12.11

<sup>&</sup>lt;sup>39</sup> DECC website, <a href="http://www.decc.gov.uk/en/content/cms/news/pn11\_027/pn11\_027.aspx">http://www.decc.gov.uk/en/content/cms/news/pn11\_027/pn11\_027.aspx</a>

<sup>40</sup> ibid

'...determine how the efficiency of FITs will be improved to deliver £40 million of savings in 2014/15 and look at all aspects of the scheme. <sup>41</sup>

This review will be completed by the end of 2011.

4.24 Howard Johns from Southern Solar told the Panel that such a review would be '...a complete nightmare for the solar industry'. <sup>42</sup> One of his concerns was that the FIT scheme would soon be part of the taxation process and '...if take up was too good, then the expenditure would need to be reduced'. <sup>43</sup>

Assessing how Brighton & Hove could make best use of the opportunities coming from FIT was one of the main reasons for undertaking this Scrutiny Panel now. As David Payne told the Panel:

'Each day you are not investing, you are not getting a return. If one has the cash or can borrow prudentially, then you should get on with it'. 44

#### Renewable Heat Incentive (RHI)

- 4.25 Increasing the amount of renewable heating is vital, because heat currently accounts for around half (49%) of the final energy demand consumed in the UK and roughly half of all UK's carbon emissions. The RHI is being described as an:
  - '...incentive policy to revolutionise the way heat is generated and used in buildings and homes...[it is a] £860m government scheme expected to increase green capital investment by 4.5 billion up to 2020, stimulating a new market in renewable heat'.<sup>45</sup>
- 4.26 The scheme will operate by making:
  - '...payments to those installing renewable heat technologies which qualify for support, year on year, for a fixed period of time. It is designed to cover the difference in cost between conventional fossil fuel heating and renewable heating systems (which are currently more expensive), plus an additional rate of return on top. <sup>46</sup>
- 4.27 The incentive will be offered in two phases:
  - Firstly, long term tariff support will be targeted at non domestic sectors i.e. the industrial, business and public sectors as well as support of around £15m for households

<sup>41</sup> ibid

<sup>&</sup>lt;sup>42</sup> Howard Johns, Evidence to the Panel, 07.02.11

<sup>&</sup>lt;sup>43</sup> Howard Johns, Evidence to the Panel, 07.02.11

<sup>&</sup>lt;sup>44</sup> David Payne, Evidence to the Panel, 06.12.10

<sup>&</sup>lt;sup>45</sup> DECC website <a href="http://www.decc.gov.uk/en/content/cms/news/PN2011\_023/PN2011\_023.aspx">http://www.decc.gov.uk/en/content/cms/news/PN2011\_023/PN2011\_023.aspx</a>

<sup>46</sup> DFCC website

http://www.decc.gov.uk/en/content/cms/what\_we\_do/uk\_supply/energy\_mix/renewable/policy/incentive

 Secondly, households will be moved to the same form of tariff support offered to the non-domestic sector (this change will be timed to align with the Green *Deal 'which is intended to be introduced in October 2012<sup>47</sup>*

The technologies supported by the scheme will include:

'...solid and gaseous biomass, solar thermal, ground and water source heat-pumps, on-site biogas, deep geothermal, energy from waste and injection of biomethane into the grid. <sup>48</sup>

This scheme is also aimed at supporting 150,000 existing manufacturing, supply chain and installer jobs.

## Carbon Reduction Commitment (CRC)

4.28 The CRC is a mandatory scheme to improve energy efficiency and cut emissions in large public and private sector organisations, which are responsible for around 10% of the UK's emissions.

The CRC scheme features an annual performance league table that ranks participants on energy efficiency performance. Together with the reputational considerations, the scheme encourages organisations to develop energy management strategies that promote a better understanding of energy usage.

#### The Comprehensive Spending Review

- 4.29 The Review was presented by the Government in October 2010 and included the following relevant announcements:
  - A green investment bank to be set up which will get £1bn of public money put in as a 'backstop'.
  - £200m for low carbon technologies including off shore wind and the manufacturing infrastructure at port sites.
  - The introduction of the RHI (see above)
  - The Warm Front Initiative was made smaller and more targeted and will be worth £110m in 2011/12 and £100m in 12/13. From 2013, support for heating and insulation for the vulnerable will be given through the Green Deal for energy efficiency.

### Community Infrastructure Levy (CIL)

4.30 This is a new levy that local authorities in England and Wales can choose to charge on new developments in their area. The money can be used to support development by funding infrastructure that the council, local community and neighbourhoods want – for example, new or safer road schemes, park improvements or a new health centre. It applies to most new

<sup>&</sup>lt;sup>47</sup> DECC website

http://www.decc.gov.uk/en/content/cms/what\_we\_do/uk\_supply/energy\_mix/renewable/policy/incentive

<sup>48</sup> ibid

buildings and charges are based on the size and type of the new development.<sup>49</sup>

The Panel heard that:

'...this may be the way forward to provide funding for CHP and district heating proposals. <sup>50</sup>

### New investment funds looking for local opportunities

- 4.31 The Panel became aware that a number of schemes were being developed to fund community-led energy projects. One example is the Community Generation Fund, a national-scale initiative which will provide a catalyst for business and local community infrastructure projects. This fund recognises that a community may want to:
  - '...take on this challenge but is curtailed by lack of capital together with the necessary support and mentoring. <sup>51</sup>

The Community Generation Fund will be a £15million, 10-year fund, aiming to provide funding to around 100 projects nationwide. It is estimated that these projects will create over 30,000MWh per annum of 'Green Energy', equal to the energy needs of around 8,000 UK households and equating to a saving of 13 million CO<sub>2</sub> per annum. The Fund will provide funding at both the preplanning and post-planning consent stages.

This section of the report has described a number of the key financial incentives which are being offered to encourage the growth of renewable energy and demonstrated that this is a rapidly changing area of national policy.

# National barriers to the expansion of renewable energy Leadership

- 4.32 Jae Mather from the Carbon Free Trust told the Panel that:
  - "...the biggest barrier to RE was lack of vision. The UK was one of the most risk averse nations in the world [and]...was ignoring the RE work being done in Europe. Kirklees was a great example of carrying out a large scale project. They were able to retrofit 10,000 homes after putting £3 on the Council Tax. 52,

#### Too many policies

4.33 Due to the range of incentives on offer, David Payne told the Panel that:

'There was a danger of taking too much time undertaking too many studies and missing out on the financial opportunities presented.'53

<sup>&</sup>lt;sup>49</sup> http://www.communities.gov.uk/documents/planningandbuilding/pdf/1772927.pdf

<sup>&</sup>lt;sup>50</sup> Martin Randall, Evidence to the Panel, 16.02.11

<sup>51</sup> http://www.financesoutheast.com/ourfunds/index.aspx?id=1778

<sup>&</sup>lt;sup>52</sup> Jae Mather, Evidence to the Panel, 18.01.11

<sup>&</sup>lt;sup>53</sup> David Payne, Evidence to the Panel, 06.12.10

#### Skills and training provision

4.34 Patrick Allcorn from DECC stressed the importance of ensuring a sufficient level of skills and training provision is provided, otherwise this will act as a barrier to the growth of the sector:

'Green jobs are key, including:

- Manufacturing
- Installing
- Maintenance

It is important to upskill the relevant workforce in the city e.g. plumbers, and ensure they are trained and accredited to work with renewables.<sup>54</sup>

#### **Comparison to Europe**

4.35 There has been a significant growth in renewable energy in Europe over the past decade. This sector has gone from providing 200,000 European jobs in 2004 to 550,000 in 2010. Renewable energy now represents 12% of Europe's final energy consumption. It has been predicted that by 2020 this sector could provide jobs for over 2 million citizens in Europe.<sup>55</sup>

Figures were published in 2009 which showed that:

'The UK is third from bottom in a league table of renewable energy across Europe [and only]... received 1% of its energy from renewables in 1995 and just 1.3% a decade later. Only Luxembourg, at 0.8% and 0.9%, and Malta, which has no renewable energy, came lower on the list. <sup>56</sup>

In comparison:

'Top of the EU list was Sweden, with 35.7% of its final consumption of energy coming from renewables in 1995 and 40.8% in 2005. 57

http://www.erec.org/fileadmin/erec\_docs/Documents/Publications/ReThinking2050\_full%20version\_final.pdf

<sup>&</sup>lt;sup>54</sup> Patrick Allcorn, Evidence to the Panel, 06.12.10

<sup>55</sup> EREC, Re-thinking 2020, 2010

<sup>&</sup>lt;sup>56</sup> Guardian, <a href="http://www.guardian.co.uk/business/2009/jun/15/uk-trails-eu-in-renewables">http://www.guardian.co.uk/business/2009/jun/15/uk-trails-eu-in-renewables</a>

<sup>&</sup>lt;sup>57</sup> http://www.guardian.co.uk/business/2009/jun/15/uk-trails-eu-in-renewables

# 5. Regional opportunities for renewable energy

5.1 This section of the report considers the regional opportunities which are being identified for renewable energy. A recent report into the 'Renewable and Decentralised Energy Potential in South East England' concluded that:

'The level of renewable energy deployment in the south east over the next 10-20 years will depend on the degree of aspiration and ambition for change to a more sustainable future ...[and will] require a large number of renewable energy developments of different types and scales.<sup>58</sup>

David Payne, a Consultant who had been a Planning Manager at the Regional Assembly, emphasised the importance of looking for:

'...both economies of scale, beyond the city boundaries ... [and that] Local Economic Partnerships (LEPS) may have a role 59

## **Coast to Capital Local Economic Partnership**

5.2 Brighton & Hove City Council has participated in the development of a Local Economic Partnership (LEP) bid. The area covered by this partnership bid stretches east from Chichester to Brighton & Hove, including the Gatwick Diamond.

According to the Brighton & Hove City Employment & Skills Plan (CESP) for 2011-2014:

'The Coast to Capital Enterprise Partnership area aims to support the development of 100,000 private sector jobs; promote entrepreneurship in schools and colleges and focus on supporting the growth of internationally trading businesses. <sup>60</sup>

One of the focuses of this bid is on '...creating the right conditions for business to flourish.<sup>61</sup> including:

- Sites and premises
- Skills development
- Business support
- Planning and other policies
- Transport<sup>62</sup>

The first four of these issues have also been raised as concerns in this Scrutiny Panel.

<sup>&</sup>lt;sup>58</sup> My emphasis, Review of Renewable and Decentralised Energy Potential in South East England, <a href="http://www.se-partnershipboard.org.uk/pdf/nat-res/potential-re-in-se.pdf">http://www.se-partnershipboard.org.uk/pdf/nat-res/potential-re-in-se.pdf</a>

<sup>&</sup>lt;sup>59</sup> David Payne, Evidence to the Panel, 06.12.10

<sup>&</sup>lt;sup>60</sup> Brighton & Hove City Employment & Skills Plan (CESP) for 2011-2014

<sup>&</sup>lt;sup>61</sup> Coast to Capital LEP Document <a href="http://www.fsb.org.uk/150/assets/ws714%20lep%20proposal\_final-lowres.pdf">http://www.fsb.org.uk/150/assets/ws714%20lep%20proposal\_final-lowres.pdf</a>
<sup>62</sup> ibid

# Sustainable energy in Brighton & Hove

6.1 This chapter of the Panel's report focuses on how the sustainable energy sector is being developed in the city.

## How suitable is the city for renewables?

6.2 A study of the characteristics of the city undertaken in 2009 concluded that:

Brighton & Hove is an historic English city and resort. It is famous for its cosmopolitan lifestyle, elegant Regency architecture, its iconic Victorian seafront and its high quality churches. It has expanded progressively during the 19th and 20th Centuries along the coast and onto the downs. During the later part of the 20<sup>th</sup> Century the city has undergone significant redevelopment to meet changing needs and aspirations. <sup>63</sup>

There are 120,000 homes in the city and the 34 conservation areas account for around 20% of the city's built up areas. The urban areas of the city are characterised by medium to high density levels of occupation.

## Different areas in Brighton & Hove

- 6.3 A study of types of neighbourhoods in the city divided them into four different area types:
  - Downland settlements
  - Suburban downland fringe
  - Urban
  - Urban coastal<sup>64</sup>

For each area type there is a breakdown of the kinds of accommodation that can be found there (see <a href="http://www.brighton-">http://www.brighton-</a>

hove.gov.uk/downloads/bhcc/conservation/UrbanStdy Introduction final.pdf). This assessment, and other mapping work, could be used to inform decisions about which forms of sustainable technology would be suitable for different neighbourhoods in the city and what work the council could do to encourage the take up of renewable energy in those areas. For example, considering whether there would there be an appropriate technology to install on a House in Multiple Occupation (HMO).

For example, the Chair of the Hove Civic Society told the Panel he believed that:

'...in Hove the geography made the installation of renewable energy on individual houses, less than optimal.<sup>65</sup>

<sup>&</sup>lt;sup>63</sup> Urban Characterisation Study, 2009 <a href="http://www.brighton-hove.gov.uk/downloads/bhcc/conservation/UrbanStdy\_Introduction\_final.pdf">http://www.brighton-hove.gov.uk/downloads/bhcc/conservation/UrbanStdy\_Introduction\_final.pdf</a>

<sup>&</sup>lt;sup>65</sup> Helmut Lasser, Evidence to the Panel, 07.02.11

#### As a result:

'This area needed careful treatment and work needed to be done on hard to treat homes, BHCC could offer advice and information to residents and help them procure good quality installations. <sup>66</sup>

### Which technologies would work well in the city?

- One of the TOR of the Panel was to '...assess which are the best technologies to encourage and develop in the city'. 67 The Panel decided to focus on land-based renewables, because:
  - It was felt that these are the forms of renewable energies where the council could have a material influence in terms of policy, planning, support and its own energy management activities
  - Land-based renewables present greater opportunities for local business development and social enterprise in the shorter-term
  - These renewables can improve the resilience to energy price volatility for households and local business

Land-based technologies would include:

- Solar panels electricity and heat
- Onshore wind
- Biomass and biofuels
- Ground/air source heat pumps

It was felt to not be suitable to consider the following technologies in relation to the city:

- Marine because wave and tidal are either not suitable here, too expensive or too far off deployment.
- Offshore wind this was not seen as a suitable focus of the Panel as the Rampion project is a national infrastructure project which cannot be greatly influenced by the council (see section 8 for a brief description of the project)
- Hydro (power from rivers/dams) there was no potential in this location

The Panel felt that any future assessment of renewable energy potential in the city, could include:

- Geothermal including ground source heat pumps (a technology which will be supported by the RHI)
- Geopressure

### <u>Technologies which could be used on council premises</u>

6.5 The Panel heard that the council had recently carried out an assessment on the potential for installing different types of technology on their premises. This research reached the following conclusions:

-

<sup>&</sup>lt;sup>66</sup> Helmut Lasser, Evidence to the Panel, 07.02.11

<sup>&</sup>lt;sup>67</sup> Scoping report of the Panel

- Solar panels would be a suitable technology for a range of sites in the city
- Wind turbines that potentially the best places to locate such turbines
   "....would be more likely to receive a significant amount of opposition"
- Ground and air source heat pumps would be suitable for large refurbishment projects
- There was potential for CHP and large and small scale absorption chilling technology - in partnership with Energy Service Companies (ESCos)<sup>68</sup>

#### A focus on solar?

- 6.6 Howard Johns, from Southern Solar, told the Panel why his organisation was focussing on solar PV and thermal:
  - 90% of homes were suitable for solar compared to 1 in 1,000 for a wind turbine
  - The PV market in the UK had increased from 10MW last year to 50MW this year - FIT had stimulated the market and been funded by a levy on bills

These are also the reasons why the projects which are currently being planned by the council would be using solar technology.

#### Wind turbines

6.7 A developer told the Panel that in his experience, the council:

'...lacked ambition when it came to wind energy, even though this technology could produce large amounts of energy. <sup>69</sup>

This had been in contrast to his 'very good experience', with the council in relation to solar PV.

6.8 He also highlighted that:

'A lot of market research had shown that there was a poor public image of wind energy. However there had been 84-85% public approvals of the plans at Glyndebourne'. 71

In his experience another of the problems faced with projects was '...that the planning application process takes up a lot of resources'. <sup>72</sup>

6.9 The Panel believes that the mapping exercise proposed in Recommendation 7 would provide a good basis for assessing the potential for renewable energy and determining which technologies would work best in the city.

<sup>&</sup>lt;sup>68</sup> Glynnan Barham, Evidence to the Panel, 16.02.11

<sup>&</sup>lt;sup>69</sup> Ross Gilbert, Evidence to the Panel, 07.02.11

<sup>70</sup> ibid

<sup>&</sup>lt;sup>71</sup> Ross Gilbert, Evidence to the Panel, 07.02.11

<sup>&</sup>lt;sup>72</sup> Ross Gilbert, Evidence to the Panel, 07.02.11

# The role of councils in growing renewables

#### Why are local authorities important?

- 6.10 This section of the report considers the roles that councils can play, and the powers they possess, to encourage the growth of this sector. According to national policy on renewables, local authorities have:
  - "...a vital role in shaping their communities to support delivery of the UK's long-term energy and climate change objectives"

An Energy Savings Trust survey into consumer attitudes found that 63% would like their council to be more active in encouraging renewable energy.<sup>74</sup>

- 6.11 The recent consultation on the national Microgeneration Strategy emphasised that most stages of decentralising energy technologies would involve local authorities. The key benefit to councils would be:
  - '...being able to take decisions on long term energy use which affect their communities, businesses and residents."<sup>75</sup>

## Powers given to local authorities

6.12 Having discussed the important role which local authorities can play, this section now describes two important powers which have been given to councils to encourage them to help the growth of renewable energy.

## Allowing councils to sell energy

- 6.13 In August 2010 local authorities were given the power to sell surplus renewable energy to the National Grid. It was calculated that this would enable councils to generate £100m per year. The Energy and Climate Change Secretary Chris Huhne has spoken of his hope that this would usher in 'a new age of municipal energy'. In a letter to local authorities, he stated that the scheme would provide:
  - "...a remarkable opportunity for local authorities to contribute further to meeting renewables targets while fully benefiting from renewables incentives, such as feed-in-tariffs."

The Lead Commissioner for Housing told the Panel that in developing a project to install solar panels on 1,600 council homes:

<sup>73</sup> 

 $<sup>\</sup>frac{\text{http://www.decc.gov.uk/assets/decc/what\%20we\%20do/supporting\%20consumers/household\%20energy\%20management/l_20100331162131_e_@@\_hemenablingframeworkdistrictheating.pdf}$ 

<sup>&</sup>lt;sup>74</sup> The growth potential for microgeneration in England, Scotland and Wales BERR, 2008 <a href="http://webarchive.nationalarchives.gov.uk/+/http://www.berr.gov.uk/energy/sources/sustainable/microgeneration/research/page38208.html">http://webarchives.gov.uk/+/http://www.berr.gov.uk/energy/sources/sustainable/microgeneration/research/page38208.html</a>

<sup>75</sup> Microgeneration Strategy

http://www.decc.gov.uk/en/content/cms/consultations/microgen\_strat/microgen\_strat.aspx

<sup>&</sup>lt;sup>76</sup>As reported on Public Finance Website, http://www.publicfinance.co.uk/news/2010/08/councils-allowed-to-sell-energy-to-national-grid/

<sup>&</sup>lt;sup>77</sup>Letter from Chris Huhne to local authorities, 9<sup>th</sup> August 2010 http://www.decc.gov.uk/assets/decc/News/376-unlocking-local-power-huhne-letter.pdf

'The biggest driver was the potential for this to generate income for us over a 25 year period. The Housing Revenue Account [HRA] would borrow £15-£16m; this would have a net return of 8-10%, generating around £500,000 per year for the HRA. We could invest the £500,000 in other energy measures. The investment could be used in the houses ...[which were not suitable for solar PV and]... could generate another £500,000 to be reinvested into the HRA. As an investment this only deals with levels of deprivation on council owned properties. <sup>78</sup>

6.14 The Panel welcomes the proposal for the council to use income generated from these HRA funded renewable energy projects to re-invest into further energy measures. The Panel looks forward to seeing more detail on this to be included in the tasks described in both Recommendations 1 and 3. They would also encourage consideration of other renewable and low carbon energy technologies.

#### **Local Planning**

6.15 One of the aims of the Localism Bill is to radically reform the planning system, as:

'Ministers believe the current planning system is too centralised and bureaucratic, too adversarial and remote from the communities it affects. The Bill will restore democratic and local control over planning by replacing the Infrastructure Planning Commission with an efficient and democratically accountable system for major infrastructure. [It]... will enable regional planning to be swept away and in its place neighbourhood plans will become the new building blocks of the planning system where communities have the power to grant planning permission if a local majority are in favour."

The Localism Bill may also transform the housing finance system to make it more *'transparent'*.80

# What renewable energy is being developed in the city?

6.16 This section outlines what information is currently available about the level of renewables in the city.

### How many environmental industries are in the city?

- 6.17 A recent project to map this sector in Sussex identified 311 environmental organisations in the region (with 92 businesses, or 30% of them located in Brighton & Hove). Renewable energy was the second largest sub-sector identified in the city, accounting for 15 businesses (or 18% of environmental industries here). A finding of the report was that:
  - "...Brighton & Hove could be well placed to support and encourage the renewable energy sector with 42% of organisations being classified as Environmental Consultancies."

<sup>&</sup>lt;sup>78</sup> Jugal Sharma, Evidence to the Panel, 16.02.11

<sup>79</sup> http://www.communities.gov.uk/news/localgovernment/1794971

<sup>80</sup> http://www.communities.gov.uk/news/localgovernment/1794971

<sup>&</sup>lt;sup>81</sup> Mapping the Environmental Industries in Sussex, Summary Findings, 2010

## Monitoring renewable energy in the city

6.18 Evidence to the Panel highlighted that measuring and monitoring the amount of installed renewables in the city currently 'was a real issue<sup>82</sup>'. The Annual Monitoring Report produced by the council, to provide an update on development in the city, includes an indicator (E3) which measures the amount of renewable energy generation by installed capacity or type. However the data provided by the developers is not complete and proving difficult to monitor.<sup>83</sup>

#### Flagship projects

- 6.19 The Panel was provided with examples of developments in the city, undertaken either by private developers or the council, which had incorporated renewable energy:
  - Downsview Link College a wind turbine (completed in 2007)
  - One Brighton –172 residential units where all space heating and hot water is provided through an on-site biomass boiler, as part of a district heating system. To be operated by an ESCo, set up specifically for the development. Roof mounted PV panels would supply 7,600kWh/yr of electricity. Remaining electricity needs to be purchased from 100% renewable sources off-site (completed in 2010)
  - Davigdor School BREEAM 'very good' including solar panels (completed 2009)
  - Westergate Business Centre including solar pipes, a wind turbine and ground source heat pumps (GSHPs)

The Panel received conflicting evidence on the benefit of pioneering renewable energy schemes in the city. Daren Howarth, who had succeeded in getting the country's first Earthship built in the city, felt that:

'If you build an unusual building that people can come and see, then they can be inspired to do things themselves, taking some of the aspects of the project back with them. <sup>84</sup>

Will Cottrell of the Brighton Energy Co-op observed that:

'...he could hardly see any pioneering renewables in the city... [but] he felt that flagship projects were good'. 85

However the Lead Member for Sustainability questioned the utility of flagship projects.

The council's Energy and Water Manager warned that it was:

'...important not to leap in to these projects, as we have already seen the price of solar panels come down considerably'. 86

<sup>82</sup> Thurstan Crockett, Evidence to the Panel, 16.02.11

<sup>83</sup> BHCC, AMR, http://www.brighton-hove.gov.uk/downloads/bhcc/ldf/AMR 2009-10.pdf

<sup>&</sup>lt;sup>84</sup> Daren Howarth, Evidence to the Panel, 07.02.11

<sup>85</sup> Will Cottrell, Evidence to the Panel, 06.12.10

Although he did describe the planned Norton Road car park project as '...an example of a flagship project'. 87 (see 6.33 for more information)

## **Setting targets**

6.20 Will Cottrell told the Panel he believed that '...setting targets led to setting ambitions'.88

David Payne highlighted that the Isle of Wight had a good renewables policy, which included:

- "...setting out targets and making clear their expectations and ambitions which is very useful for developers (including a map of where they do not want developments). 89
- 6.21 Setting such targets is a very important part of the planning process and will become even more so as planning is localised. They also provide an indication to developers and a benchmark against which to review progress. Therefore the Panel believes that it would be useful to set targets for the growth of renewables in the city, which were at least equal to the national targets, to be included in the council policy on sustainable energy.

## Increasing renewable energy in the city

6.22 This section of the report outlines the evidence which was provided to the Panel on what is being planned to develop renewable energy in the city, by tenure.

The Panel was aware that proposals were in development in the council, principally for its housing stock, but was unable to learn about the detail of these proposals until the very end of the scrutiny process. Nevertheless, the Panel noted that the proposals were quite specific, and do not constitute the kind of city-wide planning, promotion and implementation of renewable energy that they had in mind. The Panel hopes that the processes it outlines in its recommendations will prove more inclusive and open to those interested in promoting renewable energy in the city.

#### **Council homes**

6.23 There are approximately 12,000 council homes in the city, which represents 10% of the housing stock.

The key strategic goals in the City-wide Housing Strategy 2009-14 include:

Goal 4: Making best use of the housing stock

http://www.iwight.com/living\_here/planning/images/2ProposedSubmissionCoreStrategy.)

<sup>&</sup>lt;sup>86</sup> Glynnan Barham, Evidence to the Panel, 16.02.11

<sup>87</sup> ibid

<sup>88</sup> Will Cottrell, Evidence to the Panel, 06.12.10

<sup>&</sup>lt;sup>89</sup> David Payne, Evidence to the Panel, 06.12.10 (for further details see

- Goal 6: Work with home owners and landlords to maintain and improve the quality of their housing
- Goal 7: Reduce fuel poverty and minimise C02
- Goal 8: High quality and well maintained council housing<sup>90</sup>

Historically the council has invested 'significantly' in insulation and heating and now recognises the importance of exploring the potential of attracting investment for renewables. It is currently assessing how best to introduce a programme of installing solar PV panels on the authority's housing stock. This work is being carried out in conjunction with '…tenants, our procured Energy Managing Partner (Climate Energy) and other local authority partners'. <sup>91</sup>

The initial findings were outlined in a report, agreed at Cabinet on 17<sup>th</sup> March 2011, which emphasised that the scheme would:

- Significantly raise the profile of RE in the city
- Attract a multi-million pound investment and possibly create new business and employment opportunities
- Create investment into city housing stock
- Reduce the carbon footprint
- Allow some council tenants to lower their fuel bills
- Create an income stream into the council and subsequently further investment opportunities. 92
- 6.24 A survey of suitable roof space has identified approximately 1,600 dwellings which could benefit from the scheme. The council is now working to assess the following:
  - Funding scheme options
  - Potential partners for the scheme
  - How the scheme could be rolled out to private sector homes and commercial markets
  - How the scheme could interact with the RHI, to offer alternative forms of renewable energy for council homes which are not suitable for solar PV<sup>93</sup>

The options appraisal has concluded that '...a fully owned and funded model' would bring the greatest benefits to the city, including:

- Greater chances to create local employment opportunities
- The opportunity to recycle money back into the community
- Assisting the fuel poor
- Enabling the council to '...play an important role in developing the local renewable energy economy, and support Brighton & Hove businesses'

92 ibid

<sup>90</sup> http://present.brighton-hove.gov.uk/mgConvert2Pdf.aspx?ID=10020&T=9

<sup>91</sup> ibid

<sup>93</sup> ibid

<sup>94</sup> http://present.brighton-hove.gov.uk/mgConvert2Pdf.aspx?ID=10020&T=92

• Setting up a '...platform for other low-carbon technologies and further opportunities presented by both the Renewable Heat Incentive and the...Green Deal<sup>95</sup>

The market testing has indicated that the capital costs of this scheme would be around £15 million and could:

"...tackle fuel poverty in the following ways:

- Reducing residents' electricity bills as they can use electricity that is being generated by the panels, either free of charge or at a reduced rate
- Through re-investment of FIT income in other energy efficiency measures
- Creating an investment stream for further renewable energy technologies that in turn may create further investment opportunities i.e. the government's RHI<sup>96</sup>

The Panel heard that Kirklees Council was using £6 million from its Housing Revenue Account (HRA) to fund solar panels being installed on its housing stock because they:

- '...will generate income and then the money can be used later to improve kitchens.<sup>97</sup>
- 6.25 While the Panel welcomes the proposed scheme being developed by Housing, it was keen to find out more detail about the project. They had produced Recommendation 1 (council plans for sustainable energy) to address this concern. The issues they wished to raise included:
  - If only approximately 13% of the council's housing stock was going to benefit from this programme of solar panels (1,600 out of 12,000), what plans were being developed to install renewables on the other 87% of their stock?
  - Whether the council was moving swiftly enough with this solar PV project to benefit from the higher rate of the FIT (i.e. by April 2012)?

## The council's property portfolio

- 6.26 The Panel heard that historically the council's accommodation strategy:
  - '...has concentrated mainly on carbon reduction although renewables will have a place where appropriate <sup>98</sup>.

However, a draft policy for renewable energy on council buildings is currently being developed and its principal aims will be to:

• 'Strengthen the drive and focus the council has on renewables'. 99

<sup>95</sup> ibid

<sup>&</sup>lt;sup>96</sup> Home Energy Efficiency Investment Options, Housing Management Consultative Committee, 07.03.11 http://present.brighton-hove.gov.uk/mgConvert2PDF.aspx?ID=2797&T=10

<sup>98</sup> Angela Dymott, Evidence to the Panel, 16.02.11

- Standardise processes
- Set guidelines on the sorts of technologies to be used
- Strengthen the work which has already done on Environmental Management Systems (EMS)<sup>100</sup>

It was clear from the evidence given to the Panel at the final witness meeting that work was being undertaken to install renewables and improve energy efficiency in council buildings:

'Sustainable designs for the education and corporate capital programmes have...incorporated where appropriate: ground source heat pumps for space heating, solar panels on the roofs to heat hot water, wind turbines, rain water harvesting, passive ventilation and sedum roofs.'101

Council officers were also identifying further opportunities and:

'... following investigations – the civic buildings, galleries, museums, schools, housing sites and industrial farmland have been highlighted as having the great potential for renewables. 102

- 6.27 To assist this, the council had carried out the following work:
  - A desktop exercise to identify a list of its properties which would be suitable for Solar PV
  - A wind mapping exercise
  - Modelling two potential Energy Service Companies (ESCos). Firstly, a scheme was being developed for Woodvale Crematoria to look at the potential for electricity to be generated from the heat which is captured during operation. Secondly, for civic buildings including King's House and the Town Halls in the city.

A heat mapping exercise was planned, to:

'...identify where the heat areas are within the city and where they may be opportunities to create partnerships and a heating network. 104

6.28 While the Panel welcomed the proposals for the council's own portfolio, it was concerned that the draft renewables policy for council buildings had yet to be finalised and published. The Panel felt that it should be a matter of urgency that the council adopt a strategic and consistent policy for installing renewables on its own buildings. This policy should include targets and timetables and form a key part of the overall sustainable energy strategy for the Council (see recommendation 4).

<sup>99</sup> Glynnan Barham, Evidence to the Panel, 16.02.11

<sup>&</sup>lt;sup>100</sup> Glynnan Barham, Evidence to the Panel, 16.02.11

<sup>&</sup>lt;sup>101</sup> Angela Dymott, Evidence to the Panel, 16.02.11

<sup>102</sup> Glynnan Barham, Evidence to the Panel, 16.02.11

<sup>&</sup>lt;sup>103</sup> Glynnan Barham, Evidence to the Panel, 16.02.11

<sup>104</sup> ibid

#### **School buildings**

6.29 A number of the flagship projects identified by the Head of Planning had been installed on school buildings in the city. According to the Head of Property and Design:

'These projects have played an educational role as children are learning about renewables and actually seeing how they work through installations. Future projects incorporating similar technologies are planned for Somerhill School, Westdene, Goldstone and Queens Park Primary Schools.'

6.30 Due to the potential for installing renewables, and the number of early installations, on school buildings: the Panel would like to see that the council's sustainable energy policy include a thorough assessment of the possibilities for installing much more renewable energy on school buildings in the city, including retrofitting.

#### Private sector housing

6.31 The BEST programme has been used to fund the Brighton & Hove Energy Action Partnership (BHEAP) to deliver home energy efficiency measures to some of the most vulnerable residents in private sector housing. This has included installing 141 solar water heating systems.<sup>105</sup>

In written evidence to the Panel, a resident living in the rented sector spoke of their belief that:

'...the big changes would need to be done by the landlord/property agent and they will only respond to money. Either grants or tax incentives.' 106

A witness from DECC advised the Panel on incentivising landlords:

'It is about **communicating** the financial opportunities, e.g. from FITS, through **engagement** and **information sharing**. 107

The Panel heard that Kirklees Council felt that their role in relation to the private sector was:

'...to act as the independent checker of what is going on and getting a good price because there are a number of companies offering bad prices and systems.' 108

#### Owner occupied housing

6.32 An owner occupier provided written evidence to the Panel on why they had installed solar thermal, due to being:

<sup>&</sup>lt;sup>105</sup> Cited in Home Energy Efficiency Investment Options, Housing Management Consultative Committee, 07.03.11 http://present.brighton-hove.gov.uk/mgConvert2PDF.aspx?ID=2797&T=10

<sup>&</sup>lt;sup>106</sup> Written evidence to the Panel, see Volume 2

<sup>&</sup>lt;sup>107</sup> My emphasis, Patrick Allcorn, Evidence to the Panel, 06.12.10

<sup>&</sup>lt;sup>108</sup> Phil Webber, Evidence to the Panel, 07.02.11

'Very concerned by overuse of resources to heat space/water. And the thought of virtually free hot water was too much to turn down ... The system works beautifully 109.

However a resident who is currently going through the process of trying to get solar hot water panels installed in the city informed the Panel that:

"...it would be useful if there was one person at the council who could guide me through all the various planning, building control and conservation area applications I have to make. At the moment I am having to deal separately with those three departments and the solar contractor and the gas engineer...and I'm a bit worried that I'm going to miss something [and]...getting slightly different info from different people with overlapping responsibilities'. 110

#### **Commercial projects**

- 6.33 An example of using industrial space to install renewables was given by the council, which is setting up:
  - '...a large pilot project across the road at the Norton Road car park. This would incorporate large scale PV. This project would also encourage training and apprenticeships as well.'

The Head of Planning told the Panel that:

'The AmEx building was a good example with regard to carbon reduction and finding imaginative solutions. Investment for a local school's boiler was secured through a Section 106 agreement where the building's specifications didn't quite achieve the carbon reduction standards required in the planning process.' 112

The Head of Planning felt that discussions with developers could be 'tough' and it was important to have:

"...the best possible data...available during the negotiations and using broad figures is not enough to persuade developers to meet our targets. Clear statistics need to be gathered early enough to prove genuine energy savings...It shows that good monitoring is crucial and we would be in a better negotiating position if good data was readily available at the outset." 114

The Panel believes that the kind of experience and expertise described above should be dedicated and located in the specialist agency, or team, proposed in Recommendation 5.

<sup>109</sup> Written evidence to the Panel, see Volume 2

Written evidence to the Panel, see Volume 2

III Glynnan Barham & Angela Dymott, Evidence to the Panel, 16.02.11

Martin Randall, Evidence to the Panel, 16.02.11

<sup>113</sup> ibid

<sup>114</sup> Martin Randall, Evidence to the Panel, 06.12.10

#### Retrofitting

6.34 A strategy for sustainable energy for the city needs to consider how to increase the level of installations in both new developments and in existing properties. Patrick Allcorn from DECC emphasised that:

'A broad strategy was needed, instead of focussing on new developments, because the existing stock (80%) is not going to all change by 2020. '115

The Head of Planning told the Panel:

'Retrofitting has been a big challenge. Planning often needs to find imaginative solutions and a balance must be struck between carbon standards and preserving listed buildings.' 116

#### Brighton & Hove Eco Open Houses

6.35 Eco Open Houses is an event run by Brighton & Hove City Council, Brighton Permaculture Trust and the Low Carbon Trust which aims to inspire the uptake of energy efficiency and renewables by opening up houses that demonstrate best practice in the area. It has run for three consecutive years since 2008 (for further details look at www.ecoopenhouses.org).

Thousands of visitors have benefited from Brighton & Hove Eco Open Houses events. The most recent event in 2010 cost £20,000 and attracted almost 1000 visitors. Monitoring showed that at the event visitors pledged to take actions in their own home which would result in:

- A total of 1,404 tonnes CO<sub>2</sub> emissions reductions in their homes (4.05 tCO<sub>2</sub>/person)
- These actions could result in a spend of £1.1 million in the home energy improvements sector (£3,175 per visitor)
- This means that for every £1 invested in the event, there is a potential to influence £60 spend from visitors
- In terms of pledges relating to renewables: £238,500 was for 53 solar hot water systems; £420,000 was for 42 PV installations; £3,900 was for 64 people to switch to a green energy tariff. (p.45)
- Evaluation of feedback revealed that: 98% of visitors learned something from the event; 85% said the event had influenced them to take action in their home; of those that said they wished to take further action, 31% wanted to know more about 'local suppliers', 'contractors' and 'technical data' and 'more information'.

Brighton & Hove Eco Open Houses would like contribute to harnessing this potential in future by continuing to run events, and improving delivery and engagement. However, there is currently no funding to support the 2011 event. The Eco Open Houses Team is seeking resources and funding to run

 $\underline{http://www.ecoopenhouses.org/media/Eco\%20Open\%20Houses\%202010\%20Report.pdf}$ 

<sup>&</sup>lt;sup>115</sup> Patrick Allcorn, Evidence to the Panel, 06.12.10

<sup>116</sup> Martin Randall, Evidence to the Panel, 06.12.10

<sup>&</sup>lt;sup>117</sup> Eco Open Houses Evaluation report 2010,

the 2011 event. Past events have relied on regional, private sector or council funding support. None of these sources appear to be available this year.

## **Community Energy**

The Panel also heard from two community based organisations that were working to develop renewable energy locally.

#### **OVESCo**

- 6.37 The Ouse Valley Energy Services Co-op (OVESCo) was set up by Transition Town Lewes in 2007 and became an Industrial & Provident Society (IPS) for community benefit in 2010. The services they offer include:
  - Running a renewable energy grant scheme
  - Holding eco open homes
  - Setting up renewable energy installation projects for example currently working on a project to install 550 solar PV panels on an industrial estate with a total worth of £360,000<sup>118</sup>

Their key focus is on solar PV and their main sources of funding include:

- FIT
- Selling energy
- Renewable Heat Incentive (on its introduction)

The aim of OVESCo is to ensure:

"...that the community gained the return rather than the big banks. A percentage goes back into other projects and enables them to continue to provide energy advice. They wanted to build up a portfolio of projects and become financially sound as the grants come to an end. 119

One of the reasons OVESCo had become an IPS was to enable them to issue shares. Their unique selling point is the

"...investment from the community in RE. This will come either because they believe that RE is a good idea or they are attracted by the rate of return. This will include people who cannot personally have PV installed. 120

OVESCo do not anticipate any problems in attracting sufficient community investors, because:

'They will be offering a 4% rate of return and tax incentives, which is so much better than banks. '121

120 ibid

<sup>118</sup> Chris Rowlands, Evidence to the Panel, 18.01.11, http://present.brightonhove.gov.uk/mgConvert2PDF.aspx?ID=3174&T=1 ibid

<sup>119</sup> Chris Rowlands, Evidence to the Panel, 18.01.11, http://present.brightonhove.gov.uk/mgConvert2PDF.aspx?ID=3174&T=1

<sup>121</sup> ibid

### Brighton Energy Co-op

6.38 The Panel heard that this co-op is based in the city and describe themselves as a '...community funded scheme for renewable energy'. 122

Like OVESCo, they had found a sufficient level of demand:

'We have secured 350 members without significant marketing...People are interested in the rate of return offered'. 123

The organisation felt that:

"...it would be easier if the Co-op had an installation under its belt. However it is talking to the widest possible group of people to increase its credibility." 124

# Opportunities and barriers to installing renewable energy in the city

6.39 This section of the report now maps out the opportunities and barriers to installing renewables in Brighton & Hove.

# **Opportunities**

- 6.40 The Panel heard evidence that increasing the renewables sector could bring the following benefits to the city:
  - Addressing fuel poverty and building resilience to fuel price increases
  - Creating employment opportunities
  - Income generation opportunities from incentives such as the Feed in Tariff
  - Ability to bid for the growing number of funding to grow this sector
  - New investment funds looking for local and community opportunities
  - Enhancing our reputation as sustainable city
  - Engaging and educating residents

Some of these opportunities are described in greater detail below.

#### Addressing fuel poverty

6.41 The Lead Commissioner for Housing told the Panel:

'The biggest factor contributing to inequality in the most deprived areas has been energy costs...This is particularly important when '70% of people living in our houses are suffering from poverty or one sort or another and/or are on benefits'. 125

The Panel heard that Kirklees Council:

"...had focused on the poorest sectors of the community. A distinction had been made between those who could, and would, pay for renewable energy

124 ibid

Will Cottrell, Evidence to the Panel, 06.12.10 http://present.brighton-hove.gov.uk/mgConvert2PDF.aspx?ID=3140&T=1

<sup>123</sup> ibid

<sup>&</sup>lt;sup>125</sup> Jugal Sharma, Evidence to the Panel, 16.02.11

and those in poverty. To this end the council was going to use £6m from the Housing Revenue Account (HRA) to fund further renewable energy model. 126

### Creating employment opportunities

6.42 A witness from Kirklees Council told the Panel that the lack of qualified installers presented:

'...an opportunity to combat the recession. There were big opportunities for local authorities to insist on local suppliers, local workforce and training opportunities. If one spends £1 on insulation, one got a lot more CO<sub>2</sub> savings than from renewable energy – however renewables brought good employment opportunities.'<sup>127</sup>

## Future proofing against increasing energy prices

6.43 As energy prices continue to rise, increasing the level of renewables can be an important way of protection against future price increases. The council's Energy and Water Manager told the Panel that:

'The potential for reducing the council's energy bill using the sites highlighted for renewables, still stands at approximately 5%. We have been told to expect utility costs increases of up to 10% or even higher which will provide a significant focus with regard to the application of renewables.' 128

#### Financial opportunities for the Council

- 6.44 The Panel heard that these financial benefits could include:
  - Investing to earn enabling the council to maximise the value of public assets
  - Taking advantage of the ability of local authorities to sell their own electricity e.g. Bristol City Council is planning to invest up to £9m in installing two wind turbines to meet council commitments and hopes to generate £1m per annum in revenue.<sup>129</sup>
  - Reducing energy bills and generating revenue –e.g. the Carbon Reduction Commitment which is being introduced as a mandatory scheme to improve efficiency and cut emissions in large public sector organisations<sup>130</sup>
  - Showing leadership
  - Generating electricity and using renewable heat shields the council from exposure to energy prices rises and volatility. Even though the council buys its electricity from a green supplier, the cost of that electricity is linked to the general electricity wholesale market – so is exposed to general price volatility.
  - Facilitating the acquisition of skills and training (an issue raised in the Environmental Industries Scrutiny Inquiry)

<sup>&</sup>lt;sup>126</sup> Phil Webber, Evidence to the Panel, 16.02.11

<sup>&</sup>lt;sup>127</sup> Phil Webber, Evidence to the Panel, 07.02.11

<sup>&</sup>lt;sup>128</sup> Glynnan Barham, Evidence to the Panel, 16.02.11

<sup>&</sup>lt;sup>129</sup> Local government association magazine, 9<sup>th</sup> October 2010,

http://www.lga.gov.uk/lga/core/page.do?pageId=14159210

http://www.decc.gov.uk/en/content/cms/what we do/lc uk/crc/crc.aspx#more about CRC

6.45 Jae Mather told the Panel that '...if you do a project right it does not cost anything and makes money'. 131

He also felt that the '...business case was always the best way to kick-start RE projects 132

## Income generation for residents

6.46 Examples of the income generated using the FIT scheme were given in the written evidence submitted to the Panel. Two of these examples are listed below and then a detailed case study is provided on the following page:

### **Example 1**

'[under a pilot scheme from British Gas offering an interest free loan to install solar PV]... I pay back £33 per month for 25 years and make hopefully between £70 and £80 per month' 133

## Example 2

"...my return in the first year will total £629. This represents a return on the £19,500 invested of 3.2%. I am content with this, as it is a real return and is guaranteed ... for 25 years." 134

<sup>&</sup>lt;sup>131</sup> Jae Mather, Evidence to the Panel, 18.01.11

<sup>132</sup> ibid

 $<sup>^{\</sup>rm I33}$  My emphasis, Written evidence to the Panel, see Volume 2

<sup>134</sup> ibid

# Case Study of Domestic PV system installed July 2010 in Brighton & Hove Summary of Financial benefits—FEED In TARIFF (FIT) & savings

We are a family of 4 (2 teenagers) in a semi detached house. We monitor our energy use and try to keep it low (all our lighting is low energy, including LEDs, all our appliances are 'A' or 'A+' rated). We use an average 4.9kWh a day in this house (1600-1700kWh/year).In the first 3 months our PV system produced on average 4.5kWh/day.

#### 1.4 kW system.

(Estimated to generate 1,190 kW peak annually)

8 x Sharp 175W Photovoltaic panels total 12m2.

System cost: £9,555.

Installed as part of the trial 'Pay as you Save' scheme.

Scheme run by British Gas, installers were \*

Interest free loan at £31.85/month for 25 years.

#### **Finance**

#### **Feed in Tariff**

Every kWh electricity generated earns 41.3p Every kWh fed back to the grid 3р

#### Therefore

1030kWh generated x 41.3p = £425.39

If half of the 1030kWh is not used in the house is fed into the grid then:

 $515kWh \times 3p = £15.45$ 

Total FIT income = £440.84

## **Electricity use**

If we use half of what is produced, we make savings from not buying 515kWh from the grid. We currently pay10.609p per kWH electricity from our energy supplier This means savings of  $515kWh \times 10.609p = 5464p$ 

Saved £54.64

Total benefit= £495.47

Loan payments

Monthly payment of 31.85 x 12months

Less payments of £382.20

#### TOTAL ESTIMATED ANNUAL FINANCIAL BENEFIT= £113.27

According to the calculations above, this system will have paid for itself in about 20 years, after which time we'd be into profit of about £500 a year. However, if the system performs better than it has through these snowy months (which it should do), or if the price of electricity goes up, the payback time will reduce.

#### **Potential barriers**

6.47 One of the TOR of this Panel was to '...identify the barriers to local energy generation. <sup>135</sup> This section identifies the key barriers highlighted in the evidence provided to the Panel.

#### Installing renewables in conservation areas

6.48 A perceived barrier to increasing the installation of renewables in the city is the significant amount of properties located in the 34 conservation areas in the city.

However, the council's Design and Conservation Manager told the Panel that:

'...in respect to retrofitting within conservation areas, residents now had much greater freedom with regard to installing solar panels without needing planning permission.' <sup>136</sup>

He also highlighted the technological advances which could assist in the installation of renewables in conservation areas:

'...the industry is continually developing alternatives for listed buildings such as very slim double glazing units that can be accommodated within existing traditional window frames and solar slates, that do not spoil the character or appearance of the building. However, these alternatives are more expensive'. <sup>137</sup>

In his experience they received 'few enquiries' about solar panels and 'even fewer about wind turbines'. Because more enquiries were received about loft conversions, he suggested that:

'The expertise involved in loft conversions and roof alterations may lead to an opportunity to be coupled with solar installations'. 139

A recent mapping exercise had identified that many of the areas with sufficient wind were often in conservation areas or areas where planning permission may not be able to be obtained.<sup>140</sup>

However many of the city's listed buildings were homes in multiple occupation (HMOs) where there were '...technical and social issues surrounding the delivery of renewables'. 141

<sup>135</sup> Scoping report of the Panel

<sup>136</sup> Roger Dowty, Evidence to the Panel, 16.02.11

<sup>&</sup>lt;sup>137</sup> Roger Dowty, Evidence to the Panel, 16.02.11

<sup>&</sup>lt;sup>138</sup> Roger Dowty, Evidence to the Panel, 16.02.11

<sup>139</sup> ihid

<sup>&</sup>lt;sup>140</sup> Glynnan Barham, Evidence to the Panel, 16.02.11

<sup>&</sup>lt;sup>141</sup> Roger Dowty, Evidence to the Panel, 16.02.11

## Upfront costs

6.49 In relation to installing renewables on council owned buildings, the barriers were seen to be 'largely financial' although these were seen to be being 'alleviated' by the FIT and the possible introduction of the RHI.

Kirklees Council had found that '... the community was interested in renewable energy if the price was right. 144

# Air quality

6.50 The council's Air Quality Advisor told the Panel that:

'The general consensus was that some sites in the city were less suitable for biomass or wood burning boilers, because they would contribute to lowering air quality... [therefore] Biomass could be a possible source of renewable energy on the outskirts of Brighton, to be reviewed on a case by case basis.' 145

# Monitoring of schemes

6.51 The Panel heard evidence from an individual who had installed both a wind turbine and solar panels in the city that:

'Monitoring of schemes had been a big issue with BHCC, leading to him to offer to do it himself. For example noise had been a big issue for Planning, and he did not feel that this monitoring was done by BHCC. 146,

However he had felt that '...monitoring had been done well with other projects he had initiated. 147

# <u>Difficulties in dealing with council departments</u>

6.52 The Panel heard evidence from a developer, trying to establish a Community Energy Centre and a co-op for both PV and a wind turbine, who found the process of dealing with the council '...extremely frustrating'<sup>148</sup>. As a result he felt that this council did not have a 'let's see how it works attitude'<sup>149</sup>, unlike Kirklees Council.

This evidence suggests that it could be useful for the council to consider how to make it easier for developers and other potential installers of renewable energy to approach the council and be kept informed about the progress of any proposed project.

#### Wind turbine and noise

6.53 This was not perceived as a wide spread problem in the city because:

<sup>&</sup>lt;sup>142</sup> Glynnan Barham, Evidence to the Panel, 16.02.11

<sup>143</sup> ihid

<sup>&</sup>lt;sup>144</sup> Phil Webber, Evidence to the Panel, 07.02.11

<sup>145</sup> Sam Rouse, Evidence to the Panel, 16.02.11

<sup>&</sup>lt;sup>146</sup> Daren Howarth, Evidence to the Panel, 07.02.11

<sup>&</sup>lt;sup>147</sup> ihid

<sup>&</sup>lt;sup>148</sup> Ross Gilbert, Evidence to the Panel, 07.02.11

<sup>149</sup> ibid

'Noise from wind turbines is improving as technology advances. We don't get many complaints about noise from turbines...[as]... most applications for turbines tend to be on industrial sites or off shore.'150

#### Conclusion

6.54 The comparison of barriers and opportunities show that benefits that come from growing this sector far outweigh the difficulties associated with such projects. Evidence to the Panel highlighted that some of the barriers to the growth of renewables were being overcome - for example by new funding opportunities and better technologies. The Panel expects that the comprehensive citywide policy will plan for, and measure progress, in relation to the full range of opportunities and barriers in this sector.

# Capacity in the city

6.55 This section of the report considers whether any capacity issues may arise from a growth in this sector in the city.

# What are the capacity issues?

- 6.56 The recent consultation on Microgeneration Strategy identified 3 key national capacity issues:
  - Installation and maintenance skills and capacity
  - Ensuring good design and commissioning of renewables installations
  - The supply chain<sup>151</sup>

The Strategy emphasised that:

'Any growth ... will require the support of a skilled workforce. This applies across the building and products sector, not simply to installation engineers and technicians....Recognised, effective accessible training needs to be developed, accredited and publicised to ensure market confidence.' 152

6.57 A recent survey of those working in environmental industries in Sussex found that:

'82% of respondents said that they required specialist skills for their business. Of these, 57% said that they had had difficulties recruiting people with these types of skills. The main reasons given for the difficulties were low number of applicants with required skills (75%). '153

# Certified installers

6.58 Kirklees Council had found that '...there were big capacity issues due to insufficient installers.' This had also been true when it came to insulating homes:

<sup>150</sup> Sam Rouse, Evidence to the Panel, 16.02.11

<sup>151</sup> DECC website http://www.decc.gov.uk/en/content/cms/consultations/microgen\_strat/microgen\_strat.aspx

<sup>152</sup> DECC website http://www.decc.gov.uk/en/content/cms/consultations/microgen\_strat/microgen\_strat.aspx

<sup>&</sup>lt;sup>153</sup> Mapping the Environmental Industries in Sussex, Summary Findings, 2010

<sup>&</sup>lt;sup>154</sup> Phil Webber, Evidence to the Panel, 07.02.11

'To deliver their programme required them to train and pull in crews from across the UK to deliver the volume they needed, due to the high take up rate. For this kind of volume they needed 10,000s or 100,000 of installers.' 155

# **Sites**

6.59 The Brighton Energy Co-op told the Panel that:

'In their experience, the bottleneck is in securing sites, not installing the technology. For example, if BHCCC took a collective decision on roof spaces this would release a large number of sites. One could set a target of 10% in 5 years and this could raise £1m [a year].' 156

# Is the city currently realising its renewable energy potential?

6.60 The purpose of this section of the report is to assess whether the city is currently doing its best to realise the potential of this sector.

Firstly it looks at the recommendations made by a previous scrutiny panel which was set up to look at Environmental Industries in the city.

# **Environmental Industries Scrutiny Panel**

6.61 This Scrutiny Panel was set up in 2009 by the Culture, Tourism & Enterprise Overview and Scrutiny Committee (CTEOSC) to consider the growth potential of environmental industries, including renewable energy. It concluded that

'...this sector provides an important enterprise and employment opportunity for the city...[which has] many of the key attributes needed to attract environmental industries.'<sup>157</sup>

This Inquiry also stressed that:

The council recognises that it must seize the opportunity to become involved in the development of the sector, in order to influence it from the centre rather than the periphery...other local authorities are preparing to maximise the chances offered by this sector and are developing the infrastructure to service these industries. So if our city fails to grasp this opportunity, then other locations will benefit. 158

The Panel identified the outcomes it wished to achieve from its recommendations, namely:

Making environmental industries a council priority

-

hove.gov.uk/downloads/bhcc/democracy/Environmental\_Industries.pdf

<sup>155</sup> ibid

Will Cottrell, Evidence to the Panel, 06.12.10 <a href="http://present.brighton-hove.gov.uk/mgConvert2PDF.aspx?ID=3140&T=1">http://present.brighton-hove.gov.uk/mgConvert2PDF.aspx?ID=3140&T=1</a>

<sup>&</sup>lt;sup>157</sup> Environmental Industries Scrutiny Panel Final Report and Recommendations <a href="http://www.brighton-hove.gov.uk/downloads/bhcc/democracy/Environmental\_Industries.pdf">http://www.brighton-hove.gov.uk/downloads/bhcc/democracy/Environmental\_Industries.pdf</a>

Bold my emphasis, Environmental Industries Inquiry – Capturing the potential and economic benefits for Brighton & Hove, October 2009, <a href="http://www.brighton-">http://www.brighton-</a>

- The council leading by example to encourage this sector
- Working with our partners to maximise the potential of these industries
- Working with the city's universities
- Establishing an environmental industries network
- Growing the sector to create local jobs and training
- Providing funding advice for these industries
- Communicating the importance of this sector
- Monitoring the progress of this sector.

The Panel developed 7 main recommendations and 14 supporting ones, which were accepted by the Executive on 26<sup>th</sup> January 2010. These recommendations included:

- Recognising the importance of this sector in key council strategies
- Appointing a lead council officer for this sector
- Including Environmental Industries in future funding bids for apprenticeships
- Using the Council's procurement policy to promote the growth of environmental industries
- Supporting social enterprises working in this sector
- Working with partners to raise the profile of the sector
- Exploring how more affordable work and office space could be made available in the city
- The need for regional networks and partnership working

CTEOSC received an annual update on the progress of these recommendations on 25<sup>th</sup> November 2010.

## Uptake of renewable energy

6.62 Howard Johns of Southern Solar told the Panel that:

'He was surprised by how little uptake there had been of this technology in the town, compared to Woking (who had installed 10% of all PV to date) and Kirklees. He attributed this to the visionary leadership of these councillors. 159

# Planning to realise our potential

6.63 Next, this report will look at the plans and policies which have been developed to encourage the growth of renewable energy in the city. Howard Johns of Southern Solar told the Panel that:

"...in his experience there had been a lot of planning in the city, but not masses of action'. 160

# Citywide policy

6.64 While there is no specific city-wide policy for sustainable energy, the current policy and targets for this sector stem from the Brighton & Hove Sustainable

<sup>159</sup> Howard John, Evidence to the Panel, 07.02.11

<sup>&</sup>lt;sup>160</sup> Bold my emphasis, Howard John, Evidence to the Panel, 07.02.11

Community Strategy. This partnership document sets out a vision for the city: one of its key priority themes is:

'Living within environmental limits and enhancing the environment'. 161

To achieve this, the 2010 version of the strategy includes this comprehensive set of actions relating to renewable energy:

- 'Develop consolidated action around the expansion of sustainable and renewable energy generation. Produce a ('big users') heat map of the city to promote district heating scheme plans, using new developments as a catalyst.
- Establish an energy service company (or companies) to support local sustainable and affordable energy delivery.
- Install, and support the widespread installation of new energy generating technologies including supporting plans for a large offshore wind farm off the coast of Sussex, and undertaking feasibility studies for marine (tidal, wave) and wind energy for the city.
- Identify sites for larger scale sustainable energy facilities through development policies and the Site Allocations Development Plan Document
- Work with developers to ensure best practice in energy efficiency, water efficiency, reduced waste production and the use of renewable energy. Promote and require sustainable practices such as:
  - reducing carbon emissions
  - implementation of passive design for low energy use
  - incorporating renewable energy and low carbon energy technologies
- Encourage renewable energy use in existing buildings and operations across all sectors, including business, retail and householders.
- Work with Carbon Trust to examine energy efficiency in sheltered housing schemes and council housing blocks to identify energy conservation measures and opportunities to move to combined heat and power or renewable energy.<sup>162</sup>
- 6.65 The Panel felt that the weight of evidence about what an opportunity this sector could provide for the city, meant that a specific city-wide policy is needed for sustainable energy (see recommendation 3)

# How is BHCC planning for renewable energy?

6.66 Since 2008 it has been a corporate priority of this council to:

'...protect the environment while growing the economy'. 163

<sup>&</sup>lt;sup>161</sup> Brighton & Hove Strategic Partnership, Creating the City of Opportunities – A Sustainable Community Strategy for Brighton & Hove, 2010

http://www.bandhsp.co.uk/downloads/bandhsp/B HSP Sustainable Community Strategy.pdf

<sup>&</sup>lt;sup>162</sup> Brighton & Hove Strategic Partnership, Creating the City of Opportunities – A Sustainable Community Strategy for Brighton & Hove, 2010

 $http://www.bandhsp.co.uk/downloads/bandhsp/B\_HSP\_Sustainable\_Community\_Strategy.pdf$ 

<sup>163</sup> http://www.brighton-hove.gov.uk/downloads/bhcc/performance\_team/Corporate\_Plan\_2008\_V310708.pdf

One of the achievements that will be measured is whether:

'...more wind, solar and other sustainable energy is installed locally'. 164

A number of the council's key policies have identified actions to prioritise the growth of renewable energy. These include:

## a. Carbon Management Programme Strategy and Implementation Plan

6.67 The strategy was developed in 2007 for the council and its own buildings. The actions included:

'An investigation into the potential for implementing renewable energy sources for council buildings ... An initial target of 5% of the council's electricity consumption from its own renewable sources by 2012.'165

Council officers are currently working on developing a draft corporate renewables policy to ensure a consistent approach across the council for its land and buildings.

# b. Climate Change Action Plan (CCAP)

6.68 In 2006 a Climate Change Action Plan for Brighton & Hove was published to:

'...provide a framework for actions committing us to addressing climate change within all the council's key services'. <sup>166</sup>

This Plan is now being updated to:

- Set out a programme of actions to build a systematic and consistent approach to reducing greenhouse gas emissions and adapting to climate change in Brighton & Hove, informed by current legal and policy requirements, the Sustainable Community Strategy, and aligned with relevant citywide plans and recent Scrutiny Panel outcomes (in particular Adaptation and renewable energy)
- Refocus this as a 'partnership' document, although it is recognised that the council will have a key role
- Include an climate change adaptation section informed by the recent scrutiny panel into this issue and work being done on the Local Climate Impact Profile (LCLIP)

#### c. Core Strategy

6.69 The purpose of the Core Strategy is to:

'...provide the overall strategic and spatial vision for the future of Brighton & Hove through to 2026'. <sup>167</sup>

The aims of the Strategy include:

hove.gov.uk/downloads/bhcc/ldf/REg 27Core Strategy Proposed Submission February 2010v2.pdf

<sup>164</sup> http://www.brighton-hove.gov.uk/downloads/bhcc/performance\_team/Corporate\_Plan\_2008\_V310708.pdf

<sup>165</sup> Cited in written evidence to the Panel from Thurstan Crockett for the Panel meeting on 16.02.11

<sup>&</sup>lt;sup>166</sup> 2006 Climate Change Action Plan

<sup>&</sup>lt;sup>167</sup> Core Strategy proposed submission <a href="http://www.brighton-">http://www.brighton-</a>

- By 2026 the city will support a thriving environmental technology sector to support the development of renewable and low-carbon energy, recycling initiatives and reduced resource consumption.
- Work towards becoming a zero carbon city with lower carbon emissions supported by sustainable and renewable decentralised sources of energy and ensure the city is resilient to the predicted likely impacts of climate change. 168

# d. Sustainable Building Supplementary Planning Document (SPD)

6.70 The SPD was adopted in 2008 to:

...make sure all developments in Brighton & Hove achieve the highest possible standards of sustainable building design. 169

The guidance asks proposed developments to demonstrate a range of requirements including incorporating, or facilitating, the use of RE resources.

# e. Environmental Management System (EMS)

The council has developed and implemented an EMS which has been accredited to ISO 14001. This has created 'a framework for managing and reducing the organisation's environmental impacts<sup>170</sup> and currently covers key buildings such as the Brighton Centre and Hove Town Hall.

## f. Local Development Framework (LDF)

6.72 According to the LDF, a target for the city is to:

'Maximise the number of developments using alternative/renewable sources of energy'171

The Annual Monitoring Report carried out by Planning for 2009/10:

"... reported that '100% of major developments approved in 2009/10 either provided a Sustainability Statement or Sustainability Checklist with regard to alternative/ renewable sources of energy or had sustainability measures conditioned'. 172

# g. Draft Corporate Renewable Energy Policy

This policy is currently being developed by the council's Energy and Water Manager, who told the Panel that although this:

"...policy does have a primary focus on council property... it understands the need to look wider than the council to offer support and experience for other sections within the city. '173

<sup>169</sup> http://www.brighton-hove.gov.uk/downloads/bhcc/ldf/adopted Sustainable Building Design SPD 8.pdf

<sup>&</sup>lt;sup>171</sup> Local Development Framework

<sup>172</sup> BHCC, AMR, http://www.brighton-hove.gov.uk/downloads/bhcc/ldf/AMR 2009-10.pdf

<sup>&</sup>lt;sup>173</sup> Glynnan Barham, Written evidence to the Panel meeting on 16.02.11

The sustainable energy policy for the council proposed in Recommendation 4 would have a wider remit than focussing on the council's own estate, as it would set out how the authority would work towards the citywide sustainable energy programme.

# Council's commitment to energy efficiency and lowering emissions

6.74 Until now the focus of the council has been on demand reduction, or energy efficiency rather than setting actions and targets for renewable energy. For example, the Leader of the Council signed up to the 10:10 campaign as one of her priorities for 2010, which aims for a 10% reduction in emissions in 2010/11 from a 2009/10 baseline.

## Why the council needs a single policy on sustainable energy

6.75 The Panel heard from Thurstan Crockett, the Head of Sustainability, that the council had agreed an Environmental Policy setting out the high level environmental aims of the organisation:

'The policy specifically committed to the installation of renewable energy systems where they were appropriate and to procuring energy from renewable sources. It was a high level document which covers a wide range of environmental aims and it was not specific about how these aims will be achieved. In order to ensure that its aims were delivered in a co-ordinated way, further policy guidance was required.'174

6.76 During the process of carrying out this Scrutiny Panel it proved a challenge to obtain a full picture of what the council was doing to promote the growth of renewables in the city, including on its own property.

The Panel welcomed the evidence it heard on the projects which were being developed e.g. to install Solar PV on council homes. However, the Panel believes that there is a need for better co-ordination between the officers working on these different projects. This could be overseen by the Strategic Director, Place. In addition, there needs to be a central location for information on the developing plans and projects in this sector (this could be held by the team suggested in recommendation 5).

## **Employment plans for the city**

6.77 A witness from DECC told the Panel that:

'...it was important to up skill the existing relevant workforce in the city, e.g. plumbers, and ensure they are trained and accredited to work with renewables'.<sup>175</sup>

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<sup>&</sup>lt;sup>174</sup> Cited in Thurstan Crockett, Evidence to the Panel, 16.02.11

<sup>&</sup>lt;sup>175</sup> Patrick Allcorn, Evidence to the Panel, 06.12.10

# How can Brighton & Hove City Council help this sector?

# What role could BHCC play?

- 6.78 The Strategic Director, Place, described what he felt to be key roles that BHCC could play to enable the growth of renewables:
  - Supporter- both in purchasing and backing schemes (for example BHCC purchasing renewable electricity)
  - **Facilitator** for example the support offered to E.ON in developing the Rampion project
  - Developer<sup>176</sup>
- 6.79 The Panel heard a significant amount of further evidence on the roles a local authority can take on to assist the growth of renewable energy, which included:
  - Enabler
  - Commissioner of projects
  - · Community leader

This section of the report will now consider these roles in greater detail.

# Supporter

6.80 The Head of Property and Design told the Panel that:

'The council began to purchase renewable energy 5-6 years ago and was the first ... to do so. At this time it cost approximately 10% more.' 177

# Facilitator

6.81 A witness from Kirklees Council advised that BHCC needed to

'...contact people and persuade them about the range of opportunities which could be out there for RE. People needed to be persuaded about the new technologies, which was more difficult if the technology was new or more disruptive to the community. One needed to sell the payback period of RE technologies.'<sup>178</sup>

This needs to be backed up with reliable surveys of homes to help them identify which renewables and energy efficiency work would be most appropriate for them.

A witness from DECC suggested that the council could facilitate the developments of projects, when:

"...if it does not want to invest in a project, the authority could still help e.g. by assisting in forward planning (indicating where a scheme could go ahead)." <sup>179</sup>

<sup>&</sup>lt;sup>176</sup> Geoff Raw, Evidence to the Panel, 06.12.10

<sup>&</sup>lt;sup>177</sup> Angela Dymott, Evidence to the Panel, 16.02.11

<sup>&</sup>lt;sup>178</sup> Phil Webber, Evidence to the Panel, 07.02.11

<sup>&</sup>lt;sup>179</sup> Patrick Allcorn, Evidence to the Panel, 06.12.10

## Developer

6.82 The Panel heard that the council could take on the role of developer as: 'Strategic Directors were carrying out a review of major projects and this would include an assessment of the potential for renewable energy as part of this review'. 180

#### Enabler

6.83 Will Cottrell of the Brighton Energy Co-op felt that a key part of the enabling role which the council could take on would be to locate and secure office space.

'For example, a developer of renewables visiting potential sites with a view to entering a 25 year lease, could find it very useful to have some official sanction (e.g. support from the council) to assist in their negotiations.' 181

The Lead Councillor for Sustainability told the Panel that:

'The key issue to address is office accommodation to enable companies to expand.' 182

The Energy and Water Manager told the Panel that:

'People came forward requesting that the council donate sites. We have looked at these on a case by basis, but we would really need a suitable business case.' 183

The Panel felt that donating or releasing sites could be a useful way of enabling community energy organisations, co-ops and social enterprises to gain project experience and build up their credibility.

#### Commissioner of projects

6.84 The Head of Housing told the Panel:

'We have had an energy partner (Climate) who has very successfully administrated the energy efficiency measures on our properties for a while. 18 months ago we asked them to conduct a study on Council estates, to assess where we could generate additional income to continue the level of energy measures that we currently had.'

This work has been used to form the project currently being developed to install solar PV on council homes in the city.

# Community leader

6.85 Howard Johns of Southern Solar emphasised the potential impact if:

<sup>&</sup>lt;sup>180</sup> Geoff Raw, Evidence to the Panel, 06.12.10

<sup>&</sup>lt;sup>181</sup> Will Cottrell, Evidence to the Panel, 06.12.11

<sup>&</sup>lt;sup>182</sup> Cllr Ayas Fallon-Khan, Evidence to the Panel, 06.12.10

<sup>&</sup>lt;sup>183</sup> Glynnan Barham, Evidence to the Panel, 16.02.11

'The council could lead schemes which would increase the credibility of the sector in the city. If they took measures on their stock like Kirklees, this would be well received by the community and increase the amount of microgeneration in the city. '184

Kirklees Council had found that:

'The relationship with the community is very important. The council had to operate in a commercial way e.g. using billboards, appearing on the radio to promote issues/schemes and put up information in libraries. They had done a lot of work to brand this issue and address indifference. 185

## Planning forwards

Evidence from Kirklees Council emphasised the importance of forward planning, and capacity building, to prepare for new schemes, such as the Green Deal. 186

#### Skills of council officers

The diversity of skills needed by council officers to work in this field was emphasised by a number of witness. For example, Sayed Ahmed told the Panel that:

'There is a need for local authorities to become nimble in this field and look at the skills they need, including the ability to work with developers. 187

When asked how a council could prepare for the future, Kirklees Council's advice was that:

'With the Green New Deal, councils would be needed in the role of 'honest broker'. While third parties could be quicker, local authorities had many of the required skills in-house, e.g. their legal department.'188

The representative from Kirklees Council also emphasised the high level of officer resources they had needed to implement such a comprehensive programme.

'There had been a high level of need for capacity and skills ... for example six people had been working ...full time dealing with renewable energy related issues such as the 150 responses they had received to a tendering exercise. '189

However a representative from the Carbon Free Group, who specialised in low carbon solutions, felt that

<sup>184</sup> Howard John, Evidence to the Panel, 07.02.11

<sup>&</sup>lt;sup>185</sup> Phil Webber, Evidence to the Panel, 07.02.11

<sup>&</sup>lt;sup>186</sup> Phil Webber, Evidence to the Panel

<sup>&</sup>lt;sup>187</sup> Sayed Ahmed, Evidence to the Panel, 18.01.11

<sup>&</sup>lt;sup>188</sup> Phil Webber, Evidence to the Panel, 07.02.11

<sup>189</sup> ibid

'This knowledge usually has to be bought in, due to the ever changing knowledge needed. If someone is good they will leave and go and work in a private organisation ....However I do know that you have some very skilled people in Brighton & Hove. 190

The evidence from the Panel suggested that there needed to be systematic learning processes in place so that officers, as well as stakeholders, could learn from project to project. This would make subsequent projects easier to approve, support and fund over time. The aim would be to make renewable energy a standard aspect of the development process in the city.

# Key council services

This next section will briefly describe how some of the council services work to increase the level of renewables in the city.

### **Planning**

6.89 The Head of Planning told the Panel that:

> 'Town Planning's statutory purpose is to deliver 'sustainable development'. There is a supportive national planning framework and a comprehensive set of local policies. '191

To achieve this, the council has developed a range of planning policies and their approach focuses on 'zero carbon rather than aiming for a specific renewable energy target' to enable them to 'use more imaginative solutions. '192

The Planning Service felt that:

'A key message was that early stage discussions, i.e. pre-application, needs to take place around the development process, so that ... renewables are not treated as 'bolt-ons' afterwards' 193.

# Sustainability

The Sustainability Team provides specialist consultancy services, working 6.90 across the council to promote a consistent and practical approach to reducing environmental impacts, and working together with city partners to encourage good practice and wider sustainability benefits.

Key areas of work include:

- Policy: Ensuring sustainability is effectively built in to decision-making, including strategic planning, policy development and implementation; performance monitoring and all stages of commissioning;
- Performance: Improving environmental and sustainability performance across the council using an Environmental Management System approach (a structured framework for managing the council's impacts); building

<sup>&</sup>lt;sup>190</sup> Jae Mather, Evidence to the Panel, 18.01.11

<sup>&</sup>lt;sup>191</sup> Martin Randall, Evidence to the Panel, 16.02.11

<sup>&</sup>lt;sup>193</sup> Martin Randall, Evidence to the Panel, 16.02.11

- awareness and understanding of risks, benefits and opportunities; informing prioritised programmes of work to address these;
- Partnership: Supporting the development and implementation of the Brighton & Hove Sustainable Community Strategy, and its workstreams, including climate change mitigation and adaptation planning.

## Property and Design

6.91 The Panel heard that this service:

'...actively promotes sustainable solutions through our developing sustainable design policy. This is particularly relevant with the projects carried out by Property's Architectural and Education Capital Project teams as they work towards designing to BREEAM 'excellent', where practical, or 'very good' on larger primary capital schemes for schools and other corporate capital projects.' 194

The Energy and Water Manager told the Panel that one of his key tasks has been:

'...the setting up of the SERENe Group, which has representation from all Energy Managers from Kent County Council to Hampshire County Council, including all unitary authorities at Brighton, Portsmouth and Southampton. Brighton leads this group and chairs the meetings.'

As already noted, the Energy and Water Manager is currently developing the council's Draft Corporate Renewable Energy Policy.

# Housing

The council's Housing department has taken the lead in commissioning an assessment of the options for installing solar PV panels on its housing stock. These options were noted by Cabinet on 17<sup>th</sup> March 2011, a project which has already been described in this report.

<sup>&</sup>lt;sup>194</sup> Written evidence to the Panel provided by Angela Dymott and Glynnan Barham for the meeting on 16.02.11
<sup>195</sup> ibid

# 7. Learning from other local authorities

- 7.1 The Panel heard evidence from two local authorities who had undertaken a significant amount of work to enable the growth of renewable energy and received a briefing on the good practices of four other councils:
  - Kirklees
  - Woking
  - Southampton
  - Birmingham
  - Worcestershire
  - Suffolk County Council

These were chosen because they have pioneered new and different approaches or found innovative ways to fund their projects

# **Kirklees**

7.2 The Panel heard that the priority for Kirklees Council had initially been to:

'...improve housing conditions, including insulation, and reduce C02...[but] after undertaking these energy efficiency works, the council saw their role as helping to increase the % of renewable energy in the UK.<sup>196</sup>

Their comprehensive set of programmes to improve energy efficiency and increase renewables included:

- Warmzone which had carried out 65,000 free home insulation measures, including a programme to improve boilers and a boiler scrappage scheme
- Obtaining a small grant from DECC to install 50 solar PV systems on terraced properties. 'They would be using the...FIT income to establish and maintain a Community Fund. This work was also seen as a lever into getting the community to increase their level of recycling.<sup>197</sup>
- Energy advice
- Planning to use £6m to install solar on 5,000 local authority homes '...and then the income from FIT would pay back the costs over 10 years.' 198

## Eastleigh Borough Council (BC)

7.3 The Panel heard that the Eastleigh BC had a *'commitment to renewable energy.'* This local authority had no housing stock:

"...so were showing **strong leadership** in developing renewables on council owned property and in partnership with privately owned properties." <sup>200</sup>

<sup>&</sup>lt;sup>196</sup> Phil Webber, Evidence to the Panel, 07.02.11

<sup>197</sup> ibid

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<sup>199</sup> Judith Beard, Evidence to the Panel, 18.01.11

<sup>&</sup>lt;sup>200</sup> My emphasis, Judith Beard, Evidence to the Panel, 18.01.11

Their programme for renewables included:

- In order to benefit from the FIT, the council has been identifying which of their buildings would be suitable for solar PV. The local authority was now deciding how this should be funded and how the income generated should be used. 'One consideration is whether we look to put any profits...into a community fund to pay for additional [renewables] projects in community settings.' A decision on this would be made in a few months
- The Get Set Trail which aimed to get renewable energy in public places

   including plans to install solar PV and thermal, wind turbines and
   ground source heat pumps in two country parks
- A CHP system installed at a leisure centre which was providing heat and electricity for this centre and heat to the civic offices
- Low cost loans, originally for energy efficiency works and home improvements, which were being expanded to include funding for renewables. This was because '...initial costs often discouraged residents from installing their own projects'.<sup>201</sup>
- CarbonFREE which acts as a fund for the council and others to compensate for their carbon emissions. The fund currently pays for loft and cavity wall insulation in private homes, if they are not eligible for other schemes. They were now starting to use this fund when a developer could not provide the renewables required on site by the SPD, they would be expected to make a suitable contribution (through s.106) into CarbonFREE. This money will be spent on energy efficiency or renewables on community buildings local to the development.<sup>202</sup>

The council had also established a Green Energy Reserve Fund in 2001/2:

'...because the Leader wanted to have money to put towards energy efficiency works and RE in community buildings and settings. This had resulted in energy audits of a range of community buildings and settings to assess which form of renewable energy would be suitable. The Fund could also be used to pay for planning application fees for any ... retrofits, but in most cases this was now only needed in conservation areas or for particular technologies.<sup>203</sup>,

The council was also working with registered social landlords (RSLs) to encourage them to put renewables on their stock.

'The council was considering setting...targets for its own buildings, but think it would be too difficult to set ...[them] for the wider community although will continue to show leadership, work in partnership and influence where possible. <sup>204</sup>

'As an early adopter, they have had to learn as they went along, although have also learnt from the experiences of Southampton'.

<sup>&</sup>lt;sup>201</sup> Judith Beard, Evidence to the Panel, 18.01.11

<sup>&</sup>lt;sup>202</sup> ibid

<sup>&</sup>lt;sup>203</sup> ibid

<sup>&</sup>lt;sup>204</sup> ibid

'The most time consuming part had been the tendering process, in particular the legal and finance issues. <sup>205</sup>

## Woking

7.4 Woking Borough Council set up Thameswey Energy Ltd as a joint venture energy services company (ESCo) to finance, build and operate a CHP system. Thameswey Energy was able to attract investment from an external source. As a special purpose vehicle (SPV), it was free to spend that investment with more flexibility than a council could. The council has also received money from a wide range of organisations including: The Carbon Trust; The Energy Saving Trust; The Department of Trade and Industry; and The Department for Environment, Food and Rural Affairs.

The ESCo, Thameswey Ltd is owned jointly by Woking Borough Council and Xergi (a Danish industrial conglomerate). In 1999 Woking Borough Council invested approximately £300,000 to set up the ESCo and the legal framework governing the relationship between it and the council. The council doesn't seek to gain financially from renewable energy projects, but rather reinvests the savings gained so as to remain council tax neutral. The ESCo enables greater flexibility with larger projects which are financed by public private partnerships, the scale of which would not be possible otherwise. Projects undertaken by the ESCo are usually undertaken on a 20% share capital and 80% loan basis with returns of between 8% and 12%. The council uses its prudential borrowing powers to provide the public investment in its joint venture projects. A long term financing structure is needed to ensure this meets prudential rules.

## Southampton

7.5 Southampton is a city which has used both renewable and transitional technology. Since the pioneering launch of the initial geothermal project in 1986, the city's DH scheme has employed up to the minute technology. Geothermal energy uses the natural heat of the earth to heat water. This is then pumped through the DH network to provide heat and hot water. Around 12% of energy comes from the geothermal well which is renewable and the remaining energy comes from combined heat and power generators (CHP) which are fuelled by gas and oil. Plans to power the station with biomass are being considered.

Assessing the commercial viability of the geothermal well required an investment of  $\pounds600,000$  - £800,000, provided by the European Union. The approximate cost of setting up, and running, the CHP station was £12 million, provided by the owner Utilicom (now Cofely). Southampton City Council does not contribute financially to the scheme but benefits from reduced energy bills. The council has recently renewed its contract, with Cofely, for the scheme to run a further 25 years.

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<sup>&</sup>lt;sup>205</sup> Judith Beard, Evidence to the Panel, 18.01.11

The combined Geothermal and CHP schemes currently have 43 customers, including an estate of 300 flats, a swimming complex, and a shopping centre and over 100 private residential flats. All of the electrical power from the scheme (26 million kWh) is to be used by Associated British Ports via a private electrical connection to the port. In addition consumers who are served by the district heating scheme include the Royal South Hants Hospital, Solent University and Carnival offices. Locally, there has also been an interest from schools.

Southampton Council profits between £10,000 - £15,000 due to a profit sharing terms outlined in the initial legal agreement. In addition to providing initial planning permission for the scheme the council took a role in actively promoting the scheme and encouraging developers to participate.

# Birmingham City Council

In 2006 Birmingham City Council had set targets to reduce carbon emissions locally by 60 % by 2026 from the 1990 baseline. In 2007 the council constructed its first CHP station with partner Utilicom. In 2011 the council announced plans to install solar panels on 10,000 council homes making this one of the largest solar PV projects in the UK. The project is estimated to cost £100 million and will be funded by a range of partners. Commercial banks will provide half the up-front investment for the scheme, supplemented by £25m from energy companies and £25m borrowed by the council. <sup>206</sup> Seed funding for Birmingham Energy Savers was provided by the local strategic partnership (LSP), Be Birmingham and the Environment Agency. Funding for the pilot came from the Working Neighbourhoods Fund – an area-based grant <sup>207</sup>. Households taking part in the scheme will have to pay a levy on their energy bills to repay the initial loan, but any increase in energy bills will be offset by the savings provided from the solar energy they use.

The council procured the PV panels in June 2010. Six were required for each roof to generate enough electricity to make the installation worthwhile. Within two months a new panel of the same size with 30 per cent higher capacity came on the market for the same price. This improved technology would have been better to use but there was a problem sourcing these panels at short notice

The potential benefits to the scheme include:

- The panels have the capacity to generate 94,000 kW electricity a year, saving 39 tonnes of carbon. Each household with PV panels will save approximately £200 on electricity each year an estimated total of £11,000 to feed back into the local economy.
- By appointing a supply chain manager, Birmingham ensured that suppliers were local and that they were sourcing supplies locally. This meant the project supported as many local businesses and workers as possible.

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<sup>&</sup>lt;sup>206</sup>http://www.solarpowerportal.co.uk/news/birmingham\_city\_is\_to\_install\_solar\_power\_on\_I 0000\_council\_h

<sup>&</sup>lt;sup>207</sup> http://www.idea.gov.uk/idk/core/page.do?pageId=23678121

- At the start of the project there were no companies in Birmingham with the right accreditation for installing panels. To find suitable suppliers the council held events where local businesses networked. Many formed partnerships to bid for contracts and instead of competing they grew stronger. There are now three local companies who can do the work.
- Suppliers were asked to employ local people, creating about eight job placements.
- Birmingham Energy Savers invested £500,000 and will be paid back £40,000 to £50,000 annually for the next 25 years. The capital investment, including interest, will be paid back in 13 years.

## The importance of sharing best practice

7.7 Sayed Ahmed, a consultant, told the Panel that:

'Some authorities such as Southampton, Sheffield and Aberdeen have those skills now and are sharing best practice'. <sup>208</sup>

As previously noted, Brighton & Hove City Council is part of the South East Region Energy Network (SERENE) which includes Kent and Hampshire County Councils, Southampton and Portsmouth unitaries. This has been an 'invaluable source of information' such as 'Southampton has particular expertise and experience dealing with district heating systems and CHP. 209

7.8 The Panel felt that it would be useful for the officers and/or members to meet with the authorities who had started earlier in developing their renewable energy programme, to learn from their experiences.

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<sup>&</sup>lt;sup>208</sup> Sayed Ahmed, Evidence to the Panel, 18.01.11

<sup>&</sup>lt;sup>209</sup> Glynnan Barham and Angela Dymott, Evidence to the Panel, 16.02.11

# 8. Recommendations and key findings

#### **Outcomes**

- 8.1 Having received a comprehensive amount of evidence, the Panel decided to focus on the outcomes it wished to achieve from this inquiry. These were:
  - Clear and consistent plans developed by the city and the council for this sector
  - Helping the city to move from developing plans and policies for this sector to delivering renewable energy projects
  - Raising the profile of this sector
  - Making renewable energy a priority for commissioning services in the council
  - A council which is working to capitalise on the range of opportunities which come from renewable energy, including training and employment opportunities
  - A dedicated team which would be responsible for sustainable energy
  - The proper monitoring of renewables and learning from the outcomes of projects
- 8.2 To achieve this it grouped the recommendations, drawing on the roles which were identified for councils in this sector, under the following headings
  - Driving projects forward
  - Leadership
  - Making the most of opportunities in the sector
  - Building capacity and becoming a 'hub'
  - Renewable energy for the community

# A. Driving projects forward

8.3 The Panel identified that the first focus of its recommendations needs to be on how the council can drive forward the development and delivery of a larger stream of sustainable energy projects, as soon as practicable.

The Panel appreciates that are number of projects are currently being developed, for example the proposal to put solar panels on 1,600 homes. However there is the potential in the city to push forward with an even greater number of projects, due to the:

- Importance of assisting our tenants who are experiencing fuel poverty
- Readiness of a number of organisations in the field including the installers, developers and community energy groups
- Need to take advantage of financial incentives currently available in the field such as FIT
- Need to position ourselves as a 'hub', a city which is growing this sector
- Opportunity to link into, and enhance, other priorities for council and city activity, such as apprenticeships, regeneration and new development

## **Recommendation 1**

The Strategic Director, Place, to publish in 3 months time a public document setting out the council's plans to invest in sustainable and renewable energy.

This briefing report will outline all the proposals for investment options currently being identified for renewable and sustainable energy in the city. This should include the solar project currently being developed by the Housing department, and project appraisals and policy development taking place in other teams, such as the Energy and Water Team. The report must include:

- Detail on the delivery vehicles to be used e.g. an Energy Services Company (ESCo) and how this would relate to the creation of a dedicated team or energy agency for the city
- How the schemes which are being developed will fit into, and underpin, progress towards a long term strategy for sustainable energy in the city
- The timetable for implementation, for example whether the proposed projects meet the April 2012 deadline before the Feed In Tariff (FIT) rate is reduced
- A consideration of how such schemes will be used to address fuel poverty, and whether some of the income generated by FIT could be used to fund projects to benefit council tenants
- The potential for using the income to set up funds to benefit the community
- Whether there will be sufficient capacity to install the proposed solar PV programme, at a time when many other locations could be seeking to implement projects before the FIT rate changes
- How installing other renewable energy technologies in the city could be financed and how other technologies may be encouraged by future funding opportunities
- If only 1,600 out of 12,000 council homes are felt to be suitable for solar Photo Voltaic (PV) installations – whether the remaining homes would be suitable for any other kind of renewables technology
- How the Council could learn from other good practice organisations such as Kirklees Council

#### **Shoreham Port**

8.4 Shoreham Port is an example of a project which is being currently developed, where there is potential for the council to take a role in driving forward the growth of renewable energy. It was obvious to the Panel that this opportunity needed fast action, because Peter Davies, the Port's Development Director said that:

'...we do need the assistance and need to get on with it quickly'. 210

The Port had been identified in the Council's Core Strategy as a major opportunity for renewables. The Panel heard that with the adoption of a Masterplan, setting out proposals for growth of up to 25% over the next 15 years:

Peter Davies, Evidence to the Panel on 07.02.11, <a href="http://present.brighton-hove.gov.uk/mgConvert2PDF.aspx?ID=3205&T=1">http://present.brighton-hove.gov.uk/mgConvert2PDF.aspx?ID=3205&T=1</a>

'It was an exciting time at the beginning of a process 211

The Masterplan highlights the 'unique opportunity for renewable energy projects' which could include:

- A 25% growth in throughput in the Port over the next 15 to 20 years, which would boost the local economy and jobs market
- 450,000 sq ft of warehousing with the opportunities for solar panels 'looking for a partner to finance the investment'.
- Incorporating renewables into the substantial investment in new buildings and retrofitting
- A steel processing plant which is being built for £10m and renewables would be 'a key part of this project'<sup>213</sup>
- The proposed Edgeley Green Power Station
- Opportunities to install wind turbines
- The PortZED development –with district heating opportunities

The assistance the Port Authority needed was described by them as '...hand holding and offering practical guidance 214 and included:

- Bringing together the different interest groups
- Helping the project to be seen as a community project
- Help establishing a District Heating Scheme
- Signing people up to projects
- Benefiting from the expertise of council officers<sup>215</sup>

This was all work which could be helped by the council and ensure that the city maximized its involvement in the regeneration of the area.

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Peter Davies, Evidence to the Panel on 07.02.11, <a href="http://present.brighton-hove.gov.uk/mgConvert2PDF.aspx?ID=3205&T=1">http://present.brighton-hove.gov.uk/mgConvert2PDF.aspx?ID=3205&T=1</a>

<sup>&</sup>lt;sup>212</sup> Shoreham Port Masterplan Leaflet, October 2010 <a href="http://www.shoreham-port.co.uk/write/documents/Port%20Masterplan%20Leaflet%20Final%2026%2011%2010.pdf">http://www.shoreham-port.co.uk/write/documents/Port%20Masterplan%20Leaflet%20Final%2026%2011%2010.pdf</a>
<sup>213</sup> <sup>213</sup> Shoreham Port Masterplan Leaflet, October 2010 <a href="http://www.shoreham-port.co.uk/write/documents/Port%20Masterplan%20Leaflet%20Final%2026%2011%2010.pdf">http://www.shoreham-port.co.uk/write/documents/Port%20Masterplan%20Leaflet%20Final%2026%2011%2010.pdf</a>
<sup>214</sup> ibid

<sup>&</sup>lt;sup>215</sup> ibid

Recommendation 2: Encouraging the city to invest in renewables

The Strategic Director, Place, to approach major local land-owners and developers (including Shoreham Port) to explore as a matter of urgency how they can incorporate renewables in their developments.

The Strategic Director, Place, to report back on progress in 3 months time.

This exploration activity should also include:

- Work on how to involve potential partners whose core business is sustainable energy – into discussions in order to see if effective partnership arrangements can be made and maintained
- The soon to be launched (Spring 2011) 'Low carbon and environment goods and services' partnership' (See Environment Industries Inquiry Recommendations: 4, 6, 9, 14 – see <a href="http://www.brighton-hove.gov.uk/downloads/bhcc/democracy/Environmental Industries.pdf">http://www.brighton-hove.gov.uk/downloads/bhcc/democracy/Environmental Industries.pdf</a>)
- An assessment of the council's capacity in terms of knowledge, skills, data and evidence from elsewhere – to ensure that negotiations with developers achieve the best possible outcome for sustainable energy within those developments.
- 8.5 The implementation of recommendations 1 and 2 needs to be done in a way that can serve to:
  - Grow the confidence of the sector in the city the demonstration effect
  - Send a clear message of support to stakeholders, including potential developers
  - Give community organisations the opportunities they need now

Please note that due to the urgency of undertaking recommendations 1 & 2, that where deadlines are included these are calculated from April 2011.

The recommendations which follow are then focused on realising the full potential and long term future for renewable energy in the city.

# B. Leadership

8.6 The Chair's foreword to this report emphasises the need for citywide leadership, having observed that:

'Much of the potential is currently frustrated because there is no co-ordinating leadership that brings together the people with the skills, finance, spaces, technologies, and plans in a way that makes sure projects happen'.<sup>216</sup>

One of the first tasks for the Panel was to find out what the council was already doing to promote renewable energy. However, this was easier in theory than in practice.

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<sup>&</sup>lt;sup>216</sup> Chair's Foreword, see pages 3-4 of this report

Work is being undertaken by both the Housing Department and the Property & Design Service (on projects to install renewables on the council's housing stock and for council accommodation respectively). However, getting information on these projects has been by no means simple - even for council officers. In the end the Panel had to rely on the spoken evidence provided by the witnesses, as the primary source of information on the projects which are being developed. We could only assume that would-be developers face similar barriers.

It did appear that the different teams in the council charged with developing renewable energy initiatives were working with one another. However, there is currently no unified policy for this sector and little publicly, or internally, available information on renewables.

8.7 The Panel felt that it was essential for the council to agree a corporate position on renewables - identifying the key outcomes and objectives – drawing from the citywide vision for the sector - and then charge various teams with delivering elements of the council's vision. The Panel understands this to be a key aspect of 'intelligent commissioning' – developing plans centrally in order to avoid unnecessary duplication and 'silo' working.

With this in mind, the Panel has developed a series of recommendations which seek to:

- Produce a unified sustainable energy programme for the city, which places renewable energy firmly at the centre
- Make clear who is leading on this issue
- Establish a team which has renewable energy as its core business.

## City Leadership

8.8 The Head of Sustainability explained to the Panel that:

'The City Sustainability Partnership (CSP), drove city ambition on carbon reduction and this included renewable energy. This was reflected in its drafting contribution to the Sustainable Community Strategy and current development of a revised city Climate Change Action Plan. The planning process had included a review of the original 2006 version and will also reflect the agreed outcomes from this Panel's recommendations. <sup>217</sup>

The witness from DECC also suggested that once mapping information had been passed onto the Strategic partnership, the CSP could act as a '...co-ordinator, broker and influencer<sup>218</sup>

<sup>&</sup>lt;sup>217</sup> Thurstan Crockett, Evidence to the Panel, 16.02.11

<sup>&</sup>lt;sup>218</sup> Patrick Allcorn, Evidence to the Panel, 06.12.10

Recommendation 3: A sustainable energy programme for the city

The council to feed into a city wide energy planning process. This programme could be developed by the City Sustainability Partnership, if sufficiently resourced, to produce a citywide sustainable energy programme, to ensure that sustainable energy is integrated into all appropriate projects.

This would be led within the Council by the Strategic Leadership Board and published in 5 months time. Given the evidence heard about place and importance of renewable energy, one of the main purposes of the programme should be to identify and integrate the role and potential of renewables in:

- The context of local sustainable energy planning and to integrate this
  planning with preparing for future funding arrangements e.g. the Government's
  Green Deal and Renewable Heat Incentive (RHI)
- Carbon emissions reduction
- Tackling fuel poverty
- Creating and protecting jobs and forming apprenticeships
- Setting sustainable energy targets for the city.

# **Political Leadership**

8.9 Evidence from Sayed Ahmed, of Arup Consultancy, emphasised that:

'Local authorities who lead in this area have all had **strong political leadership** which has:

- Allowed a period of time for opportunities to grow and for projects to succeed e.g. planning process
- Given clear leadership and confidence to developers
- Used the learning from early projects to roll out further ones<sup>219</sup>

Howard Johns of Southern Solar also emphasised the:

"... need for political leadership. It is a complex area because there is not an obvious procurement route, which makes people cautious 220.

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<sup>&</sup>lt;sup>219</sup> Sayed Ahmed, Evidence to the Panel, 18.01.11 <a href="http://present.brighton-hove.gov.uk/mgConvert2PDF.aspx?ID=3174&T=1">http://present.brighton-hove.gov.uk/mgConvert2PDF.aspx?ID=3174&T=1</a>

<sup>&</sup>lt;sup>220</sup> Howard Johns, Evidence to the Panel, 07.02.11

Item 41 Appendix 2

Recommendation 4: A Council policy on sustainable energy

The Strategic Director, Place, to develop a corporate policy on sustainable energy which would bring together the work being undertaken across the authority.

This would set out how the authority will work towards the citywide sustainable energy programme and will need to be published by July 2011 (given the amount of policy development in this area and the tight timescales for implementation).

The policy should address the following issues:

- What is proposed for each tenure in the city, including the council's property portfolio
- What roles the council will play to enable the growth of this sector e.g. facilitator, supporter, developer and commissioner
- Identify where there are gaps in current Planning policies and practices
- Look at how Recommendations 1 and 2 would link with or feed into the Climate Change Action Plan and other key city plans. This could include a mapping exercise to show where policies are situated and how they link up
- Ensure that financial modelling is included, which takes full account of the social and environmental costs and benefits of renewables
- Consider how to learn from schemes pioneered by local authorities leading in the renewables sector elsewhere in the country
- Short, medium and long term plans and priorities for the council. The policy could include pathways via which relatively straightforward projects are used to build capacity, confidence and interest in subsequent longer term projects (which currently appear more challenging)

# **Council Leadership**

- 8.10 Patrick Allcorn, who focuses on the community ownership of renewable energy, for the Department of Energy and Climate Change (DECC) emphasised that:
  - '... the council needs an **overall local strategy**, which links demand and capacity'.<sup>221</sup>

Responsibility for delivering the majority of the Panel's recommendations has been assigned to the Strategic Director, Place. This is because he sits on the Council's Strategic Leadership Board and is responsible for services including Planning, City Infrastructure, Housing and Economic Development and Regeneration. He will therefore be in a position to:

- Help develop the overarching vision for renewables in the city
- Deliver strategic leadership by linking key policy initiatives
- Set service priorities
- Drive collaboration between sectors, organisations and partnerships across the city

<sup>&</sup>lt;sup>221</sup> My emphasis, Patrick Allcorn, Evidence to the Panel, 06.12.10

# Recommendation 5: A sustainable energy team

The council to explore how to establish a dedicated team – for example, a Sustainable Energy Agency - to take forward sustainable energy initiatives in the city.

This team would be responsible for implementing the citywide sustainable energy programme and realising these energy projects in partnership. The desirability of a range of models should be explored. These alternatives could include:

- A council owned Energy Agency for the city
- A task group within the council or
- Contracting with a social enterprise, co-ops or a not-for profit organisation

A dedicated team would have sustainable energy as its core business and could drive forward projects in this sector. It could alert partners to emerging opportunities and give advice on how best to realise these opportunities. The team would also be responsible for working on energy demand reduction as well as renewable energy supply.

Feasibility studies should include an assessment whether the cost of establishing such a team could be recouped from energy revenues in the city. It would also be a source of city-specific expertise for planners and others negotiating renewable energy requirements with developers as well as people wishing to develop renewables in the city. Similar teams, or agencies, created in other parts of the UK should be studied in order to see what is appropriate for Brighton & Hove.

# C. Making the most of opportunities

- 8.11 The evidence heard by the Panel suggested that the full potential of this sector was not currently being realised in the city. There was scope for the council to take further action to capitalise on opportunities, including:
  - Seizing the chance to work in partnership on projects currently being developed in the area - such as Shoreham Port (see also Recommendation 2). The aim would be to facilitate the incorporation of renewables into such developments
  - Learning from the positive experiences, and outcomes, of other local authorities, including Kirklees Council and Eastleigh Borough Council who spoke to the Panel
  - Working to improving the experience of developers and installers. The Panel heard from witnesses had approached the council and either not received a positive response or found the process difficult to navigate

An example of this was given by Howard Johns, from Southern Solar, who told the Panel that when approaching the council about leasing roof space:

'...this had not been met with huge enthusiasm from the council. What was needed in the council was leadership and risk taking. <sup>222</sup>

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<sup>&</sup>lt;sup>222</sup> Howard Johns, Evidence to the Panel, 07.02.11

# Recommendation 6: Long term strategic planning

The Council to undertake, or enable, a study on renewable energy potential in the city over the next 10 years.

This study would include geographical opportunities, funding and partnership opportunities.

# Mapping opportunities

8.12 The Head of Planning told the Panel that:

'...more and better monitoring is crucial... a capacity study would be beneficial. For example, studying heat loads and assessing both where heat is generated and where it is needed in the city'.

This was backed up by the witness from DECC who suggested that the council could:

'...map where technologies e.g. wind and solar, would be viable in the city. This information could be disseminated to communities to enable them to develop their own schemes and to the Local Strategic Partnership (LSP). <sup>223</sup>

# Recommendation 7: A heat mapping exercise

The Strategic Director, Place, to ensure that a heat mapping exercise is undertaken to assess the feasibility and map opportunities for District Heating in the city. To be completed within 5 months.

## Being aware of the consequences of failing

- 8.13 The Panel was made aware that if the city failed to take the opportunities offered by this sector, it could have the following consequences:
  - Failing to maximise the potential income stream from renewable energy, which is especially important in a time of financial constraint
  - Missing the chance to help the most disadvantaged in the city
  - Passing up the chance to develop new economic activity in the city
  - Not enabling the wider population to realise the potential benefits from this sector
  - Tarnishing our reputation as a sustainable city, as other cities take fuller advantage of the opportunities from this sector. Effective use of renewable energy could enable the council to realise one of its corporate priorities to 'protect the environment while growing the economy<sup>224</sup>

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<sup>&</sup>lt;sup>223</sup> Patrick Allcorn, Evidence to the Panel, 06.12.10

<sup>&</sup>lt;sup>224</sup> Brighton & Hove City Council's Corporate Plan 2008-2011, <a href="http://www.brighton-hove.gov.uk/downloads/bhcc/performance-team/Corporate-Plan 2008 V310708.pdf">http://www.brighton-hove.gov.uk/downloads/bhcc/performance-team/Corporate-Plan 2008 V310708.pdf</a>

Evidence from Kirklees Council, as well as the council's Lead Commissioner for Housing, highlighted how the growth of renewable energy could be used to benefit the most vulnerable groups in the city who suffer fuel poverty.

## Recommendation 8: A priority for Intelligent Commissioning

The Strategic Director, Place, to consider the suitability of sustainable energy as a priority for Intelligent Commissioning and identify how both sustainable and renewable energy could be embedded in the Council's planning process. This could include:

- Using the findings of this Panel to assess the merits of this issue as a priority for Intelligent Commissioning
- Carbon compensation, a financial contribution from developers to compensate for full emissions from new developments over their entire lifetime, elsewhere in the city through grant creation
- Incorporating renewable energy information into the draft Householder Extension Supplementary Planning Document
- Looking at the provision in the Localism Bill relating to using pools of money to overcome planning objections.
- Effective monitoring of RE projects through the Sustainability Checklist for Planning

A report to be produced within 3 months which would include a timetable for implementing any recommendations.

8.14 Concerns over the monitoring of renewable energy projects in the city were raised by some of the witnesses.

## Recommendation 9: Monitoring sustainable energy

The Head of Planning and Public Protection to identify a resource to monitor renewable energy projects in the city and establish a monitoring system which enables learning from these projects to inform future policy.

# D. Building capacity and becoming a 'hub'

8.15 One of key aims of this Panel was to look at how to encourage the city to install an increasing amount of renewables. In order to achieve this, the Panel have developed a set of recommendations to build capacity in order to be able to establish the city as 'hub' for sustainable energy.

## Can Brighton & Hove become a 'hub'?

8.16 Howard Johns from Southern Solar told the Panel that:

'It would be possible to make Brighton & Hove a 'hub' for renewable energy. Kirklees was a 'hub' because they had just got on with the projects. It would be best to start with small projects, go and actually do them and then see if they work. <sup>225</sup>

This was endorsed by Ross Gilbert of Quoin Estates and Developments who:

'...felt there was a huge opportunity to make this city a hub...There were a large number of targets and papers on issues but a lack of action. He felt that the council's role should include...having the desire to see projects happen.'226

# Will the Rampion project have a positive effect?

8.17 E.ON was awarded the right to seek consent to develop a large-scale offshore wind farm, named Rampion, off the Sussex coastline, by the Crown Estate in the Round 3 offshore wind programme. They have established an office in Brighton & Hove to develop this project which has a target capacity of 665 MW. E.ON is planning to apply for consent in 2012 and anticipate that the tendering, procurement, construction and delivery of the project will take place between 2014 - 2016. It is anticipated that for the city:

'The key economic impact will be the creation and support of employment during the construction and operational life of the project. The impacts may occur either directly, indirectly or through induced impacts such as through the use of local services. <sup>227</sup>

The Lead Member for Sustainability told the Panel:

'E.ON is brilliant news in terms of the supply chain and will help local businesses and retain graduates. It is a city wide strategy to work with such people and retain them for the next 20-30 years. <sup>228</sup>

The development of such a significant project is likely to have an effect in the following ways:

- Encouraging the growth of organisations to assist in the construction and delivery of the project
- By encouraging other renewable energy companies to relocate to Brighton & Hove
- Creating employment opportunities in certain sectors

# **Retaining our students**

8.18 Research conducted in 2008 found that that approximately one-third of the city's annual graduating population (which equates to 2,300 people per annum) plan to stay in the city in the short term and hope to in the longer term. One of the deciding factors was the employment opportunities available in the

<sup>&</sup>lt;sup>225</sup> My emphasis, Howard Johns, Evidence to the Panel, 07.02.11

<sup>&</sup>lt;sup>226</sup> Ross Gilbert, Evidence to the Panel, 07.02.11

Rampion Scoping Report, E.ON, September 2010 <a href="http://www.eon-uk.com/downloads/Rampion">http://www.eon-uk.com/downloads/Rampion</a> Scoping Report Final Rev02 low res.pdf

<sup>&</sup>lt;sup>228</sup> Cllr Ayas Fallon-Khan, Evidence to the Panel,

city. The study found that graduates from the University of Sussex were concerned about:

'...the existence of enough graduate-level job opportunities and pay. In both cases expectations are high and graduate satisfaction does not match these expectations. Importantly, **a perceived lack of graduate opportunity** is the main reason for leaving the locality. Only 40 per cent of graduates agree that they could find a job in Brighton and Hove that matched their qualifications and only 18 per cent would recommend it as a good place to find suitable employment. <sup>229</sup>

#### Recommendation 10

The Strategic Director, Place, to ask the Economic Development team to review and identify the training and employment suppliers for this sector; including the opportunities and gaps – e.g. apprenticeships, helping job seekers, City Employment Skills Plan and potential links to the city's Economic Partnership and the 'Coast to Capital' Local Enterprise Partnership.

(See the recommendations of the Environmental Industries Scrutiny Panel – including Recommendation 6 <a href="http://www.brighton-hove.gov.uk/downloads/bhcc/democracy/Environmental Industries.pdf">http://www.brighton-hove.gov.uk/downloads/bhcc/democracy/Environmental Industries.pdf</a>)

# Losing out to other cities

8.19 The need for the council to act swiftly was reinforced by the evidence from local authorities who were further along in their renewables work. These councils also highlighted the level of resources required to implement a renewable energy programme, the complexity of such projects and the range of skills needed.

## Raising the profile of renewable energy

8.20 The Strategic Director, Place, told the Panel that:

'The council ... has a role in keeping the public informed about renewables e.g. providing Planning advice & information on our website, such as funding opportunities. <sup>230</sup>

Written evidence to the Panel showed the benefit of holding awareness raising events. A city resident wrote that:

'....although I was passively interested in green energy and solar, it was the experience of the B&H Council sponsored open houses weekend which inspired me to proceed with a solar installation without delay. I would recommend further similar events as a way of motivating local interest. Further publicity about available grants may well increase interest also. <sup>231</sup>

<sup>&</sup>lt;sup>229</sup> The Brighton Factor, 2008 <a href="http://www.employment-studies.co.uk/pdflibrary/450.pdf">http://www.employment-studies.co.uk/pdflibrary/450.pdf</a>

<sup>&</sup>lt;sup>230</sup> Geoff Raw, Evidence to the Panel, 06.12.10

<sup>&</sup>lt;sup>231</sup> Written evidence to the Panel, see Volume 2

The Chair of the Hove Civic Society told the Panel that they felt:

'...this debate about renewable energy had not yet reached members in the city. There was a need for a big publicity campaign to convince citizens.' <sup>232</sup>

Recommendation 11: Raising the profile of renewables

The Strategic Director, Place, to establish a campaign to raise the profile of renewable energy.

This would complement, or form part of, the work planned for raising the profile of the low carbon industries sector, sector information and business directory, awareness raising events and website. (See Environmental Industry Scrutiny Panel Recommendations 1, 3, 4, 6, 8, 9, 11, 14, 16, 19 and 20 at <a href="http://www.brighton-">http://www.brighton-</a>

hove.gov.uk/downloads/bhcc/democracy/Environmental Industries.pdf

# **Anticipatory planning**

8.21 The council needs to plan for the changes that will come with new measures such as the Green Deal. For example this may stimulate a demand for external wall cladding. The council should be thinking about such matters and have planning arrangements in place so that these issues can be dealt with when they arise. Another example would be planning for forms of heating, such as biomass boilers, that could become incentivised under the RHI.

#### Recommendation 12: A statement of ambition

The City Sustainability Partnership to be resourced to link up with universities, developers and installers in the city, community groups, as well as energy utility companies and developers experienced in city-scale renewables in other cities to produce a statement of ambition on sustainable energy for Brighton & Hove.

This statement would describe:

- Where the city is now
- What it can offer to this sector
- What needs to be developed to sell the city as a 'hub' for sustainable energy.

<sup>&</sup>lt;sup>232</sup> Helmut Lasser, Evidence to the Panel, 07.02.11

# E. Renewable energy for the community

## **Learning from Europe**

8.22 Denmark is aiming to become fossil-free by 2050 and is already a world leader in wind power with 3GW installed capacity. The level of wind power is projected to rise to between 10GW and 18.5GW – the vast majority offshore. To help achieve this, Denmark had set a target of 20% of renewable energy to be community owned. 234

# Benefiting the community

8.23 Patrick Allcorn from DECC reminded the Panel that the benefits of community engagement included both *'increased engagement'* and a *'better understanding of their neighbourhood'*.<sup>235</sup>

# **Establishing credibility**

8.24 Howard Johns, from Southern Solar, told the Panel that when talking to the council about the possibility of setting up an ESCo, that '...silence has been the main reaction from BHCC. <sup>236</sup> He emphasised that:

'The difficulty community groups face is that they do not have a track record or investment credibility. This means that their projects are treated as laughable, and they find it difficult to make them stack up. <sup>237</sup>

# **Economic benefits of community organisations**

8.25 Will Cottrell highlighted that one of the benefits of co-ops, such as the Brighton Energy Co-op, was the *'local multiplier effect.* <sup>238</sup>This term was coined to highlight the benefits from money which is spent and re-spent in a local economy because:

'More re-spending in the local economy means a higher multiplier effect because more income is generated. <sup>239</sup>

# Councillors as community advocates

8.26 The witness from DECC suggested that councillors had a:

'...role as community leaders, putting forward the business case and opportunities for the community. <sup>240</sup>

## **Enabling community organisations**

8.27 The Panel heard that Community Interest Companies in the energy domain are quite new and small and still need to prove their credibility and credit

<sup>&</sup>lt;sup>233</sup> http://www.forumforthefuture.org/greenfutures/articles/Denmark\_2050

<sup>&</sup>lt;sup>234</sup> Will Cottrell, Evidence to the Panel, 06.12.10

<sup>&</sup>lt;sup>235</sup> Patrick Allcorn, Evidence to the Panel, 06.12.10 <a href="http://present.brighton-page-12.10">http://present.brighton-page-12.10</a>

hove.gov.uk/mgConvert2PDF.aspx?ID=3140&T=1

<sup>236</sup> ihid

<sup>&</sup>lt;sup>237</sup> Howard Johns, Evidence to the Panel, 07.02.11

<sup>&</sup>lt;sup>238</sup> Will Cottrell, Evidence to the Panel, 06.12.10

http://www.proveandimprove.org/pdfs/pdf\_24\_tools.pdf

<sup>&</sup>lt;sup>240</sup> Patrick Allcorn

- rating. Therefore they may find it difficult to take up the large opportunities, such as those at Shoreham Port.
- 8.28 The Panel felt that it would be useful if some of these opportunities, could be broken down into smaller 'lots' to enable community energy companies to have a chance to build up their project management experience.

Recommendation 13: Helping community energy

The Strategic Director, Place to ensure that the Citywide Sustainable Energy programme would have as a key aim to use the growth of this sector to assist the community.

#### This could include:

- A commitment from the council to enable and encourage communitybased organisations aiming to develop sustainable energy. For example help in identifying sites, leasing roof space to such organisations and requiring a number of smaller lots (amenable to community based bids) within large developments.
- A commitment to look for community opportunities in the development of projects which incorporate sustainable energy
- A publicity campaign to raise the profile of the issue in the community
- The council to commit to setting up a pilot scheme which uses renewables to generate income which is then used to set up a community fund to benefit a specific area
- The City Sustainability Partnership to be resourced to explore ways of encouraging community involvement in sustainable energy

# 9. Conclusion

# Why is renewable energy important?

- 9.1 The growth of renewable energy (RE) is both an international and national priority, because this form of energy can:
  - Promote the security of energy supply
  - Help tackle climate change
  - Address pollution problems with conventional fuel extraction and combustion
  - Respond to increasing energy costs
  - Develop new sectors for the economy

Legally binding targets have been set to ensure the growth of renewable energy and government policy aims to encourage the development of this sector. The national target is to supply 15 per cent of the UK's energy from renewable sources by 2020, a seven-fold increase on levels in 2008 (only 2.2%).

# Incentives to grow this sector

9.2 Significant incentives (said to be worth £30 billion between now and 2020) are on offer in the UK to encourage the growth of this sector to help meet these stretching targets. One of the Terms of Reference of this scrutiny panel was:

'To assess how best to take advantage of the financial benefits which are currently available, include the [Feed in Tariff] FIT scheme <sup>241</sup>

The urgency of expanding this sector was emphasised recently by the Committee of Public Accounts which felt that:

'Given the urgency of the issue, progress in meeting ...targets has been unacceptably slow over the last decade. <sup>242</sup>

## How the city could benefit

- 9.3 The Panel was struck by how many benefits the growth of this sector could bring to the city and the importance of taking timely action to capitalise on these incentives. These include:
  - The potential for income generation from incentives such as the Feed in FIT and RHI
  - National government support and funding opportunities
  - New investment funds looking for local and community opportunities
  - The Renewable Heat Incentive, with phase 1, available from July 2011 to householders

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<sup>&</sup>lt;sup>241</sup> Scoping report of the Panel, December 2009

<sup>&</sup>lt;sup>242</sup> Parliament press release on Committee of Public Accounts report on government funding for renewable energy technologies <a href="http://www.parliament.uk/business/committees/committees-a-z/commons-select/public-accounts-committee/news/pac-7th-report/">http://www.parliament.uk/business/committees/committees-a-z/commons-select/public-accounts-committee/news/pac-7th-report/</a>

The council is currently working on an options appraisal relating to FIT<sup>243</sup> which aims to:

'...ensure that tenants and the council can maximise opportunities to benefit from investment opportunities. <sup>244</sup>

# **Taking these opportunities**

- 9.4 However, the evidence heard by the Panel suggested that the potential of this sector was not currently being realised in the city. There was scope for the council to take further action to capitalise on opportunities, including:
  - Seizing the chance to work in partnerships on projects currently being developed in the area - such as Shoreham Port. The aim would be to facilitate the incorporation of RE schemes into such developments
  - Learning from the positive experiences, and outcomes, of other local authorities, including Kirklees Council and Eastleigh Borough Council who spoke to the Panel
  - Working to improving the experience of developers and installers as the Panel heard from witnesses had approached the council and either not received a positive response or found the process difficult to navigate

The recommendations of this Panel are aimed at realising this potential and recognising the important role that council can play in growing this sector. These roles include:

- **Driver** (e.g. through Planning requirements)
- **Supporter** (e.g. by raising awareness and generating consent)
- **Facilitator** (e.g. through hosting partnerships)
- Developer
- **Enabler** (e.g. through the use of its estate)
- Commissioner
- Community leader (e.g. through investing sustainable energy funds locally)

While renewables can best be planned for as part of a wider strategy for sustainable energy, the Panel felt that it was important to give sufficient recognition to renewable energy within such a programme.

## The need to act now

9.5 The need to seize the opportunities offered by this sector was reinforced by the Government announcement in February 2011 that they were bringing the review of FITs forward to 2012. There would also be a fast track review of Solar PV projects over 50kW. In March 2011 the Government then published proposals to reduce support for all new PV installations larger than 50kW and stand alone installations. However they did announce that the rate for anaerobic digestion may be increased.

<sup>&</sup>lt;sup>243</sup> http://present.brighton-hove.gov.uk/mgConvert2PDF.aspx?ID=2797&T=10

<sup>&</sup>lt;sup>244</sup> Home Energy Efficiency Investment Opportunities, Update to HMCC, 13.12.10

9.6 The need for the Council to act swiftly, was also reinforced by the evidence from local authorities who were further along in their renewables work. These councils also highlighted the level of resources required to both enable the growth of, and develop, renewable energy. Stress was also placed on the complexity of such projects and the range of skills needed.

## Failing to deliver

- 9.7 The Panel heard that if city failed to capitalise on the opportunities offered by this sector, it could have the following consequences:
  - Failing to maximise the potential income stream from renewable energy which is especially important in a time of financial constraint
  - Missing the chance to help the most disadvantaged in the city
  - Passing up the chance to develop new economic activity in the city
  - Not enabling the wider population to realise the potential benefits from this sector
  - Tarnishing our reputation as a sustainable city, as other cities take fuller advantage of the opportunities from this sector. It could enable the council to it realise one of its corporate priorities which is to 'protect the environment while growing the economy<sup>245</sup>

Evidence from Kirklees Council, as well as the council's Lead Commissioner Housing, highlighted how the growth of renewable energy could be used to benefit the most vulnerable groups in the city who suffer fuel poverty.

## **Encouraging take up**

9.8 While it is recognised that a significant deterrent to installing renewables can be the upfront costs, the Panel hope that a full understanding of the returns that can be delivered combined with retrofitting, will encourage a greater take up of this form of energy both by the council, partners and the wider community. Indeed, the Panel learnt about a variety of schemes that redistribute costs and benefits over time and are making renewable energy a much easier and attractive prospect.

## **Links to previous Panels**

9.9 The work of this Panel can be linked to two of the council's previous scrutiny panels which looked at how the city could capture the benefits of environmental industries and plan for a changing local climate and extreme weather.

The inquiry into Environmental Industries concluded that:

'The council recognises that it must seize the opportunity to become involved in the development of the sector, in order to influence it from the centre rather than the periphery...other local authorities are preparing to maximise the chances offered by this sector and are developing the infrastructure to

<sup>&</sup>lt;sup>245</sup> Brighton & Hove City Council's Corporate Plan 2008-2011, <a href="http://www.brighton-hove.gov.uk/downloads/bhcc/performance-team/Corporate-Plan 2008 V310708.pdf">http://www.brighton-hove.gov.uk/downloads/bhcc/performance-team/Corporate-Plan 2008 V310708.pdf</a>

service these industries. **So if our city fails to grasp this opportunity, then other locations will benefit.** <sup>246</sup>

Where relevant, the findings from these previous Panels have been linked to the recommendations proposed by this Panel.

The Panel were struck by the evidence they heard that of how much some local authorities have managed to achieve, by a combination of:

- Leadership
- Taking action
- Enabling work to help build the city as a 'hub'

While Brighton & Hove has a significant number of plans and policies to grow this sector, it needs to go ahead and do something now. This will bring a significant number of opportunities to the city and so should not expose the city to losing out to other locations which may seize the chances before us.

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<sup>&</sup>lt;sup>246</sup> Bold my emphasis, Environmental Industries Inquiry – Capturing the potential and economic benefits for Brighton & Hove, October 2009, <a href="http://www.brighton-hove.gov.uk/downloads/bhcc/democracy/Environmental">http://www.brighton-hove.gov.uk/downloads/bhcc/democracy/Environmental</a> Industries.pdf

# 10. The way forward

10.1 This Panel report will be considered at the Environment and Community Safety Overview and Scrutiny Committee (ECSOSC) on 4 April 2011.

It will then be referred to the Executive and appropriate partner organisations and the Executive response will be reported back to ECSOSC. A summary of the Scrutiny Panel's report and the Executive response will then be presented for information to Full Council. ECSOSC will request implementation reports at six monthly intervals until all the agreed recommendations have been implemented.

# 11. Glossary

**BREEAM** Building Research Establishment Environmental Assessment Model

**CIL** Community Infrastructure Levy

C0<sub>2</sub> Carbon Dioxide

CSP City Sustainability Partnership CHP Combined Heat and Power

**CHPA** Combined Heat and Power Association

**CRC** Carbon Reduction Commitment

CTEOSC Culture, Tourism & Enterprise Overview and Scrutiny Committee

**DECC** Department of Energy and Climate Change

**ECSOSC** Environment and Community Safety Overview and Scrutiny Committee

**EMS** Environmental Management System

**ESCo** Energy Services Company

**EU** European Union

FIT Feed in Tariff (a financial incentive for renewable energy)

**GSHP** Ground Source Heat Pump **HRA** Housing Revenue Account

kW KilowattsMW Megawatts

**OVESCo** Ouse Valley Energy Services Company Ltd

PV PhotoVoltaic Renewable Energy

RHI Renewable Heat Incentive RSLs Registered Social Landlords

SPD Supplementary Planning Document

# **CABINET**

# Agenda Item 42

**Brighton & Hove City Council** 

Subject: Withdrawal of the Core Strategy to Update and

Amend

Date of Meeting: 14 July 2011 Cabinet

21 July 2011 Council

Report of: Strategic Director, Place

Lead Member: Cabinet Member for Planning, Employment, Economy

& Regeneration

Contact Officer: Name: Liz Hobden Tel: 29-2504

E-mail: liz.hobden@brighton-hove.gov.uk

Key Decision: Yes Forward Plan No: CAB, COU 23148

Wards Affected: All

#### FOR GENERAL RELEASE

#### 1. SUMMARY AND POLICY CONTEXT:

- 1.1 This report seeks agreement to withdraw the Core Strategy from the examination process to allow essential updating and amendments in response to new circumstances relating, in particular, to emerging legislation and housing delivery. The revised Core Strategy will be a city wide plan and will assist in meeting the required tests of soundness of development plan documents.
- 1.2 The City Wide Plan will be a vital tool for attracting and directing investment in the city, it is imperative to deliver needed affordable homes and essential for encouraging the most sustainable forms of development and the highest quality of design. Preparing a city wide plan will provide the strategic planning framework to guide neighbourhood plans and will allow issues of local importance to be addressed appropriately and innovatively.
- 1.3 Withdrawing the plan will also allow essential updating and amendments in response to new circumstances. These relate, in particular, to emerging legislation and housing delivery and will assist in meeting the required tests of soundness of plan documents.
- 1.4 The report goes on to recommend that a Cross Party Working Group is set up to assist with future plan preparation.

## 2. RECOMMENDATIONS:

- 2.1 That Cabinet recommends to Council that the Secretary of State's direction to withdraw the submitted Brighton and Hove Core Strategy from the examination process be sought for the reasons set out in Part 3 of this Report.
- 2.2 That Cabinet agrees that a Cross Party Working Group is set up in accordance with the terms of reference in appendix 2.

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

- 3.1 The submitted Core Strategy is the main planning policy document within the Local Development Framework (the plan-making system introduced by the Planning and Compulsory Purchase Act 2004). Its role is to provide an overall strategic vision and policy framework for the city to 2026.
- 3.2 Following a resolution of Council in December 2009 the Core Strategy was submitted to the Secretary of State in April 2010 for examination. The examination was suspended following an exploratory meeting on 20<sup>th</sup> May 2010 with the appointed Planning Inspector. The Inspector raised soundness concerns about the housing delivery strategy in the submitted document which was at odds with Planning Policy Statement 3: Housing by not identifying sufficient housing sites to meet the Regional Strategy, namely the South East Plan, target. The local case for not meeting the regional target was not considered sufficiently robust. Further uncertainties arose as a result of the publication of a letter by the Secretary of State on 27 May 2010 indicating his intention to abolish regional strategies and, consequently, regional housing targets. This intention has been taken forward into the Localism Bill which was published last December.
- 3.3 Since June 2010 two studies have been completed that will help inform the way forward. These relate to the supply of housing land in the city for the next 15 years (Strategic Housing Land Availability Assessment) and the Open Space Update that undertook a qualitative assessment of all non B&HCC owned open space. These studies were approved by CMM Environment on 26<sup>th</sup> May 2011. Moreover the Localism Bill proposes a number of changes to the planning system in addition to the abolition of regional strategies, for example the introduction of Neighbourhood Planning.
- 3.4 As a result of the findings of these studies, the proposed legislative changes and the need for further updates, the Core Strategy needs altering and amending to ensure it will be found sound at examination. For example there is a need to extend the end date of the plan to ensure a minimum of 15 years is covered and there is a need to take the formal designation of the South Downs National Park into account. It is considered that the sum of all the changes necessary add up to a significant alteration to the document that should be the subject of further consultation. See appendix 1 for a list of matters to be addressed. The Planning Inspector has agreed with this view.
- 3.5 It is considered that a real opportunity exists to prepare a city wide plan which will have greater scope than the submitted Core Strategy to tackle the issues facing the city. The city wide plan will be a vital and positive planning tool for attracting and directing investment in the city. It will provide an imperative for delivering much needed affordable homes and for encouraging the most sustainable forms of development with the highest quality of design. Preparing a city wide plan will provide the strategic planning framework to guide neighbourhood plans and will allow issues of local importance to be addressed appropriately and innovatively.
- 3.6 As a result this report recommends that Council formally request the agreement of the Secretary of State that the Core Strategy be withdrawn from the examination process to allow the preparation of a city wide plan. The city wide

plan will be subject to statutory consultation and, following formal publication, a 6 week publicity period during which time representations on the plan may be made. The plan can then be re-submitted to the Secretary of State for independent examination.

- 3.7 An initial timetable indicates that withdrawing the Core Strategy will provide the opportunity to have a more robust and up to date city wide plan that has been the subject of effective engagement with residents and stakeholders at the expense of a slight delay to its adoption.
- 3.8 In accordance with the request of the Cabinet Lead for Planning, Employment, Economy and Regeneration, the report recommends that a Cross Party Working Group is set up to help with plan preparation. The purpose of the Group, as set in the terms of reference (see appendix 2), is to develop and implement the city's development plans and promote partnership working. This Group will provide the opportunity to improve local democracy, it will help to build consensus and result in a better citywide plan

#### 4. CONSULTATION

- 4.1 Formal consultation has not been undertaken in relation to the recommendation to withdraw the Core Strategy. Informal advice has been provided by the Planning Inspectorate.
- 4.2 Residents and stakeholders will be consulted on a draft city wide plan. An updated Local Development Scheme (3 year work programme for the Local Development Framework) will be published in the autumn.

#### 5. FINANCIAL & OTHER IMPLICATIONS:

#### Financial Implications:

5.1 There are no Capital Expenditure implications. Preparation and consultation costs for the Core Strategy have been identified and a budget allowance has been made for this within the City Planning Division. The Core Strategy and future vision for the city will have a number of property implications that will embrace wider issues and future requirements in the city. These will include regeneration of areas and sites, design quality of proposals affecting the condition and suitability of city sites/properties in general and as part of the council's own portfolio. Any additional costs of the Cross Party Working Group will be met from resources within Planning.

Finance Officer Consulted: Louise Hoten Date: 10/06/11

#### Legal Implications:

5.2 The Planning and Compulsory Purchase Act 2004 22 (2) (b) allows for the withdrawal of a core strategy on the direction of the Secretary of State after it has been submitted for examination. As soon as reasonably practicable following the making of the direction notice of withdrawal must be publicised in the manner set out in Regulation 37 of the Town and Country Planning (Local Development) (England) Regulations 2004 (as amended). Regulation 37 also provides that documentation relating to the withdrawn strategy must be removed from the

Council's website and public inspection points as soon as reasonably practicable after withdrawal.

5.3 It is not considered that the report raises any adverse human rights implications.

Lawyer Consulted: Hilary Woodward Date: 13/06/11

#### Equalities Implications:

5.4 Equalities issues are relevant to a number of the Core Strategy issues, including reducing inequalities, providing community facilities and ensuring housing is provided for all. Extensive community involvement has been undertaken during the preparation of the document and has aimed to reach the identified communities of interest. Additionally, the document was subject to an Equality and Health Impact Assessment. Withdrawing the core strategy will provide the opportunity to up date these policy areas and the Equality and Health Impact Assessment will be updated. The proposed Cross Party Working Group, by providing representation across the Parties and promoting partnership working, will help to improve consideration of equalities issues in future development plans.

#### Sustainability Implications:

5.5 The planning system has a clear purpose to contribute towards the achievement of sustainable development. All planning documents have to be appraised for their economic, social and environmental impacts. The Core Strategy has been subject to a full Sustainability Appraisal. Any changes or updates carried out as a result of withdrawing the document will be the subject of a further Sustainability Appraisal.

#### Crime & Disorder Implications:

5.6 The Core Strategy addresses crime and disorder through development areas, special area policies and a number of citywide policies. Withdrawing the Core Strategy will provide an opportunity to ensure that this policy area is up to date.

#### Risk & Opportunity Management Implications:

5.7 The Alternative options for the Core Strategy have been the subject of risk assessment and timetabling scenarios. In terms of taking a sound Core Strategy forward to examination by an appointed Planning Inspector, withdrawing the document is considered the best option to secure a sound plan within the shortest time period. A Cross Party Working Group will enable policy options to be discussed at an early stage therefore reducing uncertainty when key decisions are made.

#### Corporate / Citywide Implications:

5.8 The Core Strategy will contribute to delivering plans and strategies across the city council directorates, along with the Sustainable Community Strategy. It will also help to deliver city-wide strategies of public and voluntary sector partners. Withdrawing the Core Strategy will provide an opportunity to update references to these strategies.

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

6.1 The alternative option is for the Core Strategy to remain in submission stage and proceed towards examination. This option was considered to be a high risk strategy due to the amount of updates and amendments necessary to ensure the Core Strategy is found sound and that these should be subject to consultation. The Planning Inspectorate has informally agreed this view.

#### 7. REASONS FOR REPORT RECOMMENDATIONS

- 7.1 The reason for the main recommendation to withdraw the Core Strategy is to allow necessary updates and changes to the document that will allow the document to be found sound at examination. This is considered the best option to secure an adopted city wide plan in the minimum amount of time.
- 7.2 The proposed Cross Party Working Group will help to build cross party consensus during development plan preparation.

# **SUPPORTING DOCUMENTATION**

# Appendices:

- 1. List of the Main Amendments Required to the Core Strategy
- 2. Draft Terms of Reference for the Cross Party Working Group for Plan Preparation

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

None

#### **Background Documents**

- 1. CMM Environment 16<sup>th</sup> May 2010- Local Development Framework Core Strategy –Updated Background Studies
- 2. Submission Version of the Core Strategy

# Main Amendments required to the Core Strategy

#### General

- Extend the end date of the Plan to 2030 to ensure there is a minimum of 15 years coverage from the date of adoption.
- Rename Document from Core Strategy to part 1 of the City Wide Plan
- Add maps of Development Areas and Special Areas
- Amend references to Regional Spatial Strategy and other national policy or legislative changes; and status of the South Downs National Park.
- Updates to Development Area policies in relation to strategic allocations and amounts of development.
- Update policies in accordance with the findings of recent studies including the Strategic Housing Land Availability Assessment, the Open Spaces Study Update and soon to be updated Retail Study.

# Policy and Site specific

- Update Shoreham Harbour policy (DA7) to reflect the current situation –
   recent studies including a housing capacity study indicates lower capacity
- Amend the housing delivery strategy to reflect local housing requirements including amendments to CP11 Housing Delivery and SA4 relating to the urban fringe.
- Clarify and strengthen the spatial strategy for employment and economic growth issues and include more specific mention of sites in the new Plan.
- Add reference to Neighbourhood Plans to the Sustainable Neighbourhoods Policy (SA6)
- CP9 Infrastructure and Developer Contributions Update policy in line with new legislation on Community Infrastructure Levy
- CP8 Sustainable Transport Update references to capital projects in the context of the government's review of funding and update national policy references.
- Update the Implementation and Monitoring Tables.
- Update the Infrastructure Delivery Plan.

#### **Draft Terms of Reference July 2011**

#### **Cross Party Working Group for Plan Preparation**

#### 1. Purpose

1.1 The purpose of the cross party working group is to help the City Council develop and implement its development plans as a mainstream part of its activities, including partnership work with other agencies and bodies.

#### **Terms of Reference**

- To oversee the progress of the Core Strategy (proposed to become the new City Wide Plan) and any subsequent developments plan documents undertaken by the Council and advise or make recommendations to the Cabinet member meetings or cabinet.
- To review the content of development plan documents and, having regard to evidence; National planning guidance; best practice; corporate priorities; and resources to advise the Cabinet member (s) as appropriate.
- The joint working group shall have the ability to invite / receive presentations from interested parties where they (jointly) see fit. (Interested parties may include amongst others; community and voluntary Sector partnerships or organisations, constituent partnerships of the Community partnership, Landowners, Developers or their agents).

#### 2. Objectives and scope

- 2.1 To lead on the development, implementation, monitoring and review of the Council's Development Plans; in partnership with local partnerships and communities.
- 2.2 To promote innovative thinking, best practice and joint working in approaches to delivering sustainable development within the boundary of the City.
- 2.3 To develop the capacity of the wider community to make informed, sustainable decisions and build on the work of the Brighton and Hove Strategic Partnership to promote greater understanding of the priorities for the city and the contribution that sustainable development can make to improving people's quality of life.
- 2.4 To work with the voluntary and community sector, business and others to promote sustainable development, integrate economic, social and environmental issues and advise on implementation within the context of the community strategy and the Council's overall vision and priorities.

2.5 To work with the Brighton and Hove Strategic Partnership to ensure that development plan documents are compatible with and help to facilitate delivery of the community strategy.

# 3 Membership

The group shall be chaired by the Cabinet Member for Planning, Employment, Economy & Regeneration plus one member from each political group (for the current term 1 Green group member; one Conservative group member one Labour group member).

# 4. **Voting**

4.1 It is expected that the Working Group would normally reach agreement on proposals by consensus. If, however, there is no consensus, or if any Member requests it, the matter will be put to a vote. In the event of there being an equality of votes, the Chair will have a second or casting vote.

# 5. Reporting and Accountability

5.1 The joint working group will advise, the Council's Cabinet Member for Planning, Employment, Economy & Regeneration. The Working Group will report to and ask for comments from the Environment & Community Safety Overview & Scrutiny Committee

#### 6. Review

- 6.1 These Terms of Reference will be reviewed after the first 6 months
- **6.2** The work of the cross party working group will be reviewed bi-annually.

# **CABINET**

# **Agenda Item 43**

**Brighton & Hove City Council** 

Subject: Gypsy Roma Traveller Action Plan 2011/12

Date of Meeting: 14 July 2011

Report of: Strategic Director, Place

Lead Member: Cabinet Member for Environment & Sustainability

Contact Officer: Name: Geoff Raw Tel: 29-7329

E-mail: geoff.raw@brighton-hove.gov.uk

Key Decision: No Wards Affected: All

#### FOR GENERAL RELEASE

#### 1. SUMMARY AND POLICY CONTEXT:

- 1.1 This report considers Gypsy, Roma and Traveller matters and recommends a review of the current Traveller Strategy, which was approved in 2008.
- 1.2 The report recognises our duty and responsibility to local residents to ensure they are able to enjoy the city's parks and open spaces whilst at the same time we are mindful that Gypsies, Roma and Travellers are an often marginalised group with a way of life that the authority seeks to protect.
- 1.3 The council takes a firm but fair approach to discourage Gypsy, Roma and Traveller groups from setting up unauthorised encampments in sensitive locations and reduces the costly and disruptive cycle where travellers move from site to site.

#### 2. **RECOMMENDATIONS:**

- 2.1 That Cabinet approves the following measures that form part of an action plan for this year under the current Traveller Strategy:
  - (a) To commence a review of the 2008 Traveller Strategy to deal with the annual summer increase in unauthorised encampments
  - (b) To prioritise the provision of a permanent Travellers site
  - (c) To continue to offer appropriate support to assist Gypsy, Roma and Travellers with their welfare needs
  - (d) To promote cohesion between settled and travelling communities
  - (e) To focus site protection measures on those areas that are the most unsuitable for toleration
  - (f) To take firm enforcement and eviction action in partnership with the Police

- (g) A commitment to examine new ways of managing the seasonal summer increase in Travellers, including consideration of the appropriate use of limited toleration on lower impact sites
- (h) To ensure that Gypsy, Roma and Traveller groups, local residents and their representatives are consulted as part of the development of the refreshed strategy
- (i) To encourage and work with neighbouring authorities to play their part in supporting the Gypsy, Roma and Traveller way of life
- 2.2 That Cabinet approves the outline action plan in Appendix 1 based on these recommendations for 2011-15 and authorises the Strategic Director of Place, Lead Commissioner for Housing and Head of Housing & Social Inclusion to take all steps necessary or incidental to the implementation of the plan.
- 2.3 That Cabinet instructs officers to refer the refreshed Traveller Strategy, once drafted, to Cabinet for approval.

#### 3. WHO WE DEFINE AS TRAVELLERS

- 3.1 'Travellers' is a collective term used to describe different groups who have a nomadic lifestyle or tradition/heritage of nomadism. Romany Travellers, English and Irish Travellers are recognised in law as ethnic groups and are identified as having a shared culture, language and beliefs. Romany Gypsies have been in England for over 600 years and Irish Travellers have a long history of travelling and living in this country.
- 3.2 Gypsy, Roma and Travellers as a group suffer a high level of inequality, particularly around life expectancy, health and education issues, and face discrimination and racial hatred.
- 3.3 The term 'Travellers' also covers some groups not currently recognised as ethnic groups including 'New Travellers' who are non-traditional travellers (most of whom originate from the settled community, although some children have been born into New Traveller communities) and Travelling showpeople.

#### 4. CURRENT NUMBERS OF TRAVELLERS IN BRIGHTON & HOVE

- 4.1 Current experience of Travellers in Brighton & Hove is that we normally have approximately 14 to 16 mainly Irish Traveller families with local connections who remain in or around the city throughout the year.
- 4.2 During the summer there is a large increase in the number of Travellers visiting the city who are coming here for holidays or to obtain work locally. Potentially this can be up to 50 households at any time. The vast majority are not seeking permanent sites merely somewhere to stop whilst they visit.

#### 5. THE TRAVELLERS STRATEGY

5.1 The Brighton & Hove Travellers Strategy was approved in 2008 and is due for review. It is recommended to revise the strategy during 2011/12. This would also allow it to sequence with the upcoming Scrutiny Panel review of the existing

strategy. The revised strategy will be presented to Cabinet for approval before the 2012 season starting at Easter.

#### 5.2 Permanent Site

- 5.2.1 Nationally, there are not enough suitable sites to meet the accommodation needs of Gypsies, Roma and Travellers and the lack of authorised sites has lead to an increase in unauthorised encampments.
- 5.2.2 The Housing Act 2004 requires local authorities to assess the accommodation needs of Gypsies and Travellers and have a strategy that sets out how any identified needs will be met. The 2007 Gypsy & Traveller Accommodation Assessment identified a need for 16 permanent pitches in the city.
- 5.2.3 The Council is currently searching for a suitable site and hopes to be able to consult on this in Autumn with work starting early in 2012/13.

#### 5.3 Transit Site

- 5.3.1 The South East has 43 transit pitches with more than half of these (23) in Brighton & Hove (this is more than Greater London which has only 20).
- 5.3.2 The city has one authorised site (Horsdean Transit Site, Patcham) which provides accommodation for up to three months. However, the majority are occupied by households in need of permanent pitches. A new permanent site will free up transit pitches for those visiting the city.

#### 5.4 Traveller Liaison Service

5.4.1 The Traveller Liaison Service provides support to those living a nomadic lifestyle and entering the city, manages the Horsdean Traveller transit site, and manages unauthorised encampments within the city. The team consists of a part-time manager, 2 Traveller Liaison Officers and a Technical Support Officer.

#### 5.5 **Dealing with unauthorised encampments**

- 5.5.1 Where Travellers park on public land, the Police and Traveller Liaison Service make joint visits to assess the impact of the unauthorised encampment upon the local area and community and carry out welfare checks. Very often welfare needs result in some vehicles staying which encourages other vehicles to congregate on the site.
- 5.5.2 In some circumstances following a request from the Council over issues such as anti-social behaviour or crime and disorder, the Police can evict travellers relatively quickly using their powers under s.61 and s.62 of the Criminal Justice and Public Order Act. It is important to note that the Police do not make a decision to use these powers lightly. In order for the police to take such action they require evidence and they will also consider the wider impact of eviction on the community in terms of displacement.
- 5.5.3 The Council can also apply for a possession order in the County Court in circumstances where it's not appropriate for the Police to use powers under the

Criminal Justice and Pubic Order Act. Possession action can be lengthy, complex and open to legal challenge.

# 5.6 Managing the seasonal summer increase in Gypsy & Traveller visits

- 5.6.1 This report recommends focussing security measures on those locations that have a higher impact upon local residents and the environment. Security measures would vary depending on the nature of the location and could cost several tens of thousands.
- 5.6.2 As highlighted in both our existing Traveller Strategy and Government Guidance it is good practice to allow some toleration for short periods of time in locations where the encampment does not have any adverse impact on the settled community. This allows the Council to be better able to meet its responsibilities towards Gypsies, Roma and Travellers and take more effective enforcement action. Improved use of toleration on lower impact sites will be considered as part of the review of the strategy.
- 5.6.3 The Council recognises the importance of balancing the needs of the settled community with the needs of Travellers visiting the city. The Council is working in partnership with the Police on a 'firm but fair' approach to reports of anti-social behaviour, disorder or crime associated with a small minority of travellers. Examples of recent actions taken in partnership with the Police are:
  - Development of a Code of Conduct on Unauthorised Encampments that outlines behaviour which may result in eviction and sets the same standards of behaviour expected of the settled community
  - Development of a leaflet to remind people that the anti-social use of motorcycles on public open spaces could result in the vehicle being seized
  - The introduction of daily visits by the Police to unauthorised encampments to reassure both residents and travellers

#### 5.7 **Good Neighbour Compact**

- 5.7.1 As part of the development of the revised strategy, the Council wants to explore the development of a Good Neighbour Compact. Traveller communities could be encouraged to agree a Good Neighbour Compact whenever they park on public land which will require them to treat the land they have occupied with respect, and that to respect the rights and freedoms of other people who also wish to use the area.
- 5.7.2 A Good Neighbour Compact would clearly outline the behaviour that may result in eviction from a site and would follow the same standards of behaviour that are expected of the settled community. The Council is clear that behaviour that is deemed unacceptable within society in general will not be tolerated. The Compact would also outline the welfare support that is also available as part of a balanced approach.
- 5.7.3 Thought will have to be given about the type of compact and what the consequences of breach will be. If we are to take action for breaches, then there will need to be evidence we face legal challenge as a consequence. Officers may seek Counsels opinion on these matters before finalising any documentation to avoid setting unhelpful precedent.

#### 6. CONSULTATION

- 6.1 Engagement with Gypsies, Roma and Travellers, partner agencies and support groups (such as Friends, Families and Travellers), and the settled community is essential to ensure that the Travellers Strategy meets needs in an effective way.
- 6.2 As part of the development of a new Travellers Strategy, the Council will seek to enhance existing consultation and dialogue mechanisms with stakeholders, the local settled community and locally based Gypsy, Roma and Travellers. It is hoped that the Environment & Community Safety Overview and Scrutiny Committee will be involved in the strategy development.
- 6.3 In addition the Council will work proactively with partners and stakeholders to promote good race relations and community cohesion between Gypsies, Roma, Travellers and the settled community. This will involve the development of initiatives to raise awareness of issues relating to Travellers and address some of the 'myths' that still surround the travelling community.

#### 7. FINANCIAL & OTHER IMPLICATIONS:

## **Financial Implications:**

- 7.1 The Traveller Liaison budget for 2011/12 is £0.310 million. Whilst budget efficiencies have been planned for, the budget is likely to overspend this financial year (as it has done in previous financial years). The costs of site protection measures will be assessed and any future service pressures will be included in the Targeted Budget Management reports for 2011/12 and also in the Budget Strategy for 2012/13.
- 7.2 Any financial implications associated with implementing the other measures in the action plan will be reviewed and included in future reports back to Cabinet as per the action plan timetable.

Finance Officer Consulted: Susie Allen Date: 01/07/11

#### **Legal Implications**

- 7.3 In relation to recommendation 2.1(a), formulating and adopting a revised gypsy and traveller strategy must be accompanied by appropriate consultation, and comply with the Human Rights Act.
- 7.4 Recommendations 2.1(b) and (c) reflect statutory requirements.
- 7.5 The setting up of a permanent site will be subject to the grant of planning permission for the same. The Town and Country Planning Act 1990 ("the 1990 Act") defines development, for which planning permission will normally be required, as including a material change in the use of land and building operations, both of which are likely to be involved in establishing the site.
- 7.6 Section 70(2) of the 1990 Act requires that the local planning authority, in determining any planning application, shall have regard to the provisions of the development plan, so far as material to the application, and any other material considerations. Moreover section 38(6) of the Planning and Compulsory

- Purchase Act 2004 provides that the determination must be in accordance with the development plan unless material considerations indicate otherwise.
- 7.7 Relevant policies in the Brighton and Hove Local Plan 2005 will therefore have primacy in the determination of a planning application for a permanent site although other material planning considerations, for example the guidance contained in Circular 01/2006: "Planning for Gypsy and Traveller Caravan Sites", should also be taken into account.
- 7.8 Recommendation 2.1(d) reflects equalities and other local government legislation.
- 7.9 Further consideration will need to be given to the use of compacts to ensure they do not open up the question of licences, by suggesting a managed toleration. Further advice from Counsel will be sought on this area.
- 7.10 In relation to recommendation 2.1(e), there is no inherent problem with site protection where it is targeted at all, and not solely at ethnically defined travellers, which may fall foul of equalities legislation. A policy of site protection would require an Equality Impact Assessment.
- 7.11 In relation to recommendation 2.1(f), robust enforcement and eviction action in partnership with the police on unsuitable sites or where anti-social behaviour, disorder or other criminal behaviour is a concern, is current policy, and is likely to continue to be challenged.
- 7.12 In relation to recommendation 2.1(g), examining new ways of managing the seasonal summer increase in Travellers will need to take account of many of the factors raised above, including our land rights and the rights under the law of those who trespass on the land.
- 7.13 In relation to recommendations 2.1(h) and (i), appropriate consultation with all concerned is strongly advised. Close liaison with neighbouring authorities to encourage them to play their part in supporting the Gypsy & Traveller way of life is also advisable.
- 7.14 At each stage of strategy development, further legal advice may need to be sought – some of this will be specialist advice which will have to be sourced outside the Council legal teams.

Lawyers Consulted: Hilary Woodward Date: 01/07/11
Simon Court Date: 01/07/11
Abraham Ghebre-Ghiorghis Date: 04/07/11

## Equalities Implications:

7.15 Gypsies, Roma and Travellers are an often marginalised group with a way of life that the authority seeks to protect whilst at the same time considering the needs of local residents. Gypsies, Roma and Travellers as a group suffer a high level of inequality, particularly around life expectancy, health and education issues, and suffer from discrimination and racial hatred.

- 7.16 The Gypsy & Traveller Accommodation Assessment 2007 identified a shortage of traveller pitches in the South East and Brighton & Hove. This report and its recommendations are in order to help address this need.
- 7.17 An Equality Impact Assessment was carried out as part of the development of the existing Traveller Strategy and a fresh assessment will be carried out as part of the upcoming review of the Traveller Strategy.
- 7.18 As swift action is required and these recommendations fall within existing Government guidance and our strategy, it is not felt that the recommendations in this report require a separate Equality Impact Assessment at this stage.

## **Sustainability Implications:**

7.19 The repeated evictions of travelling groups from the city's parks, historic and otherwise important sites only to see them again camp on a similar site is causing distress to travelling groups, local people and the environment. In focussing protection measures on locations most unsuitable for encampments the report seek to minimise the impact on residents and travellers and also prevent further damage to the city's important open spaces.

# Crime & Disorder Implications:

7.20 Joint work with the Police is strengthening our approach to dealing with antisocial behaviour, crime and disorder associated with a small number of the travelling community.

#### Risk & Opportunity Management Implications:

7.21 Separate advice will need to be sought from the insurance team as to insurance implications. This refers to liability to the travellers and in addition to those working and living around them, for example, a vehicle running over a member of the public. It is possible that some travellers will not have adequate insurance.

#### Corporate / Citywide Implications:

- 7.22 Effective management of unauthorised encampments is essential to support local residents, the Gypsy, Roma and Traveller community and to protect the city's open spaces. In addition, an ineffective approach is likely to exacerbate the number of unauthorised encampments with additional associated community tensions and costs.
- 7.23 The subject matter is open to legal challenge from a number of angles that has the potential to cost the authority significant sums.

## 8. EVALUATION OF ANY ALTERNATIVE OPTION(S):

8.1 The current approach is visibly resulting in a cycle where travellers are moving from high profile site to high profile site as their preferred locations have been blocked. This is resulting in increased costs that would be more effectively used in securing the city's more important sites.

8.2 The other alternative would be to increase enforcement and eviction action however this is likely to only speed up the cycle rather than halt it with welfare needs likely causing delays to eviction and further loss of amenity space for local residents. This will increase community tension to the detriment of both the settled and travelling communities.

#### 9. REASONS FOR REPORT RECOMMENDATIONS

- 9.1 The current approach to dealing with unauthorised Gypsy, Roma and Traveller encampments has resulted in a number of high profile encampments on prominent locations throughout the city such as parks and open spaces. Historically these encampments would have been on lower impact sites however these have been secured to prevent access.
- 9.2 As the current approach has not been as effective as envisaged, there is a desire to consider the alternative measures available under the existing strategy which can be implemented at short notice for this summer pending a full review of the strategy. It is expected that in doing this, subject to an understanding of the risks associated with this course of action, there may be fewer encampments in high profile locations.

#### SUPPORTING DOCUMENTATION

# **Appendices**

1. Action Plan 2011/12-2014/15

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

None

# **Background Documents**

- 1. Traveller Strategy, Brighton & Hove City Council, 2008 <a href="https://www.brighton-hove.gov.uk/travellers">www.brighton-hove.gov.uk/travellers</a>
- Accommodation Needs of Gypsies and Travellers, Brighton & Hove City Council, 2007 <a href="https://www.brighton-hove.gov.uk/index.cfm?request=c1172974"><u>www.brighton-hove.gov.uk/index.cfm?request=c1172974</u></a>

# Gypsy & Travellers Action Plan Initial action plan 2011-2015

Recommendation		2011/12			
		July-Sept 2011	Oct-Dec 2011	Jan-Mar 2012	
(1)	To commence a review of the 2008 Traveller Strategy to deal with the annual summer increase in unauthorised encampments	Revise Traveller Strategy  Work with the Scrutiny Review to support development of a revised strategy	Ensure draft strategy incorporates relevant scrutiny findings  Consult on revised Traveller Strategy	Revised strategy to Cabinet	
(2)	To prioritise the provision of a permanent Travellers site	Site search and evaluation	Preferred site to Cabinet  Consult on preferred site	Planning Application submitted Planning Permission granted	
(3)	To continue to offer appropriate support to assist Gypsy, Roma and Travellers with their welfare needs	Review role of welfare support as part of Strategy review	Consult as part of strategy development	Revise relevant Performance Compact(s)	
(4)	To promote cohesion between settled and travelling communities	Scope potential for:  Traveller Awareness Sessions Good Neighbour Agreements	Consult as part of strategy development	Finalise ready for Easter increase in Traveller visits	
(5)	To focus site protection measures on those areas that are the most unsuitable for toleration	Agree protection criteria  Develop and cost list of sites by protection priority	Identify funding Priority list and 3 year works programme to Cabinet	Works Priority 1 sites prior to Easter increase in Traveller visits	
(6)	To take firm enforcement and eviction action in partnership with the Police	The Police are working with the Council and have:  • Agreed to make daily visits to unauthorised encampments  • Developed a Code of Conduct	Review effectiveness	Subject to review	

Recommendation		2011/12		
Ket	Commendation	July-Sept 2011	Oct-Dec 2011	Jan-Mar 2012
		on Unauthorised Encampments  • Developed notices clamping down on anti-social use of motorcycles on public spaces		
(7)	A commitment to examine new ways of managing the seasonal summer increase in Travellers, including consideration of the appropriate use of limited toleration on lower impact sites	Seek expert legal advice  Develop summer policy	Consult as part of strategy development	Finalise ready for Easter increase in Traveller visits
(8)	To ensure that Gypsy, Roma and Traveller groups, local residents and representatives are consulted as part of the development of the refreshed strategy	Identify relevant stakeholders for example:  • Friends, Families and Travellers  • Police  • Local Residents  • Local Action Teams  • Others	Consult on revised Traveller Strategy and associated provisions	Regular consultation and engagement
(9)	To encourage and work with neighbouring authorities to play their part in supporting the Gypsy, Roma and Traveller way of life	Scope potential for regional summit for local authority Leaders, Chief Executives, the Police, Health and Gypsy & Traveller representatives	Subject to scoping	Subject to scoping

Recommendation		2012-2015			
		2012/13	2013/14	2014/15	
(1)	To commence a review of the 2008 Traveller Strategy to deal with the annual summer increase in unauthorised encampments	Implement revised Traveller Strategy	Implement, monitor, scrutinise	Review	
(2)	To prioritise the provision of a permanent Travellers site	Site development  Develop Allocations Policy  Site open late 2012/13?	Monitor and evaluate effectiveness	Review	
(3)	To continue to offer appropriate support to assist Gypsy, Roma and Travellers with their welfare needs	Monitor implementation of review	Monitor and evaluate effectiveness	Review	
(4)	To promote cohesion between settled and travelling communities	Monitor and evaluate effectiveness	Monitor and evaluate effectiveness	Review	
(5)	To focus site protection measures on those areas that are the most unsuitable for toleration	Works Priority 2 sites  Monitor	Works Priority 3 sites  Monitor	Review	
(6)	To take firm enforcement and eviction action in partnership with the Police	Regular review	Regular review	Regular review	
(7)	A commitment to examine new	Monitor and evaluate	Review need based on impact of	Review	

Recommendation		2012-2015			
Re	commendation	2012/13	2013/14	2014/15	
	ways of managing the seasonal summer increase in Travellers, including consideration of the appropriate use of limited toleration on lower impact sites	effectiveness	new permanent site		
(8)	To ensure that Gypsy, Roma and Traveller groups, local residents and representatives are consulted as part of the development of the refreshed strategy	Regular consultation and engagement	Regular consultation and engagement	Ensure groups involved in reviews	
(9)	To encourage and work with neighbouring authorities to play their part in supporting the Gypsy, Roma and Traveller way of life	Subject to scoping	Subject to scoping	Subject to scoping	

# **CABINET**

# Agenda Item 44

**Brighton & Hove City Council** 

Subject: Provision of the Commercial Portfolio's Estate

**Management Consultancy Contract** 

Date of Meeting: 14 July 2011

Report of: Strategic Director, Resources

Lead Member: Cabinet Member for Finance & Central Services

Contact Officer: Name: Angela Dymott Tel: 29-1450

Richard Butler 29-1440 Jessica Hamilton 29-1461

E-mail: angela.dymott@brighton-hove.gov.uk

richard.Butler@brighton-hove.gov.uk jessica.hamilton@brighton-hove.gov.uk

Key Decision: Yes Forward Plan No: CAB23507

Wards Affected: All

## FOR GENERAL RELEASE

#### 1. SUMMARY AND POLICY CONTEXT:

1.1 To review the method of service provision of the Estate Management consultancy contract for the council's Commercial portfolio, currently provided externally by national consultants Cluttons and Smiths Gore for the Urban and Downland Estate portfolios respectively. The current contracts expire at the end of March 2012. The report explores the rationale for direct and indirect management options to inform the decision on how to procure these services in the future. If (part of) the service provision is to be delivered externally then the retender will need to be advertised in the Official Journal of the European Union (OJEU) as required by European Legislation. This is a lengthy process that needs to be started soon to adhere to the OJEU timetable.

#### 2. RECOMMENDATIONS:

#### 2.1 That Cabinet authorises:

- (a) The retendering of the Estate Management consultancy service for the commercial Urban portfolio, for a 5 year period, with an option for up to a 2 year extension. The timetable and process, are set out in paragraph 3.13 and Appendix 2.
- (b) The granting of delegated powers to the Strategic Director, Resources in consultation with the Cabinet Member for Finance and Central Services to, a) award the contract following the recommendations of the evaluation panel and the results of the tendering process and b) approve an extension of up to 2 years to the contract if required dependent on performance.
- (c) That the tender specifications be reviewed to ensure a quality service monitored by specific performance indicators with a positive attitude to income generation.

- 2.2 That Cabinet considers the options of continuing to outsource or bringing inhouse the estate management of the Downland Estate as set out in the body of the report, and agrees on a way forward.
- 2.3 That in the event that Cabinet decides on the outsourcing option for the estate management of the Downland Estate, Cabinet grants the corresponding authorisations as per 2.1 a), b) and c) above for the retendering of the Estate Management consultancy service for the Downland Estate.

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

- 3.1 The Council has a large commercial (Urban and Downland) portfolio that generates an annual income of approximately £9.5m pa. The portfolio comprises a mixture of properties as detailed in Appendix 1.The Council's property portfolio is significantly different to a standard institutional investment portfolio managed purely on investment criteria.
- 3.2 The urban portfolio comprises mainly secondary and tertiary properties and a small proportion of prime retail property. In addition there are a number of industrial estates developed mainly in the 1960s on ground leases and a wide range of other properties. Income generation is a key factor as we have a legal obligation to adopt sound working practices to secure best consideration in respect of such an important public asset. In addition the income helps support other key services in the city.
- 3.3 The agricultural portfolio or Downland Estate extends to about 10,500 acres (4400hectares) consisting of 22 Agricultural Act Holdings, 14 farm business tenancies, 7 commercial tenancies and 7 license agreements. Although the portfolios are currently held mainly for investment purposes, they are managed on the basis of more wide-ranging criteria taking account of environmental, social and economic regeneration as detailed under the Downland Initative strategy. The Property and Design support service are the current owners of this strategy.
- 3.4 The Council also retains a large seafront property holding comprising a mixture of leisure and retail uses which generates an income of approximately £1m pa. Historically the seafront has been excluded from the main core contract as this is a specialist area regenerated in accordance with a specific strategy. It is not therefore proposed that the management of these properties be outsourced and this service will continue to be managed by a dedicated Estate surveyor in Property & Design but specialist advice is to be engaged particularly in regard to the clubs and bars which require specialist property knowledge of those trades and the factors affecting the businesses and assessment of their value.

# 3.5 Current Estate Management

The Property & Design service manage two outsourced contracts for the core day-to-day estates functions of the Council's commercial (Urban and Downland) portfolio. The Urban contract is handled by Cluttons and the Downland by Smiths Gore. These companies provide a full range of services including; rent and service charge collection, chasing arrears, new lettings, rent reviews, lease renewals, assignments of leases, instructing and liaising with solicitors, addressing tenants gueries, maintenance issues, facilities management.

- disputes, landlord & tenant issues and a range of minor activities involved in managing buildings and engaging with hundreds of tenants.
- 3.6 The more sensitive and strategic functions are managed by the council's Property Estates team within the Property and Design service. About 20% of the urban portfolio of properties, that require low maintenance and management, are managed by the Council's Property Estates team. This represents value for money for the council as the degree of management intervention is limited.

#### 3.7 Urban Portfolio

The management of the urban portfolio has been outsourced since 1995 and retendered in 2000 and 2005. As part of the Asset Management process Property & Design service continues to review the commercial portfolio both as a whole and in parts together with the management arrangements. The rationale identified for holding properties continues to work well and facilitates comprehensive investment, revitalisation and redevelopment of the City in line with corporate objectives as well as generating income to support other services. We have progressively developed strategic themes which form an important part of the overall management approach of the council that are put into effect through the contract specification by the managing agents. These themes include; retaining the character and mixed independent retail trading nature of The Lanes and the North Laine, promoting small and medium enterprises (SMEs), encouraging diversity, retaining individuality and adapting leasing arrangements to assist small businesses.

- 3.8 Experience demonstrates that outsourcing of the urban portfolio provides a number of advantages not available with in-house management including;
  - The ability to utilise the breadth and depth of commercial property experience available in a large national property practice and take advantage of the research capability and in depth market knowledge available within professional commercial firms working full time in the property market. The commercial property market has become very sophisticated and such market knowledge and marketing expertise are vital to letting properties especially in times of difficult market conditions like those we have experienced over the past 3 years.
  - Greater flexibility to deal with inevitable peaks and troughs in workload which can be greatly accentuated in times of prolonged market uplift or downturn
  - Avoidance of the problem of attracting and retaining suitably qualified professional staff to the council.
  - Enabling the Property Estates team to concentrate on strategic property issues whilst the management agents address the many demands of the commercial urban portfolio.
- 3.9 Due to the commercial complexity of the urban estate, it is proposed that the outsourcing of these core management functions to one main contractor continues. Additionally, it is proposed that the tendered contract specification be reviewed and updated with lessons learned to reflect better performance measures and incentives to ensure a quality service with a positive attitude to income generation. It is considered that value for money and greater flexibility will be achieved more readily with a 5-year contract offering the option of an extension of up to 2-years subject to performance. If as a result of the re tendering exercise the contract is awarded to a contractor who is different to the

incumbent, there may be issues involving the transfer of legal obligations in relation to personnel between those parties.

#### 3.10 Agricultural Portfolio – Downland Estate

The Downland Estate is currently managed to provide income generation, but within the Downland Initiative policy developed in 2005. The Downland Initiative vision is to ensure social, economic and environmental aims and benefits are achieved and has the overarching aim to "reconnect the people of Brighton & Hove to a more biodiverse Downland with better education and improved access and a better sense of connection to the land". So far, there has been limited success in implementing the policy mainly due to the lack of central drive to join-up the large range of services and partners involved and sufficient funding.

The Downland Initiative is now 6 years old and needs reviewing in light of some significant changes since its inception:

- The Downland Estate is a key to the new Administration's strategic direction to create a Biosphere Reserve.
- The formation of the South Downs National Park which provides a great opportunity for different approaches to the development of the Downs.
- The rapidly increasing potential for eco-tourism.

A review would give the development of the Downland new vigour and would allow us to bid for support from the different funding streams that are becoming available. Critical partners in the implementation of any Downland policy are the tenant farmers and our relationship and ability to influence them is therefore vital to success. As estate management is a key method of influencing tenant farmers, it is suggested that alternative ways of delivering the service are also considered.

- 3.11 Smiths Gore took over the day-to-day estates management contract in 2005. They have had some success in introducing changes, under the direction of the Property and Design service, to support the Downland Initiative. Additionally, they have improved relationships with tenant farmers that had floundered under previous contractors. However, the nature of any contract places our relationship at arms length. Currently, risks associated with this issue are managed through the design of the contract's specifications and contract management. A more direct relationship, by bringing the day-to-day estate management in-house, could minimise these risks and provide the Council with greater influence in implementing a revised policy.
- 3.12 However, there would be additional on-going cost in pursuing the in-housing option and it may be difficult to recruit sufficiently skilled staff. The current contract costs approximately £80k pa (£20k of which is unfunded, the budget being approximately £60k) for which Smiths Gore provide ad-hoc specialist support and employ 1.5 FTEs to provide basic estate management. As the council has no experience in directly managing the Downland Estate and it is vital to attract the right calibre or staff, it is difficult to calculate the exact additional ongoing cost of in-housing. It is estimated to be in the region of £50k to £70K pa spread across legal, finance, estate management and some spot purchasing of outside very specialist support (a total spend of between £130k to £150k). These additional costs could be reduced by a holistic review of all staff likely to be involved in the support of the Downland Estate and ensuring work is placed in

teams where economies of scale can be maximised. Additionally, the successful implementation of a reinvigorated Downland Initiative, may reduce overall environmental costs in the longer term and, in so doing, allow us to bid for external funding and release funds from partner agencies. It is therefore proposed that if the in-housing option is agreed, further work be carried out to decide exactly how the new system would operate.

Cabinet are therefore asked to consider in-housing the estate management of the Downland Estate as well as the option of re-tendering the contract to continue with the outsourcing arrangements.

# 3.13 Re-tendering Timetable

The existing contract for both services ends on 31 March 2012. The proposed OJEU timetable set out in Appendix 2 and is tight. Subject to Cabinet approval we would need to place the OJEU advert(s) as soon as possible in order to achieve tender award(s) in January 2012 followed by a mobilisation period. To prepare for the re-tendering process a cross departmental working group will be established to work on the specification, evaluation criteria and procurement process to comply with European legislation. The Property Estates team are working closely with the Procurement team. Any recruitment and selection issues would also need to be addressed within the proposed timetable.

#### 4. CONSULTATION

4.1 Regular consultation will continue with the relevant stakeholders, councillors and the cross departmental working group

#### 5. FINANCIAL & OTHER IMPLICATIONS:

#### Financial Implications:

- 5.1 It is expected that the estimated expenditure under the retendered contract will increase by 5-10% in line with the increase of professional fees over the past 7 years although some further variation will depend upon the inclusion of additional properties and services. The new contract will be off-set to a degree by the variations in the scope of the portfolio and functions tendered and will have to be reviewed at the tender evaluation stage to enable the appropriate negotiations to occur
- 5.2 Bringing the Downland estate management contract in house will increase ongoing costs across finance, legal and estate management. The current budget is £59,160. There is expected spend of £27k in 11/12 to cope with an increase in very specialist support to lease renewals etc. The current budget base provision would need to be increased to approximately between £110k and £130k (an increase of £50k to £70k) and if work levels continue at last year's rate, an additional £27k will need to be found for continued specialist support. However, further work will be required to design the most effective way to manage the services in house and therefore better identify the cost involved. An additional budget will be need to be identified to meet the development and on-going implementation of a revised Downland Initiative strategy; this is projected to be in the region of £25,000. These additional costs would be identified within the FY12/13 budget.

Finance Officer consulted: Rob Allen Date: 27/06/11

#### Legal Implications:

- 5.3 The retender of the Estate Management consultancy service contract(s) is subject to compliance with the full application of applicable EU legislation together with the Public Contracts regulations 2006, the Council's Contract Standing Orders and Financial Regulations.
- The Transfer of Undertaking (Protection of Employment) regulations 2006 (TUPE) may apply should the management of the Agricultural (Downland) portfolio be transferred in-house. Under the existing contract with Smiths Gore, the contractor is obliged to provide the council with TUPE information which will help determine whether TUPE applies. As this information has not yet been requested, it is not possible at this juncture to comment on what liabilities the council will be taking on board. If there is not an employee and/or organised group of employees immediately before the change whose principal purpose is carrying on the relevant activities, a TUPE transfer will not occur. If a TUPE transfer does not occur, a recruitment process will need to be initiated and if upon provision of information it is determined that a TUPE transfer has occurred all of Smiths Gore's rights, duties and liabilities under or in connection with the transferring employees' contracts pass to the Council.
- The recommendations in section 2 are proper to be referred to Cabinet for approval. This is to comply with Contract Standing Order 3.1, which stipulates that authority to enter into a contract(s) worth more than £500,000 be given by either Cabinet or the relevant Cabinet Member.

Lawyer Consulted: Isabella Hallsworth Date: 27/06/11

#### Equalities Implications:

5.6 Equalities issues are addressed in recruitment and the tendering process and contract agreement.

#### Sustainability Implications:

5.7 These issues will be addressed in the developing Downland Strategy and policies and tender specification ensuring that the successful bidder has commitments in place consistent with those promoted by the council.

#### **Crime & Disorder Implications:**

5.8 There are no crime & disorder implications.

# Risk & Opportunity Management Implications:

5.9 Risks are that the council will be unable to recruit appropriately, few tenders are received and tender prices are high. Alternatively there could be a very high competitive level of interest which is to the council's advantage although the short listing process more time consuming.

#### **Corporate / Citywide Implications:**

5.10 As contained in the body of the report, promoting the Downland Initiative strategy, regeneration of the City, value for money and a sustainable economy.

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

- 6.1 Return management of Urban portfolio to the Property Estates team. This would bring the properties under direct internal control and reduce some of the communication and transactions that occur between the management company. the Estates team and Finance officers. However, it would lose all the key benefits of employing an external advisor identified above. In addition, as TUPE may apply it is not clear how many staff would transfer from Cluttons although the information we have indicates that at least 9 full time staff are employed in managing the portfolio including 2 based in New England House. From a comparison of the cost of the Cluttons contract and bringing 9.5(anticipated) staff in house it is apparent that in-sourcing this function would be more costly however a detailed analysis has not been done. The need for separation of the strategic and core management functions is important and cannot be overstated. Whilst both functions could take place in house we would have none of the benefits identified in 3.8 above accruing from outsourcing core management. In addition Finance staff within Cluttons' head office issue rent demands, collect the rent. arrears and provide other financial services which if passed to the council would create significant demands on the council's Finance team. Legal input on lease transactions and other Landlord & Tenant requirements would need in-house legal commitment that currently is not available.
- **Return the management of the Agricultural properties to the Property Estates team.** This option is outlined in paragraphs 3.10-3.12 above.
- Outsource all of the Estates team work to an external management organisation. In practice it is unlikely to be possible or desirable to outsource everything to the external consultancy company. It will remain necessary to retain an internal contact to liaise with the external organisations, ensure the strategic priorities of the council and City are met and monitor performance. It is vital to retain the strategic and property functions in house to maintain an overview and clear sense of direction for the property portfolio. In addition it is advantageous to retain sensitive and high value, low management, properties in house to retain close control and reduce costs.

## 7. REASONS FOR REPORT RECOMMENDATIONS

7.1 To review the service delivery options for the major part of the council's commercial (urban and agricultural) portfolio to enable Cabinet to take an informed decision on the future provision of these services. The management and delivery of this service through a mixed economy has benefits for the council in terms of customer service, expertise, skills, capacity, value for money and efficiencies. This in turn allows the in house team to monitor the process and provide strategic and other property advice including the more sensitive issues in connection with the commercial and the operational properties of the council. Furthermore this split of functions allows the council to take advantage of the other benefits identified in 3.8 whilst retaining professional expertise in house to provide property advice to all services within the council on land and property

related issues. This is a constantly evolving area with fresh initiatives, such as the Localism Bill and the emerging Downland Strategy. The advantages and disadvantages of bringing the Downland estate management function in-house have been set out and need to be balanced against the council's polices and objectives.

# **SUPPORTING DOCUMENTATION**

# **Appendices:**

- 1. Commercial Portfolio Property Mix & Income Generation
- 2. Proposed Timetable

**Documents in Members' Rooms** 

None

**Background Documents** 

None

# Commercial Portfolio (Urban & Agricultural) – Property Mix

Retail	63%
Industrial	22%
Office	3%
Agricultural	8%
Residential, leisure, parking and miscellaneous properties	4%
	100%

# Commercial Portfolio (Urban & Agricultural) - Income Generation

Retail	67%
Industrial	15%
Offices	6%
Agricultural	7%
Residential, leisure, parking and miscellaneous properties	5%
	100%

1st April 2012

#### **Proposed Timetable**

Contract commencement

15<sup>th</sup> July 2011 Place OJEU Notice 24<sup>th</sup> August 2011 **Expressions of Interest** by 26<sup>th</sup> July 2011 Pre-Qualification Questionnaire returned 7<sup>th</sup> September 2011 PQQ's reviewed and expressions of interest evaluated 23<sup>rd</sup> September 2011 Tenders sent out 2<sup>nd</sup> November 2011 **Tender Close** 3<sup>rd</sup> November 2011 **Tender Opening** 15<sup>th</sup> December 2011 Tender evaluation and Shortlist 18<sup>th</sup> December 2011 Tenderers' presentations and interviews 16<sup>th</sup> January 2012 Tender award, approval under delegated powers Contract Handover start January Late March 2012

# **CABINET**

# **Agenda Item 45**

**Brighton & Hove City Council** 

**Subject:** Re-tendering Home Care Contracts

Date of Meeting: 14 July 2011

Report of: Director of Adult Social Care and Health and Lead

**Commissioner, People** 

Lead Member: Cabinet Member for Adult Social Care & Health

Contact Officer: Name: Debbie Greening Tel: 29-5739

E-mail: debbie.greening@brighton-hove.gov.uk

Key Decision: Yes Forward Plan No: CAB23275

Wards Affected: All

#### FOR GENERAL RELEASE

### 1. SUMMARY AND POLICY CONTEXT:

- 1.1 To seek approval from Cabinet to tender and award contracts for the provision of Home Care services for three years from April 2012, with the Council having an option to extend the contract period by a maximum of two years.
- 1.2 This report sets out the proposed procurement rationale and governance arrangements.
- 1.3 Home Care services are essential services that support vulnerable people who have social care needs to live safely and as independently as possible in their own homes.

#### 2. **RECOMMENDATIONS:**

- 2.1 That Cabinet approves the re-tendering of the Home Care services through an approved procurement process during the financial year 2011-12 for the subsequent three to five years (i.e. contract period April 2012 to March 2015 with an option to extend by up to a further two years).
- 2.2 That delegated authority be granted to the Director of Adult Social Care and Health /Lead Commissioner People to approve the award of contracts to the successful bidders following recommendations of the tender evaluation panel and consultation with the Cabinet Member for Adult Social Care and Health.

#### 3. RELEVANT BACKGROUND INFORMATION

3.1 Home Care services provide a range of tasks including personal care, practical support and emotional support to vulnerable people and their carers. These services are vital in supporting several key strategies for Adult Social Care including reducing the number of people in long- term residential settings. Home Care also has a key role to play in both reducing the number of hospital admissions and in reducing delays in transferring people home after a period in hospital.

- 3.2 With the shift towards personalisation home care provision is increasingly focussed on outcomes for service users and in providing a more flexible model of care designed around the needs and aspirations of the individual. The service is well regulated both by the Care Quality Commission and locally by the Council's Commissioning Support Unit (Adult Social Care) and as such offers a degree of security to individuals who find the flexibility of having a direct payment attractive but who may want the security of a regulated service for some or all aspects of their care.
- 3.3 Current arrangements for home care provision within the city for Older People and younger adults with Physical Disabilities are that there are framework contracts (which set the service specification and price paid by the Council) with 10 approved providers. Following a tendering exercise, contracts were awarded to these providers for three years from April 2009 to 31 March 2012, with an option to extend the Contract Period for a further 18 months. Providers were awarded contracts aligned to geographical districts based upon post code sectors. For details of current awards see **Appendix One.**
- 3.4 The current contractual arrangements have worked successfully for the Council and the system is generally robust and effective, the overall quality of provision is above the national average and services have been rated Good or Excellent by the Care Quality Commission throughout the course of the contract period.
- 3.5 Current arrangements also include an incentive payment for providers linked to quality of provision and measured with performance indicators specified within the current contract. There are four key aspects to the incentive scheme and the indicators measure; take up of new work (required to be more then 55% of the hours offered); continuity of care worker to service users (consistency over previous 6 month period); staff turnover and qualifications achieved (number of staff who have achieved or are working towards care qualifications.)
- 3.6 Quality of service is also monitored through the contract monitoring process. Audits are undertaken annually and involve scrutiny of a variety of documents relating to care provision, the general running of the organisation and training for staff together with interviews with service users and staff members. Audit reports are produced with requirements or recommendations for any improvements needed. If necessary an action plan is produced by the provider giving time scales for any improvements to be made.
- 3.7 The Council also commissions the Lay Assessors scheme to recruit older volunteers to undertake monitoring visits to service users and their carers and to interview them about the quality of the care provided by independent home care providers. Reports on the outcome of these visits are considered as part of the contract monitoring process described above.
- 3.8 Partnership working with providers has been positive with providers embracing new initiatives even though they were not contractually bound to do so. Most recently this has included working with the Council to implement an electronic care monitoring system. A forum for Home Care Providers supports collaborative working and meets regularly. It is always well attended by all the providers.

- 3.9 The current framework contract does not tie the Council into paying a set amount for each contract. The Council pays the provider for the actual work undertaken. Currently the rate for service provision is set by the Council for all the providers with different elements for length of calls, complexity and enhanced rates for weekends and evenings. The value of the current contract as at March 2011 was approximately £11m.
- 3.10 Approximately 1500 service users are supported at any one time, there are over 700 care workers involved in providing the care with approximately 20,000 separate home care visits made weekly.
- 3.11 The Council has purchased an Electronic Care Monitoring System, Call Confirm Live! This is currently in the early stages of implementation. The full system will be rolled out to the current home care providers by the end of the summer. It will provide a range of benefits for the Council, Service Users and Providers. For further information see **Appendix Two.**

#### 4. PROPOSED PROCUREMENT ARRANGEMENTS

- 4.1 The Home Care Commissioning Board will oversee the procurement process and ensure that full consideration is given to the key elements. This will include: the consultation process; establishing the scope of the contract; developing a comprehensive service specification, determining how the price will be set and any other decisions that will need to be made within this process.
- 4.2 The Board will be chaired by the Director of Adult Social Services / Lead Commissioner People. It will include representatives from service users and carers groups, legal services and the corporate procurement team.
- 4.3 A project team led by the service commissioner has been identified to support the process and they will report into the Board. This includes representatives from the corporate procurement team who will provide technical support and guidance.
- 4.4 It is proposed that the tender will be evaluated by judging the quality of each provider. The consultation programme that has been planned will inform both the service specification and the requirements for bidders within the tender. This will ensure that appropriate weighting is given to those elements of service that are most important to service users such as punctuality, reliability and consistency of care worker.
- 4.5 TUPE arrangements will apply to the contract and as such current staff will have the minimum protection of maintaining their terms and conditions. It is proposed that the evaluation process of the tender will involve evaluation of staff terms and conditions including rates of pay, entitlement to paid leave, pension arrangements and other conditions.
- 4.5 It is proposed that the use of the Electronic Monitoring System recently purchased by the Council will also be included within the requirements of the tender and the new contract. Many of the performance Indicators currently supplied by providers will be available directly to the Council from the ECMS system and these will be used to populate a quality portal which will display information about the quality of service for individual providers in an easily

accessible format for the general public. The current incentive scheme could be redefined to reward quality in areas of service that are crucial for service users and relate to achievement of outcomes. Another proposal is for incentive payments to relate to the new CQC excellence scheme which will not be mandatory for providers but will reward excellence in adult social care and will be open to all providers for evaluation. This would encourage local providers to work towards achieving recognition for excellence.

#### 5. CONSULTATION

5.1 It is proposed that key stakeholders will be indentified through a stakeholder mapping exercise and they will be consulted through a series of consultation events. The Consultation plan is attached as **Appendix Three**.

#### 6. FINANCIAL & OTHER IMPLICATIONS:

#### Financial Implications:

6.1 The current value of the contract which ends in March 2012 is approximately £11.4 million. Retendering the home care contract will continue to drive efficiencies and should improve value for money which will be evaluated through the tender process. It is anticipated that the new contracts will cover the full range of service users.

Finance Officer Consulted: Anne Silley Date: 13/06/11

#### Legal Implications:

6.2 The services must be procured in accordance with applicable legal requirements and the Council's standing orders.

Lawyer Consulted: Sonia Likhari Date: 13/06/11

#### **Equalities Implications:**

6.3 An Equalities Impact Assessment will be carried out covering the scope of the proposed service. Tender documents and pre-qualification questionnaires will include requirements and questions relating to equalities and diversity issues. A number of service user events are planned as part of the consultation process. This will include targeted engagement with specific groups who are presently under-represented within the current home care market and will inform requirements within the tender for improved diversity training and awareness and provision of a more flexible, responsive service.

The EIA will also focus on staff working within the home care sector and will seek to address the needs of a low- paid predominantly female workforce. There may be opportunities to encourage providers to attract younger people and more male workers into the market with the use of apprenticeships or similar initiatives.

#### Sustainability Implications:

6.4 Full consideration will be given to sustainability implications of the contracting

arrangements. This will include whether to continue the current district based model for contracting which promotes working in local communities and reduces travel across the city. Other considerations include promoting the use of assistive technology within the home care sector to reduce the number of "care miles" required and increase levels of independence. Use of the Council's Electronic Care Monitoring system will be a pre-qualifying requirement for the tender. This system will reduce the carbon footprint of both providers and the council by automating the invoice process for home care visits and significantly reducing the amount of paper that is currently used. The system will also assist providers to plan routes for care workers more effectively to reduce travel across the city.

#### Crime & Disorder Implications:

6.5 The provision of Home Care for vulnerable people reduces the fear of crime. Modern adaptations such as Telecare also help people feel safer and less vulnerable to crime.

#### Risk and Opportunity Management Implications:

6.6 Risks and opportunities that are identified through the consultation process will be considered and evaluated by the Home Care Commissioning Board.

#### Corporate / Citywide Implications:

6.7 Home Care services operate across the city and are an essential service in supporting people to live at home. The service works closely with a range of other agencies including NHS, staff in sheltered housing and extra care teams and the Council's own social care services.

#### 7. EVALUATION OF ANY ALTERNATIVE OPTION(S):

- 7.1 The current contract has an option to extend the contract period by up to 18 months; however the current contract was in place before the personalisation programme and therefore needs to be updated.
- 7.2 Alternatively, standing orders could be waived and the contract could be awarded for a further 3-4 years to the existing providers with changes to the service specification and terms and conditions. This would provide continuity of service provision but could breach procurement legislation.

#### 8. REASONS FOR REPORT RECOMMENDATIONS

- 8.1 This is an essential service, the current framework contract ends in March 2012, it has served us well but the specification is out of date and we need to bring it into line with personalisation and reflect developments over the past three years including the recent implementation of an Electronic Care Monitoring System.
- 8.2 Re-tendering the home care contract provides an opportunity to ensure Value for Money and to stimulate the market to deliver on the personalisation agenda and to allow an opportunity for new providers to enter the local market.
- 8.3 Re-tendering the home care contract will also provide an opportunity to ensure that inequalities within the current home care market are addressed through

improving access to the service, providing opportunities for a more diverse workforce and provision of a more flexible and responsive service.

### **SUPPORTING DOCUMENTATION**

## Appendices:

- 1. Home Care District Contracts 2009-2012
- 2. Electronic Care Monitoring System
- 3. Draft Consultation Plan

**Documents In Members' Rooms** 

None

**Background Documents** 

None

## **Home Care District Contracts 2009-2012**

District	District Provider	1 <sup>st</sup> back-up	2nd back-up	3 <sup>rd</sup> back-up
BN1 1, 1 2, 1 3, 1 4, 3 1	Plan Care	Care UK	Agincare	Carewatch
BN1 6, 1 7	Hallifax Care	Prime Care	Care UK	Plan Care
BN1 8, 1 9	Enara Community Care	Hallifax Care	Carewatch	Prime Care
BN2 0, 2 2, 2 9	Carewatch	Care UK	Enara Community Care	Prime Care
BN2 1	Agincare	Enara Community Care	Carewatch	Care UK
BN2 3, 2 4	Prime Care	Enara Community Care	Care UK	Agincare
BN2 5	Care UK	Agincare	Enara Community Care	Primecare
BN2 6, 2 7, 2 8	Enara Community Care	Prime Care	Agincare	Care Outlook
BN3 2, 3 3, 3 6, 1 5	Carewatch	Saga Independent Living	Mears Care Services	Care UK
BN3 4, 3 5	Saga Independent Living	Mears Care Services	Care Outlook	Carewatch
BN3 7, 3 8	Saga Independent Living	Care Outlook	Carewatch	Mears Care Services
BN41 1, 41 2	Care Outlook	Saga Independent Living	Carewatch	Mears Care Services

### **Electronic Care Monitoring System (ECMS)**

Brighton & Hove City Council will be implementing an easy-to-use electronic monitoring system to manage the provision and commissioning of home care.

Following a rigorous tender process CM2000 (http://www.cm2000.co.uk/home.aspx)

have been selected to provide the system and the implementation of their CallConfirmLive! solution is underway.

ECMS is a simple way of logging home care visits electronically, the care worker uses the service user's telephone to log the start and finish time of the call. A freephone number is used so there is **no cost** to the service user.

Currently over one million care visits are made each year in Brighton and Hove which are recorded on individual timesheets.

The benefits of ECMS will be:

#### For the council

- reduced administration & communication costs
- providers only paid for actual care delivered
- reduced potential for fraud
- improved security for service users & care workers via alerts based on real-time monitoring
- improved invoicing, payroll & budget management
- improved reliability, flexibility
   & quality of service
- improved management information
- improved provider performance management
- prevention of missed or late calls/ full audit trail of care

#### For service users

- ensure they receive the care commissioned
- improved continuity of care & quality of service
- more transparent service
- only pay for care delivered
- no specialist equipment required

#### For providers

- improved cash-flow
- improved performance management of care workers
- reduced paperwork
- improved security for care workers

#### For care workers

- removal of timesheets
- improved safety

An independent home care provider, Hallifax Care, has agreed to be an early adopter to test the system which went live on 4th April. Once testing is complete the system will be rolled out to the remaining 9 approved independent providers. We currently have 3

providers using the system with a fourth going live in the first week of July. The remaining providers will go live during July and August.

Service users supported by the Council's own home care service - mostly receiving short-term re-ablement care - will also be covered by the ECMS system. However, for this service the system is being implemented alongside the replacement of the homecare planning system. We expect to go live with both the new systems during May.

For service users, the main difference will be that instead of the care worker using the service user's landline telephone to log call times, the in-house carer workers will use a specially equipped mobile. The phones also have additional functionality linked to the new planning system, which creates a range of operational efficiencies for the in-house service. Independent providers will have the opportunity purchase a similar system as an upgrade from the basic system the Council is providing.

There is a comprehensive communications plan in place to ensure that all stakeholders are informed throughout the implementation process.

Please do not hesitate to contact me should you require any further information.

Best regards,

Denise D'Souza Director of Adult Social Care and Health, Lead Commissioner People

#### Contacts for more information:

Debbie Greening, Contract Manager, ASC Contract Unit - 296424 (Independent Sector Providers)

Julian Seaborne, Operations Manager, ASC Provider Services – 295748 (In-house Service)

# **Consultation Plan – Home care re-tender 2011/12**

Stakeholder	How	When
Complete EIA	Sketch out with Katie	End June
Current service users	Semi-structured interviews with current users (Use volunteers from 2009 Adult Social Care Survey) Small sample: 1:1 interviews in homes	July /August
	Small discussion groups current users at: Patching Lodge, Tower House, St Johns, Wayfield Av & LD Day centre.	
	Survey for extended sample of current users (Option:complete online- portal)	
	Planning to target BME, religious groups, LGBT – details TBC	
Carers/relatives	Semi-structured interviews with carers. Two carers meetings: one evening & one weekend afternoon (One east city & one west city – venues tbc)	July/August
	Send survey to a sample group of carers. Provide option of completing it on-line (portal)	
Approved Providers (10) + Allied Health Care	Send letter notification for re-tender	After 14 <sup>th</sup> July
Non-Approved Providers	Send letter notification for re-tender	After 14 <sup>th</sup> July
Potential Providers	Send letter notification for re-tender	After 14 <sup>th</sup> July
LD – 3 Homecare Providers	Send letter notification for re-tender	TBC
Other professionals- include GP, District Nursing, Public health, Social Workers, Housing, Day Services	Survey for professionals (on-line- portal)  One-off meeting for professionals	TBC
Linking to commissioners	Jane Simmons Ann Richardson LD	

# **CABINET**

# Agenda Item 46

**Brighton & Hove City Council** 

Subject: Wide Area Network Procurement

Date of Meeting: 14 July 2011

Report of: Strategic Director, Resources

Lead Member: Cabinet Member for Finance & Central Services

Contact Officer: Name: Paul Colbran Tel: 29-0283

E-mail: Paul.colbran@brighton-hove.gov.uk

Key Decision: Yes Forward Plan No: CAB23268

Wards Affected: All

#### FOR GENERAL RELEASE

#### 1. SUMMARY AND POLICY CONTEXT:

- 1.1 The existing contract between Brighton & Hove City Council (BHCC) and Virgin Media Business (VMB) for the provision of a Voice and Data Service is due to expire in August 2012 after a period of 5 years plus an extension of one year. There is provision for a further one year extension to August 2013. The spend with VMB under contract by BHCC is approximately £950,000 per annum.
- 1.2 A new contract or contracts will need to be tendered to comply with EU and UK Public Procurement legal requirements and Contract Standing Orders and to ensure a more flexible solution whilst achieving improved value for money for BHCC.
- 1.3 The new contract(s) will seek to reduce the cost of the current services ensuring Value for Money is maximised, to consolidate as much of the data and service provision as possible, to improve the flexibility and sustainability of the network and to mitigate legal risks to the Council through a service that meets our regulatory information requirements.
- 1.4 The telecoms market has matured considerably since the contract was last let and new products and services that enable flexible delivery of IP telephony services from a range of locations and integration of fixed and mobile voice communications are now becoming available at cost effective prices from specialist suppliers. We therefore intend to remove voice services from the scope of the Wide Area Network (data) contract and let a separate consolidated contract for these and related services.
- 1.5 Because the procurement process requires significant time to organise and manage, and because we had a number of options to consider including a potential Central Government framework provision for the procurement of 'Public Services Network' (PSN) services, or procurement through a local partnership with other Brighton, Hove and Sussex public sector organisations we intend to extend the existing contract again with a termination date in mid 2013.

1.6 This report seeks approval from Cabinet to procure a new Wide Area Network contract in compliance with EU and UK Public Procurement legal requirements.

#### 2. RECOMMENDATIONS:

- 2.1 That Cabinet approves the procurement of a new Wide Area Network contract to replace the Data element of the existing Voice and Data contract in August 2013. The period of the contract will be 5 years with an option to extend for a further period of up to 2 years.
- 2.2 That Cabinet authorises the procurement to take place jointly with East Sussex County Council and potentially other (as yet unidentified) local public sector partners under suitable contractual arrangements.
- 2.3 That Cabinet grants delegated authority to award the new Wide Area Network contract to the Strategic Director, Resources.

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

- 3.1 The Council is dependent on the provision of consistent data services to operate efficiently. Without high performance connections to all its sites, the council would be unable to meet its obligations to support staff in meeting the needs of our residents, nor would it be able to provide certain services direct to residents through its web site.
- 3.2 All the core sites and a very high percentage of council remote sites make use of some or all aspects of the current voice and data contract. Good connectivity between sites is viewed as critical in any disaster recovery/business continuity provision.
- 3.3 We are relying more heavily on high quality, reliable data communications to all our sites, particularly as we move towards different methods of delivering a telephony service along with a commitment to providing more flexible application delivery.
- 3.4 Virgin Media Business (formally NTL) have been our key supplier of both voice and data services since 2006. During this period, with their support, we have started to move away from traditional methods of delivering voice services and are now able to call off a variety of data connections to the majority of locations across the city, including home workers, schools and libraries. The infrastructure that Virgin manages is prolific within the city boundaries, using high quality fibre optic cabling, and it is rare that they are not able to provide a service to a site. In such a situation we take service from another provider, primarily BT. In many cases, single connections are now responsible for carrying voice as well as data traffic.
- 3.5 One of the main issues with our current provision is that it is highly reliant on key council sites to distribute the services to remote locations. This affects our ability to manage accommodation effectively as there are sites which will incur significant date network relocation costs should they be subject to sale or termination of lease. We also have a mix of telephony systems which impairs our ability to provide truly flexible access to a single number from any council location

or as is increasingly the case, a location outside the council network. This is a key driver for redesigning the network topology and removing voice services from the contract, whilst being mindful of the need to make flexible provision for them in the network design.

- 3.6 Because the successful reprocurement of a contract of this nature is key to the ongoing provision of voice and data services across the council, we have spent the last year researching the market and our developing options, and conducting soft market testing. Local and national initiatives around the creation of 'Public Services Networks', including the potential availability of a suppliers' framework at a national level mean that we have a number of options in terms of how we manage the procurement process. We recognise that in the absence of suitable frameworks at the current time (see below) we are likely to need to follow a full OJEU tender process, so an adequate lead time for the contract to be awarded must be allowed. There is also potential for significant work in installing data lines should the successful supplier not be using Virgin's current infrastructure. Soft market testing indicates the supplier costs of transition to be up to £1m.
- 3.7 As part of our commitment to providing flexible working arrangements for staff in support of the various council wide initiatives (VFM, Workstyles, Accommodation Strategy) we are using the reprocurement as an opportunity to review our voice and data provision and move towards an environment where our ability to deliver ICT facilities to staff is not reliant on geographical or technical constraints. We therefore commissioned an independent review of potential options for progressing this. The report's author, Sandy Spink, is a highly regarded telecommunications consultant who has worked with, and was recommended by, some of our SE7 partners.

His recommendations describe a platform which we can take forward into a resilient, manageable, cost effective contract for supply of data services, and on top of which other services such as telephony would be delivered, but would involve a redesign of the core provision of services such that we are increasingly less reliant on key council locations for the distribution of these services.

In addition, the PSN compliance standards that have been developed by Central Government will form part of our requirements specification for the new Wide Area Network and this will reduce the current cost and complexity of secure communications and data sharing between government organisations. It will also give access to value-add services coming onstream during the life of the contract (5-7 years) via interconnects to the national PSN.

#### 3.8 Options that have been considered:

- 3.8.1 <u>Do nothing</u>: This is not considered a viable option as the council has a requirement to maintain both voice and data services across all its sites.
- 3.8.2 Engage in a full BHCC only full EU tender process for renewal in August 2013: This option is viable but the costs of procurement of a PSN compliant contract to enable us to join up network services with local partner organisations, including project management, procurement advisors, negotiation and specialist legal advice would be borne by BHCC alone. We would be replicating work that is being carried out by ESCC with some of the same partners, such as NHS, Sussex Police.

- 3.8.3 Work with a local partner or partners in acquiring PSN services via full EU tender: We have been in discussion with ESCC, representatives of NHS and others to explore the viability of procuring a framework contract through a joint approach. This has significant advantages for us in containing the cost of the procurement itself and is likely to enable us to bring forward the benefits of the PSN approach. This approach has support across a number of the proposed partner organisations and is the preferred procurement option.
- 3.8.4 <u>Procure via Central Government's PSN framework</u>: Although this has been promised for some time, access to a pre-negotiated framework for provision of PSN compliant data services is not yet available to us.

#### 4. CONSULTATION

- 4.1 Regional SE7 partners have been informed of the proposed approach which will be conducted in line with a set of agreed principles delivering inter-connectivity between partners.
- 4.2 Consultation with local public sector partners including Schools, Universities, Police, Health and Fire and Rescue services has taken place and will continue to do so during the procurement process.

#### 5. FINANCIAL & OTHER IMPLICATIONS:

#### Financial Implications:

- 5.1 The spend for the provision of Voice and Data services under the current contract is approximately £950,000 per annum (of which approximately £200,000 is for Data services).
- 5.2 The new data contract will seek to reduce the cost of the current services ensuring Value for Money is maximised. The preferred procurement option of working with local partners will help to both contain the costs of the procurement itself and help support the council's key objectives. A separate procurement for voice services will be undertaken, as outlined in section 1.4 of the report. It is expected that this element will provide greater scope for efficiency savings.
- 5.3 There is potential for significant work in installing data lines should the successful supplier not be using Virgin's current infrastructure. Soft market testing indicates the supplier costs of transition to BHCC could be up to £1m (worst case scenario). Any costs would be the responsibility of BHCC and local partners, but we would look to minimise any costs through the procurement process. This potential risk has been indentified and once fully quantified, will be included within the medium-term financial strategy.

Finance Officer Consulted: Mike Bentley Date: 20/06/11

#### Legal Implications:

5.4 The services to be procured are categorised as 'Part A' services for the purposes of the Public Contracts Regulations 2006 and therefore the procurement process must be undertaken in full compliance with the Regulations. In addition the

arrangements with East Sussex County Council and any other public sector partner with whom the services are to be jointly procured should be documented in order to ensure clear allocation of responsibilities and costs.

Lawyer Consulted: Sonia Likhari Date: 21/06/11

#### **Equalities Implications:**

- 5.5 An Equalities Impact Assessment (EIA) will be conducted against any part of the WAN implementation which results in a change to user functionality.
- 5.6 The proposed network with its redesigned topology lays the structural foundations for a range of public services to be accessed seamlessly from a single point in a locality. While this would also require significant business change, it does have the potential to reduce the need for unnecessary travel and multiple contacts by residents and is likely to assist with developing local 'hubs' as a focal point for communities. These can offer joined up services for users, increasing accessibility and a sense of connection rather than isolation or exclusion. In addition, the PSN approach allows for third sector organisations working locally in communities to benefit from services that can enhance and sustain their work with groups and individuals and to access more easily information that could help with attracting funding, engaging with social enterprise and pooling budgets for social schemes.
- 5.7 The Wide Area Network does not directly improve connectivity into residents' homes, but the cost effective provision of infrastructure and interconnectivity at key locations around the City such as exchanges, that can be used to support or complement Superfast broadband investment, will be a core requirement of the design.

#### Sustainability Implications:

5.8 This report recommends a procurement that supports the council's key objectives, Saving Money, Working Smarter, Excellent Customer Service and Intelligent Commissioning.

#### Crime & Disorder Implications:

5.9 No implications.

#### Risk & Opportunity Management Implications:

5.10 The procurement and subsequent implementation will be subject to appropriate risk assessment. This report recommends a procurement that improves network and therefore business resilience, which helps manage risks of business continuity.

#### Corporate / Citywide Implications:

5.11 These are set out in the main body of the report.

#### 6. REASONS FOR REPORT RECOMMENDATIONS

None

- 6.1 The provision of a corporate Wide Area Network (WAN) enables electronic data traffic to transfer between council, partner, government and public data networks.
- 6.2 Developing a Public Services Network Compliant WAN will enable cost savings, support improved access and delivery of public services including 'shared services' initiatives in addition to supporting central policies such as Digital Britain.
- 6.3 The PSN will connect BHCC securely to other organisations enabling the sharing of information and access to a wider range of network services for city wide communities.

### **SUPPORTING DOCUMENTATION**

Appendices:		
None		
Documents In Members'	Rooms	
None		
<b>Background Documents</b>		

Document is Restricted

Document is Restricted