

**BRIGHTON & HOVE CITY  
BUDGET  
COUNCIL MEETING**

**4.30PM 23 FEBRUARY 2012**

**COUNCIL CHAMBER, BRIGHTON TOWN HALL**

**AGENDA**



Brighton & Hove  
City Council

# Council Meeting

Title:	<b>Budget Council</b>
Date:	<b>23 February 2012</b>
Time:	<b>4.30pm</b>
Venue	<b>Council Chamber, Brighton Town Hall</b>
Members:	<b>All Councillors</b> You are summoned to attend a meeting of the BRIGHTON & HOVE CITY COUNCIL to transact the under-mentioned business.
	Prayers will be conducted in the Council Chamber at 4.20pm by Reverend John Wall
Contact:	<b>Mark Wall</b> Head of Democratic Services 01273 291006 mark.wall@brighton-hove.gov.uk



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

## AGENDA

**67. DECLARATIONS OF INTEREST**

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 personal and/or prejudicial under the terms of the Code of Conduct.

**68. MAYOR'S COMMUNICATIONS.**

**TO CONSIDER THE REPORTS AND RECOMMENDATIONS OF THE CABINET OF THE 17 FEBRUARY 2011 IN RESPECT OF:-**

**69. GENERAL FUND REVENUE BUDGET & COUNCIL TAX 2012/13 1 – 284**

Extract from the proceedings of the Cabinet meeting held on the 9<sup>th</sup> February 2012, together with a report of the Director of Finance (copies attached).

*Contact Officer: James Hengeveld Tel: 29-1242*  
*Ward Affected: All Wards*

**70. SUPPLEMENTARY FINANCIAL INFORMATION FOR BUDGET COUNCIL**

Report of the Director of Finance (to be circulated separately).

*Contact Officer: Mark Ireland Tel: 29-1240*  
*Ward Affected: All Wards*

**71. CAPITAL RESOURCES & CAPITAL INVESTMENT PROGRAMME 2012/13 285 - 306**

Extract from the proceedings of the Cabinet meeting held on the 9<sup>th</sup> February 2012, together with a report of the Director of Finance (copies attached).

*Contact Officer: James Hengeveld Tel: 29-1242*  
*Ward Affected: All Wards*

**72. HOUSING REVENUE ACCOUNT BUDGET 2012/13 307 - 326**

Extract from the proceedings of the Cabinet meeting held on the 9<sup>th</sup> February 2012, together with a report of the Strategic Director; Place (copies attached).

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

## COUNCIL

### 73. CLOSE OF MEETING

#### NOTE:

- (i) A Guidance Note on Setting a Lawful Budget has been included with the agenda papers for Members' information.
- (ii) A procedural note will be included with the addendum papers which will be circulated on the day of meeting for Members' information and reference during the budget debate.
- (iii) Light refreshments will be available for Members from 4.00pm in Committee rooms 2 & 3.

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 ordinary meeting on the 22<sup>nd</sup> March 2012 is 12 noon on the fifth working day before the meeting (15<sup>th</sup> March 2012).

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For further details and general enquiries about this meeting contact Mark Wall, (01273 291006, email [mark.wall@brighton-hove.gov.uk](mailto:mark.wall@brighton-hove.gov.uk)) or email [democratic.services@brighton-hove.gov.uk](mailto:democratic.services@brighton-hove.gov.uk).

## COUNCIL

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**We apologise for any inconvenience caused**

Date of Publication - Wednesday, 15 February 2012



Chief Executive

King's House  
Grand Avenue  
Hove  
BN3 2LS



<b>Subject:</b>	<b>General Fund Revenue Budget &amp; Council Tax – Extract from the Proceedings of the Cabinet meeting held on the 9<sup>th</sup> February 2012.</b>		
<b>Date of Meeting:</b>	<b>23 February 2012</b>		
<b>Report of:</b>	<b>Strategic Director: Resources</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Mark Wall</b>	<b>Tel:</b> 29-1006
	<b>E-mail:</b>	<b>mark.wall@brighton-hove.gov.uk</b>	
<b>Wards Affected:</b>	<b>All</b>		

**CABINET MEETING**

**4.00pm 9<sup>th</sup> February 2012  
COUNCIL CHAMBER, HOVE TOWN HALL**

**DRAFT MINUTES**

**Present:** Councillor Randall (Chair); Councillors Bowden, Davey, Duncan, Jarrett, J. Kitcat, Shanks, Wakefield and West.

**Also in attendance:** Councillors G. Theobald (Conservative Opposition Spokesperson) and Mitchell (Labour & Co-operative Opposition Spokesperson).

**Other Members present:**

**PART ONE****188 GENERAL FUND REVENUE BUDGET & COUNCIL TAX 2012/13**

188.1 The Chair introduced the report which set out the final proposals for the General Fund Revenue Budget and Council Tax for 2012/13. He noted that the proposals took into account feedback and evidence received from the consultation and scrutiny process and that changes had been made as a result of the feedback. At the heart of the proposals was an increase to the council tax of 3.5% which the Administration believed was appropriate and provided a more viable budget position for future years than the short-term fix offered by the Government and accepted by the opposition groups.

188.2 Councillor J. Kitcat stated that the budget proposals should be taken in context with the national government's austerity policy that had been imposed on local authorities across the country. This policy had seen significant reductions in formula grant funding and further restrictions of local authorities which threatened public services and put pressure on local authorities to be able to minimise the impact of the cuts on those who were

most vulnerable. The proposed tax freeze grant was a one-off provision that would see increased savings for 2012/13 and future years being required with no proposals from the opposition groups on how they would achieve them for 2012/13. He noted that the budget proposals had been amended to take account of the feedback that had been received and both one-off and recurring funding had been identified to offset the changes to Housing Benefit so as to minimise the impact it would have on people in the city. He hoped that the proposals would be supported and recommended the budget to the Cabinet.

- 188.3 Councillor G. Theobald noted the comments and stated that the matter would be fully debated at the Budget Council meeting on the 23<sup>rd</sup> February. He was pleased to see that there had been changes made to the original proposals and felt that further savings could be made in some areas. With regard to the level of council tax, he referred to the on-line poll run by the Argus and noted that an under spend of £3.2m was currently being projected and therefore questioned the need to increase council tax by 3.5% rather than keeping it at 2.5% and accepting the council tax freeze grant. He also questioned whether the LTP would be used to cover the reduction in road maintenance funding and whether the £22,000 subscription for the RNIB would be met.
- 188.4 Councillor Davey stated that it was intended to protect the transport budget and road maintenance would be supported through the LTP, in order to invest in the quality of the roads in the city.
- 188.5 Councillor Bowden stated that one-off funding had been identified to meet the £22k subscription fee for the RNIB in the coming year and that discussion were ongoing in respect of how the service could be maintained in the future years.
- 188.6 Councillor J. Kitcat stated that there was a need to show how services would be retained if a council tax freeze was applied and whilst he acknowledged the Argus poll, he stated that the majority of people would vote yes for more if it was to cost less.
- 188.7 Councillor Mitchell stated that she had to disagree with the proposed increase and that she believed there should be a council tax freeze at 2.5% and the available grant of £3m accepted. There were additional resources from within the council that could be utilised and radical review of senior management could offset the required level of additional savings that would have to be found. She agreed that the Government were cutting resources to local authorities too far and putting an unacceptable burden on councils which was likely to have a societal impact. She queried whether it was intended to fully fund the music and arts service for the next two years as she believed the Cabinet Member had indicated that this was the intention at the council meeting, but noted only one-year's funding had been identified. She also felt that greater clarity was required in respect of the proposed increase to allotment rentals. She felt that the proposed management and admin savings of £215k was not sufficient and should be revisited.
- 188.8 Councillor J. Kitcat noted the comments and stated that there had been a 19% reduction in senior management levels. He could not understand why the Labour & Co-operative Group were supporting the council tax freeze, funding for the music & arts service in 2012/13 had been found and future years funding would be reviewed once the outcome of the bid for hub status was known and £31k had been identified for the allotments rentals.



188.9 **RESOLVED:**

- (1) That the Council be recommended to approve, subject to recommendation (3) below, the 2012/13 General Fund Revenue Budget proposals contained in the body of the report including:
  - (i) A 3.5% increase in the Brighton & Hove element of the council tax.
  - (ii) The 2012/13 budget allocations to services as set out in appendix 1.
  - (iii) The council's net General Fund budget requirement for 2012/13 of £227.1m.
  - (iv) The reinvestments as set out in paragraph 3.35.
  - (v) The budget savings package as set out in appendix 10.
  - (vi) The contingency budget of £4.9m as set out in table 5.
  - (vii) The reserves allocations as set out in appendix 5 and table 3.
  - (viii) The borrowing limit for the year commencing 1 April 2012 of £383m (to include long term liabilities relating to PFI schemes of £62m).
  - (ix) The annual Minimum Revenue Provision statement as set out in appendix 8.
  - (x) The prudential indicators as set out in appendix 9 to this report.
- (2) That the revised Medium Term Financial Strategy budget and resource projections for 2012/13 to 2014/15 as set out in appendix 6 to the report be noted; and
- (3) That it be noted that supplementary information needed to set the overall council tax would be provided for the budget setting Council as listed in paragraph 4.5 of the report.



<b>Subject:</b>	<b>General Fund Revenue Budget &amp; Council Tax 2012/13</b>		
<b>Date of Meeting:</b>	<b>23 February 2012</b> 9 February 2012 - Cabinet		
<b>Report of:</b>	<b>Director of Finance</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Mark Ireland</b>	<b>Tel:</b> <b>29-1240</b>
		<b>James Hengeveld</b>	<b>29-1242</b>
	<b>E-mail:</b>	<b>Mark.ireland@brighton-hove.gov.uk</b>	
<b>Key Decision:</b>	<b>Yes</b>	<b>Forward Plan No. CAB21045</b>	
<b>Wards Affected:</b>	<b>All</b>		

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

- 1.1 This report sets out the final proposals for the General Fund Revenue Budget and Council Tax for 2012/13. It takes into account feedback and evidence received through consultation, the scrutiny process and equalities impact assessments. A number of significant changes to the original proposals agreed by Cabinet on December 8<sup>th</sup> 2011 have been made as a result. It also sets out the principles on which the budget has been prepared and highlights ways in which investment in key preventative services is being sustained and in some cases enhanced.
- 1.2 The report also sets out indicative proposals for the 2013/14 budget. While the council will not be setting the budget for 2013/14 at this stage, this information will help provide context for decision making for 2012/13. It also enables further detailed planning and consultation to be undertaken.
- 1.3 There is also an update of the Medium Term Financial Strategy including long term resource projections that take into account the government's proposals for reforms to local government finance. A carbon budget has been set for the first time alongside the financial budget.

**2. RECOMMENDATIONS:**

- 2.1 To recommend to Council, subject to recommendation 2.3 below, the 2012/13 General Fund Revenue Budget proposals contained in the body of this report including:
  - A 3.5% increase in the Brighton & Hove element of the council tax.
  - The 2012/13 budget allocations to services as set out in appendix 1.
  - The council's net General Fund budget requirement for 2012/13 of £227.1m.
  - The reinvestments as set out in paragraph 3.35.
  - The budget savings package as set out in appendix 10.
  - The contingency budget of £4.9m as set out in table 5.

- The reserves allocations as set out in appendix 5 and table 3.
  - The borrowing limit for the year commencing 1 April 2012 of £383m (to include long term liabilities relating to PFI schemes of £62m).
  - The annual Minimum Revenue Provision statement as set out in appendix 8.
  - The prudential indicators as set out in appendix 9 to this report.
- 2.2 Note the revised Medium Term Financial Strategy budget and resource projections for 2012/13 to 2014/15 as set out in appendix 6.
- 2.3 Note that supplementary information needed to set the overall council tax will be provided for the budget setting Council as listed in paragraph 4.5.

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

#### ***Format of the Budget report***

- 3.1 The report sets out for the General Fund Revenue Budget:
- Projections of the resources available to fund the 2012/13 budget.
  - A summary of the expenditure estimates for the current year, set out in detail in month 9 Targeted Budget Management report to Cabinet, and details of the forecasts and proposals for 2012/13 including an analysis of the movements from 2011/12.
  - The proposed council tax increase of 3.5% for 2012/13 and the potential financial impact on the budget of agreeing a council tax freeze and accepting the 2012/13 council tax freeze grant from the Government.
  - Updated financial projections for the medium term financial strategy covering the 3 year period 2012/13 to 2014/15 and risk assessment.
  - A report from the Chief Finance Officer on the robustness of the estimates included in the budget and the adequacy of the level of reserves provided for in the budget.
  - The budget consultation undertaken to date and the outcomes.
  - A carbon budget.
- 3.2 The council has a total gross budget of about £780m in the current year covering the schools budget (met by dedicated schools grant and the pupil premium details of which are given later in this report), housing and council tax benefit transfer payments (met by Government grant), housing revenue account budget (met largely from council house rents and is the subject of a separate report elsewhere on the agenda) and the general fund budget. The general fund gross budget of just over £380m this year is approximately funded 30% by council tax, 30% by fees and charges and 40% by Government grants. The paragraphs below in the projected resources section set out in more detail the forecast funding available for the general fund in 2012/13.
- 3.3 The 2012/13 expenditure estimates section details the changes from the 2011/12 budget including:

- An adjusted base budget for 2011/12 to enable a like-for-like comparison between the years covering any changes in function and funding and internal budget transfers between services.
- Assumed levels of pay and general inflation including information on the key factors which will influence future pay related budgets.
- The additional amounts included in the budget to cover higher spending needed to maintain current service levels described as spending pressures.
- Proposals for efficiency and other savings needed to set a balanced budget including the latest staffing implications and the strategies implemented to minimise the number of compulsory redundancies across the workforce.
- Analysis of the changes in the corporate budgets including the minimum level for the risk provisions.
- The changes that have been made to the original proposals following the consultation, scrutiny and Equalities Impact Assessment (EIA) processes.

3.4 The section on council tax shows the proposals for the Brighton & Hove council element which is about 85% of the total tax with the balance being set by Sussex Police and East Sussex Fire Authority. The section also includes the latest information on what increase in council tax would trigger a referendum which all members need to be mindful of when setting both the budget and council tax.

### **Projected Resources available in 2012/13**

#### ***Local Government Finance Settlement – Formula Grant***

3.5 The final settlement for 2012/13 was announced on 31 January 2012 and showed no changes from the provisional settlement announced in December 2011. The council continues to be at the grant floor for the final year of the current system with floor support of £11m. Different grant floors have been set by the Government depending on how dependent each authority is on Government grant funding, with those authorities that are least dependent on grant receiving the biggest grant reductions. For authorities with social care responsibilities the grant floor reduction varies between 7.4% and 10.4%. The council has a slightly lower than average reliance on Government grants so has been placed in band 3 with a reduction of 9.4%. The table below shows the formula grant allocations for the council for 2011/12 and 2012/13 compared to the national and unitary council averages.

<b>TABLE 1 – Formula Grant (based on final settlement)</b>					
	Brighton & Hove City Council			National Average	Unitary Average
	£ million	Change* £ million	Change %	Change %	Change %
2011/12	112.413	-17.245	-13.3%	-9.9%	-11.4%
2012/13	104.372	-10.518	-9.4%	-7.3%	-7.6%

*\*Note: the change is shown on the base for the previous year adjusted for changes in function and funding. Details of the adjustments and the additional pressures the function and funding changes place on the budget are given later in this report. The formula grant for 2012/13 now includes the 2011/12 council tax freeze grant of £2.995m that was previously shown separately.*

- 3.6 The provisional 2012/13 non-domestic rating multiplier set by the Government is 45.8 pence in the pound and the provisional 2012/13 small business non-domestic rating multiplier is 45.0 pence in the pound. Both amounts have increased by approximately the rate of inflation as measured by the Retail Price Index in September 2011 of 5.6%.

#### **Changes in function / funding**

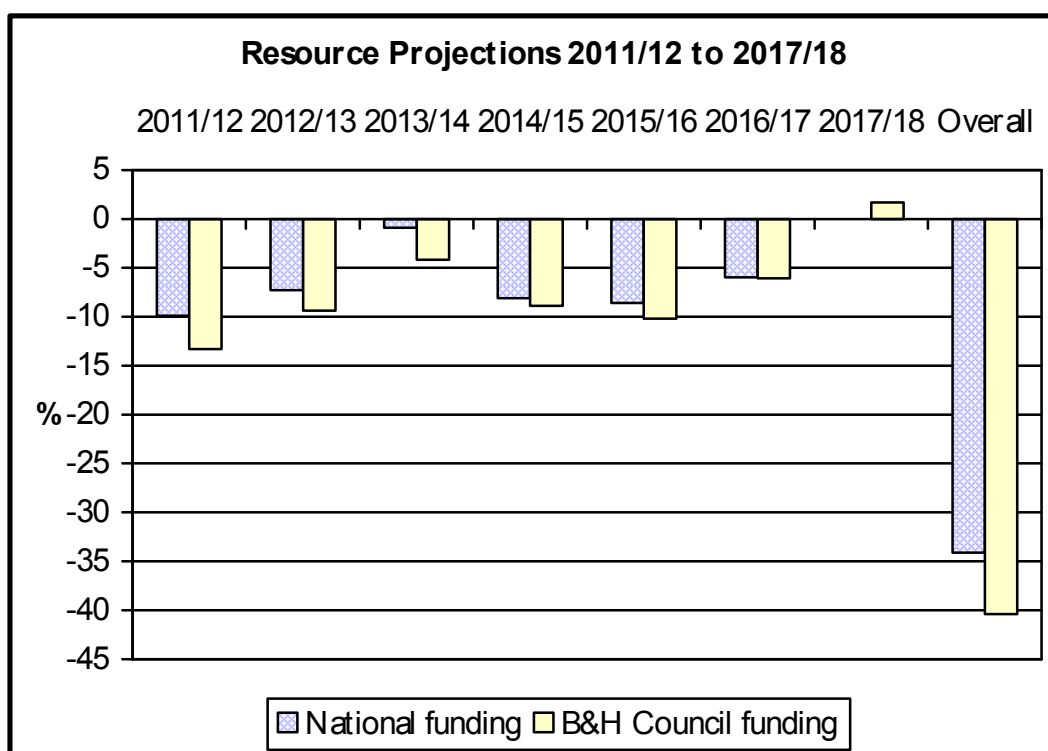
- 3.7 The finance settlement for 2012/13 includes the transfer of the recurrent 2011/12 council tax freeze specific grant into formula grant. There are two transfers out of formula grant associated with the loss of certain responsibilities that have led to additional pressures on the budget of just over £0.5m in 2012/13 and these are listed below.
- The Government has top-sliced £114.5m nationally in 2012/13 to represent the reductions in local authority central education (LEA) services spending as a result of the setting up of academies. The Brighton & Hove share of this reduction is £0.409m based on our share of the formula for these services which is not related to the number of pupils in academies within the authority. However, the Department of Education has proposed to amend this calculation to reflect actual pupil numbers at academies whilst ensuring that no local authority will be worse off. The revised calculation will be undertaken after the January 2013 pupil count is completed and verified so any change will not be known until that time.
  - Responsibility for the maintenance of private sewers has been transferred to the water companies and the Government has top-sliced £20.1m nationally in 2012/13 to reflect this transfer. The council's share of this reduction is £0.110m but no offsetting reduction in spending can be identified in the budget.

#### **Potential funding changes from 1 April 2013**

- 3.8 The Government has proposed some far reaching changes to local government finance starting in 2013/14 including the retention of local business rates, localisation of council tax benefit and technical reforms to

council tax. Details are given in the Medium Term Financial Strategy (MTFS) update in appendix 6.

- 3.9 The chart below shows the resource forecasts up to 2017/18 as funding for local authorities transfers from the formula grant system to the business rates retention model. The forecasts are uncertain at this stage as the Government still has to make important decisions on how the proposals will work in practice and data used in the model will need to be refined over the coming year. The resource forecasts for 2013/14 and 2014/15 have improved by £0.7m and £1.4m respectively since the July and December budget reports to Cabinet. This improvement is largely due to the confirmation that floor grant will be fully protected in the new system however this is partly offset by provisions for new risks to the council associated with future levels of business rates income.



### **Schools Funding**

- 3.10 The Dedicated Schools Grant (DSG) can only be used for the purposes of the Schools Budget. The Schools Budget consists of delegated budgets allocated to individual schools and early years provision in Private, Voluntary and Independent (PVI) settings, and a budget for other provisions for pupils which local authorities fund centrally, such as out of city placements.
- 3.11 The total national funding available for the pupil premium will be £1.25bn in 2012/13, rising each year until 2014/15 when it will be worth £2.5bn. The pupil premium will target extra money at pupils from deprived backgrounds – pupils who under achieve compared to their non-deprived peers – in order to support them in reaching their potential. In 2012/13, the pupil premium will be allocated to those pupils eligible for Free School Meals (FSM) or those “looked after” for more than six months. FSM has been chosen

because it directly targets pupils and because the link between FSM eligibility and low attainment is strong.

- 3.12 The level of the pupil premium in 2012/13 is £600 per eligible pupil, which is approximately £3.9m for Brighton & Hove schools. The funding for the pupil premium is in addition to the underlying schools budget, and schools will have freedom to employ the strategies that they know will support their pupils to increase their attainment.
- 3.13 The actual level of budget for each individual school will vary depending on local circumstances. The minimum funding guarantee is set so that no school will see a reduction compared with its 2011/12 budget (excluding sixth form funding) of more than -1.5% per pupil before pupil premium is applied.
- 3.14 The guarantee applies to a school's overall 2011/12 budget including grants that have been mainstreamed into DSG.

<b>TABLE 2 – Schools Funding</b>	<b>2011/12</b>	<b>2012/13</b>
	<b>£ million</b>	<b>£ million</b>
Dedicated Schools grant	133.745	148.355
Grants	17.946	Included in above
Other Changes: -		
Funding for increased pupil numbers	2.290	1.022
Less: Funding transferred to Falmer Academy & Portslade Academy	-5.626	-1.833
<b>Total</b>	<b>148.355</b>	<b>147.544</b>

- 3.15 The Young People's Learning Agency (YPLA) has advised that for schools with sixth form colleges, the unit funding per learner for post-16 students will fall when compared to the 2011/12 rate. The YPLA will protect sixth form budgets so that no provider will lose more than 3% of its funding per learner when compared with 2011/12.

### ***Specific Grants***

- 3.16 The known specific grant allocations for 2012/13 have been included in appendix 4 with the 2011/12 allocations for comparison.

### ***New Homes Bonus***

- 3.17 The provisional funding allocation for the second tranche of new homes bonus funding was announced on 1 December 2011 at £0.425m per annum for the next 6 years. It is proposed that £0.225m of the funding is used to support the revenue budget and the remaining £0.2m for housing initiatives particularly to bring empty properties back into use to meet strategic housing objectives and also to generate further bonuses in the future.



### ***Fees and Charges***

- 3.18 The Council's Corporate Fees & Charges Policy requires that all fees and charges are reviewed at least annually and should normally be increased by either the standard rate of inflation of 2%, statutory increases, or actual increases in the costs of providing the service as applicable. Non-statutory increases above the standard rate of inflation and/or changes to concessions or subsidies should be reported to and considered at the relevant Cabinet Member Meeting. Where appropriate, details of changes to fees and charges for 2012/13 have therefore been presented to the relevant Cabinet Member Meetings prior to Budget Council. In addition, an overarching review of fees and charges has been undertaken to assess the cumulative equality impact of proposed changes. The review concluded that there was unlikely to be any significant disproportionate impact and that charging policies for services provided to vulnerable groups (e.g. social care services) were already designed to protect vulnerable people, for example, through means tests. Fees and Charges proposals were submitted to the following meetings:

<b>Fees &amp; Charges area</b>	<b>Decision-Making meeting</b>	<b>Date</b>
Licensing and Enforcement	Licensing Committee	17 Nov 2011
Parking Tariffs	Environment, Transport & Sustainability CMM	29 Nov 2011
Sports Facilities Contracts	Culture, Recreation & Tourism CMM	6 Dec 2011
Venues, Royal Pavilion and Museums	Culture, Recreation & Tourism CMM	6 Dec 2011
Libraries	Culture, Recreation & Tourism CMM	6 Dec 2011
Seafront Services	Culture, Recreation & Tourism CMM	6 Dec 2011
Adult Social Care Non-residential care services	Adult Social Care & Health CMM	16 Jan 2012
Private Sector Housing – HMO Licensing	Housing CMM	18 Jan 2012
City Services, Trading Standards, Environmental Health and Building Control	Cabinet	19 Jan 2012
Children & Young People	Children & Young People CMM	20 Jan 2012
Highways and City Parks	Environment, Transport & Sustainability CMM	24 Jan 2012

### ***Council Tax and Council Tax Freeze Grant***

- 3.19 The council tax funds approximately 30% of the general fund gross budget and the collection fund is the account into which all council tax is paid. It is a statutory requirement that the collection fund is reviewed each January to

determine whether it is projected to be in surplus or deficit. The January 2012 review of the collection fund has shown that the council's share of the projected deficit on the council tax collection fund at 31 March 2012 is £0.85m of which £0.2m relates to the previous year. Council tax collection performance during the year so far exceeds target levels but higher than expected levels of exemptions and discounts during this year has led to the forecast deficit of £0.65m. The deficit represents a 0.6% variation in the expected total amount to be collected.

- 3.20 The tax base is the amount of money that could be raised in Brighton & Hove by levying a council tax of £1. The 2012/13 tax base of 94,601.45 was agreed by Cabinet on 19 January 2012 and represented a 0.3% decrease from the 2011/12 figure, mainly due to a higher number of exemptions.
- 3.21 The council will continue to receive 2011/12 council tax freeze grant of £3m per annum for the remainder of the current spending review period. In September the Chancellor announced that money had been found in the national budget to fund a further council tax freeze for 2012/13. Communities & Local Government (CLG) has confirmed that the council would be entitled to a further one-off grant of £3m for 2012/13 equivalent to a council tax increase of 2.5% should the council agree to freeze council tax next year. CLG also confirmed that this grant would cease after 2012/13.
- 3.22 The resource forecasts shown in this report assume that council tax will increase by 3.5% next year as set out in the December Cabinet report. A decision to freeze the council tax in 2012/13 will require an additional £1.2m recurrent savings to be identified and agreed for next year and an additional £3m recurrent savings in 2013/14 when the new council tax freeze grant ends or require a higher increase in council tax. A section later in this report explains how proposals to increase the council tax beyond a limit set by the Government will now lead to a local council tax referendum.

### **Reserves**

- 3.23 The working balance is planned to be maintained at £9m over the next 3 years in line with Audit Commission guidelines. The following table shows the projected general reserves position to 31 March 2012 assuming spending is in line with the latest projections for 2011/12 shown in the TBM 9 report.
- 3.24 The table includes the potential Collection Fund deficit which is highlighted in paragraph 3.19 of this report and details of which are given in the TBM 9 report elsewhere on this agenda.

<b>Table 3 - General Reserves</b>	<b>2011/12</b>
	<b>£'000</b>
<b>Unallocated general reserves at 1 April 2011</b>	<b>2,122</b>
TBM9 forecast under-spend for 2011/12	3,187
Unused 2011/12 one off risk provisions	400
1 <sup>st</sup> Tranche repayment by the LDV for forward funding	500

<b>Table 3 - General Reserves</b>	<b>2011/12</b>
	<b>£'000</b>
Unringfenced social care grant funding due from the PCT	800
Release of unused loan funding set aside for a new model of delivery for youth services	150
Release reserve for transition funding for youth for reallocation	500
Part release of risk management reserve following review	50
<b>Total Resources</b>	<b>7,709</b>
Resources needed to cover the council's share of:	
Actual Council Tax Collection Fund deficit in 2010/11	-183
Forecast Council Tax Collection Fund deficit for 2011/12	-668
<b>Balance of one-off resources available for allocation</b>	<b>6,858</b>
<b>Proposed allocations of one-off resources:</b>	
One-off funding to cover the full year effect of 2012/13 savings	715
One-off funding to cover the full year effect of 2013/14 savings	750
Creation of a one-off risk provision in 2012/13 budget	1,000
Top up the Restructure/ redundancy reserve to support the delivery of savings over the next 2 years	700
Contribution for approved Workstyles Phase 2 project	500
Transformation fund to support delivery of the 2012/13 and 2013/14 savings proposals	750
Contribution to Customer Access and Accommodation reserve	1,217
One-off resources to cover the Examination in Public for the Waste and Mineral Plan	100
One-off resources to support the implementation of a local council tax benefit scheme by 1/4/2013	750
Creation of fund for a 3 year youth grants programme	300
One-off resources to provide transitional funding for certain savings	76
<b>Total of proposed resource allocations</b>	<b>6,858</b>

3.25 The allocations are proposed for the following reasons:

- One off resources are needed because the lead in times, primarily due to consultation requirements, mean that not all the proposed savings for 2012/13 and 2013/14 can be delivered from 1 April each year.
- In addition to the recurrent risk provisions, it is proposed to have a one off risk provision for social care, using some of the unused 2011/12 related risk provision and all of the unringfenced grant funding for social

care which was provided to help the council deal with unexpected costs of winter pressures and so is well suited to be set aside in this way.

- There is an additional contribution to the restructure and redundancy reserve based to facilitate the staffing changes required by this budget.
- There is a contribution to the approved Workstyles Phase 2 programme in order to ensure that the programme is not overly reliant on the timing of capital receipts.
- Additional resources will be needed to support the VFM programme, particularly into 2013/14 and to ensure the delivery of proposed savings.
- There is a contribution to the Customer Access and Accommodation reserve to support the funding of the planned Workstyles Phase 3 programme which is in development and other customer access initiatives. This investment helps to deliver significant ongoing revenue savings and funding it from one off resources could free up other capital resources for new priorities.
- Resources set aside to deal with the introduction of the new local council tax support system from 1 April 2013. Some of that funding may be needed to cover any implementation costs that are not met by central government. The rest will be used to smooth the impact of the new scheme. The potential to provide transitional relief for those most affected will be explored as part of the design of the new scheme and there will be consultation on its use at the appropriate time.
- There are no existing commitments against the funding previously set aside for youth services. Therefore it is proposed to reallocate some of this to a 3 year youth community grants programme. The nature of that programme and how it will operate has not been determined at this stage.
- One off resources have been set aside to provide transitional funding for the savings relating to Shopmobility, City in Bloom and provision of audio books for the visually impaired through previously met by the RNIB subscription.

3.26 Cabinet are asked to consider and approve the allocations of one off resources for 2012/13 set out in table 3.

### **Expenditure Estimates**

#### ***Latest position in 2011/12***

3.27 The month 9 Targeted Budget Management (TBM) report elsewhere on the agenda shows a projected under-spending of £3.187m on council controlled budgets and projected under-spending of £0.137m on NHS controlled s75 services. The overall underspend is a significant improvement since month 7 was presented to Cabinet. This is mainly driven by improvements to the spending forecasts for children services and adults social care. This not only produces additional one-off usable reserves but also helps the ongoing position on the revenue budget. This is taken into account in the savings proposed in this report and the judgement on the required level of risk provision and reserves.

## 2011/12 Adjusted Base Budget

### *Internal Transfers and Other Adjustments*

- 3.28 Internal transfers relate to changes in responsibility between services and corporate budgets and in 2011/12 consist of transfers of budget to reflect the commissioning structure, distribution of VFM savings across services and where budgets have been consolidated.
- 3.29 Other adjustments cover the removal of one-off expenditure items included in the 2011/12 budget.

## 2012/13 Budget

### *Analysis of Budget Changes between 2011/12 and 2012/13*

- 3.30 The following table shows how the budget has changed since 2011/12.

<b>TABLE 4: Analysis of budget changes</b>	<b>£ million</b>
<b>Revised 2011/12 base budget</b>	<b>232.2</b>
Function and funding changes	2.5
<b>Adjusted 2011/12 base budget</b>	<b>234.7</b>
Pay and Inflation	3.0
Risk provisions (£1m each for ongoing and one-off)	2.0
Commitments & Reinvestment	-2.0
Demographic and cost service pressures	7.6
Full year effect of 2011/12 savings	-3.7
Savings package 2012/13 (Full year effect £16.5m)	-15.7
Change in use of reserves	1.2
<b>Proposed Budget 2011/12</b>	<b>227.1</b>

- 3.31 Appendix 1 shows a detailed breakdown of the proposed budgets and budget changes for each service for both 2012/13 and 2013/14. Whilst appendix 2 shows how the savings target has moved since the figures reported to Cabinet in December. The following sections give details of each change.

### *Pay and general inflation assumptions*

- 3.32 The Government announced a 2 year pay freeze for 2011/12 and 2012/13 for local government as part of the spending review. Subsequently the government announced a 1% public sector pay cap for 2013/14 and 2014/15 as part of the 2011 autumn budget statement. The 2012/13 budget includes a risk provision of £0.9m (equivalent to 0.6%) for pay related matters including providing funding for the Living Wage and changes to employment costs of agency workers. The provision for pay increases in 2013/14 is 2%.

- 3.33 The Government has set a 2% per annum target inflation rate for consumer prices for the Bank of England Monetary Committee to deliver through monetary policies. The provision for general inflation on both expenditure and income in the budget is 2% per annum in line with the Government target. There is a risk that higher levels of inflation will generate new spending pressures within the budget and services will be expected to manage this risk within their budget.

***Risk provisions included in the 2012/13 budget***

- 3.34 £1m recurrent risk provision and £1m non-recurrent risk provision has been included in this budget. That is a reduction of £0.5m on the recurrent risk provision since the original budget proposals in December. This change is partly based on the evidence of successful implementation of a complex set of savings in the current financial year and the generally positive trends on the corporate critical budgets at month 9. The non-recurrent risk provision is designed to deal with one-off issues not foreseen at budget setting times and any unusual patterns of spend in social care where the budgets can be particularly volatile to demand changes.

***Commitments and Reinvestment***

- 3.35 Details of the commitments are shown in appendix 3 and details of proposed reinvestment in services of £1.126m are shown below.
- £0.15m to replace short term funding within the sustainability team which is coming to an end.
  - £0.5m for the transformation fund to support the delivery of the VFM programme and savings in future years.
  - £0.2m for housing initiatives funded through the New homes Bonus particularly to bring empty properties back into use to meet strategic housing objectives and also to generate further bonuses in the future.
  - £0.1m for examination in public of the Waste and Mineral plan, £0.1m for the first year of the youth grants programme and the £0.076m transitional funding described in 3.25.

***Investment in Preventative Services***

- 3.36 There are a wide number of ways in which this budget sustains and invests new resources in preventative services. A number of examples are described here but this section does not attempt to cover the very broad range of activity across all services. In adult social care there are no changes to eligibility criteria for access to services and there are planned fee increases in residential and nursing homes to ensure effective quality of care. There will continue to be joint investment by the Council and the PCT in reablement strategies and a range of measures to support independent living and prevent hospital admissions. An additional £0.75m of one off resources funded from Department of Health grant has been set aside specifically to invest in additional capacity to manage demographic pressures in the over 85 year old group of service users, particularly with dementia. £1.5m of private sector renewal funding has been included in the capital programme, funded from council borrowing due to a loss of central

government grant funding. Part of this money will be targeted at energy efficiency measures that help address fuel poverty and again prevent hospital admissions, particularly amongst older people.

- 3.37 The Preventing Homelessness Grant has been protected in full and only the already planned efficiency savings on the Supporting People budget are included for each of the next two years. Actions to support the Troubled Families Initiative will be funded through a mix of existing council resources, start up funding from central government and reinvestment of previous performance reward grant. There has also been a replacement in full of lost grant funding in the Community Safety team. Much of the ethos behind the VFM initiatives in adults and children's services also focuses on prevention and the success of this underpins much of the budget proposals. There are no cuts to carers services across adults or children's services.

### **Service Pressures**

- 3.38 The budget estimates for service pressures have been reviewed since December and the latest estimates for demographic growth and other service pressures is £6.715m, specific grant reductions £0.25m, function and funding changes where there is no reduction in costs £0.52m and additional costs for the purchase of allowances through the Carbon Reduction Commitment £0.16m.
- 3.39 Details of the proposed allocations are as follows:
- Demographic and demand pressures (£4.75m): 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 £2.25m 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 (£0.6m): there is assumed to be continued risks on commercial property and service areas dependent on advertising revenue.
  - Legislative and compliance risk (£0.4m): some additional costs associated with the Localism Bill are anticipated. There are ongoing issues around ICT licensing and rising insurance costs.
  - Increased energy costs and above inflation business rates costs has also been included (£0.565m). 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.
- 3.40 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 will arise with certainty. Provision for specific service pressures has also been made covering the £2.6m reduction in council tax benefit grant, £0.45m for the inflation on other grants and £0.1m to purchase

carbon allowances. A separate additional risk provision of £0.5m has been provided for in 2013/14.

### **Budget Principles**

- 3.41 All service areas were asked following the report to Cabinet in July to produce options for working within budget allocations over the next 2 years of -5%, -10% and -15% based on their 2011/12 adjusted budget. This process was designed to ensure that decision making is for the medium term, not just the short term. It also enabled 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. The options developed considered not only reductions in expenditure, but also measures to manage growth in service demand and opportunities for generating additional income. The Value for Money Programme also remains at the heart of the overall budget strategy.
- 3.42 As set out in July the budget principles on which the proposals have been 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.

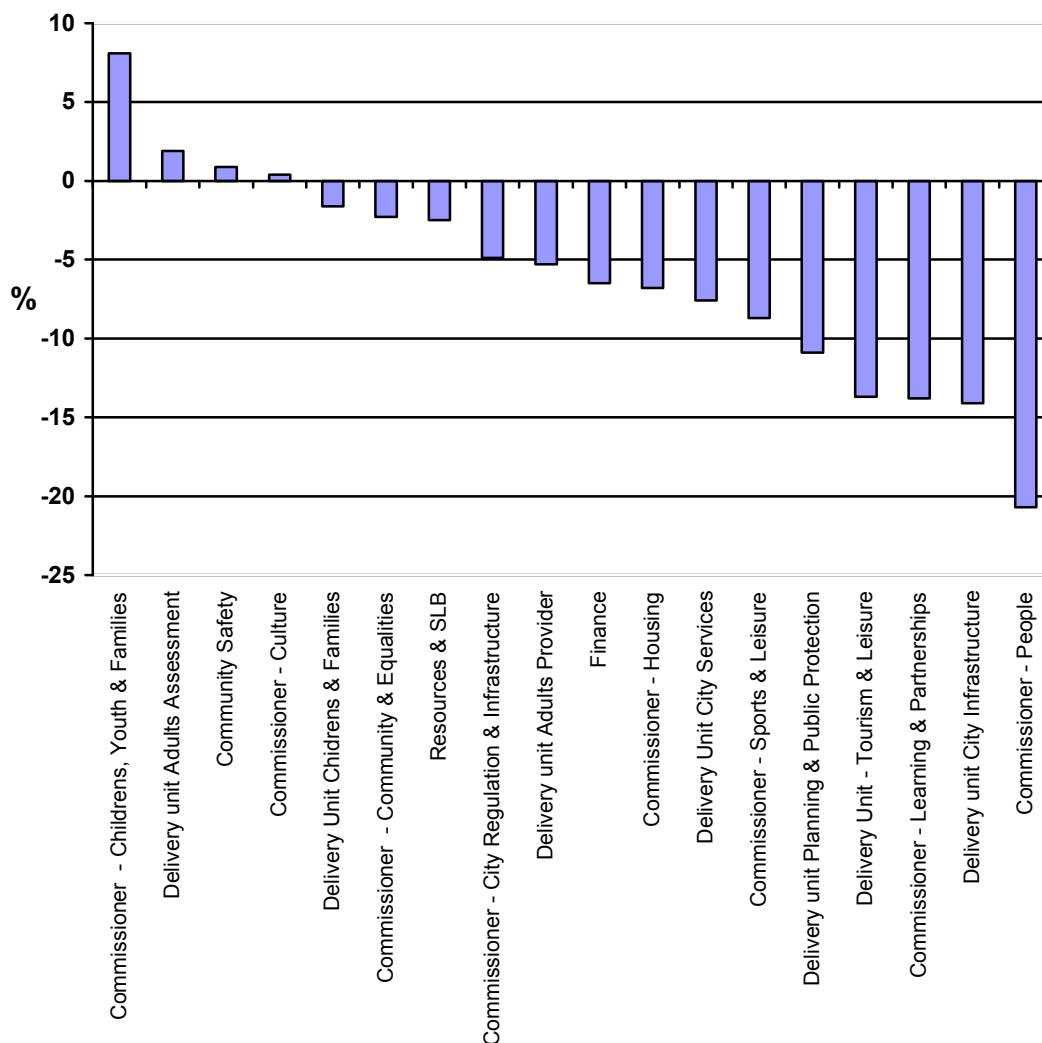
### **Savings Proposals and Budget reductions**

- 3.43 Revisions to the budget assumptions have resulted in changes to the savings targets for 2012/13 and 2013/14. The 2012/13 target has moved from £17.25m reported to December Cabinet to £16.4m and the 2013/14 target has moved from £17.7m to 16.5m. A summary of the changes made to the budget proposals since December is given in appendix 2. It should be noted that further savings of £1.5m still need to be identified to set a balanced budget in 2013/14.
- 3.44 A summary of the budget strategy for each main budget area and the detailed savings proposals is included at appendix 10. There are some common themes across the proposals, which fit with the principles and process set out in paragraphs 3.41 and 3.42. The chart below shows the percentage change in each service area spending more than £1m between 2011/12 and 2012/13 based on the proposals set out in this report.
- 3.45 There have been a number of changes to the savings proposals published in December following feedback from scrutiny, consultation and the EIA process. These are also set out in appendix 2 and include the following areas:
- Following the announcement of central government funding reductions the saving on the Music service in 2012/13 has been removed and the saving in 2013/14 reduced;
  - A lower saving on public toilets which will enable the toilets in Saunders Park and Vale Park to remain open;



- A reduction in the planned increases on traders and business parking permits;
- A reduction in the saving on highways signing and lining and on refuse collection round changes;
- One off resources to provide transitional support for City in Bloom, Shopmobility, and new arrangements for providing audio books to the visually impaired;
- One off resources to allow the phased implementation of increases in allotment charges over the next year;
- A reduction in a number of planned savings for 2013/14 including for Supporting People, Children's Centres, Youth Employability Service and the small grants programme;
- No additional ongoing revenue resources for the planned food waste trial from 2013/14 which is conditional on receiving external grant funding and achieving further efficiencies in cityclean to reinvest back into the service;
- Further management and administration savings are planned within the VFM programme from 2013/14, once the shortfall on the existing targets has been fully bridged.

% Change in Budget 2011/12 to 2012/13 (for budgets over £1m)



- 3.46 The Value for Money programme is a key part of the savings package as described in paragraphs 3.53 to 3.56 and in appendix 11.
- 3.47 Investment in preventative services has been sustained and increased wherever possible as described in paragraph 3.36.
- 3.48 Additional income is being raised in order to help protect essential services. This is through a range of methods including increasing parking charges to better reflect demand and rates in comparator authorities; successful marketing and pricing strategies at the Royal Pavilion and reviewing fees and charges across a range of services to ensure that they are fair and transparent.
- 3.49 Partnership working with the community and voluntary sector remains central to the council's approach to commissioning of services. No cuts to the main grants programme are proposed and additional one off resources of £0.3m have been made available to support a new youth grants programme of £0.1m per annum over three years to support the third sector in delivering youth services. The council will continue to work with the sector

to continue to improve efficiency and reduce duplication where possible and to focus work on priority outcomes.

- 3.50 National government policy is changing the way the council works with schools and the funding available to do this. As a result there is a significant reduction in spend directly by the council through the Commissioner for Schools, Skills and Learning. The impact of this has partly been managed through a recent restructure of the service that has already been implemented. It will also be managed by using flexibility in the Dedicated Schools Grant to change the funding source for some of the central services provided by the council in order to maintain those that have the most impact on outcomes for children and young people.
- 3.51 For 2013/14 some major reshaping of services is expected and careful planning and consultation is required to ensure that priority outcomes can be delivered. Consultation will begin on the future of provision from children's centres to ensure services for the most vulnerable are delivered from the most appropriate places. At the same time the council will consider other public access points to services in the community including housing offices and libraries to identify opportunities to co-locate services. This would provide more joined up services to customers, reduce building based overheads and reduce carbon emissions.
- 3.52 The Government is currently in negotiations with the Trade Unions over changes to the Local Government Pension Scheme. The options include a range of measures which could result in lower employer contribution rates largely as a result of higher employee pension contribution rates and reduced employee benefits. The budget projections in this report do not include any savings from lower contributions as it is unclear what the financial benefit will be and whether it will be retained by the council or be passed on to the Treasury.

### ***Value For Money***

- 3.53 The council's Value for Money Programme has developed over the past few years to include significant transformation programmes affecting almost every area of the council and ranging from service transformation in social care services to efficiencies across ICT and Procurement to reductions in management and administration costs. The programme remains a core part of the council's budget strategy. The programme is challenging and complex and contains demanding financial savings targets alongside significant non-financial benefits. Their potential impact on service delivery, including staff and customers, and the efficiency of the organisation mean that they must be well-planned, have effective project management support and be properly resourced to ensure safe delivery. The 2011/12 revenue budget included £1.3m one-off resources over 2 years to ensure that VFM Programmes were effectively planned and supported.
- 3.54 In the current financial year (2011/12) the VFM Programme is expected to achieve approx £7.761m against an original target of £7.877m. This is £0.116m short of the target primarily due to difficulties outside of the council's control relating to Carbon Reduction initiatives and due to delays in taking forward System Thinking reviews. This is offset by a significant overachievement within the Children's Services VFM project. Over the 3 year period, the VFM Programme is set to exceed the original revenue

target of £18.855m by £1.033m with further potential savings expected to be identified and deliverable by 2013/14 and beyond.

- 3.55 As the programme goes forward, there are a number of areas where we plan to re-commission what we do and this takes time to do properly, including undertaking effective consultation, engagement and equalities impact assessments. To support the VFM Programme and other changes, the council will be developing a longer term investment plan which will help to deliver savings on the revenue budget through:
- More efficient working practices and office spaces;
  - Channel shift for customer access (e.g. to on-line services);
  - Reduced building costs and associated reduced energy emissions and carbon costs;
  - Reduced maintenance costs.
- 3.56 More detailed information on the VFM programme is included in appendix 11.

### ***Scrutiny***

- 3.57 The report to the Overview and Scrutiny Commission on the budget scrutiny process is attached at appendix 13. Many of the changes to the budget proposals described in paragraph 3.45 are a direct response to the questions and concerns raised through scrutiny.

### **Staffing Implications of Proposed Savings**

- 3.58 The staffing budget for 2012/13 includes funding for a £7.19 per hour living wage and the costs of complying with the new legislation for use of agency workers. A pay freeze is currently in place nationally.
- 3.59 In the December report it was estimated that 100-120 posts may be removed from the council's staffing structure as a result of the proposals for 2012/13. This estimate is still considered reasonable but actual numbers will be dependent on the detailed options proposed and on the results of formal consultation where required. The Month 9 TBM report to the 9 February Cabinet meeting also indicates that there are further savings to be made in relation 2011/12 Management & Admin Value for Money savings targets. This may require further changes to structures in some services with associated staffing implications.
- 3.60 More detailed analysis of the current vacancies within the council as at December identified that there were 64 vacant posts planned to be deleted as part of the budget proposals for 2012/13. In addition, there are a significant number of vacancies that are expected to be filled in the council structure but which will be available to redeployees and internal candidates before external recruitment is considered. This information provides further reassurance that there are opportunities to minimise the numbers of staff at risk of redundancy from either budget proposals or existing VFM targets.
- 3.61 The existing tight controls will also remain in place to help manage the impact on staff by:

- Controlling recruitment and only making permanent appointments in exceptional circumstances and when all other alternatives have been exhausted;
  - Holding any vacancies available internally to increase the opportunities for re-deployment;
  - Avoiding the use of interim or consultant appointments;
  - Limiting the use of temporary or agency resources.
- 3.62 In addition in certain circumstances, voluntary severance may be available to some staff. These measures will continue as we work with trades unions and colleagues on the detailed staffing implications.
- 3.63 It is more difficult to estimate the staffing implications of the proposals for 2013/14 as there are many different options available to implement the planned reductions in spend. The detail of numbers of staff affected in each area will only emerge through more detailed planning, consultation and options appraisals.

### **Corporate Budgets**

- 3.64 The council budget contains a number of corporate budgets that are monitored and controlled centrally. Details of the main corporate budget are set out in the following sections.

#### ***Corporate Budgets - Concessionary Fares***

- 3.65 Following the revised reimbursement guidance issued by the Department of Transport last year the council entered into fixed deals with the main bus operators in the city resulting in a saving in the budget estimated at £0.4m for the current financial year. The deal with Brighton & Hove Bus Company was for 3 years and their payment will be increased by 5.3% for 2012/13 in line with the November 2011 retail price inflation index excluding mortgage payments. It is anticipated that the increase for 2013/14 will be much lower as inflation rates are expected to continue falling over the calendar year. Although discussions are continuing with the other operators it is anticipated that forecast reimbursement payments can be met within the projected budget provision of £9.7m for 2012/13.

#### ***Corporate Budgets – Insurance Premia***

- 3.66 The insurance budget of £3.4m for 2012/13 represents both the estimated cost of insurance premia and the net cost of meeting successful claims against the council paid during the year. The council is due to retender the bulk of its insurance cover next year and the budget allows for increases in cost following a hardening in the insurance market.
- 3.67 Through the retendering process officers will review and test the value for money offered by different types of insurance and the extent of existing cover. Changes made last year continue to deliver the anticipated savings. Risk management activity across the council has meant that the overall value and level of successful claims against the council has been kept

largely under control despite the increasing claims culture within the country as a whole.

### ***Corporate Budgets - Financing Costs and Prudential Indicators***

- 3.68 The financing costs budget reflects the cost of the council's capital investment plans. The council has a fully funded capital programme depending on the achievement of certain capital receipts and the costs of funding the programme are provided for in both the general fund and housing revenue account revenue budgets.
- 3.69 The financing costs budget for 2012/13 is estimated to be £9m, a significant decrease from the original budget for 2011/12. This is largely due to changes in housing finance which will financially benefit both the General Fund and Housing Revenue Accounts. Some of the benefit to the General Fund is temporary and this money will be added to the reserve created to cover reduced investment interest returns whilst interest rates remain at historically low levels. It is projected that there is now sufficient money in the reserve to cover the next 5 years when it is anticipated that interest rates will return to about 4%. It is anticipated that a permanent annual saving of £0.47m will be achieved in this budget.
- 3.70 The prudential capital finance system introduced in 2004 requires the council to set a number of indicators for affordability, prudence and sustainability. The recommended indicators are set out in appendix 9. Members should note the indicator for the authorised limit is a statutory limit required to be determined by full Council under section 3(1) of the Local Government Act 2003.

### ***Annual Minimum Revenue Provision (MRP) Statement***

- 3.71 The council is required by law to prepare an annual statement on the amount of debt that will be repaid in the following year. The statement for 2012/13 is set out in appendix 8 which includes a change from the statement agreed for 2011/12. The change allows the option for annuity repayments, whereby the annual amount payable each year including interest is the same each year, to be used where appropriate for long term investment and income generation schemes.

### ***Corporate Budgets - Contingency***

- 3.72 The council's contingency budget includes provision for costs which are likely to occur but for which the estimated cost cannot be adequately foreseen at this stage, for example for pay. It also includes risk provisions and other resources awaiting transfer to services. The proposed contingency for 2012/13 is £4.9m as detailed in table 5.

<b>TABLE 5: Contingency</b>	<b>£ million</b>
Corporate risk provision	1.00
One-off corporate risk provision for short-term spending pressures e.g. higher than anticipated inflation	1.00
Risk provision for pay related matters	0.86
Investment anticipated in 2012/13 for the VFM programme to deliver future savings	0.65
Funding to support service transformation to meet savings over 2012/13 and 2013/14	0.53
Financing costs for the construction of the new Historic Records Office (the Keep)	0.40
New Housing Initiatives funded through the New Homes Bonus	0.20
Additional costs of the Carbon Reduction Commitment	0.16
Other resources awaiting transfer to services	0.10
<b>Total Contingency</b>	<b>4.90</b>

### ***Change in use of reserves***

- 3.73 The budget strategy for 2012/13 draws on reserves to provide temporary funding to cover the part year effect of the savings package, investment in the delivery of savings for future years, covering the council tax collection fund deficit and provide support to adult social care.

## **4 COUNCIL TAX**

- 4.1 The proposed increase of 3.5% in the council tax results in a band D council tax for the city council element of the council tax of £1,306.36 an increase of £44.16 on this year.
- 4.2 In order to propose an overall council tax for the city the council taxes of the precepting authorities need to be known. On the 2 February 2012 East Sussex Fire Authority is due to set their 2012/13 Band D council tax. The Sussex Police Authority is due to set its council tax on 16 February 2012. The 2012/13 precept for Rottingdean Parish was set on 16 January 2012 at £36,000 an increase of 33.3% on 2011/12.

### ***Council Tax Referendum***

- 4.3 The Localism Act abolished council tax capping and instead allows local residents to veto council tax increases that are deemed excessive by the Secretary of State for Communities & Local Government through a referendum. These new powers have been applied to the setting of the council tax for 2012/13.
- 4.4 In a statement published alongside the final grant settlement on 31 January 2012 the Secretary of State confirmed that local councils “will be required to seek the approval of their local electorate in a referendum if, compared with 2011-12, they set a council tax increase that exceeds 3.5%”. He also said

that this principle will not apply to town and parish councils in 2012/13 although it may in future years. The estimated cost of a referendum if it is held separately from any other election is estimated to be about £0.3m in Brighton & Hove.

### ***Supplementary Budget report to Budget Council***

4.5 Not all the budget and council tax information is available at present therefore additional information will be provided for Budget Council. This will include:-

- The Environment Agency levy figure agreed for 2012/13.
- The agreed council tax set by the Police and Fire Authorities.
- The statutory council tax calculations required under the 1992 Local Government Finance Act.
- The full budget and council tax resolution for Budget Council.

## **5 MEDIUM TERM FINANCIAL STRATEGY AND RISK ASSESSMENT**

5.1 The Medium Term Financial Strategy (MTFS) set out in appendix 6 shows the revised resources and spending projections for 2012/13 to 2014/15. The financial projections show that savings of over £50m are forecast to be needed over the 3 year period.

5.2 All the projections are based on the best information currently available. However, in the current financial climate and with 2012/13 being the last year before the local resource review is implemented by the Government there are many uncertainties. The risk assessment set out in appendix 7 explains in more detail the uncertainties facing the budget.

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

6.1 Section 25 of the Local Government Act 2003 requires the Chief Finance (Section 151) Officer of a local authority to report on the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides. This report has to be considered by Cabinet and full Council as part of the budget approval and council tax setting process. The budget reports on this agenda are focused on the general fund 2012/13 and capital programme. It also considers key medium term issues faced by the council.

### ***Robustness of Estimates***

6.2 There is inevitably an element of judgement as budget estimates of spending and income are made at a point in time and may change as circumstances change. This statement about the robustness of estimates cannot give a 100% guarantee about the budget but gives the council reasonable assurance that the budget has been based on the best information and assumptions available at the time.

6.3 In setting the budget for 2012/13, current expenditure trends and service demands have been considered by Delivery Unit Heads and Lead Commissioners. The budget for 2012/13 has therefore been set on the



basis of the trends in the TBM 9 report and further projections of future demand and cost. The current cost and activity trends on the key corporate critical budgets are in general favourable. The child agency placements budget and the adults community care budget are rigorously monitored and actions to manage demand and cost more effectively through the VFM programme continue to have a positive impact.

- 6.4 The Council has demonstrated its ability to deliver a very challenging savings programme in 2011/12 and this led to a lower than previously assumed recurrent risk provision. The successful VFM programme has been underpinned by substantial investment particularly in project management capacity to underpin its delivery and ensure a particular focus on tracking cashable savings. For this reason there is additional one off investment included in this budget package for the implementation of VFM the next two years. Without this investment it is considered that the planned level of VFM savings will not be achievable.
- 6.5 A recurrent risk provision of £1m is included in the budget to guard against any risks not known at budget setting time including risks associated with the successful implementation of the wide ranging savings package. There is also £1m of one-off risk provision available.

#### ***Adequacy of Reserves***

- 6.6 The recommendation on the prudent level of general fund working balance has been based on the robustness of estimates information and a risk assessment of the budget.
- 6.7 The analysis indicates a continuation of an underlying prudent level of working balance of £9m (excluding school balances). This represents 3.9% of the council's net revenue budget excluding schools.
- 6.8 The level of working balance is currently at this target as set by the council in the MTFS of £9m. When further details are available on the reforms to local government finance it may be necessary to consider increasing this further from 2013/14 in the light of a transfer of risk from central to local government in relation to business rate retention and council tax support.
- 6.9 All reserves have been reviewed in detail to ensure that they are set at an appropriate level. This is set out in appendix 5. Many of the Council's earmarked reserves fulfil a specific legal or financial requirement, for example the insurance reserve. Significant reductions in the levels of the reserves for the Waste PFI and Single Status were made in 2011/12 and no further changes are considered prudent at this time.

#### ***Assurance Statement of the Council's Section 151 Officer***

- 6.10 In relation to the 2012/13 general fund revenue budget the Section 151 officer has examined the budget proposals and believes that, whilst the spending and service delivery proposals are challenging, they are nevertheless achievable given political and management will to implement the changes, good management, and the sound monitoring of performance and budgets. The track record of the council in successfully delivering a larger saving package in 2011/12 also provides assurance.

6.11 In terms of the adequacy of reserves the Section 151 officer considers a working balance of £9m to be adequate taking into account other reserves, the risk provisions and the council's track record in budget management.

## **7. CONSULTATION**

7.1 A wide variety of approaches has been used to consult and engage with a range of stakeholders including:

- A well publicised online budget simulator available on the council's website, intranet and accessible with support through the library network and which a representative sample of 3,000 citizens were written to and invited to complete;
- A series of three budget roundtable events over the course of the year including representatives of all political parties, trades unions and the Community & Voluntary Sector Forum;
- A star chamber process to consider options where representatives of all political parties attended;
- A meeting with representatives of business ratepayers;
- A meeting with the Older People's Council;
- Three budget workshops in different communities in the city using a deliberative approach to consultation;
- Consultation with council tenants at the City Assembly;
- Information in City News inviting comment and feedback;
- Staff consultation meetings.

7.2 Where formal or written feedback has been received, this is been collated and copies are available in the members' rooms and online. Following the consultation a number of changes have been made to the proposals, these are summarised in Appendix 2. Feedback from scrutiny and on the equalities impact assessment process is discussed elsewhere in this report.

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

### Financial Implications:

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

*Finance Officer Consulted: Mark Ireland Date: 30<sup>th</sup> January 2012*

### Legal Implications:

8.2 Under the Local Authorities (Functions and Responsibilities) (England) Regulations 2000, the preparation, for submission to the council for their consideration, of estimates of the amounts to be aggregated in making the calculation as to the budget requirement and the basic amount of council tax is the responsibility of the Cabinet. The approval and adoption of the budget based on the Cabinet's proposals are the preserve of Full Council. These statutory requirements are reflected in Part 4.4 of the council's constitution ('Budget and Policy Framework Procedure Rules').

*Lawyer Consulted: Oliver Dixon*

*Date: 30<sup>th</sup> January 2012*

#### Equalities Implications:

- 8.3 The process for assessing the equalities implications of the budget changes for 2012/13, the consultation and an assessment of the cumulative impact is shown in appendix 12. Paragraph 3.45 describes changes made to the savings proposals in the light of the thorough approach to EIA. All screening documents are available on line and in the Members rooms.

#### Sustainability Implications:

- 8.4 A carbon budget has been produced for the first time as set out in appendix 14. This shows the current level of spend on energy and the estimated carbon emissions across each service area. It includes a planned 4% reduction in 2012/13. This modest target will be challenging to meet on the basis of the current approach to carbon management.
- 8.5 To make more significant savings in carbon emissions a more radical and longer term approach is required. There will therefore be a clear focus placed on reducing carbon emissions from buildings through the acceleration of the workstyles programme, reducing both the total number of buildings occupied by the council and also ensuring improved energy efficiency in the ones retained. In addition there will be long term investment in more energy efficient street lighting funded through the Local Transport Plan.
- 8.6 The budget proposals include additional investment of £0.15m in sustainability initiatives in support of the One Planet Living approach. They also include a proposal to deliver investment in the private sector housing stock to improve both decency standards and energy efficiency.

#### Crime & Disorder Implications:

- 8.7 The proposed changes in the community safety service provision are not expected to have significant adverse consequences on crime and disorder. The funding allocated for service pressures includes an element to replace some lost specific grant funding for community safety

#### Risk & Opportunity Management Implications:

- 8.8 There are considerable risks to the council's short and medium term budget strategy including the impact of the national economic position, spending exceeding budgets particularly through increase for demand-led services, further reductions in grant, and major changes to local government finance. The budget process includes the recognition of these risks in determining the 2012/13 budget and relevant risk provisions are set out in the body of the report. A risk and opportunity matrix for the medium term financial strategy is included as appendix 7.

#### Corporate / Citywide Implications:

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

### **9. EVALUATION OF ANY ALTERNATIVE OPTION(S)**

- 9.1 The budget process allows all parties to put forward viable alternative budget and council tax proposals to Budget Council on 23 February. Budget

Council has the opportunity to debate both the proposals put forward by Cabinet at the same time as any viable alternative proposals. All budget amendments must have been “signed off” by finance officers no later than 12 noon on Monday 20 February.

## **10. REASONS FOR REPORT RECOMMENDATIONS**

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

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. Movements in Block Allocations 2011/12 to 2012/13 and 2012/13 to 2013/14
2. Changes in the budget projections since the 8<sup>th</sup> December 2011 Budget report to Cabinet
3. Commitments
4. Summary of special and specific grant allocations for 2011/12 and 2012/13
5. Review of the Council's reserves including the planned use of reserves
6. Summary of Medium Term Financial Strategy 2012/13 to 2014/15
7. Assessment of risks
8. Minimum Revenue Provision statements
9. Prudential Indicators 2012/13 to 2014/15
10. Budget Savings Package
11. Value for Money
12. Equalities Impact Assessment - Corporate Overview
13. Budget Scrutiny Panel Report endorsed by Overview & Scrutiny Committee on 31 January 2012.
14. Carbon Budgets

### **Documents in Members' Rooms / Councils Website**

1. Detailed Budget Consultation outcome.
2. Individual Equality Impact Assessments for savings proposals.

### **Background Documents**

1. Files held within Finance.



**2012/13 BUDGET - Budget changes from 2011/12 to 2012/13**

**APPENDIX 1**

	2011/12 Revised Base £'000	Changes in function / funding £'000	Internal Transfers £'000	Reverse one-off allocations £'000	2011/12 Adjusted Base £'000	FYE of 2011/12 Savings £'000	Inflation £'000	Service Pressures	Commitments and reinvestment £'000	Savings from Income £'000	VFM & Other Savings £'000	2012/13 Original Budget £'000	Increase over adjusted base £'000	Increase over adjusted base %
Commissioner - Children, Youth & Families	17,249	0	444		17,693	-187	294	1,635	7	0	-311	19,131	1,438	8.1
Commissioner - Learning and Partnerships	6,765	-409	-414	-30	5,912	-199	11	412	13	0	-1,053	5,096	-816	-13.8
Delivery Unit Children & Families	39,405	0	-489	-287	38,629	-664	291	636	432		-1,307	38,017	-612	-1.6
Delivery Unit City Services	13,649	0	-66	-340	13,243	-388	30	31	182	-275	-581	12,242	-1,001	-7.6
Commissioner - People	2,723	0	-143		2,580	-112	8	2	7		-440	2,045	-535	-20.7
Delivery Unit Adults Assessment	62,511	0	-107		62,404	-293	1,052	2,504	18		-2,100	63,585	1,181	1.9
Delivery Unit Adults Provider	14,352	0	-175	-180	13,997	-280	-55	34	225		-661	13,260	-737	-5.3
Commissioner - Communities & Equalities	3,405	0	3	-415	2,993	-13	59	0	101		-215	2,925	-68	-2.3
Commissioner - City Regulation & Infrastructure	3,270	-110	-7		3,153	-110	35	110	140		-330	2,998	-155	-4.9
Delivery Unit City Infrastructure	24,993	0	-282	-40	24,671	-276	156	171	119	-1,356	-2,291	21,194	-3,477	-14.1
Delivery Unit Planning & Public Protection	5,647	0	-71	-40	5,536	-301	-40	50	123	-50	-384	4,934	-602	-10.9
Community Safety	2,141	0	-27		2,114	-26	10	200	5		-171	2,132	18	0.9
Delivery Unit Housing & Social Inclusion	301	0	-2		299	0	2	200	1		0	502	203	67.9
Commissioner - Housing	16,484	0	-44		16,440	-138	178	12	20	-230	-959	15,323	-1,117	-6.8
Commissioner - Sports & Leisure	1,389	0	-2		1,387	-7	24	2	1		-140	1,267	-120	-8.7
Commissioner - Culture	1,823	0	29		1,852	-23	30	0	1		0	1,860	8	0.4
Delivery Unit Tourism & Leisure	3,746	0	-42		3,704	-231	-90	201	20	-250	-158	3,196	-508	-13.7
Resources & SLB	19,625	0	127		19,752	-632	75	784	237	-10	-955	19,251	-501	-2.5
Finance	5,525	0	9		5,534	-195	1	0	38	-120	-85	5,173	-361	-6.5
<b>Total Directorate Spending</b>	<b>245,003</b>	<b>-519</b>	<b>-1,259</b>	<b>-1,332</b>	<b>241,893</b>	<b>-4,075</b>	<b>2,071</b>	<b>6,984</b>	<b>1,690</b>	<b>-2,291</b>	<b>-12,141</b>	<b>234,131</b>	<b>-7,762</b>	<b>-3.21</b>
Concessionary Fares	9,660	0	0		9,660		193	0	243		-400	9,696	36	
Insurance	3,009	0	0		3,009		60	250	100		0	3,419	410	
Financing Costs	10,427	0	402		10,829		0		-1,365		-470	8,994	-1,835	
Corporate VFM Savings	-3,634	0	1,755		-1,879	375	0		1,250		-350	-604	1,275	
Contingency and Risk Provisions	5,270	0	-1,378	-1,200	2,692		756	160	1,301		0	4,909	2,217	
Unringfenced grants income	-29,874	2,995	149		-26,730		249		-977		0	-27,458	-728	
Levies to External Bodies	166	0	0		166		4		-2		0	168	2	
Other Corporate Budgets	-2,743	0	331		-2,412		-96	0	255		0	-2,253	159	
SAVINGSGAP	0	0	0		0		0	0	0		0	0	0	
<b>NET REVENUE EXPENDITURE</b>	<b>237,284</b>	<b>2,476</b>	<b>0</b>	<b>-2,532</b>	<b>237,228</b>	<b>-3,700</b>	<b>2,988</b>	<b>7,643</b>	<b>2,495</b>	<b>-2,291</b>	<b>-13,361</b>	<b>231,002</b>	<b>-6,226</b>	
Contributions to/ from - Fees	-5,063	0	0	2,532	-2,531	3,200			-4,539			-3,870	-1,339	
<b>BUDGET REQUIREMENT</b>	<b>232,221</b>	<b>2,476</b>	<b>0</b>	<b>0</b>	<b>234,697</b>	<b>-500</b>	<b>2,988</b>	<b>7,643</b>	<b>-2,044</b>	<b>-2,291</b>	<b>-13,361</b>	<b>227,132</b>	<b>-7,565</b>	
<b>Funded by</b>														
Formula Grant	112,413	2,476			114,889							104,372	-10,517	
Collection Fund surplus(deficit)	0				0							-851	-851	
Council Tax	119,808				119,808							123,611	3,803	
<b>Total</b>	<b>232,221</b>	<b>2,476</b>			<b>234,697</b>				<b>227,132</b>			<b>227,132</b>	<b>-7,565</b>	

**2013/14 BUDGET - Budget changes from 2012/13 to 2013/14**

	2012/13 Original Budget £'000	Changes in function/ funding £'000	Internal Transfers £'000	Reverse one-off allocations £'000	2012/13 Adjusted Base £'000	FYE of 2012/13 Savings £'000	Inflation £'000	Service Pressures	Commitments and reinvestment £'000	VM & Other Savings £'000	2013/14 Original Budget £'000	Increase over adjusted base £'000	Increase over adjusted base %
Commissioner - Childrens Youth & Families	19,131	0	0	0	19,131	0	383	0	0	-1,577	17,937	-1,194	-6.2
Commissioner - Learning and Partnerships	5,096	0	-69	0	5,027	0	102	0	0	-81	5,048	21	0.4
Delivery Unit Childrens & Families	38,017	0	0	0	38,017	0	760	0	0	-851	37,926	-91	-0.2
Delivery Unit City Services	12,242	0	0	-22	12,220	0	244	0	0	-683	11,781	-439	-3.6
Commissioner - People	2,045	0	0	0	2,045	-50	41	0	0	-300	1,736	-309	-15.1
Delivery Unit Adults Assessment	63,585	0	0	0	63,585	-137	1,272	0	0	-4,034	60,686	-2,899	-4.6
Delivery Unit Adults Provider	13,260	0	0	0	13,260	-104	265	0	0	-1,115	12,306	-954	-7.2
Commissioner - Communities & Equalities	2,925	0	0	0	2,925	0	59	0	0	-30	2,954	29	1.0
Commissioner - City Regulation & Infrastructure	2,998	0	0	-29	2,969	-47	60	0	0	0	2,982	13	0.4
Delivery Unit City Infrastructure	21,194	0	0	-25	21,169	-82	424	0	0	-227	21,284	115	0.5
Delivery Unit Planning & Public Protection	4,934	0	0	-100	4,834	-127	99	0	0	0	4,806	-28	-0.6
Community Safety	2,132	0	0	0	2,132	0	43	0	0	0	2,175	43	2.0
Delivery Unit Housing & Social Inclusion	502	0	0	0	502	0	10	0	0	0	512	10	2.0
Commissioner - Housing	15,323	0	0	0	15,323	0	306	0	0	-913	14,716	-607	-4.0
Commissioner - Sports & Leisure	1,267	0	0	0	1,267	0	25	0	0	-30	1,262	-5	-0.4
Commissioner - Culture	1,860	0	0	0	1,860	0	37	0	0	0	1,897	37	2.0
Delivery Unit Tourism & Leisure	3,196	0	0	0	3,196	-118	64	0	0	-295	2,847	-349	-10.9
Resources & SLB	19,251	0	-10	-135	19,106	0	385	0	0	-1,146	18,345	-761	-4.0
Finance	5,173	0	10	0	5,183	0	103	0	0	-195	5,091	-92	-1.8
<b>Total Directorate Spending</b>	<b>234,131</b>	<b>0</b>	<b>-69</b>	<b>-311</b>	<b>233,751</b>	<b>-665</b>	<b>4,682</b>	<b>0</b>	<b>0</b>	<b>-11,477</b>	<b>226,291</b>	<b>-7,460</b>	<b>-3.19</b>
Concessionary Fees	9,696	0	0	0	9,696	0	194	0	304	-150	10,044	348	
Insurance	3,419	0	0	0	3,419	0	68	0	0	0	3,487	68	
Financing Costs	8,994	0	0	0	8,994	0	0	0	-33	0	8,961	-33	
Corporate VM and Council Tax Benefit savings	-604	0	0	0	-604	-50	-12	2,600	0	-2,600	-666	-62	
Contingency and Risk Provisions	4,909	0	0	0	4,909	0	98	100	-1,091	0	4,016	-893	
Unringfenced grants income	-27,458	0	69	0	-27,389	0	451	451	0	0	-26,938	451	
Levies to External Bodies	168	0	0	0	168	0	4	0	0	0	172	4	
Unallocated Service pressure funding	0	0	0	0	0	0	0	7,500	88	0	7,500	7,500	
Other Corporate Budgets	-2,253	0	0	0	-2,253	0	-45	0	0	0	-2,210	43	
SAVINGS GAP	0	0	0	0	0	0	0	0	0	-1,521	-1,521	-1,521	
<b>NET REVENUE EXPENDITURE</b>	<b>231,002</b>	<b>0</b>	<b>0</b>	<b>-311</b>	<b>230,691</b>	<b>-715</b>	<b>4,989</b>	<b>10,651</b>	<b>-732</b>	<b>-15,748</b>	<b>229,136</b>	<b>-1,555</b>	
Contributions/ from(-) reserves	-3,870	0	0	311	-3,559	715	0	0	1,516	0	-1,328	2,231	
<b>BUDGET REQUIREMENT</b>	<b>227,132</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>227,132</b>	<b>0</b>	<b>4,989</b>	<b>10,651</b>	<b>784</b>	<b>-15,748</b>	<b>227,808</b>	<b>676</b>	
<b>Funded by</b>													
Formula Grant	104,372	0	0	0	104,372	0	0	0	0	0	100,027	-4,345	
Collection Fund surplus/ (deficit)	-851	0	0	0	-851	0	0	0	0	0	0	851	
Council Tax	123,611	0	0	0	123,611	0	0	0	0	0	127,781	4,170	
<b>Total</b>	<b>227,132</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>227,132</b>	<b>0</b>	<b>4,989</b>	<b>10,651</b>	<b>784</b>	<b>-15,748</b>	<b>227,808</b>	<b>676</b>	



APPENDIX 2

**Budget Changes since December Cabinet Report**

	Budget	Reserves (One-off resources)	Budget
	2012/13	2012/13	2013/14
	£'000	£'000	£'000
Budget Gap as at 8th Dec 2011	-299	-369	-2,067
<b>New Resources:</b>			
Improved Tax Base	242		
New Homes Bonus	425		
Reduce recurrent risk provision from £1.5m to £1m	500		
Reduction in service pressure funding for energy costs	110		
Reduction in service pressure funding for PCN	50		
Increased underspend in 2011/12 as per TBM9		2,895	
Reduction in Collection Fund deficit		256	
Outcome of review of reserves and provisions		50	
Revised estimate of projected resources from the localisation of business rates.			724
<b>Balance</b>	<b>1,028</b>	<b>2,832</b>	<b>-1,343</b>
Less:			
NNDR pressure on council properties	-125		
Reduction in support service recharges to the HRA and schools	-110		
Reduction in financing costs saving	-30		
<b>Balance available</b>	<b>763</b>	<b>2,832</b>	<b>-1,343</b>
<b>Administrations revised proposals:</b>			
New homes Bonus - allocation for new initiatives	-200		
Remove 12/13 Music Service saving & reduce 2013/14 saving by 50%	-107		-53
Reduce supported bus routes saving	-100	42	
Reduce toilets saving	-25		
Reduce saving from parking permits to traders/business	-100		
Reduce saving on signing & lining	-30		
Reduce savings in City Clean relating to refuse collection and recycling	-200		
Shopmobility - one-off resources equivalent to the saving (£29k) to support the transition of the service.		-29	
Adjust VFM saving in senior management to show a lead in time		-50	
One off resources to help City in Bloom transition to independent status		-25	

	Budget	Reserves (One-off resources)	Budget
	2012/13	2012/13	2013/14
	£'000	£'000	£'000
One off resources to support new arrangements for providing audio books to the visually impaired		-22	
One off resources to allow phasing of new pricing structure for allotment holders.		-31	
One off resources to support the introduction of a local Council Tax Benefit Scheme		-750	
One-off funding to cover the full year effect of 2013/14 savings		-750	
Additional resources for Workstyles/Access		-1,217	
Remove saving relating to small grants programme			-55
Reduce saving on Children's Centres down to £500k			-142
Remove saving on Youth Employability Service for 2013/14			-120
Remove permanent funding for Food Waste Trial			500
Reduce supporting people saving			-308
Additional VFM saving in Senior Management			250
Recurrent resources for the new Council Tax Benefit Scheme			-250
rounding	-1		
<b>Balance</b>	<b>0</b>	<b>0</b>	<b>-1,521</b>

## APPENDIX 3

### Commitments and Reinvestment included within the 2012/13 Budget

	£'m
<b>Commitments – reductions in 2012/13 budget</b>	
• Changes in the financing costs budget explained in paragraphs 3.68 to 3.70 of the report	-1.40
• Removal of one-off expenditure items in the 2011/12 budget	-1.30
• Increased grants including funding for new responsibilities and New Homes Bonus	-1.00
• Reductions in the pay and risk provisions	-0.95
• Other changes	-0.18
<b>Commitments – increases in 2012/13 Budget</b>	
• Increases in employer pension contributions in line with the 2011 triennial review of the pension scheme.	0.40
• New responsibilities for the education for 2 year olds and as a Lead Local Flood Authority	0.40
• Impact of previous Cabinet decisions including the reversal of 2011/12 savings for Castleham Industries, Brightstart Nursery and Cityclean round changes, and the transfer of the management of the agricultural estates.	0.40
• Reduced recharges to schools and the HRA following savings in support service budgets.	0.25
• Provision for anticipated increases in concessionary fares budget following amendments to reimbursement scheme	0.25
<b>Total Commitments</b>	<b>-3.10</b>
Reinvestment included in paragraph 3.35 in the report	1.13
<b>Total Commitments and Reinvestment</b>	<b>-2.00</b>



## APPENDIX 4

### Summary of specific and special grant allocations for 2011/12 and 2012/13

	2011/12 £m	2012/13 £m
Early Intervention Grant	10.707	11.129
Housing Benefit and Council Tax Benefit Admin	3.258	2.998
Preventing Homelessness	1.300	1.300
Learning Disabilities and Health Reform Grant	6.564	6.725
Lead Local Flood Authorities	0.141	0.249
New Homes Bonus (for 6 years starting in 2011/12)	0.596	0.596
New Homes Bonus (for 6 years starting in 2012/13)	0	Provisional 0.425
Community Safety Grant (Home Office)	0.283	Provisional 0.143
Drug Intervention Programme	0.280	Not yet known
Asylum Seekers	Based on claims	Based on claims
Renaissance in the Regions	1.119	See Note 1
Music Grant (Department for Education)	0.385	0.347
Extended Rights to Free Transport (Department for Education)	0.213	0.264
Schools PFI	2.390	2.390
Libraries PFI	1.505	1.505
Waste PFI	1.498	1.498
Council Tax Benefit payment transfer grant	Based on claims	Based on claims
Housing Benefit payment transfer grant	Based on claims	Based on claims
Dedicated Schools Grant (exact amount depends on pupil numbers)	148.355	Provisional 147.544
Pupil Premium (exact amount depends on number of eligible pupils)	2.280	Provisional 3.948
Young People's Learning Agency (Sixth Form funding)	Provisional 5.439	Announcement due end of March
Health Authority – Milk for under 5s	Based on claims	Based on claims
Training & Development Agency – Golden Hello	Based on claims	Based on claims

**Note 1:** We have been successful in our bid for Renaissance in the Regions funding for three years from 2012/13. We sought £2.8m funding but the actual allocation is still subject to negotiation.



## Review of Reserves

### *Adequacy of Reserves – working balance*

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

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

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

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

- There is always some degree of uncertainty over whether the full effects of any economy measures and/or service changes will be achieved. Commissioners have been advised to be realistic in their assumptions and that those assumptions, particularly in respect of demand-led budgets, should hold true in changing circumstances.
- The Bellwin Scheme for Emergency Financial Assistance to Local Authorities provides assistance in the event of an emergency. The Local Authority is able to claim assistance with the cost of dealing with an emergency over and above a threshold set by the Government.
- Risks of rising demand and falling income given economic conditions.
- The risk of major legal challenge, both current and in the future.
- Risks in the financial inter-relationship between NHS partners and the council.
- Major and unforeseeable volume increases, for example due to new legal requirements, in demand led budgets, particularly in children's services.

- The need to retain a general contingency to provide for some measure of unforeseen circumstances which may arise.
- The need to retain reserves for general day-to-day cash flow needs.

The potential financial sensitivity of the budget and financial risks has been analysed. In addition, the cash flow risk for unitary authorities is significant given the full range of services provided. £9.0m represents about 4 weeks of council tax revenue. The working balance would help cover any costs arising from delays in council tax billing. This could arise, for example, from a systems failure.

It is likely that an increase in the level of the working balance will be required in 2013/14 due to the significant change in the council's risk profile arising from the localisation of council tax support and the reforms to local government finance/business rates retention.

### ***Schools' Balances***

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

### ***Estimated Earmarked General Fund Revenue Reserves***

Processes are in place to regularly review the council's earmarked revenue reserves. Details of the review of reserves are included in the table below.



Description	Forecast Balance at 1 April 2012 £'000	Planned usage in 2012/13 £'000	Forecast Balance at 31 March 2013 £'000	Review Arrangements	Conclusions
<b>General Fund Reserves</b>					
General Fund Working Balance	9,000	0	9,000	Reviewed against register of financial risks, taking into account CIPFA guidelines and requirements of Local Government Act 2003.	To meet CIPFA guideline a minimum unallocated reserve of £9.000m is required.
General Fund General Reserves	5,327	-4,152	1,175	Following closure of accounts and TBM monthly monitoring.	The balance of £1.175m is committed to fund the full year effect of 2013/14 savings, years 2 and 3 of the 3 year youth grants programme and year 2 of support for transformation
Capital Reserves	2,364	-2,364	0	Following closure of accounts.	Committed to fund capital programme.
Library PFI Reserve	264	-9	255	Following closure of accounts.	Use for funding the project over the life time of the PFI.
Schools PFI Project Reserve	1,738	-35	1,703	Following closure of accounts.	Use for funding the project over the life time of the PFI.
Waste PFI Project Reserve	7,087	1,145	8,232	Following closure of accounts.	Use for funding the project over the life time of the PFI.
Contribution to Single Status Reserve	5,933	0	5,933	Following closure of accounts.	Earmarked for equal pay and one off costs. Reserve will be further increased by transfer of savings from strike pay deductions and potential release from the single status provision.
Finance Costs Reserve	347	252	599	Following closure of accounts.	The reserve is being held to smooth the fluctuations in the financing costs budget over the next three years. This will cover the continuing reduction in investment income and changes as a result of the impact of HRA self financing.

<b>Description</b>	<b>Forecast Balance at 1 April 2012 £'000</b>	<b>Planned usage in 2012/13 £'000</b>	<b>Forecast Balance at 31 March 2013 £'000</b>	<b>Review Arrangements</b>	<b>Conclusions</b>
Building Schools for the Future	1,100	-1,100	0	Following closure of accounts.	£1.100m of reserve committed to the 2012/13 capital programme including new pupil places.
Brighton Centre Redevelopment Reserve	3,632	-715	2,917	Following closure of accounts.	Retain to support the development. £0.515m is being temporarily drawn from this reserve during 2012/13 to support the capital programme should cashflows require this. This will be replaced when planned capital receipts are generated in 2013/14. The remaining £0.200m is being used to support the Brighton Centre redevelopment proposals. The MTFS includes a planned contribution to the reserve of £1.100m during 2013/14.
Customer Access & Accommodation Strategy (workstyles)	2,917	-1,700	1,217	Following closure of accounts.	£1.700m planned to be used in 2012/13 to support Workstyles Phase II project. Remaining £1.217m held to support Workstyles phase 3 and customer access initiatives
Automatic Meter Readers (AMR)	207	-207	0	Following closure of accounts.	Planned to be used in 2012/13.
Museum Objects Acquisitions Reserve	90	0	90	Following closure of accounts.	Retain for specified purpose.
Pavilion Renewals Fund	39	0	39	Following closure of accounts.	Used to support maintenance and improvements to the Royal Pavilion during 2012/13
Jack Thompson - Hove Museum	269	0	269	Following closure of accounts.	Reserve for acquisitions/refurbishment at Hove Museum in accordance with bequest.

<b>Description</b>	<b>Forecast Balance at 1 April 2012</b>	<b>Planned usage in 2012/13</b>	<b>Forecast Balance at 31 March 2013</b>	<b>Review Arrangements</b>	<b>Conclusions</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>		
Winter Maintenance	430	0	430	Following closure of accounts.	Held to fund exceptional costs of extreme weather.
Dome Planned Maintenance	208	0	208	Following closure of accounts.	Retain for specified purpose. Reserve held in accordance with lease agreement with Brighton Dome & Festival Society.
Connexions/Prospects Pensions Reserve	200	0	200	Actuarial pension valuation	Held to fund the net actuarial costs of pensions transferred to Prospect. Authority still awaiting a claim from the Pension Fund.
Vehicles Reserve Fund - Animal Welfare Vehicles	31	-31	0	Following closure of accounts.	Expected to be used in 2012/13 for specified purpose.
James Green Foundation	142	0	142	Following closure of accounts.	This reserve was set up from a donation by Colonel James Green in 1993. The James Green reserve is used to help fund the Burmese collection.
Bton & Hove Natural History	5	0	5	Following closure of accounts.	Reserve for maintaining the assets of Brighton & Hove Natural History Society which are held at the Booth Museum.
Brunschwig Royalties	26	0	26	Following closure of accounts.	This reserve was set up from the royalties paid by Brunschwig, an American firm who have used the pavilion motif on wallpaper and fabrics they produce. It is used to fund conservation projects in the Royal Pavilion.
Sustainable Transport - Car Parks Refurbishment Reserve	299	-299	0	Following closure of accounts.	To be used to fund the Car Park Improvements Phase II, as detailed in the report to Cabinet 22/09/11.
Carry Forward - LPSA	207	-207	0	Following closure of accounts.	Held to fund allocations which are determined by the Public Services Board. It is expected that some of this will be used for the Troubled Families Initiative

<b>Description</b>	<b>Forecast Balance at 1 April 2012 £'000</b>	<b>Planned usage in 2012/13 £'000</b>	<b>Forecast Balance at 31 March 2013 £'000</b>	<b>Review Arrangements</b>	<b>Conclusions</b>
Sustainable Temporary Accommodation Reserve	244	0	244	Following closure of accounts.	Held for dilapidation costs for leased temporary accommodation.
HMO Licensing Fees Reserve	0	200	200	Following closure of accounts.	Retain to support annual inspections of HMO premises.
Damage Deposit Guarantee Scheme	155	0	155	Following closure of accounts.	Retain to guarantee deposits for supporting people service users moving into the private rented accommodation.
Mercury Abatement Reserve	422	-422	0	Following closure of accounts.	Earmarked for works required to the crematorium to meet mercury abatement legislation.
Adult Services Vehicle Reserve	50	-50	0	Following closure of accounts.	Expected to be used in 2012/13 as more vehicles are expected to be replaced.
LATS Reserve	45	0	45	Following closure of accounts.	This represents the value of unused landfill allowances carried forward to be used for landfilling biodegradable municipal waste.
Restructure Redundancy Reserve	3,788	0	3,788	Following closure of accounts.	This reserve is held to spread the costs of early retirements and redundancies. There is a planned transfer of £0.700m to this reserve to support the delivery of the savings in the 2012/13 budget.
Insurance Reserve General	6,156	0	6,156	The insurance fund is subject to a bi-annual health check by the actuaries. The next health check is due to report back in 2013.	The Insurance Fund biennial health-check was completed in June 2011 and the level of fund recommended is in line with that currently held.

<b>Description</b>	<b>Forecast Balance at 1 April 2012</b>	<b>Planned usage in 2012/13</b>	<b>Forecast Balance at 31 March 2013</b>	<b>Review Arrangements</b>	<b>Conclusions</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>		
Insurance Reserve Risk Management	61	0	61	Following closure of accounts.	Earmarked for specific risk management projects during 2012/13. £0.050m of reserve released in 2011/12.
Investment Properties (Dilapidations)	51	-22	29	Following closure of accounts.	Retain for specified purpose.
Schools LMS Balances	3,879	0	3,879	Following closure of accounts.	Reserves held on behalf of individual schools for use by the schools.
Portslade Community College	60	0	60	Following closure of accounts.	Use at the discretion of the College.
Transition fund for Council Tax Benefit	750	0	750	Following closure of accounts	Fund will be used to support the introduction of the local Council Tax Benefit scheme commencing 1/4/2013
<b>General Fund Provisions</b>					
Single Status Liability Provision	140	0	140	Following closure of accounts.	Any unused single status liability provision will be transferred to the single status reserve.
Adult Social Care Long Term Capacity Reserve	753	0	753	Following closure of accounts.	Reserve to be held to invest in additional capacity to manage demographic pressures in the over 85 year old group of service users.
Cemetery Replacement	96	0	96	Following closure of accounts.	Retained for maintenance & replacement as required.
Cemetery Maint of Graves in Perpetuity	86	0	86	Following closure of accounts.	Retained for maintenance & replacement as required.
Cemetery Maint of Monuments	17	0	17	Following closure of accounts.	Retain for maintenance & replacement as required.
Modern Records Units X & Z - Dilapidations Provision	173	-173	0	Following closure of accounts.	The dilapidations agreement is expected to be settled during 2012/13
Priory House Dilapidations Provision	493	-493	0	Following closure of accounts.	Priory House was vacated in 2011/12. The dilapidations agreement is expected to be settled during 2012/13

<b>Description</b>	<b>Forecast Balance at 1 April 2012 £'000</b>	<b>Planned usage in 2012/13 £'000</b>	<b>Forecast Balance at 31 March 2013 £'000</b>	<b>Review Arrangements</b>	<b>Conclusions</b>
Land Charges Provision	339	0	339	Following closure of accounts.	The court case is yet to be resolved which will determine any liability and until this has been heard it is not proposed to revise this provision.
<b><i>HRA Reserves</i></b>					
HRA Working Balance	5,260	-2,010	3,250	Following closure of accounts.	Working balance in line with CIPFA guidance. Any residual balance can only be used to support the HRA.
HRA Capital Reserves	2,952	-2,952	0	Following closure of accounts.	Committed to fund capital programme.
Estate Development Budget (EDB) Reserves	146	-146	0	Following closure of accounts.	Retain for estates development. Anticipated to be used in 2012/13.
HRA Auto Meter Readers Reserve	348	-348	0	Following closure of accounts.	Retain for specified purpose. Planned to be used in 2012/13.
Restructure Redundancy Reserve	388	0	388	Following closure of accounts.	Retain for specified purpose.
	<b>68,715</b>	<b>-15,838</b>	<b>52,877</b>		

## APPENDIX 6

### Medium Term Financial Strategy (MTFS) 2012/13 to 2014/15 – Updates of resources and budget forecasts

A MTFS fully aligned to the priorities within the Corporate Plan was agreed by Cabinet in September 2011 and full council in October 2011. It will be updated when the Corporate Plan is refreshed later this year. This appendix contains revised resource and expenditure forecasts for the General Fund budget reflecting the latest information available on future resource levels and the budget proposals contained within the Budget report. Updated information on the resource and budget forecasts for both the HRA and the capital investment programme are included in their respective reports elsewhere on the agenda. An update on schools funding is included in the body of the Budget report.

#### Revised Budget & Resource Projections

Table 1 sets out the latest main assumptions that underpin the projections and table 2 sets out a summary of the General Fund projections. The projections show the movements in the budget requirement for the council which is the anticipated budget after the deduction of specific grants and fees and charges and is funded by formula grant and council tax in 2012/13 and by resources allocated under the business rates retention model and council tax in 2013/14 and beyond. Changes to the budget are described in the body of the report but further information on the changes to the resource forecasts as a result of the introduction of localised business rates is given after table 2.

It should be noted that nearly all the specific grants are unringfenced i.e. the council can decide how this money is spent in order to achieve the best service outcomes and therefore does not have to necessarily spend the money in the service area for which it was allocated.

<b>Table 1: Summary of MTFS assumptions</b>			
	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
Pay inflation and pay related matters	0.6%	2.0%	2.0%
General inflation	2.0%	2.0%	2.0%
Formula grant floor change	-9.4%	N/A	N/A
Business Rate changes		-0.5%	0.0%
Provision for successful business rating appeals		2.5%	2.5%
One-off provision for volatility in business rate income		2.5%	0.0%
Dedicated Schools grant per pupil	0.0%	0.0%	0.0%

<b>Table 1: Summary of MTFFS assumptions</b>			
	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
Other specific grants	0.0%*	0.0%	0.0%
Council Tax change	3.5%	3.5%	3.5%

\* Except where the Government has already announced 2012/13 allocations.



<b>Table 2: Summary of General Fund budget projections</b>			
	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Budget requirement brought forward	232,221	227,132	227,808
Function & Funding changes	2,476	-	-
Revised Budget requirement brought forward	234,697	227,132	227,808
Pay and Inflation	2,988	4,990	4,945
General Risk Provision	2,000	500	500
Commitments - impact of previous decisions	-2,037	-1,544	-214
Service pressures – General	6,715	7,500	7,500
Service pressures – Specific Grants	249	3,051	451
Service Pressures – Function & funding changes	519	-	-
Service pressures – Carbon Reduction Commitment	160	100	100
Full year effect of previous year savings	-3,700	-715	-750
Savings	-15,652	-15,748	-17,834
Sub-Total	225,939	225,266	222,506
Change in contribution to / from reserves *	1,193	2,542	851
<b>Budget Requirement</b>	<b>227,132</b>	<b>227,808</b>	<b>223,357</b>
<b>Funding</b>			
Formula Grant / Business Rate Retention	104,372	100,027	91,104
Council Tax	122,760	127,781	132,253
<b>Total</b>	<b>227,132</b>	<b>227,808</b>	<b>223,357</b>

\* Reserves have been used to support the 2012/13, 2013/14 and 2014/15 budgets to cover only one-off expenditure items and the part year effect of savings that will be implemented during the financial year rather than on the 1 April.

### **Formula grant and provisional resource projections under business rate retention model**

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. The 2012/13 figures were confirmed in early December 2011. The Government has reduced both settlements to reflect the impact on education services of the growing number of academies. In December in a response to an earlier consultation the Government changed the way these reductions will be calculated whilst ensuring the no local authority will be worse off. These changes may be beneficial to the council but this will not be known until January 2013 after pupil counts are completed.

Another 2 year settlement is likely to be announced in November or December 2012 for 2013/14 and 2014/15 taking into account changes resulting from proposals to localise business rates. Further proposals were announced by the Government just before Christmas 2011 and although there are still many uncertainties some initial resource modelling has now been completed. A brief summary of the proposals is given on the review later in this appendix.

The forecasts for 2013/14 and 2014/15 are based on the national figures for local authority funding in the spending review adjusted to reflect the further restraint on pay of 1% announced by the Chancellor in the 2011 Autumn Statement. The Chancellor also announced that public spending would continue to be reduced in 2015/16 and 2016/17 at the same rate as 2010 Spending Review. The resource projections make the following assumptions:

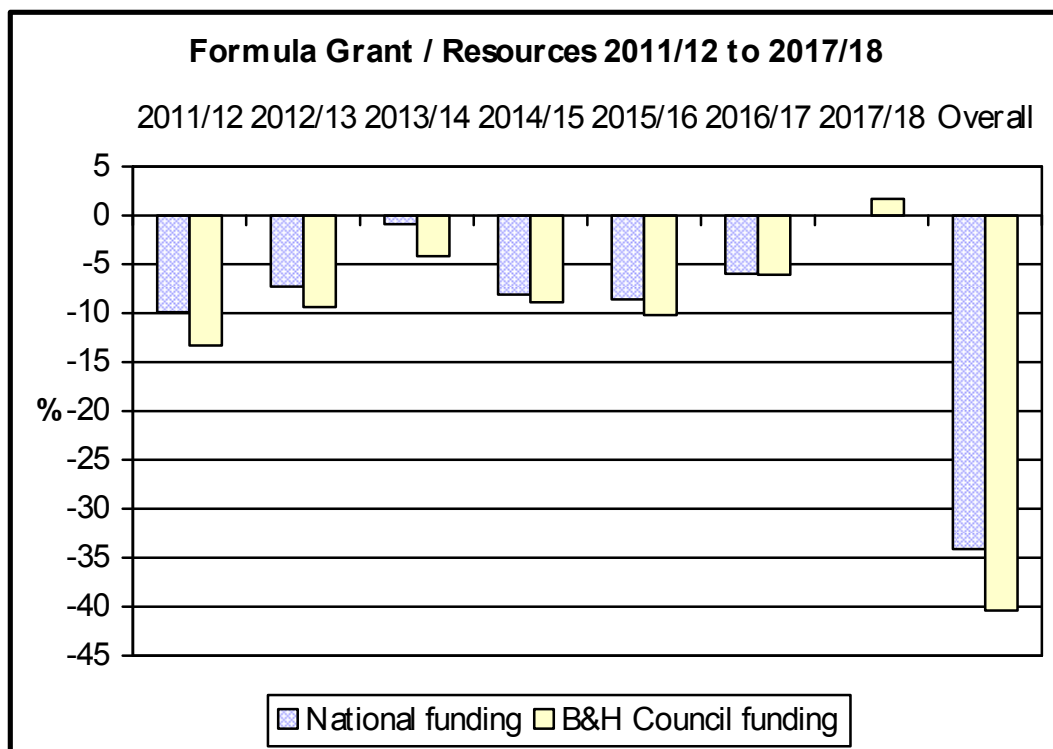
- Funding for local authorities reduces by 0.9% in 2013/14, 8.1% in 2014/15, 6% in both 2015/16 and 2016/17.
- The national totals have been top-sliced to provide ongoing funding for the New Homes Bonus.
- Funding for 2011/12 council tax freeze grant will end after this spending round in 2015/16.
- Business rate income will decline by 0.5% per annum in year 1, will be neutral in year 2 and will gradually increase after that.
- New risk provisions for successful business rates appeals and for the volatility in business rates income have been created.
- A baseline safety net has been assumed within the business rates retention model currently shows that safety net support would not be triggered.

The following chart compares the average national local authority funding changes set out in the Spending Review and further statements with the actual Formula Grant for 2011/12, the provisional

settlement for 2012/13 and the resource forecasts between 2013/14 and 2017/18 for the council.

Compared to earlier forecasts there is an improvement in resources for 2013/14 and 2014/15 of approximately £0.7m and £1.4m respectively. This increase is due to confirmation from the Government before Christmas that the starting point for the new system will include floor grant of £11m that the council would have lost over time under the formula grant. The benefits of retaining this income are partly offset by the additional risk provisions relating to business rate income that need to be set up under the new system.

Formula grant is expected to be £104.4 million for the council in 2012/13 a reduction of £10.5 million over the current year. Over the period funding for Brighton & Hove is forecast to fall in cash terms by approximately 40% or £52million.



**Local Government Resource Review – Latest proposals for business rate retention**

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 link between the business rates collected locally and the business rates funded proportion of Formula Grant. A consultation by the Department for Communities & Local Government finished in October 2011 which will allow councils to keep

some or all of their business rate income collected locally. The Government response to the consultation was published just before Christmas 2011 clarifying some of the potential options to implement the scheme. Councils will also get to keep some of the increases in local business rates over and above inflation but see reductions in their resources if business rates fall. Local authority areas with a very high level of business rateable value, a growing economy and increasing number of business premises have potentially most to gain from these proposals. The Government is committed to making this change and has an ambitious target of 1 April 2013 for the introduction of a new system.

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 cross-party Members Budget Review Group informed of the latest developments. Whilst there remain many unanswered questions a forecasting model has been developed to make an initial assessment of the impact on the future resource position of the council as described earlier under the resources section. 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. The council will need to explore which authorities might be willing to enter into business rates pooling arrangements with the council and the advantages and disadvantages of spreading the risks by pooling with different local authorities.

**ASSESSMENT OF RISKS**

The MTFS will always contain a significant degree of risk. The finance system within which the city council works is complex and sensitive to a range of variables. For 2013/14 in particular there is a very high level of uncertainty about the impact of reforms to local government finance. In general factors that can have a material effect on the financial position of an authority include:

- The lack of certainty in future resource levels
- Changes in function & funding
- Changes in how services are funded
- Changes in the economy
- Climate change
- Unmanaged service pressures
- Decisions on council tax

Risks to the MTFS arise from both external and internal factors. External risks include, for example, Government policy decisions that have an adverse impact on the council. External risks are generally the most difficult to manage and plan for.

Internal risks can also arise for a number of reasons, such as cost overruns or changing priorities. They may also be influenced by external factors. It is vital to have adequate mechanisms to manage internal risks if financial stability is to be achieved. There are a number of ways in which the effects of risks can be managed and these are set out in the following risk table. Furthermore, the city council's MTFS aims to minimise the impact of some of the major financial risks and impact on the delivery of the city's key priorities.

However, the forecasts within the MTFS are based on assumptions that reflect the most likely position based on current knowledge and therefore there are also opportunities if any of the forecasts overstate actual expenditure or under-estimate actual income.

Risk	Likelihood of occurrence (L)	Impact (I)	Risk (L) X (I)	Possible Impact on Financial Strategy	Mitigation / Management
<b>Potential Risks affecting 2012/13 onwards</b>					
Collection of council tax falls due to the difficult financial climate and failure to achieve higher target collection rates resulting in a deficit on the collection fund	3	3 0.1% reduction in council tax collection = £0.1m	9	Immediate impact on reserves Would require reductions in the budget for the following year to repay reserves	Close monitoring of the collection fund Implement appropriate collection strategies to minimise impact and review effectiveness of the Debt Prevention Team
Council tax base is lower than anticipated e.g. lower number of new properties / more student exempt properties / more discounts, resulting in a deficit on the collection fund	3	4 1% reduction in council tax base = £1.2m	12	Immediate impact on reserves Would require reductions in the budgets for the following year to repay reserves	Close monitoring of the collection fund and checking validity of exemptions and discounts particularly new property developments, student numbers and discounts Working with further education establishments to develop more dedicated student accommodation
Long term borrowing rates higher than anticipated	2	3 0.5% higher = £0.05m for each £10m	6	Would increase borrowing costs budget over the long-term	Closely monitor long term borrowing rates and future borrowing requirements to help identify the best time to

<b>Risk</b>	<b>Likelihood of occurrence (L)</b>	<b>Impact (I)</b>	<b>Risk (L) X (I)</b>	<b>Possible Impact on Financial Strategy</b>	<b>Mitigation / Management</b>
		borrowed		Would hinder business cases involving borrowing and make invest to save schemes less financially attractive	borrow
Services fail to operate within set budgets due to: <ul style="list-style-type: none"> <li>• Increased service demand</li> <li>• Price variations</li> <li>• Unachieved income levels</li> <li>• Unachieved savings</li> </ul>	2	4 1% overspend on net GF budget = £2.3m in 2012/13	8	Departmental service pressures that can only be met through additional resources, such as the risk provisions, or savings elsewhere in the budget. Reduction in reserves	Monitor corporate critical budgets and overall budget through TBM. Identify action plans to mitigate cost pressures.
Waste tonnages higher than projected resulting in additional disposal costs particularly landfill	2	4 1% increase in tonnage per annum = £0.7m p.a. over life of contract	8	Would increase the waste disposal budget and compensating savings would need to be identified elsewhere in the budget	Provision for higher tonnages made in assessment of waste PFI reserve Monitor and identify specific areas of growth and undertake waste minimisation and further recycling measures
Continuing difficult financial climate has a greater than anticipated impact on collection of	3	4 1% reduction in income =	12	Services would need to identify compensating savings and in particular look at whether expenditure could	Identify action plans to mitigate income and rent shortfalls

<b>Risk</b>	<b>Likelihood of occurrence (L)</b>	<b>Impact (I)</b>	<b>Risk (L) X (I)</b>	<b>Possible Impact on Financial Strategy</b>	<b>Mitigation / Management</b>
income and commercial rents		£1m 1% reduction in commercial rents = £0.1m		be reduced in those income generation areas	
The uncertainties within housing market and changes in housing benefit create spending pressures within the homelessness budget	4	3 10% increase in homelessne ss budget = £0.3m	12	Would create additional pressures in the Housing Strategy budget which would need to find compensating savings	Assess the potential impact of proposed changes to the housing benefit system and the introduction of universal credit and lobby accordingly
Provisions for Equal pay and future pay insufficient to meet liabilities	3	4 1% variation in total pay = £1.4m p.a.	12	Settlement of existing equal pay claims above the provision would reduce the level of reserves	Maintain and update the risk register Monitor progress on a frequent basis and update financial forecasts regularly particularly in the light of any new legal rulings
Major civil incident occurs e.g. storm, flooding, riot	2	3 Estimated "Bellwin" threshold = £0.8m	6	Budget overspend/reduction in reserves Pressures on other budgets	Ensure adequate levels of reserves to cover threshold expenditure Ensure appropriate insurance



<b>Risk</b>	<b>Likelihood of occurrence (L)</b>	<b>Impact (I)</b>	<b>Risk (L) X (I)</b>	<b>Possible Impact on Financial Strategy</b>	<b>Mitigation / Management</b>
					cover is in place.
Severe winter weather places additional spending pressures on winter maintenance and other budgets across the council	3	3 Depends on severity of weather event and length of cold snap	9	Need to use reserves in one-off risk provisions	Advance planning to minimise possible disruption
Pupil numbers lower than projected	2	3 1% of Dedicated Schools Grant = £1.5m	6	Schools funding through dedicated schools grant lower than anticipated.	Review & improve pupil number projections. Consultation with schools forum.
Cost overruns occur on schemes in the agreed capital programme	2	3 1% cost overrun on total programme = £0.97m	6	Reserves or other capital resources redirected to fund overspend Unable to meet capital investment needs	Effective cost control and expenditure monitoring. Flexibility within programme to re-profile expenditure if necessary.
Capital receipts lower than anticipated	4	4 10% reduction in receipts = £0.5m in	16	Fewer resources available for transport programme and other strategic funds	Flexible capital programme that allows plans to be reduced or re-profiled. Alternative site disposal plans

Risk	Likelihood of occurrence (L)	Impact (I)	Risk (L) X (I)	Possible Impact on Financial Strategy	Mitigation / Management
		12/13 & £0.8m in 13/14			capable of being accelerated
<b>Further risks affecting 2013/14 onwards</b>					
Income from business rates is lower than expected due to adverse changes in local economy / successful rating appeals / collection performance declines	3	4 1% of forecast retained business rates income = £0.6m	12	Immediate impact on reserves Would require reduction in the budget for following year to repay reserves and meet ongoing resource shortfalls	Make appropriate provisions in resource forecasts Close monitoring of business rates yield and collection Consider measures to encourage growth in local businesses
Council tax collection is lower than anticipated in relation to households previously receiving higher levels of council tax benefit	3	3 10% non-collection = £0.26m	9	Immediate impact on reserves Would require reductions in the budget for the following year to repay reserves	Close monitoring of the collection fund Implement appropriate collection strategies to minimise impact and review effectiveness of the Debt Prevention Team
Cash reductions in remaining specific grants in 2013/14 and beyond causing additional budget pressures	3	4 5% reduction in specific grants =	12	Reductions in budgets or upward pressure on council tax	Provisions for reductions made in resource forecasts Develop strategies to identify priorities and mitigate impact

<b>Risk</b>	<b>Likelihood of occurrence (L)</b>	<b>Impact (I)</b>	<b>Risk (L) X (I)</b>	<b>Possible Impact on Financial Strategy</b>	<b>Mitigation / Management</b>
		£1.2m			of reductions
Energy and fuel prices increase above 10%	3	3 10% increase = £0.3m	9	Would reduce resources within budgets creating the need to find additional savings	Reduce consumption and implement measures to generate energy Monitor energy/fuel market for contracts closely Risk provisions and service pressures provide some cover for higher inflation
Council unable to deliver a council tax benefit (CTB) scheme with a 10% cost reduction from 1 April 2013	3	3 1% of CTB = £0.26m	9	Reductions in budgets or upward pressure on council tax	Define as a corporate critical budget, closely monitor and allow for periodic review of adopted scheme.
Number of council tax benefit claimants higher and / or CTB scheme costs more than anticipated	3	4 1% of CTB = £0.26m	12	Immediate impact on reserves  Ability to review scheme to meet new financial pressures	Closely monitor claimant numbers  Make appropriate changes to the scheme to reduce financial cost
Investment interest rates lower than anticipated	2	3 0.5% lower = £0.3m	6	Would need more reserves to cover any shortfall in the investment interest budget	Keep investment strategy under constant review
The council fails to reduce its carbon footprint resulting	3	2 Allowances	6	Would reduce resources within budgets creating the	Continue developing council carbon budgets for services

<b>Risk</b>	<b>Likelihood of occurrence (L)</b>	<b>Impact (I)</b>	<b>Risk (L) X (I)</b>	<b>Possible Impact on Financial Strategy</b>	<b>Mitigation / Management</b>
in higher than anticipated energy costs and need to purchase more allowances than anticipated under the CRC scheme		budget = £0.260m		need to find additional savings	and report / monitor alongside financial budget. Programme of investment to reduce carbon footprint across the council
Transfer of funding for Public Health responsibility from 1 April 2013 insufficient to meet existing service requirements and future demand	2	3 Budget not known	6	Reductions in budgets or upward pressure on council tax	Work closely with NHS to ensure appropriate budget transfer and full knowledge of current and future spending pressures.  Monitor budget and spending closely and identify strategies to meet any additional resource requirements.
Reduction in Dedicated Schools Grant following review of existing formula and possible introduction of a national model for distribution between schools	3	4 1% reduction in DSG = £1.5m	12	Additional pressure on schools budgets	Respond to consultation papers and lobby Government on impact  Early discussions with Schools Forum on potential impact

<b>Risk</b>	<b>Likelihood of occurrence (L)</b>	<b>Impact (I)</b>	<b>Risk (L) X (I)</b>	<b>Possible Impact on Financial Strategy</b>	<b>Mitigation / Management</b>
New reimbursement arrangements after current concessionary fares fixed deals end result in higher than anticipated costs in 2014/15 and beyond	3	3 5% change = £0.5m	9	Reductions in budgets or upward pressure on council tax	Monitor national reimbursement arrangement and lobby DfT for changes Closely monitor local data including new smart-card data to inform reimbursement calculations Early negotiations with bus companies about options for new fixed arrangements
Pay assumptions for 2013/14 onwards are lower than agreed pay awards and other pay related costs	3	4 0.5% change in pay award = £0.8m	12	Immediate impact on reserves if risk provisions prove insufficient Would require reductions in the budgets for the following year to repay reserves	Monitor progress on pay award negotiations and wider national settlements Settlement of existing equal pay claims above the provision would reduce the level of reserves
Pension costs increase at next actuarial review in 2014/15 to cover any deficit greater than anticipated due to lower investment performance /	3	3 Each 0.1% additional employer contribution = £0.08m	9	Reductions in budgets or upward pressure on council tax	Implement actuarial advice on contribution rate. All employment decisions include allowance for full pension costs.

<b>Risk</b>	<b>Likelihood of occurrence (L)</b>	<b>Impact (I)</b>	<b>Risk (L) X (I)</b>	<b>Possible Impact on Financial Strategy</b>	<b>Mitigation / Management</b>
higher level of opt out following increased employee contribution rates					Maximise contributions to pension fund where affordable

Likelihood: 1 – Almost impossible, 2 – Unlikely, 3 – Possible, 4 – Likely, 5 – Almost certain.

Impact: 1 – Insignificant, 2 – Minor, 3 – Moderate, 4 – Major, 5 – Catastrophic or fantastic.

Risk (L x I): 1-3 Low, 4-7 Moderate, 8-14 Significant, 15-25 High.

### **Opportunities**

A number of potential specific financial opportunities have been identified from 2013/14:

- A Government consultation on technical reforms to the council tax could allow the council to reduce discounts on second and empty homes generating potential additional income from 1<sup>st</sup> April 2013.
- Revised calculations of funding reductions associated with the introduction of academies will be made following the January 2013 pupil count which cannot decrease funding to any authority but may lead to a lower reduction for Brighton & Hove because the proportion of pupils attending academies within the city is relatively low.

## APPENDIX 8

### Annual Minimum Revenue Provision (MRP) Statement

Statutory guidance issued by the government in February 2008 requires the council to prepare an annual statement on the amount of debt that will be repaid in the following year.

The move to International Financial Reporting Standards (IFRS) in local government has resulted in the council's three PFI schemes being on balance sheet and some leases (or parts of leases) being reclassified as finance leases. These contracts are now subject to the requirement to provide MRP.

The approved MRP statement for 2011/12 limited repayment of debt for assets where no government support is received to equal instalment of principal (EIP). EIP is considered appropriate for the majority of council projects (e.g. purchase of vehicles) where no government support is received. However EIP is not always appropriate for larger, long-term capital investment projects or those which generate income or savings. In these circumstances repayment by annuity, whereby the annual amount payable each year including interest is the same each year.

It is recommended therefore that the 2011/12 MRP Statement is amended to include repayment by annuity for assets where no Government support is received where this method is the most financially beneficial to the council over the life of the asset.

The following statement is recommended for approval for 2012/13:

For 2012/13 the following provision will be made in the revenue account:

- for debt where the government provides revenue support the council will set aside a sum of 4% of the notional debt relating to capital investment, but excluding capital investment on the HRA housing stock (known as the non-HRA capital financing requirement),
- for debt where the government provides no revenue support:
  - where the debt relates to an asset the council will set aside a sum equivalent to repaying debt over the life of that asset either in equal annual instalments or on an annuity basis, the method determined by that most financially beneficial to the council over the life of the asset, or
  - where the debt relates to expenditure which is subject to a capitalisation direction issued by the Government the council will set aside a sum equivalent to repaying debt over a period consistent with the nature of the expenditure under the annuity basis.
- in the case of finance leases and on-balance sheet PFI contracts the MRP requirement will be regarded as met by a charge equal to the element of the lease payment or unitary charge that is applied to write down the balance sheet liability in the year.





## Brighton & Hove City Council – Prudential Indicators 2012/13 to 2014/15

The following prudential indicators are recommended to the council. The indicators include the effect of the new accounting standards (International Financial Reporting Standards) introduced into local authority accounting.

### **A Prudential indicators for Affordability**

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

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

Indicator A1 sets out the ratio of financing costs to net revenue stream. The estimates of financing costs include current commitments and the proposals in this budget report.

#### **A1 Prudential indicator – Estimates of the ratio of financing costs to net revenue stream 2012/13 to 2014/15**

	<b>2012/13 Estimate</b>	<b>2013/14 Estimate</b>	<b>2014/15 Estimate</b>
Non-HRA	<b>8.7%</b>	<b>8.5%</b>	<b>8.4%</b>
HRA	<b>14.5%</b>	<b>16.2%</b>	<b>18.0%</b>

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

#### **A2 Prudential indicator – Estimates of the incremental impact of the new capital investment decisions on the council tax 2012/13 to 2014/15**

	<b>2012/13 Estimate</b>	<b>2013/14 Estimate</b>	<b>2014/15 Estimate</b>
Addition in council tax requirement	<b>£17.67</b>	<b>£20.17</b>	<b>£20.68</b>

#### **A3 Prudential indicator – Estimates of the incremental impact of the new capital investment decisions on the average weekly housing rents 2012/13 to 2014/15**

	<b>2012/13 Estimate</b>	<b>2013/14 Estimate</b>	<b>2014/15 Estimate</b>
Addition in average weekly housing rent	<b>£33.00</b>	<b>£37.22</b>	<b>£35.63</b>

## **B Prudential indicators for Prudence**

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

Indicator B1 compares the estimated net borrowing (i.e. after deducting investments) with the estimated capital financing requirement as at 31 March each year. Indicator B2 compares gross debt to net debt to show the extent of borrowing in advance of need (where applicable).

### **B1 Prudential indicator – Net debt (including PFI liabilities) and the capital financing requirement 2012/13 to 2014/15**

	<b>31 Mar 13 Estimate</b>	<b>31 Mar 14 Estimate</b>	<b>31 Mar 15 Estimate</b>
	£000	£000	£000
Net borrowing	<b>247,181</b>	<b>237,118</b>	<b>227,171</b>
PFI liabilities	<b>59,719</b>	<b>57,977</b>	<b>56,127</b>
Net debt (incl PFI liabilities)	<b>306,900</b>	<b>295,095</b>	<b>283,298</b>
Capital financing requirement	<b>355,878</b>	<b>344,006</b>	<b>329,387</b>

### **B2 Prudential indicator – Gross debt (including PFI liabilities) and Net debt 2012/13 to 2014/15**

	<b>31 Mar 13 Estimate</b>	<b>31 Mar 14 Estimate</b>	<b>31 Mar 15 Estimate</b>
	£000	£000	£000
Gross borrowing	<b>271,784</b>	<b>261,979</b>	<b>252,331</b>
PFI liabilities	<b>59,719</b>	<b>57,977</b>	<b>56,127</b>
Gross debt (incl PFI liabilities)	<b>331,503</b>	<b>319,956</b>	<b>308,458</b>
Net debt (incl PFI liabilities)	<b>306,900</b>	<b>295,095</b>	<b>283,298</b>

## **C Prudential indicator for Capital Expenditure**

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

### **C1 Prudential indicator – Estimates of total capital expenditure 2012/13 to 2014/15**

	<b>2012/13 Estimate</b>	<b>2013/14 Estimate</b>	<b>2014/15 Estimate</b>

	£000	£000	£000
Total non-HRA	<b>96,866</b>	<b>51,218</b>	<b>41,390</b>
Total HRA	<b>27,229</b>	<b>27,554</b>	<b>19,868</b>
Total programme	<b>124,095</b>	<b>78,772</b>	<b>61,258</b>

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

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

**C2 Prudential indicator – Estimates of capital financing requirement 2012/13 to 2014/15**

	<b>31 Mar 13 Estimate</b>	<b>31 Mar 14 Estimate</b>	<b>31 Mar 15 Estimate</b>
	£000	£000	£000
Non-HRA	<b>227,521</b>	<b>216,720</b>	<b>206,033</b>
HRA	<b>128,357</b>	<b>127,286</b>	<b>123,354</b>
Total	<b>355,878</b>	<b>344,006</b>	<b>329,387</b>

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

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

**D Prudential indicators for External Debt**

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

**D1 Prudential indicator – Authorised limit 2012/13 to 2014/15**

	<b>2012/13 Estimate</b>	<b>2013/14 Estimate</b>	<b>2014/15 Estimate</b>
	£000	£000	£000
Borrowing	<b>321,000</b>	<b>312,000</b>	<b>300,000</b>

Other long term liabilities	<b>62,000</b>	<b>60,000</b>	<b>58,000</b>
Total	<b>383,000</b>	<b>372,000</b>	<b>358,000</b>

The authorised limit is the aggregate of gross borrowing (i.e. before investment) and other long term liabilities such as finance leases. **In taking its decisions on the budget report the council is asked to note that the authorised limit determined for 2012/13 in the above table is a statutory limit required to be determined by full Council under section 3(1) of the Local Government Act 2003.**

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

**D2 Prudential indicator – Operational boundary 2012/13 to 2014/15**

	<b>2012/13 Estimate</b>	<b>2013/14 Estimate</b>	<b>2014/15 Estimate</b>
	£000	£000	£000
Borrowing	<b>309,000</b>	<b>299,000</b>	<b>287,000</b>
Other long term liabilities	<b>62,000</b>	<b>60,000</b>	<b>58,000</b>
Total	<b>371,000</b>	<b>359,000</b>	<b>345,000</b>

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

The authorised limit and operational boundary separately identify borrowing from other long-term liabilities. The council is recommended to delegate authority to the Director of Finance, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long term liabilities, in accordance with option appraisal and best value for money for the authority. Any such changes made will be reported to the council at its next meeting following the change.

**D3 HRA limit on indebtedness 2012/13 to 2014/15**

	<b>2012/13 Estimate</b>	<b>2013/14 Estimate</b>	<b>2014/15 Estimate</b>

	£000	£000	£000
HRA limit on indebtedness	<b>158,202</b>	<b>158,202</b>	<b>158,202</b>
HRA capital financing requirement (C2)	<b>128,357</b>	<b>127,286</b>	<b>123,354</b>

Under the reform of housing finance due to be implemented from 1<sup>st</sup> April 2012 the Government has published the *Limits on Indebtedness Determination 2012* which sets out the maximum amount of housing debt that the council may have outstanding at any one time. For the purposes of D3 housing debt is deemed to equal the HRA capital financing requirement.

**E Prudential indicators for Treasury Management**

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

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

**E2 *Prudential indicators – Upper limits on interest rate exposure 2012/13 to 2014/15***

	2012/13	2013/14	2014/15
Upper limit on fixed interest rate exposure	<b>109%</b>	<b>110%</b>	<b>110%</b>
Upper limit on variable interest rate exposure	<b>44%</b>	<b>44%</b>	<b>44%</b>

The above percentages are calculated on the net outstanding principal sums (i.e. net of investments). The upper limit of 110% is a consequence of the council maintaining a limited investment portfolio.

Indicator E2a exemplifies the indicator over borrowing and investment.

**E2a *Prudential indicators (supplemental) – Upper limits on interest rate exposure 2012/13 to 2014/15***

	2012/13	2013/14	2014/15
Upper limit on borrowing – fixed rate exposure	<b>100%</b>	<b>100%</b>	<b>100%</b>
Upper limit on borrowing – variable rate exposure	<b>40%</b>	<b>40%</b>	<b>40%</b>
Upper limit on investments – fixed rate exposure	<b>100%</b>	<b>100%</b>	<b>100%</b>
Upper limit on investments – variable rate exposure	<b>100%</b>	<b>100%</b>	<b>100%</b>

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

**E3 Prudential indicator – Upper and lower limits on the maturity structure of borrowing 2012/13**

	<b>Upper limit</b>	<b>Lower limit</b>
under 12 months	<b>40%</b>	<b>0%</b>
12 months and within 24 months	<b>40%</b>	<b>0%</b>
24 months and within 5 years	<b>50%</b>	<b>0%</b>
5 years and within 10 years	<b>75%</b>	<b>0%</b>
10 years and above	<b>100%</b>	<b>40%</b>

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

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

	<b>2012/13</b>	<b>2013/14</b>	<b>2014/15</b>
	£000	£000	£000
Limit	<b>25,000</b>	<b>25,000</b>	<b>25,000</b>

## 2012/13 - 2013/14 Savings Proposals Summary

	People		Place		Resources and Finance	Communities	Corporate Budgets	Savings to be identified	Total General Fund
	Adult Social Care £'000	Children's Services £'000	Housing Strategy £'000	City					
				Regulation & Infra-structure £'000					
<b>2012/13 Proposals</b>	<b>3,201</b>	<b>2,671</b>	<b>1,189</b>	<b>4,411</b>	<b>1,855</b>	<b>1,105</b>	<b>1,220</b>		<b>15,652</b>
<b>2012/13 Full Year</b>	3,492	2,671	1,189	4,667	1,855	1,223	1,270		16,367
<b>2013/14 Proposals</b>	<b>5,449</b>	<b>2,509</b>	<b>913</b>	<b>227</b>	<b>1,994</b>	<b>385</b>	<b>2,750</b>	<b>1,521</b>	<b>15,748</b>
<b>2013/14 Full Year</b>	6,049	2,509	913	227	1,994	535	2,750	1,521	16,498
<b>Total Full year effect savings over 2 years</b>	<b>9,541</b>	<b>5,180</b>	<b>2,102</b>	<b>4,894</b>	<b>3,849</b>	<b>1,758</b>	<b>4,020</b>	<b>1,521</b>	<b>32,865</b>

## Budget Strategy for Adult Social Care

### Summary

	Budget 2011/12 £'000	Proposed Budget 2012/13 £'000	% change	Indicative Budget 2013/14 £'000	% change
Commissioner - People	2,580	2,045	-20.7	1,736*	-15.1
Delivery Unit - Adults Assessment	62,404	63,585	1.9	60,686*	-4.6
Delivery Unit - Adults Provider	13,997	13,260	-5.3	12,306*	-7.2
Adult Services	78,981	78,890	-0.1	74,728*	-5.3

\* Indicative budget is shown before any allocation from corporate service pressure funding in 2013/14 for demographic change and other pressures.

### Strategic Financial Context

- There are important demographic changes in the population of Brighton & Hove which affect our spend. In summary these are:
  - A reducing number of Over 65s, but an increased proportion of Over 85s with high and complex needs. A growing number of young adults in need of mental health service provision. Continued increases in the numbers and complexity of need of those with learning and physical disabilities.
- Through Personalisation we are increasing choice to individuals about their care and we are supporting them to live as independently as possible.
- We are looking at all the housing options available for our vulnerable adults to make best use of our limited suitable private and public sector stock.
- We need ensure that the quality of services provided in the independent sector is maintained both through ensuring adequate funding and through tight quality control and monitoring by the council.
- We are looking to retain the level of investment to support carers.
- It is important that we maintain the focus on prevention services and will look at the effectiveness of current provision and opportunities to work with NHS colleagues across the city.
- We also need to make sure that following an illness or period in hospital that we work with our NHS colleagues to make sure people gain as much independence as possible.



## Key Changes arising from this Budget Strategy

### In 2012/13

- We will reduce the numbers of placements in residential care through better use of sheltered accommodation in the city and start to develop new extra care and other housing options.
- We will make savings on the budget we use to support those in need of social care through our reablement service and through better use of assistive technology like Telecare.
- We will start consulting on major changes to our provision for those with learning disabilities, supporting more independent living whilst looking at the most cost effective options of delivery of care. We will refocus our in-house services on short term crisis intervention and those with the most complex needs.
- We will target our building based day services on those with the most complex needs and for carer respite while facilitating a wider range of day activities being available to all. Further consultation will take place on this area.
- Following the previous two year freeze in rates payable to independent nursing and residential care and homecare providers we make increases in 2012/13 to help cover rising energy costs and support fair rates of pay for workers in this sector so that the needs of those receiving care can be met.
- We will protect the funding levels available for mental health provision.
- Following a scrutiny review of community meals we will look to procure a new service during 2012/13.
- We will achieve savings from our planned re-procurement of home care services and with efficiencies following the introduction of the new electronic care monitoring system
- We will bring in line the support to the Learning Disability Partnership Board to put it on a more equitable footing with other similar partnership activities.
- Work continues to improve the efficiency of the assessment process.
- We will plan ahead for the projected increases in the numbers of residents over 85, particularly with dementia, by investing some one off resources to develop capacity and specialist care in the city.

### In 2013/14

- We will continue with the strategies from 2012/13 which will deliver further savings in the subsequent year.
- We will implement the recommendations from the short term services review that we are working on with our NHS partners.

# PEOPLE - Adult Social Care

## 2012/13 Savings proposals

<b>Commissioner - People</b>						
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000	
Commissioning support to Director of Adult Social Care statutory role including contracts	950	Review of support services to include commissioning, performance and development and contract management	Costed options to be developed. Will reduce commissioning and contract management capability	50	50	
Commissioned advice and support services to meet statutory obligations	590	Review of all contracts for services as part of commissioning plans and where appropriate re-specify contracts to meet changing needs.	Contracts are being reviewed and discussions with providers taking place, including tapering and re-specifying contracts/contract sums.	50	50	
Commissioned Community Meals service providing 85,000 meals pa	243	Review and Respecify Community Meals. To consider impact of personalisation and the range of options that are currently now available.	Awaiting further feedback from Scrutiny (November 2011). Current contract extended to September 2012 due to capacity to tender	50	100	
Meeting assessed needs through Home Care	Incl within Community care	Recommission Home Care to a new specification and let contract from 1 June 2012.	New contract gives the opportunity to eliminate incentive payments.	180	180	
Service specific Partnership Boards	232	Prioritise use of partnership funding to achieve 50% efficiencies.	Formalise arrangements to engage people with learning disabilities and family carers in commissioning and attendance at meetings, including a review of the costs of project support to the Learning Disability Partnership Board. Would limit scope of partnership boards to consultations; 3rd sector providers could feel disengaged	110	110	
<b>Totals</b>				<b>440</b>	<b>490</b>	

## PEOPLE - Adult Social Care Delivery Unit - Adults Assessment

## 2012/13 Savings proposals

Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000
Meeting assessed needs through Extra Care Housing and other forms of supported living.	incl below	Jointly commissioned with housing to deliver extra care capacity to meet the need identified in the city. Plan to reduce no. of people placed in residential care- options to include the use of Sheltered Accommodation/ Extra Care Housing.	Increase use of Sheltered Housing to support Extra Care. Will require change in local allocation policy, development of a joint pathway with adult social care and will involve working with all Registered Social Landlords in the city. All client groups. Commissioning process to start Oct 11.	400	400
The service has a duty to meet assessed needs of people with Learning Disabilities within the Fair Access to Care (FACS) criteria	Incl below	Develop proposals to implement the Learning Disabilities accommodation and support strategy and consult on the options. Look to utilise the capacity in the city and operate a robust and appropriate service Key areas:- - Supporting move on to greater independence by increasing low level supported living options and modernising shared lives. - Remodel services to provide short term crisis support and for those with the most complex needs to reduce out of area respite and emergency placements. -Ensure provision is fit for purpose going forward	Detailed proposals to be taken to the Cabinet Member Meeting and Joint Commissioning Board for permission to consult and report back. Detailed implementation plans will need to be in place based on assessed needs of individuals.	75	100
				38	50

# PEOPLE - Adult Social Care

## 2012/13 Savings proposals

Delivery Unit - Adults Assessment					
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000
The service has a duty to meet assessed needs of people with Learning Disabilities within the Fair Access to Care (FACS) criteria	Incl below	Recommissioning of Independent Sector contract re Learning Disabilities Supported Accommodation at Sackville Gardens when current 3 year contract expires (December 2012).	Detailed proposals to be taken to the Cabinet Member Meeting and Joint Commissioning Board for permission to consult with tenants and service users and report back. Detailed implementation plans will need to be in place based on assessed needs of individuals.	15	115
These services provide the statutory duty under the NHS and Community Care Act (1990) to assess needs and to provide services to meet those assessed needs.	52,601	Community Care. Scope potential to increase move on by: - further focus on reablement activities - short term interventions - prevention activities - better use of Telecare - better use of in-house residential services	- Value for Money target /Benefits Realisation  Enhanced reablement and better use of assisted technology to reduce numbers into residential/nursing homes. Dependent on reviews and provider services	1,172	1,172
Joint commissioning provider arrangements	3,738	Look at options for re-modelling staffing arrangements in Assessment Services	Re-modelling staffing arrangements	200	200
Meeting assessed needs through Home Care	Incl within Community care	Recommission Home Care to a new specification and let contract from 1 June 2012. .	New contract gives the opportunity to revise rates structure.  Monitor impact of Electronic Care Monitoring System and impact of new contracts on savings. Risk that ECMS doesn't deliver or causes instability in the home care	100	100
				100	100

## PEOPLE - Adult Social Care

## 2012/13 Savings proposals

Delivery Unit - Adults Assessment					
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000
			market	2,100	2,237
<b>Totals</b>				<b>2,100</b>	<b>2,237</b>

# PEOPLE - Adult Social Care

# 2012/13 Savings proposals

Delivery Unit - Adults Provider					
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000
Small registered residential homes and supported living, includes Respite Services and Shared Lives scheme	4,509	Develop proposals for the in house service to implement the Learning Disabilities accommodation and support strategy and consult on the options. In house service to refocus on short term crisis intervention and those with the most complex needs. Potential capital receipts when properties become vacant which may need to be reinvested in alternative service provision. - In-house service to focus on those with the most complex needs	Detailed proposals to be taken to the Cabinet Member Meeting and Joint Commissioning Board for permission to consult and report back. Detailed implementation plans will need to be in place based on assessed needs of individuals.	311	415
Services provided to vulnerable people through in house service-includes reablement homecare and day care	3,111	Identify scope/options to reduce in house unit costs.	Costed options to be developed to include reduction in use of agency and to promote flexible working of staff to support units when users are attending day activities	50	50
Services provided during the day for older people and older people with mental health needs to enable them to continue living independently and to provide carer relief	2,305	Day Activities. Option appraisal in development with focus on in-house building based day activities and contract for services provided in the independent sector. Proposal to be developed for consultation	Commissioning plan being developed. Tiering activity, providing building based services for people with highly complex needs and carer support and a 'hub and spoke' model for other people assessed as needing support. The Embrace model to provide universal support to communities. (NB Excludes mental	250	250

# PEOPLE - Adult Social Care

## 2012/13 Savings proposals

<b>Delivery Unit - Adults Provider</b>					
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000
			health services which are subject to a separate joint commissioning plan with the NHS). This will result in a reduction in building based day services. Requires further focus on maintaining services to the most vulnerable and acceptance of community based options. Detailed proposals to be taken to the Cabinet Member Meeting and Joint Commissioning Board for permission to consult and report back.		
Transport services	incl. above	Transport- review allocation of transport against assessed needs linked to corporate project across children's/adults	3 months project support agreed corporately to review transport services across Children's and Adults to identify best options for change that deliver solutions that improve services.	50	50
<b>Totals</b>				<b>661</b>	<b>765</b>
<b>Overall Total 2012/13</b>				<b>3,201</b>	<b>3,492</b>

# PEOPLE - Adult Social Care

# 2013/14 Savings proposals

<b>Commissioner - People</b>						
<b>Service (including brief description)</b>	<b>Total Net budget £'000</b>	<b>Description of saving</b>	<b>Service impact and risks</b>	<b>Savings identified 2013/14 £'000</b>	<b>Full Year effect of 2013/14 savings £'000</b>	
Commissioning support to Director of Adult Social Care statutory role including contracts	950	Review of support services to include commissioning, performance and development and contract management	Costed options to be developed. Will reduce commissioning and contract management capability	50	50	
Commissioned advice and support services to meet statutory obligations	590	Review of all contracts for services as part of commissioning plans and where appropriate re-specify contracts to meet changing needs.	Contracts are being reviewed and discussions with providers taking place, including tapering and re-specifying contracts/contract sums.	150	150	
Commissioned Community Meals service providing 85,000 meals pa	243	Review and Respecify Community Meals. To consider impact of personalisation and the range of options that are currently now available.	Awaiting further feedback from Scrutiny.	100	100	
<b>Totals</b>				<b>300</b>	<b>300</b>	



## PEOPLE - Adult Social Care Delivery Unit - Adults Assessment

## 2013/14 Savings proposals

Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000
Meeting assessed needs through Extra Care Housing	Incl below	Jointly commissioned with housing to deliver extra care capacity to meet the need identified in the city. Plan to reduce no. of people placed in residential care- options to include the use of Sheltered Accommodation/ Extra Care Housing.	Increase use of Sheltered Housing to support Extra Care. Will require change in local allocation policy, development of a joint pathway with adult social care and will involve working with all Registered Social Landlords in the city. All client groups. Commissioning process to start Oct 11.	1,640	1,640
The service has a duty to meet assessed needs of people with Learning Disabilities within the Fair Access to Care (FACS) criteria	Incl below	Develop proposals to implement the Learning Disabilities accommodation and support strategy and consult on the options. Look to utilise the capacity in the city and operate a robust and appropriate service Key areas:- - Supporting move on to greater independence by increasing low level supported living options and modernising shared lives. - Remodel services to provide short term crisis support and for those with the most complex needs to reduce out of area respite and emergency placements. -Ensure provision is fit for purpose going forward	Detailed proposals to be taken to the Cabinet Member Meeting and Joint Commissioning Board for permission to consult and report back. Detailed implementation plans will need to be in place based on assessed needs of individuals.	100	100
				50	50

# PEOPLE - Adult Social Care

## 2013/14 Savings proposals

<b>Delivery Unit - Adults Assessment</b>					
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000
These services provide the statutory duty under the NHS and Community Care Act (1990) to assess needs and to provide services to meet those assessed needs.	52,601	<p>Community Care. Scope potential to increase move on by:</p> <ul style="list-style-type: none"> <li>- further focus on reablement activities</li> <li>- short term interventions</li> </ul> <p>- prevention activities</p> <p>- better use of Telecare</p> <p>- better use of in-house residential services</p>	<p>- Value for Money target /Benefits Realisation</p> <p>Enhanced reablement and better use of assisted technology to reduce numbers into residential/ nursing homes. Dependent on reviews and provider services</p> <p>Further savings to include Supported Living Strategy( under development) which will require new services to be developed</p> <p>May require further spend to save funding to develop Telecare solutions.</p>	579	579
Joint commissioning provider arrangements	3,738	<p>Look at options for re-modelling staffing arrangements in Assessment Services</p>		340	340
Meeting assessed needs through Home Care	Incl within Community care	<p>Recommission Home Care to a new specification and let contract from 1 June 2012.</p>	<p>New contract gives the opportunity to revise rates structure and to eliminate incentive payments.</p>	120	120
Meeting assessed needs		<p>Short Term Services Review across integrated arrangements with health. This covers a range of both community and bed based services provided by a range of providers including the local authority.</p>	<p>Review of Short Term Care services and support- development of proposals for consultation</p>	100	200

## PEOPLE - Adult Social Care

## 2013/14 Savings proposals

Delivery Unit - Adults Assessment					
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000
		These services support hospital discharge, prevention of admission and reablement.			
<b>Totals</b>				<b>4,034</b>	<b>4,134</b>

# PEOPLE - Adult Social Care

# 2013/14 Savings proposals

Delivery Unit - Adults Provider					
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000
Small registered residential homes and supported living, includes Respite Services and Shared Lives scheme	4,509	Develop proposals for the in house service to implement the Learning Disabilities accommodation and support strategy and consult on the options. In house service to refocus on short term crisis intervention and those with the most complex needs. Potential capital receipts when properties become vacant which may need to be reinvested in alternative service provision. - In-house service to focus on those with the most complex needs	Detailed implementation plans will need to be in place.	415	415
Services provided to vulnerable people through in house service-includes reabling homecare and day care	3,111	Identify scope/options to reduce in house unit costs.	Costed options to be developed to include reduction in use of agency and to promote flexible working of staff to support units when users are attending day activities	50	50
Services provided during the day for older people and older people with mental health needs to enable them to continue living independently and to provide carer relief	2,305	Day Activities. Option appraisal in development with focus on in -house building based day activities and contract for services provided in the independent sector. Proposal to be developed for consultation	Commissioning plan being developed. Tiering activity, providing building based services for people with highly complex needs and carer support and a 'hub and spoke' model for other people assessed as needing support. The Embrace model to provide universal support to communities. (NB Excludes mental	150	150

# PEOPLE - Adult Social Care

# 2013/14 Savings proposals

Delivery Unit - Adults Provider					
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000
All current in house provider services including residential accommodation, community based services and day provision		Continue to explore future models for delivery of services. The savings associated with this could be across both the provider and assessment service	health services which are subject to a separate joint commissioning plan with the NHS) Continue to prioritise the role of in house provision to meet high level need and gaps in provision.	500	1,000
<b>Totals</b>				<b>1,115</b>	<b>1,615</b>
<b>Overall Total 2013/14</b>				<b>5,449</b>	<b>6,049</b>

## Budget Strategy for Children's Services

### Summary

	Budget 2011/12 £'000	Proposed Budget 2012/13 £'000	% change	Indicative Budget 2013/14 £'000	% change
Commissioner - Children's Youth & Families	17,693	19,131	+8.1	17,937*	-6.2
Commissioner - Learning & Partnership	5,912	5,096	-13.8	5,048*	+0.4
Delivery Unit - Children's & Families	38,629	38,017	-1.6	37,926*	-0.2
Total Children's Services	62,234	62,244	0.0	60,911*	-2.0

\* Indicative budget is shown before any allocation from corporate service pressure funding in 2013/14 for demographic change and other pressures.

### Strategic Financial Context

- Numbers of looked after children drive spend on placements and on social workers, benchmarking shows that our numbers are high in Brighton & Hove
- Through our Section 75 agreements with health, and our close partnership with schools, community safety and the Police we deliver a joined up front line service for children and families targeting those most in need
- Our Value for Money programme is driving an early intervention strategy enabling families in need to care for their children, especially when they have multiple problems. Effective early intervention should reduce the numbers of children in need and those that become looked after, leading to better outcomes for children and reduced spend while ensuring we meet our child protection duties
- When we do have to take children into care we are working to ensure placements are cost effective, taking into account the needs of the child for the long term
- There has been a significant reduction in specific grant funding from central government available for children's services and our provision needs respond to this, targeting our resources at those most in need
- There are fundamental changes being driven at a national level to the role of councils as Local Education Authorities and funding is being transferred from the maintained sector into Academies and Free Schools
- The Children's Commissioning and Delivery Units work collaboratively to improve the efficiency and impact of our integrated services

including provision for disabled children, teenagers at risk and re-shaping services such as Health Visiting, and Youth Work

## **Key Changes arising from this Budget Strategy**

In 2012/13

- There will be less council subsidy for early years provision in private sector nurseries, advice for childcare providers and families will be more targeted
- We will start consulting on some changes to our provision from some of our children's centres
- The council and the NHS Clinical Commissioning Group will re-shape Health Visiting and other community health services
- We will retain an educational welfare service but one which focuses only on statutory compliance
- We have already restructured our Schools, Skills and Learning Service and there are significant savings as a result of this, but this also means we are reliant on schools to take greater responsibility for one another. And spend on school improvement and inclusion will be targeted to the highest priority areas only
- Home to school transport will continue to be provided for the most vulnerable.
- We will protect funding for carers and respite care to help families stay together wherever possible
- Implementation of the Youth Services strategy will bring together more effectively provision across children's services, culture, sports and leisure, and seek to better integrate statutory and voluntary services
- A programme of early intervention services targeting families most in need will be in place to reduce numbers requiring statutory children in need or child protection plans

In 2013/14

- We will continue with the strategies set out in 2012/13
- Our continued investment in targeted early intervention will have stabilised the numbers of children coming into care and average costs of placements will be lower
- Re-commissioned services for children who need to be looked after, and for young people in housing need will sustain low unit costs focusing, wherever we can on more cost-effective in-house provision
- We will continue early consultation on further changes to the provision of services from our children's centres, again maintaining the services at our full offer centres in the most disadvantaged communities
- We will significantly reduce the subsidy on the school music service

# PEOPLE - Children's Services

# 2012/13 Savings proposals

## Commissioner - Children, Youth & Families

Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000
Child, Adolescent Mental Health Services (CAMHS) & Targeted Mental Health in Schools (TAMHS)	623	Recommissioning/service redesign of mental health services as a result of the review of spend from the Early Intervention Grant.	Reduced work with both children and professionals in schools to raise awareness of mental health.	107	107
Early Intervention and Prevention	1,117	Recommissioning/service redesign of early intervention & prevention services as part of the review of spend from the Early Intervention Grant (EIG).	Reduced opportunities to strengthen early intervention services. No impact on posts.	192	192
Commissioning	250	Various non staffing budgets.	Minimal impact on services.	10	10
Child Trust Fund - Top Up	2	Council responsibility ceased.	Minimal impact on services.	2	2
<b>Totals</b>				<b>311</b>	<b>311</b>



# PEOPLE - Children's Services

# 2012/13 Savings proposals

Delivery Unit - Children & Families					
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000
<b>Childcare sufficiency and quality</b> - Support new and existing childcare providers, including childminders, to provide good quality and safe childcare, advice and sustainability funding to voluntary childcare providers, ensure sufficient places for all 3 and 4 year olds	568	Reduce and target quality support for childcare providers. Provide more information on line. Review sustainability funding for childcare providers and organisations who support childcare providers. (17% saving).	Reduced capacity to offer universal support to all childcare providers could lead to worse Ofsted inspection outcomes. Reduced funding and support for sustainability will be considered alongside the funding from the Children's Centre budget to ensure provision remains viable where possible.	100	100
<b>Childcare Workforce Development</b> - Commission and deliver training e.g. non-accredited short courses on Early Years Foundation Stage (EYFS) welfare requirements and for children under 3 inc safeguarding, 1st aid, Presens and Ethnic Minority Achievement Service (EMAS) training, and bursaries for L2,3 and 5 childcare qualifications	425	Reduce funding for training and bursaries by 50%. Restructure Childcare Workforce Development Team to reflect changes. Charge for some short courses.	Charging for some training courses will increase costs for childcare providers and may reduce take up. Reduced funding for bursaries for childcare qualifications will also increase costs for providers and may reduce number of qualified staff. The Early Years Single Funding Formula within the Dedicated Schools Grant (DSG) should be reviewed to take account of these changes.	212	212
<b>Graduate Leader Fund (GLF)</b> - provides incentives for childcare providers to support staff to become Early Years Professionals (EYPs) and to subsidise the costs of	464	Reduce funding by 60% and no longer fund the Early Years Professional network.	No funding for settings with staff on an Early Years Professional (EYP) pathway. Reduce level of funding for settings with EYPs with levels of	278	278

# PEOPLE - Children's Services

# 2012/13 Savings proposals

Delivery Unit - Children & Families					
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000
employing EYPs. Funds whole costs of 2 EYPs in very disadvantaged settings, £10k for an EYP.			funding graduated according to the number of disadvantaged children. Increased costs for childcare settings with EYPs. Research shows that children benefit particularly from a place at an early education setting with highly qualified staff, and that high quality early education is a key factor in closing gaps in attainment and improving school readiness of the neediest children. The Early Years Single Funding Formula in the DSG should be reviewed to take account of these changes.		
<b>Family Information Service (FIS) and At Home Service</b> - provide information and advice to parents and a matching scheme for child carers who work in parents homes.	320	Reduce funding by providing more information on-line and reducing marketing, training for staff and support for the At Home Childcare scheme. (15% saving).	More information provided on-line but with reduced capacity for FIS to offer advice and information to parents one the phone and face to face. At Home workers can access free minimum training in the main programme.	50	50
<b>Citywide Children's Centre (CC) costs</b> - salaries for communications, finance, performance analyst, book start posts, parental involvement, Ad contribution, speech and language (£47k), EMAS (£40k),	298	Reduced funding for central support services and review commissioned services (Reduction of 21%).	No longer produce Children's First. Less communications support for children's services and schools. Less finance support is needed following the end of the ring-fenced	64	64

# PEOPLE - Children's Services

# 2012/13 Savings proposals

Delivery Unit - Children & Families					
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000
childminder drop-ins (£15k)			Sure Start grant. Less support for childminders.		
<b>CC Nurseries</b> - part of the core offer of CCs in disadvantaged areas. Roundabout, Jumpstart, Tarnerland, Cherry Tree, Acorn, Honeycroft.	867	Reduce agency costs and increase the nursery apprenticeship scheme. Review the staffing structure of the nurseries. Fee increase of 3%. (Reduction of 16%).	Savings are dependent on recruiting apprentices and maintaining occupancy levels in the nurseries. Apprenticeship scheme should reduce the need for agency staff, give training opportunities and improve consistency for children. Any reductions in qualified staff could lead to reduced quality of provision and the capacity to deliver Family Learning.	140	140
<b>Children's Centres (CC)</b> - 6 full offer CCs in disadvantaged areas, 9 smaller gateway CCs in other areas and 5 linked sites which are not designated. Offer universal and targeted early years and health services. Buildings also host other Children and Families Services and midwifery.	2,986	Seek permission from Budget Council to consult on changes to the citywide strategy for securing children's centres as part of a joint review with the Clinical Commissioning Group of children's health services including Health Visiting provision. This would include reviewing the number of Children's Centres and the services they deliver.	Statutory guidance includes a presumption against the closure of children's centres. The revised strategy would need to demonstrate that the Council is still meeting its duty to provide sufficient children's centres. There is a requirement for local authorities to notify and consult with the Department for Education about any plan to transfer, dispose of, or change the use of buildings or any other tangible fixed assets which has a current market value of more	50	50

## PEOPLE - Children's Services

## 2012/13 Savings proposals

Delivery Unit - Children & Families					
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000
<b>Services for Children with Disabilities</b>	5,695	Internal efficiencies.	<p>than £2,500. The consultation will need to consider the delivery of universal health services delivered from children's centres. Reductions in funding will lead to less universal services for children under 5 and their families. Reductions in the number of children's centres may make it more difficult for vulnerable families to access children's centres and lead to worse outcomes for young children.</p> <p>These savings will be achieved through reductions in the following areas:</p> <ul style="list-style-type: none"> <li>£10k adaptations reduction in capacity to provide additional support to the disabled facilities grant adaptations</li> <li>£25k health contribution integrated post</li> <li>£15k administration reduction in the admin capacity within the service</li> </ul>	50	50
<b>Educational Welfare Service</b>	254	Reduce the service provision to the statutory minimum.	The local authority will perform a minimum statutory function in relation to children's attendance.	217	217

## PEOPLE - Children's Services

## 2012/13 Savings proposals

Delivery Unit - Children & Families					
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000
			There will not be capacity to monitor children's attendance on a city wide basis, support schools with this work or work with families where attendance is an issue. Schools will be required to take greater responsibility for managing attendance and will receive less external challenge.		
<b>Youth Service</b> - Brighton and Hove Youth Service is a city wide curriculum based service providing activities and support to young people 13-19 and up to 25 with special needs. Young people learn about themselves, others and society through activities.	1,564	Changing sub-contracting arrangements with one or more supplier.	Minimal impact on outcomes for children.	55	55
<b>Youth Employability Service</b>	841	It is proposed in 2012/13 that a commissioning review takes place of the Youth Employability Service and the other employment/apprenticeship/economic regeneration activities within the council, with implementation in 2013/14. The reduction in Not in Education, Employment or Training (NEET) figures for young people in	The proposed savings of £30k in 2012/13 for the Youth Employability Service will have some impact on support for front-line services in terms of a reduction in training, publicity for engaging young people with the service and some ICT support. However the main front-line delivery of the service will not be greatly affected, with the same	30	30

# PEOPLE - Children's Services

# 2012/13 Savings proposals

Delivery Unit - Children & Families					
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000
		<p>the city is heavily dependent on 3 factors; secondary schools, employment and training opportunities. Improvements in secondary schools are being led by the secondary schools commission to improve advice and guidance and positive destinations for young people. Improvement in training opportunities is being led by the 11-19 year old partnership. Therefore it is hoped to improve employment and support by recommissioning the Youth Employability Service and the other council activities around employment and economic regeneration together. Synergies and cost savings will be realised alongside improving employment and apprenticeships opportunities.</p>	<p>number of workers in post and working directly with young people aged 16-18 who are Not in Education Employment or Training (NEET) and young people with Learning Difficulties / Disabilities (LDD).</p>		
<b>Youth Offending Services (YOS)</b>	920	<p>5% savings equates to £46k. We would undertake a review of the non statutory projects delivered by the YOS service and restructure these. We would also seek to make some savings from the building</p>	<p>The proposed savings will have some impact on front-line services in terms of services offered to young people. The YOS service currently offers and pays the wages of young people in employment place, the</p>	46	46

## PEOPLE - Children's Services

## 2012/13 Savings proposals

Delivery Unit - Children & Families					
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000
		costs by seeking to share the building with other services.	number of places or wages offered may need to be reviewed along with additional support to vulnerable young people.		
<b>Extended Schools - Start Up</b>	103	10% reduction in grants.	Small reduction in grant funding - only fund voluntary groups with most disadvantaged children.	9	9
<b>Participation</b>	110	Savings on building costs.	The service would be able to continue to offer to its current level.	6	6
<b>Totals</b>				<b>1,307</b>	<b>1,307</b>

# PEOPLE - Children's Services

# 2012/13 Savings proposals

Commissioner - Learning & Partnership						
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000	
School Improvement and Inclusion	380	A 46k cut to central council budget to support schools with school improvement and inclusion. Switching this funding with central Dedicated Schools Grant (DSG) funding.	There service will remain and will be funded from DSG leaving reduced flexibility to respond to schools in crisis although some contingency remains. More responsibility on schools to fund activity and support in these areas.	46	46	
School Improvement and Inclusion	380	Cut to central council budget to support schools with school improvement and inclusion. Switching this funding with central DSG funding. Cut to DSG budget.	There service will remain and will be funded from DSG leaving reduced flexibility to respond to schools in crisis although some contingency remains. More responsibility on schools to fund activity and support in these areas.	218	218	
School Improvement and Behaviour Support		Cut to central council budget to support Learning Mentor programme. Switching this funding with central DSG funding.	Reflects general principle of budgets flowing from the Council to schools and so school will have to accept greater responsibility for managing this area. Grants to schools for disadvantaged pupils ('pupil premium') will increase significantly this year.	66	66	
School Improvement	1,117	Full year impact of the Schools Skills and Learning reorganisation.	COMPLETED: Loss of managers at third tier level in Schools, Skills and	62	62	



# PEOPLE - Children's Services

# 2012/13 Savings proposals

Commissioner - Learning & Partnership					
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000
			Learning (Learning and Partnership). New leaner structure with less delivery of school improvement by the council. Team more focused on statutory functions, commissioning, Quality Assurance, challenging and calling to account schools. More responsibility to schools for own school improvement.		
Ethnic Minority Achievement Service	73	Full year impact of the Schools Skills and Learning reorganisation.	COMPLETED: Loss of management in EMAS Service (not filling post of those going on Voluntary Severance scheme).	73	73
Admissions, Home to School Transport and School Meals	2,959	Full year impact of the Schools Skills and Learning reorganisation.	COMPLETED: Loss of managers at third tier level in Schools, Skills and Learning (Learning and Partnership). New leaner structure with less delivery of school improvement by the council. Team more focused on statutory functions, commissioning, Quality Assurance, challenging and calling to account schools. More responsibility to schools for own school improvement.	57	57
Home to School Transport		Cut in home to school transport budget. Cheaper more cost	Fewer children being provided with home to school transport, but with	100	100

# PEOPLE - Children's Services

# 2012/13 Savings proposals

Commissioner - Learning & Partnership					
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000
		effective VFM contract with transport provision. Review of 'contracts' to drive down cost. Strict implementation of criteria for allocation of transport for children with SEN.	increasing numbers supported in building independence.		
Home to School Transport		£68K denominated transport as per committee report CMM 12/09/11.	Full consultation taking place. Equalities Impact assessment will be completed as part of consultation. If agreed some YP/families making own arrangements to get to faith schools. Financial cost to parents. No funding of transport to some children attending faith schools.	40	40
Workforce Development	197	Full year impact of the Schools Skills and Learning reorganisation.	COMPLETED: Loss of managers at third tier level in Schools, Skills and Learning (Learning and Partnership). New leaner structure with less delivery of school improvement by the council. Team more focused on statutory functions, commissioning, Quality Assurance, challenging and calling to account schools. More responsibility to schools for own school improvement.	60	60
Workforce Development (schools training)		Cut to School training and	Not providing non-statutory training	20	20

# PEOPLE - Children's Services

# 2012/13 Savings proposals

Commissioner - Learning & Partnership					
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000
and Leadership)		leadership budget.	and support with workforce development issues. Schools to use own funding to provide training.		
School Leadership Conferences	18	Cut to council funding budget for Heads/Principals annual conferences and events with switch to DSG funding.	Less available DSG funding for other priority education activity. No council funding contributing to Headteachers Conference.	18	18
Access and Attendance Strategy	54	Cut to central Statutory (vacant post) team.	Less support in central team to monitor access to education, exclusion and to call schools to account. More responsibility of schools and governing bodies. Less available funding to allocate to schools to prevent exclusions.	20	20
Catering	86	Remove catering from members meetings.	The budget for member catering is managed alongside schools catering hence it is shown in this service area.	23	23
Previous grant funding that was core funded in 2011/12		The council replaced education grant funding that was stopped by the government in the 11/12 budget. It is proposed to reduce this replacement funding as it is no longer affordable.	Reduced flexibility to respond to schools in crisis although there will remain some contingency. More responsibility on schools to fund activity and support in these areas.	250	250
<b>Totals</b>	<b>5,264</b>			<b>1,053</b>	<b>1,053</b>

# PEOPLE - Children's Services

# 2012/13 Savings proposals

<b>Commissioner - Learning &amp; Partnership</b>					
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000
<b>Overall Total</b>				<b>2,671</b>	<b>2,671</b>

# PEOPLE - Children's Services

# 2013/14 Savings proposals

Commissioner - Children, Youth & Families						
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000	
LAC & Child Agency Placements	12,945	Movement of 2.0 FTE children from a Residential placement to intensive IFA. Movement of 4.25 FTE children from intensive IFA to standard IFA. Movement of 18.0 FTE children from standard IFA to in-house fostering. Reduction of 16.15 FTE IFA placements. Reduction of 1.0 FTE disability agency placement.	Challenging but achievable target. VfM target for 13/14 was £900k but now stretched to £1.25m. However, robust implementation of VfM initiatives and Supporting Families Early Intervention strategy should result in realising these savings.	1,250	1,250	
LAC & Child Agency Placements	12,945	Additional 0.5 FTE children moved from residential placement to intensive IFA. Additional 0.75 FTE children moved from intensive IFA to standard IFA. Additional 1.30 FTE moved from standard IFA to in-house foster placement. Additional reduction of 1.20 FTE IFA placements. Additional reduction of 1.0 FTE parent & baby IFA. Additional reduction of 1.0 FTE disability agency placement.	Considerable risk that the target won't be achieved (i.e. additional 2.2 FTE placements prevented and 3.55 FTE lower cost placements/reduced placement time) even with the current resources in the delivery unit and strengthened VfM initiatives. If the delivery unit resources reduced and services recommissioned over 5%, this will result in substantial risk.	327	327	
<b>Totals</b>				<b>1,577</b>	<b>1,577</b>	

# PEOPLE - Children's Services

# 2013/14 Savings proposals

Delivery Unit - Children & Families						
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000	
Asylum Seekers	115	Reduction in service provision to children traumatised by events in war affected countries.	No service impact.	35	35	
<b>Childcare sufficiency and quality</b> - Support new and existing childcare providers, including childminders, to provide good quality and safe childcare, advice and sustainability funding to voluntary childcare providers, ensure sufficient places for all 3 and 4 year olds.	568	Further reduce quality support for childcare providers. Further reduce funding for sustainability. (Increases two year savings to 32%).	Reduced support for childminders and out of school providers could lead to reduction in quality of Ofsted inspections for childcare providers. Less support for voluntary settings may lead to closures and less choice for parents in disadvantaged areas.	80	80	
<b>Inclusion</b> - funding to enable disabled children and young people (0-18) and children (2-4) with English as an additional language to access childcare (EMAS).	248	Review of EMAS support for English as an Additional Language children under 5 and no longer offer the ICAN (I can communicate) speech and language quality accreditation programme for childcare providers. Overall 12% reduction.	Reduction in the number of mother tongue support sessions. QTs need to be reviewed together with other DSG funded early years support.	29	29	
<b>Citywide CC costs</b> - salaries for Communications, finance, performance analyst, book start posts, parental involvement, Ad contribution), speech and language (47k), EMAS 40k, childminder drop-ins (15)	298	Implement the review of central support and centrally commissioned services for children's centres.	Will depend on the results of the review.	21	21	

# PEOPLE - Children's Services

# 2013/14 Savings proposals

Delivery Unit - Children & Families					
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000
<p><b>Children's Centres</b> - 5 full offer CCs in disadvantaged areas, 9 smaller gateway CCs in other areas and 5 linked sites which are not designated. Offer a universal and targeted early years services. Buildings also host other Children and Families Service</p>	2,986	Implement the outcomes of the joint review and the amended strategy for children's centres.	Statutory guidance includes a presumption against the closure of children's centres. The revised strategy would need to demonstrate that the Council is still meeting its duty to provide sufficient children's centres. There is a requirement for local authorities to notify and consult with the Department for Education about any plan to transfer, dispose of, or change the use of buildings or any other tangible fixed assets which has a current market value of more than £2,500. The consultation will need to consider the delivery of universal health services delivered from children's centres. Reductions in funding will lead to less universal services for children under 5 and their families. Reductions in the number of children's centres may make it more difficult for vulnerable families to access children's centres and lead to worse outcomes for young children.	500	500
<b>Services for</b>	5,695	Implementation of Commissioning	Implementation of the Disability	120	120

## PEOPLE - Children's Services

## 2013/14 Savings proposals

Delivery Unit - Children & Families						
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000	
<b>Children with Disabilities</b>		Strategy	Commissioning Strategy will: introduce personal budgets; drive further integration across health, social care and education provision; and promote resilience of parent carers. Efficiency savings achieved by remodelling across all providers will: prioritise support to families to keep their children at home, ensure all commissioned services are value for money and develop the market to provide flexible, cost effective short break and respite care.			
<b>Youth Offending services</b>	920	10% savings equate to £92k. A full review of the service would need to be undertaken to establish where these savings can be made without an impact on statutory delivery.	There will be an impact on the non statutory work and support offered to vulnerable young people.	46	46	
<b>Extended Schools - Start Up</b>	103	Restrict sustainability grants to the schemes supporting the most disadvantaged children.	Less affordable out of school childcare places for low income families.	10	10	
<b>Participation</b>	110	This would have to come from delivery costs and staffing costs.	This would impact on young people in care and affect the support offered to them in terms of participation and having their voices heard. It would reduce their access onto the children	10	10	



## PEOPLE - Children's Services

## 2013/14 Savings proposals

Delivery Unit - Children & Families					
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000
			in care council and the youth council and impact on the councils corporate parenting responsibilities.		
<b>Totals</b>				<b>851</b>	<b>851</b>

# PEOPLE - Children's Services

# 2013/14 Savings proposals

Commissioner - Learning & Partnership						
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000	
Home to School Transport		£68K denominated transport as per committee report CMM 12/09/11.	Full consultation taking place. Equalities Impact assessment will be completed as part of consultation. If agreed some YP/families making own arrangements to get to faith schools. Financial cost to parents. No funding of transport to some children attending faith schools.	28	28	
Music & Arts Study Support	249	Saving to be met from increased fees and staff turnover.	The government grant to Local Authority music services will be reduced. This will result in a reduction for Brighton and Hove of £69k in 2013/14 and the impact of this will also need to be managed.	53	53	
<b>Totals</b>				<b>81</b>	<b>81</b>	
<b>Overall Total</b>				<b>2,509</b>	<b>2,509</b>	

## Budget Strategy for Place – Housing

### Summary

General Fund Only	Budget 2011/12 £'000	Proposed Budget 2012/13 £'000	% change	Indicative Budget 2013/14 £'000	% change
Commissioner - Housing	16,440	15,323	-6.8	14,716	-4.0
Delivery Unit - Housing & Social Inclusion	299	502	+67.9	512	2.0
Total Housing	16,739	15,825	-5.5	15,228	-3.8

### Strategic Financial Context

- National changes to welfare benefits are expected to impact on the numbers of people presenting as homeless in the city placing pressures on available accommodation and spend.
- Potential changes to benefits for those in temporary accommodation could impact in the medium term on the council's costs.
- The domestic sector in Brighton & Hove contributes 42% of our total carbon emissions per capita. There have been very significant funding reductions at national level available for private sector renewal and there is currently no private sector housing renewal capital programme for 2012/13 onwards albeit options are being explored.
- There is good evidence that spending on housing related support through the Supporting People budget helps to sustain vulnerable people living independently with positive financial benefits to children's and adult social care budgets.

### Key Changes arising from this Budget Strategy

#### In 2012/13

- There will be a small efficiency reduction in spend on Supporting People in line with the business plans previously agreed with providers
- Spend from the Preventing Homelessness Grant will be protected
- We will refocus our private sector housing renewal service on the highest priority areas, including better conditions in private rented homes, achieving additional income to cover our costs where possible and appropriate
- We will continue to use leasing to secure cost effective temporary accommodation

#### In 2013/14

- We will consult on a small efficiency reduction in spend on Supporting People in line with the business plans previously agreed with providers

## PLACE - Housing

## 2012/13 Savings proposals

Commissioner - Housing						
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000	
Supporting People	11,213	Efficiency savings.	These have already been built into business plans with providers at minimal risk.	551	551	
Preventing Homelessness	1,300	Efficiency savings.	No significant impact on planned service provision. There is a separate risk to the Council of government (CLG) claw back of Homelessness Funding of £1.3m if it is evident that the funding is not being spent on homelessness and prevention.	19	19	
		Efficiency savings achieved through staff re-organisation in Housing Commissioning.	Requires re-organisation to be completed in 2012/13.	138	138	
Temporary Accommodation	174	Increased Income from private sector leasing and reduction of spot purchase accommodation.	Increased property leasing (up to 100 homes) will be required to improve income and reduce reliance on expensive B&B. The risk of delivering on the saving will be mitigated through the creation of a Framework Agreement with private sector landlords.	230	230	

# PLACE - Housing

# 2012/13 Savings proposals

Commissioner - Housing						
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000	
Private Sector Housing Renewal	1,465	Efficiency savings achieved through staff re-organisation.	The re-organisation reflects reduced capital funding from government for private sector renewal. The reduction will reduce the capacity of the council to be pro-active in providing support to vulnerable residents. We will refocus our private sector housing renewal service on the highest priority areas, including better conditions in private rented homes, achieving additional income to cover our costs where possible and appropriate	140	140	
Hostels	198	Efficiency savings achieved through re-organising hostel services.	A combination of reductions in staffing and non-staffing budgets and proposals to increase housing benefit collection rates. The service business plan will put in place detailed risk management measures.	111	111	
<b>Totals</b>				<b>1,189</b>	<b>1,189</b>	
<b>Overall Total</b>				<b>1,189</b>	<b>1,189</b>	

# PLACE - Housing

# 2013/14 Savings proposals

Commissioner - Housing					
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000
Supporting People	11,213	Efficiency savings.	These have already been built into business plans with providers at minimal risk.	494	494
Preventing Homelessness	1,300	Efficiency savings.	No significant impact on planned service provision. There is a separate risk to the Council of government (CLG) claw back of Homelessness Funding of £1.3m if it is evident that the funding is not being spent on homelessness and prevention.	19	19
Temporary Accommodation	174	Increased Income from private sector leasing and reduction of spot purchase accommodation.	Increased property leasing (up to 100 homes) will be required to improve income and reduce reliance on expensive B&B. The risk of delivering on the saving will be mitigated through the creation of a Framework Agreement with private sector landlords.	150	150
Private Sector Housing Renewal	1,465	Refocus of private sector renewal service on highest priority areas, achieving additional income to cover our costs where possible & appropriate	Achievement of any additional income to cover appropriate costs is aligned to any implementation of additional HMO licensing in 2012/13	250	250
<b>Totals</b>				<b>913</b>	<b>913</b>
<b>Overall Total</b>				<b>913</b>	<b>913</b>

## Budget Strategy for Place – City Regulation and Infrastructure

### Summary

	Budget 2011/12 £'000	Proposed Budget 2012/13 £'000	% change	Indicative Budget 2013/14 £'000	% change
Commissioner - City Regulation & Infrastructure	3,153	2,998	-4.9	2,982	+0.4
Delivery Unit - City Infrastructure	24,671	21,194	-14.1	21,284	+0.5
Delivery unit - Planning & Public Protection	5,536	4,934	-10.9	4,806	-0.6
Total City Regulation & Infrastructure	33,360	29,126	-12.7	29,072	0.3

### Strategic Financial Context

- Proposed changes to the system for funding local government will mean protecting and enhancing our business rates taxbase is a high priority
- Many of these services are have a significant impact on the ongoing economic success of the city
- The council has limited capital resources and will prioritise them to ensure ongoing investment in transport, the public realm and the sustained economic development of the city
- We need to ensure that all our services are as efficient as possible, making best use of technology and changing our models of service delivery to make sure that we deliver the right outcomes for our residents at lower cost

### Key Changes arising from this Budget Strategy

In 2012/13

- There will be increased long term capital investment in transport and the public realm and less money spent from the revenue budget on preventative maintenance.
- Funding for supported bus routes will be targeted on the areas with highest priority need as part of the re-procurement of services for commencement in Autumn 2012,
- Subsidies to sports clubs will be reviewed to ensure that they are equitable
- We will prioritise the maintenance and management of public toilets and close or reduce opening hours of poorly used toilets where alternative arrangements cannot be found.

- Fees and charges will remain generally below market rates but in a number of areas will increase above inflation, including those for parking.
- We will start planning changes to our refuse and recycling rounds from Autumn 2012 to improve the efficiency of the service
- We will reduce our spend on street sweeping and closely monitor and review the impact on the cleanliness of the public realm.
- In conjunction with other authorities, we will reduce our funding to the Sussex Safer Roads Partnership in line with reductions in specific government grant for road safety
- There will be some reductions in services in Trading Standards and Environmental Health

In 2013/14

- We will continue with the strategies from 2012/13 to deliver further savings in the subsequent year
- We will continue to explore options to trial a food waste service and we are seeking external grant funding to support this.



# PLACE - City Regulation and Infrastructure 2012/13 Savings proposals

## Commissioner - City Regulation and Infrastructure

Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000
City Regulation & Infrastructure – staff/revenue	265	More focused transport modelling and project support.	Reduced capacity to support transport modelling work unless funded from developer contributions.	16.0	16.0
Traffic Research including counting - revenue	14	Termination of service level agreement with East Sussex County Council and prioritisation of traffic counts supported by in-house team using Global System for Mobile Communications technology.	Requires one off capital 'spend to save' of £15k from Local Transport Plan 3 to set up Global System for Mobile Communications technology. Will seek developer contributions where possible. Potential risk to accuracy of transport modelling work.	10.0	10.0
Transport Planning – staff/revenue	190	Negotiated end of financial subsidy to Shopmobility in Churchill Square and facilitating the operation towards a self-funding Business Model and other support.	Core budget reduced to focus on allocation and spend of Local Transport Plan 3 programme.	29.0	29.0
Accident Investigation - Staff/revenue	102	Reduction in core funding and replacement with Local Transport Plan grant funding.	Core budget reduced and increased dependency on Local Transport Plan grant allocation.	10.0	10.0
Road Safety Education - staff	242	Efficiency measure to consolidate road safety education.	Consolidation will result in more focused awareness raising (including 20mph zoning) and	24.0	24.0

# PLACE - City Regulation and Infrastructure 2012/13 Savings proposals

Commissioner - City Regulation and Infrastructure					
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000
			require commitment from schools.		
Sussex Safer Roads Partnership – partnership contribution	184	Negotiated efficiency savings in Sussex Safer Roads Partnership commitments.	More focused Sussex Safer Roads Partnership road safety initiatives which will not increase risk above current adequacy levels.	84.0	84.0
Coast Protection - works	366	Reduction in levels of maintenance on coastal and seafront structures.	No immediate increase in current risk levels. The emerging Seafront Strategy will aim to mitigate long term asset deterioration.	55.0	55.0
Highway Maintenance – Preventative	69	Service efficiency on asset surveys and national indicators for roads.	National commitments will be met but reduces capacity to work pro-actively with SE7 authorities.	10.0	10.0
Bridges & Other Structures - works	170	Service efficiency including rescheduling of routine inspections and priority maintenance of bridges and other highway structures.	Risk levels are manageable in the short term and research will be undertaken in 2013/14 to review medium term funding options and priorities.	26.0	26.0
Public Transport – subsidised routes/staff	1,349	Re-prioritisation of public subsidy.	Unviable services with very poor patronage will be reduced or withdrawn. Negotiations with bus service providers are ongoing to restructure services to mitigate the impact on local communities	66.0	113.0

# PLACE - City Regulation and Infrastructure 2012/13 Savings proposals

Commissioner - City Regulation and Infrastructure					
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000
			in outlying areas. This includes managing contractual issues associated with early termination of services before September 2012.		
<b>Commissioner City Infrastructure Total</b>				<b>330.0</b>	<b>377.0</b>

# PLACE - City Regulation and Infrastructure 2012/13 Savings proposals

Delivery Unit - City Infrastructure						
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000	
Highways - Lining & Signing:	7,219	Lining maintenance takes place in residents parking zones as required (no planned maintenance) and no new lining outside these zones (except for disabled bay applications). All the current signage in the city is not replaced or maintained and there is no new signage #	Signage and lineage will become faded and will need to be reviewed at that time. Any changes to lineage and all signage will need to be funded out of capital schemes.	90.1	90.1	
Highways - Fees and Charges:		Introduction of a new method for a fairer recovery of real costs incurred for white lining across all or part of driveways. Revised fees & charges for services such as for skips, scaffolding, licenses for tables and chairs.	Appropriate communications will be required to explain the reasoning and the cost structure to local residents. The new charges reflect those made by a number of other authorities. Appropriate communications will be required to explain the reasoning and cost structure to businesses and local residents.	41.9	41.9	
Highways - Maintenance Works:		Reduce planned highway maintenance whilst retaining essential safety maintenance. Safety maintenance to be carried out using tarmac because of its cost effectiveness. Replacement of	There will be deterioration in the highway, and consideration will need to be given to future transport capital funds. No new street furniture or its replacement unless it	655.2	655.2	

# PLACE - City Regulation and Infrastructure 2012/13 Savings proposals

Delivery Unit - City Infrastructure						
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000	
		street furniture where it prevents damage to the highway.	is needed to protect the highway.			
Highways - Illuminations:		Service prioritisation ensuring illuminations on the seafront and other high profile locations.	A potential reduction in the quality of service outside priority areas. Highway safety consideration will be risk reviewed to ensure appropriate pedestrian and, cycling and vehicle safety.	10.0	10.0	
Highways - Street Lighting:		Continue investment in street lighting to reduce energy usage and costs and allow reduced maintenance budget.	A reduction in maintenance offset by increased investment to renew outdated lamps. A further programme of investment will be considered where there is a continued business case.	120.0	120.0	
		Grit bins to be filled once per year in normal winter conditions.	Contingency budgets remain in places for severe winters allowing for repeated grit bin filling as required.	38.2	38.2	
Parking and Traffic	-12,345	Service efficiency reducing management and administrative costs.	Minimal and manageable.	50.0	50.0	
Parking and Traffic (continued)		Simplification of the parking fees and charges tariff structure, and an increase to reflect sustainable transport objectives.	Anticipated increase in parking revenue, potential reduction in demand for spaces, potential reduction in car generated pollution.	1243.0	1243.0	
CityClean	22,897	Improved service efficiencies	Current service levels i.e. weekly refuse collections and current recycling collection frequencies	199.0	250.0	

# PLACE - City Regulation and Infrastructure 2012/13 Savings proposals

Delivery Unit - City Infrastructure					
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000
			retained. Substantial service reorganisation which will entail service disruption. Measures to reduce disruption will be put in place		
		Reduce the graffiti removal service	A reduction to 5 day working rather than 7 day working with a potential risk of deterioration in the public realm.	32.0	32.0
		Re-prioritise the street cleaning and gully cleansing service	There is a risk of deterioration in the public realm and service adjustments will be made to try and mitigate the risk	405.5	405.5
		Service efficiency reducing management and administrative costs.	Minimal and manageable.	87.9	87.9
		Rationalisation of public toilet provision to reflect public use and prioritise resources where demand is most evident.	Hove Cemetery North Side to close and Hove Cemetery Southside accessible toilet to remain open. Hove Recreation ground toilets to close but Rugby Club have own toilets for fixtures. Aldrington Recreation Ground toilets to close and an accessible toilet on Saxon Road nearby kept opened. Norton Road to close during the week and toilet in Hove Town Hall to be used as an alternative. Victoria	138.0	138.0

# PLACE - City Regulation and Infrastructure 2012/13 Savings proposals

Delivery Unit - City Infrastructure					
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000
			Recreation Ground to close and toilets in the pavilion to be used for fixtures and public toilets on Victoria Road opposite the playground to be used. Adjustments in attendants at other toilets. Attendant levels will be adjusted at some of the other toilets which remain open.		
Waste PFI		The Waste PFI is a 30 year joint arrangement with ESCC worth £.1bn, there is an assumed reduction in this budget partly due to additional income and partly due to reductions in waste tonnages.	This is achievable without service impact however there will ongoing negotiations in relation to sharing of income from electricity.	400	400
CityParks	5,673	Revised charges for the provision of changing rooms for cricket & football to better reflect costs of cleaning and maintenance.	This will result in higher charges for some, but they should be fairer and more consistent across sports. Appropriate communications will be required to explain the reasoning and prioritisation to sports clubs and community associations.	22.3	22.3
		Cost reduction from letting contract for Hove Pitch and Put.	Minimal and manageable.	5.6	5.6
		Reduce the historic public subsidy for allotment holders by 50% but retain 25% concessions for those on low	The remaining 50% subsidy will be removed in 2013-14. Appropriate communications will be required to	30.5	61.5

# PLACE - City Regulation and Infrastructure 2012/13 Savings proposals

Delivery Unit - City Infrastructure						
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000	
		incomes and the elderly	explain the reasoning to allotment holders and local residents noting that demand for allotments remains very strong.	17.8	17.8	
		Donations made by residents and visitors for trees and benches to cover the full costs of these items	Minimal and manageable.			
		Reduction in management costs	Minimal and manageable.	30.0	30.0	
		Brighton In Bloom will be provided with one off transitional funding, to enable them to reconfigure for the future.	The on going budget saving is for 30k and one off funding of 25k for 12/13 will help to reconfigure into a group with a sustainable independent future. Thus the saving is 5k Appropriate communications with groups and advice and support will be given where possible.	30.0	30.0	
<b>Delivery Unit City Infrastructure Total</b>				<b>3647.0</b>	<b>3729.0</b>	



# PLACE - City Regulation and Infrastructure 2012/13 Savings proposals

Delivery Unit - Planning and Public Protection						
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000	
Development Control	978	Reduction in stationery and reprographics spend as a consequence of ICT migration project and a move to electronic working.	Positive benefit of ICT migration project; ICT implementation is the key risk; need to ensure this hits key deadlines	6.0	6.0	
		Deletion of Business Process Officer post x 1FTE	Low risk as long as ICT migration hits key deadlines	26.0	26.0	
		Reduction in expenditure on senior posts in the Development Control service.	Re-distribution of management responsibilities	59.0	88.0	
Planning Policy	1,416	Delete Local Development Framework Project Manager (M10)	Programme for City-wide Plan managed across the wider team.	45.0	45.0	
		Reduction in non statutory work and support services	Focus on core aspects of statutory service including delivery of Citywide Plan.	31.5	43.0	
Building Control	140	£20K from Ordnance Survey contract budget		20.0	20.0	
		Delete vacant Building Control Surveyor posts	Workload spread across wider team	28.7	28.7	
Trading Standards	586	Reduce initiatives budget by £15k	Reduction in pro-active work e.g. under-age sales	15.0	15.0	
		Reduce consultants fees by £14K	Reduced capacity for specialist food and metrology inspections	14.0	14.0	

# PLACE - City Regulation and Infrastructure 2012/13 Savings proposals

Delivery Unit - Planning and Public Protection					
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000
		Reduction in number of posts in the Trading Standards Team	Reduces the pro-active capacity of the team.	17.3	34.6
Environmental Health & Licensing	1,881	Delete vacant Technical Support Officer post (Sc5). Increase fees for rats and mice treatment to £50 (income £50k) = 3%. Modernise street trader and personal licence IDs (£5k). Contaminated land searches (£5k) (1%).	Re-distribution of TSO responsibilities, lower risk Advantage - standardise charge and remains good value for money. Residents with limited incomes could be discouraged from using service. Mitigating measures; investigation service for drainage, refuse and pest problems.	21.0	21.0
<b>Planning &amp; Public Protection Total</b>				<b>343.5</b>	<b>401.3</b>

## PLACE - City Regulation and Infrastructure 2012/13 Savings proposals

<b>Major Projects</b>						
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000	
EDR Capital Projects Team	318	Rationalisation of the Major Projects' service and incorporation of priority projects into Planning Policy, Economic Development and Property portfolios	Fewer revenue resources to deliver regeneration projects of city-wide significance.	90.1	159.5	
<b>Major Projects Total</b>				<b>90.1</b>	<b>159.5</b>	
<b>Overall Total</b>				<b>4410.6</b>	<b>4666.8</b>	

# PLACE - City Regulation and Infrastructure 2013/14 Savings proposals

Delivery Unit - City Infrastructure						
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000	
Parking & Traffic	-12,345	Efficiency saving based on review of the enforcement contract and the potential to terminate the vehicle pound earlier.	Subject to negotiation with NSL Services Group (previously NCP) and regarded as low risk.	40.0	40.0	
<b>Parking &amp; Traffic Total</b>	<b>-12,345</b>			<b>40.0</b>	<b>40.0</b>	
CityParks	5,673	Rationalise public subsidy to bowling greens and encourage more resilient long term funding solution reflecting patronage compared to other subsidised recreation facilities.	Managed over 24 months from notification in 2011/12, the Council will work with clubs across the city to help them establish a more resilient financial footing.	93.8	93.8	
		Rationalise public subsidy to cricket facilities and encourage more resilient long term funding solution reflecting patronage compared to other subsidised recreation facilities.	Managed over 24 months from notification in 2011/12, the Council will work with clubs across the city to help them establish a more resilient financial footing.	7.8	7.8	
		Replace bedding plants with perennial planting except at Old Steine and Floral Clock	Savings can only be realised in 13/14 as current funding would be needed to convert beds to perennials.	85.2	85.2	
<b>CityParks Total</b>	<b>5,673.0</b>			<b>186.8</b>	<b>186.8</b>	
<b>Delivery Unit City Infrastructure Total</b>				<b>226.8</b>	<b>226.8</b>	
<b>Overall Total</b>				<b>226.8</b>	<b>226.8</b>	

## Budget Strategy for Resources & Finance

### Summary

	Budget 2011/12 £'000	Proposed Budget 2012/13 £'000	% change	Indicative Budget 2013/14 £'000	% change
Delivery Unit - City Services (excl Libraries)	7,608	6,718	-11.7	6,199	-7.7
Resources & Strategic Leadership Board	19,752	19,251	-2.5	18,345	-4.0
Finance	5,534	5,173	-6.5	5,091	-1.8
Total	32,894	31,142	-5.3	29,635	-4.4

### Strategic Financial Context

- There are major changes arising to the Benefits service as a result of the introduction of Universal Credit and the proposals for localisation of support for council tax
- The council taxbase is being adversely affected by increases in student numbers and single person discounts with limited growth in new homes, however collection performance overall is good
- Proposed changes to the system for funding local government will mean the risks in relation to business rates collection and financial planning will be very different from 2013/14
- The Localism Act will significantly change the working arrangements of some Resources teams notably Legal and Democratic Services, Property and Design.
- Key elements of the council's transformation programme including Value for Money, Working Smarter and Improving the Customer Experience are driven corporately by Resources and Finance staff and are complex to deliver
- The scale of organisational change driven by the whole of the budget strategy will place significant demands on all of our support services
- Savings in support services can at times simply push work and costs to other parts of the organisation or result in increased reliance on potentially more expensive external advisors and consultants

### Key Changes arising from this Budget Strategy

In 2012/13

- Better procurement from our Value for Money Programme will deliver savings both across the organisation and within central services, particularly ICT and property.

- There will be further implementation of the Workstyles programme to facilitate staff mobility to improve front-line services, and reduce our office accommodation, ICT equipment and carbon emissions
- We will rationalise ICT applications to reduce overall costs
- We will consolidate all of our property asset management into a single centralised corporate landlord function and deliver efficiency savings through economies of scale and better planning and coordination
- There will continued efficiency savings across corporate support services including further centralisation while retaining the capacity to support transformation across the council
- There will be reductions in the benefits service to compensate for the loss of Housing Benefit Administration grant from central government
- We will increase our income in the Life Events area by increasing charges and developing new paid for services
- We will increase our income through the provision of shared services, particularly by finance
- Ongoing development of our core finance and HR systems will lead to efficiency savings within central services from lower transaction costs and more employee and manager self-service

#### In 2013/14

- We will continue with the strategies from 2012/13 which will deliver further savings in the subsequent year, in particular further and faster property rationalisation
- We will improve our business rates collection performance when this is localised
- We will look at consolidating all our debt collection activities to achieve efficiencies and marginal improvements in performance
- We will need to achieve a 10% reduction in spend on council tax benefit (£2.6m) following the localisation of the scheme and national funding reductions. We are required to protect pensioners and other vulnerable groups and at the same time support incentives to work aligned to Universal Credit.
- We will look at all opportunities to share services with partners across the City and beyond.
- We will look to accelerate the remaining Workstyles programme.

# RESOURCES & FINANCE

## 2012/13 Savings proposals

Delivery Unit - City Services						
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000	
Benefits-Statutory service administering the payment of Housing and Council Tax Benefit. Service also includes recovery of overpayments and investigations into fraud.	3,955	Reduce the cost of the Benefits service in line with reduction in grant from the Department of Work and Pensions	Costs reduced in line with grant as planned	257	257	
Revenues-Statutory service administering the collection of Council Tax and National Non Domestic Rates. Service also includes recovery, inspectors and bailiffs.	1,228	Increase council tax collection by 0.1%	This is in line with current performance. However further increases are unlikely in 2013/14 because of the government's proposed changes to council tax benefits.	125	125	
Life Events-Bereavement Services, Registration Services Statutory service providing registration of births, deaths and marriages and weddings and ceremonies and Electoral Services Life Events-Local Land Charges Statutory service to provide residents and businesses with accurate information on the restrictions on pieces of land within the city.	1,293	Restructure teams within the Life Events service	This should provide more flexible and responsive services and potential additional income	60	60	
		Review of fees and charges in Bereavement Services and Register Office.	Detailed proposals on fees and charges will be presented to Cabinet. Many of the charges are significantly below those charged by other authorities and have not been increased in recent years in line with rising costs.	85	85	
		Develop woodland burial site in west of city	This will require some investment but will provide greater choice and meet demand that we consider to	65	65	

# RESOURCES & FINANCE

## 2012/13 Savings proposals

Delivery Unit - City Services						
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000	
			already exist in the city.			
		Move towards self service for personal land charge searches	Minimum investment required to enhance the system. To go hand in hand with the restructure described above	23	23	
		Reorganise Registration Service resources to optimise income generation	There will be more limited access times for the genealogy service but improved service for other aspects of registration, generating a higher income.	46	46	
		Withdraw ceremony room facility in Hove Town Hall	Hove Town Hall not available as a ceremony room. Other venues are available in Hove	9	9	
	1,530	Move towards self service in customer service centres in Brighton & Hove	Channel shift will result in the reduction of half a post for 2012/13 and 2013/14	15	15	
Access Services-Customer Services Provides a number of key front line services to the Council's customers including: Customer Service Centre at Bart's House, City Direct at Hove Town Hall, and Main Switchboard & Receptions at the main Civic buildings - BTH, HTH and Kings House. Team also administers Concessionary Travel (statutory service).						
<b>Totals</b>				<b>685</b>	<b>685</b>	



## RESOURCES & FINANCE

## 2012/13 Savings proposals

ICT						
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000	
ICT-Provides ICT services, support and development across the Council, Councillors and schools.	5,065	Restructure of management and support services and explore opportunity for sharing services with partners in 13/14.	This change will support the ongoing transformation of the Council	51	51	
		Review and upgrade telephony services across the Council.	Reduction in Centrex line and cheaper methods of aggregating mobile/fixed call costs through infrastructure upgrade	110	110	
		Reduced cost of records storage following recruitment of Records Manager establishing standards for retention and storage	Reduced cost of records storage following recruitment of Records Manager establishing standards for retention and storage	11	11	
		Reduction in applications which hold repeating/similar data records.	Results in reduced licensing, support and maintenance charges. Consolidation of category spend delivering economies of scale through better procurement. Saving level based upon desk-top audit of budgets across the Council. There is a	160	160	

# RESOURCES & FINANCE

# 2012/13 Savings proposals

ICT						
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000	
		<p>risk that the number of budgets that can be consolidated is less than that predicted.</p> <p>Reduced mobile voice services to staff supporting flexible working arrangements</p>	<p>30% reduction in mobile phones, blackberry devices, 3G data cards achieved through a rigorous review of who has devices based on business need</p>	22	22	
		<p>Reduced ICT technical support and development across the Council, Councillors for critical services</p>	<p>Reduce out-of-hours ICT on call. There will be some minor reduction of service</p>	10	10	
		<p>Review printing functions to business services</p>	<p>Introduce quotas on colour and Black &amp; White printing to reduce print volume by 10%. Risk that adoption of electronic media is not widely adopted</p>	8	8	
<b>Totals</b>				<b>372</b>	<b>372</b>	

# RESOURCES & FINANCE

## 2012/13 Savings proposals

Legal & Democratic Services						
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000	
Legal & Democratic Services-Provides legal, constitutional and Monitoring Officer support to the Council. Supports the democratic decision making process, Member development, administration of Members allowances. Supports the Council's Overview and Scrutiny function	2,396	Legal Services - Deletion of vacant part-time lawyer post in Property, Reorganisation savings of Major Projects & Property, Delete vacant hours in Environment Team, Reduce budget available for Head of Law Support	Some delay in processing transactions mainly conveyancing. There will be a need to re-structure and move some workload so this is a part-year saving; the rest of savings being shown in 2013/14	27	27	
		Democratic Services- restructuring of support to Member administration, development and administration.	Possible reduced level of administration support to Members, but offset by restructuring ways of working. This is a part year effect while the re-structure is undertaken.	16	16	
		Scrutiny-Review income streams from HRA and PCT to ensure support costs to these areas are fully recovered	Scrutiny-Review income streams from HRA and PCT to ensure support costs to these areas are fully recovered	6	6	
		Further reduction in Legal & Democratic Services	This saving proposes stopping or significantly reducing legal and/or administrative support for non-decision-making meetings (such as Community Safety Forum,	30	30	

# RESOURCES & FINANCE

## 2012/13 Savings proposals

Legal & Democratic Services						
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000	
Members Allowances-This budget is used to pay basic and special allowances, transport and other expenses such as childcare related to approved duties	1,094	Projected saving of £23K based on the current recommendations of the Independent Remuneration Panel (IRP)	Staff Consultation Forum, and Tenant Participation etc.) There is likely to be some transfer of costs to services responsible for these functions. The level of property law and litigation support will also be further reduced because the cumulative effect of all the savings leaving the council at some risk of legal challenge.	23	23	
Civic Mayors Office	143	Mayors Office	Mayors office reduction of non pay budgets	10	10	
<b>Totals</b>				<b>112</b>	<b>112</b>	

# RESOURCES & FINANCE

## Policy, Performance & Analysis

# 2012/13 Savings proposals

Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000
<p>Policy Development-Discretionary but supports statutory outcomes. Supports the city council to achieve its aims as set out in the Corporate Plan and Sustainable Community Strategy. The team supports the Leader of the Council, Cabinet Members and senior officers in the effective management of the Cabinet and its decision making processes.</p> <p>Sustainability, Performance, Analysis and Research-Discretionary but supports statutory outcomes. Provides professional advice in all aspects of sustainability and environmental management.</p>	362	Reduced rate for LGA membership	The LGA have offered a reduced rate based on timely payment of the subscription	18	18
	656	Reduction in staff development, IT system development and the delivery of special initiatives,	Reduction in staff development, IT system development and the delivery of special initiatives.	9	9
Policy Development	Included above	Policy Development Team is able to offer one senior support officer post that is currently vacant.	The funding from the post is used to support the LSP/PSB. Its removal will significantly reduce the support to these groups and general partnership development. Additionally, the funding other partners provide in this area is also under threat and if we lose this as well support for the partnership groups will cease.	25	25

# RESOURCES & FINANCE

## Policy, Performance & Analysis

# 2012/13 Savings proposals

Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000
<b>Totals</b>				<b>52</b>	<b>52</b>

# RESOURCES & FINANCE

## 2012/13 Savings proposals

Property Services						
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000	
Property Services-Mainly statutory property services - Asset Management Plan and statutory Corporate Property Officer.	3,881	The completion of the existing Workstyles Phase 1 programme	This is the saving from final implementation of Workstyles Phase 1, in particular the vacating of Priory House and the consequent reduction in buildings and energy costs. Part of the saving was achieved in the 2011-12 budget.	200	200	
		The implementation of a new Phase 2 of the Workstyles programme	Detailed plans will be brought to Cabinet (December 2011). In total this phase is expected to reduce buildings by approximately 10 consisting of the closure & sale of freehold buildings and vacation of leasehold properties & relocating services. This generates cost savings and carbon reduction. The saving here is shown both net of the investment costs required to deliver the saving and is only a part saving due to the long lead in times for such a complex project.	70	70	
		Implementation of Corporate Landlord	There will be economies of scale on reactive maintenance, smart	45	45	

# RESOURCES & FINANCE

## 2012/13 Savings proposals

Property Services						
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000	
		model	procurement, following a risk assessment of service level. This saving covers existing Property & Design budgets and consolidated spend. Further decisions will be required to appropriate land and buildings corporately from previous service ownership			
		Procurement of corporate contracts - reduced specification for waste, security and cleaning.	The scope of the contracts will be expanded to include other corporate buildings not already part of these contracts and not currently benefitting from the economies of scale. The specification will contain reduced frequencies e.g. bin collections or office cleaning which would have a particular impact on Workstyles where cleanliness of desks is important and this would need to be carefully managed.	35	35	
		Additional income -	Additional income - Increase building surveying team to increase capacity to undertake projects and fee earning capacity for works that would otherwise go to external consultants. This is	10	10	



# RESOURCES & FINANCE

## 2012/13 Savings proposals

Property Services					
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000
			dependent on a continued volume of work being available with the internal team being the preferred provider.		
<b>Totals</b>				<b>360</b>	<b>360</b>

## RESOURCES & FINANCE

## 2012/13 Savings proposals

Communications						
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000	
Communications- promoting Brighton & Hove City Council-informing residents, increasing community engagement and improving access to services	344	Review of printing services and print volumes across the Council Reduction in staff working hours in Graphic Design team	There may be risks associated with the accurate identification of need and implementation of cultural change There will be reduced capacity- should be able to cover current level of workload.	17	17	
<b>Totals</b>				<b>30</b>	<b>30</b>	

# RESOURCES & FINANCE

## 2012/13 Savings proposals

### Human Resources & Organisational Development

Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000
<b>Totals</b>	<b>0</b>			<b>0</b>	<b>0</b>

### Strategic Leadership Board

SLB/Chief Executive	1,270	SLB/Chief Executive	Eliminate consultancy budget and take 20% of supplies and services budget. Pay sacrifice	39	39
<b>Totals</b>				<b>39</b>	<b>39</b>

## RESOURCES & FINANCE

## 2012/13 Savings proposals

FINANCE						
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000	
Internal Audit-Provides Internal Audit services including risk management, anti fraud and corruption work.	incl. below	We will restructure Internal Audit in order to better position the service for the demands placed on it and explore sharing specialist services such as fraud and ICT audit with other authorities.	These changes should enable the service to respond effectively to the demands placed on it.	25	25	
Finance overall-Includes Financial Services, Strategic Finance & Procurement and Internal Audit	5,553	We aim to achieve savings through the provision of shared services, building on our existing track record.	This would enable management and overhead costs to be offset by additional income and therefore reduce the budget without compromising our ability to provide adequate finance support to the organisation.	120	120	
Audit fees	incl. above	The 2012/13 fee proposals would result in a small budget saving. A further 10% saving has been assumed on the scale fee from 2013/14	Audit fees are set by the Audit Commission at national rates. We have minimal ability to influence the fee rates other than to ensure we are not billed extra for not meeting audit requirements. The 2012/13 fee proposals would	10	10	

# RESOURCES & FINANCE

# 2012/13 Savings proposals

FINANCE						
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000	
Financial Services	incl. above	<p>based on the Audit Commission's externalisation and retendering exercise.</p> <p>We will improve the efficiency of Creditor payments</p> <p>We will continue to improve the efficiency of the accountancy service.</p>	<p>result in a small budget saving. A further 10% saving has been assumed on the scale fee from 2013/14 based on the Audit Commission's externalisation and retendering exercise.</p> <p>Current benchmarking indicates we are average cost. We aim to be lowest quartile in terms of cost over two years.</p> <p>We can make some savings following the introduction of International Financial Reporting standards which significantly increased our workload (albeit mainly supported through one-off monies). Our investment in e learning packages and systems development mean we can drive further efficiency savings. We will reduce our subscriptions to benchmarking and technical support advice. We are already lowest quartile in terms of cost of this service.</p>	20	20	
				30	30	

# RESOURCE & FINANCE

# 2012/13 Savings proposals

<b>FINANCE</b>						
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000	
<b>Totals</b>				205	205	
<b>Overall Total</b>				<b>1,855</b>	<b>1,855</b>	

# RESOURCES & FINANCE

# 2013/14 Savings proposals

Delivery Unit - City Services						
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000	
Benefits-Statutory service administering the payment of Housing and Council Tax Benefit. Service also includes recovery of overpayments and investigations into fraud.	3,955	Reduce the cost of the Benefits service in line with reduction in grant from the Department of Work and Pensions	Costs reduced in line with grant as planned	300	300	
Revenues-Statutory service administering the collection of Council Tax and National Non Domestic Rates. Service also includes recovery, inspectors and bailiffs.	1,228	Increase council tax collection by 0.1% (potential to increase to 0.2%).	From 2013/14 new CTB will be introduced so cannot commit to increasing further for year 2	New CTB	New CTB	
Life Events	1293	Increase business rate collection	Some investment will be required but this will be more than offset by improved collection. The target is relatively modest at this stage.	200	200	
		Develop woodland burial site in west of city	This will require some investment but will provide greater choice and meet demand that we consider to already exist in the city.	98	98	
		Move towards self service for personal land charge searches	Minimum investment required to enhance the system. To go hand in hand with the restructure described above	15	15	
Reorganise Registration Service resources to optimise			There will be limited access times for the statutory certificate search but improved service for other	25	25	

# RESOURCES & FINANCE

## 2013/14 Savings proposals

Delivery Unit - City Services						
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000	
Access Services-Customer Services Provides a number of key front line services to the Council's customers including: Customer Service Centre at Bart's House, City Direct at Hove Town Hall, and Main Switchboard & Receptions at the main Civic buildings - BTH, HTH and Kings House. Team also administers Concessionary Travel (statutory service).	1,530	income generation Move towards self service in customer service centres in Brighton & Hove	aspects of registration, generating a higher income. Channel shift will result in the reduction of half a post for 2012/13 and 2013/14	15	15	
<b>Totals</b>				<b>653</b>	<b>653</b>	<b>653</b>



## RESOURCES & FINANCE

## 2013/14 Savings proposals

ICT						
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000	
ICT-Provides ICT services, support and development across the Council, Councillors and schools.	5,065	Restructure of management and support services and explore opportunity for sharing services with partners in 13/14.	This change will support the ongoing transformation of the Council	80	80	
		Review and upgrade telephony services across the Council.	Reduction in Centrex line and cheaper methods of aggregating mobile/fixed call costs through infrastructure upgrade	41	41	
		Reduction in applications which hold repeating/similar data records.	Results in reduced licencing, support and maintenance charges. Consolidation of category spend delivering economies of scale through better procurement. Saving level based upon desk-top audit of budgets across the Council. There is a risk that the number of budgets that can be consolidated is less than that predicted.	220	220	
		Review licensed Microsoft platforms, tools and software products	Reduction in desktop/server licenses resulting from Workstyles. Dependent on successful delivery of Workstyles	49	49	

# RESOURCES & FINANCE

# 2013/14 Savings proposals

ICT						
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000	
		Reduced mobile voice services to staff supporting flexible working arrangements	Phase 2. 30% reduction in mobile phones, blackberry devices, 3G data cards achieved through a rigorous review of who has devices based on business need	12	12	
		Review printing functions to business services	Introduce quotas on colour and Black & White printing to reduce print volume by 10%. Risk that adoption of electronic media is not widely adopted	8	8	
<b>Totals</b>	<b>5,065</b>			<b>410</b>	<b>410</b>	

# RESOURCES & FINANCE

## 2013/14 Savings proposals

Legal & Democratic Services						
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000	
Legal & Democratic Services-Provides legal, constitutional and Monitoring Officer support to the Council. Supports the democratic decision making process, Member development, administration of Members allowances. Supports the Council's Overview and Scrutiny function	2,396	Legal Services - Deletion of vacant part-time lawyer post in Property, Reorganisation savings of Major Projects & Property, Delete vacant hours in Environment Team, Reduce budget available for Head of Law Support  Democratic Services- restructuring of support to Member administration, development and administration. Scrutiny-Review income streams from HRA and PCT to ensure support costs to these areas are fully recovered	Completion of re-structure  Completion of re-structure  Scrutiny-Review income streams from HRA and PCT to ensure support costs to these areas are fully recovered	30  16  6	30  16  6	
<b>Totals</b>				<b>52</b>	<b>52</b>	

## Policy, Performance & Analysis

Civic Mayors Office	143	Mayors Office	Reductions in non pay budget	5	5
<b>Totals</b>				<b>5</b>	<b>5</b>

## RESOURCES & FINANCE

## 2013/14 Savings proposals

Property Services					
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000
Property Services-Mainly statutory property services - Asset Management Plan and statutory Corporate Property Officer.	3,881	The implementation of a new Phase 2 of the Workstyles programme	Detailed plans will be brought to Cabinet (December 2011). In total this phase is expected to reduce buildings by approximately 10 consisting of the closure & sale of freehold buildings and vacation of leasehold properties & relocating services. This generates cost savings and carbon reduction. The saving here is shown both net of the investment costs required to deliver the saving and is only a part saving due to the long lead in times for such a complex project.	200	200
		Implementation of Corporate Landlord model	There will be economies of scale on reactive maintenance, smart procurement, following a risk assessment of service level. This saving covers existing Property & Design budgets and consolidated spend. Further decisions will be required to appropriate land and buildings corporately from previous service ownership	65	65

# RESOURCES & FINANCE

## 2013/14 Savings proposals

Property Services					
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000
		Procurement of corporate contracts - reduced specification for waste, security and cleaning.	The scope of the contracts will be expanded to include other corporate buildings not already part of these contracts and not currently benefitting from the economies of scale. The specification will contain reduced frequencies e.g. bin collections or office cleaning which would have a particular impact on Workstyles where cleanliness of desks is important and this would need to be carefully managed.	55	55
		Additional income -	Additional income - Increase building surveying team to increase capacity to undertake projects and fee earning capacity for works that would otherwise go to external consultants. This is dependent on a continued volume of work being available with the internal team being the preferred provider.	15	15

# RESOURCES & FINANCE

## 2013/14 Savings proposals

<b>Property Services</b>						
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000	
		Closure of buildings	Closure of buildings - Revenue savings resulting from the closure of Portslade Civic Offices as part of the Portslade Town Hall site redevelopment. Proposals were agreed by Cabinet in March 2011. There is a risk that the site may not successfully be disposed.	40	40	
		Closure of buildings	Closure of buildings - Revenue savings from the targeted closure of operational buildings where similar facilities area available locally. There is a risk of service loss, vacant building subject to vandalism and bad appearance if the buildings cannot be swiftly disposed.	40	40	
<b>Totals</b>				<b>415</b>	<b>415</b>	<b>415</b>

# RESOURCES & FINANCE

# 2013/14 Savings proposals

<b>Communications</b>					
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000
Communications- promoting Brighton & Hove City Council-informing residents, increasing community engagement and improving access to services	344	Review of printing services and print volumes across the Council	Accurate identification of need and implementation of cultural change	26	26
<b>Totals</b>				<b>26</b>	<b>26</b>
<b>Human Resources &amp; Organisational Development</b>					
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000
Human Resources & Organisational Development- Provision of Core HR Services to include: HR Management Team, HR Admin, HR Advice & Guidance, HR Business Partnering and Strategic support to Pay, Policy and Reward	4,203	Through service redesign following and completion of self service.	This saving will be achieved through service redesign following systems thinking and completion of self service. It will provide a saving of £228k and in addition cover the current service overspend of £300k. The resultant cost reduction of £528k represents 12% against the current budget.	228	228
<b>Totals</b>				<b>228</b>	<b>228</b>

# RESOURCES & FINANCE

# 2013/14 Savings proposals

<b>Strategic Leadership Board</b>					
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000
SLB/Chief Executive	1,270	SLB/Chief Executive	Eliminate consultancy budget and take 20% of supplies and services budget. Pay sacrifice	10	10
<b>Totals</b>				<b>10</b>	<b>10</b>



## RESOURCES & FINANCE

## 2013/14 Savings proposals

FINANCE					
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000
Internal Audit-Provides Internal Audit services including risk management, anti fraud and corruption work.	incl. below	We will restructure Internal Audit in order to better position the service for the demands placed on it and explore sharing specialist services such as fraud and ICT audit with other authorities.	These changes should enable the service to respond effectively to the demands placed on it.	25	25
Audit fees	incl. above	The 2012/13 fee proposals would result in a small budget saving. A further 10% saving has been assumed on the scale fee from 2013/14 based on the Audit Commission's externalisation and retendering exercise.	Audit fees are set by the Audit Commission at national rates. We have minimal ability to influence the fee rates other than to ensure we are not billed extra for not meeting audit requirements. The 2012/13 fee proposals would result in a small budget saving. A further 10% saving has been assumed on the scale fee from 2013/14 based on the Audit Commission's externalisation and retendering exercise.	30	30
Financial Services	incl. above	We will improve the efficiency of Creditor	Current benchmarking indicates we are average cost. We aim to	20	20

# RESOURCES & FINANCE

## 2013/14 Savings proposals

FINANCE		Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000
Service (including brief description)			payments	be lowest quartile in terms of cost over two years.		
			We will improve the efficiency of debt collection across the council	We would explore further centralisation of debt collection across the council to try and achieve both staffing efficiencies and also improved consistency and best practice. The savings on collection performance would be more important than the direct savings on staffing efficiencies and so there would need to be a carefully managed transition to guard against costly deterioration of performance.	50	50
			We will continue to improve the efficiency of the accountancy service.	We can make some savings following the introduction of International Financial Reporting standards which significantly increased our workload (albeit mainly supported through one-off monies). Our investment in e learning packages and systems development mean we can drive further efficiency savings. We will reduce our subscriptions to	70	70

# RESOURCE & FINANCE

# 2013/14 Savings proposals

<b>FINANCE</b>					
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000
			benchmarking and technical support advice. We are already lowest quartile in terms of cost of this service.	195	195
<b>Totals</b>				<b>195</b>	<b>195</b>
<b>Overall Total</b>				<b>1,994</b>	<b>1,994</b>

## Budget Strategy for Communities

### Summary

	Budget 2011/12 £'000	Proposed Budget 2012/13 £'000	% change	Indicative Budget 2013/14 £'000	% change
Commissioner - Communities & Equalities	2,993	2,925	-2.3	2,954	1.0
Community Safety	2,114	2,132	+0.9	2,175	+2.0
Commissioner - Sports & Leisure	1,387	1,267	-8.7	1,262	-0.4
Commissioner - Culture	1,852	1,860	+0.4	1,897	+2.0
Delivery Unit - Tourism & Leisure	3,704	3,196	-13.7	2,847	-10.9
Delivery Unit City Services - Libraries	5,635	5,524	-2.0	5,582	+1.0
Total	17,685	16,904	-4.4	16,717	-1.1

### Strategic Financial Context

- The individual and overall budgets are relatively small but their city wide reach is significant and in some areas further savings would mean stopping some activity altogether rather than simply reducing it
- Getting the balance right between income and expenditure for these services is crucial to their success. There are significant income streams supporting our culture, tourism and leisure activities which we need to sustain and grow where possible
- For services that contribute to the economic success of the city such as tourism, longer term business and financial planning is essential
- Other sources of funding for culture in particular are reducing at the same time as the Council's budgets e.g. Arts Council, Heritage Lottery Fund
- There are reductions in funding from a range of sources other than the council which are affecting the resilience of community and voluntary organisations in Brighton & Hove
- The commitment to empowering communities and neighbourhoods will mean a shift in how the council spends its money
- There has been a significant reduction in specific grant funding from central government available for community safety and our provision needs respond to this, targeting our resources at those interventions that have the best outcomes

- An emphasis on tackling inequality and neighbourhoods presents great opportunities that stretch current funding

## **Key Changes arising from this Budget Strategy**

### In 2012/13

- The investment made in the King Alfred Leisure centre and the new sports facilities contract mean we can spend less on sport while delivering the same outcomes
- Our Visit Brighton service will operate on commission rather than a flat rate fee
- We will increase our income to the Royal Pavilion as a result of current visitor levels being higher than predicted from successful marketing and ticketing strategies and through making fees and charges more tax efficient
- We plan to generate additional income on the seafront as a result of the investment in the Wheel and marketing of the Peter Pan site
- We will make changes to library opening hours to ensure there is equitable provision across the city and amend the way staff work accordingly
- We will review our security arrangements by linking into corporate contracts
- We will review how to make the most of Preston Manor
- We will refocus our community development work on the most deprived areas and to support our commitment to better engagement with communities
- We will protect front line community safety services by working even more closely with colleagues in the police service

### In 2013/14

- We will continue with the strategies from 2012/13 which will deliver further savings in the subsequent year
- A range of family intervention projects across the council will be consolidated to improve efficiency while sustaining or improving the outcomes for the most vulnerable
- The expensive mobile library service will stop in order to protect our overall library service offer
- A range of community engagement activity across the council will be consolidated to improve efficiency
- We will introduce new box office and ticketing arrangements at our venues that will be more efficient
- We will reprovide our Visitor Information Services in the most effective locations
- We will embed changes at Preston Manor and extend the review to the Booth Museum

# COMMUNITIES

## Commissioner - Sports

Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000
Sports Facilities	810	Reduce expenditure across all sites in the sports facilities contract in respect of council responsibilities for the facilities. This budget was originally set prior to the commencement of the operation with Freedom Leisure with funding generated from the tendering of the contract. During the first year of operation, it has been possible to identify this reduction.	The service impact should be minimal although there is always the risk of major unforeseen expenditure required for any facility.	90	90
Sports Development Fund	100	Reduce expenditure on sports development initiatives which assist with creating opportunities for people to participate in sport and physical activity.	A reduction in funding will mean the number and level of funding for such initiatives has been prioritised, with support continuing for such important events as the Takepart Festival of Sport. External funding will be sought to mitigate the impact but access to such funding is limited with the consequent risk it may not be achieved.	50	50
<b>Totals</b>				<b>140</b>	<b>140</b>

# COMMUNITIES

## 2012/13 Savings proposals

Commissioner - Communities and Equalities						
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000	
Equalities	199	Access Manager Post - deletion of currently vacant post.	Partnership working with the community and voluntary sector will continue, additionally, the equalities team and other strategic posts will receive disability equality training and updates and will cover the work as required.	15	15	
Equalities	200	Cut 8-13 years pilot initiatives budget introduced in 2011-12 - projects funded should now move to mainstream provision if they can demonstrate they meet priority outcomes.	The pilot activity is due to end in October 2012 and there are no commitments of the funding beyond this date. As a result this budget will be reduced in order to protect core funding of mainstream youth service provision.	200	200	
<b>Totals</b>				<b>215</b>	<b>215</b>	

# COMMUNITIES

## 2012/13 Savings proposals

Delivery Unit - Tourism and Leisure						
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000	
Visit Brighton	1,278	Moving Visit Brighton to model of delivery working on commission rather than flat fee membership rate, with the general agreement of local stakeholders and partners.	Income may fluctuate in line with variable booking patterns. Income is banked at point of delivery not booking. Gap can be up to 5 years.	50	50	
Seafront Properties	-1,196	Income from additional rental income from seafront properties based on income from the Wheel and marketing of Peter Pan site.	Marketing of sites may not realise the scale of income, subject to market conditions. Also the wheel income is achieved for as long as the wheel is in operation (5 years max). However hoped that this will create further long term value in remaining seafront property assets which will secure income uplift long term (beyond 5 years).	50	50	
Royal Pavilion and Venues	1,088	Review the management arrangements for security across tourism and leisure as part of the wider corporate review of security. These changes represents around 14% of overall security costs across tourism and leisure and a maximum target for savings.	This work will form a part of a corporate programme of change and is likely to be complex both to agree and to implement. The proposed changes will be the subject of detailed consultation with staff and unions.	98	196	



# COMMUNITIES

# 2012/13 Savings proposals

## Delivery Unit - Tourism and Leisure

Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000
Royal Pavilion	-1,692	Increase in admission income at Royal Pavilion, this figure is based on performance to date this year, agreed admission charges for next year and plans for events and social media based marketing. The full increase could be up to £150k therefore £50k is included in 2013-14 as a separate stretch target for this same item.	This income is always dependent upon external factors such as the economic climate, visitor trends, the weather etc	100	100
	0	Gift Aid contributions/ VAT cultural exemption. Gift Aid would be dependant on whether a legal solution can be found to make it possible. This income would parallel track with any increase in ticket income hence an additional stretch target for this of £50k is also included in 2013-14). VAT exemption on ticket sales, if successfully applied for would yield a similar savings figure. NB these two savings options are either/or.	These savings track ticket income and so would be subject to the same risks as above.	100	100
Preston Manor		Refocusing Preston Manor to maximise learning opportunities, community events and potential commercial income for future years.	Prioritising commercial income may impact on public access.	10	30
<b>Totals</b>				<b>408</b>	<b>526</b>

# COMMUNITIES

## 2012/13 Savings proposals

Library Services					
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000
Libraries	22	Stop paying the RNIB subscriptions for private individuals. The Library service currently pays for the personal subscription to the RNIB of 169 people in the city. For this fee visually impaired people can order talking books directly from the RNIB for free.	With our sign up to the new Six Steps National Library offer, Libraries are committed to delivering a library service to blind and partially sighted people through our regular stock and service provision. This is part of a national strategic offer put in place in all public library services across the country. There are a number of alternatives to the RNIB service on offer in Brighton & Hove: <ul style="list-style-type: none"> <li>• A free talking books service on CD, and a new service of audio e-books that can be downloaded onto a range of personal players. We will be providing assistance to visually impaired borrowers to help them access the books they need, and will always take requests free of charge.</li> </ul>	22	22
			<ul style="list-style-type: none"> <li>• An alternative subscription-free service from Calibre who provide a postal loan of talking books to members and we will pay any initial one off</li> </ul>		

# COMMUNITIES

## 2012/13 Savings proposals

Library Services					
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000
			charges that may be required to enable our customers to access this service. We are consulting service users and will consider every individual's needs very carefully and will work with individual subscribers to try to meet their specific needs in collaboration with our colleagues in social care.		
	inc below	Following detailed public consultation and research, and with staff input, we have identified the most important priorities for library services. Using this information, the library service is proposing changes that will efficiently deliver the main priorities that our customers have indicated. Included in the proposals is a commitment to deliver effective homework and study support to children, and the current clubs will continue as now through to the end of the academic year in July. In May and June, we will review how homework and study support is delivered, and will work with schools and other partners to ensure effective after school provision	The proposed staffing changes will be subject of detailed consultation with staff and unions during February 2012.	84	84

# COMMUNITIES

## 2012/13 Savings proposals

Library Services						
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000	
		across the city.				
	2,730	Currently, the opening hours of our community libraries vary considerably and we are proposing to change these so there is a more even spread of hours across the city. We are proposing to reduce the opening hours of Hangleton and Portslade libraries, changing from five and a half days a week to four days a week, and to close for one hour for lunch on Saturday in line with all other community libraries. We will maintain the opening hours of these libraries when the majority of people use them.	This proposal would reduce costs while keeping all community libraries open - with there being at least five libraries open in Brighton & Hove on every day of the week (excluding Sundays when only Jubilee Library is open). Our research data has shown that many people already use more than one library, and are prepared to travel around the city to access public libraries on any day of the week. Public consultation is taking place on these proposals to identify the impact of these on local communities.	33	33	
	77	The current mobile library is due for replacement and it is proposed not to replace the vehicle this time. Of the 865 people who use the mobile library 574 (67%) also use a static library as well. The mobile library vehicle will be kept for one year to provide temporary provision for Woodingdean while new library is built, so savings are split across two years.	Service users will need to be consulted to ensure that they have alternative access to other library services that meets their needs. Where possible, people will be directed to their nearest static library which is likely to be less than one mile from their home. Where needed, borrowers will receive a Home Library Service to deliver books to people at home.	32	32	

# COMMUNITIES

## 2012/13 Savings proposals

Library Services					
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000
<b>Totals</b>				171	171

# COMMUNITIES

## 2012/13 Savings proposals

Community Safety					
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000
Drug & Alcohol Action Team (DAAT) & Environmental Improvement Team (EIT) & Communities Against Drugs Team (CAD)	227	Saving achieved by effectively managing changes that result in no decrease of service capacity. This is enabled by new income from a successful Interreg bid which helps fund communities against drugs work and advanced integrated working with the Environment Improvement Team. The appointment of a new dedicated commissioner for substance misuse services (PCT funded) significantly supports DAAT functions and therefore also enables savings from the deletion of a vacant post and changed management arrangements with no impact on successful outcomes.	No reduction in the effectiveness of DAAT functions and substance misuse services as a result of management efficiencies which together with new European funding, have achieved savings. Outcomes of IC pilots on drug related deaths and alcohol will be effectively delivered.	79	79
Community Safety Team	1,438	Saving achieved by transfer of part time function of Finance Officer to support Communities Against Drugs, Interreg funded project.	No impact on service delivery and all functions maintained as well as additional support provided to communities against drugs initiative.	26	26

# COMMUNITIES

## 2012/13 Savings proposals

Community Safety						
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000	
	inc above	<p>Casework capacity maintained (while saving achieved) through establishment of new joint casework team (hate crime and anti-social behaviour). Further integration with neighbourhood policing team under consideration which will increase community safety casework capacity overall.</p>	No reduction in casework capacity.	28	28	
	inc above	<p>Reduced allocation to the Family Intervention Project. Saving to be offset by service remodelling and recommissioning process (led by Director of Adult Social Care) which is assisted by 'Troubled Families' allocation from central govt, development of shared outcomes with Children's and Adult Social Care services and joint commissioning arrangements. .</p>	Development of new service model which will target 'Troubled Families' in accordance with agreed thresholds and which will be delivered city wide, aims to decrease risk and extend capacity of early intervention initiatives.	38	38	
<b>Totals</b>				<b>171</b>	<b>171</b>	
<b>Overall Total</b>				<b>1,105</b>	<b>1,223</b>	

# COMMUNITIES

## 2013/14 Savings proposals

<b>Commissioner - Sports</b>					
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000
King Alfred	335	Reduce expenditure on King Alfred maintenance as a result of improvements to the facility	The service impact should be minimal although there is always the risk of major unforeseen expenditure required for any facility.	30	30
<b>Totals</b>				<b>30</b>	<b>30</b>

<b>Commissioner - Communities and Equalities</b>					
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000
City Communities Fund	30	Cut annual budget completely; this fund was established in 11/12 to support community based activity that did not fit within the cycle of existing grant rounds, e.g. Brighton Voices in Exile supporting refugees seeking citizenship.	There will be no flexibility to support additional community activities which do not fit into the criteria of the annual grant programme. This will affect activity.	30	30
<b>Totals</b>				<b>30</b>	<b>30</b>



# COMMUNITIES

## 2013/14 Savings proposals

Delivery Unit - Tourism and Leisure						
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000	
Visitor information Services relocation	255	Reprovision of Visitor Information Services using a range of new and existing methods in order to increase the visitor catchment. This may result in savings and the potential to raise further income on the existing site.	This would require significant business planning work and would only deliver savings or income in 2013-14 at the earliest.	50	50	
Seafront Properties	-1,196	Additional income from income from Wheel and marketing of Peter Pan site.	Marketing of sites may not realise the scale of income, subject to market conditions. The wheel income is achieved for as long as the wheel is in operation (5 years max). However it is hoped that this will create further long term value in remaining seafront property assets which will secure income uplift long term (beyond 5 years).	50	50	
	as above	Additional income, as a stretch target, from seafront properties may be possible if economic conditions improve and current improvements are successful and engender further commercial interest. NB this is a significant stretch for 13/14 and is more likely to be realised over a longer period.	As above	25	25	

# COMMUNITIES

## 2013/14 Savings proposals

Delivery Unit - Tourism and Leisure					
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000
Venues		Ticketing new box office tender and arrangements.	NB - this saving is over a 3 year period with a part year saving in 13/14, the full saving cannot be brought forward due to existing contractual arrangements and procurement timetables.	50	200
	-1,692	Increase in admission income at Royal Pavilion, this figure is based on performance to date this year, agreed admission charges for next year and plans for events and social media based marketing. The full increase could be up to £150k therefore £50k is included in 2013-14 as a separate stretch target.	This income is always dependant upon external factors such as the economic climate, visitor trends, the weather etc	50	50
	0	Additional income from Gift Aid on tickets/VAT cultural exemption; parallel stretch target to increased income on Royal Pavilion as above	This income is always dependant upon external factors such as the economic climate, visitor trends, the weather etc	50	50
Booth Museum	191	Refocusing Booth Museum to maximise learning opportunities from the collections, events for local communities and potential commercial income for the future.	Prioritising commercial opportunities may impact on public access.	20	20
<b>Totals</b>				<b>295</b>	<b>445</b>

# COMMUNITIES

# 2013/14 Savings proposals

Library Services					
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000
Libraries	45	Having used the mobile library to provide temporary library provision in Woodingdean while the new development takes place, the vehicle will be sold at auction. Savings are from the end of maintenance and running costs.	No further service impact beyond those in 2012/13 as the library service to Woodingdean will be delivered through a new library.	30	30
<b>Totals</b>				<b>30</b>	<b>30</b>
<b>Overall Total</b>				<b>385</b>	<b>535</b>

## Budget Strategy for Centrally Managed budgets

### Summary

	Budget 2011/12 £'000	Proposed Budget 2012/13 £'000	% change	Indicative Budget 2013/14 £'000	% change
Corporate Insurance	3,009	3,419	13.6	3,487	+2.0
Concessionary Fares	9,660	9,696	+0.4	10,044	+3.6
Capital Financing Costs	10,829	8,994	-16.9	8,961	-10.0
Levies to External Bodies	166	168	+1.2	172	+2.4
Other Corporate Budgets	-2,412	-2,253	+6.6	-2,210	-1.9
Corporate VfM Savings	-1,879	-604		-666	
Contingency and Risk Provisions	2,692	4,909		4,016	
Unallocated Service Pressure Funding	0	0		7,500	
Unringfenced Grant Income	-26,730	-27,458		-26,938	
<b>Total Revenue - Corporate Budgets</b>	<b>-4,665</b>	<b>-3,129</b>		<b>4,366</b>	

### Summary

#### Strategic Financial Context

- The insurance market is unpredictable and our costs are highly dependent on national and international factors as well as our claims history
- The council is obliged to comply with national funding guidance for the statutory provision of concessionary bus travel
- Capital financing costs are influenced by our borrowing requirements and the interest rates payable on this and on the interest earned on our cash and investments
- We assume a level cross-cutting savings in the VfM programme which over the course of the year get allocated to services as clear opportunities are identified
- Our need for risk provisions is related to the complexity and scale of the of the savings needed on the overall budget

- We receive a significant amount of unringfenced grant income which is reducing

### **Key Changes arising from this Budget Strategy**

In 2012/13

- A 3 year fixed funding deal with the city's main bus operator will deliver savings on concessionary fares
- There is a significant saving on capital financing costs as a result of the unpooling of General Fund and Housing Revenue debt, offset by ongoing low income from cash and investments
- We will continue to deliver cross cutting savings through the Value for Money programme
- There will be savings on VAT

In 2013/14

- We will continue with the strategies from 2012/13 which will deliver further savings in the subsequent year

# CORPORATE BUDGETS

# 2012/13 Savings proposals

Corporate Budgets						
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Full Year effect of 2012/13 savings £'000	
Treasury Management - Capital financing costs		Reduction in financing costs as a result of the disaggregation of the consolidated loans pool following HRA self financing, offset by additional costs from the ongoing low interest rates achievable.	The saving of approximately £1m on the General Fund from the introduction of HRA self financing, has a corresponding cost to the HRA.	470	470	
VAT		Review of processes and approach for VAT.	We have already identified £24k in relation to our approach to fuel claims. The remaining saving is dependent on obtaining a cultural exemption for the Royal Pavilion and Museums and will require negotiation with HMRC.	200		200
Concessionary Bus Fares		Impact of the 3 year reimbursement deal with Brighton & Hove Bus Company (note the deal delivered savings of £400k for 2011/12 onwards)	This deal has already been agreed, no further impact.	400		400
Value for Money		Further management savings of £200,000 to be achieved through a reduction in spend on senior pay	This is likely to lead to some reduction in senior management capacity in the organisation; however options will be developed and consulted upon to manage that impact.	150		200
<b>Totals</b>				<b>1,220</b>		<b>1,270</b>
<b>Overall Total</b>				<b>1,220</b>		<b>1,270</b>

# CORPORATE BUDGETS

## 2013/14 Savings proposals

Corporate Budgets						
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000	
Council Tax Benefits - City Services lead but with finance support		The setting of Council Tax benefits will be localised from 2013/14 with savings required to match the grant reduction from central government.	This will require the redesign of the council tax benefits scheme, major systems changes and significant consultation and testing of proposals. It cannot be worked up in more detail until there is greater certainty from central government about the proposed way forward.	2,600	2,600	
Concessionary Bus Fares		Impact of the 3 year reimbursement deal with Brighton & Hove Bus Company (note the deal delivered savings of £400k for 2011/12 onwards)	This deal has already been agreed, no further impact.	150	150	
Value for Money		Further savings in management and administration.	This is likely to lead to some reduction in senior management capacity in the organisation; however options will be developed and consulted upon to manage that impact.	250	250	
<b>Totals</b>				<b>2,750</b>	<b>2,750</b>	
Overall Total				<b>2,750</b>	<b>2,750</b>	





## Value for Money (VFM) Programme

The council's Value for Money Programme has developed over the past few years to include significant transformation programmes affecting almost every area of the council and ranging from service transformation in social care services to efficiencies across ICT and Procurement to reductions in management and administration costs. These programmes are very challenging and complex and carry demanding financial savings targets alongside significant non-financial benefits. Their potential impact on service delivery, including staff and customers, and the efficiency of the organisation mean that they must be well-planned, have effective project management support and be properly resourced to ensure safe delivery. The 2011/12 revenue budget included £1.3m one-off resources over 2 years to ensure that VFM Programmes were effectively planned and supported. Additional resources have been included in the budget for 2013/14 to ensure that progress continues at the same rate.

In the current financial year the VFM Programme is expected to achieve approx £7.786m against an original target of £7.877m. This is £0.091m short of the target primarily due to difficulties outside of the council's control relating to Carbon Reduction initiatives and due to delays in taking forward System Thinking reviews. Including these projects and outstanding Management and Admin savings, there is currently uncertainty on £1.697m of savings as reported in the Month 9 TBM report. This is offset by a significant overachievement within the Children's Services VFM project of £1.123m. Over the 3 year period, the VFM Programme is set to exceed the original revenue target of £18.855m by £1.058m with further potential savings expected to be identified and deliverable by 2013/14 and beyond.

As the programme goes forward, there are a number of areas where we plan to re-commission what we do and this takes time to do properly, including undertaking effective consultation, engagement and equalities impact assessments. To support the VFM Programme and other changes, the council will be developing a longer term investment plan (over 10 years) which will help to deliver savings on the revenue budget through:

- More efficient working practices and office spaces
- Channel shift for customer access (e.g. to on-line services)
- Reduced building costs and associated reduced energy emissions and carbon costs
- Reduced maintenance costs

The current VFM Programme includes the following priority areas:

### **Adult Social Care:**

Value for money in this area is focused on introducing new models of delivery and 'Personalisation' to provide greater choice (i.e. Self Directed Support and Personal Budgets) and more effective 're-ablement' of people needing care.

This ensures that people can continue to live independently at home, particularly after hospitalisation, and do not require long term residential or nursing care. The programme does not change the eligibility criteria for access to Adult Social Care. The Adult Social Care programme includes implementation of improved assistive technology, including Telecare, to further reduce the cost of care provision.

### **Children's Services:**

The project aims to improve prevention, planning and delivery of care across all levels of need, primarily aimed at preventing children and families reaching the highest levels of need which are very expensive to provide. The project has progressed very well and has over-achieved by £1.123m compared with the originally anticipated financial gains for 2011/12.

The VFM programme for Children's services protects and develops family support services to help reduce the numbers of Children in Need and the numbers of Children who are Looked After. The programme is focused on driving an early intervention strategy enabling families in need to care for their children, especially when they have multiple support needs. Effective early intervention should reduce the numbers of children in need and those that become looked after, leading to better outcomes for children and reduced spend while ensuring we continue to meet our child protection duties.

### **ICT:**

This project is concerned with improving ICT investment decisions and reducing infrastructure costs across the council. Technical solutions to support the 'Workstyles' approach (see below) and associated mobile and flexible working have now been tested and successfully implemented. This is critical to leveraging savings in the property estate in future. Other areas include reviewing telephony provision and associated contracts and reducing the overall number of ICT applications and licenses, particularly where systems can be redesigned to share the same common data. The council is also working across the region with other authorities to look for efficiency and sharing opportunities and is leading on the ICT work for the South East 7 (SE7) cluster.

### **Procurement:**

Within the procurement part of the VFM Programme the successful piloting of category management in ICT and Fleet led to the implementation of a 'category management' approach for all council buying and a new Procurement Team structure has been in place since 1 September. Category Management involves focusing on higher value procurement categories and reviewing all associated contracts and spend to look for opportunities for amalgamation, renegotiation of terms, and/or restructuring of contracts (e.g. perhaps because the contract is used differently in practice to the original specification).

Experience during 2011/12 shows that there are complexities in stripping out procurement efficiencies from areas where spending has simply been reduced or stopped. Therefore the target of £1.3m for procurement savings for 2012/13 is shown as being delivered through the detailed savings proposals in each service area rather than as a separate cross-cutting

corporate item to guard against double counting and to simplify the monitoring of achievement against savings targets.

The project will ensure that the council is able to make the best use of its considerable buying power and will link with other South East authorities where practicable.

### **Sustainable Transport & Fleet:**

This project is now closed and has delivered ongoing savings of £0.300m through reductions in management costs in Sustainable Transport, savings on Fleet related costs (e.g. maintenance, repairs) through a new fleet replacement programme, and savings on bus subsidies where alternative provision was able to be identified.

### **Workstyles:**

The Workstyles project is about making more efficient use of the council's property estate by improving office working environments and using new IT to enable more flexible and mobile working. The provision of modernised offices within Bartholomew House together with a new Customer Service Centre has enabled the move of over 300 staff out of Priory House, saving £300,000 per annum on lease rentals and other running costs.

Phase 2 of the Workstyles programme was agreed by Cabinet in December 2011. Savings relating directly to property costs are assumed to be £270,000 per annum by 2013/14, growing to ongoing savings of over £400,000 per annum on full completion. The investment will also enable significant processing and productivity gains to be achieved, which will help services to meet other savings requirements. The resulting reduction in energy consumption will also avoid higher costs in the future as energy prices continue to increase. Phase 2 also includes a second Customer Service Centre (in Hove) to further improve customer facilities.

### **Leaner Management & Administration:**

Management and administration is an important aspect of service delivery and enables front-line staff to be effective and focus on service delivery. However, these costs are an overhead and any value for money review should of course challenge these costs and ensure that they represent good value. This project was designed to examine operational decision-making structures and management hierarchies to ensure they are consistently lean, efficient and reflect the council's drive to reduce bureaucracy and increase transparency. It was also about reviewing administrative staffing and looking for ways to reduce administrative burdens and processes.

This initiative was supported by a Voluntary Severance Scheme focused on, but not exclusive to, these staff groups. Services have worked hard to meet the aims of this project and ensure that, where there were applicants for voluntary severance, they restructured or redesigned services to enable as many posts as possible to be deleted. To date, approximately £2.5m full-year savings have been identified but there is still further work needed to achieve the revised target of £3.5m. This will continue over the remainder of the financial year as services continue to review vacancies and some further service redesign may be necessary.

The amount outstanding (£1.0m) equates to approximately 30 posts which still need to be deleted from the organisational structure. However the number of vacant posts is significantly higher than this, enabling

### **Consolidated Spend:**

This project has now closed and was aimed at looking for opportunities where bringing together items of expenditure under central control would not only provide greater controls on expenditure but also enable efficiency savings through, for example, aggregated procurements. The main areas identified were communications, property related expenditure, training activity and spend, and ICT support activity. A saving of £0.250m per annum has been achieved as planned. Although the project has closed, the position will be reviewed periodically and other opportunities taken up where practicable.

### **Systems Thinking Reviews:**

Systems Thinking is simple in concept and is about methodically challenging and reviewing the way work is done to look at whether it: a) meets customer requirements effectively (i.e. meets 'value demand'), and b) includes any work that does not add value to the service delivered (so-called 'failure demand'). The reviews are aimed at increasing the work on value demands and reducing or eliminating failure demands. Although simple in concept it is complex in practice due to the wide variety of services, systems and working practices across the council.

The implementation of other initiatives including Workstyles, Customer Service changes (mainly on-line developments) and many other service changes (e.g. some emanating from the Value for Money Programme) have meant that the capacity to undertake Systems Thinking reviews at the same time has been severely hampered. Undertaking such reviews without the right commitment, capacity and support could do more harm than good to services. The reviews are therefore behind schedule and will need to be carefully prioritised on those services that are in a position to take them forward effectively with full commitment. Savings are conservatively estimated at £0.500m in 2012/13.

### **Carbon Reduction:**

An ambitious target for savings from carbon reduction was set in the 2011/12 budget and it was assumed that the majority of this would be delivered from the implementation of solar PVs on council buildings and potentially some through investment in street lighting. The projects have proved technically more challenging than expected originally and with higher levels of capital investment and longer paybacks required. Cabinet approved a programme of investment in solar PVs in June to deliver both carbon reduction and financial savings, however this has been affected by the current government consultation on Feed In Tariffs and the proposed programme is now significantly smaller and does not generate the originally assumed financial savings. Cabinet has also approved some capital investment in street lighting but while the resulting energy savings are sufficient to payback that investment, they do not themselves generate a surplus based on current assumptions.

While specific carbon reduction measures will continue and an updated Carbon Management Programme is being developed the most significant savings are expected to be achieved over the long term through a greater focus on carbon reduction through the Workstyles programme and therefore these two VFM workstreams will be amalgamated. The planned saving from energy efficiency has been removed from the budget assumptions but continues to be a live issue both in terms of the level of service pressure funding required for energy price rises and in the development of the carbon budgets.

### **Customer Access and Collaboration Opportunities:**

These areas did not have financial savings allocated to them but were focused on improving the customer experience and identifying possibilities for working with other agencies.

Work continues to explore options for improving the customer experience and to implement these where practicable and cost-effective. Most of this work is focused on improving on-line information and facilities and included a re-launched website. The new Customer Service Centre at Bartholomew Square is now up and running with its 'meet and greet' approach is receiving good feedback from customers. Work is now focused on developing a business case for further investment in on-line services, including new Customer Experience Management technology.

Collaboration opportunities are being explored with other partners and agencies within the region to reduce costs wherever this makes good business sense and aligns with organisational priorities. There are already sharing protocols with other authorities around legal services and the council is providing support services to South Downs National Park Authority. The SE7 group also provides other possibilities for collaborative working on ICT and procurement areas. Other possibilities will continue to be explored on a case-by-case basis.

### **Summary of VFM Gains (Benefits Realisation)**

The financial gains for individual projects are set out in the table below.

<b>VFM Project</b>	<b>2011/12</b>	<b>2012/13</b>	<b>2013/14</b>	<b>Total 3-Year Savings</b>
	<b>Forecast</b>			
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Adults Social Care	1.551	1.172	1.684	4.407
Children's Services	3.142	0.301	1.827	5.270
ICT	0.140	0.361	0.471	0.972
Procurement *	0.553	1.341	2.250	4.144
Workstyles Phases 1 & 2	0.100	0.270	0.200	0.570
Sustainable Transport & Fleet	0.300	-	-	0.300
Management & Admin	1.750	1.750	-	3.500
Consolidated Spend	0.250	-	-	0.250

Systems Thinking *	0	0.500	0	0.500
Carbon Reduction	0	0	0	0.000
<b>Total VFM Projects</b>	<b>7.786</b>	<b>5.695</b>	<b>6.432</b>	<b>19.913</b>

- indicates project has been or will be completed.
- \* Note: Savings relating to Procurement and Systems Thinking are no longer held centrally and now reside in service areas to avoid double-counting. These projects are therefore designed to enable services to deliver their full savings proposals through the measures described elsewhere in the budget report. However, other savings may be identified/achieved as the projects progress – these will normally be retained in the service areas in which they occur.

Services have re-prioritised existing staffing and resources to ensure effective support for the delivery and implementation of VFM projects. The projects also include other ‘invest-to-save’ resources and costs where these are essential to lever in the substantial value for money gains.

## Equalities Impact Assessment

### 2012-2013 Revenue Budget

#### 1. Background

**This document highlights the key differential impacts of potential budget decisions, and indicates where a single decision or series of decisions might have a greater impact on a specific group. It also indicates ways in which negative effects may be minimised or avoided, and where positive impacts can be maximised or created.**

Budget decisions can have different impacts on different groups of people, either in changes to individual services or in the ways those changes have an impact cumulatively.

#### 2. Budget Equality Impact Assessment Process, including Consultation

In Brighton and Hove City Council a Budget EIA process has been used to identify the main potential impacts on groups covered by legislation (the 'protected characteristics' in the Equality Act 2010<sup>1</sup>). The consultation process on the Budget has occurred in a number of different ways:

- The draft Budget was published as early as possible to enable a longer consultation process
- Different media were used to enable public comment: an online budget simulator, social media, the online Consultation Portal, public meetings, a webcast chat, and meetings between councillors and residents.
- All service areas which might be subject to a change completed an Equality Impact Assessment (EIA) Screening document for the budget proposals in their area. Each one lists:
  - the groups protected in law, plus other relevant groups;
  - information about these groups relevant to the service area;
  - the potential impact on these groups;
  - and proposed actions to address this potential impact

NB: Screening documents have been used due to the size of the budget report and the amount of information that has been assessed. Many of them draw on existing EIAs which already indicate impacts.

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<sup>1</sup> 'Protected characteristics' are: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation. (Also marriage and civil partnership, but only in relation to eliminating discrimination.)

- These Screening EIAs were also circulated widely to Community and Voluntary Sector groups, including the Community and Voluntary Sector Forum (specifically their Equality Network of elected reps from ‘protected characteristic’ groups), communities of interest groups, via the City Inclusion Partnership, BHCC staff in the Equality Steering Group and their networks, and to reps in geographical areas.
- Consultation responses and other information were used by officers to revise the Screening EIAs into the final versions which are available to members as they consider the budget proposals. The final versions are available on the council website.

Responses to the Budget EIA consultation were received from the following:

- Amaze (works with parents of children with special needs and disabilities)
- FED: Centre for Independent Living (formerly the Federation of Disabled People)
- Brighton and Hove Speak Out! (independent advocacy for adults with learning disabilities)
- Brighton and Hove Youth Council
- Brighton Women’s Centre (also on behalf of the city’s women’s services)
- A meeting hosted by the Black and Minority Ethnic Community Partnership
- The Equality Engagement Consortium (FED: Centre for Independent Living, Mind in Brighton and Hove, LGBT Health Involvement Project, Black and Minority Ethnic Community Project, The Carers Centre, Pensioner Action, Amaze, Speak Out)
- A Health Impact Assessment

All the consultation responses are available on the council website.

At the point at which implementation decisions are made about budgets, full Equality Impact Assessments will be carried out in a number of areas which will analyse specific impacts and develop the required mitigating actions. These will involve more engagement with the community and voluntary sector, staff, statutory partners and relevant groups.

### **3. Aims of Equality Impact Assessments (EIAs)**

The new Equality Duty (within the Equality Act 2010) supports good decision-making: it encourages public bodies to understand how different people will be affected by their activities so that policies and services are appropriate and accessible to all and meet different people’s needs. By understanding the effect of their activities on different people, and how inclusive public services can support and open up people’s opportunities, public bodies are better placed to deliver policies and services that are efficient and effective.

Assessing the potential positive and negative impact of decisions on different equality groups is a key part of meeting the council’s duty under the Act, and demonstrating that we are doing so. This approach, called Equality Impact Assessment (EIA) enables us to use the findings to inform decision-making, increasing opportunities for positive benefits and reducing or removing negative impacts, specifically where they affect one or more group disproportionately, and especially where they may be unlawful.



The aims of an Equality Impact Assessment become especially important at times of straitened budgets:

- think about what the council is trying to achieve
- what impact the decision will have on different groups
- targeting resources to those who may be most vulnerable
- funding services which respond to people's diverse needs and save money by getting it right first time

Nationally, there have been a number of successful legal challenges to funding decisions because public authorities have failed to show such consideration during the process. In such cases, the public authority will almost always be required to start the decision-making process again, with proper consultation and evidence gathering to identify the impact on particular groups.

“Even when the context of decision-making is financial resources in a tight budget, that does not excuse compliance with the PSEDs [Public Sector Equality Duties], and there is much to be said for the proposition that even in straitened times the need for clear, well informed decision-making when assessing the impacts on less advantaged members of society is as great, if not greater.”

*Blake J in R (Rahman) v Birmingham City Council*  
[2011] EWHC 944 (Admin)

#### 4. Legal context – Equality Act 2010

Within the Act the Equality Duty has three aims. It requires public bodies to have ‘due regard’<sup>2</sup> to the need to:

1. **eliminate unlawful discrimination**, harassment, victimisation and any other conduct prohibited by the Act;
2. **advance equality of opportunity** between people who share a protected characteristic and people who do not share it; which includes the need to:
  - remove or minimise disadvantages suffered by people due to their protected characteristics;
  - meet the needs of people with protected characteristics; and
  - encourage people with protected characteristics to participate in public life or in other activities where their participation is low.
3. **foster good relations** between people who share a protected characteristic and people who do not share it; which involves

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<sup>2</sup> Having ‘due regard’ means consciously thinking about the three aims of the Equality Duty as part of the process of decision-making. This means that consideration of equality issues must influence the decisions reached by public bodies – such as in how they act as employers; how they develop, evaluate and review policy; how they design, deliver and evaluate services, and how they commission and procure from others.

- tackling prejudice and promoting understanding between people who share a protected characteristic and others

Public sector bodies need to be able to evidence that they have given due regard to the impact and potential impact on all people with ‘protected characteristics’ in shaping policy, in delivering services, and in relation to their own employees.

The following principles, drawn from case law, explain what is essential in order for the Equality Duty to be fulfilled. Public bodies should ensure:

- **Knowledge** – those who exercise the public body’s functions need to be aware of the requirements of the Equality Duty. Compliance with the Equality Duty involves a conscious approach and state of mind.
- **Timeliness** – the Equality Duty must be complied with before and at the time that a particular policy is under consideration or decision is taken – that is, in the development of policy options, and in making a final decision. A public body cannot satisfy the Equality Duty by justifying a decision after it has been taken.
- **Real consideration** – consideration of the three aims of the Equality Duty must form an integral part of the decision-making process. The Equality Duty is not a matter of box-ticking; it must be exercised in substance, with rigour and with an open mind in such a way that it influences the final decision.
- **Sufficient information** – the decision maker must consider what information he or she has and what further information may be needed in order to give proper consideration to the Equality Duty.
- **No delegation** – public bodies are responsible for ensuring that any third parties which exercise functions on their behalf are capable of complying with the Equality Duty, are required to comply with it, and that they do so in practice. It is a duty that cannot be delegated.
- **Review** – public bodies must have regard to the aims of the Equality Duty not only when a policy is developed and decided upon, but also when it is implemented and reviewed. The Equality Duty is a continuing duty.

The 2012-14 budget EIA process has been designed to meet these requirements and to enable the council to evidence how it has paid ‘due regard’ to the needs of diverse groups in the process of making budget decisions.

## 5. National context

The budget proposals are being developed within the context of reduced public funding to local government. The Comprehensive Spending Review (CSR) has already set out the headline reductions for local government of 28% over a four year period.

Key elements from the CSR with a potential equalities impact include:

- Schools budget will increase by 0.1% in real terms over the next 4 years,
- Sure Start funding will be protected in cash terms,
- Additional £2bn nationally for Adult Social Care,
- A further £7bn reduction in welfare benefits above those initially announced.

Key national issues that may have an equalities impact include:

- New council responsibilities including the public health agenda,
- Impact of welfare reforms on communities,
- Education reforms,
- Localism Bill,
- Changes to the Formula Grant and other grants the council receives could affect Children's and Adults' services

## 6. Local context

The five council corporate priorities detailed in the [Corporate Plan](#):

- Tackling inequality and working to create a fairer city
- Building a sustainable city
- Involving people
- A council the city deserves
- A fair employer

## 7. Budget Equality Impact Assessment Process

The EIA process and consultation outlined above have been based on identifying whether there are there any identifiable service delivery impacts on:

- the whole community
- service-users and people supporting service-users
- groups with 'protected characteristics'

There has also been an overall assessment of:

- the impact of funding changes from one service on another across the council (cumulative impacts),
- consideration of what mitigating actions can be taken, and
- how can we monitor, evaluate and take action on impacts which may occur.

**The overall assessment is that there is no evidence in the EIAs of discrimination in the Budget proposals. However, there are concerns about the council's ability to achieve our objective of reducing inequality and therefore there is key activity to be undertaken to ensure that this is not undermined by budget decisions. More details are below.**

## 8. Feedback from Community and Voluntary Sector Organisations

### Brighton Women's Centre (BWC)

The Centre identifies specific issues for women in particular services and across services, alongside national changes. Examples from their response and the EIAs:

- Sure Start Children's Centres – "The cumulative impact of national and local changes will disproportionately disadvantaged women", specifically lone parents (EIA). 90% of lone parents are women and generally women take on the majority of childcare responsibilities.
- Sure Start Nurseries: "Women tend to take responsibility for arranging childcare. Higher fees may deter women from using childcare and therefore prevent them from training for working. The Government reduced the childcare element of the working tax credit from 80% to 70% in April 2011. The cumulative impact of national and local changes will disproportionately disadvantaged women" (EIA).
- Housing Revenue Account: "Women and single mothers on low/fixed incomes who are not in receipt of full HB [Housing Benefit] will be affected by increases in service charges and rent" (EIA and BWC).

### FED: Centre for Independent Living

The FED identifies specific issues for disabled people in particular services and across services, alongside national changes. Examples from their response and the EIAs:

- The Adult Social Care principle of targeting services to those with most complex needs potentially means less focus on work to prevent those with moderate needs becoming worse. "If the drive is to allow people to live independently preventative services are the key to the council achieving this" (FED).
- City Infrastructure: less spend on preventative highway maintenance: "These proposals will make part of the city inaccessible for older and disabled people particularly the closure public toilets. Some roads and pavements in the city are currently in poor repair and are inaccessible and poorly lit, there are concerns that this will affect outlying parts of the city in particular" (FED).

### Brighton and Hove Speak Out

B&H Speak Out identifies specific issues for people with learning disabilities in particular services and across services, alongside national changes. Examples from their response and the EIAs:

- Adult Social Care centralising transport and changes in learning disabilities accommodation: there are concerns in both areas that changes in familiar systems can cause confusion and anxiety, and potentially also disadvantage people who struggle to articulate their needs and preferences. Advocacy and preparation are recommended as key elements in support.

- As with the FED (above) there is a concern that “the possible consequences of in-house services focussing on people with higher support needs are that more independent people with a milder learning disability may be more at risk of social isolation, health and mental health problems should they move to accommodation with less staff and support” (Speak Out).
- Provision of services in mainstream settings as opposed to specific centres has the potential to increase integration and reduce social isolation for some people with learning disabilities, but it is important that “Staff understand individual needs including physical needs, medical issues, Learning Disabilities & hidden disabilities, e.g. autism” (EIA).
- Cumulatively there is a potential for reduction in building-based services, closures of public toilets, reduced street maintenance and reduced subsidised transport leading to “less confidence to walk and travel independently” and “increased social isolation. People with learning disabilities have told us that they value day services because they get to see their friends. We know that many people already say that they do not see their friends enough at present and are not supported to do so by some staff” (Speak Out). There are potential concerns about “increased stigma and prejudice from other people on public transport” (EIA).

## **AMAZE**

Amaze identifies specific issues for young disabled people and their families in particular services and across services, alongside national changes. Examples from their response and the EIAs:

- Existing pressures and costs on families caring for children and young disabled people are already high and there is concern that “whilst individually the cuts are relatively small, the affect on these families will be cumulative, disproportionate and unacceptably high. Some proposals will directly impact on these families ability to cope and short term savings now are likely to result in higher costs later if families go into crisis and their child needs residential care” (Amaze).
  - Types of proposals specifically referenced here are changes to Children’s Centres, changes to benefits for those in temporary accommodation, and increases in charges in social housing.
- Reductions in funding for Child and Adolescent Mental Health Services (reduced work with children and professionals in schools to raise awareness of mental health). “Early intervention is key here especially in training people what the warning signs are. Cuts here are a real concern” (Amaze).

## **9. Budget EIAs: identified cumulative impacts**

- Increased fees and charges in a number of services will accumulate for individuals and families, especially for those who will be affected by national changes in benefits and housing allowances, national employment trends and increases in food prices and fuel prices (up by 23% and 53% respectively in the last four years). The fees and charges cumulative impact assessment is clear that specific groups are not disproportionately affected, however those at risk of financial exclusion are likely to have reduced access to our non-statutory services.

- Changes to specialist services, including the already planned reductions to Supporting People contracts and reduction in Sure Start support raises two potential issues for mainstream services:
  - how to develop the capacity/resource in the mainstream to manage this in the context of budget reductions, and
  - how to support the skills of mainstream providers to deal with more complex issues (eg: Learning Disability, Mental Health).
- Significant changes in services or the physical appearance of the city is likely to have a larger impact on some communities more than others (eg: impact of changed routines in transport or day care for people with learning disabilities). These areas will need careful implementation to ensure that impacts are mitigated in the process.
- A number of the actions to mitigate impact are related to links to Community and Voluntary Sector (CVS) services (for communicating information, identifying impacts of cuts on specific groups, advocacy), at a time when there is pressure on the CVS in relation to funding, which raises an issue of capacity.

## 10. Crucial Next Steps

Existing council equalities approaches will be a critical part of minimising or avoiding negative impacts on specific groups. Where negative impacts are identified these must be addressed urgently. Regular monitoring and analysis to identify trends and identify actions, and robust equality impact assessment which actively engages stakeholders are fundamental to meeting our legal duties and corporate commitments. Senior managers, including the Corporate Management Team will have responsibility for overseeing this as decisions are made and service changes take place.

- Ongoing equalities monitoring of the impact of budget changes locally and funding reductions nationally to identify trends in disproportionate or unanticipated impact at an early stage to address them. Eg: street lighting: monitoring trends in reporting crime and/or accidents, especially among group with protected characteristics (eg: disabled, BME or older people). This reporting should be monitored at senior levels within the council in order to identify cumulative impacts and mitigating actions.
- The full Equality Impact Assessments should be undertaken with relevant Community and Voluntary Sector groups, service-users, advocacy services, partner organisations and other relevant groups. If issues highlighted in the consultation process have not yet been addressed, then they must be considered within full EIAs, as well additional focus on more 'hidden' populations (eg: people with moderate learning disabilities, or people with mental health issues).
- Where gaps in monitoring have been identified during the screening EIA process steps should be taken to fill these in the forthcoming year. This will enable better modelling of potential impacts and assessments in future.

## 11. Potential mitigating actions

There are also a range of other actions which the council can implement which will help to mitigate the impacts identified in the Budget EIAs:

- There are opportunities for working differently with partners, both statutory and Community and Voluntary Sector groups (for example more closely aligning related services, or commissioning advocacy services from the CVS to mitigate effects).
- Continued engagement with service-users and potential service-users will identify ways in which services can be improved
- Increasing staff capacity, skills and knowledge in identifying and addressing diverse needs in mainstream services.
- Clear communication of changes, especially to vulnerable groups, well in advance of the changes taking place will help with reducing anxiety and disruption. Council communications must target specific audiences in appropriate ways, ensuring that messages about the changes and reasons for them are simply explained, along with any information about alternatives or sources of advice or support.







**Brighton & Hove  
City Council**

**Report of the Overview and  
Scrutiny Commission**

**January 2012**

**Budget Scrutiny Panel**

## **Chair's Introduction**

We live in difficult economic times and Brighton & Hove City Council, like all local authorities, has to ensure it lives within its means and will have to take some difficult decisions regarding the balancing of its priorities against what is possible.

This scrutiny panel has been tasked with the difficult job of reviewing the administration's draft budget proposals, critiquing them and making recommendations for improvements.

This report highlights that getting cross-party agreement on one of the most political of all decisions the council takes has proved to be very challenging.

We have had a number of excellent evidence gathering sessions where Cabinet Members and senior officers put their budget areas forward for cross-examination which was a testing but worthwhile process. I think they all survived!

I must thank all our witnesses along with fellow panel members for their time and effort. The recommendations we have come up with do not focus on specific budget lines but rather some key overarching themes. I would draw your attention to the summaries of each of the meetings which provide a guide to some of the areas where we had most concern over what was being proposed.

Cllr Ken Norman  
Chair Budget Scrutiny Panel

## 1. **Background and Process**

- 1.1 The scrutiny panel was chaired by Cllr Ken Norman and comprised Councillors Mears, Mitchell, Pissaridou, Summers and Sykes, with Jo Martindale representing the community and voluntary sector.
- 1.2 The panel agreed that it would seek:
  - To provide cross-party challenge to the budget proposals brought forward by the administration
  - To understand the cumulative affect of budget cuts across the council and city, for service users and providers
  - To begin looking at public service budgets across the piece – fire, police, health
  - To make recommendations to Cabinet as to how to improve the budget
- 1.3 The panel heard from each Cabinet Member supported by senior officers. This is the first time each member of the Cabinet has been cross-examined by scrutiny members in this way which adds to the accountability of the budget process. The list of witnesses and timetable of meetings is attached to this report as **Appendix 1**.
- 1.4 The minutes of each of the scrutiny panel evidence gathering sessions are appended to the report to provide a narrative of the scrutiny process (**Appendices 2-6**). These, along with the summaries contained later in this report, highlight the areas of questioning and Members concerns regarding specific budget proposals.
- 1.5 Written answers promised to questions asked at the meetings are attached as **Appendix 8**. **Appendix 8A** provides details of staffing implications and **Appendix 8B** regarding the impact on the third sector.
- 1.5 The scrutiny panel itself forms part of the budget consultation process and ensures a greater degree of accountability than would otherwise be the case.
- 1.6 The involvement of the community and voluntary sector has been a positive step forward, allowing for broader scrutiny and a wider knowledge base from which to examine proposals. The sector is a major partner of the council delivering a wide range of services and is directly, and indirectly, impacted upon by changes to the council budget.
- 1.7 The Community and Voluntary Sector Forum (CVSF) has produced a position statement which is appended in full to this report. (**Appendix 7**). The panel were also presented with statements from various groups relating to community transport and the music service.

- 1.8 The fees and charges that were publicly available were presented to Members along with the summary documents from the different consultations the council has undertaken to date on the draft budget.
- 1.9 The findings of this report, its recommendations, lines of questioning and comments from members will be reported to the Overview and Scrutiny Commission for agreement on the 31<sup>st</sup> January 2012.
- 1.10 The report will be provided to Cabinet to inform a revised set of proposals that will be presented at Cabinet on 9 February 2012. These will take into consideration the feedback from further consultation, the scrutiny recommendations and the most up to date financial information.
- 1.11 The final responsibility for agreeing the council's budget for 2012/13 rests with all elected members at the meeting of Full Council on 23 February 2012. This will be done in the light of the plans for 2013/14 but the final decision on the budget for 2013/14 will not be taken until the following year.
- 1.12 Feedback from members of the scrutiny panel indicates that the scrutiny process represents a further improvement from last year. Having a single group of members reviewing all the proposals improves continuity and allows for cross-cutting lines of questioning to be developed.
- 1.13 However the panel hasn't really been able to fully develop the partnership approach to budget scrutiny, understanding how the budgets of different public sector bodies interrelate; this is something that should be developed in future years.
- 1.14 Whilst the budget scrutiny process has rarely brought forward concrete resolutions, it allows cabinet members to test assumptions and enables considerable questioning of proposals.

## **2. Budget Context**

- 2.1 The budget scrutiny process has been based on the information in the budget papers presented to Cabinet on the 9<sup>th</sup> December 2011. This report will not re-present all of the information tabled at Cabinet in December which can be accessed from the council website. However there are some parts that bear repeating to provide context for the scrutiny process.
- 2.2 The stated principles upon which the budget has been 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
- 2.3 All service areas were asked following the report to Cabinet in July 2011 to produce options for working within budget allocations over the next two years of -5%, -10% and -15% based on their 2011/12 adjusted budget. This process was designed to ensure that decision making is for the medium term, not just the short term. It also enabled 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. The options developed considered not only reductions in expenditure, but also measures to manage growth in service demand and opportunities for generating additional income. The Value for Money Programme also remains at the heart of the overall budget strategy.
- 2.4 Formula Grant**  
The final settlement for 2011/12 announced by the Department of Communities and Local Government (CLG) in February 2011 contained indicative grant figures for 2012/13 and it is unlikely that these figures will change significantly. The forecasts therefore assume that the council will receive £101.4m formula grant in 2012/13; a reduction of £10.5m or 9.4% from this year.
- 2.5 Council Tax Freeze Grant**  
The council will continue to receive a grant of £3m per annum for 2012/13, 2013/14 and 2014/15 following the council tax freeze in 2011/12. Government has announced that £805m had been found nationally to fund a council tax freeze for 2012/13 only. CLG has recently confirmed that the council would be entitled to a further £3m grant in 2012/13 equivalent to a council tax increase of 2.5% should the council agree to freeze council tax next year. CLG also confirmed that this grant would cease after 2012/13.
- 2.6 Full Council on 23 February 2012 will determine both the budget and council tax for 2012/13 but the resource forecasts in the Cabinet report assume that council tax will increase by 3.5% next year as set out in the July Cabinet budget report. A decision to freeze the council tax in 2012/13 will require an additional £1.2m recurrent savings to be

identified and agreed for next year and an additional £3m recurrent savings in 2013/14 when the new council tax freeze grant ends or require a higher increase in council tax.

## **2.7 Staffing Implications**

The staffing budget for 2012/13 includes funding for a £7.19 per hour living wage and the costs of complying with the new legislation for use of agency workers. A pay freeze is currently in place nationally.

- 2.8 At this stage in the budget process it is difficult to determine exactly how many staff may be affected by the proposals. A broad estimate is that in 2012/13 an estimated 100-120 posts may be removed from the council's staffing structure.

## **2.9 Two Year Budget**

- 2.10 This is the first time that two year budget proposals have been put forward. This longer term horizon is designed to help members take more effective service and financial planning decisions. It also provides time for consultation on some of the reshaping of services that will be required in 2013/14 if the council is to be able to balance its budget whilst still meeting its agreed priority outcomes. The size of cuts required over the next few years has the potential to fundamentally change how the council works and as such longer terms financial planning could be beneficial, as could a more structured dialogue with residents.

## **2.11 Equality Impact Assessments (EIAs)**

- 2.12 EIAs were published with the budget cabinet papers for the first time.

### **3. Recommendations**

- 3.1 The inherently political nature of the budget setting process has meant that recommendations on specific proposals have not been forthcoming; however members have made recommendations both on the process, future process and some fundamental principles upon which to base budget priorities and reductions.

#### **Recommendations**

1. The open manner in which the budget proposals have been brought forward is to be welcomed and should be further developed.
2. The publication of a two year budget is a step forward in providing a greater capacity for services to develop long-term plans for reduced resources and should be continued.
3. Thought should be given as to the best manner in which to expand the reach of the budget consultation building on efforts this year.
4. The publication of the initial Equality Impact Assessments with the budget proposals is to be welcomed. Whilst this is an improvement more work is required to ensure the consistency of all EIAs. Consideration should be given to including a 'poverty' group within the assessment.
5. The impact and outcomes from all areas of council spending should be measured and clearly understood. More work is needed to make this a reality.
6. Budget reductions should be made in relation to impact, quality of service and value for money. In-house services should not be protected at the expense of those provided externally merely because they are council-run; the reverse is also true.
7. The cumulative impact of reductions on service-users should be better evidenced and understood and reported alongside budget proposals.
8. Funding provided to the third sector should be monitored to ensure it is not disproportionately cut.
9. The budget papers present some excellent examples of long-term service reconfiguration, there are however plenty of cases of continued incremental cuts. More work is needed to ensure that a cross-council, pan-public sector and partnership approach to service design is adopted as standard.
10. In order to protect services the council will need to work more closely than ever with partner organisations. It is of concern that the council and partners are looking to reduce funding to support partnership working.

11. The input of the third sector has been a valuable addition to the budget process. This should be expanded in future years.
12. A process of budget development and scrutiny that allows for the wide involvement of partners needs to be developed once the council has moved to a committee system.
13. The publication of carbon budgets is an important development and the approach is to be applauded. The profile and detail provided in this regard to be increased in future years.



## **4. Summary of the Questioning and Comments**

4.1 The section below provides a summary of the issues raised during each of the evidence gathering sessions. It is reproduced to provide an overview for ease of consumption. The detailed minutes of each meeting should be read in **Appendices 2-6** for a more complete view of the process and issues.

### **4.2 Environment and Sustainability (Appendix 2)**

- Public toilets – there was concern regarding how this would impact on families and older people. Questioning focused upon what assessments were made regarding usage and what work could be undertaken to either run toilets differently through ‘friends of’ groups or promote the ‘use our loo’ scheme with local businesses.
- Changes to CityClean – reduction in rounds and street cleaning. What impact would this have to environment of the city along with cuts to other services that impact upon the physical appearance of the city?
- Streetlighting and developing a long-term solution to maintenance and upgrading issues.

### **4.3 Planning, Employment, Economy and Regeneration (Appendix 3)**

- Planning – concern regarding the level of resources and expertise available to produce the new City Plan, whilst continuing other important work.
- Economic Development – agreement that the council needs to support economic development at a difficult economic time but also that there needs to be a way to ensure measurement on what impact council investment in this area actually has.
- Skills and adult education – questioning as to whether resources were sufficient to deliver the city’s Employment and Skills Plan, given the importance of skills and training to the future economy.
- Major Projects – concern over a fairly large percentage cut to the service.

### **4.4 Adult Social Care and Health (Appendix 4)**

- Reductions to residential accommodation provision - concern as to whether the timescales are achievable and what consultation will be undertaken.
- Learning Disabilities Partnership Board – what will the reductions actually mean and how will it affect service provision?
- Day Services – how will the service change and will this impact upon mental health provision? Will the level of service be reduced?

### **4.5 Children and Young People (Appendix 4)**

- Youth Services – security of long term funding and purpose and mechanics of new grant based resources. How does this link to the youth service review?

- Youth Employability Service – concern at the removal of the one-off funding and its impact after previous reductions, especially given current levels of NEETs.
- Changes to support for schools – how prepared are schools to take on this extra work, and what support will the council still be offering?
- Music service – considerable public concern regarding the music service and proposed cuts. Level of local subsidy and comparison nationally.
- Services for Children with Disabilities – cuts fall disproportionately on the third sector. This needs to be looked at again and cuts focused on less effective services overall.

#### **4.6 Finance and Central Services (Appendix 5)**

- Human Resources – continuing overspend, lack of savings going forward and length of time it has taken to implement new systems. How much HR is done centrally and how much by managers.
- Life events – levels of fees and charges for events and how the council compares to other councils.
- Partnerships – support for partnerships and Local Strategic Partnership needed at a time of significant budget cuts across all sectors.

#### **4.7 Transport and Public Realm (Appendix 5)**

- Transport modelling – assurance was sought that the substantial investment in the modelling capability would not be diminished through a small budget saving.
- Shopmobility – substantial concern that the service would struggle with a reduction in resources when it was supporting some of the most vulnerable across the city.
- Road maintenance/line painting – questioning regarding whether a reduction in planned maintenance would be counterproductive in that it would result in more urgent and unplanned work.
- Road safety education – what the cut will actually mean and how will schools fill the gap in provision.

#### **4.8 Housing (Appendix 5)**

- Homelessness/hostel budgets – concern that these services support extremely vulnerable people and that given policy and resourcing changes at a national level the number of people accessing these services will increase.
- Supporting People – that considerable savings were being proposed over a number of years and what would the cumulative impact be?
- Mears contract – clarification sought as to areas of contract renegotiation, use of incentivised payments and operation of contract.

#### **4.9 Culture, Recreation and Tourism (Appendix 6)**

- Library provision – extent of reduction to library services, including the mobile library. Possibility of this being run in different ways.
- Visitor Information Centre – debate regarding the rationale behind moving to a number of satellite sites and whether it will be better than a single centre. There needs to be a main site to direct visitors to.
- Sports Development Fund – questions as to whether different options for funding have been explored and general support for this programme at getting people involved in sports.

#### **4.10 Communities, Equalities and Public Protection (Appendix 6)**

- Equalities savings – clarification sought as to what the pilot has achieved and how the programme is being taken forward?
- Grants/third sector savings – general agreement that the third sector should be supported as should the grants programme.
- Community safety & the police – concern about the community safety programme support and how changes to police funding and governance will affect work in the city.

## **Appendix 1 – Timetable & Witnesses**

### **2<sup>nd</sup> December 2011, Committee Room 3, HTH – 3-5pm**

- Budget Process/Overall Financial Context/General Budget Proposals
  - Cllr J Kitcat, Cabinet Member for Finance & Central Services
  - Director of Finance, Catherine Vaughan
- Draft Budget Proposals Place
  - Cllr West, Cabinet Member for Environment & Sustainability
  - Strategic Director Place, Geoff Raw

### **5<sup>th</sup> December 2011, Committee Room 1, HTH – 2-5pm**

- Draft Budget Proposals Place
  - Cllr Kennedy, Cabinet Member for Planning, Employment, Economy and Regeneration
  - Strategic Director Place, Geoff Raw

### **9<sup>th</sup> December 2011 – Committee Room 1, HTH – 2-5pm**

- Draft Budget Proposals People
  - Cllr Jarrett – Cabinet Member for Adult Social Care
  - Cllr Shanks – Cabinet Member for Children & Young People
  - Strategic Director People, Terry Parkin
  - Director of Adult Social Care, Denise D'Souza
  - Geraldine Hoban, Chief Operating Officer, Clinical Commissioning Group

### **6<sup>th</sup> January 2012 – Committee Room 3, HTH – 2-5pm**

- Draft Budget Proposals Resources
  - Cllr J Kitcat
  - Strategic Director Resources, Charlie Stewart
- Draft Budget Proposals Place
  - Cllr Davey, Cabinet Member for Transport & the Public Realm
  - Cllr Wakefield, Cabinet Member for Housing
  - Strategic Director Place, Geoff Raw

### **9<sup>th</sup> January 2012 – Committee Room 1, HTH – 2-5pm**

- Draft Budget Proposals Communities
  - Cllr Bowden, Cabinet Member for Culture, Recreation & Tourism
  - Cllr Duncan, Cabinet Member for Community Safety
  - Strategic Director Communities, David Murray

### **20<sup>th</sup> January 2012, Council Chamber, HTH – 2-5pm**

- Panel meeting to agree final report and recommendations

### **31 January – Overview and Scrutiny Commission**

- Panel reports back to OSC with recommendations

**Appendices 2-6 – Minutes from the evidence gathering sessions.**

**Appendix 2 – Budget Overview and Environment and Sustainability**

**BRIGHTON & HOVE CITY COUNCIL  
SCRUTINY PANEL ON THE BUDGET PROPOSALS  
3.00pm 2 DECEMBER 2011  
COMMITTEE ROOM 3, HOVE TOWN HALL  
MINUTES**

**Present:** Councillor K Norman (Chair)

**Also in attendance:** Councillor Mears, Mitchell, Pissaridou, Summers and Sykes. Joanna Martindale ( CVSF Co-optee)

**Other Members present:** Councillors J Kitcat, West

**PART ONE**

**1. PROCEDURAL BUSINESS**

**1.1 Election of Chair**

Cllr Ken Norman was unanimously elected Chair of the Panel

**1.2 Declarations of Interest**

There were none

**1.3 Declaration of party whip**

There were none

**1.4 Exclusion of Press and Public**

As per the agenda

**2. CHAIR'S COMMUNICATIONS**

**3. DRAFT WORK PLAN**

3.1 Members noted the draft work plan. Cabinet Member Councillor Liz Wakefield was due to speak to a future Panel meeting and the date would be confirmed.

## 4. WITNESSES

4.1 Cllr Jason Kitcat, CM for Financial and Central Services (JK), and Catherine Vaughan, Director of Finance (CV) introduced the draft budget and took questions. (as did Mark Ireland, Head of Strategic Finance and Procurement: MI)

4.2 JK told panel members that this was the first time that the council had prepared a two year budget, and the first time that draft budget papers had been ready for early December. The draft budget had been developed via a 'star chamber' process with council departments, and there had been on-going consultation with unions, the local community and voluntary sector, the City Assembly and members of the public. Scrutiny comments were welcomed.

4.3 JK set out the three underlying principles to the budget:

Protecting services for children and young people  
Efficient use of public money  
Promoting partnership working

4.4 In addition, particular care had been taken to protect services to carers, ASC services, youth services, staff terms and conditions (including the introduction of a Living Wage), homelessness grants, the Supporting People programme, the Community Grants programme and the council's commitments to sustainability. Given reduced central Government funding, this necessitated efficiencies and changes being made across all areas of the council's work.

4.5 JK and CV answered members' questions. JM asked how replies from consultation events around the City were being dealt with; would they be reported?

a) MM: equal pay reserves?

CV: reserves for single status will be reviewed – currently the position is the same as was reported to Audit Committee Sep 11

b) MM: redundancy reserves?

CV: 3.5M was set aside for 11/12, of which approx 500K remains. There are still some outstanding issues, as not all staff who indicated a willingness to take voluntary redundancy have yet completed the process. This will therefore need to be reviewed before the final Feb 12 Cabinet decisions. Currently the draft budget proposes allotting an additional 700K to these reserves for 12/13.

c) MM: ongoing savings from previous (11/12) budget from recharges?

CV: any savings would already have been included.

d) MM: Seaside Towns funding?

CV: most has been allocated, but not necessarily spent. The draft budget makes no proposals to re-allocate this funding, so the current spending plan still stands.

e) MM: number of vacant posts?

CV: this is not easy to assess, as it is complicated by the ongoing voluntary severance scheme – in some instances it has been decided to retain a post made vacant by voluntary redundancy, and to make savings by deleting the former post of successful applicants to the vacant post. Until this process has been completed it will therefore not be possible to give a firm figure for vacancies. However we will do some analysis to help scrutiny understand the position.

f) MM: new homes bonus?

CV: provisional announcement now made of 425K is slightly higher than expectations, not currently built into budget assumptions

g) GM: have all planned 11/12 savings been made?

JK: TBM forecasts an overall underspend, but not all departments have reached their targets (e.g. in terms of voluntary redundancies).

CV: it has not been possible to make some 11/12 savings (e.g. carbon reduction and procurement), and these are included as separate costs in the budget papers. There is still ongoing work on some admin and management savings, but all are achievable, bar some savings for the Children's Delivery Unit which have been factored into the budget report.

h) MM: are these risks specifically addressed?

CV: yes, via TBM7 report – and the need to fund these pressures is factored into the budget report.

i) GM: has CYP made required savings?

JK: yes, and has in fact achieved more than required.

CV: Cabinet decided not to implement some 11/12 savings (e.g. closure of Brightstart) and these are included as separate costs in the budget papers.

k) OS: how has public consultation affected budget planning?

JK: a number of respondents were clear that they wanted the council to make decisions re specific planning – too complex an issue for non-experts.

However, responses make it clear that public wants to see front-line people-centric services prioritised, and this has been reflected in the budget plans.

We may see more specific views expressed now that people have a draft budget to interrogate – consultation is still ongoing and the council will respond to public concerns.

l) OS: how are demographic pressures calculated?

MI: this is a best estimate based on past trends, but will be revised in the light of emerging data.

CV: Successful implementation of the council's VfM plans should mitigate against the impact of demographic pressures – the budget pressures to an extent for 2013/2014 assume a scenario where mitigation has not been wholly

successful. The budget does provide more detail of this for 12/13, but this has not yet been factored fully into 13/14 planning.

m) CS: how were savings per department calculated?

JK: each department asked to model 5, 10 and 15% savings across 2 years. Decisions were then taken so as to allocate savings in the least damaging way across organisation.

n) GM: capital investment re schools?

CV: education capital budget sits in People section of budget, but information is not currently available to produce a full capital report. There are significant pressures re capital receipts, and there will need to be re-profiling if some expected receipts are not realised – however this is particularly a timing issue.

o) JM: what is planned % spend on voluntary sector?

CV: can get panel an approximation, although it may be very difficult to get an accurate figure as the financial system does not record information in this way, and BHCC may not be able to collate data using CVSF's preferred definition (i.e. orgs with charitable status). However, does not believe that sector has been disproportionately impacted. Will do some analysis to help inform scrutiny.

p) KN: commitment to protecting services for vulnerable people?

JK: yes, although cannot guarantee to protect all current services given size of financial challenge – i.e. 35M over two years. BHCC has actively looked at increasing income as well as making savings.

q) AP: how many posts to be reduced in 12/13?

JK: 100-120 in 12/13 plus approx 30 outstanding from this year's challenge.

4.6 The panel next heard from Cllr Pete West, CM for Environment and Sustainability (PW), and from Gillian Marston, Head of City Infrastructure (GMa) and Geoff Raw, Strategic Director, Place (GR).

4.7 PW told the panel that this had been a very challenging process. Priorities included:

Minimising impact on workforce

Introducing a food waste pilot

Making parks more sustainable

Investing in infrastructure (e.g. street lighting)

4.8 The need to make savings had resulted in plans to reduce the number of public toilets in the city – city has many and not all are well-used. PW recognises that this is a contentious issue and welcomes public ideas on this (although it has to be recognised that identified savings will have to be made somewhere).



a) GM: have additional costs (vandalism) been factored in re plans to have some unattended toilets?

PW: yes.

b) GM: cityclean savings: how many rounds will be taken out of refuse collection?

GMa: 4 rounds (1 refuse, 3 recycling) – will require re-organisation across city – the number of rounds could change as the work is mapped out. No redundancies planned.

c) GM: commitment to continue weekly collections?

PW: yes, committed to maintaining weekly collections for 12/13. Plans for future years will depend on success of food waste pilot.

d) GM: less reliance on agency staff re cityclean?

GMa: yes, costs can be reduced here, although it is necessary to provide cover for sickness and leave.

e) GM: street cleaning reductions?

GMa: yes, but haven't reduced for several years, and confident that staff levels can be reduced without significant impact upon services.

f) GM: street lighting – is condition of posts still a problem and will maintenance continue to be outsourced?

PW: need to address long term neglect of this infrastructure – will look at capital investment here.

GMa: current maintenance contract still has approximately 2 years to run.

g) CS: how was toilet use assessed (esp. for parks)?

PW: there's no measure of volume of use as such, we rely on managers' experience. Have tried to plan closures to minimise impact – e.g. by signposting availability of toilets in nearby BHCC buildings (i.e. proximity of Hove Town Hall will allow week day closure of Norton Rd toilets).

h) JM: has BHCC explored possibility of encouraging 'friends of' groups etc to get involved in toilet provision in parks?

GMa: this isn't an easy community participation activity to sell. The council already tries to think innovatively about park toilets – e.g. encouraging firms leasing park cafes to take on toilet maintenance.

i) MM: what saving will be achieved here?

GMa: estimate 163K

j) AP: planned cuts to coast protection – how will this impact on costs to BHCC and local residents of flood insurance?

GR: although listed in the budget as coast protection, most savings will be made by reducing maintenance of seaside railings, street furniture etc rather

than actual coastal defences. Will pick up on potential for additional insurance costs to BHCC.

PW: no intention to increase flood risk: savings will be carefully targeted.

l) AP: allotments – will cuts impact upon poorer people?

PW: concessions will remain; increased costs will reflect actual cost of provision rather than being subsidised.

m) AP: City in Bloom?

PW: would like to encourage more business funding here. Unfortunately, hard choices need to be made, and budget does a good job of protecting parks funding.

JK: auctioning mayoral number plate will raise funds for community groups – this could potentially include City in Bloom.

n) OS: reduced waste PFI costs?

PW: less waste being produced has led to lower costs and high energy prices have meant that electricity generated at Newhaven has brought in additional income.

MI: electricity generation income has always been factored into the contract, but BHCC's calculation of this has differed from Viola's. However, recent legal advice supports the council's model for this calculation.

o) AP: possible impact on tourism as a result of cuts in city cleaning?

GMA: we do monitor this closely. There has not been reductions in street cleansing following the introduction of wheelie bins and communal bins and these help and should mean less of an impact..

PW: public have to recognise their responsibility here: if people didn't drop litter there would be less need for street cleaning.

p) Thurstan Crockett, head of Sustainability: welcomes additional funding for sustainability – will be used to replace time-limited grants funding. Focus will be on embedding sustainability in BHCC and the city as a whole.

## **5. ANY OTHER BUSINESS**

5.1 The next meeting is on Monday 5<sup>th</sup> December at 2pm in HTH

The meeting concluded at 5.00pm

## **Appendix 3 – Planning, Employment, Economy and Regeneration**

### **BRIGHTON & HOVE CITY COUNCIL SCRUTINY PANEL ON THE BUDGET PROPOSALS 2.00pm 5 DECEMBER 2011 COMMITTEE ROOM 1, HOVE TOWN HALL MINUTES**

**Present:** Councillor K Norman (Chair)

**Also in attendance:** Councillor Mears, Mitchell, Pissaridou, Summers and Sykes. Joanna Martindale (CVSF Co-optee)

**Other Members present:** Councillor Kennedy

#### **PART ONE**

#### **6. PROCEDURAL BUSINESS**

##### **6.1 Declarations of Interest**

There were none

##### **6.2 Declarations of party whip**

There were none

##### **6.3 Exclusion of Press and Public**

As per the agenda

#### **7. CHAIR'S COMMUNICATIONS**

7.1 Councillor Ken Norman, Chair, reminded the meeting of the main aims of the Panel. He confirmed that Councillor Wakefield's Housing portfolio was included in the panel's Work Plan for 6 January 2012.

#### **8. WITNESSES**

8.1 Councillor Amy Kennedy CM for Planning Economic Development and Regeneration (AK) reminded the meeting of her remit; it did not include Trading Standards, Environmental Health and Licensing which were the responsibility of Councillor Ben Duncan. She said maintaining Development Control capacity was especially important; effective ways of working and new technology were key.

8.2 AK was concerned about possible changes to the Planning Policy team, not least because of the need to produce a robust and timely City Plan. She said the Council had to be realistic in the current financial climate when there was little funding for development and inward investment opportunities. Regarding rationalisation of Capital Projects team she said capital projects can still be achieved by working 'smarter.'

8.3 AK answered the Panel's questions together with Jeanette Walsh Development Control Manager (JW), Geoff Raw Strategic Director Place (GR) and Cheryl Finella (CF) Economic Development Manager.

a) CS: ICT migration – a big change seemingly with relatively small savings  
JW: this project is due to be delivered in August 2012 and is a forward saving eg on stationery.

GR: it is part of a wider programme of reducing paperwork and improving efficiency.

b) GM: have other options been considered re: savings on major projects team. Potential sources of external income eg regeneration?

AK: there is almost no external funding at present. It is a very tough choice that will likely affect posts. There has to be a balance between front-line and non-frontline posts.

c) GM: is there adequate capacity and knowledge of staff in planning policy, economic development and capital projects?

AK: My portfolio pulls together officers from a number of teams with a wide range of skills which will enable us to review all major projects to identify those that are still viable in this economic climate.

d) MM: How many posts within your remit will be lost?

GR: Restructuring proposals will affect only a small number of posts (that are currently filled) and cannot be shared as they are subject to consultation

e) MM: How many posts in Planning and Public Protection are still vacant?

GR: A written answer can be provided.

f) KN: voluntary severance does not delete a post automatically, does it?

AK: No

g) AP: Is there a list of capital projects that are unlikely to go ahead?

AK: this is subject to review

h) AP: many posts seem to be proposed to be lost in your area.

AK: this is worrying; there are hard choices to be made.

i) KN: what are the risks to the Council of lost posts?

AK: There will still be capacity to produce the City Plan. Frontline services in Development Control (important both for the Council and for residents and developers) remain relatively unscathed under these proposals

j) CS: Do we have the capacity to carry out the Duty for neighbouring authorities to work together?

AK: there is good cross-border co-operation already eg over Shoreham Harbour, Waste and Mineral Plan and National Park Authority. There is capacity to continue this regular work. There would be more pressure if the Council were to support Neighbourhood Forums. Neighbourhood Plans are being looked at, but because they can only be used to promote not prevent development they would not seem to me likely to be popular with many residents and personally at this stage I am sceptical about them for a number of reasons.

k) OS: Will a proposed reduction in technical posts mean this work will go to consultancies instead?

AK: No

l) MM: Will the Planning department still have the capacity and specialist expertise to deal with the volume and complexity of work?

AK: The capacity of the DC team is to be protected; we are looking only to reduce expenditure at senior levels. Expert knowledge exists across all the posts.

m) JM: I welcome close links with the Communities Team on new neighbourhood plans proposals. Joint working with Planning is important. Residents may well be interested in Neighbourhood Councils, eg in involvement in allocation of S106 funding. There are potential sources of European funding that can be accessed via community and voluntary sector.

AK: We are looking at how the Community Infrastructure Levy could be progressed alongside the continuing S106 regime and would welcome wider joint working on this.

n) GM: re redistribution of managerial responsibilities for senior DC and planning posts, what is meant by focussing on core aspects and non-statutory work?

JW: DC has strong management; there will be consultation on this. As the City Plan is following from the Local Development Framework there is a huge change in how plans are drafted and developed. Non-statutory work covers eg communications, graphics, graphic design work. There is no intention to reduce posts in statutory work (such as conservation areas and listed buildings enforcement).

o) CS: in EIAs – page 90 – what will be the effect of reducing the availability of advice on home adaptations?

GR: The Council provides housing adaptation advice to private sector residents. We are exploring the opportunities to safeguard further funding. The Council has policy documents in place 'Lifetimes Homes Policy' and at present an Access consultant works for Planning 1 day per week.

AK The Disability Discrimination Act is law and remains applicable to newbuild.

p) AP: What does the Ordnance Survey budget pay for?

AK: we think a reduction in OS fees (not jobs) can be achieved

q) GM: Economic Development Unit?

AK: we've been able to retain the ED budget which is relatively small but provides initiatives that we think can still make a big difference.

GR ED is central to the Council's being able to address increasing unemployment and increasing deprivation that impacts on the health and well-being of the local community and the pressures on many other local services. An investment prospectus for the City is being drawn up to promote investment and employment in the city.

CF: ED is involved in 3 main areas:

- 1) business support (eg 'Ride the Wave' workshops on networking, supply chains and business clusters; fledgling Environmental Technologies sector which is small but strong and bringing new business into the City; Creative Industries eg digital media and gaming plus performing arts and artists with the Arts Commission; talent scouts in music industry; and business improvement district to support retailers in the town centre)
- 2) skills (City Employment and Skills Programme and working with FE and HE sector to help grow the economy)
- 3) support infrastructure (Brighton & Hove Local Employment Scheme for recruitment and training in construction; an Investment prospectus for the City to develop a strong brand for business {alongside leisure}; showcasing the City and its skills offer including major EcoTec event in June relating to environmental industries)

r) JM: how can we measure the impact of ED, on the wealth of the City?

CF: This is notoriously hard to measure but we do take feedback from the business community and engage with different groups eg re skills. We run questionnaires and an annual business survey. We can't always claim credit for increasing the economy but nor should we be held responsible when the economic situation deteriorates given this relates to the national and international situation.

s) JM: Adult Education doesn't seem to attract much funding. How can we help protect frontline services and support organisations?

AK: We are doing this, and emphasising access to education for all, as part of the City Employment and Skills Plan produced in partnership with City College and with the Universities and Amex.

t) JM: But it's difficult to implement a Strategy without resources

GR: Improving coordination and work by Director of People with schools and FE and HE means that more can be done without necessarily having to increase resources to help support children and young people, as much as we may wish to. CESSG is ably chaired by Phil Frier, Principal and Chief Executive of City College Brighton & Hove.

Chair: Thank you all for attending the meeting and answering questions. Thank you to the Press for being here.

## **9. ANY OTHER BUSINESS**

9.1 The next meeting would be on Friday 9 December at 2pm in HTH CR1.

The meeting concluded at 3.50pm

## Appendix 4 – Adult Social Care and Health & Children and Young People

### BRIGHTON & HOVE CITY COUNCIL SCRUTINY PANEL ON THE BUDGET PROPOSALS 2.00pm 9 DECEMBER 2011 COMMITTEE ROOM 1, HOVE TOWN HALL MINUTES

**Present:** Councillor K Norman (Chair)

**Also in attendance:** Councillor Mears, Mitchell, Pissaridou, Summers and Sykes

**Other Members present:** Councillors Jarrett and Shanks

#### PART ONE

#### **10. PROCEDURAL BUSINESS**

10.1 There were no declarations of substitutes, declarations of interest or declarations of party whip.

**10.2 RESOLVED;** that the press and public be not excluded from the meeting.

#### **11. CHAIRS COMMUNICATIONS**

11.1 Councillor Ken Norman, Chair of the Budget Scrutiny Panel, welcomed everyone and reminded the meeting of the aims of the Panel:

- To provide cross-party challenge to the budget proposals brought forward by the administration.
- To understand the cumulative affect of budget cuts across the council, city, for service users and providers.
- To begin looking at public service budgets across the piece – fire, police, health
- To make recommendations to Cabinet as to how to improve the budget

#### **12. WITNESSES**

12.1 Councillor Rob Jarrett (RJ) told the meeting that proposed savings were inevitable within Adult Social Care and Health as these service areas represented a large part of the Council's overall budget.

12.2 The underlying principle was that services remain wherever possible and would be delivered more efficiently. Savings would be sought when contracted out services eg in Home Care were due for renegotiation. The Council relied on having the right in-house expertise; internal structures were being looked at to ensure the right numbers and levels of officers. Savings would be made in external contracts wherever possible.

12.3 The Council had a statutory duty to provide care and Brighton & Hove faced some significant demographic pressures; eg there were relatively large numbers of people aged 85+ many of whom had significant health needs and a rise in the numbers of adults with learning difficulties surviving into old age

and a related rise in cases of dementia. So although some significant savings had been identified, this did not mean that the total budget had reduced.

12.4 Raising the service eligibility threshold from 'substantial' to 'critical' had been considered and judged to be a false economy in that service users then would tend to return with more severe problems later on. It is intended to take a preventative approach.

12.5 Compared with other areas Brighton & Hove is known to have significantly higher than average costs per individual, particularly for learning disabilities.

12.6 There are proposals to make savings on accommodation arrangements. Various parts of the City have relatively inefficient buildings, some of which are small and underused so reducing unnecessarily high overheads is key. This would involve rearranging some locations and potentially cause some dislocation to service users. A suitable consultation period was being planned.

12.7 Other efficiencies were planned by using new technologies eg in Home Care, helping people to stay in their own homes. Telecare can be used to reduce the number of home visits needed to ensure a person is OK, resulting in savings without loss of service. Simplifying the range of payment rates in new Home Care contracts would also bring about some savings.

12.8 Community Meals was another area of potential savings, pending the outcome of the current scrutiny process. The option of a new contract would be explored.

12.9 Councillor Sue Shanks (SS) pointed out the wide service areas covered by schools, early years and youth budgets. She said national funding was increasingly being switched from local authorities to individual schools and academies with cuts to spending on eg education welfare, school improvement and early years training subsidies. Councillor Shanks focussed on some of the key areas.

12.10 Some of the Children's Centres did not provide a full range of services and had become expensive to run. For the relatively large numbers of looked after children currently in Brighton & Hove, more learning interventions were being planned to help reduce escalation of service needs. In-house fostering would be used more in future and this was less costly.

12.11 Youth services were shown to be effective, especially at traumatic times in people's lives and the Council would look to protect these; in particular by bringing together commissioning for sports and play services across the City.

A small reduction in employability service was being proposed as schools were increasingly taking responsibility in this area and children staying in school for longer. It was planned to bring together employment services in Housing and Supporting People to cover both young people and older age groups.



12.12 Councillor Shanks said she was keen for schools to stay within the local authority however there were national pressures and a school places commissioning group was established.

12.13 Geraldine Hoban (GH), Chief Operating Officer for Brighton and Hove's Clinical Commissioning Group gave the background to the changes to commissioning for healthcare within the City. She confirmed that the CCG was working closely with the local authority on both the adult and children's Section 75 and on the Commissioning Strategy and Improvement Strategy. She said that joint governance and decision-making process were in place and the budget proposals were aligned with healthcare processes.

12.14 She confirmed that from an NHS perspective she was confident that the commissioning proposals would not adversely affect health or the local health economy. As with the approach in health, benchmarking had enabled 'outliers' to be identified, so that better value for money could be achieved. She noted that within the budget proposal there were also investment areas.

12.15 The level of spending on carers would be maintained; there would be changes to how these services are accessed. Mental health was a priority and more funding was being put into this.

12.16 Re-ablement funding was being re-aligned with £3.2 million being passported to the Council including £500k for work on prevention - enabling access criteria to be maintained. Whilst this year there would be a reduction of £130k in this pot she felt confident it could be managed.

12.17 There would be a specific focus on Children's health within the CCG, and Geraldine Hoban said they would want to work very closely with the Council on proposals around Children's Centres. Among the aims of the clinically led working group on Children that will be established this year is to improve the relationships and connections between primary care and the Children's Centres and to ensure community health services are working to keep children out of secondary care whenever appropriate.

12.18 Cabinet Members answered questions from the Panel together with Denise D'Souza, Lead Commissioner Adult Social Care and Health (DD), Terry Parkin, Strategic Director (People) (TP), James Dougan, Head of Children and Families (JD) and Jo Lyons, Lead Commissioner, Schools, Skills and Learning (JL).

a) MM: No reference to S75 in the ASC Strategic Financial Context (p35)?  
DD: this will be set out more clearly when the proposals go to the Joint Commissioning Board.

b) MM: Savings in the assessment budget (p36)?  
DD: Some of the £200k savings would be found within joint arrangements eg some growth in budget for mental health assessment.

c) MM: Bringing 'in line,' support for the Learning Disability Partnership Board (p36) ?

DD: This budget has been underspent for 2 years. The proposals are adequate to support the LDP Board and consultation.

d) MM: '£50k savings' appears to be a general 'accountancy' number – are these reliable figures (p37, p40 )?

DD: The figures in such a large budget are 'rounded.' There are detailed budget sheets behind each of these.

e) MM: Are these deleted or vacant posts?

DD: A review of support services is in progress; more information can be provided following consultation.

f) MM: How many units would be taken out of Housing Stock for 'extra care' (p38)?

DD: Brighton & Hove is still an 'outlier' regarding numbers of older people in residential care. At current rates the numbers will have increased by 700 people by 2013. The Housing Commissioning Group is looking at a range of options for around 15 units locally at present. No decision on providers of housing has been made and other residential social landlords are also being looked at.

g) MM: Concerned about proposals affecting people with disabilities (p40)

MM: Details in EIA – question 'no' impact eg on transgender, ethnicity groups (p119): 'no' impact on older people (p121) EIA 'to be completed' (p123). Some comments may be misleading.

h) RJ: This budget has been prepared sooner than usual and the EIAs are still developing.

DD: Services would be clear about the potential impact regarding individuals but these EIAs are for budget scrutiny and would be enhanced for budget council.

i) GM: Timescale and achievability for reducing the numbers of people in residential accommodation (p38) ?

DD: Despite developing 200 extra places (eg Patching Lodge, Vernon Gardens) we are still short by around 200 units and the number of people aged 85+ is growing. 15 extra people are in care every week; we are working on how to address this and will consult on proposals.

RJ: At present we have people placed as far away as Devon and this is extremely expensive per person although only a few individuals are involved. We can manage transition better and by remodelling local provision we know we can accommodate people in Brighton & Hove, but this will take time.

j) GM: All current in-house provider services (bottom box p44) is this deliverable?

DD: This is for 2013/14, so there is a year to plan this.

TP: This is 'joining up' children and adult services better. Transitioning here is not as good as in some other local authorities; this is one of our biggest

weaknesses. Significant savings have already been achieved and we're confident further savings can be made.

k) GM: How will savings be achieved?

TP: We know that local provision can bring down costs significantly and improve the offer to the individual.

l) OS: Adults Assessment – meeting VfM target?

DD: Community Care is linked with Personalisation which is included in the summary of VFM gains (p29). This spending on Community Care eg on increasing independence via Telecare and other initiatives has been shown to be effective over the last 2 years and there is no reason to change this, but there is still more to do.

m) JM: We welcome protection of spending on prevention and we recognise budget pressures. How can we ensure that the quality of domiciliary care does not decrease?

DD: These are proposals covering 2 years; it is not intended to increase the eligibility criteria. Our demographics show that numbers of people over 65+ is not a significant issue, however the number of people aged 85+ is growing. The Community Care budget for older people continues to decrease and quality is an issue. We are moving to real time monitoring of care actually delivered and getting feedback from carers. The proposals are for more but different investment, targeting the most vulnerable.

RJ: There are savings planned on Home Care contracts but high quality is still expected. There will be encouragement for training and we are looking at ability to recruit staff at the right pay level. This is a key aim, but not in the budget papers.

n) JM: What is the nature of the cuts to the Learning Disabilities Partnership Board? A consultation is planned for next year – so is this a good time to make cuts of more than a half?

DD: The Board will still be supported but there will be less spend on infrastructure and funding targeted instead at specific initiatives, consultations and transitioning.

RJ: There was a small one-off discretionary grant for a pilot scheme. Individuals will still be supported including moving to employment. No reduction is proposed on advocacy or other support for individuals to participate.

o) JM: The Voluntary Sector has particular expertise in transition. How will integrated Transition be planned; what will be the impact on adult services?

JM: The EIAs need strengthening regarding older people. Referring to the questions for EIAs (p19) - have all the risks been identified in the services?

RJ: We want to make sure the EIAs work as they should but they are not perfect at this early stage. Any concerns that the Panel has on EIAs can be referred to Councillor Ben Duncan, either directly or at a Panel meeting.

p) KN: How are the Day Services proposals (p40) different from previous years? Any changes to mental health provision planned?

DD: There is a continuation in the service for carer relief but there is a relatively low occupancy rate and further reductions are expected in the personalisation budget. More preventive work and a move to more community-based options are expected.

GH: There are no firm proposals as yet. We plan to commission Depression services first and then we will look closely at Day Services this year via the Joint Commission Board with the intention of commissioning in 2013/2014.

RJ: Day Services will still be there for those who need them. But there are low occupancy rates and we want to reduce high overhead costs where possible, for example by reducing the number of buildings but still providing the service.

q) GM: No indicative savings for Youth Services for 2013/2014? Will these continue to be provided in-house?

SS: There are no proposals to reduce funding; the Youth Services Review has been published and we plan to work closely with the voluntary sector. Current staff are anticipated to stay employed by the Council.

r) MM: So Youth Services will continue to be provided in-house and there will be no reduction in funding to the voluntary sector?

SS: There is additional funding of £300k to grant aid more groups so there will be increased provision in this area and no reduction in funding. The Youth Services Review indicates area-based work which will bring services together and avoid duplication. Recommendations are being brought to 20 January CMM

JD: The CMM report will indicate how coordination is to be planned.

s) JM; How long will rollover last?

TP: Officer advice is that holiday schemes should not be put at risk so rollover is needed so that critical schemes can continue. This will take time and we are grateful to all currently involved for their commitment. We plan to stop providing advice on health and safety which most authorities stopped long ago.

t) GM: Does 'Transport' or 'CYP' subsidise school buses?

TP: I can confirm Transport is responsible to subsidise school bus routes and we have looked to ensure there is no double-subsidy. Our home to school policy is inconsistent with neighbouring authorities in that Brighton & Hove children receive funding to travel to schools outside the local authority area but children from elsewhere do not receive funding from their Authority to travel to Brighton & Hove schools.

MM: There is a range of different home-to-school subsidies paid, eg SEN and faith schools.

TP: Yes this could be made clearer in the papers. There are no hidden subsidies. We are taking a fresh look at bus routes. We are not good at supporting SEN independence and we're looking at how to improve this.

MM: Regarding transport to faith schools, some children outside the City Centre could be disadvantaged.

SS: There will be consultation on proposed changes.

u) OS: How will schools be able to take on more responsibility and can that be a seamless transition?

SS: we are working closely with schools and Head teachers

TP: The national picture is that local authorities will not be working so closely with schools in future, other than taking responsibility as a last resort.

JL: We have been working with Head Teachers for a long time, on these changes to support school-school support. There is a national and local push for being self-supporting. The local authority team is refocusing on commissioning and brokering partnerships.

TP: It is important to help schools prepare. The pupil premium will rise and school budgets will increase especially for those with high numbers of pupils receiving free school meals. For the local authority this means a large funding reduction for previously grant-supported services eg around ethnic minorities, school improvement and early intervention so the local authority team may need to reduce further.

v) KN: There has been significant interest in changes to the music service and the reduction in funding – would you like to comment on this?

TP: Funding for music has changed; Brighton & Hove Council provide one of the highest subsidies nationally on top of the ring fenced central government grant. The only reduction proposed is in the additional subsidy made available by the Council. The central government grant remains although now the music service has to bid to the Arts Council for it. The Council remains one of the larger funders nationally however despite this cut.

JL: We will be focussing on music provision for vulnerable groups including looked after children and youth offenders and for 2012-2013 will be looking to schools to do their own commissioning.

w) GM: How will the music service be protected in this budget?

SS: There is free tuition for children receiving free school meals and our Arts Council bid will emphasise vulnerable groups.

x) GM :Youth Employability savings (p52)?; and could external funding be sought?

SS Brighton and Hove Business Enterprise Partnership will be looking at increasing employment across the city; there will be more joined up provision. Joint commissioning will help make savings here. The Foyer is active in this area.

TP: This is an example of where early intervention from age 16 can give better outcomes. At present our performance is low - we need to ensure that more young people achieve 5 or more good GCSE grades.

y) JM: Are these Youth Employability Services figures the latest available and why are 4 CVSF posts proposed to be lost in 2012-2013 not shown as a saving (p52) ? Has the transitional funding of £200k all gone?

JD: The £200k was allocated to the voluntary sector for 2011-2012 as part of the transitional funding from Connexions service.

z) JM: we welcome the £300k new funding – how does this link with other grants programmes?

JD: This is a new pot of money for which the precise details are still being developed.

MM; What is the position regarding S75 funding and Children and Families Delivery Unit (p45)?

JD: The Cabinet report can be made clearer here.

aa) MM: Numbers of vacant and deleted posts in services for children with disabilities?

SS: This could be made clearer in the papers.

JD No cuts are proposed to voluntary sector in Youth services.

bb) MM: Reduction of £10k in adaptations?

JD: this is a small saving for year 2 (not year 1) in a much larger budget that we think will have least impact. Discussions are on-going via the Partnership Forum

TP: New technology will bring down slightly the cost of adaptation; an explanation can be provided.

GH: Most adaptations are from S75 funding; I will check this.

cc) AP: Savings in school Improvement and Inclusion?

SS: Schools will be able to buy local authority services back.

dd) JM: What changes will there be to contracting arrangements for Services for Disabled Children (p57)? The £120k proposed savings does not seem to be in line with the needs assessment. Why is the Voluntary Sector singled out for savings here or is there a proportionate reduction in in-house provision? Proposed savings could have a huge impact on staff levels and organisations' ability to survive. This would disproportionately affect parent carers and disabled children.

SS: the move to 2-year commissioning will help contribute to job security including in the voluntary sector, as well as cost reduction.

TP: Identified savings amount to only a small percentage of the total budget. Efficiencies will result from multiyear commissioning and joint commissioning with adult provision. New ways of commissioning will lead to improved services.

ee) JM: even relatively small cuts can impact disproportionately; not least because without core funding CV sector organisations cannot attract additional funding. The needs assessment has identified priorities and it should be followed. The service should be looked at as a whole, not just the voluntary sector.

JM: Where will the £192k savings on the early intervention fund be made (p49)? Also the £107k cut to CAMHs and TAMHs at a time of a 40% rise in referrals, including children, and the highest suicide rate for under-25s, in the UK

SS; At a national level, CAMHs was an initial pilot that was always due to end in March 2012. We have managed to find the money to support the continuation of the service albeit at a reduced level.

JD: Commissioning for Disability Services is actively being linked in with the needs assessments and the next stage is to look at targets. This could be made clearer in the Cabinet papers.

ff) JM: But the cuts appear to be prescribed to fall entirely on the voluntary sector, where they will have disproportionately greater impact.

JD: The savings are not new and have already been achieved via the EIG review. We can look at how the information is laid out in the table of savings description, impact and risk. (p49)

SS: a small funding reduction will be manageable, providing longer-term commissioning and security is achieved.

gg) MM: How many vacant and deleted posts are proposed in ASC and Childrens' Services?

TP: Across 'People' there are approximately 90 vacant posts and 45 unfilled vacancies. These are subject to consultation and detailed figures will be provided. HR can provide the corporate picture.

hh) OS: How can savings be achieved on asylum seekers without service impact (p56)?

TP: There are fewer asylum seekers and we are working more closely with West Sussex colleagues regarding people arriving at Gatwick airport but then presenting at Brighton.

12.19 Cabinet Members provided a summing up:

12.20 Councillor Shanks said the EIAs did not fully identify all equality issues but could focus on the main matters. She emphasised that it was a challenge to balance targeted work with individuals, with generic services. However she was satisfied with the proposals put forward, including looked after children and play services.

12.21 Councillor Jarrett said even though under difficult financial circumstances, the proposals fulfilled the manifesto commitment, protecting the most vulnerable and carers, and recognising the increasing value of community work. Equalities considerations had been applied across services so that wherever possible there was no disproportionate effect on any particular group. Savings would be applied without impacting on services, though the location or means of delivery might change or the profit line of contractors may be affected.

12.22 Councillor Ken Norman the Panel Chair thanked everyone for attending the meeting and answering questions.

### **13. ANY OTHER BUSINESS**

13.1 Members noted that the next Panel meeting will be on 6th January at 2pm in HTH CR1

The meeting concluded at 4.30pm

**Appendix 5 – Finance and Central Services, Transport and Public Realm  
& Housing**

**BRIGHTON & HOVE CITY COUNCIL**

**SCRUTINY PANEL ON THE BUDGET PROPOSALS**

**2.00pm 6 JANUARY 2012**

**COMMITTEE ROOM 1, HOVE TOWN HALL**

**MINUTES**

**Present:** Councillor K Norman (Chair) Councillor Mears, Mitchell, Pissaridou, Summers and Sykes. CVSF Co-optee Joanna Martindale

**Also in attendance:** Councillors J Kitcat, Davey, and Wakefield

**PART ONE**

**14. PROCEDURAL BUSINESS**

14.1 There were no declarations of substitutes, declarations of interest or declarations of party whip.

**14.2 RESOLVED;** that the press and public be not excluded from the meeting.

**15. DRAFT MINUTES OF THE PREVIOUS MEETINGS HELD ON 2  
DECEMBER, 5 DECEMBER AND 9 DECEMBER**

15.1 Subject the addition below at 15.2, the minutes of the three previous meetings were agreed and signed by the Chair.

15.2 It was noted that at the 9 December 2011 Panel meeting the reply to the question on youth contracts 'How long will rollover last?' was 'December 2012.' (Minute 12.18(s) refers)

**16. CHAIRS COMMUNICATIONS**

16.1 The Chair Councillor Ken Norman welcomed everyone to the meeting.

**17. WITNESSES**

17.1 Cabinet Members Councillors Jason Kitcat (JK), Ian Davey (ID) and Liz Wakefield (LW) introduced the budget proposals for their portfolios and answered Panel questions together with officers Geoff Raw (GR) Valerie Pearce (VP) Charlie Stewart (CSt) Mark Prior (MP) Gillian Marston (GMa) Jugal Sharma (JS) Nick Hibberd (NH) Sue Chapman (SC) and Catherine Vaughan (CV).



17.2 **Councillor Jason Kitcat** (JK) noted that the cost to the Council of Resources and Finance amounted to some £24million which was comparatively low, representing approximately 5% of gross spend.

17.3 MM: Why 'on-going' development in HR systems (p76)? Improving Council Tax collection rates (p79)? How many posts affected by reducing the costs of the Benefits Service? Withdraw ceremony room facility in HTH? Can £160,000 savings in fact be made on procurement? Reduced ICT Support for Members (p81)? Reduced legal support (p82)?

JK: The HR payroll system was more difficult to implement than expected and there was a backlog of data input. This budget is being resolved. Our benchmarking is good for HR Practitioners. Council Tax collection rates have improved and are expected to continue to improve, but more discounts are being applied for.

VP: Nine Benefits Service posts are likely to be affected and consultation is on-going. This has been planned for and reduction will be through natural staff turnover.

JK: Yes, the procurement savings can be delivered. It is feasible to scale back the current 24/7 ICT support for Councillors. Appropriate legal advice will still be available for decision-making where necessary. There is a separate risk allocation for (legal and democratic) localism issues. There is lower than expected take-up on weddings in Hove Town Hall.

17.4 GM: What potential is there for additional income from life events? Is there any scope to raise fees and charges because they are already generally considered fairly high? How secure are savings re fees from woodland burial site? Is registration service reorganisation linked with the Keep? Will savings from lawyers absent from meetings just be offset by an extra expense of bringing Downland Management in-house?

JK: Life event fees are considered comparatively low, with the exception of a few times of high customer demand eg high summer. A few additional services are being considered and proposals are being draw up. A possible move to the Keep might be considered for the future.

VP: For example, off-peak rehearsal room could be offered for a fee. There are ways to generate more income from wedding ceremonies in Brighton & Hove.

JK: No additional specialist legal services are expected to be needed relating to Downland Management.

17.6 OS: What alternatives have been looked at other than reducing costs in line with Benefits Service grant reduction – eg subsidy or savings from elsewhere? How can business rates collection savings be predicted? Could there be more savings from HR payroll system? Are Records Storage savings realistic? (p89) How would printing quotas work?

JK: We are introducing 'smarter' working but we can't find the proposed 10% reduction in government grant. Improved NNDR collection rates will be similar to improved Council Tax collection rates. A trial to limit printing is to be done. We are paying for the HR system through extra savings to be generated.

17.7 CSt: Additional resources were put to combining 8 payrolls into the new HR system 2 years ago and this has been a success. Savings were made then, with a reduction of 12 posts but 6 remaining post reductions are still outstanding. The data is scheduled to be input so that the planned savings will now be seen for 2013/2014. HR comprises 126 staff. That includes internal pay and pensions, health and safety and organisational development. It's not easy to compare with other authorities.

Record storage, including electronically, is costly. Conversion from manual to electronic records cuts costs New technology can use the computer servers better.

17.8 JM: HR savings for 2013/2014 seem to be small compared with the HR budget and none are planned for this year. CVSF would like to know if more can be done to protect frontline services especially as there is a recruitment freeze. Also, will charities be affected by changes to business rates or will rates relief be maintained?

JK: £230,000 savings in 2013/2014 is not insignificant and income from job adverts can't be assumed to be maintained. 'Back office' costs are low and services are already working 'lean' with small budgets.

JM; I disagree. We think there should be more emphasis on protecting frontline services.

JK: We can get more efficiency. HR TBM has improved considerably during the year. There needs to be a balance between HR and the burden on operational managers.

CV: changes to business rates are planned, government controls the level of business rates and there is an incentive on how much is collected. There is an element of local discretion; this is unlikely to change.

17.9 OS: eliminate SLB consultancy budget? (p91)  
JK; this is only a small amount.

17.10 AP: Closure of operational buildings?

JK: We will try to let buildings where possible. Where buildings are not fit for purpose they may need to be demolished. There is no 'list' of buildings other than the Workstyles rationalisation of offices.

17.11 MM: Savings on Mayors' office?

JK: Small efficiency savings, catering etc that will not impact on the Mayor.

17.12 JM: Support for Partnerships (p83)?

JK: Discussions with Partners on rationalising are on-going.

17.13 Chair KN: which buildings may be demolished?

JK: I would take advice on each case eg redevelopment proposals for Woodingdean Library, Portslade Civic Offices.

17.14 MM: I am concerned about uncertainty over support for strategic partnership, especially in light of the EIA (p219)

17.15 **Councillor Ian Davey** (ID) outlined his portfolio covering transport, accessibility and improving public health through reducing congesting and pollution. Transport and the Public realm were often raised by Partners and he was working to reduce the impact of the budget proposals though still delivering savings. He aimed to protect the well-regarded transport planning and policy work in the City, saying there were better ways to fund traffic data and modelling.

17.16 Significant capital funding had allowed small revenue savings in road safety and accident investigation, the Sussex Safer Roads partnership contribution had been renegotiated in a move towards self-funding. Cllr Davey referred to Brighton Station Gateway and valley Garden proposals funded through LTP capital, and consultation on revisions to parking fees and charges. The Council subsidy to unviable bus services was also planned for reduction.

With Churchill Square and the Federation of Disabled People, different ways were being looked at to support the Shopmobility Service, that was originally fitted out with LTP capital.

The City has 605km of roads and 1,205km of pavements. Average annual capital and revenue spend has been about £7m in recent years and the proposed reduction in preventative maintenance was only a part of the overall spend on highway repairs.

17.17 GM: Having already made a large investment, will savings on transport modelling work restrict the council's ability to use the model effectively now? (p67) Savings on Shopmobility scheme are regrettable– can there be a re-think? Accident Investigation? Highways Maintenance preventative work? Street Lights? School bus routes/ children left standing at bus stops. SE7?

ID: Extra LTP capital funding has been used for data collection.

MP: The transport model is now complete. There is other funding to support it including from developers/ other contributors, in line with the business plan. The proposed savings are a relatively small reduction.

From 2003, Shopmobility was set up within the LTP as 'pump priming' with the intention to move to self-financing. Work is in progress with the Federation

of Disabled People and shopping centre freeholder to help identify extra funding to keep the Shopmobility scheme in operation.

Additional funding for accident investigation is being identified through joint working with the Sussex Safer Roads Partnership, which includes neighbour local authorities and Sussex Police.

The SE7 is a group of 7 local authorities in the Southeast that deals with various workstreams including Highways Maintenance efficiency, to share best practice and reduce costs. The L.A.'s on the group are East Sussex, West Sussex, Hampshire, Surrey, Kent, Medway and Brighton & Hove.

Officers will provide a reply on some operational issues with school bus routes.

A long-term programme is needed for street lighting. BHCC is looking at different forms of funding to deal with outdated lamps and unusual cabling arrangements.

GMA: There are 21,000 street lighting columns in the city and there have been improvements, but much of the stock is not in good condition. Capital investment eg via the carbon programme is needed.

17.18 Chair KN: I would be very concerned about withdrawing funding from Shopmobility that would affect accessibility to the City for many people.

GR: Different options are being looked at to help support Shopmobility, such as alternative premises and sources of funding. On street lighting, there is a backlog of different issues to be addressed.

17.19 MM; I am concerned at potential cuts to the transport model and to highway maintenance when we have received government funding to repair potholes, and when buses are getting bigger and heavier. Also subsidised bus routes and fees and charges for parking and permits. Lighting along Seafront and Marina.

GMA: A reduction is proposed in the £1.1m planned maintenance/re-surfacing programme. The urgent/safety maintenance programme that includes potholes and responsive repairs, amounting to some £1.6m is not proposed to change. There are other ongoing budget lines that also fund highways maintenance.

17.20 GM: Reducing planned maintenance will probably increase urgent work; is the Highways Asset Management Plan being updated? Will there be gains from the Utility companies?

MP: Yes we are looking at long-term investment through the HAMP. Works do reduce the life of a road and we can secure funding from utilities under the Traffic Management Act for specific instances. The Council's Traffic Manager

also coordinates our road works with their Streetworks to minimise disruption and damage.

17.21 OS: Coastal protection and the emerging Seafront Strategy? (p67)  
Faded road lining and signing?

MP; Savings on Coastal protection is coming from budgets intended for painting of the railings. The Seafront Strategy, though not the scheme itself, is funded via Environment Agency grant.

17.22 GM; No lining or planned maintenance of signage outside parking zones?

MM: No double-yellow lines?

GMA; Faded lining and signing will still be renewed where there is a serious safety issue, but not for other, more general requests

17.23 AP: Implications of savings in Road Safety Education (p67)?

MP: Speed awareness and speed courses will continue via the SSRP. We will work better with schools.

17.24 AP: So where will the savings be made? And what will be the effect on schools?

ID: The Council did not pay directly towards the SSRP until central government funding was stopped in 2010. Since then interim funding was agreed between the partner authorities. The SSRP is moving towards a self-sustaining business model in partnership with ESCC, WSCC and the Police. We are committed to better working with schools to encourage safe travel to school.

17.25 JM: Public and community transport is very important to outlying areas, especially for low income families. Is also used by lots of community groups. We welcome the consultation on subsidised bus routes and we would urge a thorough consideration of the EIA. There would be great benefits from a better joined-up approach and we would welcome greater economies of scale.

17.26 MM; working with CYPT on road safety education is unclear.

GR: Teachers, CYPT and transport professionals can deliver more and achieve efficiency savings by reducing duplication.

17.27 AP: So the savings are related to road safety education staff?

GR: A relatively small proportion of Road Safety education revenue funding will stop and be substituted just for this year, by capital spending from the LTP.

17.28 Councillor Liz Wakefield outlined her priorities; delivering well regulated affordable and energy efficient home, well managed Council homes, and targeting supported housing services to people in need. She said Housing was identified by the Director of Public Health as a 'vulnerability' in terms of resilience and a 'priority' in terms of infrastructure. There were significant challenges at a time of rising numbers of homeless people, increasing rough sleeping, rising fuel prices and increasing fuel poverty. She said the longer consultation and 2-year planning timescale gave more time to allow for the best budget for the city. The aim was to protect the most vulnerable and protect frontline services wherever possible

The Housing Revenue Account was a ring-fenced account that must be in balance. The proposals were to increase efficiency of Housing and Social Inclusion, by reducing maintenance unit costs., so that more resources go to frontline tenant services. Resources from the LDV, Brighton & Hove Seaside and Community Homes, would continue to be committed to ensuring all Council tenants can enjoy a decent home. Engagement with council housing tenants would be improved through tenant scrutiny. Multi-agency services were being introduced at the Whitehawk Hub, though there had been some teething problems with access. Financial inclusion was being promoted during a time of economic difficulty.

17.29 MM; the proposals, especially homelessness and supporting people, seem to adversely affect the more vulnerable and this is reflected in the EIA. Concerned about cuts staff reductions in hostel provision. If preventative work isn't done then funding could be withdrawn by CLG and costs will rebound on Adult Social Care.

JS: The Supporting People programme has been protected with an adjustment to bring forward some savings from year 4 to year 3. We are working with the support provider concerned; a risk analysis has been done. There was additional allocation of £1.3m for the anticipated rise in homelessness. There has been a reduction in staff but front line services have been protected.

The hostels budget is a challenge. Most of the savings can be found from non-frontline services eg lower salaries, efficiencies in maintenance.

LW: It is regrettable that cuts have to be made but it is being done in a way which is least harmful to the most vulnerable groups.

JS: There was an in-year reduction in grant. A waiting list built up and in December a decision was made to use New Homes Bonus funding for the capital programme so no-one was worse off and this is being processed. This is expected to dovetail with the Green Deal in about 18 months.

Chair KN: Savings on Supporting People will impact on social care services.

17.30 AP: How many job losses will there be? With cuts to housing benefit how can we provide the extra help that will be needed?

LW: There will be staff changes but no direct job losses. I am concerned at the rise in homelessness and we are looking at how to improve the way we deal with it in Brighton & Hove.

17.31 MM: So how are hostel staffing levels affected?

JS: We currently have 4 posts in the Private Sector team that are being deleted and the four staff have accepted new posts. Savings in Hostel staffing of some £46,000 apply to the whole staff budget, with reduced hours and lower pay scales so there are no redundancies or reductions in numbers of posts.

17.32 MM: It seems shortsighted to take posts from the private sector. The proposals mean there will be reduced Hostel services and this will impact on the vulnerable.

17.33 GM: How can the Supporting People budget be cut by £1m over 2 years 'with minimal risk'?

JS: This budget was known to be reducing by 4% per year or £550k per year over four years and the first 2 years have been implemented. The providers are reasonably confident that the business plan can continue during 2012/13 and 2013/14. It is a challenge to bring forward savings year on year but placements are being identified. This may take 18 months to resolve in two or three individual cases.

17.34 GM: Are there any funding streams to replace the housing-related part of the budget?

JS: A new regime is being looked at with providers for 2 years from now, so there is time to deal with this.

17.35 MM: Organisations are under pressure and can't manage if a year of funding is taken away.

LW: Our Supporting People programme is stronger than in many other local authorities.

17.36 MM: Mears Partnership repairs contract negotiations 'under way' (p63)?

NH: We are moving to open book accounting and achieving this level of savings via reducing overheads and reducing the unit costs of repair and turnaround of empty properties.

17.37 MM: Are the TUPE savings just adjustments after an underestimate?

NH: The final TUPE costs were less than we estimated which has meant that we have been able to fully pay the costs within two rather than three years.

SC: The estimate had been higher than actual as some staff had not transferred.

17.38 OS: A saving of £259k on £8m is not much. Is there scope for incentivising payment so that any future savings are shared with the contractor?

NH: Yes, this approach is built into the open book accounting model.

17.38 GM: Where is the LDV funding reported in the budget papers?  
MM: We should see the budget detail for the separate HRA account.

GR: This can be clarified for scrutiny.

17.39 JM: We are seeing more demand for advice services; so where is the housing element of investment on advice?

GR: Housing officers give advice and work closely with the voluntary sector on this. Also Brighton Housing Trust

17.40 JM: A lot more people need advice on debt, unemployment, changes to benefits that have a direct impact on housing. Where is the housing input on advice, with cross-cutting commissioning?

17.41 NH: We are working closely with the Advice Services Partnership.

GR A more detailed reply can be provided

## **18. RESPONSES VIA CONSULTATION PORTAL**

18.1 Panel members noted the consultation responses and asked for information on the cost of consultation. Any further queries would be sent to the Scrutiny officers.

## **19. ANY OTHER BUSINESS**

19.1 Members confirmed that they wished to receive written replies as noted during the Scrutiny review, and were reassured that answers would be provided.

19.2 The Chairman thanked everyone for attending the meeting. The next meeting would be at 2pm on Monday 9 January 2012.

The meeting concluded at 4.30pm



**Appendix 6 – Culture, Recreation and Tourism & Communities,  
Equalities and Public Protection**

**BRIGHTON & HOVE CITY COUNCIL**

**SCRUTINY PANEL ON THE BUDGET PROPOSALS**

**2.00pm 9 JANUARY 2012**

**COMMITTEE ROOM 1, HOVE TOWN HALL**

**MINUTES**

**Present:** Councillor K Norman (Chair), Mears, Mitchell, K Norman, Pissaridou, Summers and Sykes. CVSF Co-optee Joanna Martindale

**Other Members present:** Councillors Ben Duncan Geoffrey Bowden

**PART ONE**

**20. PROCEDURAL BUSINESS**

20.1 There were no declarations of interest or declarations of party whip.

**20.2 RESOLVED:** that the press and public be not excluded from the meeting.

**21. CHAIRS COMMUNICATIONS**

21.1 Councillor Ken Norman, Chair of the Budget Scrutiny Panel, welcomed everyone and reminded the meeting of the aims of the Panel:

**22. WITNESSES**

22.1 The Chair Councillor Ken Norman invited Cabinet Members Councillors Geoffrey Bowden (GB) and Ben Duncan (BD) to introduce the budget proposals for their portfolios. Cabinet Members answered Panel questions together with officers Strategic Director David Murray (DM) and Finance Manager Anne Silley (AS).

22.2 **Councillor Geoffrey Bowden** (GB) said local authorities were in an unprecedented situation, having to do more with less, continuing to provide services for those in most need and minimising job losses. The proposals were to maintain the cultural offer that was critical to the wellbeing of the City's residents and tourists. Some local authorities were closing libraries; in Brighton & Hove no libraries were planned for closure this year.

22.3 **Councillor Ben Duncan** (BD) said key principles included protecting the vulnerable, enhancing environmental sustainability and listening to people's

views. Proper scrutiny was helpful and constructive ideas were especially welcome he said. Though these budget lines were generally relatively small, the scope and reach of the effects was large and the impact high.

22.4 Cabinet Members answered questions accompanied by officers Strategic Director David Murray (DM) and Finance Manager Anne Silley (AS).

22.5 GM: Sports Development Fund – what options have been considered? (p97). Seafront Properties – is there good evidence for this anticipated income in the timeframe? (p98). Restructure Library service; what is the intention re opening hours? Would the hours all be the same? Staff costs could reduce but what about overheads? Is this sustainable? How do DAAT team reductions fit with Intelligent Commissioning pilot work? (p100)

GB: We can keep all 14 libraries open by making some costs savings in equalising branch library opening hours. There will be a new library in Woodingdean. Libraries are used 'outside hours' for other purposes as well. Yes we are confident in getting good incomes from The Wheel and from marketing the Peter Pan site. These will act as extra attractions for this part of the City. Sport England funding is also possible.

22.6 MM: Disappointed in reduction in sports development and mobile library. Shorter library opening hours will affect communities including learning/use of IT. How many vacant or non-vacant posts will be lost?

GB: These are difficult choices. We would like to hear constructive suggestions. The mobile library is near the end of life and costs £77k per year. A replacement would cost £120k. 865 people use it; 70% of whom already use static libraries and only 3 are housebound, who are served by our delivery service. All the remaining users are within 1 ½ miles of a static library. We are looking to develop libraries into access points/community hubs. There is a range of other providers of IT training, including the Third Sector.

Healthy lifestyles are important and we are planning that Take Part Festival of Sport will continue. We are looking at opportunities for other funding streams. I can't say how many posts are at risk; we will be going to consultation with the public and with staff.

DM: There has been much good work within the Sports Development Fund but that model will not be fit for purpose in 3 years' time. We are looking at realigning sports and coaching development, looking at other funding potential.

We are looking at all our buildings and expect libraries to continue to play a key role.

Where income estimates have been quoted in the proposals, these are not just rough figures but they are tested eg against national benchmarks. We have tried to avoid overestimates.

22.7 MM: concerned about reducing library hours and removing visitor information centre from Royal Pavilion (p102)

GB: We would like to extend library hours, but we have to use the budget effectively We have looked at the data including useage rates and plan to contact councillors in affected wards early in the process.

22.8 OS: When will the mobile library be lost?

GB: Woodingdean is having use of the mobile library in 2012/13 to provide temporary provision.

22.9 AP: Removal of Visitor Centre and use of 'satellite' premises? (p102)  
Reduced maintenance of King Alfred Leisure Centre?

GB: Subject to consultation, bring Royal Pavilion café to ground level for better access and to enhance shop business, freeing upstairs space for exhibits. Some partners eg hotels will welcome satellite visitor centres.

A capital sum has been set aside for the wet area of the pool that should reduce maintenance needs.

22.9 OS: How likely is a VAT cultural exemption for Royal Pavilion?

DM: We are optimistic and this should be resolved by end of financial year.

22.10 Chair KN: Will the satellite centres be staffed?

DM: We plan to continue providing visitor information and looking at different methods (such as on the Pier, visitor guides etc) and how best to meet the demand.

The new Seafront Strategy confirms the key importance of the seafront.

GB: New technology is another important way to bring information and services to residents and visitors

22.11 GM: Not convinced about removing VIC from Pavilion eg it is an important focal point for visitor arrivals. What about a kiosk, space in a local store or other fixed focus.

Is there a solution for retaining mobile library which has a substantial number of users. It lends itself eg to a co-operative provider?

DM: Visitor information centre proposals are for 2013-2014 and aimed at improving an already good service.

GB: We are open to ideas. High capital costs of mobile library but would like to explore options eg third sector.

22.12 JM: Concerned about poor adult education for the future in statutory and voluntary sectors. We need to look together at resourcing of training provision, especially in the Community and Voluntary Sector. CVS already provides services in library buildings. We should be looking at a wide range of potential services and the possibility of matched funding. The Communities and Equalities team are key players.

GB: We would like to discuss this.

DM: Volunteering opportunities are being developed too.

### **Communities and Community Safety**

22.13 AP: Equalities savings of £200K (p97) is not clear

GM: In view of the scale of the drug problem, how has the outcome from the IC pilot influenced the DAAT savings proposals (p100)? Are there more community safety synergies with YOT and other services?

BD: The approach taken is 'how to preserve and build on a service that is working well' rather than 'how much can we squeeze any service into a budget?' The Community Safety team programmes eg Family Intervention Project, Communities Against Drugs and DAAT provide measurable outcomes. Reduced funding of Sussex Police will have a large impact in the next few years and responsibility for delivery and funding of some community safety work is moving to local authorities.

There is scope for restructuring and working eg with YOT. Also via Public Health funding, Louise Casey, European and other funds. The majority of FIP funds is spent on just a few families.

There have been, and continue to be, significant changes to these service areas since these proposals were first drafted; eg the papers do not include any external funding.

DM: eg there will also be new opportunities via the Police and Crime Commissioner

22.14 MM: Equalities savings of £200K (p97) is not clear. The EIA refers to the end of the pilot. Has the £200K Communities budget line been spent? How does this link with CYP budget, and what has been achieved?

GM: It is the transfer of this budget that needs clarification.

BD: A written reply will be given.

22.15 OS: The second and third bullet point on p94 re 'reduction in specific grant funding' and 'tackling inequality and neighbourhoods?' Also as Community Safety savings are relatively small on a large budget (p100) - is greater investment needed for 'at risk' families? How can we fill the gaps?

BD: We can mitigate some of the impact of austerity/changes to housing benefits but it is not realistic to increase every budget as we would like. We are looking at how to get the most out of commissioning eg working with PCST and Neighbourhood Policing Team and refocusing community development work.

Our grants programmes are key to supporting many organisations and there are examples of an average 11x social return on investment. We are working closely eg with BHT and through the Advice Partnership re homelessness.

22.16 JM: It is helpful that the effect on resilience of CVS organisations is being acknowledged (p93). Our services often impact on equalities, one of the Council's corporate priorities. What thought has been given to increasing spend in the Third Sector? That does not seem to be reflected in the budget papers. I'm concerned about the effect of reductions in Annual Grants budget and City Communities Fund amounting together to £85k (p101) which seems to take away about a quarter of grants that are available to the very smallest organisations and will have a considerable impact. The priorities for this expenditure need to be more clearly justified.

I think the small savings from staff ( p97) would have a greater impact if spent externally.

This is a continuing theme – does CVS face disproportionate cuts? I'm grateful for the work now being done to draw out the figures for us, because until now expenditure and return on investment have not been recorded in that way. We think there should be continuous monitoring to show the real financial and social value of the Sector. We have evidence to demonstrate the impact and in an earlier session it was interesting to hear that Economic Development do not. We have a large reach on a small spend.

BD: We are carrying out SROI studies to measure outputs and I'm not convinced that Communities and Equalities are being disproportionately cut; these services do need to be protected. We are taking a realistic approach reducing expenditure and taking the impacts into account. There is still a range of grants available amounting to around £1.5m annually but they are not immune from savings although we are restricting the reductions as much as we can. The 2-year budget process still allows for flexibility. For example Community Development commissioning cannot be fixed too far in advance.

The Access Manager post is already vacant and by working differently we've been able to ensure that those services are unaffected. It is difficult to disagree with that approach.

DM: There is still some way to go in working with the CFVS; the Council has to be clear about what it is buying and that commissioned or procured services are as effective as possible. This requires more joining up. We also need to be clear what lies behind various costs. For example, one Authority

(Lambeth), passports significant funding to CFVS to run its services – but that includes services like libraries so figures are always worth delving into.

22.17 JM: Core investment by the Council to the sector allows additional funding to be leveraged in. Various funding opportunities are being lost in this way for training provision for instance. A community organisation, once lost, is unlikely to revive. There should be strategic agreement on the priorities that need support and sustaining.

DM: We recognise the worth of the sector and that's why we continue to be keen to work with agencies like CVSF. We also recognise that the sector itself needs to change because many agree that, for example, consortia ways of working - that streamline how the Council and other partners work with a sector that is currently vibrant and diverse, but complex and fragmented - needs to happen.

22.18 MM: The whole picture needs clarity because the voluntary sector has to make plans.

BD: Cabinet will be considering the grants programmes

22.19 AP: Reducing allocation to FIP would have a disproportionate effect on women as seen in the EIA (p224)

BD: This is a good example of our approach to an area that is an absolute priority; working with families with the greatest problems and leading to the greatest expense; making proposals, assessing the impact and looking at alternative funding or provision. This work is not being reduced but done differently by closer integration with Partners. These budget line proposals give bald figures and it is a rapidly changing picture since the papers were drafted. We're adopting strategic ways to reduce domestic violence at little cost and showing measurable outcomes

22.20 AP: So what has changed?

BD: The figures are presented by budget streams and not individual projects. We are actively looking for external matched funding for work with at risk families. Some of the EIAs will be developed further. Also, some responsibilities will change from November with the advent of the Police and Crime Commissioner.

22.21 MM: But none of these needs are new, so what is the timescale?

DM: Services for some vulnerable families are very costly. Government funding is being discussed at SLB later today. We want to take a fresh look at the families concerned at the same time building on what we already have. We have to be sure of the outcomes needed locally for the City, not only the outcome needed nationally

22.22 JM: What is the effect of the new public health budget? How will it be used? Will scrutiny get information?

BD: The public health budget is not yet known. 2012-2013 will be a 'shadow' allocation and the funding will be ring-fenced. The information will be provided if it's available before this scrutiny panel ends.

22.23 GM: Members will need to be sure exactly what is being proposed.

22.24 Chair Councillor Ken Norman thanked everyone for attending and answering questions, especially members of the public present.

### **23. ANY OTHER BUSINESS**

23.1 Members noted that the next meeting on 20 January would be a non-public meeting to consider draft Panel recommendations.

23.2 Additional Papers had been circulated to Members as follows:

Letter re; Music Service  
Letter re: Community Transport and  
CVSF Position Statement.

The meeting concluded at 4.15pm

## **Appendix 7 – CVSF Position Statement on the BHCC Draft Budget 2012/13(14) 11 January 2012**

### **1. Aims of CVSF in BHCC draft budget scrutiny**

CVSF<sup>i</sup> seeks to exert as much influence as possible during the budget scrutiny process to ensure that priority services, delivered by the community and voluntary are protected. We will:

- Maintain clear & transparent communication with all political parties on Brighton & Hove City Council and retain political neutrality
- Aim to protect the sector from disproportionate cuts
- Aim to protect the grants programmes from disproportionate cuts
- Collect & present supporting evidence

### **2. Overview of members' views**

Whilst we are grateful for the ongoing commitment to maintain the grants programmes in 2012/13, our membership believes that small volunteer run services need greater support than ever from the City Council. The loss of national funding in adult learning means that the training provider that many volunteer run organisations relied upon is closing, in addition thresholds for other grant streams are rising. This part of the sector delivers thousands of volunteer hours which benefit the city's economy and quality of life. We urge the City Council to commit to protecting the grants programmes for 2013/14 and, in addition to help find a way to ensure that the training required for volunteers is available on a no-cost basis.

Our membership do not see clear evidence of a desire to invest more in preventative community led services in this budget, we believe that it does not go far enough to shift the emphasis from high cost crisis service provision. We believe that this is only achievable through a partnership approach with the sector and investment should reflect this. In young people, prevention of homelessness and Supporting People in particular the preventative community-led services provided by our members are impacted by this budget. We believe that by working to reduce Council overheads these services provided by non-profit providers could be protected. These voluntary sector cuts impact not only on service provision itself but on the ability of these providers to lever in vital resources to the city.



### 3. Key recommendations of Brighton & Hove's community and voluntary sector:

1. The open manner in which the budget proposals have been brought forward is to be welcomed and built-upon in future years. The sector would welcome early dialogue on how this will happen with the proposed return to a committee system.
2. The impact and outcomes from all council spending (both internal and external) should be measured and clearly understood. More work is needed to make this a reality. We believe that this is an essential component to decision making on resource allocation and that this evidence should be open and transparent.
3. Budget reductions should be made in relation to priorities, impact and value for money. In-house services should not be protected at the expense of those provided externally merely because they are council-run.<sup>ii</sup> A cost-benefit analysis would be useful evidence in understanding these decisions.
4. Funding provided to the third sector should be monitored to ensure it is not disproportionately cut.<sup>iii</sup> The rationale for plans to reduce the grants programme in 2013/14 is not clear especially in view of corporate priorities.
5. 'Salami-slicing' still seems apparent within the budget. The sector does not believe the Star Chamber approach which was undertaken moves the BHCC forward from this process and favours parts of the organisation which have the resource to make a strong case rather than allocating according to need and corporate priorities. Given the scale of the cuts required to 2015/16 this is no longer a viable approach and work needs to speed up a cross council/partner approach.
6. In order to protect services the council will need to work more closely than ever with partner organisations. It is concerning that the council and partners are looking to reduce funding to partnership working.<sup>iv</sup>
7. We believe that reducing resources to the Learning Disabilities partnership, especially in supporting users and providers to participate in consultations is unfair when a major service redesign exercise is planned for 2012/13.

8. Work should be done to understand the impact on job losses in the community and voluntary sector throughout the budget reduction process. National research<sup>1</sup> suggests that the sector is losing 9% of posts, which is further and faster than reductions in the public sector. Our membership believes that this information, together with information on volunteer hours should be gathered locally as part of understanding the impact of decision making on our sector.
  
  9. The Equalities Impact Assessment once completed, should highlight any cumulative impacts on groups and, should identify older people and poverty as themes.
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<sup>1</sup> CVSF (Community & Voluntary Sector Forum) is the umbrella body for the city's community and voluntary sector. We have over 500 groups within our membership. [www.cvsectorforum.org.uk](http://www.cvsectorforum.org.uk) Twitter @cvsfbrighton Email [emma@cvsectorforum.org.uk](mailto:emma@cvsectorforum.org.uk) or telephone 01273 810230

<sup>1</sup> In particular the sector would point to the budget lines Children's Services on p 57 where £120,000 will be removed from the voluntary sector providers of services to children with disabilities. No clear rationale for this decision was provided during the scrutiny process. In addition the cuts planned for Supporting People and preventing Homelessness are concerns for the sector. A lot of this provision is carried out by the community and voluntary sector.

<sup>1</sup> The funding provided to the sector whether via grants or through service contracts should be properly flagged when entered onto the payments system.

<sup>1</sup> In particular the sector expresses concern about the proposed cut of £25,000 to the Policy Team of LSP/PSB support on p83

<sup>1</sup> NCVO Labour Force Survey <http://www.ncvo-vol.org.uk/news/people-hr-employment/charity-workforce-shrinks-nearly-9>

## Appendix 8 – Responses to outstanding queries from the Budget Scrutiny Panel

Meeting Date and Minute Item	Extract from Minutes (Responses required in bold)	Response
2 December 4.5 e)	<p>MM: number of vacant posts?            CV: this is not easy to assess, as it is complicated by the ongoing voluntary severance scheme – in some instances it has been decided to retain a post made vacant by voluntary redundancy, and to make savings by deleting the former post of successful applicants to the vacant post. Until this process has been completed it will therefore not be possible to give a firm figure for vacancies. <b>However we will do some analysis to help scrutiny understand the position.</b></p>	<p>Vacancy information can only be reviewed periodically because although vacancies are identified within the corporate HR system, the action planned in relation to each vacancy is not recorded. Therefore, to gather information for the panel, we have reviewed all vacancies as at December 2011 (excluding Schools) and asked services to identify whether the vacancy will be:</p> <ul style="list-style-type: none"> <li>- Filled, if not already filled since December;</li> <li>- Deleted in respect of meeting Management &amp; Administration Value for Money savings requirements; or</li> <li>- Deleted in respect of meeting 2012/13 Budget Savings proposals.</li> </ul> <p>Only those posts that it is intended to fill will be available to the council’s Redeployment Pool.</p> <p>In summary, the total number of vacancies at December 2011 was 285.03 FTE (Full Time Equivalent) posts. Of these vacant posts:</p>

245

Meeting Date and Minute Item	Extract from Minutes (Responses required in bold)	Response
		<ul style="list-style-type: none"> <li>- 63.85 FTE posts have been/will be deleted to meet 2011/12 Management &amp; Administration VFM targets;</li> <li>- 64.27 FTE posts will be deleted in respect of 2012/13 Budget Savings proposals;</li> <li>- 156.91 FTE vacancies are intended to be recruited to. Some will be filled by 'bumped' redundancies in other service areas resulting in savings elsewhere i.e. there will be limited external recruitment.</li> </ul> <p>The vacancies for each service unit are summarised at Appendix A.</p>
4.5 o)	<p>JM: what is planned % spend on voluntary sector?  CV: can get panel an approximation, although it may be very difficult to get an accurate figure as the financial system does not record information in this way, and BHCC may not be able to collate data using CVSF's preferred definition (i.e. orgs with charitable status). However, does not believe that sector has been disproportionately impacted. <b>Will do some analysis to help inform scrutiny.</b></p>	<p>Identifying expenditure on Community &amp; Voluntary Sector organisations is difficult as this information is not formally held in the council's financial systems. However, officers have worked with colleagues from CVSF to attempt to identify relevant organisations using the CVSF's on-line web directory. This data has been matched to our database of payments to all suppliers. The detailed payment information has been passed to CVSF colleagues and indicates that expenditure on CVSF associated organisations in Brighton &amp; Hove was approximately £25.8m in 2009/10 and 25.3m in 2010/11. Payments up to Christmas 2011</p>

Meeting Date and Minute Item	Extract from Minutes (Responses required in bold)	Response
		<p>(£17.3m) indicate that expenditure in 2011/12 will be at broadly the same level. Excluding Schools and Benefit payments, expenditure on CVSF organisations represents approximately 12% of net service expenditure and 6% of gross service expenditure.</p> <p>The level of payments may change between years for various reasons including:</p> <ul style="list-style-type: none"> <li>- availability of one-off government grant funding each year for specific services or projects;</li> <li>- changes to specific government grants year-on-year (e.g. Supporting People Grant has been reducing year-on-year) as well as grants coming to an end;</li> <li>- decisions on the allocation of government grants and the council's Global Grants Programme funding;</li> <li>- changes in contractual arrangements with CVSF providers (e.g. changes in contractual arrangements for care services);</li> </ul> <p>Taking these factors into account it would appear that investment in Community &amp; Voluntary organisations has remained relatively stable over recent years despite some loss/reduction of grants such as Supporting People. The proposals for 2012/13 and</p>

Meeting Date and Minute Item	Extract from Minutes (Responses required in bold)	Response
		<p>2013/14 indicate that there are savings proposals totalling over £2m of which some part may impact on CVS providers. For example, reductions in Supporting People Grant total £1.3m over the two years but this will affect a mixed economy of providers, including in-house services, and the precise impact on CVS and other providers will be dependent on final commissioning plans and performance assessment. Many other proposals will be subject to consultation and service redesign before the full impact on CVS organisations will be known. A list of the savings proposals where there may be a potential impact, whether service, contractual or financial, is provided. CVSF colleagues will be interested in the Equality Impact Assessments and consultation processes for these proposals.</p> <p>The savings proposals where there may be a potential impact on CVS organisations are identified at Appendix B.</p>
5 December		
8.3 e)	<p>MM: How many posts in Planning and Public Protection are still vacant? GR: <b>A written answer can be provided.</b></p>	<p>There are 12.49 FTE (Full Time Equivalent) vacant posts in the Planning &amp; Public Protection delivery unit. Of these vacant posts:</p> <ul style="list-style-type: none"> <li>- 8.26 FTE posts will be deleted to meet 2011/12</li> </ul>

Meeting Date and Minute Item	Extract from Minutes (Responses required in bold)	Response
		Management & Administration VFM targets; <ul style="list-style-type: none"> <li>- 1.60 FTE posts will be deleted in respect of 2012/13 Budget Savings proposals;</li> <li>- 2.63 FTE vacancies are intended to be recruited to.</li> </ul>
9 December		
12.18 r)	MM: So Youth Services will continue to be provided in-house and there will be no reduction in funding to the voluntary sector? SS: There is additional funding of £300k to grant aid more groups so there will be increased provision in this area and no reduction in funding. The Youth Services Review indicates area-based work which will bring services together and avoid duplication. Recommendations are being brought to <b>20 January CMM</b> <b>JD: The CMM report will indicate how coordination is to be planned.</b>	Copy 20 Jan CMM report to Panel
12.18 t)	MM: There is a range of different home-to-school subsidies paid, eg SEN and faith schools. TP: <b>Yes this could be made clearer in the papers.</b> There are no hidden subsidies. We are taking a fresh look at bus routes. We are not good at supporting SEN independence and we're looking at how to improve this.	Report wording to be reviewed for 9 <sup>th</sup> February Cabinet.
12.18 z)	JM: we welcome the £300k new funding – how does this	Report wording to be reviewed for 9 <sup>th</sup> February

Meeting Date and Minute Item	Extract from Minutes (Responses required in bold)	Response
	<p>link with other grants programmes?            JD: This is a new pot of money for which the precise details are still being developed.            MM; What is the position regarding S75 funding and Children and Families Delivery Unit (p45)?            JD: <b>The Cabinet report can be made clearer here.</b></p>	Cabinet.
12.18 bb)	<p>MM: Reduction of £10k in adaptations?            JD: this is a small saving for year 2 (not year 1) in a much larger budget that we think will have least impact. Discussions are on-going via the Partnership Forum            TP: New technology will bring down slightly the cost of adaptations; <b>an explanation can be provided.</b></p>	Ongoing advances in the manufacture and design of adaptations continue to improve not only their effectiveness as products but mean they can also be procured at lower prices from the manufacturers.
12.18 dd) & ee)	<p>JM: What changes will there be to contracting arrangements for Services for Disabled Children (p57)?            The £120k proposed savings does not seem to be in line with the needs assessment. Why is the Voluntary Sector singled out for savings here or is there a proportionate reduction in in-house provision? Proposed savings could have a huge impact on staff levels and organisations' ability to survive. This would disproportionately affect parent carers and disabled children.            SS: the move to 2-year commissioning will help contribute to job security including in the voluntary sector, as well as cost reduction.            TP: Identified savings amount to only a small percentage of the total budget. Efficiencies will result from multiyear</p>	Report wording will be reviewed for 9 <sup>th</sup> February Cabinet.



Meeting Date and Minute Item	Extract from Minutes (Responses required in bold)	Response
	<p>commissioning and joint commissioning with adult provision. New ways of commissioning will lead to improved services.</p> <p>JD: Commissioning for Disability Services is actively being linked in with the needs assessments and the next stage is to look at targets. <b>This could be made clearer in the Cabinet papers.</b></p>	
12.18 ee) & ff)	<p>JM: Where will the £192k savings on the early intervention fund be made (p49)? Also the £107k cut to CAMHs and TAMHs at a time of a 40% rise in referrals, including children, and the highest suicide rate for under-25s, in the UK</p> <p>SS; At a national level, CAMHs was an initial pilot that was always due to end in March 2012. We have managed to find the money to support the continuation of the service albeit at a reduced level.</p> <p>JM: But the cuts appear to be prescribed to fall entirely on the voluntary sector, where they will have disproportionately greater impact.</p> <p>JD: The savings are not new and have already been achieved via the EIG review. <b>We can look at how the information is laid out in the table of savings description, impact and risk. (p49)</b></p>	<p>Brighton &amp; Hove were participants in the Targeted Mental Health in Schools (TAMHS) 3-year national project to build whole school awareness of mental health issues, research effective interventions, and develop the emotional curriculum in schools.</p> <p>The national project and funding was scheduled to end March 2011. We therefore managed the local project to that timescale and in the second half of 2010/11 tapered resources down to one worker providing training and supervision in schools and liaising with the independent evaluators.</p> <p>Unexpectedly TAMHS funding of £157k was included in the Early Intervention Grant allocation for 2011/12. Children's services reviewed EIG funding (approx £10m) to ensure VFM and we were able to sustain the new approach to supporting children in schools, protect existing posts and make a low impact saving (schools aware) as follows:</p> <ul style="list-style-type: none"> <li>- £50k to support 2 posts: a project co-ordinator</li> </ul>

Meeting Date and Minute Item	Extract from Minutes (Responses required in bold)	Response
		<p>and one additional Primary Mental Health Worker to deliver training, supervision and direct work in schools;</p> <ul style="list-style-type: none"> <li>- £107k recurrent saving from 2012/13.</li> </ul>
12.18 gg)	<p>MM: How many vacant and deleted posts are proposed in ASC and Children's Services?  TP: Across 'People' there are approximately 90 vacant posts and 45 unfilled vacancies. These are subject to consultation and detailed figures will be provided. <b>HR can provide the corporate picture.</b></p>	<p>Provided within the response to the vacancy information request above.</p>
6 January		
17.17	<p>GM: School bus routes/ children left standing at bus stops.  ID: <b>Officers will provide a reply on some operational issues with school bus routes.</b></p>	<p>This discussion was in relation to recent pressure to increase the number of school buses serving Longhill School from Whitehawk as some pupils were being left behind in the mornings. Up until now, there have been two service 72 buses on this route in the mornings and afternoons. One is provided commercially by B&amp;H Buses and the other is contracted to B&amp;H Buses by the Public Transport Team and paid for by the Home to School Transport Team, Children's Services.</p> <p>From 23 January 2012, Home to School Transport will be paying for a contract with B&amp;H Buses to provide an extra service 72 bus in the mornings to serve Whitehawk to Longhill. This was arranged in the first</p>

Meeting Date and Minute Item	Extract from Minutes (Responses required in bold)	Response
		week of the New Year.
17.38	<p>GM: Where is the LDV funding reported in the budget papers?  MM: We should see the budget detail for the separate HRA account.</p> <p>GR: <b>This can be clarified for scrutiny.</b></p>	<p>With regard to the LDV, the repayment of one off resources to the council's General Fund is included in paragraph 3.31 of the 8 December Cabinet report.</p> <p>In respect of the lease premium income and related expenditure plans, this will be included in the HRA Capital Programme to be reported to Housing Management Consultative Committee on 6 February 2012.</p> <p>There are no additional costs in the General Fund revenue budget arising from the various commitments and guarantees given to the LDV. This is because on the basis of the information currently available at this time it is not considered that any risks will crystallise in the immediate future.</p> <p>Detailed information on the HRA Budget will be provided in the HRA Budget Report to Housing Management Consultative Committee on 6 February 2012.</p>
17.40/17.41	JM: A lot more people need advice on debt, unemployment, changes to benefits that have a direct impact on housing. Where is the housing input on	The Housing & Social Inclusion delivery unit works with the Advice Services Partnership to promote access to services which tackle financial exclusion for families

Meeting Date and Minute Item	Extract from Minutes (Responses required in bold)	Response
	<p>advice, with cross-cutting commissioning?</p> <p>NH: We are working closely with the Advice Services Partnership.</p> <p><b>GR A more detailed reply can be provided</b></p>	<p>and adults on low incomes, especially those subject to multiple disadvantage. Housing &amp; Social Inclusion have recently worked with the Advice Services Partnership on the development of the financial inclusion Pathfinder projects which focus upon:</p> <ul style="list-style-type: none"> <li>- the promotion of financial inclusion through the provision of advice and information to residents;</li> <li>- helping the Advice Partnership to test new ways of working in response to the changing external climate (welfare reform, legal aid cuts etc.);</li> <li>- informing, through thorough evaluation, the Council's subsequent commissioning of advice services in the city.</li> </ul> <p>Housing &amp; Social Inclusion are engaged with the Families in Multiple Disadvantage commission; the Tackling Inequality commission; the Financial Inclusion Advice commission; and the current scoping of the impact of welfare reform.</p> <p>The HRA 2012/13 budget proposals include a contingency amount for investment in these commissioning priorities as they emerge through the current commissioning process, as part of a commitment to tackle inequality, and improve support for vulnerable families and adults on low incomes.</p>

Meeting Date and Minute Item	Extract from Minutes (Responses required in bold)	Response
18.1	<p>RESPONSES VIA CONSULTATION PORTAL</p> <p>Panel members noted the consultation responses and <b>asked for information on the cost of consultation.</b> Any further queries would be sent to the Scrutiny officers.</p>	<p>Extract from Minutes of Council 15 December 2011. Item 42, Written Questions from Councillors.</p> <p>d) Councillor A Norman: "Can the Cabinet Member for Finance and Central Services please tell me the value of the contract that the Council has with the Democratic Society of Brighton &amp; Hove to run Budget consultation and other events across the City, when this contract was awarded and by whom?"</p> <p>Reply from Councillor J Kitcat, Cabinet Member for Finance and Central Services: "Brighton &amp; Hove City Council commissioned the Democratic Society to deliver 3 budget participation events, to take place over 3 days in November 2011 as part of our budget consultation work. The events ran alongside an online consultation using a budget simulation website provided by Delib. The offline exercise was structured in broadly the same way, and used the same spending data and division of services. The findings from this work will be included in the budget consultation information provided to support the authority's budget setting processes. The value of the contract with the Democratic Society for this work was £8000 plus VAT. The contract was agreed by the Chief Executive and</p>

Meeting Date and Minute Item	Extract from Minutes (Responses required in bold)	Response
		<p>arrangements were finalised in the week commencing 6th October.”</p> <p>In addition to the costs referred to above, the cost of providing the Budget Simulator software (provided by DELIB) via the council’s web site together with the report and analysis of results by YouGov was £9,345.</p>
9 January		
22.14	<p>MM: Equalities savings of £200K (p97) is not clear. The EIA refers to the end of the pilot. Has the £200K Communities budget line been spent? How does this link with CYP budget, and what has been achieved?</p> <p>GM: It is the transfer of this budget that needs clarification.</p> <p><b>BD: A written reply will be given.</b></p>	<p>This response is currently being drawn up by David Murray, Strategic Director - Communities.</p>
22.16	<p>JM: It is helpful that the effect on resilience of CVS organisations is being acknowledged (p93). Our services often impact on equalities, one of the Council’s corporate priorities. What thought has been given to increasing spend in the Third Sector? That does not seem to be reflected in the budget papers. I’m concerned about the effect of reductions in Annual Grants budget and City Communities Fund amounting together to £85k (p101) which seems to take away about a quarter of grants that</p>	<p>Covered in CVS response above.</p>

Meeting Date and Minute Item	Extract from Minutes (Responses required in bold)	Response
	<p>are available to the very smallest organisations and will have a considerable impact. The priorities for this expenditure need to be more clearly justified.</p> <p>I think the small savings from staff (p97) would have a greater impact if spent externally.</p> <p>This is a continuing theme – does CVS face disproportionate cuts? I'm grateful for the work now being done to draw out the figures for us, because until now expenditure and return on investment have not been recorded in that way. We think there should be continuous monitoring to show the real financial and social value of the Sector. We have evidence to demonstrate the impact and in an earlier session it was interesting to hear that Economic Development do not. We have a large reach on a small spend.</p> <p>BD: We are carrying out SROI studies to measure outputs and I'm not convinced that Communities and Equalities are being disproportionately cut; these services do need to be protected. We are taking a realistic approach reducing expenditure and taking the impacts into account. There is still a range of grants available amounting to around £1.5m annually but they are not immune from savings although we are restricting the reductions as much as we can. The 2-year budget</p>	

Meeting Date and Minute Item	Extract from Minutes (Responses required in bold)	Response
	process still allows for flexibility. For example Community Development commissioning cannot be fixed too far in advance.	
22.22	<p>JM: What is the effect of the new public health budget? How will it be used? Will scrutiny get information?</p> <p>BD: The public health budget is not yet known. 2012-2013 will be a 'shadow' allocation and the funding will be ring-fenced. <b>The information will be provided if it's available before this scrutiny panel ends.</b></p>	Shadow Public Health allocations are anticipated in the near future. More information will be added to the Revenue Budget Report if available in time for the 9 <sup>th</sup> February Cabinet meeting.

### Budget Scrutiny Panel 6<sup>th</sup> January 2012

Minutes 17.20

In relation to Utilities contributing to maintenance costs, there are certain specific incidents that are laid down in law/Code of Practice about where the council may charge utilities for resurfacing or ask them to make a greater contribution.

These are few and far between and usually refer to when the local authority is itself spending money on maintenance, for example, where both the utility and the highway authority contribute funds because the road was going to be resurfaced by the Highway Authority anyway and we simply combine costs of utility re-instatement with costs of resurfacing or where we have proven beyond doubt that the utility company caused the problem – which is difficult.

*Gillian Marston 11 January 2012*



## Appendix 8A

### Brighton & Hove City Council

#### Vacant Posts as at January 2012

(FTE = Full Time Equivalent)

Service	FTE Posts Vacant at January 2012	FTE Posts to be deleted (VFM savings)	FTE Posts to be deleted (Budget Savings)	FTE Posts to be filled *
<b>Commissioning Units</b>				
Children, Youth & Families	4.89			4.89
City Regulation & Infrastructure	3.81	3.81		
Communities & Equalities	0.41		0.41	
Housing	22.31	3.91	2.29	16.11
Learning & Partnerships	8.91	6.05		2.86
People	3.80	3.40		0.40
<b>Delivery Units</b>				
Adults Assessment	23.51	5.04	7.36	11.11
Adults Provider	27.52	4.41	0.50	22.57
Children & Families	39.66	4.60	3.80	31.25
City Infrastructure	30.28	3.00	12.28	15.00
City Services	32.01	7.60	16.22	8.22
Community Safety	3.00		3.00	
Housing & Social Inclusion	13.66		5.85	7.81
Planning & Public Protection	12.49	8.26	1.60	2.63
Tourism & Leisure	14.94	1.00		13.94
<b>Resources &amp; Finance Units</b>				
Finance Unit	12.59	1.00	4.00	7.59
Communications	0.57			0.57
HR & Organisational Development	7.08	3.65	0.83	2.60
ICT	7.68	4.00	1.00	2.68
Legal & Democratic Services	7.32	3.12	2.53	1.68
Policy & Performance Analysis	4.00	1.00	1.00	2.00
Property & Design	4.60		1.60	3.00
<b>Grand Total</b>	<b>285.03</b>	<b>63.85</b>	<b>64.27</b>	<b>156.91</b>

\* i.e. available to be filled by 'bumped' redundancies



## PEOPLE - Adult Social Care

## 2012/13 Savings proposals

Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Could saving impact on funding of CVS providers (Yes/No)	If Yes, what is potential impact
<b>Commissioner - People</b>						
Commissioned advice and support services to meet statutory obligations	590	Review of all contracts for services as part of commissioning plans and where appropriate re-specify contracts to meet changing needs.	Contracts are being reviewed and discussions with providers taking place, including tapering and re-specifying contracts/contract sums.	50	Yes	Discussion taking place with providers – also links to wider corporate work. Potential to affect all contracts including CVS providers.
Commissioned Community Meals service providing 85,000 meals pa	243	Review and Re-specify Community Meals. To consider impact of personalisation and the range of options that are currently now available.	Awaiting further feedback from Scrutiny (November 2011). Current contract extended to September 2012 due to capacity to tender	50	Yes (as current provider is WRVS)	Contract up for renewal so potential for significant change
Service specific Partnership Boards	232	Prioritise use of partnership funding to achieve 50% efficiencies.	Formalise arrangements to engage people with learning disabilities and family carers in commissioning and attendance at meetings, including review costs of project support to the	110	Yes	This is not related to the main Board but a small grant that supports specific pieces of work. It has been underspent for the

			Learning Disability Partnership Board. Would limit scope of partnership boards to consultations, 3rd sector providers could feel disengaged			last couple of years and therefore impact should be limited.
<b>Delivery Unit - Adults Assessment</b>						
The service has a duty to meet assessed needs of people with Learning Disabilities within the Fair Access to Care (FACS) criteria	Incl. below	Develop proposals to implement the Learning Disabilities accommodation and support strategy and consult on the options. Look to utilise the capacity in the city and operate a robust and appropriate service Key areas:- - Supporting move on to greater independence by increasing low level supported living options and modernising shared lives. - Remodel services to provide short term crisis support and for those with the most complex needs to reduce out of area respite and emergency placements. -Ensure provision is fit for purpose going forward	Detailed proposals to be taken to the Cabinet Member Meeting and Joint Commissioning Board for permission to consult and report back. Detailed implementation plans will need to be in place based on assessed needs of individuals.	75	Yes	There is potential for positive growth in CVS and independent providers here
				38		

The service has a duty to meet assessed needs of people with Learning Disabilities within the Fair Access to Care (FACS) criteria	Incl. below	Recommissioning of Independent Sector contract re Learning Disabilities Supported Accommodation at Sackville Gardens when current 3 year contract expires (December 2012).	Detailed proposals to be taken to the Cabinet Member Meeting and Joint Commissioning Board for permission to consult with tenants and service users and report back. Detailed implementation plans will need to be in place based on assessed needs of individuals.	15	Yes	Potential new provider
These services provide the statutory duty under the NHS and Community Care Act (1990) to assess needs and to provide services to meet those assessed needs.	52,601	Community Care. Scope potential to increase move on by: <ul style="list-style-type: none"> <li>- further focus on reablement activities</li> <li>- short term interventions</li> <li>- prevention activities</li> <li>- better use of Telecare</li> <li>- better use of in-house residential services</li> </ul>	Value for Money target/ Benefits Realisation  Enhanced reablement and better use of assisted technology to reduce numbers into residential/ nursing homes. Dependent on reviews and provider services	1,172	Possible	However, these are generally independent sector providers rather than CVS providers
Meeting assessed needs through Home Care	Incl. within Community care	Recommission Home Care to a new specification and let contract from 1 June 2012. .	New contract gives the opportunity to revise rates structure and to eliminate incentive payments.	280	Possible	However, these are generally independent sector providers rather than CVS providers
			Monitor impact of Electronic Care Monitoring System and impact of new contracts on savings. Risk that ECMS doesn't deliver or causes instability in the home care market	100		

# PEOPLE - Adult Social Care

# 2013/14 Savings proposals

Commissioner - People						
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2013/14 £'000	Could saving impact on funding of CVS providers (Yes/No)	If Yes, what is potential impact
Commissioned advice and support services to meet statutory obligations	590	Review of all contracts for services as part of commissioning plans and where appropriate re-specify contracts to meet changing needs.	Contracts are being reviewed and discussions with providers taking place, including tapering and re-specifying contracts/contract sums.	150	Yes	Potential to affect all contracts including CVS providers
Commissioned Community Meals service providing 85,000 meals pa	243	Review and Re-specify Community Meals. To consider impact of personalisation and the range of options that are currently now available.	Awaiting further feedback from Scrutiny.	100	Yes (as current provider is WRVS)	Contract up for renewal so potential for significant change
Delivery Unit - Adults Assessment						
The service has a duty to meet assessed needs of people with Learning Disabilities within the Fair Access to Care (FACS) criteria	incl. below	Develop proposals to implement the Learning Disabilities accommodation and support strategy and consult on the options. Look to utilise the capacity in the city and operate a robust and appropriate service Key areas:-	Detailed proposals to be taken to the Cabinet Member Meeting and Joint Commissioning Board for permission to consult and report back. Detailed implementation plans will need to be in place based on assessed needs of	100	Yes	There is potential for positive growth in CVS and independent providers here

		<ul style="list-style-type: none"> <li>- Supporting move on to greater independence by increasing low level supported living options and modernising shared lives.</li> <li>- Remodel services to provide short term crisis support and for those with the most complex needs to reduce out of area respite and emergency placements.</li> <li>- Ensure provision is fit for purpose going forward</li> </ul>	individuals.	50		
Meeting assessed needs through Home Care	Incl. within Community care	Recommission Home Care to a new specification and let contract from 1 June 2012.	New contract gives the opportunity to revise rates structure and to eliminate incentive payments.	120	Possible	However, these are generally independent sector providers rather than CVS providers
Meeting assessed needs		Short Term Services Review across integrated arrangements with health. This covers a range of both community and bed based services provided by a range of providers including the local authority. These services support hospital discharge, prevention of admission and reablement.	Review of Short Term Care services and support-development of proposals for consultation	100	Yes	2 small contracts are held with a CVS provider (£100k)

# PEOPLE - Children's Services

# 2012/13 Savings proposals

Commissioner - Children, Youth & Families						
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Could saving impact on funding of CVS providers (Yes/No)	If Yes, what is potential impact
Early Intervention and Prevention	1,117	Recommissioning/service redesign of early intervention & prevention services as part of the review of spend from the Early Intervention Grant (EIG).	Reduced opportunities to strengthen early intervention services. No impact on posts.	192	Yes	Approx £20 to £30k impact. Specialist provision of parenting interventions are currently delivered by Amaze, Mosaic, Oasis & RISE
Delivery Unit - Children & Families						
<b>Childcare Workforce Development</b> - Commission and deliver training e.g. non-accredited short courses on Early Years Foundation Stage (EYFS) welfare requirements and for children under 3 inc safeguarding, 1st aid, Presens and Ethnic Minority	425	Reduce funding for training and bursaries by 50%. Restructure Childcare Workforce Development Team to reflect changes. Charge for some short courses.	Charging for some training courses will increase costs for childcare providers and may reduce take up. Reduced funding for bursaries for childcare qualifications will also increase costs for	212	Yes	Impact on CVS providers is estimated to be circa £35k



Achievement Service (EMAS) training, and bursaries for L2,3 and 5 childcare qualifications			providers and may reduce number of qualified staff. The Early Years Single Funding Formula within the Dedicated Schools Grant (DSG) should be reviewed to take account of these changes.			
<b>Graduate Leader Fund (GLF)</b> - provides incentives for childcare providers to support staff to become Early Years Professionals (EYPs) and to subsidise the costs of employing EYPs. Funds whole costs of 2 EYPs in very disadvantaged settings, £10k for an EYP.	464	Reduce funding by 60% and no longer fund the Early Years Professional network.	No funding for settings with staff on an Early Years Professional (EYP) pathway. Reduce level of funding for settings with EYPs with levels of funding graduated according to the number of disadvantaged children. Increased costs for childcare settings with EYPs. Research shows that children benefit particularly from a place at an early education setting with highly qualified staff, and that high quality early education is a key factor in closing gaps in attainment and improving school readiness of the neediest children. The Early Years Single	278	Yes	Potential impact on CVS estimated at £70k

			Funding Formula in the DSG should be reviewed to take account of these changes.			
<b>Youth Employability Service</b>	841	It is proposed in 2012/13 that a commissioning review takes place of the Youth Employability Service and the other employment/ apprenticeship/ economic regeneration activities within the council, with implementation in 2013/14. The reduction in Not in Education, Employment or Training (NEET) figures for young people in the city is heavily dependent on 3 factors; secondary schools, employment and training opportunities. Improvements in secondary schools are being led by the secondary schools commission to improve advice and guidance and positive destinations for young people. Improvement in training opportunities is being led by the 11-19 year old partnership. Therefore it is hoped to improve employment and support by recommissioning the Youth Employability Service and the other council activities around	The proposed savings of £30k in 2012/13 for the Youth Employability Service will have some impact on support for front-line services in terms of a reduction in training, publicity for engaging young people with the service and some ICT support. However the main front-line delivery of the service will not be greatly affected, with the same number of workers in post and working directly with young people aged 16-18 who are Not in Education Employment or Training (NEET) and young people with Learning Difficulties / Disabilities (LDD).	30	No – all CVS commissioned adviser posts for 2011-12 were funded by a one-off budget of £200K agreed by Council in March 2011. This was additional to the main Y.E.S. budget and was clearly identified as funding for one year only. The CVS contracts were let on that basis to end on 31/3/12. Funding will continue for the use of CVS premises	Nil

		employment and economic regeneration together. Synergies and cost savings will be realised alongside improving employment and apprenticeships opportunities.			at YAC (YMCA) and YPC (Impact).	
<b>Extended Schools - Start Up</b>	103	10% reduction in grants.	Small reduction in grant funding - only fund voluntary groups with most disadvantaged children.	9	Yes	Estimated impact of £5k

## PEOPLE - Children's Services

## 2013/14 Savings proposals

Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2013/14 £'000	Could saving impact on funding of CVS providers (Yes/No)	If Yes, what is potential impact
<b>Delivery Unit - Children &amp; Families</b>						
Asylum Seekers	115	Reduction in service provision to children traumatised by events in war affected countries.	No service impact.	35	Yes (indirectly)	Impact on overall capacity to provide input to young people traumatised by events in war torn countries seeking asylum
<b>Childcare sufficiency and quality</b> - Support new and existing childcare providers, including childminders, to provide good quality and safe childcare, advice and sustainability funding to voluntary childcare providers, ensure sufficient places for all 3 and 4 year olds.	568	Further reduce quality support for childcare providers. Further reduce funding for sustainability. (Increases two year savings to 32%).	Reduced support for childminders and out of school providers could lead to reduction in quality of Ofsted inspections for childcare providers. Less support for voluntary settings may lead to closures and less choice for parents in disadvantaged areas.	80	Yes	Estimated impact of up to £30k

<p><b>Children's Centres</b> - 5 full offer CCs in disadvantaged areas, 9 smaller gateway CCs in other areas and 5 linked sites which are not designated. Offer a universal and targeted early years services. Buildings also host other Children and Families Service</p>	2,986	<p>Implement the outcomes of the consultation on the citywide strategy for children's centres. Increases the saving to 23% over 2 years.</p>	<p>Statutory guidance includes a presumption against the closure of children's centres. The revised strategy would need to demonstrate that the Council is still meeting its duty to provide sufficient children's centres. There is a requirement for local authorities to notify and consult with the Department for Education about any plan to transfer, dispose of, or change the use of buildings or any other tangible fixed assets which has a current market value of more than £2,500. The consultation will need to consider the delivery of universal health services delivered from children's centres. Reductions in funding will lead to less universal services for children under 5</p>	642	Possible	<p>Impact not known – will depend on outcome of the consultation process</p>
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			and their families. Reductions in the number of children's centres may make it more difficult for vulnerable families to access children's centres and lead to worse outcomes for young children.			
<b>Services for Children with Disabilities</b>	5,695	Implementation of Disability Commissioning Strategy	Implementation of the Disability Commissioning Strategy will: introduce personal budgets; drive further integration across health, social care and education provision; and promote resilience of parent carers. Efficiency savings achieved by remodelling across all providers will: prioritise support to families to keep their children at home, ensure all commissioned services are value for money and develop the market to provide flexible, cost	120	Yes	Impact is not known and is subject to outcome of service redesign

			effective short break and respite care.			
<b>Youth Employability Service</b>	841	<p>The Youth Employability Service fulfils several statutory functions for the local authority. The previous Youth Employability Service budget was significantly reduced in 2010/11 resulting in the deletion of many front-line and management posts. The budget for 2012/13 does not include the one-off amount of £200k transition funding or £93k for full-year effect funding given for 2011/12 which has allowed us to keep some Community and Voluntary Sector advisors for this year only. The one-off nature of the £200k transition funding for 2011/12, means that there will be no funding in 2012/13</p>	<p>This will require significant service redesign and may mean a significant reduction in the Youth Employability Service's ability to deliver the LA's statutory requirements in terms of NEET and LDD support, which concentrate on some of the most vulnerable young people in the city - young people who are Not in Education Employment or Training (NEET) and young people who have a statement of Special Educational Need (SEN). The Youth Employability Service is still evolving and coming to terms with the cumulative effect of major budget savings in 2009/10 and 2010/11 on work with NEET</p>	120	<p>This is uncertain. The proposal is that in 2012/13 a commissioning review takes place of the Youth Employability Service and the other employment/ apprenticeship/ economic regeneration activities within the council, with implementation in 2013/14. Synergies and cost savings will be realised alongside improving employment and apprenticeships opportunities.</p>	<p>This could mean a potential reduction in funding to the CVS in terms of whether we continue to lease space in YAC and YPC. However, this is entirely dependent on the outcome of the proposed commissioning review.</p>

		<p>for front-line workers from Sussex Central YMCA and Impact Initiatives. Further savings on the remaining 2012/13 budget of £841k cannot be achieved without cutting front-line posts. - 2 FTE level 4 advisor posts (from a total of 10 FTEs) - £68k, - 0.5 admin posts - £10k.</p>	<p>young people. The number of drop-in locations would reduce and there would be no services delivered from CVS partner premises. Advisers would continue to deliver drop-ins and other services in some of the most deprived areas of the City: Whitehawk (46.9% children and young people in poverty), Moulsecoomb (44.5%), Hollingdean (28.7%) but with a much reduced frontline team. Taken together, and without significant further service redesign, there is a risk that NEET figures may increase.</p>			
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	<p>These proposed reductions also mean there will be no funding to continue to offer drop-in and other support services from 2 voluntary sector premises - YAC (YMCA) in Blatchington Road Hove, and YPC (Impact Initiatives) in Central Brighton. This will mean that there will be no access point or drop-in in the West of the City or City Centre. - saving £26k. Savings will also be made by reducing the support budgets to front-line workers, including ICT and publications. - £16k.</p>	<p>There would be no drop-in at YPC (Central Brighton) and YAC (Hove) which would limit our coverage of the city. These are voluntary sector premises which are accessed by many of these vulnerable groups from the central and west areas of the city including Queens Park (26.2%) and North Portslade (23.7%). Reductions to electronic media and other publications would make it harder to contact and engage NEET young people and offer them appropriate support. This would have an adverse effect on government requirements for tracking NEET young people and providing management information.</p>			
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<b>Extended Schools - Start Up</b>	103	Restrict sustainability grants to the schemes supporting the most disadvantaged children.	Less affordable out of school childcare places for low income families.	10	Yes	Estimated impact of £6k
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# PLACE - Housing

# 2012/13 Savings proposals

Commissioner - Housing						
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Could saving impact on funding of CVS providers (Yes/No)	If Yes, what is potential impact
Supporting People	11,213	Efficiency savings.	<p>*These have already been built into business plans with providers at minimal risk. Efficiency savings are being delivered through working effectively with providers to mitigate impacts/risk and protect preventative services for the most vulnerable. A cost-benefit analysis of housing-related support indicates that Investment in preventative services delivers savings for other budgets, such as ASC and CYPT.</p> <p>Investment in housing-related support services supports local community &amp; voluntary third sector organisations that provide specialist support services to vulnerable clients.</p>	551	Yes (but already planned)	Impact of delivering savings is being managed in close liaison with providers.

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# PLACE - Housing

# 2013/14 Savings proposals

Commissioner - Housing						
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2013/14 £'000	Could saving impact on funding of CVS providers (Yes/No)	If Yes, what is potential impact
Supporting People	11,213	Efficiency savings.	These have already been built into business plans with providers at minimal risk. <i>(*see above)</i>	494	Yes (but already planned)	Impact of delivering savings is being managed in close liaison with providers
		Year 4 savings from Supporting People Commissioning Plan brought forward (i.e. efficiency savings in 2014/15 to be delivered in 2013/14).	Service contracts will need to be renegotiated with providers to achieve savings. This will require a supported consolidation of local provision to enable savings to be achieved.  All providers had confirmation of 4-year allocation of funding and have developed financial and business plans on this basis. Proposal to bring forward savings from 2014/15 to 2013/14 will have a significant impact and potentially lead to service closures as providers will no longer be in a position to sustain services.	308	Yes (brings forward known savings)	Full saving will impact significantly on CVS providers and some providers may no longer be able to sustain services and this may potentially lead to service closures.

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## PLACE - City Regulation and Infrastructure 2012/13 Savings proposals

Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Could saving impact on funding of CVS providers (Yes/No)	If Yes, what is Potential Impact
<b>Delivery Unit - City Infrastructure</b>						
CityParks	5,673	Withdraw resources provided to support Brighton In Bloom	Appropriate communications with groups and advice and support where able	30.0	Yes	Potential impact on CVS Orgs

# COMMUNITIES

## 2012/13 Savings proposals

Commissioner - Sports						
Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2012/13 £'000	Could saving impact on funding of CVS providers (Yes/No)	If Yes, what is Potential Impact
Sports Development Fund	100	Reduce expenditure on sports development initiatives which assist with creating opportunities for people to participate in sport and physical activity.	A reduction in funding will mean the number and level of funding for such initiatives has been prioritised, with support continuing for such important events as the Takepart Festival of Sport. External funding will be sought to mitigate the impact but access to such funding is limited with the consequent risk it may not be achieved.	50	Yes (indirectly)	Impact is dependent on ability to find alternative external funding. Options are currently being reviewed including emerging information on Sport England's recently announced strategy.

# COMMUNITIES

# 2013/14 Savings proposals

Service (including brief description)	Total Net budget £'000	Description of saving	Service impact and risks	Savings identified 2013/14 £'000	Could saving impact on funding of CVS providers (Yes/No)	If Yes, what is Potential Impact
<b>Commissioner - Communities and Equalities</b>						
Equalities	372	Reduction to Annual Grants Budget	A reduction in small groups funded for their activities will impact on community and voluntary sector activity.	55	Yes	However, budget has been underspending while still managing to meet all eligible funding requests.
City Communities Fund	30	Cut annual budget completely; this fund was established in 11/12 to support community based activity that did not fit within the cycle of existing grant rounds, e.g. Brighton Voices in Exile supporting refugees seeking citizenship.	There will be no flexibility to support additional community activities which do not fit into the criteria of the annual grant programme. This will affect activity.	30	Yes	Budget has been substantially under-utilised despite meeting most if not all demands but may remove some flexibility.





## APPENDIX 14

### Council Carbon Budgets for 2012/13

Emission Area		2010/11 Carbon footprint (CO2 tonnes)	2010/11 Spend (net £)	2011/12 Carbon Footprint Target (CO2 tonnes)*	2012/13 Carbon budget (CO2 tonnes)**
Gas	Housing (landlord level)	3,416	591,164#	3,279	3,148
	Schools	4,504	798,223#	4,324	4,151
	Corporate	3,538	626,420#	3,396	3,261
Electricity	Housing (landlord level)	2,889	586,327	2,774	2,663
	Schools	5,329	959,141	5,116	4,911
	Corporate	8,958	1,592,341	8,600	8,256
	Street Lighting ****	5,181	745,063	4,974	4,775
Oil	Schools	1,243	259,245	1,193	1,145
	Corporate	725	151,993	696	668
Vehicle Fuel	All	2,283	923,853	2,192	2,104
Business Travel***	Adults Assessment	52	84,088	50	48
	Adults Provider	90	144,040	87	84
	Children & Families	242	429,993	232	223
	Planning & Public Protection	63	116,992	60	57
	City Services	32	60,832	31	29
	Tourism & Leisure	12	38,398	11	10
	City Infrastructure	53	84,353	51	49
	Housing & Social Inclusion	39	81,992	37	36
	<b>TOTAL</b>		<b>38,649</b>	<b>8,274,458</b>	<b>37,103</b>

\* 2011/12 actual carbon footprint will be calculated in July 2012, hence 2012/13 target based on 4% reduction of 2011/12 target.

\*\* Based on 4% reduction on 2011/12 target.

\*\*\* For 2012/13 target areas for Business Travel include Delivery Units only (excl. schools). All costs codes over £1,000 spend contribute to data.

\*\*\*\* Excludes traffic signals.

# Data contains some estimation.

#### **NOTES**

- The carbon budget for 2012/13 has been set to reflect what we can feasibly collect data for and includes 2010/11 baseline emission areas (parts of business travel only).
- 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 data reported here is based on the best information we have available at this moment in time.
- Buildings data is based on the Carbon Reduction Commitment submission and further alterations following credits and rebilling following the end of the financial year (there have been alterations since we produced the 2010/11 annual carbon footprint due to this). Bearing this in mind there will be differences between the annual footprint produced in August 2011 and this information.
- Electricity baseline for 2010/11 also includes data for 'out of contract sites' - this information has never been collected before but is now a legal requirement under the CRC.



<b>Subject:</b>	<b>Capital Resources &amp; Capital Investment Programme 2012/13 – Extract from the Proceedings of the Cabinet meeting held on the 9<sup>th</sup> February 2012.</b>		
<b>Date of Meeting:</b>	<b>23 February 2012</b>		
<b>Report of:</b>	<b>Strategic Director: Resources</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Mark Wall</b>	<b>Tel:</b> 29-1006
	<b>E-mail:</b>	<b>mark.wall@brighton-hove.gov.uk</b>	
<b>Wards Affected:</b>	<b>All</b>		

**CABINET MEETING**

**4.00pm 9<sup>th</sup> February 2012  
COUNCIL CHAMBER, HOVE TOWN HALL**

**DRAFT MINUTES**

**Present:** Councillor Randall (Chair); Councillors Bowden, Davey, Duncan, Jarrett, J. Kitcat, Shanks, Wakefield and West.

**Also in attendance:** Councillors G. Theobald (Conservative Opposition Spokesperson) and Mitchell (Labour & Co-operative Opposition Spokesperson).

**Other Members present:**

**PART ONE****189 CAPITAL RESOURCES & CAPITAL INVESTMENT PROGRAMME 2012/13**

- 189.1 Councillor J. Kitcat introduced the report which detailed the level of available capital resources amounting to £96.9m for a Capital Investment Programme in 2012/13. He noted that the proposed programme was set in the context of the Medium Term Financial Strategy principles approved by the Cabinet and Full Council in October 2011.
- 189.2 Councillor G. Theobald noted that the total of £96.9m was less than that approved at the last Budget Council and noted the proposal to sell-off the council number plate, CD1, which would generate a one-off saving and queried why this was regarded as beneficial and yet the £3m grant from the Government to freeze council tax was not.
- 189.3 The Chair stated that the revenue from the number plate would be used to support community groups, whereas the government grant required additional savings to be found in 2012/13 and future years.

- 189.4 Councillor Mitchell stated that the threadbare capital programme illustrated the position the council found itself in because of the Government's own policies. She queried where the rest of the risk for the Brighton & Hove Seaside Homes Ltd was taken into account within the budget proposals and how the information was to be reported.
- 189.5 The Director of Finance stated that no provision had been made in the budget for the LDV risk as it was additional expenditure which was not expected to crystallise. She noted that information was shared between the council and the company and that if required officers could look at having a formal reporting process for Members.
- 189.6 The Chair noted that each of the groups had a Member on the Board and therefore they could report back to their own groups and formally moved the report's recommendations.
- 189.7 **RESOLVED:** That the Council be recommended to approve the following:-
- (i) The Capital Investment Programme for 2012/13 as detailed in Appendix 1 to the report;
  - (ii) To note the estimated capital resources in future years as detailed in Appendix 1 to the report;
  - (iii) The allocation of £0.25m resources in 2012/13 for the Strategic Investment Fund for the purposes set out in paragraph 3.25 of the report;
  - (iv) The allocation of £0.5m for the ICT fund;
  - (v) The allocation of £1.0m for the Asset Management Fund;
  - (vi) The proposed use of council borrowing as set out in table 5 at paragraph 3.28 of the report.

23 February 2012

Brighton &amp; Hove City Council

<b>Subject:</b>	<b>Capital Resources and Capital Investment Programme 2012/13</b>		
<b>Date of Meeting:</b>	<b>23 February 2012</b> 9 February 2012 - Cabinet		
<b>Report of:</b>	<b>Director of Finance &amp; Resources</b>		
<b>Contact Officer: Name:</b>	<b>Mark Ireland</b>	<b>Tel:</b>	<b>29-1240</b>
	<b>James Hengeveld</b>		<b>29-1242</b>
	<b>E-mail:</b>	<b>mark.ireland@brighton-hove.gov.uk</b>	
<b>Key Decision: Yes</b>	<b>Forward Plan No. CAB21065</b>		
<b>Wards Affected: All</b>			

**For General Release****1. SUMMARY AND POLICY CONTEXT**

- 1.1 The purpose of the report is to inform Cabinet of the level of available capital resources in 2012/13 to enable Cabinet to propose a Capital Investment Programme for 2012/13 to Budget Council. The capital programme is set in the context of the Medium Term Financial Strategy principles approved by Cabinet and Full Council alongside the Corporate Plan in October 2011 Cabinet. The proposed programme results in £98.2m investment in council services next year.
- 1.2 In December 2011, the Government confirmed the capital allocations within the Local Government Capital Finance Settlement for 2012/13 and announced some indicative allocations for the following two years to 2014/15. All future support from the Government now comes in the form of capital grants.
- 1.3 This report includes the use of revenue contributions and general reserves to support capital investment and should be read in conjunction with the General Fund Revenue Budget and Council Tax 2012/13 and the Housing Revenue Account Budget 2012/13 reports elsewhere on the agenda.

**2. RECOMMENDATIONS:**

- 2.1 To recommend to Council the following:-
  - The Capital Investment Programme for 2012/13 in Appendix 1
  - Note the estimated capital resources in future years as detailed in Appendix 1.
  - To allocate £0.25m resources in 2012/13 for the Strategic Investment Fund for the purposes set out in paragraph 3.25.
  - To allocate £0.5m for the ICT fund.
  - To allocate £1.0m for the Asset Management Fund.
  - The proposed use of council borrowing as set out in table 5.

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

#### **Context**

- 3.1 The capital programme is funded through a combination of government grants, borrowing, capital receipts and reserves, external contributions and revenue contributions. The level of sales of council homes through 'right to buy' has been falling in recent years not helped by uncertainty in housing market, government consultation over changes to the system and a reduction in the availability of mortgages. In 2011/12 the gross receipts are estimated to be £1.1m, about the same as the previous year compared with levels of £5m to £9m per annum between 2004/05 and 2007/08. Over the last 4 years the level of other capital receipts received by the council has fallen dramatically as a result of the economic downturn and a decline in the property market. However a number of new sites have been identified and approved for disposal which will support the delivery of new investment in schemes such as the Workstyles Phase 2 project. Sites include Patcham Place, 251-253 Preston Road offices and other vacant corporate properties.
- 3.2 In the short term the council has been successful in attracting new grants and working with partners to generate other resources to enable a programme of over £98.2m to be proposed. Higher than anticipated grants for Education Basic Need of £0.4m were received for investment in new pupil places as well as additional Basic Need grant of £1.479m being received in 2011/12 for inclusion within the 2012/13 programme. In addition successful Heritage Lottery grant funding was awarded for investment in 'the Level' scheme amounting to £2.237m over the life of the project. Additional grants have been awarded from the Government in 2011/12 of £0.48m transport grant and £0.09m Disabled Facilities Grant which have been included in the 2011/12 capital programme.
- 3.3 The agreed policy of the council is to set a fully funded Capital Investment Programme for 2012/13 dependent upon the achievement of certain capital receipts. Forecast levels of capital receipts for the next few years are sufficient to cover proposed allocations in the capital strategy, however, receipts from sales such as Patcham Court Farm will need to be achieved. A priority for investment should the council be successful in achieving its planned level of receipts will be Stanmer Barn.

#### **Capital Resources**

- 3.4 A fully financed Capital Investment Programme is proposed for 2012/13 assuming that existing approved capital projects spend in-line with their budget and certain usable receipts (excluding receipts associated with Brighton & Hove Seaside Community Homes) of just under £5.0m in total are achieved next year. Table 1 below shows how the programme will be financed in 2012/13. The position for the years 2013/14 and 2014/15 is less clear until future Government allocations are confirmed, however, it is expected that capital grant funding will remain at similar levels to those announced in 2012/13. All Government support is now allocated through capital grants and all grants are unringfenced with the exception of Devolved Schools Capital Grant which must be allocated to schools and grants awarded for specific schemes such as Academy funding.

<b>TABLE 1: Capital Resources</b>	<b>2012/13 £ million</b>
Capital Grants:	
- Capital grant announcements in previous years and profiled for spend in 2012/13	17.0
- New capital grants	15.0
<b>Total Government Support</b>	<b>32.0</b>
Capital Receipts	5.6
Capital Receipts HRA	5.1
Capital Receipts - Forecast initial tranches from the housing Local Delivery Vehicle (Brighton & Hove Seaside Community Homes)	4.0
Capital Reserves	5.3
Specific Reserves	5.2
External Contributions	1.6
Direct Revenue Funding – Housing Revenue Account	17.7
Direct Revenue Funding – Service Departments	1.8
Council Borrowing	19.9
<b>Total Capital Resources</b>	<b>98.2</b>

### ***Capital Grants***

- 3.5 The Government distributes capital grants towards the financing of certain capital expenditure. In 2012/13, it is anticipated that the council will receive new capital grants of £15.0m as summarised in table 2 below, and £17.0m from grants already announced where the spending of these grants is now profiled in 2012/13.
- 3.6 It is possible that other capital grants may be received during the year and these will be reported through Targeted Budget Management (TBM) monitoring reports to Cabinet. Announcements on Disabled Facilities Grants not yet been made and the amounts shown in this report are assumed to be in line with previous years' allocations.
- 3.7 The new capital grants are in three main areas:
- Education Basic Need funding of £3.2m is included for new pupil places.
  - Education funding of £3.2m for investment in the maintenance of educational buildings and children's centres in the city.
  - Transport funding of £6.6m to include the transport related schemes and highways maintenance.

<b>TABLE 2: New Grants announced for 2012/13</b>	<b>£ million</b>
Education Basic Need	3.211
Education Capital Maintenance	3.231
Schools Devolved Capital	0.525
Transport and Maintenance (LTP)	6.576
Department of Health Grant	0.636
Disabled Facilities Grant *	0.700
Housing Energy Efficiency Grants	0.080
<b>Total</b>	<b>14.959</b>

Note: \* Estimate as announcement is still awaited

- 3.8 The grant funding is provided to the council as a “Single Capital Pot” and with the exception of Schools Devolved Capital can be reprioritised as the council sees fit. All capital grants will be allocated in full to the relevant service.
- 3.9 In years prior to 2011/12 the Local Transport Plan (LTP) had been funded through a mix of capital grant and approval to borrow. Because the council had been at the grant floor it has been unable to afford the financing costs associated with the full transport borrowing approvals resulting in a much lower LTP programme in recent years (£3.0m original budget in 2010/11 reduced further to £1.8m by the in-year grant reductions and £3.350m in 2011/12).
- 3.10 The proposed new LTP programme for 2012/13 of £6.576m represents an increase of 96% over 2011/12 which was allocated at £3.350m following the decision to topslice the grant to maintain corporate funds at planned levels. The allocation for 2012/13 will be prioritised to invest in street lighting as well as maintain roads and pavements alongside other sustainable transport initiatives.

### ***Capital Receipts***

- 3.11 The funding of the 2012/13 capital programme is dependent upon the achievement of £4.972m net capital receipts during the year. This includes £1.675m of receipts associated with the disposal of surplus buildings identified under the Workstyles Phase 2 project and these receipts are earmarked for investment directly into this project and accommodation strategies. A further £2.7m of receipts are projected for 2013/14 in connection with the Workstyles Phase 2 project. Progress will be closely monitored throughout the year for all receipts and reported through the regular TBM reports. Beyond 2012/13 the generation of certain large capital receipts from Patcham Court Farm and Amex House are included in the forecasts. Failure to achieve some of these receipts will require the capital allocations for future years to be reviewed. The sale of the Council’s civic car number (CD1) plate estimated at £0.12m will provide funding for voluntary and community organisations within the city.
- 3.12 The net receipts from ‘right to buy’ sales are split between funding for corporate strategic projects delivering regeneration including affordable housing opportunities and investment directly in housing. The first £0.25m of this income is to be used to



finance support for major regeneration and housing projects through the Strategic Investment Fund (SIF) with the remainder set aside for investment in regeneration. At present 75% of the capital receipts from the sale of council homes under the Right to Buy is paid to the Government and local authorities retain the remaining 25%. However, the Government have recently announced consultation proposals ('Reinvigorating the Right to Buy and one for one replacement') to increase the level of discounts available to tenants from 1 April 2012 and therefore increase the number of sales. The proposals also intend that net capital receipts from sales (after administration costs, repayment of housing debt and currently forecast receipts for councils and central government) should be used to replace additional homes sold as a result of the higher discount levels. The outcome of the consultation will be known late February/early March.

- 3.13 The Council housing capital programme assumes a further £13.386m receipts in 2012/13 from the tranches of leasing properties to the Brighton & Hove Seaside Community Homes. This funding will be used for investment only in council owned houses within the Housing Revenue Account. It is the means by which the council is securing additional investment to bring council housing up to decent homes standard through leveraging in private finance. The level of capital receipts will be monitored throughout the year and the level of capital expenditure adjusted through the regular TBM reports as necessary to reflect the resources actually available.

#### ***Capital Reserves***

- 3.14 The council has not identified any additional capital reserves, the level of reserves relates purely to unspent resources carried forward from previous years and has already been earmarked for specific schemes. The council monitors these resources over a rolling period, by continually updating projections and comparing these against the level of commitments within the approved Capital Investment Programme.

#### ***Specific Reserves***

- 3.15 Specific reserves will be used to support schemes directly related to the purpose of the reserve or to support corporate priorities. The Access Fund and Transformation Fund will provide £1.852m to support the Workstyles Phase 2 project. A potential contribution from the Brighton Centre Reserve may be required to support any cashflow shortfall in the delivery of the corporate funds during 2012/13, however, a year end review of the capital programme reprofiles and slippage may mean that any potential temporary contribution will not be required. The reserve will be fully reimbursed in 2013/14 when projected capital receipts are realised. The estimated residual balance within the Building Schools for the Future reserve of £0.1m will also provide funding toward the corporate funds in 2012/13. Other specific reserves relate to transport, education funding and funding of the replacement cremators at Woodvale to assist with the new mercury abatement legislation.

#### ***External Contributions***

- 3.16 The council will receive new external contributions totalling £1.626m in 2012/13. A total project contribution from the Heritage Lottery Fund of £2.237m toward investment in the 'The Level' Masterplan will provide a contribution of circa £0.9m in 2012/13. Additional funding through S.106 contributions for capital investment in

parks, gardens and recreational area improvements including the proposed new skate park and investment in education are also included.

### ***Direct Revenue Funding***

- 3.17 Proposals in the budget reports elsewhere on the agenda show the council will finance capital expenditure in 2012/13 from the General Fund and Housing Revenue Account of £19.459m. A summary of the allocations by service is shown in the table below.

<b>TABLE 3: Direct Revenue Funding</b>	<b>£ million</b>
Resources – planned maintenance	0.500
Structural maintenance for schools	0.920
The Level & skate park	0.153
Car park improvements	0.250
<b>Total General Fund Services</b>	<b>1.823</b>
Housing Revenue Account	17.636
<b>Grand Total</b>	<b>19.459</b>

### ***Council Borrowing under the Prudential Code***

- 3.18 Council borrowing under the Prudential Code can be undertaken only when it can be demonstrated that it is affordable particularly where the investment leads to greater efficiency in future service provision and generates revenue savings or reductions in budgeted spend. Details of borrowing for 2012/13 are included in paragraphs 3.29 to 3.40.

### ***Capital Investment Programme***

- 3.19 A proposed Capital Investment Programme for 2012/13 together with the impact in future years, by project, is shown at appendix 1 to this report. The latest capital re-profiling arising from the 2011/12 capital programme detailed in the TBM9 report elsewhere on the agenda is incorporated into the 2012/13 programme and will be finalised when the capital accounts are closed in May 2012. The re-profiling is funded from resources carried forward from earlier years.
- 3.20 The financial implications of individual projects are included in the detailed reports that are submitted by services for each project to allow the Executive to give their full consideration to the capital and revenue costs prior to their approval. Full provision for the revenue implications arising from the proposed Capital Investment Programme has been made in the General Fund and Housing Revenue Account revenue budgets.
- 3.21 The 2012/13 capital programme includes additional investment in the following areas:-
- £8.9m will be spent on vital new investment in schools with £12.5m already reported to be invested on Portslade Community Academy.
  - £27.2m in housing stock.
  - £6.6m in new transport and street lighting related schemes.

- £10.1 to help deliver regeneration schemes including a £2.6m contribution towards a £19m new historical records centre (the Keep) in a joint scheme with East Sussex County Council and Sussex University, £5.7m investment in the Workstyles Phase Two scheme, £1.3m for the Level and skate park and £0.5m to support the Woodingdean library development.
- 3.22 The council has committed to achieve the Decent Homes Standard by the end of 2013. Works to improve homes include ensuring internal elements such as kitchens, bathrooms and rewiring, as well as external elements such as doors and windows, all meet the benchmark. Additionally, basic health and wellbeing requirements are assessed and the required safety levels met as well as a commitment to improve energy efficiency across the housing stock. Additional funding has been identified within 2012/13 to support investment in private sector renewals. Details of the investment beyond 2013/14 in items that are very important for residents' comfort and security are set out in the HRA capital programme report elsewhere on this agenda and the funding for private sector renewals is detailed in paragraph 3.31.
- 3.23 The council has also developed ways of providing major capital investment in the city by working in partnership with the private sector and public bodies (i.e. Heritage Lottery etc) whereby most of the capital investment is undertaken and accounted for by the private sector. A list of major projects is shown in appendix 2.

### **Corporate Funds**

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

<b>TABLE 4: Corporate Funds</b>	<b>2012/13 £ million</b>	<b>2013/14 £ million</b>	<b>2014/15 £ million</b>
Strategic Investment Fund (SIF)	0.250	0.250	0.250
Asset Management Fund (AMF)	1.000	1.000	1.000
ICT Fund	0.500	0.500	0.500

### ***Strategic Investment Fund***

- 3.25 It is proposed to allocate £0.250m to the Strategic Investment Fund (SIF) in 2012/13. The council has ongoing commitments to major projects that require financial support to enable their progression. The financial support takes the form of legal fees and specialist advisors for finance, design, architectural, transport, engineering and other external specialists. It is proposed that £0.250m is allocated to support major projects for 2012/13 which together with the 2011/12 carry forward funding will provide £0.859m resources to support the delivery of major projects.

### ***ICT Fund***

- 3.26 It is proposed to allocate £0.5m resources to the Information and Communication Technology (ICT) Fund to finance the cost of improvements in ICT. The allocation of the ICT fund is currently being finalised and will be subject to a further report to Cabinet.

### **Asset Management Fund**

- 3.27 It is proposed to allocate £1.0m resources per annum to the Asset Management Fund (AMF). The AMF includes expenditure on a range of properties covering, fire safety, health & safety, DDA responsibilities and general improvements. The AMF will make a contribution of £0.7m towards the Workstyles Phase 2 strategy which was detailed in a report to Cabinet on 8 December 2011. Bids to the remaining balance of the fund are currently being finalised and proposals for allocations of resources to schemes will be subject to a further report to Cabinet.

### **Council Borrowing under the Prudential Code**

- 3.28 For 2012/13 it is proposed that the council will undertake borrowing to finance capital expenditure plans as detailed below.

<b>TABLE 5: Council Borrowing in 2012/13</b>	<b>£ million</b>
Housing Revenue Account - 11/12 reprofiled schemes	7.079
Print and Sign Unit relocation	0.206
HR system replacements	0.223
Private Sector Renewal	1.500
Replacement programme vehicles & plant	2.201
Social Care buildings	0.500
Historical Records Centre – The Keep	2.550
Woodingdean Library	0.500
Solar PV Panels	0.250
Woodvale cremators	0.778
<i>Spend to save schemes:</i>	
Street Lighting	0.300
Ex leased car parks - improvements	3.703
Workstyles Phase Two	0.150
<b>Total for Capital Programme</b>	<b>19.940</b>

- 3.29 As part of the HRA business plan borrowing will be used to support the delivery of Decent Homes and funding of £5.244m was reprofiled from 2011/12 for investment in window replacement, lift refurbishment, domestic rewiring, decorations and boiler replacement at various sites. A sum of £0.135m was reprofiled in 2011/12 in connection with funding for HRA ICT. A total sum of £1.7m is also profiled for the design and build contract for Ainsworth House. The financing costs have been identified to be met from the HRA capital financing revenue budget.
- 3.30 The relocation of the Print and Sign Unit from its current location at Hollingdean Depot due to health and safety concerns and the delivery of the HR system are both reprofiled and detailed in the TBM9 report.

- 3.31 Private Sector Renewals Grants have previously been met through the Brighton & Hove and East Sussex Together (BEST) partnership with funding provided by the Regional Housing Board. This funding has now come to an end and £1.5m has been included with 2012/13 to allow investment in improving private housing quality within the city to continue. Options for future years funding are currently being considered including the potential route through the Green Deal initiative. The financing costs of borrowing have been included in the revenue budget
- 3.32 The provision of £2.2m is for replacement of vehicles during the year. This includes replacement refuse collection street cleansing vehicles for Cityclean, potential replacement of miscellaneous waste and parks vehicles during the year and parking equipment if this proves to be the most cost-effective way of procurement. These assets are currently provided through operational leases and paid for through the relevant service revenue budget.
- 3.33 As a result of condition surveys on Social Care operational buildings an annual programme of planned works has been incorporated into the capital programme to ensure the buildings meet current standards and are fit for purpose.
- 3.34 The new Historical Records Centre (the Keep) is being developed in partnership with East Sussex County Council and Sussex University and will house archival and historical public records. The city council contribution of up to £5.615m towards the development and construction costs commenced in 2011/12 with £2.55m of that planned spend in 2012/13. The financing costs of borrowing have been included in the revenue budget.
- 3.35 The development of a new library and GP surgery at Woodingdean in partnership with the Primary Care Trust requires a contribution of £0.5m from the council toward the development and fit out including supporting ICT for the new library ( as detailed to Cabinet on 10 November 2011). The financing costs associated with the contribution have been identified in the revenue budget.
- 3.36 The report to Cabinet on 19 January 2012 detailed the delay in the installation of solar PV panels for council administration buildings and school sites due largely to the Government's announcement to review feed-in-tariff income. Three large administration buildings including Hove Town Hall, Bartholomew House and the Learning Development Centre will have solar panels installed during planned programmed works. The remaining non school sites and school sites will be subject to independent reviews and business cases with PV panels being installed should the business cases prove viable. The financing costs associated with each scheme will be met from a combination of energy savings and income generation through the feed-in-tariffs scheme.
- 3.37 The purchase of new plant and equipment that addresses mercury abatement and replaces cremators is estimated to be in the region of £1.2m and will be funded from a combination of reserves and borrowing financed through an existing income levy. Further detail is included in a separate report to this Cabinet meeting.
- 3.38 Replacement of 650 street lighting lanterns and a number of full column changes across the city. The investment will provide energy saving benefits to support the financing costs.
- 3.39 The report to Cabinet on 22<sup>nd</sup> September 2011 detailed the requirement of investment in city infrastructure and the car park improvements phase 2. Borrowing of £4.0m was approved alongside £0.298m from the Invest to Save Car Park

Refurbishment reserve to support the management and improvements to car parks transferred to the council. The financing costs will be met by improved revenue streams at the car parks.

- 3.40 The Workstyles Phase Two scheme will use £0.15m borrowing underspend from the phase one accommodation strategy. This funding will reduce the risk associated with the need to dispose of assets identified within the phase two scheme. The financing costs have been funded from the savings associated with the vacation of Priory House.

#### **4. CONSULTATION**

- 4.1 The level of consultation undertaken on individual schemes will be reported to Members when the detailed report is submitted to the Executive for approval. The overall programme and appropriate levels of capital investment are subject to the same consultation processes as the revenue budget, which are described in the revenue budget report elsewhere on the agenda.

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

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

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

*Finance Officer consulted: Rob Allen*

*Date 26 January 2012*

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

- 5.2 Under regulation 4(1)(b) of the Local Authorities (Functions and Responsibilities) (England) Regulations 2000, formulating a plan or strategy for the control of the Council's borrowing, investments or capital expenditure is the responsibility of the Cabinet. The adoption of the plan or strategy is the responsibility of Full Council.
- 5.3 With regard to borrowing, credit arrangements, capital receipts and investment, the Council must comply with Part 1, Chapter 1 of the Local Government Act 2003 and regulations made thereunder.

*Lawyer consulted: Oliver Dixon*

*Date: 31 January 2012*

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

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

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

- 5.5 The environmental implications of individual schemes included within the Capital Investment Programme are separately reported to Members when the detailed

report is submitted to the Executive for final approval. All projects are required to give due consideration to sustainability issues including energy conservation and the procurement of materials from managed and sustainable sources. The investment in private sector renewal, sustainable transport initiatives and in street lighting will have a positive impact on the council's one planet living programme and on carbon reduction targets for the council and city as a whole.

***Crime & Disorder Implications:***

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

***Risk & Opportunity Management Implications:***

- 5.7 The risk implications of individual schemes included within the Capital Investment Programme are reported to Members when the detailed report is submitted for approval. The Risk Matrix in appendix 7 of the Revenue Budget report elsewhere on the agenda highlights some of the general risks to the Capital Investment Programme.

***Corporate / Citywide Implications:***

- 5.8 The report is relevant to the whole City.

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

- 6.1 The budget process allows all parties to put forward viable alternative capital investment proposals to Budget Council on 23 February 2011. Budget Council has the opportunity to debate both the proposals put forward by Cabinet at the same time as any viable alternative proposals. All budget amendments must have been "signed off" by finance officers no later than 12.00 noon on 20 February.

**7. REASONS FOR REPORT RECOMMENDATIONS**

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

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. Capital Investment Programme 2012/13 to 2014/15
2. Other Capital Investment

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

1. None.

### **Background Documents**

1. Notification from the Department for Education and Skills dated 13 December 2011.
2. Notification from the Department for Transport dated 13 December 2011.
3. Letter from the Department of Health relating to the Local Authority Personal Social Services Capital Grant Allocations dated 13 December 2011.
4. Reinvigorating the Right to Buy and one for one replacement issued by CLG December 2011
5. Various files held within the Strategic Finance and Integrated Financial Management & Planning units. Budget and accounting files are held within Integrated Financial Management & Planning.



## Appendix 1

## Capital Investment Programme 2012/13 to 2014/15

Capital Scheme	Spend to Mar 2011 £000	Approved Payments 2011/12 £000	Profiled Payments 2012/13 £000	Profiled Payments 2013/14 £000	Profiled Payments 2014/15 £000
<b>SUMMARY</b>					
<b>Approved Schemes</b>					
People			16,145	0	0
Place (GF)			12,084	2,090	1,880
Place (HRA)			7,079	0	0
Communities			3,284	390	190
Resources & Finance			7,064	917	33
<b>New Schemes</b>					
People			11,291	7,828	7,247
Place (GF)			10,068	8,389	8,422
Place (HRA)			26,781	27,554	19,868
Communities			120	0	0
Resources & Finance			4,250	3,050	3,750
<b>Total</b>			<b>98,166</b>	<b>50,218</b>	<b>41,390</b>
<b>Funded by:</b>					
Government Grants Single Pot			18,092	13,578	14,006
Government Grants ringfenced			13,949	2,340	1,780
Capital Receipts			5,570	1,967	1,783
Capital Receipts HRA			5,097	250	982
Capital Receipts - Brighton & Hove Seaside Community Homes			4,007	1,134	1,880
Capital Reserves			1,292	75	0
HRA Capital Reserves			3,968	1,152	0
Specific Reserves			5,166	0	243
External Contributions			1,626	1,240	0
Direct Revenue Funding			19,459	20,318	19,026
Council Borrowing			19,940	8,164	1,690
<b>Total</b>			<b>98,166</b>	<b>50,218</b>	<b>41,390</b>

**Note - Only schemes that have an impact on the capital programme in 2012-13 and future years have been included within these tables**

Capital Scheme	Spend to Mar 2011 £000	Approved Payments 2011/12 £000	Profiled Payments 2012/13 £000	Profiled Payments 2013/14 £000	Profiled Payments 2014/15 £000
<b><u>PEOPLE</u></b>					
<b><u>Approved Schemes</u></b>					
<u>Delivery – Adults Assessment</u>					
Adult Social Care IT Infrastructure Grant 2008-11	98	0	144		
Social Care Reform Grant 2011-12		87	34		
<u>Delivery – Adults Providers</u>					
Cromwell Road Development & Telecare			195		
<u>Delivery – Children &amp; Families</u>					
Short Breaks for Disabled Children	292	136	243		
<u>Commissioner – Schools, Skills &amp; Learning</u>					
Falmer Academy	20,127	8,258	391		
Portslade Aldridge Community Academy		250	12,514		
Primary Capital Programme	8,996	10,012	1,000		
Whitehawk Co-location	5,147	1,835	528		
Education Capital Maintenance 2011-12		2,625	950		
Carlton Hill school - playground		160	146		
<b><u>New Schemes</u></b>					
New Pupil Places			5,690	2,900	2,610
Capital Maintenance			3,231	2,908	2,617
Devolved Formula Capital			525	500	500
Structural Maintenance			920	920	920
Adult Social Care			636	600	600
Adult Social Care 11/12 grant			289		
<b>Total for Service</b>	<b>34,660</b>	<b>23,363</b>	<b>27,436</b>	<b>7,828</b>	<b>7,247</b>

Capital Scheme	Spend to Mar 2011 £000	Approved Payments 2011/12 £000	<b>Profiled Payments 2012/13 £000</b>	Profiled Payments 2013/14 £000	Profiled Payments 2014/15 £000
<b><u>PLACE (GF)</u></b>					
<b><u>Approved Schemes</u></b>					
<u>Delivery – City Infrastructure</u>					
Hollingdean Depot	335	540	<b>294</b>	75	
Downland Initiative Programme	133	80	<b>237</b>		
Parks, gardens & playgrounds S106 works			<b>340</b>		
Street lighting replacement lamps			<b>300</b>		
Ex leased car parks	1,242	80	<b>4,251</b>		
Procurement of vehicles		630	<b>1,202</b>	121	
<u>Commissioner – City Regulation &amp; Infrastructure</u>					
Local Sustainable Transport Fund		250	<b>830</b>	760	
<u>Commissioner Housing</u>					
Places for Change programme	1,155	127	<b>14</b>		
Brighton & Hove Seaside Community Homes post lease refurbishment		655	<b>3,889</b>	970	1,688
Brighton & Hove Seaside Community Homes ongoing costs to maintain properties		16	<b>118</b>	164	192
<u>Commissioner – Major Projects</u>					
Support for major projects			<b>609</b>		
<b><u>New Schemes</u></b>					
Local Transport Plan			<b>6,576</b>	6,349	7,479
Private Sector Renewals			<b>1,500</b>		
Disabled Facilities Grant			<b>700</b>	700	700
The Level – Heritage Lottery scheme			<b>1,142</b>	1,140	243
Skate Park at the Level			<b>150</b>	200	
<b>Total for Service</b>	<b>2,865</b>	<b>2,378</b>	<b>22,152</b>	<b>10,479</b>	<b>10,302</b>

Capital Scheme	Spend to Mar 2011 £000	Approved Payments 2011/12 £000	<b>Profiled Payments 2012/13 £000</b>	Profiled Payments 2013/14 £000	Profiled Payments 2014/15 £000
<b><u>PLACE (HRA)</u></b>					
<b><u>Approved Schemes</u></b>					
<u>Delivery – Housing Social Inclusion</u>					
Housing ICT	862	72	<b>135</b>		
Decent Homes works - windows	725	226	<b>1,636</b>		
Ainsworth House redevelopment	50	105	<b>1,700</b>		
Lift replacement	467	1,741	<b>500</b>		
Domestic boilers	2,211	468	<b>2,488</b>		
Domestic rewiring	1,275	1,100	<b>520</b>		
Citywide loft conversions & extensions programme			<b>100</b>		
<b><u>New Schemes</u></b>					
Housing Stock Programme					
Health & Safety			<b>6,602</b>	5,595	5,904
Decent Homes *			<b>16,830</b>	15,535	11,837
Discretionary Areas			<b>2,349</b>	2,109	2,127
Commissioning priorities New Build			<b>1,000</b>	4,315	
<b>Total for Service</b>	<b>5,590</b>	<b>3,712</b>	<b>33,860</b>	<b>27,554</b>	<b>19,868</b>

\* £0.448 of 2012/13 funding from Decent Homes has been reprofiled into 2011/12 for investment in kitchen and door installations as reported within the TBM9 report.

Capital Scheme	Spend to Mar 2011 £000	Approved Payments 2011/12 £000	<b>Profiled Payments 2012/13 £000</b>	Profiled Payments 2013/14 £000	Profiled Payments 2014/15 £000
<b><u>COMMUNITIES</u></b>					
<b><u>Approved Schemes</u></b>					
<u>Delivery – Tourism &amp; Leisure</u>					
Historical Records Centre (The Keep)	755	1,730	<b>2,550</b>	390	190
Woodingdean Library			<b>500</b>		
Royal Pavilion lighting	6	0	<b>234</b>		
<b><u>New Schemes</u></b>					
Grant for voluntary & community organisations funded from sale of civic number plate			<b>120</b>		
<b>Total for Service</b>	761	1,730	<b>3,404</b>	390	190

Capital Scheme	Spend to Mar 2011 £000	Approved Payments 2011/12 £000	Profiled Payments 2012/13 £000	Profiled Payments 2013/14 £000	Profiled Payments 2014/15 £000
<b><u>RESOURCES &amp; FINANCE</u></b>					
<b><u>Approved Schemes</u></b>					
<u>Resources</u>					
IT – City Planning Migration Project	95	79	<b>194</b>		
IT Communications	83	160	<b>30</b>		
Workstyles Phase Two			<b>5,754</b>	917	33
Solar panels			<b>250</b>		
Print & sign unit relocation			<b>206</b>		
Human resources system	1,085	90	<b>398</b>		
Farmland maintenance & diversification	114	178	<b>31</b>		
Planned maintenance - Health & Safety works, fire assessments & improvements			<b>201</b>		
<b><u>New Schemes</u></b>					
Strategic Investment Fund			<b>250</b>	250	250
Replacement of vehicles			<b>1,000</b>	1,000	1,000
Planned maintenance to operational buildings			<b>500</b>	500	500
Planned maintenance to social care buildings			<b>500</b>	500	500
Asset Management Fund			<b>300</b>	300	1,000
ICT Fund			<b>500</b>	500	500
Woodvale cremators for mercury abatement			<b>1,200</b>		
<b>Total for Service</b>	<b>1,377</b>	<b>507</b>	<b>11,314</b>	<b>3,967</b>	<b>3,783</b>

## Other Capital Investment

## Appendix 2

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

Project	Procurement Route	Investment
<u>Projects Under Construction</u>		
Edward Street / American Express	Under construction through Private Sector Partnership	To be determined
Historical Records Centre (The Keep)	Under construction through partnership with East Sussex County Council and Sussex University	Circa £19m
Open Market	Under construction through Open Market Traders Association and enabling development	Circa £15m development

<u>Projects Yet To Commence</u>		
Black Rock	Private Sector Partnership	Circa £80m total development
Brighton Station Gateway	Regeneration project with private sector partners	To be determined
Brighton Centre	In conjunction with Standard Life Investment	Additional works to improve the facade and reception areas whilst the major scheme is being developed have already been approved. £100m to £150m for centre. Total development of £350m to £450m.
Circus St Development	Joint development with the University of Brighton	Circa £100m Development
i360 Project	Private Sector Partnership	Circa £40m
Preston Barracks / University of Brighton land	Regeneration development with Brighton University & private sector partners	To be determined





23 February 2012

Brighton &amp; Hove City Council

<b>Subject:</b>	<b>Housing Revenue Account Budget 2012/13 – Extract from the Proceedings of the Cabinet meeting held on the 9<sup>th</sup> February 2012.</b>		
<b>Date of Meeting:</b>	<b>23 February 2012</b>		
<b>Report of:</b>	<b>Strategic Director: Resources</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Mark Wall</b>	<b>Tel:</b> 29-1006
	<b>E-mail:</b>	<b>mark.wall@brighton-hove.gov.uk</b>	
<b>Wards Affected:</b>	<b>All</b>		

**CABINET MEETING**

**4.00pm 9<sup>th</sup> February 2012  
COUNCIL CHAMBER, HOVE TOWN HALL**

**DRAFT MINUTES**

**Present:** Councillor Randall (Chair); Councillors Bowden, Davey, Duncan, Jarrett, J. Kitcat, Shanks, Wakefield and West.

**Also in attendance:** Councillors G. Theobald (Conservative Opposition Spokesperson) and Mitchell (Labour & Co-operative Opposition Spokesperson).

**Other Members present:**

**PART ONE****190 HOUSING REVENUE ACCOUNT BUDGET 2012/13**

190.1 Councillor Wakefield introduced the report which outlined the proposed budget for the Housing Revenue Account for 2012/13 as required by the Local Government & Housing Act 1989. She noted that a total of £933k of savings had been identified and service pressures of £263k, with an average rent increase of £5.17 a week. She also noted that a special financial inclusion service had been introduced to assist council tenants and that the city was facing a housing crisis which needed to be tackled.

190.2 Councillor g. Theobald welcomed the report and noted that there had been a rise in insurance claims and insurance costs.

190.3 The Head of Housing & Social Inclusion stated that there had been a rise in insurance premiums and previous under-funding which attributed to the overall increase in costs.

**190.4 RESOLVED:**

- (1) That the budget for 2012/13 as shown in Appendix 1 to the report be approved;
- (2) That individual rent increases and decreases in line with rent restructuring principles as determined by the Government be approved;
- (3) That the changes to fees and charges as detailed in paragraph 3.18 to 3.26 of the report be approved;
- (4) That the introduction of new service charges for communal digital aerials as detailed in paragraph 3.23 of the report be approved; and
- (5) That the separation of general fund and housing debt into two separate pools from 1 April 2012 in accordance with CIPFA guidance be approved.

**BUDGET COUNCIL**

23 February 2012

**Agenda Item 72**

Brighton &amp; Hove City Council

**Subject: Housing Revenue Account Budget 2012/13****Date of Meeting: 23 February 2012**  
9 February 2012 - Cabinet  
6 February - HMCC**Report of: Strategic Director Place**  
**Director of Finance****Contact Officer: Name: Sue Chapman Tel: 29-3105**  
**E-mail: sue.chapman@brighton-hove.gov.uk****Key Decision: Yes****Wards Affected: All****FOR GENERAL RELEASE****1. SUMMARY AND POLICY CONTEXT:**

- 1.1 This report presents the proposed Budget for 2012/13 as required by the Local Government and Housing Act 1989. Members are required to consider the budget proposals including changes to rents, fees and charges as well as savings and service pressures.
- 1.2 The council's Housing Revenue Account (HRA) contains the income and expenditure relating to the council's landlord duties in respect of approximately 12,250 properties and 2,250 leasehold properties. These properties are accounted for separately from the council's other services/activities which form part of the council's General Fund.

**2. RECOMMENDATIONS:**

- 2.1 That Cabinet:
- (a) Approves the budget for 2012/13 as shown in Appendix 1.
  - (b) Approves individual rent increases and decreases in line with rent restructuring principles as determined by the Government.
  - (c) Approves the changes to fees and charges as detailed in paragraph 3.18 to 3.26.
  - (d) Approves the introduction of new service charges for communal digital aerials as detailed in paragraph 3.23.
  - (e) Approves the separation of general fund and housing debt into two separate pools from 1 April 2012 in accordance with CIPFA guidance.

### 3. HRA BUDGET PROPOSALS 2012/13

#### Summary

#### Housing Commissioning priorities

- 3.1 The HRA Budget 2012/13 aims to balance the priorities of both the City Council and our residents within the context of the Corporate Plan 2011-2015, which sets out the council's strategic direction and priorities for the next four years, based around the five council priorities:
- Tackling inequality
  - Creating a more sustainable city
  - Engaging people who live and work in the city
  - A responsible and empowering employer
  - A council the city deserves
- 3.2 Our strategic housing vision supports the 'Improving Housing and Affordability' priority set out in the city's Sustainable Communities Strategy Creating the City of Opportunities and is detailed in the Housing Strategy 2009-2014: healthy homes, healthy lives, healthy city, and the City Councils priorities as set out in the Corporate Plan. To deliver our housing vision we have 3 outcomes that reflect the basic housing needs of the city:
- Strategic Outcome 1: Improving housing supply
  - Strategic Outcome 2: Improving housing quality
  - Strategic Outcome 3: Improving housing support
- 3.3 The Commissioning framework for the HRA aims to reduce management unit costs to enable re-investment in services to tackle inequality (support) and improvements to homes and neighbourhoods (investment). The HRA budget strategy reflects the priorities of tenants and leaseholders as a result of their close involvement in deciding how housing services are planned and delivered (as detailed in the Housing Management Annual Report 2010) and responds to the housing commissioning framework and corporate plan priorities by focusing upon the following keys areas:
- reducing housing management and maintenance unit costs.
  - Continuation of the council's commitment to improve the quality of existing council homes.
  - Improving engagement with council housing tenants through the introduction of Tenant Scrutiny.
  - Improving access to housing services through phase 3 the Housing Customer Access Review.
  - Improvements to the energy efficiency of the Council's housing stock through the capital programme.
  - Delivery of work, learning and apprenticeship initiatives for staff and residents through establishing a 'Learning Centre' at the Housing Centre and the Interreg IVa.
  - Taking action to promote financial inclusion, working with the Advice Partnership.
- 3.4 Therefore savings will be reinvested in areas to tackle inequality, promote financial inclusion and also to fund capital investment.

- 3.5 The HRA budget has also been developed to provide a balanced budget, taking into account the income and expenditure assumptions and the reserves position.
- 3.6 The HRA budget for 2012/13 is shown in Appendix 1 with the main budget variations detailed below in table 1. In preparing the base budget, inflation of 2% on non employee costs has been applied with no increases to pay. Savings proposals, service pressures, self financing and changes to rent and fees and charges are detailed in paragraphs 3.7 to 3.26.

<b>Table 1: Main Budget Variations</b>	<b>£'000</b>
Adjusted Base Budget 2011/12	0
<i>Increases in Resources:</i>	
Savings Proposals as detailed in paragraph 3.7	(983)
Increase in Rent for Dwellings (net of Empty Properties)	(2,489)
TV Aerials Service Charge Income	(180)
Increase in major works income from leaseholders	(459)
Reduction in Empty Property Repairs expenditure	(250)
Reduction in Subsidy Payable to the Government	(14,710)
Other minor variances	(4)
<i>Reductions in Resources:</i>	
Employees pay award and other inflation	408
Other Service Pressures as detailed in paragraph 3.9	263
Increase in Revenue Contribution to Capital Programme	14,305
Increase in Capital Financing Costs relating to the implementation of self financing as detailed in paragraph 3.13	2,800
Increase in Capital Financing costs relating to interest and repayments on unsupported borrowing.	899
Base Budget 2012/13	(400)

### **Savings & Service Pressures**

- 3.7 Housing Management has identified savings of £0.983 million (equivalent to 9.3% savings target) in the following areas:
- The introduction of Customer Access Review phase 3 will achieve savings of £0.146 million resulting in a reduction in Housing Management unit costs.
  - A reduction in office and running costs of £0.031 million due to the relocation of staff from Manor Place to the Whitehawk hub.

- A reduction in the contribution to the bad debt provision of £0.060 million due to improved collection rates of rental income.
- A saving in employee costs of £0.227 million from reduced pension liability costs associated with the transferring of staff to Mears within the Repairs, Refurbishment and Improvement Partnership.
- Reduction in the management costs of £0.050 million associated with managing temporary accommodation properties following the leasing of these properties to Brighton & Hove Seaside Community Homes.
- A net reduction in overall support services charges of £0.050 million following a review of the charges.
- A saving of £0.259 million for the Mears responsive repairs and empty property works through the phased introduction of open book accounting, including a reduction in unit costs, Mears overheads and the removal of set up costs.
- The gas servicing and maintenance contract with Mears and PH Jones has achieved efficiencies of £0.160 million.

3.8 The 2012/13 savings included in the Budget will achieve a reduction of £0.71 in housing management unit costs per dwelling per week and a reduction in housing maintenance unit costs of £0.66 per week.

3.9 Service pressures and improvements of £0.263 million are:

- Additional short term support of £0.102 million to deliver specific projects such as resident involvement in the setting up of Tenancy Management Organisations and supporting Internal Audit to identify tenancy fraud to enable the release of properties for housing need.
- Increased costs for housing property insurance estimated at £0.120 million relating to an increased number of insurance claims for damage by fire, flood etc. to council dwellings in recent years.
- A net increase of £0.041 million in energy costs for offices and communal lighting due to recent energy price increases.

### **Self Financing & Medium Term Financial Forecast**

3.10 The HRA has been part of the national housing subsidy system through which Council Housing Rents are standardised across the country. The subsidy system uses a national formula to set guideline rents for each property together with allowances for management, maintenance and capital charges based on notional costs. This system therefore determined the amounts local authorities need to spend on their council housing and whether subsidy is required to support this expenditure. 'HRA subsidy' is the sum paid by Government to make up any shortfall between HRA income and expenditure.

3.11 HRA subsidy may be a negative amount where the government determines that the local authorities have more money than they need to finance their expenditure. Local authorities therefore pay this sum across to the Government. In 2011/12 the negative subsidy payment for the HRA was £4.75 million. The subsidy system was introduced in 1990 and has been abolished by the Localism Act. It has been replaced with a new system of self financing which will come into effect from 1 April 2012. Further details of Self Financing are included in Appendix 2.

3.12 Under self financing the council will no longer be required to transfer its resources to central government, but in return will be required to take on additional housing debt called the 'self financing settlement' of £19.444 million at a level which is sustainable in the long term.

- 3.13 Therefore the implications of self financing for 2012/13 are an estimated net increase in resources of £3.900 million (which has been invested in the capital programme) resulting from the following:
- No further negative subsidy payments to the Government (2011/12 payment of £4.750 million which would have increased to approximately £6.700 m for 2012/13)
  - An increase in capital financing payments resulting from the additional settlement debt of £19.444 million of £1.300 million
  - An increase in capital financing payments due to a higher rate of interest, of £1.500 million resulting from the separating of existing housing debt into a separate pool from the general fund debt as detailed in Appendix 2 paragraphs 24 and 25.
- 3.14 Self financing will provide additional resources from the retention of all rental income and through greater control locally will enable longer term planning to improve the management and maintenance of council homes. However, although there are additional resources available in the long term, self financing includes a cap (or limit) on the amount of borrowing for capital investment by each local authority. The HRA 30 year Business Plan is currently being reviewed and updated to reflect self financing and the opportunities for additional investment and will also need consider how the housing debt is to be structured to accommodate these plans or possibilities. The current Medium Term Financial Forecasts are detailed in Appendix 3.

### **Rents 2012/13**

- 3.15 Rents will continue to be calculated in accordance with the government's rent restructuring guidelines. Target rents for each property are calculated based on the relative property values, bedroom size and local earnings. The act of moving tenants' current rents to the target rent is called rent convergence. In order to limit increases in current rents to reach target rents, the guidance specifies a maximum rent increase equivalent to inflation + ½% + £2 per week.
- 3.16 The self financing determination requires Local Authorities to use the September 2011 Retail Price Index of 5.6% plus 0.5% for setting rent inflationary increases, resulting in a net inflationary increase of 6.1%. Due to the limits mentioned in 3.15, the Government sets a "provisional" rent convergence date annually, depending on the level of inflation set for that year.
- 3.17 The self financing determination has set the rent convergence date at 2015/16 which remains the same as last year. As the majority of the rents are increasing towards target rents, this results in an average rent increase of 7.3% for Brighton & Hove. This is the equivalent to £5.17 per week, increasing the average rent to £75.93. However, in line with rent restructuring, all rents are moving towards their individual targets and some rents will be increasing by more or less than the average rent. The maximum increase will be approximately £9.57, with the lowest increase being £1.89 per week. Approximately 71% of tenants are in receipt of housing benefit.

### **Fees and Service Charges 2012/13**

The proposed changes to fees and charges for 2012/13 are as follows:

### ***Heating***

- 3.18 The heating and hot water service charges for residents with communal gas fired boilers are proposed to increase by an average of 14.6% (£1.17 per week) from 1 April 2012, with the maximum increase of 20%. Under the current corporate gas supply contract, the unit price for gas is revised annually in October each year. From October 2011, the unit price for gas has increased by an average of 20% which is comparable with the average increases of the major suppliers of gas to the domestic market. However, the latest review of gas consumption shows a reduction from last year for some blocks, and so we have been able to limit the increase for residents in those blocks.

An analysis of the gas consumption and the costs to residents shows that the maximum heating service charge for a medium user in a 2 bedroom flat at £579 compares well to the lowest tariff for a medium user (16,000 Kwh) in the Brighton & Hove area at £742 per year (Eon 11/9/2011). The analysis also highlighted blocks which appear to have above average consumption and where energy efficiency appears to be poor. This is being addressed within the HRA capital programme 2012-15, also on this agenda. The programme includes boiler replacements or upgrades over the next 2 years at Nettleton & Dudeney, Jubilee Court, Rose Hill Court, Hazelholt, Manor Paddock and Lindfield Court, where required, which will improve energy efficiency and therefore reduce future costs.

- 3.19 The electricity contract continues at current contract prices for the financial year 2012/13, until 1<sup>st</sup> April 2013. Service charges for those with electric heating may be amended during this time to reflect the latest estimates of consumption.

### ***Water Charges***

- 3.20 The HRA administers water charges for three sheltered blocks. These charges will be adjusted to ensure full recovery of costs including an estimated annual inflationary increase by Southern Water of 5.6%.

### ***Grounds Maintenance***

- 3.21 The Grounds Maintenance service has been reviewed this year in partnership with residents and the findings of this review were reported to Housing Management Consultative Committee on 7 November 2011. This review has led to changes to the specification for various blocks, which has led to both increases and decreases in the service charges levied to each block. The new service charges also reflect a 2% inflation increase to the contract. The maximum increase is £0.63 per week and the maximum reduction is £1.52 per week. The average change is an increase of £0.01 per week per resident.

### ***Communal Cleaning Services***

- 3.22 There will be no increase to the communal cleaning charges for 2012/13. Continued efficiencies in this service are anticipated to offset any inflationary increases.

### ***Communal Digital Aerials***

- 3.23 The HRA has installed new digital TV Aerials to blocks of flats throughout the City in anticipation of the digital switchover in 2012 as reported to Housing Management Consultative Committee on 27th September 2010. This provides tenants and leaseholders in blocks of flats access to new digital aerials, without which, they would no longer be able to view TV programmes. The cost of the installation will be recovered from tenants as a service charge of £0.56 per week which is allowable for housing benefit. The service charge is higher than previously estimated because each installation has cost more due to the need for more digital capacity and remote power supply. Leaseholders will be charged for the installation as part of their major works service charge and the



maintenance costs as part of their annual service charge, as specified in the terms of their lease.

### **Garages & Car Parking**

- 3.24 All garages and car parking charges will increase by 2%.

### **Supporting People**

- 3.25 Supporting people charges will remain at £12.85 per week.

### **Sheltered Services**

- 3.26 The sheltered service charge for common ways will remain at the current level of charge. The launderette service charge will remain at £1.26 per week.

## **Projected HRA Revenue Reserves**

- 3.27 The forecast outturn for 2011/12 as at month 9 is an underspend of £0.889 million providing a contribution to reserves. The main variances from the forecast outturn are detailed in the Targeted Budget Management 2011/12 Month 9 report also included on this agenda.
- 3.28 The contribution to reserves increases the projected reserves as at 31 March 2012 to £5.589 million. The 2012/13 budget has been set with a surplus of £0.400 million, but the reserves are projected to reduce to £3.719 million by 31 March 2013 after using revenue reserves to fund part of the 2012/13 Housing Capital Investment Programme.
- 3.29 The recommended working balance (minimum level of reserves) is £2.700 million. The Housing & Social Inclusion delivery unit is currently working with Commissioners and the Advice Services Partnership to develop plans to tackle financial exclusion and inequality, promoting access to services and improving support for vulnerable families and adults on low incomes. It is anticipated that up to £0.400 million may be required to support commissioning priorities and it is proposed to establish an earmarked reserve for this purpose. Once spending plans are fully developed, these will be included in the 2012/13 Targeted Budget Management Report and approval sought for the release of these funds. Therefore usable revenue reserves are projected at £0.619 million at 31 March 2013 which can be used to support one off items of expenditure in the revenue budget.

<b>Projected Unearmarked Revenue Reserves at 31 March 2013</b>	<b>£'000</b>
Reserves at 1 April 2011	4,700
Plus: Forecast contribution from 2011/12 Revenue Outturn	889
<b>Projected reserves at 31 March 2012</b>	<b>5,589</b>
Plus: Surplus from 2012/13 Revenue Budget	400
Less: Use of revenue reserves to fund the capital programme 2012/13	(2,270)
<b>Total Projected Balance at 31 March 2013:</b>	<b>3,719</b>
<b>Applied to:</b>	
Working Balance	<b>2,700</b>
Earmarked reserve- commissioning priorities	<b>400</b>
Usable revenue reserves	<b>619</b>

3.30 Estate Development Budget reserves, which are held separately from the HRA general reserves, are £0.146 million as at 1 April 2011. These reserves relate to committed revenue and capital expenditure for schemes agreed in previous financial years that are not yet completed. Therefore these reserves will reduce as schemes are finished.

#### **4. CONSULTATION**

4.1 The City Assembly in November 2011 included an agenda item on the HRA budget setting process and the introduction of self-financing. A budget workshop was also held which gave tenants and leaseholders the opportunity to discuss their views on priorities for discretionary spending in relation to the Housing Capital Investment Programme.

4.2 A budget round table discussion has been held with Leaders and Finance spokespeople for all political parties invested alongside representatives of the Trades Unions and Community and Voluntary Sector Forum. In addition there has been a series of separate informal consultation discussions with unions and these will continue throughout the remainder of the budget process. Formal consultation with staff, unions and service users will continue as required.

4.3 The review and challenge of the options as they were developed for this paper included members from all political parties (the “star chamber” process). A Scrutiny Panel considered the HRA budget strategy proposals on 06th Jan 2012.

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

##### Financial Implications:

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

*Finance Officer Consulted: Sue Chapman*

*Date: 05/01/12*

##### Legal Implications

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

*Lawyer Consulted: Liz Woodley*

*Date: 5/01/12*

##### Equalities Implications:

5.3 The HRA budget will fund services to people with special needs due to age, vulnerability or health needs. In order to ensure that the equality impact of the budget proposals is fully considered as part of the decision making process, an Equality Impact Assessment screening document for the HRA budget proposals has been prepared and is included elsewhere on the agenda. Full equality impact assessments have been developed on

specific areas where required. As part of the Council's engagement process, a series of meetings are being held with specific communities of interest in January to explore the issues for these groups arising from the Council's budget changes

#### Sustainability Implications:

- 5.4 The HRA budget will fund a range of measures that will benefit and sustain the local environment. The self financing settlement will provide a framework within which all local authorities can sustain their stock in a good condition in the future. This should enable the council to deliver a range of measures that will benefit and sustain the local environment.

#### Crime & Disorder Implications:

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

#### Risk & Opportunity Management Implications:

- 5.6 Financial risks have been assessed throughout the development of the council's budget. The introduction of Self Financing means that all the risks inherent in running a housing business will now transfer from the government to the local authority. The key risks which will need to be managed and developed as sensitivities and scenarios within the model may include:

- Inflationary risk that expenditure inflation is greater than income, particularly with rental increases determined by national rent policy.
- Managing interest rate fluctuations and debt portfolio
- Long term capital and maintenance responsibilities cannot be met by available resources
- Balancing regeneration and redevelopment needs with tenants priorities

- 5.7 A full risk register will therefore be developed in preparing the HRA Business Plan.

#### Corporate / Citywide Implications:

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

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

- 6.1 There are no alternative options proposed.

- 6.2 Rents have been set in accordance with the Government's rent restructuring guidance. In previous years, the Housing Subsidy Determination controlled rent setting increases by removing resources from local authorities through non compliance. Although the subsidy system is now abolished increases in rents above rent convergence will be subject the rent rebate limitation which sets a limit on how much rents can be increased. Any increases above this limit result in a loss of Housing Benefit Subsidy which is payable by the HRA.

- 6.3 The government's policy for rent restructuring is to ensure rents are fair and equitable nationally so although the authority can set rents at a lower level than rent restructuring this will bring the rents out of line nationally and provide a lower level of resources to fund repairs, maintenance and improvements works both in this years and future financial

years. For example a 1% reduction in the rental increase (saving each tenant an average of £0.71 per week in rent increase) will result in a loss of rental income of approximately £1.3 million over the next five years.

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

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

### **SUPPORTING DOCUMENTATION**

#### **Appendices:**

1. HRA Forecast Outturn 2011/12 and Budget 2012/13
2. Summary of Self Financing
3. Medium Term Financial Forecasts

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

None

#### **Background Documents**

1. Reinvigorating the Right to Buy and one for one replacement issued by CLG December 2011
2. The HRA Self Financing Determinations issued by CLG November 2011
3. Council housing a real future: Prospectus, issued by CLG 25 March 2010
4. Implementing self-financing for council housing, issued by CLG February 2011
5. Self Financing: planning the transition, issued by CLG July 2011
6. The HRA and self Financing Determinations, issued by CLG July 2011
7. 2012/13 Housing Revenue Account Working Papers

## HRA Forecast Outturn 2011/12 and Budget 2012/13

	2011/12 Adjusted Budget £'000	2011/12 Forecast Outturn £'000	2012/13 Original Budget £'000
<b>EXPENDITURE</b>			
Employees	9,187	8,724	8,980
Premises - Repairs Response & Voids	7,696	7,560	7,516
Premises - Cyclical Maintenance & Servicing	3,119	2,948	3,019
Premises - Grounds Maintenance	520	520	528
Premises Other	2,766	2,810	3,032
Transport	183	183	166
Contribution to Bad Debt Provision	268	168	214
Supplies & Services	1,571	1,487	1,672
Third Party Payments – Launderette contract	54	57	55
Support Services - From Other Departments	2,210	2,201	1,963
Revenue Contributions to Capital Schemes	3,778	3,778	18,084
Capital Financing Costs	4,268	4,145	7,777
Housing Subsidy Payable	14,710	14,724	0
<b>Total Expenditure</b>	<b>50,330</b>	<b>49,305</b>	<b>53,006</b>
<b>INCOME</b>			
Rents Dwellings	(44,213)	(44,176)	(46,701)
Rents Car Parking / Garages	(785)	(750)	(800)
Commercial Rents	(455)	(455)	(446)
Service Charges	(3,354)	(3,302)	(4,617)
Other Recharges and Interest	(1,523)	(1,511)	(842)
<b>Total Income</b>	<b>(50,330)</b>	<b>(50,194)</b>	<b>(53,406)</b>
<b>DEFICIT / (SURPLUS)</b>	<b>0</b>	<b>(889)</b>	<b>(400)</b>
<b>Contribution to Earmarked Reserves</b>			<b>400</b>
<b>TOTAL DEFICIT / (SURPLUS)</b>			<b>0</b>

## Summary of Self Financing

### BACKGROUND INFORMATION

1. The current HRA subsidy system has been in operation since 1989 and serves 177 local authorities. It is subject to an annual settlement of housing subsidy where rents are effectively pooled nationally and the subsidy system subsequently reallocates these resources. Reallocation is based on a notional HRA and the repayment of historical debt. The system however has a number of flaws:
  - The notional system is complex and difficult to understand, is based on assumptions and does not really take into account local situations.
  - The annual nature of the process makes it difficult to develop a strategic approach to longer term planning.
  - The requirement for the majority of local authorities to pay a proportion of their rents known as 'negative subsidy' back into the national pot is unpopular, particularly now that the national pot creates a surplus overall.
  - For local authorities similar to Brighton & Hove where HRA subsidy debt is greater than HRA debt the system does not promote efficient treasury management. For example action to reduce the average cost of the council's debt portfolio results in a decrease in General Fund expenditure but an increase in HRA expenditure.
2. The review of the Council Housing Finance system was initially launched by Ministers in March 2008. These reforms have been developed in partnership with stock-owning local authorities and have been the subject of two public consultations. Responses to the second consultation in March 2010 showed strong support for implementing the principles of self-financing and the broad methodology proposed. The Government has introduced legislation in the Localism Act now before Parliament which would commence self-financing and abolish the Housing Revenue Account subsidy system from 1 April 2012.
3. The objectives of these reforms are:
  - To give local authorities the resources, incentives and flexibility they need to manage their own housing stock for the long-term and to drive up quality and efficiency.
  - To give tenants the information they need to hold their landlord to account, by replacing the current opaque system with one which has a clear relationship between the rent a landlord collects and the services they provide.
4. Self Financing reforms are based on a calculation of the individual value of each local authority's housing business. This is compared to their existing housing debt in order to give each a sustainable self-financing settlement. The reforms do not redistribute a fixed amount of debt between local authorities.

## **SELF FINANCING VALUATION MODEL**

5. Self-financing will put all local authority landlords in the position where they can support their own stock from their own income. In order to bring about this change, there will be a readjustment of each local authority's housing debt. This will give each local authority a level of debt it can support, based on a valuation of its council housing stock. If this valuation is lower than the amount of housing debt which is currently supported through the Housing Revenue Account subsidy system, Government will pay off the difference. If the valuation is higher than the debt supported by Housing Revenue Account subsidy, the local authority will be required to pay Government the difference.
6. Valuations will be based on assumptions about each local authority's income and need to spend over 30 years. This 30-year cash flow of income and expenditure will then be converted into a capital sum using standard discounted cash flow techniques.
7. The following assumptions are used in the valuation model:

### Income

8. The only income included in the valuation is rental income using assumptions following from the Government's social rent policy which assumes that guideline and formula (target) rents will converge by 2015/16, followed by rent increases set at the Retail Price Index plus 0.5% per annum. The valuation also assumes that the current mechanism for protecting public expenditure and rent increases by providing a cap on the level of Housing Benefit an authority will receive for its tenants will continue.

### Expenditure

9. The spending needs built into the valuation are based on independent research about the costs of managing, maintaining and repairing the stock and are significantly higher than those in the current subsidy system. This has resulted in an increase of 14.8% for Brighton & Hove compared to the national average increase of 14.5%
10. In addition, the new system will now provide funding for disabled adaptations to council housing stock as the needs of tenants change in future. Expert consultants estimated the cost of meeting newly arising need at £60 per dwelling per year across the country providing funding of £116 million nationally per annum. This has resulted in funding of £0.858 million per annum for Brighton & Hove which is reflected in the HRA Capital Programme.
11. The valuation will exclude any assumed income or costs from homes that will be demolished within the next few years as part of regeneration schemes which are at an advanced stage. This is to ensure that the reform does not adversely affect the completion of current regeneration schemes. The homes on the Ainsworth Site redevelopment scheme have been excluded from the Brighton and Hove Valuation.

12. The valuation includes a forecast for losses of income and costs when properties are sold under the Right-to-Buy scheme. This forecast is based on national forecasts for house sales issued by the Office for Budget Responsibility. These have been disaggregated to local authority level using recent historical data about regional levels of Right-to-Buy sales

Discount rate

13. The assumed rents and costs will be used to produce a notional 30 year business plan of income and expenditure for each local authority landlord's business. This will be converted into a stock valuation using standard discounted cash flow principles, using a 6.5 per cent discount rate which is consistent with rates used in valuing stock in housing transfers.

Settlement payment

14. In order to calculate the payment to or from Government, the valuation will be compared with the notional amount of housing debt supported by HRA subsidy (the Subsidy Capital Financing Requirement). If the valuation is higher than the subsidy debt figure, the local authority will be required to pay Government the difference. If the valuation is lower, the Government will pay the difference to the local authority.

15. In most local authorities, the notional debt figure supported by subsidy is higher than the actual amount of debt. By using the subsidy debt figure, most local authorities will make a smaller payment to Government or receive a larger payment from Government than they would have done if the payment was based on the actual debt figure. This will benefit local authorities who have found ways to reduce their borrowing by, for example, electing to use capital receipts to pay down debt or fund investment

16. The one off settlement payment for Brighton & Hove is £19.444 million, calculated as shown in the table below:

	<b>£'000</b>
<b>NPV of 30 year cashflows:</b>	
Rental income	705,122
Management & Maintenance expenditure	(365,115)
Major Repairs Allowance expenditure	(181,632)
Debt Management costs	(1,875)
<b>Total Valuation of Business</b>	<b>156,500</b>
<b>Total Notional Amount of Debt (Subsidy Capital Financing Requirement)</b>	<b>(137,056)</b>
<b>Settlement Payment (Debt taken on 1 April 2012)</b>	<b>19,444</b>

Borrowing limit

17. The Prudential Code for Capital Finance (developed by the Chartered Institute of Public Finance & Accountancy) prescribes the methodology to determine the levels of borrowing affordable for local authorities. However, as the Government's first



priority is to reduce the national deficit, (and borrowing for housing purposes is included as part of the Public Sector Borrowing Requirement), housing borrowing must be affordable nationally as well as locally and therefore there will be a limit (or cap) placed at the self financing debt settlement level calculated for each authority.

18. In order to retain some flexibility over the borrowing limit to respond to big external changes which affect council housing the Localism Act includes powers to vary the definition or calculation of the Council Housing Borrowing Requirement and the Council Housing Borrowing Limit for one, some or all local authorities in the future.

19. Brighton & Hove's forecast actual housing debt at March 2012 is £127.6 million, including the settlement figure of £19.444 million, which is lower than the self financing indicative debt cap level of £158.2 million thereby providing capacity to borrow a further c£29 million subject to affordability.

### Reopening the settlement

20. The introduction of Self Financing means that all the risks inherent in running a housing business will now transfer from the government to the local authority and a full risk register is being developed in preparing the HRA Business Plan. The key risks which will need to be managed and developed as sensitivities and scenarios within the model may include:

- Inflationary risk that expenditure inflation is greater than income, particularly with rental increases determined by national rent policy.
- Managing interest rate fluctuations and debt portfolio
- Long term capital and maintenance responsibilities cannot be met by available resources
- Balancing regeneration and redevelopment needs with tenants priorities

21. The Localism Bill allows the government to re open the settlements in the future where there has been a change in one of the factors taken into account in calculating the current payment (i.e. expenditure, income and debt). This would only occur if a change is made that would have a substantial material impact on the valuation and in these exceptional cases, the Government would have to issue a further determination and consult on it. For example, this could be a major change in national rental policy or a significant increase in the environmental standards expected of council housing.

## **THE SURROUNDING POLICY FRAMEWORK**

### The Housing Revenue Account ring-fence

22. The HRA operates as a separate ring fenced account and is a record of revenue income and expenditure relating to local authority's own housing stock. Items that must be accounted for within the ring fence are defined by Schedule 4 of the Local Government and Housing Act 1989 and also a DoE Circular 8/95 published in 1995. The self financing regime does not end the requirement to maintain a statutory, ring-fenced Housing Revenue Account and there is no new guidance. The Government has stated that they expect local authorities to take their own decisions, rooted in the principle that 'who benefits pays'.

## Accounting and regulatory framework

### Accounting Arrangements

23. The abolition of the housing subsidy system requires changes to the capital financing arrangements for housing in Treasury Management and Accounting issues such as accounting for depreciation. The self financing guidance proposes a change to the method for charging depreciation to the housing revenue account and the separation (unpooling) of housing debt from other local authority borrowing. The accounting arrangements for depreciation are being reviewed by CIPFA and guidance will be issued to local authorities with an anticipated 5 year transitional period to implement the required accounting changes.

### Unpooling of Debt

24. At present, local authorities hold all their debt in one single 'pool' across all services so the debt attributable to housing is part of each local authority's overall debt portfolio. Interest on the HRA debt is charged at the consolidated rate of interest (The calculation of the CRI is based on the council's overall debt portfolio and therefore changes in the level of debt, either GF or HRA, can impact on the rate and hence the interest charged to the HRA). The current system of pooling debt allows for more efficient treasury management but leaves the HRA exposed to interest rate changes from treasury management decisions taken by the GF and vice versa.

25. Self financing requires all local authorities to separate (unpool) their housing and general fund debt into two pools. This means that the HRA will now pay interest based on its actual debt rather than a notional calculation.

### Regulation

26. Regulation of council housing under the regulatory framework for social housing will continue to focus on consumer protection. In line with the recommendations of the Government's 2010 review of social housing regulation, as reflected in the Localism Act and proposed revised regulatory framework to take effect on 1 April 2012, the Regulator's consumer protection role will be refocused on setting clear service standards for social landlords and intervening only to address breaches of those standards which entail a risk of serious detriment to tenants. Tenants will have access to stronger tools to hold landlords to account on service delivery, with the Regulator acting as a backstop where problems cannot be resolved locally, or where a pattern of problems gives rise to broader concerns.

### Disposals

27. The Government propose to reform the current statutory framework under which local authorities must first seek the consent of the Secretary of State before disposing of council housing assets and the requirement to seek the specific consent of the Secretary of State to a disposal at market value except where a local authority proposes to dispose of a dwelling occupied by a secure or introductory tenant or disposal is to a subsidiary of the local authority. The Government is reviewing responses to their consultation paper 'Streamlining council housing asset management: Disposal and the use of receipts'. It is anticipated that changes to this framework will also come into effect from 1 April 2012.

28. In addition the Government will update the regulations governing the pooling of receipts to ensure that proposed greater freedom to dispose does not inadvertently

disadvantage any authority. Receipts from sales of vacant land or empty homes will be retained by local authorities provided they are spent on affordable housing, for regeneration.

### Right to Buy

29. At present 75% of the capital receipt from the sale of council homes under the Right to Buy is paid across to the Government and local authorities retain the remaining 25%. However, the Government have published consultation proposals ('Reinvigorating the Right to Buy and one for one replacement') to increase the cap on discounts available to tenants from 1 April 2012 with the aim of increasing the number of sales above the level included in the self financing valuation assumptions. The proposals also intend that net capital receipts from sales (after administration costs, repayment of housing debt and currently forecast receipts for councils and central government) should be used to replace additional homes sold as a result of the higher discount levels. The consultation includes various replacement delivery models and outcome of the consultation will be known late February/early March.

### Retention of National Rent Policy

30. Local authorities will still be required to follow national rent policy and rent convergence. The current rent restructuring formula provides a mechanism for protecting public expenditure and rent increases by providing a cap on the level of Housing Benefit an authority will receive for its tenants.

## Medium Term Financial Forecasts

<b>Revenue Budget</b>	<b>2012/13 £'000</b>	<b>2013/14 £'000</b>	<b>2014/15 £'000</b>
<b>Expenditure</b>			
Employees	8968	9,017	9,048
Premises -Repairs	10,535	10,625	10,469
Other expenditure	7,642	7,498	7,446
Capital Financing	7,777	9,144	10,083
<b>Total Expenditure</b>	<b>34,922</b>	<b>36,284</b>	<b>37,046</b>
<b>Income</b>			
Rental Income	(46,701)	(48,694)	(48,967)
Other Income	(6,705)	(6,388)	(6,353)
<b>Total Income</b>	<b>(53,406)</b>	<b>(55,082)</b>	<b>(55,320)</b>
<b>NET SURPLUS</b>	<b>18,484</b>	<b>18,798</b>	<b>18,274</b>
<b>Allocated to :</b>			
<b>Revenue Contribution to Capital schemes</b>	18,084	18,798	17,606
<b>Usable Revenue Reserves</b>	400		668

**Assumptions**

1. Inflation is included at 2% per annum with pay increases at 1% for 2012/13 and 2% per annum thereafter to cover pay award and pay related matters.
2. Efficiency savings are assumed at £1.100 million over 2013/14 and 2014/15.
3. Capital financing costs are projected to increase reflecting the full repayment of unsupported borrowing included in the 2009 -2012 capital programmes.
4. Rents are assumed to increase by 3.5% for 2013/14 and 3% for 2014/15. An additional weeks rents fall due in 2013/14 at an estimated rental income of £0.900 million.
5. Other income is projected to increase by 1%. However, income from major works to leasehold properties is projected to reduce by £0.380 million from 2013/14 and reduce by a further £0.100 million in 2014/15.

Revenue surpluses will be used to fund the HRA Capital Programme 2012 - 2015, also included on this agenda. Any surpluses not required for the capital programme will be held in usable revenue reserves.

23 February 2012

## **Budget Council 23 February 2012: Setting a lawful budget for 2012/13**

### **Introduction**

Under section 30 (6) of the Local Government Act 1992 the Council has a duty to set the **Council tax by 11 March 2012**. A failure to set the tax then does not in itself invalidate the tax demands but it has other adverse consequences including the potential loss of income to the Council.

The legal obligations for setting the budget mean in practical terms that:

- Members should not put forward proposals that would mean setting an unlawful budget and need to take officer advice in particular from legal and finance to ensure that proposals are in order;
- although the Council corporately sets the budget the Council acts through Members collectively, each and every Member is therefore jointly and severally responsible for the setting of the budget; and
- wherever possible Members are expected to facilitate rather than frustrate the setting of a lawful budget.

### **Before Budget Council**

- The Cabinet's budget will be worked up including all amendments from Budget Cabinet with full service, financial and legal implications. They will be incorporated in full into the main papers despatched for Budget Council.
- Other Groups' amendments are also evaluated by finance officers to determine the service, financial and legal implications of implementing those proposals. The proposals will be held confidential from the other political parties by the finance officers involved and all proposals must have been "**signed off**" by finance officers no later than **12 noon 3 days before Budget Council. (i.e. by 12 noon Monday 20<sup>th</sup> February 2012)**.
- Only the Chief Executive and Director of Finance (with appropriate officers from the finance team) will be aware of the full range of amendments being proposed and they will not be shared with any parties until after they have been given to the Group Leaders on the 21<sup>st</sup> February.
- The Chief Executive shall have a "brokering" role if this would appear to facilitate agreement on particular amendments or proposals.

- The Mayor will refuse to accept any amendment subsequently moved that has not been “signed off” by the Director of Finance.
- All amendments are shared **at 5 PM on Tuesday 21<sup>st</sup> February** between the Group Leaders.
- There will be a meeting of Group Leaders (attended by the Chief Executive, the Director of Finance and other relevant officers) **at 4:00 pm on Wednesday 22<sup>nd</sup> February** with a view to exploring agreement on proposed amendments.
- There will be a second meeting of Group Leaders, with relevant Officers as mentioned above, on **Thursday 23<sup>rd</sup> February at 10:00 am**, unless the Chief Executive considers that, given any progress made on 22<sup>nd</sup> February, it is not needed.
- Any variations to the amendments or any new amendments arising from the Leaders meetings shall be limited to grouping and repackaging of amendments or other changes providing that they do not, in the opinion of the Director of Finance, involve significant costing or evaluation that cannot reasonably be done within the available timescale.

Should Council fail to set the Council Tax on the 23<sup>rd</sup> February 2012, a further meeting will need to be held prior to the 2<sup>nd</sup> March as there is one significant practical implication; the contractor who prints and sends out the Council Tax bills has a slot booked to process the city council’s bills on the 2<sup>nd</sup> March and a delay in setting the Budget before then would significantly affect this process.

Abraham Ghebre-Ghiorghis  
Head of Law  
(Monitoring Officer)

Catherine Vaughan  
Director of Finance  
(Chief Finance Officer)