BRIGHTON & HOVE CITY

BUDGET COUNCIL MEETING

4.30PM 28 FEBRUARY 2013

COUNCIL CHAMBER, BRIGHTON TOWN HALL

AGENDA

Brighton & Hove City Council

Council Meeting

Title:	**Council**
Date:	**28 February 2013**
Time:	**4.30pm**
Venue	**Council Chamber, Brighton Town Hall**
Members:	**All Councillors** 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 Mokshini
Contact:	**Mark Wall** Head of Democratic Services 01273 291006 mark.wall@brighton-hove.gov.uk

	The Town Hall has facilities for people with mobility impairments including a lift and wheelchair accessible WCs. However use of the lift is restricted for health and safety reasons please refer to the Access Notice in the agenda.
	An Induction loop operates to enhance sound for anyone wearing a hearing aid or using a transmitter and infra red hearing aids are available for use during the meeting. If you require any further information or assistance, please contact the receptionist on arrival.

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

AGENDA

Part One	Page

88. DECLARATIONS OF INTEREST

(a) Disclosable of pecuniary interests not registered on the register of interests;
(b) Any other interests required to be registered under the local code;
(c) Any other general interest as a result of which a decision on the matter might reasonably be regarded as affecting you or a partner more than a majority of other people or businesses in the ward/s affected by the decision.

In each case, you need to declare
(i) the item on the agenda the interest relates to;
(ii) the nature of the interest; and
(iii) whether it is a disclosable pecuniary interest or some other interest.

If unsure, Members should seek advice from the committee lawyer or administrator preferably before the meeting.

89. MAYOR'S COMMUNICATIONS.

TO CONSIDER THE REPORTS AND RECOMMENDATIONS OF THE POLICY & RESOURCES COMMITTEE OF THE 14 FEBRUARY 2013 IN RESPECT OF:-

90. GENERAL FUND REVENUE BUDGET & COUNCIL TAX 2013/14 — 1 - 182

Extract from the proceedings of the Policy & Resources Committee meeting held on the 14th February 2013, together with a report of the Director of Finance (copies attached).

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

91. SUPPLEMENTARY FINANCIAL INFORMATION FOR BUDGET COUNCIL — 183 - 196

Report of the Director of Finance (copy attached).

Contact Officer: Heather Bentley Tel: 29-1244
Ward Affected: All Wards

92. CAPITAL RESOURCES & CAPITAL INVESTMENT PROGRAMME 2013/14 **197 - 222**

Extract from the proceedings of the Policy & Resources Committee meeting held on the 14th February 2013, together with a report of the Director of Finance (copies attached).

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

93. HOUSING REVENUE ACCOUNT 2013/14 **223 - 240**

Extract from the proceedings of the Policy & Resources Committee meeting held on the 14th February 2013, together with a joint report of the Strategic Director; Place and the Director of Finance (copies attached).

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

94. CLOSE OF MEETING

The Mayor will move a closure motion under Procedure Rule 17 to terminate the meeting 4 hours after the beginning of the meeting (excluding any breaks/adjournments).

Note:

1. *The Mayor will put the motion to the vote and if it is carried will then:-*

   (a) *Call on the Member who had moved the item under discussion to give their right of reply, before then putting the matter to the vote, taking into account the need to put any amendments that have been moved to the vote first;*

   (b) *Each remaining item on the agenda that has not been dealt with will then be taken in the order they appear on the agenda and put to the vote without debate.*

   The Member responsible for moving each item will be given the opportunity by the Mayor to withdraw the item or to have it voted on. If there are any amendments that have been submitted, these will be taken and voted on first in the order that they were received.

   (c) *Following completion of the outstanding items, the Mayor will then close the meeting.*

2. *If the motion moved by the Mayor is* ***not carried*** *the meeting will continue in the normal way, with each item being moved and debated and voted on.*

3. *Any Member will still have the opportunity to move a closure motion should they so wish. If such a motion is moved and seconded, then the same procedure as outlined above will be followed.*

   Once all the remaining items have been dealt with the Mayor will close the meeting.

NOTE:

(i) A Guidance Note on Setting a Lawful Budget has been included with the agenda papers for Members' information (copy attached).

(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 5.30pm in Committee Room 3.

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

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We apologise for any inconvenience caused

Date of Publication - Wednesday, 20 February 2013

Penelope Thompson
Chief Executive

King's House
Grand Avenue
Hove
BN3 2LS

Council	Agenda Item 90
28 February 2013	Brighton & Hove City Council

Subject:		**General Fund Revenue Budget & Council Tax 2013/14 - Extract from the Proceedings of the Policy & Resources Committee Meeting held on the 14 February 2013**		
Date of Meeting:		**28 February 2013**		
Report of:		**Monitoring Officer**		
Contact Officer:	Name:	**Mark Wall**	**Tel:**	**29-1006**
	E-mail:	mark.wall@brighton-hove.gov.uk		
Wards Affected:	All			

FOR GENERAL RELEASE

Action Required of Council:
To receive the item referred from the Policy & Resources Committee for approval:

Recommendation:

(1) That subject to the recommendation (3) below, the 2013/14 General Fund Revenue Budget proposals contained in the body of the report be approved including:

- A 1.96% increase in the Brighton & Hove element of the council tax;
- The 2013/14 budget allocations to services as set out in appendix 1;
- The council's net General Fund budget requirement for 2013/14 of £228.1m;
- The reinvestments as set out in paragraph;
- The budget savings package as set out in appendix 4;
- The contingency budget of £6.0m as set out in table 6;
- The reserves allocations as set out in paragraph and table 4;
- The borrowing limit for the year commencing 1 April 2013 of £371m;
- The annual Minimum Revenue Provision statement as set out in appendix 9
- The Prudential Indicators as set out in appendix 10 to this report;
- The proposed responses to the scrutiny recommendations as set out in appendix 14.

(2) That the revised Medium Term Financial Strategy budget and resource projections for 2013/14 to 2018/19 as set out in appendix 7 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.

POLICY & RESOURCES COMMITTEE

4.00 pm 14 February 2013
COUNCIL CHAMBER, HOVE TOWN HALL

DRAFT MINUTES

Present: Councillor J Kitcat (Chair) Councillors Littman (Deputy Chair), G Theobald (Opposition Spokesperson), Hamilton, Jarrett, Mitchell (Opposition Spokesperson), Peltzer Dunn, Shanks, Wealls and West.

PART ONE

142. GENERAL FUND REVENUE BUDGET & COUNCIL TAX 2013-14

142.1 The Director of Finance introduced the report which set out the final proposals for the General Fund Revenue Budget and Council Tax for 2013/14. She stated that it took into account feedback and evidence received through the consultation process and set out the principles on which the budget had been prepared. She also noted that it took account of the latest information which had only recently been received from the Government, along with the final settlement on the 11th February.

142.2 Councillor Littman welcomed the report and stated that the budget had occupied the minds of many people over the last year and the lateness of information from the Government had not helped in bringing the proposals forward. He wished to thank the officers involved in putting the report together and for their support and advice during the budget setting process. He noted that budgetary pressures were expected to continue with further cuts required in the years ahead and the recommended council tax increase of 1.96% was required to help support the provision of services. He also noted that the council now faced a further pressure of around £7m due to changes in Business Rates and local authorities being required to meet the costs of appeals.

142.3 The Chair stated that the consultation process had been very useful and had built on the previous years with more people responding and scrutiny and the Members

Budget Review Group taking an active role in reviewing the proposals. He stated that the 1.96% council tax increase would off-set the impact of the cuts for people across the city and noted that support to various advice services was being maintained, which was crucial in the current economic climate. The mid-term financial strategy predicted further savings of between £20-25m year on year up to 2020, which implied that the council would need to be virtually self-sufficient by that time and meant further work, was required to enable the savings to be achieved.

142.4 Councillor Mitchell noted the report and thanked the offices for their work and support in regard to the various amendments that the Labour & Co-operative Group would be submitting at the Budget Council meeting on the 28th February. She welcomed the £300k support identified fro advice support and the inclusion of the corporate plan commitments alongside the budget proposals. In regard to the better bus project she queried whether it would result in parking being removed along Eastern Road, and in relation to the communal bins recycling in the city centre, she noted that the Environment & Sustainability Committee had approved a consultation exercise, but the report suggested that a decision had been made and therefore was the consultation simply on the siting of the bins.

142.5 The Strategic Director, Place stated that the better bus scheme would not result in the removal of the parking along Eastern Road and that the consultation exercise was on the proposal to have communal bin recycling in the city centre. Should the consultation result in a negative response then the scheme would not be implemented or may require amending to take account of views expressed.

142.6 Councillor West stated that over 27,000 households were being consulted and noted that the pilot scheme had been positively welcomed and he hoped that it would be taken forward, however it would depend on the outcome of the consultation.

142.7 Councillor G. Theobald noted the report and stated that the Conservative Group would be voting against the recommendations as they believed the council tax should be frozen and the government grant accepted. The council was effectively turning down £1.2m of support and this should be accepted and used to support the budget.

142.8 The Chair stated that the implications of a council tax freeze needed to be taken into consideration as they would permanently undermine the council's financial base and all future council tax increases would effectively be worth less. He also noted that a number of other leading authorities had recognised this fact and chosen not to freeze council tax as a result.

142.9 Councillor Wealls queried whether structure of the budget report meant that all the savings identified had been mapped out and whether any of the budget lines had a zero change which was shown. He was concerned that in looking at alternative savings proposals the opposition groups were able to identify where the resources were allocated.

142.10 The Director of Finance stated that the council produced a budget book that was available on-line and listed the full budget in detail. She also noted that the question had been raised as part of the scrutiny process and officers had offered to review how the budget information was presented for next year. She stated that the report before the committee presented the savings that were being proposed.

142.11 Councillor West noted that two opposition groups were not prepared to outline their positions in regard to the budget proposals at this point and suggested that it had been an open and transparent process, involving more people than before. He believed that there had been a well managed approach and noted that the value for money exercise was outperforming its objectives and hoped that the budget could be taken forward and be supported by the council as a whole.

142.12 Councillor Jarrett stated that the council tax increase enabled services to maintained and questioned whether a freeze would enable a similar level of support and noted that to date no alternative proposals had been put forward by the opposition group. If the council tax was not increased it would result in the council falling behind in terms of revenue generation.

142.13 Councillor Hamilton noted that the local government settlement was around £10.7m less than the year before and that it was for the Administration to put forward a budget and for the opposition groups to then consider the position and look at alternative options which are put forward at the Budget Council meeting.

142.14 The Chair noted the comments and stated that he believed it had been the biggest and most complex budget setting process to date, with changes in welfare reforms, business rates and financial settlements. He therefore wished to place on record the Committee's thanks and appreciation of the work undertaken by officers to enable the budget report to come forward. He then put the recommendations to the vote.

142.15 **RESOLVED TO RECOMMEND:**

(1) That subject to the recommendation (3) below, the 2013/14 General Fund Revenue Budget proposals contained in the body of the report be approved including:

- A 1.96% increase in the Brighton & Hove element of the council tax;
- The 2013/14 budget allocations to services as set out in appendix 1;
- The council's net General Fund budget requirement for 2013/14 of £228.1m;
- The reinvestments as set out in paragraph;
- The budget savings package as set out in appendix 4;
- The contingency budget of £6.0m as set out in table 6;
- The reserves allocations as set out in paragraph and table 4;
- The borrowing limit for the year commencing 1 April 2013 of £371m;
- The annual Minimum Revenue Provision statement as set out in appendix 9;
- The Prudential Indicators as set out in appendix 10 to this report;

- The proposed responses to the scrutiny recommendations as set out in appendix 14.

(2) That the revised Medium Term Financial Strategy budget and resource projections for 2013/14 to 2018/19 as set out in appendix 7 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.

Council	Agenda Item 90
28th February 2013	Brighton & Hove City Council

Subject:		**General Fund Revenue Budget & Council Tax 2013-14**		
Date of Meeting:		**28 February 2013** 14 February 2013 – Policy & Resources Committee		
Report of:		**Director of Finance**		
Contact Officer:	**Name:**	**Mark Ireland** **James Hengeveld**	**Tel:**	**29-1240** **29-1242**
	Email:	**mark.ireland@brighton-hove.gov.uk** **james.hengeveld@brighton-hove.gov.uk**		
Ward(s) affected:		**All**		

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 2013/14. It takes into account feedback and evidence received by the council through consultation, the scrutiny process and equalities impact assessments. 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 takes into account the recent decisions made by Policy & Resources Committee and Full Council on Council Tax Discounts and Exemptions, the Council Tax Reduction Scheme and Business Rates Retention Forecasts. The original proposals were also published prior to the Provisional Local Government Finance Settlement so a number of changes to funding assumptions have also been made.

1.3 In order to more closely align the council's service and financial planning processes, draft Corporate Plan commitments for 2013/14 have been included for contextual information in the detailed budget strategies. However the commitments are not for decision at this time and will be considered by Full Council along with the whole Corporate Plan in March.

2. RECOMMENDATIONS:

That Policy & Resources Committee:–

2.1 Recommend to Council, subject to recommendation 2.3 below, the 2013/14 General Fund Revenue Budget proposals contained in the body of this report including:

- A 1.96% increase in the Brighton & Hove element of the council tax.
- The 2013/14 budget allocations to services as set out in appendix 1.

- The council's net General Fund budget requirement for 2013/14 of £228.1m.
- The reinvestments as set out in paragraph 3.37.
- The budget savings package as set out in appendix 4.
- The contingency budget of £6.0m as set out in table 6.
- The reserves allocations as set out in paragraph 3.29 and table 4.
- The borrowing limit for the year commencing 1 April 2013 of £371m.
- The annual Minimum Revenue Provision statement as set out in appendix 9.
- The Prudential Indicators as set out in appendix 10 to this report.
- The proposed responses to the scrutiny recommendations as set out in appendix 14.

2.2 Note the revised Medium Term Financial Strategy budget and resource projections for 2013/14 to 2018/19 as set out in appendix 7.

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:

Structure of the report

3.1 The report provides full information on function and funding changes and other legal and financial matters that have resource implications for the 2013/14 budget. The full set of information provided in this report is listed here as an aid to navigation:

- **Local Government Finance Settlement** - updates are given on the latest position regarding government grant announcements;
- **Business Rates Retention** – forecasts of the council's share of business rates for the next 2 years are included;
- **Function and Funding Changes** – information about function and funding changes;
- **Schools Funding** – Information on Dedicated Schools Grant (DSG) and Pupil Premium;
- **Other Government Grants and New Homes Bonus** - Information on other government grants with details in appendix 5 and the New Homes Bonus final allocations for 2013/14;
- **Fees and Charges** – More information of the Fees and Charges is given within the Budget Strategy appendix 3;
- **Council Tax Freeze Grant** – information is provided about recent government announcements;

- **Reserves Position** - a re-assessment is included of the level of reserves available to fund one-off items of expenditure and / or provide short term support for the budget. A full review of reserves is included in appendix 6;
- **Expenditure Estimates** - including information on the latest position in 2012/13, internal transfers and other adjustments, an analysis of budget changes since 2012/13, inflation, risk provisions, commitments and reinvestment, investment in preventative services and service pressures;
- **Budget Principles and Priorities** - including savings proposals and budget reductions, Value for Money, feedback from scrutiny and staffing implications;
- **Annual Minimum Revenue Provision (MRP) Statement and Prudential Indicators** – information on the full statement is attached at appendix 9 and the prudential indicators are shown in appendix 10;
- **Corporate Budgets including Contingency** - information on changes to the main corporate budgets including the resources held in contingency for 2013/14
- **Change in use of Reserves** – contains details of the changes;
- **Council Tax** – including council tax, referendum and the supplementary information required for Budget Council;
- **Medium Term Financial Strateg**y - Information on the financial strategy over the next 6 years is included in appendix 7 alongside an assessment of risks in appendix 8;
- **Report of the Chief Finance Officer** – including the robustness of estimates, adequacy of reserves, and an assurance statement by the council's section 151 officer;
- **Community Engagement and Consultation** – details of consultation and engagement including a summary report on budget consultation and the report from scrutiny in appendix 14.

Projected Resources available in 2013/14

Local Government Finance Settlement

3.2 The final Local Government Finance settlement was announced on 4 February although some government grant information still remains unpublished. The settlement reflects the major changes to local government finance that are happening on the 1 April 2013. The table below compares the levels of funding under the current and new systems making adjustments to establish a like-for-like comparison.

Table 1	Brighton & Hove City Council		
	2012/13 £ million	2013/14 £ million	2014/15 £ million
Formula Grant	104.371		
Revenue Support Grant (RSG)		77.652	64.094
Government assumed business rates income retained by the council		50.079	51.615
Top-up Grant		1.581	1.629
Specific Grants rolled into and removed from new system	37.062		
New Homes Bonus (NHB) additional allocation and refund of top-slice		1.408	
Total Funding	141.433	130.720	117.338
Reduction		-10.713	-13.382
Percentage		-7.6%	-10.2%

3.3 The government assumed level of business rates retained locally is used to determine both the RSG and top-up grant for the council. The section on business rates later in this report compares the government forecasts with those made by the council. In 2013/14 councils will either receive a top-up grant where their share of local business rates is notionally less than their current equivalent grant funding or pay a tariff where it is more. For example Westminster City Council pays a very large tariff as its share of local business rate income far exceeds the equivalent amount it currently receives in grant.

3.4 The grants rolled into the new system primarily include council tax reduction scheme grant previously council tax benefit grant, early intervention grant (EIG) but at a much lower level and Learning Disability & Health Reform grant. Funding for school support services (e.g. school improvement, statutory and regulatory duties, education welfare service) has been removed and will be paid to councils as a separate Education Services grant based on the number of school pupils not in academies or free schools. A further adjustment has been made to reflect the new NHB allocation for 2013/14 and the anticipated refund because Communities and Local Government (CLG) top-sliced too much for the national 2013/14 allocations from RSG.

3.5 The government uses a “spending power” calculation in the settlement to make comparisons between authorities. This calculation also adds in funding changes arising from other grants including Public Health and possible contributions from the NHS to support social care budgets and spreads these over a much bigger funding baseline which includes other grants and council tax. However, their calculation does not take account of the funding reductions in the council tax reduction grant or the full reductions in EIG. Neither does it take into account the demographic and other cost pressures that councils are facing. The table below shows the “spending power” changes as set out by CLG in the final settlement.

Table 2	CLG Spending Power figures		
	Brighton & Hove City Council	National Average	Unitary Average
2013/14	-2.4%	-1.3%	-1.1%
2014/15	-3.9%	-3.4%	-3.5%

3.6 The council has received the second biggest reduction in "spending power" in 2013/14 of all upper tier authorities with education and social services responsibilities. The complexities of the changeover to the new system are such that it is impossible to analyse why the council has had such a poor settlement in 2013/14 other than to say it will be largely due to the council being at the grant floor in 2012/13.

3.7 Officers made a technical response to the provisional settlement by the 15 January 2013 deadline to CLG and this was attached as an appendix to the business rates forecast for 2013/14 report to 24 January Policy & Resources Committee, as it largely refers to issues raised by the proposed treatment of business rates appeals and refunds.

Forecast Business Rate Retention income for 2013/14 and 2014/15

3.8 Details of the business rate retention income forecasts were set out in the report to the January meeting of Policy & Resources Committee. It was agreed that the final figure for 2013/14 which had to be determined by 31 January 2013 would be delegated to the Director of Finance in consultation with the Chair of Policy & Resources Committee because of the late and frequent changes to the guidance provided by CLG. The guidance set out in the addendum report to the January meeting did not change before the 31 January deadline.

3.9 Table 3 below shows the forecasts of the council's 49% share of business rates income for 2013/14 and 2014/15 agreed by the Director of Finance which take into account the advice set out in the addendum report. The forecast for 2013/14 therefore now makes full provision for the council's share of estimated ultimate losses due to appeals of £3m per annum and one-off refunds of £7.6m. Regulations allow the council to choose to spread the cost of refunds over 5 years. However, making the full provision in 2013/14 means that the forecast income falls below the safety net level set by the government and the council therefore qualifies for safety net grant of just under £4m.

3.10 The increase in the forecast of the council's share of business rate income shown in table 3 below of just over £9m between 2013/14 and 2014/15 is due to the removal of the £7.6m one-off provision for refunds made in 2013/14, the assumed annual uplift in the business rates poundage of just over 3% based on government forecasts and the estimated full year effect of the additional business rates generated by known new developments.

Table 3 - Forecasts of the council's 49% share of local Business Rate income		
	2013/14 £ million	2014/15 £ million
Council forecast	42.234	51.426
Estimated Safety Net grant	3.970	-
S.31 Grant to compensate for the extension of further small business rate relief announced in the Autumn Statement*	1.300	1.340
Total forecast council share	47.504	52.766
* For 2014/15 either the relief will be extended again and the council will be entitled to more S.31 grant or the scheme will end and small businesses will have to pay more business rates thereby increasing the income forecast.		

3.11 Whilst the council is forecast to lose funding next year due to setting aside resources to meet the impact of appeals and refunds, over the medium term the overall resources impact could be slightly positive if the forecast business rates base can be maintained or grow in 2015/16 and 2016/17. Beyond 2016/17 a new revaluation will be implemented and if the current system is not amended then the impact of further appeals on the 2017 list could be highly detrimental to the council as the council will not gain from any increases in rateable values from revaluations.

Changes in function / funding

3.12 The 2013/14 settlement includes a number of transfers of specific grants to Revenue Support Grant (RSG) and Business Rates Retention (BRR). These include the transfer of Early Intervention Grant however the level transferred is £3.3m lower (29%) than the level received in 2012/13 with only a £0.6m reduction in costs transferred. This created a £2.7m funding gap. Other transfers include Homelessness grant, Learning disabilities and Health reform Grant and part of the Lead Local flood grant. These transfers resulted in additional income of £0.2m, (2%). The settlement includes the transfer from RSG and BRR of £4.2m for Education Services Grant.

3.13 The Health and Social Care Act 2012 sets out a vision for public health in local government. From 1 April 2013 the council will take on new public health responsibilities to improve the health of its population. The Department of Health has awarded a ring fenced grant of £18.3 million for 2013/14 and £18.7 million for 2014/15 intended to cover the public health responsibilities which are transferring to the local authority. The council is engaged with Health and partners to ensure that the resources associated with all Public Health responsibilities are identified and reflect agreed strategies. It is expected that the grant award will cover the commissioning, programme and staff costs transferring from Health ensuring delivery of the services mandated through regulation and locally determined commissions. The conditions associated with the grant awarded under Section 31 of the local Government Act 2003 set out that the funds must be used to:

- Improve the health and wellbeing of the local population.
- Carry out health protection functions delegated from the Secretary of State.
- Reduce health inequalities across the life course, including hard to reach groups.
- Ensure the provision of population healthcare advice.

3.14 From 1 April 2013 the Council will take on the responsibility for a Local Discretionary Social Fund (Local Welfare Provision). This responsibility was previously administered by the Department for Work and Pensions through Community Care Grants and Crisis Loans. For 2013/14 the council will receive a grant of £0.629m, an allocation based on expenditure in 2005/6, and £0.133m to administer the fund. In November 2012, Policy and Resources agreed an interim scheme for Local Welfare Provision.

3.15 The Police and Crime Commissioner was elected on 15 November and will take responsibility for commissioning some aspects of community safety. There are a number of grant streams currently available to councils and community safety partnerships that are due to come to an end in March 2013. The planned intention is that Police and Crime Commissioners will then in 2013/14 receive a designated but unringfenced grant for commissioning community safety and other activities however the details are still to be confirmed. Until any changed funding arrangements are confirmed, the council and partnership community safety planning strategy for 2013/14 has been developed on the basis that grants will be at a similar level to 2012/13 and will be an external contribution from the Police Commissioner instead of specific grants from the Home Office.

Schools Funding

3.16 For 2013/14 the Dedicated Schools Grant (DSG) will be split into 3 notional blocks: Schools, Early years and High needs. In 2013/14 these will be calculated based on local authorities' planned 2012/13 budgets. The blocks will not be ring-fenced but the Department for Education (DfE) will continue to ring-fence the DSG as a whole. The Schools Block will be calculated using pupil numbers from the October School Census. The Early Years block will continue to be funded on the January count. The High Needs block will cover funding for education provision for high needs pupils and students from birth to 25, in line with the proposals set out in the Green paper on Special Educational Needs (SEN) and Disability. The DfE has provided information on the DSG for 2013/14 which gives a total DSG for Brighton and Hove of £161.555m. This includes £1.991m for the funding for early education for two year olds.

3.17 To dampen the changes in budgets that will be experienced by some schools as a result of the new, simplified local formulae in mainstream schools and to give schools sufficient time to plan for the effects of any budget reductions, the DfE will continue the Minimum Funding Guarantee (MFG) at minus 1.5% per pupil in 2013/14 and 2014/15. Funding for the Pupil Premium will increase from £623 per pupil (based on free schools meals data over the last 6 years) in 2012/13 to £900 per pupil in 2013/14.

Other Government Grants

3.18 The grant allocations for 2013/14 have been included in appendix 5 with the 2012/13 allocations for comparison. Some grant allocations have not yet been announced and where these are critical to the setting of the 2013/14 budget forecasts have been included.

New Homes Bonus

3.19 The New Homes Bonus (NHB) is a funding incentive for local authorities largely to facilitate the creation of new homes in their area and bring empty homes back into use. The final funding allocation for the third tranche was announced in January 2013. It was based on two sets of data available to Government in October: increases in effective stock from council tax base returns and additional affordable homes from official statistics on affordable homes enhancements. The council will receive an additional £0.970m per annum for 6 years from 2013/14; of this £0.759m is from new properties, £0.191m from a reduction in long term empty properties and £0.020m from affordable homes delivered.

3.20 Given the size of the budget gap it is proposed that the third tranche allocation of £0.970m is used entirely to support the 2013/14 budget. The first 3 tranches will be generating approximately £2m per annum income for the council in 2013/14 and, assuming similar amounts for the next 3 tranches, approximately £4m per annum in 2016/17. The Government has funded NHB by top-slicing local authority funding and the loss of funding to Brighton & Hove by 2016/17 is estimated to be £10.8m per annum. The council is therefore a significant net loser of funding from the introduction of the NHB which is redistributing grant funding from low housing growth areas to high growth areas.

Fees and Charges

3.21 Fees and charges budgets are assumed to increase each year by a standard inflation rate; 2% for 2013/14. 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, 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 service committee. Where appropriate, details of fees and charges changes for 2013/14 have been presented to the relevant service committee prior to Budget Council. In addition, an overarching review of fees and charges is undertaken to ensure there is no disproportionate or cumulative equality impact of proposed changes to fees and charges on vulnerable, minority or other groups. More information on fees & charges is given in the Budget Strategy appendix 3.

Council Tax Freeze Grant

3.22 The council will continue to receive a grant of £3m per annum for 2013/14 and 2014/15 following the council tax freeze in 2011/12 whilst the council tax freeze grant of £3m for the 2012/13 council tax freeze ends. The provisional grant settlement includes a new council tax freeze grant for 2013/14 equivalent to a 1% increase in council tax for those councils who agreed to freeze their council tax in 2013/14. However, the grant will be calculated using the council tax base before adjustments are made for the council tax reduction scheme and therefore the grant will be higher at about £1.2m. This funding will be for the two years 2013/14 and 2014/15.

3.23 It was also announced that council tax cannot be increased by more than 2% in 2013/14 without securing confirmation from a local referendum. All authorities must also be mindful of the impact of changes in levies and published 2012/13 notional amounts on the referendum trigger. Taking these on board and on the basis of the latest information available it is expected that the maximum increase for the council before a referendum is triggered will be 1.96%.

3.24 Full Council on 28 February 2013 will determine both the budget and council tax for 2013/14 but the resource forecasts shown in this report assume that council tax will increase by 1.96% next year. A decision to freeze the council tax in 2013/14 will therefore require approximately £0.8m additional recurrent savings to be identified and agreed for next year and further increase the savings needed in 2015/16 by £1.0m when the new council tax freeze grant ends.

3.25 The impact of implementing council tax freezes in 2011/12 and 2012/13 instead of the maximum allowable increase of 3.5% has reduced the potential resources available to the council in 2013/14 by about £4.3m.

Reserves

3.26 The review of reserves is included at appendix 6. Table 4 below shows the projected general reserves position to 31 March 2013 assuming spending is in line with the latest projections for 2012/13 shown in the TBM month 9 report.

3.27 The table includes the planned release of specific reserves to support the 2013/14 budget with allocations identified in paragraph 3.29.

Table 4 - General Reserves	**2012/13**
	£ million
Unallocated general reserves at 1 April 2012	**0.372**
Reserves already set aside to cover full year effect of 2013/14 savings by Policy & Resources Committee	0.750
Estimated receipt from recalculated former LACSEG	1.140
TBM Month 9 forecast underspend	4.513
Resources released through the review of reserves	6.064
One off government distribution of unallocated top-sliced New Homes Bonus	0.438
Total Resources	**13.277**
Commitments	
Fund part year effect of 2013/14 savings	-1.152
Increase restructure/redundancy reserve to support the Voluntary Severance Scheme	-1.200
One-off resources set aside for Wide Area Network (PSN) as agreed at Policy & Resources in November 2012.	-0.500

Table 4 - General Reserves	2012/13
	£ million
One off resources to cover potential increase cost of pension contributions following auto-enrolment	-0.800
Modernisation Fund to support the VFM programme	-1.200
Balance of one-off resources	**8.425**
Allocations for 2013/14:	
Risk provision for successful business rates appeals including refunds relating to periods before 1 April 2013	-5.270
One off resources to assist Pride to develop a new business plan	-0.025
Verge parking restriction pilot schemes	-0.125
Major examination in public Local Development Framework (LDF) core strategy	-0.150
Additional support for financial inclusion strategy	-0.300
Additional one off resources to support Council Tax Reduction discretionary fund	-0.100
One off revenue resources for ICT investment strategy	-1.000
Major roadworks permits	-0.100
Support to ensure a fully funded capital programme in 2013/14	-1.355
Balance	**0.000**

3.28 The table above includes the following commitments : -

- The budget proposals included in appendix 4 require one off resources of £1.152m because the lead-in times, primarily due to consultation requirements, mean that not all the proposed savings for 2013/14 can be delivered from 1 April 2013. This includes £0.5m to address the lead in time for the voluntary severance scheme.

- The voluntary severance scheme will support the reshaping and redesign of services as described in paragraph 3.54 and requires one off funding. It is therefore proposed to increase the resources in the restructure and redundancy reserve by £1.2m.

- £0.5m for the Wide Area Network as agreed at Policy & Resources in November 2012.

- The introduction of automatic enrolment of staff into the pension scheme will potentially increase the employers' contributions. It is planned to cover the extra cost in 2013/14 with one off resources and then manage any ongoing increase from 2014/15 alongside the outcome of the pension fund triennial review which is due in December 2013.

- The budget includes substantial savings from the Value for Money (VFM) programme. Delivery of these savings requires continued investment in the modernisation of council services through effective project management, business analysis and other expert support to secure their full financial benefits.

3.29 The allocations for 2013/14 are proposed for the following reasons:

- £5.270m to cover the short term reduction in 2013/14 of resources generated through the Business Rates Retention scheme. These resources are required on a one off basis as the council is making full provision for the estimated future successful rating appeals in 2013/14.
- £0.025m to provide Pride with the lead-in time necessary to develop a new financially sustainable business model.
- £0.125m to support verge parking restriction pilot schemes.
- £0.150m to support the one-off costs of the Major Examination in Public of the Local Development Framework.
- £0.300m to provide additional support to financial advice providers across the city who are managing increased demand due to welfare reform changes whilst managing reductions in government support.
- £0.100m to provide additional one off resources for the council tax reduction discretionary fund. This is in addition to the £0.200m recurrent funding shown in paragraph 3.37.
- £1.000m to support the modernisation of ICT across the authority in line with the ICT investment strategy. These revenue funds are required alongside the planned increased investment over the next 3 years in the capital programme.
- £0.100m for the Roadwork Permit Scheme agreed at Policy and Resources in January 2013.
- £1.355m to support the capital investment programme.

Expenditure Estimates

Latest position in 2012/13

3.30 Month 9 Targeted Budget Management (TBM) report elsewhere on the agenda shows a projected under-spending of £4.213m on council controlled budgets and an estimated £0.3m share of the projected under-spending of NHS controlled s75 services. The overall underspend is a significant improvement since month 7 was presented to Policy and Resources. This is mainly driven by improvements to the spending forecasts for children services and adults social care.

2012/13 Adjusted Base Budget

Internal Transfers and Other Adjustments

3.31 Internal transfers relate to changes in responsibility between services and corporate budgets and in 2012/13 the main transfers consist of realignment of responsibilities within children's services, adult social services and the transfer of the strategic leadership board costs to service areas reflecting the council's new management structure.

2013/14 Budget

Analysis of Budget Changes between 2012/13 and 2013/14

3.32 The following table shows how the budget has changed since 2012/13.

Table 5: Analysis of budget changes	**£ million**
Revised 2012/13 base budget	**222.9**
Function and funding changes	12.0
Adjusted 2012/13 base budget	**234.9**
Pay and Inflation	4.5
Risk provision	1.5
Commitments & Reinvestment	3.4
Demographic and cost service pressures	7.8
Full year effect of 2012/13 savings	-1.0
Savings package 2013/14 (Full year effect £17.2m)	-15.8
Change in use of reserves	-7.2
Proposed Budget 2013/14	**228.1**

3.33 Appendix 1 shows a detailed breakdown of the proposed budgets and budget changes for each service.

Pay and general inflation assumptions

3.34 The budget for 2013/14 assumes a 1% pay award. A further provision of £1.6m for pay related matters is held in contingency. In addition £0.8m one off resources have been set aside for the potential increase in employer pension contributions as a result of the implementation of new legislation for auto enrolment of employees to the pension scheme and the new right for casual staff to join the pension scheme.

3.35 The provision for general inflation for both income and expenditure is 2% per annum. In some areas of expenditure for example electricity and gas, the council will see greater increases, similarly certain income budgets cannot sustain standard inflation increases and therefore service pressure funding has been allocated to ensure budgets are sustainable.

Risk Provisions included in the 2013/14 budget

3.36 £1.5m recurrent risk provision has been set aside in contingency. This is an increase of £0.5m compared with the November budget report and is in response to significant uncertainty about Business Rate Retention forecasts.

Commitments and Reinvestment

3.37 Details of the commitments and reinvestment in services in addition to the one off allocations from reserves of £0.880m are shown below.

- £0.030m recurrent contribution to the Local Enterprise Partnership (LEP).
- £0.200m recurrently for the Council Tax Reduction scheme discretionary fund.
- £0.250m recurrently for Section 13A Council Tax discretionary discounts as part of the new discounts and exemptions for 2013/14 onwards.
- £0.200m recurrently to support council tax debt collection.
- £0.300m one off resources to augment discretionary funds such as the Discretionary Housing Payments and the proposed Local Discretionary Social Fund and Children's Services Section 17 budget to moderate the initial impact of welfare reforms (funded from CLG Council Tax Reduction Transitional Grant).

Investment in Preventative Services

3.38 Investment in preventative services has been protected as far as possible recognising that to withdraw investment is likely to lead to greater medium and longer term costs. This includes no reductions in support for carers; no changes to eligibility criteria across social care; minimal reductions in spend from the preventing homelessness grant; and carefully managed efficiency savings across other areas including Supporting People, and Children's and Adults Social Care (via the VFM programmes). The investment in support for the Stronger Families, Stronger Communities initiative and opportunities to develop closer working with Public Health services will also support innovation across preventative services.

3.39 As set out earlier in this report, the council has seen a net reduction in funding for the Early Intervention Grant of £2.7m. However only £0.8m of savings have been proposed from this area. This means that additional savings of £1.9m have been found from across the council in order to provide this very substantial level of protection.

3.40 Additional funding from the Department of Health for Adult Social Care has been used partly to protect existing eligibility criteria which otherwise might have had to change. A further £0.75m will be subject to joint plans with Health to ensure ongoing joined up investment in preventative services that will secure long term financial benefits to the council.

Service Pressures

3.41 The budget estimates for priority service pressures have been reviewed since November and the proposed allocations for demographic growth and other service pressures are £7.8m. The most substantial change relates to a £2.7m reduction in funding from Early Intervention Grant. The current trends on the council's corporate critical budgets have been taken into account in determining levels of service pressure funding. The detailed allocation of Service Pressures funding is set out in the Budget Strategy appendix 3.

Budget Principles and Priorities

3.42 The budget principles applied to the budget strategy for 2013/14 have been designed to support the council's Corporate Plan priorities as far as possible within resource constraints, including:

- to prioritise services and resources, through service pressure funding, for the young, elderly and vulnerable to continue to tackle inequality;
- to provide resources to enable a fair and low income council tax reduction scheme that has taken full account of equalities considerations alongside resources to support financial inclusion, discretionary funds and a Local Discretionary Social Fund;
- to promote efficient use of public money and sustainable use of resources through support for key programmes e.g. Value for Money projects;
- to continue to support partnership working with public, private and third sector organisations to ensure effective engagement of people and partnerships across the city.

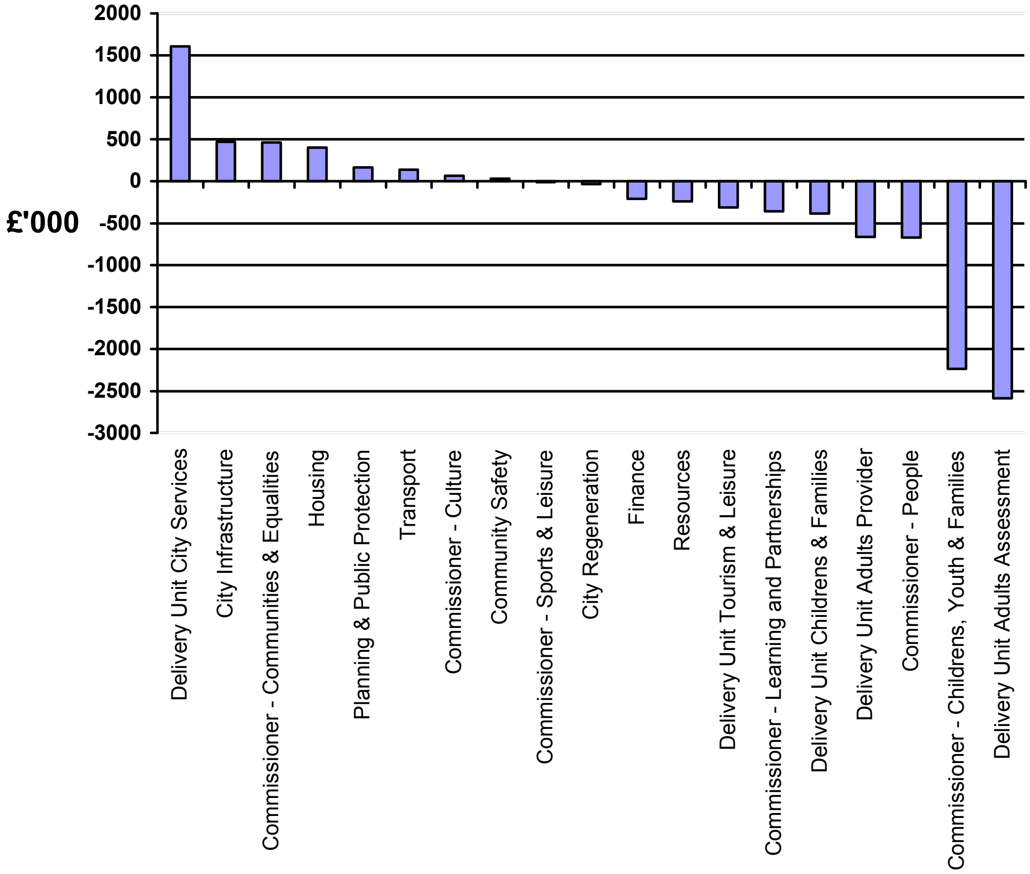
3.43 The budget report for 2012/13 included proposed savings for 2013/14 and these provided a clear starting point for the development of the overall budget package. These savings have been reviewed and revised where appropriate and relevant consultation on planned service changes undertaken. The savings proposals are included at appendix 4.

Saving Proposals and Budget reductions

3.44 Revisions to the budget assumptions have resulted in changes to the savings targets for 2013/14. The 2013/14 target has moved from £19.85m reported to November Policy & Resources to £17.17m. A summary of the changes made to the budget proposals since November is given in appendix 2. In November £1.9m of that original target was still to be identified.

3.45 The Budget Strategies and Savings proposals for each main budget area are included in appendix 4. The chart below shows the cash change in each service area excluding one off allocations between 2012/13 and 2013/14 based on the proposals set out in this report. The increase in the Delivery Unit City Services includes the transfer of the Local Discretionary Social Fund and various changes to other discretionary funds. The reductions in Children's and Adults services broadly reflect the current underspends at TBM 9. There have been a number of changes to the savings proposals published in November. These are set out in appendix 2.

£'000 Change in Budget 2012/13 to 2013/14



Value for Money

3.46 The council's Value for Money approach has successfully promoted and embedded a value for money culture across all services and has delivered very substantial financial gains as well as non-financial benefits. The approach includes significant modernisation programmes affecting almost every area of the council and ranging from service transformation in social care services to efficiencies across ICT to reductions in management and administration costs.

3.47 In the current financial year the VFM Programme is expected to achieve approx £10.003m against an original target of £6.933m. Children's Services are expected to exceed their target by over £3.300m due to their approach on focussing on prevention and strengthening processes. Adult Services have also exceeded their target through continued focus on reablement and personalisation. For the 4-year period including 2013/14, the VFM Programme is set to exceed the original annual savings target of £27.989m by £2.462m and will have achieved total cumulative cash savings of £56.954m. This includes VFM savings of £10.815m planned for 2013/14. More information about the VFM Programme is provided in Appendix 3.

Scrutiny

3.48 The Overview and Scrutiny Commission (OSC) and individual scrutiny panels reviewed the proposals contained in the 29 November 2012 Policy & Resources Committee report. There was participation and detailed feedback from the Community & Voluntary Sector Forum (CVSF) as part of this process. In addition this year, representation from the business community was invited and a member of the Chamber of Commerce attended the panel meetings.

3.49 The OSC meeting on 28 January 2012 received a report on the findings of the scrutiny panels, including a statement from the CVSF which was appended to the report. The minutes of the OSC meeting are included at appendix 14. The scrutiny report outlined some of the themes and issues that emerged from the discussions including:

- Continued support for the early publication of the budget proposals and the greater opportunities this provided to review and discuss proposals.
- A common view that the budget setting process and the scrutiny process itself need to be reconsidered in the light of challenging future financial projections. In particular, understanding the totality of the budget and focusing on the comparative costs of services, rather than purely reviewing areas highlighted for investment or saving, is seen as increasingly important to the process.
- General support for programmes such as Value for Money (VFM), for example the Workstyles VFM Programme, and recognition of the significant and vital savings these programmes can deliver.
- Some concerns about Central Support Services, in particular getting the balance right to ensure they are not reduced to the point where they cannot help the organisation to deliver greater savings elsewhere e.g. through VFM programmes.
- Agreement that new ways of delivering services need to be explored more widely.
- A desire to understand the details of the Dedicated Schools Grant and the impact of proposals on Schools. Similarly, the Schools Forum meeting on 28 January 2013 were given information on the potential implications of the council's General Fund proposals for them.
- Approval of the inclusion of Equality Impact Assessment (EIA) screening documents which were considered to have improved on previous years and were seen as a positive and useful process. However, the level of detail in EIAs was considered variable and could be improved upon further in some areas.

3.50 In response to these findings the OSC report makes a number of recommendations which are addressed in appendix 14. The Committee is asked to agree the proposed responses to the scrutiny recommendations.

Staffing Implications

3.51 The staffing budget for 2013/14 includes funding for a £7.45 per hour living wage, the implementation of which was approved by Policy & Resources Committee on the 29 November 2012.

3.52 It is estimated that in 2013/14 an estimated 50 posts may be removed from the council's staffing structure as a result of the savings proposals set out in appendix 4 and a further 110 full time equivalent posts though the voluntary severance scheme. However actual numbers will be dependent on the detailed options proposed and on the results of formal consultation where required. Some of these are already vacant and some will become vacant through normal turnover. Based on previous years' experience this is likely to account for at least half of the posts lost. As in previous years it is planned to minimise the number of staff at risk of redundancy through:

- 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;
- Minimise the use of interim or consultant appointments;
- Limiting the use of temporary or agency resources.

3.53 These measures will continue as we work with trades unions and colleagues on the detailed staffing implications.

3.54 With regard to the Voluntary Severance Scheme, the positives and learning points from the previous scheme have been reviewed to help define the scope and management of the new scheme. The focus of the scheme is on helping to accelerate and improve value for money across services through reshaping and redesigning services. The level of applications received for VSS are broadly in line with the numbers required to deliver the savings, after adjusting for anticipated withdrawal rates (based on previous experience) and the estimated proportion of applications which are likely to be rejected on service or financial grounds and those where only partial savings may be achievable.

Annual Minimum Revenue Provision (MRP) Statement and Prudential Indicators

3.55 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 2013/14 is set out in appendix 9.

3.56 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 10. 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.

Corporate Budgets

3.57 The council budget contains a number of corporate budgets that are monitored and controlled centrally. Details of the main corporate budgets – concessionary fares, insurance, financing costs and contingency are set out in the following sections.

Concessionary Fares

3.58 The overall budget for reimbursing local bus operators for the cost of free travel for pensioners and the disabled is forecast to increase by 4.6% to £10.1m next year. The main reasons for the increase are: a) an increase of 2.9% in line with the retail price inflation index excluding mortgage payments on the fixed deals with Brighton & Hove Bus Company and Stagecoach South; and b) an increase of just over 2% due to new operators taking over subsidised routes previously covered under the fixed deal and changes to the commercial bus network by Metrobus which has increased the forecast number of concessionary trips based on the travel patterns experienced so far this year.

3.59 These cost increases have been partly offset by savings of £0.021m in the administration costs of operating the scheme following a contract retendering exercise carried out at the end of 2012. Analysis in the current year also shows that the fixed deals have generated significant savings for the council compared with the costs that would have been incurred had the council adopted the Department of Transport model for reimbursing bus operators for free travel.

Insurance

3.60 The insurance budget of £3.2m for 2013/14 has decreased by 6.8% and 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 currently retendering the bulk of its insurance cover and expects to make £0.3m savings in the forecast cost of the premia although this will remain uncertain until the exercise is completed in March.

3.61 Through the retendering process officers have reviewed and tested the value for money offered by different types of insurance and the extent of existing cover and are analysing the responses from tenderers. However, there is limited scope for further changes because most areas have been reviewed before and there are very few new developments in the local authority insurance market. 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.

Financing Costs

3.62 The financing costs budget reflects the cost of financing the council's capital investment plans. The council has a fully funded capital programme in 2013/14 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.

3.63 The financing costs budget for 2013/14 is estimated to be £9.7m, an increase of 9.7% on the current year. This is largely due to 3 changes: a) a transfer of £0.3m from contingency to cover the council's share of the financing costs of The Keep, the new historic records office due to open in the summer; b) as reported during the year in the budget monitoring to Policy & Resources Committee, the under spend on the 2011/12 HRA capital programme caused the anticipated saving in the level of financing costs falling on the General Fund to reduce from £0.4m to £0.1m when the new national Housing Finance system was introduced on 1 April 2012; and c) provision of £0.25m has now been made for a permanent reduction in investment interest as it is now forecast that the historically low investment rates will exist for the foreseeable future.

Contingency

3.64 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 2013/14 is £5.98m as detailed in table 6.

Table 6: Contingency	**£ million**
Corporate risk provision	1.50
Risk provision for pay related matters	1.60
Modernisation fund to support the VFM programme	1.07
One off funding for additional costs in 2013/14 of auto enrolment into the pension scheme	0.80
Brighton & Hove share of the increased cost of the historic records service	0.12
One off resources to augment the Welfare Reform related Discretionary Funds	0.30
Council tax reduction grant for Parish/Garden Committees	0.01
New burdens funding where impact on service needs to be assessed	0.21
Resources to cover the impact of awaited government announcements	0.10
Service Pressure funding for electricity and gas	0.27
Total Contingency	**5.98**

Change in use of reserves

3.65 The budget strategy for 2013/14 draws on reserves to provide a provision for rating appeals; temporary funding to cover the part year effect of the savings package; investment in the delivery of savings for future years, and the potential cost of auto enrolment into the pension scheme during 2013/14.

4. COUNCIL TAX

4.1 Decisions on the council tax reduction scheme and changes to council tax discounts and exemptions were agreed at the December meeting of Full Council. Those decisions were reflected in the council tax base for 2013/14 agreed by Policy & Resources in January which has been used to calculate the council tax for next year.

4.2 The proposed increase of 1.96% in the council tax results in a band D council tax for the city council element of the council tax of £1,287.00 an increase of £24.80 on this year which could be subject to minor variation depending on the final guidance from CLG on the maximum increase allowable before a referendum is triggered.

4.3 In order to propose an overall council tax for the city the council taxes of the precepting authorities need to be known. The Police and Crime Commissioner for Sussex has agreed a council tax freeze with the band D council tax remaining at £138.42 for 2013/14. East Sussex Fire Authority was due to set their 2013/14 Band D council tax on the 7 February 2013. The budget for Rottingdean Parish agreed on 7 January 2013 will result in a council tax increase of £5.58 at band D or 24% on their element of the council tax for residents of Rottingdean.

Council Tax Referendum

4.4 For the reasons set out in paragraph 3.23 a council tax referendum will be triggered if the council agrees a tax increase of more than 1.96% for next year after adjusting for changes in levies. This figure cannot be finalised until the council receives final guidance from CLG and formal notification of the Environment Agency levy.

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:-

- Any other grants that are announced before Budget Council such as Education Services Grant and the Small Business Rate Relief grant.
- The Education Capital grant allocations if announced, and any impact this has on the revenue budget.
- The Environment Agency Levy figure agreed for 2013/14.
- The agreed council tax set by East Sussex Fire Authority.
- 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 7 shows the revised resources and spending projections for 2013/14 to 2018/19. The financial projections show that savings of about £120m are forecast to be needed over the 6 year period.

5.2 All the projections are based on the best information currently available. However, in the current financial climate and with 2013/14 being the first year with the local resource review being implemented by the Government there are many uncertainties. The risk assessment set out in appendix 8 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 Policy & Resources Committee and the 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 Revenue Budget 2013/14 and the 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 2013/14, current expenditure trends and service demands have been considered by the Directors and Corporate Management Team. The budget for 2013/14 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. Additional service pressure funding has been provided for potential rises in homelessness but this remains a key risk area.

6.4 The council has demonstrated its ability to deliver a very challenging savings programme in 2012/13. 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 over 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 £1.5m 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. This is £0.5m higher than originally proposed in November and than in 2012/13 and reflects the latest analysis of the business rates retention forecasts and the uncertainties inherent in the new system. Unlike last year there is however no one-off risk provision set aside. This is considered acceptable on the basis of the continued track record in managing within budget without recourse to all of the risk provisions in year and the greater recurrent risk provision.

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. There is undoubtedly greater financial risk in the new business rates retention system than in the previous funding model. Therefore there could be a case for increasing the level of working balance. However we are mindful of the need to keep reserves as low as possible and therefore for this first year it will remain at £9m and we will form a view for future years having seen the new system in operation.

6.8 All specific 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. A significant reduction in the Waste PFI reserve has been made in order to release essential one off resources for business rates refunds.

Assurance Statement of the Council's Section 151 Officer

6.9 In relation to the 2013/14 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 2012/13 also provides assurance. The council also has a good record of managing other potential financial risks that arise from time to time which provide assurance that it can proactively manage risks such as external legal challenges, capital cost variances and treasury management risks.

6.10 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. COMMUNITY ENGAGEMENT AND CONSULTATION

7.1 The results of the engagement and consultation exercises are shown in appendix 13. In addition further meetings were held with the Older People's Council, representatives of Business Ratepayers, the Community & Voluntary Sector Forum and the Schools Forum.

7.2 In addition to the formal consultation there have been a range of engagement events designed to facilitate understanding of the council's overall budget position and obtain general feedback on proposals. These included:

- The Schools Forum where discussions included how schools can contribute to the prevention agenda to help manage children's social care costs and questions about how the Voluntary Severance Scheme might have an impact on core services provided by the Council to schools and how this would be communicated.
- The Older People's Council where a range of technical questions about the council's funding position were explored, positive feedback given on the personalisation agenda actions to improve community resilience and questions raised about the quality and continuity of homecare provision.
- An event for Business Ratepayers representatives which provided the opportunity to explain in more detail how the new business rates retention system would operate and the policy and funding dilemmas this presented for the city. There was positive feedback on the additional funding for discretionary discounts for business ratepayers.
- Presentations on the overall budget and the scrutiny process to the Community & Voluntary Sector Forum with question and answer sessions to inform their formal consultation response to scrutiny.
- Budget roundtable meetings involving all political parties, the CVSF, the Chair of the Economic Partnership and Trades Unions.
- Departmental Consultative Groups (DCGs) which provided an opportunity for further consultation with Trades Unions.

7.3 The consultation and engagement activity influenced the original budget proposals published in November. Some of the changes proposed in this report and summarised in appendix 14 flow from further feedback since the proposals was published including from the scrutiny process. These include:

- Changes to parking charges as agreed by Transport Committee in January.
- Additional one-off and recurrent resources for the council tax reduction discretionary fund.
- Removal of the stretch staffing saving in Revenues and Benefits due to the need to sustain this service at a time of significant change from national reforms.
- Removal of the saving from cricket subsidies.
- Funding to support the Coast 2 Capital Local Economic Partnership (LEP).

- Further investment in preventative services across Adult Social Care and Health.
- Protection of Early Intervention Grant funded services despite a further loss in government grant.

8. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

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

Finance Officer Consulted: Mark Ireland *Date: 6 February 2013*

Legal Implications:

8.2 One of the roles of Policy & Resources Committee is to formulate budget proposals for adoption by the council. Power to adopt the budget is vested in Full Council alone.

8.3 For these purposes, the "budget" includes the allocation of financial resources to different services and projects, proposed contingency funds, and setting the council tax.

Lawyer Consulted: Oliver Dixon *Date: 6 February 2013*

Equalities Implications:

8.4 The process for assessing the equalities implications of the budget changes for 2013/14 and an assessment of the cumulative impact is shown in appendix 11. All screening documents are available on line and in the Members rooms.

Sustainability Implications:

8.5 A carbon budget has been set for 2013/14. This shows the level of spend on energy and the estimated carbon emissions across each service area and includes a planned 4% reduction. This modest target will be challenging to meet on the basis of the current approach to carbon management.

8.6 Carbon budgets provide the organisation with a layer of accountability for reducing carbon emissions from our buildings, street lights, fleet and the way we travel for work. They were first introduced in 2012/13 and supported by actions plans that set out how carbon budgets are to be achieved. The council spends around £9m each year heating and lighting its buildings, lighting our neighbourhoods and travelling around the city to deliver services to residents. With rising energy and fuel prices and annual Carbon Reduction Commitment allowance purchasing the business case for reducing carbon emissions is clear. The impact of 37,000 tonnes of carbon dioxide released into the atmosphere each year contributes to our changing climate, which is widely recognised as the major environmental problem facing our planet.

8.7 To make significant savings in carbon emissions a different approach is required and the One Planet Zero Carbon approach provides a fresh focus to carbon management. The 2013/14 carbon budget has an additional feature following the first carbon budget set for 2012/13. 10 buildings from across the council portfolio have been prioritised to each reduce their emissions by 4% over the next year, this will allow for real focus on the opportunities for reducing emissions. £60,000 has been allocated during 2012/13 for undertaking detailed energy surveys in our buildings and this will be the initial starting point for understanding what we can achieve. In addition there will be long term investment in more energy efficient street lighting funded from Local Transport Plan resources. There will 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 retained buildings.

8.8 The Council's 2011/12 Carbon Reduction Commitment footprint accounted for 23,727 tonnes of CO^2 from council buildings for which the council purchased £0.284m worth of CRC allowances at £12 per tonne.

8.9 The Council's carbon budget update is detailed in appendix 12 which profiles spending and CO^2 carbon footprint for 2011/12 across the council. The projected carbon budget for 2012/13 and 2013/14 are also reported within appendix 12. Performance against the 2012/13 carbon budget will be calculated in July 2013.

Crime & Disorder Implications:

8.10 The budget proposals are not expected to have significant adverse consequences on crime and disorder. The council will need to work with the newly elected Police and Crime Commissioner to ensure funds continue to be invested appropriately across the city.

Risk and Opportunity Management Implications:

8.11 A risk matrix is included at appendix 8. There is further information on the robustness of estimates and adequacy of reserves at paragraphs 6.2 and 6.6.

Public Health Implications:

8.12 From 1 April 2013, public health functions are due to transfer to local authorities. This is set out in paragraph 3.13. There will be significant future opportunities to develop services and potentially deliver savings through the integration of this budget into the overall budget for the council.

Corporate / Citywide Implications:

8.13 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 28 February. Budget Council has the opportunity to debate both the proposals recommended by Policy & Resources Committee 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 25th February.

10. REASONS FOR REPORT RECOMMENDATIONS:

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

SUPPORTING DOCUMENTATION

Appendices:

1. Movements in Block Allocations 2012/13 to 2013/14

2. Changes in the budget projections since the 29th November 2012 budget report to Policy & Resources Committee

3. General Fund Budget Strategy

4. Budget Strategy for each main budget area and detailed savings proposals 2013/14

5. Summary of special and specific grant allocations for 2012/13 and 2013/14

6. Review of the Council's reserves including the planned use of reserves

7. Summary of the Medium Term Financial Strategy 2013/14 to 2018/19

8. Assessment of Risks

9. Minimum Revenue Provisions statements

10. Prudential Indicators 2013/14 to 2015/16

11. Equalities Impact Assessment – Cumulative impact

12. Carbon Budget for 2013/14

13. Summary report Budget Consultation

14 Minutes of the Overview and Scrutiny Committee and the recommended response

Documents in Members' Rooms

1. Equality Impact Assessments

Background Documents

1. Budget files held within Financial Services and Strategic Finance.

2. Consultation papers

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

Appendix 1

	2012/13 Revised Base £'000	***Changes in function / funding £'000***	***Internal Transfers £'000***	***Reverse one-off allocations £'000***	***2012/13 Adjusted Base £'000***	***FYE of 2012/13 Savings***	***Inflation £'000***	***Service Pressures***	***Commitments and reinvestment £'000***	***VFM & Other Savings £'000***	***2013/14 Original Budget £'000***	***Increase over adjusted base £'000***	***Increase over adjusted base %***
Commissioner - Childrens, Youth & Families	22,324	0	-708		21,616	0	419	0	6	-2,660	19,381	-2,235	-10.3
Commissioner - Learning and Partnerships	5,096	0	-286		4,810	0	69	0	5	-431	4,453	-357	-7.4
Delivery Unit Childrens & Families	34,777	0	634		35,411	0	456	500	-500	-841	35,026	-385	-1.1
Commissioner - People	1,764	0	-117		1,647	-50	71	0	-444	-250	974	-673	-40.9
Delivery Unit Adults Assessment	63,760	0	-914		62,846	-137	1,175	942	19	-4,584	60,261	-2,585	-4.1
Delivery Unit Adults Provider	13,339	0	1,031		14,370	-104	95	58	27	-740	13,706	-664	-4.6
Commissioner - Communities & Equalities	2,974	0	-74		2,900	0	56	0	458	-52	3,362	462	15.9
Transport	-4,583	0	-50	-29	-4,662	-47	-141	390	235	-300	-4,525	137	-2.9
City Infrastructure	28,790	0	0	-25	28,765	-51	443	140	21	-85	29,233	468	1.6
Planning & Public Protection	4,334	0	0	-100	4,234	-57	20	70	165	-35	4,397	163	3.8
City Regeneration	754	0	10		764	-70	7	0	30	0	731	-33	-4.3
Housing	15,820	0	177		15,997	0	251	1,050	11	-913	16,396	399	2.5
Community Safety	2,132	0	-535		1,597	0	27	0	4	0	1,628	31	1.9
Commissioner - Sports & Leisure	1,157	0	0		1,157	0	21	0	0	-30	1,148	-9	-0.8
Commissioner - Culture	1,892	0	-10		1,882	0	33	30	26	-25	1,946	64	3.4
Delivery Unit Tourism & Leisure	3,085	0	50		3,135	-118	-16	0	22	-200	2,823	-312	-10.0
Resources	18,806	0	70	-135	18,741	-195	221	860	71	-1,198	18,500	-241	-1.3
Delivery Unit City Services	12,261	0	-131	-22	12,108	0	132	45	1,764	-333	13,716	1,608	13.3
Finance	5,147	0	79		5,226	0	51	50	11	-321	5,017	-209	-4.0
Total Directorate Spending	**233,629**	**0**	**-774**	**-311**	**232,544**	**-829**	**3,390**	**4,135**	**1,931**	**-12,998**	**228,173**	**-4,371**	**-1.88**

	2012/13 Revised Base £'000	***Changes in function / funding £'000***	***Internal Transfers £'000***	***Reverse one-off allocations £'000***	***2012/13 Adjusted Base £'000***	***FYE of 2012/13 Savings***	***Inflation £'000***	***Service Pressures***	***Commitments and reinvestment £'000***	***VFM & Other Savings £'000***	***2013/14 Original Budget £'000***	***Increase over adjusted base £'000***	***Increase over adjusted base %***
Concessionary Fares	9,696	0	0		9,696		194	0	254	0	10,144	448	
Insurance	3,419	0	0		3,419		68	0	0	-300	3,187	-232	
Financing Costs	8,862	0	300		9,162		0		559	0	9,721	559	
Corporate VFM Savings	-531	0	236		-295	-175	-8	258	0	-2,500	-2,720	-2,425	
Contingency and Risk Provisions	4,599	0	-652	-1,950	1,997		897	270	2,819	0	5,983	3,986	
Unringfenced grants income	-30,444	11,965	769		-17,710			3,049	-817		-15,478	2,232	
Levies to External Bodies	167	0	0		167		4		-11	0	160	-7	
Other Corporate Budgets	-2,253	0	121		-2,132		-67	100	172		-1,927	205	
NET REVENUE EXPENDITURE	**227,144**	**11,965**	**0**	**-2,261**	**236,848**	**-1,004**	**4,478**	**7,812**	**4,907**	**-15,798**	**237,243**	**395**	
Contributions to/ from(-) reserves	-4,190	0	0	2,261	-1,929	1,035			-7,058	-1,152	-9,104	-7,175	
BUDGET REQUIREMENT	**222,954**	**11,965**	**0**	**0**	**234,919**	**31**	**4,478**	**7,812**	**-2,151**	**-16,950**	**228,139**	**-6,780**	
Funded by													
Formula Grant/Revenue Support Grant	104,372	18,491			122,863						77,652	-45,211	
Business Rates Local Share	0	12,302			12,302						42,234	29,933	
Top Up Grant	0	0			0						1,581	1,581	
Safety Net Grant	0	0			0						3,970	3,970	
Collection Fund surplus/(deficit)	-851	0			-851						0	851	
Council Tax	119,433	-18,828			100,605						102,702	2,097	
Total	**222,954**	**11,965**			**234,919**						**228,139**	-6,780	

Appendix 2

Changes to the budget savings gap since November 2012 Policy & Resources Committee

	£'000
Budget gap reported to November Policy & Resources	1,910
Savings adjusted (full year effect)	
• Reduction in the savings in the Benefits Service of Delivery Unit City Services by £0.15m to support resilience in this service area during a period of substantial change as part of Welfare Reforms	150
• Remove of the saving in the Revenues Service to increase Business Rates Collection as this increase is now reflected in the Business Rates Retention estimates.	200
• Remove the saving from the Waste PFI and in its place reduce the Waste PFI reserve by £5.9m to support one off resource requirements in 2013/14.	350
• Reduce the savings from insurance retendering from £0.35m to £0.30m to reflect the latest estimates.	50
• Remove the saving for concessionary as a result of the latest estimates for 2013/14 however this budget included a planned increase to reflect the increasing cost of the service.	150
• Remove the saving in the communications budget due to underlying budget pressures in the service	26
• Remove the saving in ICT for desktop renewal due to need for additional investment	12
• Reduce the home to school transport saving from £0.40m to £0.35m to ensure sufficient flexibility to deal with outcomes of school place allocations	50
• Remove proposed saving for Extended Schools – Start up following feedback	20
• Remove saving from fees and charges increases for cricket facilities following feedback	8
• Reduce full year effect saving for in house provider services in Adult social Care from £1.0m to £0.5m as this requires further lead in time than had been allowed	500
New savings	
Parking enforcement contract saving increase from £0.04m to £0.40m due to more up to date tender information now being available	-360
Youth Employability Service – funding switch to Dedicated Schools Grant	-164
Other Changes	
Increase in service pressure allocations as detailed in appendix 3 excluding the loss of EIG already known in November	742
Increase in financing costs budget reflecting ongoing low interest rates	250
Increased loss of EIG and minor changes to other grants following the Local Government Finance (LGF) Settlement compared to the estimates made in November	363
Net additional health funding for adult social care	-522
Increase permanent Council Tax Reduction discretionary fund	100
Council Tax S13A discretionary funds as set out at P&R in January	250
Increased risk provision	500
Other including changes in levies and special expenses	-11
Increase in income from change in council tax base as set out at P&R in January	-274
Changes in assumed levels of grant following the LGF Settlement and long term forecasts of retained local business rates including increased contributions from reserves to cover the one-off provision for business rates refunds not met by safety net grant.	-4,300
Total	**0**

Appendix 3 – General Fund Budget Strategy

Strategic Financial Context

- There are major changes to the functions and funding of local authorities as detailed in the July and November 2012 revenue budget updates and reports to Policy & Resources Committee. These, alongside reduced central government support, will result in substantial changes to the General Fund budget and revenue resources. The main changes are:

    - Change from formula grant funding to a Business Rate Retention model supported by a new Revenue Support Grant which will reflect reducing central government spending totals;

    - The ending of Council Tax Benefits alongside the localisation of a Council Tax Reduction Scheme and an associated 10% reduction in resources;

    - Major resource changes from top-slicing national resources for the New Homes Bonus, Early Intervention Grant and Education Services Grant (ESG);

    - Impact of changes in functions of local authorities including the transfer of Public Health, the introduction of Police & Crime Commissioners and new responsibilities for a Local Discretionary Social Fund.

Budget Principles and Priorities

- The budget principles applied to the budget strategy for 2013/14 have been designed to support the council's Corporate Plan priorities as far as possible within resource constraints, including:

    - to prioritise services and resources, through service pressure funding and investment in prevention, for the young, elderly and vulnerable to continue to tackle inequality;

    - to provide resources to enable a fair and means tested council tax reduction scheme that has taken full account of equalities considerations alongside resources to support financial inclusion and a number of discretionary funds

    - to promote efficient use of public money and sustainable use of resources through support for key programmes e.g. Value for Money projects;

    - to continue to support partnership working with public, private and third sector organisations to ensure effective engagement of people and partnerships across the city.

- The budget report for 2012/13 included proposed savings for 2013/14 and these provided a clear starting point for the development of the overall budget package. These savings have been reviewed and revised where appropriate and relevant consultation on planned service changes undertaken.

- In July, Policy & Resources Committee agreed to task officers with identifying 10% savings options for the 2014/15 budget. At that time the required level of savings was estimated at 6% and therefore 10% proposals would provide a range of options to ensure effective choice and prioritisation based on the following themes: -

    - the continuation and expansion of the council's Value for Money programme;

    - the implementation of the council's agreed City Commissioning Plan.

- However the significant changes to the expected resource position for 2013/14 has meant emerging savings proposal for 2014/15 have been reviewed to see what can be fast-tracked and implemented in 2013/14 to support the overall budget position. Savings proposals for 2014/15 budget will now come forward to this committee during 2013. However, a detailed Medium Term Financial Strategy has been developed which sets out the council's direction of travel over several years.

Commissioning approach

- As mentioned above, 2013/14 proposals developed last year were expected to substantially meet the savings requirement for the year. The recently changed financial reality means that further savings need to be found quickly and without the appropriate lead-in time needed for many commissioning changes. However, a commissioning approach has been adopted where appropriate, particularly across social care and housing areas and four cross-cutting areas for commissioning focus have been identified. These areas are expected to provide the most significant financial and non-financial benefits in support of Corporate Plan priorities. The focus is on 4 city wide strategic issues and prioritised areas that can contribute to the council's ongoing budget position.

<u>Priority Commissioning Area – Supported Living and Extra Care Housing</u>

- Brighton & Hove has an increasing population of over 85's which will continue to place considerable strain on BHCC resources. Although we have a relatively young population in the city our demographics show our over-85 population is on the increase, which means there is greater demand on social services, the NHS, and third sector as they help deal with the associated problems older people can face. We are also seeing a higher level of more complex cases.

- The recent published White Paper 'Caring for our future: reforming care and support' sets out the vision for a reformed care and support system; it also offered local authorities the opportunities to bid for additional DH funding. An Extra Care Steering Group is already working across ASC and Housing and has started the work required to successfully win current and future bidding processes. In addition to this, BHCC still needs to explore other opportunities that will ensure that resources are used in the best possible way to promote the personalisation agenda, VFM, better outcomes and a better experience of care and support.

- Brighton and Hove has more people in residential care than other comparable authorities and whilst we have developed other community options and numbers have been reduced, we continue to be top quartile in relation to numbers. Adult Social Care (ASC) has looked at local data and national benchmarking and the key findings are:
  - Admissions to permanent residential and nursing home care in the city have reached a plateau over the past 3 years;
  - Length of stay for older people appears to be around 21 months in a nursing home and 33 months in a residential home with a combined figure of 29 months. National research indicates the national average is around 24 to 28 months combined;
  - BHCC have a legacy of some people being placed over 10 years ago in a care home with more analysis being undertaken on this;
  - First quarter data 2012/13 indicates permanent admissions have again begun to fall;
  - Analysis of the most recent year's data indicates about 15% of people admitted that year died within the year.

- We need to continue to develop services to give older people greater choice other than residential care services. Therefore we have been developing extra care housing and other forms of supported accommodation for adults/older people to demonstrate our commitment to provide additional options in the city. There needs to be a focus on developing the units as defined in the strategy if we are to be successful in meeting the demands of the service. Thirty six units in 2013/14 would cost approx £620k increasing by a further 50 units for 2014/15 and 2015/16 and would save approx £850k per year.

- This rethink recognises the important role of older people's contribution to society which is a shift away from our traditional model of care of providing intensive homecare or residential care. Linking the extra care model with personalisation, the community asset agenda, allocations policies and housing strategy aims to:
  - Provide more affordable services
  - Improve value for money and achieve better outcomes
  - Integrate older people into our communities (social inclusion)

- Put people in charge of the services they use (personalisation)

- This links strongly to the BHCC Corporate Plan priorities of tackling inequality and creating a more sustainable city.

<u>Priority Commissioning Area - City Regulation & Infrastructure</u>

- BHCC has implemented a new structure for City Regulation & Infrastructure where the commissioning responsibilities will be developed in specific areas including Waste and Parks, Planning & Public Protection and Transport. The Transport portfolio encompasses strategies and major infrastructure projects, transport planning, public transport, road safety, parking and highway maintenance.

- This new approach, particularly across transport, will help us to revisit our contracts and give us the ability to share services, pool resources and work in partnership with adjacent local authorities including the SE7 group; a partnership of 7 local authorities that have committed to working together to improve the quality, achieve savings and generate more efficiency through our contracts, staffing and facilities.

- The revenue funding support for transport has not kept pace with the increase in capital funding and there is a large gap between the level of capital funding and the revenue resources available to deliver it ('capital rich and revenue poor'). Therefore the focus in this area is one of continued investment and maintaining or increasing current resourcing levels.

- Our current capital investment programme comprises:

  Local Transport Planning (LTP):

  - 2012/13 £6.5m
  - 2013/14 £6.3m
  - 2014/15 £7.5m

- Alongside the LTP the Transport Team have been successful in securing a further £9.5m Capital & Revenue Grant for specific projects including:

  - The Local Sustainable Transport Fund (LSTF) has a combined capital and revenue budget of £4.0m + £2.0m (matched funding)
  - Better Bus Area (BBA) has a budget of £3.5m.

- With the recently announced Devolved Local Transport Fund there is an opportunity for a further £7.0m per annum with the Local Enterprise Partnership from 2014/15 bid, the design process is currently being developed towards bidding for this additional funding.

- We are continuing to respond to economic development funding opportunities. A refresh of the Economic Development Strategy is underway and this will provide a framework for bidding and prioritising new investment with neighbouring authorities, the Coast to Coast LEP and also private sector partners.

- The council has approved a One Planet Living framework and has engaged the active participation of partners across the city to inform a sustainable action plan.

Priority Commissioning Area - Stronger Families, Stronger Communities – the Brighton and Hove ‘troubled families’ programme:

- Brighton and Hove is signed up to the government’s Troubled Families initiative which aims by the end of this Parliament to ‘turnaround’ the lives of the 120,000 families they estimate to be eligible for local programmes because they are involved in crime and anti-social behaviour, or have children not in school and have an adult on out of work benefits.

- We take a broader view. We are concerned with families facing multiple problems and we’ve agreed a 4th ‘local’ eligibility criteria for both families with children and households without dependant children. The programme is taking a twin track approach:
    - Promoting a whole family/multi-professional approach by establishing a new Integrated Team for Families, building on the successful Family Intervention Project and deploying the first tranche of the government’s payment by results funding
    - Producing a strategy for whole systems change, joined up services and financial savings across the council and partners.

- The programme supports:
    - the council’s corporate plan commitments to reduce inequalities and promote participation;
    - the city’s Sustainable Community Strategy priorities especially promoting enterprise and learning, reducing crime and improving safety, improving health and well being and strengthening communities and involving people.

- The programme will have identified and engaged with the full year-one cohort of 225 families by the end of January 2013, enabling a detailed family/household needs assessment to be completed. A local costing tool, based on accepted national models, is being developed to provide the data to estimate efficiency savings for 2014/15 for the council and partner agencies.

Priority Commissioning Area - Sports & Leisure

- With the overwhelming success of the London 2012 Olympic and Paralympics Games fresh in the minds and hearts of so many of our residents, there has never been a better time to focus on the impact of sports and participation. The profile and attractiveness of being involved in sports has been raised nationally in a way that has not been equalled in many of our lifetimes, and may never be again. In the history of the Paralympics movement, there has never been such a positive and widespread public engagement with the Games and in particular the individual stories of the competitors; a positive focus on the abilities of people with disabilities.

- Many of our sports, leisure and cultural providers are keen to build on this momentum and we will see a range of initiatives focussing on all levels of participation over the next 12-18 month period. Next year is set to be the year of youth activity. Brighton and Hove Albion will be launching an international Football World Cup for young people at the end of July 2013, with an ambition to become an annual event with equal participation of girls and boys teams. July will start with the international Dance World Championships coming to the city, an event of long standing attracting competitors from all over the world. Our own Take Part Festival takes place just before these two high profile events, creating an opportunity to focus on local participation as a lead into the two championships. BHCC will also be investing in and supporting the Rugby World Cup bid.

- In Brighton and Hove an estimated 43,632 adults are obese and 6,500 are morbidly obese. An estimated 14,000 children and young people aged 2-19 years are overweight or obese. This is predicted to increase to 16,400 by 2020. Excess weight is a major risk factor for diseases such as type 2 diabetes, cancer and heart disease. In addition, the prevalence of mental illness in Brighton and Hove is higher than the average for England for both common mental health problems, such as anxiety and depression and severe mental illness, such as schizophrenia or bi-polar disorder.

- There is a raft of actions and measures in place already to deliver results in these priority areas, from the close working with Freedom Leisure to ensure affordable and attractive opportunities that are extensively marketed, to the more targeted initiatives delivered by our own sports development staff. There are large scale and high profile initiatives such as the international events mentioned above which aim to have a cascading impact and there are schemes just to encourage more walking. The transfer of Public Health functions and responsibilities to the council and the oversight of the Health & Wellbeing Board will also strengthen our ability to design and commission more effective services to improve results in this area.

- We are already capitalising on our assets in an innovative and productive way, where we may not have cash budgets, we do have high land values for example. The development plan for the Circus Street site includes the delivery of a dance centre for the city, to be run by the National Dance Agency South East Dance, based here. The schedule for the development would see the centre up and running by 2015. Further opportunities will be explored in this area because of the potential impact on reducing medium to long term health and social care costs.

Value for Money (VFM) and Customer Access Programmes

VFM Overview

- The council's Value for Money approach has successfully promoted and embedded a value for money culture across all services and has delivered very substantial financial gains as well as non-financial benefits. The programme includes significant transformation programmes affecting almost every area of the council and ranging from service transformation in social care services to efficiencies across ICT to reductions in management and administration costs.

- These programmes are often 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. Previous revenue budgets have included one-off resources to ensure that VFM Programmes were effectively planned and supported. Additional resources of £1.2m 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 £10.003m against an original target of £6.933m. Children's Services are expected to exceed their target by over £3.3m due to their approach on focussing on prevention and strengthening processes. Adult Services have also exceeded their target through continued focus on re-ablement and personalisation. For the 4-year period including 2013/14, the VFM Programme is set to exceed the original annual savings target of £27.989m by £2.462m and will have achieved total cumulative cash savings of £56.954m. Further application of Business Process Improvement reviews (systems thinking) alongside continued developments to current programmes are expected to identify savings deliverable in 2014/15 and beyond.

- Investment in supporting resources for the VFM programme is critical for delivery of financial gains. Principally, investment is used to secure sufficient temporary project management, expert advice, business analysis or other skills to enable programmes to move forward at a fast pace. The programme is also supported by the Programme Management Office which holds a small pool of project management expertise which is efficiently managed and allocated to various related corporate priorities and VFM projects as the need arises.

- The investment includes £0.425m to support the associated Customer Access Programme – this supports project management, business analysts and Customer Experience Management (CEM) and Web development costs.

- There are related capital and revenue investments for the Workstyles VFM programme and the ICT Strategy, including investment in the 'Link' wide area Public Sector Network.

- The current VFM Programme includes the following priority areas:

VFM - 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.

VFM - 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 £4.7m compared with the originally anticipated financial gains since 2010/11.

- 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.

- The programme will now link in with the Stronger Families, Stronger Communities initiative to continue to apply a VFM approach across this new workstream.

VFM - 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 levering 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 of modern voice and wide area network services is the primary focus as these will enable the authority to achieve medium term savings across services and modernisation programmes (e.g. through Workstyles). Substantial capital investment is therefore required to support the ICT Strategy and enable future savings which has significant implications for the capital programme.

VFM - 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 2011. 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 has shown that there are complexities in identifying procurement savings that are driven by corporate activity versus those achieved directly by services. Procurement savings are therefore now fully retained by service areas to put forward as savings proposals and/or reinvest as appropriate. However, all procurement savings are still monitored centrally wherever possible.

- 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.

VFM – Workstyles, Customer Access and Business Process Improvement

These 3 programme areas have strong interdependencies and need to work together to deliver the maximum benefits for customers and value for money. Brief information is given below.

VFM – 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.

- Phase 3 options were considered by Policy & Resources Committee in October 2012 and put forward options primarily for Hove Town Hall and Kings House. These options are currently being worked up in more detail.

VFM - Business Process Improvement (BPI) Reviews:

- Business Process Improvement is based on 'systems thinking' which 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 demands'). 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 council has commissioned external experts to help it develop a methodology that can be applied to any service. This approach has been trialled in HR and Finance. Two temporary officers have been appointed and will help to roll-out the learning and methodology to priority areas; mainly those services affected by Workstyles and Customer Access initiatives.

- As with procurement, the savings that BPI reviews enable are not usually available corporately but will occur within services. In 2012/13 savings of £0.476m have been achieved across Revenues & Benefits, Libraries and Financial Services related to reviews in these areas.

VFM - Customer Access Programme

- 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 Customer Service Centre at Bartholomew Square is now well-established with its 'meet and greet' approach and is continuing to receive good feedback from customers.

- Work to embed the 'Customer Promise' has continued into a second phase, and continues to improve the customer experience and positively touch people in the city. Results from the Wave 2 City Tracker survey in 2012 confirm an increase in people that are satisfied with council services. A new website is planned for April 2013 so it can continue to meet customers' needs and encourages more use of quicker online transactions and services. It will be a more robust website so we can take advantage of digital technologies into the future.

- Following a telephony project, Teams that receive a high volume of telephone calls have made improvements to how they manage incoming calls, making it easier for customers.

- A second Customer Service Centre at Hove Town hall is planned for February 2013, building on the successful design of Bartholomew House. This year, we have become an Approved Centre of the Institute of Customer Service (ICS), which formally recognises how we raise customer service standards through the development of staff.

- The next phase of the Customer Access Programme will develop our digital access for customers and enable better ways of responding to customer enquiries using a Customer Experience Management (CEM) system. The implementation is being planned over two years alongside other modernisation projects. CEM is being implemented in Environment first and will be followed by other service areas. CEM will allow us to create a common customer experience for routine transactions to reduce the number of times a customer repeats information, and helps us share information between relevant services. For customers, we would like it to lead to a 'My Account' service and the creation of single points of contact. Initial plans include online appointments / bookings, and automated web forms, which will reduce the need to send in written information or call up services. This will help the council avoid duplication between services and more automation will result in quicker and more efficient transactions.

- The CEM project is proposed to run in conjunction with work to refine how we handle post and create more paperless systems and a re-design of Face to Face access to ensure that we find the best way for customers to liaise with officers in person, whether this is in community buildings, central offices, home visits or other outreach services.

<u>VFM – Corporate Landlord</u>

- The Corporate Landlord approach will bring the control and oversight of all council property and associated property and utility costs under the Property & Design service who will act as the Corporate Landlord. This will have positive value for money implications as the Corporate Landlord will be able to achieve procurement savings on maintenance, term, waste and security arrangements as well as being able to identify and release buildings that represent poor value for money (e.g. high maintenance and repair or leasing costs). Savings are linked to property changes under the Workstyles programme and are included under this heading.

<u>VFM - Client Transport:</u>

- This new programme in 2012/13 focuses on client transport for Children's and Adults services. Scheduling software is being trialled which is expected to rationalise the routing and make better use of transport fleet.

- Savings are expected in 2013/14 and beyond through better use of fleet, reducing taxi hire and minimising vehicle replacement.

VFM - 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.

- 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 £3.9m full-year savings have been achieved against a target of £4.0m, including the additional savings target of £0.450m added in 2012/13.

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

VFM Project	**2012/13 Savings target**	**2012/13 Forecast**	**2013/14 budget savings**	**Total Ongoing Savings since start of Programme**
	£m	**£m**	**£m**	**£m**
Adults Social Care	1.172	1.311	2.284	6.599
Children's Services	0.301	3.650	2.660	5.920
ICT	0.361	0.301	0.410	0.929
Procurement *	1.341	1.340	1.396	2.736
Procurement (2011/12)	0.355	0.104	0.000	0.538
Workstyles	0.270	0.270	0.440	0.810
Client Transport *	0.000	0.000	0.130	0.130
Management & Admin	2.633	2.551	0.175	3.868
Business Process Improvement *	0.500	0.476	0.320	0.796
Service Redesign **	-	-	3.000	3.000
Total VFM Projects	**6.933**	**10.003**	**10.815**	**25.326**

* Note: Savings relating to Procurement (from 2012/13), Business Process Improvement and Client Transport are retained within relevant service areas. These projects are therefore designed to 'enable' services to deliver their full savings proposals through the measures described elsewhere in the budget report.

** The 'Service Redesign' VfM programme will be backed by a proposed Voluntary Severance Scheme and associated resources as set out in the budget report.

- 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.

Fees and Charges approach and corporate policy

- Fees and charges budgets are assumed to increase by a standard inflation rate; 2% for 2013/14. 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, 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 service committee.
- Fees and charges are a very important source of income to the council and represent approximately 1/3rd of General Fund resources, enabling important services to be sustained and provided. A wide range of services are funded or part-funded from fees and charges and are included in the reports detailed below. Benchmarking with comparator authorities shows that Brighton & Hove recovers 13% of its entire gross expenditure through fees & charges which is ranked highest out of 14 'nearest neighbour' authorities. The budget strategy aims to ensure that income from fees & charges is sustained and appropriate new income generating opportunities are identified, ensuring that charges for discretionary services or trading accounts cover costs (e.g. building control and licensing), and ensuring that fees & charges keep pace with price inflation and/or competitor and comparator rates.
- Where appropriate, details of fees and charges changes for 2013/14 have been presented to the relevant service committee prior to Budget Council. In addition, an overarching review of fees and charges has been undertaken to ensure there is no disproportionate or cumulative equality impact of proposed changes to fees and charges on vulnerable, minority or other groups. Fees and charges reporting has been undertaken as follows:

Fees & Charges area	Meeting	Date
Private Sector Housing – HMO Licensing	Housing Committee - Licence valid for 5 years; no proposed changes to licence fees for 2013/14. Last increase April 2011 (Housing CMM 5Jan11)	18 Jan 2012 (no change to fees)
Royal Pavilion and Museums	Economic Development & Culture Committee	20 Sept 2012
Licensing and Enforcement	Licensing Committee	22 Nov 2012
Venues,	Economic Development & Culture Committee	10 Jan 2013
Libraries	Economic Development & Culture Committee	10 Jan 2013
Seafront and Outdoor Events	Economic Development & Culture Committee	10 Jan 2013
Children & Young People	Children and Young People Committee	13 Jan 2013
Parking Tariffs, and Highways	Transport Committee	15 Jan 2013
City Services	Policy & Resources Committee	24 Jan 2013
Adult Social Care Non-residential care services	Adult Care & Health Committee	28 Jan 2013
Environmental Health, Trading Standards, Planning and City Parks	Environment & Sustainability Committee	6 Feb 2013

Investing in Priorities - Service Pressure Funding

- The budget strategy provides for continued investment in areas that will:
    - support the achievement of Corporate Plan priorities, in particular tackling inequality through providing for vulnerable adults, children and young people;
    - enable further value for money and sustainability savings to be levered in through invest-to-save initiatives;
    - meet known demographic or other exceptional cost pressures to avoid severe impacts on front-line service budgets.

- The budget estimates for service pressures have been reviewed since November and the planned allocations for demographic growth and other service pressures is £7.8m. The current trends on the council's corporate critical budgets have been taken into account in determining the level of service pressures. The proposed allocation of Service Pressure investments to cover specific grant funding loss, demographic pressures and unavoidable cost pressures or income shortfalls is as follows:

Service Pressure Investment Area	**Amount (£m)**
Children's social care - to protect investment in preventative measures	0.500
Adult Social Care - particularly in relation to demographic pressures on Learning Disability transitions and Mental Health services	1.000
Homelessness - in relation to risks of increased numbers of acceptances and rising prices of accommodation	1.000
Replacement funding for the net loss of Early Intervention Grant	2.720
Cover for reductions in housing and council tax benefit admin grant	0.329
Cover for rising energy costs	0.270
Parking - to reflect fees and charges set by the Transport Committee	0.310
Funding for income shortfalls including recharges to schools, staff recharges to capital schemes, and licensing income and for unachievable inflationary increases on Penalty Charge Notice income	0.420
Funding for the Vehicle Replacement Programme in City Clean	0.070
Funding for the Wide Area Public Sector Network to lever in medium term savings in future as agreed by Policy & Resources Committee on 29 November 2012	0.250
Removal of centrally held VFM procurement saving where savings have already been reflected in service budgets	0.258
ICT - to meet the requirements of the Information Commissioner's Office and minimum ICT equipment replacement requirements	0.210
Support for corporate procurement and associated legal support as cost avoidance measures	0.150
Funding for the Carbon Reduction tariff set by government	0.100
Funding of income shortfalls in the commercial property portfolio	0.100
Travellers Service - to reflect increasing costs	0.050
Unavoidable Corporate Landlord costs resulting from service changes	0.045
Brighton Dome and Festival Ltd - to reflect the latest contractual agreement	0.030
Total Service Pressure Investments	**7.812**

Supporting Corporate Plan Priorities

- In developing proposals, services have considered Corporate Plan priorities and ensured that their budget strategies enable continued support for achievement of these priorities. The overall budget strategy also supports Corporate Plan priorities through service pressure investment, capital investments and decisions on savings proposals. The current Corporate Plan priorities are:

    - **Tackling inequality**
    - **Creating a more sustainable city**
    - **Engaging people who live and work in the city**
    - **Modernising the Council** *(The Corporate Plan will revised and considered by Council in March and the previous two internally focussed priorities will be recommended to be replaced with this single objective)*

- The budget strategies of the main service areas at appendix 4 will set out how the priorities are supported and the related investments, developments, improvements and proposals that impact on achievement of the priorities, including draft Corporate Plan commitments for 2013/14. These commitments include a number of cross-cutting themes that all services will contribute to in helping to meet Corporate Plan priorities. These include:

    - Redesigning services to deliver 3% productivity gains and realising associated savings through the Voluntary Severance Scheme.

    - Implementing the council's actions from the agreed sustainability action plan across all service areas to meet One Planet Living aspirations for the city.

    - Working with city partners to complete a refresh of the Sustainable Community Strategy.

    - Making it easier for customers to give and receive information to the council, whether in person, by phone, letter or e-mail, through ICT investment which will reduce duplication and costs.

    - Supporting delivery of the council's Value for Money programme to make savings of £10.815m million this year from a total budget of approximately £400m.

- Other elements of the budget strategy in support of the above priorities are set out below.

- **Prioritised investment:** the Budget Challenge process provided high level comparative cost and performance information for members to review against the context of proposed savings. A number of services were shown to be high cost but often this reflects previous decisions to protect investment in these areas, particularly with regard to social care services and housing.

  All services demonstrated a strong understanding of their current value for money and their unit costs and the information has been used by services to help identify areas where further efficiencies may be possible and where costs need to be challenged.

- **Income generation** is a key element of the budget strategy and is increasingly important for protecting investment in essential services. Areas that have developed proposals for generating more income include:

  - Tourism & Leisure
  - Life Events
  - Corporate Services
  - Housing Strategy

- **Partnership working** with the community and voluntary sector remains central to the council's approach to commissioning of 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. The close working with SE7 authorities will continue and will look to maximise opportunities for sharing or reducing costs and jointly developing innovative solutions to improve services, reduce costs or resolve common problems.

APPENDIX 4

Service Budget Strategies 2013/14

2013/14 Savings Proposals - Overall Summary

	Net Budget £'000	Commissioning £'000	VFM Programme £'000	Other Efficiency Gains £'000	Fees & Charges £'000	Investments / Service pressures £'000	Net Change £'000	Net Change %
2013/14 Savings Proposals	245,229	-3,723	-5,924	-5,867	-284	7,812	-7,986	-3
2013/14 Full year Effect	245,229	-4,098	-6,024	-6,544	-284	7,812	-9,138	-4

2013/14 Proposals	Net Budget £'000	Commissioning £'000	VFM Programme £'000	Other Efficiency Gains £'000	Fees & Charges £'000	Investments / Service pressures £'000	Net Change £'000	Net Change %
People - Children's Services	62,292	-316	-2,790	-826	0	500	-3,432	-6
People - Adult Social Care	79,515	-2,900	-2,284	-390	0	1,000	-4,574	-6
Place - Housing General Fund	16,259	-400	0	-513	0	1,050	137	1
Place - Other Services	29,656	0	0	-420	0	600	180	1
Communities	16,800	-107	0	-80	-150	75	-262	-2
Resources & Finance	32,514	0	-850	-838	-134	910	-912	-3
Corporate Budgets	8,193	0	0	-2,800	0	3,677	877	11
Total	**245,229**	**-3,723**	**-5,924**	**-5,867**	**-284**	**7,812**	**-7,986**	-3

Budget Strategy for Services for Children

A major reorganisation of social care that was implemented in August 2011, after a comprehensive staff and stakeholder consultation exercise, merged what were previously three area-based teams into one; introduced a triage system, providing advice to those making referrals; invested heavily in early intervention or *early help*, as it is becoming known, by moving resources from other parts of the system; and, redefined management functions to give a focus on outcomes.

This has impacted on the number of Looked After Children and at the start of September 2012 we see the lowest numbers of children in the local system for many years with around a 15% reduction on numbers engaged with the formal children's care services year-on-year, albeit this is from a high starting position relative to comparable authorities. As the numbers of cases managed reduces, this drives down institutional costs such as space needed, staffing and so on. The relatively high turnover of social work staff means that any associated reductions in the number of social work posts required should be manageable through natural turnover. As at Month 7, there is a £3m underspend projected across Children's budgets which primarily reflects overachievement of Value for Money programme targets.

Work in education to bring children back to the city and to place them in local special schools has halved the numbers 'out of city' over the last three years. There has been a significant reduction in the need and use of Home to School transport as pupils are supported to become independent travellers. Officers have worked closely with the Schools' Forum[1] to make the best possible use of DSG and, alongside this, as we have made these reductions the amounts distributed to schools has grown by over 7% from 2010 to 2013.

Children's Services accounts for around 30% of the Council's General Fund revenue budget and so reducing costs in this area is of paramount importance as the Council adapts to the spending constraints placed upon it by central government. Over the last two years, the budget strategy in Children's has been to look to redesign how services are commissioned and delivered, building on the very successful value for money programme now in its third year.

Finally, we will need to develop our approaches to families in multiple deprivation (FMD), working with the national *"troubled families"* initiative. This is a payment by results programme (PBR) and so requires investment in order to secure the future rewards grants from central government. With the Stronger Families, Stronger Communities programme only just underway, it is not possible at this stage to identify savings in 2014/15 at this time but it is expected to have a positive impact on our long term finances.

Priorities Supported by the Budget Strategy

Tackling inequality

Services to children remain focused on keeping children safe and intervening as early as possible when issues are identified. Robust plans for those coming to the notice of social care help prevent them and their families falling further into the social care safety net. Many of these children come from our poorest families and/or have special needs

[1] Schools Forums are legally constituted consultative bodies with representatives from across all phases of education

identified. Our priority is always to work with the most vulnerable and, through our work, focus on building independence and sustainability in all we do. Social care focuses on the most vulnerable. A range of universal services allows us to identify and focus our limited resources on those most in need. Our section 75 arrangement with health visitors integrated into our Children's Centre service ensures we see all under-5's in the city and target evidence based interventions to those most in need. The expansion of free childcare to the 20% most disadvantaged two year olds will further improve outcomes for children. We are also redesigning services to children and young people requiring behavioural support. This will be impacted on by the FMD work.

Outcomes from our Early Years settings and primary schools are good overall, whether judged by Ofsted or observations at 5 or test results at 11. Significant improvement is being made in GCSE passes at 16 and we are continuing to strive for further improvement. We are committed to using our resource to both improve outcomes for all and to narrow the gap between the highest and lowest performing groups.

The budget strategy will support the following draft Corporate Plan commitments:

- Working with schools to improve GCSE results to be in the top 25% for similar local authority areas and aiming for all teaching and school inspection results to be 'good' or better.

- Extending free part-time early education for two year olds from lower income households to cover 20% of all two year olds in the city.

- Delivering an improved preventative service to school age children who are at risk of harm, but are not yet at significant risk, to reduce the likelihood of that risk or harm increasing.

- Implementing the strategy to ensure sufficient primary and secondary school places to meet future needs, which will include starting building work on a new junior school in Hove.

- Working with 338 families this year to turn their lives around whilst making better use of public money through the Stronger Families Stronger Communities project, a joint initiative between the council and other public bodies.

Creating a more sustainable city

Work with schools through our capital programme focuses on sustainability issues whenever refurbishments or other changes are required. For example, the new schools buildings presently being commissioned will reduce running costs significantly. Measures to reduce home to school transport costs will also reduce overall journeys and therefore carbon emissions. We will also support the draft Corporate Plan commitment to implement relevant actions from the agreed Sustainability Action Plan to meet One Planet Living aspirations for the city.

Engaging people who live and work in the city

Through a variety of commissioned services, children's services make a significant contribution to the work of the third sector and the vibrancy of the city. A key decision to be made in this and future financial planning cycles is the extent to which the council can continue its commitment to youth and community work, most of which is non-statutory. Consideration will need to be made as to how we contribute to this aspect of the city in the future in the most effective way.

Modernising the Council

In terms of staffing, the Council both employs staff directly in this area, for example, in the Children & Families Delivery Unit but also indirectly, for example in schools. We also have around 270 staff seconded into our services from the NHS. With the move to Clinical Commissioning Groups, and the uncertain future of at least one of the local health delivery Trusts, this area will require continuing review. Discussions are underway with Sussex Community Trust clinical management about service design and the costs of accommodation and clinical governance.

We have detailed above the contributions made by Children’s to the vibrancy of the city, but also to the wellbeing of our residents. The value for money programme has brought clear benefits which we have been able to extend across a wide range of services as we look to redesign the ways in which we engage with our communities. Our teams are engaging with and have embraced the Workstyles initiative in relevant locations and are developing new efficient working methods to take advantage of co-location, electronic document management technologies and customer access changes.

Services will contribute to cross-cutting draft Corporate Plan commitments as follows:

- Contributing to the target of 3% productivity gains and realising associated savings through the Voluntary Severance Scheme.

- Making a major contribution to delivery of the council’s overall Value for Money programme.

People - Children's Services - Summary Budget Savings Proposals 2013/14

	Net Budget £'000	Commissioning £'000	VFM Programme £'000	Other Efficiency Gains £'000	Fees & Charges £'000	Investments / Service pressures £'000	Net Change £'000	Net Change %
2013/14 Savings Proposals	62,292	-316	-2,790	-826	0	500	-3,432	-6
2013/14 Full year Effect	62,292	-316	-2,790	-826	0	500	-3,432	-6

2013/14 Proposals	Net Budget £'000	Commissioning £'000	VFM Programme £'000	Other Efficiency Gains £'000	Fees & Charges £'000	Investments / Service pressures £'000	Net Change £'000	Net Change %
Commissioner - Children, Youth & Families	22,041	0	-2,660	0	0	0	-2,660	-12
Delivery Unit - Children & Families	35,367	-235	0	-606	0	500	-341	-1
Commissioner - Learning & Partnership	4,884	-81	-130	-220	0	0	-431	-9
Total Children's Services	**62,292**	**-316**	**-2,790**	**-826**	**0**	**500**	**-3,432**	-6

PEOPLE – Children's Services - 2013/14 Savings Proposals

COMMISSIONER - CHILDREN, YOUTH & FAMILIES							
Service (including brief description)	**Net Budget £'000**	**Description of Saving Opportunity**	**Saving Type**	**Impact on Outcomes / Priorities**	**Equalities Impact**	**Savings identified 2013/14 £'000**	**Full Year effect of 2013/14 savings £'000**
Looked After Children & Child Agency Placements	16,924	VFM saving programme to move 26 Full time equivalent (FTE) placements to lower tariffs and deliver an overall reduction of approx. 34 FTE placements.	VFM Programme	VFM target for 13/14 was £1.7m but now stretched to £2.66m. Based on the recent success in reducing expenditure in this area (as reported in TBM) we are able to increase this saving. This will be achievable assuming initiatives in development stages are implemented in a timely and effective way and result in the desired impact. There are, however, some significant risk factors. Locally residential placements are at an historical low and may not be sustainable at this level. Pressure on disability services may generate a need for additional placements. Factors outside of our control include a new responsibility for all Local Authorities to meet the full costs of all young people remanded aged under 18.	EIA 1	-2,660	-2,660
						-2,660	**-2,660**

DELIVERY UNIT - CHILDREN & FAMILIES							
Service (including brief description)	**Net Budget £'000**	**Description of Saving Opportunity**	**Saving Type**	**Impact on Outcomes / Priorities**	**Equalities Impact**	**Savings identified 2013/14 £'000**	**Full Year effect of 2013/14 savings £'000**
Childcare sufficiency and quality	487	Move early education related costs to the Dedicated Schools Budget. Reduce running costs by providing more information to providers on-line rather than face to face. Further reduce funding from this General Fund source for voluntary providers and childcare sufficiency. No longer fund a mobile toy library for childminders	Other Efficiency Gains	Minimal impact on outcomes for children. The financial sustainability of childcare providers was improved as a result of the additional DSG funding for 2 year olds reported elsewhere.	EIA 2	-134	-134
Graduate Leader Fund	195	Use of DSG following increased funding for two year olds.	Other Efficiency Gains	No impact	EIA 2	-50	-50
Citywide Children’s Centre Management costs	191	A budgeted contribution to management costs for the Head of the Children and Families Delivery Unit can be removed and absorbed within central management budgets.	Other Efficiency Gains	None	EIA 3	-22	-22
Family Information Service	241	Reduction of one member of staff and in running and publicity costs due to more information and queries being answered on the website. No longer pay for Ofsted registration and insurance renewals for At Home Childcarers.	Other Efficiency Gains	Minimal impact on outcomes for children. Information provided alternatively on-line; change advice sessions provided to parents from drop-ins to appointments; possible increase in fees to parents from At Home Childcarers.	EIA 2	-52	-52
Children's Centre Nurseries	633	Increase occupancy as a result of the increased DSG funding for two year olds, review staffing structures, review fees to include higher charges for children under 3 to reflect higher staff ratios	Other Efficiency Gains	Minimal impact on outcomes for children. Higher fees for children under 3 will make childcare less affordable, however, families on low incomes can claim Childcare Tax Credit and families on benefits will be entitled to free childcare places from September 2013.	EIA 3	-75	-75

Children's Centres	2,881	Efficiency savings in running costs based on underspends in previous years; funding for childcare places for disadvantaged two year olds now funded from the two year old budget; charging midwifery for accommodation; no longer funding receptionists in linked site (non-designated Children's Centres); changing the status of Westdene and Preston Park Children's Centres from designated to linked sites and, reduction in overall Children's Centres' staffing.	Other Efficiency Gains	Will keep all Children's Centres open in 2013/14 with minimal changes to services so should not have an impact on the outcomes for children.	EIA 3	-273	-273
Youth Service	949	Back office efficiency savings	Commissioning	No adverse impact on outcomes for children or council priorities.	EIA 4	-41	-41
Youth Employability Service	800	Back office efficiency savings	Commissioning	No adverse impact on outcomes for children or council priorities.	EIA 5	-30	-30
Youth Employability Service	800	Repositioning the Youth Employability Service LDD Adviser Team within the Special Educational Needs (SEN) Team under the overall management of the Head of SEN.	Commissioning	Use of dedicated Schools grant (DSG). No adverse impact on outcomes for children or council priorities.	No equalities implications	-164	-164
						-841	**-841**

COMMISSIONER - LEARNING & PARTNERSHIP

Service (including brief description)	Net Budget £'000	Description of Saving Opportunity	Saving Type	Impact on Outcomes / Priorities	Equalities Impact	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000
Home to School Transport- denominational	2,985	Residual element of the £68K denominational transport saving as per report to Children & Young People's Cabinet Member Meeting 12/09/11.	Commissioning	Full consultation taking place. Equalities Impact assessment will be completed as part of consultation. If agreed some young people/ families will make own arrangements to travel to faith schools. Financial cost to parents. No funding of transport to some children attending faith schools.	Equalities issues addressed in EIA produced for 2012/13 saving.	-28	-28
Music & Arts Study Support	574	Saving to be met from increase in fees; reshaping of leadership team; possible staff turnover, remodelling of provision; and,	Commissioning	The LA receive a grant from the government for music. This grant is to be reduced by £69k. On top of this grant, the service receives additional funding from	EIA 6	-53	-53

		potential reduction in service offer.		the council. It is proposed that in 2013/14 this funding is reduced by £53k as per the 2-year programme of savings set out last year. The risks include less capacity within the service to deliver on hub priorities, reduction in access to music services by children and young people and fees possibly unaffordable for some parents. These risks will need to be carefully managed by looking at service redesign and income generation.			
Home to School Transport	2,985	Promotion and implementation of a mixed economy of travel to school will substantially reduce contract costs while meeting needs.	Other Efficiency Gains	No impact as savings achievable by successfully implementing the strategy to reduce need for home to school transport and encourage independent travel.	EIA 7	-220	-220
Home to School Transport		This is the VFM element of the Home to School Transport saving that will reduce contract costs and will link with the Client Transport VFM project working collaboratively with ESCC.	VFM Programme	No impact as savings achievable through reduced contract costs.	EIA 7	-130	-130
						-431	**-431**

TOTAL SAVINGS - PEOPLE - CHILDREN'S SERVICES	**-3,932**	**-3,932**

Budget Strategy for Adult Social Care

Strategic Financial Context

Adult social care continues to deliver services through personalised care and support plans, prevention and supporting carers.

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 with a complexity of need including mental health, Substance Misuse and homelessness.

Through Personalisation we are continuing to increase choice to individuals about their care and we are supporting them to live as independently as possible.

The focus on adult social care services has been on commissioning. We have re-tendered homecare services and we will continue with this approach for care homes and community meals. We carefully consider the unit cost and the value for money services offer, and where these are provided in house we need to demonstrate the rationale for retaining these services, focussing on effectiveness and efficiency, and how they complement other provision in the city. This has enabled the Council to maintain eligibility criteria under Fair Access to Care at the current level – “substantial and critical” rather than to tighten this.

Through the Extra Care Steering Group, work is underway to identify suitable sites to allow choice and value for money options for providing care and support and we will continue to promote other forms of supported living including the “shared lives” initiative.

The multi agency work on “Troubled Families” and Adults will in the longer term see savings delivered across key partner agencies and local authorities. This work is part of the Stronger Families, Stronger Communities work described elsewhere.

We need to 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.

In the coming two years we will see proposed changes in legislation coming into force. The draft care and support bill will likely put the safeguarding of vulnerable adults into a legal framework. There are other aspects of the draft bill including well-being, advice and information, support needs of broader communities and legal entitlement for carers.

Until the bill is enacted we will not know the details of the new duties and functions we will need to provide.

Tackling Inequalities

Adult Social Care services remain focused on supporting the most vulnerable people in the city, promoting independence to enable people to fulfil their potential. Working with colleagues in mental health services under formal S75 arrangements, we work and support the most complex people in the city through a range of interventions from a clinical nature through to helping people get back to work.

Low level preventative services focus on people accessing mainstream services and support around financial inclusion and isolation.

The budget strategy will support the following draft Corporate Plan commitments:

- Making it easier and more affordable for vulnerable older people to live at home longer, by using the latest assistive technology including Tele-care, falls detectors and bed sensors.

- Reviewing the Safeguarding Board for vulnerable adults and working with those who are subject to safeguarding procedures to inform changes and ensure best practice.

- Developing 50 new extra care housing and supported accommodation units each year for the next 3 years to help people with complex needs to remain in the community.

Creating a more sustainable city.

Recent commissioning, such as homecare is based on geographical data and reduces travel across the city and future developments are based on efficient and sustainable options. Developments such as Extra Care Housing will include sustainable specifications to reduce future energy costs and carbon emissions. We will also support Corporate Plan commitments by implementing relevant actions from the agreed Sustainability Action Plan to meet One Planet Living aspirations for the city.

Engaging people who live and work in the city.

Through our commissioning activity, significant contributions have been made by users of services, third sector, providers and representatives e.g. health watch.

The ‘local account’ on performance and priorities published for the first time on adult social care via the web provided some responses for future development of the local account and a wider stakeholder event is planned for early in the new year. The Local Account summarises what Adult Social Services have done over the past year, how successful they have been and what their future priorities are and is used, in part, by the Care Quality Commission to judge and rate services.

There are also partnership boards and other groups for services or client group issues.

Modernising the Council

Adult Social care staff are both employed in the council and mental health trust. These staff provide high level specialist input and front line care and support staff to care and deliver its key objectives for social care as well as consider how best to shape services to meet with needs of local residents in a cohesive way.

As with Children's Services, the Adult Social Care value for money programme has brought clear benefits which we have been able to extend across a wide range of services as we look to redesign the ways in which we engage with people in need. Our teams are engaging with and have embraced the Workstyles initiative in relevant locations and are developing new efficient working methods to take advantage of ICT investment, new telephony opportunities and customer access changes.

We are also committed to exploring and where appropriate developing new operating models for Adult Social Care including consideration of establishing local authority trading companies.

Services will contribute to other cross-cutting Corporate Plan commitments as follows:

- Contributing to the target of 3% productivity gains and realising associated savings through the Voluntary Severance Scheme.

- Making a major contribution to delivery of the council's overall Value for Money programme.

PEOPLE - Adult Social Care- Summary Budget Savings Proposals 2013/14

	Net Budget £'000	Commissioning £'000	VFM Programme £'000	Other Efficiency Gains £'000	Fees & Charges £'000	Investments / Service pressures £'000	Net Change £'000	Net Change %
2013/14 Savings Proposals	79,515	-2,900	-2,284	-390	0	1,000	-4,574	-6
2013/14 Full year Effect	79,515	-3,275	-2,384	-390	0	1,000	-5,049	-6

2013/14 Proposals	Net Budget £'000	Commissioning £'000	VFM Programme £'000	Other Efficiency Gains £'000	Fees & Charges £'000	Investments / Service pressures £'000	Net Change £'000	Net Change %
Commissioner - People	1,224	-200	0	-50	0	0	-250	-20
Delivery Unit - Adults Assessment	63,903	-1,960	-2,284	-340	0	942	-3,642	-6
Delivery Unit - Adults Provider	14,388	-740	0	0	0	58	-682	-5
Total Adult Social Care	**79,515**	**-2,900**	**-2,284**	**-390**	**0**	**1,000**	**-4,574**	**-6**

PEOPLE – Adult Social Care - 2013/14 Savings proposals

COMMISSIONER - PEOPLE							
Service (including brief description)	**Net Budget £'000**	**Description of Saving Opportunity**	**Saving Type**	**Impact on Outcomes / Priorities**	**Equalities Impact**	**Savings identified 2013/14 £'000**	**Full Year effect of 2013/14 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	Other Efficiency Gains	Costed options to be developed. Will reduce commissioning and contract management capability commensurate with need.	Equalities issues to be addressed once plans are developed	-50	-50
Commissioned 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. Focus on prevention/early intervention.	Commissioning	Contracts are being reviewed and discussions with providers taking place, including tapering and re-specifying contracts/ contract sums.	EIA 8	-150	-150
Commissioned Community Meals service providing 85,000 meals per annum.	243	Review and re-specify Community Meals in the context of personalisation and the range of options that are currently available. The design process has included the Adult Social Care & Health Overview & Scrutiny Committee which held a workshop in January 2012.	Commissioning	A phased reduction of subsidy will provide time for the use of personal budgets to change and for meals to be targeted to the most vulnerable.	EIA 9	-50	-50
						-250	**-250**

DELIVERY UNIT - ADULTS ASSESSMENT							
Service (including brief description)	**Net Budget £'000**	**Description of Saving Opportunity**	**Saving Type**	**Impact on Outcomes / Priorities**	**Equalities Impact**	**Savings identified 2013/14 £'000**	**Full Year effect of 2013/14 savings £'000**
Meeting assessed needs through	incl below	Jointly commissioned with	Commissioning	Allows vulnerable adults to	EIA 10	-1,640	-1,640

Supported Living and Extra Care Housing		housing to deliver extra care capacity to meet the need identified in the city. Plan to reduce the number of people placed in residential care- options to include the use of Sheltered Accommodation/ Extra Care Housing, 'Shared Lives' and other accommodation.		live healthy independent lives and achieves individual outcomes. Achieves better Value for Money through increased prevention and reduces overall intervention costs			
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.	Commissioning	Based on proposals agreed at Adult Care & Health Committee in September 2012. Detailed implementation plans will need to be in place based on assessed needs of individuals.	EIA 11	-150	-150
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	VFM Programme	Value for Money target /Benefits Realisation: Enhanced reablement and better use of assisted technology to reduce numbers going into residential/ nursing homes. Dependent on reviews and provider services. Further savings to include Supported	EIA 12 & 13	-2,284	-2,384

		- improved short term services - continue to maximise sources of funding/income A stretch target of £500k has been included over what was originally planned		Living Strategy (under development) which will require new services to be developed. May require further spend-to-save funding to develop Telecare solutions.			
Joint commissioning provider arrangements	3,738	Look at options for re-modelling staffing arrangements in Assessment Services	Other Efficiency Gains	Efficiency review of integrated staffing and management arrangements	Equalities issues to be addressed once plans are developed	-340	-340
Meeting assessed needs through Home Care	Incl within Community care	Home Care recommissioned to a new specification and contract let from 1 June 2012. Ongoing impact following introduction of the Electronic Care Monitoring System.	Commissioning	New contract gives the opportunity to revise the rates structure and ensure the correct incentives.	EIA 14	-170	-170
						-4,584	**-4,684**

DELIVERY UNIT - ADULTS PROVIDER							
Service (including brief description)	**Net Budget £'000**	**Description of Saving Opportunity**	**Saving Type**	**Impact on Outcomes / Priorities**	**Equalities Impact**	**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 for the Council when properties become vacant which may need to be reinvested in alternative	Commissioning	Delivers improved VFM. Tackling inequality by providing more homes and enhanced independence for people with learning disabilities who have highest level of needs. Focuses the accommodation service on a smaller number of houses to improve sustainability. Detailed implementation plans will need to be in place.	EIA 11	-465	-465

		service provision. -reduce unit costs - In-house service to focus on those with the most complex needs.					
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 is 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	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. Implementing the Embrace model to provide universal support to communities. (NB Excludes mental health services which are subject to a separate joint commissioning plan with the NHS)	EIA 15	-150	-150
All current in house provider services including residential accommodation, community based services and day provision		Explore future models for delivery of services that deliver statutory services in the most cost effective way, and explore models of provision for non statutory services for vulnerable people. The savings associated with this could be across both the provider and assessment service.	Commissioning	Improves VFM by exploring different ways in which statutory services could be delivered.	EIA 16	-125	-500
						-740	**-1,115**

TOTAL SAVINGS - ADULT SOCIAL CARE	**-5,574**	**-6,049**

Place Budget Strategy – General Fund Housing & Other Non-Housing

Strategic Financial Context

As mentioned in the budget report, the government deficit reduction programme is likely to place pressure on local authorities in terms of being able to maintain universal and discretionary services such as those provided under the Place budget.

However, the role that this area can play, in working with the Coast to Capital Local Enterprise Partnership and neighbouring authorities to stimulate local economic growth, boost local jobs and earnings and support greater financial independence for the Council through realisation of business rates and income derived from council owned site development is of strategic importance.

There is also a key role to play with regard to carbon reduction and energy resilience both of which can mitigate the potential impact of rising costs to the council in future.

The joint commissioning work by housing with adult social care and mental health providers to support cost reductions for those services through procurement of housing units and use of the Supporting People funding is also important to enable the authority to maintain investment in other services as grant reduces.

There are significant pressures on housing and therefore strategies to manage homelessness, particularly as welfare reform changes and shortages in affordable housing begin to impact, will be of primary importance.

Tackling inequality

The investment, regulation and service provision funded under the 'Place' budget has a direct impact on the economy of the city and underpins the social and environmental well-being of all of our residents, businesses and working communities. With the national economy continuing to flat-line for the foreseeable future and the Localism Act placing a stronger onus on local authorities to stimulate economic well-being, the significance of the council's Place budget reaches beyond statutory service provision. Every pound invested from the capital programme and the revenue resources committed to service provision affords an opportunity to advance the prosperity of the city against the backdrop of an increasingly competitive world. In particular, it presents a major opportunity to address inequality by creating training opportunities and jobs in both quantum and quality.

Proposed investment in existing public and private housing can make a major contribution to the quality of life and public health of lower income households and neighbourhoods. New housing investment can also address high levels of need for affordable homes. The development of new housing also has a strong economic multiplier impact on the local economy (estimated at £3.51 of economic output for every £1 of public investment) creating local jobs and supply chain business opportunities.

Working with the Homes & Communities Agency (HCA) and their Registered Providers in the city, the budget strategy is designed to enable affordable housing supply to meet identified local needs and priorities. Funding of £440k has also been secured to clear 9 garage sites on HRA land for development of approx 30 new affordable homes.

Creating new affordable homes also attracts a New Homes Bonus from government payable over 6 years. 57 new affordable homes created in 2012/13 are estimated to generate over 6 years a total of £119,700 of income. Funding has also been secured from the HCA to bring 45 long term empty private sector homes in the city back into use. Bringing empty private sector homes back into use also generates income to the General Fund.

It is estimated that by 2030 there will be a 35% increase in people aged over 85. Appropriately targeted, new housing provision may also reduce costs in other council budgets, notably Adult Social Care and local public health service provision, shifting the balance of care away from residential care homes and nursing homes, whilst improving well-being and independence.

Notwithstanding the aim to increase affordable housing supply, the Council has insufficient homes to meet the demand for Council tenancies including for vulnerable people. In order to manage need the team lease temporary accommodation providing a variety of homes. Up to a third of the homes leased provide accommodation to meet referrals for accommodation from Adult Social Care, Children's Services, the Community Safety Team and Housing Management. The budget strategy is to reduce costs by taking long term lease agreements with private sector landlords based on forecasts of need from referring services. It has been estimated that long term leasing of homes for some 312 households has saved the Council £4.86m pa to date.

The Supporting People programme continues to be important for enabling people to live independently where they would otherwise need to move to more expensive supported or residential accommodation. It has been estimated that for every £1 spent in the city on Supporting People services, a saving of £3.24 is achieved across Adult Social Care, CYPT and Health budgets. Efficiencies will continue to be achieved across Supporting People contracts but ensuring that the programme can continue to meet its enabling priority and reduce costs across the whole system.

The Housing Options service budget strategy aims to both meet statutory homeless obligations and also to target early interventions to help vulnerable adults in the City. In so doing it aims to reduce incidences of vulnerable adults deteriorating and imposing potentially higher intervention care costs on health and social care services.

The budget strategy will therefore support the following draft Corporate Plan commitments:

- Working with partners including the Homes & Communities Agency, neighbouring authorities and housing associations to provide 250 new and improved affordable and energy efficient homes and improve council estates.
- Achieving 100% Decent Homes Standard for Council owned properties.
- Reviewing commissioning arrangements for supported housing provision between housing and public health to improve the health and wellbeing of vulnerable people.
- Working with partners to create new services for people with multiple, complex needs including homelessness, mental health or substance misuse, subject to funding from a Big Lottery Fund bid.
- Submitting a planning application to the South Downs National Park Authority to build a permanent traveller family site.

Creating a more sustainable city

'One Planet Living' is an approach developed by the BioRegional Development Group that provides a vision of a sustainable world, in which people everywhere can enjoy a high quality of life within the productive capacity of the planet. It uses ten principles of sustainability as a framework and the council is committed to developing a Sustainability Action Plan that can support these principles. The related actions and investments are described throughout the budget report and appendices and are an important aspect of the budget strategy. However, significant elements of the approach are undertaken in partnership across the city and through the City Sustainability Partnership.

Given the constraints of our local environment and the impact of climate change, the budget strategy aims to focus on the sustainable development of the city. Against the backdrop of long term rising energy prices, promoting and investing in lower carbon city infrastructure systems such as public transport, cycling, ultrafast broadband/wi-fi, energy efficient lighting, water and waste, it offers the potential to reduce the carbon impact of the city and also the long term cost of living and working in the city.

Much of the Place budget is expended on the key physical infrastructure systems of the city – transport, housing, sites and business premises, parks and open spaces, waste and cleansing. The way this infrastructure is designed, managed and maintained has the potential to reduce council costs and also show the authority to be leading best practice by example.

The transport budget strategy aims to support greater accessibility, encourage more sustainable journeys by walking, cycling and using public transport as well as improving public health through more active travel measures and reductions in congestion, pollution and transport related carbon emissions. The budget strategy also aims to ease pressures on revenue highway maintenance budgets by targeting Local Transport Plan (LTP) capital spend in such projects as the Lewes Road Corridor improvements, Brighton Station Gateway and Valley Gardens. LTP capital investment will not only ease some of the pressure on highway maintenance budgets it also aims to achieve improved layouts and traffic arrangements.

The budget strategy also includes revenue and capital investment to support a more sustainable private housing sector:

- enabling independent living through disabled housing adaptations and assistance;
- improving conditions in the private rented & owner occupied homes through private sector housing renewal advice, assistance and enforcement;
- homes in multiple occupation renewal assistance, enforcement and licensing;
- reducing fuel poverty and CO^2 emissions through home energy efficiency measures estimated to saved 353 tonnes of CO^2 in 2011/12.

The budget strategy will support the following draft Corporate Plan commitments:

- Implementing the council's actions from the agreed sustainability action plan to meet One Planet Living aspirations for the city.

- Developing our role as the lead authority in the city region working with Government and the ‘Coast to Capital’ Local Enterprise Partnership, neighbouring authorities and local stakeholders to stimulate business growth and investment, particularly in the sectors of environmental technologies and creative and digital media.

- Formalising development options for key regeneration sites, the Brighton Centre, Open Market, Circus Street, King Alfred and the i360.

- Supporting the local retail sector through high profile campaigns, including ‘Dressed for Success’ and the ‘Portas Pilot’ which will improve the appearance of shop fronts and shopping areas and bring empty shop units into short term use for creative and cultural events.

- Providing good quality, affordable and flexible workspace, to support the growing creative and digital media cluster in the New England business quarter in conjunction with the Universities of Brighton and Sussex.

- Completing the refresh of the city’s Economic Development Strategy and beginning implementation of the agreed action plan and funding strategy.

- Installing high speed, wireless broadband and data services across the city.

- Supporting the city’s visitor economy by promoting eco-tourism, changing the way Visitor Services are provided, delivering a programme of over 300 outdoor events to improved sustainability standards and increasing location filming.

- Reviewing the Local Transport Plan and playing a lead role in developing the new Regional Local Transport Body covering the ‘Coast to Capital’ Local Enterprise Partnership area.

- Reducing traffic congestion and emissions to meet air quality targets by implementing the ‘Better Bus Area’ project from the Royal Sussex County Hospital through to Valley Gardens and the first phase of the 20mph project in the city centre, and applying to Government for powers to introduce a new city-wide ‘road works’ permit scheme.

- Progressing the implementation of agreed Local Transport Plan commitments including improvements to the Lewes Road corridor and Seven Dials roundabout, and increasing emphasis on the local Public Space and Public Life study when regeneration schemes are designed.

- Introducing new parking schemes based on results of the 2012/13 Parking Review and address transport implication of major events.

- Improving rates of household waste recycling by introducing communal recycling in the city centre subject to the outcome of consultation, rolling out the new communication campaign, and encouraging opportunities to convert commercial and household food waste to energy.

- Increasing investment in home energy efficiency working with neighbouring authorities and commercial partners through new initiatives such as Green Deal and the Energy Company Obligation.

- Establishing a new management board to advise the council on improvements to the City Downland Estate and working with partners to conserve and improve the enjoyment of the natural environment in and around the city.

- Producing a new master plan to regenerate and renew Stanmer Park and the farm buildings, working with the South Downs National Park Authority and local stakeholders.

- Review existing guidelines for council tenants to improve animal welfare and encourage responsible ownership, including consultation on proposals to introduce compulsory micro-chipping for dogs and a no breeding policy.

Engaging people who live & work in the city

The Place budget is in large part expended on the provision of 'universal services' consumed by a majority of residents and businesses. These services and accompanying investment invariably have a strong and visible impact on local communities as neighbourhoods, transport corridors, parks and public spaces as well as places of work and business notably including the city's tourist economy. In the context of localism, neighbourhood planning and community cohesion agendas, the spending impact of the Place budget is likely to have a significant and widespread impact on the city.

It is difficult to predict the long term impact of government reforms to the business rate system on the quantum of funds making up the council's expenditure budgets, but the reforms are likely to drive a greater interest amongst local businesses on budget priorities and the impact of spend. The regulatory impact of Place services continues to attract government scrutiny where it is perceived to be inhibiting economic opportunity. How we deliver our services and their impact on business will inform a refresh of the City Economic Strategy and holds out the potential to enhance the reputation of the council with a variety of key business sectors.

The budget strategy will also support the draft Corporate Plan commitment of offering training and development to members of the new Tenants Scrutiny Panel to monitor council housing services, including the repairs and maintenance contract with our partner Mears.

Modernising the Council

The management and budget strategy seeks to drive innovation in service delivery and investment. It also sets out strong objectives in quality assurance and value for money. Some of this will be achieved through benchmarking. Aligning skills sets to new and emerging management and delivery challenges will also be vital. This approach should ensure that council services can vie for 'best in class' and as a consequence promote better job security and forge a stronger commitment from managers and staff in continuous service improvement.

During difficult economic times and public expenditure constraint, the council's Place services have a responsibility to lead by example in terms of customer service, performance, quality assurance and value for money. Place making services and investment can also play a major role in elevating the reputation and status of the city and directly contribute to a triple bottom line of economic, social and environmental well-being.

Services will also contribute to other cross-cutting Corporate Plan commitments as follows:

- Contributing to the target of 3% productivity gains and realising associated savings through the Voluntary Severance Scheme.

Place - Housing General Fund Summary Budget Savings Proposals 2013/14

	Net Budget £'000	Commissioning £'000	VFM Programme £'000	Other Efficiency Gains £'000	Fees & Charges £'000	Investments / Service pressures £'000	Net Change £'000	Net Change %
2013/14 Savings Proposals	16,259	-400	0	-513	0	1,050	137	1
2013/14 Full year Effect	16,259	-400	0	-513	0	1,050	137	1

2013/14 Proposals	Net Budget £'000	Commissioning £'000	VFM Programme £'000	Other Efficiency Gains £'000	Fees & Charges £'000	Investments / Service pressures £'000	Net Change £'000	Net Change %
Housing	16,259	-400	0	-513	0	1,050	137	1
Total - Housing	**16,259**	**-400**	**0**	**-513**	**0**	**1,050**	**137**	1

PLACE - GF Housing 2013/14 Savings Proposals

COMMISSIONER - HOUSING							
Service (including brief description)	**Net Budget £'000**	**Description of Saving Opportunity**	**Saving Type**	**Impact on Outcomes / Priorities**	**Equalities Impact**	**Savings identified 2013/14 £'000**	**Full Year effect of 2013/14 savings £'000**
Supporting People	11,213	Efficiency savings.	Other Efficiency Gains	These have already been built into business plans with providers at minimal risk.	EIA 17	-494	-494
Preventing Homelessness	1,300	Efficiency savings.	Other Efficiency Gains	No significant impact on planned service provision.	EIA 17	-19	-19
Temporary Accommodation	174	Increased income from private sector leasing and reduction of spot purchase accommodation.	Commissioning	Increased property leasing (up to 100 homes) will be required to improve income and reduce reliance on expensive Bed & Breakfast accommodation. The risk of delivering on the saving will be mitigated through the creation of a Framework Agreement with private sector landlords.	EIA 17	-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	Commissioning	Achievement of any additional income to cover appropriate costs is aligned to any implementation of additional Houses in Multiple Occupation (HMO) licensing in 2012/13.	EIA 17	-250	-250
						-913	**-913**

TOTAL SAVINGS - GF HOUSING	**-913**	**-913**

Place - Other Services Summary Budget Savings Proposals 2013/14

	Net Budget £'000	Commissioning £'000	VFM Programme £'000	Other Efficiency Gains £'000	Fees & Charges £'000	Investments / Service pressures £'000	Net Change £'000	Net Change %
2013/14 Total Savings Proposals	29,656	0	0	-420	0	600	180	1
2013/14 Full year Effect	29,656	0	0	-520	0	600	80	0

2013/14 Savings	Net Budget £'000	Commissioning £'000	VFM Programme £'000	Other Efficiency Gains £'000	Fees & Charges £'000	Investments / Service pressures £'000	Net Change £'000	Net Change %
Transport	-4,615	0	0	-300	0	390	90	2
City Infrastructure	29,178	0	0	-85	0	140	55	0
Planning & Public Protection	4,362	0	0	-35	0	70	35	1
City regeneration	731	0	0	0	0	0	0	0
Total City Regulation & infrastructure	**29,656**	**0**	**0**	**-420**	**0**	**600**	**180**	**1**

PLACE - Other Services 2013/14 Savings Proposals

TRANSPORT							
Service (including brief description)	**Net Budget £'000**	**Description of Saving Opportunity**	**Saving Type**	**Impact on Outcomes / Priorities**	**Equalities Impact**	**Savings identified 2013/14 £'000**	**Full Year effect of 2013/14 savings £'000**
Parking & Traffic	-14,062	Efficiency saving based on retendering of the enforcement contract and the termination of the vehicle pound	Other Efficiency Gains	No direct service impact; assumes that negotiations with contractor can be satisfactorily concluded.	No Equalities implications.	-300	-400
						-300	**-400**

DELIVERY - CITY INFRASTRUCTURE							
Service (including brief description)	**Net Budget £'000**	**Description of Saving Opportunity**	**Saving Type**	**Impact on Outcomes / Priorities**	**Equalities Impact**	**Savings identified 2013/14 £'000**	**Full Year effect of 2013/14 savings £'000**
Cityparks		Replace bedding plants with perennial planting except at Old Steine and Floral Clock	Other Efficiency Gains	None	No Equalities implications.	-85	-85
						-85	**-85**

PLANNING & PUBLIC PROTECTION							
Service (including brief description)	**Net Budget £'000**	**Description of Saving Opportunity**	**Saving Type**	**Impact on Outcomes / Priorities**	**Equalities Impact**	**Savings brought forward from 2014/15 £'000**	**Full Year effect of 2014/15 B/F savings £'000**
Environmental Health & Licensing	1,753	Saving from deletion of a vacancy (SO1/2) in Health & Safety team (transferred from Environmental Protection)	Other Efficiency Gains	There will be some reduction of programmed inspections, however, the service will comply with Department for Work & Pensions and Health & Safety Executive advice.	EIA 19	-25	-25
Trading Standards	496	5% efficiency saving from succession planning budget	Other Efficiency Gains	The business advice line will cease but this will be mitigated through other on-line advice and engagement with businesses as far as possible.	No equalities impact	-10	-10
						-35	**-35**

TOTAL SAVINGS - PLACE - OTHER SERVICES	**-420**	**-520**

Communities Budget Strategy

Strategic Financial Context

The Communities budget strategy is described under functional areas to aid clarity for this diverse budget area. There are a number of budget areas that have sat together as part of the Communities Directorate budget over the previous two year period. The Communities Directorate has now been disaggregated on a temporary basis and further proposals for organising services on a permanent basis are coming forward from the new Chief Executive. For the purposes of the budget setting for 2013/14 these areas will be reported on jointly, albeit in discrete areas.

There are a number of issues affecting Tourism and Venues budget areas in particular as we move into budget setting for 2013/14 and beyond:

- Many of the budgets rely on income generation which is subject to economic conditions and other variable factors such as the weather. This variability is, however, not reflected in the inflationary increase which is applied to income targets.
- The scope for investing in these services to protect and enhance future income streams is constrained by the council's overall financial position;
- The budgets in these areas are small but have a significant impact on other areas. The impact of reductions can have a disproportionate effect as partner income is also threatened. Other council current and future income such as that from parking and business rate performance, would also be threatened by reduced visitor and business activity in these areas.

Communities service areas will however contribute to cross-cutting draft Corporate Plan commitments by:

- Contributing to the target of 3% productivity gains and realising associated savings through the Voluntary Severance Scheme.
- Contributing to delivery of the council's overall Value for Money programme.

Communities & Equality

The small Communities & Equality team has been transferred into the Policy & Performance team and management savings achieved as a result. The proposed saving to the discretionary grant budget is through a freeze in grant levels to 2012/13 levels however the council's significant investment in the 3 year strategic grants programme is being sustained in order to promote a vibrant community and voluntary sector in the city, sustain vital infrastructure and contribute to community resilience.

Culture, sports, tourism, heritage and libraries

There are several aspects to the strategy proposed as the way ahead for the next 3-5 year period in budget setting in this area. In summary these are:

developing new models of provision

increasing income

supporting other service areas to make savings.

On a more detailed level, the strategy looking forward would include the following:

- The joint development work between the Royal Pavilion and Museums and the Brighton Dome and Festival that has already proved so successful both financially and otherwise, including the joint tendering for catering provisions, joint applications for lottery money and the joint development of a masterplan for the Royal Pavilion Estate.
- Linked to the wider work outlined above; negotiation of a temporary alteration to the lease arrangements with the Brighton Dome and Festival and support for the capital development work being led by the Brighton Dome and Festival with the purpose of securing a sustainable future for the suite of Grade 1 listed buildings.
- The work on the citywide re-provision of visitor services detailed in the budget papers for 2013/14.
- Developing new operating models for Tourism and Conference services including consideration of establishing local authority trading companies.
- Finalisation and launch of the Seafront Strategy to provide a framework for continued marketing of seafront sites for investment and development on both a temporary and permanent basis.
- Library services are pursuing a strategy to work with other service areas in the council to help them achieve their objectives and deliver efficiencies. This will contribute to the draft Corporate Plan commitment to continue to develop libraries as community hubs by expanding provision of Council Connect, giving access to other council and public services and increasing Wi-Fi provision.

Sports and cultural provision in particular to work in a targeted way to support the achievement of commissioning priorities in other areas as described in more detail in the over-arching Budget Strategy at appendix 4. In particular, to support draft Corporate Plan commitments by developing and starting to deliver a city sports strategy with partners that increases participation in sports and physical activity and providing affordable and quality universal provision in sports and culture, offering targeted programmes such as the Concessionary sports card for low income groups and specific activities for younger and older people.

Community Safety

It is anticipated that some community safety funding will by 2014/15 (and potentially in 2013/14) have transferred to the Police and Crime Commissioner for Sussex who will select her priorities for allocation. We will need to work with the newly elected Commissioner to ensure that funding is retained in Brighton & Hove for those crime reduction/community safety activities that are essential to the city.

Home Office regulations are awaited which will tell us which funds will transfer, but we anticipate those to be the Building Safer Communities Fund (£287,390), some parts of the Drugs Intervention Programme allocation and money for dealing with domestic and sexual violence.

Public Health

From 1 April 2013 the council will receive a ring-fenced public health grant to fund transferred public health responsibilities. The detailed budget proposals for Public Health are not therefore contained in this budget, however, the draft Corporate Plan includes the following commitments for this area:

- Creation of a new drug and alcohol service which will increase the number of users who become completely drug and alcohol free.
- Working with specialist smoking cessation services to deliver an increase of 20% in referrals of people who want to stop smoking.
- Working with NHS and community and voluntary sector partners to double the number of referrals of overweight and obese children to weight management programmes.
- Completing the first stage of a Brighton & Hove Age Friendly City Strategy using World Health Organisation guidance.
- Reducing the number of repeat sexually transmitted infections by ensuring that sexual health and drug and alcohol services work more closely together.
- Extending the work of the Integrated Offender Management team to include offenders serving less than 12 months in custody in order to reduce rates and seriousness of offences.

Communities - Summary Budget Savings Proposals 2013/14

	Net Budget £'000	Commissioning £'000	VFM Programme £'000	Other Efficiency Gains £'000	Fees & Charges £'000	Investments / Service pressures £'000	Net Change £'000	Net Change %
2013/14 Savings Proposals	16,800	-107	0	-80	-150	75	-262	-2
2013/14 Full year Effect	16,800	-107	0	-80	-150	75	-262	-2

2013/14 Proposals	Net Budget £'000	Commissioning £'000	VFM Programme £'000	Other Efficiency Gains £'000	Fees & Charges £'000	Investments / Service pressures £'000	Net Change £'000	Net Change %
Commissioner - Communities and Equalities	3,414	-52	0	0	0	0	-52	-2
Community Safety	1,628	0	0	0	0	0	0	0
Commissioner - Culture	1,941	-25	0	0	0	30	5	0
Commissioner - Sport and Leisure	1,178	0	0	-30	0	0	-30	-3
Delivery Unit -City Services - Libraries	5,616	-30	0	0	0	45	15	0
Delivery Unit- Tourism and Leisure	3,023	0	0	-50	-150	0	-200	-7
Total Communities	**16,800**	**-107**	**0**	**-80**	**-150**	**75**	**-262**	**-2**

COMMUNITIES 2013/14 Savings Proposals

COMMISSIONER - COMMUNITIES & EQUALITIES							
Service (including brief description)	Net Budget £'000	Description of Saving Opportunity	Saving Type	Impact on Outcomes / Priorities	Equalities Impact	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000
City Communities Fund	30	This budget provides a contingency fund, established in 2011/12, to support one-off community based activity that did not fit within the cycle of existing grant rounds. This support was previously met through flexibility in the Communities & Equalities budget and is not currently fully committed. The proposal therefore removes flexibility rather than necessarily impacting directly on activities.	Commissioning	£10k will be retained to meet current known and ongoing commitments. There may be reduced flexibility to support other activities which do not fit into the main grants programme but it is expected that this can be absorbed within Communities & Equalities budget flexibilities if absolutely necessary.	EIA 21	-20	-20
Grants to Community/ Voluntary Sector	1,630	A freeze in discretionary grants at 2012/13 levels.	Commissioning	Financial pressures in Third Sector organisations experiencing escalating running costs and declines in other income and sources of support.	EIA 22	-32	-32
						-52	**-52**

COMMISSIONER - CULTURE							
Service (including brief description)	Net Budget £'000	Description of Saving Opportunity	Saving Type	Impact on Outcomes / Priorities	Equalities Impact	Savings identified 2013/14 £'000	Full Year effect of 2013/14 savings £'000
Pride	25	Remove budget for financial support to Pride	Commissioning	There would be no ability to support the event with direct financial support - either to pay for any infrastructure or to commission any additional community or cultural activity. However, the support in kind for the event would remain, including appropriate officer time and expertise. One-off investment of £25k will also be provided in 2013/14 to enable Pride to defray costs of developing a sustainable long-term	EIA 23	-25	-25

				business model.			
						-25	**-25**

COMMISSIONER - SPORT & LEISURE							
Service (including brief description)	**Net Budget £'000**	**Description of Saving Opportunity**	**Saving Type**	**Impact on Outcomes / Priorities**	**Equalities Impact**	**Savings identified 2013/14 £'000**	**Full Year effect of 2013/14 savings £'000**
King Alfred	327	Reduce expenditure on King Alfred maintenance as a result of improvements to the wet changing rooms which were refurbished in Summer 2012.	Other Efficiency Gains	The service impact should be minimal although there is always the risk of major unforeseen expenditure required for any facility and this is dependent on a longer term strategy for the future of the facility being agreed.	EIA 24	-30	-30
						-30	**-30**

DELIVERY UNIT - CITY SERVICES - LIBRARIES							
Service (including brief description)	**Net Budget £'000**	**Description of Saving Opportunity**	**Saving Type**	**Impact on Outcomes / Priorities**	**Equalities Impact**	**Savings identified 2013/14 £'000**	**Full Year effect of 2013/14 savings £'000**
Libraries	67	Proposal developed in 2012 was to end the use of the mobile in 2013, delivering the final saving figure of 30k. Other potential options are being looked at including reducing the number of days that the mobile library operates, and/or replacing it with an improved housebound service. Only the ending of the mobile library, or replacing it with an improved housebound service, or reducing the number of days the Mobile Library is used will deliver the required 30k saving.	Commissioning	Removing the mobile library would have a limited impact on the delivery of library services to local people, with only 250 people solely using the mobile as their library service.	EIA 25 & 26	-30	-30
						-30	**-30**

DELIVERY UNIT - TOURISM & LEISURE							
Service (including brief description)	**Net Budget £'000**	**Description of Saving Opportunity**	**Saving Type**	**Impact on Outcomes / Priorities**	**Equalities Impact**	**Savings identified 2013/14 £'000**	**Full Year effect of 2013/14 savings £'000**
Visitor information Services relocation	252	Reprovision of Visitor Information Services: Work is underway to enable the Brighton Centre Box Office to function as a Visitor Information Centre. This would be alongside the development of partnerships with a range of city wide businesses to co-locate public visitor information satellite points and the development of a body of Greeters and volunteer ambassadors.	Other Efficiency Gains	There would be a negligible impact on visitor figures.	EIA 27	-50	-50
Seafront Properties	-1,279	Additional income from seafront sites, for example, the Wheel and marketing of Peter Pan site. This income is still subject to market conditions and the income relating to the Peter Pan site subject to lease agreement negotiation and the development timetable.	Fees & Charges	This is consistent with the emerging Seafront Strategy.	No equalities issues	-50	-50
Royal Pavilion and Museums	-2,217	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. It must be noted that this income is always dependent upon external factors such as the economic climate, visitor trends, the weather etc.	Fees & Charges	This measure will meet savings targets, but also foregoes the ability to reinvest in delivery of museum services and programmes.	No equalities issues	-100	-100
						-200	**-200**

TOTAL SAVINGS - COMMUNITIES 2013/14	**-337**	**-337**

Finance & Resources Units – Budget Strategy

Strategic Financial Context – Finance & Resources

The main factors affecting Finance & Resources Unit businesses are as follows:

- 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 the present arrangements.

- There are major changes impacting on the Benefits (City Services) service as a result of the introduction of the Universal Credit, other government welfare reform impacts, proposals for localisation of support for council tax, and the administration of a Local Discretionary Social Fund.

- 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 remains high.

- Key elements of the council's transformation programme including Value for Money, Workstyles and Customer Access are supported corporately by Resources and Finance staff. These are key to delivering not only cash savings but also to reducing carbon emissions, improving productivity through ICT and flexible working, and modernising our customer access approach. These are complex business cases to develop and deliver and require appropriate resources to assure implementation through effective project and change management.

- While Finance & Resources savings focus on improving efficiency and productivity, there is some concern that some proposals may simply push (and increase) costs to other services unless managers and services are able to be self-sufficient in areas such as Finance and HR and are able to maintain ICT systems and contracts without resorting to external support. These risks need to managed carefully.

Key Changes arising from this Budget Strategy

- There will be reductions in the benefits service to compensate for the loss of Housing Benefit Administration grant from central government.

- We will need to address the 10% funding reduction from central government on the council tax reduction scheme 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 be administering a new localised discretionary social fund & managing the transition from existing central government arrangements.

- The approach to savings being taken by Finance & Resources includes the following:

- **Are services essential?**: Challenging the need to continue support for non-critical service areas including, for example, removing support to some partnership initiatives and reducing some areas of democratic support and costs;

- **Improving Value for Money:** Continued drive to improve Value for Money of services by using available technology to improve efficiency and productivity and using Business Transformation (Systems Thinking) reviews to ensure systems and processes are deployed to best effect, particularly from a customer perspective. This will be applied to review and improve everything from income collection of localised business rates to financial and performance monitoring to delivery of the HR function;

- **Improving contract management and procurement** to drive out efficiency savings and costs from current contracts in everything from facilities management to IT contracts to external audit fees;

- **Risk-based priorities:** Using an uncompromising risk-based approach to prioritise resources and service delivery. This applies across all areas but particularly in professional services such as Finance & Audit, HR and Legal Services. These services will continue to improve efficiency as above but this cannot deliver savings of the magnitude required. Re-prioritisation of services is required to ensure that reduced professional staffing capacity does not result in higher risk, complex areas being left unsupported. There will be diminution of services to lower risk areas that professional services will attempt to mitigate through training and other resources (e.g. e-Learning and Intranet Resources);

- **Income Maximisation:** Exploring opportunities to generate income from providing shared or external services, and;

- **Reviewing fees and charges** for non-statutory services but taking care to avoid diminishing returns being experienced through a negative impact on demand for services. There are also proposals to develop new paid-for services to generate further income. This applies particularly across Life Event services.

Supporting the Corporate Plan Priorities

The level of resource that the council chooses to invest in support services and City Services functions will be directly influenced by the council's overall ambition, the complexity of its operating environment, its appetite for risk and the maturity and capability of management to be self-sufficient in key areas (i.e. HR and finance) without additional central or external support. Corporate Plan priorities are supported by the proposals as follows:

- **Tackling inequality**

  - City Services and the Finance Unit have played a key role in developing the localised Council Tax Reduction Scheme which has been designed to ensure equality of treatment across all groups. A full and detailed Equality Impact Assessment including extensive consultation has been undertaken to ensure that the impact of the scheme is minimised in relation to vulnerable groups.

- The effective deployment of recurrent and one-off discretionary funds and the proposed Local Discretionary Social Fund and other financial inclusion resources will serve to help the most vulnerable members of society and aid those in crisis. This will enable us to support the draft Corporate Plan commitment of commissioning community and voluntary organisations to provide services that meet residents' needs as defined in the council's new Financial Inclusion Strategy.

- A key risk is that the move to Universal Credit with all its complications, the new community right to challenge, community right to bid, community governance, issues around academies and free schools and a range of other legislative and central government driven initiatives, including welfare reform, will require additional legal support and advice which may impact on achievement of savings.

- There will also be changes to the way that care proceedings are dealt with which are expected to create additional pressure for at least the first 2 years through reducing care proceedings from an average of 50 weeks to 26 weeks following the national Family Justice Review. In addition case law has recently changed to mean that authorities now need to make a new type of application where a plan for a child to be adopted can no longer be fulfilled.

- **Creating a more sustainable city**

  - Reducing property and carbon related costs through the implementation of the Corporate Landlord approach and continued implementation of the Integrated Workstyles VFM programme to maximise the use of administrative office space and reduce carbon footprint.

  - Continued improvement in ICT infrastructure, including Electronic Document Management (EDRM) and the associated continued 'channel shift' to on-line services will further improve sustainability and reduce power demands, storage space and consumables such as ink and paper.

  - The Policy and Sustainability teams provide advice and expertise that help the council and partners develop policies and initiatives that promote sustainability across the city. For example, development of a Strategic Action Plan for the One Planet Living programme will help deliver this important priority.

  - Savings proposals may have some impact on capacity in this area but support will be prioritised for the draft Corporate Plan commitment to implement the council's actions from the agreed sustainability action plan to meet One Planet Living aspirations for the city.

  - We will also work to create new work placements and apprenticeships within the council to contribute to city-wide work programmes, such as the Brighton & Hove Local Employment Scheme.

- **Engaging people who live and work in the city**
    - The Policy and Performance team will continue to develop the consultation and engagement strategy across the wide range of communities and stakeholders to support this priority. This includes work previously undertaken by the Communities & Equalities team to ensure an appropriate balance of consultation and engagement.
    - Some savings are proposed in this area that will impact on capacity and will require resources to be focused on key priority areas. The draft Corporate Plan commitments that we will focus on are:
        - Working with city partners to complete a refresh of the Sustainable Community Strategy.
        - Actively monitoring residents' satisfaction of the council and other public service organisations through the City Tracker survey.
        - Working with partners to increase the number of people taking part in volunteering at major events and other venues by 25%.
        - Revising the council's constitution, including arrangements for decision making and councillor and officer codes of conduct to deliver a more open and transparent council.
        - Increasing the frequency of the webcast Open Door question and answer sessions with the Leader of the Council from quarterly to monthly.
- **Modernising the Council**
    - The importance of strong Human Resources support, in a challenging climate, remains critical. The function will continue to focus expertise on supporting key organisational change activity and maintaining constructive relationships throughout. HR savings proposals, which were previously fast-tracked to January 2013 and therefore don't appear in these proposals, will impact on capacity but resources will be prioritised to support those services facing the most significant challenges whilst striking a balance to support continued organisational development.
    - Most of the savings proposals in relation to Finance & Resources relate to objectives under creating 'Modernising the Council'. The primary focus is to ensure that these corporate services can:
        - Support other services and the authority to meet its Corporate Plan priorities and associated outcomes for the residents of the city by providing effective support services, strategic and expert advice, and good customer service;
        - Achieve better Value for Money themselves, year-on-year, through technology, process redesign and fundamental challenges to the models of service delivery, for example through Business Transformation (Systems Thinking) reviews. Benchmarking of corporate services is critical to evidence continued improvement;

    - § More importantly, to ensure better Value for Money for the wider authority by researching, advising on and assisting in the implementation of major transformation programmes such as Workstyles, Customer Access initiatives and Business Transformation.

- o Finance and Resources services will therefore support the following draft Corporate Plan commitments:

    - § Developing internal communications which promote the council's new Purpose, Ambition, Values and Priorities in an open way in order to engage staff in the delivery of the Corporate Plan.

    - § Introducing a framework that sets out behaviours and standards for all council colleagues based on the organisation's Values and using this for all leadership, management, development and recruitment within the council.

    - § Designing and implementing a new system of allowances that is consistent, modern and transparent and introduce Job Families to reduce the number of job roles and develop a more flexible workforce.

    - § Implementing a workforce equalities action plan for the council working in partnership with the Trade Unions and Worker's Forums.

    - § Implementing the next phase of the council's website redesign to improve the customer experience and encourage more online transactions.

    - § Making it easier for customers to give and receive information to the council, whether in person, by phone, letter or e-mail, through new Customer Experience (CEM) software which will reduce duplication and costs.

    - § Improving storage and retrieval of documents to help decision making and service provision while reducing costs.

    - § Completing the second phase of the Workstyles programme and developing the approach for stage three to reduce floor space by 30% and annual council carbon dioxide emissions by 4%.

    - § Supporting delivery of the council's Value for Money programme to make savings of £10.815m million this year from a total budget of approximately £400m.

    - § Using new technology to transform customer service and reduce costs, including new box office arrangements at the Brighton Centre, a new parking contract and a new archive and records service in partnership with East Sussex County Council and the University of Sussex.

Resources & Finance - Summary Budget Savings Proposals

	Net Budget £'000	Commissioning £'000	VFM Programme £'000	Other Efficiency Gains £'000	Fees & Charges £'000	Investments / Service pressures £'000	Net Change £'000	Net Change %
2013/14 Savings Proposals	32,514	0	-850	-838	-134	810	-1,012	-3
2013/14 Full year Effect	32,514	0	-850	-915	-134	810	-1,089	-3

2013/14 Proposals	Net Budget £'000	Commissioning £'000	VFM Programme £'000	Other Efficiency Gains £'000	Fees & Charges £'000	Investments / Service pressures £'000	Net Change £'000	Net Change %
Delivery Unit - City Services	8,388	0	0	-190	-113	0	-303	-4
Resources - Human Resources & OD	3,782	0	0	0	0	0	0	0
Resources - Property & Design	3,567	0	-440	-140	-15	100	-495	-14
Resources - Communications	684	0	0	0	0	100	100	15
Resources - ICT	5,634	0	-410	-77	0	560	73	1
Resources - Legal & Democratic Services	3,151	0	0	-80	-6	100	14	0
Resources - Policy Performance & Analysis	2,020	0	0	-30	0	0	-30	-1
Finance	5,288	0	0	-321	0	50	-271	-5
Total Resources & Finance	**32,514**	**0**	**-850**	**-838**	**-134**	**910**	**-912**	**-3**

RESOURCES & FINANCE – Savings Proposals 2013/14

DELIVERY UNIT - CITY SERVICES							
Service (including brief description)	**Net Budget £'000**	**Description of Saving Opportunity**	**Saving Type**	**Impact on Outcomes / Priorities**	**Equalities Impact**	**Savings identified 2013/14 £'000**	**Full Year effect of 2013/14 savings £'000**
Benefits-Statutory service administering the payment of Housing Benefit and the new Council Tax Reduction Scheme. Service also includes recovery of overpayments and investigations into fraud.	3,955	Reduce the cost of the Benefits service by redesigning the team, taking into account social fund administration requirements. Improved efficiencies in the recovery of rent rebate overpayments.	Other Efficiency Gains	The downsizing has to be carefully managed. Grant assumptions appear to be based on falling caseloads that are yet to materialise. The service will be under extra pressure, at least in the early part of the year, as it introduces changes in council tax, business rates and council tax support as well as potentially providing a social fund service. Universal Credit is due to be introduced from April 2014. This will reduce caseload but only after a period of transitional pressure. There is a risk in delivering these savings without detriment to customer services during a period of such considerable change.	EIA 28	-150	-150
Life Events	1,293	Develop woodland burial site	Fees & Charges	Increased access to a range of services and provide choice. Contributes to corporate sustainability outcomes	EIA 30	-98	-98
		Merging of Electoral Services and Local Land Charges and review of processes to achieve savings and maximise income opportunities.	Other Efficiency Gains	Continued efficiencies delivered in this area and identifying opportunities for improvements.	EIA 31	-15	-15
		Reorganise Registration and Bereavement Service resources to optimise	Other Efficiency Gains	There will be limited access times for the statutory certificate search but improved service for other aspects of	EIA 32	-25	-25

		income generation.		registration, generating a higher income.			
		Income generation within Bereavement Services	Fees & Charges	Fees and charges are set at a competitive level to ensure value for money. Continued benchmarking.	EIA 33	-15	-15
						-303	**-303**

RESOURCES - PROPERTY & DESIGN

Service (including brief description)	Net Budget £'000	Description of Saving Opportunity	Saving Type	Impact on Outcomes / Priorities	Equalities Impact	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.	3,276	The implementation of a new Phase of the Workstyles programme	VFM Programme	Detailed plans were agreed by 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-year saving due to the long lead in times for such a complex project.	EIA 34	-200	-200
		Implementation of Corporate Landlord model	VFM Programme	There will be economies of scale on reactive maintenance, smart procurement, and facilities management following a risk assessment of service levels. 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.	No equalities issues	-105	-105
		Procurement of corporate contracts - reduced specification for waste, security and cleaning.	VFM Programme	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	No equalities issues	-55	-55

				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.			
		Additional income	Fees & Charges	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.	No equalities issues	-15	-15
		Closure of low VFM buildings	VFM Programme	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. The saving is dependent on successful site sale in current market conditions.	No equalities issues	-40	-40
		Closure of low VFM buildings	VFM Programme	Closure of buildings - Revenue savings from the targeted closure of operational buildings where similar facilities are available locally. There is a risk of service loss, vacant buildings being subject to vandalism and bad appearance if the buildings cannot be swiftly disposed.	No equalities issues	-40	-40
		Reduced level of planned maintenance	Other Efficiency Gains	The funding is only sufficient annually for urgent and essential repairs and excluding the annual routine maintenance contracts, reducing the budget further will increase the pressures to priority work and could over time add to the maintenance backlog, building up a potential maintenance issue for the future. However, reduction of buildings through Workstyles may mitigate this.	No equalities issues	-110	-110
		Reduction of energy consumption in non-public areas of	Other Efficiency Gains	Better management of energy consumption, including making better use of heating management systems. There	No equalities issues	-30	-30

		corporate buildings		is a risk that this may not result in the required carbon reduction.			
						-595	**-595**

RESOURCES - ICT							
Service (including brief description)	**Net Budget £'000**	**Description of Saving Opportunity**	**Saving Type**	**Impact on Outcomes / Priorities**	**Equalities Impact**	**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.	5,518	Redesign of management and support services and explore opportunity for sharing services with partners in 2013/14.	VFM Programme	This change will support the ongoing transformation of the Council.	No equalities issues	-80	-80
		Review and upgrade telephony services across the Council.	VFM Programme	Reduction in Centrex lines and cheaper methods of aggregating mobile/fixed call costs through infrastructure upgrade and contract renewal opportunities.	No equalities issues	-93	-93
		Reduction in applications which hold repeating/similar data records.	VFM Programme	Results in reduced category spend on licensing, support and maintenance charges.	No equalities issues	-37	-37
		Review licensed Microsoft platforms, tools and software products	VFM Programme	Reduction in desktop/server licenses resulting from Workstyles. Dependant on successful delivery of Workstyles Phase 2.	No equalities issues	-20	-20
		VfM review of council-wide category spend to ensure contract expenditure is consistent with the corporate ICT Strategy.	VFM Programme	Will result in reduced category spend outside of ICT, resulting from rationalisation of hardware and software purchasing, licensing, support and maintenance charges. This would require all ICT contract holders across the Council to negotiate reductions and exploit	No equalities issues	-180	-180

				opportunities for rationalisation.			
		Redesign of management and support services following deployment of PSN, LAN, Voice and Workstyles Infrastructure.	Other Efficiency Gains	Saving is dependent on the cost of the alternative sourcing models and possibilities for shared services.	No equalities issues	-43	-86
		Removal of buildings client resource for electrical and network activity.	Other Efficiency Gains	Health and safety risks need to be understood and mitigated against. Increased dependence on external suppliers to undertake client function with buildings works planners.	No equalities issues	-22	-43
		Reduction in ICT Category spend through centralised budget codes and increased governance over ICT hardware, software and voice budgets	Other Efficiency Gains	Results in reduced category spend outside of ICT, resulting from rationalisation of hardware and software purchasing, licensing, support and maintenance charges.	No equalities issues	-12	-25
						-487	**-564**

RESOURCES - LEGAL & DEMOCRATIC SERVICES

Service (including brief description)	Net Budget £'000	Description of Saving Opportunity	Saving Type	Impact on Outcomes / Priorities	Equalities Impact	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	3,151	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.	Other Efficiency Gains	Completion of re-structure	No equalities issues	-40	-40
		Democratic Services - reshaping of support to Member administration, development and administration.	Other Efficiency Gains	Completion of redesign	No equalities issues	-16	-16
		Scrutiny-Review income streams from HRA and Health to ensure support costs to these areas are	Fees & Charges	None	No equalities issues	-6	-6

		fully recovered.					
Overview & Scrutiny	235	Rationalise use of staff resources and maximise income from providing related services to Council and external clients.	Other Efficiency Gains	There will be reduced capacity to do mainstream overview & scrutiny work	No equalities issues	-24	-24
						-86	**-86**

RESOURCES - POLICY PERFORMANCE & ANALYSIS							
Service (including brief description)	**Net Budget £'000**	**Description of Saving Opportunity**	**Saving Type**	**Impact on Outcomes / Priorities**	**Equalities Impact**	**Savings identified 2013/14 £'000**	**Full Year effect of 2013/14 savings £'000**
Information, performance and business planning core budget	440	Reduce core budgets that support performance and risk management, business planning and shared information management within the council.	Other Efficiency Gains	Savings risk impaired support for council teams and city partners with significant implications for service delivery, strategic planning and performance improvement. Reputational risk for the council with city partners if not managed successfully.	EIA 36	-30	-30
						-30	**-30**

FINANCE							
Service (including brief description)	**Net Budget £'000**	**Description of Saving Opportunity**	**Saving Type**	**Impact on Outcomes / Priorities**	**Equalities Impact**	**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.	582	Increased service income from for example provision of service to South Downs National Park Authority. Decrease of supplies and service	Other Efficiency Gains	The increased income is being generated by absorbing the additional work for SDNPA across the current internal audit service. This may impact on delivery of services to the council as the service to SDNPA must be honoured in	No equalities issues	-25	-25

		budget.		accordance with the terms of the contract.			
Audit fees	385	A saving has been assumed on the scale fee from 2013/14 based on the Audit Commission's externalisation and retendering exercise.	Other Efficiency Gains	We have minimal ability to influence the fee rates other than to ensure we are not billed extra for not meeting audit requirements. The saving assumed will need to be confirmed but is the best estimate of future Audit Fees following the abolition of the Audit Commission (excluding its residual function) and the appointment of private sector providers (Ernst & Young in BHCC's case). There is no other impact from this saving.	No equalities issues	-96	-96
Financial Services	3,423	We will improve the efficiency of Creditor payments	Other Efficiency Gains	Current benchmarking indicates we are average cost. We aim to be lowest quartile in terms of cost over two years.	No equalities issues	-20	-20
		We will improve the efficiency of debt collection across the council	Other Efficiency Gains	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.	No equalities issues	-50	-50
		We will continue to improve the efficiency of the accountancy service.	Other Efficiency Gains	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 means we can drive	No equalities issues	-70	-70

				further efficiency savings. We will reduce our subscriptions to benchmarking and technical support advice. We are already lowest quartile for costs.			
		Continued efficiency drive in the delivery of the wide range of financial services to internal and external customers.	Other Efficiency Gains	Saving from absorbing the impact of delivering financial services to new Public Health services transferring to the council. Potential negative impacts from this proposal include reduced support to financial monitoring and reporting.	No equalities issues	-60	-60
						-321	**-321**
TOTAL SAVINGS - RESOURCES & FINANCE						**-1,822**	**-1,899**

Corporate budgets - Summary Budget Savings Proposals 2013/14

	Net Budget £'000	Commissioning £'000	VFM Programme £'000	Other Efficiency Gains £'000	Fees & Charges £'000	Investments / Service pressures £'000	Net Change £'000	Net Change %
2013/14 Savings Proposals	8,193	0	0	-2,800	0	3,677	877	n/a
2013/14 Full year Effect	8,193	0	0	-3,300	0	3,677	377	n/a

2013/14 Proposals	Net Budget £'000	Commissioning £'000	VFM Programme £'000	Other Efficiency Gains £'000	Fees & Charges £'000	Investments / Service pressures £'000	Net Change £'000	Net Change %
Concessionary Fares	10,144	0	0	0	0	0	0	0
Insurance	3,487	0	0	-300	0	0	-300	-9
Financing Costs	9,721	0	0	0	0	0	0	0
Contingency & Risk Provisions	5,713	0	0	0	0	270	270	n/a
Unringfenced Grants	-18,527	0	0	0	0	3,049	3,049	16%
Levies to External Bodies	160	0	0	0	0	0	0	0
Other Corporate Budgets	-2,027	0	0	0	0	100	100	0
Corporate Budgets	**8,671**	**0**	**0**	**-300**	**0**	**3,419**	**3,119**	**n/a**
Corporate VfM Savings	-478	0	0	-2,500	0	258	-2,242	n/a
Total Corporate Budgets	**8,193**	**0**	**0**	**-2,800**	**0**	**3,677**	**877**	**n/a**

CORPORATE BUDGETS Savings Proposals 2013/14

DELIVERY UNIT - HOUSING & SOCIAL INCLUSION							
Service (including brief description)	**Net Budget £'000**	**Description of Saving Opportunity**	**Saving Type**	**Impact on Outcomes / Priorities**	**Equalities Impact**	**Savings identified 2013/14 £'000**	**Full Year effect of 2013/14 savings £'000**
Insurance	3,487	The council is currently fully retendering all insurance services and had previously allowed for an increase in costs due to market conditions. It is now anticipated that both a good claims history and strong risk management will mitigate the increased costs. The outcome of the tendering exercise will be known early in the new year.	Other Efficiency Gains	Insurance cover will be maintained through insurance premiums paid or self-insurance depending upon which option provides the best value for money for the council. Any actual changes to costs as a result of the tendering exercise will be built into the February budget report.	No equalities issues	-300	-300
	0	Voluntary severance scheme	Other Efficiency Gains			-2,500	-3,000
	13,681					**-2,800**	**-3,300**

TOTAL SAVINGS - CORPORATE BUDGETS	**-2,800**	**-3,300**

Summary of special and specific grant allocations for 2012/13 and 2013/14

Description	2012/13 £m	2013/14 £m	Notes
Public Health (Health)		18.185	New responsibility from 13/14. Increase of 2.8% on notional 12/13
Council Tax Freeze Grant 2012/13	2.986	0.000	One year funding only
Early Intervention Grant	11.129	0.000	Rolled into RSG/Business Rates share at £7.861m
Housing Benefit and Council Tax Benefit Admin	2.998	2.669	Reduction of 11%
Preventing Homelessness	1.300	0.000	Rolled into RSG/Business Rates share at £1.293m
Learning Disabilities and Health Reform Grant	6.741	0.000	Rolled into RSG/Business Rates share at £6.910m
Local reform and community voices DH revenue grant (Health)		0.215	Brings together 5 grant streams: • additional funding for Deprivation of Liberty Safeguards (DOLS) in Hospitals; • additional local Healthwatch funding; • funding for the transfer of Independent Complaints Advocacy Service (ICAS) to local authorities; • funding for the transfer of Independent Mental Health Advocacy (IMHA) to local authorities; • funding for the veterans Guaranteed Income Payments (GIPs) social care charges exemption.
Social Fund	0.006	0.763	New responsibility includes £0.133m admin funding
Weekly Collection Support Scheme	0.000	0.800	Allocation of £0.040m for 14/15
Lead Local Flood Authorities (CLG)	0.249	0.108	Partly rolled into RSG/Business Rates share at £0.141m.
New Homes Bonus - Year 1 (CLG)	0.596	0.596	Receive for 6 years started in 11/12
New Homes Bonus - Year 2 (CLG)	0.425	0.425	Receive for 6 years started in 12/13
New Homes Bonus - Year 3 (CLG)		0.970	Receive for 6 years starting in 13/14
New Homes Bonus adjustment grant		0.438	Return of top slice not required for 2013/14 for one year only
Community Safety Grant (Home Office)	0.143	*Estimated 0.119*	Transferred to Police & Crime Commissioner as Community Safety Fund and assumed 17% reduction
Drug Intervention Programme (Home Office)	0.094	*Estimated 0.078*	Transferred to Police & Crime Commissioner as Community Safety Fund and assumed 17% reduction
Drug Intervention Programme (Health)	0.177	*TBA*	No announcement yet
Asylum Seekers	Based on claims	Based on claims	
Music Grant (DfE)	0.277	*Estimated 0.278*	
Extended Rights to Free Transport (DfE)	0.264	*TBA*	No announcement yet
Schools PFI	2.390	2.390	Same amount p.a.
Libraries PFI	1.505	1.505	Same amount p.a.
Waste PFI	1.498	1.498	Same amount p.a.

Summary of special and specific grant allocations for 2012/13 and 2013/14

Description	2012/13 £m	2013/14 £m	Notes
Dedicated Schools Grant (DfE)	157.205	*Provisional 161.555*	Exact amount depends on pupil numbers
Pupil Premium (DfE)	4.500	*Estimated 6.700*	Exact amount depends on number of eligible pupils
Education Services Grant (DfE)	0.000	*Estimated 3.990*	Will be announced March 2013. Replacement of LACSEG funding taken from formula grant.
Post 16 Funding (Education Funding Agency)	4.769	*not known*	
Adoption Reform Grant		*TBA*	Confirmed on 24/1/13 that £150m would be allocated to local authorities of which £50m would be ring-fenced - awaiting allocations
Community Right to Bid (CLG)	0.005	0.008	
Community Right to Challenge (CLG)	0.009	0.009	
Council Tax Support New Burdens funding	0.084	0.189	
Small Business Rate Relief extension (s31 grant) (CLG)	-	*Estimated 1.300*	Scheme extended in Autumn Statement - Awaiting announcement
Council Tax Support Transitional Grant (CLG)	-	0.511	One year only
Troubled Families (CLG)	0.702	*Estimated 0.780*	
Local Sustainable Transport Fund (DfT)	0.545	0.540	Approved bid for 13/14
Youth Justice Grant (Youth Justice Board)	0.407	*Estimated 0.407*	
Adult Safeguarded Learning (Skills Funding Agency)	0.316	*Estimated 0.316*	
Evidence Based Intervention Programme Grant (DfE)	*Estimated 0.225 based on claims*	*Estimated 0.196 based on claims*	
SEND Pathfinder Pilot Grant (DfE)	0.165	*not known*	
Warm Homes Healthy People (DH)	0.122	*not known*	
Portas Pilot (CLG)	0.083	-	One-off funding
Local Delivery Project grant (DWP)	0.075	*not known*	
Cycle Training Grant (DfT)	0.052	*not known*	
Targeted Mental Health in Schools (CAMHS)	0.030	*not known*	
Parents to be grant (Education Funding Agency)	0.027	*Estimated 0.027*	
Young Apprenticeship Grant (Education Funding Agency)	0.008	-	
Office of National Statistics Grant (Home Office)	0.004	*Estimated 0.004*	
Teachers Training Agency – Golden Hello	Based on claims	Based on claims	
Housing Benefit payment transfer grant (DWP)	Based on claims	Based on claims	

Appendix 6

Review of Reserves

Adequacy of Reserves – working balance

The working balance is planned to be maintained at £9m over the next 3 years of the Medium Term Financial Strategy. Determining the appropriate levels of working balance requires a professional judgement based on local circumstances including the overall budget size, risks, robustness of budget estimates, major initiatives being undertaken, budget assumptions, levels of 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 current 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 considering the minimum level of the working balance include:

(i) The complexity and degree of uncertainty associated with planned economy and efficiency measures and/or service changes and the likelihood of achieving them in full;

(ii) The level of balances required to complement resources potentially available under the Bellwin Scheme for Emergency Financial Assistance to Local Authorities in the event of a major emergency;

(iii) Risks of rising demand, increasing costs and/or falling income due to economic conditions or potential legislative changes;

(iv) The risk of major legal challenges, both current and in the future;

(v) Risks in the financial inter-relationship between NHS partners and the council.

(vi) The need to retain a general contingency to provide against unforeseen circumstances that may arise. For example, delays in council tax billing which could arise from a major systems or power failure;

(vii) The need to retain reserves for general day-to-day cash flow needs.

In addition, the cash flow risk for unitary authorities is significant given the full range of services provided. Taking all of these factors into account, a £9.0m working balance is considered appropriate, representing about 4 weeks of council tax revenue.

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	**Estimated Balance 01/04/2013 £'000**	**Planned use 2013/14 £'000**	**Estimated balance 31/3/2014 £'000**	**Review Arrangements**	**Conclusion**
GENERAL FUND					
Capital Receipts Reserve	-4,590	3,635	-955	Ongoing review as part of TBM process	Committed to fund the Capital Investment programme including HRA Capital Programme relating to LDV receipts to support Decent Homes
Capital Reserves	-674	674	0	Following closure of accounts.	Committed to fund the capital programme
Financing Costs Reserve	-979	345	-634	Following closure of accounts.	This reserve is being held to smooth the fluctuations in the financing costs budget over the next 3 years. This will cover the extended period of lower investment income.
Section 106 Receipts (capital)	-405	125	-280	Reviewed throughout the year to reflect agreed liabilities and new agreements	Retain for specified purpose
Section 106 Receipts (Revenue)	-400	75	-325	Reviewed throughout the year to reflect agreed liabilities and new agreements	Retain for specified purpose
Section 106 Interest	-285	25	-260	Reviewed throughout the year to reflect agreed liabilities and new agreements	Retain for specified purpose
Library PFI Reserve	-278	17	-261	Following closure of accounts.	Use for funding the project over the life time of the PFI.
Waste PFI Project Reserve	-9,501	4,865	-4,636	Following closure of accounts.	Use for funding the project over the life time of the PFI. The review has identified that £5.9m can be released to general reserves in lieu of permanent savings being taken from the revenue budget. There is a planned contribution to the reserve in 2013/14.

Description	Estimated Balance 01/04/2013 £'000	Planned use 2013/14 £'000	Estimated balance 31/3/2014 £'000	Review Arrangements	Conclusion
Pay Modernisation Reserve	-2,200	0	-2,200	Following closure of accounts.	Required to support the implementation of pay modernisation.
Brighton Centre Redevelopment Reserve	-3,616	194	-3,422	Following closure of accounts.	Future contributions to this reserve are planned to coincide with the sale of Patcham Court Farm. Planned expenditure in 2013/14 relates to supporting progress of the redevelopment project.
The Link Network Upgrade Reserve	-1,500	1,500	0	Following closure of accounts.	Reserve is for the implementation of the LINK, the public service network and resources include the £0.5m allocation from reserves included at table 4
Automatic Meter Readers (AMR)	-407	407	0		Retain for specific purpose. Planned to be fully used in 2013/14.
Museum Objects Acquisitions Reserve	-57	0	-57	Following closure of accounts.	Retain for specified purpose, which includes the agreed wider use to support the transfer of museum objects and records to the Keep
Pavilion Renewals Fund	-126	25	-101	Following closure of accounts.	Used to support maintenance and improvements to the Royal Pavilion during 2012/13. Planned spend in 13/14 to include preparation costs for HLF bid in Nov13. The Brunschwig Royalties Reserve is now amalgamated with this reserve.
Jack Thompson - Hove Museum	-252	0	-252	Following closure of accounts.	Reserve for acquisitions/refurbishment at Hove Museum in accordance with bequest.
Concessionary Bus Passes 9Major reissue every 5 years)	-66	-20	-86	Following closure of accounts	Hold for specific purpose. Planned expenditure is in 2015/16
CRB Checks	-100	50	-50	Following closure of accounts	Hold for specific purpose following previous Ofsted inspection requirements. Reserve expected to be fully used in 2014/15.

Description	Estimated Balance 01/04/2013 £'000	Planned use 2013/14 £'000	Estimated balance 31/3/2014 £'000	Review Arrangements	Conclusion
One Planet Living implementation reserve	-39	39	0	Following closure of accounts	Remaining funds to be used to support implementation of agreed programme.
Winter Maintenance	-436	0	-436	Following closure of accounts.	Held to fund exceptional costs of extreme weather. The level of reserve is sufficient subject to
Dome Planned Maintenance	-220	0	-220	Review annually with Brighton Dome & Festival Ltd	Retain - subject to lease agreement with Brighton Dome & Festival Society.
Connexions/Prospects Pensions Reserve	-200	200	0	Actuarial pension valuation	Release reserve. Any liability will be included in the triennial actuarial review of the pension fund
Vehicles Reserve Fund - Animal Welfare Vehicles	-13	13	0	Following closure of accounts.	Reserve used to purchase vehicle in 2012/13. The balance of reserve will be used in 2013/14
James Green Foundation	-54	0	-54	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.
Brighton & Hove Natural History Society Reserve	-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.
Investment in the Seafront	-37	37	0	Following closure of accounts.	Reserve will be fully used in 2013/14 for its specified purpose
New Homes Venture Reserve	-200	0	-200	Following closure of accounts	Retain to enable appropriate General Fund contribution to HRA led estate regeneration
ASC Long Term Capacity Reserve	-753	753	0	Following closure of accounts	Reserve will be used to support the capital development of Craven Vale as agreed at Policy & Resources in January 2013
Welfare and Local Government Funding Reform Reserve	-303	303	0	Review quarterly alongside monitoring of impact of welfare reforms	Planned to be spent to support the council's response to welfare reform including digital inclusion.

Description	Estimated Balance 01/04/2013 £'000	Planned use 2013/14 £'000	Estimated balance 31/3/2014 £'000	Review Arrangements	Conclusion
Sports Facilities Investment Reserve	-195	24	-171	Following closure of accounts.	Retain for specified purpose of investment in contracted sports facilities.
Carry Forward - LPSA	-44	44	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.
Sustainable Temporary Accommodation Reserve	-326	-41	-367	Following closure of accounts.	Held for dilapidation costs for leased temporary accommodation.
HMO Licensing Fees Reserve	-207	28	-179	Following closure of accounts.	Retain to support annual inspections of HMO premises.
HMO Licensing Fees Reserve 2012 - 2017	-565	115	-450	Following closure of accounts.	Retain to support annual inspections of HMO premises.
Damage Deposit Guarantee Scheme	-56	20	-36	Following closure of accounts.	Retain to guarantee deposits for supporting people service users moving into the private rented accommodation.
Mercury Abatement Reserve	-479	479	0	Following closure of accounts.	Earmarked for works required to the crematorium to meet mercury abatement legislation as agreed at Policy & Resources in Oct 2012
General Fund General Reserves	-7,877	7,427	-450	Following closure of accounts and through TBM monthly monitoring.	General Reserves includes £6.1m released from this review of reserves and allocations are set out in table 4 of this report. The remaining £0.45m is committed in 2014/15 for the Transformation fund and the final year of the 3 year youth grants programme

Description	Estimated Balance 01/04/2013 £'000	Planned use 2013/14 £'000	Estimated balance 31/3/2014 £'000	Review Arrangements	Conclusion
General Fund Working Balance	-9,000	0	-9,000	Reviewed against the register of financial risks, taking into account the requirements of the Local Government Act 2003.	A minimum working balance of £9.000m is recommended by the Chief Finance Officer in accordance with the requirements of Section 25 of the Local Government Act 2003.
Investment Properties (Dilapidations)	-105	55	-50	Following closure of accounts.	Retain for specified purpose for potential properties earmarked for disposal or refurbishment.
Cemetery Replacement	-84	0	-84	Following closure of accounts.	Retained for maintenance & replacement as required.
Cemetery Maintenance of Graves in Perpetuity	-86	0	-86	Following closure of accounts.	Retained for maintenance & replacement as required.
Cemetery Maintenance of Monuments	-17	0	-17	Following closure of accounts.	Retained for maintenance & replacement as required.
Modern Records Units X & Z (Dilapidations)	-93	0	-93	Following closure of accounts.	Retain to meet agreed dilapidations at Newhaven Records Unit.
Workstyles Dilapidations	-658	337	-321	Following closure of accounts	Retain for Workstyles VFM project. Funds identified for dilapidations costs for specific leased properties due to be vacated in future years.
Land Charges Provision	-339	150	-189	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. It is more likely that this needs to be increased rather than reduced.
Restructure Redundancy Reserve	-3,688	1,800	-1,888	Following closure of accounts.	Balance assumes transfer of £1.2m from general reserves and 3.3m to support Voluntary Severance Scheme. Remainder enables funding of upfront pension liabilities for future redundancies to enable the costs to be spread out over 5 years by the service area subject to the business case meeting council guidelines.

Description	Estimated Balance 01/04/2013 £'000	Planned use 2013/14 £'000	Estimated balance 31/3/2014 £'000	Review Arrangements	Conclusion
Insurance Reserve General	-6,509	0	-6,509	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. Reserve will need to be reviewed once the outcome of 2013 review is completed
Insurance Reserve Risk Management	-37	0	-37	Following closure of accounts.	Earmarked for specific risk management projects during 2013/14.
SCHOOLS/DSG					
DSG Capital Reserve	-1,350	150	-1,200	Review alongside Education Capital investment programme	Retain for specific purpose. Committed to support the Education capital programme for new pupil places. Remaining £1.2m planned to be fully used in 2014/15
Schools PFI Project Reserve	-1,748	16	-1,732	Following closure of accounts.	Use for funding the project over the life time of the PFI.
Schools LMS Balances	-5,800	500	-5,300	Following closure of accounts.	Balances are held by School Governing Bodies.
Portslade Adult Learning balance	-122	50	-72	Following closure of accounts.	Use at the discretion of the Facility
HOUSING REVENUE ACCOUNT					
HRA Working Balance	-5,153	1,500	-3,653	Following closure of accounts.	A minimum working balance of £2.000m is recommended by the Chief Finance Officer in accordance with the requirements of Section 25 of the Local Government Act 2003. Any residual balance can be used to support the HRA long term business plan.
HRA Restructure Redundancy Reserve	-388	0	-388	Following closure of accounts.	Retain for specified purpose. Reserve may be required for 2013/14 following outcome of Voluntary Severance Scheme.

Description	Estimated Balance 01/04/2013 £'000	Planned use 2013/14 £'000	Estimated balance 31/3/2014 £'000	Review Arrangements	Conclusion
HRA EDB Reserves	-146	0	-146	Following closure of accounts.	Retain for estates development. Annual amount is approved to fund EDB; the programme is a rolling programme with new schemes approved annually. The reserves are still committed to projects approved in the EDB programme. There could be some use of these reserves in 2013/14, the amount will depend on individual EDB projects progress.
HRA Auto Meter Readers Reserve	-348	200	-148	Following closure of accounts.	Retain for specified purpose.
TOTAL ALL FUNDS	-73,116	26,116	-47,000		

MEDIUM TERM FINANCIAL STRATEGY 2013/14 TO 2018/19 ~ GENERAL FUND FINANCIAL FORECASTS

The tables below show the forecasts for net expenditure and future funding streams based on the latest information available. The key assumptions relating to inflation and future funding are shown in the first table. The most notable relate to future funding. The Chancellor has already announced that funding for local government will be reduced by the same amount in the next Spending Review as in the current one i.e. 28% and this reduction has been built into the forecasts for 2015/16 to 2018/19. In addition it has been assumed that all current council tax freeze funding will end in 2015/16 as the government have only given assurances of funding in this Spending Review period. A revaluation of business rates is due to be implemented from 1 April 2017. Whilst any increases or decreases in business rates as a result of the revaluation will be adjusted for in the business rates retention system, new provisions for potential successful appeals on the 2017 list need to be made and a forecast is included along with a reduction due to the anticipated demolition of the original AMEX offices. Further analysis needs to be undertaken regarding the agreed major redevelopment of the Royal Sussex County Hospital where there will be temporary reductions in business rates income as the phased works are carried out but an overall increase once all the work is completed.

On the basis of these forecasts it is estimated that the council will need to identify new savings of about £120m over 6 years. This represents a reduction of about 30% in the gross budget.

A sensitivity analysis has also been carried out for some other possible scenarios. The results are as follows:

- If the number of new homes in the city rises by 540 per annum (i.e. the average shown in the City Plan) then approximately £0.7m New Homes Bonus and £0.5m additional council tax income would be generated each year. However in 2017/18 the first tranche of New Homes Bonus money allocated in 2011/12 ends so the net benefit in that year is only £0.1m.
- If the number of homes exempt because they are occupied solely by students rises at 7.5% per annum then council tax income will fall by about £0.4m per annum.
- For each 0.5% increase in the rateable value for business rates generates about £0.25m per annum.
- If 10% of the local authority maintained schools transfer to become either academies or free schools then the loss of business rates income would be about £0.1m per annum and the loss of Education Services Grant would be about £0.4m per annum. However, the loss of Education Services Grant could be at least partly offset if the council was successful in selling these services to the new academies and free schools.
- A council tax freeze would reduce the funding available to the council each year by £2m assuming no further freeze grant is forthcoming from the government.

MEDIUM TERM FINANCIAL STRATEGY 2013/14 TO 2018/19 *(Tables may not add due to rounding)*

Summary of MTFS assumptions	**2013/14**	**2014/15**	**2015/16**	**2016/17**	**2017/18**	**2018/19**
Pay inflation and pay related matters	1.0%	2.0%	2.0%	2.0%	2.0%	2.0%
General inflation	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Change to Start Up Funding Assessment (SUFA)	-5.9%	-9.3%	-12.5%	-11.3%	-9.5%	-10.4%
Business rates poundage inflation uplift	2.6%	3.1%	3.0%	3.0%	3.0%	3.0%
Other changes to business rates including revaluation	-3.8%	0.2%	0.0%	0.0%	-9.1%	-10.0%
Change to other specific grants		-10.0%	-5.0%	-5.0%	-5.0%	-5.0%
Council Tax change	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

Summary of General Fund budget projections	**£ million**	**£ million**	**£ million**	**£ million**	**£ million**	**£ million**
Budget Requirement brought forward	234.9	228.1	223.2	210.7	201.1	189.6
Pay and Inflation	4.5	4.9	4.6	4.4	4.0	3.8
General Risk Provision	1.5	0.5	0.5	0.5	0.5	0.5
Commitments - impact of previous decisions	3.4	1.2	-0.6	-0.1	0.0	0.0
Service pressures - demographic and inflation	4.8	5.7	5.0	5.0	5.0	5.0
Service pressures - specific grants	3.0	0.8	0.6	0.6	0.5	0.5
Full year effect of savings in previous year	-1.0	-1.2	0.0	0.0	0.0	0.0
Savings	-15.8	-23.4	-24.2	-20.2	-20.8	-16.3
Sub-Total	235.3	216.6	209.1	200.9	190.3	183.1
Change in contribution to /from reserves	-7.2	6.6	1.5	0.3	-0.7	0.0
Budget Requirement	228.1	223.2	210.7	201.1	189.6	183.1
Funding						
Revenue Support Grant	77.7	64.1	47.8	34.6	24.3	13.9
Top Up Grant	1.6	1.6	1.7	1.7	1.8	1.8
Safety Net Grant	4.0	0.0	0.0	0.0	0.0	0.0
Locally retained Business Rates	42.2	52.8	54.3	56.0	52.5	54.1
Council Tax	102.7	104.7	106.8	108.9	111.0	113.2
Total Funding	228.1	223.2	210.7	201.1	189.6	183.1

Medium Term Financial Strategy

Resources

The council's resource base is dependent on its council taxbase and its level of business rates retention. While we currently receive top up grant from central government, the direction of travel for local government finance is for local authorities to aim to be self sustaining amid an overall national context of reductions in public sector spending. This means we need to plan for a resilient and buoyant taxbase in order to protect vital services in the city.

For the **council taxbase** this means:

- enabling new development of housing through our planning policy, for example the Toads Hole Valley site
- progressing our planned council estate regeneration using Housing Revenue Account resources to leverage new investment
- working with the Universities to ensure that as much of their growing student housing needs are met through new student accommodation rather than existing housing attracting student exemptions for council tax
- having a tightly controlled system of discounts and exemptions
- ensuring that we have a fair council tax reduction scheme, balancing the need for as many people as possible to contribute to local services while supporting those in financial difficulty
- planning to increase council tax levels within the parameters set by central government but without triggering a referendum

By doing this we aim to:

- increase the number of new properties paying council tax and generating additional short term income through the New Homes Bonus
- stabilise the ongoing rise in properties not paying council tax as a result of student exemptions
- minimise the number of homes that are empty and not paying council tax and the number of fraudulent awards of discounts, especially single person discounts
- maintain a top quartile collection rate in comparison with similar authorities
- plan for council tax rises to protect vital public services

For **business rates retention** this means:

- working closely with the Economic Partnership and the Coast 2 Capital Local Enterprise Partnership (LEP) to attract inward investment into the city
- securing a City Deal with the government to ensure a thriving city region
- enabling the mixed use development of key sites in the city, using our land and, where the business case supports it, prudential borrowing or other financing arrangements, to generate new employment space
- having a system of discounts that protects the long term income stream from business rates
- lobby the government to change its approach to settling appeals and refunds which are outside the council's control and which have a disproportionate impact in Brighton & Hove including seeking a right to appeal valuations that it considers to be understated
- working with the Valuation Office to ensure the rating list is complete, up to date and fit for purpose for the council to predict and monitor the collection of what is owed

By doing this we aim to:

- protect and grow the council's share of the business rates taxbase
- minimise the number of businesses who are not paying the expected level of business rates
- maintain a top quartile collection rate in comparison with similar authorities

Government Grant Funding and Council Tax

The council will continue to rely on core funding from government (£73m of Revenue Support Grant in 2013/14) for some time even within a context of moving towards a self-sustaining system. We will therefore continue to lobby government to take into account a number of issues that are key to the financial resilience of the council including:

- local choice in determining council tax rises with increases of up to RPI allowable without the need to trigger a referendum

- ensuring that the high and growing number of student exemptions on the council taxbase are compensated for in the grant system
- securing a fair system for funding academies and free schools that doesn't have a detrimental impact on the council's ability to support and challenge schools across all sectors
- ensuring that any changes to grant distribution methodology have a fair outcome for the city
- ensuring all new burdens on local government are fully funded

Fees, Charges and Rents

The council also has income from fees, charges and rents, specific government grants and makes bids for other sources of one off grants.

The overall approach to **fees and charges and rents** in this Medium Term Financial Strategy is:

- to recognise that fees, charges and rents are a vital part of the council's resource base but need to be set at sustainable levels
- to protect and enhance income in our leisure facilities, cultural destinations and venues through the quality of the visitor offer while ensuring fair discounts for concessionary groups
- to develop new income streams through identifying potential areas for additional charging or income generation

The council will seek to supplement its resource base by applying for **grants** in order to:

- deliver capital investment that it cannot afford from its core funding
- pump prime new service development designed to achieve long term financial savings

We are likely to need to be increasingly reliant on one off grant funding and therefore need to plan up front for ongoing maintenance of any capital investment and any exit costs from new initiative in order to minimise the long term impact on the revenue budget.

Specific service plans in relation to fees, charges, rents and grants are set out below.

Expenditure

The council will shift its focus in its budget planning from an emphasis on savings and changes to the budget to being clearer about how it is prioritising its substantial expenditure.

Adult Social Care

We will **maintain fair access** to Adult Social Care services at the current needs level of "Critical and Substantial". We will ensure that we fulfil our responsibilities to ensure the **quality** of services provided in the city and **safeguard** vulnerable adults.

We will support individuals to **stay in their own homes** and in their own communities wherever possible by:

- promoting personal budgets, choice and independence
- protecting funding for carers
- making better use of Telecare
- working closely with the community and voluntary sector to ensure flexible local provision that best meets individual needs

We will work closely with health partners to commission **short term services** (for example redeveloping Craven Vale Resource centre) as part of our reablement approach.

We will work closely with housing colleagues to commission **extra care** housing where appropriate and other **housing related support** through the Supporting People budget.

We will start the planning to set up a new model of council service delivery, potentially a Local Authority Trading Company. This will protect the council's capacity to be an essential provider of certain services in the city, in particular by enabling us to offer services and receive income from individuals on personal budgets.

By doing this we aim to:

- reduce our relatively high unit costs of providing adult social care particularly through reducing the numbers of clients in expensive residential and nursing home care;

- adapt to the changing demographics and needs of our population in a way which is affordable
- generate new sources of income to help protect quality services and safeguard the most vulnerable

Children's Services

We will continue to invest in **prevention and early intervention** and prioritise resources on preventing families falling into need, and helping them to get out and stay out of crisis. We will do this through:

- our Stronger Families, Stronger Communities programme which supports families in multiple deprivation through jointly commissioning interventions across the council and with partner agencies such as police and probation services
- sustaining investment in early years services, but targeting interventions at those most in need, for example free childcare for the 20% most disadvantaged 2 year olds
- strengthening our early help services particularly supporting schools and redesigning our behaviour support services

We will continuously improve our **procurement and commissioning** of:

- home to school transport, including working closely with transport colleagues and the adult social care client transport team
- expert assessments in care proceedings
- high cost placements, working across East and West Sussex, particularly South East Seven (SE7) partners on special educational needs (a Dedicated Schools Grant funded service)

We will lobby government to ensure that there is sufficient "basic needs" capital funding for new pupil places. We will work with the Department for Education to secure additional capital investment to increase the diversity of school provision within a context of strong partnership working across all the city's schools.

By doing this we aim to:

- support children to stay with their families and in their local communities rather than in expensive local authority placements

- reduce the amount the council spends on supporting the costs of institutional care pathways
- reduce our relatively high unit costs of providing children's social care
- secure capital investment for school places without subsidy from other council services

Communities, Culture and Public Health

The transfer of the Public Health function from 1 April 2013 provides an opportunity for us to align spend with other council services. While the public health budget is ring fenced, we aim to achieve **indirect savings** in other parts of the council through:

- coordinating support functions such as research and analysis and communications
- simplifying our commissioning of services from the community and voluntary sector as some organisations are in receipt of multiple funding streams from the council
- combining spend for example with transport, housing and sports and leisure initiatives to maximise its impact.

We will continue to seek to leverage **external investment** to maintain our historic assets, and our cultural and leisure facilities including the seafront. We will start the planning to move our Tourism and Venues services onto a more **independent and commercial** footing, potentially through a Local Authority Trading Company.

We will **collaborate with the community and voluntary sector**, supporting its programme to transform local infrastructure and seeking to move away in the medium term from a grants based funding model to placing more emphasis on a commissioning and contracting model.

By doing this we aim to:

- improve the outcomes and value for money of our Public Health function
- sustain and enhance income streams from our seafront properties, at our venues and at other visitor attractions for example through our catering concessions
- maintain a successful visitor economy to support accessible employment opportunities for our residents
- support a thriving third sector in the city that can contribute to resilient local communities and deliver a high social return on investment

Environment, Housing & Development

The Council's new City **Regeneration** Unit will be at the heart of planning for the future development of the city, creating a balanced economy and a One Planet Living City within the framework set by the council's City Plan.

Capital investment in the Local Transport Plan will be protected and the opportunities presented by self-financing in the Housing Revenue Account will be used to generate estate regeneration.

Better use of **intelligence** through working with the police will ensure our public protection function is focussed on the most effective interventions and we will explore opportunities to **expand traded services.**

We will deliver savings and additional income through our **management of waste** by:

- expanding city centre communal recycling and driving down levels of waste arising
- working with SE7 partners on a long term strategy for securing commercial income streams from recyclate
- sharing the revenue from commercial waste disposal and electricity generation at the Energy from Waste facility in Newhaven

We will sustain investment in **homelessness prevention** and work in the city and with neighbouring authorities to procure sufficient quantities of temporary accommodation. We will work closely with colleagues in adult social care, children's services and health to secure appropriate accommodation for our most vulnerable clients and make the most cost-effective use of the Supporting People budget. We will work with our partners in West Sussex to reduce carbon emissions and tackle fuel poverty in the city's overall housing stock through combining the government's **Green Deal** initiative with Energy Company Obligations (ECO) and local initiatives to support the most vulnerable.

By doing this we aim to:

- grow our council tax and business rates taxbase as described above
- better target our limited resources for public protection and develop new income streams
- minimise the costs of waste disposal and maximise the income we can derive from it
- contain the financial impact of the anticipated rise in demand for homelessness services and provide cost effective support for independent living for vulnerable clients

- secure investment into the city's housing stock with minimum subsidy from the council

Central Services

We will be proactive in our response to the government's **welfare reform** agenda and plan ahead for the transition to Universal Credit, working with the community and voluntary sector to:

- ensure access to financial advice and support
- enable digital inclusion as far as possible across all customer groups
- provide coordinated support to the most financially vulnerable for example through our discretionary funds

We will continue to invest in coordinated and fair early **debt collection and fraud prevention** to maximise our revenue streams.

We will make it easier for customers to **access our services on-line** and through digital media. We will invest in the council's ICT infrastructure over the next three years to ensure it is resilient and can support efficient working practices. We will drive the council's ambitious improvement programmes covering:

- Value for Money
- Workstyles
- Improving the Customer Experience
- Systems Thinking

through a single **Modernisation** Programme Board, underpinned by the council's People Strategy.

We will maintain **effective governance and performance management** and high quality legal, financial and procurement advice to safeguard the interests of the council taxpayer. We will work in **shared service arrangements** with other councils and partners where appropriate to secure value for money and maintain sufficient expert capacity.

APPENDIX 8

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. There is relative certainty over the level of government funding over the next 2 years but 2015/16 is the first year of the next spending review where the government has only given broad indications of future reductions in local authority funding levels. 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 including the impact on business rates income
- The level of future successful appeals against the business rating list
- 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 Corporate Plan commitments.

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
Potential Risks affecting 2013/14 onwards					
Collection of council tax falls due to the difficult financial climate and new collection requirements as a result of the council tax reduction scheme and changes to discounts and exemptions, resulting in a deficit on the collection fund	3	3 0.1% reduction in council tax collection = £0.1m	9	Would require reductions in the budget for the following year	Close monitoring of the collection fund, particularly of new council tax payers under the CTR scheme and changes to discounts and exemptions. Additional debt collection resources provided and appropriate communication, advice and collection strategies agreed to minimise impact
Council tax base is lower than anticipated e.g. lower number of new properties / more student exempt properties / more discounts awarded / higher numbers entitled to CTR discounts, resulting in a deficit on the collection fund	3	4 1% reduction in council tax base = £1.0m	12	Would require reductions in the budgets for the following year	Close monitoring of the collection fund and checking validity of exemptions and discounts particularly new property developments, student numbers, CTR discounts and class C/D discounts Working with further education establishments to develop more dedicated student accommodation

Risk	**Likelihood of occurrence (L)**	**Impact (I)**	**Risk (L) X (I)**	**Possible Impact on Financial Strategy**	**Mitigation / Management**
Long term borrowing rates higher than anticipated	2	3 0.5% higher = £0.4m for £80m	6	Would increase borrowing costs budget over the long-term Would hinder business cases involving borrowing and make invest to save schemes less financially attractive	Closely monitor long term borrowing rates and future borrowing requirements to help identify the best time to borrow
Services fail to operate within set budgets due to: • Increased service demand • Price variations • Unachieved income levels • Unachieved savings	2	4 1% overspend on net GF budget = £2.3m in 2013/14	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	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	2	4	8	Services would need to	Identify action plans to

Risk	Likelihood of occurrence (L)	Impact (I)	Risk (L) X (I)	Possible Impact on Financial Strategy	Mitigation / Management
financial climate has a greater than anticipated impact on collection of income and commercial rents		1% reduction in income = £1m 1% reduction in commercial rents = £0.1m		identify compensating savings and in particular look at whether expenditure could be reduced in those income generation areas	mitigate income and rent shortfalls
The uncertainties within housing market, changes in housing benefit and welfare reform create spending pressures within the budget e.g. homelessness	4	5 10% increase in net homelessness budget = £0.4m	20	Would create additional pressures in the Housing Strategy and potentially other related budgets which would need to find compensating savings	Assess the potential impact of proposed changes to the housing benefit system / welfare reform and plan and lobby accordingly. A range of additional discretionary funds set aside to be directed to most appropriate area as needed
Reserves for Pay Modernisation and/or potential pay-related liabilities are insufficient to meet one-off and ongoing costs.	4	4 1% variation in total pay = £1.4m p.a.	16	Use of one-off resources above the current level of reserves and provisions would require unallocated General Reserves or the Working Balance to be used. This will require replenishment in future years, potentially increasing the level of savings required in the MTFS.	Maintain and update the risk register Monitor progress of pay negotiations and/or settlements on a frequent basis and update financial forecasts regularly Update financial forecasts for any new legal rulings or potential liabilities.

Risk	Likelihood of occurrence (L)	Impact (I)	Risk (L) X (I)	Possible Impact on Financial Strategy	Mitigation / Management
Major civil incident occurs e.g. storm, flooding, riot	2	4 Estimated "Bellwin" threshold = £0.7m	8	Budget overspend/reduction in reserves Pressures on other budgets The council would have to meet the costs of uninsured risks in addition to the "Bellwin" threshold	Ensure adequate levels of reserves to cover threshold expenditure Ensure appropriate insurance cover is in place and that the Insurance Fund is sufficient to cover uninsured risks
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
Cost overruns occur on schemes in the agreed capital programme	2	3 1% cost overrun on total programme = £0.8m	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	3 10% reduction in receipts =	12	Fewer resources available for transport programme and other strategic funds	Flexible capital programme that allows plans to be reduced or re-profiled.

Risk	Likelihood of occurrence (L)	Impact (I)	Risk (L) X (I)	Possible Impact on Financial Strategy	Mitigation / Management
		£0.3m in 13/14 & £0.3m in 14/15			Alternative site disposal plans capable of being accelerated
Income from business rates is lower than expected due to adverse changes in local economy / successful rating appeals / collection performance declines	3	3 1% of forecast retained business rates income = £0.5m	9	Would require reduction in the budget for following year	Make appropriate provisions in resource forecasts Close monitoring of business rates yield and collection Consider measures to encourage growth in local businesses
The council fails to reduce its carbon footprint resulting in higher than anticipated energy costs and need to purchase more allowances than anticipated under the CRC scheme	3	2 Allowances budget = £0.360m	6	Would reduce resources within budgets creating the need to find additional savings	Continue developing council carbon budgets for services and report / monitor alongside financial budget. Programme of investment to reduce carbon footprint across the council
Further risks affecting 2014/15 onwards					
New Spending Review leads to greater reductions in Local Government	3	4 1% reduction in CLG Start-	12	Reductions in budgets or upward pressure on council	Lobby with LGA over future spending totals

Risk	Likelihood of occurrence (L)	Impact (I)	Risk (L) X (I)	Possible Impact on Financial Strategy	Mitigation / Management
funding over the period 2015/16 to 2017/18		Up Funding Assessment = £1.2m		tax	
Business Rates Revaluation due to be implemented in on 1 April 2017 leads to new successful Business Rates appeals	5	4 1% of forecast retained business rates income = £0.6m	20	Reductions in budgets or upward pressure on council tax Protection from safety net at 7.5% below baseline funding	Lobby CLG for changes to the Business Rates Retention scheme Liaison with VOA Monitor the impact of appeals throughout the remaining revaluation period
Cash reductions in remaining unringfenced government grants in 2014/15 and beyond causing additional budget pressures	3	3 5% reduction in unringfenced government grants = £0.6m	9	Reductions in budgets or upward pressure on council tax	Provisions for reductions made in resource forecasts Develop strategies to identify priorities and mitigate impact of reductions
Energy and fuel prices increase above budgeted provision	3	2 10% increase = £0.4m Offset by: 10% increase in electricity prices = £0.1m electricity	6	Would reduce resources within budgets creating the need to find additional savings However, higher electricity prices would mean that the share of electricity income from Energy From Waste plant	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

Risk	Likelihood of occurrence (L)	Impact (I)	Risk (L) X (I)	Possible Impact on Financial Strategy	Mitigation / Management
		income		will increase to offset some of the cost increase	
Investment interest rates lower than anticipated	2	3 0.5% lower = £0.4m	6	Would need more reserves to cover any shortfall in the investment interest budget	Keep investment strategy under constant review
Funding for Public Health responsibility reduces following introduction of new distribution formula from 1 April 2015	4	4 2014/15 Grant = £18.7m which is £16 per head over national average	16	Reductions in budgets or upward pressure on council tax	Monitor progress of discussions on new distribution formula and lobby for changes to achieve the best outcome for the city
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 = £1.6m	12	Additional pressure on schools budgets	Respond to consultation papers and lobby Government on impact Early discussions with Schools Forum on potential impact
New reimbursement arrangements after current concessionary fares fixed deals end result in higher	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

Risk	Likelihood of occurrence (L)	Impact (I)	Risk (L) X (I)	Possible Impact on Financial Strategy	Mitigation / Management
than anticipated costs in 2014/15 and beyond					including smart-card data to inform reimbursement calculations Early negotiations with bus companies about options for new fixed arrangements
Further transfer of schools from local authority to free schools and academies	4	3 10% transfer of pupils Reduced Business Rates income =£0.1m Reduced Education Services Grant =£0.4m	12	Reductions in budgets or upward pressure on council tax	Sell central education services to new free schools and academies to help replace loss of Education Services Grant. Reduce costs where possible.
Pay assumptions for 2014/15 onwards are lower than agreed pay awards and other pay related costs	3	4 0.5% change in pay award = £0.7m	12	Immediate impact on reserves if pay provisions are insufficient to meet increased ongoing costs arising from Pay Modernisation, pay awards and/or impact of the	Monitor progress on pay award negotiations and wider national settlements. Monitor progress of pay negotiations on a frequent basis and update financial

Risk	Likelihood of occurrence (L)	Impact (I)	Risk (L) X (I)	Possible Impact on Financial Strategy	Mitigation / Management
				Living Wage. This would require reductions in the budgets for the following year/s to repay reserves.	forecasts regularly.
Pension costs increase at next actuarial review in 2014/15 to cover any deficit greater than anticipated due to lower investment performance / higher level of opt out following increased employee contribution rates	2	3 Each 0.1% additional employer contribution = £0.1m	6	Reductions in budgets or upward pressure on council tax	Implement actuarial advice on contribution rate. All employment decisions include allowance for full pension costs. 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

New incentives within the new grant distribution system are:

- Business Rates Retention scheme – Retaining 49% of business rates growth above the baseline funding level
- New Homes – Entitlement to New Homes Bonus Grant for 6 years
- New Homes – Increase in council tax resource

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 following statement is recommended for approval for 2013/14:

For 2013/14 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.

Appendix 10

Brighton & Hove City Council – Prudential Indicators 2013/14 to 2015/16

The following prudential indicators are recommended for 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 rent (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 2013/14 to 2015/16

	2013/14 Estimate	**2014/15 Estimate**	**2015/16 Estimate**
	£'000	£'000	£'000
Non-HRA	**8.2%**	**8.4%**	**8.4%**
HRA	**13.9%**	**16.8%**	**16.2%**

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 2013/14 to 2015/16

	2013/14 Estimate	**2014/15 Estimate**	**2015/16 Estimate**
Addition in council tax requirement	**£ 18.29**	**£ 20.07**	**£ 21.99**

A3 Prudential indicator – Estimates of the incremental impact of the new capital investment decisions on the average weekly housing rents 2013/14 to 2015/16.

	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
Addition in average weekly housing rent	**£ 39.7**	**£ 41.4**	**£ 43.3**

B <u>Prudential indicators for Prudence</u>

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 2013/14 to 2015/16

	31-Mar-14 Estimate	31-Mar-15 Estimate	31-Mar-16 Estimate
	£'000	£'000	£'000
Net borrowing	**216,120**	**203,174**	**191,600**
PFI Liabilities	**57,977**	**56,127**	**54,149**
Net debt (inch PFI liabilities)	**274,097**	**259,301**	**245,749**
Capital financing requirement	**346,817**	**339,106**	**325,751**

B2 Prudential indicator – Gross debt (including PFI liabilities) and Net debt 2013/14 to 2015/16

	31-Mar-14 Estimate	31-Mar-15 Estimate	31-Mar-16 Estimate
	£'000	£'000	£'000
Gross borrowing	**241,139**	**228,382**	**217,038**
PFI Liabilities	**57,977**	**56,127**	**54,149**
Gross debt (inch PFI liabilities)	**299,116**	**284,509**	**271,187**
Net debt (inch PFI liabilities)	**274,097**	**259,301**	**245,749**

C <u>Prudential indicator for Capital Expenditure</u>

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 2013/14 to 2015/16*

	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
	£'000	£'000	£'000
Total non-HRA	**51,316**	**43,127**	**21,134**
Total HRA	**34,747**	**27,759**	**21,262**
Total programme	**86,063**	**70,886**	**42,396**

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 2013/14 to 2015/16*

	31-Mar-14 Estimate	31-Mar-15 Estimate	31-Mar-16 Estimate
	£'000	£'000	£'000
Non-HRA	**219,696**	**209,747**	**200,201**
HRA	**127,122**	**129,360**	**125,550**
Total	**346,817**	**339,106**	**325,751**

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 cash-flows, 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 <u>Prudential indicators for External Debt</u>

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

D1 Prudential indicator – Authorised limit 2013/14 to 2015/16

	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
	£'000	£'000	£'000
Borrowing	**311,000**	**307,000**	**295,000**
Other long term liabilities	**60,000**	**58,000**	**57,000**
Total	**371,000**	**365,000**	**352,000**

The authorised limit is the aggregate of gross borrowing (i.e. before investment) and other long term liabilities such as finance leases. **In taking its decisions on the budget report the council is asked to note that the authorised limit determined for 2013/14 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 2013/14 to 2015/16

	2013/14 Estimate	2014/15 Estimate	2015/16 Estimate
	£'000	£'000	£'000
Borrowing	**300,000**	**296,000**	**284,000**
Other long term liabilities	**60,000**	**58,000**	**57,000**
Total	**360,000**	**354,000**	**341,000**

The operational boundary is based on the authorised limit but without the additional headroom. The operational boundary represents a key management tool for in-year monitoring by the Director of Finance. 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 2013/14 to 2015/16

	2013/14 Estimate	**2014/15 Estimate**	**2015/16 Estimate**
	£'000	£'000	£'000
HRA limit on indebtedness	**158,202**	**158,202**	**158,202**
HRA capital financing requirement (C2)	**127,122**	**129,360**	**125,550**

Under the reform of housing finance implemented from 1st 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 2013/14 to 2015/16

	2013/14	**2014/15**	**2015/16**
Upper limit on fixed interest rate exposure	**109%**	**110%**	**110%**
Upper limit on variable interest rate exposure	**44%**	**44%**	**44%**

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 2013/14 to 2015/16

	2013/14	**2014/15**	**2015/16**
Upper limit on borrowing – fixed rate exposure	**100%**	**100%**	**100%**
Upper limit on borrowing – variable rate exposure	**40%**	**40%**	**40%**

	2013/14	2014/15	2015/16
Upper limit on investments – fixed rate exposure	**100%**	**100%**	**100%**
Upper limit on investments – variable rate exposure	**100%**	**100%**	**100%**

Indicator E2a is supplemental to Indicator E2 and shows separately the maximum limits for both borrowing and investments. The indicator is not a requirement of the prudential code but it does show more clearly the interest rate exposure limits within which borrowing and investments will be managed. The effect of the limits is the Director of Finance 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 2013/14

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

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

	2013/14	2014/15	2015/16
	£000	£000	£000
Limit	**25,000**	**25,000**	**25,000**

Appendix 11

Equality Impact Assessment – Cumulative Impact 2013/14 Revenue Budget

1. Background

1.1 This document summarises the Equality Impact Assessment (EIA) process for the Budget proposals for 2013/14. It highlights:

- the key differential impacts of potential budget decisions for legally protected groups and people experiencing poverty;
- where a single decision or series of decisions might have a greater negative impact on a specific group, and;
- ways in which negative effects across the council may be minimised or avoided, and where positive impacts can be maximised or created.

1.2 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.

1.3 The council has a legal duty (under the Equality Act 2010 – see Appendix A) to evidence that we have paid 'due regard' to the need to: eliminate unlawful discrimination, advance equality of opportunity and foster good relations between persons who share a relevant protected characteristic (see below) and those that don't. Budget EIAs demonstrate how we are considering impacts and action we will take where needed.

2. Budget Equality Impact Assessment (EIA) Process

2.1 In Brighton & 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[1]) and on child poverty.

2.2 EIA screening documents[2] have been completed by service leads on budget proposals where the potential change impacts on service provision. Each one lists:

1 '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.)
2 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.

EQUALITY FRAMEWORK FOR LOCAL GOVERNMENT EXCELLENT

- A page summarising the proposed change, key impacts and mitigating actions;
- Details of the potential differential impact on groups protected in the Equality Act 2010 and on other relevant groups covered by the council's Equality and Inclusion Policy 2012-15, including poverty;
- Details (by group) of the actions proposed.

3. Aims of Equality Impact Assessments (EIAs)

3.1 The 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.

3.2 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.

3.3 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.

3.4 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 groups disproportionately, and especially where they may be unlawful.

3.5 The aims of an Equality Impact Assessment become especially important at times of straitened budgets, enabling us to:

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

3.6 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 improved consultation and evidence gathering to identify the impact on particular groups.

EQUALITY FRAMEWORK FOR LOCAL GOVERNMENT EXCELLENT

"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. National context

4.1 The budget proposals are being developed within the context of ongoing reduced public funding to local government.

4.2 Key national issues that may have an equalities impact include:

- New council responsibilities including the public health agenda;
- Impact of welfare reforms on vulnerable communities and individuals;
- Education reforms;
- Localism;
- Changes to the local authority funding basis and other grants the council receives could affect Children's and Adults' services.

5. Local context

5.1 The council's corporate priorities are detailed in the Corporate Plan:

- Tackling inequality
- Creating a more sustainable city
- Engaging people who live and work in the city
- Modernising the Council *

(draft new combined internal priority subject to confirmation by Full Council in March)

5.2 The first priority is clearly very relevant to the budget setting and EIA process.

6. Budget Equality Impact Assessment Findings

6.1 The EIA process and consultation have been based on identifying whether or not service delivery impacts are likely to be different for a person because of their protected characteristic (with a focus on where impacts may be worse).

6.2 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 we can monitor, evaluate and take action on impacts which may occur.

6.3 The overall assessment is that there is no evidence across the EIAs of discrimination in the Budget proposals.

6.4 However, the EIAs do highlight concerns about the council's ability to achieve our Corporate Plan objective of 'tackling inequality'. Therefore we have identified key activities to ensure continued progress against this aim. More details are given below.

7. Feedback from Community and Voluntary Sector Organisations

7.1 After the budget proposals were made public, the EIAs were circulated widely to Community and Voluntary Sector groups, including the Community and Voluntary Sector Forum (specifically their Equality Network of elected rep's from 'protected characteristic' groups), communities of interest groups[3], via the City Inclusion Partnership, BHCC staff in the Equality Steering Group and their networks, and to representatives in geographical areas.

7.2 Responses from the above and other information have informed the development of this paper and, where appropriate, have been used to revise EIAs to address questions and concerns.

7.3 Where responses were about service provision more widely, these comments have been passed to the relevant service manager.

7.4 A full report of the CVSF consultations is available as part of the Budget papers.

7.5 Subject to implementation of budget proposals being agreed, 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.

Key concerns identified in consultation:

[3] These included groups facilitated by the CVSF focused on disability, single parents, carers, learning disability, older people, poverty, young people, and autistic spectrum conditions.

EQUALITY FRAMEWORK FOR LOCAL GOVERNMENT EXCELLENT

- Worsening cumulative impacts of reducing funding on vulnerable individuals and groups, including rising service charges and fees, reductions in benefits, and changes in how strictly eligibility criteria are interpreted and applied. These are increasing pressure on council services and on the CVS.
- Impact of changes to contracts with Community and Voluntary Sector groups, with reductions in funding coming at a time of increased demand from service-users.
- CVS groups are sometimes expected to 'fill the gaps' created by reductions in statutory services, but are not given the additional resources to meet these needs. Volunteering is not a cost-free way of providing services.
- Reductions in provision of early intervention (often low level) services negatively impact vulnerable groups, exacerbating needs. In turn this may mean people eventually need higher level/crisis interventions, which are more costly for the council and the individual.
- The movement towards 'digital by default' risks excluding many people who do not have access to the internet, or cannot use it effectively (or at all) to contact services. Cost savings here have the potential to exclude vulnerable people, unless reasonable alternatives are anticipated and provided.

8. Identified cumulative impacts

8.1 The EIA template highlights where officers identify a cumulative impact linked to other services or the wider local/national context. The Communities and Equality team has also considered all the EIAs to assess where groups may be impacted by more than one change across the council.

8.2 Impacts across a number of budget proposals are identified for the following protected groups:

- older people
- younger people
- disabled people

8.3 There are also impacts highlighted in relation to women (gender), and for Black and Minority Ethnic groups (ethnicity).

Key impacts include:

- Increased fees and charges in a number of services may 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.

Those at risk of financial exclusion are likely to be most affected and this may disproportionately include people covered by the law. However significant one off and recurrent resources to provide additional advice and ensure financial inclusion have been included within the budget proposals.

- Changes to specialist services and contracts (eg: Learning Disability, Mental Health) raise potential issues for mainstream services. In addition, mainstream services need to be accessible and appropriate to people's specialist needs. Developing capacity and skills in the mainstream to manage complex needs effectively and sensitively also places a demand on resources. The budget proposals have been prepared with an emphasis on protecting investment in preventative services and on ensuring that resources are targeted where most needed.
- Significant changes in services or the physical appearance of the city are likely to have a larger impact on some groups more than others (eg: impact of changed routines in transport or day care for people with Learning Disabilities, street repairs being done more slowly may impact disabled people). These areas will need careful implementation to ensure that impacts are mitigated in the process.
- Some actions in service EIAs to mitigate impact are related to links to Community and Voluntary Sector (CVS) services (eg: 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 these groups' capacity. The council is therefore supporting the sector's Transforming Local Infrastructure Project to help sustain that capacity,

9. Council-wide Mitigating Actions

9.1 It is important to note that existing council equalities approaches will be a critical part of minimising or avoiding negative impacts on specific groups protected in law.

9.2 Regular equalities monitoring and analysis to evaluate 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 will have responsibility for overseeing this as decisions are made and service changes take place.

- **Monitoring of impact:** Services must ensure ongoing equalities monitoring of the impact of service changes, to identify trends in disproportionate or unanticipated impact at an early stage to address them. This reporting should be monitored council-wide at senior levels within the council in order to identify cumulative impacts and mitigating actions. Consideration should be given to working with other partners in this monitoring and evaluation where appropriate.

- **Informing decision-making:** The findings of this monitoring should be used to inform the budget-setting process next year.
- **Full EIAs:** The planned full Equality Impact Assessments should be undertaken where appropriate 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 as additional focus on more ‘hidden’ populations (eg: people with moderate learning disabilities, or people with mental health issues).
- **Targeting based on need:** Resources and services should clearly identify specific needs of different groups at an early stage in order to be most effective and meet needs at first contact wherever possible. Targeting resource more efficiently, accessibly and appropriately benefits service-users and also provides better value for money. The council’s approach to commissioning with its focus on needs assessment will continue to be an important part of this process.
- **Gaps in monitoring:** Where gaps in monitoring have been identified during this 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.
- **Linking council services:** There are ongoing opportunities for working together across council services more effectively, developing the links between related services and teams to avoid duplication and gaps. This reduces costs and enables service-users to access services seamlessly.
- **Partnership working:** 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 as is planned from the CVS to mitigate negative impacts).
- **Engagement:** Continue engagement with service-users and potential service-users to identify ways in which services can be improved to better meet diverse needs. This will enable services to be more accessible, appropriate and efficient.
- **Learning and Development:** consider how to increase staff capacity, skills and knowledge in identifying and addressing diverse needs in mainstream services.
- **Communication:** Clear communication of changes, especially to vulnerable groups, well in advance of the changes taking place will

help to reduce anxiety and disruption. Council communications must target specific audiences in appropriate ways, ensuring that messages about the changes and reasons for them are explained simply, along with any information about alternatives or sources of advice or support. Where CVS groups are more effective in communicating with specific groups consideration should be given to providing them with the resources to enable this to happen.

Appendix A

Legal context – Equality Act 2010

Within the Act the Public Sector Equality Duty has three aims. It requires public bodies, when exercising their functions, to have 'due regard'[4] 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
    - 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

[4] 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.

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.

- **Proper Record Keeping** - this encourages transparency and will discipline those carrying out the relevant function to undertake their equality duties conscientiously. If records are not kept it may make it more difficult, evidentially, for a public authority to persuade a court that it has fulfilled its equality duties.

The 2013/14 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.

Council Carbon Budgets for 2013/14 **APPENDIX 12**

Carbon Budget	Budget lead	2011/12 Carbon Footprint (CO2 tonnes)	2011/12 Spend (net £)	2012/13 Carbon budget target (CO2 tonnes)*	2013/14 Carbon Budget target (CO2 tonnes) **
1) Total Corporate emissions (incl gas, electricity and oil)	Angela Dymott	**12,073**	**£2,129,784**	**11,590**	**11,126**
a) Woodvale Crematorium	Valerie Pearce	473	£67,794	Not set in 12/13	454
b) Wayfield Avenue Resource Centre	Denise D'Souza	213	£45,263	Not set in 12/13	205
c) Hove Town Hall	Angela Dymott	1,086	£205,968	Not set in 12/13	1,043
d) Bartholomew House	Angela Dymott	*257 #*	*44,357 #*	Not set in 12/13	247
e) Brighton Centre	Adam Bates	2,066	£320,090	Not set in 12/13	1,984
2) Landlord Housing emissions (incl gas and electricity)	Jugal Sharma	**6,204**	**£1,138,311**	**5,956**	**5,718**
3) Total School emissions (incl gas, electricity and oil)	Gillian Churchill	**10,513**	**£1,902,003**	**10,092**	**9,689**
f) Blatchington Mill	Gillian Churchill	697	£132,143	Not set in 12/13	669
g) Downs View Special School	Gillian Churchill	245	£39,270	Not set in 12/13	235
h) Coldean Primary	Gillian Churchill	194	£31,019	Not set in 12/13	187
i) Hangleton Infant and Junior Schools	Gillian Churchill	207	£43,734	Not set in 12/13	199
j) Elm Grove Primary	Gillian Churchill	104	£17,601	Not set in 12/13	100
4) Fleet fuel emissions	Gillian Marston	**2,251**	**£1,064,933**	**2,161**	**2,075**
5) Street Lighting emissions (electricity)* **	Mark Prior	**5,037**	**£922,412**	**4,835**	**4,642**
6) Total work-related travel emissions****	Mark Prior	**837**	**£1,804,138**	**804**	**771**
Adults Assessment	Brian Doughty	51	£96,661	49	47
Adults Provider	Karin Dival	91	£157,263	88	84
Children & Families	James Dougan	281	£510,357	270	259
Planning & Public Protection	Martin Randall	55	£113,992	52	50
City Services	Valerie Pearce	27	£67,499	26	25
Tourism & Leisure	Adam Bates	13.3	£39,543	12.8	12
City Infrastructure	Gillian Marston	44	£95,518	42	41
Housing	Jugal Sharma	50	£125,801	48	46

Caveats:
* Based on 4% reduction on 2011/12 performance. Performance against the 2012/13 budget will be calculated in July 2013.
** Based on a 4% reduction on 2012/13 target (2012/13 actual data will be available in July 2013)
***Excludes traffic signals
****Includes all delivery, resource, finance, commissioning units. Excludes home to school and client travel
Data includes some estimation

Notes:
Carbon budgets are set to reflect what we can feasibly collect data for and includes our baseline emission areas.
2013/14 carbon budgets for specific buildings (a-j) are based on a 4% reduction on the 2011/12 footprint, this will be restated once 12/13 actual data is available
Energy consumption in buildings is based on a mixture of accurate readings and estimated billing and because of this our footprint provides an indication of energy consumption only. The installation of automated meter reading devises will improve the accuracy of our footprints.
Business travel data is problematic due to miscoding, this footprint is as accurate as we currently have and measures have been put in place to improve the accuracy of our footprint going forward
Vehicle Fuel data has improved dramatically over the last 2 years and the Fleet Manager is making continual improvements to data collection that will improve the accuracy of footprint going forward
Carbon budgets for work-related travel will need to be reviewed following council restructure, once formalised.
Schools listed at f-j subject to agreement with headteachers and bursers

APPENDIX 13

Summary Report: Budget Consultation Exercises to inform the 2013/14 Budget Setting Process

Introduction

Consultation with residents and other interested parties and partners is very important to the council and we have tried various methods to consult about council spending in recent years. However, the complexity of council finances and the very wide range of services provided meant that people sometimes found it difficult to understand or to make informed choices. We have therefore tried different approaches to consult about spending this year, using traditional and more innovative methods in our "your money, your services, your say" consultation, including:

- A survey available online and on paper
- An online prioritisation tool
- A more innovative method for involving people in decision making on the overall approaches available to the council for running services

Purpose of this Report

This report draws on all the consultation activities undertaken within "your money, your services, your say" until 16 January 2013. It is an update of a report prepared in Autumn 2012, which drew on budget consultation activities undertaken to the middle of October 2012.

Other consultation activities have been taking place that will also have relevance to budget deliberations. These are not included in this analysis but they include:

- Council Tax Reduction scheme consultation
- Consultation on proposals for changes to Council Tax Discounts and Exemptions
- Consultation on a Local Discretionary Social Fund

Members have been provided with feedback from the consultation on these three areas as part of the separate decision making processes that they have undergone.

Summary of findings:

High Priority Areas	Medium Priority Areas	Low Priority Areas
• Education • Children's Social Services • Refuse Collection, Disposal and Recycling • Housing • Public Safety • Leisure, Parks and Open Spaces	• Libraries • Adult Social Services • Housing Benefit	• Central Services • Council Tax Benefit • Planning and Economic Development • Highways and Traffic Management • Capital Investment

- Most respondents want service funding to be at least maintained, if not increased.
- Service areas where more people (though not the majority) are in favour of cuts are the low priority areas, and where more people are in favour of increases are higher priority areas.
- Justified increases in Council Tax would be acceptable to the majority of respondents.
- Residents are very much in favour of the exploitation of fines as a source of revenue – parking charge rises would not be welcome.
- Efficiency and transparency are critical.

Methods and Response Rates

Paper based survey
A paper based survey was issued to a random sample of 1,000 households across the city in areas identified as being likely to have lower internet access on 10 September 2012. Reminder letters were issued two weeks later. Paper copies of the survey were also available in all publicly accessible council buildings including libraries and benefits offices.

204 people responded by this method by October 2012.

Online survey
An online version of the same survey was available to anyone wishing to complete it between 10 September and 10 October 2012 on the city's Consultation Portal.

Postcards advertising the online survey and budget pages of the council website were issued to a random sample of 1,000 households evenly distributed across the city in September. Twenty people responded to this postcard campaign by completing the survey online. Posters advertising the survey and budget pages of the council website were displayed in publicly accessible council buildings between September and October 2012.

The online survey was made live again on the Consultation Portal on 26 November 2012, to coincide with the Policy and Resources (P&R) committee's initial budget meeting. It remained open until 16 January 2013 when it was closed to permit analysis and reporting to be undertaken in time for the next P&R budget committee meeting on 14 February 2013.

In total 434 people responded via this method; 283 to the first wave and 151 to the second wave.

Budget literacy and prioritisation tool
The budget pages of the council website, signposted to from the poster referred to above, the postcards issued to residents and the flyers about the public consultation event, all included a link to an interactive tool. The tool enabled residents to see how much money is spent on different service areas, where the money comes from and, if they wished, to indicate what priority they would give the service area if they were setting the budget.

1,251 people used the tool and 437 people went on to prioritise service areas via this tool by 16 January 2013.

Public event

A public event was held on the evening of 26 September 2012 at the Jubilee Library. This used a deliberative method called Crowd Wise for aiming to achieve consensus. Participants were asked to consider five different principles that the council could adopt when setting the budget and deciding spending priorities before voting on their preferences. The marketing campaign to promote the event included flyers placed in publicly accessible council buildings as well as face to face recruitment in the Jubilee library and in community libraries. One hundred and eighteen people signed up to attend the event.

30 people attended the event, and 26 people cast votes.

Note about interpreting the results

It is not possible to gauge whether respondents are representative of residents in the city as they were self-selecting and although demographic information was sought it was not frequently provided. Care should therefore be taken when interpreting the results presented here. That said, a total of 1,101 responses to the various consultations about the budget have been analysed here and there are common themes which can be taken as broadly indicative of resident views.

Results

Paper and online survey

The paper based and online surveys included the same questions across both waves so the responses have been analysed together. A combined total of 638 responses were received by the deadline of 16 January 2013.

Respondent characteristics:

The following demographic information, provided in each case by around 85% of respondents, shows a range of respondent characteristics which are broadly in line with Census 2011 results.

- Of those respondents who gave their age band (546) almost half were aged 34-54 (49%). Just 5% were aged 16-24. 15% were aged 65 or more.
- There was a relatively even gender balance, reflecting our city's profile, with 51% males completing the survey, and 47% females.
- 2% of respondents identified as a different gender to the gender they were assigned at birth.
- Just over a fifth of respondents (22%) were Lesbian, Gay or Bisexual.
- Whilst 35% identified themselves as having no religion, the same proportion identified themselves as Christian. 16% were Atheist, 3% were Agnostic. The other religions or beliefs asked about were selected by less than 2% in each case.
- Around a fifth of respondents (19%) said that their day-to-day activities were limited because of a health problem or disability which has lasted, or was expected to last, at least 12 months.
- Just over three quarters of respondents were White British (77%). A further 14% were White 'other' or White 'unknown'. 7% were from non-white Black or Minority Ethnic backgrounds.
- 11% of the sample were carers.

- Just over a third of respondents (36%) had a BN2 postcode, whilst almost a third (32%) had a BN1 postcode. 27% had a BN3 postcode with the remainder having BN41 or 42 postcodes.

Where possible, we have mapped respondents' postcodes to wards. The results are presented in the table below, showing all wards are represented.

Ward	Number of respondents from each ward	Proportion of sample from each ward
Hanover and Elm Grove	38	9%
St. Peter's and North Laine	35	8%
Goldsmid	33	8%
Queen's Park	32	8%
Hollingdean and Stanmer	29	7%
Withdean	27	6%
Preston Park	26	6%
East Brighton	25	6%
Rottingdean Coastal	22	5%
Patcham	21	5%
Central Hove	17	4%
Brunswick and Adelaide	16	4%
Hangleton and Knoll	15	4%
Regency	13	3%
Wish	12	3%
South Portslade	12	3%
Westbourne	11	3%
Moulsecoomb and Bevendean	11	3%
Woodingdean	10	2%
Hove Park	10	2%
North Portslade	8	2%
Total	**423**	**100%**
Not known	215	
Total	638	

Whilst the very different sample sizes for wave one and two constrain our ability to draw meaningful conclusions by comparing the responses to each wave, notable differences, of + or – 10%, have been highlighted throughout this report. In relation to respondent characteristics there were three notable differences as follows:

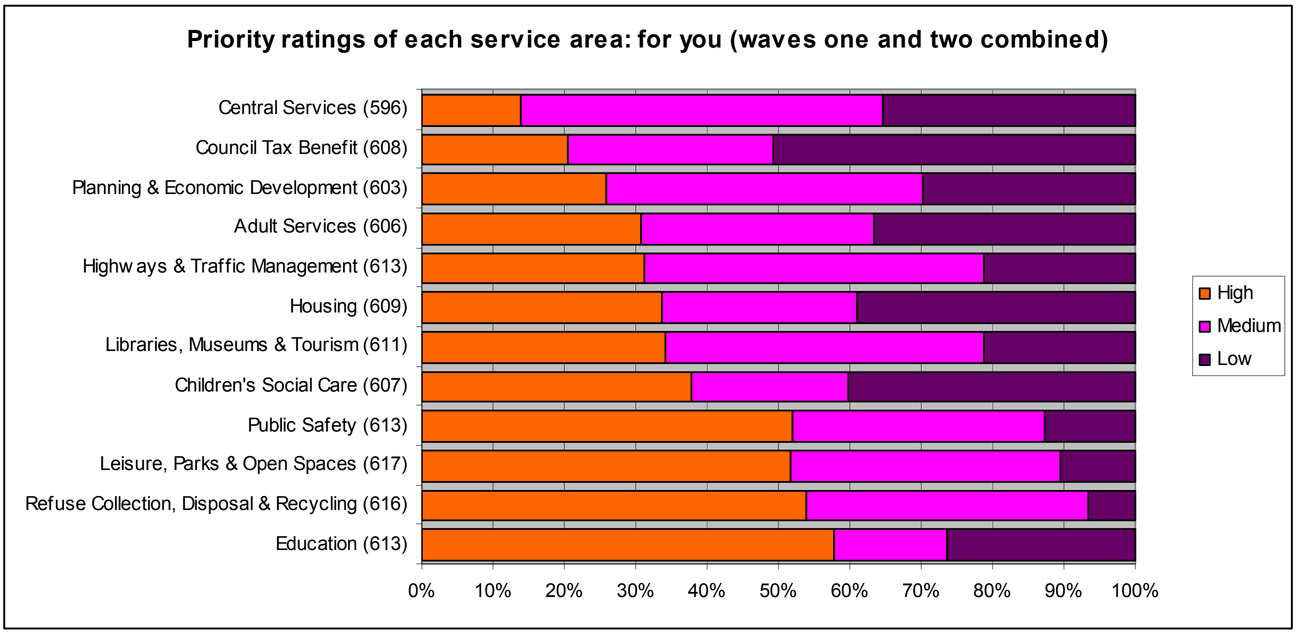
- In wave two 14% fewer respondents identified themselves as carers (8%, compared to 22% in wave one).
- In wave two 12% more respondents were male (60%, compared to 48% in wave one).
- In wave two 10% more respondents were Lesbian, Gay or Bisexual (29% compared to 19% in wave one).

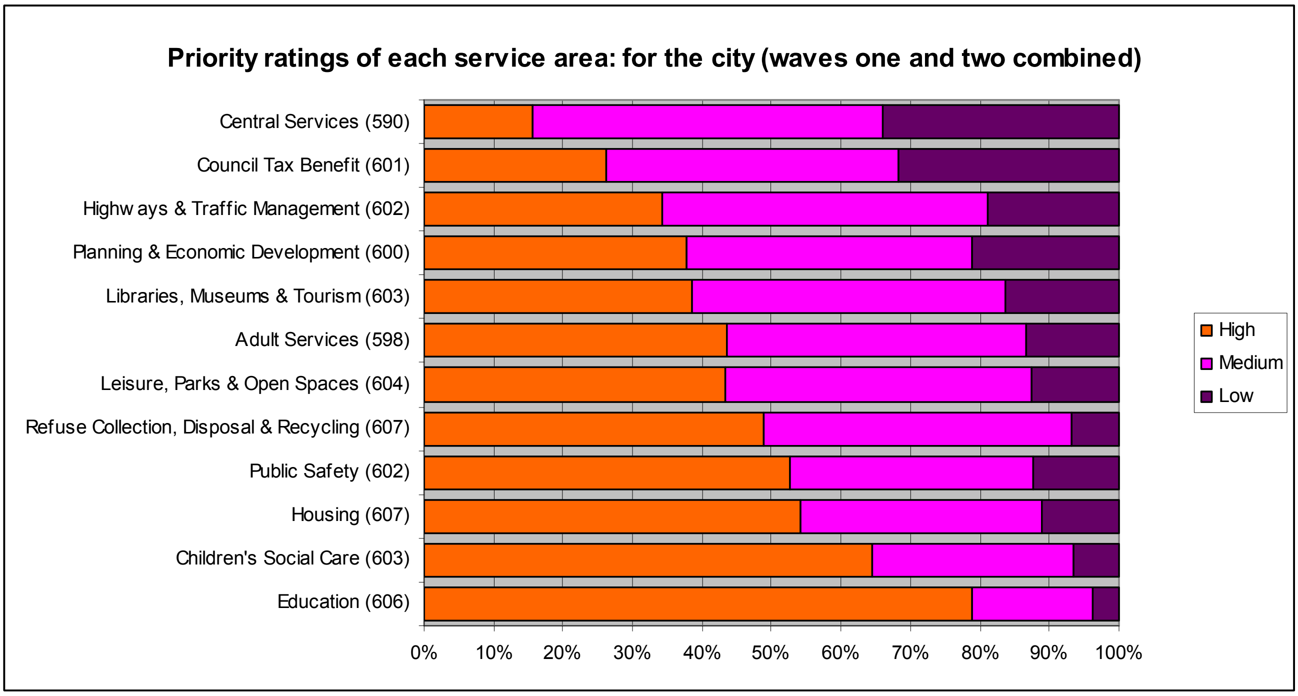
Residents were invited first to rate as high, medium or low, the priority they would give to different service areas for themselves and their family, then to do the same prioritisation exercise for the city.

Not everyone who completed the survey rated every service area so the number of people rating each service is given in brackets on the graphics below. For example, only 596 respondents rated Central Services, whereas 613 rated Education.

A very small number of respondents only rated services for themselves and their family and did not go on to rate them for the city as well.

The results show that there are differences in how people rate the priority of service areas for themselves and for the city, unsurprisingly with more polarisation when rating services for themselves; if a family has children we may assume that education and children's social services would receive high priority ratings from that family, whereas a single person may be more likely to rate them low. However, when thinking about the city as a whole the prioritisation may change.





Higher priority areas:

- Education was the highest priority regardless of whether people were rating it for themselves or the city, with 79% rating it a high priority for the city and just 4% rating it low.
- Over 90% rated Education, Children's Social Care and Refuse Collection, Disposal and Recycling as high or medium priorities for the city.
- Housing was considered the third highest priority for the city, whereas for individuals it was 7th out of the 12 areas enquired after.
- When rating service areas for themselves and their families rather than the city, Children's Social Care and Education were less important (at 60% and 74% respectively rating them high or medium priorities) but Refuse Collection, Disposal and Recycling retained a high rating with 94% rating it a high or medium priority.
- Leisure, Parks and Open Spaces also received a high rating for respondents and their families with 90% rating it as a high or medium priority. This puts it as the third highest ranked area for individuals and their families, whilst it ranks sixth when respondents think about the city overall.

Lower priority areas:

- Central Services was the lowest rated area with around a third of respondents rating it a low priority area and only around 15% rating it as a high priority, either for themselves (14%) or the city (16%).
- For themselves and their families, respondents rated more services as of lower importance with at least a third rating the following low: Council Tax Benefit (51%), Children's Social Care (40%), Housing (39%), Adult Services (37%) and Central Services (35%).
- For the city, only one service area was rated a low priority by at least a third, Central Services (34%). Council Tax Benefit was also rated a low priority by 32%.
- The same two service areas were rated lowest by respondents regardless of whether they were rating them for themselves or the city. These were Central Services and Council Tax Benefit. Highways and Traffic Management and Planning and Economic Development were also rated as low ranking priorities.

Areas with the widest spread of opinion:

- When rating services for themselves there was more variance than when rating services for the city. As mentioned before, this is likely to be as people rate services that they currently use, or are more likely to use, higher and services that they don't use, lower.
- The widest spread of opinions when rating services for themselves and their families were Children's Social Care (38% high, 40% low), Housing (34% high, 39% low), Adult Services (31% high, 37% low) and Planning and Economic Development (26% high, 30% low).
- Service areas where views were divided over the priority for the city were Planning and Economic Development (38% high, 21% low), Council Tax Benefit (26% high, 32% low) and Highways and Traffic Management (34% high, 19% low).

Whilst the analysis presented here is based on all responses to the survey, across both waves as this provides a larger, more robust sample, there are a small number of notable differences (of + or – 10%) comparing the results of each wave. These are summarised below.

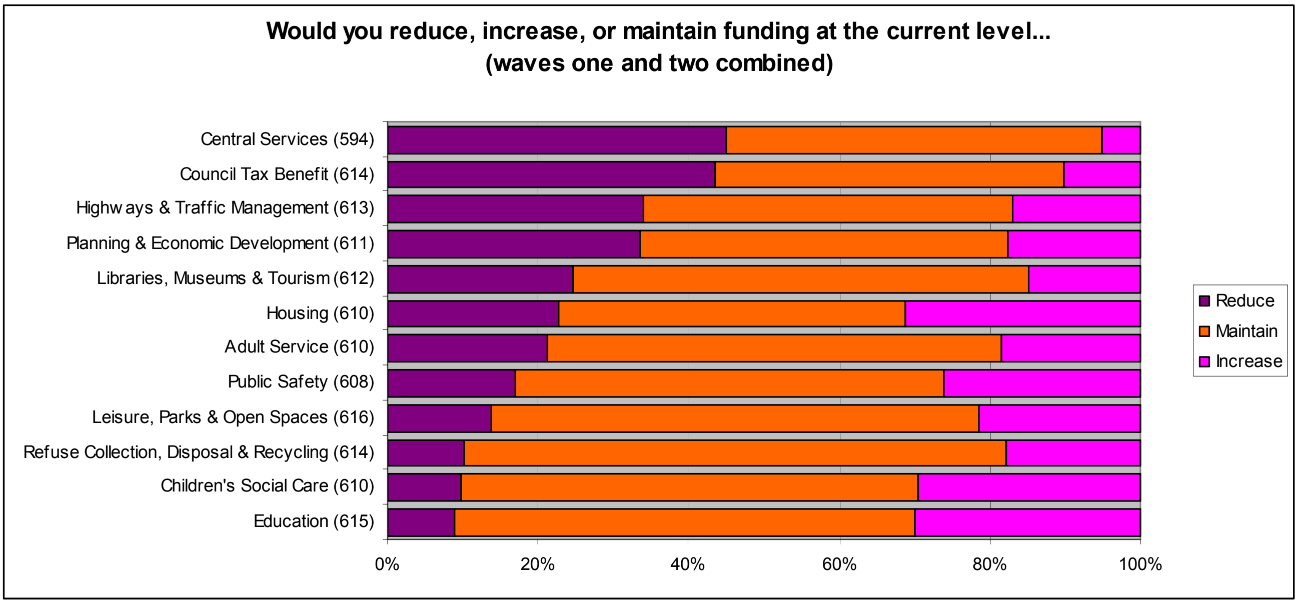
When asked to respond in relation to the priority for "you and your family":

- Council Tax Benefit was rated a lower priority in wave two (60% low compared to 45% low in wave one).
- Highways and Traffic Management was more likely to be rated a high priority in wave two (38% high compared to 29%).

When asked to respond in relation to the priority for "the city":

- Again, Council Tax Benefit was rated a lower priority in wave two (40% low compared to 29% low in wave one).
- Public Safety was rated a lower priority in wave two (21% low compared to 10% in wave one).

Respondents were then asked to say whether they would reduce, increase or maintain service area funding at the current level. Results are shown below.



Reduce funding:
Respondents generally didn't want funding reduced with the majority opting to either maintain or increase funding for all areas.

That said, 45% would reduce funding for Central Services, 43% would reduce funding for Council Tax Benefit, 34% would reduce funding for Highways and Traffic Management and 34% for Planning and Economic Development.

Increase funding:
At the other end of the spectrum just under a third of respondents wanted to increase funding for Housing (31%), Education and Children's Social Care (both 30%).

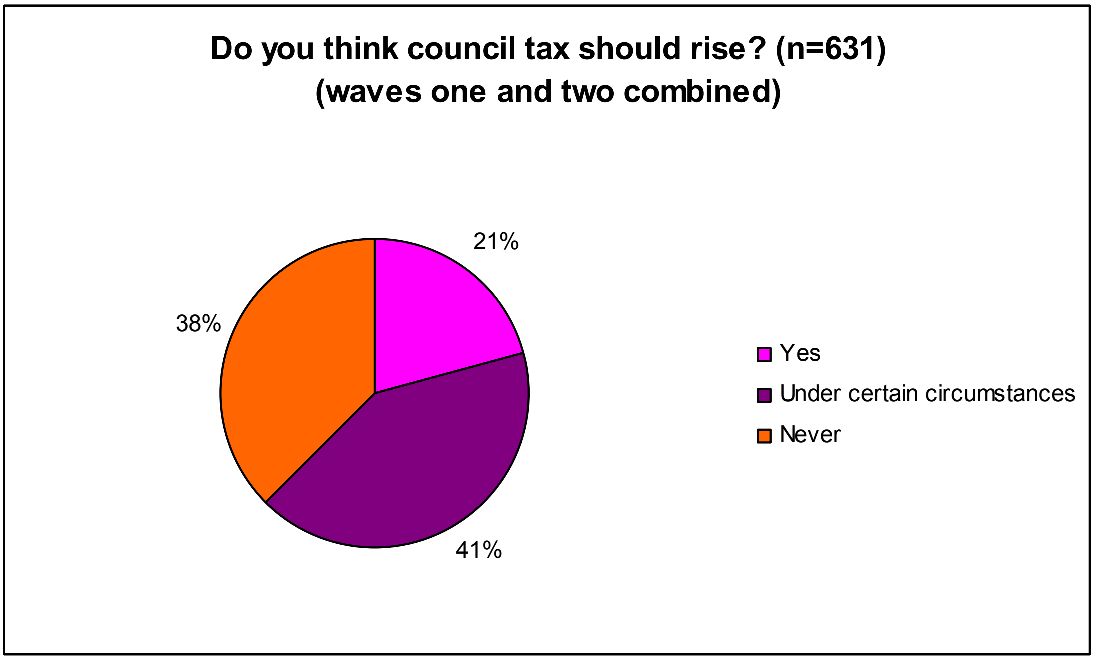
Maintain funding:
The areas where around two thirds were happy to maintain current funding levels were Refuse Collection and Disposal and Recycling (72%) and Leisure, Parks and Open Spaces (65%). Other areas where high proportions wanted to maintain funding were Education, Children's Services (61% each), Adult Services and Libraries, Museums and Tourism (60% each).

Widest spread of opinion on funding levels:
Housing was the area where opinion was most divided with 23% thinking funding should increase and 31% thinking it should decrease.

The proportion of wave two respondents saying they would reduce funding was higher in the second wave across all services they were asked about. There were a couple of notable differences (of + or – 10%) between wave one and wave two results as follows:

- In wave two more were in favour of reducing Council Tax Benefit (53% compared to 41% in wave one).
- Less were likely to want to maintain spending on Adult Services in wave two (63% compared to 52%) and more were likely to want to reduce funding (27% compared to 20% in wave one).
- More were in favour of reducing funding for Public Safety in wave two (25% compared to 15% in wave one).

Respondents were then asked if they felt Council Tax should ever rise to reduce pressure on the council's finances.



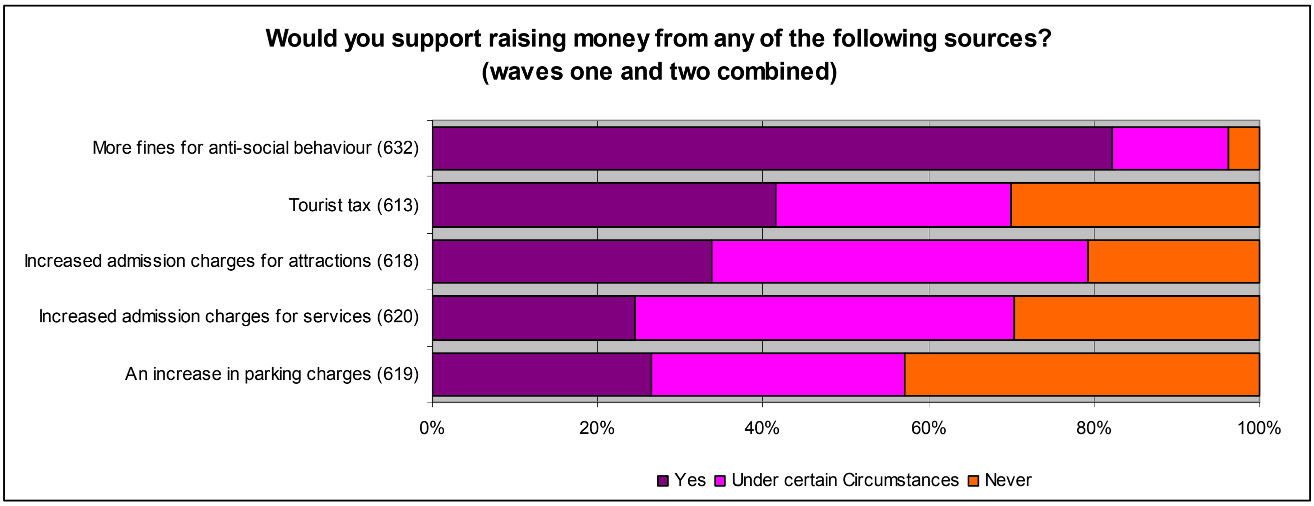
38% of respondents were against any rise in Council Tax, whilst the largest proportion (41%) felt an increase could be justified in certain circumstances. In principle then, 62% of respondents could be amenable to a rise in Council Tax.

Comparing wave one and wave two responses to this question, wave two respondents were more likely to say that Council Tax should never rise, with 46% taking this stance compared to 35% in the first wave. The proportion saying it should rise was the same across both waves at 21%.

Analysis of the comments around circumstances in which people would be accepting of an increase suggests that any increase would need to be clearly justified; the most vulnerable members of society would need to be protected, both in terms of affordability and in terms of what the increase was used to fund; and, ideally, noticeable improvements would be made, rather than just maintenance. Means testing, either on income or property value, was another frequently mentioned situation in which people may tolerate an increase in Council Tax.

Many comments related to an appreciation of the need for Council Tax to rise at least in line with inflation to maintain the current levels of service provision.

Respondents were then asked if they would support raising money from any of five different sources.



With 82% of people in favour, fines for antisocial behaviour such as litter, dog fouling and noise were well supported as ways of increasing council revenue.

There was mixed support for the other options respondents were presented with but the least popular suggestion was increasing parking charges, which 43% of respondents opposed.

The idea of a Tourist Tax divided opinion with 42% in favour and 30% saying this should never be a way to raise revenue.

Wave one and two results to these questions were broadly similar with a couple of notable exceptions (of + or – 10%) as follows:

- Wave two respondents were more likely to say they would never support raising council revenue from increasing parking charges (51% compared to 40% in wave one).
- Wave two respondents were more likely to say they would never support a tourist tax (39% compared to 27% in wave one).

Analysis of respondents' other suggestions for increasing income to support the budget reveals a very wide range of ideas, many of which are in competition with each other. For example, whilst some commentators think the key to unlocking the city's potential is to reduce parking charges, others think that increasing parking charges is a good way to increase revenue. What is clear is that people have a lot of ideas, with 329 of the 638 respondents (52%) taking the time to make suggestions.

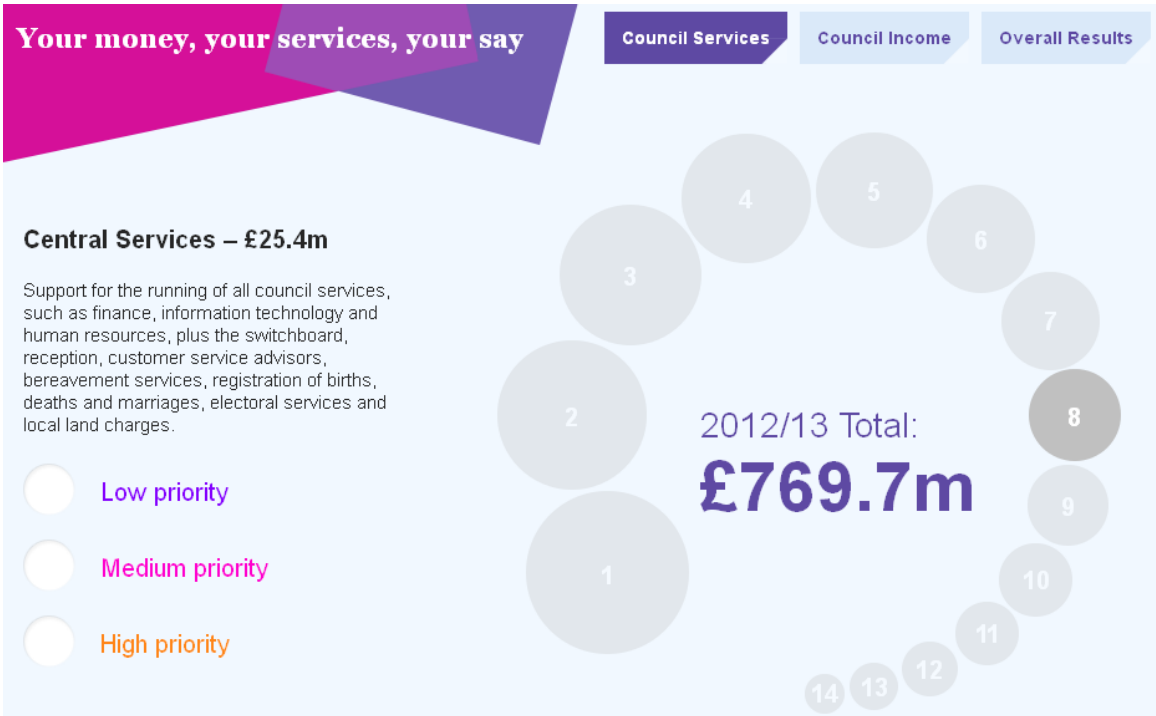
Common themes from suggestions made include raising revenue through:

- Better enforcement of, and increases in the value of fines for antisocial behaviour such as dog fouling, littering and drunkenness.
- More rigid enforcement of the law, especially in relation to traffic violations, particularly parking offences and cyclists committing violations.
- Increasing efficiency within the council through working smarter, not producing different language leaflets, reducing senior management salaries and staff pensions etc.
- Curbing spend on roadworks, especially those related to cycle paths.
- Charging Council Tax for second homes and empty properties.
- Decreasing benefit payments.
- A stepped/more tactical approach to business rates.
- Making people pay more for parking permits, especially for second vehicles.

<u>Online budget literacy and prioritisation tool</u>

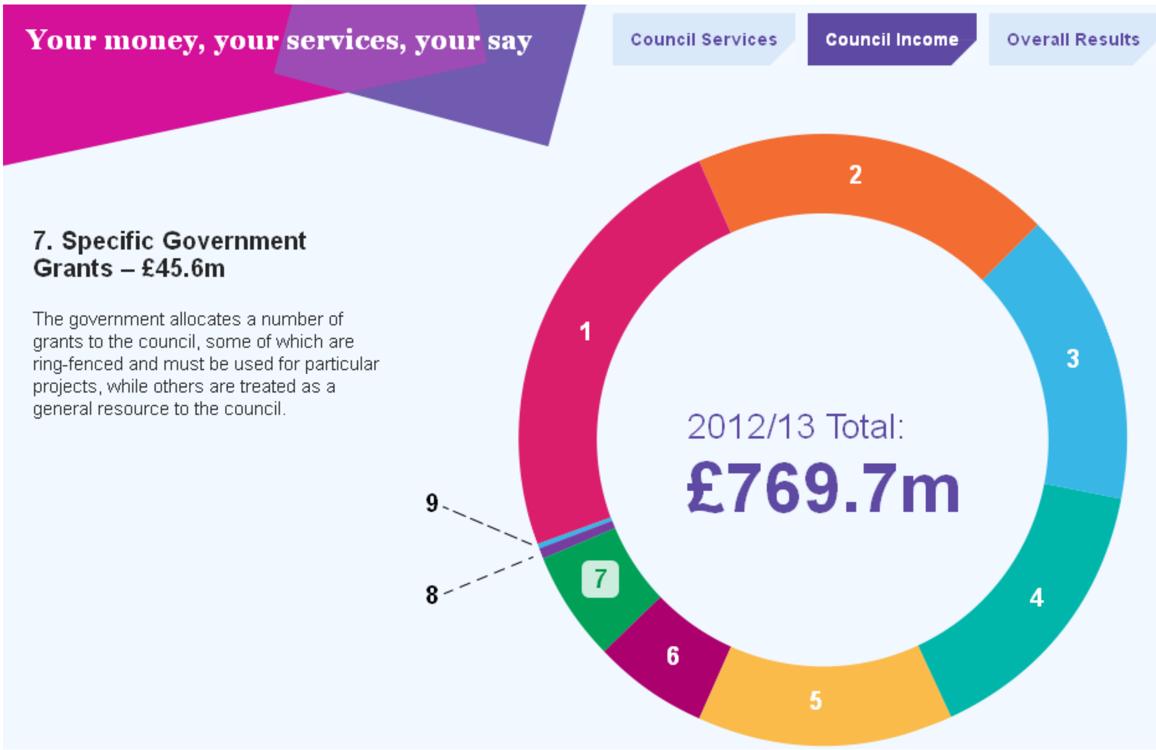
By mid January 1,251 people had used the online interactive budget tool which shows how much money is spent on different service areas. On the first screen, when a user clicks on a particular service area, details of what each area includes appear, as well as how much the service area cost in 2012/13.

The screenshot below shows the tool when the user has clicked on central services.



Users of the tool have the opportunity to rate the 14 different service areas with a priority rating of high, medium or low. Not all users chose to do this, and the tool is as much about budget literacy as it is about gathering feedback. So, whilst 1,251 people have looked at the tool (these are individuals looking at the tool rather than the number of visits to the tool website which is 1,940 at the time of writing) a maximum of 437 have gone on to prioritise service areas.

On the second screen users can find out where council income comes from. In the screenshot below the user has clicked on the green area of the chart, the seventh largest source of income for the council which is made up of specific government grants.

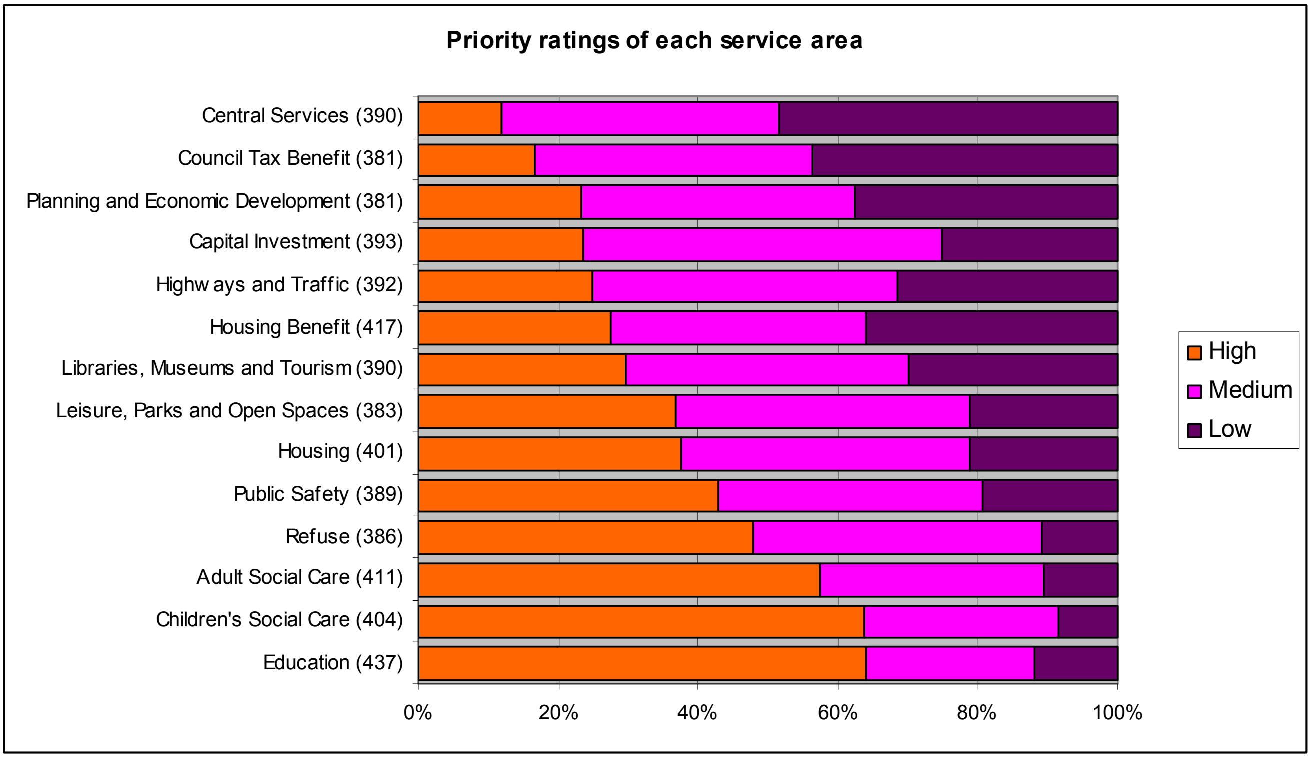


On the final screen of the tool users can see the average results of how users of the tool up to that point have prioritised services.

Not all users who prioritised any services as high, medium or low prioritised all services – they missed out rating some. So, for example, 437 users have given education a priority status but only 390 users have given Central Services a priority status.

The chart below shows the percentages of all users of the tool (staff and non-staff) rating each service as high, medium or low. The number of people who actually rated the service is given in brackets for each service.

Note that there are two additional service areas to the ones asked about in the survey outlined above; Housing Benefit and Capital Investment. Also the term “Adult Social Services” is used on the tool where “Adult Services” was used in the survey, “Refuse” is used as shorthand for “Refuse Collection, Disposal and Recycling” and “Highways and Traffic” is used instead of “Highways and Traffic Management”.



Higher priority areas:

- The areas that were rated as the highest priority were Education and Children's Social Care, each with 64% rating them as a high priority[1]. Adult Social Care was also rated as a high priority by the majority of people (57%). In each of these cases at least 80% rated them as a high or medium priority with Children's Social Care being rated as such by 92%.
- Refuse was also rated a relatively high priority with just under half (48%) giving it a high ranking. 89% rated it as either high or medium.
- Public Safety, Housing and Leisure, Parks and Open Spaces were all rated similarly, with around 80% rating them as high or medium priorities (81%, 79% and 79% respectively).
- These results are all within a couple of percentage point differences to the first results drawn in October 2012.

Lower priority areas:

- There were four areas rated as being a low priority by at least a third of users of the tool: Central Services (48%), Council Tax Benefit (44%), Planning and Economic Development (38%), and Housing Benefit (36%).
- Central Services was the lowest rated area with just 12% of users of the tool rating it a high priority area.

Areas with the widest spread of opinion:

- Housing Benefit was rated high by 28%, and as medium or low by 36% each, showing little agreement over the priority status that this area should be afforded.

[1] Note that Education was rated high by 64.1% compared to Children's Social Care at 63.9%, hence the ordering on the chart, with Education as the highest priority.

The other benefit users were asked to rate, Council Tax Benefit, was rated as a low priority by 44% and a high priority by just 17%.

- Libraries, Museums and Tourism was rated high by 30%, medium by 40% and low by 30% again revealing a range of opinion about its priority status.
- Highways and Traffic, Housing and Leisure, Parks and Open Spaces all received relatively split ratings.

Differences by Brighton & Hove City Council staff users and non-staff users of the tool:

The number of B&HCC staff users of the tool is relatively low (a maximum of 136 staff prioritised services) which limits the ability to draw meaningful conclusions by comparing staff results to non-staff results. However, analysis of the ratings of council staff against non-staff reveals only minor differences in priority ratings with a couple of notable exceptions, as follows.

Areas which staff thought were a higher priority compared to non-staff:

- Adult Social Care, which was rated as a high priority by 64% of staff compared to 54% of non-staff.
- Children's Social Care, which was rated as a high priority by 73% of staff compared to 59% of non-staff.
- Housing Benefit, rated a high priority by 35% of staff compared to 24% of non staff (26% of staff rated it low compared to 40% of non-staff).
- Central Services, rated a high priority by 23% of staff compared to just 6% of non-staff (37% of staff rated it low compared to 54% of non-staff).

Areas which staff thought were a lower priority compared to non-staff:

- Highways and Traffic, which was rated a high priority by 28% of non-staff compared to 18% of staff.
- Refuse, which 53% of non-staff rated as a high priority compared to 36% of staff.
- Leisure, Parks and Open Spaces, which was rated a high priority by 40% of non-staff compared to 30% of staff.

<u>Public event using Crowd Wise methodology</u>

At the event participants were presented with five guiding principles, or philosophies, that the council could adopt when deciding spending priorities and setting the budget as follows:

A: 'Just the basics'
Aside from some services that it must undertake, the council could provide only basic services (like social care, refuse collection, council housing) and charge for everything else as and when people want it.

B: 'Prevention rather than Cure'
The council focuses spending on services which tackle problems like anti-social behaviour and alcohol and drug misuse that lead to higher costs for the council in the future.

C: 'Keeping services not cutting them'
The council delivers all services on the basis of need without any extra charges. This means people paying for services they may not use but which are vital to others.

D: ‘Partnership Council’
Services are still provided to businesses and residents but not necessarily delivered directly by the council.

E: ‘Go for Growth’
The council re-directs more funding, for example on the transport system, to help build the local economy.

Participants were invited to add guiding principles if they wanted. In fact, two new guiding principles were created and one, D, was effectively replaced.

The new guiding principles were:

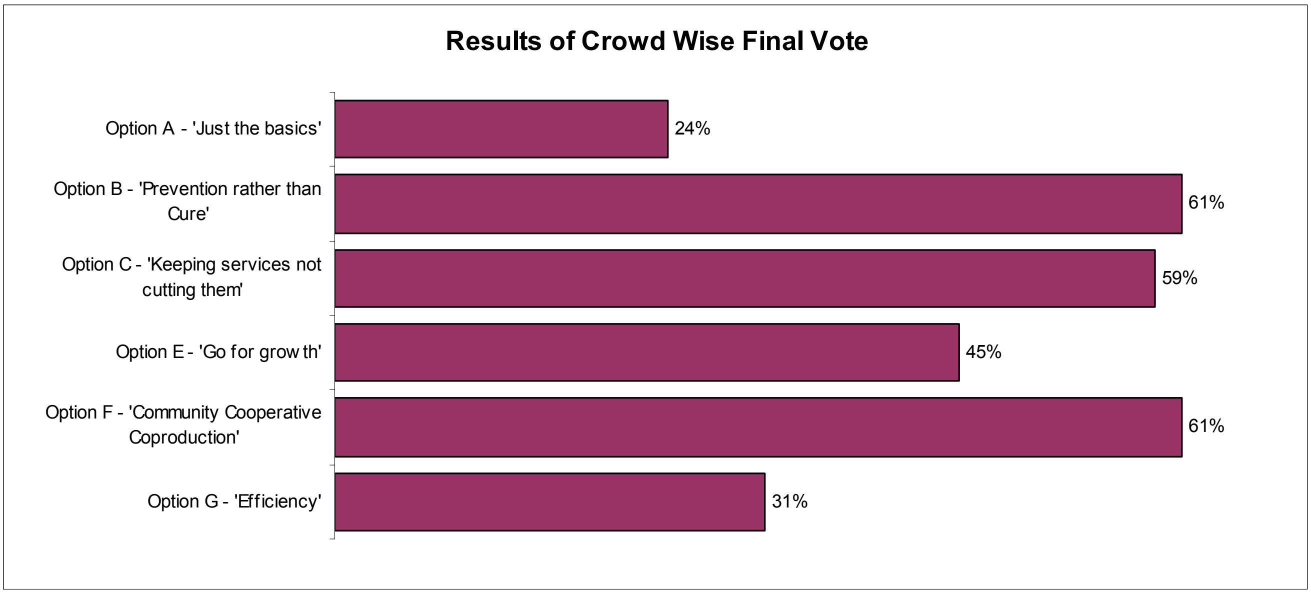
F: ‘Community Co-operative Coproduction’
Services are still provided to businesses and residents but are not necessarily delivered directly by the council, but rather by co-operatives, with an emphasis on user involvement and empowerment. Services would be run on a not-for-profit basis, with any surplus being reinvested. This could reduce the cost of those services to the council and council taxpayers.

The council would play a supportive role in making sure that services were delivered in a way that best suits local communities and the city.

G: ‘Focus on Efficiency’
The council is transparent about its spending and seeks to make efficiency savings wherever it can. Examples of where costs could be reduced include: lowering wages to staff, reducing council pensions through staff purchasing their own pensions, reducing spend on items such as stationery and raising revenue through hiring out council venues.

At the end of the event, after lively discussions about the relative merits of the different approaches, participants were asked to put the principles in order of preference. The results of the voting are expressed as percentages below. The percentage score for each principle represents the extent to which participants agreed that principle was a preferable one for the council to adopt.

Note that principle D was replaced by F so was not included in the final vote. The results are presented below.



The results suggest that the favoured principles the council should consider adopting when deciding on spending priorities and setting the budget are a mix of focusing on prevention rather than cure, working with communities and users to co-produce services whilst aiming to keep services rather than cut them.

The discussions on the night built on these principles. The overall guiding principles suggested from the event are therefore:

1. Keep services at roughly their current level, but seek to do them more efficiently.
2. Provide services in an enabling way, both through partnership with users and the voluntary sector, and through emphasising prevention.
3. Provide services on the basis of need, with the prevention of future problems part of that need.

Participants were not opposed to increases in council tax in order to keep services at the level they are currently, and participants realised that focusing on prevention rather than cure might lead to increases in council costs in the short-medium term. There was an appetite for the council to exploit other sources of revenue, aside from council tax.

Common themes

Drawing on all the budget consultation and engagement activities discussed in this paper there are common themes:

- Education and Children's Social Care are rated as top priorities and areas with most support for increasing funding.
- Refuse Collection, Recycling and Disposal, Housing, Public Safety and Leisure, Parks and Open Spaces are also relatively high priorities.
- Central Services, Council Tax Benefit, Planning and Economic Development and Highways and Traffic Management are consistently rated as lowest priority areas.
- The majority of respondents don't think funding for any service areas should be reduced, although efficiency savings should be sought.
- An increase in Council Tax would be acceptable to the majority, as long as reasons are clear and warranted. This could mean that the increase is necessary to maintain

services at the current level, to provide services for the most vulnerable, to make a noticeable improvement or as an “invest to save” strategy.
- Respondents are broadly in favour of the exploitation of other sources of council revenue, especially fines, but not parking charges.
- A focus on prevention rather than cure is desirable, even if this costs more in the short term to save in the longer term. The value of education to most respondents could be construed as part of this focus on prevention.
- Services should be provided on the basis of need, with a focus on vulnerable people, such as older people and those who are out of work – especially in light of changes to the welfare system. The relatively high priority rating for social services (children’s and adults) supports this.
- The council could act as more of an enabler, working with service users and community and neighbourhood groups to enable them to deliver what is needed, adopting a co-production model.
- Efficiency and transparency are critical.

Evaluation of Consultation Methods

The council is committed to continuing to improve engagement and consultation on its budget and the setting of its spending priorities. An evaluation of the various methods of engagement and consultation used to inform the 2013/14 budget setting process will be undertaken and reported through the cross-party Budget Review Group. The outcome of the evaluation and discussions with the Budget Review Group will be included in a report to Policy & Resources Committee at the outset of the 2014/15 budget setting process (usually at the July Policy & Resources meeting). This report will set out the principles and approach to be adopted for the next budget setting round, including proposed methods of consultation and engagement.

APPENDIX 14

BRIGHTON & HOVE CITY COUNCIL

OVERVIEW & SCRUTINY COMMITTEE

2.00pm 28 JANUARY 2013

COMMITTEE ROOM 1, HOVE TOWN HALL

MINUTES

Present: Councillor Morgan (Chair)

Also in attendance: Councillor Cox (Deputy Chair), Brown, Buckley, Farrow, Hawtree, Marsh, K Norman and Kennedy

PART ONE

29. APOLOGIES AND DECLARATIONS OF INTEREST

- Declarations of substitute – none.
- Declarations of interest – none
- Declarations of party whip – none
- Exclusion of press and public – as per agenda

30. MINUTES

The minutes were agreed,

31. CHAIRS COMMUNICATIONS

There were no Chair's Communications.

32. PUBLIC INVOLVEMENT

There was none.

33. MEMBER INVOLVEMENT

There was none.

34. TRANS EQUALITY SCRUTINY PANEL REPORT

34.1 Cllr MacCafferty introduced the report as Chair of the Scrutiny Panel. He thanked all the witnesses for their evidence which had at times been harrowing to listen to. People had felt able to describe very personal accounts that had helped the panel enormously in understanding the issues facing the trans community.

The panel report was contrasted with recent media coverage of trans issues, most notably comments made by Julie Burchill.

Cllr Mac Cafferty went on to thank Cllrs Morgan and Cobb for their contribution to the panel and the positive, cross-party manner in which it was conducted. Jay Stewart and Michelle Ross were thanked for their involvement and bringing to bear their knowledge and expertise to support the panel. Julia Riches and Mary van Beinum from the scrutiny team, Nicky Cambridge from the Communities and Equalities Team and Nick Douglas from the LGBT HIP were thanked for hard work in undertaking the review and developing the report.

34.2 The report shows the challenges facing individuals within the community on a daily basis across a huge range of issues, but it also shows there now exists within the council and partners a commitment to address these challenges. The test is whether the council does get on with it.

34.3 Cllr MacCafferty used the report as an example of how cross-party scrutiny can be a very valuable tool for the council. He asked the Committee to endorse the report and once again thanked all involved in the process.

34.4 Cllr Morgan expressed his thanks to all those involved in the process. As a panel member he had been most shocked by the sheer number of everyday situations that became very difficult to negotiate for trans individuals, e.g. banks, bureaucracy, appointments etc.

As Chair of OSC he would be ensuring that the report receives the prompt response it deserves and that the implementation of the recommendations is robustly monitored.

Cllr Morgan fully supported the report and its recommendations and formally moved the report.

34.5 Edward Whelan spoke to the report. The report was something which the council and trans community should be extremely proud of and it was a very thorough piece of work. The two main issues that need to be addressed are education and inclusion. There are still too many misunderstandings, especially where the press are involved, with other people trying to dictate how people should live their lives, what they should wear etc. Everyone should just be treated equally.

34.6 Steph Scott advised the Committee that the report is a fantastic outcome from having written to the council 15 months ago. It highlights all the necessary issues and shows that people are prepared to listen. The city will become more inclusive as a result of this piece of work and all involved should be very proud.

34.7 Cllr Hawtree spoke in support of the report, reflecting upon the initial negative coverage from the Argus. The report should be well publicised.

34.8 Cllr Marsh also spoke in support of the report, which represented a good start to along a journey. She asked that the report feed into any equalities review being undertaken.

34.9 Cllr Kennedy supported the report, highlighting that the Publicly Accessible Toilet Scrutiny Panel was already looking at toilet accessibility for all – one of the recommendations from the review.

34.10 Cllr Farrow supported the review and asked about the trans champion which he felt would be vital to prompting the key messages in the report. The trans champion will be for the Policy and Resources Committee to decide.

34.11 Cllr Cox welcomed the report, paid testament to the bravery of the witnesses, and agreed it was a very thorough process. He raised the issue of the financial implications and at what point in the process these should be addressed. He suggested it was hard to fully endorse a set of recommendations without fully understanding their cost; no-where in the report was the issue of costs explored. Accepting that OSC had discussed this issue before he renewed a plea for more account to be taken of cost in developing scrutiny recommendations.

34.12 Cllr Morgan responded stating scrutiny needed freedom to do some 'blue sky thinking' and attaching costs to early in the process would reduce members flexibility to innovate. It is standard practice within scrutiny teams across the country. Seeking to accurately assess the financial implications of each recommendation would add drastically to the resources required by scrutiny.

Adding costs to recommendations would also risk removing the freedom to choose how to implement a recommendation from the decision-maker, as with most recommendations there are a number of different ways of implementing it, which will all have different costs.

34.13 Members agreed the recommendation and endorsed the report and recommendations and referred it for consideration to the relevant decision-making bodies.

35. BUDGET SCRUTINY PANEL REPORT

35.1 Cllr K Norman introduced the Budget Scrutiny Panel Report. He advised members this was the second year he has chaired the Budget Scrutiny Panel; both times looking at a budget brought forward in challenging conditions. Brighton & Hove City Council, like all local authorities, needed to respond to the wider economic realities in relation to the resources received from Government as well as those raised locally.

35.2 The role of this panel was to review the administration's draft budget proposals by critiquing and commenting upon them. There were five evidence gathering sessions with each of the lead members and committee chairs. The proposals had less detail than last year and discussions were at times more philosophic and reflective of issues such as models of service delivery and the possibilities of partnerships, pooled budgets and trading companies rather than looking at specific proposals.

35.3 Cllr Norman thanked all the witnesses, panel members, representatives from the community, voluntary and business sectors for their participation in this process.

35.4 Cllr Norman suggested that the budget scrutiny needed a rethink as the outcomes did not justify the amount of time devoted to the process. Whilst elements of the process worked well, other parts needed to be changed.

35.5 Cllr Hawtree commented on the paradoxes within the process in having both a scrutiny and political process through which to develop a budget. He was glad there was now general acceptance a two year budget was a good thing and that the involvement of the third and business sectors should be built upon. He was in favour of an on-going dialogue with regards to the budget throughout the year.

35.6 There was debate as to the merits of a more political budget setting process with Cllr Farrow and Marsh highlighting the benefits of a robust debate at council, whilst other members, such as Cllr Kennedy seeing some merit in a less political process.

The scrutiny process does allow for a transparent look at potential changes to the budget, and for partners in the city to comment on proposals.

35.7 It was agreed to endorse the report and forward it to Policy and Resources Committee.

35.8 It was requested that a report be brought to OSC in the summer outlining potential budget setting processes, building upon the involvement of the community and voluntary and business sectors, participatory budgeting and enhanced public consultation.

36. OSC DRAFT WORK PLAN/SCRUTINY UPDATE

36.1 The Head of Scrutiny introduced the report highlighting the current scrutiny and policy panels being undertaken and the OSC work programme through to May 2013.

36.2 Cllr Farrow asked as to the progress of the panel on Cultural Activity for Older People. It was agreed to provide a written answer.

The meeting concluded at 2.50pm

Signed Chair

Dated this day of

Response to Overview and Scrutiny recommendations

Overview & Scrutiny Committee Recommendation	Recommended Response	Comments
1. The early publication of proposals and the multi-channel approach to engagement of Members and the public aids a transparent budget setting process. It is recommended that this is continued.	To agree	Agreed.
2. A further look needs to be given as to the best manner in which to improve the budget development process. This should include: • Consideration of a longer-term collaborative approach with key partners • The role of scrutiny and service committees • The consultative process with residents • The level and range of data published to allow a deeper understanding of proposals	To agree	There is general agreement that while the approach taken to developing options, consulting and scrutinising the budget has worked well over the last two years a fresh look is needed given the scale of the challenges facing the council over coming years. A review of the process will be undertaken and a revised approach recommended to Policy & Resources Committee at the outset of the next budget setting process in June 2013.
3. The continued commitment to undertake Equality Impact Assessments is to be welcomed and the quality continues to improve with the inclusion of mitigatory action, however more work is required to ensure the consistency of all EIAs.	To agree	There is ongoing commitment to continuously improve the EIA process.
4. Budget reductions should be made in relation to priority, 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.	Noted	All Members are entitled to form their own views about policy on service delivery taking into account a wide range of factors. It is rare for any member to take a fixed view on a particular approach, rather they will consider the merits of a proposal on a case by case basis.

5.	Funding provided to the third sector should be monitored. This should be published with the draft budget proposals.	To agree	This information has been provided to the CSVF and Scrutiny but it is agreed that this will in future be provided earlier along with publication of the budget proposals.
6.	The budget papers present some excellent examples of working between directorates to deliver savings e.g. adult social care and housing regarding extra care housing. It is not always clear however, that the cross-cutting impacts of cuts have been considered in relation to corporate priorities. The holistic and longer term impact of budget changes need to be considered.	To agree	As for 2 above, consideration of this will be included in a review of the process and recommendations made to Policy & Resources Committee at the outset of the next budget setting process.
7.	The council needs to be mindful of the local market-place within which it procures and the need for healthy local competition.	Noted	It is recognised that a diverse range of providers can provide significant added value to the council.
8.	A letter signed by all political group leaders should be sent to Government highlighting the problems caused by the late announcement of budget information.	To agree	This proposal will be taken to the cross-party Budget Review Group for consideration and action if agreed by all group leaders.
9.	The publication of a two-year budget for 2012/13 and 2013/14 was a welcome step forward and should be repeated for 2014/15 and 2015/16.	To agree in principle	This is the intention but is subject to having sufficiently robust financial information in good time for both years in order to present meaningful proposals.

Council 28th February 2013	**Agenda Item 91** Brighton & Hove City Council

Subject:		**Supplementary Financial Information for Budget Council**		
Date of Meeting:		**28 February 2013**		
Report of:		**Director of Finance**		
Contact Officer:	Name:	**Mark Ireland**	**Tel:**	**29-1240**
	E-mail:	Mark.Ireland@brighton-hove.gov.uk		
Wards Affected:	All			

FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT:

1.1 To update Members with further budget information that has been received since the Revenue Budget & Capital Investment Programme reports were written for Policy & Resources committee on the 14 February 2013.

1.2 The proposed increase in the city council element of the council tax is 1.96%. Incorporating the Police and Fire elements of the council tax the overall increase for most residents of Brighton & Hove will be 1.67%.

2. RECOMMENDATIONS:

2.1 That Council use the statutory budget and the Council Tax Resolution set out in this report at the meeting.

3. RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

2013/14 General Fund Budget & Council Tax

3.1 The new and revised information in this report was set out in paragraph 4.5 of the 14 February 2013 Policy & Resources committee report and covers the following:-

- Any other grants that are announced before Budget Council such as Education Services Grant and the Small Business Rate Relief grant.
- The Education Capital grant allocations if announced, and any impact this has on the revenue budget.
- The Environment Agency levy figure agreed for 2013/14.
- The agreed council taxes set by the Fire Authority.
- The statutory council tax calculations required under the 1992 Local Government Finance Act.
- The full statutory budget and council tax resolution.

Any other grants announced

3.2 The announcements for the Education Services Grant and Small Business Rate Relief grant haven't been made at the time of writing this report.

Education Capital grant allocations

3.3 The Education Capital grant allocations haven't been made at the time of writing this report.

Environment Agency Levy

3.4 The Environment Agency levy has been set at £56,511 which is £2,000 less than the amount provided for in the budget report to Policy & Resources committee on 14 February 2013 and this sum has been added into contingency.

Council Tax

3.5 The following table shows the overall council tax proposed incorporating the amounts set by Sussex Police & Crime Commissioner and East Sussex Fire Authority.

TABLE 7: Council Tax			
	2013/14 Band D Council Tax	Change on 2012/13	Percentage change
Brighton & Hove City Council	£1,287.00	£24.80	1.96%
Sussex Police & Crime Commissioner	£138.42	-	0.00%
East Sussex Fire Authority	£81.86	-	0.00%
Total for Brighton & Hove residents	£1,507.28	£24.80	1.67%

Budget and Council Tax Appendices

3.6 Details of the additional council taxes paid by residents of Enclosure Committees for the maintenance of gardens in Hanover Crescent, Marine Square and Royal Crescent are given in appendix 17.

3.7 The following revised and new budget and council tax appendices are attached to this report:

- Appendix 1 Movement in Block Allocations 2012/13 to 2013/14
- Appendix 15 shows the council tax for each band and for households entitled to a single person discount.
- Appendix 16 summarises the statutory calculations required under the 1992 Local Government Act.
- Appendix 17 shows the Cabinet proposed full resolution for Budget Council.

SUPPORTING DOCUMENTATION

Appendices:

15. Council tax for each band for 2 or more adult households and households in receipt of 25% discount plus some council tax statistics.

16. Statutory calculations of the budget requirement and council tax required under the 1992 Local Government Act.

17. Proposed formal resolution of Budget Council on 28 February 2013.

Documents in Members' Rooms
No further documents.

Background Documents
No further background documents.

2013/14 BUDGET - Budget changes from 2012/13 to 2013/14 **Appendix 1**

	2012/13 Revised Base £'000	*Changes in function / funding £'000*	*Internal Transfers £'000*	*Reverse one-off allocations £'000*	*2012/13 Adjusted Base £'000*	*FYE of 2012/13 Savings*	*Inflation £'000*	*Service Pressures*	*Commitments and reinvestment £'000*	*VFM & Other Savings £'000*	*2013/14 Original Budget £'000*	*Increase over adjusted base £'000*	*Increase over adjusted base %*
Commissioner - Childrens, Youth & Families	22,324	0	-708		21,616	0	419	0	6	-2,660	19,381	-2,235	-10.3
Commissioner - Learning and Partnerships	5,096	0	-286		4,810	0	69	0	5	-431	4,453	-357	-7.4
Delivery Unit Childrens & Families	34,777	0	634		35,411	0	456	500	-500	-841	35,026	-385	-1.1
Commissioner - People	1,764	0	-117		1,647	-50	71	0	-444	-250	974	-673	-40.9
Delivery Unit Adults Assessment	63,760	0	-914		62,846	-137	1,175	942	19	-4,584	60,261	-2,585	-4.1
Delivery Unit Adults Provider	13,339	0	1,031		14,370	-104	95	58	27	-740	13,706	-664	-4.6
Commissioner - Communities & Equalities	2,974	0	-74		2,900	0	56	0	458	-52	3,362	462	15.9
Transport	-4,583	0	-50	-29	-4,662	-47	-141	390	235	-300	-4,525	137	-2.9
City Infrastructure	28,790	0	0	-25	28,765	-51	443	140	21	-85	29,233	468	1.6
Planning & Public Protection	4,334	0	0	-100	4,234	-57	20	70	165	-35	4,397	163	3.8
City Regeneration	754	0	10		764	-70	7	0	30	0	731	-33	-4.3
Housing	15,820	0	177		15,997	0	251	1,050	11	-913	16,396	399	2.5
Community Safety	2,132	0	-535		1,597	0	27	0	4	0	1,628	31	1.9
Commissioner - Sports & Leisure	1,157	0	0		1,157	0	21	0	0	-30	1,148	-9	-0.8
Commissioner - Culture	1,892	0	-10		1,882	0	33	30	26	-25	1,946	64	3.4
Delivery Unit Tourism & Leisure	3,085	0	50		3,135	-118	-16	0	22	-200	2,823	-312	-10.0
Resources	18,806	0	70	-135	18,741	-195	221	860	71	-1,198	18,500	-241	-1.3
Delivery Unit City Services	12,261	0	-131	-22	12,108	0	132	45	1,764	-333	13,716	1,608	13.3
Finance	5,147	0	79		5,226	0	51	50	11	-321	5,017	-209	-4.0
Total Directorate Spending	**233,629**	**0**	**-774**	**-311**	**232,544**	**-829**	**3,390**	**4,135**	**1,931**	**-12,998**	**228,173**	**-4,371**	**-1.88**

	2012/13 Revised Base £'000	Changes in function / funding £'000	Internal Transfers £'000	Reverse one-off allocations £'000	2012/13 Adjusted Base £'000	FYE of 2012/13 Savings	Inflation £'000	Service Pressures	Commitments and reinvestment £'000	VFM & Other Savings £'000	2013/14 Original Budget £'000	Increase over adjusted base £'000	Increase over adjusted base %
Concessionary Fares	9,696	0	0		9,696		194	0	254	0	10,144	448	
Insurance	3,419	0	0		3,419		68	0	0	-300	3,187	-232	
Financing Costs	8,862	0	300		9,162		0		559	0	9,721	559	
Corporate VFM Savings	-531	0	236		-295	-175	-8	258	0	-2,500	-2,720	-2,425	
Contingency and Risk Provisions	4,599	0	-652	-1,950	1,997		897	270	2,821	0	5,985	3,988	
Unringfenced grants income	-30,444	11,965	769		-17,710			3,049	-817		-15,478	2,232	
Levies to External Bodies	167	0	0		167		4		-13	0	158	-9	
Other Corporate Budgets	-2,253	0	121		-2,132		-67	100	172		-1,927	205	
NET REVENUE EXPENDITURE	**227,144**	**11,965**	**0**	**-2,261**	**236,848**	**-1,004**	**4,478**	**7,812**	**4,907**	**-15,798**	**237,243**	**395**	
Contributions to/ from(-) reserves	-4,190	0	0	2,261	-1,929	1,035			-7,058	-1,152	-9,104	-7,175	
BUDGET REQUIREMENT	**222,954**	**11,965**	**0**	**0**	**234,919**	**31**	**4,478**	**7,812**	**-2,151**	**-16,950**	**228,139**	**-6,780**	
Funded by													
Formula Grant/Revenue Support Grant	104,372	18,491			122,863						77,652	-45,211	
Business Rates Local Share	0	12,302			12,302						42,234	29,933	
Top Up Grant	0	0			0						1,581	1,581	
Safety Net Grant	0	0			0						3,970	3,970	
Collection Fund surplus/(deficit)	-851	0			-851						0	851	
Council Tax	119,433	-18,828			100,605						102,702	2,097	
Total	**222,954**	**11,965**			**234,919**						**228,139**	-6,780	

Appendix 15

Band	A entitled to disabled relief reduction	A	B	C	D	E	F	G	H
Ratio to Band D	0.5556	0.6667	0.7778	0.8889	1.0000	1.2222	1.4444	1.6667	2.0000
Council Tax (including Police and Fire Precepts):									
2013/14	837.38	1,004.85	1,172.33	1,339.80	1,507.28	1,842.23	2,177.18	2,512.13	3,014.56
2012/13	823.60	988.32	1,153.04	1,317.76	1,482.48	1,811.92	2,141.36	2,470.80	2,964.96
2 or more Adults household:									
Increase £	13.78	16.53	19.29	22.04	24.80	30.31	35.82	41.33	49.60
Increase %	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%
Increase per week	£0.26	£0.32	£0.37	£0.42	£0.48	£0.58	£0.69	£0.79	£0.95
Increase per month	£1.15	£1.38	£1.61	£1.84	£2.07	£2.53	£2.98	£3.44	£4.13
Households in receipt of 25% discount:									
Increase £	10.33	12.40	14.47	16.53	18.60	22.73	26.86	31.00	37.20
Increase %	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%	1.67%
Increase per week	£0.20	£0.24	£0.28	£0.32	£0.36	£0.44	£0.52	£0.60	£0.72
Increase per month	£0.86	£1.03	£1.21	£1.38	£1.55	£1.89	£2.24	£2.58	£3.10

Other Council Tax Statistics:											**Total**
Chargeable Dwellings	- No.	23	25,572	27,317	30,978	18,270	10,604	4,346	2,567	143	119,820
	- %	0%	21%	23%	26%	15%	9%	4%	2%	0%	
Discounts - 25%	- No.	15	15,724	12,748	10,503	5,156	2,602	876	418	9	48,051
	- %	65%	61%	47%	34%	28%	25%	20%	16%	6%	
Council Tax Reduction Full Discount	- Estimate No.		2,681	2,112	1,611	591	190	60	17	0	7,262
Council Tax Reduction Partial Discount	- Estimate No.		7,095	6,022	4,500	1,374	380	83	24	0	19,478

APPENDIX 16

CALCULATION OF BRIGHTON AND HOVE'S COUNCIL TAX REQUIREMENT AND COUNCIL TAX

CALCULATIONS REQUIRED UNDER THE LOCAL GOVERNMENT FINANCE ACT 1992

S31A	**Expenditure**	£	£
	Gross Revenue expenditure on Brighton and Hove services	711,838,946	
	Contingency	5,985,000	
	Levies and "County-wide" services	135,502	
	Special items	22,683	
	Parish precept	41,999	
			718,024,130
	Income		
	Government Grants, fees and charges	563,942,131	
	Business Rates Local Share	42,234,000	
	Contribution from reserves	9,104,000	
			615,280,131
	Council Tax Requirement (R)		102,743,999

S31B	R = Council Tax Requirement	102,743,999
	T = Taxbase	79,781.90
	R/T =Basic Council Tax	1,287.81

S34	**(i) S34 (2)**	
	B = Section 31B Calculation	1,287.81
	A = Total of Special Items (as defined in S35)	64,682
	T = Taxbase	79,781.90
	B - (A / T) = Council Tax for areas with no special items	1,287.00
	(ii) S34 (3)	
	C = Section 34 (2) calculation	1,287.00
	S =	
	Rottingdean Parish special item	41,999
	Hanover Crescent Enclosure Committee special item	6,851
	Marine Square Enclosure Committee special item	8,257
	Royal Crescent Enclosure Committee special item	7,575
	TP =	
	Rottingdean Parish taxbase	1,456.99
	Hanover Crescent Enclosure Committee taxbase	38.75
	Marine Square Enclosure Committee taxbase	63.17
	Royal Crescent Enclosure Committee taxbase	30.85
	C + (S / TP) = Council Tax for areas with special items:-	
	Rottingdean Parish	1,315.83
	Hanover Crescent Enclosure Committee	1,463.80
	Marine Square Enclosure Committee	1,417.71
	Royal Crescent Enclosure Committee	1,532.54

General Fund Revenue Budget 2013/14

Formal Council Tax Resolution

1. It be noted that on 24 January 2013 the Council calculated the Council Tax Base 2013/14

(a) for the whole Council area as 79,781.90 (Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act")); and

(b) for dwellings in those parts of its area to which special items relate: -
Rottingdean Parish – 1,456.99
Hanover Crescent Enclosure – 38.75
Marine Square Enclosure – 63.17
Royal Crescent Enclosure – 30.85

2. Calculate that the Council Tax requirement for the Council's own purposes for 2013/14 (excluding Parish precepts) is £102,702,000

3. That the following amounts be calculated for the year 2013/14 in accordance with Sections 31 to 36 of the Act:

(a) £718,024,130 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils.

(b) £615,280,131being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act

(c) £102,743,999 being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Act).

(d) £1,287.81 being the amount at 3(c) above (Item R), all divided by Item T (1(a) above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).

(e) £64,682 being the aggregate amount of all special items referred to in Section 34(1) of the Act

(f) £1,287.00 being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by the Item T (1(a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special items relates.

(g) £1,315.83 Rottingdean Parish
£1,463.80 Hanover Crescent
£1,417.71 Marine Square
£1,532.54 Royal Crescent

being the amounts given by adding to the amount at 3(f) above the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the relevant amount at 1(b) above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its council tax for the year for the dwellings in those parts of its area to which one or more special items relate.

Band: **Parts of the Council's area**	**A*** **£**	**A** **£**	**B** **£**	**C** **£**	**D** **£**	**E** **£**	**F** **£**	**G** **£**	**H** **£**
Rottingdean Parish	731.02	877.22	1,023.42	1,169.63	1,315.83	1,608.24	1,900.64	2,193.05	2,631.66
Hanover Crescent	813.22	975.87	1,138.51	1,301.16	1,463.80	1,789.09	2,114.38	2,439.67	2,927.60
Marine Square	787.62	945.14	1,102.66	1,260.19	1,417.71	1,732.76	2,047.80	2,362.85	2,835.42
Royal Crescent	851.41	1,021.69	1,191.98	1,362.26	1,532.54	1,873.10	2,213.67	2,554.23	3,065.08
All other parts of the councils area	715.00	858.00	1,001.00	1,144.00	1,287.00	1,573.00	1,859.00	2,145.00	2,574.00

* Entitled to disabled relief

4. To note that the Police Authority and the Fire Authority have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in the table below.

Band:	**A*** **£**	**A** **£**	**B** **£**	**C** **£**	**D** **£**	**E** **£**	**F** **£**	**G** **£**	**H** **£**
Sussex Police Authority	76.90	92.28	107.66	123.04	138.42	169.18	199.94	230.70	276.84

* Entitled to disabled relief

Band:	**A*** **£**	**A** **£**	**B** **£**	**C** **£**	**D** **£**	**E** **£**	**F** **£**	**G** **£**	**H** **£**
East Sussex Fire Authority	45.48	54.57	63.67	72.76	81.86	100.05	118.24	136.43	163.72

* Entitled to disabled relief

5. That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the tables below as the amounts of Council Tax for 2013/14 for each part of its area and for each of the categories of dwellings.

Band: **Parts of the Council's area**	**A*** **£**	**A** **£**	**B** **£**	**C** **£**	**D** **£**	**E** **£**	**F** **£**	**G** **£**	**H** **£**
Rottingdean Parish	853.40	1,024.07	1,194.75	1,365.43	1,536.11	1,877.47	2,218.82	2,560.18	3,072.22
Hanover Crescent	935.60	1,122.72	1,309.84	1,496.96	1,684.08	2,058.32	2,432.56	2,806.80	3,368.16
Marine Square	910.00	1,091.99	1,273.99	1,455.99	1,637.99	2,001.99	2,365.98	2,729.98	3,275.98
Royal Crescent	973.79	1,168.54	1,363.31	1,558.06	1,752.82	2,142.33	2,531.85	2,921.36	3,505.64
All other parts of the councils area	837.38	1,004.85	1,172.33	1,339.80	1,507.28	1,842.23	2,177.18	2,512.13	3,014.56

***** Entitled to disabled relief

6. In accordance with Section 52ZB of the Local Government Finance Act 1992 the Council determines its relevant basic amount of council tax for the financial year 2013/14 is not excessive.

Council	Agenda Item 92
28 February 2013	Brighton & Hove City Council

Subject:		**Capital Resources & Capital Investment Programme 2013/14 - Extract from the Proceedings of the Policy & Resources Committee Meeting held on the 14 February 2013**		
Date of Meeting:		**28 February 2013**		
Report of:		**Monitoring Officer**		
Contact Officer:	Name:	**Mark Wall**	**Tel:**	**29-1006**
	E-mail:	mark.wall@brighton-hove.gov.uk		
Wards Affected:	All			

FOR GENERAL RELEASE

Action Required of Council:
To receive the item referred from the Policy & Resources Committee for approval:

Recommendation:

(1) That the Capital Investment Programme for 2013/14 as detailed in appendix 1 to the report be approved;

(2) That the estimated capital resources in future years as detailed in appendix 1 to the report be noted;

(3) That the allocation of £0.250m resources in 2013/14 for the Strategic Investment Fund for the purposes set out in paragraph 3.25 of the report be approved;

(4) That the allocation of £1.000m for the ICT fund be approved;

(5) That the allocation of £1.000m for the Asset Management Fund be approved;

(6) That the proposed use of council borrowing as set out in paragraph 3.17 of the report and appendix 3 to the report be approved.

POLICY & RESOURCES COMMITTEE

4.00 pm 14 February 2013
COUNCIL CHAMBER, HOVE TOWN HALL

DRAFT MINUTES

Present: Councillor J Kitcat (Chair) Councillors Littman (Deputy Chair), G Theobald (Opposition Spokesperson), Hamilton, Jarrett, Mitchell (Opposition Spokesperson), Peltzer Dunn, Shanks, Wealls and West.

PART ONE

143. CAPITAL RESOURCES AND CAPITAL INVESTMENT PROGRAMME 2013/14

143.1 The Director of Finance introduced the report which detailed the level of available capital resources in 2013/14 which could be used for a Capital Investment Programme for 2013/14 if approved at the Budget Council meeting on the 28th February. She noted that the budget had faced similar problems to that of the Revenue Budget and that detailed reports would be submitted to the relevant committees following the strategic setting by the Council. She also noted that a significant shortfall of capital allocations had been reported in November and as a result a number of reconciliations and re-profiling had been undertaken, in order to provide for a fully funded programme for 2013/14. She stated that a shortfall was currently forecast for 2014/15 assuming that capital receipts were generated. She also noted that the Government had yet to announce its education capital grant and therefore a number of assumptions had been made based on the previous years. It meant that assuming the announcement was made in time for Budget Council that revised information may need to be presented to the meeting.

143.2 The Chair thanked the Director for her introduction and the information in relation to the education capital funding.

143.3 Councillor G. Theobald noted the report and stated that it offered a reasonable programme and queried what the position was in relation to the development of Patcham Court Farm, as it could be an alternative to Toads Hole Valley. He welcomed the review of school places and suggested that it would be beneficial to work with other authorities on projects. He expressed concern over the proposed provision for ICT as it appeared that it was not delivering results and queried when the HR system would produce the savings it had promised when a further £165k was being spent.

143.4 The Chair noted that funding for new schools was not available to the council as only third parties could apply, which meant that the council had to consider expanding schools. In regard to the ICT spend, he suggested that it was well below the level of comparable organisations and noted that the strategy had been trimmed down. However, there was a need to deliver better quality services which were fundamental to improving customer services.

143.5 The Director of Finance offered to provide a detailed briefing on the ICT strategy and its basic infrastructure and noted that the council's own network was struggling to meet demand. She also noted that the provision for the HR system was part of a planned further roll-out and would provide benefits to the organisation.

143.6 The Chair noted the comments and pointed out that the council's desk-top computers and software had an average age of 7 years when most organisations own equipment had an average life-span of 3 years. He believed that there was a need to invest in the ICT provision and put the recommendations to the vote.

143.7 **RESOLVED TO RECOMMEND:**

(1) That the Capital Investment Programme for 2013/14 as detailed in appendix 1 to the report be approved;

(2) That the estimated capital resources in future years as detailed in appendix 1 to the report be noted;

(3) That the allocation of £0.250m resources in 2013/14 for the Strategic Investment Fund for the purposes set out in paragraph 3.25 of the report be approved;

(4) That the allocation of £1.000m for the ICT fund be approved;

(5) That the allocation of £1.000m for the Asset Management Fund be approved;

(6) That the proposed use of council borrowing as set out in paragraph 3.17 of the report and appendix 3 to the report be approved.

Council	Agenda Item 92
28th February 2013	Brighton & Hove City Council

Subject:		**Capital Resources and Capital Investment Programme 2013/14**	
Date of Meeting:		**14 February 2013**	
Report of:		**Director of Finance**	
Contact Officer:	**Name:**	**Mark Ireland** **James Hengeveld**	**Tel: 29-1240** **29-1242**
	E-mail:	**mark.ireland@brighton-hove.gov.uk**	
Wards Affected:	**All**		

FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT

1.1 The purpose of the report is to inform Committee of the level of available capital resources in 2013/14 to enable Committee to propose a Capital Investment Programme for 2013/14 to Budget Council. The capital programme is set in the context of the Medium Term Financial Strategy included alongside the General Fund Revenue Budget report elsewhere on this agenda. The proposed programme results in £83.6m investment in council services next year.

1.2 In December 2012, the Government confirmed some capital allocations within the Local Government Capital Finance Settlement for 2013/14 whilst confirmation of key Education and Disabled Facilities Grant allocations are due in late February. Some indicative allocations for the following year 2014/15 were also announced. All 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 2013/14 and the Housing Revenue Account Budget 2013/14 reports elsewhere on the agenda.

2. RECOMMENDATIONS:

2.1 That Policy & Resources Committee recommend to Council the following:-

- The Capital Investment Programme for 2013/14 in appendix 1.
- Note the estimated capital resources in future years as detailed in appendix 1.
- To allocate £0.250m resources in 2013/14 for the Strategic Investment Fund for the purposes set out in paragraph 3.25.
- To allocate £1.000m for the ICT fund.
- To allocate £1.000m for the Asset Management Fund.
- The proposed use of council borrowing as set out in paragraph 3.17 and appendix 3.

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 2012/13 the gross receipts are estimated to be £1.3m, about the same as the previous year compared with levels of £5.0m to £9.0m per annum between 2004/05 and 2007/08. Over the last 5 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 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 approximately £83.6m to be proposed. 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 of £0.422m in 2012/13 for secure early education places for two year olds from lower income families and £0.594m for highways maintenance funding in 2013/14 caused by severe weather events, both of which have been included in the 2013/14 capital programme.

3.3 The agreed policy of the council is to set a fully funded Capital Investment Programme for 2013/14 dependent upon the achievement of certain capital receipts. Forecast levels of capital receipts for the next few years are insufficient to cover proposed allocations in the capital strategy and funding has been identified within the revenue budget of £1.355m to supplement the shortfall. This is detailed in the revenue report to this Committee.

Capital Resources

3.4 A fully financed Capital Investment Programme is proposed for 2013/14 assuming that existing approved capital projects spend in-line with their budget and certain unearmarked net usable receipts of just under £2.2m in total are achieved next year. Table 1 below shows how the programme will be financed in 2013/14. The position for the years 2014/15 and 2015/16 is less clear until future Government allocations are confirmed. 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.

TABLE 1: Capital Resources	2013/14 £ million
Capital Grants:	
- Capital grant announcements in previous years and profiled for spend in 2013/14	9.833
- New capital grants	16.096
Total Government Support	**25.929**
Capital Receipts	3.197
Capital Receipts - Forecast initial tranches from the housing Local Delivery Vehicle (Brighton & Hove Seaside Community Homes)	1.392
Capital Reserves	3.106
Specific Reserves	1.040
Contribution from General Reserves	1.355
External Contributions	2.116
Direct Revenue Funding – Housing Revenue Account	20.778
Direct Revenue Funding – General Fund	1.786
Council Borrowing	22.863
Total Capital Resources	**83.562**

Capital Grants

3.5 The Government distributes capital grants towards the financing of certain capital expenditure. In 2013/14, it is anticipated that the council will receive new capital grants of £16.1m as summarised in table 2 below, and £9.8m from grants already announced where the spending of these grants is now profiled in 2013/14.

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 Policy & Resources Committee as and when they are announced. Announcements of Education Basic Need, Education Capital Maintenance and Disabled Facilities Grants have not yet been made and the amounts shown in this report are estimated subject to confirmation of funding due later in February 2013. If amounts received exceed the estimates then these will be set aside to contribute to the identified resourcing gap in the subsequent two years. If amounts received are lower than the estimates then the council may need to use the risk provision set aside in the General Fund Budget to ensure urgent work can be undertaken. Due to the uncertainty over the Education Capital settlement in particular the spend requirements for 2013/14 have been carefully reviewed and profiled and are considered to be the minimum that is required to fulfil the council's responsibilities.

3.7 The new capital grants are in three main areas:

- Education Basic Need funding of £2.9m (estimated) is included for new pupil places.
- Education funding of £2.9m (estimated) for investment in the maintenance of educational buildings and children's centres in the city.
- Transport funding of £6.3m to include transport related schemes and highways maintenance.

TABLE 2: New Grants announced for 2013/14	**£ million**
Education Basic Need *	2.900
Education Capital Maintenance *	2.908
Schools Devolved Capital	0.500
Transport and Maintenance (LTP)	6.349
Department of Health Grant	0.660
Highways Maintenance	0.594
Disabled Facilities Grant *	0.700
Housing Energy Efficiency Grants	0.080
Decent Homes Grant	1.000
Empty Homes Grant	0.405
Total	**16.096**

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 The proposed new LTP programme for 2013/14 of £6.349m represents a decrease of 3.5% over 2012/13 which was allocated at £6.576m. The grant will be fully allocated to the service for 2013/14 and will be prioritised to invest in street lighting as well as maintaining roads and pavements alongside other sustainable transport initiatives.

Capital Receipts

3.10 The funding of the 2013/14 capital programme is dependent upon the achievement of £2.2m net capital receipts during the year. This includes £0.6m of receipts associated with the disposal of surplus buildings identified under the Workstyles Phase 2 project and these receipts are required for investment into this project. A further £2.2m of receipts are projected for 2014/15 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 2013/14 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.

3.11 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. On 2 April 2012 the government introduced changes to the Right to Buy proposals, which included an increase in the level of discounts available to council tenants and the ability to use net additional receipts for replacement homes arising from the increase in the number of sales. The forecast receipts due to councils were set at an assumed level as part of the HRA self financing settlement and for Brighton & Hove this amount is approximately £0.362 million per annum which is earmarked to fund corporate strategic projects delivering regeneration including affordable housing. Any surplus above £0.362m will be set aside for replacement homes.

3.12 The Council housing capital programme assumes a further £5.1m receipts in 2013/14 from the planned leasing of further tranches of properties to the Brighton & Hove Seaside Community Homes. This funding will only be used for investment 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 levering 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

3.13 The level of reserves relates purely to unspent resources carried forward from previous years and has already been earmarked for specific schemes. In addition the revenue budget report contains proposals to set aside £1.355m one off resources to provide a balanced capital programme for 2013/14 which will address the much needed investment in Hollingdean depot and the ICT strategy. The council monitors 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

3.14 Specific reserves will be used to support schemes directly related to the purpose of the reserve or to support corporate priorities. Specific reserves relate to adult social care to support the Craven Vale development, the Brighton Centre Redevelopment reserve to support the Brighton Centre regeneration project and funding of the replacement cremators at Woodvale to meet with the new mercury abatement legislation.

External Contributions

3.15 The council will receive external contributions totalling £2.116m in 2013/14. 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 £1.056m in 2013/14. Additional funding through S.106 contributions, an Environmental Trust bid and Sports England has also provided contributions totalling £0.720m for the Level project including the skatepark and the playground with £0.330m used in 2013/14. The i360 Project has secured a £3m loan from the Coast to Capital Local Enterprise partnership (LEP) with £0.731m profiled in 2013/14 and the remainder in 2014/15.

Direct Revenue Funding

3.16 Proposals in the budget reports elsewhere on the agenda show the council will finance capital expenditure in 2013/14 from the General Fund and Housing Revenue Account of £22.564m. A summary of the allocations by service is shown in the table below.

TABLE 3: Direct Revenue Funding	**£ million**
Resources – planned maintenance	0.745
Structural maintenance for schools	0.920
The Level & skate park	0.121
Total General Fund Services	**1.786**
Housing Revenue Account	20.778
Grand Total	**22.564**

Council Borrowing under the Prudential Code

3.17 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. For 2013/14 it is proposed that the Council will undertake borrowing of £22.863m to finance capital expenditure plans as detailed in appendix 3.

Capital Investment Programme

3.18 A proposed Capital Investment Programme for 2013/14 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 2012/13 capital programme detailed in the TBM9 report elsewhere on the agenda is incorporated into the 2013/14 programme and will be finalised when the capital accounts are closed in May 2013. The re-profiling is fully funded from resources carried forward from this year.

3.19 The financial implications of individual projects are included in the detailed reports that are submitted by services for each project to allow relevant committees to give their full consideration of 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.

3.20 The 2013/14 capital programme includes additional investment in the following areas:-

- £10.0m will be spent on vital new investment in primary schools.
- £27.0m in housing stock.
- £6.9m in new transport and street lighting related schemes.
- £12.6m to help deliver regeneration schemes such as the £38.0m i360 Project, the £19.0m new historical records centre (the Keep), the Level including the playground and skate park, the Craven Vale adult care development, improvements to the Withdean Sports Complex and running track and the Woodingdean library development.

3.21 Like many authorities the council is facing demands for new pupil places in particular parts of the city and the government's allocation of Education Basic Need funding is not keeping up with these demands. The current government policy indicates that extra capital resources for Free Schools and Academies would not be provided where these are being developed to meet Basic Need as effectively this would imply double funding. However there may be the possibility of attracting some additional capital where this supports increased diversity of provision. In order to ensure that the council can bridge the education funding gap from 2014/15 onwards it will need to explore options to attract additional resources in this way.

3.22 As part of the councils commitment to tackle inequality the HRA Capital Programme 2013-2016 includes investment in building new affordable homes, continuing the improvement in the quality of existing council homes by achieving the Brighton & Hove Standard (Decent Homes Standard) by the end of 2013 and increased investment in adaptations to enable council tenants to live independently in their homes. The HRA Capital Programme, reported elsewhere on this agenda, also includes improving the sustainability and energy efficiency of the housing stock such as insulation improvements, cladding projects and solar thermal and photo-voltaic (PV) installations.

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 and Local Enterprise Partnership 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.

TABLE 4: Corporate Funds	**2013/14 £ million**	**2014/15 £ million**	**2015/16 £ million**
Strategic Investment Fund (SIF)	0.250	0.250	0.250
Asset Management Fund (AMF)	1.000	1.000	1.000
ICT Fund	1.000	2.000	2.000

Strategic Investment Fund

3.25 It is proposed to allocate £0.250m to the Strategic Investment Fund (SIF) in 2013/14. 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 2013/14 which together with the 2012/13 carry forward funding will provide £0.882m resources to support the delivery of major projects.

ICT Fund

3.26 It is proposed to allocate £1.0m resources to the Information and Communication Technology (ICT) Fund to finance the cost of improvements in ICT. Additional allocations of £2.0m pa are proposed in 2014/15 and 2015/16 to support urgent investment in the council's core infrastructure, security and assurance strategy. In addition £1.0m is included from the revenue budget. This reflects the correct accounting split between the required £6.0m investment identified as urgent over the next 3 years. This will be subject to a further report to Policy & Resources.

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, Equalities Act 2010 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.

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 4 February 2013*

Legal Implications:

5.2 The council's budget and policy framework procedure rules require the Policy & Resources Committee to agree each year a programme for establishing the budget framework for the following year. The Committee agreed the budget process for 2013/14 on 12 July 2012.

5.3 The Committee has delegated power to formulate budget proposals for adoption by the council, and this provides authority for the recommendations at paragraph 2.1 above.

Lawyer consulted: Oliver Dixon *Date: 5 February 2013*

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 relevant committees 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 relevant committee 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 relevant committees 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 8 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 28 February 2013. Budget Council has the opportunity to debate both the proposals put forward by Committee 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 Monday 25th 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 2013/14 to 2015/16

2. Other Capital Investment

3. Council Capital Borrowing 2013/14

Documents in Members' Rooms

1. None.

Background Documents

1. Notification from the Department for Transport dated January 2013.

2. Letter from the Department of Health relating to the Local Authority Personal Social Services Capital Grant Allocations dated 19 December 2012.

3. Reinvigorating the Right to Buy and one for one replacement issued by CLG 2 April 2012.

4. 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 2013/14 to 2015/16

Capital Scheme	Spend to Mar 2012 £000	Approved Payments 2012/13 £000	**Profiled Payments 2013/14 £000**	Profiled Payments 2014/15 £000	Profiled Payments 2015/16 £000
SUMMARY					
Approved Schemes					
People			**8,855**	1,441	0
Place (GF)			**7,970**	2,190	1,664
Place (HRA)			**7,790**	0	0
Communities			**7,651**	13,647	0
Resources & Finance			**3,541**	33	0
New Schemes					
People			**7,800**	11,567	6,820
Place (GF)			**8,048**	8,999	7,700
Place (HRA)			**26,957**	27,759	21,262
Communities			**0**	0	0
Resources & Finance			**4,950**	5,250	4,950
Total			**83,562**	**70,886**	**42,396**
Funded by:					
Government Grants Single Pot			**20,976**	14,395	12,955
Government Grants Ringfenced			**4,953**	2,396	580
Capital Receipts			**3,197**	2,827	2,618
Capital Receipts HRA			**0**	3,102	762
Capital Receipts - Brighton & Hove Seaside Community Homes			**1,392**	1,869	1,664
Capital Reserves			**956**	0	0
HRA Capital Reserves			**2,150**	0	0
Specific Reserves			**1,040**	1,967	0
Contribution from General Reserves			**1,355**		
External Contributions			**2,116**	2,269	0
Direct Revenue Funding			**22,564**	20,750	21,840
Council Borrowing			**22,863**	16,925	1,200
Total			**83,562**	**66,500**	**41,619**

Capital Programme Deficit	**0**	**4,386**	**777**

The Capital programme deficit is made up of education new primary school places of £3.730m in 2014/15 and £0.145m in 2015/16 and general fund pressures including the ICT investment requirements of £0.656m in 2013/14 and £0.632m in 2015/16.

Note - Only schemes that have an impact on the capital programme in 2013-14 and future years have been included within these tables

Capital Scheme	Spend to Mar 2012 £000	Approved Payments 2012/13 £000	**Profiled Payments 2013/14 £000**	Profiled Payments 2014/15 £000	Profiled Payments 2015/16 £000
PEOPLE					
Approved Schemes					
Commissioner – People					
Adult Social Care IT Infrastructure Grant	132	56	**75**		
Social Care Reform Grant	82	4	**62**		
Delivery – Adults Providers					
Telecare – provider	99	156	**50**		
Learning Disability Accommodation	-	19	**354**		
Craven Vale Development	-	-	**1,442**	1,441	
Delivery – Children & Families					
Sellaby House Enhancements	-	-	**40**		
Commissioner – Schools, Skills & Learning					
New Pupil Places – Primary Schools		2,800	**6,703**		
PACA Sustainable Transport	-	-	**129**		
New Schemes					
New Pupil Places – Primary Schools			**3,250**	7,630	2,500
Capital Maintenance			**2,708**	2,517	2,300
Devolved Formula Capital			**500**	500	500
Structural Maintenance			**920**	920	920
Two Year Olds – Capital Funding			**422**		
Adult Social Care					600
Total for Service	**313**	**3,035**	**16,655**	**13,008**	**6,820**

Capital Scheme	Spend to Mar 2012 £000	Approved Payments 2012/13 £000	**Profiled Payments 2013/14 £000**	Profiled Payments 2014/15 £000	Profiled Payments 2015/16 £000
PLACE (GF)					
Approved Schemes					
Delivery – City Infrastructure					
Hollingdean Depot	973	419	**875**	200	
The Level Skatepark	-	217	**208**		
The Level Project – Heritage Lottery Fund	-	1,351	**1,220**		
The Level Playground Project	-	175	**103**		
Procurement of vehicles	429	1,378	**121**		
Transport					
Brighton Marina to River Adur Study	-	111	**101**	21	
Better Bus Area Fund	-	350	**1,750**		
Controlled Parking Scheme	-	59	**94**		
Street Lighting	-	185	**115**		
Local Sustainable Transport Fund	250	830	**760**	100	
Housing General Fund					
Private Sector Renewals Grant	34,169	589	**417**		
Disabled Facilities Grant	11,683	1,100	**182**		
Brighton & Hove Seaside Community Homes post lease refurbishment	710	3,834	**1,029**	1,435	1,167
Brighton & Hove Seaside Community Homes ongoing costs to maintain properties	0	154	**363**	434	497
City Regeneration					
Support for major projects		434	**632**		
New Schemes					
Local Transport Plan			**6,349**	7,479	7,000
Highways Maintenance – pothole funding			**594**	325	
Disabled Facilities Grant			**700**	700	700
HCA Empty Homes			**405**	495	
Total for Service	**48,214**	**11,186**	**16,018**	**11,189**	**9,364**

Capital Scheme	Spend to Mar 2012 £000	Approved Payments 2012/13 £000	**Profiled Payments 2013/14 £000**	Profiled Payments 2014/15 £000	Profiled Payments 2015/16 £000
PLACE (HRA)					
Approved Schemes					
Delivery – Housing Social Inclusion					
Improving Housing Quality			**1,993**		
Brighton & Hove Standard Works			**1,124**		
Sustainability & Carbon Reductions			**2,893**		
Building New Council Homes			**1,457**		
Tackling Inequality			**120**		
ICT Budget			**203**		
New Schemes					
Housing Stock Programme:					
Improving Housing Quality			**8,942**	8,045	6,974
Brighton & Hove Standard Works			**6,266**	4,560	4,608
Sustainability & Carbon Reductions			**8,236**	7,836	6,572
Tackling Inequality			**2,863**	3,003	3,108
Building New Council Homes			**650**	4,315	0
Total for Service			**34,747**	27,759	21,262

Capital Scheme	Spend to Mar 2012 £000	Approved Payments 2012/13 £000	**Profiled Payments 2013/14 £000**	Profiled Payments 2014/15 £000	Profiled Payments 2015/16 £000
COMMUNITIES					
Approved Schemes					
Commissioner – Sports & Leisure					
Withdean Capital Scheme	28	663	**2,305**		
Withdean Athletics Track	-	-	**500**		
Delivery – Tourism & Leisure					
Historical Records Centre (The Keep)	2,242	2,802	**390**	190	
i360 Project	-	-	**4,336**	13,457	
Grant for voluntary & community organisations funded from sale of civic number plate	-	-	**120**		
Total for Service	2,270	3,465	**7,651**	13,647	

Capital Scheme	Spend to Mar 2012 £000	Approved Payments 2012/13 £000	**Profiled Payments 2013/14 £000**	Profiled Payments 2014/15 £000	Profiled Payments 2015/16 £000
RESOURCES & FINANCE					
Approved Schemes					
Delivery – City Services					
Woodingdean Library	-	100	**400**		
Woodvale Cremators for Mercury Abatement	-	60	**1,746**		
Resources					
Information Management - Customer Access	184	326	**48**		
Interplan	55	-	**10**		
Madeira Terraces Structural Repairs	-	98	**52**		
Preston Manor Repairs	-	173	**203**		
Human Resources System	1,155	250	**165**		
Workstyles Phase Two	230	5,704	**917**	33	
New Schemes					
Strategic Investment Fund			**250**	250	250
Replacement of vehicles			**2,400**	1,000	700
Planned maintenance to operational buildings			**500**	500	500
Planned maintenance to social care buildings			**500**	500	500
Asset Management Fund			**300**	1,000	1,000
ICT Fund			**1,000**	2,000	2,000
Total for Service	1,624	6,711	**8,491**	5,283	4,950

Other Capital Investment **Appendix 2**

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

Project	Procurement Route	Investment
Projects Under Construction 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

Projects Yet To Commence Brighton Station Gateway	 Regeneration project with private sector partners	 Circa £5m development
Brighton Centre	In conjunction with Standard Life Investment	Additional works to improve the facade and reception areas whilst the major scheme is being developed has been completed. Estimated £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 £38m
Preston Barracks / University of Brighton land	Regeneration development with Brighton University & private sector partners	To be determined

Appendix 3

Council Capital Borrowing

The table below identifies council borrowing during 2013/14 for capital investment .

Council Borrowing in 2013/14	**£ million**
Housing Revenue Account - 13/14 new borrowing	2.948
Housing Revenue Account – 12/13 reprofiled schemes	7.790
I360 Project	3.605
Withdean sports complex	2.305
Withdean athletics track	0.350
Replacment programme vehicles & plant	2.400
Social Care buildings	0.500
Historical Records Centre – The Keep	0.390
Woodvale cremators (slippage)	1.384
Woodingdean Library (reprofiled)	0.400
Private Sector Renewals Grants (reprofiled)	0.417
Controlled parking (slippage)	0.940
Street Lighting (slippage)	0.115
HR System (reprofiled)	0.165
Total for Capital Programme	**22.863**

- As part of the HRA business plan borrowing will be used to support the delivery of Decent Homes and funding of £7.790m was re-profiled from 2012/13 for investment in lift refurbishment, domestic rewiring, decorations and boiler replacement at various sites. A total sum of £2.948m is also profiled for investment in improving housing quality, sustainability and carbon reduction schemes, tackling inequality, standard works and building new homes. The financing costs have been identified to be met from the HRA capital financing revenue budget.
- The i360 Project is estimated to cost £37.8m funded from a council loan of £14.8m, a £3.0m LEP contribution and the remaining £20.0m from equity funders. A commercial rate of interest based upon the council's cost of borrowing plus a margin to reflect risk and return will be charged over a ten year period to Brighton i360 Ltd. This was reported to Policy and Resources Committee on 12th July 2012.
- Phase 1 of the investment to increase health and fitness facilities at Withdean Sports Complex is financed through borrowing. The financing costs will be met through an additional management fee under the Sports Facilities contract. This was detailed in a report to Cabinet in April 2012.
- Improved athletics facilities includes the replacement of the track at Withdean to an all-weather track and is estimated to cost £0.500m with

£0.150m from Sports Lottery funding and £0.350m from borrowing. The financing costs will be met from revenue savings generated by the sports contract.

- The provision of £2.400m is for replacement of vehicles during the year. This includes replacement refuse collection street cleansing vehicles for Cityclean and potential replacement of miscellaneous waste and parks vehicles. These assets may be currently provided through operational leases and paid for through the relevant service revenue budget.
- 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.
- 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 the final £0.390m of that planned spend in 2013/14. The financing costs of borrowing have been included in the revenue budget.
- The purchase of new plant and equipment that addresses mercury abatement and replaces cremators is estimated to be in the region of £1.800m and will be funded from a combination of reserves and borrowing financed through an existing income levy.
- The development of a new library and GP surgery at Woodingdean in partnership with the Primary Care Trust requires a total contribution of £0.500m from the council toward the development and fit out including supporting ICT for the new library (as detailed to Cabinet on 10 November 2011). A total of £0.400m is required in 2013/14 and the financing costs associated with the contribution have been identified in the revenue budget.
- 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 £1.500m was included in 2012/13 to allow investment in improving private housing quality within the city to continue with some of that investment profiled in 2013/14 to meet outstanding commitments for works approved but not yet completed. The financing costs of borrowing have been included in the revenue budget.
- The report to Cabinet in September 2011 detailed the requirement of investment in city infrastructure and car park improvements. This borrowing relates to the slippage spend for the ex-leased car park works affected by the weather. The financing costs are met by improved revenue streams at the car parks.
- Replacement of 650 street lighting lanterns and a number of full column changes across the city commenced in 2012/13. The investment will provide energy saving benefits to support the financing costs.
- The Human Resource System is financed from a combination of revenue budgets, corporate funds and borrowing. The financing costs will be met from repayments from the revenue budget resulting from savings on the system.

Council	Agenda Item 93
28 February 2013	Brighton & Hove City Council

Subject:		**Housing revenue Account 2013/14 - Extract from the Proceedings of the Policy & Resources Committee Meeting held on the 14 February 2013**		
Date of Meeting:		**28 February 2013**		
Report of:		**Monitoring Officer**		
Contact Officer:	Name:	**Mark Wall**	**Tel:**	**29-1006**
	E-mail:	mark.wall@brighton-hove.gov.uk		
Wards Affected:	All			

FOR GENERAL RELEASE

Action Required of Council:
To receive the item referred from the Policy & Resources Committee for approval:

Recommendation:

(1) That the budget for 2013/14 as shown in Appendix 1 to the report be approved;

(2) That individual rent increases and decreases be approved in line with rent restructuring principles as determined by the Government and detailed in paragraphs 3.13 to 3.15 to the report; and

(3) That the changes to fees and charges as detailed in Table 2, paragraphs 3.16 to 3.18 to the report be approved and the Strategic Director; Place be granted delegated authority to increase communal heating electricity charges following the corporate procurement of new contract prices.

POLICY & RESOURCES COMMITTEE

4.00 pm 14 February 2013
COUNCIL CHAMBER, HOVE TOWN HALL

DRAFT MINUTES

Present: Councillor J Kitcat (Chair) Councillors Littman (Deputy Chair), G Theobald (Opposition Spokesperson), Hamilton, Jarrett, Mitchell (Opposition Spokesperson), Peltzer Dunn, Shanks, Wealls and West.

PART ONE

144. HOUSING REVENUE ACCOUNT 2013/14

144.1 **RESOLVED TO RECOMMEND:**

(1) That the budget for 2013/14 as shown in Appendix 1 to the report be approved;

(2) That individual rent increases and decreases be approved in line with rent restructuring principles as determined by the Government and detailed in paragraphs 3.13 to 3.15 to the report; and

(3) That the changes to fees and charges as detailed in Table 2, paragraphs 3.16 to 3.18 to the report be approved and the Strategic Director; Place be granted delegated authority to increase communal heating electricity charges following the corporate procurement of new contract prices.

Council	Agenda Item 93
28th February 2013	Brighton & Hove City Council

Subject:		**Housing Revenue Account Budget 2013/14**	
Date of Meeting:		**28 February 2013** 14 February 2013 – Policy & Resources Committee	
Report of:		**Strategic Director Place** **Director of Finance**	
Contact Officer:	**Name:**	**Sue Chapman**	**Tel: 29-3105**
	E-mail:	**sue.chapman@brighton-hove.gov.uk**	
Wards Affected:	**All**		

FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT:

1.1 This report presents the proposed Budget for 2013/14 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, of approximately 11,935 properties and 2,555 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 Policy & Resources Committee:

(a) Approves and recommends to Council the budget for 2013/14 as shown in Appendix 1.

(b) Approves individual rent increases and decreases in line with rent restructuring principles as determined by the Government and detailed in paragraphs 3.13 to 3.15.

(c) Approves the changes to fees and charges as detailed in Table 2, paragraphs 3.16 to 3.18 and delegate authority to the Strategic Director Place to increase communal heating electricity charges following the corporate procurement of new contract prices.

3. HRA BUDGET PROPOSALS 2013/14

Summary

3.1 The HRA Budget 2013/14 aims to balance the priorities of both the City Council and housing residents within the context of the Corporate Plan 2011-2015, which sets out the council's strategic direction and priorities for the next three 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 The HRA revenue strategy focuses upon investment to deliver corporate priorities:

1. Investment to tackling Inequality and sustain rental income

§ Investment in providing specialist support services for vulnerable council housing residents on low incomes including the development services which promote financial inclusion. The current economic climate and social welfare reforms present challenges for the HRA in relation to maintaining income collection performance. Through the development of the Community Banking Partnership model, specialist money advice and financial literacy and community banking interventions will help to sustain current income collection whilst also having an impact on the local economy which goes beyond client households. Recent research published by Citizens Advice shows that tenants could be £10 per week better off as a result of financial skills training from their landlords;

§ Investment through EU 'Interreg' grant funding in the 'Learning Cities' project will deliver interventions to council tenants that enhance the employability of individuals, and so improve their and their families' life chances;

§ Continued investment in specialist tenancy management and support services to support vulnerable council housing residents, and services which tackles anti-social behaviour;

§ No increases in the service charges for communal cleaning, supporting people, TV digital aerials or garages and car parks. Heating charges will increase by inflation but consumption will be reviewed to ensure residents are charged based on latest estimates of usage.

2. Creating a more sustainable city

The Housing & Social Inclusion service is developing a Sustainability Action Plan according to One Planet Living principles. Actions to be delivered in 2013/14 will include working with the Sustainability working group on:

§ Pilot smart meter loan scheme and behavioural change campaign leading to lower energy usage, reduced carbon emissions and lower fuel bills from council managed housing;

§ Providing energy advice to council tenants from operatives as part of the annual gas check.

3. Engaging people who live and work in the city

- Establishing the new tenant scrutiny panel to ensure that tenants and leaseholders have a stronger voice in the management of council housing
- Continuing to maximise the social value arising from investment in the Repairs and Improvement Partnership with Mears, through provision of local jobs, raising the aspirations of young people through apprenticeships, and creating local supply chain opportunities. As well as the successful scheme delivering 20 apprentices per year this includes:
  - 95% local employment
  - 28 local businesses employed as subcontractors
  - Partnership with City College to enable 35 construction students to gain experience refurbishing empty homes
  - Estate Development Budget run as a not-for-profit business model

3.3 A local authority's HRA must be in balance, meaning that the authority must show in its financial planning that HRA income meets expenditure and that the HRA is consequently viable. The introduction of self financing of the HRA from 1st April 2012 means that the authority needs to ensure sufficient funds are available to meet the future management, repairs and investment needs of the stock. Self financing has given authorities the freedom to plan for the longer term and has given greater emphasis to the 30 year business plan.

3.4 The Commissioning framework for the HRA aims to reduce management unit costs to enable re-investment in services, to reduce inequality (support), and improve homes and neighbourhoods (investment) As the HRA is a ring-fenced account, any savings achieved are reinvested into council housing services. However, the significance of the HRA budget reaches beyond housing service provision, and provides the opportunity to tackle inequality, create jobs and training opportunities, and improve the lives and well-being of residents.

3.5 Benchmarking of both service quality and cost is used extensively throughout the service to identify opportunities for reducing unit costs. Benchmarking against comparator organisations and an analysis of the outcome of the Housing Quality Network value for money review has identified a savings target of £1.028m over 2 years to ensure that the service provides value for money. The savings target is split over the two years as:

Target 2013/14	£0.590m
Indicative Target 2014/15	£0.438m

Budget Variations

3.6 The HRA budget for 2013/14 is shown in Appendix 1 with the main budget variations detailed in Table 1. Employees' costs include a 1% pay increase along with any known increments. In preparing this year's base budget, individual National Insurance contributions have been calculated, rather than the previous practice of using an average rate, which has resulted in a budget reduction of £0.142 million.

3.7 An inflation rate of 2% has been applied to non employee costs with the exception of some contracts where inflationary increases are agreed within the terms of the contract. All income budgets are zero based and therefore charges are estimated based on known increases in costs or inflation. The major works leasehold income budget has increased by £0.520 million to reflect a significant increase in planned major works during 2012/13 to blocks containing leaseholders. The transfer of an estimated 201 homes to Brighton & Hove Community Seaside Homes during 2012/13, increasing the number of leaseholders, has resulted in an increase in service charges income and this impact is included in the net increase in service charges of £0.260 million below.

3.8 A review of the Mears Partnership overheads has identified that a greater proportion of these should be treated as revenue expenditure supporting the responsive repairs and empty homes programme rather than capital expenditure supporting the investment programme. Therefore, there is a reduction in resources of £0.449 million shown below, which is simply an accounting adjustment, switching the current costs from capital to revenue.

3.9 The budget for capital financing costs of £8.148 million has increased by £0.929 million. In order to maximise capacity for future borrowing, this budget now includes a new set aside of £1.000 million, for the future repayment of debt. The budget also includes the repayment of capital of £1.336 million with the remaining costs being interest on the outstanding debt.

3.10 The budget variances result in an increase in the overall surplus of £2.137 million which will be used to support the capital programme and is shown as ‘revenue contributions to capital’ within the Revenue Budget. Savings proposals, service pressures and changes to rent and fees and charges are detailed in paragraphs 3.11 to 3.18.

Table 1: Main Budget Variations

	£'000
Adjusted Budget 2012/13	**(400)**
Increases in Resources:	
Savings Proposals as detailed in paragraph 3.11	(671)
Increase in rent for dwellings (net of empty properties)	(2,532)
Net Increase in service charges	(260)
Increase in major works income from leaseholders	(520)
Budgeting at actual National Insurance contributions	(142)
Other minor variances	(63)
Reductions in Resources:	
Employees pay award and other inflation	473
Service Pressures as detailed in paragraph 3.12	600
Accounting adjustment – repairs overheads costs	449
Increase in capital financing costs	929
Revenue contribution to capital schemes	2,137
Original Budget 2013/14	**0**

Savings & Service Pressures

3.11 Housing Management has identified savings of £0.671 million in the following areas:

- The full year effect of the introduction of Customer Access Review phase 3 in July 2012 achieved savings of £0.130 million resulting in a reduction in Housing Management unit costs.
- A final review of all HRA budgets and the centralisation of office management purchasing has achieved savings of £0.141 million.
- Reduction in the management costs of £0.030 million associated with managing temporary accommodation properties following the leasing of these properties to Brighton & Hove Seaside Community Homes.
- A saving of £0.300 million for the Mears responsive repairs and empty property works through service efficiencies and a reduction in unit costs.
- The gas servicing and maintenance contract with Mears and PH Jones has achieved efficiencies of £0.070 million.

3.12 Service pressures and improvements of £0.600 million are:

- Investment of £0.094m in staff to support the management of capital and service contracts and reduce the need for expenditure on specialist consultant support.

- Additional staff and associated supplies and services to support future HRA housing development and regeneration projects, including the redevelopment of the garage sites at an investment of £0.286 million.
- The introduction of benefit reductions for those tenants that are classified as under occupying and changes to disability allowance from April 2013 may make it harder to collect rents, so a modest increase to the contribution to the bad debt provision of £0.070m will be included in the budget.
- To implement a range of measures to support financial inclusion through the development of a range of specialist money and debt advice services at an estimated cost of £0.150 m to support households in financial difficulty. This investment will also help to sustain rental and service charge income collection to the HRA and is being coordinated with the council's wider approach to financial inclusion.

Rents 2013/14

3.13 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.

3.14 Local Authorities use the September 2012 Retail Price Index of 2.6% plus 0.5% for setting rent inflationary increases. The rent convergence date remains at 2015/16. As the majority of the rents are increasing towards target rents, this results in an **average rent increase of 4.26% for Brighton & Hove**. This is the equivalent to an increase of £3.24 per week, increasing the average rent to £79.29. 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 £6.11, with the lowest increase being £0.22 per week. Approximately 78% of tenants are in receipt of housing benefit.

3.15 Approximately 13% of HRA properties will not reach their target rents by the convergence date of 2015/16. This is because the increases required to reach the target rent are greater than the maximum rent increase allowed by the rent restructuring guidance (which is an increase of RPI + ½ % + £2 per week). It is therefore proposed to adopt target rents for all future property lettings to support bringing as many properties as possible to target rents. This will not affect current tenancies.

Fees and Service Charges 2013/14

3.16 The proposed changes to fees and charges for 2013/14 are set out in Table 2. All service charges are reviewed annually to ensure full cost recovery and also to identify any service efficiencies which can be offset against inflationary increases in order to keep increases to the minimum.

Table 2 : Proposed Increases to Fees and Service Charges

	Number of tenants affected	Eligible for HB	2012/13 Average Weekly Charge	2013/14 Proposed Average increase/ (decrease) %	2013/14 Proposed average increase/ (decrease) per week £	Comments
Grounds Maintenance	5,800	yes	£0.63	2%	£0.01	Contractual increase
Communal cleaning	5,535	yes	£2.77	0%	Nil	
Communal heating - gas	1,115	no	£9.28	(4%)	(£0.36)	See paragraph 3.17
Communal heating - electric	79	no	£7.13	tba	tba	See paragraph 3.18
TV Aerials	5052	yes	£0.56	0%	Nil	
Sheltered Services – common ways	853	yes	£8.23	2.5%	£0.21	Contractual increase and full cost recovery
Sheltered Services- laundry	827	yes	£1.26	5.7%	£0.07	Contractual increase
Water	147	no	£3.21	7%	£0.22	Estimated Contractual increase
Video entry	12	yes	n/a	new charge	£0.96	Balchin Court – under construction
Guest rooms	n/a	no	£8.80 per night	9.3%	£0.79	Increase for cost recovery
Supporting People	783	SP grant	£12.85	0%	Nil	Grant will remain at 2012/13 level
Garages & Car Parking	2,365	no	£8.04	0%	Nil	

Heating

3.17 The heating and hot water service charges for residents with communal gas fired boilers are proposed to **reduce** by an overall average of 4% (£0.36 per week) from 1 April 2013, with a maximum reduction of 12.5%, £1.12 per week and a maximum increase of 5.6%, £0.41 per week. Under the current corporate gas supply contract, the unit price for gas is revised annually in October each year. From October 2013, the unit price for gas has increased by an average of 2%, for blocks with communal boilers. However, the latest review of gas consumption shows a reduction in estimated energy consumption in a number of blocks resulting from a mixture of improvements including boiler upgrades and replacements, and the installation of solar panels for hot water. This has therefore resulted in an overall average reduction in service charges by 4%.

3.18 Two council blocks (Elwyn Jones Court and Broadfields) are heated by electric heating systems. Service charges for these blocks will be amended from 1st April to reflect the new contract price and the latest estimates of consumption. The new contract is currently being procured and prices will not be known until March 2013, at the earliest. Indications are that the unit price may increase by as much as 27%. If this were to be the case, tenants in these blocks would receive increases of, on average, £1.93 per week. However, these tenants have benefited from fixed heating costs over the last three years and, in fact, received a 16.51% reduction in their heating charges from 1st April 2010 with no increases since.

Medium Term Financial Forecast

3.19 The introduction of self financing has provided 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. Although there are additional resources available in the long term, self financing includes a cap (or limit) on the amount of HRA borrowing for capital investment by each local authority. This limit is set at £158.2 million for Brighton and Hove and the estimated total borrowing up to 31 March 2014 is £127m providing additional borrowing capacity of £31m.

3.20 The HRA 30 year Business Plan will be updated to reflect the proposed 2013/14 budget and reviewed to assess the opportunities for additional investment (as outlined in the Housing Investment 2012-2020: Strategy & Implementation Plan report to Housing Committee on 26 September 2012) and how the housing debt could be structured to accommodate these plans or possibilities. In the meantime, until a debt strategy is developed, the Budget Strategy assumes that all revenue surpluses that are not required for capital investment are set aside for the repayment of debt, hence £1.000 million has been set aside for 2013/14 and £2.000 million thereafter. This will reduce the interest payments on existing debt and provide greater headroom in the borrowing limit for future development opportunities. The current Medium Term Financial Forecasts are detailed in Appendix 2.

Projected HRA Revenue Reserves

3.21 Table 3 details the projected revenue reserves for 2013/14 which are estimated at £3.653 million as at 31 March 2014. Movements in reserves include a contribution of £3.270 million to fund the 2012/13 capital programme, £1.500 million to fund the 2013/14 capital programme and an estimated contribution of £1.304 million from the 2012/13 revenue forecast outturn. The main variances from the 2012/13 forecast outturn as at month 9 are detailed in Appendix 1.

3.22 The 2012/13 revenue budget was set with a surplus of £0.400 million to establish an earmarked reserve to fund commissioning priorities plans when developed to tackle financial exclusion and inequality, promoting access to services and improving support for vulnerable families and adults on low incomes. These plans have now been funded within the 2013/14 budget (at an annual cost of £0.150m as detailed in paragraph 3.12) and absorbed within the underspending in 2012/13 so there is no longer a need to maintain an earmarked reserve for this purpose. Therefore the projected reserves include the release of this earmarked reserve.

3.23 The recommended working balance (minimum level of reserves) is £2.800 million. Therefore usable revenue reserves are projected at £0.853 million at 31 March 2014, which can be used to support one off items of expenditure.

Table 3: Projected Unearmarked Revenue Reserves at 31 March 2014

	£'000
Reserves at 1 April 2012	6,719
Less: Contribution to fund the capital programme 2012/13	(3,270)
Plus: Forecast contribution from 2012/13 Revenue Outturn	1,304
Release of earmarked reserve for commissioning priorities	400
Projected reserves at 31 March 2013	**5,153**
Less: Use of revenue reserves to fund the capital programme 2013/14	(1,500)
Total Projected Balance at 31 March 2014:	**3,653**
Applied to:	
Working Balance	**2,800**
Usable revenue reserves	**853**

3.24 Estate Development Budget reserves, which are held separately from the HRA general reserves, are £0.146 million as at 1 April 2012. These reserves relate to committed revenue and capital expenditure for schemes agreed in previous financial years that are not yet completed.

4. CONSULTATION

4.1 The service has undertaken consultation with residents as part of the budget setting process, based around their priorities for the service. The consultation took place at Area Housing Panels in October with a follow up session at the City Assembly meeting in November. Each session used electronic voting technology to enable residents to register their views confidentially and see real time results. Each session was introduced with a quiz to provide background and context to the Housing Revenue Account budget.

4.2 The Area Panel sessions involved council offers presenting the case for two different budget areas with questions and discussion. This was followed by voting on which area is the most important budget priority or if they should be treated in balance. The results were as follows:

Option 1	Option 2	Resident priority
Spending money on making your homes Safe and more accessible	Spending money on making your homes warmer and more energy efficient	Both in balance
Investment in prevention (e.g. tackle problems early and services such as money advice)	React as problems arise (e.g. reactive repairs, tackle ASB as it arises)	Both in balance
Make efficiencies to reinvest in properties (e.g. close offices to support house building and investment in homes)	Maintain services as they are with no growth	Option 1

4.3 At the Citywide Assembly, in November 2012, residents looked at each of the priorities identified at Area Panels and discussed in groups their views about each area. They then identified specific areas of work that they as a group would like to see prioritised. The wider Assembly then voted on each of these areas. Priorities which received the most support included:

- Solar panels for revenue generation and reducing bills
- Review assets to see if any can be sold e.g. offices, garages or land
- Reacting and feeding back on anti social behaviour
- Increase rents for new homes and those who can afford it
- Lifts to be repaired quicker
- Draft proofing checks for homes
- Faster response when repairs are reported
- Reacting quickly when a vulnerable tenant has not been seen

4.4 The review and challenge of the options as they were developed for this paper included members from all political parties. A Scrutiny Panel considered the HRA budget strategy proposals in December 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: 22/01/13

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: 5/12/12

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.

5.5 The report includes reductions in communal gas heating charges resulting from lower gas consumption due to a range of measures implemented by the council. This includes improvements in thermal efficiency from over cladding schemes, window replacements, boiler replacements and monitoring and management of temperature controls in communal heating blocks.

Crime & Disorder Implications:

5.6 The Budget includes financial provision for Crime and disorder implications.

Risk & Opportunity Management Implications:

5.7 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

5.8 A full risk register will therefore be developed in preparing the HRA Business Plan.

Corporate / Citywide Implications:

5.9 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 £0.76 per week in rent increase) will result in a loss of rental income of approximately £0.870 million over the next three 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 2012/13 and Budget 2013/14
2. Medium Term Financial Forecasts

Documents in Members' Rooms

None

Background Documents

1. 2013/14 Housing Revenue Account Working Papers

Appendix 1

HRA Forecast Outturn 2012/13 and Budget 2013/14

	2012/13 Adjusted Budget £'000	2012/13 Forecast Outturn £'000	2013/14 Original Budget £'000
EXPENDITURE			
Employees	8,518	8,205	8,543
Premises - Repairs	10,645	10,040	11,139
Premises - Other	3,810	3,587	3,443
Transport	167	151	143
Contribution to Bad Debt Provision	214	214	288
Supplies & Services	1,642	1,444	1,660
Third Party Payments	105	111	147
Support Services - From Other Departments	1,981	1,930	1,999
Revenue Contributions to Capital Schemes	18,274	18,674	20,779
Capital Financing Costs	7,244	7,244	8,148
Total Expenditure	**52,600**	**51,600**	**56,289**
INCOME			
Rents Dwellings	(46,702)	(46,860)	(49,234)
Rents Car Parking / Garages	(800)	(810)	(824)
Commercial Rents	(446)	(446)	(446)
Service Charges	(4,152)	(4,328)	(4,932)
Supporting People	(465)	(484)	(465)
Other Recharges and Interest	(435)	(376)	(388)
Total Income	**(53,000)**	**(53,304)**	**(56,289)**
TOTAL DEFICIT / (SURPLUS)	**(400)**	**(1,704)**	**0**

Note: Third Party Payments includes launderette and financial inclusion contracts.

Targeted Budget Management (TBM) 2012/13 as at Month 9

The forecast outturn for month 9 is an underspend of £1.304 million, which will provide a contribution to revenue reserves to be reinvested in the Housing Revenue Account Capital Investment Programme for 2013/14.

The Employees budget is forecast to underspend by £0.313 million due to vacancies throughout the service while recruitment to the new Housing and Social Inclusion structure was being finalised. The forecast also includes underspends on pension costs as fewer staff than budgeted are members of the pension scheme.

The Premises repairs budget is forecast to underspend by £0.605 million partly off-set by overspends on asbestos works of £0.064 million and lift maintenance £0.086 million. The significant major underspend variances are:

- Responsive repairs are forecast to underspend by £0.300 million due to the continuation of the policy implemented last year to review responsive repairs within the context of the replacement programme, resulting in lower than expected values and numbers of responsive repairs.
- Further underspends on the costs of gas servicing of £0.103 million as a result of re- basing of the open book contract after the budget was set.
- Works to empty properties is also underspent by £0.171 million as a result of fewer properties than budgeted becoming empty and therefore requiring works.
- There is also a £0.073 million underspend relating to works to the Housing Centre as well as £0.096 million underspend on fire alarms and fire risk works.

Premises Other is forecast to underspend by £0.223 million from the following significant variances:

- £0.039 million underspend on premises costs relating to the housing centre due to uncertainties of the annual operating costs at budget setting time;
- £0.090 million on utility costs and £0.020 million on council tax payments due to fewer empty properties than expected.
- an anticipated £0.041 million underspend for decorating vouchers.
- £0.040 million reduction in expenditure relating to insurance claims.

The Supplies & Services underspend of £0.214 million is also made up of a number of variances including £0.104 million for professional and consultancy fees no longer required in this financial year due to the changing of projects and more utilisation of in-house staff. There are further underspends of £0.030 million on legal fees for leaseholder tribunals, £0.076 million on general office expenses, furniture etc., as well as a reduction in vehicle maintenance costs as a result of the new vehicles being purchased.

The disabled adaptations programme for Council tenants had identified an increased investment requirement of £0.400 million, which can be funded from an increase in revenue contributions to the capital programme, due to the overall underspend on the revenue budget.

Rental income is forecast to over recover by £0.158 million as the number of voids and the length of time empty properties were held ready for transfer to Seaside Community Homes are less than assumed at budget setting.

Service Charge income from leaseholders is forecast to over-recover by £0.280 million as a consequence of more repairs works being carried out to leaseholders' properties during the last financial year thereby increasing the 2011/12 repairs service charge for leaseholders (billed in 2012/13). This is off-set by small amounts of under-recovery from various service charges totalling £0.104 million caused in part by a reduction in the number of properties as they have transferred to Seaside Community Homes which was difficult to predict at budget setting time.

Other income and recharges are projected to overspend by £0.059 million due to less income than budgeted for rechargeable repair works as well as a reduction in the professional fees recouped from right-to- buy valuations.

Appendix 2

Medium Term Financial Forecasts

Revenue Budget	**2013/14 £'000**	**2014/15 £'000**	**2015/16 £'000**
Expenditure			
Employees	8,543	8,426	8,444
Premises -Repairs	11,139	11,317	11,500
Other expenditure	7,680	8,067	8,128
Capital Financing	7,148	7,451	7,877
Capital Financing – Set aside	1,000	2,000	2,000
Total Expenditure	35,510	37,261	37,949
Income			
Rental Income	(49,234)	(50,237)	(52,247)
Other Income	(7,055)	(6,355)	(6,123)
Total Income	(56,289)	(56,592)	(58,370)
NET SURPLUS	**20,779**	**19,331**	**20,421**
Allocated to :			
Revenue Contribution to Capital schemes	20,779	19,331	20,421

Assumptions

1. General inflation is included at 2% per annum. However, pay increases are assumed at 1% for 2013/14 and 2% per annum thereafter to cover pay award and pay related matters.

2. Efficiency savings are assumed at £0.738 million over 2014/15 and 2015/16.

3. Capital financing costs are projected to increase reflecting the capital repayment/set aside of £3.946m and £4.358m for 2014/15 and 2015/16 respectively. The total estimated borrowing as at 31 March 2016 is £119m, against the debt cap of £158m, providing the opportunity for additional borrowing of £39m subject to affordability.

4. Rents are assumed to increase by 4% for 2014/15 and 4% for 2015/16, which includes provision for increases to meet rent convergence at target rents.

5. Other income is projected to increase by 1%. However, income from major works to leasehold properties is projected to reduce by £0.800 million from 2014/15 and reduce by a further £0.300 million in 2014/15.

The net revenue surpluses over the three year period will be used to fund the HRA Capital Programme 2013 – 2016

28 February 2013

Budget Council 28 February 2013:
Setting a lawful budget for 2013/14

Introduction

Under section 30 (6) of the Local Government Act 1992 the Council has a duty to set the **Council tax by 11 March 2013.** 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 Administration's budget will be worked up including all amendments from Budget Policy & Resources Committee 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 25th February 2013).**

- 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 26th 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 26th 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 27th 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 28th February at 10:00 am**, unless the Chief Executive considers that, given any progress made on 27th 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 28th February 2013, a further meeting will need to be held prior to the 2nd 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 2nd March and a delay in setting the Budget before then would significantly affect this process.

Abraham Ghebre-Ghiorghis	Catherine Vaughan
Head of Law	Director of Finance
(Monitoring Officer)	(Chief Finance Officer)