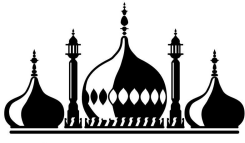


**BRIGHTON & HOVE CITY  
BUDGET COUNCIL  
MEETING**

**4.30PM 27 FEBRUARY 2014**

**COUNCIL CHAMBER, HOVE TOWN HALL**



**AGENDA**



**Brighton & Hove  
City Council**

# Council Meeting

|          |  |
|----------|--|
| Title:   | <b>Council</b>   |
| Date:    | <b>27 February 2014</b>  |
| Time:    | <b>4.30pm</b>  |
| Venue    | <b>Council Chamber, Hove Town Hall</b>   |
| Members: | <b>All Councillors</b><br>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 Father John Wall   |
| Contact: | <b>Mark Wall</b><br>Head of Democratic Services<br>01273 291006<br>mark.wall@brighton-hove.gcsx.gov.uk                                       |

|   |   |
|---|---|
|   | <p><b>Public Involvement</b><br/>The City Council actively welcomes members of the public and the press to attend its meetings and holds as many of its meetings as possible in public.</p> <p>Please note that the Public Gallery is situated on the first floor of the Town Hall.</p> <p>If you wish to attend and have a mobility impairment or medical condition or medical condition that may require you to receive assisted escape in the event of a fire or other emergency, please contact the Democratic Services Team (Tel: 01273 291066) in advance of the meeting. Measures may then be put into place to enable your attendance and to ensure your safe evacuation from the building.</p> |
|  | The Town Hall has facilities for people with mobility impairments including a lift and wheelchair accessible WCs. However in the event of an emergency use of the lift is restricted for health and safety reasons please refer to the Access Notice in the agenda below.   |
|  | 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.  |

*This Agenda and all accompanying reports are printed on recycled paper*

## AGENDA

**77. 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.

**78. MAYOR'S COMMUNICATIONS.**

To receive communications from the Mayor.

**TO CONSIDER THE REPORTS AND RECOMMENDATIONS OF THE POLICY & RESOURCES COMMITTEE OF THE 13 FEBRUARY 2014 IN RESPECT OF:-**

**79. GENERAL FUND REVENUE BUDGET & COUNCIL TAX 2014/15 1 - 328**

Extract from the proceedings of the Policy & Resources Committee meeting held on the 13<sup>th</sup> February 2014, together with a report of the Executive Director for Finance & Resources (copies attached).

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

**80. SUPPLEMENTARY FINANCIAL INFORMATION FOR BUDGET COUNCIL 2014 329 - 342**

Report of the Executive Director for Finance & Resources (copy attached).

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

**81. CAPITAL RESOURCES AND CAPITAL INVESTMENT PROGRAMME 2014/15** **343 - 370**

Extract from the proceedings of the Policy & Resources Committee meeting held on the 13<sup>th</sup> February 2014, together with a report of the Executive Director for Finance & Resources (copies attached).

Contact Officer: Rob Allen

Tel: 29-1245

Ward Affected: All Wards

**82. HOUSING REVENUE ACCOUNT BUDGET 2014/15** **371 - 402**

Extract from the proceedings of the Policy & Resources Committee meeting held on the 13<sup>th</sup> February 2014, together with a joint report of the Executive Director for Environment, Development & Housing and the Executive Director for Finance & Resources (copies attached).

Contact Officer: Monica Brooks

Tel: 292279

Ward Affected: All Wards

**83. 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*

## COUNCIL

*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 the annexe to the Bar Area.

### **PUBLIC INVOLVEMENT**

Provision is made on the agendas for public questions to committees and details of how questions can be raised can be found on the website and/or on agendas for the meetings.

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

Agendas and minutes are published on the council's website [www.brighton-hove.gov.uk](http://www.brighton-hove.gov.uk). Agendas are available to view five working days prior to the meeting date.

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

### **WEBCASTING NOTICE**

This meeting may be filmed for live or subsequent broadcast via the Council's website. At the start of the meeting the Mayor will confirm if all or part of the meeting is being filmed.

You should be aware that the Council is a Data Controller under the Data Protection Act 1988. Data collected during this web cast will be retained in accordance with the Council's published policy (Guidance for Employees' on the BHCC website).

Therefore by entering the meeting room and using the seats around the meeting tables you are deemed to be consenting to being filmed and to the possible use of those images and sound recordings for the purpose of web casting and/or Member training. If members of the public do not wish to have their image captured they should sit in the public gallery area.

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

## COUNCIL

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

### ACCESS NOTICE

The lift cannot be used in an emergency and Evac Chairs are not suitable due to limitations of the escape routes. **For your own safety please do not to go beyond the Ground Floor if you are unable to use the stairs.**

Please inform staff on Reception if this affects you so that you can be directed to the rear of the Council Chamber or an alternative room where video conferencing facilities will be available for you to use should you wish to watch the meeting or need to take part in the proceedings e.g. because you have submitted a public question.

**We apologise for any inconvenience caused**

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- **You should proceed calmly; do not run and do not use the lifts;**
- **Do not stop to collect personal belongings;**
- **Once you are outside, please do not wait immediately next to the building, but move some distance away and await further instructions; and**

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

Date of Publication - Wednesday, 19 February 2014



Penelope Thompson CBE  
Chief Executive

King's House  
Grand Avenue  
Hove  
BN3 2LS

27 February 2014

Brighton &amp; Hove City Council

|                         |   |                     |  |
|-------------------------|---|---------------------|--|
| <b>Subject:</b>         | <b>General Fund Revenue Budget &amp; Council Tax 2014/15<br/>- Extract from the Proceedings of the Policy &amp;<br/>Resources Committee Meeting held on the 13<sup>th</sup><br/>February 2014</b> |                     |  |
| <b>Date of Meeting:</b> | <b>27 February 2014</b>   |                     |  |
| <b>Report of:</b>       | <b>Head of Law</b>  |                     |  |
| <b>Contact Officer:</b> | <b>Name: Mark Wall</b>  | <b>Tel: 29-1006</b> |  |
|                         | <b>E-mail: mark.wall@brighton-hove.gov.uk</b>   |                     |  |
| <b>Wards Affected:</b>  | <b>All</b>  |                     |  |

**FOR GENERAL RELEASE*****Action Required of the Council:***

To receive the item referred from the Policy &amp; Resources Committee for approval:

**Recommendation:**

- (1) That the core elements of the 2014/15 General Fund Revenue Budget proposals contained in the body of this report which have been based on a threshold council tax increase, subject to recommendation (4) below, be approved, including:
- (i) The 2014/15 budget allocations to services as set out in appendix 1.
  - (ii) The council's net General Fund budget requirement for 2014/15 of £225.3m.
  - (iii) The budget savings package as set out in appendix 4.
  - (iv) The contingency budget of £4.37m as set out in table 8.
  - (v) The reserves allocations as set out in paragraph 3.39 and table 6.
  - (vi) The borrowing limit for the year commencing 1 April 2014 of £380m.
  - (vii) The annual Minimum Revenue Provision statement as set out in appendix 10.
  - (viii) The Prudential Indicators as set out in appendix 11 to this report.
  - (ix) The proposed responses to the scrutiny recommendations as set out in appendix 16.

- (2) That the Equalities Impact Assessments set out in Appendix 13 to the report be noted;
- (3) That the revised Medium Term Financial Strategy and resource projections for 2014/15 to 2019/20 as set out in appendix 8 to the report be noted;
- (4) That it be noted that supplementary information needed to set the overall council tax will be provided for the budget setting Council as listed in paragraph 4.4 of the report; and
- (5) That for the purposes of enacting the Business Rates discount and relief changes announced in the government's Autumn Statement 2013, delegated authority be granted to the Executive Director of Finance & Resources to design and administer the scheme in accordance with government guidelines as set out in paragraph 3.17 of the report.

## **POLICY & RESOURCES COMMITTEE**

**4.00 pm 13 February 2014  
COUNCIL CHAMBER, HOVE TOWN HALL**

### **DRAFT MINUTES**

**Present:** Councillor J Kitcat (Chair); Councillors Littman (Deputy Chair), G Theobald (Opposition Spokesperson), Morgan (Group Spokesperson), Hamilton, Lepper, A Norman, Peltzer Dunn, Randall and Shanks.

### **PART ONE**

#### **121 GENERAL FUND REVENUE BUDGET & COUNCIL TAX 2014/15**

- 121.1 The Chair stated that he wished to thank all the officers involved for their work in preparing the budget report for 2014/15, and noted that there were two amendments which had been circulated and stated that he would ask for these to be moved in turn so that they could then be taken into consideration as part of the general debate on the budget.
- 121.2 Councillor Morgan requested that following consideration of the report, each of the recommendations listed in the report should be taken and voted on separately rather than en block.
- 121.3 The Chair noted that the Committee were in agreement with Councillor Morgan's request and confirmed that he would put each recommendation to the vote in accordance with the committee's wishes.



- 121.4 The Executive Director for Finance & Resources introduced the report which set out the final proposals for the General Fund Revenue Budget and Council Tax for 2014/15. She stated that the committee was asked to recommend the budget to Full Council which would then make the final decision on the revenue budget and council tax on the 27<sup>th</sup> February. She noted that the core budget proposals were based on a 2% Council Tax increase, but in accordance with the Administration's aims, a 4.75% increase was accounted for within the recommendations and if approved would then trigger a referendum. She also noted that the budget proposals considered at the Committee's December meeting had not accounted for the Government's Financial Settlement which had not been available. However, this information had since been received and included in the budget profile which provided for a balanced budget.
- 121.5 Councillor Littman thanked the officers for their work on the budget and stated that he wished to recommend the budget as proposed to all Members. He noted that the anticipated level of savings for 2015/16 were significant and therefore it was important to set the council tax at an appropriate level to enable future budgets to account for the level of income that it would produce.
- 121.6 Councillor G. Theobald moved an amendment on behalf of the Conservative Group, which sought to remove the proposed 4.75% Council Tax increase and to ask officers to bring forward budget proposals that would provide for a council tax freeze in line with the government's recommendations. He believed that it was not necessary to have a council tax increase and that further savings could be identified to enable this to be achieved.
- 121.7 Councillor A. Norman formally seconded the amendment and also wished to thank the officers involved for their work in providing the budget report that was before the committee and their help with meeting requests for information from the opposition groups. She noted that in the recent consultations on the proposed council tax increase, it was evident that the public view was opposed to such a high increase and she suggested that there should be market testing of services to ensure value for money was being achieved as outlined by the scrutiny recommendations. She believed that there were opportunities to meet the additional savings that were required to enable a council tax freeze and therefore the amendment should be supported.
- 121.8 Councillor Morgan moved an amendment on behalf of the Labour & Co-operative Group, which sought to maintain a council tax increase of 2%, and stated that he wished to thank the officers involved in the budget process. He stated that an increase of 4.75% would not be affordable for many residents in the city and believed that if a referendum was held, it would be a clear no vote and therefore it would be better to save on the costs and use the funding to support services that were under pressure. He could not support the Conservative amendment as it did not allow for an increase and would mean that the council was ever-reliant on the government to provide additional funding to make up for the loss of revenue from a council tax increase.
- 121.9 Councillor Hamilton formally seconded the amendment and questioned the level of savings identified for Adult Assessment in relation to the 4.75% council tax increase, as it showed cuts of 50% in each of the four areas that would be supported if the 4.75% increase was approved. He queried whether it was appropriate to show an

even spread of cuts and whether there was a need to review these in more detail. He was confident that with a 2% council tax increase the council would be able to meet its obligations in relation to social care. He believed that there was a need to increase the council tax rather than freeze it, as the council would lose out each year in real terms because of the level of inflation. He did not believe that a referendum would result in approval for a 4.75% council tax increase and therefore it was more prudent to have a 2% increase and maintain the council's position in relation to future years and inflation.

- 121.10 Councillor Shanks stated that she accepted a 4.75% increase was a difficult one to take forward, however she believed that if it was supported by the council, it would be something that people could be persuaded to agree to.
- 121.11 Councillor Littman referred to the two amendments that had been proposed and stated that he felt it was inappropriate to request officers to rework the budget to enable a council tax freeze and in view of the need to increase council tax to meet the unprecedented cuts in service that were likely, it was only right to put the matter to the residents of the city to decide. The difference in the actual rise between a 2% and 4.75% increase for a Band D property was less than £3.00 and he believed that residents would accept this level of increase.
- 121.12 Councillor G. Theobald stated that a council tax freeze would be supported by a grant of £1.2m from the Government which was written in to the base budget and would therefore continue in future years. He believed the difference between the proposed freeze and a council tax increase was therefore only £800k and such an amount could be found from additional savings across the council. He could not accept the proposed expenditure associated with the running of a referendum and argued that it should be used to maintain current services.
- 121.13 The Chair questioned how the outcome of a referendum could be second guessed at this point in time and noted that the recent Argus poll only accounted for 1.9% of the electorate, and that the council's consultation exercise had shown 56% in favour of a council tax rise. There was a crisis in the social care funding which could not be ignored and the Revenue Support Grant was decreasing year on year. There was also a need to keep up with inflation and the previous council tax freezes had meant that the council was £4m worse off as a result.
- 121.14 Councillor Morgan queried whether the estimated cost of £886k for the referendum was correct.
- 121.15 The Chair stated that if all the costs associated with the running of a referendum were added up then it was a correct figure, however he referred to appendix 17 of the report and noted the difference shown for a yes and a no vote.
- 121.16 The Chair then put the Conservative Group's amendment to the vote which was lost.
- 121.17 The Chair then put the Labour & Co-operative Group's amendment to the vote which was lost.
- 121.18 The Chair then put each of the recommendations as listed in the report to the vote, which resulted in the following:

- (i) Recommendation 2.1.1 was carried;
- (ii) Recommendation 2.1.2 was lost;
- (iii) Recommendation 2.1.3 was carried;
- (iv) Recommendation 2.2 was carried;
- (v) Recommendation 2.3 was carried;
- (vi) Recommendation 2.4 was carried.

121.19 **RESOLVED TO RECOMMEND:**

- (1) That the core elements of the 2014/15 General Fund Revenue Budget proposals contained in the body of this report which have been based on a threshold council tax increase, subject to recommendation (4) below, be approved, including:
  - (i) The 2014/15 budget allocations to services as set out in appendix 1.
  - (ii) The council's net General Fund budget requirement for 2014/15 of £225.3m.
  - (iii) The budget savings package as set out in appendix 4.
  - (iv) The contingency budget of £4.37m as set out in table 8.
  - (v) The reserves allocations as set out in paragraph 3.39 and table 6.
  - (vi) The borrowing limit for the year commencing 1 April 2014 of £380m.
  - (vii) The annual Minimum Revenue Provision statement as set out in appendix 10.
  - (viii) The Prudential Indicators as set out in appendix 11 to this report.
  - (ix) The proposed responses to the scrutiny recommendations as set out in appendix 16.
- (2) That the Equalities Impact Assessments set out in Appendix 13 to the report be noted;
- (3) That the revised Medium Term Financial Strategy and resource projections for 2014/15 to 2019/20 as set out in appendix 8 to the report be noted;
- (4) That it be noted that supplementary information needed to set the overall council tax will be provided for the budget setting Council as listed in paragraph 4.4 of the report; and
- (5) That for the purposes of enacting the Business Rates discount and relief changes announced in the government's Autumn Statement 2013, delegated authority be granted to the Executive Director of Finance & Resources to design and administer the scheme in accordance with government guidelines as set out in paragraph 3.17 of the report.



|                          |  |  |                     |
|--------------------------|--|--|---------------------|
| <b>Subject:</b>          | <b>General Fund Revenue Budget &amp; Council Tax 2014/15</b>               |  |                     |
| <b>Date of Meeting:</b>  | <b>27 February 2014</b><br>13 February 2013 – Policy & Resources Committee |  |                     |
| <b>Report of:</b>        | <b>Executive Director of Finance &amp; Resources</b>                       |  |                     |
| <b>Contact Officer:</b>  | <b>Name:</b>   | <b>Mark Ireland</b>  | <b>Tel: 29-1240</b> |
|                          |  | <b>James Hengeveld</b>   | <b>29-1242</b>      |
|                          | <b>Email:</b>  | <b><u><a href="mailto:mark.ireland@brighton-hove.gov.uk">mark.ireland@brighton-hove.gov.uk</a></u></b>       |                     |
|                          |  | <b><u><a href="mailto:james.hengeveld@brighton-hove.gov.uk">james.hengeveld@brighton-hove.gov.uk</a></u></b> |                     |
| <b>Ward(s) affected:</b> | <b>All</b>   |  |                     |

**FOR GENERAL RELEASE****1. PURPOSE OF REPORT AND POLICY CONTEXT:**

- 1.1 This report sets out the final proposals for the General Fund Revenue Budget and Council Tax for 2014/15. 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 approach to the budget setting process in particular the links to the Corporate Plan 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 on the council taxbase and business rates taxbase and by Full Council on council tax discounts and exemptions. 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 The core of the budget is based on an assumed council tax threshold increase of 2%. However, the proposed increase in council tax is 4.75% which, if agreed, would require a referendum in accordance with Chapter IVZA of the Local Government Finance Act 1992 and associated regulations.

**2. RECOMMENDATIONS:**

That Policy & Resources Committee:–

- 2.1 Recommends to Council:
  - 2.1.1 The core elements of the 2014/15 General Fund Revenue Budget proposals contained in the body of this report which have been based on a threshold council tax increase, subject to recommendation 2.3, including:
    - The 2014/15 budget allocations to services as set out in appendix 1.

- The council's net General Fund budget requirement for 2014/15 of £225.3m.
- The budget savings package as set out in appendix 4.
- The contingency budget of £4.37m as set out in table 8.
- The reserves allocations as set out in paragraph 3.39 and table 6.
- The borrowing limit for the year commencing 1 April 2014 of £380m.
- The annual Minimum Revenue Provision statement as set out in appendix 10.
- The Prudential Indicators as set out in appendix 11 to this report.
- The proposed responses to the scrutiny recommendations as set out in appendix 16.

2.1.2 A 4.75% increase in the Brighton & Hove element of the council tax with:

- the additional resources generated being used to reduce the budget savings package as set out in appendix 17;
- the revised budget allocations as set out in appendix 17;
- the funding of the costs associated with holding a referendum in accordance with Chapter IVZA of the Local Government Finance Act 1992 and associated regulations as set out in appendix 17;
- the Substitute Budget including additional costs as set out in appendix 17 which would come into effect if a referendum rejected the proposed 4.75% increase in council tax.

2.1.3 That the Equalities Impact Assessments set out in Appendix 13 be noted.

2.2 Note the revised Medium Term Financial Strategy and resource projections for 2014/15 to 2019/20 as set out in appendix 8.

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 4.4.

2.4 For the purposes of enacting the Business Rates discount and relief changes announced in the government's Autumn Statement 2013, grant delegated authority to the Executive Director of Finance & Resources to design and administer the scheme in accordance with government guidelines as set out in paragraph 3.17.

### **3. CONTEXT/ BACKGROUND INFORMATION:**

#### **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 2014/15 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;
- **Referendum Threshold and Council Tax Freeze Grant** – information is provided about recent government announcements;
- **Business Rates Retention** – updated forecasts of the council's share of business rates for this year and next are included;
- **Better Care Fund** – information about the preparation and planned changes relating to the Better Care Fund;
- **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 6 and the New Homes Bonus final allocations for 2014/15;
- **Fees and Charges** – More information of the Fees and Charges is given within the Budget Strategy appendix 3;
- **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 7;
- **Expenditure Estimates** - including information on the latest position in 2013/14, internal transfers and other adjustments, an analysis of budget changes since 2013/14, inflation, risk provisions, commitments and reinvestment, investment in preventative services and service pressures;
- **Budget Strategies and Savings** - including savings proposals and potential staffing implications;
- **Annual Minimum Revenue Provision (MRP) Statement and Prudential Indicators** – information on the full statement is attached at appendix 10 and the prudential indicators are shown in appendix 11;
- **Corporate Budgets including Contingency** - information on changes to the main corporate budgets including the resources held in contingency for 2014/15;
- **Council Tax** – including council tax, referendum and the supplementary information required for Budget Council;
- **Medium Term Financial Strategy** - Information on the financial strategy over the next 6 years is included in appendix 8 alongside an assessment of risks in appendix 9;
- **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, Consultation and Scrutiny** – details of consultation and engagement including a summary report on budget consultation and the report from scrutiny in appendix 15 and 16.

## Projected Resources available in 2014/15

### *Local Government Finance Settlement*

- 3.2 The final Local Government Finance settlement was announced on the 5<sup>th</sup> February 2014 but some government grant information still remains unpublished. The Final settlement contains the funding assessment for 2014/15 and illustrative figures for 2015/16. The table below shows comparisons with 2013/14.

| <b>Table 1</b>   | Brighton & Hove City Council  |                               |                                      |
|--|-------------------------------|-------------------------------|--------------------------------------|
|  | Final<br>2013/14<br>£ million | Final<br>2014/15<br>£ million | Illustrative<br>2015/16<br>£ million |
| Revenue Support Grant (RSG)                                      | 77.652                        | 63.442                        | 45.453                               |
| Government assumed business rates income retained by the council | 50.079                        | 51.055                        | 52.464                               |
| Top-up Grant   | 1.581                         | 1.611                         | 1.656                                |
| Total Funding  | 129.311                       | 116.108                       | 99.572                               |
| Reduction  |                               | -13.203                       | -16.536                              |
| Percentage   |                               | -10.2%                        | -14.2%                               |
| Note: Some tables may not add up exactly due to rounding.        |                               |                               |                                      |

- 3.3 The government assumed level of business rates retained locally is used in the grant calculation and is different from the actual business rates forecast to be collected locally which is shown later in this report. The top-up grant was determined when the business rates retention system was introduced to smooth changes from the previous system and is increased by inflation each year.
- 3.4 The reductions in funding shown in table 1 are cash reductions in funding and exclude changes in specific government grants. In real terms i.e. taking into account inflation, the percentage reductions increase to -12.3% for 2014/15 and -15.7% for 2015/16.
- 3.5 The government uses a “spending power” calculation in the settlement to make comparisons between authorities. It does not measure like-for-like changes in funding from one year to the next but includes reallocated funding such as 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. Their calculation does not reflect all of the new burdens placed on local authorities to provide additional services neither does it take into account inflation, 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.

| <b>Table 2 CLG Spending Power figures</b> |                              |                  |                 |
|---|------------------------------|------------------|-----------------|
|   | Brighton & Hove City Council | National Average | Unitary Average |
| Provisional 2014/15                       | -3.4%                        | -2.9%            | -2.9%           |
| Illustrative 2015/16                      | -2.0%                        | -1.8%            | -1.8%           |

- 3.6 In 2014/15 the highest reductions in spending power are in the poorer areas with the greatest needs such as Hull and Liverpool which have reductions of -5.5% and -5.4% respectively. Whereas wealthier areas with lower needs such as Central Bedfordshire and Wokingham have small increases in spending power. A similar pattern is repeated in 2015/16.

### **Referendum Threshold and Council Tax Freeze Grant**

- 3.7 The Government has announced that the threshold above which an increase in council tax requires confirmation from a local referendum will be 2%. All authorities must also be mindful of the impact of changes in levies on the referendum trigger. Any proposal to increase council tax above the threshold will need to be accompanied by an agreed substitute budget which would need to be implemented if the increase is voted down in the referendum.
- 3.8 The Government had earlier announced that council tax freeze grant for 2011/12, 2013/14, 2014/15 and 2015/16 will be protected in baseline funding in future years. This means that there is no specific ‘cliff edge’ when the freeze grants end for the authorities that have accepted the grant funding as the funding reduction will now be spread across all authorities whether they have had a council tax freeze in those years or not.
- 3.9 The grant settlement includes new council tax freeze grants for 2014/15 and 2015/16 equivalent to a 1% increase in council tax for those councils who agreed to freeze their council tax in 2014/15 and/or 2015/16. However, the grant will be calculated using the council tax base before adjustments are made for the council tax reduction scheme making the grant for Brighton & Hove about £1.2m in each year.
- 3.10 Full Council on 27 February 2014 will determine both the budget and council tax for 2014/15 but a decision to freeze the council tax next year will require approximately £0.8m additional recurrent savings to be identified and agreed compared to the threshold increase of 2%. Increases above the threshold will generate approximately £1m additional resources for each 1% increase in council tax but will also generate one-off costs linked to the referendum as set out later in this report.
- 3.11 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 2014/15 by approximately £4.4m.

### Forecast Business Rate Retention income for 2014/15

- 3.12 Details of the likely 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 2014/15 which had to be determined by 31 January 2014 would be delegated to the Executive Director for Finance & Resources in consultation with the Chair of Policy & Resources Committee because of the late release of forms and guidance by CLG.
- 3.13 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 Executive Director for Finance & Resources.
- 3.14 The increase in the forecast of the council's share of business rate income shown in table 3 below of just under £7.4m between 2013/14 and 2014/15 is due to the removal of a £6m one-off provision for refunds made in 2013/14, the assumed annual uplift in the business rates poundage of 2% and the estimated forecast growth in the base.

| <b>Table 3 - Forecasts of the council's 49% share of local Business Rate income</b>  |                      |                      |
|--|----------------------|----------------------|
|  | 2013/14<br>£ million | 2014/15<br>£ million |
| Council forecast   | 44.208               | 51.580               |
| Estimated Safety Net grant   | 1.996                | -                    |
| S.31 Grant to compensate for the changes announced in the 2012 and 2013 Autumn Statements*   | 1.300                | 3.185                |
| Total forecast council share   | 47.504               | 54.765               |
| Forecasts made this time last year   | 47.504               | 52.765               |
| Change in business rates forecast  | -                    | +2.000               |
| * It is unclear how long the Government will continue to pay some of these compensation grants. The decision to cap the inflationary increase at 2% will need to be paid every year from now on otherwise the council will lose the equivalent of £0.6m funding per annum. |                      |                      |

- 3.15 The forecasts for business rate income in both years have increased by about £2m since last year although in 2013/14 the improvement has been offset by an equal reduction in the safety net payment. The improvement is a result of lower than anticipated appeals and refunds, increases in the business rates base and the forecast benefits of additional work planned for 2014/15 to verify the data on the business rates register.
- 3.16 The council adopted a strategy of allowing for all future appeals and refunds in 2013/14 because this approach potentially maximised resources over the longer term. CLG have yet to publish draft regulations setting out how to account for appeals and refunds and the guidance they have so far provided conflicts with proper accounting practice. However, the strategy adopted is also flexible

enough to cope with changes to the regulations within the current resource envelope set aside. In 2017/18 a new revaluation will be implemented and it is unclear how subsequent appeals against the 2017 rating list will be treated.

- 3.17 Qualifying Business Rates payers will be entitled to some new discounts from 1 April 2014, following an announcement of changes in the Government's autumn statement. CLG advised Local Authorities on 23<sup>rd</sup> January that they should use their discretionary powers to set up two of these discounts at a local level, in tandem with the government's guidelines. The cost of the discounts will be fully reimbursed later via Section 31 grant. There will be a £1000 discount for shops, cafes, restaurants and bars with a Rateable Value of less than £50,000. Some exclusions apply, such as banks, betting shops, estate agents, medical services, solicitors and accountants. A 50% discount will be available for businesses that move into retail premises that have been empty for at least one year. The discount will last for a maximum 18 months, and is available between 1 April 2014 and 31 March 2016. This scheme overlaps with our own Empty Property Occupation Discount, which also provides support for businesses reoccupying empty properties. However, in our scheme the discount is 100% for six months for properties with a Rateable Value of less than £25,000, and a discount of 50% for six months if the Rateable Value is between £25,000 and £35,000. We will be bringing back proposals to this committee to reconcile the two schemes, but in the meantime we will need to enact the Government's initiative in time for 1 April 2014.

### **Better Care Fund**

- 3.18 In the July Spending Review, the Government announced £3.8bn per annum nationally from 2015/16 for an Integrated Transformation Fund (now known as the Better Care Fund) across adult social care and health. £1.9 billion of this funding is already provided to local authorities in the existing NHS Funding for Social Care or in other sources of grant funding such as Carers Grant and Disabled Facilities Grant. The pooled Better Care Fund revenue budget for 2014/15 is £5.632m including an anticipated additional transfer from the NHS of £1.024m in 2014/15 to support preparations for implementation in 2015/16.
- 3.19 In 2015/16 the Better Care Fund Plan will be created from the following existing funding streams, a significant proportion of which is already being spent by the local authority on joint health and social care priorities. The sums currently allocated for health and social care in Brighton and Hove in this way are identified in the table below.

**Table 4 : 2014/15 allocation of Better Care Fund Funding Streams**

| Funding Stream | National 'Pot' | Brighton & Hove's Current Allocation 2014/15 |
|----------------|----------------|--|
|                | £ million      | £ million                                    |
| NHS Funding    | 1,900          | n/a  |

|  |     |       |
|--|-----|-------|
| Carers Break Funding                     | 130 | 0.600 |
| CCG Reablement Funding                   | 300 | 1.400 |
| Adult Social Care Capital Grant          | 129 | 0.674 |
| Disabled Facilities Grant (Capital)      | 225 | 0.727 |
| Current transfer from NHS to Social Care | 900 | 4.608 |
| Additional transfer from NHS (2014/15)   | 200 | 1.024 |

3.20 Provisional figures in relation to Brighton and Hove's allocation for 2015/16 were released by NHS England on 20th December 2013 as below:

| <b>Table 5: Provisional figures for 2015/16</b> | £ million     |
|---|---------------|
| NHS Brighton & Hove CCG                         | 18.065        |
| Social Care Capital Grant                       | 0.684         |
| Disabled Facilities Grant                       | 0.911         |
| <b>Total Better Care Fund</b>                   | <b>19.660</b> |

3.21 An element of the fund will be dependent on performance and outcomes will be agreed as part of the Better Care Fund Plan against which achievements will be monitored. There are clearly risks associated with the performance nature of the funding and a risk mitigation approach will also be agreed between partners.

### **Schools Funding**

3.22 For 2013/14 the Dedicated Schools Grant (DSG) was split into 3 notional blocks: schools, early years and high needs. The Department for Education (DfE) will continue the Minimum Funding Guarantee (MFG) at minus 1.5% per pupil in 2014/15.

3.23 Most of the arrangements put in place in 2013/14 will remain but the DfE is making some changes that are designed to further standardise the funding formulae that are in operation across the country.

3.24 The key changes being implemented in 2014/15 are as follows:

- Local Authorities (LAs) must ensure that at least 80% of delegated funding is allocated through pupil-led factors.
- The unit rates applied for age weighted pupil units must be set at a minimum of £2,000 for primary aged pupils and £3,000 for secondary.
- The primary low attainment factor will include those pupils who failed to achieve a good level of development in the 2013 assessments. This will only apply to this cohort; for older year groups in the school, there will still be the choice between using the thresholds of 73 and 78 points because they were assessed under the old profile (Brighton & Hove have opted to use 78 points).
- The secondary low attainment factor will now be based on the number of pupils not achieving level 4 in English **or** Maths at key stage 2. This is a change from the 2013/14 year where the measure was based the number of pupils not achieving level 4 in English **and** Maths.

- Local Authorities are now able to set different lump sums for primary and secondary schools. The maximum lump sum has now been set at £175,000. Brighton & Hove is continuing to allocate a lump sum of £150,000 to all mainstream schools.
  - Local Authorities may top slice the DSG to provide a falling rolls fund that may be used to protect schools with falling rolls where a population bulge is expected in the future, but where a good and necessary school currently has surplus places and faces an unmanageable funding shortfall in the short term. Brighton & Hove is not proposing to adopt such a fund but will, instead, should circumstances arise, consider using the schools' contingency budget for this purpose.
  - Specialist Special Education Needs (SEN) places (units and facilities) in mainstream schools, whether filled or unfilled, do not count towards a school's pupil numbers for the purpose of calculating its budget through the funding formula. The change is to avoid double counting.
  - The date for informing mainstream schools of their budget shares is being moved forward from 15 March to 28 February.
- 3.25 In 2014/15, the pupil premium budget will increase from £1.875 billion to £2.5 billion nationally. Schools will receive £1,300 per primary pupil who is currently eligible for free school meals (FSM) or has been eligible for FSM in the past 6 years (FSM 'Ever 6') and £935 for secondary FSM 'Ever 6' pupils.
- 3.26 The government are introducing a higher rate of £1,900 for looked-after children. They are also extending the eligibility criteria to include those pupils who have been in care for one day or more, as compared with the six months in care currently required. Schools will also receive £1,900 for eligible pupils who have been registered on the school census as having been adopted from care or leaving care under a special guardianship or residence order. The service premium will continue to be extended so that in 2014/15, any pupil in reception to year 11 who has been flagged as a service child since 2011 will continue to receive the premium ('Ever 4' measure). The service child premium will be paid to schools at the rate of £300 per pupil.
- 3.27 The budget proposals included in appendix 4 involve some funding changes between the DSG and the General Fund; these changes are in relation to legitimate uses of the DSG and a report detailing the changes has been provided to and agreed at the Schools Forum.

### **Other Government Grants**

- 3.28 The grant allocations for 2014/15 and 2015/16 have been included in appendix 6 with the 2013/14 allocations for comparison. Some grant allocations for next year have not yet been announced and where these are critical to the setting of the 2014/15 budget forecasts have been included.
- 3.29 There are some significant changes in 2015/16 with the ending of the Social Fund grant of £0.75m and a 20% proposed reduction of the Educational Services Grant. A significant number of grants for 2015/16 have not yet been announced.

### **New Homes Bonus**

- 3.30 The New Homes Bonus (NHB) is a funding incentive for local authorities largely to facilitate the building of new homes in their area and bring empty homes back into use. The funding allocation for the fourth tranche was announced in December 2013 and the council will receive £0.680m extra in 2014/15, of this £0.554m is from new properties, £0.112m from a reduction in long term empty properties and £0.014m from affordable homes delivered.
- 3.31 Members are reminded that NHB is funded by top-slicing local authority grant and for the council the loss of RSG due to the top-slice in 2014/15 is approximately £1.75m. So there is a net loss of funding for the council of about £1.1m from the fourth tranche alone.

### **Fees and Charges**

- 3.32 In recent years the consumer price index has been increasing by over 3% per annum whilst the council had applied a standard rate of 2% and over time this difference has been harder to sustain. Fees and charges budgets for 2014/15 are assumed to increase by a standard inflation rate of 2.5% with the exception of parking charges which are planned to remain at 2013/14 levels, and penalty charge notices (parking fines) where the levels of fines are set by government and cannot be changed independently.
- 3.33 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 2014/15 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. The results of this review have been included in appendix 13.

### **Reserves**

- 3.34 The working balance is planned to be maintained at £9m over the period of the Medium Term Financial Strategy. The review of reserves and the working balance is included at appendix 7.
- 3.35 The following table shows the projected general reserves position assuming spending is in line with the latest projections for 2013/14 shown in the TBM month 9 report.
- 3.36 The table includes the release of specific reserves to support the 2014/15 budget with allocations identified in paragraph 3.39.

| <b>Table 6 – General Reserves</b>   | <b>2013/14</b> |
|---|----------------|
|   | <b>£'m</b>     |
| <b>Unallocated general reserves at 1 April 2013</b>   | <b>0.160</b>   |
| Estimated Collection Fund surplus for 2012/13 and 2013/14   | 1.887          |
| Estimated net refund of Revenue Support Grant in 2014/15 to reflect that the top slice for New Homes Bonus funding in the national grant settlement was overestimated by the Government | 0.176          |
| Release funds from the Waste PFI reserve instead of taking a recurrent £0.1 m saving  | 1.560          |
| One off pay and pension provision within the 2013/14 budget   | 1.900          |
| Release all remaining reserves for equal pay and pay modernisation  | 1.900          |
| <b>Total Resources</b>  | <b>7.583</b>   |
| <b>Commitments</b>  |                |
| TBM Month 9 forecast overspend (incl. share of NHS S75 services)  | -0.939         |
| Fund part year effect of 2014/15 savings  | -0.899         |
| Fund part year effect of additional VFM savings   | -0.250         |
| Saltdean Lido matched contribution  | -0.020         |
| WW1 Remembrance   | -0.020         |
| Rugby World Cup   | -0.200         |
| Top up restructure and redundancy reserve for liabilities in 2014/15 and future years   | -1.000         |
| Funding set aside for the Local election in 2015  | -0.250         |
| Earmark funding for Pension fund as set out in triennial review   | -0.249         |
| Estimated one off funding for a new Business Rates system   | -0.100         |
| <b>Balance of one-off resources</b>   | <b>3.656</b>   |
| <b>Allocations for 2014/15:</b>   |                |
| Implementation funding for Adult Social Care reforms  | -0.500         |
| One off risk provision  | -1.500         |
| Additional contribution to Modernisation Fund 2014/15   | -0.350         |
| Contribution to the Modernisation Fund 2015/16  | -0.700         |
| ICT short term resources for contract pressures   | -0.300         |
| <b>Balance of reserves available – Base position</b>  | <b>0.306</b>   |

3.37 The one off resources available reflect the latest projection of the Council's element of the collection fund surplus. The planned £0.100m recurrent saving relating to the Waste PFI reported in the December Budget report has been switched to release one off resources from the Waste PFI reserve instead. The 2013/14 TBM position includes an earmarked £1.9m for potential pay related matters and this is released to support the allocations, principally the top up of the restructure and redundancy reserve. Provisions for any remaining liability for single status and pay modernisation have been identified and the remaining reserves of £1.9m can now be released to support the budget.

3.38 The table above includes the following commitments : -

- The month 9 forecast overspend of £0.939m will need to be financed from one off resources.
- The budget proposals included in appendix 4 require one off resources of £1.149m because the lead-in times, primarily due to consultation requirements, mean that not all the proposed savings for 2014/15 can be delivered from 1 April 2014.
- The Saltdean Lido report to Policy and Resources Committee in December 2013 committed a £0.020m contribution towards the Saltdean CIC's redevelopment project to match the contribution by Lewes DC.
- An allocation of £0.020m to support events to mark the start of WW1 including an enhanced Armed Forces Day and Remembrance Day.
- Policy & Resources committee on the 29<sup>th</sup> November 2012 approved a commitment of £0.2m to support the Rugby World Cup 2015 bid.
- The restructure and redundancy reserve was used in 2013/14 to support the voluntary severance scheme (VSS) and needs to be topped up with £1.0m to support savings and service redesigns in 2014/15 and future years
- £0.25m set aside to fund costs of the local elections in 2015. This reflects the expected lower costs as it will occur at the same time as the General Election.
- Set aside £0.249m for a one off contribution to the pension fund as recommended in the triennial review.
- The Business Rates Retention forecast 2014/15 presented to Policy & Resources on the 16<sup>th</sup> January 2014 highlighted the need for a replacement Business Rates computer software system and £0.1m has been set aside to support its implementation.

3.39 The allocation of the remaining resources for 2014/15 are proposed for the following reasons:

- The scale of the Adult Social Care reforms, in particular to implement the Care Bill and the lack of certainty about the adequacy of funding to support those changes mean that one off resources have been set aside as part of this budget setting process to support the changes. This is explained in more detail in appendix 5.
- A one of risk provision has been set aside to address one off or short term risks to the council's budget not identified at budget setting time.
- The resources set aside so far for the Modernisation Fund are fully committed in 2014/15. Further expansion of the VfM programme will require additional one off investment in workforce development and training to support the culture change aspects of the Modernisation programme. In addition, the refresh of the VFM programme and the longer term aim to deliver further vfm savings will require planned investment in managing this programme. £0.7m has been set aside for 2015/16 to provide certainty of



funding and this funding could be brought forward depending on the timing of business cases.

- Budgets for certain ICT contracts are currently insufficient. These are being formally reviewed with a view to considering a different sourcing model. Short term resources have been identified to bridge the gap while those options are explored and the financing will need to be revisited in 2015/16.

## **Expenditure Estimates**

### ***Latest position in 2013/14***

- 3.40 The Month 9 Targeted Budget Management (TBM) report elsewhere on the agenda shows a projected overspend of £0.753m on council controlled budgets and an estimated £0.186m share of the projected overspend of NHS controlled s75 services. The overall position is a significant improvement since month 7 was presented to Policy & Resources Committee. This is mainly driven by improvements to the spending forecasts for Adults Social Care and Environment, Development & Housing directorates.

## **2013/14 Adjusted Base Budget**

### ***Internal Transfers and Other Adjustments***

- 3.41 Internal transfers relate to changes in responsibility between services and corporate budgets. In 2013/14 the main transfers consist of the change in accounting for corporate insurance from a centrally held budget to services and the transfer from property rents within Finance and Resources to financing costs. The latter is to reflect the use of the capital receipt from the American Express disposal to offset the loss of rent. Internal transfers also include the realignment of budgets to reflect the outcome of pay modernisation and the transfer of the accelerated service redesign savings.

## **2014/15 Budget**

### ***Analysis of Budget Changes between 2013/14 and 2014/15***

- 3.42 The following table shows how the budget has changed since 2013/14.

| <b>Table 7: Analysis of budget changes</b> | <b>£ million</b> |
|--|------------------|
| <b>Revised 2013/14 base budget</b>         | <b>228.1</b>     |
| Pay and Inflation                          | 3.6              |
| Recurrent risk provision                   | 1.0              |
| One off Risk Provision                     | 1.5              |
| Commitments & Reinvestment                 | -2.5             |
| Demographic and cost service pressures     | 6.5              |

| <b>Table 7: Analysis of budget changes</b>        | <b>£ million</b> |
|---|------------------|
| Full year effect of 2013/14 savings               | -1.2             |
| Savings package 2014/15 (Full year effect £16.7m) | -15.6            |
| Change in use of reserves                         | 3.9              |
| <b>Proposed Base Budget 2014/15</b>               | <b>225.3</b>     |

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

### ***Pay and general inflation assumptions***

- 3.44 The budget estimates for 2014/15 assume a 1% increase in employee costs and 0.5% increase in the contribution rate to the East Sussex pension scheme. The living wage commitment and changes to the council's overall pay framework have already been taken into account in the base budget for 2014/15.
- 3.45 The provision for general inflation ranges between 0% and 2% depending on the type of budgeted expenditure; fees and charges are assumed to increase by 2.5% as described in paragraph 3.32 with the exception of parking income and penalty charge notices. Increases in costs above assumed inflation level will be managed through services budget strategies unless the increase is significant and is identified as a corporate service pressure.

### ***Risk Provisions included in the 2014/15 budget***

- 3.46 A £1.0m recurrent risk provision and £1.5m one off risk provision has been built into the 2014/15 budget in recognition of the financial risks included within the overall budget package. This is in line with the recommendations of the Chief Finance Officer as set out in section 6 of this report.

### **Commitments and Reinvestment**

- 3.47 Details of the commitments and reinvestment in services in addition to the one off allocations from reserves are shown below
- £0.10m reinvestment into Major Projects support to put budget on a more sustainable basis and release pressure on the capital programme;
  - £0.02m recurrent funding to support the Greater Brighton Economic Partnership
  - £0.27m recurrently for the concessionary fares budget.
  - £0.22m to maintain the Council Tax Reduction Scheme after the loss of transitional funding.
- 3.48 These allocations are offset by a reduction in the pay modernisation provision of £0.53m as the scheme is now implemented; additional unringfenced grants of £0.68m for New Homes Bonus and an additional £1.90m over the 2013/14 allocation of S31 grants from government to compensate the loss of Business Rates income as a result of government announcements.

### ***Investment in Preventative Services***

- 3.49 Investment in preventative services has again 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; 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 efforts to more closely align the substantial ring-fenced Public Health budget with other preventative services will also support innovation. Impacts of government grant reductions, including reductions in grants to the community & voluntary sector, are, wherever possible, managed through efficiency, identifying alternative provision or re-commissioning services across partnerships and Public Health to ensure minimal impact on preventative work.
- 3.50 There will also be substantial additional investment through the implementation of the Better Care Fund which is focused on greater integration of services with health, reducing acute care costs and episodes, and improving availability of and access to services as detailed in appendix 5. Service pressure investment in Children's Services also includes approximately £0.400m to continue support for Early Help strategies and initiatives which are proving to be effective and reduce overall care pathway costs.
- 3.51 Other aspects of the revenue budget strategy and capital investment programme also support preventive strategies. For example, proposed investments in housing including Extra Care Housing development. Consideration is also given to preventative impacts in fees and charges proposals, for example, the freezing of Carelink charges to ensure no impact on the take-up of this preventive service.

### ***Service Pressures***

- 3.52 The budget estimates for priority service pressures have been reviewed since December and the proposed allocations for demographic growth and other service pressures are £6.508m. The funding to cover reductions in unringfenced grants which has reduced from £0.500m to £0.423m following the announcement of the local government settlement and the funding for Homelessness has been amended to reflect the reduction in savings for this area. The current trends on the council's corporate critical budgets have been taken into account in determining levels of service pressure funding. An additional £1.0m funding has been allocated to Adult Services to reflect the underlying activity levels on the Community Care Budget. The detailed allocation of Service Pressures funding is set out in the General Fund Budget Strategy at appendix 3.

### ***Budget Strategies and Savings***

- 3.53 The 2014/15 gap was £2.48m when reported to December Policy & Resources and this has now been closed. A summary of the changes made to the budget proposals since December is given in appendix 2. This means the overall full year savings requirement is £16.74m and the part year savings are £15.6m.

- 3.54 The overarching Budget Strategy including Value for Money is included in appendix 3. Details of the service Budget Strategies, how they link to the corporate plan and savings proposals are included in appendix 4.

### **Staffing Implications**

- 3.55 The staffing budget for 2014/15 includes funding for a £7.65 living wage. An assumption of an increase of 1% in pay has been included and 0.5% on the cost of pension contributions has been confirmed from the outcome of the triennial review of the East Sussex Pension Fund.
- 3.56 At this stage in the budget process it is difficult to determine exactly how many staff may be affected by the proposals. A broad estimate is that in 2014/15 an estimated 100-150 posts may be removed from the council's staffing structure as a result of the savings proposals set out in appendix 5. 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 vacancies where possible internally to increase the opportunities for re-deployment;
  - Minimise the use of interim, consultant and agency appointments;
- 3.57 These measures will continue as we work with trades unions and colleagues on the detailed staffing implications.
- 3.58 A Voluntary Severance Scheme will be accessible for staff in service areas subject to planned savings from redesign but there will not be an open scheme across the workforce. This is because it is only a few months since an open scheme was offered and it is felt that a more targeted approach to releasing staff in areas undergoing change is needed at this moment. It is also proposed to retain the previous enhanced terms applied in the 2013 Voluntary Severance scheme for any voluntary severance progressed as part of these budget proposals.

### **Annual Minimum Revenue Provision (MRP) Statement and Prudential Indicators**

- 3.59 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 2014/15 is set out in appendix 10.
- 3.60 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 11. 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**

- 3.61 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***

- 3.62 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 £10.6m next year. The makes provision for the potential outcome of negotiations to extend the fixed deals with the main bus operators that were due to end on 31 March 2014. A report will be brought to this Committee for Members to consider the new fixed deals as soon as negotiations have been completed. The main reasons for the increase are: an inflation increase of 2.9%; and an increase in the overall number of trips reflecting the introduction of new routes to Crawley, a new service in the spring from Brighton Station and along the seafront and increased usage of the services along the coast towards Worthing and Portsmouth.

#### ***Insurance***

- 3.63 The costs of insurance have now been recharged in full to service budgets so the corporate budget reduces to zero. The total amount recharged in 2014/15 of £3.1m represents a 2.9% reduction in costs over the previous year and covers both the cost of insurance premia and the net cost of meeting successful claims against the council paid during the year. The council successfully retendered the bulk of its insurance cover in March last year delivering the £0.3m anticipated savings built into the budget for 2013/14. A further reduction of £0.1m has been built into the budget for next year to reflect lower payments on claims based on current trends.
- 3.64 Over the medium and longer term there is a significant risk that claims experience across the country this year arising from severe weather will add to future premia costs. In addition officers are aware that a number of councils have faced significant increases in public liability premiums following a reassessment of the way insurance companies are calculating risk. The council could face an increase from 1 November which would need to be covered from the overall risk provision in contingency.

#### ***Financing Costs***

- 3.65 The financing costs budget reflects the cost of financing the council's capital investment plans. The council has a fully funded capital programme in 2014/15 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.

- 3.66 The financing costs budget for 2014/15 is forecast to be £8.9m, a decrease of 4.2% on the adjusted base for the current year. This is due to a £0.3m reduction in anticipated general fund borrowing costs and £0.1m from higher investment income. The reduction in borrowing costs reflects the fact that the council has not undertaken any new borrowing in 2013/14 and has instead used reserves to finance the capital programme as the loss of investment interest is far less than the saving achieved by not borrowing. Over time the council will need to borrow either when the reserves have been used or earlier when money market conditions are right. An estimate of these costs has been built into future projections however they should be more than offset by higher levels of investment interest as projected short term interest rates rise. The increase in investment income largely reflects better than anticipated cash flows and a modest increase in investment performance.

### **Contingency**

- 3.67 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 2014/15 is £4.37m as detailed in table 8.

| <b>Table 8: Contingency</b>   | <b>£ million</b> |
|---|------------------|
| Corporate recurrent risk provision  | 1.00             |
| Corporate one off risk provision  | 1.50             |
| Pay provision for remaining pay modernisation changes                       | 0.11             |
| Modernisation fund to support the VFM programme 2014/15                     | 0.70             |
| Implementation funding for Adult Social Care reforms                        | 0.50             |
| ICT short term resources for contract pressures                             | 0.30             |
| Council tax reduction grant for Parish/Garden Committees                    | 0.01             |
| Resources to cover the impact of awaited government announcements on grants | 0.15             |
| Service Pressure funding for electricity and gas                            | 0.10             |
| <b>Total Contingency</b>  | <b>4.37</b>      |

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

- 3.68 The budget strategy for 2014/15 draws on reserves to provide one off risk provisions; temporary funding to cover the part year effect of the savings package and investment in the delivery of savings for future years.

## **4. COUNCIL TAX AND REFERENDUM**

- 4.1 The minority Green Administration are proposing a council tax increase of 4.75% which will trigger a referendum. Detailed proposals showing how the additional resources generated by the higher council tax will be used are given in appendix

17 which also includes proposals for a substitute budget and estimates of the additional one-off costs associated with the referendum. A council tax increase of 4.75% results in a band D council tax of £1,348.11 an increase of £61.11 on this year.

- 4.2 A threshold increase of 1.97% in the council tax results in a band D council tax for the city council element of the council tax of £1,312.35 an increase of £25.35 on this year which could be subject to change depending on the final guidance from CLG in relation to the treatment of levies.
- 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 is proposing a council tax increase of 3.6% with the band D council tax increasing to £143.42 for 2014/15, or the maximum permissible under Central Government referendum principles, whichever is lower. East Sussex Fire Authority is due to set their 2014/15 Band D council tax on the 14 February 2014. The budget for Rottingdean Parish will be agreed shortly.

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

- 4.4 Not all the budget and council tax information needed to set the budget and council tax is available at present therefore additional information will be need to be provided for Budget Council. This will include:-
- Any other grants that are announced before Budget Council.
  - The Environment Agency levy figure agreed for 2014/15 and any changes to the budget and council tax calculation resulting from the levy.
  - The agreed council tax set by Sussex Police Authority, East Sussex Fire Authority and Rottingdean Parish.
  - The statutory council tax calculations required under the 1992 Local Government Finance Act.
  - The full budget and council tax resolution for Budget Council.
  - Feedback from the business ratepayers meeting held on 11 February.

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

- 5.1 The Medium Term Financial Strategy (MTFS) set out in appendix 8 shows the revised resources and spending projections for 2014/15 to 2019/20. The financial projections show that proposals need to be developed to address a budget gap of nearly £90m over the 5 year period from 2015/16 onwards. The section after the projections outlines how this might be achieved.
- 5.2 All the projections are based on the best information currently available and further work has been undertaken to refine the projections and provide Members with graphs showing trends on key indicators. However, in the current financial climate and with national elections in 2015 there are many uncertainties. The risk assessment set out in appendix 9 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 2014/15 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 2014/15, current expenditure trends and service demands have been considered by the Executive Leadership Team and Corporate Management Team. The budget for 2014/15 has therefore been set taking into account the trends in the TBM 9 report and further projections of future demand and cost. While Children's Services are showing an underspend in 2013/14 and have been successful in achieving their Value for Money targets the corporate critical agency placements budget will need close monitoring. The focus on the Early Help Strategy should help ensure that this expenditure shows ongoing reductions. Adult Social Care is showing a significant overspend in 2013/14 although that has reduced somewhat during the course of the year, partly from one off rather than recurrent measures. Unachieved savings are a key contributor to that overspend and there remain challenges to delivery of those next year. The one off risk provision of £1.5m is included in the budget to provide some short term cover against those unachieved savings if needed in 2014/15. Service pressure funding has been allocated in the budget to cover projected trends in demand including for example Learning Disability transitions. The underlying pressures on the Community Care budget based on the TBM 9 forecast mean that an additional £1m recurrent service pressure funding has been added to the Adult Social Care budget bringing the total to £2.5m. At this stage no assumptions have been made about the success of the Better Care Fund at reducing pressure on the Community Care Budget in addition to the already proposed savings targets.

6.4 The council has demonstrated its ability to continue to deliver very challenging savings programmes. The successful VFM programme has been backed 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 the next phase of the VFM programme 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 £1m is included in the budget to guard against any risks not known at budget setting time including risks associated with the successful implementation of the wide-ranging savings package, in particular the demanding new targets for Adult Social Care VFM programme. In total this brings the one off and recurrent risks provisions to £2.5m, compared with £1.5m in 2013/14.

### ***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 4.0% 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, particularly as a result of the appeals process. However we are mindful of the need to keep reserves as low as possible and the value of successful appeals in 2013/14 was lower than had been experienced in the previous year.
- 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 7. 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 as a result of the finalisation of the sharing agreement for income from electricity and commercial waste.

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

- 6.9 In relation to the 2014/15 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 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. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS**

- 7.1 The budget process allows all parties to put forward viable alternative budget and council tax proposals to Budget Council on 27 February 2014. 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 24<sup>th</sup> February 2014.

## **8. COMMUNITY ENGAGEMENT, CONSULTATION AND SCRUTINY**

8.1 The results of the consultation and engagement processes are shown in appendix 15. In addition further meetings were held with the Older People's Council, Youth Council, Community Works and the Schools Forum. Consultation with the representatives of Business Ratepayers must be based on budget proposals and is taking place after publication of this report and the feedback will be included in the final report to Budget Council.

8.2 In addition to formal consultations, 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 a report on the potential areas of interest and impact of the General Fund budget proposals were discussed at a meeting on 20 January 2014.
- The Older People's Council where a range of technical questions about the council's funding position were explored and a second meeting was held to explore Adult Social Care proposals in more depth.
- An event for Business Ratepayers representatives on 11 February 2014 will provide the opportunity to explain in more detail changes to Business Rates in 2014/15 following government announcements and how the budget proposals and current initiatives continue to support economic activity in the city. This follows engagement earlier in the year with the Economic Partnership.
- Consultation and engagement with Community Works in developing proposals, particularly in Children's Services, and through co-opted representation on the Budget Scrutiny Panels.
- A cross-party roundtable meeting with Trades Unions.
- Departmental Consultative Groups (DCGs) which provided an opportunity for further consultation with Trades Unions.

8.3 The consultation and engagement activity influenced the original budget proposals published in December for example through applying no inflationary increase to parking charges and protecting as far as possible spend on the public realm. There are clearly a range of views held about appropriate council tax levels. Some of the changes proposed in this report and summarised in appendix 2 flow from further feedback since the proposals were published including consideration of the Budget Scrutiny Panel's recommendations. These include:

- concerns about the scale of savings in Adult Social Care which have led to the removal of the original proposal in relation to homecare, a reduction in the saving for the Able & Willing service subsidy and greater lead in times for the savings on the Learning Disability Community Care budget. The proposals for a 4.75% council tax set aside a significant proportion of the additional resources to reduce the required savings in Adult Social Care;
- provision of sufficient funding to enable the homework clubs in libraries to guarantee they can continue to the end of the current school year;

- minor changes to savings in Children’s Services to ensure equal impact on council and community & voluntary sector service provision;
- the removal of a saving for homelessness prevention with a compensating reduction in service pressure funding.

8.4 The full response to the scrutiny report is shown in appendix 16.

## **9. CONCLUSION:**

9.1 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, should enable the council to meet its statutory duty.

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

### Financial Implications:

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

*Finance Officer Consulted: Mark Ireland*

*Date: 5 February 2014*

### Legal Implications:

10.2 Policy & Resources Committee is responsible for formulating budget proposals for adoption by the council. Power to adopt the budget is vested in Full Council alone.

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

10.4 The provisions requiring local authorities to conduct referendums over the setting of excessive Council Tax were introduced through amendments made by the Localism Act 2011 to the Local Government Finance Act 1992. These provisions replaced powers previously held by the Secretary of State to set limits for Council Tax. Section 52ZB of the Local Government Finance Act 1992 requires a billing authority to determine whether its relevant basic amount of council tax is excessive. If the amount is excessive, the billing authority is required to hold a referendum, with a view to applying an alternative amount if the excessive amount is rejected in a referendum.

10.5 The determination of whether a relevant basic amount of council tax is excessive must be made in accordance with principles determined by the Secretary of State and approved by resolution of the House of Commons. The Department for Communities and Local Government (CLG) has already made it known that for the 2014/15 financial year it is expected that an increase of more than 2% will be regarded as excessive. Therefore, local authorities opting for an increase of more than 2% will be expected to hold a referendum. However, they still need to make the required determination once the principles have been approved by the House of Commons.

- 10.6 Usually any authority which does need to hold a referendum must do this by no later than the first Thursday in May. The Secretary of State is able to specify a different date as the latest date for a referendum, and in 2014 the latest date is 22 May. This is also the date of the European elections. It is possible for an authority to hold a referendum earlier than that, but it would need to work out a timetable that allows it to make the required determination and comply with the notice requirements. If an authority that is required to hold a referendum does not do so when it is required, the authority's substitute calculations will come into effect.
- 10.7 The Local Authorities (Conduct of Referendums) (Council Tax Increases) (England) Regulations 2012 impose various requirements as to the conduct of the referendum, including the wording of the question to be put to eligible voters.

*Lawyer Consulted: Oliver Dixon*

*Date: 4 February 2014*

Equalities Implications:

- 10.8 The process for assessing the equalities implications of the budget changes for 2014/15 and an assessment of the cumulative impact is shown in appendix 12. All the Equalities Impact Assessments are included at appendix 13.

Sustainability Implications:

- 10.9 A carbon budget has been set for 2014/15. This shows the level of spend on energy and the estimated carbon emissions across each carbon budget area and includes a planned 4% reduction in 2013/14 and again in 2014/15. This modest target will be challenging to meet on the basis of the current approach to carbon management.
- 10.10 Carbon budgets provide the organisation with a framework of accountability for reducing carbon emissions from our buildings, street lights and fleet. They were first introduced in 2012/13 and supported by actions plans that set out how carbon budgets are to be achieved and these plans are reviewed and challenged once a year. The council spends around £7.5m each year heating and lighting its buildings, lighting our neighbourhoods and travelling around the city to deliver key services. With rising energy and fuel prices and the purchase of annual Carbon Reduction Commitment allowances, the business case for reducing carbon emissions is clear.
- 10.11 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. Energy efficiency scoping work is underway for a set of key corporate buildings to help identify a programme of investment. Planned maintenance programmes for corporate and school buildings each year address key energy saving initiatives including oil to gas conversions and improvements to insulation. Housing's rolling investment programme for communal lighting and lifts continues to improve the overall efficiency of buildings. 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 Workstyles phase 3 programmes

reducing both the total number of buildings occupied by the council and also ensuring improved energy efficiency in the retained buildings.

- 10.12 The Council's 2012/13 Carbon Reduction Commitment footprint accounted for 23,452 tonnes of CO<sup>2</sup> from council buildings for which the council purchased £0.281m worth of CRC allowances at £12 per tonne. This was 275 tonnes less than in 2011/12. From 2014/15 allowances will rise to £16 per tonne.
- 10.13 Non half-hourly electricity prices increased by 15% at the beginning of April 2013, half-hourly electricity and gas prices increased by 10% and 7%, respectively, in October 2013.
- 10.14 The Council's carbon budget data update is detailed in appendix 14 and profiles the spend and CO<sup>2</sup> carbon footprint for 2012/13 across the council and sets out the targets for 2013/14 and 2014/15.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. Movements in Block Allocations 2013/14 to 2014/15
2. Changes in the budget projections since the 5 December 2013 budget report to Policy & Resources Committee
3. General Fund Budget Strategy
4. Budget Strategy for each main budget area and detailed savings proposals 2014/15
5. Adult Social Care Reforms and Better Care Fund
6. Summary of special and specific grant allocations for 2013/14, 2014/15 and 2015/16
7. Review of the Council's reserves including the planned use of reserves
8. Summary of the Medium Term Financial Strategy 2014/15 to 2019/20
9. Assessment of Risks
10. Minimum Revenue Provisions statements
11. Prudential Indicators 2013/14 to 2015/16
12. Equalities Impact Assessment – Cumulative impact
13. Equalities Impact Assessment – Individual
14. Carbon Budget for 2014/15
15. Summary report Budget Consultation
16. Minutes of the Overview and Scrutiny Committee and the recommended response
17. Referendum Budget

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

1. None

### **Background Documents**

1. Budget files held within Financial Services and Strategic Finance.
2. Consultation papers

## 2014/15 BUDGET - Budget changes from 2013/14 to 2014/15

## Appendix 1

|  | 2013/14<br>Revised<br>Base<br>£'000 | Internal<br>Transfers<br>£'000 | Reverse<br>one-off<br>allocations<br>£'000 | 2013/14<br>Adjusted<br>Base<br>£'000 | FYE of<br>2013/14<br>Savings | Inflation<br>£'000 | Service<br>Pressures | Commitments<br>and<br>reinvestment<br>£'000 | VFM &<br>Other<br>Savings<br>£'000 | 2014/15<br>Original<br>Budget<br>£'000 | Increase<br>over<br>adjusted<br>base<br>£'000 | Increase<br>over<br>adjusted<br>base<br>% |
|--|-------------------------------------|--------------------------------|--|--------------------------------------|------------------------------|--------------------|----------------------|---|------------------------------------|--|---|---|
| Adult Services                             | 74,439                              | 723                            | -  | 75,162                               | (475)                        | 1,144              | 2,500                | 88  | (4,844)                            | 73,575                                 | (1,587)                                       | (2.11)                                    |
| Public Health                              | 1,763                               | (15)                           | -  | 1,748                                | -                            | 21                 | -                    | 4   | (193)                              | 1,580                                  | (168)   | (9.61)                                    |
| Children's Services                        | 58,650                              | (426)                          | -  | 58,224                               | -                            | 825                | 1,500                | 101   | (4,696)                            | 55,954                                 | (2,270)                                       | (3.90)                                    |
| Environment, Development & Housing         | 45,475                              | (1)                            | (375)                                      | 45,099                               | (100)                        | 714                | 1,030                | 214   | (2,412)                            | 44,545                                 | (554)   | (1.23)                                    |
| Assistant Chief Executive                  | 11,680                              | 532                            | (325)                                      | 11,887                               | -                            | (20)               | 20                   | 99  | (730)                              | 11,256                                 | (631)   | (5.31)                                    |
| Finance & Resources and Legal & Democratic | 35,541                              | 996                            | (100)                                      | 36,437                               | (77)                         | 97                 | 835                  | 201   | (2,366)                            | 35,127                                 | (1,310)                                       | (3.60)                                    |
| <b>Total Directorate Spending</b>          | <b>227,548</b>                      | <b>1,809</b>                   | <b>(800)</b>                               | <b>228,557</b>                       | <b>(652)</b>                 | <b>2,781</b>       | <b>5,885</b>         | <b>707</b>                                  | <b>(15,241)</b>                    | <b>222,037</b>                         | <b>(6,520)</b>                                | <b>(2.85)</b>                             |
| Concessionary Fares                        | 10,144                              | -                              | -  | 10,144                               | -                            | 202                | -                    | 269   | -                                  | 10,615                                 | 471   | 4.64                                      |
| Insurance                                  | 3,167                               | (3,084)                        | -  | 83                                   | -                            | 17                 | -                    | -   | (100)                              | -                                      | (83)  | (100.00)                                  |
| Financing Costs                            | 9,721                               | (425)                          | -  | 9,296                                | -                            | -                  | -                    | (392)                                       | -                                  | 8,904                                  | (392)   | (4.22)                                    |
| Corporate VFM Savings                      | (927)                               | 1,446                          | -  | 519                                  | (500)                        | (19)               | -                    | -   | (250)                              | (250)                                  | (769)   | (148.17)                                  |
| Contingency and Risk Provisions            | 5,131                               | (919)                          | (1,525)                                    | 2,687                                | -                            | 594                | 100                  | 989   | -                                  | 4,370                                  | 1,683   | 62.63                                     |
| Unringfenced grants income                 | (15,478)                            | -                              | -  | (15,478)                             | -                            | -                  | 423                  | (1,606)                                     | -                                  | (16,661)                               | (1,183)                                       | 7.64                                      |
| Levies to External Bodies                  | 158                                 | 3                              | -  | 161                                  | -                            | 3                  | -                    | -   | -                                  | 164                                    | 3   | 1.86                                      |
| Other Corporate Budgets                    | (2,186)                             | 1,170                          | -  | (1,016)                              | -                            | (21)               | 100                  | 18  | -                                  | (919)                                  | 97  | (9.55)                                    |
| Budget Gap                                 | -                                   | -                              | -  | -                                    | -                            | -                  | -                    | -   | -                                  | -                                      | -   | -   |
| <b>NET REVENUE EXPENDITURE</b>             | <b>237,278</b>                      | <b>-</b>                       | <b>(2,325)</b>                             | <b>234,953</b>                       | <b>(1,152)</b>               | <b>3,557</b>       | <b>6,508</b>         | <b>(15)</b>                                 | <b>(15,591)</b>                    | <b>228,260</b>                         | <b>(6,693)</b>                                | <b>(2.85)</b>                             |
| Contributions to/ from(-) reserves         | (9,139)                             | -                              | 2,325                                      | (6,814)                              | 1,152                        | -                  | -                    | 2,719                                       | -                                  | (2,943)                                | 3,871   | (56.81)                                   |
| <b>BUDGET REQUIREMENT</b>                  | <b>228,139</b>                      | <b>-</b>                       | <b>-</b>                                   | <b>228,139</b>                       | <b>-</b>                     | <b>3,557</b>       | <b>6,508</b>         | <b>2,704</b>                                | <b>(15,591)</b>                    | <b>225,317</b>                         | <b>(2,822)</b>                                | <b>(1.24)</b>                             |
| <b>Funded by</b>                           |                                     |                                |  |                                      |                              |                    |                      |   |                                    |  |   |   |
| Formula Grant/Revenue Support Grant        | 77,652                              | -                              | -  | 77,652                               |                              |                    |                      |   |                                    | 63,442                                 | (14,210)                                      | (18.30)                                   |
| Business Rates Local Share                 | 42,234                              | 1,996                          | -  | 44,230                               |                              |                    |                      |   |                                    | 51,581                                 | 7,351   | 16.62                                     |
| Top Up Grant                               | 1,581                               | -                              | -  | 1,581                                |                              |                    |                      |   |                                    | 1,611                                  | 30  | 1.90                                      |
| Safety Net Grant                           | 3,970                               | (1,996)                        | -  | 1,974                                |                              |                    |                      |   |                                    | -                                      | (1,974)                                       | (100.00)                                  |
| Collection Fund surplus/(deficit)          | -                                   | -                              | -  | -                                    |                              |                    |                      |   |                                    | 1,887                                  | 1,887   | -   |
| Council Tax                                | 102,702                             | -                              | -  | 102,702                              |                              |                    |                      |   |                                    | 106,796                                | 4,094   | 3.99                                      |
| <b>Total</b>                               | <b>228,139</b>                      | <b>-</b>                       | <b>-</b>                                   | <b>228,139</b>                       |                              |                    |                      |   |                                    | <b>225,317</b>                         | <b>(2,822)</b>                                | <b>(1.24)</b>                             |

\* Any savings in public health spending will be used to fund other public health expenditure across the council.

\*\* The insurance budget has been distributed to services instead of being held centrally. All insurance management is still coordinated corporately.

\*\*\* The council will not be eligible for Safety Net Grant in 2014/15.

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## Appendix 2

### Changes to the budget since December 2013 Policy & Resources Committee

|   | £'000    |
|---|----------|
| Budget gap reported to December Policy & Resources  | 2,471    |
| <b>Savings adjusted (full year effect)</b>  |          |
| <ul style="list-style-type: none"> <li>Removal of recurrent saving on discretionary social fund (as all funding is now being withdrawn from 2015/16)</li> </ul>   | 100      |
| <ul style="list-style-type: none"> <li>Remove recurrent saving in Waste PFI and take one off resources from the Waste PFI reserve instead</li> </ul>  | 100      |
| <ul style="list-style-type: none"> <li>Remove the recurrent saving in Homelessness Prevention</li> </ul>  | 110      |
| <ul style="list-style-type: none"> <li>Amendment to two contract savings in Children's Services</li> </ul>  | 8        |
| <ul style="list-style-type: none"> <li>Remove the saving in Home Care within Adult Services</li> </ul>  | 150      |
| <ul style="list-style-type: none"> <li>Increase the service pressure funding in Adult Social Care</li> </ul>  | 1,000    |
| <ul style="list-style-type: none"> <li>Reduce the full year saving in Able and Willing</li> </ul>   | 130      |
| <b>New savings</b>  |          |
| Additional savings identified through procurement of aggregated maintenance contracts for the Corporate Landlord Portfolio  | -125     |
| Further VFM proposals (dependant on current EY work)  | -500     |
| <b>Other Changes</b>  |          |
| <ul style="list-style-type: none"> <li>Increase in costs of concessionary fares due to new route</li> </ul>   | 100      |
| <ul style="list-style-type: none"> <li>Increase in RSG due to reduction in topslices (mainly New Homes Bonus)</li> </ul>  | -580     |
| <ul style="list-style-type: none"> <li>Reduction in centrally held recurrent risk provision to reflect increased service pressure funding for Adult Social Care</li> </ul>  | -1,000   |
| <ul style="list-style-type: none"> <li>New Homes Bonus funding not being diverted to LEP (less £100k reinvested into Major Projects support to put budget on a more sustainable basis and release pressure on the capital programme; and £20k funding for the Greater Brighton Economic Board)</li> </ul> | -560     |
| <ul style="list-style-type: none"> <li>Reduction in service pressure funding for changes in unringfenced grants</li> </ul>  | -77      |
| <ul style="list-style-type: none"> <li>Reduction in service pressure funding for Homelessness to reflect reduced saving</li> </ul>  | -110     |
| <ul style="list-style-type: none"> <li>Triennial review of employers pension contribution rate increasing by 0.5% instead of the 1% assumed in the budget</li> </ul>  | -450     |
| <ul style="list-style-type: none"> <li>Increased council tax base from the December Budget report</li> </ul>  | -692     |
| <ul style="list-style-type: none"> <li>Reduction in contingency for grant changes</li> </ul>  | -75      |
|   |          |
| <b>Balance</b>  | <b>0</b> |



## General Fund Budget Strategy

### Strategic Financial Context

- 1.1 The position regarding local authority funding over the next 5 years will clearly be challenging as central government continues to closely manage the deficit reduction programme. The Local Government Association has provided local authorities with a future funding model that shows that unless cost pressures across social care, waste and energy are managed very effectively, local authorities will find it increasingly difficult to provide funding for the wide range of services currently provided. The government's intention is for local government to become increasingly self-sustaining by relying on local sources of income rather than central government grant. Even if cost pressures are contained and councils make progress towards being more self-sustaining, many local authorities, including Brighton & Hove, will also need to look at alternative options for the commissioning and delivery of services and make difficult decisions about priorities.

### Key Aspects of the Council's Budget Strategy

- 1.2 The council's budget strategy must necessarily work within both the short and medium term financial contexts. The Council must, statutorily, approve an annual budget including levels of council tax and determine the council taxbase and council tax reduction scheme each year. However, the council's Medium Term Financial Strategy ensures that a longer term view is also taken and that decisions for the next year are also taken in that context.
- 1.3 The council has developed its budget savings proposals with a longer term view of the direction of services in mind. This is detailed in the relevant service budget strategies in appendix 4. For example, it would be counter-intuitive to make savings or reductions in certain preventive services where it is known or likely that longer term costs would be greater. This applies particularly in social care and public health but also in areas such as ICT infrastructure and some income generating services.
- 1.4 The budget strategy includes a mixture of council-wide approaches, for example the Value for Money Programme, and individual service changes, for example, fees and charges reviews. However, proposals in the 2014/15 budget have been made as a result of taking into consideration the following principles:
- **Corporate Plan Priorities:** all savings and investments are developed in the context of how they can support one or more of the four Corporate Plan priorities. Savings proposals that would undermine or put at high risk the achievement of these priorities have not been put forward unless alternative service provision or other mitigating measures have been identified as part of the proposal. The detailed budget strategies in appendix 4 provide more detail on how service proposals support Corporate Plan priorities.

- Value for Money benchmarking: the budget process this year included a review of the whole council budget including information about spending, staffing and, critically, comparative value for money performance. The latter focused on both financial and non-financial performance compared, wherever possible, with the 'Nearest Neighbour' group (statistically) of unitary authorities or other suitable comparators. This has enabled both elected members on the Budget Review Group and senior officers to understand how services compare on both cost and performance terms to better inform decisions and choices.
- Partnership and Community working: partnership working with the statutory and third sectors is becoming increasingly important to ensure that there is an effective and efficient mixed economy of provision across the city. Strategic Partnerships are of vital importance to improve health, safety and well-being across the city and this has more recently been cemented by government policy in relation to the integration of health and social care. All sectors realise that minimising duplication as well as improving economy and efficiency across services is critical to maintain services in future and achieve priority outcomes. Where relevant, budget proposals are therefore developed in partnership through appropriate engagement and consultation.
- Commissioning approach: linked strongly to partnership working but also applicable more generally is a strengthening commissioning approach<sup>1</sup>. Very substantial sums of public money are spent on public, private and third sector services and contracts to provide necessary services. However, commissioners are increasingly focusing on improving commissioning across public agencies and other sectors, strengthening the specification and monitoring of outcomes expected, improving procurement processes, and driving better value for money. Many of the proposed savings in the 2014/15 budget relate directly or indirectly to enhanced commissioning activity and a more robust approach.
- Service viability – models of delivery: both value for money benchmarking and/or other factors help improve our understanding of where some services may struggle to be financially viable over the medium term without looking carefully at their business model and/or model of delivery. This can apply to services that rely on income generation but also on those where costs are comparatively high, often due to local factors. Similarly, some services may need significant investment in order to secure long term financial sustainability or to maintain performance. The council's medium term financial outlook may mean that some services will have to look at other delivery models in order to generate income, attract investment, or maintain services. Some budget proposals are included with a view to exploring alternative delivery models.

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<sup>1</sup> The council has moved away from commissioning as an 'organising principle', preferring to embed commissioning in service areas, and recognises that high quality commissioning is critical to the design, specification and monitoring of effective services in partnership with key public sector and third sector partners.

- Invest to save: the budget strategy is increasingly focused on an ‘invest-to-save’ approach linked to the Capital Investment Programme and the MTFS. There are investments planned in ICT infrastructure, Workstyles and digital customer services which will not only help the council to modernise services but will also help deliver productivity and efficiency savings over the medium term. Investment in preventive services, and project and programme support will also help delivery of corporate priorities and reduce costs over the longer term. Budget strategies in appendix 4 identify where services plan to maintain or increase investment to achieve greater savings in the long term and/or better outcomes.
- Cross-cutting initiatives: to support the savings in the budget strategy and the MTFS, services will need to look much harder at areas where working together and joining forces can help to reduce costs, generate income, or improve customer service. Some examples of cross-cutting areas currently being worked on across the council include:
  - The provision of Services to Schools (and Academies);
  - Digital Customer Experience – a programme of improvements across the council to improve digital services, reduce costs and improve services;
  - Extra Care & other housing provision for vulnerable adults and children involving council services, partners and other providers;
  - Debt collection and recovery linked to financial inclusion which involves working across a wide range of services;
  - Voluntary and third sector service provision – particularly across social care, public health, community safety and Assistant Chief Executive services;
  - Reviewing council-wide organisational design including management and administration functions and structures, flexibility of job roles (job families), performance management and use of ICT;
  - Business Process Improvement (BPI) – primarily in support of the roll-out of services affected by the Workstyles programme but also more generally to provide tools to any service needing to improve its business processes;

Key aspects of the strategy are set out in more detail below.

## **Value for Money Programme**

- 1.5 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 modernisation programmes affecting almost every area of the council and ranging from service transformation in social care services to procurement efficiencies and savings in management and administration costs.
- 1.6 Investment in supporting resources for the VFM programme is critical for delivery of these 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.

- 1.7 In the current financial year 2013/14 the VFM Programme is expected to achieve approx £9.868m against an original target of £10.315m. Children's Services are expected to exceed their target by £0.934m due to their approach to focusing on prevention and strengthening processes. For the 3-year period to 2013/14, the VFM Programme has exceeded the original revenue target of £27.096m by £4.044m. Further VFM savings of £8.285m are expected to be deliverable in 2014/15.
- 1.8 The financial gains on current and planned VFM projects are set out in the table below.

| <b>VFM Project</b>                  | <b>2013/14<br/>Forecast<br/>(Month 9)<br/>£m</b> | <b>2014/15<br/>Savings<br/>£m</b> |
|-------------------------------------|--|-----------------------------------|
| Adult Social Care                   | 2.284  | 3.220                             |
| Children's Services                 | 3.594  | 2.539                             |
| ICT                                 | 0.181  | -                                 |
| Procurement & Contracts             | 1.396  | 2.144                             |
| Workstyles/Corporate Landlord       | 0.440  | 0.382                             |
| Business Process Improvement        | 0.320  | -                                 |
| Accelerated Service Redesign **     | 1.374  | -                                 |
| Management & Administration Savings | 0.149  | -                                 |
| Client Transport                    | 0.130  | -                                 |
| VfM Phase 4 additional target       |  | 0.500                             |
| <b>Total VFM Projects</b>           | <b>9.868</b>                                     | <b>8.785</b>                      |

\*\* There is a further £1.626m budgeted savings from accelerated service redesign that was not achieved in 2013/14 that will need to be delivered in 2014/15.

- 1.9 External advisers Ernst & Young (EY) were commissioned in early January to review the current VfM programme, its governance and further opportunities for savings in the short and medium term. Stage 1 of their review indicates that Phase 4 of the VfM programme should of course include a continued focus on Children's Social Care and Adult Services. The feedback suggests that the savings in Children's are already well defined. In Adult Services the scope for additional savings beyond what has already been budgeted is

expected to be through partnership and integration and effective use of the Better Care Fund. It is potentially premature for this to be included in the budget for 2014/15 but it will be a crucial part of planning for 2015/16 and beyond.

- 1.10 The feedback endorses the focus on economic development and growth within our Medium Term Financial Strategy and suggests an ongoing focus on effective income management will be critical. It suggests that other councils have benefitted from alternative models of service delivery in cultural services and leisure. This clearly merits further consideration and indeed the future of the Royal Pavilion Estate is part of the council's forward thinking but there would need to be longer planning and consultation in these areas than is feasible for 2014/15 budget savings. The feedback also suggests that there is no scope for additional savings in the short term from ICT but that there needs to be a clear focus on ensuring that the additional investment being made delivers the expected benefits across the organisation.
- 1.11 In the short term in 2014/15 the greatest opportunities for additional savings appear to be in the areas of integrated transport provision and procurement. Procurement already has a demanding savings target in 2014/15 but with additional pump priming of resources could potentially deliver more. Client transport does not at the moment have additional targets for 2014/15. Taking all of this into account an additional £0.500m savings target appears challenging but reasonable.
- 1.12 At the time of writing this report EY are undertaking Stage 2 of their assignment to produce a high level business for the potential VFM opportunities identified in stage 1. Stage 2 will further refine the potential opportunities and develop more evidence to support investment decisions and prioritise opportunities with the most significant potential benefits; this will help to shape the detailed profile of Phase 4 of the VFM Programme in the short and longer term. The business cases will set out a range of potential financial and non-financial benefits and indicate levels of resources and one-off investment required to maximise benefits. The proposed 2014/15 budget includes an additional £0.350m one-off investment in 2014/15 and £0.700m one-off investment in 2015/16 to continue the pace of delivery and maximise savings and benefits. There are also related capital and revenue investments for the Workstyles VFM programme and the ICT Investment Strategy, both of which are critical to modernisation of the council and achieving greater efficiencies in the medium term.

## **Fees and Charges Approach**

- 1.13 Fees and charges are a very important source of income to the council and currently represent approximately 1/3rd of General Fund resources, enabling important services to be sustained and provided. This proportion is likely to (and may need to) grow over the coming years as the level of central government funding reduces. A wide range of services are funded or part-

funded from fees and charges and are included in the reports detailed below. The budget strategy aims to ensure that fees & charges are maintained or, preferably, increased as a proportion of gross expenditure through identifying income generating opportunities, 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.

- 1.14 In recent years the consumer price index has been increasing by over 3% per annum whilst the council had applied a standard rate of 2% and over time this difference has been harder to sustain. Fees and charges budgets for 2014/15 are assumed to increase by a standard inflation rate of 2.5% with the exception of parking charges which are planned to remain at 2013/14 levels, and penalty charge notices (parking fines) where the levels of fines are set by government and cannot be changed independently.
- 1.15 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 increases in the costs of providing the service as applicable. The strategy in recent years and going forward focuses on benchmarking fees and charges with comparable public or private sector provision to ensure services maintain or improve value for money. 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 2014/15 have been presented to the relevant service committee prior to Budget Council as shown below.

| <b>Fees &amp; Charges Area</b>                  | <b>Meeting</b>                           | <b>Date</b>  |
|---|--|--|
| Adult Social Care Non-residential care services | Adult Care & Health Committee            | 20/01/14   |
| Children & Young People                         | Children and Young People Committee      | 13/01/14   |
| Private Sector Housing – HMO Licensing          | Housing Committee                        | Mandatory licences set January 2011 for 5 years<br>Additional Licences set June 2012 for 5 years |
| Royal Pavilion and Museums                      | Economic Development & Culture Committee | Admission fees for 2014/15 set 20/09/13<br>Other fees & charges 23/01/14                         |
| Venues  | Economic Development & Culture Committee | 23/01/14   |
| Libraries                                       | Economic Development & Culture           | 23/01/14   |



| <b>Fees &amp; Charges Area</b>                                   | <b>Meeting</b>                                    | <b>Date</b>     |
|--|---|-----------------|
|  | Committee   |                 |
| Seafront and Outdoor Events                                      | Economic Development & Culture Committee          | 23/01/14        |
| Highways   | Environment, Transport & Sustainability Committee | 14/01/14        |
| Environmental Health, Trading Standards, Planning and City Parks | Environment, Transport & Sustainability Committee | 14/01/14        |
| Licensing and Enforcement  | Licensing Committee                               | 14/01/14        |
| City Services  | Policy & Resources Committee                      | 16/01/14        |
| <i>Housing Revenue Account</i>                                   | <i>Housing Committee</i>                          | <i>15/01/14</i> |

### **Investing in Priorities - Service Pressure Funding**

1.16 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 savings to be levered in through invest-to-save proposals;
- meet known demographic or other exceptional cost pressures to avoid severe impacts on front-line service budgets.

1.17 The budget estimates for service pressures have been reviewed since December and the planned allocations for demographic growth and other service pressures were initially reduced from £5.695m to £5.508m. However, latest trends on the council's corporate critical budgets have been taken into account in setting the service pressure assumptions, linked to consideration of risk provisions detailed at appendix 9, and this indicates that further funding of £1m is required to cover Adult Social Care pressures. The allocation of Service Pressure investments to cover eligible demographic and cost pressures is as follows:

| <b>Service Pressure Investment Area</b>   | <b>Amount (£m)</b> |
|---|--------------------|
| Children's social care: to protect investment in preventative measures including Early Help | 1.500              |
| Adult social care: particularly in relation to demographic                                  | 2.500              |

|  |              |
|--|--------------|
| pressures on Learning Disability transitions and demands across mental health services as well as home care      |              |
| Homelessness: in relation to increased numbers of acceptances and rising prices of accommodation                 | 0.640        |
| Investment priorities within ICT: the additional costs of information security compliance and software licensing | 0.750        |
| Mitigating the impact of reductions in centrally-held unringfenced government grants                             | 0.423        |
| Alleviating various income pressures   | 0.250        |
| Travellers Service: reflect the ongoing increased costs of the service   | 0.100        |
| Provision for rising energy costs  | 0.100        |
| Funding of the Carbon Reduction tariff to support sustainability and avoid impacts on critical service budgets   | 0.100        |
| Funding for a range of other unavoidable pressures across services   | 0.145        |
| <b>Total Service Pressure Investment</b>   | <b>6.508</b> |

## Summary

- 1.18 The General Fund Budget Strategy above describes the approach and context within which savings proposals in the 2014/15 budget have been developed. More detailed service budget strategies are provided at appendix 4 together with detailed savings proposals.
- 1.19 The council's Corporate Plan and Medium Term Financial Strategy (MTFS) provide further information on the approach over the longer term. An updated MTFS is provided at appendix 8 and an updated Corporate Plan will be provided to the March Policy & Resources Committee.

## Budget Strategy: Adults Services

### Strategic Financial Context and Direction of Travel

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

There are local and national developments that will have a significant impact on social care in the coming years, these include:

- Demographic changes in the population of Brighton and Hove with:
  - a reducing number of people aged over 65, but an increased proportion of people aged 85 plus with high and complex needs;
  - a growing number of young adults with a higher complexity of need including mental health, substance misuse and homelessness.
- Major changes in the legislation and funding of social care. The Care Bill puts the 'safeguarding' of vulnerable adults into a legal framework. There are other aspects of the draft bill including well-being, advice and information, national eligibility criteria, portability of assessment, the support needs of broader communities and legal entitlement of informal carers. All these will place additional or enhanced responsibilities on the council's social care duty.
- Additional duties linked to the final Care Bill will be to implement the outcomes of the Dilnot report and implementing a 'cap' on care costs. This will require the authority to keep care accounts for self funders and imposes a duty to assess self funders. This will place significant additional demands on social care services.
- Government proposals on Integration with Health. The Better Care Fund, detailed in the government's spending review, requires local authorities to work with key partners on delivering key performance targets in relation to health and social care. These include minimising delayed transfers of care, and admission avoidance and admission to long term residential care. These will demand a greater level of integration regarding how care in the community is delivered.
- Increased public expectations regarding the quality of care against growing public concern about the actual quality of care.

A key focus in adult social care services has been on commissioning. The majority of care services have been contracted out to the private and voluntary sector. We have carefully considered the unit cost and the value for money that services offer through our Commissioning Programme. Aligned to this, over recent years a significant procurement programme has been undertaken to improve value for money, including home care, community meals, and accommodation services.

Where services are still provided in-house we need to demonstrate the rationale for retaining these services, focusing on their effectiveness and efficiency, and how they complement other provision in the city. We have reduced our in-house provider service over the years where this has provided value for money opportunities and supports our personalisation programme. We still retain a significant level of provision in relation to people with a learning disability and have been taking opportunities to improve efficiency and deliver savings whilst sustaining service quality. Our in-house care management services have undergone a significant restructure alongside the council's 'workstyles' programme which has delivered efficiencies and savings against improved outcomes.

Charges to service users for services are made in accordance with the national Fairer Charging guidance and related regulations. Councils do have some element of discretion in relation to charges for community based services, and local charges are comparatively higher in relation to many services. There is limited scope therefore to increase charges further.

The success of our budget strategy so far has enabled the council to maintain eligibility criteria under Fair Access to Care at the current level – i.e. “substantial and critical” – rather than to tighten this further. This is important as it is likely the Care Bill will set national criteria at this level.

## **Delivering the Corporate Plan**

### **Tackling inequality**

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 Section 75 Health Act arrangements, we work and support people with the most complex needs in the city through a range of interventions from a clinical nature through to helping people get back to work.

Further work on options for supporting the homeless community and those in temporary accommodation are under development, and we are working with the Stronger Families, Stronger Communities teams.

We will work with colleagues to look at low level prevention services across the council to promote social and financial inclusion.

### **Engaging people who live and work in the city**

This year we held our first City Summit - a stakeholder event which brought together 80 representatives including those receiving services, informal carers and interested citizens. The event supported them to share their views on social care and identify the key areas they would like to see improved or developed. The event was supported by over 20 volunteer facilitators from across the council and the voluntary sector. In tandem with the event over 20 information stalls on local services were open to all. The event linked into the production of our second annual Local Account (a public document that was based on the outcomes from user and carer surveys alongside performance

information) and our involvement in the Making It Real programme, a national user led programme to promote genuine personalisation of services. We have developed an action plan in response to these events to enable a 'you said, we did' approach to this engagement.

There are also a range of regular forums with care providers across the city which promote a partnership approach, provide an opportunity to share best practice, enable commissioners to share their plans and ensure a dialogue on key issues.

Commissioners are working on producing a robust market position statement for the end of the year which will clarify to the sector and the public the areas we are planning to develop and those areas where we are looking to reduce our commissioning activity.

Annual surveys of service users and bi-annual carers' surveys are undertaken in line with national requirements; this information is benchmarked and used to inform service improvement and development.

All significant commissioning plans are informed by the views of people who use services.

### **Modernising the council**

Service redesign and business process improvements have delivered efficiencies. Opportunities for a joint approach to prevention with Public Health need to be explored and for there to be a more systematic approach to commissioning, procurement and contract management across Public Health, Communities, Housing and Children's Services.

### **Key Aspects of the Budget Strategy**

The budget strategy supports delivery of the Corporate Plan, however the financial position will require strengthened commissioning and integration with health partners, greater consistency in meeting statutory assessed needs and a continuing focus on the value for money of all services. Through our assessment and review of peoples care needs, supported by a robust and fair resource allocation system, we need to ensure equality of service in relation to need and more personalised support plans that are not led by traditional service models. Alongside this we will continue to promote, in partnership with statutory and voluntary sector colleagues, community based and preventive services that will support people with needs that are non statutory. Other approaches are:

- We will encourage people to take up personalised services, including the use of direct payments.
- We will review local service provision to enable people placed outside the city to have the opportunity to receive services locally, linked to a full understanding of the quality and cost of such services.

- We will continue to use our effective reablement and telecare services to support people to live at home, optimising their capacity to live independently. We will also explore recommissioning community equipment services jointly with the NHS during 2014/15.
- We will work with the care sector on care home fees to inform decisions on levels of fees.
- We will continue to explore models for providing care, looking for opportunities that provide better outcomes and a more efficient service, both within the council and through other providers. For example, we will continue with the day services review and be clear about the role of in-house services within this. We will also explore other opportunities that the Care Bill may offer to support our overall budget strategy.
- Similarly, we will explore the business case for our Able & Willing service and look to see if there are opportunities for this to become financially sustainable; if not, alternative options for re-providing this service may need to be considered.
- We propose to stop the non-statutory Employment Service and work with other providers in the city to ensure there is appropriate capacity and support into employment to meet the needs of people with a learning disability.
- We will work with other services such as Public Health and Communities to deliver wider efficiencies in the commissioning process using more innovative procurement vehicles such as the commissioning Prospectus approach. Through this work we will also seek to develop a co-ordinated approach to preventive services and promoting community involvement in the care and support of people with social care needs.
- We will sustain and keep under review the robust Care Governance arrangements that have been developed over the past 3 years to promote and assure ourselves of service quality. To date these have helped maintain service quality across the city.
- During 2014/15 we will need to have robust plans in place with Clinical commissioning (CCG) colleagues and deliver on the requirement of the Better Care Fund.
- The driver is more integrated care for the frail in the community. Plans are developing on having a pilot area in early 2014 to test out models of working from GP's to the third sector.
- We will retain throughout all this our paramount commitment towards ensuring the safety of vulnerable people within the city.

**Service Area : ADULTS SERVICES**

| Service (including brief description)   | Gross Budget £'000 | Net Budget £'000 | Total Establishment FTE | Description of Saving Opportunity  | Impact on Outcomes / Priorities  | Equalities Impact Assessment | Savings identified 2014/15 £'000 | Full Year effect of 2014/15 savings £'000 |
|---|--------------------|------------------|-------------------------|--|--|------------------------------|----------------------------------|---|
| <b>Adults Assessment</b>  |                    |                  |                         |  |  |                              |                                  |   |
| Learning Disabilities (LD)- Residential.<br>Community Care Services provided by the Independent Sector to meet assessed needs.  | 13,797             | 12,693           | n/a                     | Target all out of city placements with a purpose of bringing people back into supported living in the City in line with their needs and aspirations. This will not only generate significant savings but it will reduce the risk of local places being taken up by other authorities where there is a possibility that the cost of care could later be passed to Brighton & Hove. Consider alternative models of care to include supported living. | Will improve equality of levels of service across client groups by bringing expenditure on Learning Disabilities more in line with other client groups.  | EIA No. 1                    | 953                              | 1,270                                     |
| Learning Disabilities(LD)-Home Care & Direct Payments.<br>Community Care Services provided by the Independent Sector to meet assessed needs.                                      | 9,081              | 8,579            | n/a                     | Drive forward the personalisation agenda and increased use of Direct Payments and support service users to seek cost effective solutions to meet eligible needs  | Will improve equality of levels of service across client groups by bringing expenditure on Learning Disabilities more in line with other client groups. Opportunities for personalised care and enhanced choice and control will be increased.             | EIA No. 2                    | 730                              | 730                                       |
| Older People- Residential/Nursing( includes Older People with Mental Health needs ( OPMH)).<br>Community Care Services provided by the Independent Sector to meet assessed needs. | 22,211             | 10,254           | n/a                     | Reduce number of residential care placements and the Cost of Out of Area Placements. Ensure all appropriate funding is available through targeting following a review. Continue to promote reablement and telecare to support people to stay in their own homes longer and to reduce the number of admissions into residential and nursing care. Identify alternative housing solutions where possible.  | Those assessed against eligibility criteria will still receive care. Location of services and funding streams may vary. More people will be supported to live more independently to live in the community rather than entering long term residential care. | EIA No. 3                    | 1,150                            | 1,150                                     |

| Service Area : ADULTS SERVICES  |                    |                  |                         |  |   |                                    |                                  |   |
|---|--------------------|------------------|-------------------------|--|---|------------------------------------|----------------------------------|---|
| Service (including brief description)   | Gross Budget £'000 | Net Budget £'000 | Total Establishment FTE | Description of Saving Opportunity  | Impact on Outcomes / Priorities   | Equalities Impact Assessment       | Savings identified 2014/15 £'000 | Full Year effect of 2014/15 savings £'000 |
| Adults with Mental Health-Home Care & Direct Payments. Community Care Services provided by the Independent Sector to meet assessed needs. | 791                | 473              | n/a                     | Meet assessed needs through a personalised approach, increase Direct Payments and support service users to identify more cost effective community based options.                                     | Those assessed against eligibility criteria will still receive care. Location of services and funding streams may vary. These services are delivered jointly with Sussex Partnership Foundation Trust under S75 arrangements. People's choice and control will be enhanced through direct payments provision. | EIA No. 4                          | 70                               | 70  |
| ALL COMMUNITY CARE-across all client groups. Fees for services provided by the Independent Sector   | incl above         | incl above       | n/a                     | Limited inflation increases on fees in view of the levels of increase in the last two years and ensure comparable with other authorities; increase targeted on specific areas in the care sector.    | Those assessed against eligibility criteria will still receive care. Location of services may vary.   | EIA No. 5                          | 1,000                            | 1,000                                     |
| S75 SPFT Assessment Services. Assessment and Review staffing  | 3,306              | 2,855            | 50.1                    | Service Redesign to increase effectiveness of Interventions. Review to meet statutory functions (including admissions under the Mental Health Act) and deliver savings to the community care budget. | More effective management oversight of cases and spend.   | Not needed<br>Staffing EIA No. S37 | 56                               | 56  |
| <b>Adults Assessment Total</b>  |                    |                  |                         |  |   |                                    | <b>3,959</b>                     | <b>4,276</b>                              |
| <b>Adults Provider</b>  |                    |                  |                         |  |   |                                    |                                  |   |
| Resource Centres Older People (Craven Vale, Knoll House, Ireland Lodge (MH), Wayfield Avenue (MH))  | 4,961              | 2,717            | 139.3                   | Make best use of in-house capacity through minimising voids. Ensure full recovery of health costs.   | No expected impact on outcomes provided that full cost recovery of health costs is achieved.  | Not needed<br>Staffing EIA No. S36 | 150                              | 300                                       |



**Service Area : ADULTS SERVICES**

| Service (including brief description)                               | Gross Budget £'000 | Net Budget £'000 | Total Establishment FTE | Description of Saving Opportunity   | Impact on Outcomes / Priorities   | Equalities Impact Assessment           | Savings identified 2014/15 £'000 | Full Year effect of 2014/15 savings £'000 |
|---|--------------------|------------------|-------------------------|---|---|--|----------------------------------|---|
| LD Accommodation Services. (14 services)                            | 4,630              | 3,707            | 121.7                   | Commence Phase 2 of LD accommodation plan. Focus the service on providing homes for people with complex needs, and supporting people to move on to more independent living. This may include closure of some houses that do not meet the needs of these service users, and commissioning alternative services to meet individual needs.   | People will continue to receive appropriate accommodation and support to meet their needs.  | EIA No. 6<br><br>Staffing EIA No. S40  | 150                              | 300                                       |
| Day Services-including LD day options and older people day services | 2,005              | 1,782            | 64.8                    | Delivering services that focus on individual needs and aspirations. Providing services for those people with the highest needs in-house and working with individuals to provide personalised services in the community. This may include closing some provision and commissioning alternative services to meet statutory assessed needs.. | Service users will receive a service during the day which meets their individual needs, and the assessed needs of their carers. The service may be different from the existing service, may be provided in another venue or through another provider within the voluntary sector. | EIA No. 8<br><br>Staffing EIA No. S39  | 300                              | 300                                       |
| Able & Willing (A&W) Supported Business                             | 716                | 508              | 22.3                    | Plan to reduce the subsidy invested by the council in A&W by generating additional new business.  | If the new business is not generated to balance the budget then a review of the service will be undertaken to identify alternative options to provide a sustainable service going forward.  | Not needed<br><br>Staffing EIA No. S38 | 60                               | 120                                       |
| Employment Support  | 223                | 223              | 6.0                     | Plan to reduce investment in the service by Adults Services, by investigating other opportunities in private and voluntary sector that will support vulnerable people to obtain and retain employment.  | Work will be needed to identify appropriate supported employment provision available within the City.   | EIA No. 9<br><br>Staffing EIA No. S42  | 50                               | 100                                       |

| <b>Service Area : ADULTS SERVICES</b>        |                           |                         |                                |   |   |                                     |   |  |
|--|---------------------------|-------------------------|--------------------------------|---|---|-------------------------------------|---|--|
| <b>Service (including brief description)</b> | <b>Gross Budget £'000</b> | <b>Net Budget £'000</b> | <b>Total Establishment FTE</b> | <b>Description of Saving Opportunity</b>  | <b>Impact on Outcomes / Priorities</b>                                    | <b>Equalities Impact Assessment</b> | <b>Savings identified 2014/15 £'000</b> | <b>Full Year effect of 2014/15 savings £'000</b> |
| Provider Management                          | 602                       | 599                     | 13.5                           | Review management and administration across the service and across localities.  | Reduced management oversight of service.                                  | Not needed<br>Staffing EIA No. S41  | 50                                      | 50   |
| <b>Adults Provider Total</b>                 |                           |                         |                                |   |   |                                     | <b>760</b>                              | <b>1,170</b>                                     |
| <b>Commissioning &amp; Contracts</b>         |                           |                         |                                |   |   |                                     |   |  |
| Contracts                                    | 2,504                     | 2,239                   | n/a                            | Hold contracts at current prices as a result of procurement of home based services.   | Opportunity through procurement to ensure contracts are outcome focussed. | EIA No. 5                           | 85                                      | 85   |
| Contracts Unit                               | 365                       | 319                     | 7.2                            | Increase charges for non residential services above inflation.  | Impact on service users through recovery of costs.                        | EIA No. 10                          | 20                                      | 20   |
| Commissioning                                | 2,600                     | -1,872                  | 20.0                           | Review non statutory services, fee assumptions and opportunities to combine with public health and communities in advance of grants prospectus. | Outcomes focussed approach remains.                                       | EIA No. 5                           | 20                                      | 20   |
| <b>Commissioning &amp; Contracts Total</b>   |                           |                         |                                |   |   |                                     | <b>125</b>                              | <b>125</b>                                       |
| <b>ADULTS SERVICES TOTAL</b>                 |                           |                         |                                |   |   |                                     | <b>4,844</b>                            | <b>5,571</b>                                     |

## **Budget Strategy: Public Health**

This budget area also includes Community Safety and Emergency Prevention, Preparedness and Response (EPPR).

### **Strategic financial context and direction of travel**

The Public Health spend is currently measured regularly against prescribed and non-prescribed functions aligned to the national public health outcomes framework, and it is anticipated that there will be additional future payments for achievement against the framework.

Currently, the Public Health budget is ring-fenced until April 2016 which provides a degree of stability, however there are financial pressures on the Community Safety budget, and to a lesser extent EPPR as for other General Fund services. Any savings identified within Public Health will be reinvested in eligible expenditure across council services.

A key plank of the Public Health strategy will be to work with other directorates to identify shared objectives and outcomes, particularly those identified in the Public Health Outcomes Framework, and develop joint working, including joint commissioning initiatives.

Further integration of community safety services with those of Public Health, Housing, Police, Children's and Adults services to reduce costs, increase value for money and contribute to the achievement of corporate outcomes.

We will continue to work with the Clinical Commissioning Group (CCG) to identify opportunities to jointly commission programmes for greater efficiency and effectiveness.

We will review the Public Health grant uplift with a view to maximising savings.

### **Delivering the corporate plan**

#### **Tackling inequality**

Tackling inequality is the bedrock of much of public health and community safety. Significant areas of work include recommissioning tobacco control services and healthy weight management. The Health and Wellbeing Board has established reducing inequalities as an over-riding objective and will be monitoring progress on this throughout the year. The Public Health Outcomes Framework includes tackling inequality as a top line objective, and it is likely that any future public health premium paid to local authorities for good performance in public health will include some reference to reducing inequalities.

#### **Creating a more sustainable city**

The Public Health team works closely with colleagues across the local authority and beyond to create a more environmental, economic and socially sustainable city. The team will continue to work on several fronts this year, contributing to the review of the impact of the 20 mph speed limit, working with colleagues in housing including private landlord owned properties, and undertaking health impact assessments on major planning initiatives. The team will also be progressing the

work emerging from the Director of Public Health's Annual Report for 2012/13 – 'Happiness, the Eternal Pursuit' which links to the One Planet Living Framework where improving Health and Happiness forms a key programme of action.

### **Engaging people who live and work in the city**

The success of most of the public health and community safety agenda is premised on successful community engagement. The team will be looking for improved synergies across the local authority with other departments who hold a similar remit on community engagement. Our joint strategic needs assessment work and our health and wellbeing strategy will continue to have explicit requirements for meaningful community engagement. We will continue to run public engagement campaigns around key strands of work, such as the recent successful Big Parenting Debate and the Big Alcohol Debate.

### **Modernising the council**

As the public health team becomes established in the local authority we will be moving to a more local authority model of practice. The Public Health Team however do bring an established track record of annual appraisals, personal development plans and most recently for senior public health staff – revalidation. This approach ties in very clearly with the Values Framework which has been established within the local authority in the last year.

The team will continue to integrate public health principles and practice by extending the public health realm into the wider local authority.

### **Key aspects of the budget strategy**

#### **Tackling Inequality**

Enhanced services: We will review enhanced service contracts with primary care/pharmacies to better address inequalities and to improve their flexibility and effectiveness. Consideration will be given to compiling initiatives into a single Public Health Local Enhanced Scheme (LES).

Tobacco control: There is a current service redesign ongoing in smoking cessation / tobacco control with new contracts in place from April 2014. Smoking cessation is considered one of the most cost effective interventions in public health, however, in the shorter term savings can be delivered by moving to a payment-by-results framework rather than fixed contract prices.

Weight management: The retender for Tier 2 Weight Management Services is underway. This is an opportunity to test the market and deliver more comprehensive services across the city within the existing budget. The new contract should be awarded in December 2013 for April 2014 implementation of new services.

Alcohol and substance misuse: The alcohol and substance misuse service redesign is underway and new contracts are planned to be in place in 2015. There could be scope to jointly commission some areas with fellow commissioners within BHCC, or with commissioners in East and West Sussex local authorities.

Sexual health: The redesign of clinical sexual health services is also underway with new contracts due to commence in April 2015. The new service will provide greater integration between the different elements of care and improve overall clinical and cost effectiveness. We are investigating the possibility of introducing a local tariff for sexual health services.

Crime reduction: We will agree crime reduction and safety priorities with the Police & Crime Commissioner (PCC) which will secure PCC investment in those interventions which are of the highest priority for Brighton & Hove.

Victim and Witness services: We will identify early opportunities for joint commissioning with East and West Sussex including new commissioning arrangements for Victim and Witness services, which will lead to reduced costs and efficiency savings.

### **Creating a more sustainable city**

One planet living: We will support the implementation of One Planet Living, in particular Principle 10 Health and Happiness. This includes several areas mentioned above as well as the following:

- **Mental wellbeing**: working jointly with the CCG to ensure that the care pathway for emotional health and wellbeing includes creative and effective opportunities for prevention as well as treatment services.
- **Physical activity**: With several contracts ending in 2015 including Bike It, Active for Life, Exercise Referrals and Healthwalks, there is potential to retender these services in partnership with co-commissioners in sustainable transport and sports development respectively.

### **Engaging people who live and work in the city**

JSNA engagement: We will use the Joint Strategic Needs Assessment programme (JSNA), overseen by the Health and Wellbeing Board, to inform the further development and implementation of our budget strategy. Making effective use of engagement with local people is an integral part of the JSNA development.

NHS Health checks: We plan to review the current service with a view to reducing health inequalities as opposed to focusing on numbers offered and provided with a check.

Health at work: the current model is being reviewed to identify new opportunities for closer working across directorates for staff within the council and for wider initiatives throughout the city.

### **Modernising the Council**

Resilience: We will continue to work with the Communities and Equalities team to eliminate duplication and reduce costs of commissioned neighbourhood services.

Improved commissioning: We will continue to build on the initial proposals identified at our Commissioners' Network Meeting to support other directorates delivering the wider public health agenda.

| <b>Service Area : PUBLIC HEALTH</b>  |                              |                         |                                |  |   |                          |   |  |
|--|------------------------------|-------------------------|--------------------------------|--|---|--------------------------|---|--|
| <b>Service (including brief description)</b>   | <b>Gross Budget £'000</b>    | <b>Net Budget £'000</b> | <b>Total Establishment FTE</b> | <b>Description of Saving Opportunity</b>   | <b>Impact on Outcomes / Priorities</b>  | <b>Equalities Impact</b> | <b>Savings identified 2014/15 £'000</b> | <b>Full Year effect of 2014/15 savings £'000</b> |
| <b>Public Health</b>   |                              |                         |                                |  |   |                          |   |  |
| Smoking & Tobacco  | 810                          | 0                       | 0.9                            | Re-tendering of service, and changing to Payment by Results.   | Potential inability to meet any increase in demand for the service.   | Not needed               | 20                                      | 20   |
| Obesity services for adults and children, including community based programmes   | 683                          | 0                       | 1.8                            | Retender of service.   | minimal impact.   | Not needed               | 6                                       | 6  |
| NHS Health Check Programme   | 440                          | 0                       | 1.5                            | Rework of current contract to focus on reducing inequalities could reduce costs and improve health outcomes. Support could come from PH budget uplift. New approach approved by PHE.         | Expected to reduce inequality and improve health outcomes.  | Not Needed               | 40                                      | 40   |
| Physical Activity - a range of contracts aimed at increasing the activity levels of the least active adults and children | 431                          | 0                       | 2.2                            | The development/ introduction phase for Refer-all has ended and a co-ordinator to 'roll the system' out is no longer necessary.  | Physical activity is an important element of a healthy lifestyle, significantly reducing the risks of ill health and premature death. | Not Needed               | 19                                      | 19   |
| Miscellaneous, Services described below including:   | 1,780                        | 0                       | 8.4                            |  |   |                          |   |  |
| General prevention activities: Healthy City Programme  | incl in miscellaneous budget |                         |                                | Potential to:<br>Discontinue WHO aspect - saving £5k p/a - payment will be due early 2014.<br>Review steering group so no need for vice chair - saving £2k pa - could be done from Jan 2014. | From Jan 2014.  | Not Needed               | 8                                       | 8  |
| <b>Public Health Total</b>   |                              |                         |                                |  |   |                          | <b>93</b>                               | <b>93</b>  |

| Service Area : PUBLIC HEALTH   |                    |                  |                         |  |  |                   |                                  |   |
|--|--------------------|------------------|-------------------------|--|--|-------------------|----------------------------------|---|
| Service (including brief description)  | Gross Budget £'000 | Net Budget £'000 | Total Establishment FTE | Description of Saving Opportunity  | Impact on Outcomes / Priorities  | Equalities Impact | Savings identified 2014/15 £'000 | Full Year effect of 2014/15 savings £'000 |
| <b>Community Safety</b>  |                    |                  |                         |  |  |                   |                                  |   |
| Commissioning, co-ordination and delivery of core community safety and crime reduction services including, domestic violence, violence against women and girls, ASB and hate incidents, preventing radicalisation, youth justice, physical crime prevention, substance misuse and public engagement relating to community safety | 1,289              | 1,254            | 16.0                    | A saving against rent costs has arisen due to sharing of premises with Children's Services who now occupy 70% of premises at 3 Palace Place.   | No negative impact on outcomes and priorities.   | Not needed        | 20                               | 20  |
|  |                    |                  |                         | Potential to reduce staffing costs by sharing performance and analytical capacity with Public Health. Two community safety staff to spend 30-40% of time on Public Health enables the forging of stronger links and opportunities between Public Health and Community Safety and jointly working on analysis, strategic assessments, policy and performance reports. | This could result in reduced capacity for performance monitoring and analysis within community safety and could impact on informed decision making by managers and less transparency with communities, but is likely to be managed within current resources. | EIA No. 11        | 20                               | 20  |
|  |                    |                  |                         | Potential to generate savings from new commissioning arrangements for IDVA and ISVA service, the existing levels of service to victims of domestic violence and sexual violence would be maintained.   | No negative impact on outcomes and priorities.   | EIA No. 11        | 20                               | 20  |
|  |                    |                  |                         | Income generated by ASB staff to offset staff costs. ASB Team already provides some professional support and guidance to housing providers. This offer is being extended and formalised with the possible opportunity of recharging housing providers.   | This will result in better outcomes for ASB and Hate victims in the city regardless of tenure.   | EIA No. 11        | 5                                | 10  |



| Service Area : PUBLIC HEALTH          |                    |                  |                         |  |  |                   |                                  |   |
|---------------------------------------|--------------------|------------------|-------------------------|--|--|-------------------|----------------------------------|---|
| Service (including brief description) | Gross Budget £'000 | Net Budget £'000 | Total Establishment FTE | Description of Saving Opportunity  | Impact on Outcomes / Priorities  | Equalities Impact | Savings identified 2014/15 £'000 | Full Year effect of 2014/15 savings £'000 |
|                                       |                    |                  |                         | Potential to reduce staffing costs by sharing community engagement element of Prevent and Hate Crime staff costs with the council's Policy Team. Two officers with strong community engagement experience and strong links to BME, faith communities and disability to develop wider community engagement opportunities for community engagement element of Policy Team. | This will lead to improved performance relating to community engagement for the Policy Team. It could also lead to reduced engagement capacity for community safety and Prevent but this may be mitigated by reductions in overlaps. | EIA No. 11        | 15                               | 20  |
|                                       |                    |                  |                         | Third sector services to the street community are commissioned separately by police, housing, health and community safety. In the first instance a saving could be made on outreach work by community safety and housing jointly commissioning third sector providers to provide wrap around services to the street community.   | More effective delivery on Cohesive and Safe Communities outcome.  | EIA No. 11        | 20                               | 20  |
| <b>Community Safety Total</b>         |                    |                  |                         |  |  |                   | <b>100</b>                       | <b>110</b>                                |
| <b>PUBLIC HEALTH TOTAL</b>            |                    |                  |                         |  |  |                   | <b>193</b>                       | <b>203</b>                                |

## **Budget Strategy: Children's Services**

### **Strategic Financial Context**

The budget strategy seeks to balance the statutory requirements on the council in relation to children and schools, including the priority to keep safe and achieve positive outcomes for children who are in vulnerable circumstances, with the need to make financial savings and deliver an effective and efficient service.

Children's Services is made up of three divisions:

- Children's Health, Safeguarding & Care has a net budget of £33.4m. It employs approximately 617 full time equivalent (fte) staff of which the largest group are qualified social workers. In addition, 5 fte staff are funded through the DSG. The division includes statutory social work teams, services for disabled children, children's centres and early years provision, and joint arrangements to provide community health services for children and young people across the city. Community Health staff are not employed directly by the Local Authority.
- Education & Inclusion has a net budget of £6.2m. Through the General Fund it employs approximately 131 fte staff. In addition through the DSG a further 135 fte staff are employed. The largest number of staff form the council's school meals service; a service that is 'bought back' by the majority of schools across the city. The division includes a range of school focused education support teams as well as specific services which seek to meet the needs of pupils who have additional or special education needs. It is also responsible for providing community learning across the city
- Stronger Families, Youth & Communities has a net budget of £18.8m. It employs approximately 123 fte staff. It includes youth support services (including the Youth Offending Service), the Stronger Families programme (the national Troubled Families initiative), performance management for the directorate as a whole and the commissioning of specialist provision for children and young people (including those who are in the care of the Local Authority).

Children's Services also benefits from support from other parts of the council including support from Human Resources, Finance, ICT, Legal Services, Communications and a range of specific services which provide specialist support across the council.

In 2014/15 there are projected to be service pressures of £1.5m across Children's Services of which £0.4m relates to essential investment in 'Early Help'. The balance relates largely to potential pressures around social care placement costs. It is anticipated that these additional costs will be able to be managed within the system. In recent years the directorate has implemented a Value for Money programme (VFM) approach that has successfully reduced placement costs and numbers. In 2013/14, £2.7m of VFM savings were achieved through closer management of our placement costs and investments in other services which led to savings elsewhere. There were no reductions in front-line services to children and the focus has been

on ensuring that outcomes for children and young people are maintained or improved.

## **Delivering the Corporate Plan**

### **Tackling Inequality**

The key focus for Children's Services relates to Tackling Inequality. In meeting this priority, the Children's Service delivers services that broadly fall within three groups:

#### Universal Services

These are services such as Early Years provision, support for schools and some youth services that collectively seek to ensure that all children and young people across the city have access to a range of services that help them to grow and mature into active citizens. Our success can be judged by, for example, the following indicators:

- 87% of all childcare providers are judged by Ofsted to be good or better;
- 81% of schools judged by Ofsted to be good or better;
- 62% of pupils achieving 5 or more GCSE grade A\*-C including English and Maths; and
- 78% of children of reception school age who are measured and found to have a healthy weight.

All of these indicators are significantly above the national average. There are however some challenges:

- only 52% of young people achieve a Level 3 qualification by the age of 19;
- just 31% of pupils receiving free school meals achieved 5+ A\*-C GCSEs including English and Maths; and

All of these indicators are below the national average.

#### Early Help

Early Help services seek to identify children and families who might need support and interventions to avoid more complex and costly support and interventions at a later stage. They include services such as targeted health visiting support, parenting support programmes, family support and support to reduce the level of school exclusions. Our successes include that by December 2013 93% of eligible 2 year olds were in a free childcare place, 37% of the 675 identified families have successfully achieved the Stronger Family outcomes, and just 10 pupils were permanently excluded last year; all better than it had been hoped to achieve. However the number of multi-agency assessments (CAF) are low, fixed term exclusions from schools were high in 2012/13 and under 18 conception rates have increased.

#### Specialist Services

Specialist services provide support and interventions where children have a high level of need. They include services for disabled children and those with SEN and statutory social work services that ensure that children are safe. Our successes include:

- all of our children requiring a Statement of Special Educational Needs achieve this within the 26 week timetable that is set nationally;
- the number of children requiring a Children in Need plan has reduced significantly from 731 down to 705;
- the stability of our placements for children in care is good, and health assessments for this group are carried out in a timely way.

However the percentage of children being re-referred to our social work services is too high, the percentage of children supported through a child protection plan is also too high and the number of children who are placed in care is significantly above the national and regional average.

Children's Services seeks to ensure that there is a balance of support across universal, early help and specialist services, but as financial resources become more limited our focus needs to remain on ensuring that appropriate specialist services protect children while earlier help reduces the number of children requiring such services in future. In the future there will be an increased focus on ensuring that resources are used effectively and on the basis of evidence that the support and interventions lead to quantifiable, positive outcomes for children and young people.

We will therefore seek to increase the number of young people who have the skills and experiences that can support the corporate priorities to create a more sustainable city and engaging people who live and work in the city.

### **Modernising the Council**

Through a review of our activities and a clearer focus on improving outcomes, engaging more directly with children and young people and ensuring that our resources are used more effectively, the directorate is actively supporting the corporate priority to modernise the council.

Similar to Adults Services, we will look at service redesign and business process improvements where appropriate to look for greater efficiency and value for money. Opportunities for a joint approach to prevention and other solutions will be explored with partners and colleagues across health, Public Health, Communities and Housing.

### **Key aspects of the budget strategy**

- The Children's Services Value for Money projected savings total is £2.539m. This proposal assumes that the current programme delivers as it has done over the last two years, particularly the 'invest to save' business cases such as further developing the in-house fostering team, investment in Early Help and reducing the cost of provision provided by the independent sector
- As a consequence of the reduction in the number of children in care and projections for future reductions as a consequence of the Early Help strategy, savings have been identified in social work services. This will not be achieved

through setting arbitrary targets to reduce the number of children who are on child protection plans or who are in care, but rather through improved early help support. There have already been some staffing reductions as the number of children who are supported has reduced this year.

- A review of our arrangements for delivering youth services including a restructuring of the services and a review of the accommodation used.
- Reviewing the use of the council's General Fund for some support to consider if activity can and should be funded by the DSG (schools) and negotiating with external providers to achieve efficiency savings.
- Reducing the subsidy for a small number of schools to provide extended school activities, bringing this in line with arrangements across the majority of schools in the city.
- Further value for money savings in relation to the spend on the home to school transport service, although the majority of these savings have already been achieved this year.
- Across early years, reductions in the subsidies for supporting the private and voluntary sector and some savings across children's centres, nurseries and the Family Information Service are planned.
- The introduction of charging for some services provided by children's centres and the youth service is proposed, although this will be introduced gradually and kept under review in order to ensure that vulnerable families are not disproportionately affected.
- A reduction in the council subsidy to the Music & Arts Service delivered through a range of efficiency savings, exploring opportunities for alternative funding sources and reviewing its charging arrangements. The council subsidy is just 18% of the total budget for the service.

In addition to the savings listed above, Children's Services is also exploring reductions in some management costs, further work to develop more comprehensive charging arrangements (including ensuring that overhead costs for school services are covered where appropriate), and joint work with housing to explore how our revenue expenditure for housing for young people and our capital assets can be used more efficiently and effectively.

| Service Area : CHILDREN'S SERVICES   |                    |                  |                         |   |   |                              |                                  |   |
|--|--------------------|------------------|-------------------------|---|---|------------------------------|----------------------------------|---|
| Service (including brief description)  | Gross Budget £'000 | Net Budget £'000 | Total Establishment FTE | Description of Saving Opportunity   | Impact on Outcomes / Priorities   | Equalities Impact Assessment | Savings identified 2014/15 £'000 | Full Year effect of 2014/15 savings £'000 |
| <b>Stronger Families, Youth &amp; Communities</b>  |                    |                  |                         |   |   |                              |                                  |   |
| Agency Placements - Residential, fostering and secure placements for looked after children provided by external agencies | 13,793             | 13,793           | 8.0                     | VFM saving programme assumes there will be 16.5 FTE placements at a lower cost provision and will deliver an overall reduction of 45.75 FTE placements. VFM programme has invested in foster carer recruitment to increase the number of in-house placements. | Based on the recent trend, this saving is achievable if all initiatives in development stages are implemented in a timely and effective way and result in the desired impact. Approximately 46 placements are affected. | EIA No. 12                   | 2,241                            | 2,241                                     |
| Youth Service - Integrated support service for children aged 13-19   | 1,882              | 1,736            | 37.0                    | Develop new leasing arrangements with other providers to deliver youth/other community services, reducing level of provision delivered by council youth service and/or withdraw from other facilities e.g. school sites.                                      | An integrated approach to service delivery/performance management across council and 3rd sector provision should minimise negative impact on outcomes/priorities, but some services may be less accessible.             | EIA No. 13                   | 27                               | 27  |
| As above   | as above           | as above         | as above                | Additional income generation from Portslade Village Centre.   | As above. A meeting is planned but extent of what can be gained from the community and voluntary sector (CVS) is as yet unclear. If small then danger of not reaching target saving. Will take time to put in place.    | EIA No. 13                   | 30                               | 30  |
| As above   | as above           | as above         | as above                | Re-allocation/contract variation to deploy resources to fund council employed youth workers in East of the city.  | An integrated approach to service delivery/performance management across council and 3rd sector provision should minimise negative impact on outcomes/priorities, but likely to be difficult to negotiate.              | EIA No. 13                   | 7                                | 7   |

**Service Area : CHILDREN'S SERVICES**

| Service (including brief description)   | Gross Budget £'000 | Net Budget £'000 | Total Establishment FTE | Description of Saving Opportunity   | Impact on Outcomes / Priorities   | Equalities Impact Assessment           | Savings identified 2014/15 £'000 | Full Year effect of 2014/15 savings £'000 |
|---|--------------------|------------------|-------------------------|---|---|--|----------------------------------|---|
| As above  | as above           | as above         | as above                | Restructure staffing within the youth services with some reduction in overall staffing.   | Service redesign will ensure that impact on service delivery is kept to a minimum.  | Not needed<br><br>Staffing EIA No. S44 | 75                               | 75  |
| Youth Employability Service - Careers advice and guidance   | 609                | 609              | 15.0                    | Relinquish premises at Dip (Hollingdean) and Young Peoples Centre. Relocate displaced staff in YOS building.                        | Relinquishing these premises will not affect the operational effectiveness of the YES service. There may be an issue in finding suitable accommodation for displaced staff.                                       | Not needed                             | 40                               | 40  |
| As above  | as above           | as above         | as above                | Advisor post located in virtual school, to be funded by DSG.  | A change in funding for this post will not effect how YES works closely with the Virtual School.  | Not needed                             | 31                               | 31  |
| Youth Offending Services - Support and supervision to young people involved in the Criminal Justice System and preventative work for children and young people at risk of becoming involved in offending. | 1,404              | 900              | 38.0                    | Reduction in Practice Manager post.   | The reduction in the YOS management post will reduce overall management cover in the YOS. It is envisaged that by 1st April 2014 the YOS restructure will be embedded and the service will manage this reduction. | EIA No. 14                             | 50                               | 50  |
| Other Services - Including Teenage pregnancy and Substance misuse   | 383                | 244              | 1.0                     | Transfer of Strategic Commissioner Youth to Public Health and re-negotiation of S75 Agreement Joint Commissioning funding with CCG. | The realignment of commissioning functions and budget responsibility should have no impact on services outcomes or council priorities.  | Not needed                             | 76                               | 76  |

| <b>Service Area : CHILDREN'S SERVICES</b>  |                           |                         |                                |   |   |                                     |   |  |
|--|---------------------------|-------------------------|--------------------------------|---|---|-------------------------------------|---|--|
| <b>Service (including brief description)</b>   | <b>Gross Budget £'000</b> | <b>Net Budget £'000</b> | <b>Total Establishment FTE</b> | <b>Description of Saving Opportunity</b>  | <b>Impact on Outcomes / Priorities</b>  | <b>Equalities Impact Assessment</b> | <b>Savings identified 2014/15 £'000</b> | <b>Full Year effect of 2014/15 savings £'000</b> |
| Income Generation  |                           |                         |                                | Youth services charge to schools for training and group work and charging families for the national play day.   | Potential for reduced up-take of training and group work sessions.  | EIA No. 15                          | 15                                      | 15   |
| <b>Stronger Families, Youth &amp; Communities Total</b>  |                           |                         |                                |   |   |                                     | <b>2,592</b>                            | <b>2,592</b>                                     |
| <b>Children's Health, Safeguarding &amp; Care</b>  |                           |                         |                                |   |   |                                     |   |  |
| Children in Care - Includes payments to carers for fostered and adopted children, social work, staffing teams assessing and supporting foster carers and potential adopters and services for care leavers. | 14,776                    | 13,790                  | 140.0                          | The savings are predicated on the Early Help Strategy leading to less social work activity so therefore allowing a reduction in staffing reflecting the reduction in activity. The service will move to the Munro social work model, maintaining a safe service and gradually creating a better balance between systems of accountability and professional autonomy, with the ultimate goal of providing higher levels of support, supervision and clear leadership throughout the social work service. | The strategic predicted outcomes of the Early Help Strategy would lead to no adverse impact on the service. | EIA No. 16                          | 63                                      | 63   |
| As above   | As Above                  | As Above                | As Above                       | The savings are predicated on the Early Help Strategy leading to less social work activity so therefore allowing a reduction in staffing reflecting the reduction in activity.  | The strategic predicted outcomes of the Early Help Strategy would lead to no adverse impact on the service. | EIA No. 16                          | 200                                     | 200  |



**Service Area : CHILDREN'S SERVICES**

| Service (including brief description)   | Gross Budget £'000 | Net Budget £'000 | Total Establishment FTE | Description of Saving Opportunity   | Impact on Outcomes / Priorities  | Equalities Impact Assessment | Savings identified 2014/15 £'000 | Full Year effect of 2014/15 savings £'000 |
|---|--------------------|------------------|-------------------------|---|--|------------------------------|----------------------------------|---|
| As above  | As Above           | As Above         | As Above                | No increase in the cost of allowances plus activity and caseload analysis suggests that capacity could be reduced without significant adverse impact on the service.  | If the number of allowances does not reduce the current rate for fostering allowances would need to be frozen. This could have an adverse impact on the council's ability to compete with other agencies to recruit new carers.  | EIA No. 16                   | 170                              | 170                                       |
| As above  | As Above           | As Above         | As Above                | Element of the VFM programme savings within in-house placements.  | Based on the recent trend, this saving is achievable if all initiatives in development stages are implemented in a timely and effective way and result in the desired impact. Approximately 46 placements are affected.  | Not needed                   | 298                              | 298                                       |
| Assessment, Advice & Referral & Legal - Social work staffing teams, expenditure incurred under section 17 & 18 of the 1989 Children Act, including housing for homeless families and legal costs relating to assessment and court fees. | 4,490              | 4,490            | 61.0                    | The savings are predicated on the Early Help Strategy leading to less social work activity so therefore allowing a reduction in staffing reflecting the reduction in activity. The service will move to the Munro social work model, maintaining a safe service and gradually creating a better balance between systems of accountability and professional autonomy, with the ultimate goal of providing higher levels of support, supervision and clear leadership throughout the social work service. | The strategic predicted outcomes of the Early Help Strategy would lead to no adverse impact on the service, however, this leaves no flexibility to cover long term sickness or staff vacancies. This could potentially impact negatively on quality and timeliness. The Early Help Strategy will lead to the reduction in to social work need interventions. | EIA No. 17                   | 126                              | 126                                       |

| Service Area : CHILDREN'S SERVICES  |                    |                  |                         |  |  |                              |                                  |   |
|---|--------------------|------------------|-------------------------|--|--|------------------------------|----------------------------------|---|
| Service (including brief description)   | Gross Budget £'000 | Net Budget £'000 | Total Establishment FTE | Description of Saving Opportunity  | Impact on Outcomes / Priorities  | Equalities Impact Assessment | Savings identified 2014/15 £'000 | Full Year effect of 2014/15 savings £'000 |
| Services for Children with Disabilities - Including residential and respite placements, social work time, direct payments and family support services | 3,519              | 3,444            | 81.0                    | It is proposed that services make a total of £68k of efficiency savings across respite and outreach support services. In addition £41k of savings will be achieved through use of the DSG High Needs Block as the Cherish Service is proposed to be based at a special school.   | This service includes two short break residential provisions, Tudor House and Drove Road, and the Outreach Service. A reduction in the overall budget has the potential to impact on service users, but all other areas for making savings will be explored first. The balance of expenditure across all services for disabled children will be monitored to ensure that need is met. The use of the High Needs Block of the DSG is determined by the LA and is a more secure way of funding this provision. | EIA No. 18                   | 109                              | 109                                       |
| Children in Need - Social work staffing team and expenditure incurred under section 17 & 18 of the 1989 Children Act.                                 | 4,406              | 4,406            | 97.0                    | The savings are predicated on the Early Help Strategy leading to less social work activity so therefore allowing a reduction in staffing reflecting the reduction in activity. Upward child protection work trend needs to be addressed successfully to allow safely for further savings. The service will move to the Munro social work model, maintaining a safe service and gradually creating a better balance between systems of accountability and professional autonomy, with the ultimate goal of providing higher levels of support, supervision and clear leadership throughout the social work service. | Activity and caseload analysis assumptions informed with modelled projections informed by the impact of the Early Help Strategy suggesting that capacity could be reduced up to the proposed point without significant adverse impact on the service. The Early Help Strategy will lead to the reduction in social work need for interventions.  | EIA No. 19                   | 126                              | 126                                       |

**Service Area : CHILDREN'S SERVICES**

| Service (including brief description)   | Gross Budget £'000 | Net Budget £'000 | Total Establishment FTE | Description of Saving Opportunity   | Impact on Outcomes / Priorities   | Equalities Impact Assessment | Savings identified 2014/15 £'000 | Full Year effect of 2014/15 savings £'000 |
|---|--------------------|------------------|-------------------------|---|---|------------------------------|----------------------------------|---|
| Safeguarding - specific child protection services, the Local Safeguarding Children's Board and independent reviewing officers.              | 1,286              | 1,240            | 22.0                    | Activity and caseload analysis suggests that capacity could be reduced without significant adverse impact on the service.   | Activity analysis suggests that caseload levels could exceed those set out in the Independent Reviewing Officer (IRO) handbook and impact upon the ability to fully discharge statutory duties. However, an increase in the wider quality assurance function within the Safeguarding Team should mitigate against this. The Early Help Strategy will lead to the reduction in social work need for interventions. | Not needed                   | 62                               | 62  |
| Graduate Leader Fund - subsidies for private, voluntary and council childcare providers who employ graduate level Early Years Professionals | 149                | 149              |                         | No longer fund early years settings with graduates from Council funding. Increase funding for settings from the Dedicated Schools Grant to minimise the impact. Reduce centrally retained early years DSG to fund this. | No impact if the overall level of funding stays at a similar level.   | Not needed                   | 149                              | 149                                       |
| Childcare Workforce Development - training courses and bursaries for qualifications for the city's childcare workforce.                     | 217                | 203              | 3                       | Increase income from training courses and the Job Vacancy List. Reduce the number of playwork and early years bursaries for qualifications.   | The impact will be mitigated by allocating bursaries to settings who have the least number of qualified staff. The government is proposing to remove requirements that prescribe staffing and qualification levels in relation to childcare provided for school-aged children (up to age seven) so it is likely there will be less demand for qualifications.   | EIA No. 20                   | 25                               | 25  |

| Service Area : CHILDREN'S SERVICES  |                    |                  |                         |  |   |                              |                                  |   |
|---|--------------------|------------------|-------------------------|--|---|------------------------------|----------------------------------|---|
| Service (including brief description)   | Gross Budget £'000 | Net Budget £'000 | Total Establishment FTE | Description of Saving Opportunity  | Impact on Outcomes / Priorities   | Equalities Impact Assessment | Savings identified 2014/15 £'000 | Full Year effect of 2014/15 savings £'000 |
| Early Years Management & Development / Childminding Development - administration for free early education funding for 2, 3 and 4 year olds, support for early years providers and childminders. | 284                | 284              | 7                       | One management day to be funded by Stronger Families. Running cost savings. No longer run a toy library for early years settings from Hove Town Hall (the space will no longer be available). Staffing restructure.  | Minimal - small reduction in access to resources for child minders and early years settings.  | EIA No. 20                   | 35                               | 35  |
| Childcare Sufficiency - business advice and support for childcare providers including in house support, the Pre-school Learning Alliance, and Resource Centre.                                  | 63                 | 63               | 2                       | Reduce sustainability grants for early years childcare providers. No longer fund the Pre-School Alliance to support voluntary committees of pre-schools and review other sources of support e.g. on-line, training and the roles of other early years staff. | Limited as early years childcare providers are able to access funding for 2 year olds. Less support for voluntary run groups could impact on the leadership and management of voluntary early years providers but this would be mitigated by the other support provided | EIA No. 20                   | 23                               | 23  |
| Family Information Service / At Home Childcare / Summer Fun School Preference - advice and information to parents on childcare and other services to families                                   | 240                | 240              | 7                       | Reduce running costs to reflect the increase in advice offered on line.  | Minimal   | EIA No. 20                   | 15                               | 15  |
| Out of School Childcare - funding and quality support for childcare for school age children after school and during holidays  | 188                | 188              | 1                       | Move sustainability funding for Extratime to the high needs block of the DSG (£15,000).  | None as alternative funding found. The use of the High needs Block of the DSG is determined by the LA and is a more secure way of funding this provision.   | Not needed                   | 15                               | 15  |

**Service Area : CHILDREN'S SERVICES**

| Service (including brief description) | Gross Budget £'000 | Net Budget £'000 | Total Establishment FTE | Description of Saving Opportunity  | Impact on Outcomes / Priorities  | Equalities Impact Assessment | Savings identified 2014/15 £'000 | Full Year effect of 2014/15 savings £'000 |
|---------------------------------------|--------------------|------------------|-------------------------|--|--|------------------------------|----------------------------------|---|
| Out of School Childcare               | As above           | As above         |                         | Move funding for inclusion of individual children with disabilities in out of school care to the high needs block of the DSG.  | None as alternative funding agreed. The use of the High Needs Block of DSG is determined by the LA and is a more secure way of funding this provision.   | Not needed                   | 48                               | 48  |
| As above                              | As above           | As above         |                         | From April 2011 funding for extended services that had been distributed through the local authority was incorporated into the DSG and remains part of school budgets. In addition schools receive Pupil Premium funding to support pupils with additional needs. After 2011 a small number of extended school provision run by private and voluntary providers continued to receive additional funding from the Local Authority. Government policy is to allow head teachers to make decisions about how best to offer before and after school care and to make the decisions that are right for their school, children and parents. Other schools within the city have used DSG to fund childcare run by the school. This proposal removes the anomaly where the Council supports private and voluntary providers but not school run provision. | There should be no impact if the schools listed below agree to continue to fund the out of school provision in the same way that other schools across the city which have not received this additional funding subsidy do. Schools have access to non-ringfenced funding within their DSG allocation together with additional Pupil Premium funding. The schools affected by this change are: Whitehawk City Academy, West Blatchington, St Bartholomews, Fairlight, Brackenbury Primary and Benfield. | EIA No. 20                   | 53                               | 53  |

**Service Area : CHILDREN'S SERVICES**

| Service (including brief description) | Gross Budget £'000 | Net Budget £'000 | Total Establishment FTE | Description of Saving Opportunity   | Impact on Outcomes / Priorities   | Equalities Impact Assessment | Savings identified 2014/15 £'000 | Full Year effect of 2014/15 savings £'000 |
|---------------------------------------|--------------------|------------------|-------------------------|---|---|------------------------------|----------------------------------|---|
| Citywide Children's Centres           | As above           | As above         | 65                      | Agree alternative health funding for the Traveller / BME health visitor from public health and the Health Visitors budget.  | None identified.  | Not needed                   | 22                               | 22  |
| As above                              | As above           | As above         |                         | Review the Library Service support for early years including reviewing the book delivery scheme for childcare providers. Total funding is £32,600.  | The impact will be mitigated by prioritising targeted services, reviewing the universal book delivery service to early years settings and reviewing administrative support. | EIA No. 20                   | 10                               | 10  |
| As above                              | As above           | As above         |                         | Consult on introducing charging for universal children's centre activities e.g. stay and play groups for universal parents, from September 2014. Continue to offer free sessions for targeted families. | Could reduce the numbers of families accessing groups.  | EIA No. 20                   | 20                               | 20  |
| Children's Centres                    | As above           | As above         |                         | Reduction in staff training and administration budgets. Less external training and development days for Children's Centre staff.  | Minimal impact identified.  | Not needed                   | 20                               | 20  |

| Service Area : CHILDREN'S SERVICES   |                    |                  |                         |  |   |                              |                                  |   |
|--|--------------------|------------------|-------------------------|--|---|------------------------------|----------------------------------|---|
| Service (including brief description)  | Gross Budget £'000 | Net Budget £'000 | Total Establishment FTE | Description of Saving Opportunity  | Impact on Outcomes / Priorities   | Equalities Impact Assessment | Savings identified 2014/15 £'000 | Full Year effect of 2014/15 savings £'000 |
| As above   | As above           | As above         |                         | Consult on changing South Portslade Children's Centre to a linked site to North Portslade and reduce funding for reception time. | South Portslade has a small catchment area, is the least used designated children's centre and is not open every day so the impact will be minimal. It already works closely with North Portslade. Some services will continue to run from here. There will be a reduction in the libraries staffing establishment of 21 hours. | EIA No. 20                   | 10                               | 10  |
| As above   | As above           | As above         |                         | Review the role of Council staff Children's Centres including numbers and skill mix.   | The aim of the review will be to improve outcomes for disadvantaged children.   | EIA No. 20                   | 20                               | 20  |
| Children's Centre Nurseries and Bright Start   | 1,675              | 588              | 101                     | Increase occupancy including funded 2 year olds and review staffing structures.  | Minimal.  | EIA No. 20                   | 48                               | 48  |
| <b>Children's Health, Safeguarding &amp; Care Total</b>  |                    |                  |                         |  |   |                              | <b>1,667</b>                     | <b>1,667</b>                              |
| <b>Education &amp; Inclusion</b>   |                    |                  |                         |  |   |                              |                                  |   |
| Home to School Transport - Transport between home and school for children who live beyond the statutory walking distance. The appropriate school is the nearest maintained school to the child's home that is suitable to their age, educational needs and has a place available | 2,666              | 2,666            | 2.0                     | Saving offered in light of 2013-14 projected underspend of £172k.  | Potential impact on statutory duty to provide transport for children with disabilities – mitigation measures are being implemented.   | EIA No. 20A                  | 263                              | 263                                       |

**Service Area : CHILDREN'S SERVICES**

| Service (including brief description) | Gross Budget £'000 | Net Budget £'000 | Total Establishment FTE | Description of Saving Opportunity   | Impact on Outcomes / Priorities   | Equalities Impact Assessment               | Savings identified 2014/15 £'000 | Full Year effect of 2014/15 savings £'000 |
|---------------------------------------|--------------------|------------------|-------------------------|---|---|--|----------------------------------|---|
| Music & Arts Study Support            | 1,255              | 224              | 21.0                    | <p>The Music &amp; Arts Service continues to receive a subsidy from the Local Authority, although the majority of its funding comes from direct income and a central government grant. Such a council subsidy (currently 18% of its total budget) is unusual nationally. Through the further development of the music hub the savings are to be met from a combination of accessing other sources of funding externally, an increase in fees, staffing changes and a remodelling of provision. A subsidy from the Local Authority will continue for those children whose families might find additional music lessons unaffordable (as measured through Free School Meal eligibility) and specific groups such as children who are in care. It should be noted that the council is currently involved in the early planning stages of setting up a wider cultural hub and it is hoped that this will provide additional income opportunities for the service.</p> | <p>The Music Hub is currently reviewing how it operates more widely. As the council subsidy is only a small part of its total budget and actions are underway to explore efficiencies in how it operates and opportunities for alternative sources of funding it is not anticipated that this will have a negative impact on the high quality service that is provided to the city's children and in particular to children from more vulnerable groups who will be protected through the retention of a council subsidy until such time as other sources of funding, for example through a wider cultural hub are in place. £25k of the saving will be met from the High Needs Block DSG as it relates to provision for pupils with special educational needs.</p> | <p>EIA No. 21<br/>Staffing EIA No. S43</p> | 86                               | 86  |



| Service Area : CHILDREN'S SERVICES               |                    |                  |                         |  |   |                              |                                  |   |
|--|--------------------|------------------|-------------------------|--|---|------------------------------|----------------------------------|---|
| Service (including brief description)            | Gross Budget £'000 | Net Budget £'000 | Total Establishment FTE | Description of Saving Opportunity  | Impact on Outcomes / Priorities   | Equalities Impact Assessment | Savings identified 2014/15 £'000 | Full Year effect of 2014/15 savings £'000 |
| Contracted services for Children with Disability | 977                | 940              | 1.0                     | See below.   | Statutory requirement on LA to deliver short breaks and it supports the priority of keeping children at home and in local schools wherever possible. Reduction in short breaks provision would have a knock-on to the demand for shared care and fulltime provision |                              |                                  |   |
| Contracted services for Disabled Children        | as above           | as above         | as above                | A reduction of 2% (£9k) will be made to CVS contracts.   | A small reduction in the overall budget should be achievable through a range of efficiency savings.   | EIA No. 22                   | 9                                | 9   |
| As above   | as above           | as above         | as above                | £16k Portage. £56k Extratime saving can be generated by moving the funding of this extended day provision to DSG high needs block. | No impact if Extratime provision remains overseen by the Integrated Child Development and Disability Service.   | Not needed                   | 72                               | 72  |
| Link Plus  | as above           | as above         | as above                | a 2% (£7k) reduction will be made to CVS contracts.  | A small reduction in the overall budget should be achievable through a range of efficiency savings. The balance of the saving (£3k) will be met from the High Needs Block of the Dedicated Schools Grant.   | EIA No. 22                   | 7                                | 7   |
| <b>Education &amp; Inclusion Total</b>           |                    |                  |                         |  |   |                              | <b>437</b>                       | <b>437</b>                                |
| <b>CHILDREN'S SERVICES TOTAL</b>                 |                    |                  |                         |  |   |                              | <b>4,696</b>                     | <b>4,696</b>                              |

## **Budget Strategy: Environment, Development & Housing**

The Environment, Development & Housing directorate comprises 5 service areas:

- § **City Infrastructure** (Policy, Projects, City Clean, City Parks);
- § **City Regeneration** (Economic Development, Major Projects, Sustainability, EU Funding);
- § **Housing** (Policy, Housing Allocations and Nominations, Tenancy Services, Estate Management, Private Sector Housing, Supporting People, Travellers);
- § **Planning & Public Protection** (Planning Policy, Planning Projects, Building Control, Trading Standards, Regulatory Services including Environmental Health & Licensing, Development Management);
- § **Transport:** (Policy, Transport Planning, Projects, Road Safety, Highway Management, Coast Protection & Flood Defence, Parking Services).

## **Strategic Financial Context and Direction of Travel**

Each of the service areas has distinct business drivers in terms of expenditure and income. This includes important joint resourcing within the directorate, across other council services and with other public agencies in the city. For example, our regeneration initiatives draw on the professional capabilities of planners, housing investment, economic development, procurement, legal and finance experts. Similarly we work with health and social care to provide services to a growing number of our council tenants and leaseholders who are over 60 years old with increasing health needs and social welfare dependency.

More than 52% of the budget is resourced through fees and charges. This generates a very high need for efficient systems and business processes which support self service and the new norms of a digital service economy.

A significant proportion of the revenue budget is required to support the council's capital investment programme into the infrastructure of the city and there are currently constraints on the capacity to further 'capitalise' revenue costs.

In a period of central government public expenditure constraint, EDH plays a key corporate role in promoting the economic development of the city and as a consequence supporting council finances as a whole in terms of capital receipts from land and development initiatives and revenue income from business rates, council tax, the new homes bonus, housing rents and attracting competitive bid funding from national government.

To deliver against the budget strategy set out in this report we will need to:

- build on existing collaborations and shared service arrangements with neighbouring authorities. This has been given added impetus by the formation of the Greater Brighton Economic Board;
- renew our focus on our customers and clients in terms of systematically capturing and analysing customer feedback, through ICT investment where appropriate, to inform service planning and co-design of services within a reducing budget envelope;

- use benchmarking information to continue to scrutinise the key areas of our business operation and set a route map for improving service performance. This may include options in the medium-term for either retaining in-house or exploring other service delivery models, including shared services, where cost savings can be demonstrably secured and service quality and reliability maintained or improved;
- explore service design options, particularly in those areas undergoing or likely to undergo significant change;
- work with Adults Services and Children’s Services in relation to the needs of council tenants to review the balance of support from the General Fund and the Housing Revenue Account;
- identify options where new income can be generated and/or where current discretionary fees and charges can be reviewed and optimised;
- continue to maximise EU, national and regional growth funding (revenue and capital) to support the economic development of the city.

## **Delivering the Corporate Plan**

### **Tackling Inequality**

The investment, regulation and service provision within the EDH service area 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. Against the background of a challenging economic climate and the Localism Act placing a stronger onus on local authorities to stimulate economic well-being, EDH services will need to work with partners and the Local Enterprise Partnership (‘Coast to Capital’ LEP) to explore and facilitate all available options for developing the Greater Brighton economy and attracting associated funding and infrastructure support.

Investment in existing public and private sector 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 in the city for affordable homes. The development of new housing also has a strong economic multiplier impact on the local economy creating local jobs and supply chain business opportunities. Creating new affordable homes also attracts a New Homes Bonus from government. We will also continue to focus on bringing long term empty private sector homes in the city back into use which 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, including Extra Care Housing, 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.

### **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 10 principles of sustainability as a framework and the council has approved a

Sustainability Action Plan that can support these principles. Significant elements of the approach are undertaken in partnership across the city and through the City Sustainability Partnership.

Much of the EDH 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 improve the environment.

The transport service 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.

### **Engaging people who live & work in the city**

The EDH 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 EDH budget has a widespread impact on the city and there is therefore a strong focus on consultation, engagement and customer feedback in the development and design of services.

### **Modernising the Council**

As primarily universal services, EDH services have a responsibility to lead by example in terms of customer service, performance, quality assurance and value for money. The budget strategy includes a commitment to invest in and improve customer service and use greater customer experience information to design and deliver services.

### **Key aspects of the budget strategy**

#### **City Infrastructure Services**

- The ability to make significant savings for 2014/15 in City Clean is constrained given the current implementation of a major service redesign in how we collect household waste and recycling.
- We have identified an option to reduce our street cleansing costs by up to £0.115m through service redesign and increased use of mechanised street cleansing.
- We propose to achieve greater economy in the maintenance and upkeep of our city parks by reviewing maintenance regimes and working patterns and strengthening the involvement of volunteers, which will also help to minimise any impact on the existing Green Flag status of some parks.

### **Housing Services (General Fund)**

- By appropriately and legally charging (i.e. related to council tenants and properties) Homemove costs to the HRA we will be able to achieve a saving of £0.132m.
- Up to £0.881m savings have been identified by reducing 'Supporting People' spend, primarily through implementation of the third year of the current commissioning plan. Part of the cost reduction will be achieved through the redesign of services for council sheltered housing schemes which will in future be attributed to the Housing Revenue Account. The HRA will introduce appropriate service charges to finance the new Intensive Housing Management service. Financing this service through HRA service charges reduces the cost to the General Fund by £0.340m.
- Subject to consultation and committee approval, the council's private sector landlord licensing scheme will be expanded to other areas of the city. Achievement of any additional income of up to £0.250m to cover eligible costs is aligned to implementation of further licensing in 14/15 if agreed.
- Up to £0.223m of additional income has been identified by improving rent collection from households placed in temporary accommodation.

### **Planning & Public Protection Services**

- The bulk of the £0.360m savings proposed are based on continuing to improve efficiency and reduce management and administration costs through service redesign.

### **Transport Services**

- Various economies within on-street and off-street parking services including moving toward 'pay-by-phone' will enable spending reductions together with the roll-out of extended bus lane enforcement measures.

**Service Area : ENVIRONMENT, DEVELOPMENT & HOUSING**

| Service (including brief description)  | Gross Budget £'000 | Net Budget £'000 | Total Establishment FTE | Description of Saving Opportunity   | Impact on Outcomes / Priorities  | Equalities Impact Assessment           | Savings identified 2014/15 £'000 | Full Year effect of 2014/15 savings £'000 |
|--|--------------------|------------------|-------------------------|---|--|--|----------------------------------|---|
| <b>City Infrastructure</b>   |                    |                  |                         |   |  |  |                                  |   |
| Street Cleaning - The street Cleansing Service covers street cleansing, beach cleansing, graffiti removal, pavement jetting/washing and environmental enforcement. The service is provided from 0500 - 2200 365 days a year in the central area and 0600 - 1400 Mon - Fri (with some weekend cover) in the outlying areas of the city. | 6,416              | 6,387            | 203.4                   | Improving service efficiencies through service redesign and increased use of mechanised street cleansing.   | The service will need to continue to meet the demands of the visitor economy in complying with the Codes of Practice on Waste and Litter which sets response times for area to be cleaned back to acceptable conditions.             | Not needed<br><br>Staffing EIA No, S45 | 96                               | 115                                       |
| Accreditation  |                    |                  |                         | Remove health and safety audit duplication by withdrawing from external ISO 18001 accreditation and rely on the council's health and safety audit.  | None.  | Not needed                             | 5                                | 5   |
| Public Conveniences  | 978                | 965              |                         | Remove mobile cleaning operations i.e. reduce cleaning standards.   | Less frequent cleaning of some toilets will result in a reduction of standards and may increase anti social behaviour. The sites where reductions are proposed are those where the impacts are expected to be the least significant. | EIA No. 25A                            | 18                               | 18  |
| Parks & Open Spaces  | 4,904              | 3,264            | 145.9                   | Prioritise projects budget spend. Change service standards and maintenance regimes. Continue trend of greater support and focus on volunteer activity in parks. Prioritise maintaining Green Flag parks status. | Focus project budget spend on supporting the delivery of the Stanmer Park project.   | Not needed                             | 59                               | 59  |
|  |                    |                  |                         | Reduce weekend duties in parks including open and closing of parks, cleaning pavilions, emptying bins and emergency cover and put in place other minimal cost arrangements.                                     | Weekend service will be maintained for city centre parks and Preston Park as will cleansing sports pavilions on Sunday mornings.   | Not needed                             | 40                               | 40  |

**Service Area : ENVIRONMENT, DEVELOPMENT & HOUSING**

| Service (including brief description)  | Gross Budget<br>£'000 | Net Budget<br>£'000 | Total Establishment<br>FTE | Description of Saving Opportunity   | Impact on Outcomes /<br>Priorities   | Equalities<br>Impact<br>Assessment | Savings<br>identified<br>2014/15<br>£'000 | Full Year<br>effect of<br>2014/15<br>savings<br>£'000 |
|--|-----------------------|---------------------|----------------------------|---|--|------------------------------------|---|---|
| <b>City Infrastructure Total</b>   |                       |                     |                            |   |  |                                    | <b>218</b>                                | <b>237</b>  |
| <b>Transport</b>   |                       |                     |                            |   |  |                                    |   |   |
| Transport Strategy & Projects - Development and co-ordination of Transport policy; development and delivery of major Transport projects; assessment of transport implications for major development proposals; management of transport model; monitoring of LTP & Grants capital programme.            | 225                   | 166                 | 7.6                        | Service redesign and deletion of expenditure on Consultants. Reduction in administration and team support costs including training and reduced maintenance of the transport model.  | Increases pressure on providing transport and highway assessments and treatment of planning and development control applications.  | Not needed                         | 10  | 20  |
| Highway Enforcement Team - Licence and control placements on the highway including A-boards, skips, scaffolds, cafe placements, builders' materials. Investigate and remove abandoned vehicles and bicycles. Deal with 2,000 reports per year of other highway obstructions. Fees charged cover costs. | 315                   | -8                  | 8.2                        | Review of Highways fees & charges including some above inflation increases.   | Highway licensing fees have been increased above inflation for the last 2 years. Further increases above inflation should be possible where this is in line with adjacent LA's and National Average rates, others could be kept at inflationary increase only. | Not needed                         | 20  | 20  |
| Traffic Management & Road Safety   | 568                   | 488                 | 7.0                        | Reduce funding contribution to Sussex Safer Roads Partnership (SSRP).   | No specific identifiable impact.   | Not needed                         | 20  | 20  |
| Parking - On Street<br>On-street pay & display, pay-by-phone, permits, enforcement, penalty charge notices, penalty processing and appeals, customer services  | 6,978                 | -12,147             | 36.0                       | Introduction of pay by phone means the replacement programme for pay and display machines can be reduced which delivers a saving in financing costs. This will also lead to a reduction in administration and maintenance costs | Pay by phone will improve service for residents and visitors. However there will be fewer opportunities for motorists to pay for parking with cash.  | EIA No. 23                         | 195                                       | 195   |

**Service Area : ENVIRONMENT, DEVELOPMENT & HOUSING**

| Service (including brief description)  | Gross Budget<br>£'000 | Net Budget<br>£'000 | Total Establishment<br>FTE | Description of Saving Opportunity  | Impact on Outcomes /<br>Priorities  | Equalities<br>Impact<br>Assessment | Savings<br>identified<br>2014/15<br>£'000 | Full Year<br>effect of<br>2014/15<br>savings<br>£'000 |
|--|-----------------------|---------------------|----------------------------|--|---|------------------------------------|---|---|
|  |                       |                     |                            | Improved collection of parking debts including pursuing motorists from outside of the UK for non payment of fines using a specialist contractor. Streamlining the application process for blue badges. | Greater proportion of outstanding debt collected. Easier application process for customers.   | Not needed                         | 27  | 27  |
| Parking - Off Street<br>Off-street multi-storey car parks (e.g. The Lanes, London Road) and surface car parks (e.g. King Alfred, Carlton Hill)   | 2,692                 | -3,525              | 7.0                        | Maintenance efficiencies on car parks.   | Greater prioritisation of maintenance regime.   | Not needed                         | 20  | 20  |
| Traffic Control<br>Traffic signals design and maintenance, bus information systems, CCTV enforcement of bus lanes & parking, car parks surveillance and customer service   | 1,413                 | 1,385               | 16.0                       | Extended CCTV enforcement of bus lanes and parking is anticipated to produce additional income from fines.   | Improved bus services through reduction in bus lane congestion.   | Not needed                         | 250                                       | 250   |
|  |                       |                     |                            | Replacement of traffic signals with static measures at low complexity crossings - removal of signals will reduce maintenance and energy costs.   | Users will need to adapt to a less regulated system.  | EIA No. 23                         | 10  | 10  |
| <b>Transport Total</b>   |                       |                     |                            |  |   |                                    | <b>552</b>                                | <b>562</b>  |
| <b>Planning &amp; Public Protection</b>  |                       |                     |                            |  |   |                                    |   |   |
| Building Control - Offers a friendly flexible service which protects the consumer and supports the construction professional by ensuring technical standards are maintained during building works. A team of professionally qualified and experienced surveyors offer expertise in interpretation of building control regulations. | 862                   | 86                  | 18.6                       | Management reshaping .   | Reduction in senior management costs by a restructure of Building Control with another service whilst retaining vital expertise. Should not have a detrimental effect upon the service. | Not needed                         | 13  | 16  |



**Service Area : ENVIRONMENT, DEVELOPMENT & HOUSING**

| Service (including brief description)  | Gross Budget<br>£'000 | Net Budget<br>£'000 | Total Establishment<br>FTE | Description of Saving Opportunity  | Impact on Outcomes /<br>Priorities  | Equalities<br>Impact<br>Assessment        | Savings<br>identified<br>2014/15<br>£'000 | Full Year<br>effect of<br>2014/15<br>savings<br>£'000 |
|--|-----------------------|---------------------|----------------------------|--|---|---|---|---|
| <p><i>Development Management</i> - The service is statutory and responsible for all decisions on planning applications in relation to the city and for managing the enforcement of breaches of planning where appropriate.</p> <p><i>Planning Policy &amp; Strategy</i> - provides a sound policy basis for planning decisions for the city and sub region. The Local and Neighbourhood Plans team prepares the main policy documents for development in the city, the Local Plan (City Plan Pt 1). The Strategic Planning team prepares the joint Waste &amp; Minerals plan for East Sussex, the South Downs and Brighton &amp; Hove (Jointly with ESCC and the SDNP).</p> <p><i>Planning Projects</i> – The remit of the service is to pursue a positive planning agenda and attract development and associated investment into the city, facilitating major developments brought forward by the city council and the private sector, through planning briefs, masterplans &amp; research studies.</p> | 3,107                 | 1,912               | 68.7                       | A customer-led service redesign is proposed for the Planning service. Savings will be achieved through a reduction in FTE posts delivering a saving of £148k across the three existing teams. The service redesign is intended to be implemented by June 2014. | A customer service redesign is intended to deliver efficiencies and savings whilst providing a focussed service driven by the priorities of local residents and businesses. | Not needed<br><br>Staffing EIA<br>No. S46 | 124                                       | 148   |

**Service Area : ENVIRONMENT, DEVELOPMENT & HOUSING**

| Service (including brief description)   | Gross Budget<br>£'000 | Net Budget<br>£'000 | Total Establishment<br>FTE | Description of Saving Opportunity  | Impact on Outcomes /<br>Priorities  | Equalities<br>Impact<br>Assessment | Savings<br>identified<br>2014/15<br>£'000 | Full Year<br>effect of<br>2014/15<br>savings<br>£'000 |
|---|-----------------------|---------------------|----------------------------|--|---|------------------------------------|---|---|
| Trading Standards - A regulatory service, supporting the local economy, protecting consumers and businesses through a programme of inspections, investigations and advice to ensure a fair and safe trading environment in the city. Trading standards officers (TSOs) enforce a range of consumer protection legislation covering weights and measures, food standards, product safety, age restricted sales, animal health and fair trading, including consumer credit, trade marks and mis-described goods and services. | 519                   | 503                 | 12.0                       | Reducing Trading Standards staff establishment by 1 FTE and refocus on core statutory enforcement functions. | Reducing capacity by 1 post would mean that the consumer education programme would be stopped. The service is exploring options of working with public health to support work on minimising under-age sales of alcohol, cigarettes and other age-restricted products. | EIA No. 24                         | 32  | 32  |
| <b>Planning &amp; Public Protection Total</b>   |                       |                     |                            |  |   |                                    | <b>169</b>                                | <b>196</b>  |
| <b>Housing General Fund</b>   |                       |                     |                            |  |   |                                    |   |   |
| Head of Housing and administrative support.   | 114                   | 114                 | 1.4                        | Service redesign - Efficiency savings.   | Minimal- minor efficiency savings.  | EIA No. 25                         | 16  | 16  |
| Homemove<br>Maintaining the Housing Register, advertising social housing ready to let, verifying the shortlists of bidders for those properties.  | 339                   | 339                 | 14.3                       | Attribute appropriate costs to the HRA where it relates to council tenants and properties.                   | None.   | EIA No. 25                         | 132                                       | 132   |
| Housing Options/Statutory Homelessness<br>Preventing homelessness by finding alternative housing for people who are about to become homeless and to whom the council would otherwise have a duty to provide accommodation - this includes some specialist options workers to understand the needs of specific client groups.  | 1,126                 | 1,126               | 31.8                       | Introduction of an on-line options tool to reduce the call of staff time.                                    | An improved self service offer.   | EIA No. 25                         | 16  | 16  |

**Service Area : ENVIRONMENT, DEVELOPMENT & HOUSING**

| Service (including brief description)  | Gross Budget £'000 | Net Budget £'000 | Total Establishment FTE | Description of Saving Opportunity   | Impact on Outcomes / Priorities  | Equalities Impact Assessment | Savings identified 2014/15 £'000 | Full Year effect of 2014/15 savings £'000 |
|--|--------------------|------------------|-------------------------|---|--|------------------------------|----------------------------------|---|
| Housing Related support & Homelessness Prevention services - to enable vulnerable people to maximise their independence. The Housing Options budget provides advice and/or casework from presentations.  | 9,016              | 9,016            | 5.3                     | Implementation of year 3 of a 4 year savings plan will deliver £541k (3% savings in current commissioning plan+2% inflationary uplift) achieved through re-commissioning services through procurement/tendering.<br>A redesigned service for council sheltered housing schemes will in future be attributed to the Housing Revenue Account. The HRA will introduce appropriate service charges to finance the new Intensive Housing Management service. Financing this service through HRA service charges reduces the cost to the General Fund by £0.340m. | The service commissioners in Housing and Adult Services will work with providers to minimise any adverse impact on vulnerable client groups. | EIA No. 25                   | 881                              | 881                                       |
| Private Sector Housing Team<br>Improving housing conditions in the private rented & owner occupied homes through renewal advice, assistance and enforcement; Improving management and conditions in Houses in Multiple Occupation (HMOs) through enforcement and licensing; Improving Home Energy Efficiency, improving thermal comfort and reducing fuel poverty and CO <sup>2</sup> emissions through home energy efficiency measures. | 801                | 475              | 22.3                    | Introduce an expansion of the existing HMO licensing scheme subject to public consultation and committee agreement.   | Improved standards of HMO accommodation across the city subject to public consultation and committee agreement.                              | EIA No. 25                   | 125                              | 250                                       |

**Service Area : ENVIRONMENT, DEVELOPMENT & HOUSING**

| Service (including brief description)   | Gross Budget<br>£'000 | Net Budget<br>£'000 | Total Establishment<br>FTE | Description of Saving Opportunity   | Impact on Outcomes /<br>Priorities  | Equalities<br>Impact<br>Assessment | Savings<br>identified<br>2014/15<br>£'000 | Full Year<br>effect of<br>2014/15<br>savings<br>£'000 |
|---|-----------------------|---------------------|----------------------------|---|---|------------------------------------|---|---|
| Supported Accommodation includes:<br><ul style="list-style-type: none"> <li>3 hostels providing 24/7 service to meet clients' housing &amp; support needs in the community. Each specialises in a particular need (mental health; probation referrals; difficult to place) employing a recovery approach whilst focusing on engagement, social inclusion and activities for difficult to place or dual diagnosis clients.</li> <li>Floating Support Service delivering support to homeless households in emergency and temporary accommodation</li> </ul> | 2,702                 | 1,585               | 52.7                       | Efficiencies arising from pooled budgets across all services and renegotiated contracts/agreements. Savings would arise from more efficient procurement process and economies of scale.   | Commissioners from Housing and Adult Services will work to minimise the impact on vulnerable client groups. | EIA No. 25                         | 80  | 80  |
| Temporary Accommodation<br>Providing a range of emergency and long term leased temporary accommodation to meet statutory homeless needs.  | 16,097                | 1,250               | 36.5                       | Increasing income by increasing collection through new rent accounting system. In addition, we can find alternative cheaper accommodation and continue to work with Lewes District Council to procure accommodation on their behalf. The launching of the Framework Agreements will assist the procurement of future accommodation. | Improve service efficiency and greater certainty of securing leased accommodation.                          | EIA No. 25                         | 223                                       | 223   |
| <b>Housing General Fund Total</b>   |                       |                     |                            |   |   |                                    | <b>1,473</b>                              | <b>1,598</b>  |
| <b>ENVIRONMENT, DEVELOPMENT &amp; HOUSING GENERAL FUND TOTAL</b>  |                       |                     |                            |   |   |                                    | <b>2,412</b>                              | <b>2,593</b>  |

## **Budget Strategy: Assistant Chief Executive services**

This area covers Sport & Leisure, Tourism & Venues, the Royal Pavilion & Museums, and Policy, Civic, Performance & Communities.

### **Strategic Financial Context and Direction of Travel**

Many of the services in this area generate income while helping to support the economy by attracting visitors and also support improved health outcomes and equality. However, income generation carries inherent risks and is subject to factors such as the economic climate and unseasonal weather affecting visitor and resident behaviour and expenditure. Generally, the income generated by these services supports the council's corporate financial position and reinvestment of income into the development or improvement of services is therefore through the council's corporate revenue and capital budget setting processes and is subject to financial appraisals. Competing priorities can however mean that reinvestment opportunities are limited and some services and infrastructure are now in need of investment.

In the longer term, services such as the Royal Pavilion, Arts and Museums and venues and tourism services may therefore need to look at new and alternative models of governance and delivery in order to build sustainability and financial resilience and enable better future proofing. This could include exploring self-financing business models.

Reductions to funding agency budgets at a national level also have an impact on services in this area, either directly or in terms of diminishing support for third sector organisations also funded by the local authority for service delivery. In 2012/13, the council spent £23m of its revenue budget on third sector organisations in the local area, covering contracted services, grant funded services and other support. The national (and local) funding picture increases the need to create a better and more focused direction for commissioning of the third sector<sup>1</sup> and support for its core activities.

The context of greater integration of public services across health, public health and local authority services creates the opportunity to reduce any duplication and overlap across public and third sector agencies in this service area.

### **Delivering the Corporate Plan and Key Aspects of the Budget Strategy**

#### **Tackling inequality**

Much of the work across the service is focused on this priority area: it is the single priority for all of the work of the Communities and Equalities service. Significant areas of work include development support for the third sector and the city's communities through a new policy and commissioning prospectus and the delivery of the Financial Inclusion Strategy. Our support and investment in the community plays a major role in enabling the third sector to contribute an estimated £95 million to the city's economy including over 57,600 volunteer hours per week worth approximately £24 million per year. The Equalities work is wide ranging and aims to

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<sup>1</sup> The Third Sector generally consists of community, voluntary and not-for-profit organisations.

ensure the council, its services and the wider city are both fair and equal. For example, the targeted work within the museum's service and on sports development focuses on priority groups to improve educational and health outcomes. The continued improvement of the city's sports facilities through active contract management, partnership work and support for the development of new sites such as the King Alfred, alongside initiatives to increase participation, will impact positively on health outcomes across the population, reaching thousands of residents.

### **Creating a more sustainable city**

The city's cultural, tourism and conference 'offer' is driven from these service areas. Tourism provides an estimated economic impact of over £730m, supporting around 17,000 jobs. Brighton and Hove benefits from its nationally significant cultural and creative sector in terms of direct employment, cultural tourism and the role it plays in attracting inward investment. The conference trade brings a substantial economic impact to the city with staying and paying delegates, as does the annual events programme of around 300 events. 2014/15 will see the full implementation of the new model of visitor information services, the further development of the 400 strong membership of Visit Brighton supporting local tourism marketing in partnership with the council. It will also see a continued push on securing conference business for the Brighton Centre in parallel with work continuing on the longer term future of a conference centre and large scale entertainment venue for the city. There will be a significant focus on the next phase of joint work between the Brighton Dome and Festival and Royal Pavilion, Arts and Museums, to make the offer even better, to tackle the challenges in the management of the estate and gardens and secure a sustainable future.

The challenges posed by the ageing seafront infrastructure will be further highlighted and made subject of a Scrutiny to develop potential long term solutions. On a day to day basis we will continue with maintenance and promoting development opportunities alongside the City Regeneration Team.

### **Engaging people who live and work in the city**

The Communities and Equality Team delivers the City's Community Engagement Framework supporting best practice engagement within the council and across the city. The team also commissions neighbourhood community development, representation for chronically excluded communities and the city's health and social care consumer body HealthWatch.

The work of the Communications team effectively underpins the work of the authority across all of the corporate plan priorities, but very much delivers on engaging our residents. Priorities for next year will be to continue to support key initiatives like City Deal, delivery of behavioural change campaigns such as the Parenting Debate and to develop our online capacity to improve digital inclusion and access to online services via the web.

## **Modernising the council**

The policy, performance, complaints and research functions help the council to understand the city's needs and plan appropriately for both now and the future. The services also help identify performance issues, areas of organisational or service improvement and the solutions to help the organisation achieve better outcomes.

The integration of venues and tourism functions will result in more streamlined services, reaching visitors where they are and focusing on new and international markets. The new models of service delivery being developed and implemented across a range of service areas such as the visitor information and Royal Pavilion, Arts and Museums are looking to the future and moving toward a more effective, self-financing business approach.

A further range of work in this service block underpins all of the corporate priorities: the Policy, Performance, Research and Complaints teams functions across all service areas.

The infrastructure supporting much of the city's Partnership working is also provided in this service area. In the current financial climate for public services, the imperative to work in partnership across agencies and sectors is even more important. Shared agendas, shared resources and delivery are high priorities across the city.

| Service Area : ASSISTANT CHIEF EXECUTIVE   |                       |                     |                            |  |   |                              |  |  |
|--|-----------------------|---------------------|----------------------------|--|---|------------------------------|--|--|
| Service (including brief description)  | Gross Budget<br>£'000 | Net Budget<br>£'000 | Total Establishment<br>FTE | Description of Saving Opportunity  | Impact on Outcomes / Priorities   | Equalities Impact Assessment | Savings identified<br>2014/15<br>£'000 | Full Year effect of<br>2014/15<br>savings<br>£'000 |
| <b>Sport &amp; Leisure</b>   |                       |                     |                            |  |   |                              |  |  |
| Sports Facilities - development of sports facilities across the city, including the management of the council's contracts for sports facilities and golf courses which attract over 1.1 million visits per annum. Provides valuable opportunities for residents to keep active on a regular basis to improve their health.   | 1,276                 | 1,102               | 4.6                        | Revaluation of the rateable value of the redundant old ten pin bowling area at the King Alfred Leisure Centre. | No impact.  | Not needed.                  | 53                                     | 53   |
| Sports Development - activity that improves health of the population and reduces future health costs for the city, including staff costs of £393k and other support costs including a vehicle, equipment, hire of venues for sport, grants to clubs, sports awards. Service outcomes include:<br>1. Club Support for approx 150 local sport clubs.<br>2. TakePart festival of sport; 60,000 People participate.<br>3. Active For Life programme.<br>4. School Holiday Sports Programme; 750 young people participated in summer 2013.<br>5. Healthwalks.<br>6. City Sport and Physical Activity awards had over 140 nominations. | 649                   | 481                 | 15.8                       | Cease specific grant scheme to sports clubs and directly running annual sports awards.                         | There is potentially a negative impact on the ability of clubs to reach a wider range of participants, but clubs will be directed to other relevant grant schemes. We will seek alternative ways to deliver a Sports Awards event for the city in partnership with other organisations in order to keep an impact in terms of the profile of sports achievements in the city. | EIA No. 26                   | 20                                     | 20   |
| Seafront Services -operation of the city's 13 km of Seafront including implementation of the maintenance programme and daily management of the Seafront to ensure a safe environment for residents, visitors and tenants. The Seafront plays a major role in the city's visitor economy.   | 1,018                 | -897                | 25.9                       | Additional income generated from Seafront properties - several confirmed sources.                              | The seafront infrastructure is a highly rated risk on the strategic risk register. Funding from additional income will not be available for reinvestment, however a Scrutiny Panel is being established to investigate future possible ways of funding the necessary works along the seafront.  | Not needed.                  | 50                                     | 50   |
| <b>Sport and Leisure Total</b>   |                       |                     |                            |  |   |                              | <b>123</b>                             | <b>123</b>   |



**Service Area : ASSISTANT CHIEF EXECUTIVE**

| Service (including brief description)   | Gross Budget<br>£'000 | Net Budget<br>£'000 | Total Establishment<br>FTE | Description of Saving Opportunity   | Impact on Outcomes / Priorities   | Equalities Impact Assessment | Savings identified 2014/15<br>£'000 | Full Year effect of 2014/15 savings<br>£'000 |
|---|-----------------------|---------------------|----------------------------|---|---|------------------------------|-------------------------------------|--|
| <b>Policy, Civic, Performance &amp; Communities</b>   |                       |                     |                            |   |   |                              |                                     |  |
| Equality and Cohesion - this is a small centralised team made up of 3.4 FTE posts delivering: the Corporate Equality and Inclusion Policy and Action Plan. Activities include: Services Equality Impact Assessment Programme, the Budget Equality Impact Assessment Process, Corporate and Departmental Equality Steering Groups, Diversity Mentoring, Corporate Equality Events such as Holocaust Memorial Day, delivery of the Stonewall Workplace Equality Index , Equality Framework for Local Government Assessment, Support for the corporate diversity workers forums, BME Needs Assessment, delivery of the Trans Scrutiny Response; directorate equality advice and support, City Inclusion Partnership and other activities | 191                   | 191                 | 3.4                        | Reduce funding for council's role in range of civic and community events and reduced level of support for council staff equalities initiatives. | There could be negative perception of the council taking a reduced role in public community and civic events. There could also be a perception from staff that there is a lessening of commitment to the equalities agenda, however there are a number of initiatives and programmes additionally in place to mitigate this effect including the workforce equalities action plan and the existing HR mentoring scheme. | EIA No. 27                   | 23                                  | 23   |

**Service Area : ASSISTANT CHIEF EXECUTIVE**

| Service (including brief description)   | Gross Budget<br>£'000 | Net Budget<br>£'000 | Total Establishment<br>FTE | Description of Saving Opportunity   | Impact on Outcomes / Priorities   | Equalities Impact Assessment | Savings identified 2014/15<br>£'000 | Full Year effect of 2014/15 savings<br>£'000 |
|---|-----------------------|---------------------|----------------------------|---|---|------------------------------|-------------------------------------|--|
| BHCC Community Grants: Team of 1.7 FTE staff delivering the annual and three grant programmes supporting community and volunteering activity in the city. The team also provides a Grant Finder Service supporting Third Sector organisations in securing external funding. | 1,685                 | 1,685               | 1.7                        | <p>A saving from the discretionary grant budget through:</p> <ul style="list-style-type: none"> <li>• Replacement funding from HRA to support granted activities that directly benefit council tenants (145k)</li> <li>• A reduction in funding of the overall discretionary grants budget (165k).</li> </ul> | <p>There will be a reduction in activity funded for some areas where alternative sources of funding cannot be found.</p> <p>We will explore, where possible, the reduction of impact though the third sector commissioning prospectus where we are joining Public Health and CCG resources for the first time. The prospectus model of commissioning will enable us to work more collaboratively with the Third Sector helping to identify new more efficient ways of delivering activity.</p> <p>In addition the authority is working with the Sussex Community Foundation and other strategic funders to improve investment support for the Third Sector in the city.</p> | EIA No. 28                   | 310                                 | 310  |

| <b>Service Area : ASSISTANT CHIEF EXECUTIVE</b>   |                               |                             |                                    |   |   |  |   |  |
|---|-------------------------------|-----------------------------|------------------------------------|---|---|--|---|--|
| <b>Service (including brief description)</b>  | <b>Gross Budget<br/>£'000</b> | <b>Net Budget<br/>£'000</b> | <b>Total Establishment<br/>FTE</b> | <b>Description of Saving Opportunity</b>  | <b>Impact on Outcomes / Priorities</b>  | <b>Equalities Impact Assessment</b>    | <b>Savings identified 2014/15<br/>£'000</b> | <b>Full Year effect of 2014/15 savings<br/>£'000</b> |
| Community Development and Third Sector Infrastructure: This commission supports community development and neighbourhood governance, support services for the third sector to enable them to improve and develop (CVSF) and 'voice' and engagement from key groups such the disabled residents and the LGBT community. | 775                           | 775                         |                                    | Minor service re-design in Community Engagement service plus some reduction in Community Commissioning fund for community development activity across neighbourhoods and infrastructural organisations. | There will be a minimal impact in terms of a reduced level of community development activity across neighbourhoods and less funding for the support for infrastructural organisations. We will seek to minimise the impact of any reduction though the forthcoming third sector commissioning prospectus where we are joining Public Health and CCG resources for the first time. The prospectus model of commissioning will enable us to work more collaboratively with the Third Sector helping to identify new more efficient ways of delivering activity. | EIA No. 29<br><br>Staffing EIA No. S48 | 55  | 55   |
| <b>Policy, Civic, Performance &amp; Communities Total</b>   |                               |                             |                                    |   |   |  | <b>388</b>                                  | <b>388</b>   |

| <b>Service Area : ASSISTANT CHIEF EXECUTIVE</b>  |                               |                             |                                    |   |  |                                     |   |  |
|--|-------------------------------|-----------------------------|------------------------------------|---|--|-------------------------------------|---|--|
| <b>Service (including brief description)</b>   | <b>Gross Budget<br/>£'000</b> | <b>Net Budget<br/>£'000</b> | <b>Total Establishment<br/>FTE</b> | <b>Description of Saving Opportunity</b>  | <b>Impact on Outcomes / Priorities</b>   | <b>Equalities Impact Assessment</b> | <b>Savings identified 2014/15<br/>£'000</b> | <b>Full Year effect of 2014/15 savings<br/>£'000</b> |
| <b>Royal Pavilion, Arts &amp; Museums</b>  |                               |                             |                                    |   |  |                                     |   |  |
| Management of 5 sites open to public, 8 other sites of historical importance, off site store. Regional development role and city archives at the Keep. | 7,071                         | 1,959                       | 129.7                              | Additional income on admissions.  | Additional income taken as savings, would therefore not be reinvested in the business.   | Not needed.                         | 110   | 110  |
|  |                               |                             |                                    | Combination of minor service re-design and accessing alternative sources of funding for significant elements of fundraising and exhibition design across Museum Services. | No significant adverse impact.   | Not needed.                         | 62  | 62   |
|  |                               |                             |                                    | Lunchtime closure at the Booth Museum.  | Reduction in service levels by 6 hours per week with minimal impact on visitor numbers.  | Not needed.                         | 6   | 6  |
| <b>Royal Pavilion, Arts &amp; Museums Total</b>  |                               |                             |                                    |   |  |                                     | <b>178</b>                                  | <b>178</b>   |
| <b>Tourism &amp; Venues</b>  |                               |                             |                                    |   |  |                                     |   |  |
| Venues - including Brighton Centre & Hove Centre   | 3,355                         | -285                        | 41.9                               | Reviewing current arrangements for ticketing with a procurement process- additional income anticipated.   | There will be a positive impact in terms of the increase in revenue and potentially enhanced opportunities for marketing and more direct customer relations. | Not needed.                         | 41  | 82   |
| <b>Tourism &amp; Venues Total</b>  |                               |                             |                                    |   |  |                                     | <b>41</b>                                   | <b>82</b>  |
| <b>ASSISTANT CHIEF EXECUTIVE TOTAL</b>   |                               |                             |                                    |   |  |                                     | <b>730</b>                                  | <b>771</b>   |

## **Budget Strategy; Finance & Resources and Legal & Democratic Services**

### **Strategic Financial Context and Direction of Travel**

The budget strategy takes into account the need to balance:

- providing cost effective responsive services to internal and external customers that demonstrate excellent Value for Money;
- the economies of scale gained from having centralised support services and the risk of adding an inefficient cost burden elsewhere if the support service provision is inadequate;
- the capacity and skills needed to deliver the Modernising the Council Corporate Plan priority;
- the support required by other services to enable them to meet their priorities and deliver their own planned budget savings, for example the legal, finance, HR, property and ICT support for greater integration between Adult Social Care and the NHS.

The key national factors affecting the strategy are:

- the changes to local government funding which increase the council's reliance on income from council tax and business rates, and fees and charges;
- the City Deal proposition and the added incentive this gives to focus on the economic health of the city;
- the government's programme of Welfare Reform including the roll out of Universal Credit;
- major reforms to Adult Social Care and Health.

There is a major change programme required across the Council in order to ensure that we are in the best position to respond to the significant financial challenges ahead. We need staff and managers to have the right skills and resources at their disposal including appropriate technology and customer insight to make this possible. This requires upfront investment to make those changes and resilient high quality central services focused on the areas of greatest risk with lower levels of expenditure on transactional or commodity services.

We expect the way customers interact with us to change radically over the coming years with far greater expectations of 24x7 services, joined up public service provision and easy digital access. We will need a strong corporate approach to digital and financial inclusion and partnership working to ensure those that are most vulnerable can access the services that they need.

Supporting economic growth is essential to the future prosperity of the city and the council's budget position. We need to make effective use of the council's land and buildings portfolio, providing expert property, legal and financial advice on complex regeneration schemes.

## **Delivering the Corporate Plan**

### **Tackling Inequality**

The majority of the council's overall budget is spent on priority 1 – Tackling Inequality and support for the Value for Money programme in Children's and Adult Services, promoting financial inclusion and mitigating the impacts of welfare reform are key areas of work for Finance & Resources.

### **Creating a more sustainable city**

Support for priority 2 – Creating a more sustainable city has a particular focus on delivering the One Planet Action Plan for council energy and water consumption. Finance & Resources will focus on ensuring our schools capital programme is undertaken to the highest sustainability standards. Providing specialist technical advice on major projects such as Preston Barracks and the Brighton Centre redevelopment is vital to ensuring the council and the city secures the best outcomes from its land and property use.

### **Engaging people who live and work in the city**

Finance & Resources has a key part to play in supporting this priority by championing the 'Customer Promise' and promoting digital inclusion particularly throughout the library network.

### **Modernising the council**

The key focus for Finance & Resources (including Legal & Democratic Services) is to deliver priority 4 – Modernising the Council. Ensuring Good Governance means we need to provide high quality legal and financial advice to support decision making, give effective support to members and be open and accountable to the public. The Human Resources function in particular has a key role to play in ensuring that the council's Values and Behaviours are embedded throughout our organisation, that we have a strong performance management regime and managers and leaders are equipped with the skills to help our workforce be high performing in this challenging context. We have agreed an approach to improving the customer experience through all access channels, but particularly focusing on digital means, supported by our approach to digital inclusion. Our VFM programme remains a core part of our budget strategy, delivering cashable savings both in service areas and through cross-council programmes such as Workstyles Phase 3 and procurement. We will continue to support productivity and efficiency improvement through the Workstyles programme and by developing and supporting an effective Business Process Improvement approach.

### **Key aspects of the Budget Strategy**

- The recently implemented corporate landlord function will deliver significant savings through better procurement and more cost effective management and administration.
- The council's commercial property portfolio will be carefully reviewed in conjunction with the Economic Development and Regeneration team to ensure that it provides an effective return on investment while meeting wider policy objectives.

- The agreed Workstyles programme will deliver savings from the completion of Phase 2 and the commencement of Phase 3 involving the disposal of a number of buildings including King's House.
- We will move our provision of 'services to schools' by all central services onto a more commercial basis, working closely with Children's Services.
- While there will be no major changes to the Council Tax Reduction Scheme in 2014/15 (which replaced Council Tax Benefit) there will be a reduction in the budget for the associated discretionary funds because eligible demand has been lower than anticipated.
- There will be a reduction in the length of Council Tax discounts for empty properties to further incentivise use of the city's housing stock and sustain the taxbase.
- Expenditure on Housing Benefits Administration and other discretionary funds will need to be reduced as specific grants from central government reduce while costs of new burdens will be absorbed wherever possible.
- We will continue to lead cross-council and partnership working to plan for the changes that arise from Welfare Reform in order to mitigate the risks of incurring greater costs in other council budgets in particular Housing and Children's Services.
- There will be no major changes to the numbers or opening hours of council libraries but there will be further consolidation of other council and partner services into library buildings where appropriate.
- Charges for bereavement services will be brought into line with neighbouring authorities and competitors.
- There will be an increase in our overall revenue and capital investment in ICT in order to catch up on historic low levels of spend while moving to a more mixed economy of suppliers including with neighbouring councils and private sector suppliers.
- Legal and finance services will continue their risk based approach to providing advice and support, focusing where it is most needed and ensuring work is undertaken at the lowest level consistent with safe decision making as well as maximising the use of ICT to generate efficiencies.
- A joined up approach to prioritising corporate fraud interventions and risk management will mitigate against loss from fraud and error and insurance claims.
- Joint work across Human Resources and Property & Design will reduce expenditure on Health & Safety while sustaining resilience.
- Expenditure on workforce development will be reprioritised to ensure more investment in effective management skills with reductions in some specialist training provision.
- There will be a reduction in expenditure in administering systems (including payroll, debtors and creditors, revenues and benefits) following successful business process improvement reviews.

**Service Area : FINANCE & RESOURCES and LAW**

| Service (including brief description)  | Gross Budget £'000 | Net Budget £'000 | Total Establishment FTE | Description of Saving Opportunity  | Impact on Outcomes / Priorities   | Equalities Impact Assessment | Savings identified 2014/15 £'000 | Full Year effect of 2014/15 savings £'000 |
|--|--------------------|------------------|-------------------------|--|---|------------------------------|----------------------------------|---|
| <b>Internal Audit, Business Risk and Corporate Fraud</b>   |                    |                  |                         |  |   |                              |                                  |   |
| Internal Audit and Business Risk - part in house service, part external service provided by Deloitte's under Croydon Audit Partnership framework | 652                | 565              | 10.0                    | Achievement of a £20k saving in 2014/15 would require the deletion of part of an audit post.   | The Audit Plan will need to be carefully prioritised to ensure appropriate coverage and prioritisation of highest risk areas. The part time post is currently vacant. | Not needed                   | 20                               | 20  |
| Counter Fraud (7 Housing Benefit Fraud Staff and 1 Corporate resource)   | 265                | 265              | 8.0                     | Recharging the Housing Revenue Account and Collection Fund for the corporate fraud resources that support housing tenancy fraud and council tax fraud. | The savings for the HRA and the Collection Fund from better prevention and detection of fraud are expected to exceed the value of the recharge.                       | Not needed                   | 25                               | 25  |
| <b>Internal Audit, Business Risk and Corporate Fraud Total</b>   |                    |                  |                         |  |   |                              | <b>45</b>                        | <b>45</b>                                 |



**Service Area : FINANCE & RESOURCES and LAW**

| Service (including brief description)   | Gross Budget £'000 | Net Budget £'000 | Total Establishment FTE | Description of Saving Opportunity  | Impact on Outcomes / Priorities  | Equalities Impact Assessment | Savings identified 2014/15 £'000 | Full Year effect of 2014/15 savings £'000 |
|---|--------------------|------------------|-------------------------|--|--|------------------------------|----------------------------------|---|
| <b>Financial Services</b>   |                    |                  |                         |  |  |                              |                                  |   |
| <p><b>Accountancy Services</b> - provides the full range of accountancy services including management accounting (budget/TBM monitoring), support to the budget process, strategic / operational business engagement and advice, options appraisal, business intelligence reporting, value for money programme support, production of financial statements, S151 functions, and support and maintenance of the corporate Financial Information System.</p> <p><b>Debtors</b> - provides a full accounts receivable service including income collection and recovery, banking services, web-based payment services, security carrier contract monitoring, and support for associated corporate systems, etc.</p> <p><b>Creditors</b> - provides a full accounts payable service including supplier engagement and database management, invoice processing and scanning, support for e-purchasing and associated systems.</p> | 3975               | 3,779            | 99.0                    | Financial Services continues to refine and review processes and develop new, efficient management accounting processes including e-budgeting, budget monitoring information (through Sharepoint) and establishment control. These processes and services provide more information to budget holders without additional work or analysis being provided by finance professionals. The level of opportunity may be dependent on organisational design (e.g. number of budget holders). | New processes take time to develop and to be adopted fully across the organisation but will continue to be identified and implemented where possible. Where financial skills are weaker, this represents risk to the organisation, however, this is mitigated through prioritising support to higher risk, higher complexity budget areas. | Not needed                   | 122                              | 122                                       |
|   |                    |                  |                         | There is a potential to generate some additional contract income in relation to services to schools and the South Downs Park Authority through provision of additional/variable services within existing resources.  | No impact anticipated.   | Not needed                   | 25                               | 25  |
|   |                    |                  |                         | Contract costs and the processes supporting banking and security carrier operations have been reviewed through effective contract monitoring; potential economies and efficiencies are possible including use of faster, cheaper payment methods (e.g. replacement of expensive CHAPS payments).   | Some procedural changes will be necessary which may carry a low risk of disruption to services if not tested and implemented successfully.   | Not needed                   | 73                               | 73  |
|   |                    |                  |                         | The abolition of the Audit Commission and the transfer of external audit services to Ernst & Young has led to a decrease in annual audit fee charges to the council.   | Audit fees are set by the Ernst & Young at national rates. We have minimal ability to influence the fee rates other than to minimise the likelihood of additional charges being incurred (e.g. due to additional testing of an identified control weakness).   | Not needed                   | 50                               | 50  |

**Service Area : FINANCE & RESOURCES and LAW**

| Service (including brief description)  | Gross Budget £'000 | Net Budget £'000 | Total Establishment FTE | Description of Saving Opportunity   | Impact on Outcomes / Priorities   | Equalities Impact Assessment | Savings identified 2014/15 £'000 | Full Year effect of 2014/15 savings £'000 |
|--|--------------------|------------------|-------------------------|---|---|------------------------------|----------------------------------|---|
| Programme Management Office:<br>The Programme Management Team comprises a small core team which is often augmented by one-off resources to support major initiatives.  | 119                | 119              | 2.20                    | The PMO is mainly funded from Modernisation Fund resources on an 'invest-to-save' basis to support modernisation programmes. However, there is a small core staffing budget of 2.20 FTE and it is proposed to delete the 0.20 FTE vacancy in this team. | No impact - part time post vacant.  | Not needed                   | 10                               | 10  |
| <b>Financial Services Total</b>  |                    |                  |                         |   |   |                              | <b>280</b>                       | <b>280</b>                                |
| <b>Strategic Finance and Procurement</b>   |                    |                  |                         |   |   |                              |                                  |   |
| Strategic Finance (includes Treasury Management, Concessionary fares reimbursement, Medium Term Financial Strategy, Council tax and NNDR projections & monitoring, Joint Integrated Waste PFI, some seafront projects)                                     | 126                | 126              | 4.7                     | Merger of strategic finance work within the Financial Services division.  | Would generate efficiencies from bringing together budget modelling, guidance and monitoring work and having most of the capital programme, project support and financing advice in one division as well as providing greater flexibility to support specialist work areas including Treasury Management. There will be a loss of senior finance capacity and experience. | Not needed                   | 50                               | 50  |
| <b>Strategic Finance and Procurement Total</b>   |                    |                  |                         |   |   |                              | <b>50</b>                        | <b>50</b>                                 |
| <b>Human Resources &amp; Organisational Development</b>  |                    |                  |                         |   |   |                              |                                  |   |
| Health and Safety - provides statutory compliance and assurance through providing access to competent advice, provision of training and audit functions. Working with city partners through the safety advisory group to ensure safe outcomes for the city | 469                | 469              | 13.4                    | Joint work with Property and Design to train staff in Property on asbestos and fire knowledge enabling the merger of two posts.   | Careful planning, risk assessment and training will ensure that this does not impact on the council's overall health and safety environment.  | Not needed                   | 40                               | 40  |

**Service Area : FINANCE & RESOURCES and LAW**

| Service (including brief description)  | Gross Budget £'000 | Net Budget £'000 | Total Establishment FTE | Description of Saving Opportunity   | Impact on Outcomes / Priorities  | Equalities Impact Assessment       | Savings identified 2014/15 £'000 | Full Year effect of 2014/15 savings £'000 |
|--|--------------------|------------------|-------------------------|---|--|------------------------------------|----------------------------------|---|
| Workforce Development - Delivers, commissions and administers generic council wide training and development e.g. recruitment and selection, equalities, leadership and management. Team also directly supports ASC and children's services by managing commissioned budgets to support the City's social work and social care workforces which has high volumes of mandatory and statutory training. | 1,550              | 1,531            | 21.6                    | There will be a reduction in the spend on the Adult Social Care Workforce Development reflecting ongoing reductions in the government grant funding provided to support this work. The cross subsidy from corporate training budgets will be removed. | The programme will be carefully prioritised in consultation with the Director of Adult Services to ensure that statutory and mandatory training provision is sustained.                    | Not needed                         | 87                               | 87  |
|  |                    |                  |                         | The corporate Learning Resource Centre will become self service and there will be other efficiencies in the delivery of corporate training.   | There will need to be ongoing review of the best methods of providing corporate training given tight resources including the mix between self service, e-learning and more formal courses. | Not needed<br>Staffing EIA No. S47 | 30                               | 30  |
| HR Services - Provides comprehensive policy development, employee relations, advisory, payroll and administrative support to the council to ensure the statutory and legislative employment requirements are met and that our workforce duties are maintained. Support to the council to attract and retain the right workforce to meet service priorities.  | 1,595              | 1,539            | 72.1                    | Business process improvement reviews have identified efficiency savings and the simplification of the council's payroll as a result of the new allowances system will help to reduce administrative costs.  | Some of the workflow change is linked to system/ICT development and there is therefore a lead in time for implementation.  | Not needed                         | 75                               | 100                                       |
| <b>Human Resources &amp; Organisational Development Total</b>  |                    |                  |                         |   |  |                                    | <b>232</b>                       | <b>257</b>                                |

**Service Area : FINANCE & RESOURCES and LAW**

| Service (including brief description)  | Gross Budget £'000 | Net Budget £'000 | Total Establishment FTE | Description of Saving Opportunity   | Impact on Outcomes / Priorities   | Equalities Impact Assessment | Savings identified 2014/15 £'000 | Full Year effect of 2014/15 savings £'000 |
|--|--------------------|------------------|-------------------------|---|---|------------------------------|----------------------------------|---|
| <b>Property &amp; Design</b>   |                    |                  |                         |   |   |                              |                                  |   |
| Architecture & Design. Delivery of an architectural consultancy service across the council including new builds & major extensions to schools to meet statutory school place requirements. Support for the Council's Major Projects. Delivery of the Workstyles accommodation VfM modernisation project. Value of current projects ~£25.8m (spanning 2 financial years). | 1,332              | -126             | 8.7                     | Reduced reliance on external consultancy through greater use of internal expertise.                               | None, efficiency saving.  | Not needed                   | 15                               | 15  |
| Building Surveying and Maintenance Team - Delivery of a building surveying and maintenance consultancy service across the council including delivery of the £6.5m annual planned maintenance programme to schools, social care premises, farms, civic, operational and historic buildings.   | included above     | included above   | 14.9                    | Reduced reliance on external consultancy through greater use of internal expertise and taking on additional work. | Additional fees will be used to support and help to fund other supporting posts within Property & Design thus reducing salary costs, producing savings and help to work towards a self-sustaining council.  | Not needed                   | 30                               | 30  |
| Workstyles team - Project management of the modernisation agenda - Workstyles phases 2 & 3.  | 188                | -189             | 7.0                     | Final savings from Workstyle Phase 2 programme.   | <ul style="list-style-type: none"> <li>• More efficient &amp; flexible working arrangements enabling a high performance workforce.</li> <li>• Opportunities for business process improvements to services.</li> <li>• Supporting the Council's work towards excellent customer services.</li> </ul> | EIA No. 30                   | 60                               | 60  |

**Service Area : FINANCE & RESOURCES and LAW**

| Service (including brief description)   | Gross Budget £'000 | Net Budget £'000 | Total Establishment FTE | Description of Saving Opportunity   | Impact on Outcomes / Priorities   | Equalities Impact Assessment            | Savings identified 2014/15 £'000 | Full Year effect of 2014/15 savings £'000 |
|---|--------------------|------------------|-------------------------|---|---|---|----------------------------------|---|
| Corporate Asset Management team - Management of the property asset strategy & property performance assessments. Property information systems & performance indicators. Maintenance & management of the City's environment properties. Corporate wide energy & water management, supply contracts & billing across the Council. Administrative and financial support across Property & Design. | 321                | 47               | 8.7                     | Deletion of Administrative Assistant post.  | Post currently vacant, administrative duties will be dispersed across the team.   | Not needed.<br><br>Staffing EIA No. S47 | 18                               | 18  |
| Estate Management - Management of the council's commercial urban and agricultural non-operational investment property portfolio. Asset valuations, Landlord & Tenant Act advice & Major Projects support.   | 833                | -8,306           | 5.5                     | Increase in rental income through the careful management of the non-operational estate - increased units in New England House, reduction in voids & rent reviews on the agricultural portfolio. | <ul style="list-style-type: none"> <li>• No negative health &amp; safety impacts identified.</li> <li>• Increased income to the Council.</li> </ul> | Not needed                              | 125                              | 125                                       |

**Service Area : FINANCE & RESOURCES and LAW**

| Service (including brief description)  | Gross Budget £'000 | Net Budget £'000 | Total Establishment FTE | Description of Saving Opportunity   | Impact on Outcomes / Priorities  | Equalities Impact Assessment           | Savings identified 2014/15 £'000 | Full Year effect of 2014/15 savings £'000 |
|--|--------------------|------------------|-------------------------|---|--|--|----------------------------------|---|
| Facilities & Buildings Services - Management of the Council's main operational buildings under Corporate Landlord. Management of the property helpdesk / reactive maintenance service and council wide building cleaning, security and recycling & waste services through the use of corporate wide contracts. Provision of mechanical & electrical engineering services including statutory compliance term contract including gas safety & Legionella control / water hygiene. | 1,551              | 971              | 32.6                    | Service re-design and increased income from Services for Schools work.  | <ul style="list-style-type: none"> <li>No negative health &amp; safety impacts identified</li> <li>Improved customer service to service units through a centralised helpdesk providing a consistent service.</li> </ul>  | Not needed<br><br>Staffing EIA No. S47 | 110                              | 110                                       |
| Corporate Landlord - Includes corporate wide budgets relating to reactive & planned maintenance, facilities management - corporate waste, cleaning & security contracts, utilities and business rates, leased-in building costs & related service charges. Statutory compliance contracts including mechanical & electrical & Legionella control.  | 12,890             | 12,890           |                         | <ul style="list-style-type: none"> <li>£150,000 - maintenance procurement savings &amp; efficiencies through the use of the Sussex Cluster Contracts framework.</li> <li>£175,000 - Mechanical &amp; Electrical contract savings within Property &amp; Design maintenance budgets.</li> <li>£122,000 - reactive maintenance savings through procurement efficiencies, tighter control of expenditure and economies of scale achieved through centralised Corporate Landlord budget arrangements (£40k social care, £50k environment and £32k general reactive budget).</li> </ul> | <ul style="list-style-type: none"> <li>No impact on statutory and H&amp;S maintenance arrangements.</li> <li>Reduction in discretionary maintenance services to minimum level - challenging reactive maintenance requests.</li> <li>Possible longer term impact on some areas if reactive maintenance proves inadequate</li> <li>Possible impact on perceived service quality to corporate contracts, e.g. reduction in frequency of building cleaning.</li> </ul> | Not needed                             | 447                              | 447                                       |
| <b>Property &amp; Design Total</b>   |                    |                  |                         |   |  |  | <b>805</b>                       | <b>805</b>                                |

**Service Area : FINANCE & RESOURCES and LAW**

| Service (including brief description)  | Gross Budget £'000 | Net Budget £'000 | Total Establishment FTE | Description of Saving Opportunity   | Impact on Outcomes / Priorities  | Equalities Impact Assessment | Savings identified 2014/15 £'000 | Full Year effect of 2014/15 savings £'000 |
|--|--------------------|------------------|-------------------------|---|--|------------------------------|----------------------------------|---|
| <b>Legal &amp; Democratic Services</b>   |                    |                  |                         |   |  |                              |                                  |   |
| Legal Services Provides: 1.legal advice & representation to the Council, its committees & officers. 2. Monitoring Officer, propriety & general governance advice. 3. Monitoring Officer & legal services to the Fire Authority and charities supported by the Council. | 1862               | 1,414            | 41.8                    | 1. Removal of centrally held contingency/resilience fund/s. This is used to meet pressure arising in individual teams and unanticipated costs.              | This will have adverse impact in terms of resilience of the service and ability to cope with unforeseen increase in demand, but careful planning and more flexible workforce arrangements should help minimise the impact. | Not needed                   | 25                               | 25  |
|  |                    |                  |                         | 2. Increase fees for Fire Authority Contract.   | No adverse impact.   | Not needed                   | 10                               | 10  |
|  |                    |                  |                         | 3. Reduce FTE posts in Corporate Law, Commercial property and Housing & Litigation Teams- reallocate functions and reduce/stop legal support in some areas. | Some reduction in capacity in corporate law, commercial property, housing & Litigation Teams which may lead in a slower response time, reduction in support in some areas and inability to cope with increased workload.   | Not needed                   | 71                               | 71  |
|  |                    |                  |                         | 4. Miscellaneous other savings.   | These will be achieved by reassigning duties, not filling some part time vacancies and other measures.   | Not needed                   | 20                               | 20  |
| Democratic Services<br>Provide support to decision-making meetings, run webcasting, member development and general support to members.   | 461                | 397              | 12.0                    | Delete a Democratic Services officer post and reallocate duties.  | Some reduction in capacity in supporting decision-making meetings and a slower response for member issues in general, but this can be mitigated by revising existing arrangements and reallocating roles within the team.  | Not needed                   | 37                               | 37  |
| Members' Allowances. This includes basic and Special Responsibility allowances, transport and other reimbursement of expenditure incurred by Members   | 1087               | 1,087            | 0.0                     | Remove Member ward budgets.   | This does not get used fully. Members' ability to communicate with their constituents may be affected, but it is not absolutely essential.   | Not needed                   | 11                               | 11  |

**Service Area : FINANCE & RESOURCES and LAW**

| Service (including brief description)  | Gross Budget £'000 | Net Budget £'000 | Total Establishment FTE               | Description of Saving Opportunity  | Impact on Outcomes / Priorities   | Equalities Impact Assessment       | Savings identified 2014/15 £'000 | Full Year effect of 2014/15 savings £'000 |
|--|--------------------|------------------|---------------------------------------|--|---|------------------------------------|----------------------------------|---|
| Overview & Scrutiny<br>Assist the O&S committees to undertake in-depth and ad-hoc scrutiny of issues and make recommendations. It holds decision-makers to account | 211                | 205              | 5.7 (3FTE doing actual scrutiny work) | It is proposed to reduce the number of staff in the service and reprioritise/reallocate responsibilities.  | There will be a reduced capacity to do in-depth reviews as well as support call-in and policy development.  | Not needed                         | 35                               | 35  |
| <b>Legal &amp; Democratic Services Total</b>   |                    |                  |                                       |  |   |                                    | <b>209</b>                       | <b>209</b>                                |
| <b>City Services - Libraries</b>   |                    |                  |                                       |  |   |                                    |                                  |   |
| Homework Clubs - Delivery of study support to 12-19 year olds  | 45                 | 45               | 2.1 (approx. 17 people)               | Develop alternative models of library based study support in partnership with schools.   | If sufficient alternative funding is not raised from schools, children and young people will continue to have access to library resources and services after school, but without dedicated staffing. Other afterschool study support is provided by some schools themselves. The saving assumed to start for the academic year 2014/5 (September 2014). | EIA No. 31<br>Staffing EIA No. S47 | 30                               | 45  |
| Commercial services - Retail and Conferencing at the Jubilee Library   | 149                | -36              | 3.8                                   | Modest increase in commercial income.  | None identified.  | Not needed                         | 5                                | 5   |
| <b>City Services - Libraries Total</b>   |                    |                  |                                       |  |   |                                    | <b>35</b>                        | <b>50</b>                                 |
| <b>City Services - Life Events</b>   |                    |                  |                                       |  |   |                                    |                                  |   |
| Bereavement Services:<br>Statutory service providing burials and cremations, maintaining the city's cemeteries and supporting HM Coroner.                          | 1,506              | -36              | 14.5                                  | Adjusting fees for cremations to be more in line with nearest neighbours would generate additional income. Generation of new additional income for storage at City Mortuary. | More income generation.   | Not needed                         | 100                              | 100                                       |



**Service Area : FINANCE & RESOURCES and LAW**

| Service (including brief description)  | Gross Budget £'000 | Net Budget £'000 | Total Establishment FTE | Description of Saving Opportunity  | Impact on Outcomes / Priorities   | Equalities Impact Assessment           | Savings identified 2014/15 £'000 | Full Year effect of 2014/15 savings £'000 |
|--|--------------------|------------------|-------------------------|--|---|--|----------------------------------|---|
| Electoral Services: Statutory service to prepare the electoral roll and deliver safe elections.<br>Local Land Charges: Statutory service to provide residents and businesses with accurate information on the restrictions on pieces of land within the city.  |                    |                  | 13.2                    | Reduction in staffing in the land charges team.  | Current high levels of performance in land searches suggest a reduction in staffing can be accommodated without significant impact on service outcomes. | Not needed                             | 24                               | 24  |
| Customer Services: Provides a number of key front line services to the council's customers including: Customer Service Centres at Bartholomew House and Hove Town Hall, the Switchboard and receptions at the main civic buildings, and the Business Control Unit. The team also administers concessionary travel (statutory service). | 124                | 124              | 4.8                     | Existing service areas to absorb the duties carried out by the Business Control Team, mainly covering banking for Revenues and Benefits. | There will need to be careful reallocation of work and process redesign.  | Not needed<br><br>Staffing EIA No. S47 | 56                               | 56  |
| Register Office: Statutory service providing registration of births, deaths and marriages and weddings and ceremonies.   | 640                | -74              | 17.3                    | Service redesign to improve use of resources and support future income generation.   | More income generation.   | Not needed                             | 46                               | 46  |
| <b>City Services - Life Events Total</b>   |                    |                  |                         |  |   |  | <b>226</b>                       | <b>226</b>                                |

**Service Area : FINANCE & RESOURCES and LAW**

| Service (including brief description)  | Gross Budget £'000 | Net Budget £'000 | Total Establishment FTE | Description of Saving Opportunity  | Impact on Outcomes / Priorities   | Equalities Impact Assessment | Savings identified 2014/15 £'000 | Full Year effect of 2014/15 savings £'000 |
|--|--------------------|------------------|-------------------------|--|---|------------------------------|----------------------------------|---|
| <b>City Services - Revenues &amp; Benefits</b>   |                    |                  |                         |  |   |                              |                                  |   |
| Revenues:<br>Statutory service administering the collection of Council Tax and National Non Domestic Rates. Service also includes recovery, inspectors and bailiffs.                 | 2,993              | 1,619            | 77.0                    | Reduce current period of Class C discount from six weeks to a shorter period (provisionally four weeks) Currently a Council Tax discount is available while a property is unfurnished and unoccupied. This discount lasts for up to six weeks, or until the property is furnished or occupied whichever date is earlier. The proposals are to reduce this period to four weeks.<br><br>There is a separate 10% discount that is awarded in respect of properties that are empty and furnished, and that are to be re-let. The discount is similar to the Second Home Discount that council abolished from 1 April 2013. We propose to remove the furnished let discount from 1 April 2014. | The full impact of these proposals would have to be fully assessed. There would be impacts on landlords and organisations that may affect our relationship with them in other areas of council work which would need to be carefully managed. | EIA No. 32                   | 347*                             | 347*                                      |
| Benefits:<br>Statutory service administering the payment of Housing and Council Tax Reduction. Service also includes recovery of overpayments and administering discretionary funds. | 3,705              | 3,705            | 127.0                   | Absorb the additional costs of administering the local Council Tax Reduction scheme within existing resources to enable new burdens funding from government to be a financial saving and reduce expenditure in line with 1% assumed caseload reduction.  | Assuming case levels remain as predicted this saving should be deliverable without an impact on service levels.   | EIA No. 33                   | 194                              | 194                                       |

| Service Area : FINANCE & RESOURCES and LAW           |                    |                  |                         |   |   |                              |                                  |   |
|--|--------------------|------------------|-------------------------|---|---|------------------------------|----------------------------------|---|
| Service (including brief description)                | Gross Budget £'000 | Net Budget £'000 | Total Establishment FTE | Description of Saving Opportunity   | Impact on Outcomes / Priorities   | Equalities Impact Assessment | Savings identified 2014/15 £'000 | Full Year effect of 2014/15 savings £'000 |
|  |                    |                  |                         | In 2013-14 the Council Tax Reduction Discretionary Fund was funded at a higher level than the caseload suggested would be needed. It is proposed to reduce the recurrent funding from £200k per annum to £100k per annum which is still in excess of the current level of awards. The remaining £100k will be funded from the Local Discretionary Social Fund (LDSF) for 14/15 only, which is currently underspending significantly. The government funding for LDSF is being withdrawn from 15/16. | There will be £100k recurrent funding for Council Tax Reduction Discretions which is in excess of current spend. The remaining Local Discretionary Social Fund will also be in excess of current spend. The Discretionary Housing Payments Fund will not be affected. | EIA No. 34                   | 200                              | 100                                       |
| <b>City Services - Revenues &amp; Benefits Total</b> |                    |                  |                         |   |   |                              | <b>741</b>                       | <b>641</b>                                |
| <b>Corporate Budgets</b>                             |                    |                  |                         |   |   |                              |                                  |   |
| Bulk Insurance Premia - corporate insurance costs    | 3,811              | 3,167            | 0.0                     | Reduction in budget for successful claims based on experience in 2013/14 and changes in law relating to "no win no fee" lawyers.  | None  | Not needed                   | 100                              | 100                                       |
| Corporate VFM savings.                               |                    |                  |                         | Additional savings through Phase 4 of the VfM programme, initially assumed to be in the area of integrated transport provision and further procurement savings.   | Appendix 3 contains more detailed information on the issues to consider in the VfM Phase 4 programme  | Not needed                   | 250                              | 500                                       |
| <b>Corporate Budgets Total</b>                       |                    |                  |                         |   |   |                              | <b>350</b>                       | <b>600</b>                                |
| <b>FINANCE &amp; RESOURCES and LAW TOTAL</b>         |                    |                  |                         |   |   |                              | <b>2,973</b>                     | <b>3,163</b>                              |

\* Of the £0.347m saving £0.257m relates to additional resources raised through the tax base from Class C discount. This will be reflected in the revenue from Council Tax rather than a budget saving.



### Adult Social Care Reforms and Better Care Fund

- 1.1 The Care Bill is currently in the House of Commons and is expected to receive Royal Assent some time in May 2014. It represents the most profound change to the adult social care framework since the National Assistance Act 1948. The bill will repeal most of the legislation that has been implemented since then and will replace this with a range of new legislation and statutory guidance. The changes that will follow include:
- A cap on care costs proposed following the Dilnott review. The current level of the cap is being suggested at £76k over a person's lifetime and is based on a financial assessment – depending on whether they receive residential or home based support.
  - A requirement for councils to assess on an annual basis all adults who receive care to determine whether their needs meet the national eligibility criteria. The national criteria are expected to be broadly in line with the council's current local eligibility criteria which is based on critical or substantial needs.
  - All eligible adults will need to have a Care Account set up so that the council can track their spend (against agreed cost profiles) and determine when they meet the cap. This will mean an annual assessment and review process for a much wider group of adults than is currently the case, including those self-funding their residential or home based care. These changes are being planned to commence in April 2015, with assessments of current self funders commenced in 2014/15.
  - Putting safeguarding of adults on a statutory footing.
  - New rights and entitlements for carers to receive appropriate assessment of their needs and support.
- 1.2 The long term financial consequences for the council are impossible to assess at this stage and will depend on the national funding model, the city's demographic profile and the wealth of residents, particularly in terms of property values. However, there are substantial costs that need to be incurred now to ensure that the system can operate from 1 April 2015, including increased resources for assessment of both care and finance needs, technological investment to establish the Care Accounts and effective communications.
- 1.3 As well as the care cap there are other important changes in the Care Bill including putting the safeguarding of adults on a statutory footing. Carers will have new rights and entitlements to receive appropriate assessment of their needs supported by new burdens funding from central government, however, there is always a real risk that this will be insufficient to meet the costs.
- 1.4 In the July Spending Review, the government announced £3.8bn per annum nationally from 2015/16 for an Integrated Transformation Fund (ITF) (now known as the Better Care Fund) across adult social care and health. £1.9 billion of this funding is already in local authorities in the existing NHS Funding for Social Care or in other sources of grant funding such as Carers Grant and Disabled Facilities Grant. The council has presented a joint plan with the Brighton and Hove Clinical Commissioning Group (CCG) to the Health & Wellbeing Board on how we will

collectively deploy the city's allocation in 2015/16 of nearly £20 million. This funding is an ambitious programme to better join up health and social care in order to reduce pressure on the acute sector – in particular emergency admissions. The National Conditions include protection for social care services and 7 day a week working across the health and social care system. It will cover the range of services that support discharges from hospital and prevent admissions especially out of hours. It will also require whole systems change across local authority boundaries and will be dependent on improved information sharing across health and social care. The City expects to receive approximately £1 million in 2014/15 to support preparations for 2015/16.

- 1.5 The scale of these changes and the service, financial and reputational risks associated with them are enormous. If successful, then the Better Care Fund in particular could be a crucial part of the council's response to dealing with ongoing funding reductions and pressures on adult social care and should lead to lower numbers of individuals in long term residential and nursing home care. If it proves more challenging to deliver the required results then the council potentially could see increased financial risks, particularly if the NHS and the acute hospital trust are unable to show the anticipated savings on which the funding transfer to the council so depends.
- 1.6 One off resources of £0.5m have provisionally been set aside in the council's budget to facilitate the changes from the Care Bill and Better Care Fund risks, some of which is likely to be covered by new burdens funding from government but there is too much uncertainty for a change of this scale for the council not to plan ahead and set aside funding to ensure it can be implemented effectively.

## Summary of special and specific grant allocations for 2013/14 to 2015/16

| Description  | 2013/14<br>£m   | 2014/15<br>£m   | 2015/16<br>£m*             | Notes  |
|--|---|---|----------------------------|--|
| Public Health (Health)                                   | 18.185  | 18.695  | <i>Estimated</i><br>18.695 |  |
| Local Reform And<br>Community Voices<br>Grant (Health)   | 0.215   | 0.222   | 0.222                      |  |
| Schools PFI  | 2.390   | 2.390   | 2.390                      | Same amount p.a.   |
| Libraries PFI  | 1.505   | 1.505   | 1.505                      | Same amount p.a.   |
| Waste PFI  | 1.498   | 1.498   | 1.498                      | Same amount p.a.   |
| Dedicated Schools<br>Grant (DfE)                         | <i>Estimated</i><br>152.810                             | <i>Estimated</i><br>164.171                             | <i>Not<br/>known</i>       | Exact amount depends on pupil<br>numbers   |
| Pupil Premium (DfE)                                      | <i>Estimated</i><br>6.768                               | <i>Estimated</i><br>8.900                               | <i>Not<br/>known</i>       | Exact amount depends on number of<br>eligible pupils   |
| Education Services<br>Grant (DfE)                        | <i>Estimated</i><br>4.038                               | <i>Estimated</i><br>4.061                               | <i>Not<br/>known</i>       | 20% cut due in 2015/16   |
| Youth Music Grant<br>Income (ACE)                        | 0.019   | 0.000   | 0.000                      |  |
| Music Education Hub<br>Grant (ACE)                       | 0.278   | <i>Estimated</i><br>0.238                               | <i>Not<br/>known</i>       |  |
| Music Hub Professional<br>Development Networks<br>(ACE)  | 0.020   | 0.000   | 0.000                      |  |
| Grants For The Arts<br>(ACE)                             | 0.008   | 0.000   | 0.000                      |  |
| SEND Pathfinder Pilot<br>Grant (DfE)                     | 0.150   | 0.150   | <i>Not<br/>known</i>       |  |
| Primary School Sport<br>Funding (DfE)                    | 0.325   | <i>Estimated</i><br>0.525                               | <i>Not<br/>known</i>       |  |
| Post 16 Funding (EFA)                                    | <i>Estimated</i><br>3.889                               | <i>Estimated</i><br>3.889                               | <i>Not<br/>known</i>       |  |
| Adult Safeguarded<br>Learning (Skills Funding<br>Agency) | 0.316   | <i>Not known</i>  | <i>Not<br/>known</i>       |  |
| Parents To Be Grant<br>(EFA)                             | 0.019   | 0.006   | 0.000                      | 2014/15 figure is remaining funds due<br>from 2013/14 academic year                          |
| Teacher Training<br>Agency – Golden Hello                | <i>Based on<br/>claims</i>                              | <i>Based on<br/>claims</i>                              | <i>Based on<br/>claims</i> |  |
| Troubled Families<br>(CLG)                               | 0.789<br>based on<br>claims                             | <i>Based on<br/>claims</i>                              | <i>Based on<br/>claims</i> |  |
| Evidence Based<br>Intervention Programme<br>Grant (DfE)  | <i>Estimated</i><br>0.206<br><i>based on<br/>claims</i> | <i>Estimated</i><br>0.096<br><i>based on<br/>claims</i> | <i>Not<br/>known</i>       |  |
| Adoption Reform Grant<br>(DfE)                           | 0.976   | <i>Not known</i>  | <i>Not<br/>known</i>       | New £50m national scheme announced<br>from 2014 but no information yet on<br>specific awards |
| Asylum Seekers   | <i>Based on<br/>claims</i>                              | <i>Based on<br/>claims</i>                              | <i>Based on<br/>claims</i> |  |
| Youth Justice Grant<br>(Youth Justice Board)             | 0.343   | <i>Estimated</i><br>0.330                               | <i>Not<br/>known</i>       |  |
| Extended Rights To<br>Free Transport (DfE)               | 0.189   | 0.094   | <i>Not<br/>known</i>       |  |
| Better Bus Area Fund                                     | 0.670   | 0.000   | 0.000                      |  |

| <b>Description</b>                             | <b>2013/14<br/>£m</b>                                | <b>2014/15<br/>£m</b>                   | <b>2015/16<br/>£m*</b>            | <b>Notes</b>   |
|--|--|---|-----------------------------------|--|
| Cycle Training Grant (DfT)                     | <i>Estimated<br/>0.054<br/>based on<br/>claims</i>   | <i>Not known</i>                        | <i>Not<br/>known</i>              | Currently in bidding process for 2014/15                             |
| Local Sustainable Transport Fund (DfT)         | 0.541  | 0.458                                   | <i>Not<br/>known</i>              |  |
| Bus Services Operator Grant (DfT)              | 0.043  | <i>Estimated<br/>0.173</i>              | <i>Not<br/>known</i>              |  |
| Shingle Recycling (EA/DEFRA)                   | 0.083  | 0.000                                   | 0.000                             |  |
| Lead Local Flood Authorities (DCLG)            | 0.108  | 0.108                                   | 0.072                             |  |
| Weekly Refuse Collection Support Scheme (DCLG) | 0.800  | 0.040                                   | <i>Not<br/>known</i>              | Grant to aid with ensuring continuation of weekly refuse collections |
| New Homes Bonus – Year 1 (CLG)                 | 0.596  | 0.596                                   | 0.596                             | Receive for 6 years starting in 2011/12                              |
| New Homes Bonus – Year 2 (CLG)                 | 0.425  | 0.425                                   | 0.425                             | Receive for 6 years starting in 2012/13                              |
| New Homes Bonus – Year 3 (CLG)                 | 0.970  | 0.970                                   | 0.970                             | Receive for 6 years starting in 2013/14                              |
| New Homes Bonus – Year 4 (CLG)                 | 0.000  | <i>0.680</i>                            | <i>0.680</i>                      | Receive for 6 years starting in 2014/15                              |
| New Homes Bonus – Year 5 (CLG)                 | 0.000  | 0.000                                   | <i>Estimated<br/>0.800</i>        | Receive for 6 years starting in 2015/16                              |
| <b>New Homes Bonus Sub Total</b>               | <b>1.991</b>   | <b>2.671</b>                            | <b><i>Estimated<br/>3.471</i></b> |  |
| New Homes Bonus Adjustment Grant               | 0.438  | 0.176                                   | <i>Estimated<br/>0.449</i>        |  |
| Social Fund                                    | 0.763  | 0.751                                   | 0.000                             | Programme and administration funding – ending from 2015/16           |
| Housing Benefit Admin Grant (DWP)              | 2.225  | 1.972                                   | <i>Not<br/>known</i>              |  |
| Local Council Tax Support Admin Subsidy (CLG)  | 0.444  | 0.394                                   | <i>Not<br/>known</i>              |  |
| Housing Benefit Subsidy (DWP)                  | <i>Estimated<br/>159.013<br/>based on<br/>claims</i> | <i>Based on<br/>claims</i>              | <i>Based on<br/>claims</i>        |  |
| Housing Benefit Non-Subsidy Grants (DWP)       | 0.030  | <i>Not known</i>                        | <i>Not<br/>known</i>              |  |
| Welfare Reform New Burden (CLG)                | 0.128  | 0.000                                   | 0.000                             |  |
| Discretionary Rent Allowance (DWP)             | 1.015  | <i>Estimated<br/>0.900 to<br/>1.020</i> | <i>Not<br/>known</i>              |  |
| Community Right To Challenge (CLG)             | 0.009  | 0.009                                   | <i>Not<br/>known</i>              |  |
| Community Right To Bid (CLG)                   | 0.008  | 0.008                                   | <i>Not<br/>known</i>              |  |
| Council Tax Support New Burdens Funding        | 0.189  | 0.166                                   | <i>Not<br/>known</i>              |  |
| Council Tax Support Transitional Grant         | 0.511  | 0.000                                   | 0.000                             | One off funding in 2013/14   |
| Children's Workforce Development               | 0.080  | <i>Estimated<br/>0.098</i>              | <i>Not<br/>known</i>              |  |



| <b>Description</b>   | <b>2013/14<br/>£m</b>             | <b>2014/15<br/>£m</b>             | <b>2015/16<br/>£m*</b>  | <b>Notes</b>  |
|--|-----------------------------------|-----------------------------------|-------------------------|---|
| S31 Business Rate Multiplier Cap (CLG)                         | 0.000                             | <i>Estimated</i><br>0.552         | <i>Not known</i>        | Grant to compensate for the RPI increase in 2014-15 being capped at 2% instead of 3.2%  |
| Small Business Rate Relief Extension (S31 Grant) (CLG)         | <i>Estimated</i><br>1.344         | <i>Estimated</i><br>1.452         | <i>Not known</i>        | The doubling of Small Business Rate Relief being extended for a further 12 months until 31 March 2015   |
| Small Business Rate Relief on First Property (S31 Grant) (CLG) | 0.000                             | <i>Estimated</i><br>0.005         | <i>Not known</i>        | If ratepayers receiving Small Business Rate Relief take on an additional property that would disqualify them from receiving relief they will continue to receive current relief for 12 months |
| Newly Built Empty Property Relief (S31 Grant) (CLG)            | 0.000                             | <i>Estimated</i><br>0.015         | <i>Not known</i>        | Empty new build properties will be exempt from empty property rates for 18 months (Autumn Statement 2012)   |
| Long Term Empty Property Relief (S31 Grant) (CLG)              | 0.000                             | <i>Estimated</i><br>0.038         | <i>Not known</i>        | 50% relief for 18 months for businesses that – between 1 April 2014 and 31 March 2016- move into retail premises that have been empty for a year or more                                      |
| Retail Relief (S31 Grant) (CLG)                                | 0.000                             | <i>Estimated</i><br>1.123         | <i>Not known</i>        | Discount of £1,000 for shops, pubs and restaurants with a rateable value below £50,000 for two years, from 1 April 2014   |
| <b>S31 Business Rate Grants Sub-total</b>                      | <b><i>Estimated</i><br/>1.344</b> | <b><i>Estimated</i><br/>3.185</b> | <b><i>Not known</i></b> |   |
| Renaissance In The Regions (ACE)                               | 0.741                             | 0.722                             | <i>Not known</i>        |   |
| Renaissance – Museum Development (ACE)                         | 0.525                             | 0.525                             | <i>Not known</i>        |   |
| Individual Electoral Registration (Cabinet Office)             | 0.011                             | <i>Estimated</i><br>0.207         | <i>Not known</i>        |   |
| Ministry of Justice Grant                                      | 0.000                             | <i>Based on claims</i>            | <i>Based on claims</i>  | European Elections in May 2014 and General Election in May 2015 - reimbursed by Home Office after the election based on cost  |



### 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.

### ***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 Education 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 as at 01/04/14<br>£'000 | Planned Use 2014/15<br>£'000 | Estimated Balance as at 31/03/15<br>£'000 | Review Arrangements  | Conclusion  |
|--------------------------------|---|------------------------------|---|--|---|
| <b>GENERAL FUND RESERVES</b>   |   |                              |   |  |   |
| Capital Receipts               | 3,199                                     | 216                          | 3,415                                     | Ongoing review as part of TBM process.   | Committed to fund the Capital Investment programme including HRA Capital Programme and Workstyles.  |
| Capital Reserves               | 928                                       | -928                         | 0   | Following closure of accounts.   | Committed to fund the capital programme.  |
| General Reserves               | 1,571                                     | -66                          | 1,505                                     | Following closure of accounts and through TBM monthly monitoring.  | The net planned use of £0.066m includes all the additional resources, commitments and allocations included in Table 6 of the main report that occur in 2014/15. Of the £1.505m balance as at 31 March 2015, £1.199m is committed in future years leaving an unallocated balance of £0.306m. |
| Working Balance – General Fund | 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.  |
| Library PFI Project Reserve    | 261                                       | -23                          | 238                                       | Following closure of accounts.   | Use for funding the project over the life time of the PFI.  |
| Waste PFI Project Reserve      | 4,906                                     | -680                         | 4,226                                     | Following closure of accounts.   | Use for funding the project over the life time of the PFI. The review has identified that £1.56m 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 2014/15 of £0.880m.                |
| Pay Modernisation Reserve      | 1,900                                     | 0                            | 1,900                                     | Following closure of accounts.   | All remaining reserves to be released following the implementation of pay modernisation.  |

| <b>Description</b>                         | <b>Estimated Balance as at 01/04/14<br/>£'000</b> | <b>Planned Use 2014/15<br/>£'000</b> | <b>Estimated Balance as at 31/03/15<br/>£'000</b> | <b>Review Arrangements</b>   | <b>Conclusion</b>  |
|--|---|--------------------------------------|---|--|--|
| Finance Costs Reserve                      | 634   | -380                                 | 254   | Following closure of accounts.   | This reserve is being held to smooth the fluctuations in the financing costs budget over the next 2 years. This reserve will be fully used by 2015/16.   |
| Section 106 Receipts                       | 270   | -100                                 | 170   | Reviewed throughout the year to reflect agreed liabilities and new agreements. | Retain for specified purpose.  |
| Section 106 Interest                       | 90  | 0                                    | 90  | Reviewed throughout the year to reflect agreed liabilities and new agreements. | Retain for specified purpose.  |
| Brighton Centre Redevelopment Reserve      | 3,732   | -41                                  | 3,691   | Following closure of accounts.   | Future contributions to this reserve are planned to coincide with the sale of Patcham Court Farm. Planned expenditure relates to supporting progress of the project. Interest is accrued on balances held. |
| Customer Access & Accommodation Strategies | 200   | -200                                 | 0   | Following closure of accounts.   | The £0.200m remaining relates to the LINK public service network project and it is anticipated that this will be used during 2014/15.  |
| Disclosure & Barring Service Checks        | 66  | -66                                  | 0   | Following closure of accounts.   | Hold for specific purpose following previous OFSTED inspection requirements. Reserve expected to be fully used in 2014/15.   |
| City Regeneration Fund                     | 150   | -150                                 | 0   | Following closure of accounts.   | Retain to support delivery of economic growth and regeneration initiatives and enable appropriate General Fund contribution to HRA led estate regeneration.  |
| Welfare Reform                             | 366   | -202                                 | 164   | Following closure of accounts.   | Retain support the council's response to welfare reform including digital inclusion.   |

| <b>Description</b>  | <b>Estimated Balance as at 01/04/14<br/>£'000</b> | <b>Planned Use 2014/15<br/>£'000</b> | <b>Estimated Balance as at 31/03/15<br/>£'000</b> | <b>Review Arrangements</b>   | <b>Conclusion</b>  |
|---|---|--------------------------------------|---|--|--|
| Restructure Redundancy Reserve                            | 2,913   | -500                                 | 2,413   | Following closure of accounts.   | Planned contribution of £1.000m included in the allocation of reserves, less anticipated use of the reserve of £1.500m in 2014/15.       |
| Insurance Reserve - General                               | 6,474   | 0                                    | 6,474   | The Insurance Fund is subject to a bi-annual health check by the actuaries. The next health check is due to report back in 2015. | The Insurance Fund biennial health-check was completed in 2013 and the level of fund is recommended is in line with that currently held. |
| Museum Objects Acquisition Reserve                        | 92  | 0                                    | 92  | 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                                    | 52  | 0                                    | 52  | Following closure of accounts.   | Retain for specified purpose.  |
| Jack Thompson - Hove Museum                               | 253   | 0                                    | 253   | Following closure of accounts.   | Reserve for acquisitions/refurbishment at Hove Museum in accordance with bequest.  |
| James Green Foundation                                    | 100   | 0                                    | 100   | 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 fund the Burmese collection.  |
| Brighton & Hove Natural History Society Reserve           | 11  | 0                                    | 11  | Following closure of accounts.   | Reserve for maintaining the assets of Brighton & Hove Natural History Society which are held at the Booth Museum.                        |
| Sports Facilities Reserve                                 | 192   | -50                                  | 142   | Following closure of accounts.   | Retain for specified purpose of investment in contracted sports facilities.  |
| Sustainable Temporary Accommodation Reserve               | 366   | 41                                   | 407   | Following closure of accounts.   | Held for dilapidation costs for leased temporary accommodation.  |
| Homes in Multiple Occupation (HMO) Licensing Fees Reserve | 227   | -56                                  | 171   | Following closure of accounts.   | Retain to support annual inspections of HMO premises.  |

| Description                                    | Estimated Balance as at 01/04/14<br>£'000 | Planned Use 2014/15<br>£'000 | Estimated Balance as at 31/03/15<br>£'000 | Review Arrangements            | Conclusion  |
|--|---|------------------------------|---|--------------------------------|---|
| HMO Additional Licensing Fees                  | 733                                       | -250                         | 483                                       | Following closure of accounts. | Retain to support annual inspections of HMO premises.   |
| Damage Deposit Guarantee Scheme Reserve        | 331                                       | 0                            | 331                                       | Following closure of accounts. | Retain to guarantee deposits for supporting people service users moving into private rented accommodation.  |
| Adult Social Care Long Term Capacity Reserve   | 1,101                                     | -1,101                       | 0   | Following closure of accounts. | Reserve will be used to support the capital development of Brooke Mead as approved by Policy & Resources Committee on 5th December 2013.  |
| Winter Maintenance                             | 360                                       | 0                            | 360                                       | Following closure of accounts. | Held to fund exceptional costs of extreme weather.  |
| Vehicles Reserve Fund                          | 31  | -31                          | 0   | Following closure of accounts. | The reserve is likely to be used in 2014/15 to purchase a vehicle   |
| Transport Model                                | 10  | -10                          | 0   | Following closure of accounts. | This reserve is expected to be fully utilised in 2014/15.   |
| Concessionary Bus Passes                       | 83  | 8                            | 91  | Following closure of accounts. | Hold for specific purpose. Planned expenditure is in 2015/16.   |
| ICT Investment Reserve                         | 510                                       | -250                         | 260                                       | Following closure of accounts. | Retain to support expenditure over the ICT strategy until 2016/17.  |
| Dome Planned Maintenance Earmarked Res         | 259                                       | 0                            | 259                                       | Following closure of accounts. | Retain subject to lease agreement with Brighton Dome & Festival Society   |
| Investment Properties (Dilapidations) Reserve  | 125                                       | -51                          | 74  | Following closure of accounts. | Retain for specified purpose for potential properties earmarked for disposal or refurbishment. Balance of £0.074m relates to Workstyles properties that have now been disposed of (Patcham Place and major Close) |
| Insurance Reserve - Risk Management            | 18  | -18                          | 0   | Following closure of accounts. | To be utilised in 2014/15 on Interplan upgrade.   |
| <b>GENERAL FUND PROVISIONS</b>                 |   |                              |   |                                |   |
| Cemetery - Maintenance of Graves in Perpetuity | 79  | 0                            | 79  | Following closure of accounts. | Retain for maintenance and replacement as required.   |
| Cemetery - Maintenance of                      | 17  | 0                            | 17  | Following closure of           | Retain for maintenance and replacement as   |



| Description                              | Estimated Balance as at 01/04/14 £'000 | Planned Use 2014/15 £'000 | Estimated Balance as at 31/03/15 £'000 | Review Arrangements            | Conclusion  |
|--|--|---------------------------|--|--------------------------------|---|
| Monuments                                |  |                           |  | accounts.                      | required.   |
| Cemetery - Replacement                   | 15                                     | 0                         | 15                                     | Following closure of accounts. | Retain for maintenance and replacement as required.   |
| Demolition of Dangerous Building         | 25                                     | 0                         | 25                                     | Following closure of accounts. | Retain until final accounts from contractors are signed off and remedial works to adjoining buildings are completed.  |
| Land Charges Personal Searches Provision | 311                                    | -311                      | 0                                      | Following closure of accounts. | One court case has been resolved for which we have settled our liability. There remains a court case yet to be resolved which will determine any further liability and until this has been heard it is not proposed to revise this provision.   |
| Modern Records units X and Z             | 93                                     | -93                       | 0                                      | Following closure of accounts. | We have settled all liabilities incurred up until our vacation but we still need to pay our element of the dilapidations that is being negotiated by East Sussex County Council. The amount and timing of this expenditure is difficult to predict since it is ESCC negotiating with the landlord but it is expected to be settled by the end of 14/15. |
| Pay Modernisation & Equal Pay Provision  | 450                                    | 0                         | 450                                    | Following closure of accounts. | Provision relates to liability to HMRC and outstanding equal pay offers.  |
| Workstyles Dilapidations Provision       | 366                                    | -315                      | 51                                     | 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.   |

| Description  | Estimated Balance as at 01/04/14 £'000 | Planned Use 2014/15 £'000 | Estimated Balance as at 31/03/15 £'000 | Review Arrangements                                      | Conclusion  |
|--|--|---------------------------|--|--|---|
| <b>HRA RESERVES</b>                                  |  |                           |  |  |   |
| Working Balance - HRA                                | 4,798                                  | -500                      | 4,298                                  | Following closure of accounts.                           | A minimum working balance of £2m 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. |
| Capital Reserves                                     | 1,699                                  | 0                         | 1,699                                  | Following closure of accounts.                           | Committed to fund the capital programme.  |
| Revenue Grants Reserve                               | 27                                     | -27                       | 0                                      | Following closure of accounts.                           | Retain for specified purpose. Relates to Social Housing Fraud. Project delayed until 2014/15  |
| Estates Development Budget (EDB) Reserves            | 246                                    | -50                       | 196                                    | 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.                   |
| Restructure & Redundancy Reserve                     | 547                                    | 0                         | 547                                    | Following closure of accounts.                           | Retain to cover possible redundancies following further restructuring of Housing Management   |
| <b>SCHOOLS / DSG RESERVES</b>                        |  |                           |  |  |   |
| Dedicated Schools Grant (DSG) Capital Reserve        | 1,200                                  | -1,200                    | 0                                      | Review alongside Education Capital investment programme. | Retain for specific purpose. Committed to support the Education capital programme for new pupil places. Remaining £1.2m to be fully used in 2014/15.  |
| Schools PFI Project Reserve                          | 1,647                                  | -60                       | 1,587                                  | Following closure of accounts.                           | Use for funding the project over the life time of the PFI.  |
| Schools – Local Management of Schools (LMS) Balances | 6,000                                  | 0                         | 6,000                                  | Following closure of accounts.                           | Balances are held by school governing bodies.   |

| <b>Description</b>                        | <b>Estimated Balance as at 01/04/14<br/>£'000</b> | <b>Planned Use 2014/15<br/>£'000</b> | <b>Estimated Balance as at 31/03/15<br/>£'000</b> | <b>Review Arrangements</b>     | <b>Conclusion</b>                               |
|---|---|--------------------------------------|---|--------------------------------|---|
| Portslade Community College Adult Balance | 107   | 0                                    | 107   | Following closure of accounts. | Balance used at the discretion of the facility. |
| <b>TOTAL ALL FUNDS</b>                    | <b>59,141</b>                                     | <b>-7,481</b>                        | <b>51,660</b>                                     |                                |   |



## MEDIUM TERM FINANCIAL STRATEGY 2014/15 to 2019/20 – 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. approximately 10% per annum on average and this reduction has been built into the forecasts for 2016/17 to 2019/20. 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, it is unclear how appeals will be treated so new provisions for potential successful appeals on the 2017 list have been made in the forecast. A reduction due to the anticipated demolition of the original AMEX offices along with preliminary estimates of the impact of other major developments including Preston Barracks and Circus Street have been built into future forecasts of rateable value. Further analysis needs to be undertaken regarding the 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. After the table are a number of charts showing the forecast trends in key indicators over the period

On the basis of these forecasts it is estimated that the council will need to identify budget reductions of nearly £90m over the 5 year period 2015/16 to 2019/20. This represents a reduction of almost 25% 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 the average shown in the City Plan rather than the figure used in the tax base forecast then approximately an additional £0.1m New Homes Bonus and £0.075m additional council tax income would be generated each year.
- For each 0.5% increase in the rateable value over and above the forecast for business rates generates about £0.3m 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 £0.3m 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 £0.8m assuming further freeze grant is forthcoming from the government.

## Core planning assumptions

The table below sets out the core planning assumptions included in the MTFs projections.

### **MEDIUM TERM FINANCIAL STRATEGY 2014/15 TO 2019/20** *(Tables may not add due to rounding)*

| <b>Summary of MTFs assumptions</b>            | <b>2014/15</b> | <b>2015/16</b> | <b>2016/17</b> | <b>2017/18</b> | <b>2018/19</b> | <b>2019/20</b> |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
| Pay inflation and pay related matters         |                |                |                |                |                |                |
| - Provision for pay award                     | 1.0%           | 1.0%           | 1.0%           | 1.0%           | 1.0%           | 1.0%           |
| - Provision for pension contributions         | 0.5%           | 0.5%           | 0.5%           | 0.5%           | 0.5%           | 0.5%           |
| - Provision for changes in national insurance | 0.0%           | 0.0%           | (*)            | 0.0%           | 0.0%           | 0.0%           |
| General inflation                             |                |                |                |                |                |                |
| - Inflation on income                         | 2.5%           | 2.0%           | 2.0%           | 2.0%           | 2.0%           | 2.0%           |
| - Inflation on parking income                 | 0.0%           | 1.0%           | 2.0%           | 2.0%           | 2.0%           | 2.0%           |
| - Inflation on penalty charge notices         | 0.0%           | 0.0%           | 0.0%           | 0.0%           | 0.0%           | 0.0%           |
| Resources:                                    |                |                |                |                |                |                |
| Change in Settlement Funding Assessment       |                | -14.2%         | -12.0%         | -10.6%         | -10.7%         | -10.8%         |
| Change to Revenue Support Grant (RSG)         |                | -28.3%         | -29.5%         | -33.7%         | -46.8%         | -81.3%         |
| Business Rates                                |                |                |                |                |                |                |
| - Business rates poundage inflation uplift    | 2.0%           | 2.8%           | 2.8%           | 2.8%           | 2.8%           | 2.8%           |
| Change to other specific grants               | -5.1%          | -24.4%         | -13.7%         | -17.5%         | -10.0%         | -10.0%         |
| Public Health grant                           | 2.8%           | 0.0%           | 0.0%           | 0.0%           | 0.0%           | 0.0%           |
| Assumed council tax threshold increase        | 2.0%           | 2.0%           | 2.0%           | 2.0%           | 2.0%           | 2.0%           |
| Council Tax Base                              | 2.0%           | 0.25%          | 0.25%          | 0.25%          | 0.25%          | 0.25%          |

(\*) National insurance changes planned for 2016/17 are expected to add over £2m to the expenditure estimates but the Government has said that national expenditure control totals for local government will be adjusted and the council therefore should receive additional grant to offset the cost.

## Summary of MTFs projections

The table below sets out the savings /budget gap taking into account the anticipated expenditure over the MTFs period and the funding resources available.

### Summary of General Fund budget projections

|   | 2014/15        | 2015/16        | 2016/17        | 2017/18        | 2018/19        | 2019/20        |
|---|----------------|----------------|----------------|----------------|----------------|----------------|
|   | £ million      | £ million      | £ million      | £ million      | £ million      | £ million      |
| Budget Requirement brought forward                      | 228.139        | 225.317        | 212.271        | 202.450        | 194.204        | 188.916        |
| Pay and Inflation                                       | 3.557          | 4.273          | 3.542          | 3.291          | 3.140          | 3.050          |
| General Risk Provision                                  | 2.500          | 0.500          | 0.500          | 0.500          | 0.500          | 0.500          |
| Commitments - impact of previous decisions              | 0.067          | 1.555          | 0.619          | -0.089         | 0.000          | 0.000          |
| Change in Section 31 Business Rates compensation grants | -1.902         | 2.618          | -0.018         | -0.018         | -0.018         | -0.018         |
| Change in New Homes Bonus                               | -0.680         | -0.800         | -0.600         | 0.000          | -0.200         | 0.350          |
| Service pressures - demographic and inflation           | 6.085          | 5.000          | 5.000          | 5.000          | 5.000          | 5.000          |
| Service pressures - specific grants                     | 0.423          | 1.150          | 0.650          | 0.600          | 0.500          | 0.500          |
| Full year effect of savings in previous year            | -1.152         | -1.149         | 0.000          | 0.000          | 0.000          | 0.000          |
| Savings / Budget gap                                    | -15.591        | -24.632        | -19.261        | -17.530        | -14.210        | -13.700        |
| Sub-Total   | <b>221.446</b> | <b>213.832</b> | <b>202.703</b> | <b>194.204</b> | <b>188.916</b> | <b>184.598</b> |
| Change in contribution to /from reserves                | 3.871          | -1.561         | -0.253         | 0.000          | 0.000          | 0.000          |
| Budget Requirement                                      | <b>225.317</b> | <b>212.271</b> | <b>202.450</b> | <b>194.204</b> | <b>188.916</b> | <b>184.598</b> |
| <b>Funding</b>  |                |                |                |                |                |                |
| Revenue Support Grant                                   | 63.442         | 45.453         | 32.050         | 21.252         | 11.307         | 2.118          |
| Top Up Grant  | 1.611          | 1.656          | 1.702          | 1.749          | 1.797          | 1.846          |
| Locally retained Business Rates                         | 51.581         | 55.989         | 57.099         | 57.122         | 59.193         | 61.420         |
| Council Tax (including collection fund surplus)         | 108.683        | 109.172        | 111.599        | 114.081        | 116.619        | 119.214        |
| Total Funding   | <b>225.317</b> | <b>212.271</b> | <b>202.450</b> | <b>194.204</b> | <b>188.916</b> | <b>184.598</b> |

## Capital Investment Programme

The council is facing some major long term capital investment challenges. The tables below identify these challenges and the funding that has yet to be confirmed or identified in the longer term.

| CAPITAL INVESTMENT SUMMARY                          | 2014/15<br>£000 | 2015/16<br>£000 | 2016/17<br>£000 | 2017/18<br>£000 | 2018/19<br>£000 | 19/20- 23/24<br>£000 |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|----------------------|
| <u>Children's Services</u>                          |                 |                 |                 |                 |                 |                      |
| - Child Health Safeguard & Care                     | 362             |                 |                 |                 |                 |                      |
| - Education & inclusion incl. education maintenance | 5,217           | 4,400           | 4,400           | 4,400           | 4,400           | 22,000               |
| - New Pupil Places (to 2020/21)                     | 11,292          | 8,507           | 12,641          | 15,000          | 19,000          | 20,000               |
| <u>Adult Services</u>                               | 824             | 750             | 750             | 750             | 750             | 3,750                |
| <u>Environment, Development &amp; Housing (GF)</u>  |                 |                 |                 |                 |                 |                      |
| - City Infrastructure                               | 1,150           |                 |                 |                 |                 |                      |
| - Housing General Fund                              | 3,470           | 1,370           | 1,215           |                 |                 |                      |
| - City Regeneration                                 | 3,644           |                 |                 |                 |                 |                      |
| - Transport and Local Transport Plan (LTP)*         | 7,925           | 7,000           | 7,000           | 7,000           | 7,000           | 35,000               |
| - Seafront Investment                               |                 |                 |                 | 10,000          | 10,000          | 50,000               |
| <u>Environment, Development &amp; Housing (HRA)</u> |                 |                 |                 |                 |                 |                      |
| - Housing Stock Programme                           | 28,964          | 24,886          | 23,822          | 23,600          | 23,600          | 114,000              |
| - New Homes (500 new homes by 2020)                 | 5,000           | 10,500          | 1,000           | 12,000          | 20,000          | 21,000               |
| <u>Assistant Chief Executive</u>                    |                 |                 |                 |                 |                 |                      |
| - Sports & Leisure                                  | 888             | 299             |                 |                 |                 |                      |
| - Tourism & Leisure, Communities                    | 258             |                 |                 |                 |                 |                      |
| - Royal Pavilion Regeneration & Museums             | 190             |                 |                 | 2,000           |                 |                      |
| <u>Finance, Resources &amp; Law</u>                 |                 |                 |                 |                 |                 |                      |
| - City Services and HR Organisational Development   | 573             |                 |                 |                 |                 |                      |
| - Property & Design incl. Workstyles Phase 3        | 3,198           | 9,717           | 1,750           |                 |                 |                      |
| - Corporate Investment                              | 7,020           | 4,250           | 2,750           | 3,450           | 3,450           | 17,250               |
| <b>Total</b>  | <b>79,975</b>   | <b>71,679</b>   | <b>55,328</b>   | <b>78,200</b>   | <b>88,200</b>   | <b>283,000</b>       |

\*LTP is expected to include match funding to support the Valley Gardens project.



Note – No provision has been included for extra care housing

There is a fully funded capital programme for the next three years which is dependent upon the realisation of a number of capital receipts shown in the table below. Beyond the next three years there is greater uncertainty over the announcement of future government grant settlements and there is significant funding requirements that the council will need to address to provide a fully funded capital programme.

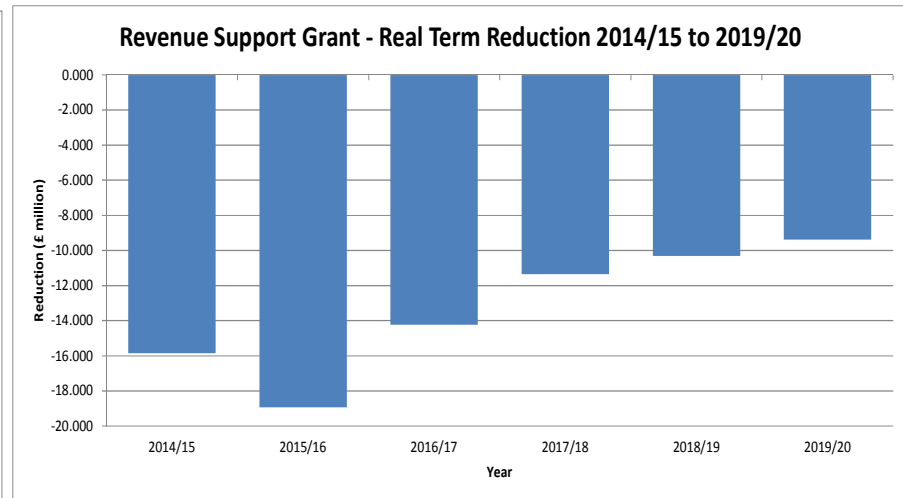
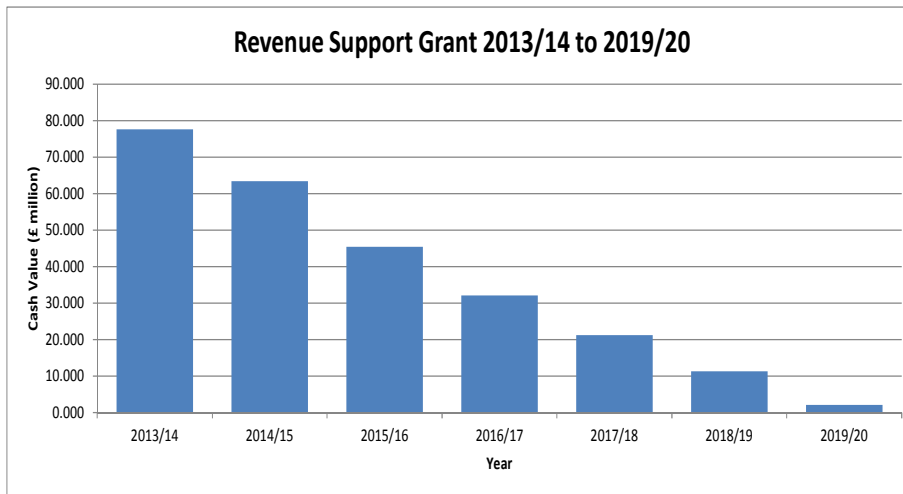
| <b>CAPITAL RESOURCES</b>  | <b>2014/15<br/>£000</b> | <b>2015/16<br/>£000</b> | <b>2016/17<br/>£000</b> | <b>2017/18<br/>£000</b> | <b>2018/19<br/>£000</b> | <b>19/20- 23/24<br/>£000</b> |
|---|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|------------------------------|
| Government Grants other   | 9,613                   | 1,762                   | 500                     | tbc*                    | tbc                     | tbc                          |
| - New Pupil Places Grant (confirmed to 2016/17)                 | 6,759                   | 12,038                  | 12,641                  | tbc                     | tbc                     | tbc                          |
| - Education Capital Maintenance (no assumptions beyond 2016/17) | 3,272                   | 3,000                   | 3,000                   | tbc                     | tbc                     | tbc                          |
| - LTP Grant (no assumptions beyond 2016/17)                     | 7,479                   | 7,000                   | 7,000                   | tbc                     | tbc                     | tbc                          |
| - Adult Social Care Grant (no assumptions beyond 2016/17)       | 674                     | 600                     | 600                     | tbc                     | tbc                     | tbc                          |
| Capital Receipts including Right To Buys                        | 8,291                   | 10,539                  | 10,585                  | 3,300                   | 4,300                   | 9,000                        |
| Capital Reserves  | 1,974                   | 500                     | 500                     |                         |                         |                              |
| Specific Reserves   | 1,476                   | 1,370                   | 1,215                   |                         |                         |                              |
| External Contributions  | 75                      |                         |                         |                         |                         |                              |
| Direct Revenue Funding  | 1,947                   | 1,550                   | 1,550                   | 1,550                   | 1,550                   | 7,750                        |
| Revenue Contribution to capital HRA                             | 24,593                  | 22,600                  | 23,500                  | 24,500                  | 26,000                  | 130,000                      |
| Council Borrowing   | 9,805                   | 7,627                   | 1,347                   | 9,800                   | 15,300                  | 6,000                        |
| Temporary funding Workstyles / Education                        | 4,017                   | 3,093                   | -7,110                  |                         |                         |                              |
| Royal Pavilion Regeneration funding (to be identified)          |                         |                         |                         | tbi**                   |                         |                              |
| Seafront Investment funding (to be not identified)              |                         |                         |                         | tbi                     | tbi                     | tbi                          |
| Corporate Funds (to be identified)                              |                         |                         |                         | tbi                     | tbi                     | tbi                          |
| <b>Total</b>  | <b>79,975</b>           | <b>71,679</b>           | <b>55,328</b>           | <b>39,150</b>           | <b>47,150</b>           | <b>152,750</b>               |

\* tbc = To be confirmed

\*\* tbi= To be identified

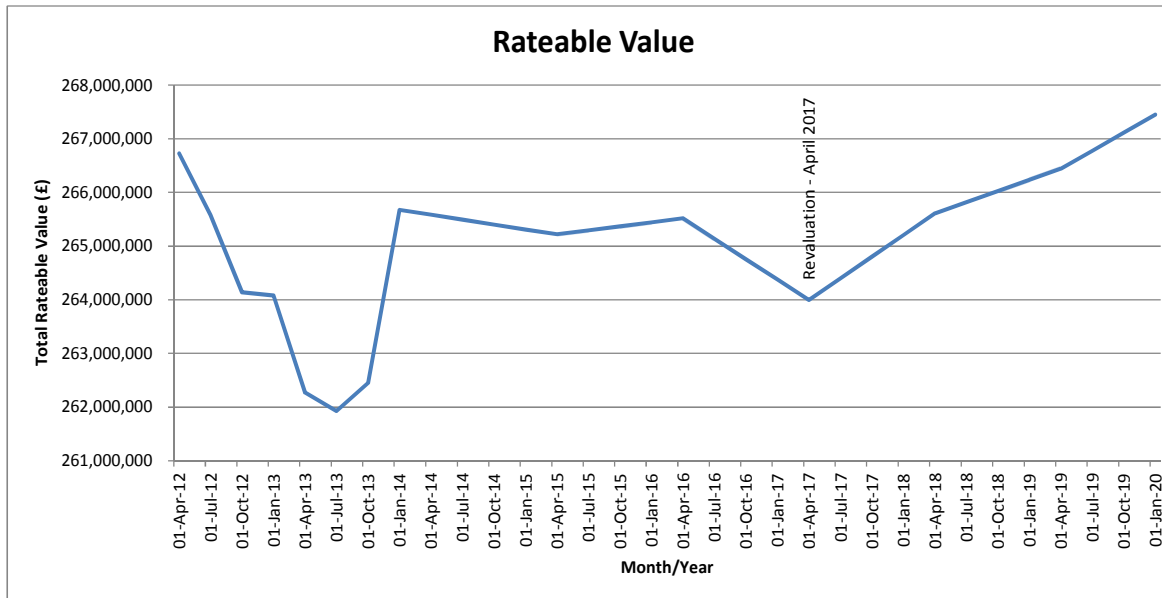
## Revenue Support Grant Projections

The first chart shows how the cash value of Revenue Support Grant from the government is falling from 2013/14 to 2019/20 when it has all but disappeared. The second chart shows the real term reduction in resources being experienced by the council as a result of the loss of Revenue Support Grant. It is not expected that any change in government after the next General Election would have a significant impact on the national spending on local government. However it is possible that there could be distributional changes that would affect resources at an individual authority level.



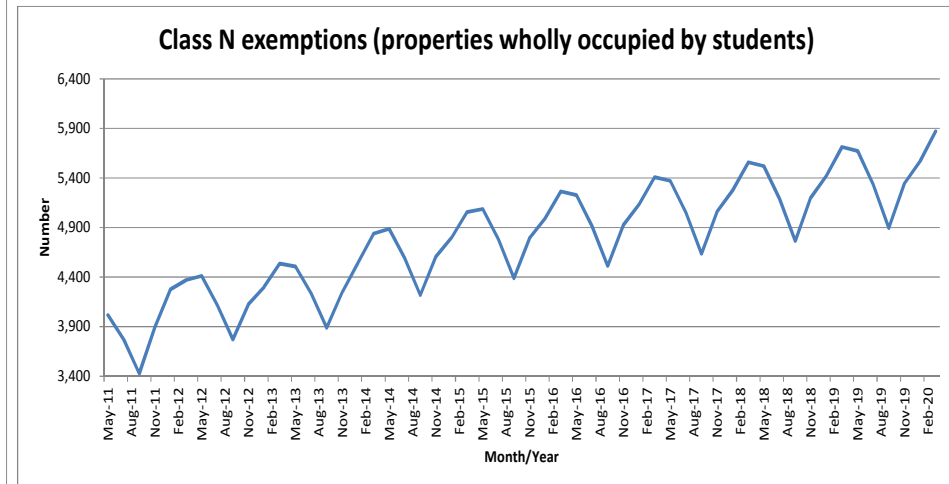
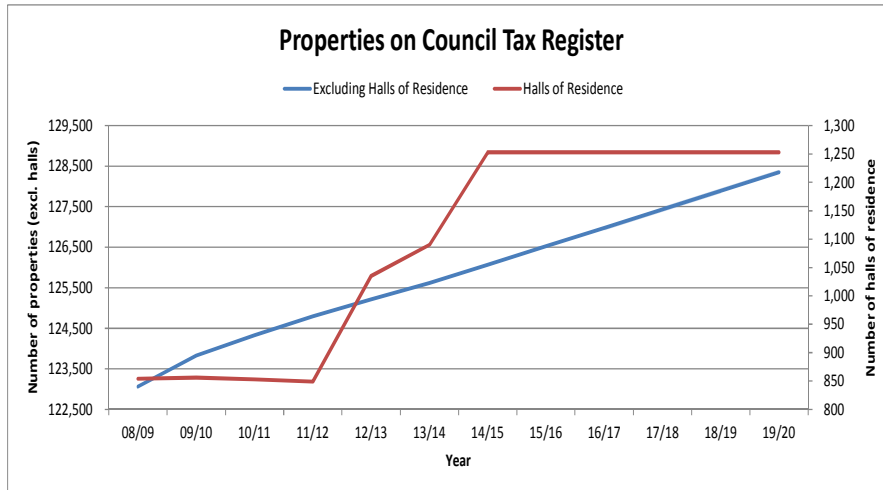
## Business Rate Retention Projections

The first chart shows the projected change in the rateable value (RV) of properties liable to pay business rates in the city including the impact of revaluation in 2017 which leads to national resource equalisation rather than local gain. The RV is set by the Valuation Office. The council retains 49% of any increase in the rateable value (excluding changes from revaluation) but has no control over the multiplier (of the RV which determines the amount to be paid) which is set nationally by central government. The RV fluctuates as a result of properties coming on and off the system particularly as a result of new developments and crucially as a result of the impact of successful appeals by businesses against their RV. The appeals are determined by the Valuation Office and were the major cause of the dip in RV in 2013 and a further dip is expected in 2017 when the new rating list is published.

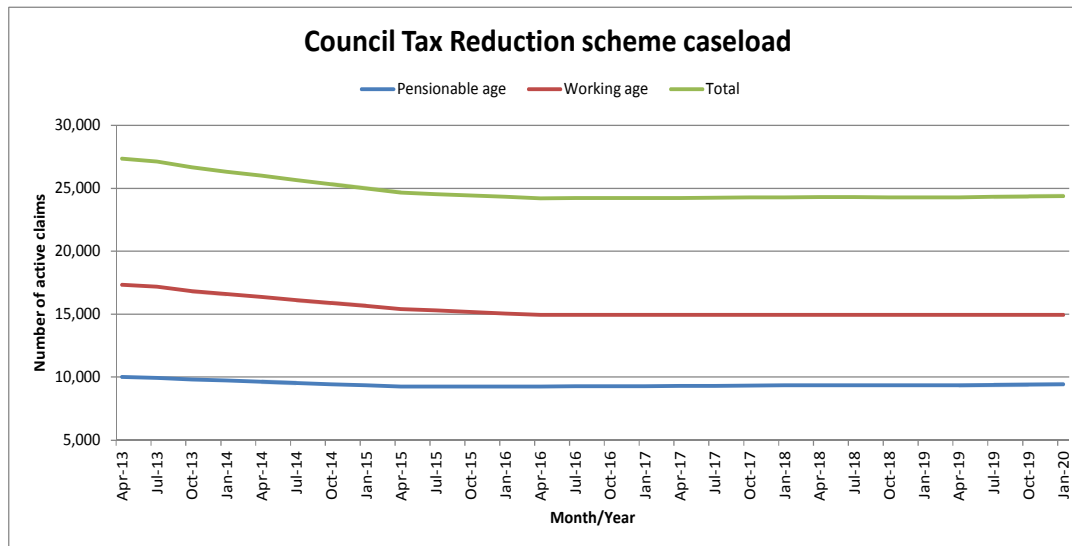


## Council Taxbase Projections

The first chart shows the numbers of properties on the council tax register. Properties occupied by students are exempt from council tax and so this particularly highlights the changes in the taxbase excluding halls of residence and then the second chart shows the profile of student exemptions in properties other than halls of residence. While there is underlying growth in the council taxbase it is almost entirely offset by the growth in student exemptions – from 2015/16 the financial model assumes a net 0.25% growth.

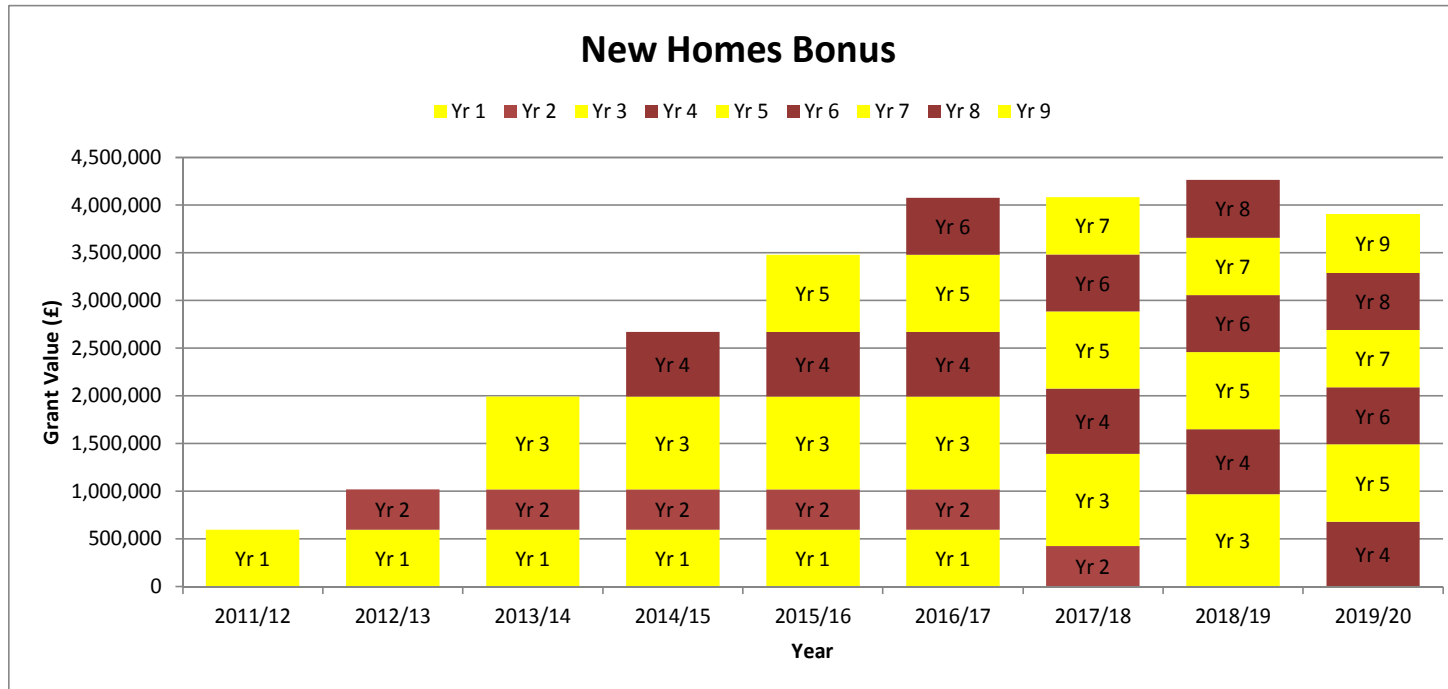


Council tax reduction is a discount on the amount of council tax payable by those on a low income. It is entirely funded from the council's General Fund resources, the previous funding for Council Tax Benefits was transferred into the general Revenue Support Grant in 2013/14. In 2013/14 the caseload fell both across pensionable and working age clients. It is currently projected to stay the same in future years – the caseload changes are entirely the council's risk. While the numbers of people of working age in employment can potentially be influenced by the council through its approach to economic development, the pensionable caseload is entirely due to demographics.



## New Homes Bonus

New Homes Bonus provides an incentive for increasing the council taxbase, it is payable for a maximum of 6 years and has been funded in general by national top slices from local government funding. As a result of the pressures on the General Fund budget the council has used it to contribute to its budget gap, this means it needs to be mindful of whether additional funding is sufficient to compensate for the ending of resources gained in earlier years.



## 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 (£63.4m of Revenue Support Grant in 2014/15) 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 Housing Benefit Administration Grant fairly reflects the costs incurred by the Council, particularly given delays to the rollout of Universal Credit and changing work patterns as a result of Welfare Reform
- 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” and we expect that these criteria will be in line with new nationally set criteria to be in place from 2015/16. We will fulfil our responsibilities to ensure the **quality** of services provided in the city and **safeguard** vulnerable adults including meeting new statutory responsibilities through the Care Bill.

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 and housing colleagues to ensure the **Better Care Fund** delivers whole system integration for those who are frail, including those who are homeless and have mental health difficulties as well as those who are elderly.

We will continue to assess the options for alternative service delivery models to 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
- support agreed national and local targets to reduce acute hospital admissions

## 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 to ensure they are focussed on those children and families in need and that they make a difference

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 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, including for the Royal Pavilion Estate, and our cultural and leisure facilities including the seafront.

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 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 recycle
- 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 the Sussex Energy Savings Partnership to reduce carbon emissions and tackle fuel poverty in the city's overall housing stock through.

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.

**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 uncertainty over the level of government funding after 2015/16 which will be determined after the 2015 General Election but it is inevitable that all local authorities will suffer further significant cuts in government grants. 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 and future grant distribution models
- 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
- Levels of house building on both council tax and new homes bonus
- Achievement of performance targets for performance related funding
- 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<br>(L) | Impact<br>(I)   | Risk<br>(L) X (I) | Possible Impact on Financial Strategy                         | Mitigation / Management   |
|--|---------------------------------|---|-------------------|---|---|
| <b>Potential Risks affecting 2014/15 onwards</b>   |                                 |   |                   |   |   |
| Collection of council tax falls due to the continuing squeeze on household budgets and further changes to discounts and exemptions agreed in December, resulting in a deficit on the collection fund | 3                               | 4<br>0.1% reduction in council tax collection = £0.1m | 12                | Would require reductions in the budget for the following year | Close monitoring of the collection fund, including 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 |



| <b>Risk</b>  | <b>Likelihood of occurrence (L)</b> | <b>Impact (I)</b>   | <b>Risk (L) X (I)</b> | <b>Possible Impact on Financial Strategy</b>                                     | <b>Mitigation / Management</b>  |
|--|-------------------------------------|---|-----------------------|--|---|
| 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                                   | 3<br>0.1%<br>reduction in<br>council tax<br>collection =<br>£0.1m | 9                     | 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 empty discounts<br><br>Working with further education establishments to develop more dedicated student accommodation |
| Increased insurance premiums particularly for Public Liability in the short term and as a result of national storm damage claims over the longer term  | 4                                   | 3<br>100%<br>increase =<br>£0.2m                                  | 12                    | Would require compensating savings to be identified in 2014/15 and future years. | Consider options such as retendering and self-insurance to minimise potential cost increases<br><br>Continued emphasis on risk management to help prevent future claims   |

| <b>Risk</b>  | <b>Likelihood of occurrence (L)</b> | <b>Impact (I)</b>  | <b>Risk (L) X (I)</b> | <b>Possible Impact on Financial Strategy</b>  | <b>Mitigation / Management</b>   |
|--|-------------------------------------|--|-----------------------|---|--|
| Long term borrowing rates higher than anticipated  | 3                                   | 2<br>0.1% higher<br>= £0.06m for<br>£55m                                 | 6                     | Would increase borrowing costs budget over the long-term<br>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: <ul style="list-style-type: none"> <li>• Increased service demand</li> <li>• Price variations</li> <li>• Unachieved income levels</li> <li>• Unachieved savings</li> </ul> | 3                                   | 4<br>1% overspend on net GF budget = £2.250m in 2014/15                  | 12                    | Departmental service pressures that can only be met through additional resources, such as the risk provisions, or savings elsewhere in the budget.<br>Reduction in reserves | Monitor corporate critical budgets and overall budget through TBM.<br>Identify action plans to mitigate cost pressures.  |
| Waste tonnages higher than projected resulting in additional disposal costs  | 2                                   | 4<br>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<br>Monitor and identify specific areas of growth and undertake waste minimisation and further recycling measures |

| <b>Risk</b>  | <b>Likelihood of occurrence (L)</b> | <b>Impact (I)</b>   | <b>Risk (L) X (I)</b> | <b>Possible Impact on Financial Strategy</b>   | <b>Mitigation / Management</b>   |
|--|-------------------------------------|---|-----------------------|--|--|
| Continuing squeeze on household incomes and difficult trading conditions on the high street has a greater than anticipated impact on collection of income and commercial rents | 3                                   | 4<br>1% reduction in income = £1m<br>1% reduction in commercial rents = £0.1m | 12                    | Services would need to identify compensating savings and in particular look at whether expenditure could be reduced in those income generation areas | Identify action plans to mitigate income and rent shortfalls   |
| The uncertainties within housing market, changes in housing benefit and welfare reform create spending pressures within the budget e.g. homelessness                           | 4                                   | 4<br>10% increase in net homelessness budget = £0.4m                          | 16                    | 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 |

| <b>Risk</b>  | <b>Likelihood of occurrence (L)</b> | <b>Impact (I)</b>  | <b>Risk (L) X (I)</b> | <b>Possible Impact on Financial Strategy</b>            | <b>Mitigation / Management</b>  |
|--|-------------------------------------|--|-----------------------|---|---|
| Cash reductions in remaining unringfenced government grants in 2015/16 and beyond causing additional budget pressures                                    | 3                                   | 3<br>5%<br>reduction in unringfenced government grants = £0.5m | 9                     | Reductions in budgets or upward pressure on council tax | Provisions for reductions made in resource forecasts<br><br>Develop strategies to identify priorities and mitigate impact of reductions |
| Reduction in Dedicated Schools Grant following review of existing formula and possible introduction of a national model for distribution between schools | 3                                   | 4<br>1%<br>reduction in DSG = £1.642m                          | 12                    | Additional pressure on schools budgets                  | Respond to consultation papers and lobby Government on impact<br><br>Early discussions with Schools Forum on potential impact           |
| Reduction in Pupil Premium Grant (PPG) following review of its introduction in 2010/11 and performance of disadvantaged pupils over the period           | 3                                   | 3<br>10%<br>reduction in PPG = £0.890m                         | 9                     | Additional pressure on schools budgets                  | Respond to consultation papers and lobby Government on impact<br><br>Early discussions with Schools Forum on potential impact           |

| <b>Risk</b>   | <b>Likelihood of occurrence (L)</b> | <b>Impact (I)</b>   | <b>Risk (L) X (I)</b> | <b>Possible Impact on Financial Strategy</b>   | <b>Mitigation / Management</b>   |
|---|-------------------------------------|---|-----------------------|--|--|
| Funding for Public Health responsibility reduces following introduction of new distribution formula | 4                                   | 4<br>2014/15<br>Grant =<br>£18.7m                                   | 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 Better Care Fund (BCF) through failure to achieve performance targets                  | 3                                   | 4<br>Council share of BCF subject to achievement of targets = £2.6m | 12                    | Reductions in budgets or upward pressure on council tax  | Working with Health on the Better Care Fund plan through the Health & Wellbeing Board  |
| Major civil incident occurs e.g. storm, flooding, riot  | 2                                   | 4<br>Estimated "Bellwin" threshold = £0.7m                          | 8                     | Budget overspend/reduction in reserves<br><br>Pressures on other budgets<br><br>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<br><br>Ensure appropriate insurance cover is in place and that the Insurance Fund is sufficient to cover uninsured risks |

| <b>Risk</b>   | <b>Likelihood of occurrence (L)</b> | <b>Impact (I)</b>   | <b>Risk (L) X (I)</b> | <b>Possible Impact on Financial Strategy</b>  | <b>Mitigation / Management</b>   |
|---|-------------------------------------|---|-----------------------|---|--|
| Severe winter weather places additional spending pressures on winter maintenance and other budgets across the council | 3                                   | 3<br>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<br>1% cost overrun on total programme = £1.0m                   | 6                     | Reserves or other capital resources redirected to fund overspend<br>Unable to meet capital investment needs | Effective cost control and expenditure monitoring.<br>Flexibility within programme to re-profile expenditure if necessary.                 |
| Capital receipts lower than anticipated   | 3                                   | 4<br>10% reduction in receipts = £0.5m in 14/15 & £0.7m in 15/16  | 12                    | Fewer resources available for transport programme, workstyles and other strategic funds                     | Flexible capital programme that allows plans to be reduced or re-profiled.<br>Alternative site disposal plans capable of being accelerated |

| <b>Risk</b>  | <b>Likelihood of occurrence (L)</b> | <b>Impact (I)</b>  | <b>Risk (L) X (I)</b> | <b>Possible Impact on Financial Strategy</b>   | <b>Mitigation / Management</b>  |
|--|-------------------------------------|--|-----------------------|--|---|
| Income from business rates is lower than expected due to successful rating appeals / redevelopment of existing sites gives temporary reduction / collection performance declines | 3                                   | 3<br>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<br>Respond to CLG consultation on appeals<br>Close monitoring of business rates yield and collection<br>Consider measures to encourage growth in local businesses |
| Pay assumptions for 2014/15 onwards are lower than agreed pay awards and other pay related costs   | 3                                   | 3<br>0.5% change in pay award = £0.7m                      | 9                     | 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 Living Wage.<br>This would require reductions in the budgets for the following year/s to repay reserves. | Monitor progress on pay award negotiations and wider national settlements.<br>Monitor progress of pay negotiations on a frequent basis and update financial forecasts regularly.                                    |

| <b>Risk</b>   | <b>Likelihood of occurrence (L)</b> | <b>Impact (I)</b>  | <b>Risk (L) X (I)</b> | <b>Possible Impact on Financial Strategy</b>   | <b>Mitigation / Management</b>   |
|---|-------------------------------------|--|-----------------------|--|--|
| 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<br>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 |
| <b>Further risks affecting 2016/17 onwards</b>  |                                     |  |                       |  |  |
| New Spending Review and/or changes to the grant distribution system leads to greater reductions in B&HCC funding from 2016/17 onwards   | 3                                   | 4<br>1% reduction in Settlement Funding Assessment = £1.0m | 12                    | Reductions in budgets or upward pressure on council tax  | Lobby with LGA over future spending totals<br>Lobby for greater overall share of funding assessment  |
| Business Rates Revaluation due to be implemented in on 1 April 2017 leads to new successful Business Rates appeals  | 5                                   | 4<br>1% of forecast retained business rates income = £0.5m | 20                    | Reductions in budgets or upward pressure on council tax<br>Protection from safety net at 7.5% below baseline funding | Lobby CLG for changes to the Business Rates Retention scheme<br>Liaison with VOA<br>Monitor the impact of appeals throughout the remaining revaluation period                  |



| <b>Risk</b>  | <b>Likelihood of occurrence (L)</b> | <b>Impact (I)</b>  | <b>Risk (L) X (I)</b> | <b>Possible Impact on Financial Strategy</b>  | <b>Mitigation / Management</b>  |
|--|-------------------------------------|--|-----------------------|---|---|
| Government changes to business rates (e.g. cap on multiplier, enhanced or new reliefs) are not fully funded through ongoing section 31 compensation grants | 3                                   | 4<br>Estimated value of Section 31 grant 2014/15 = £3.2m | 12                    | Reductions in budgets or upward pressure on council tax   | Lobby CLG to ensure any new measures impacting on business rates income are fully funded  |
| Changes to National Insurance contributions in 2016/17 are not matched by an increase in the funding totals for local government                           | 3                                   | 4<br>Estimated increase in NI of £2.2m for GF            | 12                    | Reductions in budgets or upward pressure on council tax   | Lobby CLG and Treasury to ensure additional burden is fully funded  |
| Energy and fuel prices increase above budgeted provision   | 3                                   | 2<br>10% increase to the general fund = £0.35m           | 6                     | Would reduce resources within budgets creating the need to find additional savings<br>However, higher electricity prices would mean that the share of electricity income from Energy From Waste plant will increase to offset some of the cost increase | Reduce consumption and implement measures to generate energy<br>Monitor energy/fuel market for contracts closely<br>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   |
|--|------------------------------|--|----------------|---|---|
| Investment interest rates lower than anticipated                               | 3                            | 3<br>0.5% lower =<br>£0.4m   | 9              | Would need more reserves to cover any shortfall in the investment interest budget | Keep investment strategy under constant review  |
| Further transfer of schools from local authority to free schools and academies | 4                            | 3<br>10% transfer of pupils<br>Reduced Business Rates income =£0.1m<br>Reduced Education Services Grant =£0.3m | 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.<br>Reduce costs where possible. |

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 current 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
- Improve the local economy – Reduce Council Tax Reduction caseload and increase council tax resources



***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 2014/15:

For 2014/15 the following provision will be made in the revenue account:

- For debt in the future which will be Supported Capital Expenditure, and for capital expenditure incurred before 1<sup>st</sup> April 2008, 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, and for capital expenditure incurred after 1<sup>st</sup> April 2008:
  - Where the debt relates to an asset the council will set aside a sum equivalent to repaying debt over the life of that asset either in equal annual instalments or on an annuity basis, the method determined by that most financially beneficial to the council over the life of the asset, or
  - Where the debt relates to expenditure which is subject to a capitalisation direction issued by the Government the council will set aside a sum equivalent to repaying debt over a period consistent with the nature of the expenditure under the annuity basis.
- In the case of finance leases and on-balance sheet PFI contracts the MRP requirement will be regarded as met by a charge equal to the element of the lease payment or unitary charge that is applied to write down the balance sheet liability in the year.



## Brighton & Hove City Council – Prudential Indicators 2014/15 to 2016/17

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 2014/15 to 2016/17***

|         | <b>2014/15<br/>Estimate</b> | <b>2015/16<br/>Estimate</b> | <b>2016/17<br/>Estimate</b> |
|---------|-----------------------------|-----------------------------|-----------------------------|
|         | £'000                       | £'000                       | £'000                       |
| Non-HRA | <b>8.5%</b>                 | <b>9.3%</b>                 | <b>9.8%</b>                 |
| HRA     | <b>13.1%</b>                | <b>15.0%</b>                | <b>14.8%</b>                |

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

#### A2 ***Prudential indicator – Estimates of the incremental impact of the new capital investment decisions on the council tax 2014/15 to 2016/17***

|                                     | <b>2014/15<br/>Estimate</b> | <b>2015/16<br/>Estimate</b> | <b>2016/17<br/>Estimate</b> |
|-------------------------------------|-----------------------------|-----------------------------|-----------------------------|
| Addition in council tax requirement | <b>£ 18.47</b>              | <b>£ 22.15</b>              | <b>£ 23.64</b>              |

**A3 Prudential indicator – Estimates of the incremental impact of the new capital investment decisions on the average weekly housing rents 2014/15 to 2016/17.**

|   | <b>2014/15<br/>Estimate</b> | <b>2015/16<br/>Estimate</b> | <b>2016/17<br/>Estimate</b> |
|---|-----------------------------|-----------------------------|-----------------------------|
| Addition in average weekly housing rent | <b>£ 41.70</b>              | <b>£ 45.70</b>              | <b>£ 47.20</b>              |

**B Prudential indicators for Prudence**

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

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

**B1 Prudential indicator – Net debt (including PFI liabilities) and the capital financing requirement 2014/15 to 2016/17**

|                                 | <b>31-Mar-15<br/>Estimate</b> | <b>31-Mar-16<br/>Estimate</b> | <b>31-Mar-17<br/>Estimate</b> |
|---------------------------------|-------------------------------|-------------------------------|-------------------------------|
|                                 | £'000                         | £'000                         | £'000                         |
| Net borrowing                   | <b>216,050</b>                | <b>214,700</b>                | <b>208,181</b>                |
| PFI Liabilities                 | <b>56,127</b>                 | <b>54,149</b>                 | <b>52,015</b>                 |
| Net debt (incl PFI liabilities) | <b>272,177</b>                | <b>268,850</b>                | <b>260,196</b>                |
| Capital financing requirement   | <b>330,161</b>                | <b>327,480</b>                | <b>319,416</b>                |

**B2 Prudential indicator – Gross debt (including PFI liabilities) and Net debt 2014/15 to 2016/17**

|                                   | <b>31-Mar-13<br/>Estimate</b> | <b>31-Mar-14<br/>Estimate</b> | <b>31-Mar-15<br/>Estimate</b> |
|-----------------------------------|-------------------------------|-------------------------------|-------------------------------|
|                                   | £'000                         | £'000                         | £'000                         |
| Gross borrowing                   | <b>241,321</b>                | <b>240,184</b>                | <b>234,011</b>                |
| PFI Liabilities                   | <b>56,127</b>                 | <b>54,149</b>                 | <b>52,015</b>                 |
| Gross debt (incl PFI liabilities) | <b>297,448</b>                | <b>294,333</b>                | <b>286,026</b>                |
| Net debt (incl PFI liabilities)   | <b>272,177</b>                | <b>268,850</b>                | <b>260,196</b>                |



**C Prudential indicator for Capital Expenditure**

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

**C1 Prudential indicator – Estimates of total capital expenditure 2014/15 to 2016/17**

|                 | <b>2014/15<br/>Estimate</b> | <b>2015/16<br/>Estimate</b> | <b>2016/17<br/>Estimate</b> |
|-----------------|-----------------------------|-----------------------------|-----------------------------|
|                 | £'000                       | £'000                       | £'000                       |
| Total non-HRA   | <b>46,011</b>               | <b>36,293</b>               | <b>30,506</b>               |
| Total HRA       | <b>33,964</b>               | <b>35,386</b>               | <b>24,822</b>               |
| Total programme | <b>79,975</b>               | <b>71,679</b>               | <b>55,328</b>               |

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

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

**C2 Prudential indicator – Estimates of capital financing requirement 2013/14 to 2015/16**

|         | <b>2014/15<br/>Estimate</b> | <b>2015/16<br/>Estimate</b> | <b>2016/17<br/>Estimate</b> |
|---------|-----------------------------|-----------------------------|-----------------------------|
|         | £'000                       | £'000                       | £'000                       |
| Non-HRA | <b>211,051</b>              | <b>205,659</b>              | <b>201,034</b>              |
| HRA     | <b>119,111</b>              | <b>121,821</b>              | <b>118,381</b>              |
| Total   | <b>330,161</b>              | <b>327,480</b>              | <b>319,416</b>              |

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

The council has a number of daily 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 Prudential indicators for External Debt**

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

**D1 Prudential indicator – Authorised limit 2014/15 to 2016/17**

|                             | <b>2014/15<br/>Estimate</b> | <b>2015/16<br/>Estimate</b> | <b>2016/17<br/>Estimate</b> |
|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|                             | £'000                       | £'000                       | £'000                       |
| Borrowing                   | <b>332,000</b>              | <b>344,000</b>              | <b>338,000</b>              |
| Other long term liabilities | <b>58,000</b>               | <b>57,000</b>               | <b>55,000</b>               |
| <b>Total</b>                | <b>380,000</b>              | <b>401,000</b>              | <b>393,000</b>              |

The authorised limit is the aggregate of gross borrowing (i.e. before investment) and other long term liabilities such as finance leases. In taking its decisions on the budget report the council is asked to note that the authorised limit determined for 2014/15 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**

|                             | <b>2014/15<br/>Estimate</b> | <b>2015/16<br/>Estimate</b> | <b>2016/17<br/>Estimate</b> |
|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
|                             | £'000                       | £'000                       | £'000                       |
| Borrowing                   | <b>312,000</b>              | <b>334,000</b>              | <b>328,000</b>              |
| Other long term liabilities | <b>58,000</b>               | <b>57,000</b>               | <b>55,000</b>               |
| <b>Total</b>                | <b>370,000</b>              | <b>391,000</b>              | <b>383,000</b>              |

The operational boundary is based on the authorised limit but without the additional headroom. The operational boundary represents a key

management tool for in-year monitoring by the Director of Finance. As with the authorised limit figures for borrowing (gross) and other long term liabilities are separately identified.

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

**D3 HRA limit on indebtedness 2014/15 to 2016/17**

|  | <b>2014/15<br/>Estimate</b> | <b>2015/16<br/>Estimate</b> | <b>2016/17<br/>Estimate</b> |
|--|-----------------------------|-----------------------------|-----------------------------|
|  | £'000                       | £'000                       | £'000                       |
| HRA limit on indebtedness              | <b>156,840</b>              | <b>156,840</b>              | <b>156,840</b>              |
| HRA capital financing requirement (C2) | <b>119,111</b>              | <b>121,821</b>              | <b>118,381</b>              |

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

**E Prudential indicators for Treasury Management**

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

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

**E2 *Prudential indicators – Upper limits on interest rate exposure 2014/15 to 2016/17***

|  | <b>2014/15</b> | <b>2015/16</b> | <b>2016/17</b> |
|--|----------------|----------------|----------------|
| Upper limit on fixed interest rate exposure    | <b>110%</b>    | <b>110%</b>    | <b>111%</b>    |
| Upper limit on variable interest rate exposure | <b>44%</b>     | <b>44%</b>     | <b>44%</b>     |

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

Indicator E2a exemplifies the indicator over borrowing and investment.

**E2a Prudential indicators (supplemental) – Upper limits on interest rate exposure 2014/15 to 2016/17**

|   | 2014/15 | 2015/16 | 2016/17 |
|---|---------|---------|---------|
| Upper limit on borrowing – fixed rate exposure      | 100%    | 100%    | 100%    |
| Upper limit on borrowing – variable rate exposure   | 40%     | 40%     | 40%     |
| Upper limit on investments – fixed rate exposure    | 100%    | 100%    | 100%    |
| Upper limit on investments – variable rate exposure | 100%    | 100%    | 100%    |

Indicator E2a is supplemental to Indicator E2 and shows separately the maximum limits for both borrowing and investments. The indicator is not a requirement of the prudential code but it does show more clearly the interest rate exposure limits within which borrowing and investments will be managed. The effect of the limits is the Director of Finance 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 2014/15**

|                                | 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**

|       | 2014/15 | 2015/16 | 2016/17 |
|-------|---------|---------|---------|
|       | £000    | £000    | £000    |
| Limit | 25,000  | 25,000  | 25,000  |

# Budget 2014-15 Equality Impact Assessments (EIAs) for impacts on Service-Users and Staff: Process, Assessment and Planned Actions

## 1. Introduction

**1.1** This report describes the process of Equality Impact Assessment (EIA) made on the budget proposals for 2014/15 and analyses the findings. The council has a legal duty under the Equality Act 2010 to evidence that we have paid 'due regard' in our budget decision-making to the need to:

- eliminate unlawful discrimination,
- advance equality of opportunity and
- foster good relations between persons who share a relevant protected characteristic<sup>1</sup> and those that don't.

**1.2** Budget EIAs evidence how the council is considering impacts on legally protected groups as part of the decision-making process and action we will take where needed. The list of identified impacts for budget proposals affecting staff and service-users is available in Appendix 13.

**1.3** The report describes:

- the council's legal duties in the budget-setting process (section 2),
- the national and local context (sections 3 and 4)
- the council's approach to and aims in Equality Impact Assessment (EIA) as part of decision-making (section 5),
- which legally protected groups (staff and service-users) are identified at this stage as potentially experiencing disproportionate impacts, from individual or cumulative proposals (section 6),
- in relation to service-users:
  - council-wide cumulative impacts identified at this stage (section 7),
  - the over-arching actions which will be needed to mitigate negative impacts and maximise positive impacts (section 8),
- in relation to staff:
  - council-wide cumulative impacts identified at this stage (section 9),
  - the over-arching actions which will be needed to mitigate negative impacts and maximise positive impacts (section 10),

## 2. Our legal duties

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

**2.2** Under the equality duty set out in the Equality Act 2010, public authorities must have ‘due regard’ to the need to eliminate unlawful discrimination, harassment and victimisation, to advance equality of opportunity, and to foster good relations between people who share a protected characteristic and those who do not.

**2.3** The protected groups covered by the equality duty are: age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation. The duty also covers marriage and civil partnerships (only in respect of eliminating unlawful discrimination). Assessment has also been included of impacts and actions in relation to child poverty.

**2.4** The law requires that public authorities demonstrate that they have paid conscious and rigorous attention to the aims of the equality duty in their decision-making. An evidenced process assessing the potential impact on equality of budget proposals is the primary way in which the council can demonstrate that we have had ‘due regard’ to this equality duty.

**2.5** By law, our assessments of impact on equality must:

- Contain enough information to enable a public authority to demonstrate it has had ‘due regard’ to the aims of the equality duty in its decision-making
- Consider ways of mitigating or avoiding any adverse impacts.

Our Budget EIA process meets these requirements.

**2.6** The Public Sector Equality Duty (PSED) does not prevent councils from making difficult decisions such as reorganisations and relocations, redundancies, and service reductions, nor does it prevent decisions which may affect one group more than another group.

**2.7** The duty enables public bodies to demonstrate that they are making financial decisions in a fair, transparent and accountable way. This involves considering the needs and the rights of different members of the community, how impacts will affect them and mitigating negative impacts as fully as possible. This is achieved through assessing the impact that changes to policies, procedures and practices could have on people because of their legally protected characteristics.

**2.8** 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 may have to start the decision-making process again, with improved consultation and evidence gathering to identify the impact on particular groups.

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

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

### **3. National context**

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

**3.2** Key national issues that may have an equalities impact include:

- austerity measures which are resulting in reductions in public expenditure across most of public services;
- the national welfare reforms; and
- reforms to adult social care and health.

### **4. Local context**

**4.1** 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

**4.2** Relevant local priorities and context includes:

- Substantial proactive work to support financial inclusion;
- A collaborative approach across the council to help mitigate the impacts of welfare reform where possible;
- Close partnership working across social care and health both for children's services and adults'; and
- A strong focus on improving educational attainment and opportunities for access to employment for our young people.

### **5. Brighton & Hove City Council Approach**

**5.1** The council has used a Budget EIA process to identify the main potential disproportionate impacts arising because of people's protected characteristics and on child poverty. Where relevant they draw on existing service EIAs.

**5.2** 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 are most vulnerable;
- fund services which respond to people's diverse needs
- save money by getting it right first time.

**5.3** Service leads completed EIAs on budget proposals where the proposed changes potentially impact on service provision. The document presented to

Members lists all the disproportionate impacts on groups because of their protected characteristic. It also identifies the planned actions to mitigate negative impacts.

**5.4** A consultation event was held in December with community and voluntary sector groups, hosted by Community Works and feedback was either incorporated into the relevant EIA and/or was responded to directly by managers.

**5.5** All the EIAs have been reviewed by the Communities, Equality and Third Sector Team and discussed by the Executive Leadership Team to consider overall impacts and ensure consistency.

**5.6** The Human Resources team has assessed the equalities impacts on staff which are known at this stage and EIA templates have been completed for all proposals affecting staff. This process will continue through staff consultation processes to enable staff to raise specific and additional issues. Information which might identify individuals has been withheld from this document to protect confidentiality, but all information has been provided to managers and will be used to inform the implementation of agreed proposals.

**5.7** For groups of over 20 staff equalities data has been used to assist the identification of potential impacts. Where there are fewer than 20 staff affected data has not been produced to protect the confidential sensitive equalities information provided by staff. EIAs have been completed in these instances with regard to known information about the staff group and proposals made.

**5.8** Since the equality duty is a continuing duty which must be complied with when implementing and reviewing a decision, assessment of equality impacts and response to them will continue after budget decisions are agreed. Data from these EIAs will also be shared with relevant managers. This will enable managers to identify the best ways to implement the decisions to minimise negative or disproportionate impacts on legally protected and socially excluded groups.

## **6. Impacts identified across all proposals**

**6.1** The EIA process and consultation have been based on identifying whether or not impacts are likely to be different for a person because of their protected characteristic (with a focus on where impacts may be worse) and if so, list the proposed mitigating actions

**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' in service delivery and particular attention has been given in relation to the impact of proposals on disabled staff. Therefore we have identified key activities to ensure continued progress against this aim. More details are below.

## **7. Service-Users: Identified Cumulative Impacts**

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

**7.2** Impacts are identified across a number of budget proposals for the following protected characteristics:

- age (older and younger people)
- disability
- ethnicity
- gender (women and men)

**7.3** These are the result of proposed changes to a number of services targeted towards these groups. Specific actions to mitigate impacts arising from each proposal are defined within the relevant EIAs. In addition council-wide mitigating actions are detailed below.

**7.4** Cumulative impacts from proposals:

**7.4.1** 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. Significant one off and recurrent resources are available in support of the council's Financial Inclusion Strategy, including various discretionary funds detailed elsewhere, and the action plan set out in the Financial Inclusion Strategy continues to be implemented to improve advice and support and reduce financial exclusion. In particular, closer working with banks, advice agencies and council income collection and recovery services is aimed at ensuring that financial inclusion is promoted to help people on low incomes to manage their finances and any debts, and avoid getting into difficulties wherever possible. A cumulative impact assessment on fees and charges is included in the 'Budget Equality Impact Assessments 2014-15: identified impacts and actions' document.

**7.4.2** Changes to specialist services and contracts (eg: Learning Disability, Mental Health) raise potential issues for mainstream services in relation to increased demand. In addition, mainstream services need to be accessible and appropriate to people's specific needs. Developing capacity and skills in the mainstream to manage more 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.

**7.4.3** Significant changes in services or the management of the city environment 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 ongoing equality assessment and careful implementation to ensure that impacts are mitigated in the process.

**7.4.4** 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 has therefore been supporting the sector's Transforming Local Infrastructure (TLI) project to help build and sustain that capacity and developing a council-wide Third Sector Policy and Prospectus. This includes specific targeted work with protected characteristic groups.

## **8. Service-users: Council-wide Mitigating Actions**

**8.1** It is important to note that existing council equalities approaches such as Equality Impact Assessment and actions from the council's Equality and Inclusion Policy will be a critical part of minimising or avoiding negative impacts on specific groups protected in law. Also, needs assessments and actions from them (such as the Joint Strategic Needs Assessment, current work focused on Black and Minority Ethnic communities and the Trans community) will enable better understanding of communities and their access to and outcomes from services, helping us to identify and respond to needs more effectively.

**8.2** 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 continue to have responsibility for overseeing this as decisions are made and service changes take place.

**8.3** In addition the following actions are necessary to mitigate negative impacts:

**8.3.1 Monitoring of impact:** Services are required to 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. Where impacts are escalating or affecting other services beyond expectation and capacity to manage then services must take appropriate steps to address this in partnership with the relevant Executive Director(s). The findings of this monitoring will help inform the budget-setting process next year.

**8.3.2 Further assessment of equality impacts:** Since the equality duty is an ongoing duty, services are required to make further assessment of equality impacts where appropriate in the implementation and review phases. This will be with

relevant Community and Voluntary Sector groups, service-users, advocacy services, partner organisations and other relevant groups to inform specific actions.

**8.3.3 Targeting based on need:** Resources and services must 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 works using an evidence-based model, including needs assessments, and this will continue to underpin our approach.

**8.3.4 Gaps in monitoring:** Where gaps in monitoring have been identified during this screening EIA process, services need to ensure they have plans to address this reflected in their Business Plans. This will enable better modelling of potential impacts and assessments in future.

**8.3.5 Linking council services:** There are ongoing opportunities for working together across council services more effectively (for example the Commissioners Network and Value for Money Board), developing the links between related services and teams to avoid duplication and gaps. This reduces costs and enables service-users to access services seamlessly.

**8.3.6 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 specific services to mitigate negative impacts). This includes the council-wide Third Sector Policy and Prospectus which enables us to pool and better target resources and to meet identified needs of groups linked to their protected characteristic. In addition there is increasing integration with services both internal and external to the council, including health.

**8.3.7 Engagement:** We will continue engagement with service-users and potential service-users using the best practice principles in the Community Engagement Framework 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.

**8.3.8 Learning and Development:** We will continue to increase staff skills and knowledge in identifying and addressing diverse needs across all services.

**8.3.9 Communication:** Services must ensure they clearly communicate service changes and support vulnerable groups, well in advance of the changes to reduce anxiety and disruption. 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.

## **9. Staff: Identified Cumulative Impacts**

**9.1** The EIA template highlights where officers identify a cumulative impact linked to the make-up of the workforce across the Council in terms of protected groups as compared to the make-up of groups affected. HR has considered all the EIAs both individually and cumulatively.

**9.2** The detailed impact of a number of proposals in Adult Services is unknown at this stage before consultation processes are complete and therefore the EIAs are based on an analysis of the make-up of the workforce affected, and potential impacts of changes. This is particularly relevant for Able and Willing where final decisions won't be taken until efforts to generate more business have been made.

**9.3** Potential impacts have been identified for individuals with the following protected characteristics, based on the fact that there is a higher representation in staff groups affected. These are the impacts identified from known data at this stage. Specific decisions on how to implement budget decisions with impacts on staff will be made after further exploring the equality issues through staff consultation processes:

- Disability
- Age
- Gender
- Ethnicity
- Sexual orientation

**9.4** Cumulative impacts from proposals:

**9.4.1** Key impacts have been identified in relation to changes proposed at Able and Willing. There is potential for these proposals to have a disproportionate impact on disabled staff, and on BME representation in Adults Services. As a Supported Business for disabled employees the service will always employ a high proportion of disabled employees in comparison to the Adult Directorate and Council. Final decisions won't be taken until efforts to generate more business have been made.

**9.4.2** Disabled staff in the service may experience particular barriers in accessing information and getting their views heard. There may also be significant barriers in finding alternative employment if there is a reduction in posts. Positive action is planned to include training on interview skills, coaching and signposting to relevant forums. The communications approach will ensure the use of plain English so that information is accessible.

**9.4.3** Across other areas of Adult Services affected there is a higher proportion of older workers (over 55) who may experience more difficulty securing alternative employment and re-training opportunities. Targeted job application and interview support will be available, and the need for appropriate support and training to re-skill in new working methods considered within the processes.

**9.4.4** In Learning Disability Accommodation the service employs an above average proportion of BME and White Other staff, and reductions in staff in this area could further impact representation across adults. Attention will be given to the decision on which posts will be affected and the impact this has.

**9.4.5** Across other areas of change a limited number of staff are affected, but these include part-time female workers who may be restricted in hours that can be worked in relation to other opportunities. The design of posts and structure will need to take into account impacts for groups of staff. Caring and parenting responsibilities will be considered by managers.

## **10. Staff: Council-wide Mitigating Actions**

**10.1** In addition to the specific mitigations identified in each service area the Council has guidance, procedures and approaches for managing change that are designed to ensure change is managed fairly and groups with protected characteristics are not negatively impacted:

- When developing any further detailed proposals take account of the staffing equalities data to inform decision making and/or continue assessing staff equality impacts.
- Ensure the council's relevant policies and procedures are equitably and appropriately applied (management of change protocol, redeployment, development of new post details, job evaluation processes etc) to ensure that no adverse impact is created for employees related to their protected characteristics.
- Review vacant posts, use of agency employees etc to minimise the impact on current substantive post holders.
- Where proposals may result in a reduction of posts consider the offer of voluntary redundancy to mitigate the impact of potential compulsory redundancy processes.
- Where a reduction in posts will mean compulsory redundancy ensure that selection processes are clear and free from bias, and that processes take into account any individual needs.
- Ensure processes and criteria related to selection for voluntary redundancy are clear and transparent and use the compensation panel appropriately.
- Ensure managers involved in selection have completed corporate recruitment and selection training and are signposted to the Equality & Diversity e-learning module.
- Ensure that managers delivering service changes are appropriately supported and advised by HR in relation to all employee equalities issues.
- Ensure all employees are offered one to one meetings to discuss their circumstances and any concerns they may have.
- Attach the summary EIA to each consultation document, and continue to assess equality impacts through the consultation process.
- Consider the need for appropriate support and training to re-skill in new working methods.

## 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’<sup>2</sup> to the need to:

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

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

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

- **Knowledge** – those who exercise the public body’s functions need to be aware of the requirements of the Equality Duty. Compliance with the Equality Duty involves a conscious approach and state of mind.
- **Timeliness** – the Equality Duty must be complied with before and at the time that a particular policy is under consideration or decision is taken – that is, in the development of policy options, and in making a final decision. A public body cannot satisfy the Equality Duty by justifying a decision after it has been taken.
- **Real consideration** – consideration of the three aims of the Equality Duty must form an integral part of the decision-making process. The Equality Duty is not a matter of box-ticking; it must be exercised in substance, with rigour and with an open mind in such a way that it influences the final decision.

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

- **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 2014/15 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.





## Budget Equality Impact Assessments 2014-15 – Service-User identified impacts and actions

### Adult Services

Adult social care continues to see changes in the demographic profile of the city reflecting on specific services areas seeing an increasing demand for services.

In order to meet these demands and the changes from the government's proposals on integration through the integrated transformation fund and the implementation of the Care Bill which is due to receive Royal Assent in May 2014 we have had to consider how we manage going forward.

We therefore need to ensure we apply our eligibility criteria in a fair and consistent way and where we have identified assessed needs we need to provide services that offer a personalised, outcome based approach and represent good value for money.

| EIA No.                     | EIA Proposal   |  |
|-----------------------------|--|--|
| 1                           | <p><b>Adult Social Care and Health</b><br/>           Saving of £953,000 of net budget £12,693,000<br/>           Target all out of city placements with a purpose of bringing people back into supported living in the City in line with their needs and aspirations. This will not only generate significant savings but it will reduce the risk of local places being taken up by other authorities where there is a possibility that the cost of care could later be passed to Brighton &amp; Hove. Consider alternative models of care to include supported living.</p> |  |
| Groups potentially impacted | Impacts identified   | Mitigating Actions   |
|                             | <ul style="list-style-type: none"> <li>Moving Older People with a Learning Disability could</li> </ul>   | <ul style="list-style-type: none"> <li>We will continue to provide appropriate services and</li> </ul> |

|   |   |   |
|---|---|---|
| <p><b>Age (older)</b><br/><b>Disability (learning disability)</b></p> | <p>be seen as unsettling to them and their families as they will need to become settled in new surroundings and accommodation.</p> <ul style="list-style-type: none"> <li>• Carers may perceive this as a reduction in service and unsettling for residents.</li> </ul>   | <p>support which will meet assessed need with no change to the eligibility criteria. Engage with individuals, families and carers to support them through the process to deliver personalised services.</p> <ul style="list-style-type: none"> <li>• We will ensure provision is appropriate to meet needs and promote maximum potential for independence through ongoing care management</li> <li>• Carers Assessment offered. Support to Carers throughout the process</li> </ul>           |
| <p><b>EIA No.</b></p>   | <p><b>EIA Proposal</b></p>  |   |
| <p style="text-align: center;"><b>2</b></p>                           | <p><b>Adult Social Care and Health</b><br/>Saving of £730,000 from net budget of £8,579,000<br/>Learning Disability Home Care and Direct payments. Drive forward the personalisation agenda and increased use of Direct Payments and support service users to seek cost effective solutions to meet eligible needs.</p>   |   |
| <p><b>Groups potentially impacted</b></p>                             | <p><b>Impacts identified</b></p>  | <p><b>Mitigating Actions</b></p>  |
| <p><b>Disability (learning disability)</b></p>                        | <ul style="list-style-type: none"> <li>• Service changes are focussed on people with a learning disability many of whom will have physical/health needs</li> <li>• Some services that are provided over and above required to meet assessed need will be withdrawn. Some service users will be required to move to different providers of service. May be a perception of cut in service.</li> <li>• Carers of people with a learning disability are often unsettled by change and may perceive this as a loss of service.</li> </ul> | <ul style="list-style-type: none"> <li>• Effective and focussed assessment with the purpose of meeting eligible needs with no change in eligibility criteria.</li> <li>• Increased choice and personalised services .</li> <li>• Staff support for change.</li> <li>• Ensuring that service provision is appropriate to the needs of all groups.</li> <li>• Carers Assessment will be offered where appropriate, full engagement with Carers and involvement in assessment process</li> </ul> |
| <p><b>EIA No.</b></p>   | <p><b>EIA Proposal</b></p>  |   |

|   |  |   |
|---|--|---|
| <p style="text-align: center;"><b>3</b></p>                                 | <p><b>Adult Social Care and Health</b><br/>                 Saving of £1,150,000 from net budget of £10,254,000</p> <ul style="list-style-type: none"> <li>• Older People Residential/Nursing Care provided by the independent Sector.</li> <li>• Reduce number of residential care placements and the Cost of Out of Area Placements. Ensure all appropriate funding is available through targeting following a review. Continue to promote reablement and telecare to support people to stay in their own homes longer and to reduce the number of admissions into residential and nursing home care. Identify alternative housing solutions where possible.</li> </ul>  |   |
| <p><b>Groups potentially impacted</b></p>                                   | <p><b>Impacts identified</b></p>   | <p><b>Mitigating Actions</b></p>  |
| <p><b>Age (older)</b><br/> <b>Disability</b><br/> <b>Gender (women)</b></p> | <ul style="list-style-type: none"> <li>• These proposals relate to older people. Promoting independence and supporting more older people is a positive impact.</li> <li>• People requiring residential/nursing home care are likely to have physical health problems and some disability because of their ages.</li> <li>• More women are placed in residential and nursing home care as a result of the demographics of Brighton &amp; Hove.</li> <li>• Admission to residential and nursing home care and examining alternatives is often distressing time for carers.</li> <li>• Dependant on effective community services to keep people within their own homes. Some reduced choice if only focussing on services in the city.</li> </ul> | <ul style="list-style-type: none"> <li>• Ensure appropriate health and social care services available to support people in their own communities. Continuing to develop services which promote greater independence enabling people to live in their own homes and communities.</li> <li>• Engagement with families and carers to explain choice.</li> <li>• Care Quality Commission and contract monitoring in place.</li> <li>• Ensuring carers are fully involved in Assessment process and supported through admission and ongoing review and by offering Carers' Assessments.</li> </ul> |
| <p><b>EIA No.</b></p>   | <p><b>EIA Proposal</b></p>   |   |
| <p style="text-align: center;"><b>4</b></p>                                 | <p><b>Adult Social Care and Health</b><br/>                 Saving of £70,000 from net budget of £473,000<br/>                 Adult Mental Health Home Care and Direct Payments.</p> <ul style="list-style-type: none"> <li>• Meet assessed needs through a personalised approach, increase Direct Payments and support service users to identify more cost effective community based options.</li> </ul>   |   |
| <p><b>Groups</b></p>  | <p><b>Impacts identified</b></p>   | <p><b>Mitigating Actions</b></p>  |

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| <b>potentially impacted</b>        |  |   |
| <b>Disability</b>                  | <ul style="list-style-type: none"> <li>• Service changes are focussed on people with a mental health problem many of whom will have physical/health needs. Some services that are provided over and above those required to meet assessed needs will be withdrawn.</li> <li>• Change is often distressing to Carers and they require support.</li> </ul>   | <ul style="list-style-type: none"> <li>• Effective and focussed assessment with the purpose of meeting eligible needs. Increased choice and control for service users. Staff support for change through ongoing care management.</li> <li>• Carers Assessment will be offered where appropriate, full engagement with Carers and involvement in assessment process. Carers support workers in place.</li> <li>• Effective and focussed assessment with the purpose of meeting eligible needs with no change in eligibility criteria.</li> </ul> |
| <b>EIA No.</b>                     | <b>EIA Proposal</b>  |   |
| <b>5</b>                           | <p><b>Adult Social Care</b><br/> Saving of £1,000,000 across a total net budget of Adult Services of £74,745,000<br/> Savings of £85,000 from a net budget of £2,239,000 for contracts<br/> Savings of £20,000 from a net income budget of £1,872,000 for commissioning<br/> Fees paid to independent and voluntary sector providers that supply care services on behalf of Brighton &amp; Hove City Council. Limited inflation increases on fees in view of the levels of increase in the last two years and ensure comparable with other authorities; increase targeted on specific areas in care sector</p> |   |
| <b>Groups potentially impacted</b> | <b>Impacts identified</b>  | <b>Mitigating Actions</b>   |
| <b>Disability</b>                  | <ul style="list-style-type: none"> <li>• All service users supported by Adult Social Care will have services that meet their assessed need.</li> <li>• The proposals outlined recommend an uplift in fees to those areas where it is most needed ie: care homes and care home with nursing for older people and most specifically registered care homes supporting people with dementia.</li> <li>• Older people: It is recommended that there is an interim uplift of 1.0 % for registered care homes for older</li> </ul>  | <ul style="list-style-type: none"> <li>• Commissioners informing the recommendations work closely with independent and voluntary sector providers that supply care services on behalf of Brighton and Hove City Council Adult Social Care and Brighton and Hove Clinical Commissioning Group. The recommendations in the Fee Level for Adult Social Care Services 2014-15 report target those areas where an increase in fees is most needed.</li> </ul>  |

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|  | <p>people.</p> <ul style="list-style-type: none"> <li>• It is also recommended that there is an uplift of 2.0 % to care homes and care home with nursing for older people with mental health needs.</li> <li>• For a number of years there has been an issue about the costs of delivering decent quality care versus the prices which such care attracts; this is particularly true of care delivered in registered care homes. The debate has tended to be different in older people's care in relation to care provided for disabled younger people, particularly learning disabilities.</li> <li>• It has largely been providers of registered care homes for older people and older people with mental health needs, who have expressed concern that prices paid by councils do not reflect the cost of care.</li> <li>• Changes to Care Quality Commission registration have had an impact on how care for older people is provided. A few years ago before the relaxation of registration, once a person had a diagnosis of dementia they could no longer stay in a mainstream care home, but would have to move to a care home registered for dementia. Following this change many people with dementia stay in mainstream care homes, which on the whole is a positive outcome. A consequence though, is that those people who do go to care homes registered for dementia can be those with the most complex (and costly) needs. This is likely to have contributed to some undersupply across the South East region.</li> <li>• Disability: Some disabled people will have their care provided in services where the recommendation is for no uplift to fees.</li> <li>• Other groups: The Prospectus approach to supporting community and voluntary sector services includes a price for delivering services that is agreed for the length</li> </ul> | <ul style="list-style-type: none"> <li>• Fee uplifts that are targeted at care homes for older people and older people with mental health needs will ameliorate some of the issues identified.</li> <li>• For those registered care home places that are not covered by set rate arrangements, the owners will be advised to contact the council to discuss future fees if this is necessary eg if a resident's needs have changed and a reassessment is needed or if the provider is in financial difficulty.</li> <li>• Any provider experiencing financial difficulty is urged to contact the council. If the council cannot assist directly they will refer to business support partners.</li> <li>• Older people: Fee uplifts that are targeted at care homes for older people and older people with mental health needs will ameliorate some of the issues identified.</li> <li>• Disability: For those registered care home places that are not covered by set rate arrangements, the owners will be advised to contact the council to discuss future fees if this is necessary eg if a resident's needs have changed and a reassessment is needed or if the provider is in financial difficulty.</li> </ul> |
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|   | <p>of the Funding Agreement.</p> <ul style="list-style-type: none"> <li>Both council and NHS commissioners are working with providers on an individual basis and discussions are being held regarding planned service activity.</li> </ul>   |   |
| <b>EIA No.</b>  | <b>EIA Proposal</b>  |   |
| <b>6</b>  | <p><b>Adult Social care Provider</b><br/> Saving of £300,000 from net budget of £3,707,000<br/> Review Learning Disability Accommodation services- Phase two; including:</p> <ul style="list-style-type: none"> <li>Focus the service on providing homes for people with complex needs and supporting people to move on to more independent living.</li> <li>closure of some accommodation that does not meet the needs of these service users and</li> <li>commissioning alternative services to meet individual needs.</li> </ul>  |   |
| <b>Groups potentially impacted</b>                                      | <b>Impacts identified</b>  | <b>Mitigating Actions</b>   |
| <p><b>Disability (learning disability)</b><br/> <b>Gender (men)</b></p> | <ul style="list-style-type: none"> <li>There will be an impact on people with learning disabilities living in some of our group homes, some of whom may have to move to alternative homes, or whose service will no longer be provided by the council.</li> <li>Staff and families feel that the impact of change on complex service users could be negative and potentially result in regressive behaviour and anxiety.</li> <li>Age: People of all ages (over 18) are supported within in-house services. Some older service users may have lived in the same residence for many years and any proposed changes may have a greater impact on older service users. Some older people with a learning disability will also have dementia or physical health and mobility needs.</li> <li>Disability: All the people living within this accommodation have high needs associated with a learning disability. Some people will also have physical</li> </ul> | <ul style="list-style-type: none"> <li>An EIA was developed for the LD accommodation review phase one consultation process and this will need to be revised as part of phase two of the accommodation review. This EIA has been used to inform this Budget EIA.</li> <li>There will be a full consultation with service users and families before any changes are implemented to the accommodation services.</li> <li>Any changes to accommodation provision for service users will need to be following a full review of their needs in order that these can be met in any alternative accommodation. This will need to take account of the physical environment, the staffing and the compatibility of living with new people.</li> <li>The “moves for people” policy will be implemented and a transition plan developed for every affected service user. Staff, family members, carers and other</li> </ul> |

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|                   | <p>health and mobility needs and mental health needs.</p> <ul style="list-style-type: none"> <li>• Change in service may result in some positive impacts as this may create more suitable placements for some people as there may be opportunity to match people to suitable environments, to locations near parks and transport, shops. It may also have some negative impacts as not all service users may have to move. Staff and families feel that the impact of change on complex service users could be negative and potentially result in regressive behaviour and anxiety. Continuity of care is seen as important as is compatibility between service users living in the same home. Service users benefit from stability and consistency and moving home may be de-stabilising and more expensive in the long run due to behaviour problems. Concerns that those people with less complex needs may have a reduction in the quality of their service.</li> <li>• Gender: More men than women are supported within in-house residential accommodation. This may make it more difficult to ensure the needs of women can be met where the majority of service users living in a house are men.</li> <li>• Carers: Carers will be concerned for the welfare of their family members and the impact of any changes to accommodation for their family member. This may increase their anxiety and that of their family members who are service users.</li> <li>• Carers may be impacted directly if for example they find it more difficult to travel to a different location if their family member moves, or they have to develop new relationships with different staff.</li> </ul> | <p>professionals will be involved in the assessment process.</p> <ul style="list-style-type: none"> <li>• The staffing strategy will take the needs of the service user into consideration to ensure consistency and continuity of care. All affected service users will have a full social care review and have a compatibility assessment. The behaviour support team will support staff.</li> <li>• We will continue to maximise service users' independence.</li> <li>• Age: A transition plan will be developed for every affected service user. For future planning we will consider the needs of older people having access to ground floor properties and adapted properties etc so that they will not need to move again as their age related needs increase. Additional support may be needed for older people with mental health needs who may need additional support to be able to move around a new home and get to know new staff.</li> <li>• Disability: There will be a full consultation with service users and families before any changes are implemented to the accommodation services.</li> <li>• Gender: Any changes to service provision will need to be made following a full consultation and individual review to ensure that needs can continue to be met as a result of any changes to accommodation provision for service users.</li> <li>• Carers: Consultation will be needed with carers and families prior to any changes to accommodation. Carers and staff will be involved in the assessment, review and transition planning processes and will be able to support their family members as appropriate during any transition process.</li> </ul> |
| <b>Cumulative</b> | There will be a disproportionate impact on people with a learning disability across ASC Provider services.   |   |

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| <b>Impacts</b>   |   |   |
| <b>EIA No.</b>   | <b>EIA Proposal</b>   |   |
| <b>8</b>   | <p><b>Adult Social Care Provider Services</b><br/> Saving of £300,000 from a net budget of £1,782,000<br/> Reduce investment in day services for people with a learning disability and older people including older people with mental health needs and deliver services to meet individual needs. Focus council provided day services for those people with the highest needs.</p> <p>Stop provision of some day services including reducing staffing, reducing days on which the services are available and closing buildings, in order to continue to meet eligible needs then alternative services including direct payments or voluntary sector provision may be provided.</p> |   |
| <b>Groups potentially impacted</b>                               | <b>Impacts identified</b>   | <b>Mitigating Actions</b>   |
| <b>Age (older)</b><br><b>Disability</b><br><b>Gender (women)</b> | <ul style="list-style-type: none"> <li>• There will be an impact on disabled people and older people including older people with mental health needs, and on carers of people who currently use day services. Service users may not receive the service they currently do, may receive the service on different days, or from different providers.</li> <li>• More women tend to use older people's day services</li> <li>• More men tend to use learning disability day services.</li> <li>• Carers will be affected by any changes to day services provided for their family members. Carers themselves may be older and female.</li> </ul>                                       | <ul style="list-style-type: none"> <li>• Individual reviews will need to be carried out to ensure people's statutory needs can still be met.</li> <li>• Individual reviews will need to take account of carers and family views to ensure carers' assessed needs are met in any alternative provision for their family members.</li> <li>• The Day Service EIA will need to be reviewed and updated in light of these proposals</li> <li>• Consultations will be carried out with affected service users, carers and their families before the decision is made to stop provision of any services.</li> <li>• Services may need to be re-commissioned in the voluntary sector in order to mitigate impacts on older and vulnerable people, and their carers.</li> </ul> |
| <b>Cumulative Impact</b>   | There will be a cumulative negative impact on older people, older people mental health and people with learning disabilities across the ASC Provider services.  |   |
| <b>EIA No.</b>   | <b>EIA Proposal</b>   |   |



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| 9                                       | <b>ASC Provider Services</b><br>Saving of £100,000 from a net budget of £223,000<br>Reduce investment in the supported employment team which will include loss of staff and loss of service to the service users currently using the Team's services. Investigate other opportunities in the private and voluntary sector that will support vulnerable people to obtain and retain employment.   |   |
| <b>Groups potentially impacted</b>      | <b>Impacts identified</b>  | <b>Mitigating Actions</b>   |
| <b>Disability (learning disability)</b> | <ul style="list-style-type: none"> <li>• There will be an impact on the people who use the service as the support provided will change, and may be reduced or cease. These people all have a disability and have been assessed as being eligible for ASC services.</li> <li>• The service supports people of working age. These people will not receive support to find and maintain jobs and are more likely to continue to be unemployed. Private sector organisations may not be able to provide specialist support at the level required. People with learning disabilities do not have the same skills and ability to seek work and need on the job support and training to retain jobs.</li> </ul> | <ul style="list-style-type: none"> <li>• Work will be undertaken to look at opportunities for continuing to provide specialist elements of the service and parts of the service that are otherwise not normally available in the private sector, in order to provide on-going support to people with learning disabilities to enable them to obtain and retain employment.</li> <li>• Work will also be carried out to identify whether there might be different ways of delivering some of the service more cost effectively by working in different ways, by attracting external grant funding to continue some of the specialist work, or by working in partnership with other providers of supported employment in the voluntary sector.</li> <li>• A full EIA will need to be developed to support service re-design or re-provision.</li> </ul> |
| <b>Cumulative Impacts</b>               | There will be a cumulative negative impact on people with a learning disability across the savings proposed within ASC Provider Services.  |   |
| <b>EIA No.</b>                          | <b>EIA Proposal</b>  |   |
| 10                                      | <b>Increase in charges to service users for non-residential care services</b><br>Saving of £20,000 from a net budget of £319,000<br><br>Councils are empowered by legislation to make charges to service users for Adult Social Care services and this charging policy is compliant with the law and the Department of Health's "Fairer Charging" Guidance.  |   |

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|  | <p>A package of non-residential care can include home care, day care, community support, telecare, adaptations and direct payment services. Everybody who is eligible for any of these services, due to their care needs, has one financial assessment to cover all services and the amount a person must pay for care will depend upon their income, savings and expenditure, (except for some fixed charges). People who have savings over £23,250 (£46,500 for a couple) are required to pay the full cost of services, subject to some maximum charges.</p> <p>These are the recommendations for next year's charging policy.</p> <table border="0" data-bbox="430 470 1377 805"> <tr> <td><b>Maximum charges</b></td> <td><b>2013-14</b></td> <td><b>2014-15</b></td> </tr> <tr> <td><b>Means tested charges</b></td> <td></td> <td></td> </tr> <tr> <td>In-house Home Care</td> <td>£20 per hour</td> <td>£20 per hour</td> </tr> <tr> <td>Day Care</td> <td>£25 per day</td> <td>£30 per day</td> </tr> <tr> <td>Max Weekly Charge</td> <td>£900 per week</td> <td>£900 per week</td> </tr> <tr> <td><b>Fixed Rate Charges</b></td> <td></td> <td></td> </tr> <tr> <td>Transport Charge</td> <td>£2.50 return</td> <td>£3.00 return</td> </tr> <tr> <td>Meals at Day Centre</td> <td>£3.50 per meal</td> <td>£3.90 per meal</td> </tr> </table> <p>Freeze <b>CareLink</b> charges for 2014/15 at: £14.50 month – with 2 key holders, £18.50 month – with 1 key holder £21.50 month – no key holders but with a key safe.<br/>Continue to review these charges annually.</p> |  | <b>Maximum charges</b> | <b>2013-14</b> | <b>2014-15</b> | <b>Means tested charges</b> |  |  | In-house Home Care | £20 per hour | £20 per hour | Day Care | £25 per day | £30 per day | Max Weekly Charge | £900 per week | £900 per week | <b>Fixed Rate Charges</b> |  |  | Transport Charge | £2.50 return | £3.00 return | Meals at Day Centre | £3.50 per meal | £3.90 per meal |
| <b>Maximum charges</b>                                 | <b>2013-14</b>   | <b>2014-15</b>   |                        |                |                |                             |  |  |                    |              |              |          |             |             |                   |               |               |                           |  |  |                  |              |              |                     |                |                |
| <b>Means tested charges</b>                            |  |  |                        |                |                |                             |  |  |                    |              |              |          |             |             |                   |               |               |                           |  |  |                  |              |              |                     |                |                |
| In-house Home Care                                     | £20 per hour   | £20 per hour   |                        |                |                |                             |  |  |                    |              |              |          |             |             |                   |               |               |                           |  |  |                  |              |              |                     |                |                |
| Day Care   | £25 per day  | £30 per day  |                        |                |                |                             |  |  |                    |              |              |          |             |             |                   |               |               |                           |  |  |                  |              |              |                     |                |                |
| Max Weekly Charge                                      | £900 per week  | £900 per week  |                        |                |                |                             |  |  |                    |              |              |          |             |             |                   |               |               |                           |  |  |                  |              |              |                     |                |                |
| <b>Fixed Rate Charges</b>                              |  |  |                        |                |                |                             |  |  |                    |              |              |          |             |             |                   |               |               |                           |  |  |                  |              |              |                     |                |                |
| Transport Charge                                       | £2.50 return   | £3.00 return   |                        |                |                |                             |  |  |                    |              |              |          |             |             |                   |               |               |                           |  |  |                  |              |              |                     |                |                |
| Meals at Day Centre                                    | £3.50 per meal   | £3.90 per meal   |                        |                |                |                             |  |  |                    |              |              |          |             |             |                   |               |               |                           |  |  |                  |              |              |                     |                |                |
| <p><b>Groups potentially impacted</b></p>              | <p><b>Impacts identified</b></p>   | <p><b>Mitigating Actions</b></p>   |                        |                |                |                             |  |  |                    |              |              |          |             |             |                   |               |               |                           |  |  |                  |              |              |                     |                |                |
| <p><b>Age<br/>Disability<br/>Gender<br/>Carers</b></p> | <ul style="list-style-type: none"> <li>• Very few people will be affected by the increase in charging rates.</li> <li>• Charges for most services are means tested aside from several fixed rate charges which are kept at very low affordable fixed rates. The charging policy is fully inclusive and applies to all social care service users. Around 42% of service users pay nothing for home care because their income is too low. They will not be affected. Another 48% of service users are assessed</li> </ul>  | <ul style="list-style-type: none"> <li>• The policy takes account of statutory guidance from the Department of Health and the financial assessment is only applied to people who have been through the council's needs assessment and have been found eligible for social care services.</li> <li>• These increases in charges will apply from April 2014 and will coincide with the annual uprating of all welfare benefits. The extra costs will be partly mitigated by the increased income.</li> </ul> |                        |                |                |                             |  |  |                    |              |              |          |             |             |                   |               |               |                           |  |  |                  |              |              |                     |                |                |

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|  | <p>to make a contribution towards the care costs between £3 to £80 per week. Therefore, the people most affected will be those with savings over £23,250 and some people with a high income.</p> <ul style="list-style-type: none"> <li>• These increases in charges affect everybody currently paying towards these services and will therefore impact on all protected groups. It is possible that the increased charges may lead to some service users cancelling the service.</li> <li>• Age: Service users are charged in accordance with their savings and income and will only pay what they can reasonably afford for services. There is potential for all service users aged 18 and over to be affected by the policy change.</li> <li>• However, it is less common for people under pension age to pay for means tested services because their income from benefits is below the allowances provided in the financial assessment.</li> <li>• Disability: People with social care services are likely to be vulnerable and these increases may cause people to cancel the services they need if they feel they are too expensive.</li> <li>• Gender: There are slightly more males attending day centres under age 64 and twice as many females over pension age.</li> <li>• A breakdown for Community Based services by gender/age group is as follows: <ul style="list-style-type: none"> <li>18-64 Female 47%</li> <li>18-64 Male 53%</li> <li>65+ Female 68%</li> <li>65+ Male 32%</li> </ul> </li> <li>• Carers: Where people may cancel services due to the increase in charges, this could have an adverse affect on carers.</li> </ul> | <ul style="list-style-type: none"> <li>• Financial assessments will be reviewed for all those affected and service users will be advised of their revised charges in advance of April 2014.</li> <li>• The financial assessment team can offer a financial reassessment to ensure people are still liable for the increased charges. This may lead to claiming additional welfare benefits or could lead to a reduction in charges.</li> <li>• The financial assessment team can provide advice and guidance over the telephone and will also provide a home visiting service where needed</li> <li>• The financial assessment team will deal with any appeals and reconsider charges in exceptional circumstances.</li> <li>• If carers are affected due to the service user cancelling their service, they can be referred to the carer's service for help and advice and other non means-tested carer services.</li> <li>• The financial assessment includes an additional Disability Related Expenditure assessment ensuring that extra costs are taken into account when calculating their ability to pay for their care.</li> <li>• The provision of comprehensive benefits advice to all service users at the time of a financial assessment can ensure that people who need support have access to adequate finance. This is of help to disabled people and their families as well as contributing to the local economy.</li> <li>• Where a service users' income is very low, they will not have to pay for means tested services but will be required to contribute towards the costs of meals and transport where those services are funded by the council.</li> <li>• Age: The policy takes account of statutory guidance</li> </ul> |
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|  |  | <p>from the Department of Health and the financial assessment is only applied to people who have been through the council's needs assessment and have been found eligible for social care services.</p> <ul style="list-style-type: none"><li>• Financial assessments will be reviewed for all those affected and service users will be advised of their revised charges in advance of April 2014. Financial Assessment officers will help and advise individuals who contact the department and will also offer a home visiting service to those who request one.</li><li>• Disability: The financial assessment includes an additional Disability Related Expenditure assessment ensuring that extra costs are taken into account when calculating their ability to pay for their care.</li><li>• The provision of comprehensive benefits advice to all service users at the time of a financial assessment can ensure that people who need support have access to adequate finance. This is of help to disabled people and their families as well as contributing to the local economy.</li><li>• Where a service users' income is very low, they will not have to pay for means tested services but will be required to contribute towards the costs of meals and transport where those services are funded by the council.</li><li>• Carers: Financial assessments for couples will be reviewed including the Disability Related Expenditure Assessment and a benefits check. This may lead to a decrease in the charge or an increase in additional benefits.</li><li>• Other carer's services under funded through the Carers Grant are not means tested and the carer can be referred for additional advice and support.</li></ul> |
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## Public Health

| EIA No.                     | EIA Proposal  |   |
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| 11                          | <p><b>Community Safety</b><br/>           Total savings of £110,000 from a net budget of £1,254,000</p> <ol style="list-style-type: none"> <li>1. Reduced infrastructure costs &amp; shared performance and analytical capacity between Community Safety &amp; Public Health</li> <li>2. Income generation from good practice guidance on dealing with Anti-Social Behaviour (ASB) &amp; hate crime to Registered Social Landlords</li> <li>3. New commissioning arrangements for Independent Sexual Violence Advisor (ISVA) and Independent Domestic Violence Advisor (IDVA) Services</li> <li>4. Joint commissioning &amp; integrated delivery with Housing Management &amp; Supporting People on outreach services to the street population and dealing with ASB and hate crime</li> <li>5. Explore integrated community engagement services with Communities and Equality Team</li> </ol> |   |
| Groups potentially impacted | Impacts identified  | Mitigating Actions  |
| All groups                  | <p>1 and 2: These are efficiency savings and generating income where none previously existed therefore there are no impacts identified which need to be mitigated.</p> <p>3. New (national) commissioning arrangements for ISVA's and IDVA's: need to avoid loss of income which currently part funds our commissioned services and aim for increased levels of external funding</p> <p>4. While there are efficiency savings to be achieved through joint commissioning of street outreach and casework services, need to avoid loss of service capacity</p>   | <ul style="list-style-type: none"> <li>• Pan-Sussex working and with Police and Crime Commissioner to jointly prioritise allocation of funds to ISVA and IDVA services and to increase those levels of funding and the capacity of those services</li> <li>• Agreed models of intervention delivered by a single provider with resulting economies of scale</li> <li>• Targeted investment towards the most 'at risk' individuals and communities</li> <li>• Joint work with the Communities, Equality and Third Sector Team through the Third Sector Commissioning Policy and Prospectus.</li> <li>• Age: While seeking to increase income to fund IDVA &amp;</li> </ul> |

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|  | <p>and any reduction in targeted interventions</p> <p>5. Need to avoid loss of targeted community engagement activities that could come from integrated services with the more generic interventions of the Communities, Equality and Third Sector Team</p> <ul style="list-style-type: none"> <li>• Age: Any reduction in IDVA/ISVA services will result in levels of risk not identified, inadequate protective measures, reductions in offenders convicted and increased vulnerability of victims.</li> <li>• Any reduction in casework or street outreach services will place people at risk.</li> <li>• Loss of targeted engagement services, which aim to reduce violent extremism and build trust and confidence of communities, could result in an increase of those drawn into extremist activity with the resulting increased risk to the city.</li> <li>• Disability: disabled people are vulnerable and at particular risk of experiencing domestic/sexual violence and hate crimes. The impact upon them, including of the street homeless population is of significant concern.</li> <li>• Ethnicity: The BME population are at particular risk of experiencing domestic &amp; sexual violence, FGM, trafficking and so called 'honour based' crimes. They are also at particular risk from hate crimes &amp; incidents. The impact upon them from any reduction in services is of significant concern.</li> <li>• Community engagement is most effectively targeted towards the BME and faith populations in order to increase community cohesion and trust and confidence and reduce their vulnerability to be drawn into extremist views and violent extremism. Any reduction in services will increase the sense of victimhood and the</li> </ul> | <p>ISVA services, sustain at least the current levels of service capacity through partnership working to jointly prioritise allocation of funds.</p> <ul style="list-style-type: none"> <li>• While seeking savings from increased integration of street outreach, casework and community engagement services, sustain at least the current level of service capacity through targeting services at identified groups.</li> <li>• Disability: As above as well as continuing to mainstream good practice approaches to risk assess and to target interventions which reduce those risks. Sustain and build on strong links with Adult Safeguarding practices.</li> <li>• Ethnicity: Sustain at least the current level of service capacity while seeking to increase the levels of external funding for IDVA &amp; ISVA services through partnership working and joint prioritisation of funding allocation.</li> <li>• Sustain at least the current level of service capacity while seeking to achieve savings overall from integrated services which deal with anti-social behaviour and hate crimes.</li> <li>• Gender: Seek to sustain at least the current level of service while seeking to achieve savings from integrated services through targeting services at identified groups.</li> <li>• Religion and belief: Continue to target work with our most at risk individuals, vulnerable households and communities</li> <li>• Sexual orientation: Continue to increase the dialogue and support to LGBT communities and individuals, targeting those who are most at risk.</li> </ul> |
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|  | <p>associated risks.</p> <ul style="list-style-type: none"> <li>• Gender: 80% of domestic and sexual violence offences are experienced by women therefore any reduction in services will increase the risks that they and their families face.</li> <li>• Men also experience DV and SV in same sex &amp; heterosexual relationships and they would also be at risk from any service reduction.</li> <li>• The highest proportion of reports of hate crimes are from men therefore the risks to them would increase if casework services were reduced.</li> <li>• Gender reassignment: The effect of a reduction in anti-social behaviour and hate crime service to those undertaking gender reassignment is of particular concern as they present as with complex circumstances which need resolution in order that the risks to them are reduced and that their quality of life can be improved. Levels of reporting of by those in the transgender community are increasing indicating increased trust and confidence.</li> <li>• Religion/belief: Prejudice against those of particular religions or belief systems is the basis of religiously motivated crimes and incidents. Any reduction in casework services to deal with anti-social behaviour and hate crimes will therefore reduce our ability to deal with Islamophobia, and anti-Semitism in particular and adversely affect our migrant and long established and growing BME communities as well as the whole society of Brighton &amp; Hove. Risk will also increase to preventing violent extremism.</li> <li>• Sexual orientation: Homophobia and transphobia is the basis of hate crimes against the LGBT population and any reduction in anti-social behaviour and hate crime</li> </ul> |  |
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|                                 | <p>services will place them at particular risk. Currently there is increased reporting of these crimes and incidents which indicates improving trust and confidence after many years of partnership working which seeks to achieve that improvement.</p> <ul style="list-style-type: none"> <li>• Other groups: Casework services include street outreach workers who are targeted towards delivering interventions to engage with the street population a high proportion of which are homeless. They are a particularly vulnerable and at risk group and experience a high level of crime including physical assaults. Any reduction in service will therefore disproportionately effect the street population which will increase the risks they experience.</li> </ul>  |  |
| <p><b>Cumulative Impact</b></p> | <p>Any reduction of support or capacity, particularly in Children’s and Young People’s and health care services could certainly have the unintended consequence of increasing risks from crime, disorder and inadequate safeguarding for particularly vulnerable households and groups. For example, retaining the capacity of social work staff to identify and respond appropriately (by referral to specialist, independent support services) to domestic and sexual violence (and FGM, forced marriage and so called honour based crimes) will increase the risks that women and children face. The consequences could be significant with increased children on the child protection register, poor mental and physical health and so on.</p> <p>Mitigating actions:</p> <ul style="list-style-type: none"> <li>• The structure of working facilitates strategic and operational oversight by all services in partnership of the Violence Against Women and Girls crime types and range of interventions. Similar arrangements are in place for other types of offending.</li> <li>• Maintaining analysis of underlying causes of trends in reporting and referral.</li> </ul> |  |



## Children's Services

The budget strategy for Children's Services seeks to balance the statutory requirements that the council has to discharge in relation to children and to schools and our priority that children who are in vulnerable circumstances are kept safe and supported to achieve positive outcomes, with the need to make financial savings and deliver an effective and efficient service.

The proposals for 2014/15 include the continuation of the successful Value for Money programme which includes investment in some areas in order to seek savings elsewhere and a continuing focus on the cost of placements for individual young people. Over the next year the directorate will be seeking to ensure that there is a more coherent 'Early Help' offer which means that fewer children and families will require interventions from our statutory social work services.

Other budget proposals seek to ensure that savings are delivered in such a way that children from a range of targeted groups continue to receive appropriate support from both the council and our partners.

| EIA No. | EIA Proposal  |
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| 12      | <p><b>Stronger Families Youth &amp; Community</b><br/>           Savings of £2,241,000 from a net budget of £13,793,000<br/>           The Value for Money (VfM) saving programme seeks to reduce the number of children being placed in more expensive placements together with an overall reduction in the number of placements required.</p> <p>The VfM programme has 2 workstreams: Prevention &amp; Process.</p> <p>§ The Prevention Workstream objective is to deliver evidence based preventative services which reduce the number of referrals to social work and other Level 3 services leading to a reduction in the number of specialist interventions, including statutory interventions which require and enable the council to become the corporate parent for children who cannot remain with their birth parents, extended family or friends.</p> |

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|                                    | <p>§ The Process Workstream objective is to improve systems so that care plans for individual children can be delivered by lower cost interventions and placements and/or by reducing the time children require statutory children in need or child protection plans or are looked after by the local authority. Specific actions include:</p> <p>An investment model of prevention is being developed to support vulnerable parents when their child is taken into care with an outcome of avoiding future pregnancies or improving parenting capacity to avoid subsequent children coming into care.</p>  |   |
| <b>Groups potentially impacted</b> | <b>Impacts identified</b>   | <b>Mitigating Actions</b>   |
| <b>None</b>                        | <ul style="list-style-type: none"> <li>The VfM programme ensures cost-efficient use of resources so that the needs of children and young people within the social work pathway are individually assessed and met in a timely and effective way using evidence based/promising interventions.</li> <li>The actual decision making and subsequent placement commissioning/procurement activity is on a case by case basis and uses established/statutory assessment frameworks and our own provider framework. So, for example, disabled children will each have a comprehensive assessment that takes full account of all their needs.</li> </ul>                          | <ul style="list-style-type: none"> <li>Not applicable. The Local Authority has a duty to ensure assessment and response to the needs of children and young people within the social work pathway is compliant with national safeguarding, quality and procurement standards.</li> </ul> |
| <b>EIA No.</b>                     | <b>EIA Proposal</b>   |   |
| <b>13</b>                          | <p><b>Youth</b><br/>           Total savings of £64,000 from a net budget of £1,736,000<br/>           The Proposal is to make an overall saving of £64,000 and to achieve this is to utilize the asset of the building resource.</p> <ul style="list-style-type: none"> <li>To do this means transferring the management of Portslade Village Centre to another CVS/ other sector Youth provider saving £57,000 by creating £30,000 revenue and saving running costs of £27,000. This does not include any transfer / TUPE of staff.</li> <li>To vacate Carden Youth Office which has poor toilet facilities and limited disabled access saving £7,000. Staff</li> </ul> |   |

will be located in facilities with better amenities and access.

| <b>Groups potentially impacted</b> | <b>Impacts identified</b>  | <b>Mitigating Actions</b>  |
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| <b>None</b>                        | <ul style="list-style-type: none"> <li>• The plan offers the best option for making a saving but minimising impact to services. The plan will maximise the potential of the Village Centre and in the case of the Carden Youth Office option improve conditions for staff. However failure to find a partner for the Village Centre willing to undertake the responsibility of the building assets and or to be able to create the revenue specified will close this option.</li> <li>• At this moment in time the £7,000 option for the reduction in the collective is, on current information, going to have no impact on delivery. However reduction in funds to B&amp;HYC could if circumstances change destabilise the Youth Collective.</li> <li>• Child Poverty: The Child Poverty Action Group and the Institute of Fiscal Studies both agree that the government move towards the universal credit would initially reduce the number of children living in poverty if taken in isolation, but this reduction is more than offset by the poverty increasing impact of other government changes to personal and state benefits. Child Poverty Action and the Institute of Fiscal Studies suggest that the most important of these changes to child poverty is potentially the local housing allowance, which will be index linked in line with CPI rather than RPL.</li> <li>• Other groups: Child Poverty Action Group and the Fawcett Society research indicates that lone parents are on average more affected than other groups in receipt of state benefit by the government's changes in</li> </ul> | <ul style="list-style-type: none"> <li>• There will need to be cross department support in the development of the building plan. At the moment work has been undertaken to assess possibilities and potential. We have identified a CVS organisation that is interested in the proposal. This cross departmental work will be a time framed project plan with Property and Design. Initial scoping has been undertaken regarding relocation of staff and the Play Service vehicles</li> <li>• The Saving to the contact to the B&amp;HYC is an identified contingency. Removal of this will leave no contingency for responding to unplanned variations in the new contract arrangements. The B&amp;HYC will need to absorb this.</li> </ul> |

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|                                    | taxation and benefits.   |  |
| <b>Cumulative Impact</b>           | <p>There are planned reductions to the overall youth budget: Youth Offending Team and Youth Employability Service. There will be other proposed reductions to services to families from other departments that may impact on families and therefore indirectly to young people in those families.</p> <p>Mitigating actions: senior managers will review after budget decisions are made and continue to monitor service data to identify mitigating actions needed.</p> |  |
| <b>EIA No.</b>                     | <b>EIA Proposal</b>  |  |
| <b>14</b>                          | <p><b>YOS/ru-ok</b><br/>         Saving of £50,000 from a net budget of £900,000.<br/>         Reduction in Practice Manager post.</p>   |  |
| <b>Groups potentially impacted</b> | <b>Impacts identified</b>  | <b>Mitigating Actions</b>  |
| <b>None</b>                        | <ul style="list-style-type: none"> <li>The YOS restructure undertaken under the last 18 months included a reduction in a management post, the saving is from this. The impact should therefore be minimal.</li> </ul>  | <ul style="list-style-type: none"> <li>The YOS restructure has been undertake over the last 18 months and is now in its final stage. The reduction in costs has been made through the reduction of management post. This reduction will take effect in the new financial year however the new structure of the team is now in place and beginning to move forward and this reduction should have little impact.</li> </ul> |
| <b>Cumulative Impact</b>           | <p>The YOS is 1/3 funded via grants from probation, police, Police and Crime Commissioner and the Youth Justice Board. It is likely there will be a reduction in funding from these external agencies. It is not yet known what reduction in funding will come from these areas but any cuts in these grants in addition to the £50,000 may have an impact on the function and service delivery of the YOS.</p>  |  |
| <b>EIA No.</b>                     | <b>EIA Proposal</b>  |  |

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| <b>15</b>                          | <b>Youth Service</b><br>Income generation - £15,000<br>Charging to Secondary Schools for youth service group work provision to young people and workshops which takes place in school time supporting vulnerable pupils   |  |
| <b>Groups potentially impacted</b> | <b>Impacts identified</b>   | <b>Mitigating Actions</b>  |
| <b>Age</b>                         | <ol style="list-style-type: none"> <li>1. The impact of this could be schools refusing to pay for the interventions which will mean vulnerable young people missing out on support and information which helps them to make informed choices in the lives.</li> <li>2. It could mean that there will be inconsistency in the offer as some schools choose whether or not they buy in.</li> <li>3. And further impact could be that schools go elsewhere for the offer resulting in a patchwork of inconstant delivery of interventions</li> </ol> <ul style="list-style-type: none"> <li>• Age: Services are specifically for young people. Vulnerable young people could miss out on support and information which helps them to make informed choices in the lives.</li> <li>• Child Poverty: Vulnerable young people and young people living in area of deprivation who do not receive support early in school could have diminished social capital and poor outcomes in adult life and increased likelihood of living in poverty</li> </ul> | <ol style="list-style-type: none"> <li>1. Ensure that the impact of the interventions clearly contribute to improvements in the resilience of the young people that can be seen by the school</li> <li>2. Negotiate a fee scale that reflects good value for money and reflects the market rate</li> <li>3. There will be a menu of what will be offered based on the evidence of needs and a process for agreeing the content and cost with the schools to create and offer which is excellent value for money and provides the outcomes required.</li> </ol> |
| <b>Cumulative Impact</b>           | If school budgets were to reduce, the freedom for the school to spend on support to vulnerable pupils for activities other than curriculum based would be limited.  |  |
| <b>EIA No.</b>                     | <b>EIA Proposal</b>   |  |

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| <b>16</b>                          | <p><b>Children in Care</b><br/>                 Saving of £433,000 from a net budget of £13,790,000<br/>                 £63,000 savings are predicated on the Early Help Strategy leading to less social work activity so therefore allowing a reduction in staffing reflecting the reduction in activity. The service will move to the Munro social work model, maintaining a safe service and gradually creating a better balance between systems of accountability and professional autonomy, with the ultimate goal of providing higher levels of support, supervision and clear leadership throughout the social work service.<br/>                 £200,000 savings are predicated on the Early Help Strategy leading to less social work activity so therefore allowing a reduction in staffing reflecting the reduction in activity.<br/>                 £170,000 savings through no increase in the cost of allowances plus activity and caseload analysis suggests that capacity could be reduced without significant adverse impact on the service.</p> |  |
| <b>Groups potentially impacted</b> | <b>Impacts identified</b>  | <b>Mitigating Actions</b>  |
| <b>None</b>                        | <ul style="list-style-type: none"> <li>Nationally the Children’s Commissioner identifies Children in Care as a vulnerable group. Their individual identity and characteristics may increase that vulnerability, however there are no disproportionate impacts identified in this proposal that arise from a legally protected characteristic.</li> </ul>   | <ul style="list-style-type: none"> <li>Ensure that where there are vacant posts on the establishment recruitment is swift and there is no need to use agency staff.</li> <li>Look at increased multi agency involvement as a means of reducing pressure on social work allocation.</li> <li>There is an agreed allocation workload scheme which protects the quality of service delivered to children and young people.</li> </ul> |
| <b>Cumulative Impact</b>           | The cumulative impact on this diverse group of children would only occur if service demand did not reduce because of the lack of impact of the Early Help Strategy   |  |
| <b>EIA No.</b>                     | <b>EIA Proposal</b>  |  |
| <b>17</b>                          | <p><b>Advice, Contact &amp; Assessment Service (ACAS)</b><br/>                 Saving of £126,000 from a net budget of £4,490,000<br/>                 Proposed savings for 2014-15 to be achieved by deleting 3 x social worker posts when vacant.</p>  |  |
| <b>Groups potentially</b>          | <b>Impacts identified</b>  | <b>Mitigating Actions</b>  |

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| <p><b>impacted</b></p> | <ul style="list-style-type: none"> <li>• Reduction of staff in the short term will reduce flexibility to cover unexpected sick leave, annual leave and vacancies. This could potentially lead to increased workloads that remove workers ability to allocate appropriate levels of time to completing quality, focused assessments. This is particularly significant in duty (ACAS) as this service works to extremely tight timescales and there is little flexibility to re arrange visits/undertake additional visits, provide cover.</li> <li>• Timeliness of Assessments and quality of practice may be reduced without positive action being taken to address this.</li> <li>• There is potential that a proportionate group of children may not have as much allocated time with a social worker. ACAS works to extremely tight timescales and therefore there is little flexibility to re arrange visits. This flexibility will potentially be reduced with staff reductions should case loads remain static or increase.</li> </ul> | <ul style="list-style-type: none"> <li>• Managers to continue to monitor overall number of children open to ACAS, and develop Early Help to reduce the number of contacts into the team.</li> <li>• Continue to monitor the new team structure and look at ways of making continuous improvement to enhance the service we provide in line with VFM.</li> <li>• Continue overall development of social workers and managers and development of specialism to enable improvement across the whole service within the VFM and QA framework. This in turn should improve timeliness and outcomes for children and their families leading to reduced re referral rates and caseloads.</li> <li>• Through the development of a Multi Agency Safeguarding Hub (MASH) with other agencies, and particularly with the police streamline the process of signposting effectively and ensuring the most appropriate service is identified to meet the need.</li> <li>• Continued workforce development. Progressing professional development within the team and supporting individual development of specialist practices which is then fed into overall team practice and development. Purpose to have a confident, workforce enabled to produce focused assessments with outcome focused plans. This should reduce the amount of time that workers need to be involved in families and prevent work from progressing through the system with overall better outcomes.</li> <li>• Improve the information we provide, including to families with English as a second language. Progress making links within the community. Purpose to reach families at an earlier stage who could be linked to preventative services to reduce the need for intervention of social workers.</li> </ul> |
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|                                    |  | <ul style="list-style-type: none"> <li>Continue to develop our reports to ensure managers have the tools to track and monitor work efficiently to avoid any drift and delay. To take immediate action to address this as required.</li> </ul>  |
| <b>Cumulative Impact</b>           | As noted, in order to ensure more effective and earlier interventions the Early Help agenda and MASH must be progressed in line with the preventative strategy and Value For Money.  |  |
| <b>EIA No.</b>                     | <b>EIA Proposal</b>  |  |
| <b>18</b>                          | <p><b>Integrated Child Development &amp; Disability Service</b><br/> Saving of £109,000 from a net budget of £3,444,000<br/> This will be broken down as follows: £68,000 from in house shortbreak services and £41,000 from transferring the funding arrangements for an extended day service (youth club) in to the DSG high needs block</p>   |  |
| <b>Groups potentially impacted</b> | <b>Impacts identified</b>  | <b>Mitigating Actions</b>  |
| <b>Age (younger) Disability</b>    | <ul style="list-style-type: none"> <li>Disabled children are more likely to live in poverty and there is a higher rate of single parents caring for a disabled child.</li> <li>The most significant impact could be a reduction in existing agreed care packages for families. All services will work to minimise this and will prioritise maintaining agreed packages of care.</li> <li>Age: Approx 160 young people use the B&amp;H service and impacts are identified above. There is a waiting list for these services and demand in general is increasing. Reductions in these services could mean both an</li> </ul> | <ul style="list-style-type: none"> <li>Efficiency savings will be sought rather than reductions in the delivery of services to children. Following a scrutiny of the budget the level of reductions to services contracted to the CVS have reduced.</li> <li>Staff will work with parents and carers to explain any changes at as early a stage as possible to support transition. They will also link with relevant CVS organisations to communicate information on the changes and any other possible sources of support.</li> <li>Care packages in place currently have been assessed based on need, so we will prioritise not reducing these.</li> <li>Work with providers to minimise impact through</li> </ul> |



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|  | <p>impact on current users and potential users of this service.</p> <ul style="list-style-type: none"> <li>• Disability: Short break services are disability specific and budget changes could therefore have a specific impact on this population. Access reduced to short breaks (statutorily provided) and preventive support.</li> <li>• Ethnicity: There would not be a higher impact on service users from BME as they are slightly underrepresented in the service albeit this in itself requires further activity to understand why this is the case. 15% of children on the Compass (disability register) are from Black, Asian or Minority Ethnic backgrounds, and approx 14.5% of existing children's disability social care service users are from BME backgrounds which is low compared to the city population of BME children.</li> <li>• Gender: Potential negative impact on disabled boys: there are significantly more boys who are disabled and users of these services than girls so they will be disproportionately affected: Boys are twice as likely as girls to have a disability or complex health need. Locally 72% of disabled children and those with special needs are male compared with 28% of females.</li> <li>• Child poverty: There is considerable evidence both nationally and locally to show that disabled children are at greater risk of living in families with low incomes. Reducing short breaks will place pressure on families and could increase the risk of family breakdown.</li> <li>• Other groups: 255 Parent carers recently responded to a survey undertaken by Amaze and of these 82% of parent carers say that if their respite was reduced it would have a devastating impact on their family.</li> <li>• Lone Parents – Child Poverty Action Group and the</li> </ul> | <p>discussions as to how they can make internal efficiencies to reduce impact on activity (may minimise but not relieve impact)</p> <ul style="list-style-type: none"> <li>• Look at service reshaping and access criteria</li> <li>• Ethnicity: Build and work on existing partnerships and community groups to identify and support BME disabled children and their families and ensure access to services.</li> <li>• Child poverty: DLA Project which is commissioned by Brighton and Hove to Amaze seeks to reduce the impact of poverty by maximising the number of families in receipt of this benefit.</li> </ul> |
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|                                    | <p>Fawcett Society research indicates that lone parents are on average more affected than other groups in receipt of state benefit by the government's changes in taxation and benefits. In Brighton and Hove 27% of families are lone parent households. There are proportionally more – 36% of families with disabled children who are lone parent carers.</p> <ul style="list-style-type: none"> <li>• 20% of non-disabled siblings share the care for their disabled sibling.</li> </ul> |   |
| <b>Cumulative Impact</b>           | The range of savings identified have the potential, if not managed well, to have an impact on a small number of families who are already vulnerable to social exclusion.   |   |
| <b>EIA No.</b>                     | <b>EIA Proposal</b>  |   |
| <b>19</b>                          | <p><b>Children in Need (CIN) Team</b><br/>                 Saving of £126,000 from a net budget of £4,406,000<br/>                 Proposed savings for 2014-15 to be achieved by deleting 3 vacant social worker posts.</p>   |   |
| <b>Groups potentially impacted</b> | <b>Impacts identified</b>  | <b>Mitigating Actions</b>   |
| <b>None</b>                        | <ul style="list-style-type: none"> <li>• Concern that demand in the CIN Team may not be static or necessarily fall.</li> <li>• Concern that if caseloads increase above a certain point then quality and safety of the work can be more stretched/under challenge, with particular impacts possible on vulnerable groups with specific needs.</li> </ul>   | <ul style="list-style-type: none"> <li>• Managers to continue to monitor overall number of children open to CIN Team and to consider more activity around safe step down of some child in need work to move out of social work to targeted support.</li> <li>• Early help and redirection to Common Assessment Framework (CAF) support to be re-enforced as a process at intake stage by launch of new early help strategy and also establishment of the Multi Agency Safeguarding Hub (MASH).</li> <li>• Managers to continue to measure average caseloads and also to look at any major variations above and</li> </ul> |

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|                           |  | below expected caseloads.  |
|                           |  | <ul style="list-style-type: none"> <li>Managers to monitor any unanticipated service pressures on groups with protected characteristics</li> </ul> |
| <b>Cumulative Impact</b>  | Cumulative slight reductions in subsequent years in capacity of social work teams could result in increased caseloads for social workers, but only if the numbers of children requiring support doesn't reduce.  |  |
| <b>EIA No.</b>            | <b>EIA Proposal</b>  |  |
| <b>20</b>                 | <p><b>Early Years and Children's Centres</b><br/> Total savings of £513,000 from a total budget of £4,939,000<br/> The budget proposals are for an overall 10% reduction in Council funding for the Early Years and Children's Centres budget, although the levels of reductions vary across different budget areas. Where possible alternative funding is being used to maintain services. The main changes which involve budget reductions rather than changes are:</p> <ul style="list-style-type: none"> <li>Reduction in funding for bursaries for childcare qualifications and training;</li> <li>Cease to run a free toy library for early years providers at Hove Town Hall</li> <li>Reduce sustainability funding for voluntary pre-schools and no longer fund the Pre-School Learning Alliance to support the committees of voluntary run pre-schools</li> <li>Running costs savings by the Family Information Service</li> <li>No longer centrally fund private and voluntary school and holiday clubs in school buildings. Funding for extended services was incorporated into schools budgets in 2011, but some clubs continue to be funded centrally.</li> <li>No longer offering a universal book delivery service to all childcare providers</li> <li>Consult on introducing charging for some Children's Centre activities for universal parents from September 2014</li> <li>Consult on changing the status of South Portslade Children's Centre to a linked site to North Portslade Children's Centre to bring the catchment area into line with other Children's Centres in the city. Opening times and services will continue with reduced reception time.</li> <li>A review of the role of Early Years Visitors to ensure that CC staff can deliver the Early Help Strategy including an overall reduction in staffing.</li> <li>Increasing the occupancy of Council nurseries.</li> </ul> |  |
| <b>Groups potentially</b> | <b>Impacts identified</b>  | <b>Mitigating Actions</b>  |

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| <p><b>Age</b><br/><b>Gender (women)</b></p> | <ul style="list-style-type: none"> <li>• The overall budget reduction after changes in funding is 5%. The reduction to Children’s Centres is 3% so the overall impact is minimal.</li> <li>• The greatest impact will be on children under 5 and women because they are the largest users of the service. Overall the intention is to continue to focus resources on those children and families who need them most. The large majority of childcare workers are women.</li> <li>• Disability: Children’s Centres target their services on groups with specific needs including disabled children</li> <li>• Funding to include disabled children in after school care will continue from the Dedicated Schools Grant.</li> <li>• Child poverty: The current funding for voluntary and private childcare providers in schools includes subsidies for children on Free School Meals. There could be a change to this subsidy depending on the decision of the school and childcare provider.</li> </ul> | <ul style="list-style-type: none"> <li>• The budget proposals have been designed to minimise the impact on front line services and disadvantaged children and families in particular.</li> <li>• The increase in free childcare places for two year olds on low incomes will have a strong positive impact for young children and their families and will support the sustainability of early years childcare providers.</li> <li>• The following EIAs have been completed for Early Years and Children’s Centres: Childcare for Two Year Olds (2012), Early Years and Childcare (2013) and Children’s Centres (July 2013). All include action plans to improve services for protected groups. None of the planned actions are affected by the budget proposals.</li> <li>• EIAs will be completed as part of the consultation on introducing charging and reviewing the Children’s Centre workforce.</li> <li>• Encouraging more parent-run groups.</li> <li>• From September 2014 the national eligibility criteria for free childcare for two year olds is being extended to two year olds who have a current statement of SEN or an Education , Health and Care Plan or who attract Disability Living Allowance.</li> <li>• The consultations on charging and review of CC staffing will include EIAs.</li> <li>• Universal access to free loan of pre-school book loans through libraries will continue</li> <li>• Pre-school settings with particular needs or access issues will continue to get outreach collections delivered</li> <li>• Child poverty: Schools have access to the Pupil Premium to support children on Free School Meals. This is increasing from £900 per pupil this year to £1200 for 2014/15. The Government is also consulting</li> </ul> |

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|                                       |   | on proposals to make it easier for schools to provide childcare on their premises.  |
| <b>Cumulative Impact</b>              | The range of savings identified have the potential, if not managed well, to have an impact on a number of families who are already vulnerable to social exclusion.  |   |
| <b>EIA No.</b>                        | <b>EIA Proposal</b>   |   |
| <b>21</b>                             | <b>Music and Arts</b><br>Saving of £86,000 from a net budget of £224,000<br>Introduce new criteria for subsidised tuition which would retain 100% based primarily on free school meals criteria and reduce and delete other present categories.   |   |
| <b>Groups potentially impacted</b>    | <b>Impacts identified</b>   | <b>Mitigating Actions</b>   |
| <b>Possibly: Disability Ethnicity</b> | <ul style="list-style-type: none"> <li>• Potential impact on the number of CYP from low income families to be able to develop their musical interest and potential.</li> <li>• Reduction in pupil numbers resulting in less teaching hours required which would impact on number of teacher hours required.</li> <li>• Service users in challenging circumstances (including those related to their protected characteristics) can be reliant on financial support to access activities. Currently approximately 18% of children accessing the service receive financial support towards the cost of tuition. A reduction in funding may be a barrier to access.</li> </ul> | <ul style="list-style-type: none"> <li>• The level of 100% subsidy for specific groups would continue (to Looked after children and families primarily in receipt of free school meals - includes income support, income based job seekers allowance, income based employment support allowance, etc).</li> <li>• £25,000 will be made available through the SEN Strategy and will be met by the High Needs Block of the DSC as it relates to provision for pupils with special educational needs</li> <li>• Improved sign posting for service users to charities and grant giving bodies.</li> <li>• Collect and collate equality data over the coming year.</li> <li>• Consideration of changing subsidy thresholds may reduce the impact for some families. Explore the use of other funding streams such as Pupil Premium.</li> </ul> |
| <b>EIA No.</b>                        | <b>EIA Proposal</b>   |   |

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| 22   | <b>Commissioning: SEN and disability</b><br>Saving of £16,000 from a net budget of £940,000<br>1. reduction in contracted services for disabled children<br>2. reallocating funding of extended day disability services to the Dedicated Schools Grant (DSG)  |  |
| <b>Groups potentially impacted</b>   | <b>Impacts identified</b>   | <b>Mitigating Actions</b>  |
| <b>Age (younger)</b><br><b>Disability</b><br><b>Ethnicity</b><br><b>Gender (men)</b> | <ul style="list-style-type: none"> <li>• Reduction in short breaks could place families of disabled children under greater pressure and potentially lead to greater demand for more expensive services, ie families may be unable to cope and their child require an expensive package of care. Providers have indicated that they would need to reduce front line services to achieve savings</li> <li>• Ethnicity: Research indicates that some Black Minority Ethnic (BME) groups are disproportionately represented for disabled children and those with complex health needs, although this also links in with the combination of other factors of disadvantage through poverty and social disadvantage. Research indicates that young people from BME groups may be more vulnerable to mental health issues.</li> <li>• Gender: Higher percentage of disabled children are boys. Therefore greater representation in short breaks services.</li> <li>• Child poverty: Disabled children are at greater risk of living in families with low incomes. Reducing short breaks will place pressure on families and increase the risk of family breakdown.</li> </ul> | <ul style="list-style-type: none"> <li>• Work with contracted short break providers to reduce unit costs and internally reshape to reduce impact.</li> <li>• Child poverty: Working with Amaze to maximise take up of Disability Living Allowance. Families provided with effective advice re: benefits</li> </ul> |
| <b>Cumulative Impact</b>   | The range of savings identified have the potential, if not managed well, to have an impact on a number of families who are already vulnerable to social exclusion. Savings within in-house disability budgets are inextricably linked with reduction on contracted provision. The sum becomes greater than the parts as all aspects of short breaks provision   |  |

work collaboratively to best support families with children with complex needs .

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| <b>EIA No.</b>                     | <b>EIA Proposal</b>   |  |
| <b>20A</b>                         | <b>Home to School Transport</b><br><br>Saving of £263,000 from a budget of £2,666,000. Absorb existing under spend and achieve efficiencies in current transport arrangements, including increased focus on independent travel training, review of contracts and devolving funding for transport to parents where appropriate. There will be further savings from the roll out of the removal of discretionary denominational transport.  |  |
| <b>Groups potentially impacted</b> | <b>Impacts identified</b>   | <b>Mitigating actions</b>  |
| <b>Disability</b>                  | <ul style="list-style-type: none"> <li>• There would be a negative impact on disabled students and who have a Statement of special educational needs if revisions to transport contracts resulted in less favourable arrangements, or if independent travel arrangements were introduced before the students were sufficiently confident.</li> <li>• The opportunity may be lost to integrate transport arrangements for these children more closely with their educational and life skills programmes.</li> <li>• There may be some reduction in flexibility in the arrangements with taxi firms for transport for children with SEN statements.</li> <li>• The Council has already made the decision (April 2012) no longer to provide free transport to denominational schools other than to children who would otherwise be eligible under the transport policy for all schools. There is no additional impact for children attending these schools.</li> </ul> | <ul style="list-style-type: none"> <li>• There is an opportunity for positive impacts for these students and their families through better planned transport arrangements and enhanced life skills. Mitigating actions designed to secure these positive impacts include:</li> <li>• Work with special schools and mainstream providers to encourage pupil independence and provide bus passes rather than taxis when children are ready to travel independently</li> <li>• Continuation of SE7 project offering parents funding to transport their own children to school</li> <li>• Develop more timely processes for assessing eligibility for transport to special schools, linked to the SEN assessment process and annual reviews, so that routes and vehicle occupancy can be planned well in advance in consultation with schools</li> <li>• Steps are already being taken to integrate assessment of transport eligibility with the SEN assessment and</li> </ul> |

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|  |  | annual review processes. <ul style="list-style-type: none"><li>• £172,000 of these identified savings have already been achieved during the current financial year</li></ul> |
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## Environment, Development and Housing

Environment, Development & Housing provide a wide range of universal services pertaining to the physical environment such as parks and open spaces, footways and highways as well as existing buildings and new construction sites. In managing, regulating and maintaining these areas, the service has regard to national legislation and guidance as well local equalities policies. This helps to ensure that whatever our expenditure, we continue to have regard to the needs of our diverse communities and in particular the safety and accessibility of the many public and private public places and spaces that comprise the city.

We also provide specific services and capital investment with respect to housing accommodation which address the needs of low income households, forms of accommodation to meet the needs of older people and people with mental health and mobility impairments. Where we have identified budget reductions, we aim to mitigate the impact on disadvantaged groups and where possible to provide services in a different and more efficient way. We also continue to explore options, often in collaboration with care services, to invest in buildings and services which will reduce burgeoning cost pressures arising from our communities. In particular, this includes the health and well being of a growing elderly population as well as vulnerable adults and children.

The service has a particular focus on promoting the economy of the city and this also includes measures and initiatives to reduce economic inequality by promoting living wages, working with others to increase access to employment and training and enable sustainable prosperity for future generations.

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| <p style="text-align: center;"><b>23</b></p> | <p><b>Transport Operations</b><br/>                 Savings of £205,000 from a net income budget of £10,762,000<br/>                 A range of efficiencies including removal of traffic signals from some minor crossings and introduction of Pay by Phone options for parking</p> |   |
| <p><b>Groups potentially impacted</b></p>    | <p><b>Impacts identified</b></p>   | <p><b>Mitigating Actions</b></p>  |
|  | <ul style="list-style-type: none"> <li>• Traffic signals removal may impact certain groups: Less help for blind people crossing the road.</li> <li>• Pay by Phone may create access issues for disabled people and those with language issues.</li> </ul>                            | <p>Proposal 1:</p> <ul style="list-style-type: none"> <li>• Locations will be assessed and local factors taken into account before specific signals or controlled crossings equipment will be removed. Specifically, site observations for pedestrian numbers and desire lines; traffic flows and speeds; accident statistics and a safety audit.</li> <li>• Key lessons from Seven Dials (where signals were removed) to overcome the risks to blind or partially sighted pedestrians are covered by a robust criteria for identifying sites is required. Consultation with the rehabilitation team that helps blind people identify safe routes would be needed. In particular, where there is no traffic light provision blind people use sound to determine if it is safe to cross. Sites with a lot of background noise can therefore prove difficult and should be avoided.</li> <li>• Also consideration to alternative crossing provision i.e. is there another signal crossing nearby that could be used if a particular one was taken out?</li> <li>• Correctly located tactile paving is key at any facility that might remain after the signals have been removed. If there is to be no crossing then it's essential the old tactile is removed so as not to create a 'false crossing'.</li> </ul> <p>Proposal 2:</p> |

|   |   | <ul style="list-style-type: none"> <li>• Blue Badge holders will continue to benefit from concessions which allow them to park for free throughout Brighton and Hove in any Pay and Display or Shared use parking bay.</li> <li>• For other disabled groups the pay by mobile framework agreement includes the ability to pay for parking by cash at retail locations in the city. Almost all of these are fully accessible to disabled drivers.</li> <li>• For hearing impaired and deaf groups, there is the option to register online or via text and carry out each subsequent transaction by text. The service provider is also required to ensure that suitable customer service channels are available for this group.</li> <li>• For speakers of other languages, the registration process can include an option to be transferred to a translator who will be able to help set up their registration and explain how it can be subsequently used by text, website(which can also be translated), smart phone applications etc.</li> <li>• Traditional Pay &amp; Display parking will remain available.</li> </ul> |
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| <b>EIA No.</b>                                      | <b>EIA Proposal</b>   |  |
| <b>24</b>   | <b>Trading Standards</b><br>Saving of £32,000 from a net budget of £503,000<br>Notional saving resulting in staff reduction   |  |
| <b>Groups potentially impacted</b>                  | <b>Impacts identified</b>   | <b>Mitigating Actions</b>  |
| <b>Age</b><br><b>Disability</b><br><b>Ethnicity</b> | <ul style="list-style-type: none"> <li>• Reducing capacity by 1 post would mean that the service would resort to delivering core statutory enforcement functions such as food enforcement and weights and measures work only. Business support</li> </ul> | <ul style="list-style-type: none"> <li>• Better use of intelligence to target problem premises selling age restricted products to under age people.</li> <li>• Roll out of training material for carers to provide them with skills to assist elderly and vulnerable consumers to</li> </ul>   |

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|                          | <p>visits and advice would be reduced.</p> <ul style="list-style-type: none"> <li>• Consumer education would be stopped</li> <li>• Support for businesses on legal obligations and liabilities would be reduced, the impact of which could increase the exposure of vulnerable consumers to ‘scams and cons.’</li> <li>• Legal advice sourced elsewhere may increase costs for local businesses</li> <li>• The team’s work to minimise underage sales of alcohol, cigarettes and other age restricted products will be reduced.</li> </ul>  | <p>say no to doorstep callers.</p> <ul style="list-style-type: none"> <li>• Provision of educational material to schools so that in house staff can deliver consumer education to school children including those attending SEN schools</li> <li>• Use of existing newsletters to provide business advice to local businesses</li> </ul> |
| <b>Cumulative Impact</b> | Cumulative impacts from proposals across Regulatory Services may impact the ability of the service as a whole to support legitimate business and positive health outcomes.  |  |
| <b>EIA No.</b>           | <b>EIA Proposal</b>   |  |
| <b>25</b>                | <p><b>Housing (Strategic General Fund Functions)</b></p> <p>Total savings of £1,598,000 from a net budget of £13,905,000</p> <ol style="list-style-type: none"> <li><b>1. Head of Housing</b> – £16,000 efficiency savings</li> <li><b>2. Homemove</b> – £132,000 by recharging relevant costs to Housing Revenue Account</li> <li><b>3. Housing Options / Homelessness</b> – £16,000 efficiency savings</li> <li><b>4. Housing Related Support</b> – £881,000. <b>(A)</b> £541,000 planned savings from Year 4 of existing commissioning strategy (impacts already mitigated with 4 year programme approved at Housing Cabinet in Jan 2011). <b>(B)</b> £340,000 by realigning eligible charges to HRA.</li> <li><b>5. Private Sector Housing</b> – £250,000 additional income from extending the Houses in Multiple Occupation (HMO) licensing scheme across in additional wards (this would be subject to evidence of need for scheme, formal consultation and member agreement).</li> </ol> |  |

|   | <p><b>6. Supported Accommodation</b> – £80,000 contract review / more efficient procurement / efficiency savings.</p> <p><b>7. Temporary Accommodation</b> – £223,000 <b>(A)</b> improved rent collection from working households in emergency accommodation not entitled to full Housing Benefit. <b>(B)</b> Releasing more expensive accommodation and replacing with more competitively priced homes</p>  |  |
|---|--|--|
| <b>Groups potentially impacted</b>              | <b>Impacts identified</b>  | <b>Mitigating Actions</b>  |
| <p><b>Ethnicity</b><br/><b>Gender (men)</b></p> | <p><b>1. Head of Housing</b> – no direct impact<br/> <b>2. Homemove</b> – no direct impact<br/> <b>3. Housing Options / Homelessness</b> – no direct impact<br/> <b>4. Housing Related Support</b> – <b>(A)</b> No direct impact. <b>(B)</b> No direct impact<br/> <b>5. Private Sector Housing</b> – whilst the proposals aim to improve the quality of private rented homes and their management there is a risk that additional costs for landlords (from license fees or being required to carry out repairs and improvements) may increase rents. There is no evidence from our current licensing schemes that rents have been affected but a wealth of evidence on how the quality of these homes has been improved. BME households and those affected by poverty are more likely to live in private rented homes so would disproportionately benefit from improvements in quality but also be disproportionately affected if rent increased<br/> <b>6. Supported Accommodation</b> – savings could increase</p> | <p><b>5. Private Sector Housing</b> – In some HMOs the standards of management and living conditions can be poor. Licensing allows local authorities to proactively engage with landlords, particularly those less responsible, to improve the quality of these homes. Following the introduction of the national HMO licensing scheme we have no evidence to suggest that HMO licensing in itself results in any increase in rents or a reduction in supply of HMO accommodation. The Census 2011 has shown a large growth in the private rented sector and HMOs in the City. We have been very careful to consult widely on the quality standards we require for HMOs to avoid unnecessary improvement works being required to bring homes up to standards which in turn minimises the potential impact on rents. Any further HMO Licensing will require an accompanying EIA<br/> <b>6. Supported Accommodation</b> – The Integrated Support</p> |

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|                          | <p>hostel void turn around times delaying clients ability to access service. Service users often chaotic, vulnerable, mentally ill or subject to substance misuse and are predominantly male so will be disproportionately affected. The suggested savings for the floating support service will reduce the service's ability to respond to any further changes in Welfare reform (legislation and roll-out remain un-finalised) - and any resulting increase in risks/needs/vulnerabilities of households referred</p> <p><b>7. Temporary Accommodation – (A)</b> Improved rent collection could lead to arrears and evictions with vulnerable households being picked up by other statutory services (such as mental health services, children's social care, adult social care). <b>(B)</b> No direct impact</p>          | <p>Pathway that helps homeless households move to independence is under review. Opportunities for integrated multi-service delivery of support and interventions are also under review. A new Homeless Strategy is in development which will be accompanied by its own EIA and action plan</p> <p><b>7. Temporary Accommodation – (A)</b> New Homeless Strategy in development accompanied by its own EIA and action plan. We will work in partnership with other services to encourage households to pay their contribution towards their rent and avoid being evicted. Where evictions cannot be avoided it will be a clear path that the local authority has no further duty</p> |
| <b>Cumulative Impact</b> | <p>We have not been advised of any impacts arising from proposals from other departments or services areas.</p> <p>The proposals in this EIA could impact on:<br/>Adult social care, children's social care, mental health and the HRA: could face increased pressures resulting from homelessness if households are not able to access appropriate levels of support or are evicted for not paying their contribution towards rent.<br/>Mitigating actions: the work within the Financial Inclusion Strategy will be relevant to this proposal. Significant one off and recurrent resources are available in support of this council strategy, including various discretionary funds detailed elsewhere, and its action plan continues to be implemented to improve advice and support, and reduce financial exclusion.</p> |   |
| <b>EIA No.</b>           | <b>EIA Proposal</b>  |   |
| <b>25A</b>               | <p><b>Cityclean</b><br/>Saving of £18,000 from a budget of £968,000<br/>Reduction in cleansing frequency of certain public toilets</p>   |   |
| <b>Groups</b>            | <b>Impacts identified</b>  | <b>Mitigating Actions</b>   |

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| <b>potentially impacted</b> |  |  |
| <b>Age Disability</b>       | <ul style="list-style-type: none"> <li>• Some older people and people with certain impairments in particular rely more on public toilets if they are out and about.</li> <li>• There may be a reduced standard of cleanliness and a possible increase in antisocial behaviour which could impact on the quality of service. There is also a higher risk of consumables running out.</li> </ul> | <ul style="list-style-type: none"> <li>• All toilets are visited and cleaned at least daily with busier sites more frequently and some sites being attended full time.</li> <li>• The toilets where cleansing frequency is proposed to be reduced are ones in areas of lower footfall where any impact is likely to be less.</li> <li>• The number of facilities and their opening times are not being reduced.</li> </ul> |

## Assistant Chief Executive

As set out in the council's proposed Third Sector Policy, there is a firm commitment to supporting work in the Third Sector. Across the council as a whole there is very significant investment in the Third Sector of around £23million.

The budget strategy supports a clearer commissioning relationship to the Third Sector and exploration of alternative sources such as the Housing Revenue Account and Public Health.

Guided by the Corporate Plan the directorate has used an evidence-based approach to avoid disproportionately and negatively affecting people because of their legally protected characteristics. Proposals have been targeted where minimum impact will be felt. This is supported by recent work such as the Third Sector Policy and Prospectus that included Taking Account 3 and an EIA. Specifically, the outcomes defined in commissioning strategy will protect support to vulnerable groups.

Any reductions in funding proposed must be seen in that context of very significant overall spend and the move towards more integrated and joint commissioning of services.

| EIA No.       | EIA Proposal   |                           |
|---------------|--|---------------------------|
| 26            | <p><b>Sports Development, Sport and Leisure</b><br/>Saving of £20,000 from a net budget of £481,000</p> <p>1- To remove the annual <b>Sport and Physical Activity Grants Scheme</b> (currently £10,000) available for individuals, clubs and groups to deliver and develop sport and physical activity opportunities in the city, up to £250.</p> <p>2- To withdraw council funding for the annual <b>City Sport and Physical Activity Awards</b> (currently £10,000) which recognises and celebrates the most hardworking coaches, volunteers, officials and sports people.</p> |                           |
| <b>Groups</b> | <b>Impacts identified</b>  | <b>Mitigating Actions</b> |



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| <b>potentially impacted</b>   |  |   |
| <b>All groups</b>   | <p>There will be some impact from this removal of funding of these grants, however, this must be seen in the context of a much broader, ongoing programme of work. There will be opportunities for sports groups to apply for alternative funding.</p> <ul style="list-style-type: none"> <li>63% of the grant funding last year was received by the protected groups and individuals.</li> <li>The awards raise the profile of sport and physical activity, especially among vulnerable and excluded groups. Awards celebrate and encourage participation by these groups, many of whom are under-represented in sporting activities, which increases their health and well-being.</li> </ul> | <ul style="list-style-type: none"> <li>Sport and Physical Activity Grants - To ensure that groups and individuals are aware of alternative council and external funding opportunities and the Sports Development Team continue to provide support in completing applications.</li> <li>City Sport and Physical Activity Awards – To continue to seek further external funding (eg: through Grant Finder) to sustain the current awards programme and to reduce the scale of the awards to the level of the external funding.</li> </ul> |
| <b>EIA No.</b>  | <b>EIA Proposal</b>  |   |
| <b>27</b>   | <p><b>Communities, Equality and Third Sector Team</b><br/> Saving of £23,000 from a net budget of £191,000<br/> Reduce funding for council's role in a range of civic and community events and reduced level of support for council staff equality issues.</p>   |   |
| <b>Groups potentially impacted</b>  | <b>Impacts identified</b>  | <b>Mitigating Actions</b>   |
| <b>Age</b><br><b>Disability</b><br><b>Ethnicity</b><br><b>Gender</b><br><b>Sexual orientation</b><br><b>Gender</b><br><b>Reassignment</b> | <ul style="list-style-type: none"> <li>Some council support for civic events has particular impact on groups because of their protected characteristics. There is a risk that some of these events may be scaled back and have a reduced impact.</li> <li>Council initiatives are targeted at BME, Disabled, LGBT and Women staff, so there is potential for impact in relation to reduced council support.</li> </ul>   | <ul style="list-style-type: none"> <li>Work with community groups to build capacity and look for alternative funding.</li> <li>Pooling resources and joint activities to maximise impact of funding for benefit of Disabled, BME, LGBT and Women staff. There are significant commitments relating to these groups made in the workforce equality action plan.</li> </ul>   |

| EIA No.                     | EIA Proposal  |  |
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| 28                          | <p><b>Communities, Equality and Third Sector Team</b><br/>           Saving of £310,000 from a net budget of £1,685,000<br/>           BHCC Community Grants: delivering the annual and three grant programmes supporting community and volunteering activity in the city. The team also provides a Grant Finder Service supporting Third Sector organisations in securing external funding. Proposal is a saving from the discretionary grant budget through:</p> <ol style="list-style-type: none"> <li>1. Replacement funding from HRA to support granted activities that directly benefit council tenants (£145,000)</li> <li>2. A reduction in funding of the overall discretionary grants budget (£165,000)</li> </ol>  |  |
| Groups potentially impacted | Impacts identified  | Mitigating Actions   |
| All groups                  | <p>Discretionary Grants tend to be particularly effective at supporting Third Sector (or CVS) organisations that work with and support communities with legally protected characteristics, and those who are marginalised and vulnerable, including those experiencing poverty/financial exclusion.</p> <ol style="list-style-type: none"> <li>1. The replacement of current funding for Discretionary Grants with funding from the Housing Revenue Account: No equalities impacts are identified. In addition no specific activities are being removed from the HRA. This funding is coming from additional rental income that if unallocated would have provided additional funding to the capital improvements programme.</li> <li>2. The proposed reduction of Discretionary Grants funding will potentially result in:               <ul style="list-style-type: none"> <li>• decreased capacity to meet some corporate priorities with specific impacts on characteristics</li> </ul> </li> </ol> | <ol style="list-style-type: none"> <li>1. The proposal requires no actions. It has been identified that a number of existing grant funded projects already focus primarily or significantly on supporting council tenants / leaseholders / estates so it would be appropriate for the HRA to fund these activities. In future we will ask all grant applicants to identify the percentage of their work which is focussed on council tenants / leaseholders / estates.</li> <li>2. The proposed reduction of Discretionary Grants funding will require:               <ul style="list-style-type: none"> <li>• Closer analysis of existing grant funded organisations and activities to ensure the greatest protection for groups with protected characteristics and other vulnerabilities. Any proposal will be considered by the Lead Member for Communities &amp; Equalities. There will also be a role for the Members Advisory Group and Community Works in commenting on the options.</li> </ul> </li> </ol> |

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|                                    | <p>protected in law,</p> <ul style="list-style-type: none"> <li>• reduced capacity for CVS groups which support community resilience and reduce reliance on statutory services,</li> <li>• potential wider impact on ability to attract match funding.</li> </ul>   | <ul style="list-style-type: none"> <li>• Ongoing communications to CVS groups about funding decisions, alternative sources of support (where these still exist) and potentially support to enable groups to close with minimum disruption and impact to service-users.</li> <li>• Maximising the benefits of the new Third Sector commissioning prospectus to better coordinate investment in Third Sector activities. For example the authority is already working with the Sussex Community Foundation and other strategic funders to improve investment support for the Third Sector in the city.</li> </ul> |
| <b>Cumulative Impact</b>           | See context for Directorate.  |   |
| <b>EIA No.</b>                     | <b>EIA Proposal</b>   |   |
| <b>29</b>                          | <p><b>Communities, Equality and Third Sector Team</b><br/> Saving of £55,000 from a net budget of £775,000. £30,000 reduction in revenue for staff revenue and £25,000 from the Commissioning resource.<br/> Minor service redesign in community engagement service plus some reduction in community commissioning fund for community development activity across neighbourhoods and infrastructural organisations.</p> |   |
| <b>Groups potentially impacted</b> | <b>Impacts identified</b>   | <b>Mitigating Actions</b>   |
|                                    | <ul style="list-style-type: none"> <li>• No specific impacts are identified on groups because of their protected characteristics.</li> </ul>  | <ul style="list-style-type: none"> <li>• Outcomes defined in commissioning strategy will protect support to vulnerable groups.</li> </ul>   |

## Finance and Resources

The Budget Strategy for Finance & Resources balances the need to demonstrate Value for Money, provide effective centralised support services and promoting change and modernisation across the council. The Workstyles and Improving the Customer Experience programmes are led within the Directorate enabling flexible working, improved service delivery and ensuring excellent customer service through all access channels as well as promoting digital inclusion.

The Directorate takes a lead role on cross council and cross city collaboration to mitigate the impacts of welfare reform and the budget proposals retain funding to continue this work.

| EIA No.                     | EIA Proposal   |   |
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| 30                          | <p><b>Property &amp; Design</b><br/>           Saving of £60,000 from a net income budget of £189,000<br/>           2014/15 savings for Workstyles phase 2 completion and the medium/longer term savings that will be achieved under Workstyles phase 3 over the next 3 years. The Workstyles Phase 3 programme has started with staff engagement and the planning of the programme over the next 3 year.</p>                                       |   |
| Groups potentially impacted | Impacts identified   | Mitigating Actions  |
| None                        | <ul style="list-style-type: none"> <li>The ability for staff to work more flexibly in improved working environments facilitated by the workstyles project will impact positively on business service reviews enabling improved productivity in the remaining services and staff in scope and improved customer interaction through better access arrangements for citizens.</li> <li>Specific access and support needs of disabled staff,</li> </ul> | <ul style="list-style-type: none"> <li>Workstyles 3 will improve customer and services access through all channels of communication, will improve access and will support service delivery changes.</li> <li>An EIA has been completed for each phase of the Workstyles programme. These will be reviewed again and updated for phase 3 and learning from previous phases incorporated.</li> <li>All services in scope of Phase 3 will be carrying out their</li> </ul> |

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|                                    | <p>visitors and customers will be assessed within the overarching Workstyles programme and the individual EIAs for services. The Workstyles approach encourages positive effect of increased and improved access for all customers and staff through appropriate technological and environmental solutions.</p> <ul style="list-style-type: none"> <li>The current multi-faith space provision in Hove Town Hall will be re-located under Workstyles Phase 3 and the standard of provision and access will remain the same</li> </ul> | own service EIAs which will be monitored through the Workstyles Phase 3 programme board.  |
| <b>Cumulative Impact</b>           | Positive cumulative impacts will occur through Workstyles enabling flexible working, improved working environments and better access for customers. Workstyles will align with and enable services to undertake business improvements through service reviews.  |   |
| <b>EIA No.</b>                     | <b>EIA Proposal</b>   |   |
| <b>31</b>                          | <p><b>Library and Information Services</b><br/> Saving of £45,000 from a net budget of £45,000<br/> Homework Clubs: There are currently 11 clubs for 9-16 yr olds and 2 clubs for 13-19 yr olds. Clubs operate one session a week in term time across 11 libraries.</p> <p>Government funding for these additional services has now ended and the proposal is to approach schools through the cluster groups to see what provision schools can offer themselves or may want to commission from the Library Service in future.</p>     |   |
| <b>Groups potentially impacted</b> | <b>Impacts identified</b>   | <b>Mitigating Actions</b>   |
| <b>Age (younger)</b>               | <ul style="list-style-type: none"> <li>In 2012-13 Libraries ran 442 study support sessions with 3116 attendances by children from over 50 schools and colleges.</li> <li>The impact will depend on facilities provided by schools and/or whether they will wish to commission additional services.</li> </ul>   | <ul style="list-style-type: none"> <li>Approaching schools through the cluster groups to find out whether and in what way they would like libraries to be involved in after school study support, and what they might be prepared to pay for.</li> <li>Offering schools space and access to wider range of resources to supplement their own after school offer (if they</li> </ul> |

|                | <ul style="list-style-type: none"> <li>• If Library Homework Clubs are not required by schools, subject to other available provision there could be a reduction in support to children and young people aged 8-19 studying after school.</li> <li>• This could also impact on those children who do not have study space/environment at home and who don't have access to or don't want to attend homework clubs at school.</li> <li>• There may be a reduced opportunity to mix with children from other schools, ages, and abilities.</li> <li>• Whilst Libraries has worked closely with Amaze to develop more inclusive services, and they have signposted children and young people with special needs and impairments to study support sessions, there are no specific sessions set up for disabled children.</li> <li>• Child poverty: The study support sessions are particularly useful for those children who do not have facilities or the environment for supported study at home, which can often be those in poor families.</li> </ul> | <p>have one) across the week.</p> <ul style="list-style-type: none"> <li>• If no alternative funding found, libraries will continue to offer space to study and limited help from library staff, like that provided on the days that the current Homework clubs are not operating.</li> <li>• Libraries will continue to work with Amaze and other agencies to provide inclusive core services for children and young people so that those with impairments and special needs will be able to come to a library at any time to study and receive limited help.</li> <li>• Child poverty: The full EIA will try to identify the potential numbers from families with low incomes. The overall numbers of children using the clubs is low, so the impact would be slight. There would still be space and facilities for children from low income families to study independently in libraries after school across the week.</li> </ul> |
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| <b>EIA No.</b> | <b>EIA Proposal</b>  |  |
| 32             | <p><b>Revenues and Benefits</b><br/>Saving of £90,000 from a net budget of £1,619,000. The remaining £257,000 from Class C exemption is additional council tax income.</p> <p>A reduction in the amount and value of awards for certain council tax discounts and exemptions namely:</p> <p><u>Reduce current period of Class C exemption from six weeks to a shorter period (provisionally four weeks)</u><br/>Currently a Council Tax discount is available while a property is unfurnished and unoccupied. This discount lasts for up to six weeks, or until the property is furnished or occupied whichever date is earlier. The proposals are to reduce this period to four weeks.</p>  |  |

|  | <p><u>Remove current discretion to apply a 10% discount to a property that is furnished and unoccupied for a period of up to six months</u></p> <p>The four week empty property discount discussed in the previous section only applies to <i>unfurnished</i> properties. This is set down in legislation. However, there is a separate 10% discount that is awarded in respect of properties that are empty and <i>furnished</i>, and that are to be re-let. The discount is similar to the Second Home Discount that council abolished from 1 April 2013. The 10% lasts for as long as we believe that the property is intended to be re-let. In practice, if this period lasts longer than six months, we assume that the property is not being re-let and we reclassify it as a second home, which no longer qualifies for a discount. We propose to remove the furnished let discount from 1 April 2014.</p>   |  |
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| <b>Groups potentially impacted</b>   | <b>Impacts identified</b>   | <b>Mitigating Actions</b>  |
| <p><b>Age</b><br/><b>Disability</b><br/><b>Ethnicity</b><br/><b>Gender (women)</b></p> | <p>For the change to be successfully implemented there needs to be fairness to its application that provides support where there are exceptional circumstance that would warrant sympathetic consideration.</p> <p>There will be a financial impact in relation to the Class C change (comparative to the current scheme) on anybody paying council tax where their property is unoccupied and unfurnished for a period of longer than 28 days. Most affected parties are detailed below. However these <b>will not affect any member of protected groups more than any other resident</b> and where they do specific exemptions apply (e.g.: older people going into care).</p> <ul style="list-style-type: none"> <li>• owners of properties that are for sale but not occupied (for example: elderly resident gone into nursing home)</li> <li>• landlords of properties that are empty between lets - sometimes being refurbished</li> <li>• owners / landlords of properties that are being</li> </ul> | <p>An existing discretionary fund is available to deal with Class C applications in exceptional circumstances. Currently this discretion can mean a Class C award can run in total for up to 12 weeks. In the context of the policy, “exceptional” is intended to be just that, focussing on situations that by their nature do not happen in standard gaps between tenancies or ownership. Requests for an extension will be considered on an individual basis and so there is potential to consider vulnerable situations, including whether there would be any adverse impact or specific needs linked to protected groups.</p> <p>Exceptional circumstances may include:</p> <ul style="list-style-type: none"> <li>• situations where an element of unforeseen complexity and crisis causes delay, such as fire or flood</li> <li>• where an unexpected incident has severely disrupted refurbishment plans and the incident cannot reasonably be resolved in the time remaining</li> <li>• exceptional personal circumstances that leave an individual unable to deal with their affairs and without anyone else able to help</li> </ul> |

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|  | <p>substantially refurbished, but do not qualify for the class A exemption. (for example: after destructive tenants or very long term lets or after purchase)</p> <ul style="list-style-type: none"> <li>• tenants that have signed a tenancy but do not take up residence (very rare cases, for example during a trial separation)</li> <li>• the Local Authority and other Registered Social Landlords where properties cannot be let immediately due to damage / eviction / abandonment by tenant (some mitigation identified in improving communications between services/organisations to get more accurate and timely information which could reduce additional financial pressure created by reducing the period of exemption)</li> <li>• persons who have inherited property, but are unable to sell during the time frames (mitigation - referral to allocations, property could be let short term whilst for sale with rent guaranteed by the LA)</li> <li>• persons whose property is due to be repossessed and sold but is still in that process, but no longer resident (mitigation – the work of our debt prevention team is increasing and they could potentially look at these situations, also we will be building closer working relationships with local debt advice services as part of our response to welfare reform)</li> </ul> <p>Disability: Potential occupancy issues may be related to the property not being suitably adapted.</p> | <p>Exceptional circumstances do <b>not</b> include situations that are standard or common between lets or ownership. For example:</p> <ul style="list-style-type: none"> <li>• refurbishment and cleaning between lets</li> <li>• the process of finding a new tenant or buyer, even if that becomes an extended process that takes longer than six weeks</li> <li>• awaiting planning permission, or another official process, before proceeding with work</li> </ul> <p>Some further impacts have been mitigated by changes to the eligibility rules from April 2013. There will be lessened financial impact for example on those taking over a property, where the old owner/tenant had already used up the class C for the full period. Under pre-April 2013, they would get no further exemption, but under the revised rules, they currently have entitlement to a fresh six week discount (proposed to reduce to four) if the property is still unoccupied when they take over.</p> <p>Disability: Consider referral to Private Sector housing for disabled facility grant. Discuss with customer options for helping rent out, e.g. talk to acquisitions team</p> |
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| <b>Cumulative Impact</b>           | There have been no cumulative impacts identified from the changes introduced in April 2013 (Class C reduction from six months maximum to six weeks, with discretion for a further six weeks). The situation continues to be monitored so informed decisions can be made if future revisions are considered.  |  |
| <b>EIA No.</b>                     | <b>EIA Proposal</b>  |  |
| <b>33</b>                          | <b>Revenues and Benefits</b><br>Saving of £194,000 from a net budget of £3,705,000<br>Reduce the Benefit administrative budget.  |  |
| <b>Groups potentially impacted</b> | <b>Impacts identified</b>  | <b>Mitigating Actions</b>  |
| <b>None</b>                        | <ul style="list-style-type: none"> <li>Any reduction in Benefit Administration capacity has the potential to impact on the speed and quality of the service. The Benefit customer base naturally encompasses those on low incomes and a high proportion of vulnerable customers.</li> <li>There has been careful consideration in the proposals to the impact on service capacity. Not only are there customer implications in under resourcing the service, but significant financial repercussions that could be counter-productive to the saving intent and impact on other council services that provide support to customers with housing needs and with vulnerability.</li> <li>The current welfare reforms and the impending introduction of Universal Credit have also had to be considered when assessing the services future operational needs.</li> </ul> | <p>The proposed saving has two components;</p> <ul style="list-style-type: none"> <li>From 2013, the DWP provided additional year-on-year 'New Burden Funding' in recognition of the additional administration associated with the introduction of the welfare reforms. The service has managed to take on the additional burden of the work without resorting to this additional budget and therefore can offer the full amount as a saving with assurance that speed and quality of future service should not be impacted.</li> <li>One additional post has been identified to be deleted. This post was under consideration during the VSS round for 2013/14 savings and the logistics for operating the service without it still seem valid.</li> <li>It is believed that because of the pre-planning and consideration around this saving that any equalities impacts are mitigated.</li> <li>The Welfare Reform Programme Board is monitoring the impact of the reforms, including the local Council Tax Support scheme, across all the council services. Comprehensive EIAs for the specific welfare reforms, the local Council Tax Support scheme and the Local</li> </ul> |

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|                          |  | <p>Discretionary Social Fund to local government control were produced in the second half of 2012/13. The programme board is monitoring equalities impact and will be updating these documents accordingly.</p> <ul style="list-style-type: none"> <li>• The service has a continual programme that focuses on the rationalisation of existing resources to maximise the value of first contact with the customer and minimise double handling, error and cost. This work encompasses the intelligent use of technology in terms of automated communication with other benefit agencies and online claiming.</li> </ul> |
| <b>Cumulative Impact</b> | <p>The delay to the introduction of Universal Credit means that the service has to adapt to a different set of circumstances for 2014/15. It is relatively early after their introduction for the full effect of welfare reforms and the local Council Tax Support scheme to be assessed. It is assumed that the cumulative impact may be heightened in 2014/15 as customers' short term coping measures cannot be sustained. The transfer to Universal Credit will provide an opportunity to move customers onto a new model that would be more effective in supporting customers to access and sustain work to improve their income and social inclusion. The delay in introducing the operational structure around Universal Credit may place additional administrative burden on the Council in the interim. This may manifest in extra demand on the Council's discretionary funds, a significant proportion of which are administered by the Revenues and Benefits Service. It is against this backdrop that the service will make the budget savings.</p> |   |
| <b>EIA No.</b>           | <b>EIA Proposal</b>  |   |
| <b>34</b>                | <p><b>Revenues and Benefits</b><br/> Saving of £100,000 from the current discretionary funds budget. Currently there is a £200,000 2014/15 budget for Discretionary Council Tax Reduction (DCTR).</p> <p>The projected annual DCTR expenditure for 2014/15 and beyond is less than £100,000. Therefore it is proposed to reduce the DCTR budget to £100,000.</p> <p>There is also an expected £630,000 2014/15 fund (directly grant funded by the DWP) for Local Discretionary Social Fund Awards (LDSF). The projected annual LDSF commitment is less than £530,000. There are restrictions to what the fund can be used for but it can legitimately used for discretionary purpose and in effect DCTR expenditure. Therefore it is</p>   |   |

proposed to fund the DCTR expenditure of £100,000 from the LDSF grant, for one year only.

The overall saving is £200,000.

| <b>Groups potentially impacted</b> | <b>Impacts identified</b>   | <b>Mitigating Actions</b>   |
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| None                               | <ul style="list-style-type: none"> <li>• The impact of recent welfare reforms and legislative changes is yet to be fully realised and this presents difficulties in predicting future demand on discretionary funds. The risk of having insufficient provision, a situation that would have significant impact on customers welfare and potentially significant impact Council finances if demands on housing provision or social care were to increase as a consequence, needs to be mitigate.</li> <li>• Age: Because this is a new fund we don't currently have data on the take-up of these funds by equality group, but DWP data, our previous EIAs and the Financial Inclusion EIA highlight that those aged under 40 are more likely to apply for LDSF assistance but those over 40 are more likely to be successful in their applications. In terms of DCTR the profile shows that there is a larger proportion, in relation to percentages of the city's population, of people living on a low income between the ages of 35 and 64.</li> <li>• Disability: Because this is a new fund we don't currently have data on the take-up of these funds by equality group, but there is future concern that impact of new Employment Support Allowance rules for those with disability/mental health issues might create increased administration for their HB and CTR claims, requiring more support to keep benefits in payment. This support is most likely to</li> </ul> | <p>A contingency fund was set aside to account for financial pressures emerging as a result of the Welfare Reforms. The Council has the capacity to roll this fund forward to 2014/15 to act as contingency against an unforeseen increase in demand for discretionary support.</p> <ul style="list-style-type: none"> <li>• Continue to monitor applications to these funds.</li> <li>• Continue to ensure that discretionary funds are targeted to where they are needed.</li> <li>• Monitor demand and impact and ensure planned funding and associated contingency are sufficient.</li> <li>• Monitor take up by equality group through the welfare reform programme board working with the community and voluntary sector; CVS, food banks etc.</li> </ul> |

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|  | <p>fall on the LDSF service. Additionally, the introduction of Personal Independence Payments from June this year, may result in changes in eligibility to HB/CTR claims for disabled customers. This may in turn affect their ability to meet shortfalls in rent and council tax leading to an increase in discretionary applications.</p> <ul style="list-style-type: none"><li>• Ethnicity: Because this is a new fund we don't currently have data on the take-up of these funds by equality group, but previous DWP data did highlight that Chinese ethnic groups did have a slightly higher representation of successful applications for Community Care Grants. Bangladeshi, Pakistani and Chinese ethnicity groups did experience a slightly lower rate of success than other ethnic groups for Crisis Loans.</li><li>• Gender: Because this is a new fund we don't currently have data on the take-up of these funds by equality group, but previous DWP data did highlight that there was a stronger representation of male applicants to Crisis Loans, whilst women were more commonly reflected in the applications for Community Care Grants. This increased requirement under Community Care Grants could stem from the higher percentage of applications for this fund received by lone parents. (94% of lone parents in Brighton and Hove are women).</li><li>• Child poverty: Because this is a new fund we don't currently have data on the take-up of these funds by equality group, but DWP data, our previous EIAs and the Financial Inclusion EIA highlight that of the approximately 10,555 children living in poverty in Brighton and Hove 72.8% live in lone parent households and 77.5% live in out of work families.</li></ul> |  |
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|  | <p>Families with a child or parent with a disability, families with larger numbers of siblings, and some BME families have a higher risk of living in poverty.</p> <ul style="list-style-type: none"> <li>• Other groups: Because this is a new fund we don't currently have data on the take-up of these funds by equality group, but DWP data, our previous EIAs and the Financial Inclusion EIA highlight these groups for specific consideration; <ul style="list-style-type: none"> <li>○ Those with learning disabilities</li> <li>○ Refugees &amp; Asylum seekers</li> <li>○ Those with difficulty accessing services</li> <li>○ Those who struggle with understanding complex information</li> <li>○ Those with exceptional vulnerability or exceptional financial hardship.</li> <li>○ Homeless people</li> <li>○ People employed on a part-time, temporary or casual basis</li> <li>○ Self employed benefit customers</li> <li>○ Unemployed people</li> <li>○ Lone Parents</li> <li>○ People with caring responsibilities</li> <li>○ People with mental health needs</li> <li>○ People with substance misuse issues</li> <li>○ People with HIV</li> <li>○ Ex-offenders and people with unrelated convictions</li> <li>○ People experiencing domestic violence</li> </ul> </li> <li>• Of these groups the first five categories would most likely to have recourse for discretionary funding.</li> </ul> |  |
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| <p><b>Cumulative Impact</b></p> | <p>The delay to the introduction of Universal Credit means that the service is having to adapt to a different set of circumstances for 2014/15. It is relatively early after their introduction for the full effect of welfare reforms and the local Council tax Support scheme to be assessed. It is assumed that the cumulative impact may be heightened in 2014/15 as customers' short term coping measures cannot be sustained. The transfer to Universal Credit will provide an opportunity to move customers onto a new model that would be more effective in supporting customers to access and sustain work to improve their income and social inclusion. The delay in introducing the operational structure around Universal Credit may place additional administrative burden on the Council in the interim. This may manifest in extra demand on the Council's discretionary funds.</p>   |
| <p><b>EIA No.</b></p>           | <p><b>EIA Proposal</b></p>   |
| <p><b>35</b></p>                | <p><b>Cumulative Fees &amp; Charges EIA</b><br/>         There are a wide range of changes to fees &amp; charges proposed across many council services in accordance with the Corporate Fees &amp; Charges Policy. These range from zero increases on Parking Charges to significant increases in some non-statutory areas where 'benchmarking' with other private and public sector providers has shown that Brighton &amp; Hove City Council charges are significantly out of step and/or are not recovering the cost of providing the service. Details of individual proposals for changes to fees &amp; charges, including associated concession policies, are provided to the relevant service committees throughout December and January for consideration and approval. The resulting financial impacts are included in the budget proposals to Policy &amp; Resources Committee and Full Council. Details of the service committee reports are as follows:</p> <ul style="list-style-type: none"> <li>• Fees &amp; Charges 2014/15 – Assistant Chief Executive Directorate, 23 January 2014, Economic Development &amp; Culture Committee;</li> <li>• Adult Social Care Charging Policy, 20 January 2014, Adult Care &amp; Health Committee;</li> <li>• Children's Services Fees and Charges 2014/15, 13 January 2014, Children &amp; Young People Committee;</li> <li>• Environment, Transport &amp; Sustainability Fees and Charges 2014/15, 14 January 2014, Environment, Transport &amp; Sustainability Committee;</li> <li>• Life Events Fees and Charges, 16 January 2014, Policy &amp; Resources Committee</li> </ul> |

| Fees and charges area  | Groups and Impacts identified                      | Mitigating Actions   |
|--|--|--|
| Adult Care Charges   | Age, Disability, Gender, Carers, Low income groups | <ul style="list-style-type: none"> <li>• Charges for most services are means tested e.g. around 45% of service users pay nothing for home care;</li> <li>• The people most affected will be those with savings over £23,250 and some people with high incomes;</li> <li>• Preventive services charges have been frozen – for example, Carelink, to avoid negative impact on take-up of this beneficial service;</li> <li>• A separate EIA has been completed and contains further actions, including: <ul style="list-style-type: none"> <li>○ Financial assessments will be reviewed for all those affected including an additional Disability Related Expenditure assessment ensuring that extra costs are taken into account;</li> <li>○ Provision of comprehensive benefits advice to all service users at the time of a financial assessment to ensure that people who need support have access to adequate finance.</li> </ul> </li> </ul> |
| Children's Centre and Nursery Care Charges, School Meals Charges | Children, young people and vulnerable families     | <ul style="list-style-type: none"> <li>• A separate EIA has been completed in relation to proposed Children's Centre fees &amp; charges. The EIA highlights that a consultation process will be undertaken as part of the implementation of a charging policy.</li> <li>• More generally, all 3 and 4 year olds in the city are already entitled to 15 hours a week, 38 weeks a year of free childcare funded from the Dedicated Schools Grant;</li> <li>• From September 2013 two year olds from families on out of work benefits have been entitled to a free part time place (around 20% of two year olds);</li> <li>• From September 2014 this entitlement will be extended to 40% of two year olds including those from low income working families.</li> <li>• Free School Meals are provided to families on low</li> </ul>  |

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| Royal Pavilion & Museums   | No specific impact groups have been identified                | <ul style="list-style-type: none"> <li>Charges are set according to cost of delivery, demand for services and comparison (benchmarking) with similar services available elsewhere to ensure they are reasonable;</li> </ul>   |
| Parks and Sports facilities fees & charges including: Golf Courses, Parks, Sports Pavilions, Bowls, Portslade Sports Centre, etc | Low income groups, children and young people, age, disability | <ul style="list-style-type: none"> <li>Fees &amp; charges increases have been kept in line with inflation unless high demands or benchmarking have demonstrated charges are too low (e.g. the revamped pavilion at the Level and the cycling velodrome at Preston Park);</li> <li>Demand and take-up of services is monitored closely and fees &amp; charges are kept under review accordingly, subject to covering the cost of services;</li> <li>Some concessions are available to encourage inclusion of certain groups – concession areas are kept under annual review. For example, some Junior Rates for golf are frozen to encourage young people to play. Also, at Portslade, concessions are offered for Senior Citizens and in some cases for the over 50's. In addition, 16-19 yr olds with special needs who have a Compass Card receive free use of the gym;</li> <li>Providers of services, including contracted services, operate within Public Health and wider Corporate Plan and partnership strategies and guidelines to promote health and well-being.</li> </ul> |
| Music Charges  | Low income families, children and young people                | <ul style="list-style-type: none"> <li>100% subsidy is provided if families are receiving:               <ul style="list-style-type: none"> <li>Income Support</li> <li>Pension Credit</li> <li>Income Based Employment Support Allowance</li> <li>Income Based Job Seekers Allowance</li> </ul> </li> <li>80% subsidy is available if families are receiving:               <ul style="list-style-type: none"> <li>Child Tax Credit with eligibility for free school lunches;</li> <li>Working Tax Credit with entitlement to the</li> </ul> </li> </ul>   |



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|                                     |                   | <p>maximum available.</p> <ul style="list-style-type: none"> <li>• Demand and take-up will be monitored and charging, concession policy kept under periodic review.</li> </ul>   |
| Registration Service fees & charges | Low income groups | <ul style="list-style-type: none"> <li>• Fees and charges have been benchmarked with other local providers and neighbouring authorities and take account of the attractiveness of and demand for services in Brighton. Proposed charges still compare favourably.</li> <li>• Provision is still provided for a low cost option for a Register Office ceremony, charged at £49.00 which is a statutory fee, set by government.</li> <li>• Demand and impact is monitored and built into mid-year and annual reviews of fees and charges policy.</li> <li>• A separate EIA for Life Events fees &amp; charges has been undertaken and is available.</li> </ul>   |
| Bereavement Services                | Low income groups | <ul style="list-style-type: none"> <li>• Fees and charges have been benchmarked with other local providers and neighbouring authorities and take account of the attractiveness of and demand for services in Brighton. Proposed charges still compare favourably.</li> <li>• Consultation on these services identified that: <ul style="list-style-type: none"> <li>○ Low cost options can and should be maintained and customers will have a choice of services that continue to be charged at very competitive rates;</li> <li>○ Improved and updated facilities need to be factored into charges, so that the service can continue to modernise and meet the changing demands;</li> <li>○ Further consideration is given to developing “packages” for customers around different ranges of services.</li> </ul> </li> <li>• Dialogue will be maintained with a variety of stakeholders following introduction of any new fees and charges to ensure the service continues to meet customers’ needs. There will be a mid term review of these proposals to monitor impact on service users.</li> </ul> |

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| <p>Allotments,<br/>Environmental Health<br/>service charges (e.g.<br/>Pest Control)</p> | <p>No specific impact groups have been identified</p>   | <ul style="list-style-type: none"> <li>• Minimum increases in line with inflation have been proposed to maintain affordability;</li> <li>• Demand and take-up is monitored closely and kept under review. Negative impacts on demand also impact on financial viability of services.</li> </ul>   |
| <p>Parking</p>  | <p>No specific impact groups have been identified</p>   | <ul style="list-style-type: none"> <li>• Parking charges have been frozen for 2014/15;</li> <li>• The Blue Badge scheme is available for certain disability groups;</li> <li>• Concessionary fares are available to older people, providing a free alternative form of transport;</li> <li>• Home to school transport and client transport (at low fees) is provided to eligible service users and children;</li> <li>• Other modes of transport (Buses/Trains) are available with the Bus Partnership in Brighton and Hove having successfully increased bus journeys and availability of services;</li> <li>• Investment in sustainable transport supports and encourages other modes of low cost transport such as cycling and walking e.g. cycle paths, safety schemes, pedestrian-way improvements.</li> </ul> |
| <p><b>Cumulative impacts</b></p>  | <p>There are potential cumulative impacts on groups identified above where they make use of multiple services to which fees &amp; charges apply. However, there is a high degree of mutual exclusivity in the services and associated fees &amp; charges and there is insufficient evidence available to demonstrate any correlated impacts on equality and/or other groups. Clearly, there is however a potential impact on low income groups if they were to make use of a range of services where increased fees &amp; charges are proposed. Generally, there are a wide range of policies and mitigations aimed at ensuring that access to important or beneficial services is not unduly impacted, including:</p> <ul style="list-style-type: none"> <li>• Advice and signposting to ensure people can maximise their welfare benefits, especially where financial assessment and means testing for charges applies;</li> <li>• The council’s Financial Inclusion Strategy and associated action plans to promote inclusion through closer working with banks, advice agencies and council income collection and recovery services;</li> <li>• The use of concession policies where appropriate to avoid exclusion of identified equality or other groups that may be impacted;</li> </ul> |   |

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|  | <ul style="list-style-type: none"><li>• Benchmarking of fees &amp; charges, particularly in non-statutory services, to ensure continued value for money, reasonableness and affordability;</li><li>• Maintenance of low cost service package options where possible or where need is identified;</li><li>• Monitoring and review of demands for services, particularly preventative or health &amp; well-being services, to ensure fees &amp; charges policies are not having negative or counter-productive impacts.</li><li>• Completion of specific Equality Impact Assessments for areas where fees &amp; charges may impact on identified equality groups.</li></ul> |
|--|---|

## Budget Equality Impact Assessments 2014-15 – Staffing identified impacts and actions

### Overview

Individual equality impact assessments have been completed at this stage with the known data for all proposals that include a direct staffing impact and potential reduction in posts. The equality duty (in the Equality Act 2010) is an ongoing duty, therefore assessment of equality needs and impacts will continue through the consultation processes and in the implementation of any changes.

For any group over 20 staff affected an analysis of equalities data has taken place. This document identifies where the profile of the potentially affected staff varies from the Directorate and/or council profile. This has informed consideration of mitigating actions to address impacts.

Where there are fewer than 20 staff affected data has not been produced to protect the confidential sensitive equalities information provided by staff. EIAs have been completed in these instances with regard to known information about the staff group and proposals made. This data will also be shared with relevant managers to guide the consultation process and to inform implementation of changes.

Overall the groups affected by budget proposals are relatively representative of the make up of the workforce, although there is a slightly higher proportion of staff affected who are 'white other' and disabled. There are differences between individual areas in relation to other protected groups that balance out when the overall data is analysed, but these individual variances have been considered in the EIAs for each change proposal.

In addition to the specific mitigations identified in each service area the Council has guidance, procedures and approaches for managing change that are designed to ensure change is managed fairly and groups with protected characteristics are not negatively impacted:

- When developing any further detailed proposals take account of the staffing equalities data to inform decision making and/or continue assessing staff equality impacts.
- Ensure the council's relevant policies and procedures are equitably and appropriately applied (management of change protocol, redeployment, development of new post details, job evaluation processes etc) to ensure that no adverse impact is created for employees related to their protected characteristics.
- Review vacant posts, use of agency employees etc to minimise the impact on current substantive post holders.
- Where proposals may result in a reduction of posts consider the offer of voluntary redundancy to mitigate the impact of potential compulsory redundancy processes.
- Where a reduction in posts will mean compulsory redundancy ensure that selection processes are clear and free from bias, and that processes take into account any individual needs.
- Ensure processes and criteria related to selection for voluntary redundancy are clear and transparent and use the compensation panel appropriately.
- Ensure managers involved in selection have completed corporate recruitment and selection training and are signposted to the Equality &

- Diversity e-learning module.
- Ensure that managers delivering service changes are appropriately supported and advised by HR in relation to all employee equalities issues.
- Ensure all employees are offered one to one meetings to discuss their circumstances and any concerns they may have.
- Attach the summary EIA to each consultation document, and continue to assess equality impacts through the consultation process.

| EIA No.   | EIA Proposal  |  |
|---|---|--|
| <b>S36</b>  | <b>Adult Provider Services – Older People Services</b> – Make best use of in-house capacity through minimising voids. Ensure full recovery of health costs – proposals affecting staff would only emerge if the full cost recovery of health costs is not achieved. There are approximately 175 employees currently employed in this service area.  |  |
| Groups potentially impacted   | Impacts identified  | Specific Mitigating Actions (in addition to the generic actions identified above)  |
| <p>The service employs proportionately higher number of older employees (55 and over) disabled employees and LGBT employees. In addition 78% of employees in the service area are female. BME and white other groups are underrepresented in the service area</p> | <p>The proposals could have a disproportionate effect on identified groups. Older workers may need additional support through redeployment processes (eg: supporting skills development and interview training). Disabled employees may potentially experience barriers to accessing information and getting their views heard. These staff may need specific adjustments or additional support through the process. BME underrepresentation could be further eroded.</p> | <ul style="list-style-type: none"> <li>Offer employees more detailed job application and interview support;</li> <li>Consider the need for appropriate support and training to re-skill in new working methods;</li> <li>Positive action to include training on interview skills, coaching and signposting to relevant forums;</li> <li>Review communications approach (plain English etc) and monitor understanding;</li> <li>Use of 121 meetings to consider individual situations related to caring responsibilities and other specific needs.</li> </ul> |
| EIA No.   | EIA Proposal  |  |

|  |  |   |
|--|--|---|
| <b>S37</b>   | <b>Adult Assessment Services S75 SPFT Assessment and Review staffing</b> – Service redesign and review to increase effectiveness of interventions to meet statutory functions while delivering savings to the community care budget. The deletion of 1 or 2 management posts is anticipated.   |   |
| <b>Groups potentially impacted</b>   | <b>Impacts identified</b>  | <b>Specific Mitigating Actions (in addition to the generic actions identified above)</b>  |
| A disproportionate number of disabled employees and male employees are potentially impacted. | The proposals could impact disproportionately on disabled employees. These staff may need specific adjustments or additional support through the process.  | <ul style="list-style-type: none"> <li>• Reasonable adjustments to be considered and made (where appropriate) in the application of all Council policies and procedures;</li> <li>• Occupational Health Service advice to be sought as necessary;</li> <li>• Positive action including skills interview training and internal coaching as well as signposting to disability workers forum.</li> <li>• Ensure managers involved in selection have completed corporate recruitment and selection training.</li> </ul> |
| <b>EIA No.</b>   | <b>EIA Proposal</b>  |   |
| <b>S38</b>   | <p><b>Adult Provider Services – Learning Disability Services – Able and Willing (Supported Business) –</b> Plan to reduce subsidy invested by the council in Able and Willing by generating additional new business. If new business is not generated to balance the budget then review of the service will be undertaken to identify alternative options to provide a sustainable service going forward.</p> <p>Approx 25 employees are employed in this service area (23 employed on Sc6 or below and 2 employed on SO1/2 and above)</p> |   |
| <b>Groups potentially impacted</b>   | <b>Impacts identified</b>  | <b>Specific Mitigating Actions (in addition to the generic actions identified above)</b>  |

| <p>A significant number of staff in Able and Willing are disabled. The service also has a comparatively higher representation of older and BME workers.</p> <p>The service is a Supported Business for disabled employees so will always employ a high proportion of disabled employees in comparison to the Adult Directorate and Council.</p> | <p>There is potential for these proposals to have a disproportionate impact on disabled staff, and on BME representation in Adults Services.</p> <p>Disabled staff in the service may experience particular barriers in accessing information and getting their views heard. There may also be significant barriers in finding alternative employment if there is a reduction in posts.</p>   | <p>In addition to the generic actions described above:</p> <ul style="list-style-type: none"> <li>• Ensure individual reasonable adjustments through processes are made as necessary;</li> <li>• Utilise the support of the Council's Supported Employment team and appropriate non council agencies to support employees;</li> <li>• Positive action including skills interview training and internal coaching as well as signposting to Disability Workers Forum and mentoring schemes.</li> <li>• Review communications approach options and monitor understanding;</li> <li>• Ensure appropriate support at 121 meetings.</li> <li>• Positive action to include training and signposting for BME employees.</li> </ul> |
|---|---|--|
| <b>EIA No.</b>  | <b>EIA Proposal</b>   |  |
| <b>S39</b>  | <p><b>Adult Provider Services – Day Services (Learning Disability and Older People)</b> – Delivering services that focus on individual needs and aspirations. Providing services for those people with the highest needs in-house and working with individuals to provide personalised services in the community. This may include closing some provision and commissioning alternative services to meet statutory assessed needs. Service users will receive a service during the day which meets their individual needs and the assessed needs of their carers. The service may be different from the existing service, may be provided in another venue or through another provider within the voluntary sector.</p> <p>Approx 87 employees are currently employed in this service area (76 employed on Sc6 or below and 11 employed on SO1/2 and above)</p> |  |
| <b>Groups potentially impacted</b>  | <b>Impacts identified</b>   | <b>Specific Mitigating Actions (in addition to the generic actions identified above)</b>   |
| <p>The service has a comparatively older workforce, and has more disabled staff, all of whom are employed in lower graded posts. The service also employs above average</p>   | <p>There is a potential for the proposals to have a disproportionate impact on older workers, disabled staff or BME employees. Particular issues could be caused by a change of location for some services,</p>   | <ul style="list-style-type: none"> <li>• Offer employees more detailed job application and interview support;</li> <li>• Consider the need for appropriate support and training to re-skill in new working methods;</li> <li>• Ensure appropriate reasonable adjustments are</li> </ul>  |

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| <p>number of BME employees.</p>  | <p>potentially impacting on disabled staff, parents and those with a caring responsibility.</p>  | <p>made for disabled employees;</p> <ul style="list-style-type: none"> <li>• Consider positive action including skills interview training and internal coaching as well as signposting to relevant staff forums.</li> <li>• Review communication approach options (plain English etc) and monitor understanding;</li> <li>• Consider and take account of any disability, parenting or caring issues in relation to the re-location of employees.</li> </ul> |
| <p><b>EIA No.</b></p>  | <p><b>EIA Proposal</b></p>   |   |
| <p><b>S40</b></p>  | <p><b>Adult Provider Services – Learning Disability Accommodation Services</b> – Commence Phase 2 of the LDAS accommodation plan. Focus the service on providing homes for people with complex needs, and supporting people to move on to more independent living. This may include closure of some BHCC LDAS service houses that do not meet the needs of these service users, and commissioning alternative service to meet individual needs. People will continue to receive appropriate accommodation and support to meet their needs.</p> <p>Approximately 134 employees are currently employed in this service area (123 employed on sc6 or below and 11 employed on SO1/2 and above).</p> |   |
| <p><b>Groups potentially impacted</b></p>  | <p><b>Impacts identified</b></p>   | <p><b>Specific Mitigating Actions (in addition to the generic actions identified above)</b></p>   |
| <p>There is a comparatively low representation of disabled workers in the service. The service employs an above average number of employees in all BME groups. The service employs a significantly above average proportion of LGBT employees.</p> | <p>The proposals could adversely impact the representation of employees from BME groups, and in particular from ‘White Other’ groups where there is particularly high representation in the service. There could also be a disproportionate impact on representation of LGBT people in Adults Services.</p>  | <ul style="list-style-type: none"> <li>• Given the proportion of ‘White Other’ employees in lower graded posts attention will need to be given to the decision on which posts will be affected and the impact this has;</li> <li>• Positive action to include training on interview skills, coaching and signposting to relevant staff forums (BME and LGBT in particular);</li> <li>• Review communications and monitor understanding;</li> </ul>          |



|  |   |   |
|--|---|---|
|  |   | <ul style="list-style-type: none"> <li>• Signposting to Council mentoring scheme.</li> </ul>  |
| <b>EIA No.</b>   | <b>EIA Proposal</b>   |   |
| <b>S41</b>   | <p><b>Adult Provider Services – Admin and Admin Management</b> – Review management and administration across the service and across localities. Administration resource currently located in Denmark Villas and managed by Provider Services will co-locate with administrative resource in Bartholomew House mid-2014 and accompanying efficiencies are anticipated.</p> <p>Approximately 22 employees are employed in relevant posts all in lower graded posts.</p> |   |
| <b>Groups potentially impacted</b>   | <b>Impacts identified</b>   | <b>Specific Mitigating Actions (in addition to the generic actions identified above)</b>  |
| <p>The service has a comparatively older workforce than the Council, and employs a comparatively higher number of disabled staff. There are above average numbers of BME representation in the service area. The proportion of staff with a religion are above Council and Directorate averages.</p> | <p>Potential disproportionate impacts on older workers, BME workers and disabled staff. Particular impacts may be caused by changes to venue and co-location of teams with regard to disability/impairment and caring responsibilities.</p>   | <ul style="list-style-type: none"> <li>• Offer all employees job application and interview support;</li> <li>• Consider the need for appropriate support and training to re-skill employees in new working methods – particularly in relation to the move to a work styles environment;</li> <li>• Ensure all appropriate reasonable adjustments are made for disabled employees and specifically consider needs in relation to the co-location of teams;</li> <li>• Consider any needs related to quiet space in work styles environment;</li> <li>• Positive action including skills interview training and internal coaching as well as signposting to Disabled and BME Workers Forums and mentoring schemes;</li> <li>• Review communication approach options and monitor understanding;</li> </ul> |
| <b>EIA No.</b>   | <b>EIA Proposal</b>   |   |

|   |  |  |
|---|--|--|
| <b>S42</b>  | <p><b>Adult Provider Services – Learning Disability Services – Supported employment team</b> – Plan to reduce investment in the service by investigating other opportunities in private and voluntary sector that will support vulnerable people to obtain and retain employment.</p> <p>8 employees are currently employed in this service area (6 employed on Sc6 or below and 2 employed on SO1/2 and above)</p>                                |  |
| <b>Groups potentially impacted</b>  | <b>Impacts identified</b>  | <b>Specific Mitigating Actions (in addition to the generic actions identified above)</b>   |
| Group under 20 therefore no data is provided in this document in order to protect individuals' confidentiality. Service employs 75% female workers        | None identified  | <ul style="list-style-type: none"> <li>• Equality impacts and needs will continue to be explored with the line manager and staff, through consultation.</li> <li>• See generic actions</li> </ul>  |
| <b>EIA No.</b>  | <b>EIA Proposal</b>  |  |
| <b>S43</b>  | <p><b>Education and Inclusion Music Service</b> – The reduction of a BHCC subsidy is to be achieved from a combination of accessing other sources of funding externally, and increase in fees, staffing changes and a remodelling of provision. A subsidy will continue for those children whose families might find additional music lessons unaffordable (as measured through FSM eligibility) and specific groups such as children in care.</p> |  |
| <b>Groups potentially impacted</b>  | <b>Impacts identified</b>  | <b>Specific Mitigating Actions (in addition to the generic actions identified above)</b>   |
| Group under 20 therefore no data is provided in this document in order to protect individuals' confidentiality. Part-time posts deleted affecting 2 women | Potential adverse impact on part-time employees who are female. Part-time posts have a higher representation of women  | <ul style="list-style-type: none"> <li>• Equality impacts and needs will continue to be explored with the line manager and staff, through consultation.</li> <li>• Generic actions plus potential signposting to training support, Women Workers Forum.</li> </ul> |
| <b>EIA No.</b>  | <b>EIA Proposal</b>  |  |

| <b>S44</b>  | <b>Children's Services Stronger Families Youth and Communities</b> – Restructure staffing with the Youth Service, which replaces 2 senior management posts with one post.  |   |
|---|--|---|
| <b>Groups potentially impacted</b>  | <b>Impacts identified</b>  | <b>Specific Mitigating Actions (in addition to the generic actions identified above)</b>  |
| Group under 20 therefore no data is provided in this document in order to protect individuals' confidentiality. Both employees affected are male  | Potential adverse impact on male employees   | <ul style="list-style-type: none"> <li>• Equality impacts and needs will continue to be explored with the line manager and staff, through consultation.</li> <li>• Generic actions plus support through ring fenced interview process</li> </ul>  |
| <b>EIA No.</b>  | <b>EIA Proposal</b>  |   |
| <b>S45</b>  | <b>City Clean</b> – City Clean has a budget saving of £115,000 which will result in a reduction in the number of Street Cleansing Operatives. Street Cleansing employs approximately 106 employees and it is hoped the reductions can be made through normal turn-over of staff. |   |
| <b>Groups potentially impacted</b>  | <b>Impacts identified</b>  | <b>Specific Mitigating Actions (in addition to the generic actions identified above)</b>  |
| The service employs a proportionately higher number of disabled employees above the Council target. The service employs an above average number of 'White Other' staff. Women are underrepresented in this service area. The service employs above average number of employees with a religion. | Potential disproportionate impact on disabled employees and employees in the white other group and those with a religion. Below target representation of BME and female employees could be further eroded. Potentially higher levels of need related to literacy.                | <ul style="list-style-type: none"> <li>• Further assessment of equality impact to continue through the consultation process.</li> <li>• Reasonable adjustments to be made for 121 meetings and as required for selection processes;</li> <li>• Consultation processes will ensure that disabled staff are able to offer their perspectives fairly;</li> <li>• Positive action including skills interview training and internal coaching as well as signposting to Disabled Workers Forum, BME Workers Forum and Women Workers Forum;</li> <li>• Ensure managers involved in selection have completed corporate recruitment and selection training;</li> </ul> |

|   |   |  |
|---|---|--|
| <b>EIA No.</b>  | <b>EIA Proposal</b>   |  |
| <b>S46</b>  | <b>Planning</b> – Budget savings of £148,000 has instigated a customer led service redesign. No detailed proposals have been made at the time of writing. The new structure will be drafted and consulted on in March 2014. Approximately 70 staff are currently employed in this service area. |  |
| <b>Groups potentially impacted</b>  | <b>Impacts identified</b>   | <b>Specific Mitigating Actions (in addition to the generic actions identified above)</b>   |
| Planning are significantly below the Council targets for Disabled, LGBT and BME staff.  | Low representation of BME, disabled and LGBT staff could be further eroded by proposals.  | <ul style="list-style-type: none"> <li>• Design of posts and structure will need to take into account impacts for groups of staff;</li> <li>• Ongoing EIA to be completed as new structure is designed;</li> <li>• Ensure managers in the service are training in corporate recruitment and selection training;</li> <li>• Consider as a longer term issue how to widen representation in the service</li> </ul> |
| <b>EIA No.</b>  | <b>EIA Proposal</b>   |  |
| <b>S47</b>  | <b>Finance and Resources</b> – A number of savings are being proposed within the overall Finance and Resources budget and those impacting on staffing are to be taken in Property and Design / life events (Business Control) / Libraries – study support / HR – Learning Resource Centre       |  |
| <b>Groups potentially impacted</b>  | <b>Impacts identified</b>   | <b>Specific Mitigating Actions (in addition to the generic actions identified above)</b>   |
| Group under 20 therefore no data is provided in this document in order to protect individuals' confidentiality. Older workers and disproportionate number of female staff affected by proposals | Proposals impact on older workers, and on part time female staff who could find difficulty in finding suitable alternative work.  | <ul style="list-style-type: none"> <li>• Equality impacts and needs will continue to be explored with the line manager and staff, through consultation.</li> <li>• Consultation to consider all options including retirement where appropriate;</li> <li>• Signposting to support and Women's Workers Forum.</li> </ul>  |

| EIA No.                     | EIA Proposal  |   |
|-----------------------------|---|---|
| <b>S48</b>                  | <p><b>Policy, Performance and Equalities team</b> – A number of savings are being proposed within the overall team budget (mostly grants and commissioning) and those impacting on staffing are to be taken in Community Development / Engagement. The intention in the proposal is to achieve the savings with minimum negative impact on staff and the service. As part of this some temporary funding has been secured from partnership sources to offset impacts of budget reduction.</p> |   |
| Groups potentially impacted | Impacts identified  | Specific Mitigating Actions (in addition to the generic actions identified above) |
| Part-time workers           | None  | Both members of staff redeployed  |



**Council Carbon Budgets for 2014/15**

| <b>Carbon Budget</b>   | <b>Budget lead</b> | <b>2011/12 Carbon Footprint (Tonnes CO2)</b> | <b>2012/13 Carbon Footprint (CO2 tonnes)</b> | <b>2012/13 Spend (net £)</b> | <b>2013/14 Carbon Budget target (tonnes CO2)**</b> | <b>2014/15 Carbon Budget Target (tonnes CO2)***</b> |
|--|--------------------|--|--|------------------------------|--|---|
| <b>1) Total Corporate emissions (incl gas, electricity and oil)*</b> | Angela Dymott      | <b>13,935</b>                                | <b>13,049</b>                                | <b>2,442,747</b>             | <b>12,527</b>                                      | <b>12,026</b>                                       |
| <b>2) Landlord Housing emissions (incl gas and electricity)*</b>     | Angela Smithers    | <b>6,829</b>                                 | <b>6,014</b>                                 | <b>1,180,991</b>             | <b>5,773</b>                                       | <b>5,542</b>  |
| <b>3) Total School emissions (incl gas, electricity and oil)*</b>    | Angela Dymott      | <b>11,394</b>                                | <b>10,206</b>                                | <b>1,969,561</b>             | <b>9,797</b>                                       | <b>9,405</b>  |
| <b>4) Fleet fuel emissions</b>                                       | Anita Cacchioli    | <b>2,268</b>                                 | <b>2,245</b>                                 | <b>953,624</b>               | <b>2,155</b>                                       | <b>2,068</b>  |
| <b>5) Street Lighting emissions (electricity)****</b>                | Mark Prior         | <b>5,070</b>                                 | <b>5,272</b>                                 | <b>896,949</b>               | <b>5,061</b>                                       | <b>4,858</b>  |

**Caveats:**

\*Gas and oil data has been normalised using degree day analysis, to factor out the variations in outside air temperature.

\*\* Based on 4% reduction on 2012/13 performance. Performance against the 2013/14 budget will be calculated in July 2014

\*\*\* Based on a 4% reduction on 2013/14 target (2013/14 actual data will be available in July 2014)

\*\*\*\*Excludes traffic signals

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 devices will improve the accuracy of our footprints, this is underway now.

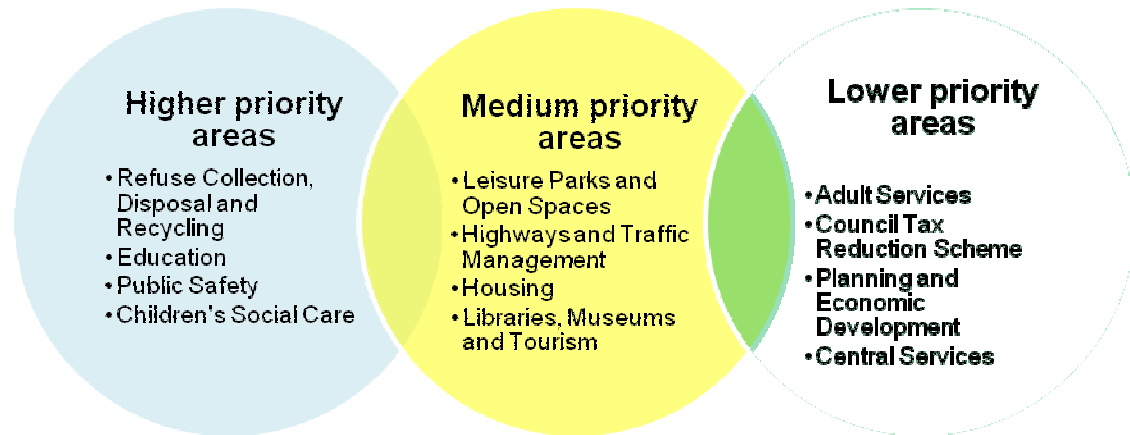
## Sustainability Implications

1. A carbon budget has been set for 2014/15. This shows the level of spend on energy and the estimated carbon emissions across each carbon budget area and includes a planned 4% reduction in 2013/14 and again in 2014/15. This modest target will be challenging to meet on the basis of the current approach to carbon management.
2. Carbon budgets provide the organisation with a framework of accountability for reducing carbon emissions from our buildings, street lights and fleet. They were first introduced in 2012/13 and supported by actions plans that set out how carbon budgets are to be achieved and these plans are reviewed and challenged once a year. The council spends around £7.5m each year heating and lighting its buildings, lighting our neighbourhoods and travelling around the city to deliver key services. With rising energy and fuel prices and the purchase of annual Carbon Reduction Commitment allowances, the business case for reducing carbon emissions is clear.
3. 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. Energy efficiency scoping work is underway for a set of key corporate buildings to help identify a programme of investment. Planned maintenance programmes for corporate and school buildings each year addresses key energy saving initiatives including oil to gas conversions and improvements to insulation. Housing's rolling investment programme for communal lighting and lifts continues to improve the overall efficiency of buildings. 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 Workstyles phase 3 programmes reducing both the total number of buildings occupied by the council and also ensuring improved energy efficiency in the retained buildings.
4. The Council's 2012/13 Carbon Reduction Commitment footprint accounted for 23,452 tonnes of CO<sup>2</sup> from council buildings for which the council purchased £0.281m worth of CRC allowances at £12 per tonne. This was 275 tonnes less than in 2011/12. From 2014/15 allowances will rise to £16 per tonne.
5. Non half-hourly electricity prices increased by 15% at the beginning of April 2013, half-hourly electricity and gas prices increased by 10% and 7%, respectively, in October 2013.



## Budget Consultation and Engagement Summary Report 2014/15

### Headline Summary of findings from the random sample survey



- The majority want funding to be at least maintained, if not increased, for all service areas, however, 35% would reduce funding for the Council Tax Reduction Scheme and 30% would reduce funding for Central Services.
- Three areas where higher proportions (at least a third) would increase funding are Children's Social Care, Public Safety and Education.
- 44% think Council Tax should never rise and 50% think it could under certain circumstances including: to preserve, maintain or improve services; if the rise were affordable and fair; if all other alternatives had been exhausted, or; if the results are tangible.
- Residents are very much in favour of the exploitation of fines for anti-social behaviour as a way to increase revenue; parking charge rises were not favoured by most.
- The main suggestions for increasing council revenue focussed on spending less; the 20 mph initiative, salaries of high paid officials and cycle lanes were singled out.

#### About this report

This report draws on the following:

- Results of the budget survey issued to a representative sample of households;
- Results of the same survey that City Partners opted to complete;
- Results from a discussion of the survey questions held with the Youth Council; and
- prioritisations made by users of the online budget tool.

There is a range of other consultation and engagement activity taking place with stakeholders, staff and representative groups that also have relevance to budget deliberations.

### **Note about interpreting results**

The results to the representative sample survey should be considered the most robust as these are from a random sample of households in the city. As there were 668 responses we can be sure that they are representative to within +/- 4% of the views of all households.

For information on methods and response rates please see Section C of this report.

## **A) RESULTS**

### Paper and online survey: representative sample (668 responses)

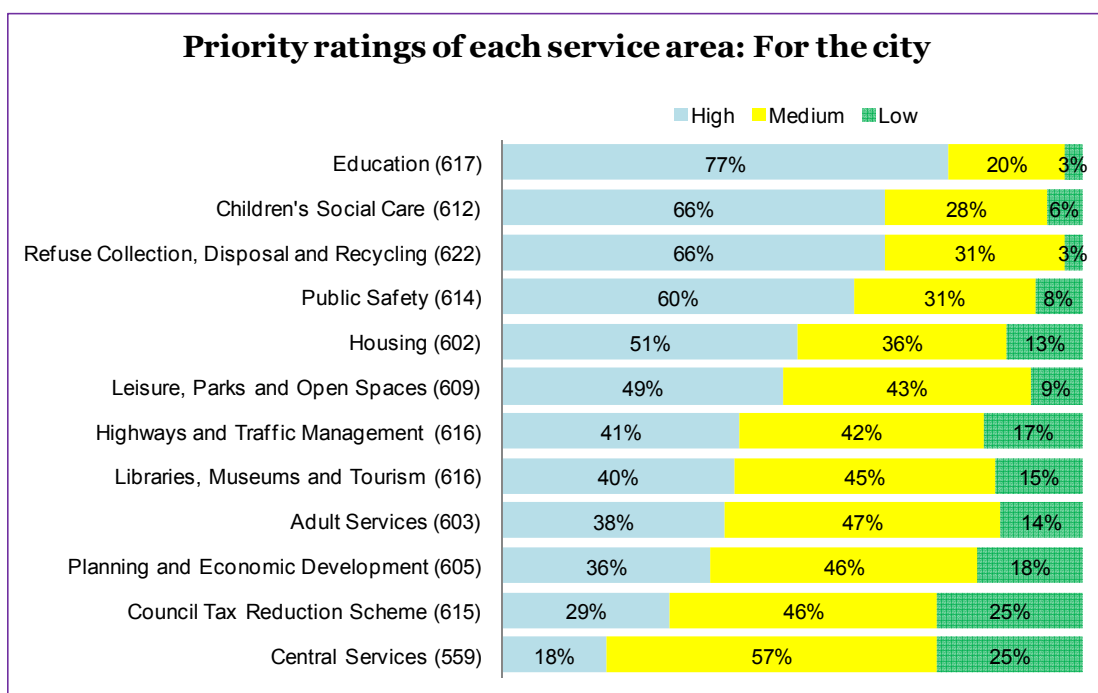
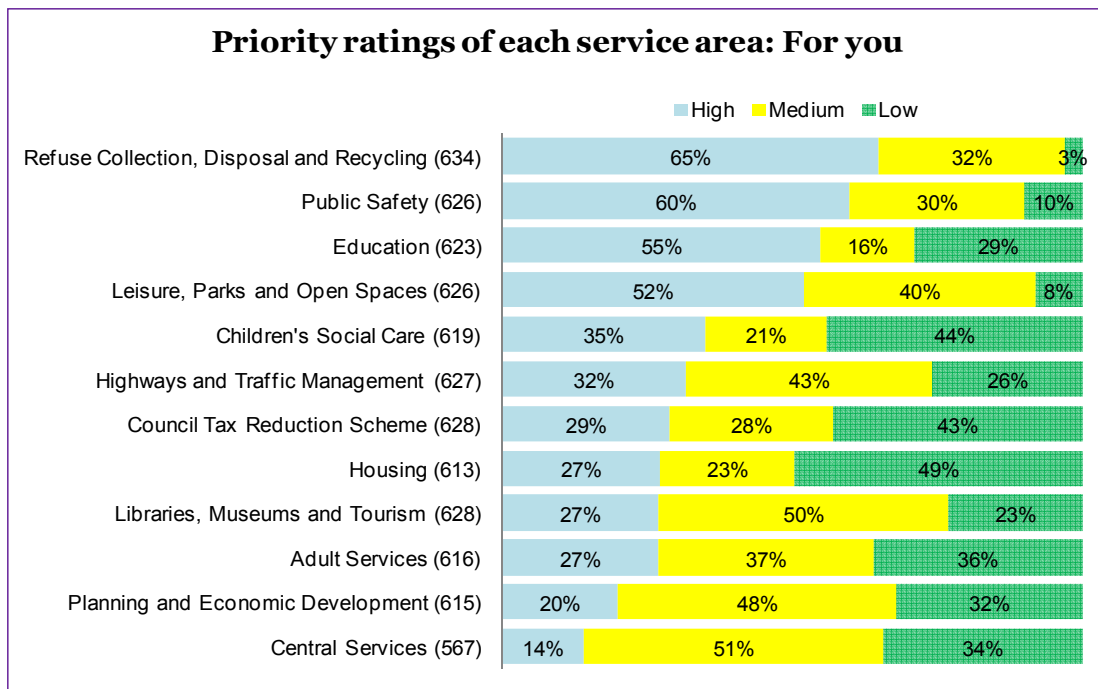
Residents were first invited to rate as high, medium or low, the priority they would give to different service areas for themselves and their family, then to do the same prioritisation exercise for the city.

Not everyone who completed the survey rated every service area so the number of people rating each service area is given in brackets on charts. For example only 567 respondents rated Central Services, whereas 634 rated Refuse Collection, Disposal and Recycling.

A 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.

Results show that respondents tended to rate things as a higher priority for the city than for themselves and their families. There was also, unsurprisingly, more polarisation when rating service areas for themselves compared to the city; if a respondent (and their family) uses or benefits from a particular service they may be more inclined to rate it a higher priority, whereas a respondent not using or benefitting from a service may be more inclined to rate it low.

The charts below show the service areas ranked from highest priority to lowest for respondents and their families, then for the city.



#### Higher priority areas

- Although the priority ranking of service areas is different depending on whether respondents were rating services for themselves or the city four of the highest ranked services feature in both rankings for respondents themselves and for the city; Education, Public Safety, Refuse Collection, Disposal and Recycling, and Children's Social Care.
- Refuse Collection, Disposal and Recycling had the highest priority rating for respondents themselves with 65% rating it high. Although it was the third highest priority service for the city, a slightly larger

proportion, 66%, rated it high for the city. Just 3% rated it a low priority for either themselves or the city.

- Education was the highest rated service for the city with over three quarters of respondents (77%) giving it a high priority rating.
- Refuse Collection, Disposal and Recycling and Public Safety both have very high and very similar priority ratings, regardless of whether respondents were rating them for themselves or the city.
- Children's Social Care also had a high priority rating, especially when rated for the city, with 66% rating it high.

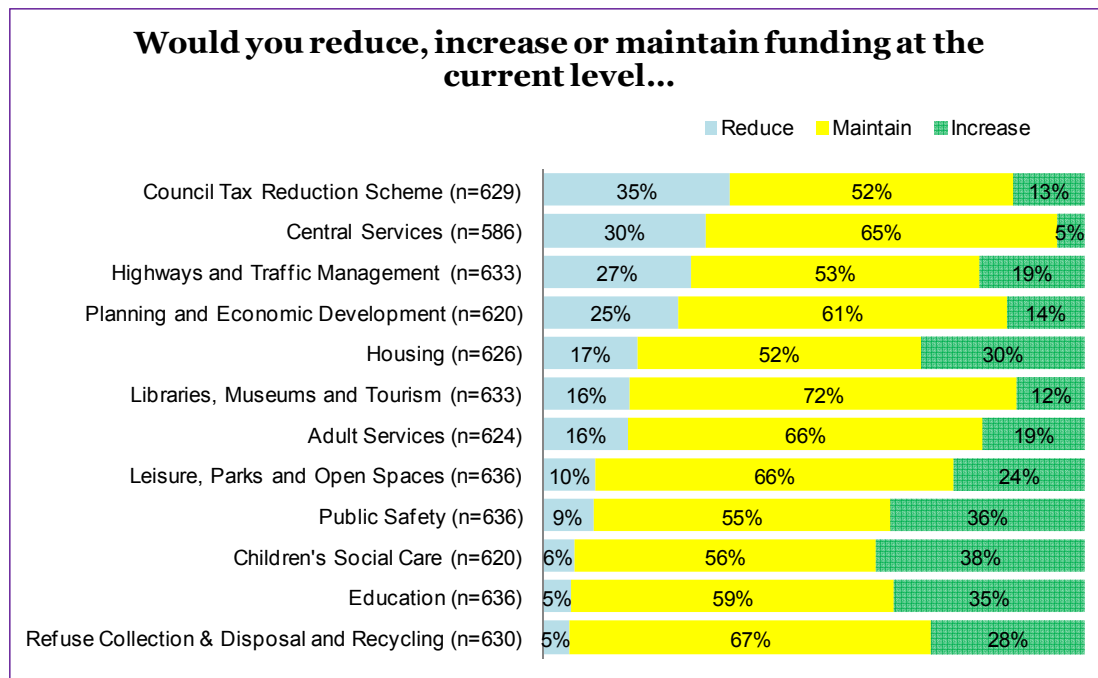
#### Lower priority areas

- Despite differences in how respondents rated services for themselves and for the city, three of the four lowest rated services are the same regardless. These were Central Services, Planning and Economic Development and Adult Services.
- Central Services was the lowest rated area with under a fifth rating it as a high priority for either themselves (14%) or the city (18%).
- Respondents consistently rated services for themselves as lower priorities than for the city. The following service areas were all rated a low priority by at least a quarter of respondents for themselves: Housing (49% low) Children's Social Care (44%), Council Tax Reduction Scheme (43%), Adult Services (36%), Central Services (34%), Planning and Economic Development (32%), Education (29%), Highways and Traffic Management (26%).
- For the city, just two areas were rated a low priority by at least a quarter of respondents; Council Tax Reduction Scheme (25%) and Central Services (25%).

#### 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 because people rate services they currently use, or are more likely to use, as a higher priority.
- The widest spread of opinion when rating services for themselves and their families were Libraries, Museums and Tourism (27% high, 23% low), Highways and Traffic Management (32% high, 26% low), Adult Services (27% high, 36% low), Children's Social Care (35% high, 44% low).
- Service areas where views were divided over the priority for the city were Council Tax Reduction Scheme (29% high, 25% low) and Central Services (18% high, 25% low).

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, 35% would reduce funding for the Council Tax Reduction Scheme and 30% would reduce funding for Central Services.

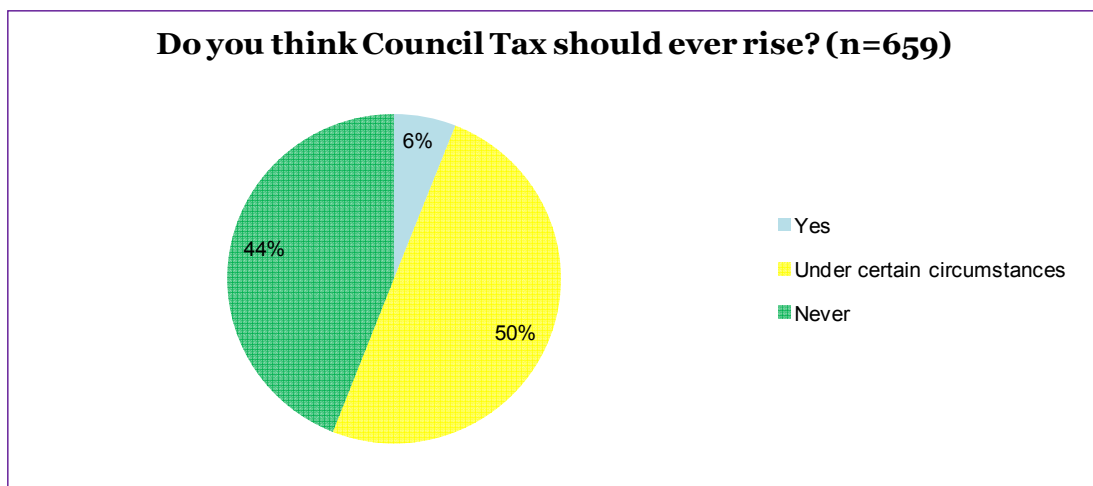
### Increase funding

Over a third, 38%, wanted funding for Children's Social Care to increase, while 36% wanted funding for Public Safety increased and a similar proportion, 35%, wanted funding for Education increased.

### Maintain funding

For each service area over half of respondents thought funding should be maintained at the current level. Service areas with the highest proportions of respondents thinking funding should be maintained were Libraries, Museums and Tourism (72%), Refuse Collection, Disposal and Recycling (67%), Adult Services (66%), Leisure, Parks and Open Spaces (66%) and Central Services (65%).

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

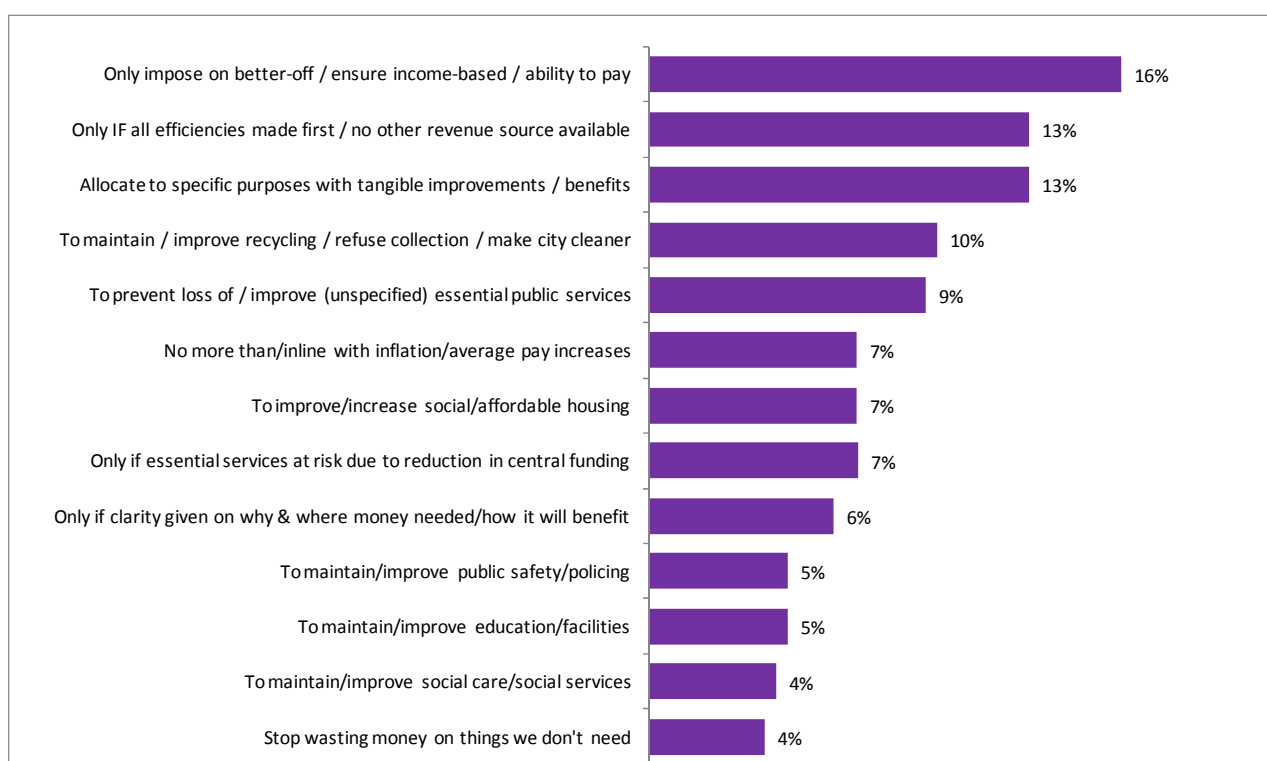


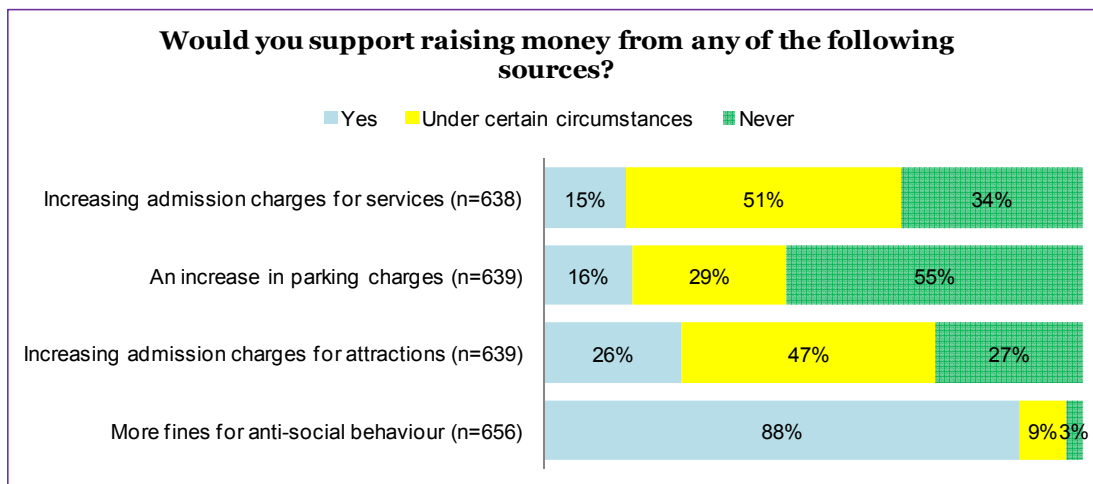
Only 6% of the sample felt that Council Tax should rise, compared to 44% who thought that it should never rise. Half the sample felt that an increase in Council Tax could be justified in certain circumstances. These respondents were asked to explain their answers.

There were 302 comments, which cluster into four main themes. A rise in Council Tax could be acceptable if, and only if:

- It is to preserve, maintain or improve services (e.g. recycling, affordable homes);
- It is affordable and fair (e.g. based on ability to pay; not in excess of inflation);
- There really is no alternative (e.g. all efficiency avenues have been exhausted);
- Residents can see where the money is going.

The chart below shows the main circumstances in which a rise in Council Tax could be acceptable.



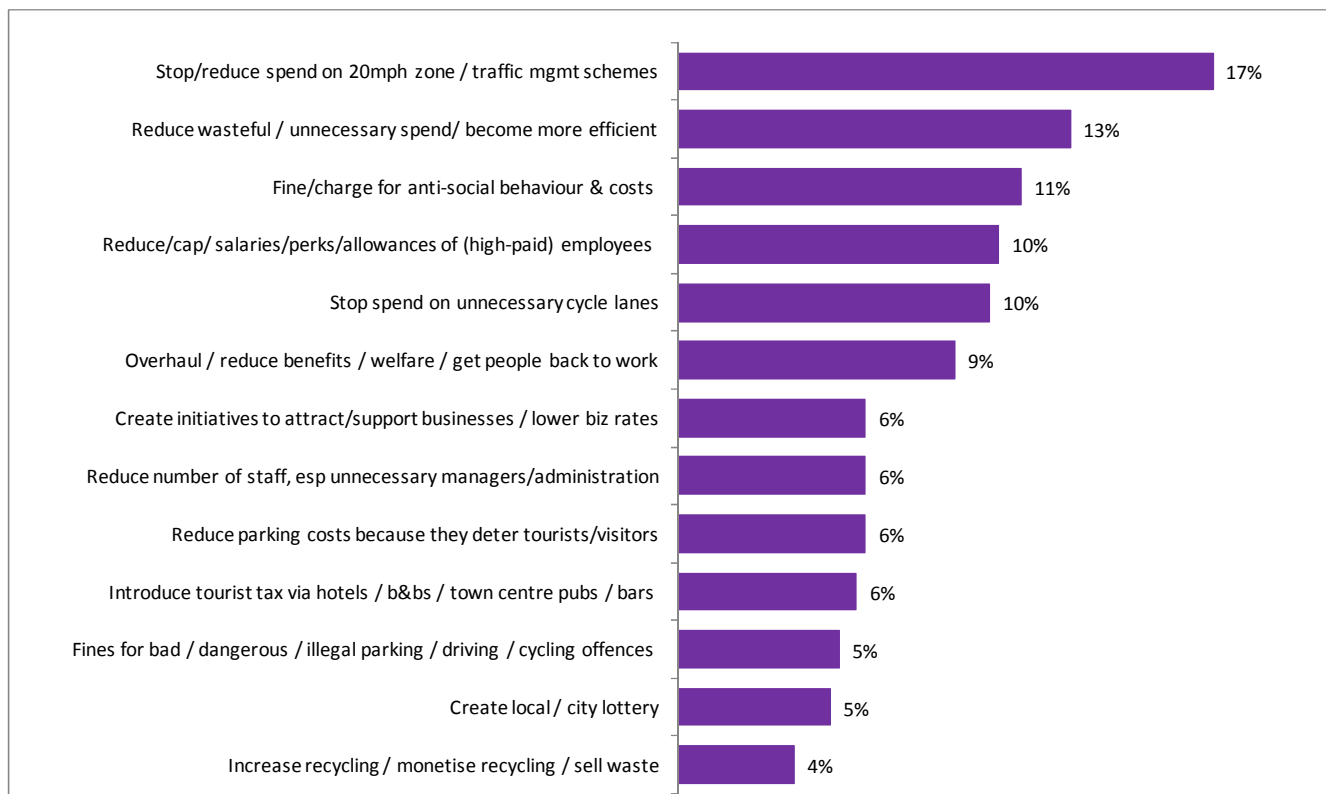


There was clear support for raising council revenue through fines for antisocial behaviour such as litter, dog fouling and noise with 88% of the sample saying they would support raising money via such fines.

Over half of respondents (55%) opposed raising revenue through increasing parking charges.

Respondents were divided as to whether increasing admission charges for attractions would be popular with 26% in favour and 27% not.

Other suggestions for raising revenue were made by 350 respondents. Analysis of these is presented, in summary, in the chart below.



Four of the top five suggestions people had for increasing revenue were about reducing council spend and specifically the 20 mph speed limit initiative attracted a lot of comments.

Further detail on people's suggestions is provided below.

| Save money ...   | %  | New / bigger fines for:  | %        | Optimising appeal to tourists & businesses:                                | %        |
|--|----|--|----------|--|----------|
| Stop / reduce spend on 20mph zone / traffic mgmt schemes                                 | 17 | Anti-social behaviour & assoc costs  | 11       | Reduce parking costs as they deter tourists / visitors                     | 6        |
| Reduce unnecessary spend/ become more efficient (gay pride / social events / road signs) | 13 | Dangerous/illegal parking/driving/ cycling offences                                      | 5        | Fund initiatives to attract /support businesses / lower business rates     | 6        |
| Reduce/cap salaries/pensions/perks of (high-paid) council employees                      | 10 | Increase parking charges.  | 3        | Fund initiatives/do more to attract more tourists/visitors/investment      | 3        |
| Stop spend on unnecessary cycle lanes  | 10 | Introduce congestion charge / tax cars in city centre                                    | 2        |  |          |
| Overhaul/ reduce benefits / welfare spend. Get people back to work                       | 9  | Charge for entry on tourist attractions (e.g. pier/museums) for all or just for tourists | 2        | <b>Other:</b>  | <b>%</b> |
| Reduce number of council employees, esp unnecessary managers/admin                       | 6  |  |          | Create local lottery   | 5        |
| Sell Council assets (e.g. redundant property)  | 3  | <b>New / higher taxes / rates for:</b>   | <b>%</b> | Increase / monetise recycling / sell waste                                 | 4        |
| Do more shared admin /multi-agency working/partnerships                                  | 2  | Introduce tourist tax via hotels / b&bs / town centre pubs/bars                          | 6        | Utilise unemployed, criminals, general voluntary public for community work | 3        |
|  |    | Increase tax /rates for prime location shops / businesses / big multi-nationals          | 2        | Create park & ride   | 3        |
|  |    | Ensure all taxes are collected, all fines / charges / rents are actually paid            | 2        | Encourage business sponsorship of public spaces / events                   | 3        |
|  |    | Introduce bicycle licenses/bike tax  | 2        | Renovate/build more housing / utilise all unused spaces                    | 3        |
|  |    |  |          | Have fund-raising events for specific purposes                             | 2        |

#### Paper and online survey: self-selecting sample (297 responses)

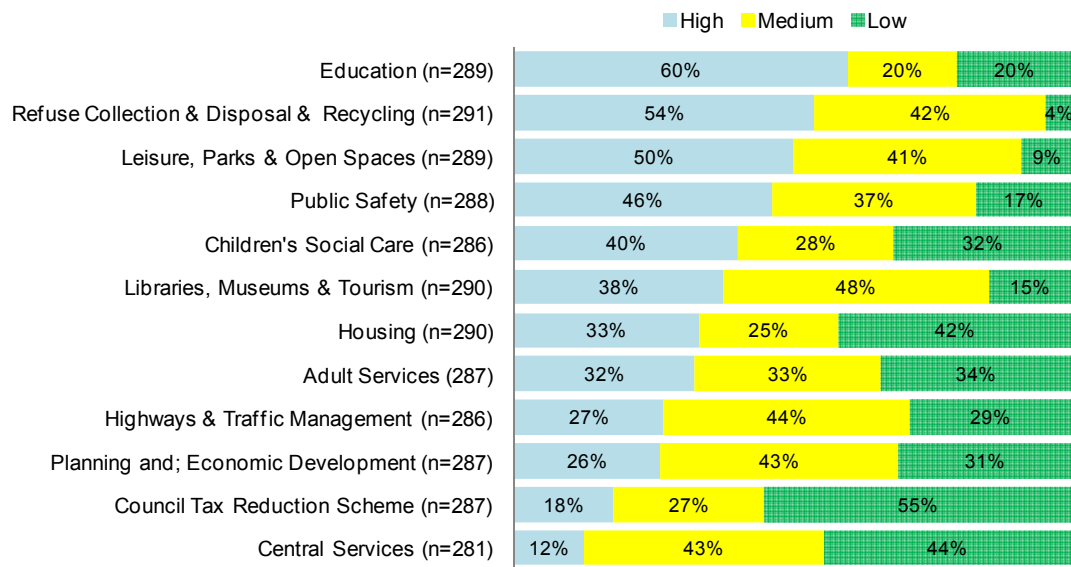
The same survey was used for the self-selecting sample (i.e. any resident not in the structured sample) so residents were first invited to rate as high, medium or low the priority they would give to different service areas for themselves and their family, then to do the same prioritisation exercise for the city.

Again results show that respondents tended to rate things as a higher priority for the city than for themselves and their families.

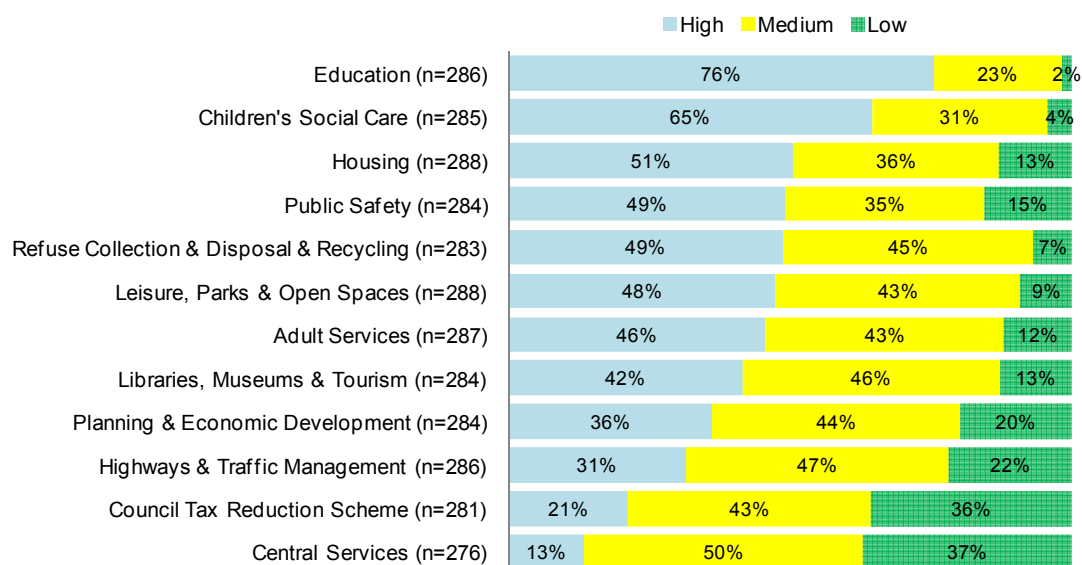
The charts below shows the service areas ranked from highest priority to lowest for respondents and their families then for the city.



### Priority ratings of each service area: For you



### Priority ratings of each service area: For the city



#### Higher priority areas

- For the self-selecting sample, as for the random sample, although the priority ranking of service areas is different depending on whether respondents were rating services for themselves or the city four of the highest ranked services feature in both rankings for respondents themselves and the city; Education, Public Safety, Refuse Collection, Disposal and Recycling and Children's Social Care.
- Education received the highest priority rating, when rated both for respondents themselves and their families and for the city. For the city, over three quarters rated it a high priority and 99% rated it a high or medium priority.

- Children's Social Care and Housing received high priority ratings for the city, 96% and 87% respectively rating them high or medium.
- For both the city and respondents themselves, very low proportions rated Refuse Collection, Disposal and Recycling as a low priority; 7% for the city and 4% for themselves.

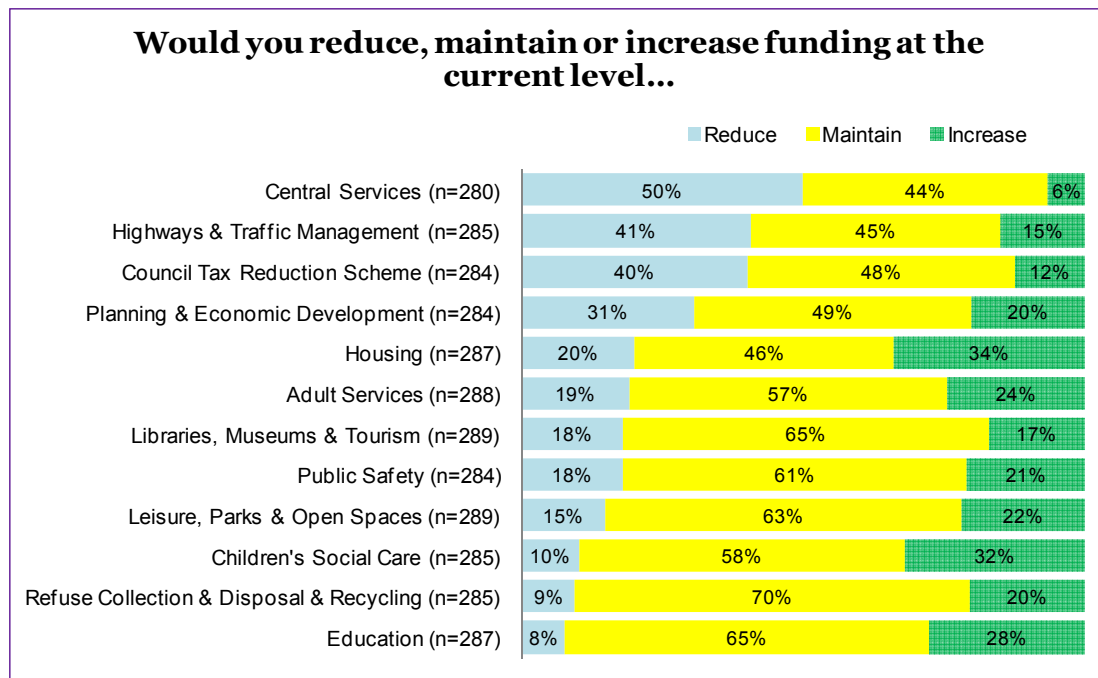
#### Lower priority areas

- The four lowest rated areas were the same regardless of whether respondents were rating them for themselves or the city and were Central Services, Council Tax Reduction Scheme, Highways and Traffic Management and Planning and Economic Development.
- The largest proportions rated Council Tax Reduction a low priority; for respondents and their families 55% rated it a low priority, compared to 36% for the city.
- Central Services received the smallest high priority ratings with just 12% rating it a high priority for themselves and 13% rating it a high priority for the city.
- Respondents consistently rated services as lower priorities for themselves than for the city.

#### Areas with the widest spread of opinion

- For both respondents themselves and the city, Highways and Traffic Management received the widest spread of opinion; for themselves, 27% rated it high and 29% low and for the city 31% rated it high and 22% rated it low.
- The widest spread of opinion when rating services for themselves and their families were Adult Services (32% high, 34% low), Highways and Traffic Management (27% high, 29% low), Planning and Economic Development (26% high and 31% low) and Children's Social Care (40% high, 32% low).
- Service areas where views were divided over the priority for the city were Highways and Traffic Management (31% high, 22% low) and Council Tax Reduction Scheme (21% high, 36% low).

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

In almost all cases the majority did not want to reduce funding, preferring to maintain or increase funding. The exception was Central Services, where 50% did want funding reduced.

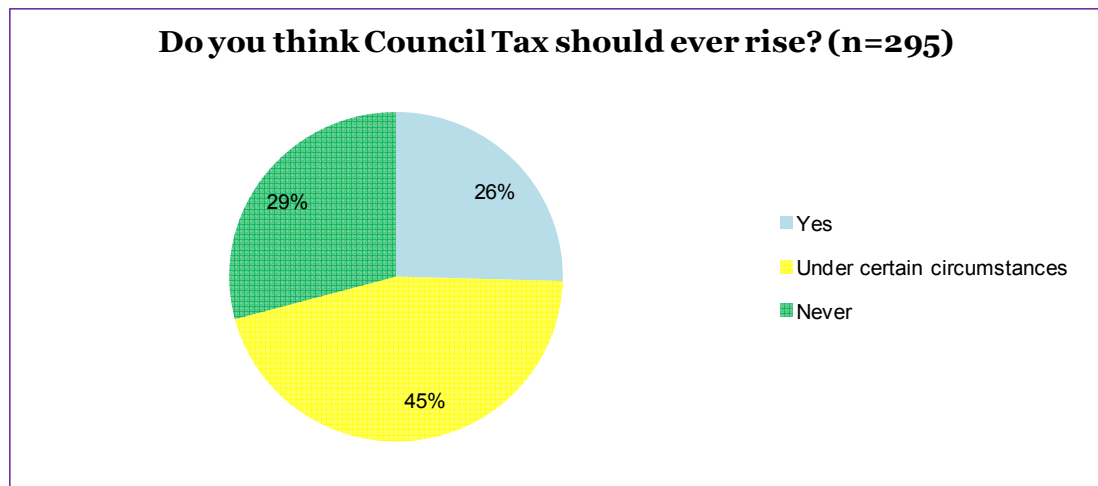
#### Increase funding

Around a third wanted to increase funding for Housing and Children's Social Care. Education also had a comparatively large proportion (28%) wanting funding increased.

#### Maintain funding

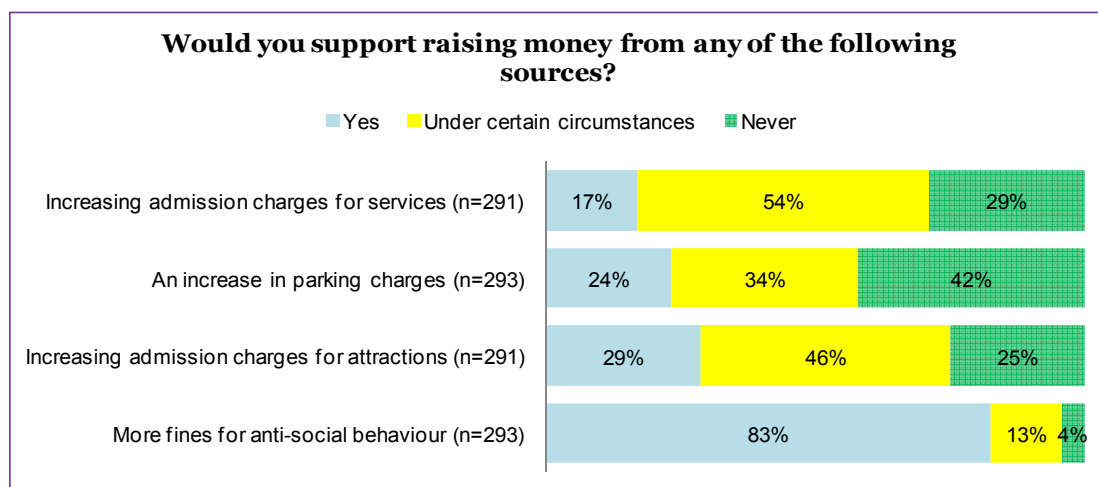
For all services at least two fifths wanted funding maintained. The service areas with the largest proportions wanting funding maintained were Refuse Collection, Disposal and Recycling (70%), Libraries, Museums and Tourism (65%) and Education (65%), followed by Leisure, Parks and Open Spaces (63%) and Public Safety (61%).

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



Around a quarter (26%) of the self-selecting sample felt that Council Tax should rise, in contrast to the results of the random sample survey where just 6% felt it should. 45% of this sample felt that an increase in Council Tax could be acceptable under certain circumstances, whilst 29% felt that it never could.

Respondents were then asked if they would support raising money from any of four different sources. The results are presented below.



Similar to the random sample, there was clear support for raising money from fines for anti-social behaviour, with 83% in favour and just 4% against.

The least popular suggestion for raising money was increasing parking charges, which 42% opposed, although notably, 24% were in favour.

Again, the issue of increasing admission charges for attractions divided views with 29% in favour and 25% against.

Online survey: self-selecting sample of City Partners (27 responses)

The following results show only where City Partners' responses were at least 10% different to the remainder of the self-selecting sample.

City Partners were more likely to rate these services as a high priority for the city, compared to the rest of the self-selecting sample:

- Children’s Social Care
- Adults Services
- Planning and Economic Development
- Housing
- Education

City Partners were more likely to rate Council Tax Reduction as a low priority.

City Partners were less likely to want an increase in funding for:

- Leisure, Parks and Open Spaces
- Adult Services

They were more likely to want an increase in funding for:

- Children’s Social Care

City Partners were less likely to want a reduction in funding for:

- Planning and Economic Development

City Partners were more likely to want a reduction in funding for:

- Housing

City Partners were less likely to say that an increase in Council Tax should “never” happen.

City Partners were less likely to:

- answer “yes” to an increase in parking charges;
- answer “never” to increasing admission charges for services;
- answer “never” to increasing admission charges for attractions.

City Partners were more likely to:

- answer “yes” to more fines for anti-social behaviour.

Verbal discussion of survey questions by the Youth Council (10 young people)

Young Council representatives felt that, for themselves and their families, the following service areas had the highest priority:

- Education
- Public Safety
- Council Tax Reduction
- Housing
- Children’s Social Care

For the city the following service areas were given the highest priority by Young Council representatives:

- Public Safety
- Education
- Council Tax Reduction
- Housing

- Children's Social Care

In terms of funding, Young Council representatives thought that funding should be:

- Increased for Council Tax Reduction Scheme and Children's Social Care
- Maintained for Adult Services
- Reduced for Leisure, Parks and Open Spaces

Asked whether Council Tax should ever rise, 8 people felt it should never rise, one felt it could in certain circumstances and one felt it should rise.

There was overwhelming support from Young Council representatives to raise revenue from increasing admission charges for attractions.

Young Council representatives felt that under certain circumstances it would be justifiable to increase revenue through fines for anti-social behaviour.

There was little support for increasing revenue from parking or increasing admission charges for services.

Young Council representatives had a lot of suggestions for ways the council could increase revenue:

- Higher charges for tourist attractions and a loyalty card for residents;
- Encourage volunteers to do things that cost the council to do and as 'pay-back' reduce their council tax;
- Reduce the salaries of top officials;
- Reduce non-essential bus services and concessionary bus passes;
- Increase parking fines by 20%;
- Increase the council's stock portfolio to a point where it becomes a profitable return through investment;
- Progressive tax system for council tax;
- Sell council properties;
- Introduce a congestion charge;
- Fund raising events for services such as libraries;
- Business to offer an 'exchange'; a percentage of income generated to be given to support essential services – residents decide (similar concept to a well-known supermarket);
- Increase the use of Madeira Drive for chargeable events;
- Employees to be given the opportunity to donate a percentage of their income (via a deduction from salary) to support worthy causes – this would have the added advantage of positive PR for the council;
- More investment to generate income;
- A city wide charity event to include schools and businesses to raise money for services that would otherwise be paid for out of the budget.

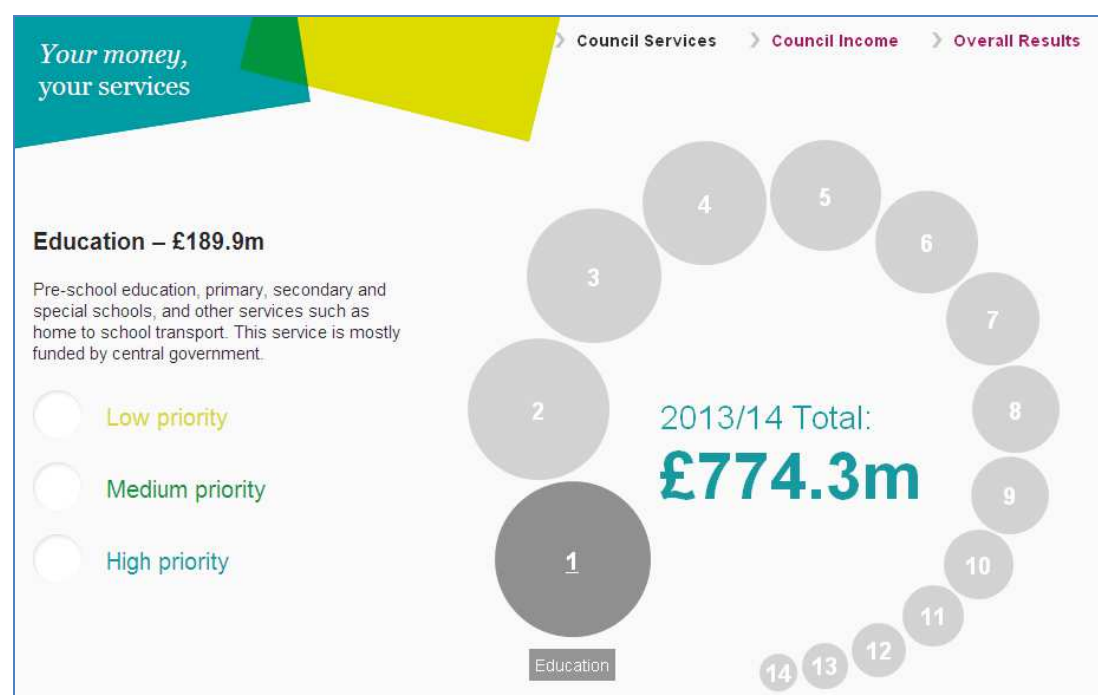
In response to a question about other changes to council services young people would make, two concepts stood out:

- Charge ‘a little for little’; reduce the charge for existing services as an incentive to maintain and develop services whereby residents get a ‘little’ support from services for a ‘little’ fee;
- Reward residents; introduce a loyalty card.

### Online budget literacy and prioritisation tool (83)

By 17 January 2014 440 people had used the interactive budget tool which shows how much money is spent on different service areas, as well as where it comes from. On the first screen, when a user clicks a particular service area, details of what each area includes appear, as well as the cost in 2013/14.

The screenshot below shows the tool when the user clicks on Education.



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 choose to do this, and the tool is as much, if not more, about budget literacy as it is about gathering feedback. So, whilst 440 people have looked at the tool (these are individuals looking at the tool rather than the number of visits which is 655) a maximum of 130 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 orange section of the chart (labelled 2) relating to the Dedicated Schools Grant.



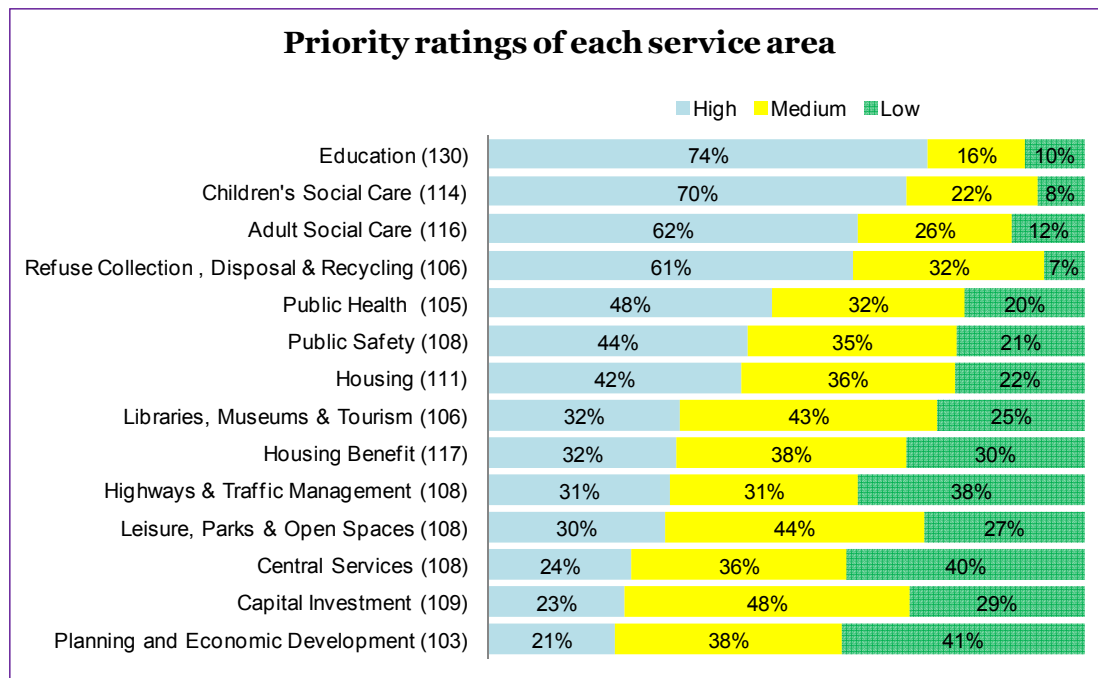
On the final screen of the tool users can see the average results of how users of the tool have prioritised services.

Not all users who prioritised any services as high, medium or low prioritised all services; they missed out rating some. For example, 130 users have given Education a priority rating but only 103 have given Planning and Economic Development a rating.

The chart below shows the percentage of all users rating each service area as high, medium or low.

Note that there are three additional service areas in the tool to the ones asked about in the survey outlined above; “Capital Investment Programme”, “Public Health” and “Housing Benefit”. Also the term “Adult Social Care” is used on the tool where “Adult Services” is used on the survey. Council Tax Reduction Scheme is included in the survey and not the tool.





#### Higher priority areas

- Education and Children's Social Care received high priority ratings with at least 70% rating them a high priority and at least 90% rating them a high or medium priority.
- Adult Social Care and Refuse Collection, Disposal and Recycling were also higher priority areas, though comparatively larger proportions thought they were medium priorities. A very small proportion thought Refuse was a low priority (7%).
- Public Health, Public Safety and Housing were all rated similarly, with around four fifths of the sample rating these as high or medium priorities (80%, 79% and 78%).

#### Lower priority areas

- Three areas were rated as a low priority by around two fifths of users of the tool; Planning and Economic Development (41%), Central Services (40%), and Highways and Traffic Management (38%).
- Capital Investment was rated a high priority by a small proportion of people, 23%, but a comparatively large proportion (48%) rated it a medium priority.
- Planning and Economic Development was rated a low priority by the largest proportion (41%).

#### Areas with the widest spread of opinion

- Housing Benefit was rated a high priority by 32%, a medium priority by 38% and a low priority by 30% revealing little agreement about its status; a very narrow margin (2%) rated it a high rather than low priority.

- Leisure, Parks and Open Spaces was rated high by 30%, and low by 27%, again showing a narrow margin (3%) rate it a high rather than low priority.
- Highways and Traffic Management was rated high by 31%, medium by 31% and low by 38, so marginally more people felt it was a lower priority than high.
- Capital Investment also divided opinion with 23% rating it high, 48% rating it medium, and 26% rating it low. Whilst the largest proportion rated it a medium priority a narrow margin rated it a low rather than high priority.

## **B) BUDGET CONSULTATION APPROACH FOR 2014/15**

Following a review of what worked well and what could be improved in terms of consultation with residents around the budget that has taken place in previous years it was agreed that the approach for supporting the 2014/15 budget setting process would be designed to achieve two objectives:

1. Obtaining a statistically robust and representative response to the budget survey.
2. Ensuring that as many residents as possible have the opportunity to engage with the council's budget and have their say about it, should they wish to.

In order to meet objective 1:

- a postal survey was issued to a random sample of 3,280 households in early October 2013, with an aim of receiving back 1,058 completed surveys to provide a robust sample.

In order to meet objective 2:

- the same survey questions were made available online via the Consultation Portal from 4 October 2013, and the link to this survey was widely promoted via social media;
- the same survey was made available in hard copy in libraries and public buildings;
- an online budget literacy and prioritisation tool was hosted on the Brighton & Hove City Council website budget pages from 8 October 2013.

## **C) METHODS AND RESPONSE RATES**

### Paper and online survey: representative sample

A paper-based survey was issued to a stratified random sample of 3,280 households across the city in the first week of October 2013. The cover letter accompanying the survey explained that households could also complete the survey online. The sample was stratified to ensure that all areas of the city were targeted.

A reminder letter and another survey were issued to those households which had not responded two weeks later, ahead of industrial action planned by Royal Mail staff.

A closing date of 4 November was set, although surveys received up to Monday 18 November are included in the analysis.

In total 668 surveys were received via this method, representing a response rate of 21% (once void addresses are removed from the base). Whilst the response rate was lower than anticipated (30%), the sample is robust at the city level at a confidence interval between 2% and 4%, depending on how many people responded to each question. This means that we can be sure that the results are accurate to within +/- 4%. For example, if a result from this sample of households is 45% we know that the actual result, were we to survey all households, would be within the range 41% to 49%.

#### Paper and online survey: self-selecting sample

Paper copies of the survey were available in public buildings such as our libraries, customer service centres and other council buildings and the survey was available online on the Consultation Portal from 4 October 2013 to 17 January 2014.

As the sample of people completing these surveys was self selecting, the results have been analysed separately to the results of the random sample.

297 surveys were received via this method by 17 January 2014.

A link to the online survey was sent to City Partners by the Head of Partnerships. This elicited 27 responses so the results have been analysed within the self-selecting sample. However, where the answers of this sub-group differ by 10% or more compared to the rest of the sample these differences have been highlighted briefly in the report.

#### Verbal discussion of survey questions by representatives of the Youth Council

The Youth Service Participation Team facilitated consultation with young people on the Youth Council, which included asking 10 young people to discuss and answer the survey questions. Their collective views are presented here.

#### Online budget literacy and prioritisation tool

The budget pages of the Brighton & Hove City Council website include a link to an interactive budget tool. This enables users to see how much money is spent on different service areas, where the money comes from and, if they wish, to indicate what priority they would give the service areas if they were setting the budget.

The tool is still available at the time of writing but data was downloaded for analysis on 17 January 2014.

In total 440 people had used the tool and a maximum of 130 people went on to prioritise service areas.



# Budget Scrutiny Panel Report 2014/15

## 1 Background

- 1.1 The Budget Scrutiny Process.** For 2014/15 budget scrutiny, the Chair of the Overview & Scrutiny Committee (OSC) suggested and OSC members agreed, that scrutiny members should seek to establish a slightly more streamlined process than in former years. This entailed an initial focus on the strategic context for the budget plans, followed by more in-depth analysis of a few specific areas of interest, rather than a detailed examination of each and every departmental savings plan.

The intention was to make the budget scrutiny process more relevant and informative for members. By substantially shifting the focus from operational details to more strategic issues, members also sought to avoid some of the problems inherent in scrutinising 'live' budget planning. In past years scrutiny panel members have sometimes had to consider incomplete departmental budget plans, but the tight deadlines that budget-setting requires, often make it difficult to provide definitive information at an early enough stage for effective scrutiny. Since there is generally more certainty at a relatively early stage about the strategic thinking that underpins the budget strategy, it seems sensible to focus on this and associated risk and opportunity management rather than the fine detail of savings and investment plans.

- 1.2 Budget Scrutiny Meetings.** The OSC decided that there should be only three panel meetings for 2014/15 budget scrutiny. The initial meeting should be a high-level examination of the budget plans in the context of the council's general strategic commitments, particularly the Corporate Plan. The two subsequent panel meetings should focus on the thinking underpinning budget planning for specific services – to be determined by panel members in light of the evidence presented at the first meeting.
- 1.3 Issues Considered.** Following an initial high-level meeting with the council's Leader and Chief Executive (19 Dec 2013), panel members agreed to use their next meeting (07 Jan 2014) to focus on: 3<sup>rd</sup> sector grants funding; co-working between Community Safety/Public Health/Communities; and aspects of Children's services including prevention, the Early Help Strategy, Stronger Families, Stronger Communities, and Youth Services. The final panel meeting (13 Jan 2014) focused on: the Housing Revenue Account; Homelessness/Supporting People; joint working between Public

Health/ASC/Housing; and aspects of Adult Social Care services, including Learning Disabilities.<sup>1</sup>

- 1.4 Panel members.** The 2014/15 Budget Scrutiny Panel was chaired by Cllr Dee Simson. Other members were Cllrs Gill Mitchell and Ollie Sykes. Community Works (formerly CVSF) was represented on the panel (as a co-opted member) by Jo Martindale and Sally Polanski.

## **2 The Panel's Findings: the Budget and the Corporate Plan**

The initial focus of this year's budget scrutiny was on how the 2014/15 budget plans dove-tailed with wider organisational goals, particularly in terms of the Corporate Plan. The link between budget strategies and the four key corporate priorities in the Corporate Plan is set out in the narrative explanation of each departmental savings plan in the draft budget papers. The focus on support for Corporate Plan priorities is very much to be welcomed, as are plans to present the final draft of the 2014/15 Budget Strategy alongside a revised Corporate Plan and Medium Term Financial Strategy.

Given that council officers have already done much of the work in linking budget plans to corporate objectives, there is relatively little for the Budget Scrutiny panel to add. However, the panel does have some additional comments on the Corporate Plan priorities.

### **2.1 Tackling Inequality**

It needs to be recognised that a large proportion of the work the local authority does involves supporting vulnerable people, particularly in terms of adult and children's social care services. It is equally the case that this work takes up a large share of the council's available (i.e. non-ring-fenced) budget. It is therefore understood that it is inevitable that managing the impact of substantial reductions in local authority funding could potentially impact upon vulnerable people and could threaten to increase rather than lessen inequalities unless the potential impacts and risks are properly identified, managed and mitigated wherever possible.

- 2.1(a) Equality Impact Assessments.** The panel notes that the council has undertaken a lot of work via the budget Equality Impact Assessment (EIA) process to identify and ameliorate these impacts. The EIA process is complex and carries inherent risks, in part because services are, in many instances, attempting to estimate the likely impact of changes before the final details of plans have been agreed. This is an immanent risk of budget-setting, and there is no obvious way of

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<sup>1</sup> A full list of witnesses to the panel meeting is included as **Appendix 1**. Minutes of the three meetings are included as **Appendices 2, 3 and 4**. **A list of the report recommendations is included as Appendix 5.**

achieving greater certainty at this stage in the budget process given that many of the uncertainties lie outside of the council's control.

It is also apparent that that the council is undertaking a large number of EIAs and the panel was concerned whether there was sufficient time or resource to properly develop each individual assessment. The panel considered whether this might arise from the large number of relatively low value savings proposals across services rather than a smaller number of large savings targeted at specific services: i.e. could it be the case that the more savings are planned, then the greater the number of EIAs, and the more thinly spread are EIA resources?

Panel members consider that there is an argument for the council to rethink its approach to EIAs in future years, perhaps using a two-tier approach, with relatively short EIAs for all services augmented by more in-depth analyses of the largest or highest risk savings plans. As it stands, the EIA process is clearly well intentioned, but does not always provide an informative level of detail, at least at this stage in the budget-setting process.

**Recommendation 1 – that the Equality Impact Assessment process supporting budget planning should be refined, so as to allow for more resources to be committed to the most important and highest risk savings plans.**

**2.1(b) Cumulative Impact.** When assessing the potential impact of service changes on equalities groups, it is important to be aware of the cumulative impact of a series of changes on particularly vulnerable people. Panel members recognise that the council has made an effort to assess cumulative impact. However, accurate assessment is difficult, and made more so because there are currently other major changes, largely external to the budget process (such as welfare reform), which have the potential to complicate and heighten negative impacts upon some protected groups.

There is no obvious solution for the problems associated with assessing cumulative impact. Rather it is important that the council tracks the actual impact of budget changes on those groups most at risk, and identifies alternative mitigation and/or support should the original mitigation plans fail to deliver the anticipated results.

One such group in the 2014/15 budget plans is people with learning disabilities, with a number of significant savings and changes proposed across these services. While panel members recognise that these savings choices are not lightly made and that the council has attempted to address risks and equalities impacts, the panel remains concerned about the potential for a significant cumulative impact upon some individuals. The panel would therefore like assurances from ASC that it will work with clients with learning disabilities, their families,

carers and support groups to ensure that the impact of these changes is minimised.

**Recommendation 2 – that assurance be provided that the cumulative impact of savings plans on people with a learning disability will be tracked, and additional support or alternative mitigation will be provided if there is significant detrimental impact on this vulnerable group.**

## **2.2 Creating a More Sustainable City**

The 2014/15 budget plans appear to include relatively few sustainability commitments, something that the scrutiny panel explored at its initial meeting. The point was made to the panel that the council has already done a good deal to make its own estates more sustainable, but that there is a limit to what can be sensibly done given the intention to further rationalise the use of council-owned buildings.<sup>2</sup> The panel also recognises that the Capital Investment Programme, Schools and Council Housing (HRA) includes sustainability measures and investments.

## **2.3 Engaging People Who Live and Work in the City**

For the 2014/15 budget the council commissioned a survey of residents, seeking people's views on where they would prefer savings and investments to be targeted. Whilst an apparently similar exercise was undertaken in the two preceding years, the 2014/15 survey differs significantly in that it was distributed to a representative group of people (in past years respondents have self-selected by opting to fill in an online survey). Although the number of responses to the 2014/15 survey questions was relatively low, there were sufficient responses for it to be statistically robust; the survey therefore represents an accurate snapshot of local public opinion, albeit about general rather than specific budgetary issues.

The 2014/15 survey is potentially a useful tool – certainly more so than in previous years when responses were not statistically representative.<sup>3</sup> However, the panel was not clear how the survey results fed through to the budget setting process. Given the corporate priority around engagement it would be helpful if the final budget council papers included details of the ways in which the survey results, and information gleaned from other engagement exercises, have informed planning.

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<sup>2</sup> See Cllr Jason Kitcat, 19.12.14.

<sup>3</sup> However, such a general survey of opinion is only ever likely to have limited value. Much more valuable is in-depth engagement with stakeholders, such as the local community and voluntary sector. Community Works informed the panel that, while there was some engagement around both children's and adult care services with the sector this year in their view this came too late in the budget-setting process to allow for a full and informed dialogue.



**Recommendation 3 – there should be a more detailed explanation in the final budget report of how the resident survey and other engagement exercises have informed the 2014/15 budget planning.**

#### **2.4 Modernising the Council**

Having as efficient, innovative, creative and customer-focused an organisation as possible is key to the council's plans to make unprecedented levels of savings over coming years. This is clearly a major focus of the 2014/15 budget plans, and this focus should be commended.

However, the panel questions whether more radical measures may need to be considered to achieve the savings. While the panel is certainly not proposing that the council adopts any particular new service models, members do feel it is important that the organisation is well-placed to explore such ideas if the current saving plans are found to be unachievable, or if a majority of members decide they wish to pursue particular models.

Although there is good work currently being undertaken here, such as the project on identifying potential new models for ASC provider services, the panel believes that more research could be undertaken, particularly in terms of collecting and maintaining data on the comparative costs, and quality, of in-house services (there is more detail on this below).

### **3 More Specific Budget Recommendations**

#### **3.1 Changes to the Funding Responsibilities of the HRA**

Several 2014/15 budget plans and General Fund savings revolve around changes in the funding of services relating to Council Housing tenants (i.e. the Housing Revenue Account: HRA) – for example, HRA funding is being proposed for some existing 3<sup>rd</sup> sector grants, elements of the Homemove service, and aspects of Homelessness Prevention.

The notion of funding services from the HRA rather than the General Fund where this is appropriate and legal, is by no means a new one, with the HRA already paying for relevant legal, HR and ICT costs. In general, the principle that the HRA can legitimately be used to fund a range of services for the benefit of tenants and residents of council-managed housing stock is well understood. However, this year's changes would appear to represent a significant expansion of thinking in this area.<sup>4</sup>

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<sup>4</sup> BHCC is by no means the only local authority looking to use the HRA in more innovative ways. Councils such as Manchester, Portsmouth, Oxford and Dover have developed much more radical plans. See evidence from Cllr Bill Randall, 13.01.14.

### **Consultation**

It is unfortunate that there was no formal consultation with council tenants and residents, or with the council's Housing Committee, in advance of the publication of the draft budget plans. However, the panel recognises that there will be engagement with both Housing Committee and Housing Management Consultative Sub-Committee prior to budget council. While it is clearly the case that the budget process operates within very tight deadlines, some consultation in advance of publication of the draft budget papers would have been preferable, particularly given the Corporate Plan priority of 'engaging with people who live and work in the city'.

### **Pressures on the HRA**

It is presumed that placing additional demands on HRA resources will lead to some reduction in the HRA's ability to fund other activity. The panel understands that in 2014/15 the HRA has identified additional savings, and that these additional funding pressures will therefore be met from these savings rather than by reducing any current HRA allocations – although it is evidently the case that HRA savings would otherwise have been used to fund other spending of benefit to tenants and residents, such as the Housing Capital Investment Programme.

However, the draft budget papers currently contain limited information on these funding changes. It would be helpful if future drafts of the budget plans included more information about the pressures on the HRA that may be caused by any funding changes. When full council considers these plans, members need to understand what impact, if any, there will be on HRA-funded services.

**Recommendation 4 – that more information be provided on the risks and opportunities presented by changes to the funding of services relating to the Housing Revenue Account (HRA) for members to make an informed decision on these plans at budget council.**

### **3.2 Changes of Funding Responsibility relating to the Direct Schools Grant (DSG)**

The 2014/15 budget plans includes several proposals to change funding responsibility from the General Fund to the DSG – for example in terms of aspects of Short Breaks for Disabled Children, Out Of School Childcare, and Services for Children with Disabilities.

The panel was advised that the council will consult the Schools Forum about these changes before budget council, but that there had been no formal consultation prior to the publication of the draft budget plans.<sup>5</sup>

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<sup>5</sup> See evidence from Regan Delf, Head of SEN, 07.01.14

As with the HRA position above, panel members are concerned that an opportunity for earlier engagement is being missed.

This seems particularly important in terms of consultation with schools, as recent changes to education funding and governance at a national level have significantly altered the relationship between local authorities and schools, with council powers to direct being almost wholly replaced with the need to build voluntary partnerships of equals. While panel members understand that the planned changes can be undertaken without schools' approval, earlier engagement would have been preferable. In future years the panel recommends that any change of funding responsibility to the DSG is shared with the Schools Forum in advance of the publication of draft budget papers.

It is also unclear from the draft budget papers what impact these changes will have on DSG funding. It would be useful to have some indication of how and where these pressures are likely to manifest, and the level of risk to school services entailed, if any.

If the precedent of transferring elements of funding to the DSG High Needs Block is one that may be extended in the future, the panel also feels it would be helpful for the SEN Partnership Board to be actively involved in budget discussions. The Board has a key role to play in ensuring that the entirety of DSG High Needs Block funding is spent as effectively as possible across the schools system.

**Recommendation 5 - that more information on the risks and challenges presented by the plans to transfer funding for some services from General Fund to the Direct Schools Grant (DSG) be provided for members to make an informed decision on these plans at budget council. Specifically, this should include any available information on services that may cease to be provided or will be substantially reduced as a result of the transfers.**

### **3.3 Prevention**

Several of the 2014/15 budget savings involve reducing funding for 'preventative' services – for example, Supported Employment for people with Learning Disabilities, Short Breaks for Disabled Children, and Homelessness Prevention. (It is noted that significant elements of some of the reductions actually involve changes in funding – for instance from General Fund to HRA – but there are nonetheless some reductions involved.)

Panel members feel that it is important that the council remains committed to maintaining good quality preventative services, a view echoed by the Leader of the council.<sup>6</sup> Although reducing spending in these preventive areas can provide short term savings, the

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<sup>6</sup> See evidence from Cllr Jason Kitcat, 19.12.14: point 3.2a.

consequences of doing so may increase medium-term demands for care services, with cost implications in excess of any money saved.

Whilst panel members appreciate that no such savings have been lightly considered, and that there are plans to mitigate any negative impacts of these moves, the panel is concerned that relatively small savings in preventative services may not justify the potential risks, both in financial terms and in terms of the impact on some of our most vulnerable citizens.

**Recommendation 6 – that all plans to make savings to ‘preventative’ services are reviewed, with particular reference to the risks involved in lessening the effectiveness of prevention.**

### **3.4 Reduced In-House Provision and the Capacity of the 3<sup>rd</sup> sector to ‘Fill the Gap’**

Several 2014/15 savings plans involve reducing in-house provision or the council withdrawing entirely from providing specific services. For some of these plans there is a clear expectation that local community and voluntary sector organisations will be in a position to step forward as alternative providers.

Whilst it may be the case for some services that there is available 3<sup>rd</sup> sector capacity that could be brought into play, for other services this may not be the case. Even where available, there is concern whether this would be readily achievable in the short term, at least without additional investment and/or a more inventive approach to commissioning. There are particular difficulties where there is uncertain demand for a service – as in Adult Social Care where the move to ‘personal budgeting’ has seen increased demand fluctuations. Although this may level out in time, local 3<sup>rd</sup> sector organisations are typically not able (unlike large corporate providers) to sustain short term losses, and may therefore not be in a position to increase their market presence without support or guaranteed levels of activity.

If any potential gaps caused by the withdrawal of in-house provision are to be met by local 3<sup>rd</sup> sector organisations, as the budget plans suggest, then there may be a need for some transitional support as acknowledged by witnesses at the budget scrutiny panel meetings.<sup>7</sup> However, the draft budget papers do not currently detail what plans (and funds) are being put in place to provide this type of assistance.

Without this level of detail it is not clear how members at budget council can be confident that reductions and/or changes in in-house provision will lead to an increased role for the local 3<sup>rd</sup> sector rather than for other corporate providers.<sup>8</sup>

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<sup>7</sup> See evidence from Cllr Rob Jarrett, 13.01.14.

<sup>8</sup> This is not to say that greater corporate sector involvement in some services is necessarily a bad thing, just that it ought not to be automatically assumed that increased 3<sup>rd</sup> sector provision will necessarily be the result of BHCC withdrawal.

**Recommendation 7 – that the final budget papers should include more information on the types of transitional support being considered to ensure that changes in the level of in-house services are undertaken in a way that promotes and achieves increasing 3rd sector provision.**

### **3.5 Retention of In-House Services**

While some of the 2014/15 budget plans involve reductions and/or changes to in-house provision, in other areas of operation in-house services are unchanged. In some instances the council is maintaining in-house services where some of our comparators have outsourced them. In other instances the proposals are to reduce externalised provision instead of, or to a greater extent than, in-house services.

No cross-party group of elected members is ever likely to agree entirely on a preferred model of service delivery. Panel members can however concur that there are occasions where there may be compelling arguments in favour of in-house provision. This may be because in-house services are cheaper than the alternatives; or it may be because they are of better quality; or because they provide specialist support that cannot be found elsewhere. It may be that some in-house provision is necessary because the council has duties as the 'provider of last resort' to support challenging clients whom other providers might refuse to deal with. Alternatively it may be that an element of in-house provision is necessary to ensure a competitive and diverse local market, maintaining choice and market-wide quality.

It is also the case that particular political groups have tended, historically at least, to favour certain models of provision for 'political' as well as pragmatic reasons, which is their choice. However, the panel believes it is increasingly important that the rationale for preferring one model of service delivery over another is made clear, particularly in instances where many other councils have moved away from in-house provision or where there is a mixture of providers delivering comparable services.

The minority administration is, of course, free to have a preference, but informed decision-making around budget plans depends upon it being made clear to budget council members what the reasons for a particular proposal are. In general, it might be thought good practice for all decisions to be justifiable in pragmatic terms, even when there is a 'political' element to the decision, as there quite properly may be.

In order to make the pragmatic case for in-house, or any other form of, provision, the council needs to have a general idea of the comparable cost of providers, particularly in areas where there are a number of types of providers offering broadly similar services.

Specifically in terms of Youth Services, where there is just such a mix of providers, the panel was informed that the council does not have up-to-date information about the comparable cost of services.<sup>9</sup> The panel was also told that the proposal to retain the current level of in-house services was essentially a 'political decision'.<sup>10</sup>

**Recommendation 8 – there should be a more systemic approach to collecting and presenting data on the comparative performance and cost of in-house services with other providers.**

### **3.6 Achievability**

The city council has been delivering annual budget savings for a number of years, not just through the current period of 'austerity' measures. It is inevitably the case that each succeeding year of managing with a reduced budget throws up greater challenges.

This may be all the more so in Brighton & Hove, since unlike many councils around England, we have not completed (and have no immediate plans to carry out) a fundamental re-structuring of the local authority. Neither are we withdrawing from major areas of service provision, again unlike many local authorities. Instead, the council has managed budget pressures by increasingly efficient husbandry of our resources (via the Value for Money and Workstyles programmes); by better and more effective co-working within the council and with our key local and regional partners; and by developing the capacity of our workforce (via living the corporate 'values' of respect, openness, collaboration, efficiency, creativity and customer focus).<sup>11</sup>

Savings over the past few years have largely been delivered by making incremental reductions across many services rather than major reductions to specific areas of activity. Similarly, workforce reductions have been achieved via 'natural wastage' through retirement/resignation, plus a voluntary severance scheme that in its first two years of operation was open to all staff.<sup>12</sup>

Making savings in this way has some obvious advantages: it avoids the negative impact of withdrawing from or radically curtailing specific services; and it minimises the impact on staff by reducing vacant posts rather than making large numbers of people redundant. However, the panel is concerned that following this approach may eventually lead to a scenario where services are unable to make further reductions and

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<sup>9</sup> See evidence from Steve Barton 07.01.14.

<sup>10</sup> See evidence from Cllr Sue Shanks, 07.01.14.

<sup>11</sup> See evidence from Cllr Jason Kitcat and Penny Thompson 19.12.13.

<sup>12</sup> In the 2014/15 budget plans, voluntary severance will apply only in departments which are actively re-structuring. This seems a significant shift from previous years, with re-structuring now driving staff-changes rather than staff-changes driving re-structuring (although applications for voluntary severance have always been subject to senior management veto, and have therefore always been subject to a degree of strategic control).

savings will therefore not be achieved.<sup>13</sup> In addition, since assessing and mitigating risk across the whole council is much more complicated than for specific targeted savings, the panel is also concerned that an across-the-board savings approach may create particular problems in terms of achievability. Whilst it is not clear that 2014/15 will present particular problems, this is a risk that could grow with each year.

In addition, a number of the 2014/15 savings plans are dependent on activity which is both outside the council's control and unlike 'traditional' activity patterns. For example, a number of Children's Services savings are predicated on demand for high-cost 'crisis' interventions falling as a result of improved early intervention. While there are sound reasons for making these types of forecasts (e.g. because recent in-year data has shown a similar trajectory), there is nonetheless a relatively high degree of risk in any such planning where delivering savings is beyond the council's immediate control.

It is not clear to the panel whether the council's administration has a 'Plan B' should major elements of its 2014/15 plans prove unachievable – certainly there is little in the draft budget papers to this effect. The panel accepts that the level of risk within the budget proposals is properly considered by the statutory S151 officer (Executive Director of Finance & Resources) and that one-off and ongoing financial risk provisions are identified in the budget proposals to mitigate against the risk of some savings being unachievable in full. However, given the risks outlined above, panel members do feel it would be prudent for there to be some indication of thinking in this area.

**Recommendation 9 – that, beyond financial risk provisions, the council needs to begin more systemic planning about alternatives should significant elements of the current budget plans not succeed in meeting their savings targets.**

## 4 Conclusion

This year's budget scrutiny has felt like a positive and worthwhile process. The panel believes that the shift of focus from spending details to the broader thinking behind spending plans has been useful and has enabled members to better understand the planning involved in the budget.

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<sup>13</sup> There was some debate at budget scrutiny as to whether the council has been following a policy of 'salami-slicing' or not. In reality there is probably no binary opposition between salami-slicing and targeted savings, since intelligent salami-slicing approaches will inevitably involve a degree of targeting (e.g. protecting some services from cuts whilst requiring others to make larger than average savings). Given the size of the annual savings the council is required to make, it is similarly unlikely that a targeted approach alone would suffice: even if there were to be a large element of targeting, it is probable that it would be accompanied by at least some across-the-board savings.

This report and its recommendations are meant to be constructive. In general the panel has sought to make recommendations to improve the final budget papers, although in some instances the panel has recommended making some changes to future budget planning, particularly in terms of developing a more systematic approach to collecting data around the comparative cost and performance of in-house services.

There are unavoidable difficulties associated with scrutinising a work in progress, the biggest probably being that the budget papers have been undergoing revision at the same time as the scrutiny panel has been considering the draft budget report. It may well therefore be the case that some of the issues we have identified have already been independently remedied by officers, or that there are already plans in place to do so. If members have anticipated work that would have taken place in any case, this is all to the good.



# Appendices to the Budget Scrutiny Panel Report

## Appendix 1

### Budget Scrutiny 2014/15: Witnesses at Panel Meetings

#### 19 December 2013

- Overview of the budget plans

#### Witnesses:

Cllr Jason Kitcat (Leader)

Penny Thompson (Chief Executive)

Nigel Manvell (Head of Financial Services)

#### 07 January 2014

- Prevention (Children & Young People)
- Early Help Strategy
- Stronger Families, Stronger Communities
- Youth Services
- Duplication/joint working – e.g. between Public Health/ CYP/ Community Safety/ Communities
- 3<sup>rd</sup> Sector/grants funding

#### Witnesses:

Cllr Sue Shanks, Chair, Children & Young People Committee

Catherine Vaughan, Executive Director, Finance & Resources

Steve Barton, Assistant Director of Children's Services/Families in Multiple Deprivation

Regan Delf, Head of SEN (Special Education Needs)

Lydie Lawrence, Public Health Programme Manager

Chris Naylor, Public Health Business Manager

Richard Butcher Tuset, Head of Policy & Research

Linda Beanlands, Commissioner for Community Safety

Peter Castleton, Community Safety Manager (Casework)

Anne Silley, Head of Finance – Business Engagement/Adult Services, Culture & Corporate

Louise Hoten, Head of Finance – Business Engagement – CYPT & Environment

## 13 Jan 2014

- Homelessness/Supporting People
- Housing Revenue Account
- Adult Social Care
- Duplication/joint working – e.g. between Public Health/ASC/Housing

### **Witnesses:**

Cllr Rob Jarrett, Chair, Adult Care & Health Committee

Cllr Bill Randall, Chair, Housing Committee

Geoff Raw, Executive Director of Environment, Development & Housing

Brian Doughty, Head of Adults Assessment

Angela Smithers, Interim Head of housing

Monica Brooks, Principal Accountant (HRA and SDNPA)

Susie Allen, Principal Accountant (HRA and SDNPA)

Peter Castleton, Community Safety Manager (Casework)

Dr Peter Wilkinson, Deputy Director of Public Health/Public Health  
Consultant

Alistair Hill, Public Health Consultant

Nigel Manvell, Head of Financial Services

The Panel would like to thank all the officers and members who gave evidence, often at very short notice. Elected members would particularly like to thank Community Works for their positive and constructive engagement with the budget scrutiny process. Community Works (and formerly CVSF) have been involved in budget scrutiny for several years now, and their input is invaluable.

## Appendix 2

### BRIGHTON & HOVE CITY COUNCIL

#### SCRUTINY PANELS - BUDGET

2.00pm 19 DECEMBER 2013

COUNCIL CHAMBER, HOVE TOWN HALL

#### MINUTES

**Present:** Councillors Simson (Chair), Mitchell and Sykes

**Also in attendance:** Jo Martindale (Community Works co-optee)

#### PART ONE

#### 1. PROCEDURAL BUSINESS

- 1.1 **Substiutes:** Jo Martindale was present as a co-optee from Community Works (Sally Polanski will be the Community Works co-optee at the subsequent panel meetings).
- 1.2 **Declarations of Interest:** There were no declarations of interest.
- 1.3 **Declarations of party whip:** There were no declarations of party whip.
- 1.4 **Exclusion of Press & Public:** Members agreed that there was no reason to exclude the press and public from this meeting.

#### 2. CHAIR'S COMMUNICATION

- 2.1 The Chair welcomed everyone to the first meeting of the Budget Scrutiny Panel. The meeting would take a high-level strategic look at the 2014/15 Budget plans, examining them in light of the Council's broader strategic thinking, particularly in terms of the Corporate Plan commitments. The second and third meetings of the Panel would be more in-depth examinations of key parts of the Budget. The Chair invited the Leader, Councillor Jason Kitcat to introduce the Budget after which the Panel would ask questions around the four main Corporate Priorities.

### **3. BUDGET DISCUSSION**

#### **3.1 Opening Statements.**

**3.1a Councillor Kitcat** – The context of the Budget is very important. Local authorities are facing a huge challenge with rising demand for services, increasing populations, a baby boom and people living longer (although not necessarily in good health). This growing demand is at a time of significant funding reductions which makes for a difficult situation.

**3.1b** The council is using Value for Money (VFM) and benchmarking for every service. The Corporate Plan is driving a corporate approach to the Budget – plans have not been developed in departmental silos. The council is also actively seeking new sources of income: there is a change in the thought processes of local authorities which are becoming more entrepreneurial.

**3.1c** The Budget reflects the fact that the council is midway through a journey. The area of social care is particularly challenging, in national as well as local terms, and 2015/16 will be the crunch year. This Budget is trying to prepare for that. The Housing Revenue Account (HRA) has been revisited to help tenants in these difficult times.

**3.1d** A local authority can in theory raise income via fees & charges and/or local taxes. However, at the moment there is still considerable uncertainty around the details of Business Rates and Council Tax setting. (In particular it is unclear what rate councils will actually be able to set CT at without triggering a referendum.) It is therefore not clear what potential there is to increase income via these means.

**3.1e** In addition, welfare reforms mean some people are less able to pay their bills and Council Tax, increasing the pressure on council funding. The council is well placed to cope with all the pressures but it is very challenging. This Budget has taken the approach of keeping services going: not all local authorities have done the same.

**3.1f** There is no simple demarcation between statutory and non-statutory services which might allow local authorities to withdraw from provision. For example, economic development is not statutory, but increased economic activity leads to increased income for the local authority, meaning that it is a service area that councils are unlikely to choose to withdraw from.

#### **3.2 Corporate Priority - Tackling Inequality**

**3.2a** Q – the last Budget included safety nets to cushion against the impacts of welfare reform changes. Have these been assessed and is there still a need for them?

Councillor Kitcat – The delays to universal credit mean that the new schemes aren't in place yet so we are in an interregnum. There has been a lot of work looking at why the uptake of discretionary funds has not been as high as anticipated, particularly the discretionary Council Tax Reduction Fund. The discretionary Social Fund and Council Tax Reduction Fund are provided by local authorities. Last year's Budget had a double top-up but there was no call to draw on it. It is an ongoing piece of work but it is new territory – the demand for the Council Tax Reduction Scheme was expected to rise but the number of claimants actually fell.

Prevention is a key element throughout the Budget. For clarity, the £991,000 change to Preventing Homelessness funding is not simply a reduction but partially a switch – some of this funding will now properly come from the HRA.

Nigel Manvell – Demand for both the discretionary Social Fund and Council Tax Reduction Fund has fallen, which was unexpected, but the full effects of welfare reform are still not clear and services continue to monitor this closely.

Councillor Kitcat – There is a lot of work around this and some disagreements. However, the findings locally are very similar to those in other Unitary Authorities.

- 3.2b** Q – Is it still a principle of the Budget to protect front line services? How are you ensuring you spend to save? Can you give further information on the specific issue of the reduction in funding for short breaks for disabled children?

Councillor Kitcat – prevention is key. The Early Help Strategy is central to this approach. There are already benefits being seen for looked after children as a result. There is a lot of work to be done and conversations to be had, particularly with health partners. The financial squeeze means that spending needs to be reduced and unfortunately there will be impacts from this. The VFM programme is encouraging spend to save. On the issue of the short breaks, it is anticipated that the saving will be found in efficiencies and won't impact on service delivery.

- 3.2c** Q – have the effects of cuts to disabled services been looked at in an aggregated manner?

Councillor Kitcat – it can be misleading to aggregate savings. The £68k saving referred to for the short breaks will be efficiencies and it is a small part of a very large budget. Benchmarking shows that this is a high cost per unit service and this needs to be challenged.

- 3.2d** Q – the aggregation across disability services has been flagged as a cause for concern. Will the needs assessment of short breaks change?

Councillor Kitcat – the breaks will be delivered for less money. There will not be fewer assessments or changes to the criteria for assessment.

- 3.2e** Q – It is good to see EIAs but they aren't very detailed. Are there plans to link EIAs more closely to services? As they stand, they are not a useful tool for understanding mitigation of impacts.

The EIAs are imperfect as they are done against a snapshot of a draft Budget and the Budget changes. Any reduction in public sector funding will have a cumulative detrimental effect. There will be a move towards service redesign: this is the start of the process not the end. There will be more engagement and more understanding of the impacts which will be reflected in EIAs.

Comment – any redirection of the EIAs in the future is to be welcomed.

- 3.2f** Q – looking at sustainability, are we confident we are doing enough on this?

Councillor Kitcat – The Corporate Landlord scheme now handles all the energy bills and is spending to save, for example, the change to the lighting in Kings House has led to savings. However, as we are moving from Kings House, there is a limit to what will be done. Low energy bulbs are being piloted in street lighting in Seven Dials and this may be rolled out across the city (but would require capital funding from somewhere). Water savings are also in place and by March 2014 there will be automatic metering. In other areas, the cost-benefits are more difficult, for example, Brighton & Hove is a hilly city which means that some of the more efficient vehicles available are not yet viable in our specific circumstances.

### **3.3 Corporate priority - Modernising the Council**

- 3.3a** Q – could you outline your ideas for making the council self-sustaining? How does this fit with keeping services going?

Penny Thompson – The council is on a journey towards self-sustainability. Some of the professional services the council runs are already self-sustaining. For example, legal services and architects are expected to cover their costs and it would be more expensive to use external services. There are four main areas of the modernisation programme – VFM, improving the customer service, changes to ICT, and the people management strategy. In addition, we have our 6 'values' and we must live our values every day - they must be the basis of all we do and how we behave. This is how we can change the culture and become more efficient. The council is also looking at how we work with others. The integration of health and social care is one of the big challenges for the future. Early prevention is very important

and the council is working together with health and social care partners. Modernisation is about being fit for purpose and we need to look at such things as sharing buildings (as the council already does with the police). Another strand is using the capital programme and economic development as a driver of change. Opportunities from the capital programme can help regenerate the economy and generate more Business Rates.

People are our most valuable resource. Workstyles is a key project but our resources are much more than just buildings. In the past we have underinvested in [developing] people and in ICT.

- 3.3b** Q – Is this a salami-slicing budget? Where are the indicators for changing structures? We need to spend to change - is there a transformation budget?

Councillor Kitcat – There is a top-up to the transformation fund [now called Modernisation Fund]. In the past, the council has been overly concerned with structures but now we have brought in a simple, clear structure. There is nothing intrinsically wrong with salami-slicing provided it is targeted effectively. The proposals include careful, contextual slicing, not across the board slicing.

- 3.3c** Q– It shouldn't be unilateral slicing. If the council is slicing funds and partners are doing the same, are conversations taking place with partners on budget discussions?

Penny Thompson – The starting point was not taking a percentage saving across the board – that would be salami-slicing. It is differential slices. This year the process has been planned across the whole of ELT and CMT. Feedback has been that people understand more this year than previously when savings were done in separate departments. Organisational culture and behaviour is central.

This week the City Management Board met to discuss all budgets. This included Chief Executives from the CCG, the hospital, and the Vice Chancellors of both universities, and there is an understanding of the challenges we are all facing. The council is not working in isolation but having constructive discussions with partners. For example, we are working closely with JobCentre Plus with a shared intention to help people back into jobs.

The Performance Improvement Programme will support organisational change. There will be some structural changes where it makes sense to bring teams together. There will also be a further look at the ratio of managers to staff.

Councillor Kitcat – there are also a range of work streams with the SE7 group. We are working across borders on data centres, the network of

networks, and highways. We are also part of 'key cities' which involves around 22 medium sized cities.

Nigel Manvell - the VFM Screening process this year looked at all council services, not just those with savings proposals, and broke down the budgets and set out the financial and performance comparative information for each major service area. This gave a clearer contextual picture of the whole of the council's operations to aid decision making.

- 3.3d** Q – the level of stress and sickness among staff is a concern. Are there any areas where the service is unstable?

Councillor Kitcat – in the 2012-13 budget, the cuts ICT offered were too severe and more funds had to be found in the face of additional pressures due to the imposition of new Cabinet Office rules. The process for screening savings needs to be very robust and VFM goes to the heart of this. Last year HR was protected: this year ICT has been protected. When services are quite small, decisions need to be taken to keep them, move them etc.

Penny Thompson – the stress is a concern and we are monitoring it. The first results from the Staff Survey are out and give cause for cautious optimism. For example, 95% of people are very clear on how to do their jobs. There are one or two areas where stress levels need to be looked further at, but there are no red areas. There is also the difference between short and long term sickness and we are picking up on this. The feedback from the recent staff roadshows is very positive as well.

- 3.3e** Q – the voluntary severance scheme fell short of the target – how is this being made up?

Penny Thompson – we have taken on board the lessons from the scheme. In 14/15 the VSS will only apply to services that are being re-designed. Last year, the scheme was carried out the wrong way round – we need to reshape the service and then look at opportunities to delete posts, not delete posts and then re-design services to fit.

Councillor Kitcat – if the money is not found, it would become a one-off cost in the next Budget.

- 3.3f** Q – there are lots of issues around grants. The cuts are all to external money and grants. A small amount of money can purchase a lot of value. What is the intention behind these cuts?

Councillor Kitcat – there are internal savings too. There is a wider issue around grants. Third sector grants have been protected in the past which makes it seem more shocking now than it would had they suffered incremental year-on-year reductions. But there is a £2.5m gap



and we can't keep protecting them. We need diversity in the third sector but there are some difficult conversations around duplication. It is regrettable and we will keep an eye on the situation. However, the audit of what we spend in the third sector shows a £23m spend.

- 3.3g** Q – investment in the third sector can be used as a lever and a small amount can grow substantially. Why the cut to the sports grant (£10k)?

Councillor Kitcat – there is an inconsistency in sport with lots of services doing different things. A separate sports grant is adding to this.

- 3.3h** Q – How have you considered services being delivered differently?

Councillor Kitcat – the recent Scrutiny Panel looked at service models for adult social care providers services and the recommendations were accepted. We are now developing a business case. The council operates as a provider of last resort so there are some services that we need to continue providing because there is no other sensible option.

- 3.3i** Q – are there areas we could increase income?

Councillor Kitcat – there are areas already identified. The council run a very successful crematorium and offer a basic service which is kept affordable, but with the opportunity to purchase additional elements. The wedding service offers a basic service but also extras which are profitable.

- 3.3j** Q – will there be the same number of grants with less money or fewer grants?

Councillor Kitcat – there will be an overall reduction but there is a discussion to be had as to how that is done as there are a range of options.

- 3.3k** Q – there is a spotlight on duplication in the third sector but there needs to be consideration of duplication in statutory bodies too.

Councillor Kitcat – the Corporate Landlord approach is a central approach that seeks to minimise duplication. Procurement is centralised; sustainability and ICT are also central.

- 3.3l** Q – Is spend on communication centralised?

Councillor Kitcat – It was agreed it would be in 2010-11 and this has now happened.

### **3.4 Engaging people who live and work in the city**

- 3.4a** Q – what are your thoughts on the threshold for council tax?

Councillor Kitcat – the approach to the threshold and referendums are putting councils in a difficult place and leaving little freedom. It is not yet clear what is going to happen. If there is a big drop from 2% there will be issues. Business Rate retention is also unclear. These are serious challenges.

**3.4b** Q – what about the New Homes Bonus?

Councillor Kitcat – the New Homes Bonus will only be granted if [planning] consent is given straight away, not on appeal. It is difficult to see how it will work in practice.

**3.4c** Q – the public consultation indicated that respondents to the budget survey wanted CYP and ASC protected. Any comments?

Councillor Kitcat – these are the highest spending services. We have [comparatively] more looked-after children than we should have for our size. Some of our services are comparatively expensive. These are significant savings plans but they can be delivered without detriment to outcomes which is what people are most concerned about.

**3.4d** Q – what about doing services with the community not for them?

Councillor Kitcat – there is a culture shift towards this. Good examples include City in Bloom and Friends of the Parks. There are conversations to be had – area based management is harder in a small densely populated city with little history of this to draw upon, but is nonetheless worth pursuing.

**3.4e** Q – how are you building capacity in small organisations?

Councillor Kitcat – this is one of our challenges. What is the role of the council? Is it as a grant provider or an enabler? Is it right to keep grants going or to make organisations self-sustaining? There is common ground and the political will to have these conversations.

### **3.5 Creating a more sustainable city**

**3.5a** Q – what is the impact of the Budget on sustainability?

Councillor Kitcat – the Sustainability Action Plan is being delivered. We are reducing our carbon footprint. The sustainability team has been protected and is now part of the City Regeneration team. The street lighting is an example of spend to save.

**3.5b** Q – The Brighton Centre is a good example of this – but they had to reapply for money rather than use the savings.

Councillor Kitcat – there is the question of how much do you spend on a building if you may not be keeping it. Another example is the schools audit which showed how interventions would save money, but schools understandably chose not to commit much needed money in the short term to lever-in long term outcomes.

**3.5c** Q – what about the seafront infrastructure?

Council Kitcat – the strategy is still being solidified. Problems arise when something is built and funds are not put aside for repairs. There will be briefings on a wider seafront strategy in January 2014. The seafront needs investment of £70-100m which we simply don't have.

**3.5d** Q – there is a perception that some areas are prioritised – for example 20mph. What about people's perceptions?

Councillor Kitcat – it is a complex area. Transport funding is separate and, for example, some is from Sustrans. Capital spending for transport is ring-fenced.

**3.5e** Q – are the reserves prudent?

Councillor Kitcat – they are prudent but not generous. £9m is the current minimum reserve and it is reviewed very carefully. There is no intention to use the reserve to balance the budget.

**3.5f** Q – funding is unpredictable. Is there a greater proliferation of funding sources?

Nigel Manvell – in recent years there has actually been considerable aggregation of grants and there are now far fewer grants, so [grant] funding has actually become more predictable over recent years.

Penny Thompson – the council is set up to deal with the situation. The City Regeneration team is making bids and working on the City Deal bid.

**3.6** The Chair thanked everyone for a most useful and informative session.

# Appendix 3

## BRIGHTON & HOVE CITY COUNCIL

### SCRUTINY PANELS - BUDGET

12.00pm 7 JANUARY 2014

COUNCIL CHAMBER, HOVE TOWN HALL

### MINUTES

**Present:** Councillor Simson (Chair)

**Also in attendance:** Councillor Mitchell and Sykes

**Other Members present:** Sally Polanski, Community Works

### PART ONE

#### 5. PROCEDURAL BUSINESS

- 5.1 **Substitutes:** There were no substitutes.
- 5.2 **Declarations of Interest:** There were no declarations of interest.
- 5.3 **Declarations of party whip:** There were no declarations of party whip.
- 5.4 **Exclusion of Press & Public:** Members agreed that there was no reason to exclude the press and public from this meeting.

#### 6. MINUTES OF THE PREVIOUS MEETING

- 6.1 The minutes of the previous meeting were agreed.

#### 7. CHAIR'S COMMUNICATION

7.1 The Chair welcomed everyone to the second meeting of the Budget Scrutiny Panel. At the first meeting there was a very constructive and useful session with the Chief Executive, Penny Thompson, and the Leader, Councillor Jason Kitcat. That meeting focused on looking at the Budget in light of the Corporate Plan. The Panel then decided to focus on several key areas as indicated in the agenda. The three overarching areas to look at today are CYP, community grant funding and co-working.

## 8. BUDGET DISCUSSION

### 8.0 Co-working and Community Grant Funding

**Richard Butcher Tuset, Head of Policy & Performance** - A Communities and Third Sector Policy and Commissioning Prospectus has been developed and this was agreed by Policy and Resources Committee in December 2013. This involved significant work with a range of public sector partners including the Clinical Commissioning Group (CCG). The report identified a number of priorities to work on with the Third Sector, one of which was the first ever Third Sector Commission. For the first time, the local authority and the Third Sector were going commission services together. The Communities Team, Public Health, the CCG, and the Communications Team were all working together. They were talking to colleagues across the local authority in a more structured and robust way. The report sets out a programme of activities to work together and co-ordinated commissioning going forward. It is an ongoing piece of work and they are in discussion with Children's Services, Public Health and the CCG, and Community Health and Safety teams. There have been discussions about potential overlaps between teams, particularly between the Communities Team and the Community Safety Team.

Q – The commitment to Third Sector is welcome but there is a disconnect between the aspirations of the Policy and Prospectus report and the Budget commitments. This is a journey but there is no investment from key parts of the council, for example, Children's Services, Housing, Adult Social Services. Another key concern was the cuts to grants. What was being done about the lack of investment by some council services?

**Richard Butcher Tuset** – The work so far is the start of a journey. There is a policy statement and a commitment to support the Third Sector. The commissioning prospectus was a good first step but there is more to do. There was a conflict about the time it would take to engage more widely and the desire to get on with the work. It also takes time to unpick existing contracts and commitments.

Q – The Public Health budget has been ring-fenced but what about the future? How will it be used?

**Chris Naylor, Public Health Programme Manager** – The Public Health budget from the NHS was £18.2m and it was ring-fenced. However, it also came with a range of contracts and staff which totalled around £18.2m leaving very little flexibility. There is a lot of work now looking at existing contracts to identify any areas of duplication with council contracts. In the past there have been very large contracts with health providers (BSUH, Hospital Trusts etc) but they are looking to move away from blanket contracts. They are looking to link in with the council and dovetail contracts. This should release funds and allow more flexibility. There is also an issue around prescribing costs where

recent guidance states these are costs for the council but in the past this was NHS funded.

Q – Can you explain the idea of introducing a local tariff for sexual health services?

**Chris Naylor** – Where hospitals have block contracts, they receive a lump of money regardless of what work is undertaken. Under a tariff, they receive a set amount of money for a set amount of work. This would give the council more control over how the contract operates. It is a similar process to payment by results.

Q – Can you explain the rationale around the sharing community engagement element of Prevent Hate Crime staff costs with the Policy Team?

**Linda Beanlands, Commissioner, Community Safety** – This is an example of the joint working with the Policy Team. There is a significant amount of expertise within the Community Safety Team of working on Hate Crime but the best use of this expertise to deliver against wider council outcomes has not always been realised. It is about recognising that skilled individuals are well placed to specifically achieve wider equality outcomes in addition to their own work.

Q – The Budget refers to duplication in the Third Sector and it is good to hear that the council is addressing duplication internally as well. Are there any further possibilities for synergies and savings?

**Linda Beanlands** – Discussions took place over what the Community Safety and Policy Teams each do and if there is any duplication. The Policy Team commissions particular services but don't directly deliver community engagement. In the Community Safety Team, there is some community engagement for the specific purpose of reducing crime and disorder. This is around building resilience and using community engagement as a route to prevent crime and disorder – as a means to an end. There is not duplication between the two teams.

**Richard Butcher Tuset** – The confusion can arise over the similar team names. The role of the Policy Team is of corporate investment. They provide principles to work with the Third Sector and the infrastructure to work and engage with the Third Sector. The Policy and Resources Committee report showed that there was some duplication and some missed opportunities across the local authority. They are committed to a review of engagement across the local authority to ensure community engagement is appropriate and follows best practice.

Q – There is duplication and overlap with housing who have their own anti-social behaviour officers. The review must be corporate and address such issues.

**Linda Beanlands** - There is a draft report proposing greater unity between the two teams which will be considered by ELT. Peter Castleton is the Lead Officer for anti-social behaviour and he works closely with housing officers. It is a complicated issue as the Housing Officers are also linked to tenant sustainment so the two teams can not easily be integrated.

Q – Can you explain the closer working and wrap around proposals for the street communities?

**Linda Beanlands** – There are two pieces of work underway. There is recognition that there is an opportunity to be more efficient and unified in commissioning street outreach services. The rough sleeper services are supplied by the Supporting People Commissioner which is separate to the issue of anti-social behaviour by the street population or street drinkers. There is a meeting set up to continue conversations around single commissioning across the piste. The idea is to provide a more unified service with budget savings by delivering services differently rather than less.

The second piece of work is around the recognition of the risk and vulnerability of the growing street population. A task and finish group (Chaired by Geoff Raw) has been set up to look at the issue and make clear recommendations and proposals to co-ordinate services for the street population including issues such as mental health, safeguarding and trafficking. The draft report is due at the end of January 2013.

Q – What work has been undertaken on the impact of the grants reductions?

**Richard Butcher Tuset** – The discretionary grant programme is £1.6m and a saving of 10% is proposed. £1.2m of the discretionary grant programme is in three year grants to 64 organisations; the remainder is in annual grants to around 190 organisations. Some replacement funding will come from the surplus Housing Revenue Account (HRA). Figures indicate that the requirements to meet the HRA will be minimal and they are asking grant recipients who work with tenants to look at how they meet the HRA requirements.

They are looking at ways that 10% saving may be made. The EIA in the Budget papers assumes that the 10% will be taken across the board but there are other options. For example, taking from the discretionary grant programme or the annual grant programme or a percentage of each. They will look at impact assessments.

Comment - The assumption is that the Third Sector needs to share the budget pain but it needs to be noted that most funding levels haven't increased for years and organisations have had to make savings themselves. In addition, the impact of a loss of a grant can be devastating on small organisation. Indications are that around 20 organisations will cease if their grant is cut leading to reduced provision in the city. There is also the VFM - £23m investment results in £24m in volunteers alone. The Third Sector also has a

role in reaching the most excluded and forms a gateway to accessing other services.

Q – Is the surplus HRA ongoing after this year?

**Catherine Vaughan, Executive Director Finances and Resources** – There are choices around how HRA funding is spent. For example, one choice is the level of contributions made to the ongoing capital programme. If a whole series of grants look as if they are predominantly benefitting tenants and residents than it may be preferable to use the HRA rather than cease funding. The HRA has more flexibility and choices than the General Fund. There are three choices: no funding; General Fund; HRA if legitimate.

Q – Will Members see the HRA spend before the Budget is set? With all the issues around demolition, rebuilding and stock there may be questions around how the HRA is used.

**Catherine Vaughan** – Members have difficult choices to make. The first assessment shows that this would be a legitimate use of the HRA but there is further work to be done. Members will get the chance to consider the HRA proposals and which grants are applicable.

Comment – the Youth Collective contract is only funded by the council by a third of the cost of delivering the service. This happens to many organisations and they may find the projects are no longer feasible.

Q – Are there issues around transaction or administration costs? Will it be a reduction in the number of grants or a percentage of each?

**Richard Butcher Tuset** – The aim is to take away the minimum but further work is underway. Is it 10% of all grants, or cuts in line with priorities? In terms of delivering grants, VFM shows the council is the best option.

Comment – It can be difficult to fully understand the Budget papers which can make comments difficult.

**Catherine Vaughan** – The challenge is that we need high level resourcing decisions made by Full Council. It is already a very detailed Budget report with EIAs and the concern is that if there was more detail then it would be harder to penetrate. Full Council needs to make the high level decisions and it may be that other Committees make more detailed decisions.

The Chair thanked everyone for a most helpful and instructive session.

## **8.2 Children's Services**

**Councillor Sue Shanks, Chair of Children and Young People's Committee** – The VFM programme has enabled us to make only minimal cuts. There is a lot that is working well in the city. The key focus is on Early Help and there has been a lot of partnership working around this.



Q – The Early Help strategy is the main plank of the savings but it appears to be moving towards the Munro model of service provision. The Munro recommendations were around communication not a way of saving money. Are the cuts really achievable?

**Steve Barton, Assistant Director Children’s Services, Stronger Families, Stronger Communities** - The Munro report was about focusing on structures and the roles of social workers. There was a better way to focus resources and look at the professional relationship with social workers and families. Benchmarking shows that Brighton & Hove spend a lot on Children in Care compared to other local authorities. This is a long term piece of work that has been underway for several years. It is not about individual cases: when a case gets to court to take a child into care, it is never questioned. It is about the pathway of spending. The pathway starts with the home visit which will remain and then the social work will follow the Munro principles. Both external and internal processes had been analysed to make improvements. This is the second year of a three year joint procurement process with West Sussex which had also brought costs down.

Prevention was the other side of the VFM programme. How can we reduce the number of children coming into care? They were looking at coherent ways to manage the number of children: currently there were around 450 looked after children and 700 on the children in need plan. The Early Help agenda was intended to identify those children and families who had emerging concerns. There are around 200-300 vulnerable students in schools and 650 families in the Troubled Families project (over 3 years). The target is to manage this cohort more effectively and reduce the number of children going through the pathway to social care. The Munro principles were not about saving money but can be used to continue work on how to manage the costs of looked after children and prevention. If the cohort of around 1000 children is reduced through prevention then over time there would be a need for less social workers. There is a high turnover in social workers and a lot of agency work which could be reduced.

**Councillor Sue Shanks** – There will be no increase in caseloads for social workers but it is about vacancies and agency staff.

Comment – It is a long term issue and it is a concern that it is a different name for something tried before.

**Councillor Sue Shanks** – It is a long term problem and not one solution. We are also looking at structures, for example, working with women who have lots of children taken into care.

**Regan Delf, Head of SEN** – Early Help may have been on the agenda a long time but the issue is about the effectiveness of implementing it. If a family has issues solved early, it will prevent escalation. In the past, the effectiveness of Early Help has been inconsistent. The CAF is a tool to identify children at risk

but it is used inconsistently in the city. Work with schools on Early Help is becoming more effective and making more of a difference.

Q – Can you explain further the principles of payment by results as it relates the Troubled Families programme?

**Steve Barton** – It is predicated on the thinking around VFM. Payment by results is a similar approach with an understanding of outcomes. In Brighton & Hove the focus began on the most complex families who take longer to turn around. As a result, the figures showed that Brighton & Hove were towards the bottom of the local authorities across the country in achieving turn-around (based on Government guidance). The Government's formula was to report on the 40% of the costs of an intervention paid by the Government but they have now said that local authorities now need to report on the other 60% as well. 24 families cases have now been closed. Other families have been identified and they are now on course to achieve the one third of the total by February 2014.

There is a review and challenge programme underway to look at what has gone well and what could go better. The family coaching approach is very effective with one social worker, one plan and 9-10 hours per week with the family. If families can be turned around costs are reduced. By March 2014 the data will be available from the successful families and then the reduction in costs can be evidenced. Phase 2 has reduced funding from the Treasury and broader eligibility.

Q – What analysis is there of the delivery mechanisms for Early Help?

**Regan Delf** – The analysis shows people are confused about the many services out there and find it difficult to know what is available. The 'Local Offer' will be in place by 15 January 2014 which will help. We intend to provide an interface between families in need and schools to give support and guidance. An early help hub – like the MASH – is being considered where a group of professionals are brought together to support families who have a range of needs. For example, schools may say that the problem for a child is housing or domestic violence or parenting skills but it is hard to access help as there are waiting lists. It is about looking at the gaps and co-ordination and providing professionals who can help.

Q – What constitutes evidence-based practice in the Early Help Strategy? It is a challenge for the Third Sector. The cuts to the short breaks is baffling in light of the Early Help strategy as it may be destabilising for families. It is said that there will be no affect on frontline services. What is the implication for families? What conversations have taken place with service providers?

**Regan Delf** – The intention is to reach the savings through efficiencies. Meetings have taken place with the Departmental Management Team and CVSF. The concerns are understood but savings need to be made. It is painful but different ways of working need to be looked at.

**Councillor Sue Shanks** – Some of the savings will come from the Higher Needs Block funding (HNB) and it is a small amount of the actual budget. There won't be an impact on provision.

Q – It is inconsistent to reduce short breaks when talking of Early Help. There are impacts on the Third Sector but they were not consulted during the Budget process. Will that conversation take place? What happens if HNB funding is not available?

**Regan Delf** – The HNB is very similar to last year and there are no indications it will change. Use of the HNB funding is the responsibility of the local authority to support children with high needs so the decision is one for the authority not the schools.

Q – What about the Dedicated Schools Grant (DSG)?

**Regan Delf** – The Schools Forum is consulted annually on the HNB but use of funding is the responsibility of the local authority. The proposals for the DSG will be going to the Schools Forum in January 2014. The Direct Schools Grant is separate.

**Louise Hoten, Head of Finance, Business Engagement** – A report is being drafted on any savings that will impact on schools – not just the DSG. Schools have been contacted to ask for the impacts of the Early Years Block. The report will be discussed at the Schools Forum.

**Councillor Sue Shanks** – Afterschool provision (Early Years Block) is being removed and schools will need to look to fund this. The local authority funds the Pre-School Playgroup Alliance already so it was felt that the afterschool provision was already there.

Comment – There are 33 providers of early years services so the cumulative effect is a concern. There needs to be a dialogue around what is currently offered and what is part of the Pre-School Playgroup Alliance. The issue of the short breaks can have great implications – if one child goes into residential care it can cost around £180,000 so there are potentially large risks for small savings.

**Catherine Vaughan** – There is a difference between investing in Early Help and making no changes to services. It is important to challenge what outcomes are being delivered and there is some scope for Early Years to make services better. There may be different ways to provide services and it is important to have ongoing conversations.

**Regan Delf** – It is not necessarily the case that a small saving results in much higher costs downstream. There are a very small number of placements and these are for those with the most challenging behaviour. A number of small cuts here and there may not necessarily have a huge impact on high cost 'agency' placements – the team are very aware of families in crisis and provide intensive support for them.

Q – YES centres are to close and move into YOS. What will the impact of this be?

**Councillor Sue Shanks** – The Dip isn't a youth access point but an office. It was proposed as a saving last year but wasn't able to happen. It is a relocation of staff.

**Steve Barton** – There are lots of changes underway with other service providers changing premises. The YES team will be in the YOT building in the city centre which is a more efficient use of resources but won't change the pattern of contact.

Q – Can you explain the £50,000 saving in a practice manager post?

**Steve Barton** – There was a major restructure after the last inspection. This is a temporary post so was an anticipated saving. The Head of YOS remains in place with four practice managers.

Q - What is the rationale for BHCC retaining significant in-house Youth Services capacity when almost all local authorities are no longer providing these services in-house? Do in-house services provide better vfm than market alternatives or higher quality specialist services than the local market could provide?

**Councillor Sue Shanks** – It is a political decision. Local authorities should run some youth services alongside the voluntary sector. The decision is to retain youth services in-house whilst endeavouring to join things up better across the city.

Q – Has there been a VFM assessment?

**Steve Barton** – We are half way through a contract with eight separate voluntary sector organisations working together. It is not easy to change all these contracts. It is still early days and it is still bedding-down. It is a challenge for in-house and the voluntary providers and they are working collectively to get a better grip on spending.

Comment – The Third Sector has come together and embraced change. There is a concern about how decisions are made if there is no robust VFM analysis.

Q - The Budget report claims as a success that 20.6% of children are living in poverty. This doesn't seem like a success – what is it measured against?

**Steve Barton** – 'Success' is not the right word – it is a reduction from 25% and lower than the national figure.

Q – How will the savings in home-school transport be made and who is losing transport?

**Regan Delf** – The EIA has been revised for this. It was never in question that the statutory provision for children with SEN would be reduced. Some savings have already been made. It is about looking at different forms of transport carefully and sensitively. It is also about encouraging independence, for example, some children use buses at other times so can they use a bus instead of a taxi to get to school. Also we will look at VFM in terms of transport solutions. There are projects running with families to see if funding can be provided to the family to take the child to school. It will be a careful, personalised decision made with the family.

The Chair thanked everyone for a most interesting and useful session.

## **9. DATE OF NEXT MEETING**

The next meeting is Monday 13 January at 2.00pm in the Banqueting Suite in Hove Town Hall.

## Appendix 4

### BRIGHTON & HOVE CITY COUNCIL

#### SCRUTINY PANELS - BUDGET

2.00pm 13 JANUARY 2014

BANQUETING SUITE, HOVE TOWN HALL

#### MINUTES

**Present:** Councillor Simson (Chair)

**Also in attendance:** Councillor Mitchell and Sykes

**Other Members present:** Sally Polanski, Community Works

#### PART ONE

#### 12. PROCEDURAL BUSINESS

- 10.1 **Substitutes:** There were no substitutes or apologies.
- 10.2 **Declarations of Interest:** There were no declarations of interest.
- 10.3 **Declarations of party whip:** There were no declarations of party whip.
- 10.4 **Exclusion of Press & Public:** Members agreed that there was no reason to exclude the press and public from this meeting.

#### 13. MINUTES

The minutes of the previous meeting were not available.

#### 14. CHAIR'S COMMUNICATION

12.1 The Chair welcomed everyone to the third and final meeting of the Budget Scrutiny Panel. At the first meeting there was a very constructive and useful session with the Chief Executive, Penny Thompson, and the Leader, Councillor Jason Kitcat. At the second meeting there was an equally useful session with officers and Councillors on services for children and young people, community grant funding and co-working.

The Chair invited Councillor Rob Jarrett to make an opening statement.

## 15. BUDGET DISCUSSION

### 13. Adult Social Care

**Councillor Rob Jarrett, Chair of Adult Care and Health Committee** – Adult social care accounts for a significant proportion of the council spending that is not ring-fenced. This makes it difficult to absorb any reduction in funding and leave adult social care untouched. The emphasis has been to look at making sure everyone who needs a service will get an assessment and receive the service they need. A number of things can be done to make savings in terms of better ways of working, for example, better use of technology, better use of support at home. There are limits to what can be saved this way and how quickly. Some savings have been made this way in previous years but not enough to make all the required savings this year. Historically, some areas have been more generously funded than other areas so now the proposals look to make things more even. There are some areas where savings can be made and services improved, for example, there are some people who have been using Learning Disabilities (LD) services for many years but haven't moved on to make greater use of community services. These people should be enabled to become more independent and move to community services. An effort needs to be made to help people to be more independent. We will look at each individual and see if there is a solution that is better for them that also means they need a less intensive council service. Some of this means ensuring that there will be other services for people to use. In Brighton & Hove there are good services available run by committed organisations. There have already been discussions and it is a realistic proposal.

Q – LD Services seem to be taking a number of significant savings. How realistic and achievable are they? Will the Third Sector need further support and funding to provide LD services? How realistic is the saving predicated on a greater use of technology.

**Councillor Rob Jarrett** – There is less confidence this year than last year on the achievability of the targets. It is not possible to go on making savings year on year with the same ease otherwise it would have been done sooner. The capacity is available in the Third Sector to provide services but it will require some co-ordination. If necessary, transitional support can be provided. There is more confidence in the savings using new technology. For example, all the new technology is not yet in people's homes. Technological support can now detect a greater range of actions, for example, epileptic fits. One officer has been looking at the dedicated use of technology and there is some way to go to utilise all the benefits. Keeping frail elderly people out of residential homes is the biggest thing that can be done to cut spending but there is a limit to what can be done each year. Additional officer time will be used to make sure increasing independence is working and may need additional support, for

example, using a bus not a taxi to services. This will mean an increase in key workers at the front end and will be assessed on an individual basis.

**Brian Doughty, Head of Adults Assessment** – Increasingly the focus is on safeguarding vulnerable people. The number of safeguarding issues and increased complexity is making it a challenging time. The strategy of personalisation has been successful and will continue with personal budgets and direct payments. There are greater efficiencies, for example from the use of Telecare, and there has been significant investment in the past years and this is now showing benefits. More people are staying in their homes for longer. Early intervention keeps people in their homes longer and reduces their need for care.

The community assets need to be looked at and, in partnership with the Third Sector, pick up any deficits in service. In LD services, Brighton & Hove spend considerably more than comparator local authorities. There are 733 LD clients and the spend is over £22m. The challenge is to meet eligibility needs more intelligently – needs not wants. People on personal budgets spend 10% less on services – there is a need to negotiate with individuals about what they actually need which is an ongoing process.

**Councillor Rob Jarrett** – The Connaught Day Centre moved location and users needs were assessed as part of this. Some people had been attending the day centre but not using the activities so individuals were given a different package to better enable them to engage in activities. Not everyone needs institutional building-based services. Individuals may end up with something better, even though there will be some upheaval and some people find it difficult to deal with change.

Q –The impacts of the service changes for LD services and Direct Payments are not fully understood. The EIA doesn't give the impact on the service user so it is difficult to fully understand the impact. There is an ongoing issue around criteria and eligibility assessments – these are subjective and open to interpretation. There is an issue around substandard services in the city and people can be isolated in underperforming homes. There is a concern that some of the Budget changes will happen before users are consulted – how are people engaged with the changes?

**Brian Doughty** – As adult social care is such a vast proportion of the budget, there has to be a contribution to the savings. There will be an impact and the key thing is to mitigate it and ensure people's needs are met in a different way. The eligibility criteria is subjective but it is made as objective as possible. Services need to be provided in the best and most efficient way to meet people's needs. They are very aware of the stress of savings and will support people through the process. It comes back to needing really good assessments and support for individuals – and their advocates.

They are mindful that some residential services are better than others and people will not be in poorer quality services without other support. There is a need to make sure that there is the same quality of service across the board.



**Councillor Rob Jarrett** – There is a problem with the EIAs because they are behind the budget and some of the EIAs take time to catch up. It has been requested that the EIAs are reconsidered – they are a work in progress. Consultation must have a purpose and if consultation highlights that one particular service is overwhelmingly supported, there is scope to change things. Budget Council will be guided by consultation.

If a commercially run residential home is being paid to offer 24hr care then we expect a range of activities. If it is not adequate, we will challenge the organisation and expect 24hr service.

Historically, some LD some services were transferred from the NHS and some came from the local authority so there has been a disparity of funding depending on what category an individual was in. It would be preferable to bring everyone up but as this can't be done, there needs to be some levelling down. In addition, historically, LD services have been protected.

Q – Are you satisfied that the budget line figures are realistic? What discussions have there been with the Third Sector?

**Councillor Rob Jarrett** – It is increasingly difficult to find savings so there is some question over how realistic the figures are but the budget needs to be balanced. There have been ongoing discussions with the Member Disabilities and Providers Forum.

**Brian Doughty** – There is a meeting next week with the LD Partnership Board as part of the consultation process. Around 90% of the adult social care budget is spent in the independent and Third Sector and there is a good track record of working with the Third Sector. It is always challenging to make savings but they have done well in the past. They are working in partnership with health and housing to look for better options. The best way to save money is to reduce reliance on residential nursing care.

Q – At the moment people with LD can earn around £100 a week without losing benefits, but may lose this with the cuts to supported employment. There is a long term impact of this. What about spend to save?

**Brian Doughty** – Supported employment is a key preventative measure and it is important to continue preventative work. But supported employment is not a core BHCC expertise so they are looking at different ways of delivering support. It is similar with 'Able and Willing' where the council subsidy needs to be reduced by working with the community and business sectors. 'Able and Willing' should be self-sufficient.

**Councillor Rob Jarrett** – We will carry out a further analysis to make sure that people are not losing out.

Q – Changes to accommodation were in the budget plans last year. What has changed since the budget plans were changed last year?

**Brian Doughty** – The whole accommodation strategy is being looked at to make the savings that have to be made.

Q – What about the savings in management? A management role is being removed – will this have an impact on stress levels?

**Brian Doughty** – The post identified is in mental health services and is no longer required due to management changes. There will not be a significant impact on stress levels or anxiety and very little reduction in operational staffing. On the resource centres, we are looking alternative means to provide resources for elderly people using these eservices.

### **13.1 Joint working and integration**

**Geoff Raw, Executive Director, Environment, Development & Housing** – The corporate management team recognises the importance of integrating public health into the local authority and is working to accelerate this and to encourage more collaboration. There is more financial pressure and financial incentives, for example, to reduce the pressures on A&E and to prevent bed-blocking. The Better Care Fund comes from the NHS to social care to help integration. The Supporting People budget is c.£10m and has been extended until 2015. Working with third sector partners, it is used to reduce housing pressure and mental health pressures. Prevention is a key part of the business case. The local authority has housing and homelessness obligations and it's preventative work, for example, in addressing street homeless has successfully reduced funding pressures elsewhere.

The Directors are holding joint management meetings and workshops to look at how resources for preventative work are best used. Part of this will look at removing any areas of duplication and also ensuring that we are focusing on the right priorities. Directors are looking at more creative ways of addressing housing needs: on a “better for less” basis where possible. The management team is committed to breaking down barriers between service areas and good progress has been made.

**Dr Peter Wilkinson, Deputy Director Public Health/Public Health Consultant** – One example of this joint working is the re-commissioning of substance misuse services which includes the relevant services within the current Supporting People strategy.

**Councillor Bill Randall, Chair, Housing Committee** - The Housing Revenue Account (HRA) is self-financing and can be seen as a financial muscle to help with joint working.

### 13.3 Homelessness

**Councillor Bill Randall** – There is a serious homelessness problem in the city. The proposals include £3.2m next year as part of the Supporting People Budget with £100,000 savings proposed. They have worked with Stonewall and Exodus to access grant funding. Three extra caseworkers are now in place.

£340,000 funding responsibility will be transferred to the HRA from the General Fund. The Sheltered Housing scheme currently takes 855 people and all but 73 of those are covered. Sheltered Housing hopes to help people become more independent. The proposals have been discussed with the Sheltered Housing Action Group. Two thirds of homeless people in Brighton are not from the city so they are working with other local authorities to locate them across Sussex. There is a new Homelessness strategy that was discussed widely. The street count came to 53 homeless people but the local authority figures show there are 72 homeless people.

The £110,000 reduction has previously been used for research into entrenched rough sleepers so it is not a cut to front line services.

Q – The HRA is being used differently this year. Have there been any clear policy reports to committees? Has there been a policy discussion around Homemove? What was the discussion around using HRA to fund grants?

**Geoff Raw** – There is a report on the HRA going to the next Policy and Resources Committee. It is also going to the Housing Committee and the HMSC. The timing is tied into the budget schedule. It is not unprecedented to use the HRA in this way. The methodology is very robust to satisfy financial audit requirements.

**Councillor Bill Randall** – There have also been discussions with the lawyers. Other local authorities also use the HRA in innovative ways. In Portsmouth they used it to pay for playgrounds: in Manchester they tried to transfer £15m from the HRA. There is a list of those grants that will use HRA.

**Susie Allen, Principal Accountant (HRA and SDNPA)** – There has been a review of the office and the team and what they do. It is not a new policy: the HRA has been subsidising the General Fund. It is a way of paying for services for council tenants.

**Geoff Raw** – There are efficiency savings in the HRA budget – aiming to reduce overhead costs and maximise services to tenants. Efficiency savings are across the board. The audit test must be met where we are providing services using HRA funding.

Q – What came first - the surplus HRA was found and used or areas identifying that could use the HRA?

**Geoff Raw** – It was an evolutionary process of looking at opportunities for efficiency savings and service improvements across the Housing HRA and General Fund budgets. It also follows from a general principle set out in the budget strategy to address the rising cost pressures in adult social care, children’s services and health. For example, housing resources are helping reduce the cost pressures of residential care. The service is also currently working with the Chartered Institute of Housing reviewing our provision of sheltered accommodation. It is part of an ongoing scrutiny of reducing costs and where appropriate, attributing costs differently.

Q – How realistic is it that £223,000 can be found by using cheaper temporary accommodation? What about the impact of direct payments to tenants on housing benefits? Can you give further information on the positive effects of improving the quality of private sector housing conditions?

**Councillor Bill Randall** - In the past 18 months around 700 HMO have signed up for licensing and about half of those already met the criteria. There are around 5000 HMOs for students. The private sector is very expensive at around £800/month so a good level of accommodation is expected. There are some concerns around standards and management services and it is often the good landlords who sign up to be registered. Residents and tenants are encouraged to email when landlords aren’t registered. The health and well-being benefits of good housing are well known. Temporary accommodation is being recommissioned and the costs will fall. They are also looking at commissioning outside of the city where it is cheaper.

**Geoff Raw** – The proposed savings of £223,000 in temporary accommodation will require improved IT to increase rent collection. There is a need for a framework for renting from the private sector with longer leases. A combination of these factors will make the saving achievable. Direct rent payments to tenants on housing benefit has been identified as a risk. If someone is on benefits and under pressure there is a risk they will use their rent to fund other things. Landlords would prefer to be paid directly otherwise there will need to be contingencies for landlord loss of rent and the risk of eviction.

Longer term leasing arrangements with private sector landlords are underway operating well. It would also be good to be able to work with landlords to improve the energy efficiency of buildings.

**Nigel Manvell, Head of Financial Services** - Members have expressed concern around the achievability of the proposed savings. There is a statutory duty to look at achievability and the level of risk around that. It is getting more difficult as situations for local authorities are more challenging. There is some risk contingency in the draft budget (£1m one-off and £2m recurring) which allows for more complex and further consultation if required, or alternative options to be looked at a risk assessment made. An outside agency has been engaged to look at further potential VFM savings to fill the existing savings gap.

## Appendix 5

### Scrutiny Budget Panel 2014/15: List of Recommendations

**Recommendation 1** – that the Equality Impact Assessment process supporting budget planning should be refined, so as to allow for more resources to be committed to the most important and highest risk savings plans.

**Recommendation 2** – that assurance be provided that the cumulative impact of savings plans on people with a learning disability will be tracked, and additional support or alternative mitigation will be provided if there is significant detrimental impact on this vulnerable group.

**Recommendation 3** – there should be a more detailed explanation in the final budget report of how the resident survey and other engagement exercises have informed the 2014/15 budget planning.

**Recommendation 4** – that more information be provided on the risks and opportunities presented by changes to the funding of services relating to the Housing Revenue Account (HRA) for members to make an informed decision on these plans at budget council.

**Recommendation 5** - that more information on the risks and challenges presented by the plans to transfer funding for some services from General Fund to the Direct Schools Grant (DSG) be provided for members to make an informed decision on these plans at budget council. Specifically, this should include any available information on services that may cease to be provided or will be substantially reduced as a result of the transfers.

**Recommendation 6** – that all plans to make savings to ‘preventative’ services are reviewed, with particular reference to the risks involved in lessening the effectiveness of prevention.

**Recommendation 7** – that the final budget papers should include more information on the types of transitional support being considered to ensure that changes in the level of in-house services are undertaken in a way that promotes and achieves increasing 3rd sector provision.

**Recommendation 8** – there should be a more systemic approach to collecting and presenting data on the comparative performance and cost of in-house services with other providers.

**Recommendation 9** – that, beyond financial risk provisions, the council needs to begin more systemic planning about alternatives should significant elements of the current budget plans not succeed in meeting their savings targets.

## Response to Scrutiny Recommendations

| Recommendation  | Context to response   | Action proposed  |
|---|---|--|
| <p>1 – the panel believes that the Equality Impact Assessment process supporting budget planning needs to be reconsidered, so as to allow for more resources to be committed to be the most important and riskiest savings plans.</p> | <p>The scale and complexity of a saving doesn't necessarily correlate with the significance of any impact on people, arising because of their protected characteristics. Assessment of equality impact is always proportionate so that bigger impacts on people required more detailed consideration. This year the Budget EIA document evidences all the identified impacts and mitigating actions, and is accompanied by the summary of council-wide impacts and mitigating actions. These enable Members to balance the potential impacts (and all mitigating actions to reduce negative impacts) against the reasons for the proposal and make their decisions.'</p> <p>The budget setting process should be as far as possible about high level resource planning decisions. However there is also a demand for more detailed information from a whole range of stakeholders to help them understand the proposals. The budget papers are already long and complex and there is a balance to be struck between providing more detailed information on savings and impacts and ensuring that members can make properly informed decisions.</p> <p>It is important to note that there are a range of EIAs produced at other times of the year supporting overall strategies or policies and more detailed service changes.</p> | <p>Partly agreed – the EIA process will be reviewed each year as has been the case previously.</p> |

| Recommendation  | Context to response   | Action proposed  |
|---|---|--|
| <p>2 – the panel would like assurances that the cumulative impact of savings plans on people with a learning disability will be tracked, and additional support will be provided if there is a significant detrimental impact on this vulnerable group.</p> | <p>Careful consideration has been given to assessing the cumulative impact of the proposals, identifying appropriate mitigating actions. It is important to acknowledge that the proposals will entail some changes for service users. In that context the request in the scrutiny report for impacts to be “minimal” on learning disabled services users in Adult Social Care could be misinterpreted. The approach will continue to focus on outcomes for service users, supporting choice and promoting independence.</p>  | <p>Agreed</p>  |
| <p>3 – the panel would like to see a more detailed explanation of how the resident survey and other engagement exercises have informed the 14/15 budget planning</p>  | <p>There are always timing challenges with incorporating detailed responses to engagement and consultation feedback in the December report to Policy &amp; Resources Committee but the intention is always to provide further detail in February following consideration of the more detailed proposals.</p> <p>We have always sought to ensure that resident consultation on the budget consultation have been representative and we have achieved this in different ways in previous years for example using self selection plus some top up mail to unrepresented parts of the city or using a mix of citizens panels and mail outs.</p> | <p>Agreed – this is included in paragraph 8 of the budget report</p> |

| Recommendation  | Context to response  | Action proposed   |
|---|--|---|
| <p>4 – the panel believes that more information is required on the risks and opportunities presented by the plans to transfer funding for some services from General Fund to the Housing Revenue Account (HRA) for members to make an informed decision on these plans at budget council.</p> | <p>Careful consideration has been given to ensuring any funding transfers comply with regulations covering the HRA. The HRA is not facing grant funding reductions in the way that the General Fund is and self-financing has brought some welcome flexibility. Faced with a choice between reducing or ending services or support currently paid for by the General Fund that particularly benefit council tenants or seeking alternative funding the latter has been felt to be a preferable proposition. This has not caused any reduction to existing services in the HRA because there was additional rental income from annual rent increases that had not been allocated.</p> <p>Further detailed information was provided to the Scrutiny Panel showing the breakdown of the grants that would be funded from the HRA in future.</p> | <p>Agreed – the wording has been updated in both the General Fund Revenue Budget and Housing Revenue Account Budget</p> |



| <b>Recommendation</b>   | <b>Context to response</b>   | <b>Action proposed</b>   |
|---|--|--|
| <p>5 - The panel believes that more information on the risks and challenges presented by the plans to transfer funding for some services from General Fund to the Direct Schools Grant (DSG) is required for members to make an informed decision on these plans at budget council. Specifically this should include any available information on services that may cease to be provided or will be substantially reduced as a result of the transfers.</p> | <p>Careful consideration has been given to ensuring any fund transfers comply with regulations governing the use of the Dedicated Schools Grant. The DSG is experiencing modest funding increases in comparison with the funding reductions faced by the General Fund. Faced with a choice between reducing or ending services or support currently paid for by the General Fund that particularly support Inclusion for pupils or seeking alternative funding the latter has been felt to be a preferable proposition.</p> <p>Detailed reports which included all the proposals were taken to the Schools Forum on 20<sup>th</sup> January and were agreed or noted depending on what was appropriate in terms of decision making responsibilities.</p> | <p>Agreed – the wording has been updated in the General Fund Revenue Budget report</p> |

| Recommendation   | Context to response   | Action proposed   |
|--|---|---|
| <p>6 – the panel requests that all plans to make savings to ‘preventative’ services are re-considered, with particular reference to the risks involved in lessening the effectiveness of prevention.</p>   | <p>The General Fund Revenue Budget report now includes a summary of the planned investment in Adult Social Care through the Better Care Fund which will improve services for those who are frail including those who are homeless or have mental health issues as well as the elderly. This was not available for inclusion in the December report but has subsequently been considered by the Health &amp; Wellbeing Board.</p> <p>There is a clear focus in the Budget Strategy for Children’s services about investment in Early Help. However this does not mean that there will be no changes to current services – it is important to continually review the effectiveness of existing investments and make changes where needed to ensure better outcomes.</p> | <p>Partially agreed – some greater clarity has been provided in the budget report to aid understanding of the ongoing investment in preventative services</p>   |
| <p>7 – the panel believes that the final budget papers should include more information on the types of transitional support being considered to ensure that the withdrawal or reduction of in-house services is undertaken in a way which recognises that increasing 3rd sector provision requires additional support/investment in the short-term at least.</p> | <p>The council has sought to sustain support for the third sector in accordance with the Community Engagement Strategy through significant continued investment in Community &amp; Voluntary Sector Infrastructure. The Adult Social Care prospectus has provided a new route to commissioning with some welcome positive outcomes for the third sector that are being built on.</p> <p>The budget setting process should be as far as possible about high level resource decisions and detailed implementation planning will be undertaken separately and may be the subject of specific committee reports in some areas.</p>  | <p>Noted – while we recognise the need to retain ongoing dialogue with the 3<sup>rd</sup> sector on this concern it is hard to determine what further information specifically could practically be included in the budget reports.</p> |

| Recommendation   | Context to response   | Action proposed  |
|--|---|--|
| <p>8 - the panel supports a more systemic approach to collecting and presenting data on the comparative performance and cost of in-house services. It is increasingly important that the council is able to justify its retention of these services.</p> | <p>As part of the budget preparation process comparative cost and high level performance information was systematically collected and reviewed across all service areas. This informed the development of the budget strategies in key areas – for example the relatively high costs of some of the in-house provision for Adult Social Care.</p>   | <p>Agreed – there will need to be an ongoing review and challenge of the relative costs and performance of all council services to ensure they represent value for money.</p>  |
| <p>Recommendation 9 – the panel believes that the council needs to begin more systemic planning about alternatives should significant elements of the current budget plans not succeed in meeting their savings targets.</p>                             | <p>The scale and scope of the budget savings are certainly challenging and this will be even more the case in 2015/16. All proposals are assessed for deliverability and the Chief Finance Officer has specific responsibilities to assess the robustness of estimates. The council is not proposing savings that have not been delivered elsewhere and they have been set in the context of the council’s comparative spend and performance. The chances of success will be dependent to a large extent on the robustness of the approach taken and ongoing member support. There will always be a balance to be struck between major complex service changes, reducing or stopping services altogether and driving ongoing efficiency wherever possible in order to avoid more negative impacts on residents and service users.</p> | <p>Not agreed – there is already £2m recurrent risk provision and £1m one off risk provision in the budget. It is considered that time and commitment is best spent focussed on the delivery of the existing plans rather than preparing alternatives.</p> |



## **Appendix 17 - Implications of proposed Council Tax Rise of 4.75%**

The proposed Council Tax Rise of 4.75% generates additional recurrent resources of £2.906m.

It is proposed that those resources be used to:

- Reduce the savings proposals set out in Appendix 4 by £2.315m as set out below in section 1
- Set aside £0.591m contingency for the Adult Social Care Community Care budget to be deployed flexibly in the area experiencing the most financial pressure to meet assessed need.

This would result in changes to:

- one off resources as set out below in section 2
- the Budget Allocations and General Fund Net Budget Requirement as set out in section 3
- the Prudential Indicators as set out below in section 4
- the Equalities Impact Assessments where the implications would be moderated by either reducing or removing the original impact of those savings set out in section 1

### **Referendum and Substitute Budget**

It is a requirement of Chapter IVZA of the Local Government Finance Act 1992 and associated regulations to hold a referendum on a council tax rise above the prescribed threshold. That referendum can be held no later than May 22<sup>nd</sup>. It is planned that a referendum would be held on that date at the same time as the European elections. The costs of holding the referendum would be shared across the two elections in accordance with expected regulations.

The council tax rise of 4.75% would be implemented on 1 April 2014. However if the results of the referendum were negative a Substitute Budget would be implemented immediately afterwards and council tax bills re-issued at the threshold level.

In the event of the Substitute Budget being implemented this would result in changes to:

- the savings proposals as set out in section 1
- the one off resources as set out in section 2
- the General Fund Net Budget Requirement, the Budget Allocations, the Prudential Indicators, the Capital Programme and the Equalities Impact Assessments would all revert back to the core proposals contained in this report.

### **Section 1 – Savings proposals**

The savings proposals under the Referendum budget and the Substitute budget are shown below including the part year and full year effect and the impact on one off resources.

## Service Area: Adult Services

| Service (including brief description)   | Description of Saving Opportunity   | Impact on Outcomes / Priorities  | Savings identified 2014/15 £'000 | Full Year effect of 2014/15 savings £'000 | Yes vote savings 2014/15 £'000 | Yes vote savings Full year effect £'000 | Yes vote spare one off resources £'000 | Justification  | No vote savings 2014/15 £'000 | No vote savings Full year effect £'000 | No vote required one off resources £'000 | Justification  |
|---|---|--|----------------------------------|---|--------------------------------|---|--|--|-------------------------------|--|--|--|
| <b>ADULTS ASSESSMENT</b>  |   |  |                                  |   |                                |   |  |  |                               |  |  |  |
| Learning Disabilities (LD)-Residential. Community Care Services provided by the Independent Sector to meet assessed needs.                | Target all out of city placements with a purpose of bringing people back into supported living in the City. This will not only generate significant savings but it will reduce the risk of local places being taken up by other authorities where there is a possibility that the cost of care could later be passed to Brighton & Hove. Consider alternative models of care to include supported living. | Will deliver equality of levels of service across client groups by bringing expenditure on Learning Disabilities in line with other client groups. | 953                              | 1,270                                     | 476                            | 635                                     | 159                                    | 50% reduction in overall savings requirement to provide greater flexibility in the Community Care Budget | 953                           | 1,270                                  | 0  | Part year effect already provided scope for lead in time   |
| Learning Disabilities(LD)-Home Care & Direct Payments. Community Care Services provided by the Independent Sector to meet assessed needs. | Implement Resource Allocation System (RAS), Increase number of Direct Payments, Achieve a 10% reduction on the budget by reviewing all care packages and ensuring only assessed needs are met.  | Will deliver equality of levels of service across client groups by bringing expenditure on Learning Disabilities in line with other client groups. | 730                              | 730                                       | 365                            | 365                                     | 0                                      | 50% reduction in overall savings requirement to provide greater flexibility in the Community Care Budget | 669                           | 730                                    | 61                                       | Approach to achieving the saving unchanged as is implementation of strategy but number of assessments required to deliver a higher level of saving would increase significantly and more time needed to deliver these. Assumes 2 months at 50% saving level and 10 months at £730k level |

| Service (including brief description)  | Description of Saving Opportunity  | Impact on Outcomes / Priorities   | Savings identified 2014/15 £'000 | Full Year effect of 2014/15 savings £'000 | Yes vote savings 2014/15 £'000 | Yes vote savings Full year effect £'000 | Yes vote spare one off resources £'000 | Justification  | No vote savings 2014/15 £'000 | No vote savings Full year effect £'000 | No vote required one off resources £'000 | Justification   |
|--|--|---|----------------------------------|---|--------------------------------|---|--|--|-------------------------------|--|--|---|
| Older People- Residential/Nursing( includes Older People with Mental Health needs ( OPMH)). Community Care Services provided by the Independent Sector to meet assessed needs. | Reduce number of placements and the Cost of Out of Area Placements. Ensure all appropriate funding is available through targeting following a review. Continue to promote reablement and telecare to support people to stay in their own homes longer and to reduce the number of admissions into residential and nursing care. Identify alternative housing solutions where possible. | Those assessed against eligibility criteria will still receive care. Location of services and funding streams may vary.   | 1,150                            | 1,150                                     | 575                            | 575                                     | 0                                      | 50% reduction in overall savings requirement to provide greater flexibility in the Community Care Budget | 1,054                         | 1,150                                  | 96                                       | Approach to achieving the saving unchanged as is implementation of strategy but number of assessments required to deliver a higher level of saving would increase significantly and more time needed to deliver these. Assumes 2 months at 50% saving level and 10 months at £1150k level |
| Adults with Mental Health-Home Care & Direct Payments. Community Care Services provided by the Independent Sector to meet assessed needs.                                      | Meet assessed needs, increase Direct Payments and identify community based options   | Those assessed against eligibility criteria will still receive care. Location of services and funding streams may vary. These services are delivered jointly with Sussex Partnership Foundation Trust under S75 arrangements. | 70                               | 70  | 35                             | 35                                      | 0                                      | 50% reduction in overall savings requirement to provide greater flexibility in the Community Care Budget | 64                            | 70                                     | 6  | Approach to achieving the saving unchanged as is implementation of strategy but lead in time needed to deliver these. Assumes 2 months at 50% saving and 10 months at full level  |
| <b>ADULTS ASSESSMENT</b>   |  |   | <b>2,903</b>                     | <b>3,220</b>                              | <b>1,451</b>                   | <b>1,610</b>                            | <b>159</b>                             |  | <b>2,740</b>                  | <b>3,220</b>                           | <b>163</b>                               | <b>Previous 2014/15 py savings £4,276</b>   |

| Service (including brief description)                                | Description of Saving Opportunity  | Impact on Outcomes / Priorities  | Savings identified 2014/15 £'000 | Full Year effect of 2014/15 savings £'000 | Yes vote savings 2014/15 £'000 | Yes vote savings Full year effect £'000 | Yes vote spare one off resources £'000 | Justification   | No vote savings 2014/15 £'000 | No vote savings Full year effect £'000 | No vote required one off resources £'000 | Justification   |
|--|--|--|----------------------------------|---|--------------------------------|---|--|---|-------------------------------|--|--|---|
| <b>ADULTS PROVIDER</b>   |  |  |                                  |   |                                |   |  |   |                               |  |  |   |
| Day Services- including LD day options and older people day services | Close some provision and commission alternative services to meet statutory assessed needs, maximise cost recovery/funding  | Service users will continue to receive a service during the day to meet their needs, and the assessed needs of their carers. The service may be different to the existing service, may be provided in another venue or through another provider within the voluntary sector. | 300                              | 300                                       | 0                              | 0                                       | 0                                      | Additional resources provided to ensure effective options available as an alternative to days | 150                           | 300                                    | 150                                      | Day services is part of the personalisation modernisation plans and individual assessments and commissioning will continue in order to deliver against unachieved savings from previous years. Delivery of 2014/15 savings would need acceleration of these plans and would be unlikely to start before September 2014 ( £300k* 6 months) |
| Able & Willing Supported Business                                    | Plan to reduce the subsidy invested by the council in A&W by generating additional new business. If the new business is not generated to balance the budget then this will result in the loss of some posts. | Impact on staff within this specialised service.   | 60                               | 120                                       | 0                              | 0                                       | 60                                     | Retain full subsidy for service if necessary  | 60                            | 120                                    | 0  | Ongoing business plan improvements for this non statutory service in an attempt to increase income generation and reduce subsidy. Planned review in September which would not be impacted by referendum   |
| Employment Support   | Plan to reduce investment in the service by Adults. Investigate other opportunities in private and voluntary sector  | Impact on delivery of supported employment in the city   | 50                               | 100                                       | 0                              | 0                                       | 50                                     | Retain existing investment in service   | 50                            | 100                                    | 0  | Being considered as part of the wider review of Adult Services. This is a non statutory service and can be delivered in other ways. Delivery of part year saving would not be impacted by the referendum.   |
| <b>ADULTS PROVIDER</b>   |  |  | <b>410</b>                       | <b>520</b>                                | <b>0</b>                       | <b>0</b>                                | <b>110</b>                             |   | <b>260</b>                    | <b>520</b>                             | <b>150</b>                               | <b>Prev 2014/15 py savings 975</b>  |



## Service Area: Assistant Chief Executive

| Service (including brief description)  | Description of Saving Opportunity  | Impact on Outcomes / Priorities   | Savings identified 2014/15 £'000 | Full Year effect of 2014/15 savings £'000 | Yes vote savings 2014/15 £'000 | Yes vote savings Full year effect £'000 | Yes vote spare one off resources £'000 | Justification   | No vote savings 2014/15 £'000 | No vote savings Full year effect £'000 | No vote required one off resources £'000 | Justification  |
|--|--|---|----------------------------------|---|--------------------------------|---|--|---|-------------------------------|--|--|--|
| Sports Development - activity that improves health of the population and reduces future health costs for the city, including staff costs of £393k and other support costs including a vehicle, equipment, hire of venues for sport, grants to clubs, sports awards. Service outcomes include: 1. Club Support for approx 150 local sport clubs. 2. TakePart festival of sport. 60000 People participate. 3. Active For Life programme. 4. School Holiday Sports Programme. 750 young people participated in summer 2013. 5. Healthwalks. 6. City Sport and Physical Activity awards had over 140 nominations | Cease specific grant scheme to sports clubs and directly running annual sports awards  | There is potentially a negative impact on the ability of clubs to reach a wider range of participants, but clubs will be directed to other relevant grant schemes. We will seek alternative ways to deliver a Sports Awards event for the city in partnership with other organisations in order to keep an impact in terms of the profile of sports achievements in the city. | 20                               | 20  | 0                              | 0                                       | 0                                      | No reduction in funding   | 20                            | 20                                     | 0  | Grant and award decisions are made as part of a rolling programme so level will be planned at substitute budget level.   |
| BHCC Community Grants: Team of 1.7 FTE staff delivering the annual and three grant programmes supporting community and volunteering activity in the city. The team also provides a Grant Finder Service supporting Third Sector organisations in securing external funding.  | Develop alternative funding sources including the Housing Revenue Account (HRA) and public health, where legitimate, and if necessary consider scope to reduce the community grants. | There will be a reduction in activity funded for some areas where alternative sources of funding cannot be found.   | 310                              | 310                                       | 145                            | 145                                     |  | No reduction in grants, but retain funding from HRA where appropriate | 310                           | 310                                    | 0  | Saving element of £165k can be delivered in a part year. Half of this relates to 1 year programme which has 3 or 4 deadlines so amount available for distribution will be assumed at the lower level until May decision made. On 3 year grant element decision will be made in April about what level of funding is available- likely that worst case position will be assumed and may do this through by not passing on inflation |
| <b>GRAND TOTAL ACE</b>   |  |   | <b>330</b>                       | <b>330</b>                                | <b>145</b>                     | <b>145</b>                              | <b>0</b>                               |   | <b>330</b>                    | <b>330</b>                             | <b>0</b>                                 |  |
| <b>OVERALL TOTAL</b>   |  |   | <b>3,643</b>                     | <b>4,070</b>                              | <b>1,596</b>                   | <b>1,755</b>                            | <b>269</b>                             |   | <b>3,330</b>                  | <b>4,070</b>                           | <b>313</b>                               |  |
| <b>Additional Resource Requirement for yes vote</b>  | <b>2,315</b>   |   |                                  |   |                                |   |  |   |                               |  |  |  |

## Section 2

The impact of the Referendum Budget and Substitute Budget on one off resources is as follows:

### Yes Vote:

| <b>One off funding requirements</b>  | £'000      |
|--|------------|
| Balance of unallocated one off resources   | 306        |
| Yes vote adds back part year effect one off resources  | 269        |
| <b>Total Available</b>   | <b>575</b> |
| Less costs of referendum   |            |
| Cost of referendum based on cost sharing with the European elections (note this means there will be a saving of about £0.10m for the Government for the European elections)* | -213       |
| Pre-referendum handling additional enquiries – staff costs   | -9         |
| Additional staffing costs associated with maintaining collection rate set in council tax base report agreed at January P&R   | -197       |
| <b>Net one off resources available</b>   | <b>156</b> |

The remaining one off resources of £156,000 will be an additional contribution to discretionary funds (covering council tax reduction, local discretionary social fund or discretionary housing payments).

### No Vote:

| <b>One off funding requirements</b>  | £'000       |
|--|-------------|
| Balance of unallocated one off resources   | 306         |
| Less costs of referendum   |             |
| Cost of referendum based on cost sharing with the European elections (note this means there will be a saving of about £0.10m for the Government for the European elections)* | -213        |
| Pre-referendum handling additional enquiries – staff costs   | -9          |
| Additional staffing costs associated with maintaining collection rate set in council tax base report agreed at January P&R   | -197        |
| Cost of rebilling  | -55         |
| Cost of refunds  | -36         |
| Additional staff needed to support rebilling, refunds and changes to instalments   | -66         |
| Part year effect of implementing savings   | -313        |
| <b>One off funding gap</b>   | <b>-583</b> |

The one off funding gap of £583,000 will be covered by using the £249,000 set aside for future one off contributions to the pension fund and reducing the contribution to the 2015/16 Modernisation Fund by £334,000. Both these sums would need to be replenished as part of the 2015/16 budget setting process.

**Section 3**  
**2014/15 BUDGET - Budget changes from 2013/14 to 2014/15**

**Revised Appendix 1**

|  | 2013/14<br>Revised<br>Base<br>£'000 | Internal<br>Transfers<br>£'000 | Reverse<br>one-off<br>allocatio<br>ns £'000 | 2013/14<br>Adjusted<br>Base<br>£'000 | FYE of<br>2013/14<br>Savings | Inflation<br>£'000 | Service<br>Pressures | Commitmen<br>ts and<br>reinvestment<br>£'000 | VFM &<br>Other<br>Savings<br>£'000 | 2014/15<br>Original<br>Budget<br>£'000 | Increase<br>over<br>adjusted<br>base<br>£'000 | Increase<br>over<br>adjusted<br>base<br>% |
|--|-------------------------------------|--------------------------------|---|--------------------------------------|------------------------------|--------------------|----------------------|--|------------------------------------|--|---|---|
| Adult Services                             | 74,439                              | 723                            |   | 75,162                               | (475)                        | 1,144              | 2,500                | 88   | (2,982)                            | 75,437                                 | 275   | 0.37                                      |
| Public Health                              | 1,763                               | (15)                           |   | 1,748                                | -                            | 21                 | -                    | 4  | (193)                              | 1,580                                  | (168)   | (9.61)                                    |
| Children's Services                        | 58,650                              | (426)                          |   | 58,224                               | -                            | 825                | 1,500                | 101  | (4,696)                            | 55,954                                 | (2,270)                                       | (3.90)                                    |
| Environment, Development & Housing         | 45,475                              | (1)                            | (375)                                       | 45,099                               | (100)                        | 714                | 1,030                | 214  | (2,412)                            | 44,545                                 | (554)   | (1.23)                                    |
| Assistant Chief Executive                  | 11,680                              | 532                            | (325)                                       | 11,887                               | -                            | (20)               | 20                   | 99   | (545)                              | 11,441                                 | (446)   | (3.75)                                    |
| Finance & Resources and Legal & Democratic | 35,541                              | 996                            | (100)                                       | 36,437                               | (77)                         | 97                 | 835                  | 201  | (2,366)                            | 35,127                                 | (1,310)                                       | (3.60)                                    |
| <b>Total Directorate Spending</b>          | <b>227,548</b>                      | <b>1,809</b>                   | <b>(800)</b>                                | <b>228,557</b>                       | <b>(652)</b>                 | <b>2,781</b>       | <b>5,885</b>         | <b>707</b>                                   | <b>(13,194)</b>                    | <b>224,084</b>                         | <b>(4,473)</b>                                | <b>(1.96)</b>                             |
| Concessionary Fares                        | 10,144                              | -                              |   | 10,144                               |                              | 202                | -                    | 269  | -                                  | 10,615                                 | 471   | 4.64                                      |
| Insurance                                  | 3,167                               | (3,084)                        |   | 83                                   |                              | 17                 | -                    | -  | (100)                              | -                                      | (83)  | (100.00)                                  |
| Financing Costs                            | 9,721                               | (425)                          |   | 9,296                                |                              |                    | -                    | (392)  | -                                  | 8,904                                  | (392)   | (4.22)                                    |
| Corporate VFM Savings                      | (927)                               | 1,446                          |   | 519                                  | (500)                        | (19)               | -                    | -  | (250)                              | (250)                                  | (769)   | (148.17)                                  |
| Contingency and Risk Provisions            | 5,131                               | (919)                          | (1,525)                                     | 2,687                                |                              | 594                | 100                  | 2,003  | -                                  | 5,384                                  | 2,697   | 100.37                                    |
| Unringfenced grants income                 | (15,478)                            | -                              |   | (15,478)                             |                              |                    | 423                  | (1,606)                                      |                                    | (16,661)                               | (1,183)                                       | 7.64                                      |
| Levies to External Bodies                  | 158                                 | 3                              |   | 161                                  |                              | 3                  |                      | -  | -                                  | 164                                    | 3   | 1.86                                      |
| Other Corporate Budgets                    | (2,186)                             | 1,170                          |   | (1,016)                              |                              | (21)               | 100                  | 18   |                                    | (919)                                  | 97  | (9.55)                                    |
| SAVINGS GAP                                | -                                   | -                              |   | -                                    |                              | -                  | -                    | -  | -                                  | -                                      | -   | -   |
| <b>NET REVENUE EXPENDITURE</b>             | <b>237,278</b>                      | <b>-</b>                       | <b>(2,325)</b>                              | <b>234,953</b>                       | <b>(1,152)</b>               | <b>3,557</b>       | <b>6,508</b>         | <b>999</b>                                   | <b>(13,544)</b>                    | <b>231,321</b>                         | <b>(3,632)</b>                                | <b>(1.55)</b>                             |
| Contributions to/ from(-) reserves         | (9,139)                             | -                              | 2,325                                       | (6,814)                              | 1,152                        |                    |                      | 2,569  |                                    | (3,093)                                | 3,721   | (54.61)                                   |
| <b>BUDGET REQUIREMENT</b>                  | <b>228,139</b>                      | <b>-</b>                       | <b>-</b>                                    | <b>228,139</b>                       | <b>-</b>                     | <b>3,557</b>       | <b>6,508</b>         | <b>3,568</b>                                 | <b>(13,544)</b>                    | <b>228,228</b>                         | <b>89</b>                                     | <b>0.04</b>                               |
| <b>Funded by</b>                           |                                     |                                |   |                                      |                              |                    |                      |  |                                    |  |   |   |
| Formula Grant/Revenue Support Grant        | 77,652                              |                                |   | 77,652                               |                              |                    |                      |  |                                    | 63,442                                 | (14,210)                                      | (18.30)                                   |
| Business Rates Local Share                 | 42,234                              | 1,996                          |   | 44,230                               |                              |                    |                      |  |                                    | 51,581                                 | 7,351   | 16.62                                     |
| Top Up Grant                               | 1,581                               |                                |   | 1,581                                |                              |                    |                      |  |                                    | 1,611                                  | 30  | 1.90                                      |
| Safety Net Grant                           | 3,970                               | (1,996)                        |   | 1,974                                |                              |                    |                      |  |                                    | -                                      | (1,974)                                       | (100.00)                                  |
| Collection Fund surplus/(deficit)          | -                                   |                                |   | -                                    |                              |                    |                      |  |                                    | 1,887                                  | 1,887   | -   |
| Council Tax                                | 102,702                             |                                |   | 102,702                              |                              |                    |                      |  |                                    | 109,707                                | 7,005   | 6.82                                      |
| <b>Total</b>                               | <b>228,139</b>                      |                                |   | <b>228,139</b>                       |                              |                    |                      |  |                                    | <b>228,228</b>                         | <b>89</b>                                     | <b>0.04</b>                               |

## Section 4

### Amendment to Prudential Indicators

The change in Council Tax will change Prudential Indicator A1

#### Prudential Indicator A1

|         | <b>2014/15</b>  | <b>2015/16</b>  | <b>2016/17</b>  |
|---------|-----------------|-----------------|-----------------|
|         | <b>Estimate</b> | <b>Estimate</b> | <b>Estimate</b> |
|         | £'000           | £'000           | £'000           |
| Non-HRA | <b>8.4%</b>     | <b>9.2%</b>     | <b>9.7%</b>     |
| HRA     | <b>13.1%</b>    | <b>15.0%</b>    | <b>14.8%</b>    |

## Legal Implications

The Council has options in terms of setting levels of council tax, including the following:

**(a) A threshold Budget:** this would be a budget based on an increase in council tax which remains within the 2% referendum threshold set by the Secretary of State.

**(b) Council tax freeze:** which means council tax payers see no increase in the actual Council tax they pay but the council would receive a new council tax freeze grant from the Government equivalent to a 1% council tax increase calculated using a taxbase excluding council tax reduction discounts.

**(c) Referendum (above threshold) Budget:** this would be a budget based on a 4.75 increase in Council tax (as currently proposed) with one based on an increase which is at or below the threshold of 2% as a “substitute calculation.” If agreed, the 4.75% increase would take effect on 1<sup>st</sup> April 2014 and, if the referendum rejects the 4.75% increase, the increase based on the substitute calculation takes effect on 23<sup>rd</sup> May with mid year adjustments.

All above 3 options are legally permissible. As the legal and practical implications of the first two options are well understood, they are not discussed here further.

### **An above-threshold (referendum) budget.**

The law relating to the setting of above threshold budgets and the process involved is set out in Section 52 Z of the Local Government Finance Act 1992. This section was inserted into the Act by the Localism Act 2011. The terminology used in the Act for referring to above threshold increase in council tax is “Excessive Council Tax”.

### **Setting of the Threshold**

The legislation requires the Secretary of State to set the principles for identifying above threshold increases (usually an increase above a certain percentage) and get it approved by the House of Commons. The criteria is based on comparison with previous years, but the Secretary of State may use “notional amounts” for the purpose of comparison and not necessarily the actual level of council tax in the previous year. The Secretary of State has now set the threshold at 2% and this is likely to be approved by parliament shortly.

The legislation requires the council to determine, as soon as reasonably practicable after the principles are approved by a resolution of the House of Commons, whether it wishes to set a budget with above threshold increase. In practice, this will be done at Budget Council.

### **Substitute calculations**

If the council decides to set an above threshold budget, it has to make “substitute calculations.” This effectively means calculating an alternative, below threshold, budget.

The 11<sup>th</sup> March deadline for calculating the budget in section 31A (11) of the Local Government Finance Act 1992 is disapplied for the purposes of a substitute calculation. This means, in theory at least, the council could make the substitute calculations after 11<sup>th</sup> March, but this would have significant practical implications and is not recommended.

The above-threshold budget, if agreed, takes effect on 1<sup>st</sup> April 2014. If the outcome of a referendum is to reject the above-threshold budget, the substitute budget takes effect. Assuming the referendum takes place on 22<sup>nd</sup> May, the substitute calculation has to be set on the basis of things as they will be as at 23<sup>rd</sup> May, including mid term adjustments, the cost of the referendum, the cost of sending revised notices etc.

### **Need for a referendum**

The Act requires the council to hold a referendum if it sets an above- threshold budget.

Under the Local Government Finance Act, the referendum has to be held by the first Thursday in May or by a date set by the Secretary of State, whichever is later. The Secretary of State has made the Local Authorities (Referendum Relating to Council Tax Increase) (Date of Referendum) (England) Order 2013. It specifies 22<sup>nd</sup> May as the latest date for a referendum. Note that 22<sup>nd</sup> May 2014 is the latest date. It is for the local authority to chose any date as long as it is not later than 22<sup>nd</sup> May 2014.

There are detailed regulations for how a referendum is conducted. All persons on the electoral register are entitled to vote.

### **Administrative law requirements**

In making a decision on the council tax, Members need to ensure that they achieve a balanced budget. They are required to take all relevant considerations into account, including the equalities impact of the proposals. They should consider the relative merits of the different options legally permissible and not to fetter their discretion by reference to party-political policies to the exclusion of others.

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.

Lawyer Consulted: Abraham Ghebre-Ghiorghis

Date: 6 February 2014

**Budget Council**

27 February 2014

**Agenda Item 80**

Brighton &amp; Hove City Council

|                         |   |                     |  |
|-------------------------|---|---------------------|--|
| <b>Subject:</b>         | <b>Supplementary Financial Information for Budget Council</b> |                     |  |
| <b>Date of Meeting:</b> | <b>27 February 2014</b>                                       |                     |  |
| <b>Report of:</b>       | <b>Executive Director of Finance &amp; Resources</b>          |                     |  |
| <b>Contact Officer:</b> | <b>Name: Mark Ireland</b>                                     | <b>Tel: 29-1240</b> |  |
|                         | <b>E-mail: Mark.Ireland@brighton-hove.gov.uk</b>              |                     |  |
| <b>Wards Affected:</b>  | <b>All</b>  |                     |  |

**FOR GENERAL RELEASE****1. PURPOSE OF REPORT 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 13 February 2014.
- 1.2 Policy & Resources Committee on the 13 February agreed to recommend to full Council a proposed increase in the city council element of the council tax of just below the threshold of 2%. The council taxes set by the Enclosure Committees (garden squares) also need to be factored in so the maximum council tax increase before a referendum is triggered is 1.99%. Incorporating the Police and Fire elements of the council tax the overall increase for most residents of Brighton & Hove will be 1.98%.

**2. RECOMMENDATIONS:**

That Council:

- 2.1 Note the revised block allocations shown in appendix 1 which incorporate a council tax increase of 1.99%.
- 2.2 Note the council taxes for Police and Fire and the overall total shown in table 9 and by band in appendix 18.
- 2.3 Note the statutory calculations of the budget requirement and council tax shown in appendix 19.
- 2.4 Agree the proposed formal resolution set out in appendix 20.

**3. CONTEXT / BACKGROUND INFORMATION*****2014/15 General Fund Budget & Council Tax***

- 3.1 The new and revised information in this report was set out in paragraph 4.4 of the 13 February 2014 Policy & Resources committee report and this report covers the following:-
  - Any other grants that are announced before Budget Council.

- The Environment Agency levy figure agreed for 2014/15 and other changes which impact upon the proposed budget.
- Feedback from the business ratepayers meeting held on 11 February.
- The agreed council taxes set by the Police, Fire and Rottingdean.
- The overall proposed council tax increase for most residents of the city.
- The council tax and budget that would need to be set for the council to qualify for council tax freeze grant in 2014/15.
- The statutory council tax calculations required under the 1992 Local Government Finance Act.
- The full statutory budget and council tax resolution.

### ***Any other grants***

- 3.2 The council has received no new information on grants. There is an amendment to make to the Dedicated Schools Grant (DSG) figure for 2014/15 shown in appendix 6 which included funding for academies and therefore was not directly comparable with the figure for 2013/14. DSG excluding academies is £155.703m for 2014/15 an increase of £2.893m or 1.9% which is largely due to increased pupil numbers.

### ***Environment Agency Levy and changes to the 2014/15 proposed budget***

- 3.3 The Environment Agency levy has been set at £56,712 which is approximately £1,000 less than the amount provided for in the budget report to Policy & Resources Committee on 13 February 2014.
- 3.4 A revised appendix 1 incorporates all the final levies and the additional council tax generated by a 1.99% increase instead of the 1.97% used in the budget report. The reduction in the levies and the increase council tax has added £23,000 to contingency and these resources are available for Members to allocate within the 2014/15 budget.
- 3.5 The medium term financial strategy shown in appendix 8 has not been adjusted for this amount as it has no impact on the projections of the budget gap for future years.

### ***Feedback from the business ratepayers meeting***

- 3.6 The meeting was held on 11 February and ratepayers were given information on potential business developments taking place within the city, the implementation of changes to business rates announced in the Autumn Statement and the proposed capital and revenue budgets for 2014/15. There is no formal feedback to report from the meeting.

### ***Council Tax***

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



| <b>TABLE 9: Council Tax</b>         |                                  |                         |                       |
|-------------------------------------|----------------------------------|-------------------------|-----------------------|
|                                     | 2014/15<br>Band D<br>Council Tax | Change<br>on<br>2013/14 | Percentage<br>change* |
| Brighton & Hove City Council        | £1,312.58                        | £25.58                  | 1.99%                 |
| Sussex Police & Crime Commissioner  | £141.12                          | £2.70                   | 1.95%                 |
| East Sussex Fire Authority          | £83.45                           | £1.59                   | 1.94%                 |
| Total for Brighton & Hove residents | £1,537.15                        | £29.87                  | 1.98%                 |

\*Please note that on the face of the council tax bill the percentage change will be rounded to only one decimal place as required by law.

- 3.8 The Rottingdean Precept was set on 3<sup>rd</sup> February at £41,925 and results in a small reduction of 26p at band D or 0.9%. 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 19.

***Council tax freeze grant***

- 3.9 The proposed budget set out in this report and the council taxes set by the Enclosure Committees mean that the exact level of resources needed to qualify for council tax freeze grant of £1.229m can be calculated. Changes to the rules this year mean that the council needs to reduce its council tax by 4p at band D to compensate for the increase in the council taxes set by the Enclosure Committees averaged across the city. The reduction in council tax income from a band D council tax of £1.286.96 is £2.084m which means that the council would need to find additional savings in its budget of £0.855m in order to qualify for council tax freeze grant.

***Budget and Council Tax Appendices***

- 3.10 The following revised budget and new council tax appendices are attached to this report:
- Appendix 1 Movement in Block Allocations 2013/14 to 2014/15
  - Appendix 18 shows the council tax for each band and for households entitled to a single person discount.
  - Appendix 19 summarises the statutory calculations required under the 1992 Local Government Act.
  - Appendix 20 shows the Policy & Resources Committee recommended full resolution for Budget Council.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. Revised movement in block allocations 2013/14 to 2014/15 to reflect the change in the levies and the resources generated by a 1.99% council tax increase.
18. Council tax for each band for 2 or more adult households and households in receipt of 25% discount plus some council tax statistics.
19. Statutory calculations of the budget requirement and council tax required under the 1992 Local Government Act.
20. Proposed formal resolution of Budget Council on 27 February 2014.

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

1. No further documents.

### **Background Documents**

1. No further background documents.

## 2014/15 BUDGET - Budget changes from 2013/14 to 2014/15

## Appendix 1

|  | 2013/14<br>Revised<br>Base<br>£'000 | Internal<br>Transfers<br>£'000 | Reverse<br>one-off<br>allocatio<br>ns £'000 | 2013/14<br>Adjuste<br>d Base<br>£'000 | FYE of<br>2013/14<br>Savings | Inflation<br>£'000 | Service<br>Pressur<br>es | Commitem<br>ts and<br>reinvestmen<br>t £'000 | VFM &<br>Other<br>Savings<br>£'000 | 2014/15<br>Original<br>Budget<br>£'000 | Increase<br>over<br>adjusted<br>base<br>£'000 | Increase<br>over<br>adjusted<br>base<br>% |
|--|-------------------------------------|--------------------------------|---|---------------------------------------|------------------------------|--------------------|--------------------------|--|------------------------------------|--|---|---|
| Adult Services                             | 74,439                              | 723                            | -   | 75,162                                | (475)                        | 1,144              | 2,500                    | 88   | (4,844)                            | 73,575                                 | (1,587)                                       | (2.11)                                    |
| Public Health                              | 1,763                               | (15)                           | -   | 1,748                                 | -                            | 21                 | -                        | 4  | (193)                              | 1,580                                  | (168)   | (9.61)                                    |
| Children's Services                        | 58,650                              | (426)                          | -   | 58,224                                | -                            | 825                | 1,500                    | 101  | (4,696)                            | 55,954                                 | (2,270)                                       | (3.90)                                    |
| Environment, Development & Housing         | 45,475                              | (1)                            | (375)                                       | 45,099                                | (100)                        | 714                | 1,030                    | 214  | (2,412)                            | 44,545                                 | (554)   | (1.23)                                    |
| Assistant Chief Executive                  | 11,680                              | 532                            | (325)                                       | 11,887                                | -                            | (20)               | 20                       | 99   | (730)                              | 11,256                                 | (631)   | (5.31)                                    |
| Finance & Resources and Legal & Democratic | 35,541                              | 996                            | (100)                                       | 36,437                                | (77)                         | 97                 | 835                      | 201  | (2,366)                            | 35,127                                 | (1,310)                                       | (3.60)                                    |
| <b>Total Directorate Spending</b>          | <b>227,548</b>                      | <b>1,809</b>                   | <b>(800)</b>                                | <b>228,557</b>                        | <b>(652)</b>                 | <b>2,781</b>       | <b>5,885</b>             | <b>707</b>                                   | <b>(15,241)</b>                    | <b>222,037</b>                         | <b>(6,520)</b>                                | <b>(2.85)</b>                             |
| Concessionary Fares                        | 10,144                              | -                              | -   | 10,144                                | -                            | 202                | -                        | 269  | -                                  | 10,615                                 | 471   | 4.64                                      |
| Insurance                                  | 3,167                               | (3,084)                        | -   | 83                                    | -                            | 17                 | -                        | -  | (100)                              | -                                      | (83)  | (100.00)                                  |
| Financing Costs                            | 9,721                               | (425)                          | -   | 9,296                                 | -                            | -                  | -                        | (392)  | -                                  | 8,904                                  | (392)   | (4.22)                                    |
| Corporate VFM Savings                      | (927)                               | 1,446                          | -   | 519                                   | (500)                        | (19)               | -                        | -  | (250)                              | (250)                                  | (769)   | (148.17)                                  |
| Contingency and Risk Provisions            | 5,131                               | (919)                          | (1,525)                                     | 2,687                                 | -                            | 594                | 100                      | 1,012  | -                                  | 4,393                                  | 1,706   | 63.49                                     |
| Unringfenced grants income                 | (15,478)                            | -                              | -   | (15,478)                              | -                            | -                  | 423                      | (1,606)                                      | -                                  | (16,661)                               | (1,183)                                       | 7.64                                      |
| Levies to External Bodies                  | 158                                 | 3                              | -   | 161                                   | -                            | 3                  | -                        | (3)  | -                                  | 161                                    | -   | -   |
| Other Corporate Budgets                    | (2,186)                             | 1,170                          | -   | (1,016)                               | -                            | (21)               | 100                      | 18   | -                                  | (919)                                  | 97  | (9.55)                                    |
| Budget Gap                                 | -                                   | -                              | -   | -                                     | -                            | -                  | -                        | -  | -                                  | -                                      | -   | -   |
| <b>NET REVENUE EXPENDITURE</b>             | <b>237,278</b>                      | <b>-</b>                       | <b>(2,325)</b>                              | <b>234,953</b>                        | <b>(1,152)</b>               | <b>3,557</b>       | <b>6,508</b>             | <b>5</b>                                     | <b>(15,591)</b>                    | <b>228,280</b>                         | <b>(6,673)</b>                                | <b>(2.84)</b>                             |
| Contributions to/ from(-) reserves         | (9,139)                             | -                              | 2,325                                       | (6,814)                               | 1,152                        | -                  | -                        | 2,719  | -                                  | (2,943)                                | 3,871   | (56.81)                                   |
| <b>BUDGET REQUIREMENT</b>                  | <b>228,139</b>                      | <b>-</b>                       | <b>-</b>                                    | <b>228,139</b>                        | <b>-</b>                     | <b>3,557</b>       | <b>6,508</b>             | <b>2,704</b>                                 | <b>(15,591)</b>                    | <b>225,337</b>                         | <b>(2,802)</b>                                | <b>(1.23)</b>                             |
| <b>Funded by</b>                           |                                     |                                |   |                                       |                              |                    |                          |  |                                    |  |   |   |
| Formula Grant/Revenue Support Grant        | 77,652                              | -                              | -   | 77,652                                |                              |                    |                          |  |                                    | 63,442                                 | (14,210)                                      | (18.30)                                   |
| Business Rates Local Share                 | 42,234                              | 1,974                          | -   | 44,208                                |                              |                    |                          |  |                                    | 51,581                                 | 7,373   | 16.68                                     |
| Top Up Grant                               | 1,581                               | -                              | -   | 1,581                                 |                              |                    |                          |  |                                    | 1,611                                  | 30  | 1.90                                      |
| Safety Net Grant                           | 3,970                               | (1,974)                        | -   | 1,996                                 |                              |                    |                          |  |                                    | -                                      | (1,996)                                       | (100.00)                                  |
| Collection Fund surplus/(deficit)          | -                                   | -                              | -   | -                                     |                              |                    |                          |  |                                    | 1,887                                  | 1,887   | -   |
| Council Tax                                | 102,702                             | -                              | -   | 102,702                               |                              |                    |                          |  |                                    | 106,816                                | 4,114   | 4.01                                      |
| <b>Total</b>                               | <b>228,139</b>                      | <b>-</b>                       | <b>-</b>                                    | <b>228,139</b>                        |                              |                    |                          |  |                                    | <b>225,337</b>                         | <b>(2,802)</b>                                | <b>(1.23)</b>                             |

\* Any savings in public health spending will be used to fund other public health expenditure across the council.

\*\* The insurance budget has been distributed to services instead of being held centrally. All insurance management is still coordinated corporately.

\*\*\* The council will not be eligible for Safety Net Grant in 2014/15.



| Band            | A<br>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 |

|  |        |          |          |          |          |          |          |          |          |
|--|--------|----------|----------|----------|----------|----------|----------|----------|----------|
| <b>Council Tax (including Police and Fire Precepts):</b> |        |          |          |          |          |          |          |          |          |
| 2014/15  | 853.97 | 1,024.76 | 1,195.57 | 1,366.36 | 1,537.15 | 1,878.73 | 2,220.33 | 2,561.91 | 3,074.30 |
| 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 |
| <b>2 or more Adults household:</b>                       |        |          |          |          |          |          |          |          |          |
| Increase £   | 16.59  | 19.91    | 23.24    | 26.56    | 29.87    | 36.50    | 43.15    | 49.78    | 59.74    |
| Increase %   | 1.98%  | 1.98%    | 1.98%    | 1.98%    | 1.98%    | 1.98%    | 1.98%    | 1.98%    | 1.98%    |
| Increase per week  | £0.32  | £0.38    | £0.45    | £0.51    | £0.57    | £0.70    | £0.83    | £0.96    | £1.15    |
| Increase per month                                       | £1.38  | £1.66    | £1.94    | £2.21    | £2.49    | £3.04    | £3.60    | £4.15    | £4.98    |
| <b>Households in receipt of 25% discount:</b>            |        |          |          |          |          |          |          |          |          |
| Increase £   | 12.44  | 14.93    | 17.43    | 19.92    | 22.40    | 27.38    | 32.36    | 37.33    | 44.80    |
| Increase %   | 1.98%  | 1.98%    | 1.98%    | 1.98%    | 1.98%    | 1.98%    | 1.98%    | 1.98%    | 1.98%    |
| Increase per week  | £0.24  | £0.29    | £0.34    | £0.38    | £0.43    | £0.53    | £0.62    | £0.72    | £0.86    |
| Increase per month                                       | £1.04  | £1.24    | £1.45    | £1.66    | £1.87    | £2.28    | £2.70    | £3.11    | £3.73    |

| <b>Other Council Tax Statistics:</b> |                             |     |        |        |        |        |        |       |       | <b>Total</b> |         |
|--------------------------------------|-----------------------------|-----|--------|--------|--------|--------|--------|-------|-------|--------------|---------|
| Chargeable Dwellings                 | - No.                       | 51  | 25,664 | 27,374 | 30,928 | 18,268 | 10,565 | 4,396 | 2,585 | 142          | 119,973 |
|                                      | - %                         | 0%  | 21%    | 23%    | 26%    | 15%    | 9%     | 4%    | 2%    | 0%           |         |
| Discounts - 25%                      | - No.                       | 35  | 15,961 | 12,789 | 10,589 | 5,156  | 2,557  | 868   | 416   | 7            | 48,378  |
|                                      | - % of chargeable dwellings | 69% | 62%    | 47%    | 34%    | 28%    | 24%    | 20%   | 16%   | 5%           |         |



## APPENDIX 19

### CALCULATION OF BRIGHTON AND HOVE'S COUNCIL TAX REQUIREMENT AND COUNCIL TAX

#### CALCULATIONS REQUIRED UNDER THE LOCAL GOVERNMENT FINANCE ACT 1992

| <b>S31A Expenditure</b>                                 | £           | £                  |
|---|-------------|--------------------|
| Gross Revenue expenditure on Brighton and Hove services | 714,501,281 |                    |
| Contingency   | 4,393,000   |                    |
| Levies and "County-wide" services                       | 135,703     |                    |
| Special items   | 25,565      |                    |
| Parish precept  | 41,925      |                    |
|   |             | 719,097,474        |
| <b>Income</b>   |             |                    |
| Government Grants, fees and charges                     | 555,828,770 |                    |
| Business Rates Local Share                              | 51,580,584  |                    |
| Transfer from Council Tax Collection Fund               | 1,887,195   |                    |
| Contribution from reserves                              | 2,943,000   |                    |
|   |             | 612,239,549        |
| <b>Council Tax Requirement (R)</b>                      |             | <b>106,857,925</b> |

|             |                             |             |
|-------------|-----------------------------|-------------|
| <b>S31B</b> | R = Council Tax Requirement | 106,857,925 |
|             | T = Taxbase                 | 81,359.20   |
|             | R/T =Basic Council Tax      | 1,313.41    |

|            |   |           |
|------------|---|-----------|
| <b>S34</b> | <b>(i) S34 (2)</b>  |           |
|            | B = Section 31B Calculation                               | 1,313.41  |
|            | A = Total of Special Items (as defined in S35)            | 67,490    |
|            | T = Taxbase   | 81,359.20 |
|            | B - (A / T) = Council Tax for areas with no special items | 1,312.58  |
|            | <b>(ii) S34 (3)</b>                                       |           |
|            | C = Section 34 (2) calculation                            | 1,312.58  |
|            | S =   |           |
|            | Rottingdean Parish special item                           | 41,925    |
|            | Hanover Crescent Enclosure Committee special item         | 7,337     |
|            | Marine Square Enclosure Committee special item            | 10,897    |
|            | Royal Crescent Enclosure Committee special item           | 7,331     |
|            | TP =  |           |
|            | Rottingdean Parish taxbase                                | 1,467.50  |
|            | Hanover Crescent Enclosure Committee taxbase              | 40.70     |
|            | Marine Square Enclosure Committee taxbase                 | 65.40     |
|            | Royal Crescent Enclosure Committee taxbase                | 30.10     |
|            | C + (S / TP) = Council Tax for areas with special items:- |           |
|            | Rottingdean Parish  | 1,341.15  |
|            | Hanover Crescent Enclosure Committee                      | 1,492.85  |
|            | Marine Square Enclosure Committee                         | 1,479.20  |
|            | Royal Crescent Enclosure Committee                        | 1,556.13  |





## General Fund Revenue Budget 2014/15

### Formal Council Tax Resolution

1. It be noted that on 16 January 2014 the Council calculated the Council Tax Base 2014/15
  - (a) for the whole Council area as 81,359.20 (Item T in the formula in Section 31B of the Local Government Finance Act 1992 (the "Act")); and
  - (b) for dwellings in those parts of its area to which special items relate: -
    - Rottingdean Parish – 1,467.50
    - Hanover Crescent Enclosure – 40.70
    - Marine Square Enclosure – 65.40
    - Royal Crescent Enclosure – 30.10
  
2. Calculate that the Council Tax requirement for the Council's own purposes for 2014/15 (excluding Parish precepts) is £106,816,000
  
3. That the following amounts be calculated for the year 2014/15 in accordance with Sections 31 to 36 of the Act:
  - (a) £719,097,474 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) £612,239,549 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act
  - (c) £106,857,925 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) £1,313.41 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) £67,490 being the aggregate amount of all special items referred to in Section 34(1) of the Act
  - (f) £1,312.58 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) £1,341.15 | Rottingdean Parish |
| £1,492.85     | Hanover Crescent   |
| £1,479.20     | Marine Square      |
| £1,556.13     | 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.

| Valuation Band:<br>Parts of the Council's area | A*     | A        | B        | C        | D        | E        | F        | G        | H        |
|--|--------|----------|----------|----------|----------|----------|----------|----------|----------|
|  | £      | £        | £        | £        | £        | £        | £        | £        | £        |
| Rottingdean Parish                             | 745.08 | 894.10   | 1,043.12 | 1,192.13 | 1,341.15 | 1,639.18 | 1,937.22 | 2,235.25 | 2,682.30 |
| Hanover Crescent                               | 829.36 | 995.23   | 1,161.11 | 1,326.98 | 1,492.85 | 1,824.59 | 2,156.34 | 2,488.08 | 2,985.70 |
| Marine Square                                  | 821.78 | 986.13   | 1,150.49 | 1,314.84 | 1,479.20 | 1,807.91 | 2,136.62 | 2,465.33 | 2,958.40 |
| Royal Crescent                                 | 864.52 | 1,037.42 | 1,210.32 | 1,383.23 | 1,556.13 | 1,901.94 | 2,247.74 | 2,593.55 | 3,112.26 |
| All other parts of the councils area           | 729.21 | 875.05   | 1,020.90 | 1,166.74 | 1,312.58 | 1,604.26 | 1,895.95 | 2,187.63 | 2,625.16 |

\* 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.

| Valuation Band:                    | A*    | A     | B      | C      | D      | E      | F      | G      | H      |
|------------------------------------|-------|-------|--------|--------|--------|--------|--------|--------|--------|
|                                    | £     | £     | £      | £      | £      | £      | £      | £      | £      |
| Sussex Police & Crime Commissioner | 78.40 | 94.08 | 109.76 | 125.44 | 141.12 | 172.48 | 203.84 | 235.20 | 282.24 |

\* Entitled to disabled relief

| Valuation Band:            | A*    | A     | B     | C     | D     | E      | F      | G      | H      |
|----------------------------|-------|-------|-------|-------|-------|--------|--------|--------|--------|
|                            | £     | £     | £     | £     | £     | £      | £      | £      | £      |
| East Sussex Fire Authority | 46.36 | 55.63 | 64.91 | 74.18 | 83.45 | 101.99 | 120.54 | 139.08 | 166.90 |

\* 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 2014/15 for each part of its area and for each of the categories of dwellings.

| Valuation Band:<br>Parts of the Council's area | A*     | A        | B        | C        | D        | E        | F        | G        | H        |
|--|--------|----------|----------|----------|----------|----------|----------|----------|----------|
|  | £      | £        | £        | £        | £        | £        | £        | £        | £        |
| Rottingdean Parish                             | 869.84 | 1,043.81 | 1,217.79 | 1,391.75 | 1,565.72 | 1,913.65 | 2,261.60 | 2,609.53 | 3,131.44 |
| Hanover Crescent                               | 954.12 | 1,144.94 | 1,335.78 | 1,526.60 | 1,717.42 | 2,099.06 | 2,480.72 | 2,862.36 | 3,434.84 |
| Marine Square                                  | 946.54 | 1,135.84 | 1,325.16 | 1,514.46 | 1,703.77 | 2,082.38 | 2,461.00 | 2,839.61 | 3,407.54 |
| Royal Crescent                                 | 989.28 | 1,187.13 | 1,384.99 | 1,582.85 | 1,780.70 | 2,176.41 | 2,572.12 | 2,967.83 | 3,561.40 |
| All other parts of the councils area           | 853.97 | 1,024.76 | 1,195.57 | 1,366.36 | 1,537.15 | 1,878.73 | 2,220.33 | 2,561.91 | 3,074.30 |

\* Entitled to disabled relief

6. Pursuant to section 52ZB of the Local Government Finance Act 1992, the Council determines that its relevant basic amount of council tax for the financial year 2014/15 is not excessive as measured against the principles determined by the Secretary of State pursuant to section 52ZC of the 1992 Act.



27 February 2014

Brighton &amp; Hove City Council

|                         |  |                     |  |
|-------------------------|--|---------------------|--|
| <b>Subject:</b>         | <b>Capital Resources and Capital Investment Programme 2014/15 - Extract from the Proceedings of the Policy &amp; Resources Committee Meeting held on the 13<sup>th</sup> February 2014</b> |                     |  |
| <b>Date of Meeting:</b> | <b>27 February 2014</b>  |                     |  |
| <b>Report of:</b>       | <b>Head of Law</b>   |                     |  |
| <b>Contact Officer:</b> | <b>Name: Mark Wall</b>   | <b>Tel: 29-1006</b> |  |
|                         | E-mail: mark.wall@brighton-hove.gov.uk   |                     |  |
| <b>Wards Affected:</b>  | All  |                     |  |

**FOR GENERAL RELEASE*****Action Required of the Council:***

To receive the item referred from the Policy &amp; Resources Committee for approval:

**Recommendation:**

- (1) The Capital Investment Programme for 2014/15 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 £0.25m resources in 2014/15 for the Strategic Investment Fund for the purposes set out in paragraph 3.15 of the report be approved;
- (4) That the allocation of £2.0m for the ICT fund be approved;
- (5) That the allocation of £1.0m for the Asset Management Fund be approved; and
- (6) That the proposed use of council borrowing as set out in paragraph 3.31 and appendix 3 to the report be approved.

**POLICY & RESOURCES COMMITTEE**

**4.00 pm 13 February 2014  
COUNCIL CHAMBER, HOVE TOWN HALL**

**DRAFT MINUTES**

**Present:** Councillor J Kitcat (Chair); Councillors Littman (Deputy Chair), G Theobald (Opposition Spokesperson), Morgan (Group Spokesperson), Hamilton, Lepper, A Norman, Peltzer Dunn, Randall and Shanks.

**PART ONE****123 CAPITAL RESOURCES AND CAPITAL INVESTMENT PROGRAMME 2014/15**

- 123.1 The Executive Director for Finance & Resources introduced the report, concerning the level of available capital resources in 2014/15 to enable the Committee to propose a Capital Investment Programme for 2014/15 to the Council. The Capital Investment Programme was set out in the context of the Medium Term Financial Strategy which was included in the General Fund Revenue Budget report. The Executive Director noted that the planned investment over the forthcoming two years was reliant on capital receipts being achieved in 2014/15 and that longer-term projects were also identified in the report.
- 123.2 The Chair welcomed the report and stated that the investment was a positive approach and also noted that additional funding had been made available for schools from the government.
- 123.3 Councillor A. Norman welcomed the increased in funding for the Local Transport Plan but questioned the additional resources identified for Human Resources, which appeared to continue to require further investment and asked for clarification on the allocation.
- 123.4 The Executive Director for Finance & Resources stated that the funding had been re-profiled following the need to address the Cabinet Office's security requirements for IT, which had put other projects on hold, and the Human Resources improvements was one such project that had been carried into 2014/15.
- 123.5 Councillor Peltzer Dunn noted that the Chair had previously mentioned the Council's achievement in bringing its entire council housing stock up to the Decent Homes Standard. However, he drew the committee's attention to paragraph 3.26 of the report and queried why additional investment was required from the Decent Homes Standard.
- 123.6 The Chair stated that there was a need to maintain that standard and the investment would be used to ensure that homes remained at the Decent Homes Standard level.
- 123.7 Councillor Morgan welcomed the report and wished to thank the officers involved for their work, but wished to point out that in supporting the recommendations, the Labour & Co-operative Group was not indicating its support for the i360 mentioned in paragraphs 3.12 and 3.13 of the report.
- 123.8 The Chair noted the comments and put the recommendations to the vote.
- 123.9 **RESOLVED TO RECOMMEND**
- (1) The Capital Investment Programme for 2014/15 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 £0.25m resources in 2014/15 for the Strategic Investment Fund for the purposes set out in paragraph 3.15 of the report be approved;
- (4) That the allocation of £2.0m for the ICT fund be approved;
- (5) That the allocation of £1.0m for the Asset Management Fund be approved; and
- (6) That the proposed use of council borrowing as set out in paragraph 3.31 and appendix 3 to the report be approved.





|                          |  |  |                     |
|--------------------------|--|--|---------------------|
| <b>Subject:</b>          | <b>Capital Resources and Capital Investment Programme 2014/15</b>          |  |                     |
| <b>Date of Meeting:</b>  | <b>27 February 2014</b><br>13 February 2014 – Policy & Resources Committee |  |                     |
| <b>Report of:</b>        | <b>Executive Director of Finance &amp; Resources</b>                       |  |                     |
| <b>Contact Officer:</b>  | <b>Name:</b>   | <b>Mark Ireland</b>  | <b>Tel: 29-1240</b> |
|                          |  | <b>James Hengeveld</b>   | <b>29-1242</b>      |
|                          | <b>Email:</b>  | <a href="mailto:mark.ireland@brighton-hove.gov.uk">mark.ireland@brighton-hove.gov.uk</a><br><a href="mailto:james.hengeveld@brighton-hove.gov.uk">james.hengeveld@brighton-hove.gov.uk</a> |                     |
| <b>Ward(s) affected:</b> | <b>All</b>   |  |                     |

**FOR GENERAL RELEASE****1. PURPOSE OF REPORT AND POLICY CONTEXT:**

- 1.1 The purpose of the report is to inform Policy & Resources Committee of the level of available capital resources in 2014/15 to enable the committee to propose a Capital Investment Programme for 2014/15 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 £80.0m investment in council services next year.
- 1.2 In December 2013, the Government confirmed a number of capital allocations within the Local Government Capital Finance Settlement for 2014/15 and further announcements were issued during January 2014. Some indicative allocations for the following years to 2016/17 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 2014/15 and the Housing Revenue Account Budget 2014/15 reports elsewhere on the agenda.

**2. RECOMMENDATIONS:**

To recommend to Council the following: –

- 2.1 The Capital Investment Programme for 2014/15 in Appendix 1.
- 2.2 Note the estimated capital resources in future years as detailed in Appendix 1.
- 2.3 To allocate £0.25m resources in 2014/15 for the Strategic Investment Fund for the purposes set out in paragraph 3.15.
- 2.4 To allocate £2.0m for the ICT fund.

- 2.5 To allocate £1.0m for the Asset Management Fund.
- 2.6 The proposed use of council borrowing as set out in paragraph 3.31 and appendix 3.

### **3. CONTEXT/ BACKGROUND INFORMATION**

#### **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 tended to fall in recent years not helped by uncertainty in the housing market, government consultation over changes to the system and a reduction in the availability of mortgages. However during 2013/14 and for 2014/15 the number of council house sales are estimated to rise to similar levels to those experienced 5 years ago and this level is expected to be maintained for the next three years. 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 3 project. Sites include Kings House, Patcham Place, Preston Road, Hove Park Depot and other vacant corporate properties.
- 3.2 The council has been successful in attracting new grants and working with partners to generate other resources to enable a programme of just under £80.0m to be proposed. Additional grants have been awarded from the Government of £0.652m over 2013/14 and 2014/15 for pupil places at West Hove infants, £0.518m for infant free school meal capital investment, £0.325m for highways maintenance funding caused by severe weather events and Homes and Community Association (HCA) empty homes grant allocation of £0.815m in 2014/15. All of this funding has been included in the 2014/15 capital programme.
- 3.3 The agreed policy of the council is to set a fully funded Capital Investment Programme for 2014/15 dependent upon the achievement of certain capital receipts. Forecast levels of capital receipts for the next few years are sufficient to cover proposed allocations in the capital strategy, however, receipts from the sales of properties mentioned above will need to be achieved.

#### **Capital Investment Programme**

- 3.4 A proposed Capital Investment Programme for 2014/15 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 2013/14 capital programme detailed in the TBM9 report elsewhere on the agenda is incorporated into the 2014/15 programme and will be finalised when the capital accounts are closed in May 2014. The re-profiling is funded from resources carried forward from earlier years.

- 3.5 The financial implications of individual projects are included in the detailed reports that are submitted by services for each project to allow the relevant committees to give their full consideration to the capital and revenue costs prior to their approval. Full provision for the revenue implications arising from the proposed Capital Investment Programme has been made in the General Fund and Housing Revenue Account revenue budgets.
- 3.6 The 2014/15 capital programme includes additional investment in the following areas:-
- £11.3m will be spent on new investment in primary schools.
  - £34.0m in housing stock.
  - £7.8m in new transport and street lighting related schemes.
- 3.7 As well as significant capital investment in the short term the council is facing some major longer term capital investment challenges including the delivery of additional secondary school places and the major works needed to the seafront structures/ infrastructure.

### **Major Capital Investment Areas**

- 3.8 The council is facing demands for new pupil places in particular parts of the city and previously the government's allocation of Education Basic Need funding was not keeping up with these demands. It is estimated that up to £60.0m investment will be needed by 2020/21 for secondary school places in Brighton and Hove plus a potential new secondary school within the city. 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. The government announced three year allocations up to 2016/17 for new pupil Basic Need and from 2015/16 to 2016/17 these allocations are in excess of £12.0m pa. compared with previous years allocations of £3.9m pa. The future allocations are based upon revised calculations of costs and need to cope with pupils moving from primary to secondary schools.
- 3.9 As part of the council's commitment to tackle inequality the HRA Capital Programme 2014-2017 includes investment in building new affordable homes, the improvement in the quality of existing council homes by continuing to maintain the Brighton & Hove Standard (Decent Homes Standard which was achieved at 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 photovoltaic (PV) installations.
- 3.10 The council secures capital funding for transport schemes through the government's Local Transport Plan (LTP) process. The LTP consists of a long-term strategy and a short term delivery plan that identifies the principles that help deliver the council's strategic transport objectives and the city's Sustainable Community Strategy. Funding for the LTP has been announced for 2014/15 at

£7.479m but no other indicative announcements for future years have been made. A detailed report will be presented to Policy and Resources Committee in due course.

- 3.11 Workstyles Phase 3 was approved at Policy and Resources Committee on 12 September 2013 and includes £16.0m of investment within the Capital Investment Programme to be delivered by 2016/17. The project will enable the modernisation of the council's workplace and deliver essential investment in the council's property and ICT infrastructure as well as providing ongoing revenue budget savings.
- 3.12 The Capital Investment Programme excludes potential capital pressures for investment in seafront highways infrastructure and seafront colonnade works which could require between £70m to £100m investment over a number of years. The LTP will make a contribution towards this investment requirement. Other funding sources are being considered, for example the potential for additional income to be generated from the financing of the i360 development that could be set aside for this purpose.
- 3.13 The council has developed ways of providing major capital investment in the city by working in partnership with the private sector and public bodies for example the Heritage Lottery Fund (HLF) and the Coast to Capital Local Enterprise Partnership whereby most of the capital investment is undertaken and accounted for by the private sector. Recent bids include a £1.0m stage one bid from the HLF for the development phase of the Royal Pavilion Estates Regeneration. If the feasibility study is successful a stage two bid will be made to HLF timetabled for 2015 and will be between £12.0m to £15.0m. Should the stage two bid be successful the project will require match funding from a number of partners for the estimated £38.0m cost including up to £2.0m from the council. No funding has been identified at this time and options could include the use of capital receipts or borrowing. The i360 Project is currently being reviewed and will be reported back to this Committee in due course and may include a combination of funding from the Coast To Capital LEP, council borrowing and third party investors subject to a detailed business plan. A list of further major projects under construction or yet to commence is shown in appendix 2.

### **Corporate Funds**

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

| <b>TABLE 4: Corporate Funds</b> | <b>2014/15<br/>£ million</b> | <b>2015/16<br/>£ million</b> | <b>2016/17<br/>£ million</b> |
|---------------------------------|------------------------------|------------------------------|------------------------------|
| Strategic Investment Fund (SIF) | 0.250                        | 0.250                        | 0.250                        |
| Asset Management Fund (AMF)     | 1.000                        | 1.000                        | 1.000                        |
| ICT Fund                        | 2.000                        | 2.000                        | 0.500                        |

### ***Strategic Investment Fund***

- 3.15 It is proposed to allocate £0.250m to the Strategic Investment Fund (SIF) in 2014/15. 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. This allocation together with the 2013/14 carry forward funding will provide £0.687m resources to support the delivery of major projects.

### ***ICT Fund***

- 3.16 It is proposed to allocate £2.0m 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 2015/16 to support urgent investment in the council's core infrastructure, security and assurance strategy and follows allocations of £1.0m capital and £1.0m revenue support in 2013/14. Further information is provided within the ICT Strategy & Resourcing Update report elsewhere on this agenda.

### ***Asset Management Fund***

- 3.17 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 3 strategy which was detailed in a report to Policy & Resources Committee on 12 September 2013. 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 this Committee.

### **Capital Resources**

- 3.18 A fully financed Capital Investment Programme is proposed for 2014/15 assuming that existing approved capital projects spend in-line with their budget and certain unearmarked net usable receipts of just under £5.0m in total are achieved next year. Table 1 below shows how the programme will be financed in 2014/15. The position for the years 2015/16 and 2016/17 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.

| <b>TABLE 1: Capital Resources</b>   | <b>2014/15<br/>£ million</b> |
|---|------------------------------|
| Capital Grants:   |                              |
| - Capital grant announcements in previous years and profiled for spend in 2014/15 | 7.902                        |

|  |               |
|--|---------------|
| - New capital grants                                 | 19.895        |
| <b>Total Government Support</b>                      | <b>27.797</b> |
| Capital Receipts                                     | 8.291         |
| Capital Reserves                                     | 1.974         |
| Specific Reserves                                    | 1.476         |
| External Contributions                               | 0.075         |
| Direct Revenue Funding – Housing Revenue Account     | 24.593        |
| Direct Revenue Funding – Service Departments         | 1.947         |
| Council Borrowing                                    | 9.805         |
| Temporary funding for Workstyles Phase 3 & education | 4.017         |
| <b>Total Capital Resources</b>                       | <b>79.975</b> |

### Capital Grants

- 3.19 The Government distributes capital grants towards the financing of certain capital expenditure. In 2014/15, it is anticipated that the council will receive new capital grants of £19.9m as summarised in table 2 below, and £7.9m from grants already announced where the spending of these grants is now profiled in 2014/15.
- 3.20 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.
- 3.21 The new capital grants are in three main areas.
- Education Basic Need funding of £3.960m is included for new pupil places
  - Education funding of £2.863m for investment in the maintenance of educational buildings and children’s centres in the city.
  - Transport funding of £7.479m to include the transport related schemes and highways maintenance

| <b>TABLE 2: New Grants announced for 2014/15</b> | <b>£ million</b> |
|--|------------------|
| Education Basic Need                             | 3.960            |
| Education Capital Maintenance                    | 2.863            |
| Targeted Basic Need                              | 0.652            |
| Schools Devolved Capital                         | 0.528            |
| Infants Free School Meals                        | 0.518            |

|                                  |               |
|----------------------------------|---------------|
| Transport and Maintenance (LTP)  | 7.479         |
| Highways Maintenance             | 0.325         |
| Department of Health Grant       | 0.674         |
| Disabled Facilities Grant        | 0.751         |
| HCA Empty Homes Grant            | 0.815         |
| Housing Energy Efficiency Grants | 0.130         |
| Decent Homes Grant               | 1.200         |
| <b>Total</b>                     | <b>19.895</b> |

- 3.22 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.
- 3.23 The proposed new LTP programme for 2014/15 of £7.479m represents an increase of 17.8% over 2013/14 which was allocated at £6.349m. The grant will be fully allocated to the service for 2014/15 and will be prioritised to invest in street lighting as well as maintain roads and pavements alongside other sustainable transport initiatives. A separate report will be presented to Policy and Resources in due course.

### **Capital Receipts**

- 3.24 The funding of the 2014/15 capital programme is dependent upon the achievement of £5.0m net capital receipts during the year. This includes £2.4m of receipts associated with the disposal of surplus buildings identified under the Workstyles project and these receipts are required for investment into this project. A further £2.6m of receipts are projected for 2014/15 in connection with the other disposals. Progress will be closely monitored throughout the year for all receipts and reported through the regular TBM reports. Beyond 2014/15 the generation of certain large capital receipts from Patcham Court Farm and Kings House (Workstyles Phase 3) are included in the forecasts. Failure to achieve some of these receipts will require the capital allocations for future years to be reviewed.
- 3.25 The net receipts from ‘right to buy’ sales are split between funding for corporate strategic projects delivering regeneration including affordable housing opportunities, and investment directly in housing. The forecast receipts for Brighton and Hove City Council is set at an assumed level of £0.428 million per annum. Any surplus above £0.428m will be set aside to reinvest in replacement homes.
- 3.26 The Council housing capital programme assumes a further £2.6m receipts in 2014/15 from the planned leasing of further tranches of properties to the Brighton & Hove Seaside Community Homes. This funding will be used for investment in council owned houses within the Housing Revenue Account. It is the means by which the council has secured additional investment to bring council housing up to decent homes standard and to maintain this standard,

through leveraging in private finance. The level of capital receipts will be monitored throughout the year and the level of capital expenditure adjusted through the regular TBM reports as necessary to reflect the resources actually available.

### Capital Reserves

- 3.27 The level of reserves relates purely to unspent resources carried forward from previous years and has already been earmarked for specific schemes. The council monitors these resources over a rolling period by continually updating projections and comparing these against the level of commitments within the approved Capital Investment Programme.

### Specific Reserves

- 3.28 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 the Brighton Centre Redevelopment reserve to support the Brighton Centre regeneration project and funding of the Workstyles Phase 3 to support project resources.

### External Contributions

- 3.29 The council will receive new external contributions totalling £0.075m in 2014/15 associated with Section 106 funding to support the household waste project.

### Direct Revenue Funding

- 3.30 The General Fund and Housing Revenue Account budget reports elsewhere on the agenda include direct revenue funding of £26.540m. A summary of the allocations by service is shown in the table below.

| <b>TABLE 3: Direct Revenue Funding</b>  | <b>£ million</b> |
|---|------------------|
| Property & Design – planned maintenance | 0.789            |
| Structural maintenance for schools      | 0.900            |
| Adults Assessments – adaptations        | 0.150            |
| Housing adaptations                     | 0.068            |
| Children’s Services – Enhancements      | 0.040            |
| <b>Total General Fund Services</b>      | <b>1.947</b>     |
| Housing Revenue Account                 | 24.593           |
| <b>Grand Total</b>                      | <b>26.540</b>    |

### Council Borrowing under the Prudential Code

- 3.31 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 2014/15 it is proposed that the Council will undertake borrowing of £9.805m to finance capital expenditure plans as detailed appendix 3.

### **Temporary Funding**

- 3.32 Temporary funding through either borrowing or the use of reserves will be required to finance the cash flows associated with the Workstyles Phase 3 project and education funding for primary and secondary schools. The costs associated with short term funding has been built into the Workstyles business plan to cover capital investment until capital receipts are realised. Funding for Basic Need education capital grant has been announced for 2015/16 and temporary funding will be used to enable work to commence on schools in 2014/15.

## **4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS**

- 4.1 The budget process allows all parties to put forward viable alternative capital investment proposals to Budget Council on 27 February 2014. 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 24th February.

## **5. COMMUNITY ENGAGEMENT AND CONSULTATION**

- 5.1 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.

## **6. CONCLUSION**

- 6.1 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.

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

### Financial Implications:

- 7.1 These are contained within the main body of the report.

*Finance Officer Consulted: Rob Allen*

*Date: 04/02/2014*

### Legal Implications:

- 7.2 Policy & Resources Committee has delegated power to formulate the council's capital investment programme, and to recommend its adoption by full Council as part of the overall budget setting process.

*Lawyer Consulted: Oliver Dixon*

*Date: 03/02/14*

Equalities Implications:

- 7.3 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

- 7.4 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 council housing stock, sustainable transport initiatives, and decent homes 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.

Any Other Significant Implications:

Risk and Opportunity Management Implications:

- 7.5 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 9 of the Revenue Budget report elsewhere on the agenda highlights some of the general risks to the Capital Investment Programme.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. Capital Investment Programme 2014/15 to 2016/17
2. Other Capital Investment
3. Council Capital Borrowing 2014/15

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

1. None

### **Background Documents**

1. Letter from the Department for Transport dated 30 December 2013.
2. Letter from the Department of Health relating to the Local Authority Personal Social Services Capital Grant Allocations dated 19 December 2012.
3. Notification from the Department for Communities and Local Government relating to Disabled Facilities Grant dated 3 January 2014.
4. Notifications from the Department for Education dated 18 December 2013 and 24 January 2014.
5. Various files held within the Strategic Finance and Integrated Financial Management & Planning units. Budget and accounting files are held within Integrated Financial Management & Planning.



## Capital Investment Programme 2014/15 to 2016/17

| Capital Scheme               | Spend to<br>Mar 2013<br>£000 | Approved<br>Payments<br>2013/14<br>£000 | Profiled<br>Payments<br>2014/15<br>£000 | Profiled<br>Payments<br>2015/16<br>£000 | Profiled<br>Payments<br>2016/17<br>£000 |
|------------------------------|------------------------------|---|---|---|---|
| <b>SUMMARY</b>               |                              |   |   |   |   |
| <b>Approved Schemes</b>      |                              |   |   |   |   |
| Children's Services          |                              |   | 3,917                                   | 0                                       | 0                                       |
| Adult Services               |                              |   | 150                                     | 150                                     | 150                                     |
| Env, Dev & Housing (GF*)     |                              |   | 7,959                                   | 1,370                                   | 1,215                                   |
| Env, Dev & Housing (HRA)     |                              |   | 5,088                                   | 0                                       | 0                                       |
| Assistant Chief Executive    |                              |   | 1,336                                   | 299                                     | 0                                       |
| Finance, Resources & Law     |                              |   | 3,771                                   | 9,717                                   | 1,750                                   |
| <b>New Schemes</b>           |                              |   |   |   |   |
| Children's Services          |                              |   | 12,954                                  | 12,907                                  | 17,041                                  |
| Adult Services               |                              |   | 674                                     | 600                                     | 600                                     |
| Env, Dev & Housing (GF)      |                              |   | 8,230                                   | 7,000                                   | 7,000                                   |
| Env, Dev & Housing (HRA)     |                              |   | 28,876                                  | 35,386                                  | 24,822                                  |
| Assistant Chief Executive    |                              |   | 0                                       | 0                                       | 0                                       |
| Finance, Resources & Law     |                              |   | 7,020                                   | 4,250                                   | 2,750                                   |
| <b>Total</b>                 |                              |   | <b>79,975</b>                           | <b>71,679</b>                           | <b>55,328</b>                           |
| <b>Funded by:</b>            |                              |   |   |   |   |
| Government Grants Single Pot |                              |   | 20,099                                  | 22,639                                  | 23,241                                  |
| Government Grants Ringfenced |                              |   | 7,698                                   | 1,761                                   | 500                                     |
| Capital Receipts             |                              |   | 4,733                                   | 5,642                                   | 9,910                                   |
| Capital Receipts HRA         |                              |   | 3,558                                   | 4,897                                   | 675                                     |
| Capital Reserves             |                              |   | 934                                     | 0                                       | 0                                       |
| HRA Capital Reserves         |                              |   | 1,040                                   | 500                                     | 500                                     |
| Specific Reserves            |                              |   | 1,476                                   | 1,370                                   | 1,215                                   |
| External Contributions       |                              |   | 75                                      | 0                                       | 0                                       |
| Direct Revenue Funding (GF)  |                              |   | 1,947                                   | 1,550                                   | 1,550                                   |
| Direct Revenue Funding (HRA) |                              |   | 24,593                                  | 22,600                                  | 23,500                                  |
| Council Borrowing            |                              |   | 9,805                                   | 7,627                                   | 1,347                                   |
| Temporary Funding            |                              |   | 4,017                                   | 3,093                                   | (7,110)                                 |
| <b>Total</b>                 |                              |   | <b>79,975</b>                           | <b>71,679</b>                           | <b>55,328</b>                           |

\* GF = General Fund

Note - Only schemes that have an impact on the capital programme in 2014-15 and future years have been included within these tables

| Capital Scheme                            | Spend to<br>Mar 2013<br>£000 | Approved<br>Payments<br>2013/14<br>£000 | <b>Profiled<br/>Payments<br/>2014/15<br/>£000</b> | Profiled<br>Payments<br>2015/16<br>£000 | Profiled<br>Payments<br>2016/17<br>£000 |
|---|------------------------------|---|---|---|---|
| <b><u>CHILDREN'S SERVICES</u></b>         |                              |   |   |   |   |
| <b><u>Approved Schemes</u></b>            |                              |   |   |   |   |
| <u>Child Health, Safeguard &amp; Care</u> |                              |   |   |   |   |
| Two Year Olds – Capital Grant             |                              | 100                                     | <b>322</b>  |   |   |
| Contact Supervision Centres               |                              |   | <b>40</b>   |   |   |
| <u>Education &amp; Inclusion</u>          |                              |   |   |   |   |
| New Pupil Places – Primary Schools        |                              | 8,250                                   | <b>3,147</b>                                      |   |   |
| Capital Maintenance 2013/14               |                              | 2,700                                   | <b>408</b>  |   |   |
| <b><u>New Schemes</u></b>                 |                              |   |   |   |   |
| Basic Need - New Pupil Places             |                              |   | <b>7,493</b>                                      | 8,507                                   | 12,641                                  |
| Capital Maintenance 2014/15               |                              |   | <b>2,863</b>                                      | 3,000                                   | 3,000                                   |
| Targeted Basic Need – West Hove           |                              |   | <b>652</b>  |   |   |
| Devolved Formula Capital                  |                              |   | <b>528</b>  | 500                                     | 500                                     |
| Structural Maintenance                    |                              |   | <b>900</b>  | 900                                     | 900                                     |
| Infants Free School Meals–Capital         |                              |   | <b>518</b>  |   |   |
| <b>Total for Service</b>                  |                              | <b>11,050</b>                           | <b>16,871</b>                                     | <b>12,907</b>                           | <b>17,041</b>                           |

| Capital Scheme                                   | Spend to<br>Mar 2013<br>£000 | Approved<br>Payments<br>2013/14<br>£000 | <b>Profiled<br/>Payments<br/>2014/15<br/>£000</b> | Profiled<br>Payments<br>2015/16<br>£000 | Profiled<br>Payments<br>2016/17<br>£000 |
|--|------------------------------|---|---|---|---|
| <b><u>ADULT SERVICES</u></b>                     |                              |   |   |   |   |
| <b><u>Approved Schemes</u></b>                   |                              |   |   |   |   |
| <u>Adults Assessment</u><br>Adaptations to Homes | 2,951                        | 200                                     | <b>150</b>  | 150                                     | 150                                     |
| <b><u>New Schemes</u></b>                        |                              |   |   |   |   |
| Adult Social Care Capital Grant                  |                              |   | <b>674</b>  | 600                                     | 600                                     |
| <b>Total for Service</b>                         | <b>2,951</b>                 | <b>200</b>                              | <b>824</b>  | <b>750</b>                              | <b>750</b>                              |

| Capital Scheme   | Spend to<br>Mar 2013<br>£000 | Approved<br>Payments<br>2013/14<br>£000 | Profiled<br>Payments<br>2014/15<br>£000 | Profiled<br>Payments<br>2015/16<br>£000 | Profiled<br>Payments<br>2016/17<br>£000 |
|--|------------------------------|---|---|---|---|
| <b><u>ENVIRONMENT, DEVELOPMENT<br/>&amp; HOUSING (GF)</u></b>                      |                              |   |   |   |   |
| <b><u>Approved Schemes</u></b>   |                              |   |   |   |   |
| <u>Delivery – City Infrastructure</u>  |                              |   |   |   |   |
| Hollingdean Depot  | 1,342                        | 927                                     | <b>1,000</b>                            |   |   |
| Sheepcote Valley Household Waste   |                              |   | <b>150</b>                              |   |   |
| <u>Transport</u>   |                              |   |   |   |   |
| Brighton Marina to River Adur Study  | 237                          | 105                                     | <b>21</b>                               |   |   |
| Local Sustainable Transport Fund   | 862                          | 760                                     | <b>100</b>                              |   |   |
| Highways Maintenance – pothole<br>funding  |                              | 594                                     | <b>325</b>                              |   |   |
| <u>Housing General Fund</u>  |                              |   |   |   |   |
| Major housing adaptations  | 234                          | 48                                      | <b>68</b>                               |   |   |
| Disabled Facilities Grant 2013/14  |                              | 911                                     | <b>189</b>                              |   |   |
| Private Sector Renewals  | 33,500                       | 164                                     | <b>234</b>                              |   |   |
| HCA Empty Homes  |                              | 85                                      | <b>1,435</b>                            |   |   |
| Brighton & Hove Seaside<br>Community Homes post lease<br>refurbishment             | 3,563                        | 2,002                                   | <b>330</b>                              | 847                                     | 617                                     |
| Brighton & Hove Seaside<br>Community Homes ongoing costs to<br>maintain properties | 6                            | 511                                     | <b>463</b>                              | 523                                     | 598                                     |
| <u>City Regeneration</u>   |                              |   |   |   |   |
| Support for major projects   |                              | 507                                     | <b>437</b>                              |   |   |
| Super Connected Cities   |                              |   | <b>3,207</b>                            |   |   |
| <b><u>New Schemes</u></b>  |                              |   |   |   |   |
| Local Transport Plan   |                              |   | <b>7,479</b>                            | 7,000                                   | 7,000                                   |
| Disabled Facilities Grant  |                              |   | <b>751</b>                              |   |   |
| <b>Total for Service</b>   | <b>39,744</b>                | <b>6,614</b>                            | <b>16,189</b>                           | <b>8,370</b>                            | <b>8,215</b>                            |



| Capital Scheme   | Spend to<br>Mar 2013<br>£000 | Approved<br>Payments<br>2013/14<br>£000 | <b>Profiled<br/>Payments<br/>2014/15<br/>£000</b> | Profiled<br>Payments<br>2015/16<br>£000 | Profiled<br>Payments<br>2016/17<br>£000 |
|--|------------------------------|---|---|---|---|
| <b><u>ENVIRONMENT, DEVELOPMENT<br/>&amp; HOUSING (HRA)</u></b> |                              |   |   |   |   |
| <b><u>Approved Schemes</u></b>                                 |                              |   |   |   |   |
| <u>Delivery – Housing Social Inclusion</u>                     |                              |   |   |   |   |
| Improving Housing Quality                                      |                              |   | <b>1,748</b>                                      |   |   |
| Brighton & Hove Standard Works                                 |                              |   | <b>611</b>  |   |   |
| Sustainability & Carbon Reductions                             |                              |   | <b>2,577</b>                                      |   |   |
| Building New Council Homes                                     |                              |   | <b>25</b>   |   |   |
| Tackling Inequality  |                              |   | <b>127</b>  |   |   |
| <br>   |                              |   |   |   |   |
| <b><u>New Schemes</u></b>                                      |                              |   |   |   |   |
| <u>Housing Stock Programme:</u>                                |                              |   |   |   |   |
| Improving Housing Quality                                      |                              |   | <b>7,839</b>                                      | 7,524                                   | 7,912                                   |
| Brighton & Hove Standard Works                                 |                              |   | <b>4,675</b>                                      | 4,499                                   | 4,331                                   |
| Sustainability & Carbon Reductions                             |                              |   | <b>7,447</b>                                      | 9,561                                   | 8,267                                   |
| Tackling Inequality  |                              |   | <b>3,915</b>                                      | 3,302                                   | 3,312                                   |
| Building New Council Homes                                     |                              |   | <b>5,000</b>                                      | 10,500                                  | 1,000                                   |
| <b>Total for Service</b>                                       |                              |   | <b>33,964</b>                                     | 35,386                                  | 24,822                                  |

| Capital Scheme   | Spend to<br>Mar 2013<br>£000 | Approved<br>Payments<br>2013/14<br>£000 | <b>Profiled<br/>Payments<br/>2014/15<br/>£000</b> | Profiled<br>Payments<br>2015/16<br>£000 | Profiled<br>Payments<br>2016/17<br>£000 |
|--|------------------------------|---|---|---|---|
| <b><u>ASSISTANT CHIEF EXECUTIVE</u></b>  |                              |   |   |   |   |
| <b><u>Approved Schemes</u></b>   |                              |   |   |   |   |
| <u>Sports &amp; Leisure</u>  |                              |   |   |   |   |
| Volks Railway project  | 23                           | 57                                      | <b>888</b>  | 299                                     |   |
| <u>Royal Pavilion Arts &amp; Museum</u>  |                              |   |   |   |   |
| Historical Records Centre (The Keep)   | 777                          | 4,657                                   | <b>190</b>  |   |   |
| <u>Delivery – Tourism &amp; Leisure</u>  |                              |   |   |   |   |
| Brighton Box Office  |                              | 4                                       | <b>176</b>  |   |   |
| <u>Corporate Policy Performance &amp; Communities</u>                                |                              |   |   |   |   |
| Grant for voluntary & community organisations funded from sale of civic number plate |                              |   | <b>82</b>   |   |   |
| <b><u>New Schemes</u></b>  |                              |   |   |   |   |
|  |                              |   | <b>None</b>                                       |   |   |
| <b>Total for Service</b>   | 800                          | 4,718                                   | <b>1,336</b>                                      | 299                                     |   |

| Capital Scheme                                  | Spend to<br>Mar 2013<br>£000 | Approved<br>Payments<br>2013/14<br>£000 | <b>Profiled<br/>Payments<br/>2014/15<br/>£000</b> | Profiled<br>Payments<br>2015/16<br>£000 | Profiled<br>Payments<br>2016/17<br>£000 |
|---|------------------------------|---|---|---|---|
| <b><u>FINANCE, RESOURCES &amp; LAW</u></b>      |                              |   |   |   |   |
| <b><u>Approved Schemes</u></b>                  |                              |   |   |   |   |
| <u>City Services</u>                            |                              |   |   |   |   |
| Woodingdean Library                             |                              | 288                                     | <b>212</b>  |   |   |
| Woodvale Cremators for Mercury<br>Abatement     | 78                           | 1,750                                   | <b>196</b>  |   |   |
| <u>HR &amp; Organisational Development</u>      |                              |   |   |   |   |
| Human Resources System                          | 1,363                        | 43                                      | <b>165</b>  |   |   |
| <u>Property &amp; Design</u>                    |                              |   |   |   |   |
| Hollingdean Depot Health & Safety               |                              | 78                                      | <b>41</b>   |   |   |
| NEH Health & Safety Improvements                |                              | 80                                      | <b>42</b>   |   |   |
| Madeira Terraces Structural Repairs             | 97                           | 100                                     | <b>150</b>  |   |   |
| Preston Manor Repairs                           |                              |   | <b>87</b>   |   |   |
| Property Refurbishments & Repairs               | 987                          | 426                                     | <b>252</b>  |   |   |
| Workstyles Phase Two                            | 2,948                        | 2,796                                   | <b>33</b>   |   |   |
| Workstyles Phase Three                          |                              | 1,160                                   | <b>2,593</b>                                      | 9,717                                   | 1,750                                   |
| <b><u>New Schemes</u></b>                       |                              |   |   |   |   |
| Strategic Investment Fund                       |                              |   | <b>250</b>  | 250                                     | 250                                     |
| Replacement of vehicles                         |                              |   | <b>3,470</b>                                      | 700                                     | 700                                     |
| Planned maintenance to operational<br>buildings |                              |   | <b>500</b>  | 500                                     | 500                                     |
| Planned maintenance to social care<br>buildings |                              |   | <b>500</b>  | 500                                     | 500                                     |
| Asset Management Fund                           |                              |   | <b>300</b>  | 300                                     | 300                                     |
| ICT Fund  |                              |   | <b>2,000</b>                                      | 2,000                                   | 500                                     |
| <b>Total for Service</b>                        | <b>5,473</b>                 | <b>6,721</b>                            | <b>10,791</b>                                     | <b>13,967</b>                           | <b>4,500</b>                            |



## Other Capital Investment

## Appendix 2

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

| Project  | Procurement Route   | Investment             |
|--|---|------------------------|
| <u>Projects Under Construction and completed</u><br>Edward Street / American Express | Private Sector Partnership  | To be determined       |
| Historical Records Centre (The Keep)   | Partnership with East Sussex County Council and Sussex University                   | Circa £19m             |
| Open Market  | Under construction through Open Market Traders Association and enabling development | Circa £15m development |

| <u>Projects Yet To Commence</u>                |   |   |
|--|---|---|
| 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  | To be determined  |
| Royal Pavilion Estate Regeneration             | Heritage Lottery Funding, other grant funding and private sector partners   | Circa £38.0m regeneration   |
| Preston Barracks / University of Brighton land | Regeneration development with Brighton University & private sector partners | To be determined  |



The table below identifies council borrowing during 2014/15 for capital investment.

| <b>Council Borrowing in 2014/15</b>                | <b>£ million</b> |
|--|------------------|
| Housing Revenue Account - 14/15 new borrowing      | 1.200            |
| Housing Revenue Account – 13/14 reprofiled schemes | 2.492            |
| Replacement programme vehicles & plant             | 3.470            |
| Social Care buildings                              | 0.500            |
| Historical Records Centre – The Keep               | 0.190            |
| Workstyles Phase 3                                 | 0.820            |
| Private Sector Renewals (reprofiled)               | 0.234            |
| Brighton Centre Box Office (reprofiled)            | 0.176            |
| Woodingdean Library (reprofiled)                   | 0.212            |
| Woodvale cremators (slippage)                      | 0.196            |
| Property maintenance (reprofiled)                  | 0.150            |
| HR System (reprofiled)                             | 0.165            |
| <b>Total for Capital Programme</b>                 | <b>9.805</b>     |

- As part of the HRA business plan borrowing will be used to support the delivery of Decent Homes and funding of £2.492m was reprofiled from 2013/14 for investment in lift refurbishment, domestic rewiring, decorations and boiler replacement at various sites. A total sum of £1.2m 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 provision of £3.470m is for replacement of vehicles during the year. This includes replacement refuse collection street cleansing vehicles for Cityclean, potential replacement of miscellaneous waste and parks vehicles during the year and parking equipment if this proves to be the most cost-effective way of procurement. These assets 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) has been developed in partnership with East Sussex County Council and Sussex University and houses 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 £0.190m of that planned spend in 2014/15. The financing costs of borrowing have been included in the revenue budget.

- The Workstyles Phase 3 project is funded through a combination of capital receipts, corporate funding and borrowing. An estimated £0.820m will be required in 2014/15 with financing costs being met from revenue savings generated from the project.
- Private Sector Renewals borrowing of £0.234m was reprofiled at TBM9
- Brighton Centre Box Office borrowing of £0.176m was reprofiled at TBM9
- Woodingdean Library borrowing of £0.212m was reprofiled at TBM9
- 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.
- A number of maintenance schemes have been reprofiled from 2013/14 with the financing costs being met from existing revenue budgets.
- 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



27 February 2014

Brighton &amp; Hove City Council

**Subject:** Housing Revenue Account Budget 2014/15 - Extract from the Proceedings of the Policy & Resources Committee Meeting held on the 13<sup>th</sup> February 2014

**Date of Meeting:** 27 February 2014

**Report of:** Head of Law

**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 the Council:***

To receive the item referred from the Policy &amp; Resources Committee for approval:

**Recommendation:**

- (1) That the budget for 2014/15 as shown in Appendix 1 to the report according to the final year of rent convergence to be confirmed by the government in its rent restructuring guidance for 2014/15 be approved;
- (2) That individual rent increases and decreases in line with rent restructuring principles as determined by the Government and detailed in paragraphs 3.12 to 3.16 in the report and according to the final year of rent convergence to be confirmed by government in its rent restructuring guidance for 2014/15 be approved;
- (3) That the changes to fees and charges as detailed in Appendix 2 to the report, subject to the mobility scooter storage charge being set at £3.00 per week rather than £4.00 be approved; and
- (4) That the new service charges outlined in Appendix 2 to the report, subject to the revision in (3) above, including the phased implementation of the new Intensive Housing Management charge be approved; and
- (5) That the Equalities Impact Assessment shown in appendix 3 to the report be noted.

**POLICY & RESOURCES COMMITTEE**

4.00 pm 13 February 2014  
COUNCIL CHAMBER, HOVE TOWN HALL

**DRAFT MINUTES**

**Present:** Councillor J Kitcat (Chair); Councillors Littman (Deputy Chair), G Theobald (Opposition Spokesperson), Morgan (Group Spokesperson), Hamilton, Lepper, A Norman, Peltzer Dunn, Randall and Shanks.

**PART ONE****122 HOUSING REVENUE ACCOUNT BUDGET 2014/15**

- 122.1 The Executive Director for Finance & Resources introduced the report, which outlined the proposed Housing Revenue Account budget for 2014/15, as required by the Local Government and Housing Act 1989. She noted that the report had been considered by the Housing Committee at its meeting on the 15<sup>th</sup> January which had recommended that the budget as set out be recommended to the Council for approval.
- 122.2 Councillor Randall moved an amendment to the recommendations which proposed that the motor scooter storage fee be reduced from £4.00 to £3.00 per week and noted that it would then be reviewed after a six month period.
- 122.3 Councillor Littman formally seconded the amendment.
- 122.4 Councillor Randall stated that there was a need for a strong Housing Revenue Account in order to protect the council's stock and noted that there was a high level of satisfaction amongst tenants for the services provided by Housing Management. However, there was a need to look at aspects of the various charges that were made and to take these into consideration as part of the review of charges and rents. He noted that housing rents in the private sector and through Housing Associations were much higher than those charged by the council and therefore there was a need to continue to support council tenants and to look to help those on the waiting lists. He recommended the proposed budget as amended to the committee and to the council.
- 122.5 Councillor Lepper referred to the proposed amendment and noted that new service charges were proposed for tenants and queried whether it was appropriate to seek to add more charges in this way. She was unsure that the £3.00 charge for motor scooter storage was still too high and queried whether if a reduction was made after six months, there would be a rebate to those tenants. There were a number of elderly tenants who did not qualify for housing benefit but would now be faced with an additional cost.

- 122.6 Councillor Randall stated that there was a need to provide storage areas for mobility scooters to prevent health & safety issues and that it was intended to undertake a review of the charge after six months, at which time a change could be made if it was necessary.
- 122.7 Councillor Peltzer Dunn questioned the proposed level of charge for the storage and what was regarded as an acceptable unit of electricity to be used. He noted that there was a need to provide lighting in public areas and to ensure that lifts were serviced and maintained, for which charges could be made, but was uncertain as to how far such service charges should go.
- 122.8 The Chair stated that it was difficult to define an acceptable wattage of electricity; however in making a service charge, tenants were aware of what they were paying for. He noted that an amendment had been proposed and put it to the vote which was carried. He then put the recommendations as amended to the vote which were carried.
- 122.9 **RESOLVED TO RECOMMEND**
- (1) That the budget for 2014/15 as shown in Appendix 1 to the report according to the final year of rent convergence to be confirmed by the government in its rent restructuring guidance for 2014/15 be approved;
  - (2) That individual rent increases and decreases in line with rent restructuring principles as determined by the Government and detailed in paragraphs 3.12 to 3.16 in the report and according to the final year of rent convergence to be confirmed by government in its rent restructuring guidance for 2014/15 be approved;
  - (3) That the changes to fees and charges as detailed in Appendix 2 to the report, subject to the mobility scooter storage charge being set at £3.00 per week rather than £4.00 be approved; and
  - (4) That the new service charges outlined in Appendix 2 to the report, subject to the revision in (3) above, including the phased implementation of the new Intensive Housing Management charge be approved; and
  - (5) That the Equalities Impact Assessment shown in appendix 3 to the report be noted.



|                         |  |  |                     |
|-------------------------|--|--|---------------------|
| <b>Subject:</b>         | <b>Housing Revenue Account Budget 2014/15</b>  |  |                     |
|                         | <b>27 February 2014</b>  |  |                     |
| <b>Date of Meeting:</b> | 13 February 2014 – Policy & Resources Committee<br>15 January 2014 – Housing Committee |  |                     |
|                         | <b>Executive Director of Finance &amp; Resources</b>                                   |  |                     |
| <b>Report of:</b>       | <b>Executive Director of Environment, Development &amp; Housing</b>                    |  |                     |
| <b>Contact Officer:</b> | <b>Name:</b>   | <b>Monica Brooks and Susie Allen</b>   | <b>Tel: 29-2279</b> |
|                         | <b>E-mail:</b>   | <a href="mailto:monica.brooks@brighton-hove.gov.uk">monica.brooks@brighton-hove.gov.uk</a><br><a href="mailto:susie.allen@brighton-hove.gov.uk">susie.allen@brighton-hove.gov.uk</a> |                     |
| <b>Wards Affected</b>   | <b>ALL</b>   |  |                     |

**FOR GENERAL RELEASE****1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 This report presents the proposed Budget for 2014/15 as required by the Local Government and Housing Act 1989. Members are required to consider the budget proposals including savings and service pressures as well as changes to rents, fees and charges.
- 1.2 The council's Housing Revenue Account (HRA) contains the income and expenditure relating to the council's social landlord duties, of approximately 11,800 properties and 2,600 leasehold properties. The income and expenditure related to these properties are accounted for separately from the council's other services/activities which form part of the council's General Fund.
- 1.3 In managing the HRA, the budget strategy continues to aim at reducing management overhead costs in order to optimise investment in service delivery to the benefit of our tenants and leaseholders and that reduces inequality, improves homes and sustains local neighbourhoods.
- 1.4 At the time of issuing this report to Housing Committee on 15 January 2014 and Housing Management Consultative Committee on 11 February 2014 the council was awaiting confirmation from the Government of the 2014/15 rent restructuring guidance relating to the target rent convergence date. The government was to confirm whether 2014/15 or 2015/16 will be the final year of rent convergence when setting the rents for April 2014. Therefore two sets of budget proposals and rent increases were prepared based on each of the possible convergence years. Confirmation has now been received from the government that 2014/15 is the year when rent convergence ends and the final report to Policy & Resources Committee now includes the budget and rent proposals based on the confirmed rent convergence date of 2014/15.

## **2. RECOMMENDATIONS:**

### **2.1 That Policy & Resources Committee:**

- (a) Approves and recommends to Council the budget for 2014/15 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 3.12 to 3.16.
- (c) Approves the changes to fees and charges as detailed in Appendix 2.
- (d) Approves the new service charges outlined in Appendix 2 including the phased implementation of the new Intensive Housing Management charge.
- (e) Notes the Equalities Impact Assessment shown in Appendix 3.

## **3. HRA BUDGET PROPOSALS 2014/15**

### **Summary**

- 3.1 A local authority's HRA must be in balance, and 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 planning process.
- 3.2 In a continuing drive to ensure value for money within the service, benchmarking of both service quality and cost is used extensively to identify opportunities for better efficiency. Benchmarking against comparator organisations and an analysis of the outcome of the Housing Quality Network value for money review in 2012 identified an efficiency savings target of £1.028m over 2 years to ensure that the service provides value for money. To continue this efficiency drive, the target set for 2014/15 was £0.438 million and this has been met through a reduction in management costs of £0.488 million included in the savings in paragraph 3.10 below.
- 3.3 The HRA Budget 2014/15 aims to balance the priorities of both the 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 four council priorities:
  - Tackling inequality
  - Creating a more sustainable city
  - Engaging people who live and work in the city
  - Modernising the council

### 3.4 The HRA revenue strategy focuses upon investment to deliver corporate priorities:

#### **1. Investment to tackle inequality and sustain rental income**

- Continued Investment in Prevention. Vulnerable residents of the City are over represented within the council's social housing stock. HRA investment in housing related support and the quality of council housing, promotes social inclusion and prevents negative impacts upon Health, Adult Social Care and Children's Services budgets preventing the need for costly statutory interventions such as homelessness support, corporate parenting, hospital and residential care admissions;
- Investment in housing support for older people. Enhancing our sheltered housing model. Working proactively to enable households to retain their existing accommodation and continue to live independently in their own homes;
- Continued investment in providing specialist support services for vulnerable council housing residents on low incomes including services that promote financial inclusion. This is critical for those households impacted by Welfare Reform;
- Continued Investment through the EU 'Interreg' grant funding in the 'Learning Cities' project will deliver support to council tenants that enhance the employability of individuals, and so improve their and their family's life chances;
- Continued investment in specialist tenancy management and support services to support vulnerable council housing residents and services which tackle the blight of anti-social behaviour.

#### **2. Creating a more sustainable city**

The housing management service is developing a Sustainability Action Plan according to One Planet Living principles:

- Providing energy advice to council tenants from operatives as part of the annual gas check and through other energy advice initiatives;
- Tackling fuel poverty through continued investment in providing modern, energy efficient heating for council housing residents;
- Improving the sustainability and energy efficiency of the housing stock in line with the emerging One Planet Living Sustainable Action Plan for council housing. This will include insulation improvements, over-cladding projects, solar PV and improvements to communal lighting;
- Investing in estate regeneration and building new council homes to high sustainability standards;
- Action to increase asset value, tackle overcrowding, and improve well-being through continuation of the loft conversion / extension programme;
- A strategic programme to tackle damp and condensation to contribute to improving health inequalities.

#### **3. Engaging people who live and work in the city**

- Further development of tenant and resident involvement and the new tenant scrutiny panel to ensure that tenants and leaseholders have a stronger voice in the management of council housing within the framework of current policies and priorities;
- 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. To date this includes:
  - 65 apprentice and work opportunities provided
  - 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
  - Supporting the “Waste House” project in partnership with the University of Brighton and Mears. More than 3,000 people, among them students, apprentices, local builders and school children are involved in building the house, with the ambition to train students and apprentices around emerging sustainable industries.

## **Budget Variations**

- 3.5 The HRA budget for 2014/15 is shown in Appendix 1 with the main budget variations detailed in Table 1 below. Employees’ costs include provision for a 1% pay increase along with any known increments.
- 3.6 The inflationary provision for non-employee costs ranges from zero to 2%, with the exception of some contracts where inflationary increases are agreed within the terms of the contract. All income budgets are zero-based<sup>1</sup> and therefore charges are estimated based on known increases in costs or inflation.
- 3.7 The major works leasehold income budget has increased by £0.609 million to reflect a significant increase in planned major works during 2013/14 to blocks containing leaseholders.
- 3.8 The budget for capital financing costs of £8.564 million has increased by £0.416 million. In order to maximise capacity for future borrowing, this budget includes a set aside of £2 million for the future repayment of debt. The budget also includes the repayment of borrowing of £1.274 million with the remaining costs being interest on the outstanding debt.
- 3.9 The budget variances result in a surplus which will be used to support the capital programme and is shown as ‘revenue contributions to capital schemes’ within the Revenue Budget. Savings proposals, service pressures and changes to rents and

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<sup>1</sup> A zero-based budget is one that is wholly recalculated each year rather than changing incrementally.



fees and charges are detailed in paragraphs 3.10 to 3.20 with an Equalities Impact Assessment of the budget proposals shown in Appendix 3.

**Table 1: Main Budget Variations**

| Variation  | With rent convergence ending 2014/15<br>£'000 |
|--|---|
| <b>Adjusted Budget 2013/14</b>                           | <b>(0)</b>                                    |
| <b><i>Increases in Resources:</i></b>                    |   |
| Savings Proposals as detailed in paragraph 3.10          | (1,303)                                       |
| Increase in rent for dwellings (net of empty properties) | (1,188)                                       |
| Increase in major works income from leaseholders         | (609)   |
| <b><i>Reductions in Resources:</i></b>                   |   |
| Employees pay award and other inflation                  | 405   |
| Service Pressures as detailed in paragraph 3.11          | 870   |
| Increase in capital financing costs                      | 416   |
| Revenue contribution to capital schemes                  | 1,350   |
| Other Minor Variances                                    | 59  |
| <b>Original Budget 2014/15</b>                           | <b>(0)</b>                                    |

### Savings & Service Pressures

3.10 The HRA Budget strategy provides savings of £1.303m for reinvestment in services and the capital programme in 2014/15 by:

- Reducing housing management costs by £0.488m following the redesign of services such as the estates cleaning and neighbourhood response services; reducing the number of service access points around the City and continuing improvements in efficiency;
- Increasing income by £0.485m per annum through the introduction of service charges to tenants for common way electricity, lift servicing and a revision to the TV aerial charge to cover the servicing and maintenance element. This also includes increases to the commercial property portfolio income. Details of the proposed fees and service charges are shown in Appendix 2.
- A net increase in income of £0.260m as a result of a revised charge to tenants in sheltered accommodation for intensive housing management, taking account of a remodelled service and the reduction in supporting people funding of £0.340m. The proposal is to redesign the sheltered service with costs covered by service charges eligible for Housing Benefit making the service more financially secure. The remodelled service will be more aligned to health and social care outcomes and designed to respond to the changing demographics of the older population.
- Reducing maintenance unit costs through service efficiencies in the Repairs and Maintenance partnership contract saving £0.070m.

3.11 The required reinvestment in services is currently estimated at £0.870m with the remaining savings of £0.433m being reinvested in the capital programme. The revenue pressures requiring reinvestment are:

- A review of the Homemove and Housing Options budgets has identified that a greater proportion of time is spent on HRA properties than previously budgeted resulting in a reallocation of costs of £0.132m;
- £0.258m is required for investment in staffing as part of our action to mitigate against the potential negative impacts of Welfare Reform and to reduce financial and social inequality. This includes housing management staff working with families in multiple deprivation and funding for a mutual exchange scheme supporting those under-occupying to move to more suitable and financially sustainable accommodation;
- In response to feedback from sheltered residents and the increasing complexity of needs of some residents, £0.160m is being re-invested in extra staffing for the Sheltered Service;
- An additional £0.030m to provide statutory storage facilities for HRA tenants who abandon their accommodation. This budget requirement results from a number of residents making a bid to take over the current storage space at Robert Lodge for community space;
- Investment of £0.145m in support service costs. This amount represents additional support for the HRA that has arisen and relates specifically to:
  - an additional legal post to assure the Council and provide specialist housing advice in relation to increasing complexities in the service;
  - a health and safety officer to ensure that the housing property and investment service meets health and safety legislation, and;
  - additional Human Resources support to help manage the significant on-going changes to the service.
- A contribution of £0.145m for grants to the community. A review of the current 3 Year and Annual Grant programme has estimated that £0.145m of the allocated funding related to projects that focus primarily or significantly on supporting council tenants and leaseholders or activities relating to predominantly council estates. As a result, it is appropriate for the HRA to fund the relevant proportion of these activities. Items that must be accounted for within the Housing Revenue Account (HRA) are defined by Schedule 4 of the Local Government and Housing Act 1989, the DoE Circular 8/95 published in 1995 and also the CIPFA Service Reporting code of Practice (SERCOP), which is updated annually. The DoE Circular 8/95 sought to clarify some of the unclear areas relating to expenditure and income that can be charged to the HRA. It states that where amenities benefit the wider community, costs should be appropriately shared between the HRA and General Fund. Contributing to these community groups working in and around council estates aims to enhance community cohesion and the lives of our tenants by, for example, helping to deliver the council's financial and digital inclusion programmes.

## Rents 2014/15

- 3.12 Rents for 2014/15 will continue to be calculated in accordance with the government's current 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 current guidance specifies a maximum rent increase equivalent to Retail Price Index (RPI) inflation + ½% + £2 per week.
- 3.13 The government has recently published a consultation document covering changes to social housing rent policy which is set to apply from April 2015 onwards. The current basis on which social housing target rents are set will still apply. The main changes to be introduced are that the annual increases with effect from April 2015 will change from RPI + ½% + £2 per week to Consumer Price Index (CPI) + 1%. This change will remove the flexibility of social landlords to increase social rents each year by an additional £2 where rents are below target. The government expects that this change will generally result in lower annual rental increases over the long term.
- 3.14 For 2014/15 rents, local authorities must still use the September 2013 RPI of 3.2% plus ½% for setting rent inflationary increases plus up to £2 (where rents are below target). The government has confirmed that the rent policy change from April 2015 has brought forward the final year of rent convergence to 2014/15.
- 3.15 Rent convergence in 2014/15 results in an average rent increase of 5.43% for Brighton & Hove, as the majority of rents are increasing towards target rents. However, in line with rent restructuring, where rents are moving towards their individual targets, some rents will be increasing by more or less than the average rent increase. Table 2 below provides details of the average rents and increases/decreases.

**Table 2: Rent increases**

| <b>Rent Convergence Year</b> | <b>Average weekly rent increase 2014/15 %</b> | <b>Average weekly rent for 2014/15</b> | <b>Average weekly rent increase for 2014/15</b> | <b>Maximum weekly increase 2014/15</b> | <b>Maximum (decrease)</b> |
|------------------------------|---|--|---|--|---------------------------|
| 2014/15                      | 5.43%   | £83.72                                 | £4.31   | £7.28                                  | (£1.37)                   |

- 3.16 It should be noted that approximately 70% of tenants are in receipt of housing benefit. The average rents still remain the lowest and the most affordable in the city, and offer our tenants secure accommodation. In 2013/14 rents were 69% lower than the private sector and in 2012/13 15% lower than housing associations in the area.

## Fees and Service Charges 2014/15

- 3.17 The government introduced rent restructuring with the aim of creating rents that are fair and affordable. Rents are not calculated to take into account any service charges and only

include all charges associated with the occupation of a dwelling, such as maintenance of the building and general housing management services.

- 3.18 Service charges should therefore reflect additional services which may not be provided to every tenant or which may be connected with communal facilities rather than to a particular occupation of a house or flat. Different tenants may receive different types of service reflecting their housing circumstances. Tenants are already paying for a variety of different services such as cleaning services and grounds maintenance, depending on where they live in the City.
- 3.19 Now that the HRA is self financing, it is ever more important to ensure its long term viability. The authority must ensure sufficient funds are available to meet the future management, repairs and investment needs of the stock to keep homes decent and to invest in building new affordable housing.
- 3.20 The proposed fees and charges for 2014/15 are set out in Appendix 2. This year the proposals include new service charges to recover the costs of servicing and maintaining lifts and the costs of communal electricity in blocks of flats. It also includes a new charge for Intensive Housing Management which will replace the Supporting People charge. 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, to keep increases to a minimum. New service charges and those that have increased by more than the standard inflation provision are explained in further detail in Appendix 2. In most cases the new charges will be covered by Housing Benefit. The impact of the new service charges on different groups in the community is included in the Equalities Impact Assessment at Appendix 3.

### **Medium Term Financial Forecast**

- 3.21 The introduction of self financing in 2012 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 currently set at £156.8m for Brighton & Hove and the estimated total borrowing up to 31 March 2017 is £117.4m, providing additional borrowing capacity of £39.4m. The government has recently announced in the Autumn statement that it will increase the funding available for new affordable homes, by increasing local authority Housing Revenue Account borrowing limits nationally by £150 million in 2015-16 and £150 million in 2016-17, allocated on a competitive basis and from the sale of vacant high-value social housing. This funding will support around 10,000 new affordable homes nationally and will form part of the Local Growth Fund, available to local authorities who have a proposal agreed by their Local Enterprise Partnership (LEP). Full details of these proposals have yet to be received by local authorities.
- 3.22 The HRA 30 year Business Plan will be updated in early 2014 to reflect the recent autumn statement announcements, the impact of the proposals from the social rent 2015/16 consultation and the 2014/15 budget proposals. This will enable a review of future opportunities for additional investment in existing housing stock and building new homes 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. This will reduce the interest payments on existing debt and provide greater headroom in the borrowing limit for future development opportunities. A Medium Term Financial Forecast for years 2014/15 to 2016/17 is included in Appendix 4.

### Projected HRA Revenue Reserves

- 3.23 Table 3 details the projected revenue reserves for 2014/15 which are estimated at £4.370m as at 31 March 2015. Movements in reserves include a contribution of £1.500 million to fund the 2013/14 capital programme with a further £0.500 million for 2014/15 and an estimated contribution of £0.309 million from the 2013/14 revenue forecast outturn.
- 3.24 The recommended working balance (minimum level of reserves) is £2.800 million. Therefore, after taking this into account, usable revenue reserves are projected at £1.570 million at 31 March 2015, which can be used to support one off items of expenditure.

**Table 3: Projected Unearmarked Revenue Reserves at 31 March 2015**

|   | <b>£'000</b> |
|---|--------------|
| Reserves at 1 April 2013  | 6,061        |
| Plus: Forecast contribution from 2013/14 Revenue Outturn at month 9 | 309          |
| Less: Use of Reserves to fund the capital programme 2013/14         | (1,500)      |
| <b>Projected reserves at 31 March 2014</b>                          | <b>4,870</b> |
| <b>Less use of reserves to fund the capital programme 2014/15</b>   | <b>(500)</b> |
| <b>Total Projected Balance at 31 March 2015:</b>                    | <b>4,370</b> |
| <b>Applied to:</b>  |              |
| Working Balance   | <b>2,800</b> |
| Usable revenue reserves   | <b>1,570</b> |

- 3.25 Estate Development Budget reserves, which are held separately from the HRA general reserves above, are £0.246 million as at 1 April 2013. These reserves relate to committed revenue and capital expenditure for schemes agreed in previous financial years that are not yet completed.

## 4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 The budget process allows all parties to engage in the scrutiny of budget proposals and put forward viable alternative budget proposals to Budget Council on 27 February 2014. Budget Council has the opportunity to debate both the proposals recommended by Policy & Resources Committee at the same time as any viable alternative proposals.
- 4.2 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 to the rent rebate limitation which sets a limit on the level of rent increases. Any increases above this limit would result in a loss of Housing Benefit Subsidy, which is payable by the HRA.

- 4.3 The government's policy for rent restructuring is to ensure rents are fair and equitable nationally. Although the authority can set rents at a lower level than rent restructuring, this would bring the rents out of line with national policy. The government's self financing valuation agreed at April 2012 is based on using the rent restructuring formula and was set at a level to provide a balanced business plan over the next 30 years. Reducing rental increases away from those levels included in the valuation will affect the 30 year Business Plan and therefore reduce the level of resources available to fund future repairs, maintenance and improvement works. For example a 1% reduction in the rental increase for 2014/15 (saving each tenant an average of £0.80 per week in rent increase) would result in a loss of rental income of approximately £1.5 million over the next three years (£5.7m over 10 years, £27m over 30 years).
- 4.4 This budget proposes new service charges for lift servicing and maintenance, electricity for common ways and mobility scooter storage bays. These are estimated to raise £0.108m, £0.276m and £0.006m respectively per annum for the HRA (at 2014/15 prices). There is also an additional charge proposed to be added to the current TV aerial charge to allow for the on-going servicing and maintenance. This raises a further £0.051m per annum. These charges are only for those tenants that directly benefit from these services. The income from these charges will be used for investment in maintenance and improvements to tenants' homes. Over a ten year period, this amounts to £4.410m excluding inflationary increases.

## **5. COMMUNITY ENGAGEMENT & CONSULTATION**

- 5.1 At the Citywide Assembly, in November 2012, residents looked at a list of service priorities originally identified at Area Panels and discussed in groups their views about each area. They then identified specific areas of work that they would like to see prioritised. The wider Assembly then voted on each of these areas. Priorities which received the most support from either the assembly or from other tenant feedback 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 to, and feeding back on, anti-social behaviour
  - Increase rents for new homes and those who can afford it
  - Lifts to be repaired quicker
  - Draught proofing checks for homes
  - Faster response when repairs are reported
  - Reacting quickly when a vulnerable tenant has not been seen
- 5.2 These tenant priorities have continued to inform the budget setting process for 2014/15. The various tenant groups around the City have been consulted and shared their views on a variety of budget issues, for example:

- Tenants have been consulted through Area Panels and HMCSC on the office accommodation/access to service changes and the agreement to close the 4 remaining cash desks and Selsfield Drive housing office which forms part of the proposed efficiency savings for the budget.
- There has been consultation around the new Brighton & Hove Standard for Decent Homes spend for next year to include more choice on kitchen and bathroom finishes, and tenants have been involved in working up a revised Lettable Standard to achieve better value for money for the capital programme.
- Tenant involvement meant that amendments were made to the capital programme in relation to the loft and extension scheme to ease overcrowding.
- Similarly, the Business and Value for Money Service Improvement Group has identified support for financial inclusion work for tenants as a priority for them.

- 5.3 Further consultation commenced in January focusing on the implementation of the new service charges and further consideration of how any adverse impact on tenants and leaseholders can be mitigated..
- 5.4 The consultation will be in the form of focus groups with affected tenants (particularly those not in receipt of Housing Benefit) and meetings with the Sheltered Housing Action Group and the High Rise Action Group.

## 6. CONCLUSION

- 6.1 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.

## 7. FINANCIAL & OTHER IMPLICATIONS:

### Financial Implications:

- 7.1 The financial implications are contained within the main body of the report.

*Finance Officer Consulted: Monica Brooks/Susie Allen      Date: 11/12/13*

### Legal Implications:

- 7.2 Section 6 of the report outlines the legal framework for the HRA. The Housing Committee cannot approve the HRA Budget for 2014/15. The council's constitution provides that the Policy & Resources Committee is responsible for formulating budget proposals for approval by full council.

*Lawyer Consulted: Liz Woodley      Date: 09/12/13*

### Equalities Implications:

- 7.3 The HRA budget funds services to people with special needs resulting from age, vulnerability or health. 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 in appendix 3 of this report. 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 planned to be held with specific communities of interest in January/February to explore the issues for these groups arising from the council's budget changes.

### Sustainability Implications:

- 7.4 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.

### Risk and Opportunity Management Implications:

- 7.5 Financial risks have been assessed throughout the development of the council's HRA budget. The introduction of Self Financing means that all the risks inherent in running social housing landlord services 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 where expenditure inflation is greater than income, particularly with rental increases determined by national rent policy;
  - Managing interest rate fluctuations and the debt portfolio;
  - Long term capital and maintenance responsibilities compared with available resources;
  - Balancing regeneration and redevelopment needs with tenants priorities.

### Corporate / Citywide Implications:

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

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. Appendix 1: HRA Forecast Outturn 2013/14 and Budget 2014/15
2. Appendix 2: Fees and Service Charges 2014/15
3. Appendix 3 : Equalities Impact Assessment
4. Appendix 4: HRA Medium Term Financial Strategy

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

None

### **Background Documents**

1. 2014/15 Housing Revenue Account Working Papers



## HRA Forecast Outturn 2013/14 and Budget 2014/15

|   | 2013/14<br>Adjusted<br>Budget | 2013/14<br>Forecast<br>Outturn<br>(month 9) | 2014/15<br>Original<br>Budget<br>(with rent<br>convergence<br>ending<br>2014/15) |
|---|-------------------------------|---|--|
|   | £'000                         | £'000                                       | £'000  |
| <b>EXPENDITURE</b>                        |                               |   |  |
| Employees                                 | 8,594                         | 8,536                                       | 8,838  |
| Premises - Repairs                        | 11,028                        | 11,058                                      | 11,199   |
| Premises - Other                          | 3,363                         | 3,170                                       | 3,413  |
| Transport                                 | 143                           | 143   | 132  |
| Contribution to Bad Debt Provision        | 288                           | 288   | 291  |
| Supplies & Services                       | 1,780                         | 1,817                                       | 1,854  |
| Third Party Payments                      | 147                           | 144   | 183  |
| Support Services - From Other Departments | 2,024                         | 2,136                                       | 2,182  |
| Revenue Contributions to Capital Schemes* | 20,774                        | 20,774                                      | 22,124   |
| Capital Financing Costs                   | 8,148                         | 7,896                                       | 8,564  |
| <b>Total Expenditure</b>                  | <b>56,289</b>                 | <b>55,962</b>                               | <b>58,780</b>  |
| <b>INCOME</b>                             |                               |   |  |
| Rents Dwellings *                         | (49,235)                      | (49,219)                                    | (50,423)   |
| Rents Car Parking / Garages               | (823)                         | (867)                                       | (876)  |
| Commercial Rents                          | (446)                         | (466)                                       | (506)  |
| Service Charges                           | (5,397)                       | (5,317)                                     | (6,583)  |
| Other Recharges and Interest              | (388)                         | (402)                                       | (392)  |
| <b>Total Income</b>                       | <b>(56,289)</b>               | <b>(56,271)</b>                             | <b>(58,780)</b>  |
| <b>TOTAL DEFICIT / (SURPLUS)</b>          | <b>0</b>                      | <b>(309)</b>                                | <b>(0)</b>   |



### Housing Revenue Account Fees and Service Charges Proposals 2014/15

All fees and service charges are reviewed annually to ensure full cost recovery and also to identify any service efficiencies that can be offset against inflationary increases to keep increases to a minimum. The following table lists all of the HRA fees and service charges proposed for 2014/15. New charges, and those charges that are proposed to increase by more than standard inflation, are explained in further detail below the table.

|                                  | Number of tenants affected | Estimated Number not eligible for HB | Eligible for HB | Current Average Weekly Charge 2013/14 | 2014/15 proposed Average increase/ (decrease) % | 2014/15 proposed Average Charge | 2014/15 Proposed average increase/ (decrease) per week £ | Comments  |
|----------------------------------|----------------------------|--------------------------------------|-----------------|---------------------------------------|---|---------------------------------|--|---|
| Grounds Maintenance              | 5,757                      | 1,444                                | Yes             | £0.64                                 | 1.0%  | £0.65                           | £0.01  | Contractual increase  |
| Communal cleaning                | 5,482                      | 1471                                 | Yes             | £2.78                                 | Nil   | £2.78                           | Nil  | Full cost recovery without increasing charges because of reduced staffing costs within this service |
| Communal heating – gas           | 1,110                      | 1,110                                | No              | £8.94                                 | 2.2%  | £9.13                           | £0.19  | See heating paragraphs below  |
| Communal heating - electric      | 79                         | 79                                   | No              | £7.13                                 | 17.0%   | £8.34                           | £1.21  | See heating paragraphs below  |
| TV Aerials                       | 4,942                      | 1,297                                | Yes             | £0.56                                 | 36.0%   | £0.76                           | £0.20  | New element to pay for servicing and maintenance. See Paragraphs below                              |
| Sheltered Services – common ways | 850                        | 112                                  | Yes             | £8.44                                 | 2.5%  | £8.65                           | £0.21  | Contractual increases to aid cost recovery  |
| Sheltered Services-laundry       | 827                        | 109                                  | Yes             | £1.33                                 | Nil   | £1.33                           | nil  | No contractual increase   |
| Water                            | 147                        | 147                                  | No              | £3.43                                 | 5.0%  | £3.60                           | £0.17  | Average Increase for recovery of costs.   |

|  | Number of tenants affected | Estimated Number not eligible for HB | Eligible for HB | Current Average Weekly Charge 2013/14 | 2014/15 proposed Average increase/ (decrease) % | 2014/15 proposed Average Charge | 2014/15 Proposed average increase/ (decrease) per week £ | Comments  |
|--|----------------------------|--------------------------------------|-----------------|---------------------------------------|---|---------------------------------|--|---|
| Video Entry  | 12                         | 3                                    | Yes             | £0.96                                 | Nil   | £0.96                           | nil  | No change   |
| Guest rooms  | n/a                        |                                      | No              | £8.80 per night                       | Nil   | £8.80                           | nil  | No Change   |
| Intensive Housing Management (was Supporting People) | 850                        | 73                                   | Yes             | £12.85                                | 17.2%   | £15.06                          | £2.21 in 2014/15   | Supporting People charge to be replaced by a new Intensive Housing management charge – see paragraphs below |
| Garages & Car Parking                                | 2,377                      | N/A                                  | No              | £8.27                                 | 3.2%  | £8.54                           | £0.27  | September RPI   |
| <b>Proposed new service charges</b>                  |                            |                                      |                 |                                       |   |                                 |  |   |
| Electricity – communal ways                          | 5,410                      | 1,467                                | Yes             | n/a                                   | n/a   | £1.00                           | £1.00  | See details in paragraphs below   |
| Lift Servicing and maintenance                       | 2,452                      | 571                                  | Yes             | n/a                                   | n/a   | £0.85                           | £0.85  | See details in paragraphs below   |
| Mobility Scooter Storage                             |                            |                                      | No              | n/a                                   | n/a   | £4.00                           | £4.00  | See details in paragraphs below   |

## Heating

The heating and hot water service charges for residents with communal gas fired boilers are proposed to increase by an overall average of 2.16% or £0.19 per week from 1 April 2014. Changes to charges vary between the maximum reduction of 14.1% or £1.21 per week to a maximum increase of 15.1% or £1.07 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 4% 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 contributed to the overall average increase in service charges of 2.16%. This compares favourably with the recent domestic increases announced in the press of between 10% and 12% and demonstrates the value for money that tenants are receiving from being part of the corporate contract for gas.

Two council blocks (Elwyn Jones Court and Broadfields) are heated by electric heating systems. Service charges for these blocks will be amended from 1<sup>st</sup> April to reflect the new contract price and the latest estimates of consumption. This will mean an average increase from £7.13 per week to £8.34 – a rise of 17% (£1.21 per week) for these tenants. This is a large increase, however, these tenants received a 16.5% reduction in their heating charges from 1<sup>st</sup> April 2010 with no increases since. The average charge per week still represents good value for money when compared to the average bills across the South East.

### **TV Aerials**

The current charge for digital TV aerials of £0.56 per week, which is for the installation costs associated with the aerials, is being increased from 1<sup>st</sup> April 2014 to £0.76 per week to reflect the annual servicing and maintenance costs. This charge is eligible for housing benefit.

### **Water**

147 tenants receive a service charge for water as the council pays the bills for some meters and recharges tenants accordingly. Charges proposed for 2014/15 are being set at an average increase of 5% to an average charge of £3.60 per week. The increase ranges from 0% to a maximum increase of 10% or £0.33 per week. These increases reflect the expenditure for water during the past year as well as estimated inflation from Southern Water for 2014/15.

### **Intensive Housing Management (replaces Supporting People charge)**

The current Supporting People charge of £12.85 per week is being replaced by a new charge for 'Intensive Housing Management' to reflect a proposed redesign of the sheltered service. Sheltered Housing services are currently partially funded through housing related support funding (formerly Supporting People). The service has known that this funding was likely to come to an end, risking its viability. Therefore the proposal is to redesign the sheltered service with costs covered by service charges eligible for Housing Benefit (HB) making the service more financially secure. It should be noted that the current service charge has not been subject to inflationary increases since it was introduced in 2003 and therefore does not reflect the cost of the service. The new charge has been calculated at £19.92 per week but to limit the increase to tenants, the budget proposes that the increase is phased-in over a three-year period. For 2014/15 the proposed charge increase is £2.21 or 17.2%, bringing the total charge to £15.06. The new charge will be eligible for Housing Benefit. It is estimated that 73 tenants who currently pay the £12.85 charge will be affected by this increase. All tenants required to pay this increase will be visited to explain the changes and to ensure that they are claiming all the welfare benefits available to them. The remodelled service will be more aligned to health and social care outcomes and designed to respond to the changing demographics of the older population. The draft findings of a comprehensive review of the council's sheltered housing have been completed following extensive consultation with residents, staff and other stakeholders. The findings will now go to the Sheltered Housing Action Group and others for their comments.

**Transitional Protection for Sheltered Tenants**

33 tenants in sheltered blocks do not pay the current support charge of £12.85 as they have received transitional protection since the charge was introduced in 2003. This report therefore proposes that this protection be removed gradually over a three-year period. The proposal is that any tenant currently receiving transitional protection should pay one third (£6.64) of the new charge in the first year. Then the remainder of the charge will be phased in over a further 2 years. All tenants receiving transitional protection will be visited to explain the introduction of the charge and to ensure that they are claiming all the welfare benefits available to them.

**Electricity for public ways and lifts**

This is a new service charge for the electricity associated with the lighting in and around blocks of flats including landing lights, outside lighting of walkways between blocks and electricity for lifts. Leaseholders in blocks of flats already pay for public way electricity in their service charges. It is proposed that those tenants living in blocks of flats that benefit from this communal lighting should also pay for these services. This achieves greater equity as otherwise it means that all tenants, including those in houses, are paying towards these services, which is neither equitable nor correct. The charge varies for each block depending on the consumption of electricity and ranges between £0.09 to £2.75 per week, the average charge being £1.00. This charge affects 5,410 tenants across the city. The majority will not have to pay this charge as it will be covered by their housing benefit. An estimated 1,467 tenants will be eligible to pay this charge.

**Lift servicing and maintenance**

Similarly, this is a new service charge that aims to ensure that only those tenants with lifts in their blocks pay for lift services along with Leaseholders who already pay these service charges. This service charge recovers the annual costs of servicing each of the 102 lifts in the City as well as any revenue maintenance charges associated with the lift. The proposed charge is £0.85 per week for the 2,452 tenants across the city. The majority (1,881) of tenants will not need to pay this charge as it will be covered by their housing benefit. An estimated 571 will be eligible to pay this charge.

**Mobility Scooter Storage**

Brighton and Hove city council is working with East Sussex Fire and Rescue Service to keep communal landings as safe as possible. After extensive consultation with members and residents, mobility scooter storage units have been built at a number of blocks round the City. The proposed charge for each store is £4.00 per week, including scooter charging electricity costs.

Electricity usage will be monitored over a six month period and tenants will be notified of any change to the charge as necessary.

| EIA | HRA Revenue Budget 2014/15 EIA Proposal  |
|-----|--|
|     | <p><b>Approach:</b><br/>The Housing Revenue Account is ring fenced for the management and maintenance of council owned housing stock. Our aim is to reduce our management and preventable maintenance costs to free up money to tackle inequality and improve homes and neighbourhoods</p> <p><b>Budget Proposal 1. Annual Rent Increase</b><br/>Increases in rent charges are calculated in accordance with the Governments rent restructuring guidelines. Local authorities use the September 2013 Retail Price Index of 3.2% plus 0.5% for setting rent inflationary increases plus £2 where rents are below target rents. The government has confirmed that 2014/15 is the final year of convergence for limiting rent increases. This results in an average rent increase of 5.43% for Brighton &amp; Hove which is equivalent to an average increase of £4.31 per week, increasing the average rent to £83.72.</p> <p><b>Budget Proposal 2. Service Charges</b><br/>To increase six of our service charges in line with contractual inflationary increases. Four other service charges will remain at 2013/14 levels.</p> <p><b>Budget Proposal 3. Savings - Estate Regeneration (£32,000)</b><br/>Salaries of staff working on regeneration projects can be charged to the relevant capital projects to reduce revenue costs.</p> <p><b>Budget Proposal 4. Savings - Reduction in Housing Management costs (£316,000)</b><br/>Decrease in staffing costs arising from service redesign such as reduced number of housing offices and cash desks.</p> <p><b>Budget Proposal 5. Savings - Charge common way service charges to those tenants benefiting</b></p> |

**(£435,000) - (Common way electricity - £276,000; lift maintenance £108,000 and TV aerial maintenance £51,000)**

Leaseholders pay their share of the costs for their building for common way electricity, lift maintenance and TV aerial maintenance but the tenants' share of the costs are currently being covered by all tenants' rental income rather than being directly paid by those tenants living in the blocks that benefit. The proposal is to charge these services directly to the tenants that receive the services.

**Budget Proposal 6. Savings - Remodel sheltered housing and charges (£260,000)**

Sheltered Housing services are currently partially funded through housing related support funding (formerly Supporting People). This funding has been reducing year on year and is coming to an end which risks the viability of the service. The proposal is to redesign the sheltered service with costs covered by service charges eligible for Housing Benefit (HB) making the service more financially secure. The remodelled service will be more aligned to health and social care outcomes and designed to respond to the changing demographics of the older population. Through the review of Sheltered Housing we are also seeking to enhance the service based on feedback from consultation with residents, staff and other stakeholders.

**Budget Proposal 7. Savings - Redesign of service delivery in the Estates service (£140,000)**

Review service to match resources with demand with some posts being deleted. Service charging realigned and opportunities for more value for money work explored - subject to consultation.

**Budget Proposal 8. Savings - Efficiencies in Repairs & Maintenance Partnership Contract (£70,000)**

To reduce costs of empty property repairs through the use of agreed target pricing with contractor.

**Budget Proposal 9. Savings - Increase charges within HRA commercial property portfolio (£50,000)**

Review management arrangements of the commercial property portfolio and ensure property rents are in line with the market.



| Groups potentially impacted   | Impacts identified   | Mitigating Actions  |
|---|--|---|
| <p><b>Age</b><br/><b>Disability</b><br/><b>Ethnicity</b><br/><b>Gender (women)</b><br/><b>Gender reassignment</b></p> | <p><b>Budget Proposal 1. Annual Rent Increase</b><br/>This generates income to invest in homes and services for council housing residents. An increase in rents in conjunction with the Government's Welfare Reform Act, changes to housing benefit entitlement from April 2013, such as the under occupancy rules, could lead to financial difficulty for those households affected and those households on a fixed/low income. This may result in loss of income to the Council through rent arrears, and costs associated with the recovery of rent arrears and supporting tenants to downsize to smaller accommodation.</p> <p><b>Budget Proposal 2. Service Charges</b><br/>Service charges fund services that benefit council housing residents. An increase in service charges will affect those tenants living in specific types of properties i.e. flats and sheltered housing schemes and those households on fixed/low incomes.</p> <p><b>Budget Proposal 3. Estate Regeneration</b><br/>No impact from these proposals.</p> <p><b>Budget Proposal 4. Reduction in Housing Management costs</b></p> | <p><b>Budget Proposal 1. Annual Rent Increase</b></p> <ul style="list-style-type: none"> <li>• Investment in providing specialist support services for vulnerable residents including the development of services promoting financial inclusion, and piloting the Community Banking Partnership Model. This investment will help to sustain income collection to the HRA. (NB: 'vulnerability' in this context may be as a result of a 'protected characteristics' under the Equality Act 2010, or may relate to substance misuse, domestic/sexual violence, literacy or finance, for example. It may also change over the period of the tenancy.)</li> <li>• Communication with residents about the forthcoming changes to Housing Benefit (HB) through our website, City Assembly, Homing in, Tenant Associations, Tenant Disability Network and mail shots to affected tenants.</li> <li>• Financial Inclusion Co-ordinators in post to provide targeted case by case support to those households experiencing financial difficulties.</li> <li>• Discretionary Housing Payments fund and other discretionary support options through the Local Authority.</li> <li>• Work is being done to identify households</li> </ul> |

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|--|--|---|
|  | <p>Reducing the number of service access points and closing all cash offices may initially make accessing the service more difficult for a small number of tenants, particularly older tenants</p> <p><b>Budget Proposal 5. Charge common way service charges to those tenants benefiting</b><br/>It is proposed that these services will be charged directly to the tenants that benefit from them:</p> <ul style="list-style-type: none"> <li>• Electricity for common way lighting and lifts. This will affect an estimated 5,410 tenants and is eligible for Housing Benefit (HB). Current data suggests 1,467 (28%) tenants who are not eligible for HB will have to pay an average charge of £1.00 per week ranging from £0.09 to £2.75, although 878 tenants will pay less than £1 per week;</li> <li>• Lifts maintenance - to pay for the cost of lift servicing, maintenance and insurance. It will affect 2,452 tenants. The charge is £0.85 per week and will be eligible for HB, so it is estimated that 571 tenants currently not on HB will have to pay this charge;</li> <li>• TV aerial maintenance – for those blocks that had new digital aerials fitted last year. This charge is an additional element that is being added to the TV aerial service charge for aerial service/maintenance. The charge will be eligible for HB and is 20p per tenant per week. Of the 4,942 tenants affected, 3,645 are eligible for HB,</li> </ul> | <p>affected by Welfare Reform changes to determine if there is a disproportionate impact on any group or geographical area and target support accordingly.</p> <p><b>Budget Proposal 2. Service Charges</b></p> <ul style="list-style-type: none"> <li>• Four service charges will remain at 2013/14 levels. 6 service charges will be increased by contractual inflationary increases with charges for heating and water also being adjusted for consumption.</li> <li>• Financial Inclusion Co-ordinators in post to provide targeted case by case support to those households experiencing financial difficulties.</li> </ul> <p><b>Budget Proposal 3. Estate Regeneration</b><br/>No impact from these proposals</p> <p><b>Budget Proposal 4. Reduction in Housing Management costs</b><br/>An EIA will be completed. All customers who use cash desks and Selsfield Drive will be advised of alternative service access points/methods and assisted in setting up new payments. Targeted work with people who use the facilities, to identify alternative service access and payment methods</p> |
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|  | <p>so it is estimated that 1,297 will have to pay this charge.</p> <p><b>Budget Proposal 6. Remodel sheltered housing and charges</b><br/>Potential for increased service charges with an impact on self-funders and those currently receiving transitional protection. The charge is estimated at £19.92 but is being phased-in over a three year period so that the proposed charge for 2014/15 is £15.06. Current figures suggest that 73 self payers, currently paying £12.85, will need to pay the new charge, an increase of £2.21 per week. It is also proposed to phase out transitional protection for approximately 33 tenants who are self funders but currently do not pay this charge at all. The proposal is that these tenants would pay £6.64 per week in 2014/15. Because of the nature of sheltered housing, impacts will be experienced by older and disabled people.</p> <p><b>Budget Proposal 7. Redesign of service delivery in the Estates service</b><br/>No significant impact for any particular group however changes will be reviewed after 3 months</p> <p><b>Budget Proposal 8. Efficiencies in Repairs &amp; Maintenance Partnership Contract</b><br/>It is not anticipated that the efficiency savings identified will affect our residents.</p> | <p><b>Budget Proposal 5. Charge common way service charges to those tenants benefiting</b></p> <ul style="list-style-type: none"> <li>• Future increases will be restricted to contractual obligations</li> <li>• Targeted case by case support to those households experiencing financial difficulties using the Community Banking Partnership model, providing specialist independent money and debt advice, financial literacy training, access to affordable banking products and a possible hardship fund</li> </ul> <p><b>Budget Proposal 6. Remodel sheltered housing and charges</b><br/>An EIA will be completed on the service remodel. The new service charge will be eligible for Housing Benefit (HB) so that anyone receiving HB will not have to pay the charge. Almost 90% of residents in sheltered housing are on HB and so will not experience a financial impact but 73 residents who currently pay £12.85 will experience an increased charge. The newly calculated service charge of £19.92 will be phased-in over a three-year period to avoid large increases. In 2014/15 the proposed charge is £15.06, an increase of £2.21. It should be noted that the current service charge has not increased with inflation since its introduction in 2003. The new charge includes the proposal for additional staffing to enhance the service as part of the service review in line with feedback from residents and other</p> |
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|  | <p><b>Budget Proposal 9. Increase charges within HRA commercial property portfolio</b><br/>         No specific impact on any particular group but will affect all HRA commercial tenants in general where their agreement allows for rent increases. The Council must give proper advance written notice of the rent increase however increased rents risk increased arrears which could result in some tenants losing their commercial lease affecting employment opportunities.</p> | <p>stakeholders. A further 33 tenants who are self funders are currently protected from paying the existing support charge under the Transitional Protection scheme which has been the case since 2003. Transitional Protection will also be phased out to bring parity with other self funding sheltered housing residents. Again this will be phased in over a three-year period. The charge for these tenants in 2014/15 will be £6.64 per week. Meetings will be offered to all sheltered residents impacted by the introduction of the new service charges to offer 1:1 financial and benefits advice.</p> <p><b>Budget Proposal 7. Redesign of service delivery in the Estates service</b><br/>         No significant impact for any particular group however changes will be reviewed after 3 months</p> <p><b>Budget Proposal 8. Efficiencies in Repairs &amp; Maintenance Partnership Contract</b></p> <ul style="list-style-type: none"> <li>• It is not anticipated that the efficiency savings identified will affect our residents.</li> </ul> <p><b>Budget Proposal 9. Increase charges within HRA commercial property portfolio</b><br/>         Commercial property tenants will be advised to read their lease and seek legal advice. A guide to common commercial lease terms will be developed to support tenants.</p> |
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| <b>Cumulative Impact</b> | We have not been advised of any impacts arising from proposals from other departments or services areas except for:<br><b>Housing (Strategic General Fund Functions) EIA</b> - identified £472k of savings from Homemove and Housing Related Support costs being recharged. The proposals in this EIA address the savings required. |
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## Medium Term Financial Forecasts

| <b>Revenue Budget</b>                   | <b>2014/15<br/>£'000</b> | <b>2015/16<br/>£'000</b> | <b>2016/17<br/>£'000</b> |
|---|--------------------------|--------------------------|--------------------------|
| Expenditure                             |                          |                          |                          |
| Employees                               | 8,838                    | 8,864                    | 9,042                    |
| Premises -Repairs                       | 11,199                   | 11,491                   | 11,693                   |
| Other expenditure                       | 8,055                    | 8,268                    | 8,348                    |
| Capital Financing                       | 8,564                    | 8,895                    | 8,866                    |
| <b>Total Expenditure</b>                | <b>36,656</b>            | <b>37,518</b>            | <b>37,949</b>            |
| Income                                  |                          |                          |                          |
| Rental Income                           | (50,423)                 | (51,940)                 | (53,058)                 |
| Other Income                            | (8,357)                  | (8,210)                  | (8,469)                  |
| <b>Total Income</b>                     | <b>(58,780)</b>          | <b>(60,151)</b>          | <b>(61,527)</b>          |
| <b>NET SURPLUS</b>                      | <b>22,124</b>            | <b>22,632</b>            | <b>23,578</b>            |
| Allocated to :                          |                          |                          |                          |
| Revenue Contribution to Capital schemes | 22,124                   | 22,632                   | 23,578                   |

**Assumptions**

1. Inflation is included at 2% per annum with pay increases at 1% for 2014/15 and 2% per annum thereafter to cover pay award and pay related matters.
2. Efficiency savings are assumed at £0.550 million over 2015/16 and 2016/17.
3. Capital financing costs are projected to increase reflecting the capital repayment/set aside of £3.539m and £3.539m for 2015/16 and 2016/17 respectively. The total estimated borrowing as at 31 March 2017 is £118m, against the debt cap of £157m, providing the opportunity for additional borrowing of £39m subject to affordability.
4. Rents are assumed to increase by 4% for 2015/16 and 3.5% for 2016/17, and forecasts assume a reduction in rental income due to Right to Buy Sales and transferred properties to Seaside Homes.
5. Other income is projected to increase by 2%. However, income from major works to leasehold properties is projected to reduce by £0.300 million from 2015/16 and reduce by a further £0.100 million in 2016/17.

The net revenue surpluses over the three year period will be used to fund the HRA Capital Programme 2014 – 2017.





27 February 2014

Brighton & Hove City Council

## **Budget Council 27 February 2014: Setting a lawful budget for 2014/15**

### **Introduction**

Under section 30 (6) of the Local Government Act 1992 the Council has a duty to set the **Council tax by 11 March 2014**. 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 24<sup>th</sup> February 2014).**
- Only the Chief Executive and Executive Director of Finance & Resources (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 25<sup>th</sup> February.

- The Chief Executive shall have a “brokering” role if this would appear to facilitate agreement on particular amendments or proposals.
- The Mayor will refuse to accept any amendment subsequently moved that has not been “signed off” by the Executive Director of Finance & Resources.
- All amendments are shared **at 5 PM on Tuesday 25<sup>th</sup> February** between the Group Leaders.
- There will be a meeting of Group Leaders (attended by the Chief Executive, the Executive Director of Finance & Resources and other relevant officers) **at 4:00 pm on Wednesday 26<sup>th</sup> February** with a view to exploring agreement on proposed amendments.
- There will be a second meeting of Group Leaders, with relevant Officers as mentioned above, on **Thursday 27<sup>th</sup> February at 10:00 am**, unless the Chief Executive considers that, given any progress made on 26<sup>th</sup> February, it is not needed.
- Any variations to the amendments or any new amendments arising from the Leaders meetings shall be limited to grouping and repackaging of amendments or other changes providing that they do not, in the opinion of the Executive Director of Finance & Resources, involve significant costing or evaluation that cannot reasonably be done within the available timescale.

Should Council fail to set the Council Tax on the 27<sup>th</sup> February 2014, a further meeting will need to be held prior to the 6<sup>th</sup> March as there is one significant practical implication; the contractor who prints and sends out the Council Tax bills has a slot booked to process the city council’s bills on the 6<sup>th</sup> March and a delay in setting the Budget before then would significantly affect this process.

Abraham Ghebre-Ghiorghis  
Head of Law  
(Monitoring Officer)

Catherine Vaughan  
Executive Director of  
Finance & Resources  
(Chief Finance Officer)