



# Policy, Resources & Growth Committee

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| Title:   | <b>Policy, Resources &amp; Growth Committee</b>   |
| Date:    | <b>13 October 2016</b>  |
| Time:    | <b>4.00pm</b>   |
| Venue    | <b>Council Chamber, Hove Town Hall, Norton Road, Hove, BN3 4AH</b>  |
| Members: | <b>Councillors:</b><br>Morgan (Chair), Hamilton (Deputy Chair),<br>G Theobald (Opposition Spokesperson),<br>Mac Cafferty (Group Spokesperson), Bewick,<br>Janio, Mitchell, A Norman, Sykes and Wealls |
| Contact: | <b>Ross Keatley</b><br>Democratic Services Manager<br>01273 29-1064<br>ross.keatley@brighton-hove.gov.uk  |

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# Democratic Services: Policy, Resources & Growth Committee

|                       |                               |                    |                                   |
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| Monitoring<br>Officer | Councillor<br>Morgan<br>Chair | Chief<br>Executive | Democratic<br>Services<br>Manager |
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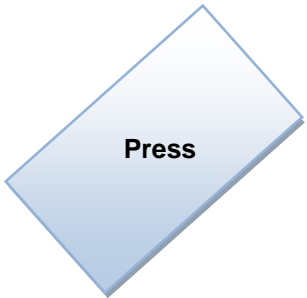
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| Exec. Director<br>Finance &<br>Resources                      |
| Exec. Director<br>Economy,<br>Environment<br>& Culture        |
| Exec. Director<br>Neighbourhoods,<br>Communities &<br>Housing |
| Exec. Director<br>Families,<br>Children &<br>Learning         |
| Exec. Director<br>Adult Care &<br>Health                      |

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|--|
| Councillor<br>Hamilton<br>Deputy Chair |
| Councillor<br>Mitchell                 |
| Councillor<br>Bewick                   |
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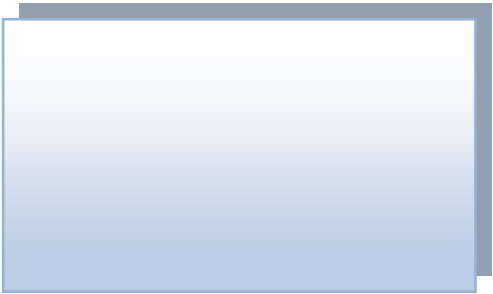
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| Councillor<br>A. Norman                                 |
| Councillor<br>G. Theobald<br>Opposition<br>Spokesperson |
| Councillor<br>Wealls                                    |
| Councillor<br>Janio                                     |
| Councillor<br>Mac Cafferty<br>Group<br>Spokesperson     |
| Councillor<br>Sykes                                     |



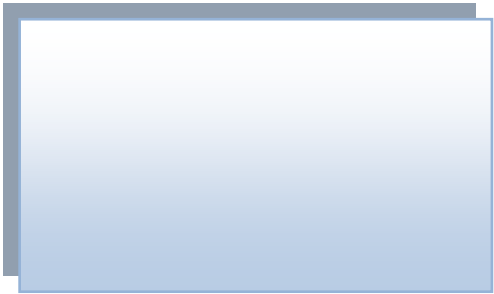
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|-------------------|------------------------|
| Public<br>Speaker | Councillor<br>Speaking |
|-------------------|------------------------|



Public Seating



Public Seating



## AGENDA

### PART ONE

Page

#### PROCEDURAL MATTERS

#### 44 PROCEDURAL BUSINESS

**(a) Declaration of Substitutes:** Where Councillors are unable to attend a meeting, a substitute Member from the same Political Group may attend, speak and vote in their place for that meeting.

**(b) Declarations of Interest:**

- (a) Disclosable pecuniary 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.

**(c) Exclusion of Press and Public:** To consider whether, in view of the nature of the business to be transacted, or the nature of the proceedings, the press and public should be excluded from the meeting when any of the following items are under consideration.

**NOTE:** *Any item appearing in Part Two of the Agenda states in its heading the category under which the information disclosed in the report is exempt from disclosure and therefore not available to the public.*

*A list and description of the exempt categories is available for public inspection at Brighton and Hove Town Halls.*

#### 45 MINUTES

1 - 18

To consider the minutes of the meeting held on 14 July 2016 (copy attached).

Contact Officer: Ross Keatley

Tel: 01273 291064

**46 CHAIR'S COMMUNICATIONS**

**47 CALL OVER**

- (a) Items 50 – 67 will be read out at the meeting and Members invited to reserve the items for consideration.
- (b) Those items not reserved will be taken as having been received and the reports' recommendations agreed.

**GENERAL MATTERS**

**48 PUBLIC INVOLVEMENT**

To consider the following matters raised by members of the public:

- (a) **Petitions:** to receive any petitions presented by members of the public to the full Council or as notified for presentation at the meeting by the due of (10 days);
- (b) **Written Questions:** to receive any questions submitted by the due date of 12 noon on the (insert date);
- (c) **Deputations:** to receive any deputations submitted by the due date of 12 noon on the (insert date).

**49 MEMBER INVOLVEMENT**

To consider the following matters raised by councillors:

- (a) **Petitions:** to receive any petitions submitted to the full Council or at the meeting itself;
- (b) **Written Questions:** to consider any written questions;
- (c) **Letters:** to consider any letters;
- (d) **Notices of Motion:** to consider any Notices of Motion referred from Council or submitted directly to the Committee.

**FINANCIAL MATTERS**

**50 TARGETTED BUDGET MANAGEMENT (TBM) 2016/17 MONTH 5 19 - 86**

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

*Contact Officer:* Nigel Manvell

*Tel:* 01273 293104

*Ward Affected:* All Wards

**51 4 YEAR FUNDING SETTLEMENT AND EFFICIENCY PLAN 87 - 100**

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

*Contact Officer:* Nigel Manvell

*Tel:* 01273 293104

*Ward Affected:* All Wards

**STRATEGIC & POLICY MATTERS**

**52 BRIGHTON & HOVE MUSIC AND ARTS SERVICE ALTERNATIVE GOVERNANCE 101 - 106**

Report of the Executive Director for Families, Children & Learning (copy attached).

*Contact Officer: Kim Bowler*

*Tel: 01273 293043*

*Ward Affected: All Wards*

**53 YOUTH & EMPLOYABILITY TRUST PROPOSALS To follow**

Report of the Executive Director for Families, Children & Learning together with an extract from the proceedings of Children Young People and Skills Committee meeting held on 3 October 2016 (to follow).

*Ward Affected: All Wards*

**54 GREATER BRIGHTON ECONOMIC BOARD 2015/16 ANNUAL REPORT 107 - 138**

Report of the Executive Director for Economy, Environment & Culture (copy attached).

*Contact Officer: Thalia Liebig*

*Tel: 01273 290445*

*Ward Affected: All Wards*

**55 ORBIS PARTNERSHIP 139 - 148**

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

*Contact Officer: David Kuenssberg*

*Tel: 01273 291233*

*Ward Affected: All Wards*

**56 BETTER BRIGHTON & HOVE To Follow**

Report of the Executive Lead for Strategy, Governance & Law (to follow).

*Contact Officer: Abraham Ghebre-Ghiorgis*

*Tel: 01273 291500*

*Ward Affected: All Wards*

**CONTRACTUAL MATTERS**

**57 SINGLE HOMELESS AND ROUGH SLEEPER ACCOMMODATION & SUPPORT SERVICES REMODELLING & TENDER 149 - 170**

Report of the Executive Director for Neighbourhoods, Communities & Housing together with an extract of the Housing & New Homes Committee meeting held on 21 September 2016 (copies attached).

*Contact Officer: Jenny Knight,*

*Tel: 01273 293081*

*Sue Forrest*

*Tel: 01273 292960*

*Ward Affected: All Wards*

**58 PROCUREMENT OF OCCUPATIONAL HEALTH & EMPLOYEE ASSISTANCE SERVICES CONTRACTS 171 - 176**

Report of the Acting Executive Director for Adult Social Care & Health (copy attached).

*Contact Officer: Alison Moore*

*Tel: 012731647*

*Ward Affected: All Wards*

**59 COLLABORATIVE PARTNERING – PROCUREMENT OF NEW CONSTRUCTION STRATEGIC PARTNERSHIP 177 - 186**

Report of the Executive Director for Economy, Environment & Culture (copy attached).

*Contact Officer: Angela Dymott,  
Nigel McCutcheon,  
Claire Hutchinson*

*Tel: 01273 291450*

*Tel: 01273 291453*

*Tel: 01273 290795*

*Ward Affected: All Wards*

**60 THE COUNCIL'S CORPORATE COMMERCIAL WASTE AND RECYCLING SERVICE PROVISION 187 - 192**

Report of the Executive Director for Economy, Environment & Culture (copy attached).

*Contact Officer: Angela Dymott*

*Tel: 01273 291450*

*Ward Affected: All Wards*

**61 PUBLIC TOILETS CONTRACT 193 - 198**

Report of the Executive Director for Economy, Environment & Culture (copy attached).

*Contact Officer: Tracy Phipps*

*Tel: 01273 294724*

*Ward Affected: All Wards*

**GENERAL MATTERS**

**62 WORKFORCE EQUALITIES REPORT 2015/16 199 - 250**

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

*Contact Officer: Liz Boswell,  
Sue Moorman*

*Tel: 01273 291307*

*Tel: 01273 293629*

*Ward Affected: All Wards*

**63 REVISED RECRUITMENT AND SELECTION POLICY 251 - 264**

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

*Contact Officer: Liz Boswell,  
Sue Moorman*

*Tel: 01273 291307*

*Tel: 01273 293629*

*Ward Affected: All Wards*

**64 REPORT ON LEARNING FROM THE PLANNING & BUILDING CONTROL SERVICE REDESIGN 265 - 288**

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

*Contact Officer: Sue Moorman*

*Tel: 01273 293629*

*Ward Affected: All Wards*

**REGENERATION & PROPERTY MATTERS**

**65 SEAFRONT INVESTMENT PLAN 2016-2021 289 - 348**

Report of the Executive Director for Economy, Environment & Culture (copy attached).

*Contact Officer: Ian Shurrock*

*Tel: 01273 292084*

*Ward Affected: All Wards*

**66 KINGS HOUSE - APPROPRIATION FOR PLANNING PURPOSES 349 - 354**

Report of the Executive Director for Economy, Environment & Culture (copy attached).

*Contact Officer: Angela Dymott*

*Tel: 01273 291450*

*Ward Affected: All Wards*

**67 ROYAL PAVILION ESTATE CAPITAL PROJECT PROGRESS UPDATE 355 - 366**

Joint report of the Executive Director for Economy, Environment & Culture and the Executive Director for Finance & Resources (copy attached).

*Contact Officer: Richard Davies*

*Tel: 01273 296825*

*Ward Affected: All Wards*

**68 ITEMS REFERRED FOR COUNCIL**

To consider items to be submitted to the 20 October 2016 Council meeting for information.

*In accordance with Procedure Rule 24.3a, the Committee may determine that any item is to be included in its report to Council. In addition, each Group may specify one further item to be included by notifying the Chief Executive no later than 10.00am on 10 October 2016 (the eighth working day before the Council meeting to which the report is to be made), or if the Committee meeting takes place after this deadline, immediately at the conclusion of the Committee meeting.*

**PART TWO**

**REGENERATION & PROPERTY MATTERS**

**69 ROYAL PAVILION ESTATE CAPITAL PROJECT PROGRESS UPDATE - EXEMPT CATEGORY 3 367 - 368**

Part Two Appendix to Item 66 listed on the agenda (circulated to Members only).

*Contact Officer: Richard Davies*

*Tel: 01273 296825*

*Ward Affected: All Wards*

**PROCEDURAL MATTERS**

**70 PART TWO MINUTES 369 - 370**

To consider the part two minutes of the meeting held on 14 July 2016 (copy attached).

*Contact Officer: Ross Keatley*

*Tel: 01273 291064*

**71 PART TWO PROCEEDINGS**

To consider whether the items listed in Part Two of the agenda and decisions thereon should remain exempt from disclosure to the press and public.

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

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Electronic agendas can also be accessed through our meetings app available through [www.moderngov.co.uk](http://www.moderngov.co.uk)

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## POLICY, RESOURCES & GROWTH COMMITTEE

For further details and general enquiries about this meeting contact Ross Keatley, (01273 29-1064, email [ross.keatley@brighton-hove.gov.uk](mailto:ross.keatley@brighton-hove.gov.uk)) or email [democratic.services@brighton-hove.gov.uk](mailto:democratic.services@brighton-hove.gov.uk)

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Date of Publication - Wednesday, 5 October 2016



**BRIGHTON & HOVE CITY COUNCIL**

**POLICY, RESOURCES & GROWTH COMMITTEE**

**4.00pm 14 JULY 2016**

**FRIENDS MEETING HOUSE, SHIP STREET, BRIGHTON**

**MINUTES**

**Present:** Councillors Morgan (Chair), Hamilton (Deputy Chair), G Theobald (Opposition Spokesperson), Mac Cafferty (Group Spokesperson), Bewick, Janio, Mitchell, A Norman, Sykes and Wealls

**PART ONE**

**18 PROCEDURAL BUSINESS**

**(a) Declarations of Substitutes**

1.1 Councillor Meadows was present in substitution for Councillor Bewick

**(b) Declarations of Interest**

1.2 Councillor Mitchell declared a pecuniary interest in respect of Item 39 and Item 42 – Disposal of Land in Falmer (and Part Two) as she was a member of the Food Partnership. She withdrew during the consideration and vote on these items.

**(c) Exclusion of Press and Public**

1.3 The Committee considered whether the press and public should be excluded from the meeting during the consideration of any of the items listed on the agenda.

1.4 **RESOLVED:** That the press and public be excluded from the meeting during consideration of the items contained in part two of the agenda.

**19 MINUTES**

19.1 **RESOLVED –** That the Chair be authorised to sign the minutes of previous meeting held on 9 June 2016.

**20 CHAIR'S COMMUNICATIONS**

20.1 The Chair noted that he had no communications.

**21 CALL OVER**

21.1 The following items were reserved for discussion:

- Item 24 - 4 Year Resource and Integrated Service and Financial Planning Update
- Item 25 - Targetted Budget Management (TBM) 2016/17 Month 2
- Item 26 - Treasury Management Strategy 2015/16 - End of year review
- Item 27 - Waiver Report 2015/16
- Item 28 - Parking Payment Systems
- Item 29 - Managing Anti-social Behaviour in City Parks and Open Spaces
- Item 30 - Brighton and Hove Social Value Framework
- Item 31 - Residential Child Care, Foster Care and SEN Education Placements
- Item 32 - Retender of Whole Systems ICT Platform for Homelessness, the Housing Register and Social Housing Settings
- Item 33 - Annual Performance Update 2015/16
- Item 34 - Madeira Terraces - Coastal Communities Funding Bid
- Item 35 - Stanmer Estate, Parks for people Approval of Grant Application
- Item 37 - Disposal of 11 Little East Street
- Item 38 - Stanmer Park - Redevelopment of Traditional Agricultural Buildings
- Item 39 - Disposal of Land in Falmer

21.2 The Democratic Services Manager confirmed that the items listed above had been reserved for discussion, and that the following reports of the agenda, with the recommendations therein had been agreed and adopted.

Item 36 - Prince Regent Swimming Complex - Mechanical and Electrical Replacement Works.

**22 PUBLIC INVOLVEMENT**

22.1 The Chair noted there was one deputation in relation to Public Space Protection Orders that related to Item 29 on the agenda and that the deputation would be taken together with that item.

**23 MEMBER INVOLVEMENT**

23.1 The Chair confirmed there were no items listed under Member Involvement.

**24 4 YEAR RESOURCE AND INTEGRATED SERVICE AND FINANCIAL PLANNING UPDATE**

24.1 The Committee considered a report of the Executive Director for Finance & Resources in relation to 4 Year Resource and Integrated Service & Financial Planning Update. The report provided a budget planning and resource update for the 2017/18 budget process including an updated Medium Term Financial Strategy (MTFS) based on latest information and resource projections.

- 24.2 In response to Councillor Wealls it was clarified that Officers would be more than willing to share the draft response to 100% Business Rate retention with the Budget Review Group before it was returned. In relation to the apprenticeship levy it was explained that there was currently no information from Central Government about the income from this, which made planning difficult.
- 24.3 Councillor Janio stated his view that the Council should hold greater reserves to better address the varying position across the financial year. He noted that his comments also related to Item 25 – Targetted Budget Management.
- 24.4 In response to Councillor Sykes it was clarified that Officers were still working through a number of budget uncertainties; however, comments in relation to the presentation of the report would be taken away, it was also acknowledged that the information needed to be accessible to ensure the Council remained transparent. Councillor Hamilton also provided assurance that he was aware of the issues raised by Councillor Sykes, but highlighted the uncertainty in relation adult social care budgets. The Acting Executive Director for Health & Adult Social Care explained that there were still ongoing discussions with the Department of Health in relation to signing of Better Care Fund plans due to the level of funding that was being transferred across and what percentage would be for social care. It was also clarified that the demand for adult social care was an issue for all local authorities discharging this function and not simply a local issue.
- 24.5 Councillor Sykes highlighted that the report projected a 17% Council Tax rise over the next four years, and noted that in opposition the Labour Group had blocked above threshold Council Tax increase proposals by the then Green Administration.
- 24.6 The Chair then put the recommendations to the vote.
- 24.7 **RESOLVED** – That the Committee:
- 1) Note the resource and net expenditure projections for 2017/18 and the Medium Term Financial Strategy (MTFS) projections set out in the body of the report and appendices 1 and 2 based on 1.99% Council Tax increases and annual 2% Adult Social Care precept.
  - 2) Note the revised savings requirement of £44.4 million over the 3 years 2017/18 to 2019/20, including £18.2 million in 2017/18, to be used for budget setting purposes as detailed at paragraph 3.11.
  - 3) Instruct the Executive Leadership Team (ELT) to refresh the current 4 Year Service & Financial Plans and develop further savings proposals to address any outstanding budget gaps, in particular for 2017/18, based on the MTFS assumptions in this report for consideration by Policy, Resources & Growth Committee.
  - 4) Agree the proposed approach to reviewing the Council Tax Reduction Scheme as set out in paragraphs 3.23 & 3.24.

- 5) Note the resource projections for the Capital Investment Programme as shown in appendix 3.

## **25 TARGETTED BUDGET MANAGEMENT (TBM) 2016/17 MONTH 2**

- 25.1 The Committee considered a report of the Executive Director for Finance & Resources in relation to Targetted Budget Management (TBM) 2016/17 Month 2. The report set out an early indication of forecast risks as at Month 2 on the Council's revenue and capital budgets for the financial year 2016/17.
- 25.2 In response to Councillor Sykes it was explained that the additional pressure funding in adult social care was based on projected demand; however, the service was working to meeting its efficiency savings. The figures in the report included decisions made at the previous meeting in relation to contract management for the Royal Pavilion & Museums. In relation to social worker agency staff the Executive Director for Families, Children & Learning explained that the department had introduced a market supplement to make the roles more competitive with neighbouring authorities in view to having no agency staff in the future. Lastly it was also clarified that slippage in terms in capital funding would affect the cash flow of the Council.
- 25.3 In response to questions from Councillor G. Theobald the following responses were provided. Band One in terms of transport was part of the incentive fund and related the ability of the authority to provide full asset management plans, the scale was from one at the lowest to three at the highest. It was not envisaged the Council would receive money from the Better Care Fund this year, the additional money the previous financial year had related to an underspend in the pooled fund. There had been a pause before the introduction of fees for pre-application planning advice the allow the Planning Department to focus on the determining the backlog of applications; however, charging for advice of major applications had now commenced and work was being undertaken on planning performance agreements on schemes, and the intention was to roll out more of the fees this year. Previous recruitment controls had been relaxed, and posts now had to be agreed through the relevant DMT. Re-procurement had increased costs in relation to home to school transport and Officers were now undertaking further a review of this in view to bringing a report to a future meeting of the Children, Young People & Skills Committee. It was hoped that a permanent management solution could be found for the Electoral Services Team; however, this had not been possible due to the recruitment difficulties during the PCC Elections and Referendum, it was hoped that this could be taken forward after the by-election in August. There were also some funding pressures due to the volume of electoral work that had been delivered by the Council since May 2015 and it had been necessary to use increased casual staff and as well staff resources from other areas of the Council.
- 25.4 In response to Councillor Janio it was explained that priorities could be established during the budget setting process to realise funds where there were underspends; however, the Council would need to be very mindful that it was not seen to be acting imprudently in its financial management.
- 25.5 In response to Councillor A. Norman it was clarified that there was an agreed overspend to manage cases in relation to Deprivation of Liberty Safeguards work. Whilst the Law

Commission were currently considering the administrative process, it was highlighted that this work was in the best interests of the individuals concerned and would be ongoing.

25.6 The Chair then put the recommendations to the vote.

**25. RESOLVED**

- 1) That the Committee note the forecast risk position for the General Fund, which indicates a budget pressure of £3.745m. This includes a pressure of £0.236m on the council's share of the NHS managed Section 75 services.
- 2) That the Committee note that recovery planning is in place and will be reported to the cross-party Budget Review Group as appropriate.
- 3) That the Committee note that total recurrent and one-off risk provisions of £3m are available to mitigate the forecast risk if the risks cannot be completely eliminated by year-end.
- 4) That the Committee note the forecast for the Housing Revenue Account (HRA), which is an underspend of £0.270m.
- 5) That the Committee note the forecast risk position for the Dedicated Schools Grant which is an overspend of £0.097m.
- 6) That the Committee note the forecast outturn position on the capital programme and approve the variations and reprofiles in Appendix 3 and the new schemes as set out in Appendix 4.

**26 TREASURY MANAGEMENT STRATEGY 2015/16 - END OF YEAR REVIEW**

- 26.1 The Committee considered a report of the Executive Director for Finance & Resources in relation to Treasury Management Strategy 2015/16 - End of year review. The 2015/16 Treasury Management Policy Statement (TMPS), practices, and schedules were approved by the Policy & Resources Committee on 19 March 2015. The TMPS set out the role of Treasury Management, whilst the practices and schedules set out the annual targets and methods by which these targets will be met.
- 26.2 In response to Councillor Sykes it was explained that the Council had recently taken advantage of favourable interest rates to restructure its own debt and would continue to look for opportunities to this in the context of very low interest rates.
- 26.3 Councillor A. Norman noted that the Treasury Team had done an excellent job to ensure they made the most out of the Council's finances; she highlighted that increased monitoring of these reports was important in the context of greater economic uncertainty.
- 26.4 Councillor Janio thanked Officers for the clear report.
- 26.5 The Chair then put the recommendations to the vote.

**26.6 RESOLVED:**

- 1) That the Committee endorses the key actions taken during the second half of 2015/16 to meet the TMPS and practices (including the investment strategy) as set out in this report.
- 2) That the Committee notes the reported compliance with the AIS for the period under review.
- 3) That the Committee notes that the approved maximum indicator for investment risk of 0.05% has been adhered to, and the authorised borrowing limit and operational boundary have not been exceeded.

**27 WAIVER REPORT 2015/16**

- 27.1 The Committee considered a report of the Executive Director for Finance & Resources in relation to Waiver Report 2015/16. The Council's Contract Standing Orders required reports to be presented to the Committee setting out all waivers authorised under CSO 20.2, 20.3 and 20.4. The report related to the financial year 2015/16.
- 27.2 In response to Councillor Wealls it was agreed that comments from the Procurement Advisory Board could be included in the report to provide the Committee with greater assurance.
- 27.3 The Chair then put the recommendations to the vote.
- 27.4 **RESOLVED** - That the Committee notes the number and value of waivers authorised under Contract Standing Orders 20.2, 20.3 and 20.4 during the financial year 2015/16.

**28 PARKING PAYMENT SYSTEMS**

- 28.1 The Committee considered a report of the Acting Executive Director for Economy, Environment & Culture in relation to Parking Payment Systems; it was also noted that the report had been considered by the Environment, Transport & Sustainability Committee on 28 June 2016. The report sought approval for the procurement of 330 card-only Pay and Display machines, upgrades to the existing 320 Pay and Display machines to accept card payments only, and additional upgrades to 150 newer cash machines to allow them to accept the new £1 coin and card payments.
- 28.2 Councillor Mitchell explained that the report had previously been discussed at the Environment, Transport & Sustainability Committee; however, it had been referred to the Committee without decision and Officers were tasked with undertaking further work on the report. The machines needed to be upgraded to accept the new £1 coin that was due to enter circulation and the opportunity was being taken to look at the stock generally. The proposal would leave 150 cash machines in the city and 150 pay-points; it was considered that this solution offered the best security and reduced the risk of theft.

- 28.3 In response to questions from Councillor Sykes it was explained that the reduction in the number of pay and display machines had left some anomalies; however, a full review of signage was due to be undertaken to rectify any problems. In relation to the costs of processing card payments it was clarified that this was still the cheaper and safer solution to meeting the costs of a cash collection service for the pay and display machines.
- 28.4 Councillor Janio acknowledged the necessity to upgrade the service, and asked that Ward Councillors be involved in the process. He noted he was happy to accept the recommendations in the report.
- 28.5 Councillor Wealls noted he would accept the recommendations in the report, and asked if this could be used an opportunity to consider dynamic parking schemes that had been used elsewhere in the world as means to better management demand and traffic.
- 28.6 The Chair then put the recommendations to the vote.

28. **RESOLVED –** That the Committee:

- 1) Approves the procurement of 320 card-only Pay and Display machines, upgrades to the existing 330 Pay and Display machines to accept card payments only, and additional upgrades to 150 newer cash machines to allow them to accept the new £1 coin and card payments;
- 2) Grants delegated authority to the Executive Director Economy, Environment and Culture to award the contract(s) following the procurement.
- 3) Approves that the upgrade and purchase of parking machines is included into the council's Capital Investment Programme 2016/17 funded through prudential borrowing.

**29 MANAGING ANTI-SOCIAL BEHAVIOUR IN CITY PARKS AND OPEN SPACES**

- 29.1 The Chair noted that there was a deputation associated with this item and called forward Emma Nuttall to speak on behalf of the Friends, Families and Travellers Group.
- 29.2 Emma Nuttall stated:

“Public Space Protection Orders (PSPOs) which have recently come in under the Anti-Social Behaviour Crime and Policing Act were never designed to be used against travellers. The guidance references alcohol, dogs and noise but not Gypsies and Travellers. No other local authority in the country has used them against Gypsies and Travellers. If Brighton and Hove City Council introduces it you will be the first Council in the country and this is why the Equalities and Human Rights Commission has sent submissions on the issue because you would potentially be setting a precedent for the rest of the country that they would be very keen to stop.

We went to a meeting with the Equalities and Human Rights Commission yesterday, they are looking for cases of strategic litigation and by strategic litigation they mean interventions in cases where the principles under consideration have a wider impact beyond that of the specific case itself. So given that Brighton & Hove City Council is considering embarking on an approach which has no precedent elsewhere in the country any attempt to use PSPOs as a mechanism for the issue of unauthorised encampments of Gypsies and Travellers would undoubtedly lead to a legal challenge by the equalities and human rights commission and in a time of budget cuts for the Council is this really something which the council wants to embark upon, and I note that in your paperwork the potential from judicial review has been noted by your solicitor as well.

One of the concerns of the Equalities and Human Rights Commission and also ourselves is that the introduction of PSPOs would have a disproportionate effect on Romani Gypsies and Irish Travellers which are two ethnic minorities protected under equalities legislation and what we are talking about is homeless people. They are encamped on the twelve locations because they have nowhere else to go. They don't wish to be on those locations a lot of the other traditional stopping places such as Ditchling Road and the Race Course have been ditched, bunded, and gated so they can't stop on those places. They don't wish to be gauped at like goldfish in a bowl they need to have sites but the sites are not being provided by Brighton & Hove City Council. I feel that the report which has been given to you by officers doesn't contain the full information for you to be making a well enough informed decision. For instance there is one point where it says the 'need for additional sites could be looked at' or words to that effect. It's not really the case that it could be looked at there is an identifiable need for an additional thirty two pitches in Brighton and Hove so I think it's quite misleading where it's lacking the adequate concrete information. There is a need for 32 more pitches in Brighton and Hove this is why people are stopping on these twelve locations and in the absence of providing those pitches where are people supposed to go? They won't evaporate they will still exist and the Fairness Commission has just published its report for Brighton and Hove and in that report is the recommendation that negotiated stopping is introduced in Brighton and Hove and negotiated stopping is when a council comes to an agreement with Traveller encampments for a period of stopping time and in Leeds where it is working successfully between the Council and Travellers it has saved thousands of pounds worth of money.

Another relevant issue is that in the last few years Horsdean transit site has been closed and you haven't had a permanent site. Horsdean site is opening this month with a 12 pitch site and you've also got a 21 pitch site opening next to it. This is going to really help towards a solution all the families who have been allocated permanent pitches on the 12 pitch site have lived in Brighton for years and years. They are a lot of the families that are living in unauthorised encampments. When they are living on the sites they will be generating a rent per year of £172,000 from rent as well as additional income from council tax."

- 29.3 The Chair thanked Ms Nuttall for attending and noted that her points would be addressed up as part of the questions and discussion on the report.

- 29.4 The Committee considered a report of the Acting Director of Public Health in relation to Managing Anti-social Behaviour in City Parks and Open Spaces. The purpose of the report was to document progress for managing anti-social behaviour in city parks and open spaces using a Public Spaces Protection Order (PSPO) that was now available using new powers under the Anti-Social Behaviour Crime and Policing Act 2014. The report considered the use of this new power following consultation and a full equality impact assessment in locations where there was reported anti-social behaviour.
- 29.5 Councillor Mitchell thanked Officers for the work on the report. She emphasised that this legislation was new and it key that very careful consideration be given to its use. The consultation had demonstrated a support for the use of PSPOs, and if the recommendations were agreed by the Committee it would be the task of Officers to ensure they were used proportionately following training for both Officers and Police colleagues, as well as support for individuals that might be affected. The legislation would allow the Council to address anti-social behaviour in parks; in relation to unauthorised encampments this issue would be tackled in conjunction with the new site at Horsdean. It was also added that the unmet need for pitches would be addressed through the development of the City Plan – Part 2.
- 29.6 In response to questions from Councillor Janio it was explained that the use of PSPOs would give the Council an additional power to address anti-social behaviour above those it and the Police already had. It was also clarified that the Council were mandated to provide travellers sites; however, the legislation was such that there were no powers to compel local authorities to do this.
- 29.7 In response to Councillor G. Theobald it was clarified that the language in the report ensured the Council had not fettered its discretion. It was also clarified that the Council would still be able to use the powers were the Horsdean site full, so long as the use of PSPOs would be the most effective way to manage a particular situation. The advantage of PSPOs was that use of the legislation sat with the local authority, rather than relying on Police colleagues.
- 29.8 Councillor Sykes noted that there was existing anti-social behaviour in green spaces in his ward, yet this was not one of the locations in the report where the powers were proposed to be used. He noted his concerns with the detail in the report and of the view the Council did not need to use additional powers above those already at its disposal. He was of the view that PSPOs would be used to target specific groups and highlighted the recent report of the Fairness Commission that had highlighted the gypsy and traveller community as one of the most disadvantaged in the city. The report had no analysis of the use, and problems with, existing powers, nor was any view expressed from the Police. Councillor Sykes concluded by reiterating that he could not support the recommendations and shared concerns that this could breach equalities legislation.
- 29.9 In response to some of the points raised by Councillor Sykes it was clarified the locations proposed for use of PSPOs in the report had been determined through collating reported and recorded anti-social behaviour. The concerns in relation to equalities had been recognised in the report. The Police were prepared to work with the Council in relation to the use of PSPOs, and part of the decision making around

enforcement would be capacity. Further information in relation to the use other legislation to manage unauthorised encampments was available.

- 29.10 Councillor Wealls congratulated the administration for bringing forward the report and highlighted some of the problems in his own ward. It was clarified that before any powers were used an investigation would take place to look at welfare matters; following satisfaction of that criteria a time frame to leave would be issued, if this were not adhered to then the Council would look to work with the Police to enforce.
- 29.11 Councillor Janio welcomed the report, but expressed his concern that this would still not provide a framework for enforcement to happen quickly enough.
- 29.12 Councillor A. Norman thanked Officers for the report, and highlighted that she understood the needs of the travelling community, in particular in relation to access for education. She highlighted particular issues at a location within her Ward and noted that the situation had become so bad that the local volunteer group that helped to maintain the land were considering disbanding as they felt powerless to address the ongoing problems. She noted she was in support of the recommendations in the report.
- 29.13 Councillor Mac Cafferty highlighted the language used in the report in the representation from Liberty and he made reference to the recommendation in the Farness Commission report in relation to stopping places – arguing that this would create a stronger basis to protect open spaces. He was of the view that the proposed action in the report was too hasty, given the recommendations from the Fairness Commission.
- 29.14 The Chair echoed the comments made by Councillor Mitchell in relation to the unmet need being addressed through the City Plan Part 2, he went on to add that it was crucial the Council take a balanced approach. The Chair then put the recommendations to the vote.
- 29.15 **RESOLVED** – That the Committee note the deputation.
- 29.16 The recommendations in the report were agreed with 8 support and 2 against
- 29.17 **RESOLVED** - That the committee agree to the making of a Public Spaces Protection Order under Section 59 of the Anti-social Behaviour Crime and Policing Act and the prohibitions and requirements in the specific areas of the city outlined in this report for the duration three years.

### **30 BRIGHTON AND HOVE SOCIAL VALUE FRAMEWORK**

- 30.1 The Committee considered a report of the Acting Director of Public Health and the Executive Director for Finance & Resources in relation to Brighton and Hove Social Value Framework. It was also noted that the report had been considered by the Neighbourhoods, Communities & Equalities Committee. The purpose of the report was to seek endorsement for a new 'Social Value Framework' for the city and a new Social Value Guide for Commissioners, Procurement Teams and Providers.

- 30.2 Councillor Janio welcomed the report and stated that this reflected the direction of travel from Central Government in the last few years. In response to question it was explained that this work would be used in procurement scoring exercises. The framework would be applied proportionately to the contracts and commissioning and how onerous this was would be varied based on the service being commissioned – this information would then be considered by the Procurement Advisory Board.
- 30.3 In response to Councillor Wealls it was agreed that a report could be presented in the future to consider the impact of this. The issues around social value could be captured as part of the contract monitoring, and it was noted an additional recommendation had been proposed by the Neighbourhoods, Communities & Equalities Committee to ensure any exceptions to this were agreed by Officers on the recommendation of the Procurement Advisory Board.
- 30.4 In response to a further query from Councillor Wealls the Chief Executive stated that much of the work of the Council inherently had social value, the organisation could reflect on how to achieve greater social value through its directorate plans, at the same time it was important Officers became more commercially minded in their approach in the context of local government funding reductions.
- 30.5 The Chair then put the recommendations to the vote.
- 30.6 **RESOLVED** – That Committee

- (1) Sign up to the Framework and Pledge on behalf of the city council; and,
- (2) That any exceptions to the agreed framework be approved by Officers following the recommendations of the Procurement Advisory Board.

### **31 RESIDENTIAL CHILD CARE, FOSTER CARE AND SEN EDUCATION PLACEMENTS**

- 31.1 The Committee considered a report of the Executive Director for Families, Children & Learning in relation to Residential Child Care, Foster Care and SEN Education Placements. The report sought approval for the procurement of a Dynamic Purchasing System and award of Individual Placement Agreements for placements in independent residential children's homes, independent foster care and independent non-maintained special schools.
- 31.2 Councillor Wealls noted that the Foster Carers Council were supportive of this approach, but noted their two concerns related to placements outside of area the how reasonable the costs were. In response the Executive Director explained that there was clear local guidance that placements should be within 20 miles, unless there were sound reasons to deviate from this. In relation to the costs those in the report were estimates and the report sought delegated approval to agree the partnership.
- 31.3 The Chair then put the recommendations to the vote.
- 31.4 **RESOLVED** – That the Committee:

- 1) Grants delegated authority to the Executive Director of Families, Children & Learning to conclude negotiations with West Sussex County Council on the terms of access and agreement to participate in a regional Dynamic Purchasing System (DPS) for the provision of placements in independent residential children's homes, independent foster care and independent non-maintained special schools (INMSS).
- 2) Approves the procurement of a DPS, either led by West Sussex County Council (WSCC) as the Contracting Authority or procured solely by Brighton & Hove City Council (depending on the outcome of 2.1 above), for the provision of placements in independent residential children's homes, independent foster care and INMSS.
- 3) Grants delegated authority to the Executive Director of Families, Children & Learning to: (i) carry out the procurement of the DPS referred to in 2.2 above; (ii) agree the term of the DPS; (iii) award and let the DPS and; (iv) award and let placement agreements under the DPS.

### **32 RETENDER OF WHOLE SYSTEMS ICT PLATFORM FOR HOMELESSNESS, THE HOUSING REGISTER AND SOCIAL HOUSING SETTINGS**

32.1 The Committee considered a report of the Acting Executive Director for Economy, Environment & Culture in relation to Retender of Whole Systems ICT Platform for Homelessness, the Housing Register and Social Housing Settings. It was also noted that the report had been considered by the Housing & New Homes Committee on 15 June 2016. The report sought formal permission for Brighton & Hove City Council to tender for a new ICT supplier on behalf of the Sussex Homemove Partnership.

32.2 The Chair then put the recommendations to the vote.

32.3 **RESOLVED** – That the Committee:

- 1) Authorise the Acting Executive Director Economy, Environment & Culture to carry out a procurement of a whole systems ICT platform for homelessness, the housing register and social housing lettings.
- 2) Grant delegated authority to the Acting Executive Director Economy, Environment & Culture and the Executive Director Neighbourhoods, Communities & Housing to award and let a contract with the preferred supplier for a period of 5 years with an option to extend by 2 years.
- 3) Note that Brighton & Hove City Council will lead the procurement on behalf of the Sussex Homemove Partnership.

### **33 ANNUAL PROGRESS UPDATE AGAINST CORPORATE KEY PERFORMANCE INDICATORS 2015/16**

33.1 The Committee considered a report of the Chief Executive in relation to Annual progress update against Corporate Key Performance Indicators 2015/16. The report sought to set out year-end 2015/16 performance progress for the period 1 April 2015 to 31 March 2016 in relation to Corporate Key Performance Indicators (KPIs).

- 33.2 Councillors Sykes welcomed the report. In response to a question it was explained by Councillor Mitchell that there had been falling recycling rates in the city for some years, the recent trial of wheelie bin recycling was being expanded as there were early indications that this was improving dry recycling. The new garden waste service was also proving very popular. The Council was now managing textile recycling in house again and there were also moves in the future for an education programme around recycling to address complacency.
- 33.3 Councillor G. Theobald expressed concern in relation to the number of indicators that were showing either amber or red, and that the Council was not making progress in some areas. He drew particular attention to the number disputes and grievances in the organisation as well the levels of staff sickness.
- 33.4 The Committee then discussed the ownership of the report and how the information was generated. It was explained that it was vital that the Officer Team be challenging in target setting, and there would always be the need to strike a careful balance in relation to the acceptable level of red/amber targets. It was clarified that a consistent approach was taken in 2015/16 for the first time and green indicators could only be set where performance was similar to an appropriate comparator group. The report was signed off by ELT, but Officers explained that there more than happy to have greater Member oversight of this work. Councillor Janio also asked that the document be fully reviewed to highlight, and potentially, remove indicators that the Council had no control over.
- 33.5 Councillor A. Norman welcomed the introduction of the garden waste recycling service and felt the expansion of this scheme would prove very popular.
- 33.6 In response to Councillor Mac Cafferty it was explained that the discharge from hospital figures were based on the overall figure; however, this was a snapshot from a period of time. It was also clarified that child poverty was nationally calculated; however, there was a time lag to this and the most recent compactor was for 2013.
- 33.7 The Chair then put the recommendation to the vote.
- 33.8 **RESOLVED** – That the Committee review progress in relation to Corporate KPIs particularly corrective measures outlined for ‘red’ and ‘amber’ indicators and provide ongoing support and challenge to lead officers to bring performance back on track.

#### **34 MADEIRA TERRACES - COASTAL COMMUNITIES FUNDING BID**

- 34.1 The Committee considered a report of the Acting Executive Director for Economy, Environment & Culture in relation to Madeira Terraces - Coastal Communities Funding Bid. The report sought endorsement for Stage 1 funding application to the Coastal Communities Fund and would give Officers permission to move to a Stage 2 bid, were the funding application successful.
- 34.2 Councillor Morgan noted how strongly he felt about this scheme personally and he welcomed the report as the first steps in the process.

- 34.3 Councillor Mitchell also welcomed the report in particular the level of detail it contained; she noted that were the bid successful it would go some way to helping attract the rest of the finance that was required.
- 34.5 Councillor Wealls noted that the Conservative Group were very supportive of the report. In response to questions the Chair explained that the level of detail in relation to the structure had been included to demonstrate the amount of work that needed to be undertaken and that much of this detail would not be known until work commenced. Officers explained that there were some high level detail in the report on the commercial aspects, but it was felt the detailed information would be better included at stage two. In relation to uses of the new units, it was explained that these needed to be seen in the context of other projects in the area and would likely evolve naturally.
- 34.6 Councillor Janio stated that more should be done to publicise the proposed figure for the project as there had been a misunderstanding of a figure for seafront regeneration in the whole of the city
- 34.5 In response to Councillor Sykes it was explained that the £4M would allow for a capital/revenue split enabling the Council to proceed through the planning process to construction.
- 34.6 The Chair then put the recommendations to the vote.
- 34.7 **RESOLVED:**
- 1) That the Committee note and endorse the Stage 1 funding application, attached as Appendix 1, submitted to the Coastal Communities Fund on 30 June 2016.
  - 2) That the Committee agree that officers continue to develop proposals for the restoration and redevelopment of Madeira Terraces with a view to proceeding to a Stage 2 bid, should the Stage 1 application be successful, subject to a further report to this Committee setting out the financial and funding implications.

### **35 STANMER ESTATE, PARKS FOR PEOPLE APPROVAL GRANT APPLICATION**

- 35.1 The Committee considered a report of the Acting executive Director for Economy, Environment & Culture in relation to Stanmer Estate, Parks for people Approval Grant Application. The report sought agreement to the approach outlined in the report to apply for grant funding for the Stanmer Project to Heritage Lottery Fund/Big Lottery Fund Parks for People in August 2016.
- 36.2 In response to Councillor Janio it was explained that the Council was in close discussions with partners, and Plumpton Colleague were still on-board to provide an element of the funding; there was still a great deal of detailed design work to do that would start if the bid was successful.
- 36.3 In response to Councillor Mac Cafferty it was explained by Councillor Mitchell that the sustainable travel plan was not an express requirement of the bid application. It was clear that the current parking situation could not continue and needed rationalising. It was hoped that a change to the configuration could allow for a slight increase in

spaces. The site could also be looked as a location for projects such as the bike share scheme. Councillor Mitchell expressed caution that the whole scheme not be thought of just in terms of parking as the gains were so important on the project. The Chair also noted that the recommendations before the Committee were not asking for approval of parking at this point in time.

36.4 The Chair then put the recommendations to the vote.

36.7 **RESOLVED** – That the Committee:

- 1) Agrees the approach outlined in this report to apply for grant funding for the Stanmer Project to Heritage Lottery Fund/Big Lottery Fund Parks for People in August 2016.
- 2) Delegates authority to the Acting Executive Director of Environment, Development & Housing and the Executive Director of Finance & Resources to oversee the completion of the Stage 2 funding bid and to sign off the final documents prior to submission to HLF.

### **36 PRINCE REGENT SWIMMING COMPLEX - MECHANICAL AND ELECTRICAL REPLACEMENT WORKS**

36.1 **RESOLVED** – That the Committee:

- 1) Approve the procurement of a contract for works to replace the air-handling system and associated works as listed in 3.10 at the Prince Regent Swimming Complex.
- 2) Grants delegated authority to the Executive Director for Economy, Environment & Culture (Acting or otherwise), in consultation with the Executive Director, Finance & Resources to carry out the procurement and award of the contract referred to in 2.1 above.
- 3) Approve a capital budget of £0.728m for this project which will be funded as detailed in paragraph 3.11.

### **37 DISPOSAL OF 11 LITTLE EAST STREET**

37.1 The Committee considered a report of the Acting Executive Director for Economy, Environment & Culture in relation Disposal of 11 Little East Street. The report sought agreement for the disposal of 11 Little East Street to provide capital funding for reinvestment to generate additional revenue funding streams to support the Council's Corporate Property Strategy & Asset Management Plan 2014-18, Corporate Plan and Medium Term Financial Strategy.

37.2 The Committee discussed the planning permission associated with the building and the potential to apply for new planning permission to increase its value. Officers explained that due to the poor state of the building and desire to dispose of this asset quickly the approach outlined in the report was considered to be the most appropriate. Thought had been given to other options, but there was no certainty that this would increase the value significantly and this had to be balanced against the time and uncertainty of

applying for planning permission. The better option was for a quick sale to allow any future buyer to apply for permission as they saw fit.

37.3 The Chair then put the recommendation to the vote.

37.4 **RESOLVED** - That Committee authorises the freehold disposal of 11 Little East Street by auction on the open market by the agents appointed.

### **38 STANMER PARK - REDEVELOPMENT OF TRADITIONAL AGRICULTURAL BUILDINGS**

38.1 The Committee considered a report of the Acting Executive Director for Economy, Environment & Culture in relation to Stanmer Park - Redevelopment of Traditional Agricultural Buildings. The report set out the further detail requested and was timetabled to ensure the decision could be included in the Stage 2 Parks for People bid, which also forms part of the Stanmer project, and was due to be submitted in September 2016 and was complemented by a separate Part Two report.

38.2 The Chair noted that the proposed amendment from the Green Group had been accepted. He then put the amended recommendations to the vote.

#### **38.3 RESOLVED:**

- 1) That Committee approves the redevelopment of the Stanmer Traditional Agricultural Buildings in accordance with the conclusion - Option 4, as this option produces the best income return on the estimated capital expenditure and will deliver all of the council's wider objectives including:
  - Gateway to National Park
  - SDNPA area office
  - Visitor Information, education and Interpretation spaces
  - Community and event space
  - Recreation areas and vibrant working hubs
  - Improved access to local Heritage, the Countryside, Agriculture and Food Production
  - Craft workshops and Artisan retail outlets
  - Delivery of a sustainable management plan for the wider Park and village
- 2) That Committee notes that existing tenants in some of the buildings proposed for redevelopment are pursuing activities consistent with objectives set out in 2.1 and have expressed strong interest in maintaining their leases.
- 3) That Committee authorises the Acting Executive Director Economy, Environment and Culture, Assistant Director Property & Design and Head of Legal Services to approve terms for the disposal of 16 non-core assets from the council's Agricultural Estate as set out in the part two report.
- 4) From the disposal of these non-core assets and the disposal of non-core assets previously approved for disposal on 11 July 2014 of which 50% is to support the council's capital investment strategy, the total net capital receipt to be used to

provide match funding for the Parks for People bid and funding for the development of the traditional agricultural buildings.

- 5) That Committee authorises the Acting Executive Director Economy, Environment and Culture, Assistant Director Property & Design and Head of Legal Services to approve terms for the disposal of 2 potential residential enabling development sites within Stanmer, subject to consultation.

### **39 DISPOSAL OF LAND IN FALMER**

- 39.1 The Committee considered a report of the Acting Executive Director for Economy, Environment & Culture in relation to Disposal of Land in Falmer. Following the death of the tenant farmer of Park Wall Farm, the Council served Notice to Quit and obtained vacant possession. Options were considered to lease or dispose of the vacant land and following a marketing exercise completed by its agents an offer had been made to purchase the land which was recommended for acceptance. The capital receipt would support the Council's corporate Capital Investment Strategy and Medium Term Financial Strategy. The report was supplemented by a separate Part Two report.
- 39.2 Councillor Sykes stated his view that alternative uses for the land could be pursued.
- 39.3 The Committee resolved to exclude the press and public under Section 100A(4) of the Local Government Act 1972 as the Part Two reports contain exempt information.
- 39.4 Following a discussion in Part Two the Chair put the recommendations to the vote. These were carried with 3 in support, 2 against and 4 abstentions.
- 39.5 **RESOLVED** - That Committee authorises the freehold disposal of Park Wall Farm to the preferred bidder identified and recommended as part of the marketing exercise and tender evaluation completed by the council's agents Savills.

### **40 ITEMS REFERRED FOR COUNCIL**

- 40.1 There were no items referred to Council.

### **41 STANMER PARK - REDEVELOPMENT OF TRADITIONAL AGRICULTURAL BUILDINGS - EXEMPT CATEGORY 3**

- 41.1 **RESOLVED** – That the Committee note the information contained in the Part Two appendix.

### **42 DISPOSAL OF LAND IN FALMER - EXEMPT CATEGORY 3**

- 41.2 **RESOLVED** – That the Committee note the information contained in the Part Two appendix.

**43 PART TWO PROCEEDINGS**

- 43.1 **RESOLVED** – That the information contained in the Part Two items listed in the agenda (Items 41 & 42) and the decisions therein remain exempt from disclosure to the press and public.

The meeting concluded at 8.07pm

Signed

Chair

Dated this

day of

|                          |  |   |                     |
|--------------------------|--|---|---------------------|
| <b>Subject:</b>          | <b>Targeted Budget Management (TBM) 2016/17:<br/>Month 5</b> |   |                     |
| <b>Date of Meeting:</b>  | <b>13 October 2016</b>                                       |   |                     |
| <b>Report of:</b>        | <b>Executive Director of Finance &amp; Resources</b>         |   |                     |
| <b>Contact Officer:</b>  | <b>Name:</b>   | <b>Nigel Manvell</b>                      | <b>Tel: 29-3104</b> |
|                          | <b>Email:</b>  | <b>Nigel.manvell@brighton-hove.gov.uk</b> |                     |
| <b>Ward(s) affected:</b> | <b>All</b>   |   |                     |

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

- 1.1 The Targeted Budget Monitoring (TBM) report is a key component of the council's overall performance monitoring and control framework. This report sets out an indication of forecast risks as at Month 5 (August) on the council's revenue and capital budgets for the financial year 2016/17.
- 1.2 As set out in the General Fund Revenue Budget 2016/17 report to Budget Council, potential cost pressures of up to £18m were identified of which approximately £12m was provided for in the budget through 'service pressure funding'. The report highlighted that successful 'demand management' strategies would therefore be key to managing down cost pressures across Adult and Children's social care and Homelessness (temporary accommodation) in order to achieve financial balance in 2016/17. In recognition of this challenging position, £3m risk provisions were set aside to provide some mitigation against these risks.
- 1.3 The forecast risk for 2016/17 as at August is £3.916m on the General Fund, compared to £3.745m in May, reflecting the situation outlined above. This includes a pressure of £0.232m on the council's share of the NHS managed Section 75 services. The position continues to be driven by sustained pressures across Adults and Children's social care budgets and Homelessness. These services have developed recovery plans and measures to address pressures as far as practicable and this process will continue to attempt to pull the position back into balance over the remainder of the year.
- 1.4 Taking into account the available risk provisions of £3.000m, the council's financial position is therefore reasonable at position at this point in the year, however, utilising risk provisions is to be avoided if at all possible as these resources are highly likely to be required for future years as the financial challenges increase.

**2 RECOMMENDATIONS:**

- 2.1 That the Committee note the forecast risk position for the General Fund, which indicates an in-year budget pressure of £3.916m. This includes a pressure of £0.232m on the council's share of the NHS managed Section 75 services.
- 2.2 That the Committee note that total recurrent and one-off risk provisions of £3.000m are available to mitigate the forecast risk if the risks cannot be completely eliminated by year-end.

- 2.3 That the Committee note the forecast for the Housing Revenue Account (HRA), which is an underspend of £0.864m.
- 2.4 That the Committee note the forecast risk position for the Dedicated Schools Grant which is an underspend of £0.009m.
- 2.5 That the Committee note the forecast outturn position on the capital programme and approve the variations and reprofiles in Appendix 4 and the new schemes as set out in Appendix 5.
- 2.6 That the Committee approves forward funding of Local Growth Fund Grant to the preferred Bike Share scheme provider up to a maximum value of £1.160m as set out in Paragraphs 6.3 to 6.5.
- 2.7 That the Committee approves a budget transfer (virement) of £0.257m to reallocate 2016/17 pressure funding from the Community Care – Learning Disabilities budget to the Physical Support budget as set out in Appendix 2 (Health & Adult Social Care section).

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

#### **Targeted Budget Management (TBM) Reporting Framework**

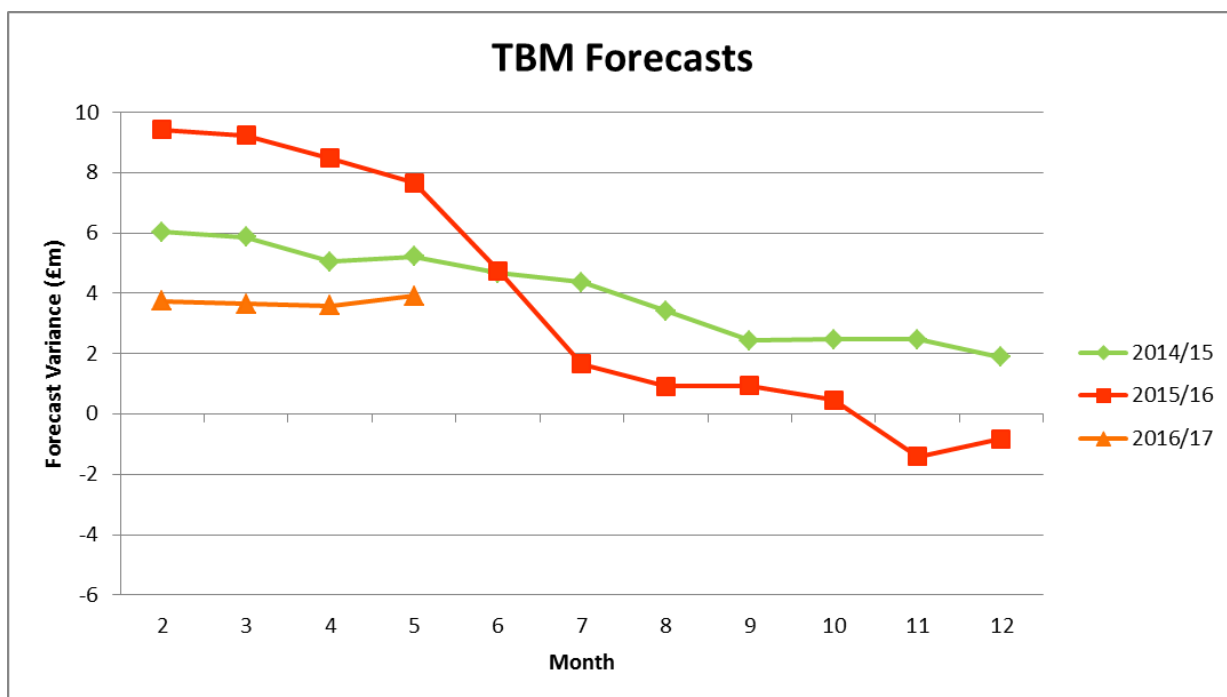
- 3.1 The TBM framework focuses on identifying and managing financial risks on a regular basis throughout the year. This is applied at all levels of the organisation from Budget Managers through to Policy, Resources & Growth Committee. Services monitor their TBM position on a monthly or quarterly basis depending on the size, complexity or risks apparent within a budget area. TBM therefore operates on a risk-based approach, paying particular attention to mitigation of growing cost pressures, demands or overspending together with more regular monitoring of high risk demand-led areas as detailed below.
- 3.2 The TBM report is normally split into 8 sections as follows:
  - i) General Fund Revenue Budget Performance
  - ii) Housing Revenue Account (HRA) Performance
  - iii) Dedicated Schools Grant (DSG) Performance
  - iv) NHS Controlled S75 Partnership Performance
  - v) Capital Investment Programme Performance
  - vi) Capital Programme Changes
  - vii) Implications for the Medium Term Financial Strategy (MTFS)
  - viii) Comments of the Director of Finance (statutory S151 officer)

#### **General Fund Revenue Budget Performance (Appendices 1 & 2)**

- 3.3 The table below shows the forecast outturn for Council controlled revenue budgets within the General Fund. These are budgets under the direct control and management of the Executive Leadership Team. A summary of the movement between Months 2 and 5 is shown in Appendix 1 and a more detailed explanation of the variances can be found in Appendix 2.

| <b>2016/17<br/>Month 2<br/>Variance<br/>£'000</b> | <b>Directorate</b>                   | <b>2016/17<br/>Budget<br/>Month 5<br/>£'000</b> | <b>Forecast<br/>Outturn<br/>Month 5<br/>£'000</b> | <b>Forecast<br/>Variance<br/>Month 5<br/>£'000</b> | <b>Forecast<br/>Variance<br/>Month 5<br/>%</b> |
|---|--------------------------------------|---|---|--|--|
| 1,077   | Families, Children & Learning        | 53,068  | 54,086  | 1,018  | 1.9%   |
| 3,459   | Health & Adult Social Care           | 79,926  | 83,828  | 3,902  | 4.9%   |
| 27  | Economy, Environment & Culture       | 33,395  | 33,126  | (269)  | -0.8%  |
| 248   | Neighbourhood, Communities & Housing | 15,695  | 15,945  | 250  | 1.6%   |
| (450)   | Finance & Resources                  | 20,657  | 20,340  | (317)  | -1.5%  |
| 42  | Strategy, Governance & Law           | 5,643   | 5,713   | 70   | 1.2%   |
| 4,403   | Sub Total                            | 208,384   | 213,038   | 4,654  | 2.2%   |
| (658)   | Corporate Budgets                    | 7,449   | 6,711   | (738)  | -9.9%  |
| 3,745   | Total General Fund                   | 215,833   | 219,749   | 3,916  | 1.8%   |

- 3.4 The General Fund includes general council services, corporate budgets and central support services. Corporate budgets include centrally held provisions and budgets (e.g. insurance) as well as some cross-cutting value for money savings targets. Note that General Fund services are accounted for separately to the Housing Revenue Account (Council Housing). Note also that although part of the General Fund, financial information for the Dedicated Schools Grant is shown separately as this is ring-fenced to education provision (i.e. Schools).
- 3.5 The chart below shows the monthly forecast variances for 2016/17 and the previous two years for comparative purposes. To ensure a like for like comparison of the underlying position, the data for the previous two years excludes the allocation of risk provisions and the one-off Minimum Revenue Provision adjustment of £2.328m in 2015/16.

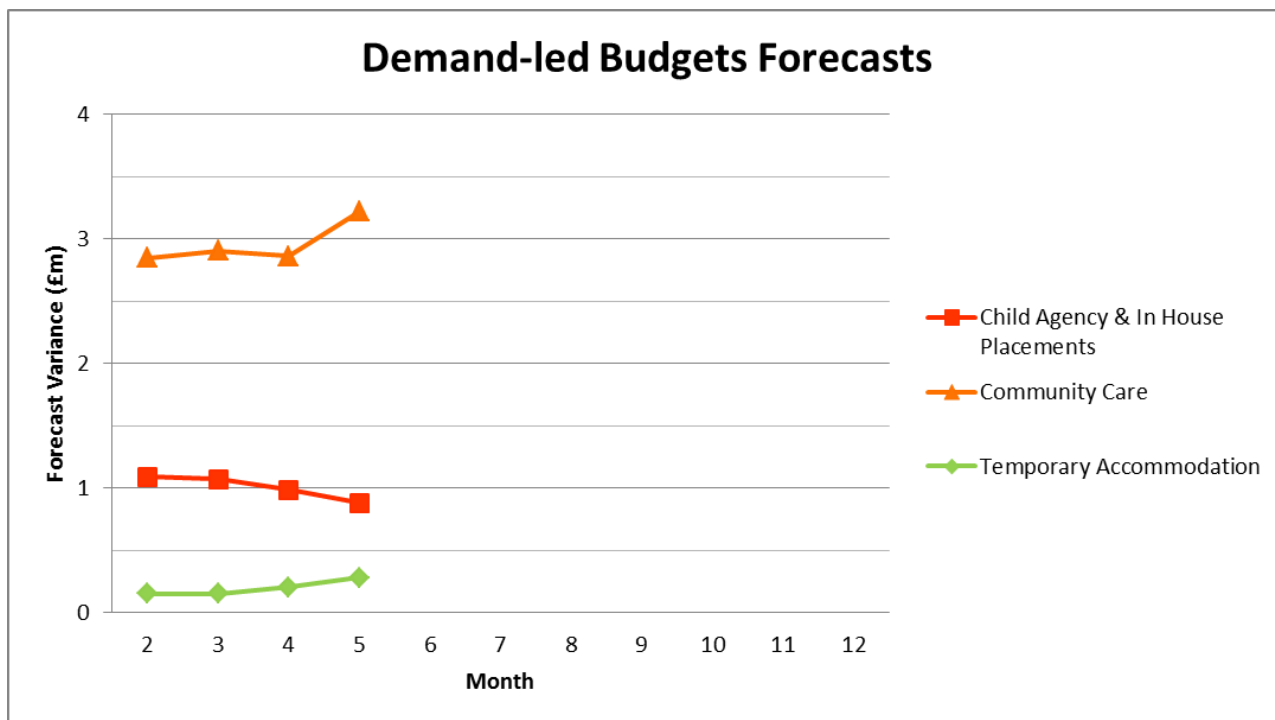


### Demand-led Budgets

- 3.6 There are a number of budgets that carry potentially higher financial risks and therefore could have a material impact on the council's overall financial position. These are significant budgets where demand or activity is difficult to predict and where relatively small changes in demand can have significant implications for the council's budget strategy. These therefore undergo more frequent and detailed analysis.

| 2016/17<br>Month 2<br>Variance<br>£'000 | Demand-led Budget                  | 2016/17<br>Budget<br>Month 5<br>£'000 | Forecast<br>Outturn<br>Month 5<br>£'000 | Forecast<br>Variance<br>Month 5<br>£'000 | Forecast<br>Variance<br>Month 5<br>% |
|---|------------------------------------|---------------------------------------|---|--|--------------------------------------|
| 1,087                                   | Child Agency & In House Placements | 19,556                                | 20,437                                  | 881                                      | 4.5%                                 |
| 2,611                                   | Community Care                     | 48,553                                | 51,769                                  | 3,216                                    | 6.6%                                 |
| 152                                     | Temporary Accommodation            | 1,459                                 | 1,736                                   | 277                                      | 19.0%                                |
| 3,850                                   | Total Demand-led Budget            | 69,568                                | 73,942                                  | 4,374                                    | 6.3%                                 |

The chart below shows the monthly forecast variances on the demand-led budgets for 2016/17.



### Summary of the position at Month 5

The main pressures reported at Month 5 continue to be across Children's and Adults Social Care and Homelessness (Temporary Accommodation) as follows:

- 3.7 Children's Services:** The initial forecast budget risk across Families, Children and Learning was £2.534m primarily resulting from increased demand pressures on services for Children in Care and social work cost pressures continuing through from last year. Subsequently the directorate has put together a financial recovery plan to address the financial risks as far as possible. This recovery plan identified £1.535m of potential cost reductions to improve the forecast position which would give an outturn of £0.999m. There still remain significant financial pressures on services for Children in Care and social work as well as emerging risks in the Home to School Transport budget, Youth Service and Nurseries that will need to be closely monitored.

The current projected position has identified potential cost pressures of £0.276m on social work staffing and £1.081m on placement budgets. Together with risks of £0.246m on Home to school transport, £0.069m on Youth Services, £0.100m on Nurseries and other underspending budgets of £0.754m, explaining the residual forecast risk of £1.018m as at Month 5.

- 3.8 Adults Services:** The service is facing significant financial challenges in 2016/17 in mitigating the risks arising from the sustained pressures in 2015/16 and managing in-year demands. This is alongside delivering a significant budget savings programme, developing integration plans through the Better Care Fund and completing the Learning Disabilities Review.

- The forecast TBM risk at Month 5 of £3.902m is after identifying recovery measures of £1.741m which have helped to contain the forecast risk. Recovery measures are focused on attempting to manage demands on and costs of community care placements across Assessment Services and making the most efficient use of

available funds. The forecast risk includes the following main elements that are described in more detail in Appendix 1:

- The main area of forecast risk concerns service pressures identified at the beginning of the year (and highlighted in the General Fund Revenue Budget report as noted above) which relate to increased complexity of need, increasing numbers of older people being discharged from hospital requiring social care services for the first time, pressures on the provider services' budget and Deprivation of Liberty Standards (DoLS) cases. At Month 5 there is a significant residual risk of £3.902m relating to these pressures.
- Note that the in-year forecast does not include any one-off funding contributions. In previous years, one-off contributions have been received from the Care Act implementation funds and the Better Care Fund (£3.548m in 2015/16). At this stage it is not anticipated that any additional funds will be made available in 2016/17 but this is being kept under review.
- The forecast includes the part year effect of the increase in care home fees. In order to manage the local market and address the significant under-supply of providers in the city who will accept publicly funded residents, fee increases were essential.
- Of the approved budget savings for 2016/17 of £6.159m, £0.498m are currently projected as unachievable.
- Service pressure funding of over £6m, including the Adult Social Care precept, was applied in 2016/17 and has been used to fund budget pressures resulting from increased demands and complexity, DoLS, the national living wage and fee rates.

The funding of all care packages is scrutinised for Value for Money, ensuring that eligible needs are met in the most cost-effective manner which will not always meet people's aspirations. This forms a key part of the savings implementation plan. Adult Services are also using benchmarking information to support the driving down of unit costs but are faced with increased complexity and demand (demographic) growth which is also a national picture. Through regional and other social care networks the service has been looking at best practice in delivering cost effective services in order to influence future direction - this includes demand management strategies and identifying opportunities through Housing provision.

- 3.9 Housing Services and Temporary Accommodation:** Although the council is accepting a full housing duty for a similar level of households to previously, the actual numbers of households in temporary accommodation is increasing because there are limited opportunities to move these households out of temporary accommodation into other alternative longer term forms of accommodation. This is due to a mixture of shortage of supply, unaffordable rents in the private sector and policy changes within ASC commissioning affecting the allocation of supported beds.

We are in the process of a large decanting programme out of around 200 leased units of temporary accommodation. We have decanted and handed back around half of these properties and are looking to achieve the remainder by the end of the financial year. This has a significant impact as:

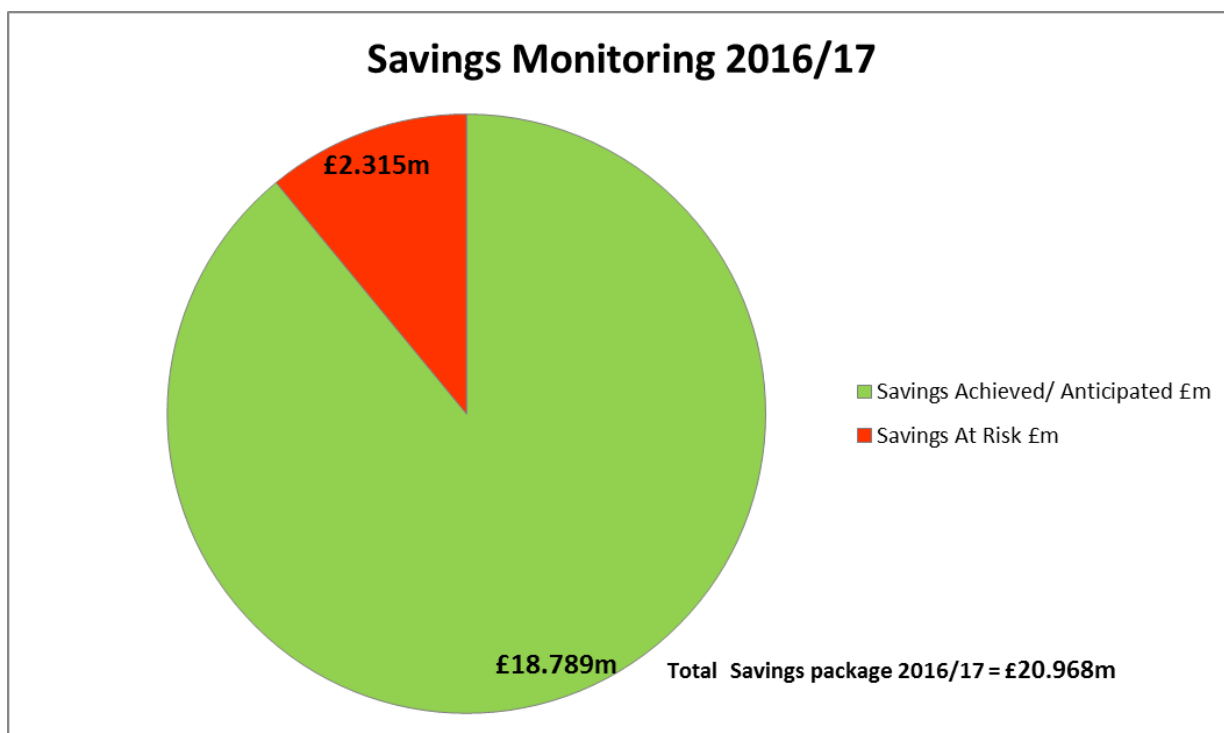
- reprovion means that additional growth of leased property is at a standstill;
- reprovion is at an increased cost as the housing market is now more expensive;
- there are costs associated with the handback of a large number of units which include dilapidation and void costs; and
- some units of provision were diverted to ASC to assist with an emergency situation.

The current projection is an overspend of £0.820m of which £0.335m relates to the managed risk identified at budget setting. As a result, the service has developed a financial recovery plan which includes a number of measures to reduce the overspend

including the use of one off specific temporary accommodation reserves, vacancy management, improving moving on out of temporary accommodation as well as utilising £0.200m of DCLG funding for early prevention work and financial incentives to landlords and applicants. However, £0.277m is at high risk of not being achieved and hence, taking into account other forecast underspends within Housing, the current forecast is an overspend of £0.164m.

### Monitoring Savings

- 3.10 The savings package approved by full Council to support the revenue budget position in 2016/17 was £20.968m. This is a very large savings package and follows five years of substantial packages totalling nearly £98m. Achievement of savings programmes and actions in 2016/17 will be closely monitored to ensure satisfactory progress and, so far as possible, to avoid adding to financial pressures in future years through non-achievement.
- 3.11 Appendix 2 includes a summary of savings in each directorate and indicates in total what is anticipated/achieved or is at risk. Appendix 3 summarises the position across all directorates and presents the entire savings programme. The chart below provides a summary of the position as at Month 5. This shows that delivery of the savings programme of £20.968m for 2016/17 is expected to be significantly on track with approximately £2.315m at risk. Mitigation of these risks is included in the development of services' financial recovery actions. The majority of 'at risk' savings are within the Families, Children & Learning directorate as detailed in Appendix 2.



*Note: Savings achieved/anticipated includes an overachievement of savings of £0.136m.*

### Housing Revenue Account Performance (Appendix 2)

- 3.12 The Housing Revenue Account is a separate ring-fenced account which covers income and expenditure related to the management and operation of the council's housing stock. Expenditure is generally funded by Council Tenants' rents. The forecast outturn is an underspend of £0.864m and more details are provided in Appendix 2.

## Dedicated Schools Grant Performance (Appendix 2)

- 3.13 The Dedicated Schools Grant (DSG) is a ring-fenced grant which can only be used to fund expenditure on the schools budget. The schools budget includes elements for a range of services provided on an authority-wide basis including early years education provided by the Private, Voluntary and Independent (PVI) sector, and the Individual Schools Budget (ISB) which is divided into a budget share for each maintained school. The forecast outturn is an underspend of £0.009m and more details are provided in Appendix 2. Under the Schools Finance Regulations any underspend must be carried forward to support the schools budget in future years.

## NHS Managed S75 Partnership Performance (Appendix 2)

- 3.14 The NHS Trust-managed Section 75 Services represent those services for which local NHS Trusts act as the Host Provider under Section 75 Agreements. Services are managed by Sussex Partnership Foundation Trust (SPFT) and include health and social care services for Adult Mental Health and Memory and Cognitive Support Services.
- 3.15 This partnership is subject to separate annual risk-sharing arrangements and the monitoring of financial performance is the responsibility of the respective host NHS Trust provider. Risk-sharing arrangements result in financial implications for the council where a partnership is underspent or overspent at year-end and hence the performance of the partnership is included within the forecast outturn for the Health & Adult Social Care directorate. The council's forecast contribution to the risk share for 2016/17 is currently £0.232m and more details are provided in Appendix 2.

## Capital Programme Performance and Changes

- 3.16 The table below provides a summary of capital programme performance by Directorate and shows that there is a forecast overspend of £0.424m at this stage. More details are provided in Appendix 4.

| 2016/17<br>Month 2<br>Variance<br>£'000 | Capital Budgets                | 2016/17<br>Budget<br>Month 5<br>£'000 | Forecast<br>Outturn<br>Month 5<br>£'000 | Forecast<br>Variance<br>Month 5<br>£'000 | Forecast<br>Variance<br>Month 5<br>% |
|---|--------------------------------|---------------------------------------|---|--|--------------------------------------|
| 0                                       | Families, Children & Learning  | 17,339                                | 17,339                                  | 0  | 0.0%                                 |
| 0                                       | Health & Adult Social Care     | 489                                   | 489                                     | 0  | 0.0%                                 |
| 0                                       | Economy, Environment & Culture | 50,342                                | 50,342                                  | 0  | 0.0%                                 |
| 312                                     | Neighbourhood, Comms & Housing | 4,590                                 | 4,918                                   | 328                                      | 7.1%                                 |
| 0                                       | Housing Revenue Account        | 48,645                                | 48,741                                  | 96                                       | 0.2%                                 |
| 0                                       | Finance & Resources            | 3,572                                 | 3,572                                   | 0  | 0.0%                                 |
| 0                                       | Strategy, Governance & Law     | 0                                     | 0                                       | 0  | 0.0%                                 |
| 0                                       | Corporate Services             | 0                                     | 0                                       | 0  | 0.0%                                 |
| 312                                     | <b>Total Capital</b>           | <b>124,977</b>                        | <b>125,401</b>                          | <b>424</b>                               | <b>0.3%</b>                          |

(Note: Summary may include minor rounding differences)

- 3.17 Appendix 4 shows the changes to the budget and Appendix 5 provides details of new schemes for 2016/17 to be added to the capital programme which are included in the budget figures above. Policy, Resources and Growth Committee's approval for these changes is required under the council's Financial Regulations. The following table shows the movement in the capital budget since approval at TBM2.

| <b>Capital Budget Movement<br/>Summary</b>                    | <b>2016/17<br/>Budget<br/>£'000</b> |
|---|-------------------------------------|
| Budget Approved at TBM2                                       | 132,480                             |
| Reported at other Policy & Resources committees since Month 2 | 0                                   |
| New schemes to be approved in this report (see Appendix 5)    | 768                                 |
| Variations (to be approved - see Appendix 4)                  | (500)                               |
| Reprofiles (to be approved - see Appendix 4)                  | (7,771)                             |
| Slippage (to be approved - see Appendix 4)                    | 0                                   |
| <b>Total Capital Budget</b>                                   | <b>124,977</b>                      |

- 3.18 Appendix 4 also details any slippage into next year. However, project managers have forecast that none of the capital budget will slip into the next financial year at this stage.

### **Implications for the Medium Term Financial Strategy (MTFS)**

- 3.19 The council's MTFS sets out resource assumptions and projections over a longer term. It is periodically updated including a major annual update which is included in the annual revenue budget report to Policy, Resources & Growth Committee and full Council. This section highlights any potential implications for the current MTFS arising from in-year TBM monitoring above and details any changes to financial risks together with any impact on associated risk provisions, reserves and contingencies. Details of Capital Receipts and Collection Fund performance are also given below because of their potential impact on future resources.

#### **Capital Receipts Performance**

- 3.20 Capital receipts are used to support the capital programme. Any changes to the level of receipts during the year will impact on future years' capital programmes and may impact on the level of future investment for corporate funds and projects such as the Strategic Investment Fund, Asset Management Fund, Customer First in a Digital Age and the Workstyles VFM projects. The planned profile of capital receipts for 2016/17, as at Month 5, is £12.220m against which there have been receipts of £1.081m in relation to a lease extension at Hartington Road plus some minor lease extensions at the Marina and the sale of Lions Court with the capital receipt ringfenced for investment into the housing capital programme.
- 3.21 The forecast for the 'right to buy sales' in 2016/17 (after allowable costs, repayment of housing debt and forecast receipt to central government) is that an estimated 50 homes will be sold with a maximum useable receipt of £0.500m to fund the corporate capital programme and net retained receipt of £3.013m available to re-invest in replacement homes. To date 15 homes have been sold in 2016/17.

## Collection Fund Performance

- 3.22 The collection fund is a separate account for transactions in relation to council tax and business rates. Any deficit or surplus forecast on the collection fund relating to council tax is distributed between the council, Sussex Police and Crime Commissioner and East Sussex Fire Authority, whereas any forecast deficit or surplus relating to business rates is shared between the council, East Sussex Fire Authority and the government.
- 3.23 The council tax collection fund is forecast to be in surplus by (£0.765m) at year end which incorporates a brought forward surplus of (£0.376m). Other main changes in the forecast during the year are a greater than forecast reduction in Council Tax Reduction awards (£0.300m), increased income from new properties and banding changes (£0.150m), and increased severely mentally impaired exemptions £0.050m. The council's share of the overall forecast council tax surplus is (£0.654m).
- 3.24 The business rates collection fund is forecast to be in deficit by £3.233m at year-end which incorporates a brought forward deficit of £1.378m. The main changes in the forecast during the year are in relation to a greater reduction in the 2016/17 liability being forecast from the impact of appeals and a higher provision being anticipated for losses in collection. Business rates income continues to be difficult to forecast due to the backlog of appeals. The number of appeals outstanding at the end of August totalled 911 (down from 1,094 at 31/3/16) of which 519 were lodged before 01/04/15. The council's share of the overall forecast business rates deficit is £1.584m.
- 3.25 The council's share of the combined net deficit across both collection funds is £0.930m and this will need to be included in the budget forecast for 2017/18.

## **4 ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS**

- 4.1 The provisional outturn position on the General Fund is an overspend of £3.916m. This includes a pressure of £0.232m on the council's share of the NHS managed Section 75 services. Risk provisions of £3.000m are available to substantially mitigate the position if the risk cannot be addressed by year-end. Any overspend above this level at the year end would need to be funded from general reserves which would then need to be replenished to ensure that the working balance did not remain below £9.000m. Any underspend would release one off resources that can be used to aid budget planning for 2017/18.

## **5 COMMUNITY ENGAGEMENT & CONSULTATION**

- 5.1 No specific consultation has been undertaken in relation to this report.

## **6 CONCLUSION AND COMMENTS OF THE DIRECTOR OF FINANCE (S151 OFFICER)**

- 6.1 The General Fund Revenue Budget 2016/17 report to full Council in February, which set out the budget for approval, indicated that cost pressures arising from increasing costs and demands, particularly across social care, were likely to add costs of around £18m. Through a combination of savings programmes (totalling over £20m) and taxbase increases, including the Adult Social Care precept, the council was able to provide £12m funding toward these cost pressures requiring effective demand management strategies to manage the residual risk.
- 6.2 The forecast risk at Month 5, while challenging, would appear to be manageable in the context of the expected level of risk and given that there is still sufficient time to take further corrective action. However, the underlying pressures on social care are of concern and suggest that demand management alone will not bring the budget into

balance. Services will therefore revisit financial recovery plans and consider what further spending restrictions and savings can be identified to address the current risks. Consideration will also be given to bringing forward savings proposals already identified in the 4-year Integrated Service & Financial Plans where practicable and subject to necessary approvals.

- 6.3 Turning to another matter, the council has received a Local Growth Fund (LGF) grant funding offer from the Coast to Capital Local Enterprise Partnership of up to £1.160m to implement a BikeShare Scheme within the City. The scheme has received approval from the Environment, Transport & Sustainability Committee for the tender of a concession agreement for an operator to implement and operate a BikeShare scheme.
- 6.4 The LGF grant can only be claimed by Brighton & Hove City Council in arrears of actual expenditure incurred, therefore forward funding of the grant to the operator of up to £1.160m is required to enable the capital mobilisation works for the scheme. The council's Standard Financial Procedure E.2.9.1.5 requires that any forward funding pending grant receipt in excess of £0.100m requires approval by the Policy, Resources & Growth Committee.
- 6.5 Forward funding will only be made where the recipient has provided satisfactory evidence to enable the council to make a grant claim based on a project appraisal. Various measures will be put in place to safeguard against the financial risks to the council associated with forward funding, such as funding agreements with the operator, appropriate financial checks of the operator and allocation of contingency funds.

## **7 FINANCIAL AND OTHER IMPLICATIONS**

Financial Implications:

- 7.1 The financial implications are covered in the main body of the report. Financial performance is kept under review on a monthly basis by the Cross-Party Budget Review Group and the management and treatment of forecast risks is considered by the Audit & Standards Committee.

Finance Officer Consulted: Jeff Coates                      Date: 20/09/16

Legal Implications:

- 7.2 Decisions taken in relation to the budget must enable the council to observe its legal duty to achieve best value by securing continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. The council must also comply with its general fiduciary duties to its Council Tax payers by acting with financial prudence, and bear in mind the reserve powers of the Secretary of State under the Local Government Act 1999 to limit Council Tax & precepts. Where forward funding and virements are recommended in this report, these are explained in the body of the report and are in accordance with the Council's Standard Financial Procedures.

Lawyer Consulted: Elizabeth Culbert                      Date: 26/09/16

Equalities Implications:

- 7.3 There are no direct equalities implications arising from this report.

Sustainability Implications:

- 7.4 Although there are no direct sustainability implications arising from this report, the council's financial position is an important aspect of its ability to meet Corporate Plan and Medium Term Financial Strategy priorities. The achievement of a break-even position or better is therefore important in the context of ensuring that there are no adverse impacts on future financial years from performance in 2016/17.

Risk and Opportunity Management Implications:

- 7.5 The Council's revenue budget and Medium Term Financial Strategy contain risk provisions to accommodate emergency spending, even out cash flow movements and/or meet exceptional items. The council maintains a recommended minimum working balance of £9.000m to mitigate these risks. The council also maintains other general and earmarked reserves and contingencies to cover specific project or contractual risks and commitments.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. Revenue Budget Movement since Month 2
2. Revenue Budget Performance
3. 2016/17 Savings Progress
4. Capital Programme Performance
5. New Capital Schemes

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

None.

### **Background Documents**

None.



## Appendix 1 – Revenue Budget Movement Since Month 2

| Service  | 2016/17<br>Month 2<br>Variance<br>£'000 | Forecast<br>Variance<br>Month 5<br>£'000 | Movement<br>£'000 | Explanation of Main Movements   |
|--|---|--|-------------------|---|
| Director of Families, Children & Learning      | 0                                       | 0  | 0                 |   |
| Health & Disability Services                   | (227)                                   | (152)                                    | 75                | Increased staffing costs in residential and respite services plus partial achievement of the financial recovery plan.   |
| Education & Skills                             | 208                                     | 315                                      | 107               | Reduction of funded two year olds in council run nurseries.   |
| Children's Safeguarding & Care                 | 1,096                                   | 855                                      | (241)             | Reduction in numbers of children in residential and secure placements has reduced the overspend risk.   |
| Children's Safeguarding & Quality Assurance    | 0                                       | 0  | 0                 |   |
| <b>Total Families, Children &amp; Learning</b> | <b>1,077</b>                            | <b>1,018</b>                             | <b>(59)</b>       |   |
| Adult Social Care                              | 3,198                                   | 3,645                                    | 447               | The cost of the increased Care Home Fees from September was higher than anticipated within the forecast and £0.200m of the £4.385m Savings target has been put at risk.   |
| Provider Services                              | 125                                     | 242                                      | 117               | Some savings against in house Day Services are now being reflected as unachievable.   |
| Integrated Commissioning                       | (100)                                   | (142)                                    | (42)              | Due to a review of contracts across the service.  |
| S75 Sussex Partnership Foundation Trust (SPFT) | 236                                     | 232                                      | (4)               |   |
| Public Health                                  | 0                                       | (75)                                     | (75)              | This is partly due to the vacant Director post and other staff savings.   |
| <b>Total Health &amp; Adult Social Care</b>    | <b>3,459</b>                            | <b>3,902</b>                             | <b>443</b>        |   |
| Transport                                      | (175)                                   | (432)                                    | (257)             | Review of Transport Projects forecasts to include expected borrowing recharges, external contributions and one-off contract income (£0.225m); updated parking income forecasts to reflect trend in increased demand for permit parking and effects on other parking income streams (£0.159m); variance relating to the service redesign saving of £0.167m now reflects the expected timing of implementation. |

## Appendix 1 – Revenue Budget Movement Since Month 2

| Service   | 2016/17<br>Month 2<br>Variance<br>£'000 | Forecast<br>Variance<br>Month 5<br>£'000 | Movement<br>£'000 | Explanation of Main Movements  |
|---|---|--|-------------------|--|
| City Environmental Management                         | (44)                                    | 8  | 52                | Movement largely due to a revised City Clean employee forecast following review of demand during the summer season, as well as to support the introduction of new modernisation schemes.                               |
| City Development & Regeneration                       | 147                                     | 159                                      | 12                | Improved development application income following review of demand has been offset from increased employee and agency costs to meet government set timescales and to support service modernisation and transformation. |
| Culture   | 25                                      | (73)                                     | (98)              | The improved forecast position management of vacant posts and improved income across the tourism and venues service.   |
| Property  | 74                                      | 69                                       | (5)               | Minor net movement.  |
| <b>Total Economy, Environment &amp; Culture</b>       | <b>27</b>                               | <b>(269)</b>                             | <b>(296)</b>      |  |
| Housing General Fund                                  | 152                                     | 164                                      | 12                | Minor net movement.  |
| Libraries   | 0                                       | 0  | 0                 |  |
| Communities, Equalities & Third Sector                | 100                                     | 90                                       | (10)              | Minor net movement.  |
| Regulatory Services                                   | (4)                                     | (4)                                      | 0                 |  |
| Community Safety                                      | 0                                       | 0  | 0                 |  |
| <b>Total Neighbourhood, Communities &amp; Housing</b> | <b>248</b>                              | <b>250</b>                               | <b>2</b>          |  |
| Finance   | (242)                                   | (9)                                      | 233               | Revised forecast in Revenues & Benefits following final costing of the restructure of the service to meet 2016/17 savings.   |
| Housing Benefit Subsidy                               | (250)                                   | (350)                                    | (100)             | Increased recovery expected of former Council Tax Benefit overpayments   |
| HR & Organisational Development                       | 42                                      | 42                                       | 0                 |  |
| ICT   | 0                                       | 0  | 0                 |  |
| <b>Total Finance &amp; Resources</b>                  | <b>(450)</b>                            | <b>(317)</b>                             | <b>133</b>        |  |

## Appendix 1 – Revenue Budget Movement Since Month 2

| Service                                     | 2016/17<br>Month 2<br>Variance<br>£'000 | Forecast<br>Variance<br>Month 5<br>£'000 | Movement<br>£'000 | Explanation of Main Movements  |
|---|---|--|-------------------|--|
| Corporate Policy                            | 0                                       | (30)                                     | (30)              | Management of vacancies.   |
| Legal Services                              | (6)                                     | 0  | 6                 | Minor overspends.  |
| Democratic & Civic Office Services          | 0                                       | (11)                                     | (11)              | Management of vacancies.   |
| Life Events                                 | 48                                      | 101                                      | 53                | Income pressures, mainly around cremation fees.  |
| Performance, Improvement & Programmes       | 0                                       | 0  | 0                 |  |
| Communications                              | 0                                       | 10                                       | 10                | Freelance costs.   |
| <b>Total Strategy, Governance &amp; Law</b> | <b>42</b>                               | <b>70</b>                                | <b>28</b>         |  |
| Bulk Insurance Premia                       | (250)                                   | (250)                                    | 0                 |  |
| Concessionary Fares                         | (44)                                    | (30)                                     | 14                | Recent concessionary trip numbers are higher than anticipated leading to a reduced forecast underspend.  |
| Capital Financing Costs                     | 0                                       | (94)                                     | (94)              | An increase in investment income has resulted due to a combination of increased balances available for investment and improved average investment rates compared to budget. This has been offset by an increase in interest on borrowings as a result of bringing forward borrowing from future years to take advantage of low interest rates. |
| Levies & Precepts                           | (1)                                     | (1)                                      | 0                 |  |
| Unallocated Contingency & Risk Provisions   | 0                                       | 0  | 0                 |  |
| Unringfenced Grants                         | (146)                                   | (146)                                    | 0                 |  |
| Other Corporate Items                       | (217)                                   | (217)                                    | 0                 |  |
| <b>Total Corporate Budgets</b>              | <b>(658)</b>                            | <b>(738)</b>                             | <b>(80)</b>       |  |
| <b>Total General Fund Revenue Budgets</b>   | <b>3,745</b>                            | <b>3,916</b>                             | <b>171</b>        |  |



## Families, Children &amp; Learning

## Revenue Budget Summary

| 2016/17<br>Month 2<br>Variance<br>£'000 | Service                                     | 2016/17<br>Budget<br>Month 5<br>£'000 | Forecast<br>Outturn<br>Month 5<br>£'000 | Forecast<br>Variance<br>Month 5<br>£'000 | Forecast<br>Variance<br>Month 5<br>% | 2016/17<br>Savings<br>Proposed<br>£'000 | Savings<br>Achieved/<br>Anticipated<br>£'000 | Savings<br>At<br>Risk<br>£'000 |
|---|---|---------------------------------------|---|--|--------------------------------------|---|--|--------------------------------|
| 0                                       | Director of Families, Children & Learning   | 292                                   | 292                                     | 0  | 0.0%                                 | 100                                     | 100  | 0                              |
| (227)                                   | Health & Disability Services                | 5,574                                 | 5,422                                   | (152)                                    | -2.7%                                | 1,105                                   | 1,191  | 0                              |
| 208                                     | Education & Skills                          | 7,919                                 | 8,234                                   | 315                                      | 4.0%                                 | 786                                     | 677  | 129                            |
| 1,096                                   | Children's Safeguarding & Care              | 37,856                                | 38,711                                  | 855                                      | 2.3%                                 | 2,971                                   | 1,773  | 1,228                          |
| 0                                       | Children's Safeguarding & Quality Assurance | 1,427                                 | 1,427                                   | 0  | 0.0%                                 | 0                                       | 0  | 0                              |
| 1,077                                   | Total Families, Children & Learning         | 53,068                                | 54,086                                  | 1,018                                    | 1.9%                                 | 4,962                                   | 3,741  | 1,357                          |

## Explanation of Key Variances (Note: FTE/WTE = Full/Whole Time Equivalent)

| Key<br>Variances<br>£'000    | Service Area                              | Variance Description   | Mitigation Strategy (Overspends Only) |
|------------------------------|---|--|---------------------------------------|
| Health & Disability Services |   |  |                                       |
| (123)                        | Demand-Led - Disability Agency Placements | It is currently forecast that there will be 11.87 FTE disability agency placements during 2016/17. The budget allows for 14.00 FTE and this has resulted in the underspend of £0.123m. |                                       |

## Appendix 2 – Revenue Budget Performance

| Key Variances      |                          |   |   |
|--------------------|--------------------------|---|---|
| £'000              | Service Area             | Variance Description  | Mitigation Strategy (Overspends Only)   |
| Education & Skills |                          |   |   |
| 246                | Home to School Transport | <p>The overspend is due to:</p> <ul style="list-style-type: none"> <li>• Additional costs of the new contract introduced last year following the retendering exercise;</li> <li>• Less impact of Independent Travel Training than anticipated;</li> <li>• Increased costs in 16-19 travel;</li> <li>• Additional recoupment costs.</li> </ul> <p>The overspend reflects the latest number of children (346) being transported. An analysis has been undertaken with the budget holder for each area of the budget and the latest position reflects the estimated outturn position based on current information.</p> | Further work is taking place to understand the increased costs of transport and identify mitigations.   |
| 69                 | Youth Service            | An element of the 2016/17 budget savings strategy for the youth service was based on reducing the costs for premises following a review of buildings. At this stage it is unlikely that these savings will materialise, resulting in an overspend of £0.045m. A further overspend of £0.024m is due to a reduction in Aspire software system users which has led to a greater proportion of cost being borne by the Youth Service.  | Negotiations are currently underway with third sector providers to increase delivery from the Youth Service buildings. It is expected that an initial one year licence will be agreed for one building and will be in place by July 2016 which will produce a significant contribution towards this this pressure. Other negotiations are continuing. |
| (45)               | Behaviour and Attendance | The underspend relates to additional income received from parents taking children out of school in term time and reductions in expenditure.   |   |

## Appendix 2 – Revenue Budget Performance

| Key Variances                  |  |   |  |
|--------------------------------|--|---|--|
| £'000                          | Service Area                               | Variance Description  | Mitigation Strategy (Overspends Only)  |
| 100                            | Nurseries                                  | There is a projected overspend of £0.100m associated with the council-run nurseries. The most significant component within this is Roundabout Nursery where there has been a reduction in the number of funded two-year olds. There is also a high number of staff on maternity leave increasing the cost of supply cover. The proposed savings of £0.060m have not been pursued following withdrawal of member support.  | The restructure of the nurseries is progressing and some savings are expected but at a lower level; at this stage is difficult to quantify the level of the savings due to uncertainties around voluntary severance and protected pay. |
| Children's Safeguarding & Care |  |   |  |
| 15                             | Demand-Led - Residential Agency Placements | The projected number of residential placements (30.25 FTE) is broken down as 26.99 FTE social care residential placements (children's homes), 3.00 FTE schools placements and 0.27 FTE family assessment placements. The budget allowed for 27.70 FTE social care residential care placements, 3.90 FTE schools placements and 0.40 FTE family assessment placements. The average unit costs of these placements is, however, higher than the budgeted level, particularly for residential home placements. The number of children's placements is 1.75 FTE below the budgeted level but the overall average unit cost pressure of £181.27 per week results in an overspend of £0.015m. | Regular reviews of any placement in a residential setting are being undertaken and there are plans for a number of children to move them to alternative placements in the community where this is appropriate.                         |

## Appendix 2 – Revenue Budget Performance

| Key Variances |   |  |   |
|---------------|---|--|---|
| £'000         | Service Area  | Variance Description   | Mitigation Strategy (Overspends Only)   |
| 897           | Demand-Led - Independent Foster Agency (IFA) Placements | The number of children placed in Independent Foster Agency placements has decreased in recent years. During 2015/16 there were 158.06 FTE. The current projected number of placements in 2016/17 is 137.07 FTE, a reduction of 13.3%. The budget for IFA placements included significant levels of savings and was set at 121.00 FTE. The numbers being higher than the budget by 16.07 FTE results in a projected overspend of £0.897m. | This project is working well and with a reduction in children in Care (CIC) is enabling the service to achieve an improved financial outcome. If both factors continue, it should be possible to achieve greater savings. It is, however, anticipated that the recruitment of new in-house foster carers will reduce the overspend by £0.200m.  |
| 69            | Demand-Led - Secure Accommodation                       | It is estimated that during 2016/17 there will be 1.47 FTE secure (welfare) placements and 0.76 FTE secure (justice) placements. The budget allowed for 1.00 FTE welfare and 1.00 FTE justice placements during the year. There are currently two children in a secure (welfare) placement and none in a secure (criminal) placement resulting in a projected overspend of £0.069m.  | Secure placements are only used as a last resort. They are used when deprivation of a young person's liberty is the only solution which will enable work to start to keep them safe on exit from the unit. The Adolescent Service is being successful in reducing the risk and stepping down needs and it is planned that the service will be able to impact on the number of young people requiring secure placements. |
| 212           | Demand-Led - Semi-independent/Supported placements      | The number of semi-independent and supported living placements is projected to be 20.65 FTE and this is 2.15 FTE above the budgeted level. In addition, the average unit cost of these placements is £109.74 per week higher than the budget and this results in an overspend of £0.212m.  | It will be difficult to achieve any savings in this area due to pressures elsewhere in the system.  |

## Appendix 2 – Revenue Budget Performance

| Key Variances |  |   |  |
|---------------|--|---|--|
| £'000         | Service Area   | Variance Description  | Mitigation Strategy (Overspends Only)  |
| (189)         | Demand-Led - In-House Fostering  | As at the 31st August 2016 there were 151 children placed with 'in-house' foster carers. The budget was based on an increasing trend over the last few years and was set at 156.50 FTE placements. This has resulted in the current projected underspend of £0.189m. There is currently work ongoing to increase the number of in-house foster carers and this should result in a net reduction in costs. | The project will try to increase the number of in house foster carers by more than predicted.  |
| (105)         | Demand-Led - Family & Friends placements, Child Arrangement Orders and Special Guardianship Orders | The budget allows for 310.00 FTE placements of these types. It is currently anticipated that there will be 294.51 FTE children in these placements during 2016/17 and this results in the underspend of £0.105m.  |  |
| 305           | Demand-Led - Care Leavers  | The projected number of care leaver placements in 2016/17 is 77.51 FTE. The budget allows for 58.10 FTE placements. The increase mainly relates to growing numbers of Staying Put placements (46.35 FTE in 2016/17). In addition, the average unit cost is also higher than the budget resulting in an overall overspend of £0.305m.  | The right of 18 year olds to decide to 'Stay Put' with their foster carers is a requirement on the service and one which we are tasked to encourage as in the best interests of young people. We do not anticipate this spend reducing. The current Social Work Bill is likely to lead to increased pressure in this area. |

## Appendix 2 – Revenue Budget Performance

| Key Variances |                              |  |  |
|---------------|------------------------------|--|--|
| £'000         | Service Area                 | Variance Description   | Mitigation Strategy (Overspends Only)  |
| 276           | Social Work Teams            | The overspend within the social work teams relates predominantly to use of agency staff. This is a result of a large number of vacant posts across the social work teams at present and a difficulty in retaining experienced staff. There are currently 26 locum social workers employed within the social work service resulting in additional costs of £1.825m. It is anticipated that the new measures designed to improve recruitment and retention of social workers will reduce this overspend. | The new model for social work adopted in Brighton & Hove has attracted a lot of interest from social workers from other areas and those employed as agency staff currently. With the potential agreement to a market supplement payment, it is hoped that it will be possible to achieve further reductions in agency spend. |
| (413)         | Adoption                     | Following changes to adoption regulations and a re-basing of the inter-agency budget, it is anticipated that there will be an underspend in 2016/17. This is based on estimated income from other agencies which was considerably higher last year than in previous years. In addition, it includes income from the new Inter Agency Adoption Fee Grant.   |  |
| (82)          | Fostering and Adoption teams | There are currently a number of vacant posts across the fostering and adoption teams.  |  |

## Health &amp; Adult Social Care

## Revenue Budget Summary

| 2016/17<br>Month 2<br>Variance<br>£'000 | Service  | 2016/17<br>Budget<br>Month 5<br>£'000 | Forecast<br>Outturn<br>Month 5<br>£'000 | Forecast<br>Variance<br>Month 5<br>£'000 | Forecast<br>Variance<br>Month 5<br>% | 2016/17<br>Savings<br>Proposed<br>£'000 | Savings<br>Achieved/<br>Anticipated<br>£'000 | Savings<br>At<br>Risk<br>£'000 |
|---|--|---------------------------------------|---|--|--------------------------------------|---|--|--------------------------------|
| 3,198                                   | Adult Social Care                              | 46,272                                | 49,917                                  | 3,645                                    | 7.9%                                 | 4,385                                   | 4,185  | 200                            |
| 125                                     | Provider Services                              | 12,091                                | 12,333                                  | 242                                      | 2.0%                                 | 1,369                                   | 1,071  | 298                            |
| (100)                                   | Integrated Commissioning                       | 8,687                                 | 8,545                                   | (142)                                    | -1.6%                                | 159                                     | 159  | 0                              |
| 236                                     | S75 Sussex Partnership Foundation Trust (SPFT) | 11,634                                | 11,866                                  | 232                                      | 2.0%                                 | 246                                     | 246  | 0                              |
| 0                                       | Public Health                                  | 1,242                                 | 1,167                                   | (75)                                     | -6.0%                                | 1,096                                   | 1,096  | 0                              |
| 3,459                                   | Total Health & Adult Social Care               | 79,926                                | 83,828                                  | 3,902                                    | 4.9%                                 | 7,255                                   | 6,757  | 498                            |

## Explanation of Key Variances (Note: FTE/WTE = Full/Whole Time Equivalent)

| Key<br>Variances<br>£'000 | Service Area                                    | Variance Description  | Mitigation Strategy (Overspends Only)  |
|---------------------------|---|---|--|
| Adult Social Care         |   |   |  |
| 2,233                     | Demand-Led Community Care - Learning Disability | <p>There has been an increase in the level of clients presenting with greater complexity of need in recent months. This has resulted in an increase in the average unit costs for Learning Disability Care packages. The overspend mainly relates to Supported Accommodation and Direct Payments which have shown a significant increase in activity since April 2015.</p> <p>The variance assumes a £0.257m realignment of the budget allocated for the increase in Care Home Fees, to the</p> | <p>Continued review of care packages to ensure provision of services is effective, appropriate and value for money. Making the best use of in-house resources is also critical. Continued exploration of ways to reduce the need for high cost care and admissions into residential homes.</p> <p>Also, talking to NHS colleagues regarding the impact of the transforming care programme.</p> |

## Appendix 2 – Revenue Budget Performance

| Key Variances<br>£'000 |  |  |   |
|------------------------|--|--|---|
|                        | Service Area   | Variance Description   | Mitigation Strategy (Overspends Only)   |
|                        |  | Physical Support Community Care budget. Policy, Resources & Growth Committee approval is required for this virement as it is in excess of £0.250m.   |   |
| 709                    | Demand-Led Community Care - Physical & Sensory Support | The number of WTE care packages is significantly greater than the budgeted level. This is partly the result of increasing numbers of 'new' older people being discharged from hospital requiring social care services for the first time, as well as increased community demand. | Numbers of clients requiring social care services have been higher than anticipated and work is ongoing to look at reducing admissions to nursing and residential homes.<br><br>There is a need to work with all partners both NHS and independent sector to promote well being and reablement. |
| 44                     | Demand-Led Community Care - Substance Misuse           | There are relatively small numbers of clients within this service and this is in line with the expected demand. The average unit costs however are slightly higher than anticipated and this accounts for the small overspend.   |   |
| 660                    | Deprivation of Liberty Safeguarding (DOLS)             | The level of new referrals increased significantly in the last half of 2015/16, rising from 122 in October 2015 to 190 in April 2016. It is estimated that referrals will increase by 25% in 2016/17 to just fewer than 3,100 for new and repeat referrals.                      | This is a key pressure area for which additional resources will be required and in future years will need to be mitigated by either additional resources (e.g. Adult Social Care precepts) or by savings elsewhere.   |
| (82)                   | Carers Support   | More efficient use of Better Care Fund resources will result in an underspend in the carers support budget.  |   |
| Provider Services      |  |  |   |
| 137                    | Older people resource centres                          | The overspend relates to use of Care Crew agency staffing pressures across the resource centres.   | Reviewing staffing levels and the use of Care Crew.   |

## Appendix 2 – Revenue Budget Performance

| Key Variances<br>£'000                                | Service Area                          | Variance Description  | Mitigation Strategy (Overspends Only)   |
|---|---------------------------------------|---|---|
| 197   | Supported employment                  | The income target for supported employment has risen significantly in the last few years to £0.490m. The level of sales being generated however is considerably below the required rate and it is anticipated that there will be a shortfall of £0.197m in 2016/17.               | Review of the service and exploring ways to maximise income revenue streams.  |
| 46  | Respite Services                      | There are increasing staff costs within this service to manage emergency placements at Beach House for clients with high needs.   |   |
| <b>Integrated Commissioning</b>                       |                                       |   |   |
| (118)   | Carers Support                        | More efficient use of Better Care Fund resources will result in an underspend in the Carers Support budget.   |   |
| (57)  | Contracts                             | A review of contracts across the service has identified savings of £0.057m mainly within community meals.   |   |
| <b>S75 Sussex Partnership Foundation Trust (SPFT)</b> |                                       |   |   |
| 299   | Demand-Led - Memory Cognition Support | There are higher numbers of WTE care packages than are funded in the budget; the unit costs are also higher than had been anticipated resulting in the overspend of £0.299m. This is due to a current lack of affordable residential and nursing home placements within the city. | Increased scrutiny of all complex or high cost care packages to ensure value for money against eligible care needs. Where possible, no placements are made above the agreed Local Authority rates. The Clinical Commissioning Group (CCG) have agreed additional funding of £0.850m to offset the risks on the Community Care budget. The Risk Share arrangement with SPFT assumes a 50:50 split of any remaining overspend.<br>A Continuing Health Care Taskforce is in place to ensure that all appropriate funding |

## Appendix 2 – Revenue Budget Performance

| Key Variances<br>£'000 |                                    |   |                                       |
|------------------------|------------------------------------|---|---------------------------------------|
|                        | Service Area                       | Variance Description  | Mitigation Strategy (Overspends Only) |
| 265                    | Demand-Led - Mental Health Support | Numbers of WTE clients are lower than the budget allocation but the average unit costs are significantly higher due to the increasing need and complexity of this client group and it is this that results in the overspend of £0.265m. | sources are identified.               |
| (100)                  | Staff teams                        | Underspends resulting from vacancies and turnover.  |                                       |
| (232)                  | Demand-Led - SPFT risk share       | The risk share arrangements with SPFT have been agreed for two years. The risk will be shared 50/50 with a cap at £0.250m, the breaching of which would trigger further negotiations with the CCG.                                      |                                       |
| Public Health          |                                    |   |                                       |
| (89)                   | Staffing                           | There are a number of vacant posts across Public Health (including that of the Director) resulting in an in year saving of £0.089m  |                                       |

## Economy, Environment &amp; Culture

## Revenue Budget Summary

| 2016/17<br>Month 2<br>Variance<br>£'000 | Service                              | 2016/17<br>Budget<br>Month 5<br>£'000 | Forecast<br>Outturn<br>Month 5<br>£'000 | Forecast<br>Variance<br>Month 5<br>£'000 | Forecast<br>Variance<br>Month 5<br>% | 2016/17<br>Savings<br>Proposed<br>£'000 | Savings<br>Achieved/<br>Anticipated<br>£'000 | Savings<br>At<br>Risk<br>£'000 |
|---|--------------------------------------|---------------------------------------|---|--|--------------------------------------|---|--|--------------------------------|
| (175)                                   | Transport                            | (6,181)                               | (6,613)                                 | (432)                                    | -7.0%                                | 980                                     | 813  | 167                            |
| (44)                                    | City Environmental Management        | 28,365                                | 28,373                                  | 8  | 0.0%                                 | 1,330                                   | 1,330  | 0                              |
| 147                                     | City Development & Regeneration      | 2,787                                 | 2,946                                   | 159                                      | 5.7%                                 | 226                                     | 216  | 10                             |
| 25                                      | Culture                              | 4,403                                 | 4,330                                   | (73)                                     | -1.7%                                | 572                                     | 469  | 103                            |
| 74                                      | Property                             | 4,021                                 | 4,090                                   | 69                                       | 1.7%                                 | 789                                     | 769  | 20                             |
| 27                                      | Total Economy, Environment & Culture | 33,395                                | 33,126                                  | (269)                                    | -0.8%                                | 3,897                                   | 3,597  | 300                            |

## Explanation of Key Variances

| Key<br>Variances<br>£'000 | Service Area      | Variance Description  | Mitigation Strategy (Overspends Only)  |
|---------------------------|-------------------|---|--|
| Transport                 |                   |   |  |
| 189                       | Head of Transport | The implementation of the service redesign is now anticipated later than originally planned resulting in a savings risk of £0.167m. There is also a £0.022m variance for the planned recruitment of a Commercial Manager post to support actions identified in the service and financial plans. | Various vacancies are being held across the Transport service area pending the service redesign. |

## Appendix 2 – Revenue Budget Performance

| Key<br>Variances<br>£'000       | Service Area                 | Variance Description  | Mitigation Strategy (Overspends Only)   |
|---------------------------------|------------------------------|---|---|
| (356)                           | Parking & Network Operations | Forecast over-achievement of permit fee income of £0.503m due to continued uptake, particularly relating to traders and visitors permit parking, is partly offset by a salary variance of £0.102m to meet demands for parking permits and clear back log of Penalty Charge Notice challenges. Forecast under-achievement on other parking income of £0.156m where there has been a shift to more permitted parking. Net underspending on car park expenditure of £0.111m is largely due to reduced borrowing costs of historic refurbishment schemes. |   |
| (225)                           | Transport Projects           | Various underspend variances include reduced borrowing and other public transport related costs (£0.076m), one-off contractual income from the bus shelter contract (£0.072m), and reduced contribution to the Sussex Safer Roads Partnership (£0.051m) in addition to the saving proposal following a change to partnership funding.   |   |
| City Development & Regeneration |                              |   |   |
| 234                             | Applications                 | Forecast under achievement on Development Planning and Building Control fee income of £0.143m based on current demand forecasts and delays to implementing pre-planning application advice charges. Net salary overspend forecast of £0.091m to support the improvement of service performance and meet government set timescales to respond to planning applications.  | Income levels are demand led and dependant on the number of applications and major developments in the City. The service plans to introduce charges for minor and other pre-planning advice in January 2017. Potential mitigating actions are not currently possible due to pressure on the service to meet government set timescales for respond to planning applications. |

## Appendix 2 – Revenue Budget Performance

| Key Variances<br>£'000 |   |  |  |
|------------------------|---|--|--|
|                        | Service Area                            | Variance Description   | Mitigation Strategy (Overspends Only)  |
| 54                     | Head of City Development & Regeneration | Interim management services provided by external agency to support service modernisation and transformation.   |  |
| (86)                   | Planning Policy and Major Projects      | Underspends in salary costs due to vacancies being held during a service restructure.  |  |
| Culture                |   |  |  |
| 24                     | Royal Pavilion and Museums              | An overspend of £0.040m in relation to the savings at risk, due to the delay in the implementation of the extension of cultural exemption to other sites. Unachievable one off savings of £0.063m relating to sinking fund contributions for The Keep.   | Overspends will be partially offset by one-off grant income of £0.056m and managed within other expenditure budgets within the service.  |
| (63)                   | Tourism                                 | Vacancy management underspend of £0.052m to allow for business planning and service delivery review, and increased Conference Commission income of £0.011m   |  |
| Property               |   |  |  |
| 202                    | Estates                                 | Despite a slight improvement in the rental forecast on New England House and Contracted Property portfolio currently other net rent income pressures still total £0.134m. This includes £0.020m of savings at risk which are subject to economic and market conditions. Also, additional business rate bills for Corporate Landlord properties have led to a £0.068m pressure on the estates budget. | Rent income forecasts are monitored and reported on a monthly basis as part of the TBM process. The managing agents acting on behalf of the council seek to maximise the level of rental income from the commercial portfolio. |

## Appendix 2 – Revenue Budget Performance

| Key<br>Variances<br>£'000 | Service Area      | Variance Description   | Mitigation Strategy (Overspends Only) |
|---------------------------|-------------------|--|---------------------------------------|
| (133)                     | Property Services | There are underspends within the Energy Management service of £0.017m, £0.036m Utility savings under Corporate Landlord and other services adding a further underspends of £0.080m |                                       |

## Neighbourhood, Communities &amp; Housing

## Revenue Budget Summary

| 2016/17<br>Month 2<br>Variance<br>£'000 | Service                                    | 2016/17<br>Budget<br>Month 5<br>£'000 | Forecast<br>Outturn<br>Month 5<br>£'000 | Forecast<br>Variance<br>Month 5<br>£'000 | Forecast<br>Variance<br>Month 5<br>% | 2016/17<br>Savings<br>Proposed<br>£'000 | Savings<br>Achieved/<br>Anticipated<br>£'000 | Savings<br>At<br>Risk<br>£'000 |
|---|--|---------------------------------------|---|--|--------------------------------------|---|--|--------------------------------|
| 152                                     | Housing General Fund                       | 4,499                                 | 4,663                                   | 164                                      | 3.6%                                 | 582                                     | 582  | 0                              |
| 0                                       | Libraries                                  | 4,968                                 | 4,968                                   | 0  | 0.0%                                 | 309                                     | 309  | 0                              |
| 100                                     | Communities, Equalities & Third Sector     | 2,985                                 | 3,075                                   | 90                                       | 3.0%                                 | 208                                     | 108  | 100                            |
| (4)                                     | Regulatory Services                        | 1,983                                 | 1,979                                   | (4)                                      | -0.2%                                | 154                                     | 154  | 0                              |
| 0                                       | Community Safety                           | 1,260                                 | 1,260                                   | 0  | 0.0%                                 | 133                                     | 133  | 0                              |
| 248                                     | Total Neighbourhood, Communities & Housing | 15,695                                | 15,945                                  | 250                                      | 1.6%                                 | 1,386                                   | 1,286  | 100                            |

## Explanation of Key Variances

| Key<br>Variances<br>£'000 | Service Area   | Variance Description  | Mitigation Strategy (Overspends Only)   |
|---------------------------|--|---|---|
| Housing General Fund      |  |   |   |
| 277                       | Demand-Led - Temporary Accommodation and Allocations | This service is currently forecasting to overspend by £0.820m due to the lack of accommodation to move people on to because of the short supply of affordable alternative accommodation. Therefore a Financial Recovery Plan has been developed which aims to bring the spend within budget. However, approximately £0.277m is at risk of not being achieved and is therefore forecast as an overspend risk at this time. | Currently the service is forecast to overspend by £0.820m but a financial recovery plan has been developed including the use of reserves, use of DCLG money for early prevention work, vacancy management, and a change in the allocation of supported beds by Adult Social Care which aims to keep costs within budget. There are other compensating underspends within Housing which will alleviate some of this overspend and other means of mitigating this overspend are being considered. |

## Appendix 2 – Revenue Budget Performance

| Key<br>Variances<br>£'000              | Service Area                           | Variance Description   | Mitigation Strategy (Overspends Only)                                 |
|--|--|--|---|
|  |  |  |   |
| (74)                                   | Private Sector Housing                 | This underspend is the result of vacancies within the Private Sector Housing team and an increase in the recharge of salaries to capital for the adaptations service   |   |
| (39)                                   | Housing Strategy                       | This relates to the service redesign taking place earlier than originally planned leading to reduced employee costs in 2016/17.  |   |
| Communities, Equalities & Third Sector |  |  |   |
| 90                                     | Communities, Equalities & Third Sector | The projected variance reflects the cross-cutting saving (£0.200m) from the proposed merger with Community Safety in Public Health of which £0.100m is currently at risk. £0.110m is currently being managed through vacancy management. | The service is currently considering ways to mitigate this overspend. |

## Finance &amp; Resources

## Revenue Budget Summary

| 2016/17<br>Month 2<br>Variance<br>£'000 |                                 | 2016/17<br>Budget<br>Month 5<br>£'000 | Forecast<br>Outturn<br>Month 5<br>£'000 | Forecast<br>Variance<br>Month 5<br>£'000 | Forecast<br>Variance<br>Month 5<br>% | 2016/17<br>Savings<br>Proposed<br>£'000 | Savings<br>Achieved/<br>Anticipated<br>£'000 | Savings<br>At<br>Risk<br>£'000 |
|---|---------------------------------|---------------------------------------|---|--|--------------------------------------|---|--|--------------------------------|
|   | Service                         |                                       |   |  |                                      |   |  |                                |
| (242)                                   | Finance                         | 10,996                                | 10,987                                  | (9)                                      | -0.1%                                | 810                                     | 810  | 0                              |
| (250)                                   | Housing Benefit Subsidy         | (676)                                 | (1,026)                                 | (350)                                    | -51.8%                               | 0                                       | 0  | 0                              |
| 42                                      | HR & Organisational Development | 3,084                                 | 3,126                                   | 42                                       | 1.4%                                 | 335                                     | 335  | 0                              |
| 0                                       | ICT                             | 7,253                                 | 7,253                                   | 0  | 0.0%                                 | 434                                     | 434  | 0                              |
| (450)                                   | Total Finance & Resources       | 20,657                                | 20,340                                  | (317)                                    | -1.5%                                | 1,579                                   | 1,579  | 0                              |

## Explanation of Key Variances

| Key<br>Variances<br>£'000 | Service Area            | Variance Description  | Mitigation Strategy (Overspends Only) |
|---------------------------|-------------------------|---|---------------------------------------|
| Housing Benefit Subsidy   |                         |   |                                       |
| (350)                     | Housing Benefit Subsidy | £0.200m (previously £0.100m) relates to the recovery of former Council Tax Benefit overpayments. There is not sufficient data available yet to make a detailed forecast on the main subsidy budgets, but based on last year's outturn a surplus of £0.150m can be forecast. |                                       |

## Strategy, Governance &amp; Law

## Revenue Budget Summary

| 2016/17<br>Month 2<br>Variance<br>£'000 | Service                               | 2016/17<br>Budget<br>Month 5<br>£'000 | Forecast<br>Outturn<br>Month 5<br>£'000 | Forecast<br>Variance<br>Month 5<br>£'000 | Forecast<br>Variance<br>Month 5<br>% | 2016/17<br>Savings<br>Proposed<br>£'000 | Savings<br>Achieved/<br>Anticipated<br>£'000 | Savings<br>At<br>Risk<br>£'000 |
|---|---------------------------------------|---------------------------------------|---|--|--------------------------------------|---|--|--------------------------------|
| 0                                       | Corporate Policy                      | 917                                   | 887                                     | (30)                                     | -3.3%                                | 167                                     | 167  | 0                              |
| (6)                                     | Legal Services                        | 1,574                                 | 1,574                                   | 0  | 0.0%                                 | 105                                     | 105  | 0                              |
| 0                                       | Democratic & Civic Office Services    | 1,575                                 | 1,564                                   | (11)                                     | -0.7%                                | 85                                      | 85   | 0                              |
| 48                                      | Life Events                           | 27                                    | 128                                     | 101                                      | 374.1%                               | 212                                     | 152  | 60                             |
| 0                                       | Performance, Improvement & Programmes | 881                                   | 881                                     | 0  | 0.0%                                 | 46                                      | 46   | 0                              |
| 0                                       | Communications                        | 669                                   | 679                                     | 10                                       | 1.5%                                 | 140                                     | 140  | 0                              |
| 42                                      | Total Strategy, Governance & Law      | 5,643                                 | 5,713                                   | 70                                       | 1.2%                                 | 755                                     | 695  | 60                             |

## Explanation of Key Variances

| Key<br>Variances<br>£'000 | Service Area         | Variance Description   | Mitigation Strategy (Overspends Only)   |
|---------------------------|----------------------|--|---|
| Life Events               |                      |  |   |
| 81                        | Registrars           | Staffing cost pressures within the Registrars Service.   | The Head of Life Events and Registrations Manager are progressing a service redesign in this area.          |
| 13                        | Elections            | Staffing cost pressures within Elections Service.  | A review of the costs and funding for the Elections Service will be undertaken following the EU referendum. |
| 7                         | Bereavement Services | Cremation fee income pressure £0.100m, Vacancy management of £0.062m, maintenance underspends £0.020m, other underspends £0.011m | There is to be a further review of fees and charges   |

## Corporate Services

## Revenue Budget Summary

| 2016/17<br>Month 2<br>Variance<br>£'000 | Service                                   | 2016/17<br>Budget<br>Month 5<br>£'000 | Forecast<br>Outturn<br>Month 5<br>£'000 | Forecast<br>Variance<br>Month 5<br>£'000 | Forecast<br>Variance<br>Month 5<br>% | 2016/17<br>Savings<br>Proposed<br>£'000 | Savings<br>Achieved/<br>Anticipated<br>£'000 | Savings<br>At<br>Risk<br>£'000 |
|---|---|---------------------------------------|---|--|--------------------------------------|---|--|--------------------------------|
| (250)                                   | Bulk Insurance Premia                     | 0                                     | (250)                                   | (250)                                    | 0.0%                                 | 0                                       | 0  | 0                              |
| (44)                                    | Concessionary Fares                       | 10,933                                | 10,903                                  | (30)                                     | -0.3%                                | 240                                     | 240  | 0                              |
| 0                                       | Capital Financing Costs                   | 6,705                                 | 6,611                                   | (94)                                     | -1.4%                                | 0                                       | 0  | 0                              |
| (1)                                     | Levies & Precepts                         | 172                                   | 171                                     | (1)                                      | -0.6%                                | 0                                       | 0  | 0                              |
| 0                                       | Unallocated Contingency & Risk Provisions | 3,516                                 | 3,516                                   | 0  | 0.0%                                 | 0                                       | 0  | 0                              |
| (146)                                   | Unringfenced Grants                       | (15,495)                              | (15,641)                                | (146)                                    | -0.9%                                | 0                                       | 0  | 0                              |
| (217)                                   | Other Corporate Items                     | 1,618                                 | 1,401                                   | (217)                                    | -13.4%                               | 270                                     | 270  | 0                              |
| (658)                                   | Total Corporate Budgets                   | 7,449                                 | 6,711                                   | (738)                                    | -9.9%                                | 510                                     | 510  | 0                              |

## Explanation of Key Variances

| Key<br>Variances<br>£'000 | Service Area            | Variance Description   | Mitigation Strategy (Overspends Only) |
|---------------------------|-------------------------|--|---------------------------------------|
| Bulk Insurance Premia     |                         |  |                                       |
| (250)                     | Bulk Insurance Premia   | Expenditure on the settlement of claims is forecast to be lower than budgeted. |                                       |
| Concessionary Fares       |                         |  |                                       |
| (30)                      | Concessionary Bus Fares | Lower than anticipated reimbursements for concessionary trips.                 |                                       |

## Appendix 2 – Revenue Budget Performance

| Key Variances<br>£'000 Service Area Variance Description Mitigation Strategy (Overspends Only) |                           |   |  |
|--|---------------------------|---|--|
| Capital Financing Costs  |                           |   |  |
| (94)   | Capital Financing Costs   | Additional net borrowing costs of £0.147m will be incurred as a result of bringing forward borrowing to take advantage of historically low borrowing rates (this is expected to make permanent savings of £0.085m per year).<br>This is offset by an increase in forecast investment income as a result of higher forecast investment balances than previously expected. There is also a budgeted contribution to Trusts of £0.080m that is accounted for in another budget line and is no longer required. | Overspending is offset by an increase in forecast investment income (see below). |
| Unringfenced Grants  |                           |   |  |
| (146)  | Unringfenced Grants       | Council Tax Support Admin Subsidy Grant announced in March 2016 is higher than forecast (£0.078m).<br>Local Reform & Community Voices grant announced in April 2016 is higher than forecast (£0.068m).  |  |
| Other Corporate Items  |                           |   |  |
| (217)  | Unfunded Pension Payments | There is a £0.123m underspend relating to overpayments identified in respect of previous years and £0.094m in respect of an in year reduction.  |  |

## Appendix 2 – Revenue Budget Performance

### Housing Revenue Account (HRA)

#### Revenue Budget Summary

| 2016/17<br>Month 2<br>Variance<br>£'000 | Service                                 | 2016/17<br>Budget<br>Month 5<br>£'000 | Forecast<br>Outturn<br>Month 5<br>£'000 | Forecast<br>Variance<br>Month 5<br>£'000 | Forecast<br>Variance<br>Month 5<br>% | 2016/17<br>Savings<br>Proposed<br>£'000 | Savings<br>Achieved/<br>Anticipated<br>£'000 | Savings<br>At<br>Risk<br>£'000 |
|---|---|---------------------------------------|---|--|--------------------------------------|---|--|--------------------------------|
| 0                                       | Capital Financing                       | 31,916                                | 31,791                                  | (125)                                    | -0.4%                                | 0                                       | 0  | 0                              |
| (0)                                     | Head of Housing HRA                     | 3,197                                 | 3,190                                   | (7)                                      | -0.2%                                | 385                                     | 385  | 0                              |
| (27)                                    | Head of City Development & Regeneration | 264                                   | 225                                     | (39)                                     | -14.8%                               | 37                                      | 37   | 0                              |
| 0                                       | Housing Strategy                        | 664                                   | 659                                     | (5)                                      | -0.8%                                | 0                                       | 0  | 0                              |
| (12)                                    | Income Involvement Improvement          | (49,449)                              | (49,481)                                | (32)                                     | -0.1%                                | 239                                     | 239  | 0                              |
| (274)                                   | Property & Investment                   | 11,557                                | 10,963                                  | (594)                                    | -5.1%                                | 348                                     | 348  | 0                              |
| 43                                      | Tenancy Services                        | 1,851                                 | 1,789                                   | (62)                                     | -3.3%                                | 384                                     | 384  | 0                              |
| (270)                                   | Total Housing Revenue Account           | 0                                     | (864)                                   | (864)                                    | 0.0%                                 | 1,393                                   | 1,393  | 0                              |

#### Explanation of Key Variances

| Key<br>Variances<br>£'000 | Service Area      | Variance Description   | Mitigation Strategy (Overspends Only) |
|---------------------------|-------------------|--|---------------------------------------|
| Capital Financing         |                   |  |                                       |
| (125)                     | Capital Financing | Significant reprofiling of HRA capital expenditure from 2015/16 into 2016/17 impacts on the timing of when borrowing is required to be undertaken to fund the expenditure. This has resulted in lower interest charges being incurred during 2016/17 compared to the original budget forecast. |                                       |

## Appendix 2 – Revenue Budget Performance

| Appendix 2 – Revenue Budget – Over/Underspend |                                   |  |                                       |
|---|-----------------------------------|--|---------------------------------------|
| Key Variances<br>£'000                        | Service Area                      | Variance Description   | Mitigation Strategy (Overspends Only) |
| Property & Investment                         |                                   |  |                                       |
| (120)   | Responsive Repairs                | This underspend relates to a reduction in responsive repairs expenditure due to the increased capital investment in council dwellings over recent years as well as reducing stock numbers from Right to Buy sales and stock transfer to Seaside Homes. |                                       |
| (450)   | Gas servicing and maintenance     | Estimated contract efficiency savings relating to new gas contract which commenced on 1 April 2016.  |                                       |
| Tenancy Services                              |                                   |  |                                       |
| (62)  | Tenancy Management Property Costs | Forecast underspend of £0.105m for gas and electricity charges which has been offset by various minor variations across Tenancy Services.  |                                       |

## Dedicated Schools Grant (DSG)

## Revenue Budget Summary

| 2016/17<br>Month 2<br>Variance<br>£'000 | Service  | 2016/17<br>Budget<br>Month 5<br>£'000 | Forecast<br>Outturn<br>Month 5<br>£'000 | Forecast<br>Variance<br>Month 5<br>£'000 | Forecast<br>Variance<br>Month 5<br>% |
|---|--|---------------------------------------|---|--|--------------------------------------|
| 0                                       | Individual Schools Budget (ISB)  | 123,389                               | 123,389                                 | 0  | 0.0%                                 |
| 0                                       | Early Years Block (including delegated to Schools)<br><i>(This includes Private Voluntary &amp; Independent (PVI) Early Years 3 &amp; 4 year old funding for the 15 hours free entitlement to early years education)</i> | 10,605                                | 10,565                                  | (40)                                     | -0.4%                                |
| 119                                     | High Needs Block (excluding delegated to Schools)  | 18,403                                | 18,471                                  | 68                                       | 0.4%                                 |
| (22)                                    | Exceptions and Growth Fund   | 5,298                                 | 5,261                                   | (37)                                     | -0.7%                                |
| 0                                       | Grant Income   | (157,263)                             | (157,263)                               | 0  | 0.0%                                 |
| 97                                      | Total Dedicated Schools Grant (DSG)  | 432                                   | 423                                     | (9)                                      | -2.1%                                |

## Explanation of Key Variances

| Key<br>Variances<br>£'000                          | Service Area                      | Variance Description  | Mitigation Strategy (Overspends Only)  |
|--|-----------------------------------|---|--|
| Early Years Block (including delegated to Schools) |                                   |   |  |
| (40)   | 2 year old funding                | Latest estimate of 2 year old payments for EYFE based on summer 2016.                     |  |
| High Needs Block (excluding delegated to Schools)  |                                   |   |  |
| 232  | Maintained schools top up funding | High Needs top up to maintained schools (mainstream and special) is higher than budgeted. | A review of top up funding to primary and secondary schools will take place and a report will be prepared for DMT incorporating a number of proposals to address the ongoing pressure. |

## Appendix 2 – Revenue Budget Performance

| Key<br>Variances<br>£'000  | Key Variances      |  |                                       |
|----------------------------|--------------------|--|---------------------------------------|
|                            | Service Area       | Variance Description   | Mitigation Strategy (Overspends Only) |
| 50                         | DSG contributions  | Unanticipated DSG contribution to meet General Fund pressures.             |                                       |
| (49)                       | Other              | Unallocated 2015/16 budget brought forward.                                |                                       |
| (44)                       | Other              | Savings from Learning Support Service review                               |                                       |
| (105)                      | One to One support | Budget now not allocated to support schools.                               |                                       |
| Exceptions and Growth Fund |                    |  |                                       |
| (33)                       | Exception 1        | Mainly school reimbursement for union duties, jury service and suspension. |                                       |
| (17)                       | Exception 1        | Additional charges to schools for Newly Qualified Teacher service          |                                       |
| 13                         | Other              | Miscellaneous minor overspends   |                                       |

## Savings Monitoring 2016/17

## General Fund

| Directorate                          | 2016/17<br>Savings<br>Proposed<br>£'000 | Savings<br>Achieved/<br>Anticipated<br>£'000 | Savings<br>At<br>Risk<br>£'000 |
|--------------------------------------|---|--|--------------------------------|
| Families, Children & Learning        | 4,962                                   | 3,741  | 1,357                          |
| Health & Adult Social Care           | 7,255                                   | 6,757  | 498                            |
| Economy, Environment & Culture       | 3,897                                   | 3,597  | 300                            |
| Neighbourhood, Communities & Housing | 1,386                                   | 1,286  | 100                            |
| Finance & Resources                  | 1,579                                   | 1,579  | 0                              |
| Strategy, Governance & Law           | 755                                     | 695  | 60                             |
| Corporate Budgets                    | 510                                     | 510  | 0                              |
| <b>Total Directorate Savings</b>     | <b>20,344</b>                           | <b>18,165</b>                                | <b>2,315</b>                   |
| Tax Base Savings                     | 624                                     | 624  | 0                              |
| <b>Total General Fund Savings</b>    | <b>20,968</b>                           | <b>18,789</b>                                | <b>2,315</b>                   |

## Housing Revenue Account

| Directorate              | 2016/17<br>Savings<br>Proposed<br>£'000 | Savings<br>Achieved/<br>Anticipated<br>£'000 | Savings<br>At<br>Risk<br>£'000 |
|--------------------------|---|--|--------------------------------|
| Housing Revenue Account  | 1,393                                   | 1,393  | 0                              |
| <b>Total HRA Savings</b> | <b>1,393</b>                            | <b>1,393</b>                                 | <b>0</b>                       |



## Appendix 4 – Capital Programme Performance

### Families, Children & Learning – Capital Budget Summary

| Forecast<br>Variance<br>Month 2<br>£'000 | Service  | 2016/17<br>TBM 2<br>Budget<br>£'000 | Reported<br>at other<br>Committees<br>£'000 | New<br>Schemes in<br>Appendix 4<br>£'000 | Variation,<br>Slippage/<br>reprofile<br>£'000 | 2016/17<br>Budget<br>Month 5<br>£'000 | Forecast<br>Outturn<br>Month 5<br>£'000 | Forecast<br>Variance<br>Month 5<br>£'000 | Forecast<br>Variance<br>Month 5<br>% |
|--|--|-------------------------------------|---|--|---|---------------------------------------|---|--|--------------------------------------|
| 0  | Children's<br>Safeguarding<br>& Care                       | 40                                  | 0   | 0  | 0   | 40                                    | 40                                      | 0  | 0.0%                                 |
| 0  | Health &<br>Disability<br>Services                         | 36                                  | 0   | 0  | 0   | 36                                    | 36                                      | 0  | 0.0%                                 |
| 0  | Education &<br>Skills                                      | 17,006                              | 0   | 0  | 0   | 17,006                                | 17,006                                  | 0  | 0.0%                                 |
| 0  | Schools  | 166                                 | 0   | 91                                       | 0   | 257                                   | 257                                     | 0  | 0.0%                                 |
| 0  | Stronger<br>Families<br>Youth &<br>Communities             | 0                                   | 0   | 0  | 0   | 0                                     | 0                                       | 0  | 0.0%                                 |
| 0  | <b>Total<br/>Families,<br/>Children &amp;<br/>Learning</b> | <b>17,248</b>                       | <b>0</b>                                    | <b>91</b>                                | <b>0</b>                                      | <b>17,339</b>                         | <b>17,339</b>                           | <b>0</b>                                 | <b>0.0%</b>                          |

Details of Variation requests and explanations of significant Forecast Variances, Slippage or Reprofiles are given below:

| Detail Type                              | £'000 | Project | Description | Mitigation Strategy |
|--|-------|---------|-------------|---------------------|
| <b>Families, Children &amp; Learning</b> |       |         |             |                     |
| No changes<br>to report for<br>month 5   |       |         |             |                     |

## Appendix 4 – Capital Programme Performance

### Health & Adult Social Care – Capital Budget Summary

| Forecast<br>Variance<br>Month 2<br>£'000 | Service                                     | 2016/17<br>TBM 2<br>Budget<br>£'000 | Reported<br>at other<br>Committees<br>£'000 | New<br>Schemes in<br>Appendix 4<br>£'000 | Variation,<br>Slippage/<br>reprofile<br>£'000 | 2016/17<br>Budget<br>Month 5<br>£'000 | Forecast<br>Outturn<br>Month 5<br>£'000 | Forecast<br>Variance<br>Month 5<br>£'000 | Forecast<br>Variance<br>Month 5<br>% |
|--|---|-------------------------------------|---|--|---|---------------------------------------|---|--|--------------------------------------|
| 0  | Adult Social Care                           | 520                                 | 0   | 0  | (169)   | 351                                   | 351                                     | 0  | 0.0%                                 |
| 0  | Integrated Commissioning                    | 145                                 | 0   | 68                                       | (75)  | 138                                   | 138                                     | 0  | 0.0%                                 |
| 0  | Provider Services                           | 0                                   | 0   | 0  | 0   | 0                                     | 0                                       | 0  | 0.0%                                 |
| 0  | Public Health                               | 0                                   | 0   | 0  | 0   | 0                                     | 0                                       | 0  | 0.0%                                 |
| <b>0</b>                                 | <b>Total Health &amp; Adult Social Care</b> | <b>665</b>                          | <b>0</b>                                    | <b>68</b>                                | <b>(244)</b>                                  | <b>489</b>                            | <b>489</b>                              | <b>0</b>                                 | <b>0.0%</b>                          |

Details of Variation requests and explanations of significant Forecast Variances, Slippage or Reprofiles are given below:

| Detail Type              | £'000 | Project  | Description  | Mitigation Strategy |
|--------------------------|-------|----------|--|---------------------|
| <b>Adult Social Care</b> |       |          |  |                     |
| Variation                | (147) | Telecare | The reduction in budget against the Telecare capital programme for 2016/17 will fund the increase in the Disabled Facilities capital programme which was presented to Policy, Resources & Growth Committee on 14th July 2016. This is in-line with the Adult Social Care Services - Specific Capital Grant letter (LASSL(DH)(2016)) received in February 2016 from the Department of Health. The remaining budget of £0.200m, which has been agreed at Adults DMT, on Telecare is sufficient to cover the costs for 2016/17 and is comparable to costs |                     |

## Appendix 4 – Capital Programme Performance

| Detail Type                     | £'000 | Project                                 | Description  | Mitigation Strategy |
|---------------------------------|-------|---|--|---------------------|
|                                 |       |   | incurred over the last 3 financial years.  |                     |
| Variation                       | (22)  | Adaptations to Homes of Disabled People | Variation to budget of less than £0.050m.  |                     |
| <b>Integrated Commissioning</b> |       |   |  |                     |
| Variation                       | (75)  | Social Care Reform Grant                | The reduction in budget against the Social Care Reform capital programme for 2016/17 will fund the increase in the Disabled Facilities Capital Programme which was presented to Policy & Resources on 14th July 2016. This is in-line with the Adults Social Care Services - Specific Capital Grant letter (LASSL(DH)(2016)) received in February 2016 from the Department of Health. The remaining budget of £0.068m on the Social Care Reform programme will be allocated against the new capital programme for 40 Valley Road which is part of the TBM Month 05 report to Policy & Resources. |                     |

## Appendix 4 – Capital Programme Performance

### Economy, Environment & Culture (excluding Housing Revenue Account) – Capital Budget Summary

| Forecast<br>Variance<br>Month 2<br>£'000 | Service   | 2016/17<br>TBM 2<br>Budget<br>£'000 | Reported<br>at other<br>Committees<br>£'000 | New<br>Schemes in<br>Appendix 4<br>£'000 | Variation,<br>Slippage/<br>reprofile<br>£'000 | 2016/17<br>Budget<br>Month 5<br>£'000 | Forecast<br>Outturn<br>Month 5<br>£'000 | Forecast<br>Variance<br>Month 5<br>£'000 | Forecast<br>Variance<br>Month 5<br>% |
|--|---|-------------------------------------|---|--|---|---------------------------------------|---|--|--------------------------------------|
| 0  | City<br>Development<br>& Regen                              | 9,646                               | 0   | 0  | 0   | 9,646                                 | 9,646                                   | 0  | 0.0%                                 |
| 0  | City<br>Environmental<br>Management                         | 8,732                               | 0   | 343                                      | 55  | 9,130                                 | 9,130                                   | 0  | 0.0%                                 |
| 0  | Culture   | 8,837                               | 0   | 210                                      | 0   | 9,047                                 | 9,047                                   | 0  | 0.0%                                 |
| 0  | Planning &<br>Building<br>Control                           | 0                                   | 0   | 0  | 0   | 0                                     | 0                                       | 0  | 0.0%                                 |
| 0  | Property  | 9,095                               | 0   | 0  | (366)   | 8,729                                 | 8,729                                   | 0  | 0.0%                                 |
| 0  | Transport   | 13,724                              | 0   | 56                                       | 10  | 13,790                                | 13,790                                  | 0  | 0.0%                                 |
| <b>0</b>                                 | <b>Total<br/>Economy,<br/>Environment<br/>&amp; Culture</b> | <b>50,034</b>                       | <b>0</b>                                    | <b>609</b>                               | <b>(301)</b>                                  | <b>50,342</b>                         | <b>50,342</b>                           | <b>0</b>                                 | <b>0.0%</b>                          |

Details of Variation requests and explanations of significant Forecast Variances, Slippage or Reprofiles are given below:

| Detail Type                          | £'000 | Project                    | Description   | Mitigation Strategy |
|--------------------------------------|-------|----------------------------|---|---------------------|
| <b>City Environmental Management</b> |       |                            |   |                     |
| Variation                            | 55    | Hove Lagoon Play Area S106 | Additional S106 funding has been allocated to the Hove Lagoon Play area to enable an enhanced improvement scheme to the one originally proposed |                     |
| <b>Property</b>                      |       |                            |   |                     |
| Reprofile                            | (266) | Barts House - Windows      | The pilot factory refurbishment of two of the existing mansard windows on the 4 <sup>th</sup> floor was not                                     |                     |

## Appendix 4 – Capital Programme Performance

| Detail Type      | £'000 | Project                            | Description   | Mitigation Strategy |
|------------------|-------|------------------------------------|---|---------------------|
|                  |       |                                    | successful. Despite introducing a new drainage method they continued to allow a smaller volume of rainwater to pass. New bespoke replacements windows are required and a suitable design is being sourced. New windows will need planning permission meaning that the works themselves will fall into 2017-18.  |                     |
| Variation        | 50    | Hollingdean Depot                  | The £0.050m additional funding is required for two elements. Funding will be met from a combination of borrowing and revenue budgets:<br>1) £0.008m: new fibre optic cabling and ICT infrastructure, which is required not only to link the new workshop but also to other existing areas of the depot<br>2) £0.042m: Financial contribution towards a permanent pedestrian bridge to link the east and west sides of the depot which is required to safely move staff from the canteen/mess room over the lower access road to the main administration block. There is currently a scaffold bridge in place but this is a temporary measure. |                     |
| Variation        | (150) | Madeira Terrace                    | Reduction of budget as a result of temporary works completed ahead of schedule in 2015/16.  |                     |
| <b>Transport</b> |       |                                    |   |                     |
| Variation        | 10    | Structural Maintenance of Highways | In the outlying areas of the city the highway gullies are connected to soakaways which are large chambers underground that have outlet holes created in the structure. Many of these soakaways have not had any cleansing or maintenance for several years and they have ceased to function. Each soakaway can cost up to £0.005m to reconstruct. The funding will be met from capital receipts set aside for investment into the area.   |                     |

## Appendix 4 – Capital Programme Performance

### Neighbourhood, Comms & Housing (excluding Housing Revenue Account) – Capital Budget Summary

| Forecast<br>Variance<br>Month 2<br>£'000 | Service   | 2016/17<br>TBM 2<br>Budget<br>£'000 | Reported<br>at other<br>Committees<br>£'000 | New<br>Schemes in<br>Appendix 4<br>£'000 | Variation,<br>Slippage/<br>reprofile<br>£'000 | 2016/17<br>Budget<br>Month 5<br>£'000 | Forecast<br>Outturn<br>Month 5<br>£'000 | Forecast<br>Variance<br>Month 5<br>£'000 | Forecast<br>Variance<br>Month 5<br>% |
|--|---|-------------------------------------|---|--|---|---------------------------------------|---|--|--------------------------------------|
| 0  | Comms<br>Equalities & 3 <sup>rd</sup><br>Sector             | 278                                 | 0   | 0  | 0   | 278                                   | 278                                     | 0  | 0.0%                                 |
| 0  | Community<br>Safety   | 0                                   | 0   | 0  | 0   | 0                                     | 0                                       | 0  | 0.0%                                 |
| 312                                      | Housing - GF  | 3,349                               | 0   | 0  | 45  | 3,394                                 | 3,722                                   | 328                                      | 9.7%                                 |
| 0  | Libraries   | 373                                 | 0   | 0  | 0   | 373                                   | 373                                     | 0  | 0.0%                                 |
| 0  | Regulatory<br>Services                                      | 545                                 | 0   | 0  | 0   | 545                                   | 545                                     | 0  | 0.0%                                 |
| 312                                      | <b>Total<br/>Neighbourhood,<br/>Comms &amp;<br/>Housing</b> | <b>4,545</b>                        | <b>0</b>                                    | <b>0</b>                                 | <b>45</b>                                     | <b>4,590</b>                          | <b>4,918</b>                            | <b>328</b>                               | <b>7.1%</b>                          |

Details of Variation requests and explanations of significant Forecast Variances, Slippage or Reprofiles are given below:

| Detail Type       | £'000 | Project                                | Description   | Mitigation Strategy  |
|-------------------|-------|--|---|--|
| <b>Housing GF</b> |       |  |   |  |
| Variation         | 45    | Major<br>Adaptations<br>Housing (HOAT) | Variation to budget of less than £0.050m.   |  |
| Overspend         | 328   | Disabled<br>Facilities Grant           | The Health and Wellbeing Board allocated £1.430m Disabled Facilities Grant funding to disabled adaptations. Estimated spend for 2016/17 is £1.500m, leaving a shortfall of £0.070m. The £0.306m overspend carried | The financial recovery plan will need to be reviewed and discussed with the Health and Wellbeing Board in order to try to mitigate this overspend. |

## Appendix 4 – Capital Programme Performance

| Detail Type | £'000 | Project | Description  | Mitigation Strategy |
|-------------|-------|---------|--|---------------------|
|             |       |         | forward, reported to Policy and Resources at the end of 2015/16, should reduce to £0.258m due to the financial recovery measures in place. Therefore the total overspend is now estimated to be £0.328m. |                     |

## Appendix 4 – Capital Programme Performance

### Housing Revenue Account – Capital Budget Summary

| Forecast<br>Variance<br>Month 2<br>£'000 | Service                                      | 2016/17<br>TBM 2<br>Budget<br>£'000 | Reported<br>at other<br>Committees<br>£'000 | New<br>Schemes in<br>Appendix 4<br>£'000 | Variation,<br>Slippage/<br>reprofile<br>£'000 | 2016/17<br>Budget<br>Month 5<br>£'000 | Forecast<br>Outturn<br>Month 5<br>£'000 | Forecast<br>Variance<br>Month 5<br>£'000 | Forecast<br>Variance<br>Month 5<br>% |
|--|--|-------------------------------------|---|--|---|---------------------------------------|---|--|--------------------------------------|
| 0  | City<br>Development<br>& Regen               | 25,732                              | 0   | 0  | (7,009)                                       | 18,723                                | 18,852                                  | 129                                      | 0.7%                                 |
| 0  | Housing - HRA                                | 30,684                              | 0   | 0  | (762)   | 29,922                                | 29,889                                  | (33)                                     | -0.1%                                |
| <b>0</b>                                 | <b>Total Housing<br/>Revenue<br/>Account</b> | <b>56,416</b>                       | <b>0</b>                                    | <b>0</b>                                 | <b>(7,771)</b>                                | <b>48,645</b>                         | <b>48,741</b>                           | <b>96</b>                                | <b>0.2%</b>                          |

Details of Variation requests and explanations of significant Forecast Variances, Slippage or Reprofiles are given below:

| Detail Type                         | £'000   | Project                                  | Description   | Mitigation Strategy  |
|-------------------------------------|---------|--|---|--|
| <b>City Development &amp; Regen</b> |         |  |   |  |
| Reprofile                           | (2,037) | Redevelopment of HRA Vacant Garage Sites | Kensington Street delay on planning approval. Scheme will now be across two financial years, projected cash flows have been reprofiled. | Scheme is being delivered across two financial years.  |
| Reprofile                           | (100)   | Feasibility and Design - Housing Invest  | Revised forecast of feasibility costs to be incurred during 2016/17.  | Will be required in future years to deliver new schemes within the New Homes for Neighbourhoods programme. |
| Reprofile                           | (877)   | Brookmead Site Development               | Revised cashflow projections received from contractors.   | Scheme will be completed in 2017/18.   |
| Reprofile                           | (75)    | Manor Place                              | Actual works lower than anticipated. Scheme is due to be completed by December 2016.  |  |
| Reprofile                           | (1,070) | Whitehawk (Findon Road) Development      | Revised cashflow projections received from contractors.   | Scheme will be completed in 2017/18.   |

## Appendix 4 – Capital Programme Performance

| Detail Type        | £'000   | Project                         | Description   | Mitigation Strategy  |
|--------------------|---------|---------------------------------|---|--|
| Reprofile          | (1,900) | Selsfield Drive                 | Further design work to work the best solution is to be carried out, this has resulted in a delay in the works starting.   | Budget to be reprofiled to reflect the delay.  |
| Reprofile          | (950)   | Design Competition              | Further design work to work the best solution is to be carried out, this has resulted in a delay in the works starting.   | Budget to be reprofiled to reflect the delay.  |
| Overspend          | 129     | Ardingly Street                 | Unforeseen works were required on the build once on site and building started.  | To be funded from other underspends within the capital programme.                              |
| <b>Housing HRA</b> |         |                                 |   |  |
| Reprofile          | (635)   | Structural Repairs              | An expected year end underspend of £0.635m on Clarendon & Ellen Estates is to be reprofiled to 2017/18  | Additional funding will be required next year. No negative impact on residents is anticipated. |
| Reprofile          | (127)   | Portslade former police station | Awaiting go-ahead to commence this project as other options are being investigated for alternative community use of the building.                                       | Reprofile to 2017/18 as no works will be commenced during 2016/17                              |
| Variation          | 500     | Roofing                         | To ensure available funding is utilised, additional projects have been brought forward such as Woods House, Hollingdean, Rose Hill Court and various Tyfoam properties. | No major impact on residents is expected.  |
| Variation          | 193     | Windows                         | To ensure available funding is utilised, additional projects have been brought forward such as Woods House, Hollingdean, Rose Hill Court and various Tyfoam properties. | No major impact on residents is expected.  |
| Variation          | 81      | External Decorations            | To ensure available funding is utilised, additional projects have been brought forward such as Woods House, Hollingdean, Rose Hill Court and various Tyfoam properties. | No major impact on residents is expected.  |
| Variation          | 55      | Hidden Homes                    | To increase the funding of the Hidden Home's programme and allow the creation of new dwellings at Normanhurst and Swallow Court.  | No major impact on residents is expected.  |
| Variation          | 14      | Kitchens                        | Additional works to the communal kitchen at Rosehill Court.   | No major impact on residents is expected.  |

## Appendix 4 – Capital Programme Performance

| Detail Type | £'000 | Project                     | Description   | Mitigation Strategy  |
|-------------|-------|-----------------------------|---|--|
| Variation   | 200   | Communal Boiler Replacement | <p>A budget virement of £0.200m from Domestic Boiler Replacement (see below) to Communal Boiler Replacement is needed to fund:</p> <p>2016/17 upgrades to two seniors housing scheme communal boiler houses (Evelyn Court and Southease) have both been identified as high risk of failure due to age and non-availability of replacement parts.</p> <p>Mimosa Court has been identified as medium risk of failure due to age and non-availability of replacement parts. Feasibility study being carried out this financial year with a view to installing new heating and hot water services in 2017/18 financial year.</p> <p>A contingency for unforeseen communal boiler failure (full or part), including, temporary plant, design studies, and repair or replacement. If this contingency is not used this financial year, it will be utilised for Mimosa Court replacement the following year.</p> | The scheme should deliver energy efficiency savings with a reduction in carbon footprint, call outs and a reduction in fuel costs. |
| Variation   | (200) | Domestic Boiler Replacement | <p>Long term domestic boiler replacement strategy is currently running for five years to ensure all stock is unified. Anticipated spend this year to meet replacement five year target is £1.6m. With budget set at £1.8m, a budget virement of £0.200m from Domestic Boiler Replacement to Communal Boiler Replacement (see above) is needed to fund:</p> <p>2016/17 upgrades on two seniors housing scheme communal boiler houses (Evelyn Court and Southease) have both been identified as high risk of failure due to age and non-availability of replacement parts.</p> <p>Mimosa Court has been identified as medium</p>  | No impact on residents, since the long term domestic boiler replacement strategy is currently running as planned and on target.    |

## Appendix 4 – Capital Programme Performance

| Detail Type | £'000 | Project                   | Description   | Mitigation Strategy                                       |
|-------------|-------|---------------------------|---|---|
|             |       |                           | <p>risk of failure due to age and non-availability of replacement parts. A Feasibility study is being carried out this financial year with a view to installing new heating and hot water services in 2017/18 financial year.</p> <p>A contingency for unforeseen communal boiler failure (full or part), including, temporary plant, design studies, and repair or replacement. If this contingency is not used this financial year, it will be utilised for Mimosa Court replacement the following year.</p>  |   |
| Variation   | (335) | Communal rewire programme | <p>As part of the ongoing lift replacement programme, consideration was given to the lifts stopping at every floor, which would have involved moving a substantial amount of cabling to accommodate this change in functionality, with openings also being made in the side of the lift shaft to enable the lifts to stop at every floor.</p> <p>The housing leadership team agreed to replace the lifts at Warwick Mount as is (i.e. stopping at alternate floors) without undertaking additional work to enable the lifts to stop at every floor.</p> | No impact on residents. The lift programme will continue. |
| Variation   | (396) | Structural Repairs        | Budget variation from Structural Repairs contingency to fund other new major projects such as Tyfoam properties, Hollingdean and Major Voids.   | No major impact on residents is expected.                 |
| Variation   | (112) | Internal Decorations      | Budget variation to fund other new projects such as Hollingdean, Tyfoam properties, Woods House and Rose Hill Court.  | No major impact on residents is expected.                 |
| Overspend   | 293   | Kitchens                  | Overspend expected due to tenant choice to follow spend as of previous years, with preference to kitchens over bathrooms.   | No major impact on residents is expected.                 |

## Appendix 4 – Capital Programme Performance

| Detail Type | £'000 | Project                   | Description   | Mitigation Strategy                       |
|-------------|-------|---------------------------|---|---|
| Overspend   | 250   | Major Voids               | Overspend expected due to long term leased properties being returned to BHCC. Some funding may be forthcoming following negotiations.   | No major impact on residents is expected. |
| Overspend   | 92    | Fire Safety               | Following a thorough review of the Fire Risk Assessments more works have been identified than originally envisaged. Due to the nature of the works they will need to be carried out in this financial year.   | No major impact on residents is expected. |
| Overspend   | 80    | Supercentre Refurbishment | Enhancement to office spaces are required that are in addition to the workstyles programme.   |   |
| Overspend   | 61    | External Decorations      | To ensure available funding is utilised, additional project have been brought forward such as Woods House, Hollingdean, Rose Hill Court and various Tyfoam properties.  | No major impact on residents is expected. |
| Overspend   | 53    | Block Conversions         | The conversion of additional dwellings has increased costs and an overspend is expected.  | No major impact on residents is expected. |
| Overspend   | 53    | Car Parks and Garages     | A condition survey of car parks has been carried out and identified a high number of urgent works. The budget level for 2017/18 will be reviewed and a programme of works created.  |   |
| Overspend   | 27    | Communal Fire Alarms      | Overspend of less than £0.050m.   |   |
| Under spend | (492) | Internal Decorations      | A process review of how planned works are identified and the programmes are produced has impacted on the formulation of programmes for 2016/17. However, in future years, the new process should better identify areas of greater need and achieve greater value for money. | No major impact on residents is expected. |

## Appendix 4 – Capital Programme Performance

| Detail Type | £'000 | Project                     | Description  | Mitigation Strategy  |
|-------------|-------|-----------------------------|--|--|
| Under spend | (105) | Bathrooms                   | Underspend expected due to tenant preference for kitchen installs over bathrooms.  | No major impact on residents is expected.                          |
| Under spend | (100) | Condensation and Damp Works | This is a reactive contract and current levels of work indicate that this budget will be underspent.   | No major impact on residents is expected.                          |
| Under spend | (91)  | Asbestos                    | Following surveys of communal areas there have been no major works identified this year.   | No major impact on residents is expected.                          |
| Underspend  | (80)  | Domestic rewire programme   | To support the delivery of decent homes, a domestic rewire programme has been ongoing for several years. The expected number of empty homes coming through the process so far this financial year is lower than previously, due in part to the programme maturing. | No impact on residents as domestic rewire programme will continue. |
| Underspend  | (74)  | Various                     | Underspend from various schemes of less than £0.050m:<br>Insulation (£0.041m), Adaptations (£0.018m), ICT fund (£0.015m).  | No major impact on residents is expected.                          |

## Appendix 4 – Capital Programme Performance

### Finance & Resources - Capital Budget Summary

| Forecast<br>Variance<br>Month 2<br>£'000 | Service                                      | 2016/17<br>TBM 2<br>Budget<br>£'000 | Reported<br>at other<br>Committees<br>£'000 | New<br>Schemes in<br>Appendix 4<br>£'000 | Variation,<br>Slippage/<br>reprofile<br>£'000 | 2016/17<br>Budget<br>Month 5<br>£'000 | Forecast<br>Outturn<br>Month 5<br>£'000 | Forecast<br>Variance<br>Month 5<br>£'000 | Forecast<br>Variance<br>Month 5<br>% |
|--|--|-------------------------------------|---|--|---|---------------------------------------|---|--|--------------------------------------|
| 0  | Finance                                      | 53                                  | 0   | 0  | 0   | 53                                    | 53                                      | 0  | 0.0%                                 |
| 0  | HR<br>Organisation<br>al Develop             | 0                                   | 0   | 0  | 0   | 0                                     | 0                                       | 0  | 0.0%                                 |
| 0  | ICT  | 3,519                               | 0   | 0  | 0   | 3,519                                 | 3,519                                   | 0  | 0.0%                                 |
| 0  | <b>Total<br/>Finance &amp;<br/>Resources</b> | <b>3,572</b>                        | <b>0</b>                                    | <b>0</b>                                 | <b>0</b>                                      | <b>3,572</b>                          | <b>3,572</b>                            | <b>0</b>                                 | <b>0.0%</b>                          |

Details of Variation requests and explanations of significant Forecast Variances, Slippage or Reprofiles are given below:

| Detail Type                             | £'000 | Project | Description | Mitigation Strategy |
|---|-------|---------|-------------|---------------------|
| <b>Finance &amp; Resources</b>          |       |         |             |                     |
| No changes<br>to report for<br>month 5. |       |         |             |                     |

**Note:** There are currently no capital budgets to report on for Strategy, Governance & Law and Corporate Services.

**New schemes to be added to the Capital Programme in 2016/17 to be approved**

| New Capital Project Approval Request  |  |           |            |       |
|---|--|-----------|------------|-------|
| Unit:   | Schools  |           |            |       |
| Project title:  | Upgrade of Fitness Suite Equipment - Longhill School |           |            |       |
| Total Project Cost (All Years):   | £44,220  |           |            |       |
| <b>Purpose, benefits and risks:</b>   |  |           |            |       |
| The upgrade of the fitness equipment for the Fitness Suite at Longhill School Sports Centre will be met from capital borrowing. Expected shelf life of fitness equipment is ordinarily five years but it is anticipated that this will have an extended life of up to seven years. The current equipment is of poor quality, and has reduced reliability which is why the upgrade is essential.                           |  |           |            |       |
| <b>Capital expenditure profile (£'000):</b>   |  |           |            |       |
| Year  | This Year  | Next Year | Year After | TOTAL |
| Borrowing   | 44   |           |            | 44    |
| Total estimated costs and fees  | 44   |           |            | 44    |
| <b>Financial implications:</b>  |  |           |            |       |
| The total cost of the borrowing for this scheme is £0.050m repayable over five years. Longhill School has traditionally used borrowing to finance the update of computer equipment. The school is experiencing financial difficulties, and has a licensed deficit agreement in place until 2020/21. However, the costs of the repayments are included within the revenue budget plan submitted for this five year period. |  |           |            |       |

| New Capital Project Approval Request  |  |           |            |       |
|---|--|-----------|------------|-------|
| Unit:   | Schools  |           |            |       |
| Project title:  | Upgrade of Computers - Longhill School 2016/17 |           |            |       |
| Total Project Cost (All Years):   | £31,170  |           |            |       |
| <b>Purpose, benefits and risks:</b>   |  |           |            |       |
| Borrowing will be used to purchase the school's annual computer upgrade. The school replaces computers every five years using borrowing with the financing costs being met from within existing schools revenue budgets.  |  |           |            |       |
| <b>Capital expenditure profile (£'000):</b>   |  |           |            |       |
| Year  | This Year                                      | Next Year | Year After | TOTAL |
| Borrowing   | 31   |           |            | 31    |
| Total estimated costs and fees  | 31   |           |            | 31    |
| <b>Financial implications:</b>  |  |           |            |       |
| The total cost of the borrowing for this scheme is £0.035m repayable over five years. The school is experiencing financial difficulties, and has a licensed deficit agreement in place until 2020/21. However, the costs of the repayments are included within the revenue budget plan submitted for this five year period. |  |           |            |       |

| New Capital Project Approval Request  |  |           |            |       |
|---|--|-----------|------------|-------|
| Unit:   | Schools                                |           |            |       |
| Project title:  | Hertford Junior School Interactive TVs |           |            |       |
| Total Project Cost (All Years):   | £16,080                                |           |            |       |
| <b>Purpose, benefits and risks:</b>   |  |           |            |       |
| The purchase of Interactive TVs will offer stimulation and inspiration to the curriculum, and replacing out dated, poor quality equipment. The equipment will offer better viewing opportunities for pupils - especially for two visually impaired pupils in the school. The new equipment will reduce maintenance and replacement costs as the new technology only has one screen, no projector and is back lit in order to reduce glare.  |  |           |            |       |
| <b>Capital expenditure profile (£'000):</b>   |  |           |            |       |
| Year  | This Year                              | Next Year | Year After | TOTAL |
| Unsupported Borrowing   | 10.00                                  |           |            | 10.00 |
| Revenue Contributions   | 0.29                                   |           |            | 0.29  |
| Devolved Formula Capital  | 5.79                                   |           |            | 5.79  |
| Total estimated costs and fees  | 16.08                                  |           |            | 16.08 |
| <b>Financial implications:</b>  |  |           |            |       |
| The collective purchase of 8 screens will ensure that training costs will be reduced as all the CPD (Continued Professional Development) will happen at once. This will allow a contribution from the CPD revenue budget toward the investment cost as well as contribute toward the annual financing costs of borrowing. The TVs have less maintenance needs so the repayments will also be supported by the curriculum/maintenance budget for ICT. Interactive resources are available with the screens so more funds will be released to pay off the loan through other parts of the curriculum budget. A contribution toward the initial cost will also be met from the Devolved Formula Capital grant. |  |           |            |       |

| New Capital Project Approval Request  |  |           |            |       |
|---|--|-----------|------------|-------|
| Unit:   | City Environmental Management                                      |           |            |       |
| Project title:  | The Manor Road Gym - Sports Facilities Project (3g Pitch and MUGA) |           |            |       |
| Total Project Cost (All Years):   | £173,220   |           |            |       |
| Purpose, benefits and risks:  |  |           |            |       |
| The purpose of the project is to provide local residents with upgraded and modern facilities which will offer them increased opportunities to participate in sport. The facility will offer free community usage as well as free/heavily subsidised sessions for school children. There is a lack of 3g pitch facilities in the city, which were identified in the Sports Facilities Plan (2012-2022). It is likely that the project will increase the value of the asset, increase the extent to which the asset can be used and will provide additional revenue due to the service improvement. |  |           |            |       |
| Capital expenditure profile (£'000):  |  |           |            |       |
| Year  | This Year  | Next Year | Year After | TOTAL |
| External Contribution (inc S106)  | 173  |           |            | 173   |
| Total estimated costs and fees  | 173  |           |            | 173   |
| Financial implications:   |  |           |            |       |
| Funded by S106 contributions. All ongoing costs for this project will be revenue costs. There will be no direct financial implications for BHCC.  |  |           |            |       |

| New Capital Project Approval Request  |  |           |            |       |
|---|--|-----------|------------|-------|
| Unit:   | City Environmental Management              |           |            |       |
| Project title:  | Saltdean Lido S106 - External Pool Project |           |            |       |
| Total Project Cost (All Years):   | £170,000                                   |           |            |       |
| <b>Purpose, benefits and risks:</b>   |  |           |            |       |
| <p>The purpose of the project is to restore an iconic and historical Grade 2 listed landmark and provide local residents with upgraded and modern facilities which will offer them increased opportunities to participate in swimming in their local community. Swimming pool provision in the city is insufficient (Sports Facilities Plan 2012-2022) and the refurbishment of the lido and associated external areas will increase the value of the asset and provide a much needed community facility.</p> |  |           |            |       |
| <b>Capital expenditure profile (£'000):</b>   |  |           |            |       |
| Year  | This Year                                  | Next Year | Year After | TOTAL |
| External Contribution (inc S106)  | 170  |           |            | 170   |
| Total estimated costs and fees  | 170  |           |            | 170   |
| <b>Financial implications:</b>  |  |           |            |       |
| <p>Funded by S106 contributions. All ongoing costs for the pool project will be revenue costs. There should be no direct financial implications for BHCC.</p>   |  |           |            |       |

| New Capital Project Approval Request   |   |           |            |       |
|--|---|-----------|------------|-------|
| Unit:  | Transport   |           |            |       |
| Project title:   | Walking network - dropped kerbs (pedestrian improvements) |           |            |       |
| Total Project Cost (All Years):  | £56,000   |           |            |       |
| <b>Purpose, benefits and risks:</b>  |   |           |            |       |
| Funding was allocated as part of a decision made by June 2016 PR&G Committee as a one-off allocation resulting from 2015/16 carry-forwards. It is to be used for dropped kerbs, where there is currently a long waiting list of requests. A programme of investment in this type of infrastructure has been a regular priority for many years, in both the council's Local Transport Plan (LTP) capital programmes and the sums of money secured from development to provide adequate accessibility and mobility, primarily for disabled people. It is consistent with the primary objective within the approved (2015) LTP to achieve Equality, Mobility & Accessibility by creating an accessible and inclusive transport system for everyone. |   |           |            |       |
| <b>Capital expenditure profile (£'000):</b>  |   |           |            |       |
| Year   | This Year   | Next Year | Year After | TOTAL |
| Revenue Contributions  | 56  |           |            | 56    |
| Total estimated costs and fees   | 56  |           |            | 56    |
| <b>Financial implications:</b>   |   |           |            |       |
| All associated costs will be met from within existing revenue and capital budgets available to the Transport Division.   |   |           |            |       |

| New Capital Project Approval Request   |                                    |           |            |       |
|--|------------------------------------|-----------|------------|-------|
| Unit:  | Royal Pavilion & Museums           |           |            |       |
| Project title:   | Ready to Borrow Arts Council Grant |           |            |       |
| Total Project Cost (All Years):  | £420,000                           |           |            |       |
| <b>Purpose, benefits and risks:</b>  |                                    |           |            |       |
| Royal Pavilion & Museums have been provided with a restricted grant of up to £0.420m from Arts Council England to fund the purchase of capital assets by a number of Accredited museums or museums formally working towards Accreditation in our region to help the selected museums increase their resilience for the period 1st June 2016 to 31 March 2018. Brighton & Hove will be the accountable body for the grant funding and will ensure that the programme is managed in line with the Arts Council funding conditions. |                                    |           |            |       |
| <b>Capital expenditure profile (£'000):</b>  |                                    |           |            |       |
| Year   | This Year                          | Next Year | Year After | TOTAL |
| Grant (Arts Council England)   | 210                                | 210       |            | 420   |
| Total estimated costs and fees   | 210                                | 210       |            | 420   |
| <b>Financial implications:</b>   |                                    |           |            |       |
| Arts Council England have confirmed the grant funding available of up to £0.210m for 2016/17 and £0.210m for 2017/18. Brighton & Hove are the accountable body for the funding and the co-ordination of the grant funding programme will be met from within existing staffing resources.   |                                    |           |            |       |

| New Capital Project Approval Request   |   |           |            |       |
|--|---|-----------|------------|-------|
| Unit:  | Integrated Commissioning - Health and Adult Social Care |           |            |       |
| Project title:   | 40 Valley Road  |           |            |       |
| Total Project Cost (All Years):  | £0.068m   |           |            |       |
| Purpose, benefits and risks:   |   |           |            |       |
| <p><b>Purpose:</b> A property is required to create a service for a young person with a learning disability and autism who is currently living in a council-run home. They are now 18 and need to move on, but require an environment that can meet their particular needs. 40 Valley Road has been identified as a property that has the potential to be re-furbished to create a capable environment to meet their needs. To date it has not been possible to find an existing service that meets these particular needs within the city. This case has been to the Court of Protection who have given a judgement that the local authority agrees a plan with the family, to move the young person to an environment that meets their specific needs. The young person is on the risk register of people at risk of an admission to a specialist hospital placement, should the current placement break down. In seeking to accommodate within the local area and local community the council are adhering to the Transforming Care National Plan, developed in the wake of the Winterbourne View case. The purpose of this plan is to a) facilitate discharge from hospitals and b) to develop community services that will prevent future admissions. <b>Benefits:</b> The current property has been used as a group home for adults with learning disabilities for 25+ years. The current layout, fixtures, fittings, external areas are in need of updating. Carrying out this work would not only provide a service for the young person in question, thus meeting the requirements of the Court of Protection, but would also provide a more modern and well equipped property more able to meet the increasing complex needs of young people with learning disabilities in the city. This would help meet the strategic plans in relation to the Transforming Care agenda. <b>Risks:</b> New fencing and a new parking space are required, these are subject to planning permission, subsequently there is a risk planning approval may not be granted. Failure to secure a property that can be developed into a suitable service may result in the local authority being asked to return to the Court of Protection. Failure to develop a service may result in placement breakdown at their current home which may lead to a hospital admission (the authority has targets set by NHS England to keep specialist hospital admissions below a set figure). Failure to develop new capable environments in the city will make it harder to meet strategic aims under Transforming Care.</p> |   |           |            |       |
| Capital expenditure profile (£'000):   |   |           |            |       |
| Year   | This Year   | Next Year | Year After | TOTAL |
| Grant (Department of Health)   | 68  |           |            | 68    |
| Total estimated costs and fees   | 68  |           |            | 68    |

**Financial implications:**

This project is being funded through the Adult Personal Social Services: Specific Capital Allocation for 2016/17 allocated by the Department of Health. The cost of adapting this property will secure a service that provides best value for money and keep costs down for the future. The intention would be for the Housing Adaptations Team to use a contractor from their framework agreement to manage costs within the budget available.



|                          |   |  |                     |
|--------------------------|---|--|---------------------|
| <b>Subject:</b>          | <b>4 Year Funding Settlement and Efficiency Plan</b>  |  |                     |
| <b>Date of Meeting:</b>  | <b>13 October 2016 – Policy, Resources &amp; Growth Committee,</b><br>20 October 2016 – Council |  |                     |
| <b>Report of:</b>        | <b>Executive Director for Finance &amp; Resources</b>   |  |                     |
| <b>Contact Officer:</b>  | <b>Name:</b>  | <b>Nigel Manvell</b>   | <b>Tel: 29-3104</b> |
|                          | <b>Email:</b>   | <a href="mailto:nigel.manvell@brighton-hove.gov.uk">nigel.manvell@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 As part of the December 2015 Spending Review, the Secretary of State for Communities and Local Government made an offer to councils to take up a 4-year funding settlement for the period 2016/17 to 2019/20. To accept this offer, an 'Efficiency Plan' is required to be prepared and published by 14<sup>th</sup> October 2016. The report proposes that the offer is accepted as it will create some certainty of resources and is consistent with the council's approach to its Medium Term Financial Strategy, 4-year Integrated Service & Financial Plans and modernisation programme. The government guidance is clear that the plan should draw heavily on existing plans and decisions, and provide a clear link to them.

**2. RECOMMENDATIONS:**

- That Policy, Resources & Growth Committee recommends to Council:
- 2.1 That it agrees to submit the Efficiency Plan at Appendix 1 to satisfy the conditions of acceptance for the government's 4 year funding settlement for the period 2016/17 to 2019/20.

**3. PROPOSALS**

- 3.1 The offer made by the Government, as part of the Spending Review, is to any council that wished to take up a 4-year funding settlement up to 2019/20. The purpose of this offer is to provide a level of certainty as local authorities prepare for the move to a more self-sufficient resource base by 2020. The government's stated aim is to provide funding certainty and stability for the sector that would enable more proactive planning of service delivery and support strategic collaboration with local partners.
- 3.2 The Government expects these multi-year settlements to be used to "strengthen financial management and efficiency, including maximising value in arrangements with suppliers and making strategic use of reserves in the interests of residents". These aims are consistent with the council's Medium

Term Financial Strategy, 4-year Service & Financial Planning and modernisation plans.

- 3.3 The 4-Year Integrated Service & Financial Plans and Medium Term Financial Strategy received by council in February 2016 incorporate the funding provided within the 4-year settlement offer. However, it relates only to Revenue Support grant (RSG) which is a decreasing proportion of total council funding, currently £33.126m in 2016/17 decreasing to £6.523m in 2019/20; or 15.8% of net spending in 2016/17 reducing to 3.2% in 2019/20. If this offer is accepted, it potentially provides greater certainty as the funding received will not be less than outlined in the final settlement and would not be subject to the yearly processes that determine the local government finance settlement. The following table sets out the council's overall resource projections include the 4-year Settlement Funding for Revenue Support Grant that would be secured under this arrangement:

| Funding Source:                         | 2016/17        | 2017/18       | 2018/19        | 2019/20        |
|---|----------------|---------------|----------------|----------------|
| <b>Revenue Support Grant</b>            | <b>33.126</b>  | <b>21.618</b> | <b>14.144</b>  | <b>6.523</b>   |
| Top Up Grant                            | 1.656          | 1.676         | 1.726          | 1.781          |
| Locally retained Business Rates         | 53.932         | 55.604        | 57.558         | 59.695         |
| Council Tax - Adult Social Care precept | 2.307          | 2.425         | 2.534          | 2.647          |
| Council Tax - General increase          | 117.675        | 123.597       | 129.177        | 135.015        |
| Collection Fund Surplus                 | 0.875          |               |                |                |
| <b>Total Funding</b>                    | <b>209.571</b> | <b>204.92</b> | <b>205.139</b> | <b>205.661</b> |

- 3.4 The offer made by the Government is as follows:  
 “On 9 February we provided summaries and breakdown figures for each year to your S151 Chief Financial Officer. From those figures the relevant lines that are included in the multi-year settlement offer, where appropriate, are:
- i) Revenue Support Grant;
  - ii) Transitional Grant; and
  - iii) Rural Services Delivery Grant allocations.
- In addition, tariffs and top-ups in 2017/18, 2018/19 and 2019/20 will not be altered for reasons related to the relative needs of local authorities, and in the final year may be subject to the implementation of 100% business rates retention.”
- 3.5 The latter relates to the Government's stated intention of local government retaining 100% of its business rate revenues by the end of this Parliament and on which the council recently responded to a consultation. However, to ensure that these reforms are fiscally neutral local government will need to take on extra responsibilities and functions. This is a key aspect of the consultation.
- 3.6 The ‘new burdens’ doctrine continues to operate outside the settlement, so accepting this offer would not impact on any new burden payments agreed over the course of the four years.
- 3.7 To secure the 4-year offer, an Efficiency Plan is required and this is appended to this report in line with guidance from the Secretary of State. Government has stated clearly that it does not expect this to be a significant burden on councils and should draw together existing corporate plans and strategies, and this has been the approach adopted to produce the Efficiency Plan.

#### **4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS**

- 4.1 If the 4-year offer is not accepted, ongoing RSG funding would be subject to the existing annual process for determining the local government finance settlements. Allocations could be subject to additional reductions dependent on the fiscal climate and the need to make further savings to address increasing deficits. The reverse is also possible but unlikely against the backdrop of growing health and social care budget gaps. The fiscal climate is relatively unstable at present due to a wide range of domestic, European and global factors and it is difficult, if not impossible, to predict the impact these may have on revenues and, ultimately, fiscal policy.
- 4.2 Although there are many changes the government could make in relation to Local Government finance, including excessive council tax increase (referendum) thresholds, it is difficult to identify any significant risk or disadvantage that might arise from accepting the 4-year settlement. The only identified disadvantage at this stage is that accepting the 4-year deal may imply acceptance of significant funding reductions over the period. However, significant lobbying by LGA and councils has clearly communicated the funding situation concerning social care.
- 4.3 Apart from a level of funding certainty, the 4-year deal also confers potentially significant advantage through capital flexibilities and would enable the council to deploy capital resources toward revenue investment aimed at delivering 4-year plan savings and efficiencies, subject to these meeting government guidelines. The government guidance quotes examples of qualifying expenditure that can be capitalised, many of which resonate with the council's current plans. The examples are listed in Appendix 2.

#### **5. COMMUNITY ENGAGEMENT & CONSULTATION**

- 5.1 None directly in relation to this report.

#### **6. CONCLUSION**

- 6.1 Accepting the 4-year deal would appear to provide a level of certainty in relation to some aspects of the Local Government financial settlement while also conferring potentially advantageous capital receipt flexibilities. There appears to be no significant disadvantage to the council.

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

- 7.1 The Medium Term Financial Strategy reported to Budget Council in February 2016 incorporates the funding provided within the 4-year settlement offer. If this offer is accepted, it provides certainty that the RSG funding receivable will not be less than outlined in the final settlement and would not be subject to the yearly process determining the local government finance settlement.

*Finance Officer Consulted: James Hengeveld*

*Date: 18/09/16*

Legal Implications:

- 7.2 Although the Revenue Support Grant funding proposal from the Government represents a four year offer, that does not of itself present any legal implications to the council. If the proposal in this report is accepted by full Council on the recommendation of this Committee, the council's budget will continue to be set and adopted by full Council annually and in the usual way, with sight of proposals put to it by the Policy, Resources & Growth Committee.

*Lawyer Consulted: Victoria Simpson*

*Date: 26.9.16*

Equalities Implications:

- 7.3 None directly related to this report.

Sustainability Implications:

- 7.4 Improved financial certainty enables the council to continue to plan for the longer term and the capital receipt flexibilities would enable current modernisation and investment plans to be realised subject to available resources.

## **SUPPORTING DOCUMENTATION**

### **Appendices**

1. Efficiency Plan
2. Examples of qualifying expenditure

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

None

### **Background Documents**

None



## Efficiency Plan 2015/16 to 2019/20

This Efficiency Plan is drawn from the council's Corporate Plan, Medium Term Financial Strategy and, particularly, the 4-Year Integrated Service & Financial Plans which outline the council's approach to investing in service modernisation, customer service, and efficiency. This statement supports the council's application for 4-year settlement funding which will provide a level of funding certainty over the period 2016 to 2020.

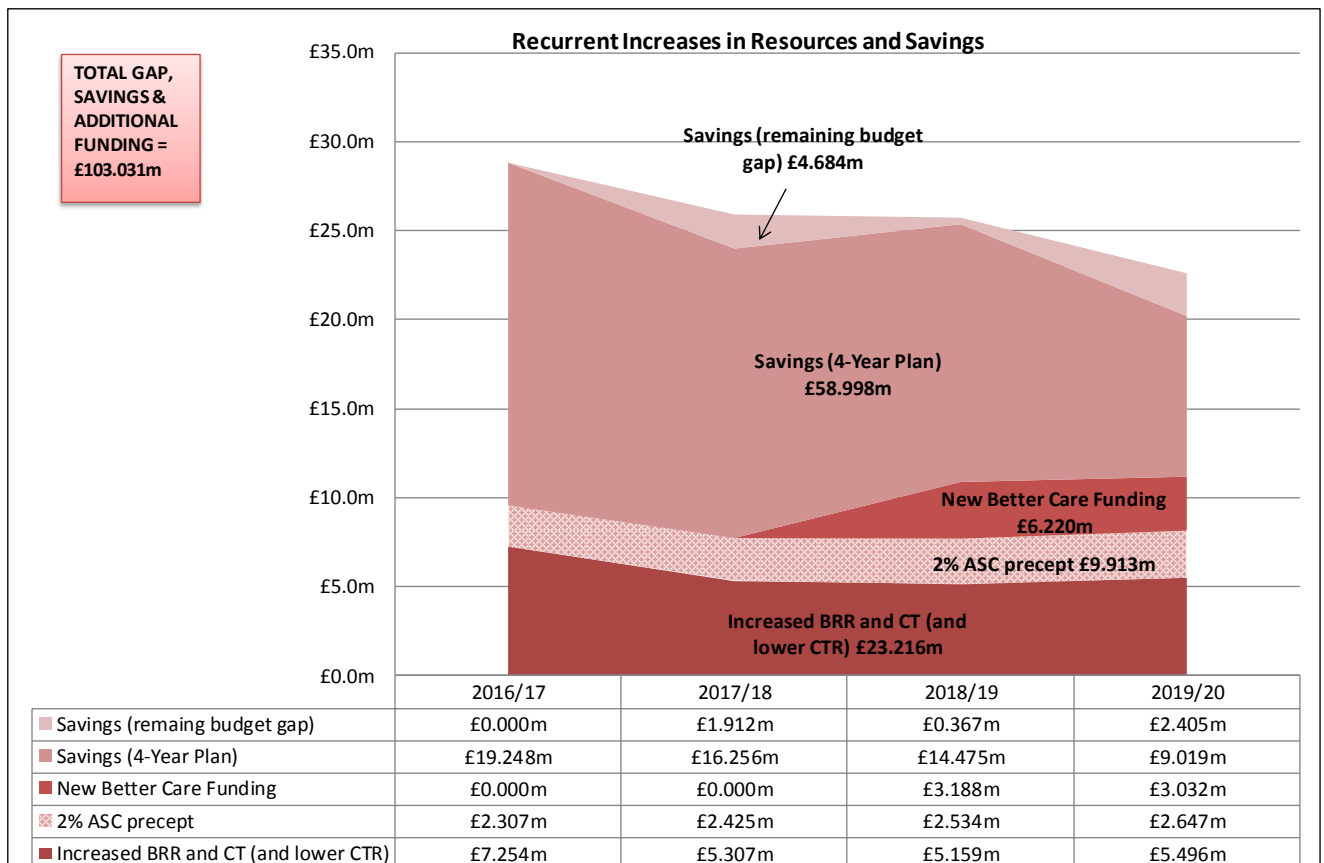
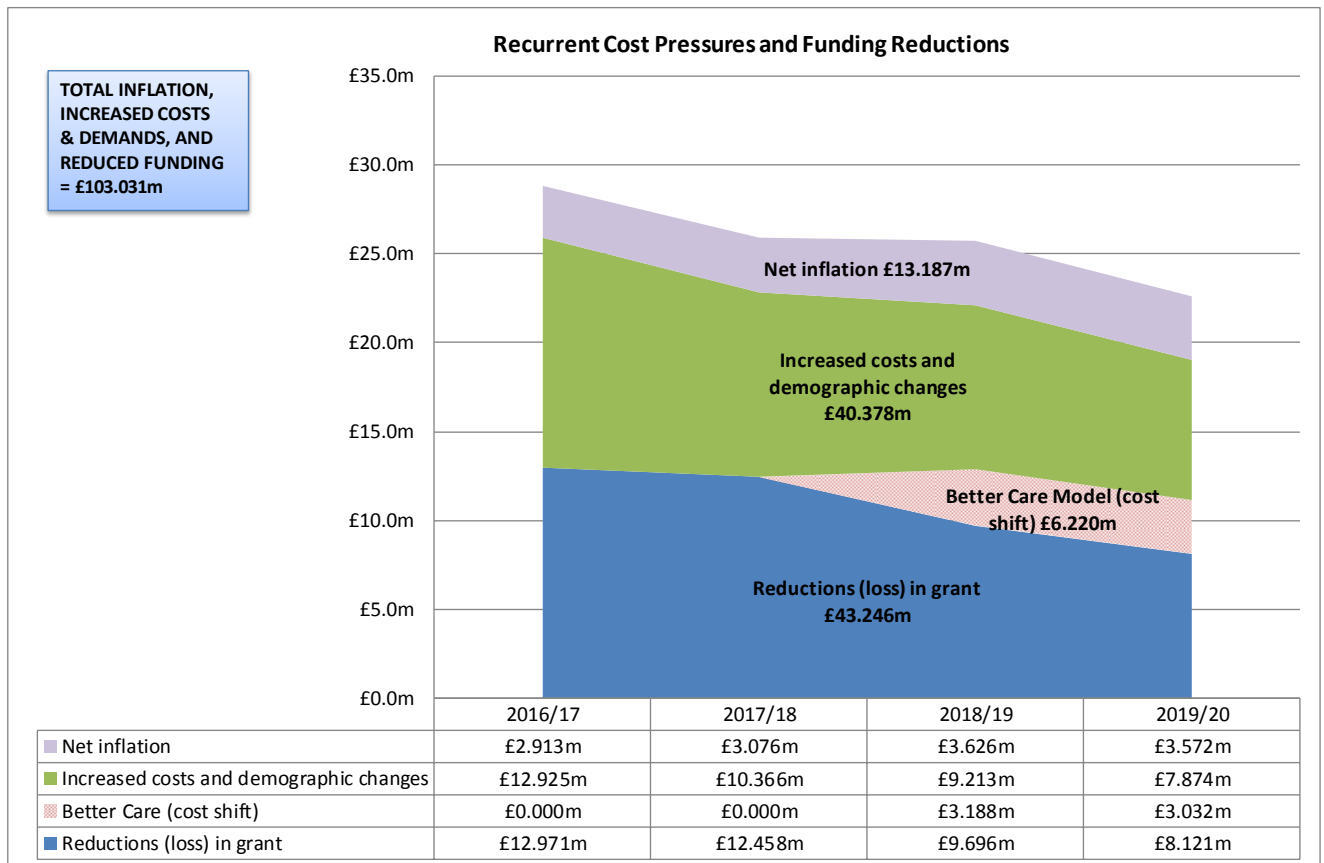
### The Financial Challenge

The Council's Corporate Plan 2015 – 2019 'The Way Ahead' outlines the context within which public services will be delivered locally over a 5 year period. The principal issue is the financial pressure facing the council and other public services as the local population grows, demand for services increases, and government funding reduces.

The 2016/17 Budget Council meeting in February 2016 confirmed the challenging scale of predicted budget gaps over the next 4 years following announcement of the government's Comprehensive Spending Review 2015 and an assessment of projected cost and demand pressures facing the authority over the period. A total budget gap of £64 million was predicted for the period, based on 1.99% annual council tax increases and 2% Adult Social Care Precepts. The primary drivers of the predicted gap were reducing government grant support, projected growth in service demands (mainly social care and homelessness), and cost increases (inflationary or new statutory requirements such as the National Minimum Wage).

Two charts below illustrate the position and are important in understanding why the budget gaps and consequent savings requirements are so significant. Both charts cover the 4-year period 2016/17 to 2019/20. The first chart represents the amount of money that will be added to the council's net expenditure each year. This is broken down into:

- Inflation i.e. standard pay and price increases at 1% and 2% respectively. These represent averages increases across pay, expenditure and income budgets;
- Increased costs and demographic changes. This relates to new costs such as the impact of the National Living Wage on the cost of care provider contracts. It also includes a wide range of demographic factors including increasing complexity of social care needs, increasing population demographics for certain age groups, and other new statutory demands;
- Better Care (cost shift). This cost assumption directly matches new Better Care funding due to be provided by the government from 2018/19 (see second chart). The current assumption is that the Better Care Programme, through preventative strategies and integration of health and social care, will result in a significant shift in cost from the hospital setting to other care provision, notably social care. It is therefore assumed that all of this new funding will be matched by new costs and will not be available to address current pressures in councils which the Local Government Association's (LGA) estimates at between £1.5 billion to £2.8 billion by 2020;
- Reductions (loss) in grant. This reflects the known reductions in central government grant support including Revenue Grant Support (RSG), Education Support Grant (ESG), New Homes Bonus and Housing Benefit Administration grant along with other smaller grant reductions.



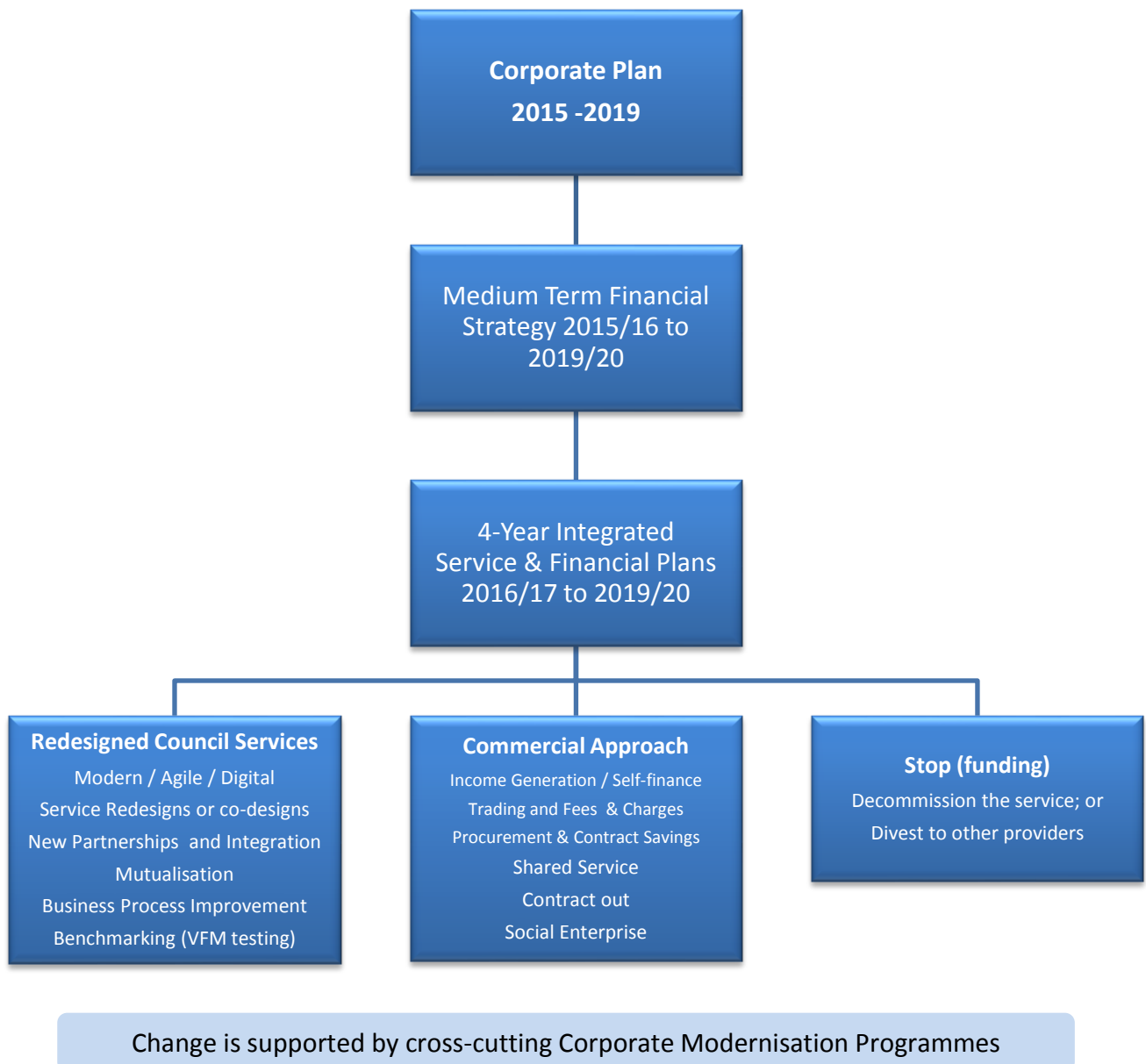
The above charts are identical in size. The first represents the total amount of additional annual costs that the council expects to incur over the 4 year period 2016/17 to 2019/20, totalling £103.031 million. The second chart shows how this must be exactly matched by either new resources and funding, or by reducing costs (i.e. savings). If the two blocks represented by the charts do not match, the council's budget will not be in balance. While a budget surplus is highly unlikely, a budget deficit cannot be permitted.

It is evident that in both charts, there is a level of influence possible in respect of all elements except reductions in grant. However, the two key elements that must be focused on are 'Increased costs and demographic changes' where every effort must be made to avoid increasing costs, for example through effective demand management, preventative health & social care initiatives and integration, and improved homelessness strategies. In addition, identifying other ways to mitigate cost increases such as re-procuring or re-designing services to manage new demands will be explored. The other element, 'savings', is equally critical and will need to follow the 4 year service and financial planning approach below.

#### **4-Year Planning Approach 2015/16 to 2019/20**

The Corporate Plan recognises that the council will need to change and, with a decreasing budget, is open about the fact that the council will shrink in size, employ fewer people over the coming years, and that the relationship between the council, partners, providers and citizens will need to adapt.

Due to the scale of financial challenge over the medium term, an annualised budget setting approach was no longer considered appropriate. For 2016/17, Budget Council therefore considered longer term, 4 Year Service & Financial Plans setting out potential savings proposals for closing the budget gap over the period 2016/17 to 2019/20. The 4 Year Service & Financial Plans will be refreshed and 'stress tested' to ensure that proposals remain deliverable and achievable in the context of current service demands and statutory requirements. The approach to Integrated Service & Financial Planning is shown below. This approach will be overseen by a Member Modernisation Oversight Group and managed by the Corporate Modernisation Delivery Board and Directorate Modernisation Boards and will be supported by a number of Corporate Modernisation programmes which apply across the whole council.



The rationale for adopting one approach over another will take into account a wide range of factors including but not limited to:

- The cost of providing services compared with other available provision (i.e. benchmarking or soft market testing);
- The availability of alternative provision, particularly locally;
- Trading or income generation opportunities (i.e. market research on demand and supply);
- Advantages and disadvantages of alternative provision including taxation, VAT, employment, pension liabilities and other financial, legal or reputational risks;
- Statutory versus non-statutory provision or 'universal' services with the latter often providing more choice about what level of service is provided or funded and how;
- The willingness or availability of partners in the city region to develop joint or shared ventures; and

- Levels of one-off or ongoing investment needed to change to a different model of service delivery i.e. whether or not the business case for changing is financially viable when taking into account the cost of change.

The 4-year Integrated Service & Financial Plans will be delivered in the context of the council's modernisation programme outlined in the Corporate Plan and MTFS 2019 to 2020. Modernising the council will involve considerable project and programme support, and investment but will enable the council to deliver, procure or commission more efficient, cost effective services for its citizens and customers.

The longer term service and financial planning approach also requires a different method of engagement and consultation to previous annualised consultation and engagement processes which may not be appropriate or robust enough for conversations relating to a longer term strategies. Links to the work of the Fairness Commission, City Management Board (i.e. public sector city partners), Greater Brighton City Region, Community & Voluntary Sector and other stakeholders will need to be clearer and feed into the planning process as appropriate. More in-depth conversations and engagement with neighbourhoods and communities are also needed and a new directorate structure will ensure this receives the correct focus.

Modernisation includes a wide range of initiatives that will change the workforce and transfer some services to alternative providers. Services and value for money will be improved through:

- Reductions to the workforce with the number of full time equivalent posts reducing by over 550 during the period including considerable management de-layering and administrative efficiencies.
- Reducing the number of administrative buildings we occupy and moving to flexible, 'workstyle' office space with smaller footprints and smarter ways of working. Total administrative office accommodation will reduce by 59 per cent from will deliver savings of £1.4m.
- Integrating our commissioning functions to better understand the needs of the City, design services which meet these needs, and achieve better value for money from providers by managing contract performance more effectively.
- Providing more services online by streamlining and digitising the way services are accessed through our 'Digital First' programme requiring over £6m investment from 2016/17 to help improve customer service and access to services while supporting achievement of 4-year plan savings and efficiencies. For example, we have invested in innovative new technology and digital working for collecting waste: new solar powered street litter bins which hold eight times more waste than normal bins, and use smart technology to let our street cleaning teams know when to collect, are helping to improve efficiency. Digital First is an exciting and ambitious programme and is at the forefront of a broader era of change including how we: integrate local health and social care services; work more closely in geographic neighbourhoods and with local communities; and develop new service offers such as the Orbis Shared Service Partnership with Surrey, East Sussex and West Sussex county councils.
- Bringing disability and families' services together into one directorate to improve planning for 'transition' to adulthood and maximise the opportunities from the comprehensive SEND (Special Educational Needs & Disabilities) Review.

- We are changing a number of services where alternative providers or models can offer better value for money for example contracting out Learning Disability accommodation and community short term services while exploring trust options for the Royal Pavilion & Museums and the Music Service.
- Sharpening accountability for the performance of service managers, by improving management information and focussing on gaps in the behaviours required to modernise services.
- In some areas we will need to withdraw from providing services where others can take this on (e.g. through fundraising or volunteering) or where services are discretionary and can become self-financing, for example, through fees & charges.

The detailed Medium Term Financial Strategy is available on the council's website:

[Medium Term Financial Strategy 2015-16 to 2019-20](#)

The current 4-year plans are also available and set out detailed service strategies for each of the council's service directorates. These are due to be refreshed during the 2017/18 budget and council tax setting process:

[4-Year Integrated Service & Financial Plans 2016-17 to 2019-20](#)

## Investing in Change

Delivering the large savings programme and modernising and changing services to be able to manage demands and continue to provide appropriate services with less resource requires significant one-off investment. This is needed to ensure that change can happen within an appropriate timescale but also to provide the resources and support necessary to achieve modernisation aims. The level of investment required will need to cover the following:

Investment in services to support spend-to-save initiatives, service redesigns and alternative delivery identified in the 4-year plans. This is estimated to be a minimum of £6m over the 4 year period. This will be held in a new reserve and only released through approval of business cases by the Corporate Modernisation Delivery Board.

Achieving the 4-Year Service & Financial Plans will also require additional support to co-ordinate and project-manage the implementation of savings and modernisation programmes. The estimated cost including legal support is £3.500m over the 4 year period .

Managing changes in the level of staffing with over 550 posts expected to be deleted from the council's staffing over the 4 years. This will happen through a mixture of normal turnover, redeployments and severance with the latter preferably through voluntary severance. This will inevitably need resourcing and an estimated £5m will be needed over the 4 years to manage change and transfers;

Modernising the council's customer service offer will require significant investment in digital services. The 'Digital First' programme has identified an investment requirement of £6m to provide digital services such as improved web site access, mobile working and data analytics.

Providing for these one-off investment requirements requires significant one-off resources and this Efficiency Plan and application for the 4-year deal will provide additional capital flexibilities to be utilised in investing in change and improved efficiency.

### Extract from DCLG 'Guidance on Flexible Use of Capital Receipts'

Examples of qualifying expenditure given in the guidance:

- Sharing back-office and administrative services with one or more other council or public sector bodies;
- Investment in service reform feasibility work, e.g. setting up pilot schemes;
- Collaboration between local authorities and central government departments to free up land for economic use;
- Funding the cost of service reconfiguration, restructuring or rationalisation (staff or non-staff), where this leads to ongoing efficiency savings or service transformation;
- Sharing Chief-Executives, management teams or staffing structures;
- Driving a digital approach to the delivery of more efficient public services and how the public interacts with constituent authorities where possible;
- Aggregating procurement on common goods and services where possible, either as part of local arrangements or using Crown Commercial Services or regional procurement hubs or Professional Buying Organisations;
- Improving systems and processes to tackle fraud and corruption in line with the Local Government Fraud and Corruption Strategy – this could include an element of staff training;
- Setting up commercial or alternative delivery models to deliver services more efficiently and bring in revenue (for example, through selling services to others).
- Integrating public facing services across two or more public sector bodies (for example children's social care, trading standards) to generate savings or to transform service delivery.

The DCLG guidance is available here:

<https://www.gov.uk/government/publications/final-guidance-on-flexible-use-of-capital-receipts>



|                          |               |   |                     |
|--------------------------|---------------|---|---------------------|
| <b>Subject:</b>          |               | <b>Brighton &amp; Hove Music and Arts Service Alternative Governance</b>                          |                     |
| <b>Date of Meeting:</b>  |               | <b>13 October 2016</b>  |                     |
| <b>Report of:</b>        |               | <b>Pinaki Ghoshal, Executive Director, Families, Children and Learning</b>                        |                     |
| <b>Contact Officer:</b>  | <b>Name:</b>  | <b>Peter Chivers</b>  | <b>Tel: 29-3524</b> |
|                          |               | <b>Head of Music and Arts Service</b>   |                     |
|                          | <b>Email:</b> | <a href="mailto:peter.chivers@brighton-hove.gov.uk"><b>peter.chivers@brighton-hove.gov.uk</b></a> |                     |
| <b>Ward(s) affected:</b> |               | <b>All</b>  |                     |

**FOR GENERAL RELEASE**

**1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 The purpose of this report is to inform Members of the possible outcomes following the publication of a Prior Information Notice (PIN) in regards to Brighton & Hove Music and Arts Service (BHMA) and approve the subsequent action to be taken as set out in this report.
- 1.2 The key driver for this project is to secure the long term sustainability of the service by linking it up with a wider arts and cultural offer for the city. There is no intention to reduce the scale of the work which the service offers to children and young people in the city.

**2. RECOMMENDATIONS:**

**The Policy, Resources & Growth Committee are recommended to:**

- 2.1 Authorise the next steps in the procurement process following the publication of the PIN on 23 August 2016 as set out in 3.10.
- 2.2 Delegate authority to the Executive Director of Families, Children and Learning to award a contract for a term of up to 25 years, incorporating break provision exercisable at each 5 year interval to deliver the management of BHMA.

**3. CONTEXT/ BACKGROUND INFORMATION**

- 3.1 The BHMA service manages the local delivery of the National Plan for Music Education. This award-winning music education hub has a strategic role in leading a partnership of over 20 organisations, working with all schools in the city as well as community settings to deliver our local Music Education Plan.

- 3.2 The service works directly with over 5,500 pupils a year running whole class ensembles, small group and one to one singing and instrumental lessons. The service also runs a programme of out-of-school Music Centre activities and performances, holiday courses and an annual music summer school. The service also provides professional development opportunities for teachers and delivery of innovative programmes for children and young people with SEND and/or in challenging circumstances. Subsidised rates are offered for those children and families on a low income to ensure equal access.
- 3.3 BHMA is the lead organisation for SoundCity, the Music Education Hub for the City. The Hub partnership acts as a gateway for local areas to create music education provision that works in a local context, both in and out of school. Other SoundCity partners include Glyndebourne, Brighton Dome & Brighton Festival, University of Sussex and the Royal Pavilion and Museums. SoundCity is also a lead partner in Our Future City, the Cultural Education Partnership for the city.
- 3.4 The aspiration for BHMA is to develop a sustainable model that does not include Council funding. BHMA currently generates approximately £752,000 per annum through fees for lessons and instrument hire, and receives around £315,000 in grant income with a substantial proportion of this from Arts Council England (ACE).
- 3.5 The Council provides a number of below the line provisions including premises at County Oak Avenue and support services.
- 3.6 A new governance model for the management of the BHMA is a work stream of the Cultural Services Modernisation programme which was established to develop the recommendations in the Ernst & Young report. In November 2015 the Children, Young People and Skills Committee agreed a report with the recommendation that a full business case for the merger of the BHMA with BD&BF as part of the development of a Cultural Education Hub for the City be presented to Policy, Resources & Growth Committee in January 2016.
- 3.7 In light of the income generated by this service, it was determined that any transference of duties to a third party would constitute an award of a concession contract and advice confirmed that the council was required to make the opportunity known to the market in a fair, open and transparent procedure in accordance with Public Contracts Regulations 2015. Accordingly, a Prior Information Notice was published on 23 August 2016 advertising the opportunity in order to ascertain market interest. The publication of the PIN and the process set out in this report was approved by the Procurement Advisory Board on 18 July 2016.
- 3.8 The publication of a PIN marks the start of a 35 day period in which suppliers can express interest in competing for the contract. The council reserves the right to withdraw the PIN at any stage and therefore the PIN acts as a means to test the market free from any commitment. The PIN also allows for an expedited procurement process, should the council decide to pursue this as an option.
- 3.9 The PIN will be closed on 27 September 2016.

- 3.10 There are three possible outcomes following closure of the PIN. Each outcome will require a specific course of action in order to remain compliant with Public Contracts Regulations 2015. The outcomes and actions are detailed below:

**No responses**

Following publication, no responses have been received to the PIN. It is recommended that the Council directly approaches suitable organisation(s) and negotiates directly to identify a provider and agrees the management contract.

**One response**

Following publication, one response was received to the PIN. It is recommended that the authority negotiate directly with the respondent to agree the management contract.

**More than one response**

Following publication, two (or more) responses have been received to the PIN. It is recommended that a competitive tender takes place. A panel will be convened to evaluate each tender to determine the most economically advantageous tender (MEAT) submission.

- 3.11 The contract will be awarded with a start date of 1 April 2017. The contract will be awarded for a term of 25 years with break clause provisions exercisable at 5 year intervals.
- 3.12 It is the intention that both routes to an eventual contract, be it through direct negotiation or a competitive tender, will explore alternative and innovative delivery models whilst ensuring that the finances are robust and sustainable.
- 3.13 Where the contracting-out of a service to another provider involves a transfer of staff covered by the Transfer of Undertakings (Protection of Employment) (TUPE) regulations, there will be pension-related costs of transfer. Consideration will need to be given to:
- An assessment of the current pension liabilities for any transferring staff and any deficit in the pension fund (this information is provided by the pension fund and in the case of the Music Service is approximately £69K, as the LGPS is currently only 75% funded and in order to be fully funded from the outset this money would need to be put in by BHCC to ensure that the scheme is fully funded at the start). Any pension deficit is normally payable by the awarding authority and will be taken into account in assessing value for money.
  - A 'bond' may be required from the provider to insure against outstanding pension liabilities in the case of business failure/insolvency. Tender invitations will therefore ask for prices with or without a bond. In the case of the Music Service the bond amounts would be for £107K for staff to remain in the LGPS and £27K for staff to remain in the Teacher's Pension Scheme.
  - Whether or not the council will act as a 'guarantor'. This can be considered in addition to a provider bond to offer additional assurance to the pension fund. There is no direct financial implication.

#### **4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS**

- 4.1 The approach above complies with contract standing orders and procurement regulations. Alternative options are;
- a) Cancel the PIN and continue to manage the service
  - b) Cancel the PIN and close the service. In relation to the Council's role in respect of the HUB the Arts Council would seek another entity to manage the HUB and administer the grant which is earmarked for the region. It should be noted that grant funding for music hubs in the financial year 2017-18 has not been confirmed at the date of this report.
  - c) Cancel the PIN and make a direct award of a contract, running the risk of challenge. This could potentially delay the process and result in a declaration of ineffectiveness or a claim in damages.

#### **5. COMMUNITY ENGAGEMENT & CONSULTATION**

- 5.1 The Council's change management process will be followed in relation to staff and trade union engagement.
- 5.2 Consultation will be undertaken with staff and Unions in line with Transfer of Undertakings (Protection of Employment) 2006 (TUPE) requirements. This is planned for January 2017 in time for the contract to begin on 1 April 2017.

#### **6. CONCLUSION**

- 6.1 The proposal set out in this report supports the objective of moving to a new governance model which will achieve the long term sustainability of the service, whilst maintaining the services currently offered to children and young people in the city.

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

##### Financial Implications

- 7.1 The report updates on the position re Music & Arts following the publication of a Prior Information Notice (PIN).
- 7.2 The 2016/17 budget position for Music and Arts is Gross Expenditure of £1.166m which is funded by:

|                           |                                |
|---------------------------|--------------------------------|
| Income generation re fees | £752,000                       |
| ACE/MEH grant             | £315,000 (until 31 March 2017) |
| Dedicated schools grant   | £46,000 (until 31 March 2017)  |
| Council funding           | £7,000 (until 31 March 2017)   |
| Other income              | £46,000                        |
| <b>Total income</b>       | <b>£1,166,000</b>              |

- 7.3 The significant financial issues that are still required to be resolved concern:

- Potential pension deficit of £69k re TUPE
- Decision re costs of bonds £124k needed to mitigate this risk
- Treatment of costs of any support service functions

*Finance Officer consulted: David Ellis Date: 22.9.2016*

Legal Implications:

- 7.4 The appointment of an economic operator to manage the service on a concession basis is subject to the Concession Contract Regulations 2016 and must comply with the overriding principles of transparency, non-discrimination and equality in the process of procuring and awarding all contracts.
- 7.5 A “services concession contract” means a contract by means of which a contracting authorities entrusts the provision and the management of services to one or more economic operators, the consideration for which consists either solely in the right to exploit the services that are the subject of the contract or in that right together with a payment from the concessionaire.
- 7.6 It is a requirement that —  
 (a) the award of the contract shall involve the transfer to the concessionaire of an operating risk in exploiting the services encompassing demand or supply risk or both; and  
 (b) the concessionaire is not guaranteed to recoup the investments made or the costs incurred in operating the the service
- 7.7 Failure to advertise the contract is a direct breach of the CCR which may result in any contract awarded directly being challenged and declared ineffective or may result in a claim for damages.
- 7.8 The Council’s Contract Standing Orders provide that every contract shall comply with the EU Treaty, the EU Public Procurement Directives and all relevant EU and domestic legislation.

*Lawyer Consulted: Judith Fisher Date: 29.9.2016*

Equalities Implications:

- 7.9 A full Equalities Impact Assessment will be carried out and there will be a full consultation process with staff and trade unions.

Sustainability Implications:

- 7.10 There are no sustainability implications.

Any Other Significant Implications:

- 7.11 There are no other significant implications.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

None

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

None

### **Background Documents:**

None

|                          |  |  |                          |
|--------------------------|--|--|--------------------------|
| <b>Subject:</b>          | <b>Greater Brighton Economic Board 2015/16 Annual Report</b>     |  |                          |
| <b>Date of Meeting:</b>  | <b>13 October 2016</b>   |  |                          |
| <b>Report of:</b>        | <b>Executive Director for Economy, Environment &amp; Culture</b> |  |                          |
| <b>Contact Officer:</b>  | <b>Name:</b>   | <b>Thalia Liebig</b>   | <b>Tel: 01273 290445</b> |
|                          | <b>Email:</b>  | <a href="mailto:Thalia.Liebig@brighton-hove.gov.uk">Thalia.Liebig@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 [Heads of Terms](#) for the Greater Brighton Economic Board ('the Board') outline its reporting and accountability arrangements. Included within these arrangements is the requirement of the Board to submit an annual report to each of its representative bodies.
- 1.2 On 19 July 2016, the Board approved its 2015/16 Annual Report and members agreed to submit this to their respective organisations.
- 1.3 The purpose of this report is to submit the Board's 2015/16 Annual Report, attached as Appendix 1, to Brighton & Hove City Council.
- 1.4 The Board's 2015/16 Annual Report is intended to be used as an interactive electronic document.

**2. RECOMMENDATIONS:**

- 2.1 That Policy, Resources & Growth Committee ('Committee') notes the content of the Board's 2015/16 Annual Report.

**3. CONTEXT/ BACKGROUND INFORMATION**

- 3.1 Greater Brighton became a formally recognised City Region in March 2014, following the area's success in securing a [City Deal](#) with Government.
- 3.2 The City Region is a true functional economic market area. It covers the city of Brighton & Hove and the districts and boroughs of Adur, Lewes, Mid Sussex and Worthing. It features a number of different and important areas, from the urban centres of Brighton & Hove, Worthing, Shoreham and Newhaven along the South Coast, to the South Downs National Park and the market towns of Lewes and Burgess Hill. The City Region is home to 695,800 people, 445,800 of whom are

of working age, and it provides 278,500 jobs. The area has 29,490 VAT/PAYE businesses, with a total of 36,640 active business units.

- 3.3 A key commitment of the City Deal agreement was the establishment of a legally constituted Economic Board. The Board was subsequently formed and its inaugural meeting held in May 2014.
- 3.4 The Board comprises the Greater Brighton Economic Joint Committee, on which the City Region's five local authorities are represented, and the Greater Brighton Business Partnership, on which the City Region's two universities, four further education colleges, three business partnerships, the local enterprise partnership and the national park authority are represented. Meetings are held concurrently on a quarterly basis.
- 3.5 The purpose of the Board is to protect and grow the Greater Brighton economy, by coordinating economic development activities and investments at City Region level. By joining together places and working collaboratively to build on the area's economic assets and unblock its barriers to growth, the City Region will be able to fulfil its economic potential to become one of the United Kingdom's top performing urban economies.
- 3.6 The Board's [Heads of Terms](#) provide further detail regarding its form and function.
- 3.7 The 2015/16 Annual Report outlines the Board's strategy for growth and summarises the key areas of work undertaken in that year – its second in operation – to deliver its medium to long-term objectives.
- 3.8 The key areas of work undertaken by the Board in 2015/16 can be summarised as follows:
  - 3.8.1 Overseeing delivery of the **Greater Brighton Investment Programme**; a coordinated programme of regeneration and infrastructure projects that support the creation of a network of high-value growth centres in key locations across the City Region. The Board secured approximately £90m in City Deal and Growth Deal (rounds one and two) funding for projects within the Programme in 2014/15, which subsequently moved into delivery phase in 2015/16. It is estimated that the Programme will deliver a total investment of approximately £376m into the City Region and unlock 14,000 jobs, 8,200 homes and 450,000sqm of employment floorspace. The Board's [2014/15 Annual Report](#) provides an overview of each of the projects currently within the Programme and the 2015/16 Annual Report summarises just some of the Programme highlights from that year.
  - 3.8.2 Maintaining a 'live' **Greater Brighton Project Pipeline** and submitting **Growth Deal (round three) Funding Applications** to secure further capital grant funding to unlock strategically important projects across the City Region, which will directly deliver the Board's strategy for growth and the broader Coast to Capital [Strategic Economic Plan](#). Since the 2015/16 Annual Report has been drafted, Coast to Capital has submitted its final Growth Deal Three submission, totalling £136m, to Government. Of the ten applications that the Board put forward, six have been included in the

final submission. These six projects seek a total of £80.59m in Growth Deal funding. It is estimated that they will bring a combined private sector match of £745.4m and deliver approximately 9,844 direct jobs, 5,965 homes and 299,428sqm of employment floorspace across the City Region. Of the six projects, two are located within Brighton & Hove – the Sussex Bio-Innovation Centre and the Black Rock Site Development – that together seek £29.12m in Growth Deal funding. An announcement from Government on Growth Deal Three allocations is expected as part of the 2016 Autumn Statement.

- 3.8.3 Progressing **Greater Brighton's Bid for Devolution**, developing economic policy and securing new local freedoms, flexibilities and funding from Government to deliver these to drive growth and increase productivity across the City Region. The 2015/16 Annual Report outlines the key areas in which the Board is developing its devolution policies, initiatives and proposals for continued discussion and negotiation with Government. Further detail can be found in the Board's September 2015 submission, [Platforms for Productivity](#), and its January 2016 [Devolution Brochure](#).

#### 4. **CONCLUSION**

- 4.1 Committee is asked to note the contents of the Board's 2015/16 Annual Report and, as a member organisation, to continue to support and champion its work.

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

##### Financial Implications:

- 5.1 There are no direct financial implications as a result of this report although the Greater Brighton Economic Board 2015/16 Annual Report in Appendix 1 details activities of the Board and summarises key areas of work that the Board undertook in 2015/16 to deliver its medium to long term strategy including specific projects related to the Greater Brighton Investment Programme, the Greater Brighton Project Pipeline and the Growth Deal all of which were able to assist with securing capital grants for key projects across the City Region. The key areas of work and the financial benefits are detailed in paragraph 3.8 above. Brighton and Hove City Council as a member of the Greater Brighton Economic Board paid an annual subscription of £83,834 in 2015/16 to provide administration and support services including contributions to support the City Region's Devolution Bid.

*Finance Officer Consulted: Rob Allen, Principal Accountant*

*Date 30/08/16*

Legal Implications:

- 5.2 There are no direct legal implications arising from this report. The legal implications of decisions made by the Board, including those relating to the key areas of work referred to in section 3 of this report, were addressed at the time decisions were made and are reviewed on an ongoing basis.

*Lawyer Consulted: Bob Bruce*

*Date: 19/08/16*

Equalities Implications:

- 5.3 None directly related to this report.

Sustainability Implications:

- 5.4 None directly related to this report.

Any Other Significant Implications:

- 5.5 None.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. Greater Brighton Economic Board 2015/16 Annual Report

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

None.

### **Background Documents**

1. Greater Brighton Economic Board [Heads of Terms](#).
2. Greater Brighton Economic Board [2014/15 Annual Report](#).
3. Coast to Capital [Strategic Economic Plan](#).
4. Greater Brighton Devolution Submission [Platforms for Productivity](#).





# Greater Brighton Economic Board Annual Report 2015/16

This year marked the Greater Brighton Economic Board's second year of operation and, under the excellent chairmanship of Councillor Neil Parkin, the partnership continued to develop and mature.

The purpose of the Greater Brighton Economic Board ('the Board') is to protect and grow the Greater Brighton Economy. By bringing together all of the City Region's key 'players' as a formally constituted partnership, the Board is able to formulate economic policy and coordinate economic activities and investment at City Region level.

The aspiration of the Board is for Greater Brighton to become the South East's most successful economy, connected to London. The Board's strategy for growth is to raise the City Region's productivity – whilst comparable to the UK average; this is not where it should be when considering the area's proximity to London, its rich asset base and its highly skilled workforce.

The focus of the Board is to create the right balance in the City Region economy, between traditional and coastal industries such as tourism, retail and the public sector (which currently provide over 50% of all jobs in Greater Brighton) and modern, high-tech and high-value industries in key growth sectors. For Greater Brighton, these sectors are: Creative Digital and IT; Low Carbon and Environmental Goods and Services; Advanced Engineering in marine, aviation, automotive, defence and electronics, and; Health and Life Sciences.

## 5 Local Authorities

Adur District Council  
Brighton & Hove City Council  
Lewes District Council  
Mid Sussex District Council  
Worthing Borough Council

## 3 Business Partnerships

Adur & Worthing Business Partnership  
Brighton & Hove Economic Partnership  
Coastal West Sussex Partnership

## 2 Universities

University of Brighton  
University of Sussex

## 4 Further Education Colleges

City College Brighton and Hove  
Northbrook College  
Plumpton College  
Sussex Downs College

## Local Enterprise Partnership

Coast to Capital Local Enterprise Partnership

## National Park Authority

South Downs National Park Authority

To support the City Region in reaching its economic potential, the Board works collectively to build on its economic assets and unblock its barriers to growth by:

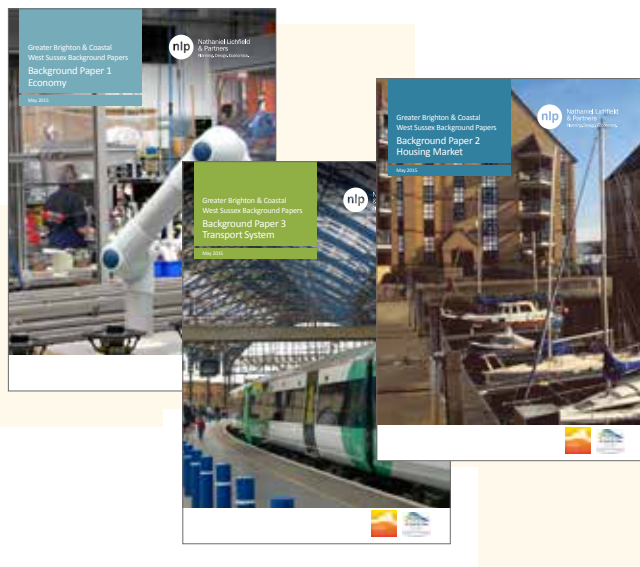
Shaping and delivering the **Greater Brighton Investment Programme**; a co-ordinated programme of regeneration and infrastructure projects that support the creation of a network of high-value growth centres in key locations across the City Region that deliver new jobs, employment floorspace and homes

Continually developing a programme of future delivery through the **Greater Brighton Project Pipeline** and securing the necessary funding and investment to unlock these projects, primarily via the **Local Growth Fund**

Developing and implementing City Region policy and initiatives and **securing new local flexibilities, freedoms and funding** in the key areas needed to drive growth and increase productivity: strategic transport; local transport infrastructure; housing and growth sites; skills for employment; enterprise and smart specialisation, and; digital.



At the start of this year, the Board strengthened its evidence base on the Greater Brighton economy, housing market and transport system. This evidence endorsed the notion of Greater Brighton as a true functional economic market area and the Board's polycentric approach to growth.



The role of the Board is to develop a complementary growth offer across all parts of the City Region and to support this by:

**Enabling delivery** of the City Region's ambitious housing plans, broadening the choice and affordability of housing types across Greater Brighton to meet the needs of different groups and varying life stages and thereby retain its

highly skilled workforce. Through its devolution proposals, the Board has committed to delivering 22,500 homes in the next 10 years – while within existing Local Plan numbers, this represents a 55% increase in the current rate of completions. To achieve this, the Board is doing all that it can to find and bring forward sites, deal with blockages such as transport and other infrastructure, ensure a flow of finance and developing new delivery mechanisms;

**Targeting investment** and putting in place the infrastructure to unlock the City Region's key growth centres, to build new homes and regenerate communities and to create much needed employment floorspace and jobs so that businesses can locate and grow within the Greater Brighton and that the benefits of high-growth clusters and innovation are spread across the City Region;

**Creating skills** for employment, to meet the growth needs of the City Region's businesses and to give all residents equal access to education, training and employment opportunities;

**Developing a coherent package** of enterprise support for all businesses across the City Region, providing the right tools and support – from digital connectivity to business finance – for them to survive and thrive. Greater Brighton is an entrepreneurial place, with 4,235 new businesses having formed in 2014. Business start-up rates also improved, from 88.3 to 88.9

new starts per 10,000 working-age residents – the highest start-up rates per head of population outside of London. However, 2,945 businesses failed in the same year and while the business failure rate dropped from 65.9 to 63.4 per 10,000 working age residents, there is a clear need to provide relevant and practical business support within the City Region;

**Putting in place specialist support** for the City Region's high growth sectors – Creative Digital and IT; Low Carbon and Environmental Goods and Services; Advanced Engineering, and; Health and Life Sciences, to raise productivity and output and create more graduate and high-value jobs, thereby reducing levels of under-employment and out-commuting, and;

**Improving transport infrastructure** and developing effective transport networks, to reduce congestion and increase access to employment, learning and products and services whilst also improving air quality.

Throughout this year, the Board has continued to tackle these medium to long-term objectives by progressing three key areas of work:

1 The Greater Brighton Investment Programme

2 The Greater Brighton Project Pipeline and Growth Deal Round 3 Funding Applications

3 The Greater Brighton Bid for Devolution

# The Greater Brighton Investment Programme

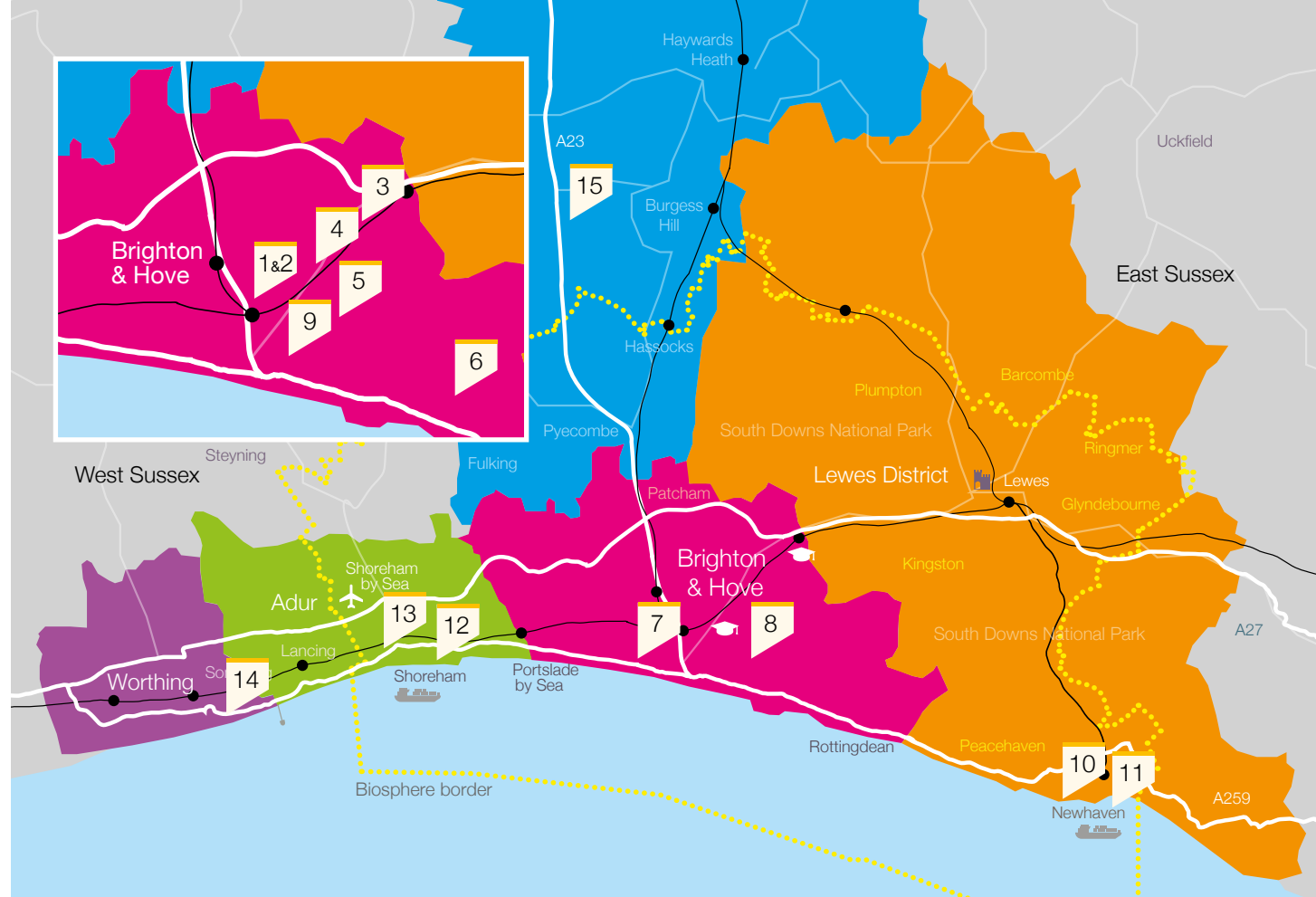
Overseeing the delivery of a co-ordinated programme of regeneration and infrastructure projects that support the creation of a network of high-value growth centres in key locations across the City Region

The Board has been enormously successful in obtaining Government funding – through both the Greater Brighton City Deal and the Coast to Capital Growth Deal – for projects within the Investment Programme. A total of approximately £90m was allocated to projects across the City Region.

These projects will deliver a total investment of approximately £376m into the City Region, unlocking an estimated 14,000 jobs, 8,200 homes and 450,000sqm of employment floorspace.

An overview of each of these projects is contained in the Board's 2014/15 Annual Report.

**The above figures vary from initial estimates; changing as project business cases have been further developed and refined and funding agreements signed.**



1. New England House Creative Tech Growth Centre
2. Digital Catapult Centre Brighton and 5G
3. Advanced Engineering Centre
4. Preston Barracks Central Research Laboratory
5. Circus Street Innovation Hub and Regeneration
6. City College Construction Trades Centre
7. Brighton & Hove Bike Share Scheme
8. Brighton & Hove Intelligent Transport Systems Package
9. Brighton Valley Gardens
10. Newhaven Flood Alleviation Scheme
11. Newhaven Port Access Road
12. Western Harbour Arm Flood Alleviation Scheme
13. Adur Tidal Walls Flood Defence Scheme
14. Worthing Sustainable Transport Package
15. Burgess Hill A2300 Corridor Improvements

This year, the Investment Programme moved into its delivery phase. Strong progress has been made, as demonstrated by just some of the highlights below:



The planning application for the **Advanced Engineering Centre** was approved in September 2015. A contractor was appointed and ground works completed. Construction is due to begin imminently and the project remains on-track for the Centre to open in early 2017.



The former Territorial Army building at Preston Barracks was improved and brought back to life as a temporary **Central Research Laboratory** pilot project, in which seven innovative start-ups have taken up residency. Master-planning for the entire 4 hectare site was progressed and public consultation on the proposed scheme commenced in April 2016.



Demolition and enabling works for City College Brighton and Hove's new **Construction Trades Centre** were completed in February 2016 and construction commenced. The works are expected to finish in April 2017, with the Centre being fully operational for the 2017/18 academic year.



The **Digital Catapult Centre Brighton** celebrated its first anniversary in March 2016. In that time, the Centre worked with 250 small businesses, as well as large corporates including American Express and Gatwick Airport and a range of university partners.

The **Digital Exchange Brighton** at New England House launched in July 2015 and is now successfully operating as a business, run by the Brighton Digital Cooperative, providing ultrafast broadband to small businesses at affordable prices.

The **Greater Brighton Broadband Voucher Scheme** offered a total of 1,095 vouchers to businesses across the City Region, with a value of over £1m. To date 1,011 broadband connections have been installed and claimed.



Construction of the new **Sussex Innovation Centre Brighton** on Block J at Brighton Station began. The new development will form part of a network, including a Centre in Croydon that opened in October 2015 and the planned Bio-Innovation Centre on the University of Sussex's Falmer campus.

The creation of the **Newhaven Enterprise Zone** was confirmed as part of the 2015 Spending Review. Starting in April 2017, eight key strategic sites will benefit from the designation, unlocking these for high-value development, new investment and supporting the expansion of existing businesses. The Enterprise Zone will create and sustain at least 2,000 new full time jobs and deliver up to 55,000sqm of employment floorspace.



The **Newhaven Growth Quarter** on Denton Island officially launched on 21 April 2016. Over 12 years, it is hoped that more than 400 businesses will be supported and at least 330 jobs will be created (directly and indirectly), as well as support for business start-ups and for trainees and apprentices. So far, 46 jobs and 3 apprenticeships have been created and 15 businesses have been supported.

The business case for the **Newhaven Flood Alleviation** scheme was approved by the Environment Agency board, confirming the match funding for the final stage of work.

The first phase of the **Newhaven Port Access Road** (the A259 to Pargut roundabout), constructed as part of the Eastside development, was completed.



The planning application for the **Adur Tidal Walls Flood Defence Scheme** in Shoreham was approved in March 2016. A preferred contractor was selected and construction is due to begin in Summer 2016.

West Sussex County Council and Mid Sussex District Council continued to work together to develop the business case for the **Burgess Hill A2300 Corridor Improvements Scheme**. The Scheme will support the economic growth of Burgess Hill – the single largest growth location within the City Region – by enabling the delivery of strategic housing and employment developments and improving the town's link to the strategic road network.



Works for Phase 1 of the **Worthing Sustainable Transport Package** started on site in January 2016.

Throughout this year, the Board has undertaken a range of activities to engage and support the City Region's businesses, including:

**Convening the Greater Brighton Employer Skills Task Force**, formed from over 30 of the City Region's leading businesses and education providers. The Task Force was established in September 2015 to consider how the number of apprenticeships can be increased locally, how those who have not worked for some time can be supported back into work and how more businesses can be encouraged to engage with schools as a way of helping to build and grow a pipeline of local talent able to enter work and learning with a greater understanding of the local job and career opportunities in different sectors. The Task Force has set the City Region a target of a minimum of 1,000 new apprenticeships in 1,000 days. To achieve this, they developed an Employer Pledge asking the wider business community to support the campaign. The Employer Pledge was launched during Apprenticeship Week and received over 100 pledges of support.

Middle  
**Andrew Mosley, General Manager of The Grand Brighton, committing to the Employer Pledge**

Right  
**Some of the businesses supported by the Regional Growth Fund Wave 2 Growth Hub project**



**Completing the Regional Growth Fund Wave 2 Growth Hub project**, aimed at improving support for businesses across the Greater Brighton and wider Coast to Capital Local Enterprise Partnership area by creating a single, joined-up framework and plugging any gaps in provision. The project delivered: a £1m business grants programme, which offered grants of between £5,000 to £240,000 to 25 businesses; the Business Navigator website and team of 'Navigators' to signpost businesses to national, regional & local provision, and; the Business Growth Toolkit, which provided a range of programmes including business support programmes for pre-start, start-up and growing businesses, funded internship programmes, knowledge exchange partnerships; export programmes and 1-2-1 support for high-growth businesses. The project was delivered during 2013/14 to 2015/16 but the outcomes are still being measured.





**Ricardo's centenary celebration** and the opening of their new Vehicle Emission Research Centre, funded by the Regional Growth Fund.



**Working with the Brighton and Hove Chamber** to hold a Construction Voice Event - 'Is a Greater Brighton Better for Your Business' – in November 2015.

**Regular updates** on the work of the Board to the City Region's business partnerships, including the Adur & Worthing Business Partnership, the Brighton & Hove Economic Partnership and the Coastal West Sussex Partnership.

**Public participation and consultation** in planning processes, involving stakeholders in the City Region's larger projects.

In the year ahead, the Board will increase its business engagement activities. This will include working with the City Region's 'top 10' businesses, to better understand and support their growth needs.

The Board will also work with the City Region's two universities to develop a Smart Specialisation and Innovation Strategy, to ensure that efforts and resources are targeted towards those sectors that are most likely to generate new growth for Greater Brighton.

# The Greater Brighton Project Pipeline and Growth Deal Round 3 Funding Applications

Securing capital grant funding to unlock strategically important projects across the City Region

Coast to Capital's Call for Growth Projects was launched on 22 December 2015. In response, the Board reviewed the Greater Brighton Project Pipeline and prioritised projects for this highly competitive round of the Growth Deal. The Board submitted a total of 10 funding applications, shown right.

These projects are aligned to and will directly deliver the Board's strategy for growth, as articulated in the Greater Brighton City Deal and the Greater Brighton Devolution Prospectus, as well as the broader Coast to Capital Strategic Economic Plan.

These projects are seeking a collective Local Growth Fund allocation of £145.3m and are estimated to leverage £1b in private sector investment. It is anticipated that if approved they will deliver over 7,200 homes, 414,000sqm of new and refurbished employment floorspace and 11,000 direct jobs. They are also projected to deliver 10,000 indirect jobs, as well as safeguarding a further 2,700 jobs.

At the time of writing, Coast to Capital was undertaking project validation and shortlisting in preparation for Government negotiations in early July 2016. The amount of funding nationally has reduced, increasing the competitive nature of the Call and it is not guaranteed that each of these projects will receive Growth Deal funding in this round. The outcome will be known by August 2016.

**It should be noted that the above outputs may include an element of duplication with some projects already within the Greater Brighton Investment Programme; those forming part of a larger strategy or programme to unlock key growth sites.**



## Round 3 Funding Applications

1. Worthing Central Phase 1 (Teville Gate House and Union Place)
2. Decoy Farm, Worthing
3. New Monks Farm and Airport Business Estate, Shoreham
4. Burgess Hill Growth Area Infrastructure Package
5. Sussex Bio-Innovation Centre, Brighton & Hove
6. Pelham Campus Redevelopment, Brighton & Hove
7. Heritage Centre Stage: Awakening Brighton's Royal Estate
8. Black Rock Site Development, Brighton & Hove
9. Brighton Marina South Site
10. Newhaven Enterprise Zone Delivery Package

## Current Investment Programme

1. New England House Creative Tech Growth Centre
2. Digital Catapult Centre Brighton and 5G
3. Advanced Engineering Centre
4. Preston Barracks Central Research Laboratory
5. Circus Street Innovation Hub and Regeneration
6. City College Construction Trades Centre
7. Brighton & Hove Bike Share Scheme
8. Brighton & Hove Intelligent Transport Systems Package
9. Brighton Valley Gardens
10. Newhaven Flood Alleviation Scheme
11. Newhaven Port Access Road
12. Western Harbour Arm Flood Alleviation Scheme
13. Adur Tidal Walls Flood Defence Scheme
14. Worthing Sustainable Transport Package
15. Burgess Hill A2300 Corridor Improvements



## Worthing Central Phase 1

This project is the first phase of a comprehensive and co-ordinated transformation programme of Worthing's Town Centre, stretching from Worthing Central Railway Station to the Seafront. This project will deliver an exciting mix of leisure, commercial and residential uses on two key redevelopment sites, both of which are currently vacant and damaging the overall appearance and economic performance of the town.

The first site is Teville Gate House, a redundant and derelict office block and surface car park located opposite Worthing Central Railway Station. This project will redevelop the site; creating a new building that will house both an Innovation Centre and a 3\* hotel with up to 180 bedrooms or serviced apartments. The second site is Union Place, currently home to the former Police Station (demolished in 2009) and the council-owned surface car park to the east. This project will create a mixed use residential scheme on the site that will include a multiplex cinema and restaurants. Both redevelopments will be supported by extensive public realm enhancements that are already underway, through the Worthing Sustainable Transport Package currently being delivered at Montague Place.

Together these two sites will significantly enhance the town centre economy and act



as a catalyst for further regeneration and improvements to the public realm. This project is expected to deliver 128 new homes, 13,222sqm

commercial floorspace and 189 new jobs. With a successful Local Growth Fund application, work will start in July 2017 and complete in 2020/21.

## Decoy Farm, Worthing

Decoy Farm is a 7.7 hectare former landfill site located in close proximity to East Worthing Railway Station. It is one of only two strategic employment sites in Worthing. This project will transform the site – which has stood unused for over three decades – into one of the most commodious commercial employment centres on the South Coast, providing openings for existing businesses (for example GlaxoSmithKline, Allergy Therapeutics and Rayner Intraocular Lenses) to expand and attracting wider enterprise and investment from the South East and London.

This project also provides an opportunity to deliver economic development that stretches into other parts of Greater Brighton. The new employment centre could enable the relocation of existing businesses from prime town centre sites – including Shoreham Harbour and Worthing Town Centre – freeing up space for housing and other more appropriate town centre business uses.

This project will decontaminate and remediate Decoy Farm and put in place substantial access and traffic calming road improvements, which are necessary to both realise the site's full capacity and to mitigate the impact on the local highway network. In so doing, this project will provide the potential for 40,000sqm of new commercial floorspace and 2,298 new jobs, delivering £220m of economic output to the economy over a 20 year period.

With a successful Local Growth Fund application, work will start on site in June 2018 and complete in 2020/21.

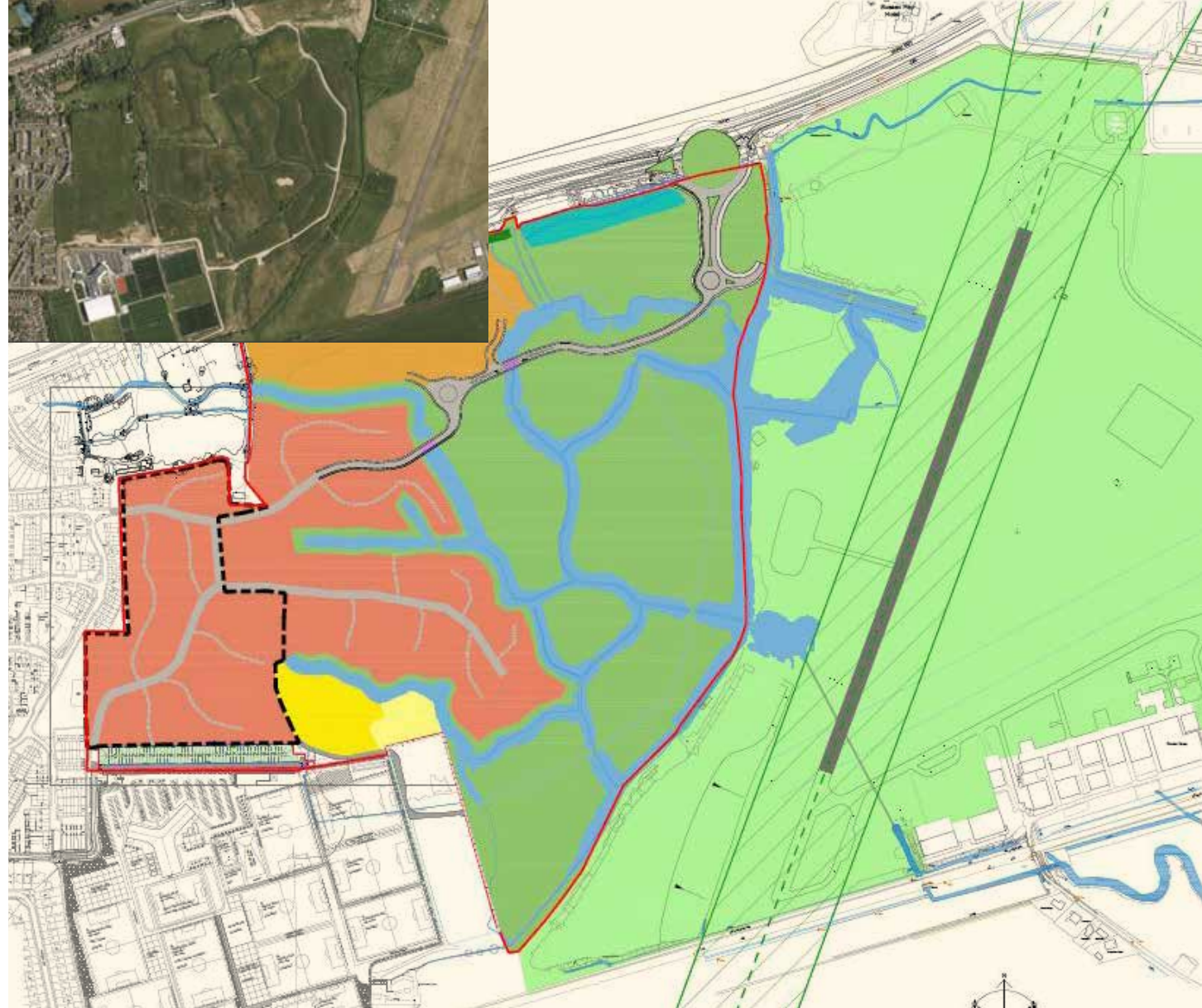


## New Monks Farm and Airport Business Estate, Shoreham

This project will put in place the essential road infrastructure needed to unblock the development of both New Monks Farm and the Airport Business Estate into a strategic employment and housing growth centre. It will complement the Adur Tidal Walls Flood Defence Scheme, which is already putting in place some of the major infrastructure required to secure future development.

This project will improve access to and from the proposed growth centre, by creating a new signalised 6-arm junction on the A27 that will serve both New Monks Farm and Shoreham Airport. It will also close the existing Sussex Pad Junction, which would be unable to cater for the additional traffic movements created by the proposed growth centre.

This project will help to enable the delivery of 600 homes and 10,000sqm of employment floorspace at New Monks Farm, creating 708 new full-time jobs. It will also support the long-term viability of Shoreham Airport and the businesses that are already located there, by improving access and facilitating the development of a further 15,000sqm of employment floorspace. The site would also be home to an Environmental Technologies



Growth Centre, adjacent to Ricardo UK Ltd's £10m Vehicle Emissions Research Centre and close to Northbrook College's campus specialising in auto and aero engineering.

With a successful Local Growth Fund application, work will start on site in September 2016 and complete in 2019/20.

# Burgess Hill Growth Area Infrastructure Package

Burgess Hill is the largest single growth location in Greater Brighton and much activity and investment is already underway to transform this town into a modern and thriving place that can act as a growth engine for the City Region.

This project will put in place a package of local infrastructure improvements – including junction upgrades and road enhancements, public transport improvements, walking and cycling initiatives, access to the proposed Science Park and order mitigation at the local wastewater treatment plant – that will support the delivery of the £1b Burgess Hill growth programme. It will

ensure that infrastructure is planned holistically and delivered at the appropriate phases, thereby bringing pace and certainty to the programme. In so doing, this project will support the creation of:

- 5,000 new homes, including at the Northern Arc, King Way, the Keymer Tile Works, Fairbridge Way and Burgess Hill Railway Station
- 200,000sqm of employment floorspace, at the Northern Arc, The Hub and the Science & Technology Park on a new site to the West of Burgess Hill that will spark the creation of a cluster and draw more high-value businesses into the City Region

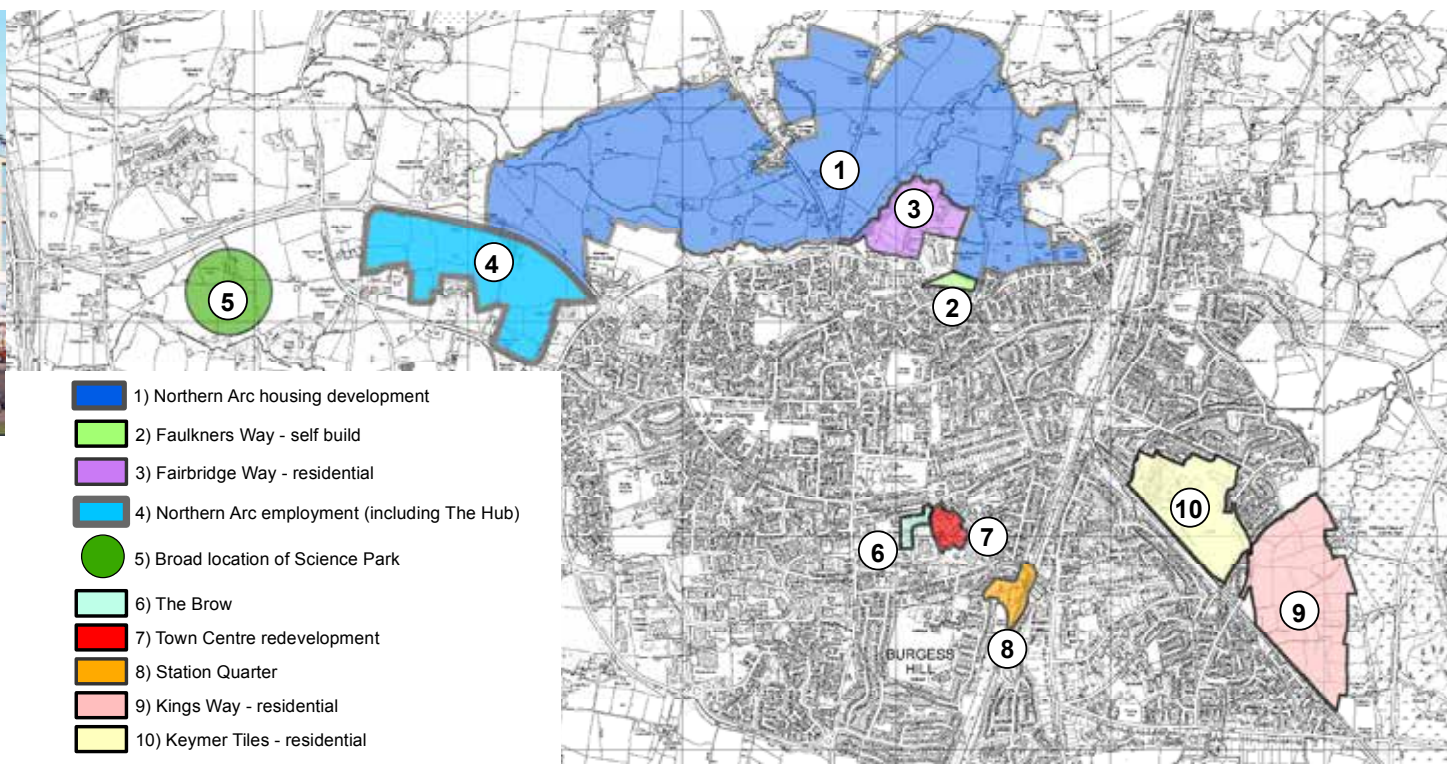
- A regenerated town centre, providing a modern shopping offer, a multiplex cinema, a hotel, restaurants, car parking spaces, a new library and new homes
- 5,500 direct jobs and 9,500 indirect jobs

This project will complement the delivery of enhancements along the A2300 corridor, which are essential for improving the town's link to the strategic road network. With a successful Local Growth Fund application, work will start on site in Autumn 2017 with various elements completing to 2025.

128



New river retail development



## Sussex Bio-Innovation Centre, Brighton

This project will deliver a new £99m Life Sciences building at the University of Sussex's Falmer campus. This building will provide dedicated teaching space, modern laboratory equipment, technical support and inspiring collaboration spaces for academics, researchers and clinicians from different disciplines to share knowledge and create innovative partnerships. It will also be home to the new Sussex Bio-Innovation Centre.

Building on the success of the Sussex Innovation Centre, the Sussex Bio-Innovation Centre will be a much-needed new facility for entrepreneurs and businesses from the City Region's developing Life Sciences sector. It will offer the enabling infrastructure, support facilities and advanced technological expertise to test new ideas and develop new products, processes and services within a first class university setting. It will provide a research and development interface between academia and business, to foster Greater Brighton's next generation of pharma and biotech companies. The Centre's links to the rapidly expanding research and teaching facility at the School of Life Sciences will also enable these companies to take advantage of the skilled workforce grown within the City Region.

From within the 2,202sqm of dedicated specialist accommodation, the Centre will support 20 new business teams at a time. This will create over 60 specialist bio-science graduate-level jobs and a further 20 specialist technician, business support and management positions, as well as 147 new indirect academic and teaching jobs. As an 'incubator' the Centre will support the start-up and early growth

of businesses, which will then graduate to larger premises and be replaced. An average business stay of 5 years is expected meaning that 100 bio-science businesses will be supported over the next 20 years, creating over 300 new scientific positions. With a successful Local Growth Fund application, work will start on site in April 2017 and is expected to be completed by December 2019.



## Pelham Campus Redevelopment, Brighton

Through the full refurbishment of Pelham Tower and the construction of a new state of the art building, this project will deliver 15,845sqm of high quality accommodation that will be home to the planned new Institute of Art and Technology that will be created through the merger of City College Brighton and Hove and Northbrook College Sussex. Located in the geographical heart of the City Region's burgeoning Creative Digital and IT (CDIT) sector, it will support the sector's continued growth by helping to address two of its key challenges – the lack of both local skills and talent and of high quality workspace.

The Institute will provide a clear and unequivocal focus on training the talent needed to support the City Region's CDIT businesses, creating a better alignment between the demand from the sector and the supply of skills to meet that demand. It will deliver 160 additional higher level 4 and 5 students and 300 additional level 3 students in creative and tech disciplines by 2020/21. It will also create an Apprenticeship Company that will deliver 300 advanced and 150 additional higher-level apprenticeships in priority sectors including CDIT by 2020/21. The Institute will develop close links with the nearby Wired Sussex and Digital Catapult Centre, to access their high-speed broadband

and mobile capabilities and to harness their national expertise in new technologies. This will be essential to enabling students to engage with and understand new developments in this fast changing sector so that they are trained for the now and the future. The Institute will also provide approximately 715sqm of new employment floorspace within the enabling development, for between 50-70 small CDIT companies to locate along with a range of solo-preneurs and freelancers.

With a successful Local Growth Fund application, work will start on site in August 2017 and is expected to complete by 2019/20. This project will consolidate the College's accommodation, freeing up space for the creation either of a new secondary school or of new housing on the area east of Pelham Street. The enabling development will also include three floors for housing, providing approximately 30 one to two-bed residential units.



## Heritage Centre Stage: Reawakening Brighton's Royal Estate

The Royal Pavilion Estate is Brighton & Hove's cultural heart; uniquely combining a historic Royal Palace and Regency garden, a museum and art gallery and three performing arts spaces. This project is designed to reunite the historic Estate, enabling it to live up to its potential as a world class heritage destination. This project will improve visitor and audience access and experience, as well as learning and participation and in so doing will increase income. It will also deliver a new business model and commercial strategy – reducing running costs and improving commercial performance – to ensure the Estate's future resilience and ultimately the preservation of the city's cultural, creative and economic future.

This project will be delivered in three phases:

1. The physical up-grading and restoration of the Corn Exchange and Studio Theatre, helping to increase self-generated income to create sufficient surpluses for future heritage and buildings maintenance;
2. The restoration and re-interpretation of the Royal Pavilion and the Regency Royal Pavilion Garden, the creation of a new Visitor Welcome Facility and the establishment of new wayfinding, and;

3. The restoration and re-interpretation of the Brighton Museum & Art Gallery, new interpretation activity within the Brighton Dome and the creation of new heritage learning facilities in the Old Courthouse and Northgate House.

Local Growth Fund funding would support the first phase of this programme, which has already secured funding from Arts Council England and the Heritage Lottery Fund. Work is expected to start on site in January 2017 and complete in 2018/19.



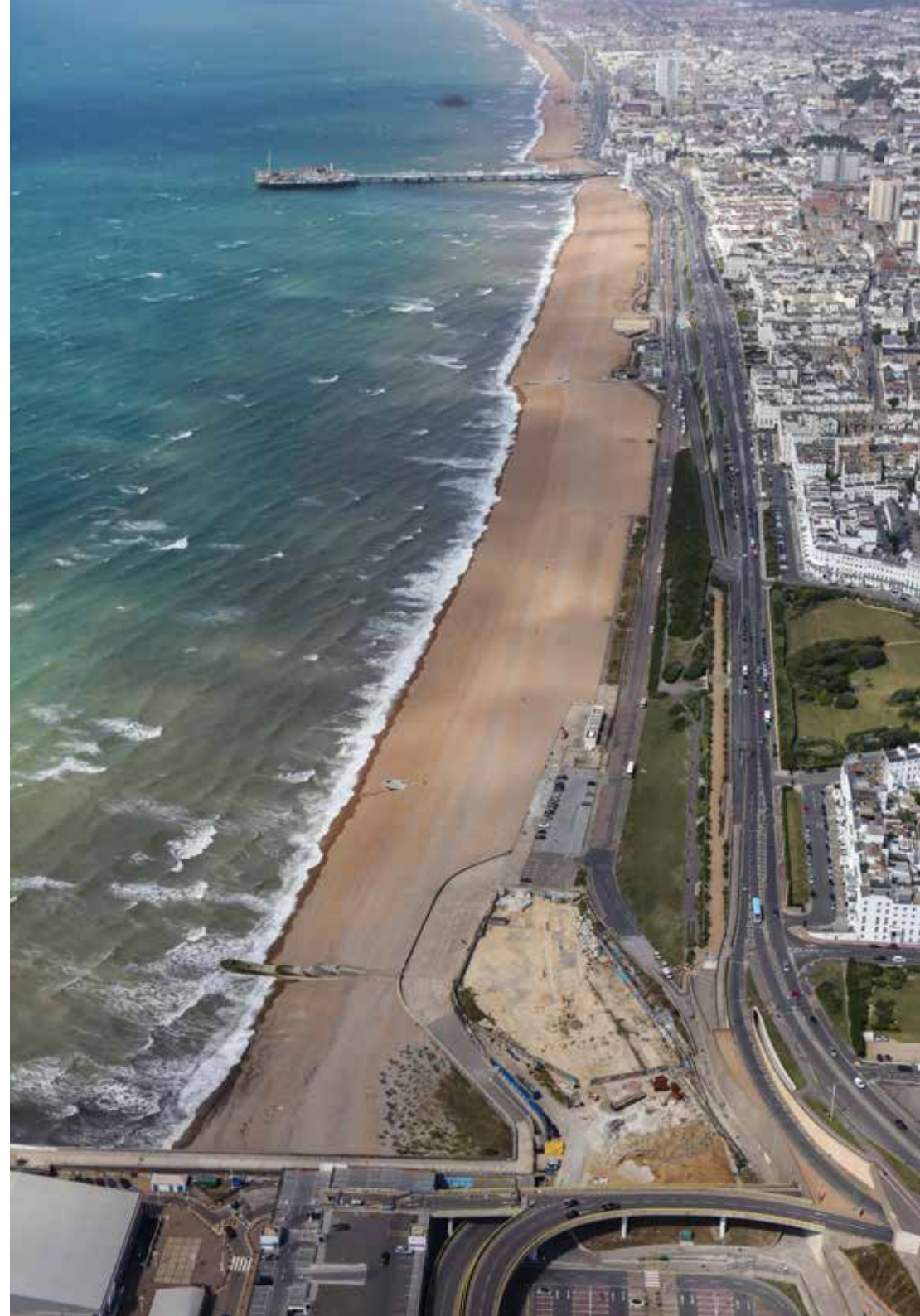
## Black Rock Site Development, Brighton

Part of the wider £540m Brighton Waterfront regeneration programme, this project will deliver a 250,000sqm state of the art conference centre and arena facility on Black Rock. Redevelopment of this site – which has stood derelict for over 30 years – will catalyse future development in the area, transforming it into an attractive anchor destination. It will complement the Brighton Marina, sitting immediately to its east and the emerging Madeira Terraces regeneration to the west, which will benefit from increased visitor numbers.

The Brighton Centre, the city's existing conference centre, is almost 40 years old and because of its constrained capacity, access restrictions and limited flexibility is failing to meet market requirements. Technical reports have demonstrated that further investment would not represent value for money, as the fundamental infrastructure elements of the building are failing. Delivery of this project will enable the City Region to match its domestic competitors to capture a share of the growing market for international conventions and arena events that is vital to the local economy. Approximately £50m of the nearly £750m generated in the visitor economy in Brighton & Hove each year is a result of conferences and exhibitions, not to mention the thousands of jobs in support industries such as hotels and guest houses, restaurants and shops and transport and event services. This project will create 797 jobs as well as safeguarding the existing jobs at the Brighton Centre and will generate an additional £30m annually in GVA.

This project will also unlock the opportunity to redevelop the existing conference centre site; enabling the redevelopment of up to 56,000sqm of commercial floorspace to create an improved and expanded retail offer at Churchill Square, along with residential uses that are more appropriate to its prime city centre location.

With a successful Local Growth Fund application, work will start on site in 2017/18 and is expected to complete by 2020/21.



## Brighton Marina South Site

Brighton Marina was originally built in the 1970s, with infrastructure initially constructed to support a yacht marina with adjacent residential and leisure buildings. Since that time, there have been unprecedented levels of development at the Marina without the commensurate level of investment in infrastructure.

This project will deliver the major enabling and infrastructure works required to both protect the existing developments and enable further investment.

This project would build the confidence and conditions to unlock a major £340m mixed-use redevelopment of the Marina's South Site. The emerging plans would refurbish and develop approximately 15,500sqm of new leisure floorspace, creating a high-quality leisure destination that would generate an estimated 170 direct jobs. The scheme would also deliver a minimum of 1,000 new residential dwellings, as well providing a new, high quality public realm.

With a successful Local Growth Fund application, work will start on site in late 2019 and is expected to complete in 2029.



Site boundary  
Brunswick site

# Newhaven Enterprise Zone Delivery Package

The establishment of the Enterprise Zone on eight key strategic but non-contiguous sites offers an opportunity to kick-start the Newhaven's renaissance. The Enterprise Zone will officially commence in April 2017 and, over its 25-year lifespan, is expected to deliver 55,000sqm of new and 15,000sqm of refurbished commercial floor space, as well as creating and sustaining 2,000 new jobs.

Structural shifts in the economy have caused Newhaven to suffer a significant downturn. Unable to attract a critical mass of new investment, it has remained trapped in a cycle of low investment, decaying infrastructure and low value employment and business. Newhaven does offer substantial capacity for growth; there are large brownfield sites in and around the port, waterfront and town centre and, building on the new University Technical College (UTC@harbourside) and E.ON's Rampion Offshore Wind Farm, it has the potential to become a clean tech growth centre for the City Region.

Since Enterprise Zone designation in November 2015, key development opportunities have been identified and a pipeline of projects further progressed. Included on the pipeline are Eastside South, Eastside North, Bevan Funnell, Railway Quay, and the Town Centre. Local Growth

Fund funding is being sought to address the viability constraints relating to the Enterprise Zone, through the creation of a fund from which landowners would be able to bid for support. These projects are at varying stages of development – the first three sample sites listed are closest to coming forward and will deliver 19,033sqm commercial floor space, 108 homes and 413.8 gross full-time equivalent jobs.

Delivery of these sites will give the Enterprise Zone early impetus, providing confidence to

Government and credibility with investors. They will create the high-quality business premises needed by modern businesses, as well as enhancing the profile of Newhaven within the City Region and beyond. As these developments come forward through the Enterprise Zone, they will achieve significant uplifts in business rates that will then be retained and reinvested in the delivery of further sites. Support in unlocking key sites will therefore enable the wider delivery of the Enterprise Zone and help to secure the town's future prosperity.



# Greater Brighton Bid For Devolution

Developing economic policy and securing new flexibilities, freedoms and funding from Government to deliver these to drive growth and increase productivity across the City Region

This year, much of the Board's energy and attention has been focused on developing the City Region's response to the national policy debate on place-based devolution.

On 4 September 2015, the Board submitted its initial Devolution Prospectus Platforms for Productivity to the Rt. Hon Greg Clark MP. A total of 37 submissions were made nationally, including one from the Three Southern Counties that comprises East and West Sussex and Surrey County Councils. In line with the national process, the submission has led to a period of discussion and negotiation with Government; first at a Ministerial Challenge Session with Baroness Williams of Trafford held on 14 January 2016 – which allowed the Board a further opportunity to articulate its devolution aspirations – and now with a number of Government officials and departments, to get Greater Brighton into “deal territory”.

Throughout this process, the Board has engaged and collaborated with key partners and stakeholders. In particular, there has been close working with the Three Southern Counties on key areas of common interest and shared concern.

The proposals are a step on a longer journey to stronger local determination of policies and funding deployment across wider policy areas.

A natural progression from the Greater Brighton City Deal, the Board's proposals are aimed at accelerating growth and seeking the devolution of powers and funding and the local flexibilities needed to create and sustain three platforms for productivity:



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**Economic productivity**, through the provision of infrastructure, housing and employment land and enterprise support

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**Social productivity**, through the creation of skills for employment, living wage housing and the acceleration of the information economy to drive a vibrant social economy

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**Public Service Productivity**; through the radical redesign of public services and the introduction of new models of governance

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To deliver these ambitions, the Board is developing policies and initiatives in 6 key areas:

|  |   |
|--|---|
| <b>Strategic Transport</b>                   | <ul style="list-style-type: none"> <li>Establishing a Sub National Transport Body, via the Cities &amp; Local Government Devolution Act 2016, to enable planning, decision making and investment for all strategic transport to be done in one single place</li> <li>Creating a Brighton Main Line Task Force, to agree and implement an urgent action plan to address capacity and reliability on the Brighton Mainline</li> </ul>   |
| <b>Local Transport Infrastructure</b>        | <ul style="list-style-type: none"> <li>Developing a package of local transport improvements that will both unlock new homes and employment space and deliver sustainable transport schemes</li> <li>Making the City Region's transport network work more effectively by implementing a range of improvements, including enhanced public transport interchanges, multi-modal e-ticketing and route planning and the use of real time information to manage the City Region's road network</li> </ul>   |
| <b>Housing &amp; Growth Sites</b>            | <ul style="list-style-type: none"> <li>Introducing new delivery mechanisms and seeking local flexibilities in the use of Right to Buy receipts and HRA borrowing to accelerate housing delivery</li> <li>Establishing a Greater Brighton Local Place Partnership, to identify and bring forward surplus public sites for new housing and employment land</li> </ul>   |
| <b>Skills for Employment</b>                 | <ul style="list-style-type: none"> <li>Creating a shift in the supply-side of skills training to better reflect the higher level technical skills required by the City Region's priority sectors</li> <li>Establishing a Greater Brighton Apprenticeship Company with increased employer engagement to boost the numbers of apprenticeships across Greater Brighton</li> <li>Improving careers advice and interaction with business and enterprise in schools and post-16 education so that young people can make choices that align with the skills that the City Region's employers need</li> </ul> |
| <b>Enterprise &amp; Smart Specialisation</b> | <ul style="list-style-type: none"> <li>Co-ordinating all enterprise funding streams to deliver a joined-up approach to Enterprise and Innovation support across the City Region</li> <li>Exploring options to deliver more flexible and suitable business finance support, including revenue and EU funding</li> <li>Putting in place university-led specialist support for the City Region's high-growth companies, creating a more competitive environment for business investment and growth</li> </ul>  |
| <b>Digital</b>                               | <ul style="list-style-type: none"> <li>Establishing a Greater Brighton Creative Industries Council, to bring a focus to the many fragmented aspects of support for the sector currently available from Government</li> <li>Putting the Digital Catapult Centre Brighton on a sounder financial footing; securing Government investment of £1m over three years</li> <li>Rolling-out ultrafast (1 gbps) to all urban locations and superfast (30 mbps) to the rest of the City Region including rural, deploying at local level the national funds available for this</li> </ul>                       |

# Closing Statement

From Councillor Daniel Humphreys, Leader of Worthing Borough Council and Chairman of the Greater Brighton Economic Board 2016/17

When the Greater Brighton Economic Board was formed, it was done in recognition of the fact that the economic performance of this wonderful City Region had for some time been falling short of the expectations of constituent local authorities, education providers and businesses. While each of the local authority areas is a distinct place in and of itself, we all know that while we and our residents identify with those places, the economy doesn't recognise local authority boundaries.

The economic needs of the five local authority areas that make up the Greater Brighton City Region overlap and intertwine to a degree that co-operation and collaboration within this partnership was seen as a natural step to take to ensure that the economic prospects of all areas were given a boost.

There can be no doubt that the Greater Brighton Economic Board is moving forward on its key agenda items.

We have already attracted Government investments of over £90million and we are now developing further bids to bring an additional £145million Government investment into our City Region. Over the next year, we'll

see the infrastructure, housing and technology projects which broke ground in the last twelve months progress, with new skills and employment projects coming on-stream to support our growing economy further.

I am especially pleased to see the great strides being made on our skills programme, based on analysis of our knowledge economy and our projected needs. We have seen the Advanced Skills Centre open in Shoreham to boost our STEM base, the Digital Catapult Centre to contribute to our digital/creative agenda and, in the next year, we will see Plumpton, Sussex Downs and Worthing Colleges all benefit from the investment needed to take our knowledge economy to the next level and ensure that our residents are equipped to take advantage of the opportunities provided.

Investment across the City Region is also making a real difference to its communities. Flood defences are coming forward to protect land for homes and businesses, transport networks are being refined to get people and business moving, and innovative new schemes are looking at ways to improve sustainable transport. Information will begin to flow more rapidly for more people, thanks to



focus being brought on attracting high-speed broadband links across the area.

We are at the cutting edge of learning here in the Greater Brighton City Region. Using the wisdom of our partners and feedback from the local, national and international systems in which we operate, we are creating a vision of a more prosperous, more dynamic and more self-reliant future.

I am proud to serve as the Economic Board's Chairman for 2016-17 and very much looking forward to the journey that we'll be taking together.

# Greater Brighton Economic Board

## Members



**Councillor Daniel Humphreys**  
Leader of Worthing Borough Council and Chairman of the Greater Brighton Economic Board 2016/17



**Councillor Neil Parkin**  
Leader of Adur District Council



**Councillor Warren Morgan**  
Leader of Brighton & Hove City Council



**Councillor Geoffrey Theobald OBE**  
Leader of the Opposition and the Conservative Group of Brighton & Hove City Council



**Councillor Andy Smith**  
Leader of Lewes District Council



**Councillor Garry Wall**  
Leader of Mid Sussex District Council



**Professor Debra Humphris**  
Vice-Chancellor University of Brighton



**Professor Michael Davies**  
Deputy Vice-Chancellor and Pro-Vice-Chancellor for Research, University of Sussex



**Nick Juba**  
Chief Executive Officer of City College Brighton and Hove



**Sue Dare**  
Principal of Northbrook College



**John Peel OBE**  
Coast to Capital Local Enterprise Partnership Board Member



**Andrew Swayne**  
Chairman of the Adur and Worthing Business Partnership



**Dean Orgill**  
Chairman of the Brighton & Hove Economic Partnership



**Peter Davies**  
Coastal West Sussex Board Member



**Trevor Beattie**  
Chief Executive of the South Downs National Park Authority

|                          |   |  |                           |
|--------------------------|---|--|---------------------------|
| <b>Subject:</b>          | <b>Orbis Partnership</b>                            |  |                           |
| <b>Date of Meeting:</b>  | <b>13 October 2016</b>                              |  |                           |
| <b>Report of:</b>        | <b>Executive Director for Finance and Resources</b> |  |                           |
| <b>Contact Officer:</b>  | <b>Name:</b>  | <b>David Kuenssberg</b>  | <b>Tel: 01273 29-1333</b> |
|                          | <b>Email:</b>                                       | <a href="mailto:david.kuenssberg@brighton-hove.gov.uk">david.kuenssberg@brighton-hove.gov.uk</a> |                           |
| <b>Ward(s) affected:</b> | <b>All</b>  |  |                           |

## **1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 This report provides the Committee with an update and recommendations relating to Brighton & Hove City Council's commitment to the Orbis partnership, which currently includes East Sussex and Surrey County Councils as founding partners.

## **2. RECOMMENDATIONS**

That Policy, Resources & Growth Committee to note:

- 2.1 The key financial test has been met, i.e. that the trajectory of Orbis savings is sufficiently aligned with this council's requirements to make partnership working viable and desirable.
- 2.2 Detailed work will now commence to integrate the council's corporate services into Orbis, and that progress will be communicated to the Orbis partnership and staff.
- 2.3 By taking this decision now, the council will attain founding partner status and so have a stronger influence over how Orbis manages, shapes and develops its services; this will not be possible if a decision is delayed further.
- 2.4 Services are likely to fully integrate at different times, given their relative complexity, and the relative progress made to date; there is more work to do on Property & Design in particular to make the case for integration.
- 2.5 Investment resources required to achieve integration will need to be reviewed and factored into the 2017/18 budget round.
- 2.6 In parallel, further assurance will be sought over high level financial requirements for ICT and systems investment.
- 2.7 Existing Brighton & Hove staff will retain the council's terms and conditions and that trade unions will be recognised.
- 2.8 Committee previously delegated authority to the Executive Director, Finance & Resources to agree the timings for services to integrate into the Orbis model of delivery and to sign the Inter-Authority Agreement (IAA) once it is judged appropriate to do so, following consultation with the council's Lead Member for Orbis, the Council's Chief Executive and Monitoring Officer.

- 2.9 The two existing Orbis members will undertake due diligence with Brighton & Hove as an integral part of the integration plan, process and activities before all parties are in a position to enter into a binding Inter-Authority Agreement.

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

- 3.1 The Orbis partnership is based on a 'collaborate to integrate' model. This means that it starts with developing strong working relationships and seeking areas where collaborative working can provide opportunities and benefits. The integration of services within Orbis can then be developed where this provides further opportunities and benefits. Orbis is committed to a people-centred approach with a focus on developing staff and building resilient shared services that are delivered by the public sector but also have the ability to grow by providing services to others. It achieves economies by creating scale, increasing standardisation where possible, and minimising duplication.
- 3.2 At Policy & Resources Committee on 3 December 2015 it was agreed that, subject to a period of due diligence, BHCC would become the third founding partner in the Orbis shared services partnership for business services, joining East Sussex and Surrey County Councils.
- 3.3 Services in scope for delivery via the partnership are:
- Finance (some functions included in Business Operations)
  - Procurement
  - Internal Audit
  - Revenues and Benefits
  - Human Resources and Organisational Development (again some functions included in Business Operations)
  - ICT
  - Property & Design Services
- 3.4 The outcome of the options appraisal, which was the substance of that report, was that the only viable options, given time, opportunity, and the requirement to deliver a 30% reduction in budget by 2020, were to enter into an existing partnership or to 'do nothing' other than continue to reduce budgets and the service offer. The options appraisal also explored large scale outsourcing for our support functions. This showed that this option was unlikely to deliver the pace or scale of savings required and would restrict those functions' abilities to support the council through change.
- 3.5 A paper at Policy & Resources Committee on 28 April 2016 provided progress on due diligence and identified the key areas that were being considered.
- 3.6 On 18 July 2016 a further paper was presented to the Orbis Joint Committee providing an update on progress against BHCC's key strategic due diligence 'tests' and highlighted issues to be resolved in order to reach a 'stop / go' decision. The BHCC due diligence process to date has been largely "on" Orbis. It has taken longer than anticipated. This is largely due to the level of analysis required to assess financial information; each authority structures services and apportions budgets in different ways, so it is not straightforward to achieve a like-for-like comparison.
- 3.7 Separately, Legal Services have developed Orbis Public Law in partnership with East Sussex, Surrey, and West Sussex County Councils. Proposals for Orbis Public Law will be the subject of a separate report to this committee in December 2016.

## 4 ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

### Update on Due Diligence

#### Budgetary considerations (recommendation 2.1)

- 4.1 The council's corporate services are required to save approximately 30% of net costs by 2020. Table 1 shows the 2016/17 actual savings and future Indicative savings targets (against net budgets) for corporate services.

| TABLE 1              | Projected Brighton & Hove Savings |                |              |              |              |              |             |            |             |                    |              |
|----------------------|-----------------------------------|----------------|--------------|--------------|--------------|--------------|-------------|------------|-------------|--------------------|--------------|
|                      | Net Budget 2016-17                | Actual 2016-17 |              | 2017-18      |              | 2018-19      |             | 2019-20    |             | Total over 4 years |              |
|                      | £'000                             | £'000          | %            | £'000        | %            | £'000        | %           | £'000      | %           | £'000              | %            |
| Property & Design *  | 3,689                             | 789            | 21.4%        | 1,148        | 31.1%        | 409          | 11.1%       | 406        | 11.0%       | 2,752              | 74.6%        |
| Audit                | 615                               | 64             | 10.4%        | 57           | 9.3%         | 38           | 6.1%        | 21         | 3.3%        | 179                | 29.1%        |
| Financial Services ~ | 4,017                             | 322            | 8.0%         | 375          | 9.3%         | 248          | 6.2%        | 135        | 3.4%        | 1,080              | 26.9%        |
| Procurement          | 514                               | 69             | 13.4%        | 48           | 9.3%         | 32           | 6.1%        | 17         | 3.3%        | 165                | 32.2%        |
| HR & OD              | 2,957                             | 335            | 11.3%        | 278          | 9.4%         | 183          | 6.2%        | 99         | 3.4%        | 895                | 30.3%        |
| ICT                  | 7,049                             | 434            | 6.2%         | 647          | 9.2%         | 428          | 6.1%        | 234        | 3.3%        | 1,742              | 24.7%        |
| <b>Total</b>         | <b>18,840</b>                     | <b>2,013</b>   | <b>10.7%</b> | <b>2,554</b> | <b>13.6%</b> | <b>1,337</b> | <b>7.1%</b> | <b>912</b> | <b>4.8%</b> | <b>6,815</b>       | <b>36.2%</b> |

\* The gross budget for Property & Design is significantly greater than the net budget, so this distorts the savings % against the net budget.

~ Revenues & Benefits not included here as savings are currently under review and there is no comparator data.

- 4.2 In determining whether the council's savings requirement aligns with Orbis requirements, the budgets for all services need to be defined as either 'managed on behalf of' (MoBo) or 'operating services (i.e. in scope)'.
- 4.3 Budgets identified as MoBo will be retained by the sovereign authority for them to continue to make investment and business decisions. This means whilst the services provided through Orbis will support the identification and delivery of savings, the savings against these budgets and any efficiencies identified in these budgets will be fully retained by the sovereign authority. Budgets classed as MoBo are those that could not be reasonably shared, or those where the partners are unable to treat the budget in a consistent manner. This would therefore mainly include internal income budgets and corporate council contracts such as Corporate Landlord contracts, Banking contracts, Insurance, ICT hardware, staff advertising, legal fees, and audit fees.
- 4.4 Budgets identified as 'Operating Services' will be shared within the partnership with any savings and pressures shared across the partners in line with ratios to be specified by the IAA. Operating costs mainly cover most staffing budgets and team running costs.
- 4.5 Work has been undertaken to identify the council's budgets within these categories but some costs are likely to move between categories as further detailed work continues.
- 4.6 In order to meet the key test and provide a comparison of the council's savings targets against Orbis savings targets the council's services had to be re-cast in line with the Orbis

functions as well as allocated between MoBo and operating services.

- 4.7 Table 2 below shows proposed Orbis savings percentages against net budgets for each of its functions for the four year period 2016/17 to 2019/20.

| <b>TABLE 2</b>                        |                                 | <b>Projected Orbis Savings</b> |             |             |                                 |                                  |                           |
|---------------------------------------|---------------------------------|--------------------------------|-------------|-------------|---------------------------------|----------------------------------|---------------------------|
| <b>Orbis Current Operating Budget</b> | <b>Net budget 2016-17 £'000</b> |                                |             |             | <b>Total 2016-17 to 2018-19</b> | <b>Indicative 4th yr 2019-20</b> | <b>Total over 4 years</b> |
| Property                              | 10,274                          | 0.5%                           | 8.8%        | 11.7%       | 21.0%                           |                                  |                           |
| Finance                               | 9,421                           | 1.3%                           | 5.6%        | 10.6%       | 17.4%                           |                                  |                           |
| Business Operations                   | 5,171                           | 14.8%                          | 9.7%        | 9.7%        | 34.1%                           |                                  |                           |
| Procurement                           | 3,496                           | -0.3%                          | 9.9%        | 0.4%        | 10.0%                           |                                  |                           |
| HR                                    | 5,250                           | 1.6%                           | 7.6%        | 11.9%       | 21.1%                           |                                  |                           |
| ICT                                   | 17,004                          | 0.8%                           | 5.8%        | 7.2%        | 13.8%                           |                                  |                           |
| Management overheads                  | 2,488                           |                                |             |             |                                 |                                  |                           |
| <b>Total</b>                          | <b>53,104</b>                   | <b>2.2%</b>                    | <b>6.9%</b> | <b>8.6%</b> | <b>17.7%</b>                    | <b>4.8%</b>                      | <b>22.5%</b>              |

- 4.8 In the forthcoming financial year, the difference between the Brighton & Hove's required savings (13.6%) and Orbis' (6.9%) is too wide to look at integrating budgets. The council will therefore be reliant on existing plans to meet its budgets in 2017/18.
- 4.9 However from 2018/19 there is close alignment, so the 3 councils could pool budgets at that point. Although the two tables are not a *direct* comparison (because some services are cut differently in Orbis – para. 3.6) they do show that in 2018/19 the overall level of savings required is broadly similar (with the exception of Property Services for reasons outlined above).
- 4.10 The overall savings target for 2018/19 for the council is 7.1% compared to 8.6% for Orbis. For 2019/20 the council's requirement is 4.8% and it is expected that this will be comparable to the Orbis requirement.
- 4.11 Pooling budgets from April 2018 rather than 2017 is acceptable to existing Orbis partners, subject to the ongoing due diligence that is referred to in this report.

#### Assessment of 'fit' with Orbis (recommendations 2.2 – 2.5)

- 4.12 While work is at different stages for each service, there is sufficient assurance that the Orbis approach to integration can work for the council. The strong levels of engagement and understanding regarding Procurement and Internal Audit are evidence of this. There is also now a better understanding of activities across Orbis which has been achieved through:
- Engagement in Orbis project boards and governance;
  - Senior management engagement of partners across all services;
  - Sharing and understanding of organisational and staffing structures;
  - Detailed sharing and understanding of operating service and MoBo budgets;
  - Sharing and understanding of proposed savings targets and proposed measures to achieve them.

- 4.13 As a result, there is sufficient confidence that our financial and non-financial objectives are sufficiently aligned to signal to Orbis that BHCC would wish to pursue the integration of services as soon as possible. Commitment at this stage will ensure that BHCC are able to operate as a founding partner, and be able to influence the nature and shape of services within the Orbis framework from this point forward.
- 4.14 This commitment means that Brighton & Hove will immediately behave and operate as though it is part of Orbis, even in advance of agreeing an IAA and integrating budgets. This would initiate immediate actions with and in Orbis, including (but not limited to):
- Staff engagement and service and partnership visioning events;
  - Talent development and staff performance management;
  - Co-ordinated and collaborative recruitment and retention activity;
  - Joint communications;
  - Joint management team meetings;
  - Structured shared intelligence on key national policy changes, developments and consultation;
  - Evaluation of the opportunities for and implications of integration of management and staffing structures and responsibilities;
  - Starting the partnership due diligence on budgets, integration of budgets, partnership “shareholding” and delivery plans for savings in Orbis with BHCC integrating.
- 4.15 The above actions are part of the Orbis Partner joining process and supplement the due diligence already undertaken. It would ultimately lead to a revised Orbis IAA being drafted and presented for signing. At that stage all parties will be legally committed to the partnership.
- 4.16 From experience thus far, and recognising the significance of the commitment to join Orbis, it is important that the council properly resources integration work, or else pace is sacrificed, and partnership relationships could be strained. As a result Finance & Resources will need to make adequate budgetary provision as part of the 2017/18 budget round subject to the usual business case approval process.
- 4.17 For more information, in terms of progress made on a service by service basis in addition to the progress that has been made on evaluation of the overall operating model, please note the following:
- 4.18 **Finance:** Whilst the finance service and teams have been an integral part of the development of Orbis, progress on developing the finance service model through Orbis was deferred and has recently been reinitiated following the appointment of a single lead finance director.
- 4.19 In addition, plans to evaluate and implement a new Partnership wide Business Solutions Platform (or similar) are progressing which alongside the development of the finance service model will enable the greatest opportunities for savings and efficiencies to be targeted. Following a successful planning event on 28 September, Brighton & Hove will be working with the Orbis Director of Finance on the design of the service and the integration plans and timescales.
- 4.20 **Procurement and Internal Audit:** Through close collaboration with Orbis colleagues, it has been possible to achieve sufficient assurance that integration will safeguard current service levels and provide opportunities to increase resilience for both services. Procurement teams will build on existing close working that has led to the aggregation of a number of contracts and significant savings to be achieved.

- 4.21 **Revenues & Benefits:** Given that neither Surrey nor East Sussex have this service, the decision on whether to integrate into Orbis is largely strategic. For Orbis, integration is important, as this is the service that provides a fully rounded service offer that may be of interest to other councils, notably districts councils. A key issue to resolve is how this service will be managed given that it is unique to Brighton & Hove, and it incorporates specialist policy and delivery expertise not replicated elsewhere. This will be resolved by the Orbis Joint Management Board.
- 4.22 **ICT:** The analysis is that, in order to maintain and increase the resilience of our systems and platforms, integration with Orbis would be a viable solution. There remains detailed planning to do, but there is already significant alignment in terms of service requirements across all three councils, and the Orbis ICT structure largely maps well to what will work for Brighton & Hove.
- 4.23 Each partner within Orbis would still have strategies and programmes that are sovereign to the Council e.g. Finance strategy and Medium Term Financial Plan, workforce strategy, asset management and investment strategies. In this context, the Digital First programme would remain sovereign to the council.
- 4.24 **HR:** There is a strong rationale for integration including added resilience for a function that is at the heart of supporting change. Forthcoming work will include a review of how Orbis will provide services that reflect the council's culture and complexity. Integration here would also be supported by the move to a common Business Solutions Platform or similar (as for Finance). Detailed work has commenced following the appointment of the Orbis HR Director during the summer. As with Finance, full HR integration is likely to be dependent on joint procurement of systems.
- 4.25 **Business Operations:** The Orbis Business Operations service includes operational HR, and Finance functions such as payroll, recruitment, accounts payable and accounts receivable. Brighton & Hove is assessing the work that could be placed in Business Operations by process mapping across a number of services. Orbis colleagues are being kept fully apprised on this work to ensure any decisions are consistent with the partnership model of delivery.
- 4.26 **Property & Design:** Initial work commenced in September involving the Head of Property & Design and Orbis. This will be completed by Christmas under the direction of the Director of Economy, Environment, and Culture. A key aim here is that the asset strategy work that the Brighton & Hove team leads for the council is not disrupted, given its centrality to budget stability. At this stage there remains work to do to identify how the council's strategy can best be implemented by the partnership approach.

#### ICT investment requirements (recommendation 2.6)

- 4.27 Orbis is developing detailed investment plans for the consolidation and integration of ICT systems across the partnership. The most significant investment required is likely to be in joining up Finance and HR systems potentially onto a single platform. Any investment proposal would be the subject of a business case. It is not possible at this stage to identify costs or benefits however partners would need to agree commitment to invest once a solution is identified.
- 4.28 The council has made some provision for investment within existing budgets (£2.6m over 4 years), however this may not be sufficient meaning that any incremental funds will need to be covered either by borrowing or capital receipts, providing there is a viable business case.

- 4.29 The council will contribute to the development of a business case as part of joining Orbis and seek to identify a working financial assumption as soon as possible.

Impact on Staff (recommendation 2.7)

- 4.30 Clearly, the decision to move individual services towards integration will be of significant interest to staff, and it is very important that the period of uncertainty for those staff is brought to a close as soon as possible. Staff are being engaged on the plans for integration and the council will formally consult when detailed service proposals are clear.
- 4.31 Key points for staff include:
- The central Orbis design principle that it is a solution that is delivered within the public sector.
  - Staff currently employed by the council will continue to be employed by the council, and terms and conditions will remain unchanged.
  - Trade union recognition is maintained, and
  - The process for agreeing and implementing HR policies will remain sovereign.
- 4.32 The closer integration of services will be assisted by the experience that Orbis has already gained from its work to join up Surrey and East Sussex. What worked will be adopted, and what did not work will provide learning.

**Governance**

Governance of the partnership

- 4.33 Under its Terms of Reference, the Orbis Joint Committee has delegated decision making power to oversee and deliver 'the Services'. The agreed operational budget is to be referred to each of the sovereign councils for approval. Currently Councillor Leslie Hamilton has a place on the Committee but no formal voting rights. At the point Brighton & Hove is ready to formalise its place in the partnership, the Terms of Reference would change to incorporate the council's membership (as has been done with the Orbis Public Law Joint Committee) and be incorporated into an IAA.
- 4.34 A Joint Management Board of Senior Officers leads the delivery of Orbis and includes the council's Executive Director, Finance & Resources.

Towards an IAA (recommendation 2.8)

- 4.35 The existing IAA signed by Surrey and East Sussex provides clarity about the services to be delivered jointly, the financial contributions of each council, how budgets will be agreed, and the agreed contribution ratio.
- 4.36 The assessment of when the timing is right for Brighton & Hove to join Orbis has already been delegated to the Executive Director, Finance & Resources and this will be informed through the forthcoming integration work.

Orbis due diligence on the council (recommendation 2.9)

- 4.37 While consideration of Orbis has been the key focus, it is clear that existing Orbis partners have to be confident that integration with Brighton & Hove would work well for them. Forthcoming integration planning will provide the opportunity for this judgement to be made. Approval of the council's admission to Orbis would ultimately be a decision for the respective Cabinets of East Sussex and Surrey County Councils through the Orbis Joint Committee.

## **5 COMMUNITY ENGAGEMENT & CONSULTATION**

- 5.1 On 13th April senior managers and Heads of Service from BHCC met with colleagues from East Sussex and Surrey County Councils as the Orbis Leadership Community. This provided the opportunity to build relationships and look at the next steps for working in partnership and collaborating together in each service. The outcome of this has differed across services, with very positive progress being made in some, but notably less with others. A second event for the 'Orbis Leadership Community' is scheduled for 24 November 2016.
- 5.2 A joint trade union meeting with representatives from the three partner authorities took place on 22nd April 2016 and a subsequent joint trade union meeting will take place on 27<sup>th</sup> October 2016.
- 5.3 For some services, senior managers have been involved in cross-working with Orbis, but this has not involved all staff. The Executive Director, Finance & Resources has written to staff periodically with updates on the due diligence process, however the level of detail it has been possible to share has until now been limited. Face-to-face meetings were held during the two weeks leading up to this Committee to ensure that staff are now aware of the direction of travel and the recommendations being made.

## **6. CONCLUSION**

- 6.1 The due diligence conducted to date confirms that from 2018/19 the trajectory of Orbis savings aligns with this council's requirements and that detailed work to integrate the council's corporate services into Orbis can commence in conjunction with full engagement and consultation with staff and trade union colleagues. Communicating our intentions to Orbis partners would provide assurance to Orbis that it can commit resources to supporting the council's integration, and reduce the uncertainties facing Brighton & Hove staff. In addition the value of signalling this intent now means that the council will achieve founding partner status, and provide the opportunity to shape services going forwards.

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

### Financial Implications:

- 7.1 This report recommends that detailed work should commence to integrate corporate services into Orbis in order to meet the council's requirement to make savings in line with the indicative savings targets for 2018/19 to 2019/20 as detailed in paragraph 4.2.
- 7.2 The gross revenue budget for all the services (including Revenues & Benefits) is £44.2 million in 2016/17 with a net budget of £25.2 million. These budgets include areas that would be 'managed on behalf of' the council by Orbis and those operating services. In addition, a significant proportion of the councils capital programme will be 'managed on behalf of' by services within the Orbis Partnership.

- 7.3 Integration to the partnership will require investment and additional project support in some services for which business cases will be developed and approved as normal. Any future investment requirements and savings proposals will be included in the council's 2017/18 Budget and Medium Term Financial Strategy and reported to Policy, Resources & Growth Committee later in the year.

*Finance Officer Consulted:* Sue Chapman.

*Date:* 21 September 2016

Legal Implications:

- 7.4 As referred to in the body of the report at section 4.34, if the recommendations are agreed, the Inter Authority Agreement (IAA) between the Councils would be the mechanism through which Brighton & Hove formally joined the Orbis Partnership. The IAA would need to be amended to incorporate BHCC. Legal advice will be required in relation to this work and it is proposed that the IAA is agreed following consultation with both the Lead Member and the Council's Monitoring Officer.

*Lawyer Consulted:* Elizabeth Culbert

*Date:* 26<sup>th</sup> September 2016

Equalities Implications:

- 7.5 Equalities Impact Assessments will be completed for each service as plans for operational change are developed.

Sustainability Implications:

- 7.6 None.

Any Other Significant Implications:

- 7.7 None.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

None.

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

None.

### **Background Documents**

1. Policy & Resources Committee Report December 2015
2. Policy & Resources Committee Report April 2016
3. Orbis Joint Committee Report July 2016

|                          |  |   |                    |
|--------------------------|--|---|--------------------|
| <b>Subject:</b>          | <b>Single Homeless &amp; Rough Sleeper Accommodation &amp; Support Remodelling &amp;Tender</b>                         |   |                    |
| <b>Date of Meeting:</b>  | 21 September 2016 - Housing & New Homes Committee<br><b>13 October 2016 - Policy, Resources &amp; Growth Committee</b> |   |                    |
| <b>Report of:</b>        | <b>Acting Executive Director for Adult Social Care &amp; Health</b>  |   |                    |
| <b>Contact Officer:</b>  | <b>Name:</b>   | <b>Jenny Knight</b>   | <b>Tel: 293081</b> |
|                          | <b>Email:</b>  | <a href="mailto:Jenny.knight@brighton-hove.gov.uk"><u>Jenny.knight@brighton-hove.gov.uk</u></a> |                    |
| <b>Ward(s) affected:</b> | <b>All</b>   |   |                    |

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

- 1.1 Given the changing demand for services and the increased complexity of need, it has now become essential to have a new model of accommodation and support for single homeless people and rough sleepers.

A new model would respond to this changing need by seeking to provide improved outcomes for individuals and better value for money. It would also provide an opportunity for experienced service providers to bring new ideas and ways of working to the city.

The current accommodation and support model for homeless people and rough sleepers has been in place since 2007. The needs of homeless people in the city have changed over the past 9 years and the city is seeing increased numbers of rough sleepers, an increase in demand for supported accommodation services and increasing numbers of homeless people with multiple and complex support needs. This paper details the proposed remodelling and retendering of services to meet the changing needs of homeless people, target resources and improve the outcomes for this section of the population.

- 1.2 This remodelling proposal includes

- Commissioned accommodation and support services for homeless people and rough sleepers.
- Hostel accommodation and support services which are directly provided by Brighton & Hove City Council.

## **2. RECOMMENDATIONS:**

That the Housing & New Homes Committee agrees to the following:

- 2.1. That the information provided within the report to remodel and procure accommodation and support services for single homeless people and rough sleepers be noted;
- 2.2. That the commissioning and procurement plans from October 2016 should be aligned with priorities within the Rough Sleeping Strategy 2016, the Council's Housing Strategy 2015, the Homelessness Strategy 2014-19, and the Council's priorities for the integration of social care and health through Better care;
- 2.3. That ASC Commissioning be delegated authority to review the infrastructure, including the working groups that support services for single homeless people and related strategies;

That the Policy, Resources & Growth Committee agree the following:

- 2.4. That the commissioning and procurement plans from October 2016 should be aligned with priorities within the Rough Sleeping Strategy 2016, the Council's Housing Strategy 2015, the Homelessness Strategy 2014-19, and the Council's priorities for the integration of social care and health through Better care;
- 2.5. That the procurement and remodelling process outlined in the report for 2016-17 and 2017-18 be agreed;
- 2.6. That the directly provided (in-house) services which are identified in Section 4 of this report be included within the tender for the new accommodation and support model;
- 2.7. That Policy, Resources and Growth Committee agree to the extension of existing contracts that are included in the service re-model to ensure continuity of service whilst procurement activity is being completed;
- 2.8. That authority be delegated to the Executive Director for Health, Adult & Social Care to procure and enter into any contract to secure effective delivery of support services for vulnerable people as outlined in Section 3 of the report, having consulted with the Executive Directors for Economy, Environment & Culture, Neighbourhoods, Communities & Housing, Families, Children & Learning and the Monitoring Officer.

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

### **3.1 Background**

Housing Related Support Services (previously Supporting People) are commissioned to provide accommodation and support to vulnerable people. This report deals solely with the procurement of services designed for single homeless adults and rough sleepers.

The majority of accommodation and support services for people who are homeless are provided in the independent sector. The services currently provided as part of the pathway are included in **Appendix 1**.

The current accommodation and support service for single homeless people and rough sleepers is referred to as the Integrated Support Pathway. The services within the pathway include outreach services, hostels and supported accommodation and were designed to move individuals from rough sleeping and homelessness towards independent living. This group of people tend to be non-statutory homeless.

The contracts for the majority of single homeless and rough sleeper services come to an end on the 31st March 2017. Some services such as the Rough Sleeper Outreach Service, Housing First Service and the Floating Support Service for those in independent accommodation have already been re-procured.

3.2 Significant work has been undertaken to ensure that the new model will address the changing needs and demographics of people who are homeless. This has been based on analysis of needs, national good practice and consultation with partners and stakeholders. This includes the:

- Rough Sleeper & Single Homeless Needs Assessment 2013
- Homeless Health Audit 2014
- Homelessness Strategy 2014-19
- Overview & Scrutiny Report on Homelessness & Rough Sleeping 2014
- Rough Sleeping Strategy 2016

3.3 The work identified a number of gaps in service delivery and indicated the following areas for development:

| Need Identified   | Development Required   |
|---|--|
| Lack of appropriate facilities to assess the needs of rough sleepers                                    | Develop a Safe space for people to have an assessment within 72 hours to ensure their needs are met in a timely way, and individuals can be supported to reconnect to areas where they can access accommodation and support. |
| Lack of flexibility in the pathway meaning service user needs are not met                               | Develop a more flexible referral and hostel allocations system to make sure people are supported in the right accommodation that meets their needs   |
| Difficulty for service users moving from high 24 hour support services to low support services.         | The introduction of medium support accommodation. This will ensure that provision for people with higher needs is appropriately targeted.  |
| The needs and safety concerns of women could be better met in women only accommodation.                 | Women only accommodation   |
| Cohort of older long term residents whose needs could be better met in a more appropriate accommodation | Development of a specialist service for older individuals with physical health and substance misuse needs  |

|   |   |
|---|---|
| service.  |   |
| The need for peer support for vulnerable women and those with complex needs.    | Develop a new model of peer support.  |
| High levels of unmet physical and mental health needs                           | Ensure the new services are integrated with the Better Care model to reduce health inequalities for single homeless people. |
| High levels of substance misuse   | To ensure that services support people in their recovery from substance misuse  |
| High levels of trauma and other mental health needs in the homeless population. | People get access to Psychologically Informed Environments (see 5.(c))  |

### 3.4 Aims

It is important to address the gaps in the services above to ensure that:

- Rough sleeping in the city is reduced.
- Single homeless people receive personalised multi agency support.
- Outcomes for homeless people are improved and that they are supported to develop the skills for independent living.
- Health outcomes are improved, and deaths are prevented.
- People are supported to recover from homelessness, substance misuse, ill health and mental ill health.
- The number of people experiencing revolving door (repeat) homelessness will reduce.
- The efficiency of accommodation and support services is improved.
- Services are aligned with the Better Care Integrated Homeless Health Model.

### 3.5 Proposal for Retendering Services

As contracts for current services for single homeless people are coming to an end and gaps in our current provision have been identified it is the right time to address these issues through the procurement of new services.

#### Timetable for Retendering

A procurement plan including three distinct procurement projects has been designed and is recommended to minimise the disruption to service users and support the move to the new way of working as follows:

- Stage 1: tender assessment and high and medium supported accommodation. These services are integral to the success of the model and involve large accommodation services which may have complex mobilisation arrangements.
- Stage 2: tender women's service and low support accommodation. Potential providers may wish to apply as a consortium or a partnership and will need time to develop and explore the options available to them.

- Stage 3: tender for support services including the provision of education, peer support and lifeskills as well as the service for those with long term physical health needs. These services have been placed in stage 3 to enable time to develop the models of support for these services in consultation with partners.
- It is proposed Stage 1 will be tendered at the end of October 2016 subject to committee approval; Stage 2 in February 2017 and Stage 3 in May 2017 with a view to all new services being in place and operational by November 2017. These stages are detailed in the table at 3.6.



### 3.6 Accommodation & Support Services Tender Timetable

The following table is an outline of the services due to be tendered. An overview of the full model of accommodation and support including existing services is attached as **Appendix 2**. The Services related to in house provision and with properties will be tendered for 5 years with an extension of up to 2 years. Other services will be 4 years with an extension of up to 2 years.

| Tender                | Description  | Units / Beds   |
|-----------------------|--|--|
| <b>Tender Stage 1</b> |  |  |
| Assessment Beds       | <p><b>Assessment Beds:</b></p> <ul style="list-style-type: none"> <li>Assessment Beds will enable people to access short term accommodation for up to 6 weeks. The service will provide level access for those with disabilities or health needs, facilitating hospital discharges where appropriate. The service will be scaled up from around 12 beds initially as the model is mobilised and developed to a possible 24 beds dependent on evaluation of the model.</li> </ul> <p>The Assessment service will also provide up to 5 safe spaces (nightly emergency sleeping facilities in the form of a sit up chair or fold out bed) either within the hostels common area or a separate building as emergency provision for rough sleepers. This safe space</p> | 12 assessment & 12 hostel beds + 5 safe space places |

|                                     |   |                                     |
|-------------------------------------|---|-------------------------------------|
|                                     | acts as a place of safety for up to 72 hours to enable the assessment of rough sleepers and facilitate reconnections for non locally connected rough sleepers.  |                                     |
| High & Medium Support Accommodation | <ul style="list-style-type: none"> <li>Services will provide accommodation for people who have a mixture of high and medium support needs, allowing service users to move through an internal pathway which reduces the levels of support they require.</li> <li>The services will provide personalised asset based key work support and day time activities.</li> <li>The services will operate Psychologically Informed Environments. The services will make space available and encourage external services (e.g. community groups/ counselling/ food projects) to come in and offer groups and activities to improve health and wellbeing, lifeskills and education and training opportunities.</li> <li>Services will focus on recovery from substance misuse, mental and physical ill health and homelessness.</li> </ul> | 160-200 (80 high / 80 – 100 medium) |
| <b>Tender Stage 2</b>               |   |                                     |
| Women's Service                     | <ul style="list-style-type: none"> <li>Trauma informed specialist accommodation service for women with multiple and complex needs.</li> <li>Offering strength based and personalised key work support and case coordination.</li> <li>Accommodation that allows women to move on as independence grows and their support needs reduce.</li> </ul>   | 20-25 (approx 10 high / 10 -15 med) |
| Low Support Accommodation           | <ul style="list-style-type: none"> <li>Short term accommodation for those with low support needs who are reaching readinesses to move on to independent accommodation.</li> <li>The service will offer low level floating support in independent or shared accommodation.</li> <li>The Accommodation will offer support to move on and sustain independence, including work, learning and employment, resilience and building links within the community.</li> </ul>  | 80-100                              |
| <b>Tender Stage 3</b>               |   |                                     |
| Substance Misuse & Physical Health  | <ul style="list-style-type: none"> <li>Specialist support for older people with alcohol issues and long term physical health needs.</li> <li>The service will operate from a council owned HCA funded building subject to committee approval.</li> <li>The service will allow a longer term stay than</li> </ul>  | 12 TBC                              |

|   |   |     |
|---|---|-----|
|   | other hostel accommodation but will have a focus on recovery from substance misuse and reintegration into the wider community.  |     |
| Peer Support / Work & Learning / Lifeskills / Education | <ul style="list-style-type: none"> <li>Model still being developed through evaluation of service needs and gaps and feedback from Stakeholders.</li> <li>We will commission a peer support model to work with individuals with multiple and complex needs to look at recovery and reintegration within the community, accessing services as well as community groups and activities.</li> <li>We intend to procure services which offer personalised education, lifeskills and employment service to support people to live independently and move away from homelessness.</li> </ul> | TBC |

#### 4. Internally Provided Council Services

- 4.1 Brighton & Hove City Council currently provides a number of accommodation and support services within the Integrated Support Pathway. These services are included in the remodelling proposal.

It is proposed that external providers are sought for New Steine Mews Hostel, The West Pier Project (which is part of the Mental Health Pathway), Lifeskills and Business Action on Homelessness as part of the tender process. The market for providing accommodation and support services for homeless people both within the city and nationally is diverse. There are a range of services currently operating within the voluntary sector which specialise in training, development and innovation in the delivery of homeless services and have a proven track record of running specialist assessment services, hostels for people with multiple and complex needs and support services for the homeless. These organisations have infrastructures which focus on developing expertise, innovation and improving services for homeless people. They have a knowledge and skills base in homelessness which the local authority cannot match within its current resources.

- 4.2 Specialist providers in the independent sector can offer added value which includes opportunities to explore and expand funding sources. They can provide a quality service based on a clear service specification, supported by a robust contract management function through the Adult Social Care Commissioning team.
- 4.3 The remodelling proposal detailed in this paper includes the provision of services for homeless people which are directly provided by Brighton & Hove City Council. These services are detailed below:

| Service                | Service Description                               | Staffing (July 16)              |
|------------------------|---|---------------------------------|
| New Steine Mews Hostel | 24 beds of 24 hour supported hostel accommodation | 10.2 FTE (full time equivalent) |

|                                 |   |          |
|---------------------------------|---|----------|
| Glenwood Lodge Hostel           | 47 beds of 24 hour supported male only hostel accommodation.  | 13 FTE   |
| West Pier Project               | 25 beds of 24 hour supported accommodation with those with mental health & substance misuse needs within the mental health pathway. | 12.3 FTE |
| Lifeskills Project              | Offering one to one and small group work with hostels residents to develop the skills needed for independent living                 | 2 FTE    |
| Behaviour Support Service       | Psychology service offering case work support to individuals, and support to staff within adult and youth homeless services.        | 2 FTE    |
| Business Action on Homelessness | Support into work service – currently not staffed.  | 0 FTE    |

#### 4.4 The proposals for the services are as followings:

##### **New Steine Mews Hostel**

It is proposed that New Steine Mews is subject to an external tender as part of Stage 1. The building is owned by the council can provide mobility accessible rooms, food and has an additional building suitable for the safe space places and its use by the successful Provider will form part of the tender package.

##### **West Pier Project**

It is proposed that the West Pier Project is subject to a joint external tender with the CCG who joint fund the service. The service would remain part of the mental health pathway as a service for those with severe and enduring mental health needs and substance misuse issues. It is proposed that the West Pier Project be tendered as part of Stage 2.

##### **Lifeskills & Business Action on Homelessness**

It is proposed that these services are included as part of a wider education and work and learning tender which is still in development. The tender for this service would be included in phase 3 of the tender process.

It is proposed that **Glenwood Lodge Hostel and the Behaviour Support Service** remain as council provided services pending further work on the future model of these services.

Staff and Managers within these services have been made aware of the proposals and will be kept up to date with ongoing developments.

We are commissioning outcome focused services, so only the minimum requirements are set out in the specification. The detail of the model will be developed as part of the quality evaluation of the tenders, based on the proposals submitted by bidders. This means that the required staffing structure, roles and numbers to deliver the new model of support have yet to be determined and the impact and implications for existing employees delivering current services are not yet known. At this stage existing employees may see their

employment and role either TUPE transfer to a new provider and/or be retained & reviewed by their current employer and/or ended as existing services cease. The implications for existing staff will be communicated in due course as they emerge in the procurement process.

#### 4.5 Feedback from Staff & Trade Unions

Unison and the GMB are being consulted on the proposed changes to in house homeless services provision.

### 5. The new model will require changes in 3 key areas:

#### 5.1 Change of approach to providing accommodation

The new model of accommodation and support will require a significant shift in working practices for all providers as we move towards a psychologically informed, personalised, asset based model of support which minimises evictions and reduces the number of 'revolving door' clients (people who move between services without reaching a positive sustainable outcome), increases multi agency and integrated working. The Commissioning Team intends to work closely with providers as part of the transition and on an ongoing basis to create flexible services which are able to change and adapt based on needs and emerging good practice.

The new accommodation services are being developed in order to increase flow and enable more individuals to be helped away from rough sleeping and homelessness towards independent living or to access services that best meet their needs. This means that more people will be able to access accommodation. The total number of beds in the new model will be dependent on the winning tenders; however a minimum number of beds will be specified for each tender to ensure value for money.

Current model:

| <b>Service</b>                            | <b>Beds in Current Model</b> | <b>Beds in New Model ( pending award of new contracts)</b> |
|---|------------------------------|--|
| 24 Hour Supported Accommodation           | 273                          | 161  |
| Medium Support Accommodation              | 0                            | 102-127  |
| Low Support Accommodation                 | 157                          | 80-100   |
| Other High Risk Offenders & Housing First | 13                           | 13   |
| <b>Total:</b>                             | <b>443</b>                   | <b>356 – 403</b>   |

In addition to this a further 53 beds of low support accommodation was commissioned in June 2016 which supports move on from single homeless accommodation and the mental health pathway.

## 5.2 Infrastructure that supports Homeless people in the city

As the Integrated Support Pathway is being remodelled, a review of the working groups and infrastructure which has supported the Integrated Support Pathway will be undertaken. This will enhance the integration of services and expand multi agency working in line with new models of working in homeless services, new strategies and the Homeless Better Care programme.

## 5.3 Innovation in Service Delivery

As part of the new service model a number of developments are already taking place in line with national good practice and locally identified need these include:

- A bespoke IT system to support referrals and client data collection is in development. Subject to data and information governance legislation. This will enable Commissioners to closely monitor services, trends, client journeys and identify gaps. It will also enable services to quickly share information and prevent service users having to repeatedly tell their stories to different services.
- Working with staff to embed Psychologically Informed Environments (PIES); PIES were developed as a way of working with individuals who have experienced trauma to give them a route out of homelessness. PIES concentrates on staff support and training, personal relationships, the physical environment and the psychological needs of both staff and service users. Further information on PIES can be found at <https://www.mentalhealth.org.uk/sites/default/files/pies-literature-review.pdf>
- Working with Housing and Voluntary Sector partners to support access into private rented sector accommodation.
- To pilot the safe space 72 hour assessment service within a current accommodation service with the St Mungo's rough sleeper outreach service. This pilot will take place over 4 weeks in two, two week periods.
- Embed service user consultation and involvement through work with the Fulfilling Lives service user action group and the CGL Peer Mentors. Fulfilling Lives is a lottery funded project to work with homeless people with multiple and complex needs. The service works with Commissioners around whole system change and has a service user group available to support commissioning and service development. CGL provides a group of Peer Mentors who work across the city including in hostel accommodation. The aim of this work is to consult with service users on the development of services and the assessment and referral process.
- To develop partnerships and support integrated working and 'in reach models' which will expand the services which are on offer in supported accommodation such as leisure activities, staff training, health care, health promotion, healthy eating and substance misuse services. This work will be aligned with the Better Care Model.

## 6. Links to Better Care

- 6.1 ASC and local health services have been working together since 2014 to integrate and align services for homeless people with health needs. A new model of service provision is in development and will be in place from 2017. This will be a healthcare hub with co location of services. The aim is for these services to deliver an integrated and specialist health and care service for the city's homeless population to address health inequalities and reduce unplanned admissions to hospital and attendance at A&E.

Central to the model is a specialist primary care led multidisciplinary team (MDT) including:

- Specialist Homeless General Practice
- Community health services (nursing, OT, physiotherapy, mental health)

The community health services have been 'in reaching' into hostels since 2014 delivering health care, Occupational Therapy and physio services to residents. They have uncovered a large amount of unmet health needs and work with hostel staff to ensure people access their GP and other mainstream services.

## 7. Referral and Assessment

- 7.1 Placements into supported accommodation are currently managed through the Allocations Team within Housing. This team assess an individual's needs through a matrix system and makes placements via a weekly panel meeting. The proposed new model of accommodation will require a review of the referral & assessment process in line with the Rough Sleeping Strategy to ensure the delivery of effective support planning for individuals.

## 8. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 8.1 The development of the new model has been consulted on with stakeholders and consideration has been given to a number of options of types of accommodation and support. Through this process the model most suitable for the needs and demographics of Brighton & Hove has been developed. The aim of the newly tendered services is that they will be flexible and adaptable to changing demands, good practice and new innovations so they can continue to develop as the city changes.
- 8.2 Consideration has been given to developing the directly provided council services proposed to go out to tender in this paper in house, however as explained in section 4 this was discounted as an option. External providers of accommodation services for single homeless people nationally have been building their expertise in this area over many years. It is becoming increasingly difficult for local authorities to secure resources and develop the expertise to develop more specialist homeless services.

## 9. COMMUNITY ENGAGEMENT & CONSULTATION

- 9.1 Full consultation was undertaken as part of the development of the Housing, Homelessness and Rough Sleeper Strategies which included service users and stakeholders.

- 9.2 Consultation was undertaken with partners, stakeholders and providers prior to the development of the model to identify service demand, gaps and barriers. This consultation has continued through working groups and with individuals on the new model and on the proposed tender process.
- 9.3 Consultation and engagement is part of an ongoing process and will continue after the tender process as services mobilise and develop.
- 9.4 We are working with the Fulfilling Lives Service User Group and CGL (formerly CRI ) well established Peer Mentors to ensure we have ongoing structures in place to consult with service users on the development of the new services. The Fulfilling Lives group is part of the group developing referral and assessment forms and will be providing support with the tender evaluations.

## **10 CONCLUSION**

- 10.1 The remodelling of current accommodation and support services is integral to improving outcomes for single homeless people, reducing rough sleeping and meeting changing needs.
- 10.2 The contracts for the externally provided services contained in the remodelling proposals terminate with effect from the 31<sup>st</sup> March 2017 and retendering is required under procurement regulations and in order to comply with the Council's Contract Standing Orders.
- 10.3 It is imperative that single homeless accommodation and support services are aligned with key strategies within the city including the Better Care integrated model for Homeless People and the recently approved Rough Sleepers Strategy.
- 10.4 In order to develop a new model of accommodation and support the infrastructure surrounding these services needs to be reviewed including the working groups and the referrals and allocations processes. These structures are integral to the success of the proposed new model.
- 10.5 This report proposes the external tender of a number of current directly provided council services. Specialist providers in the independent sector can offer added value. This includes opportunities to explore and expand funding sources that are not available to services that are directly provided by the council.
- 10.6 This report recommends that authority be delegated to the Executive Director for Health, Adult & Social Care to procure and enter into any contract to secure effective delivery of support services for vulnerable people as outlined in Section 3 of the report, having consulted with the Executive Directors for Economy, Environment & Culture, Neighbourhoods, Communities & Housing, Families, Children & Learning and the Monitoring Officer.

## 11. FINANCIAL & OTHER IMPLICATIONS:

### Financial Implications:

- 11.1 The external contracts for providing Single Homeless and Rough Sleepers Accommodation Support Services noted within this report are included within the Housing Related Support budgets. The revenue targeted budget management (TBM) net budget for the Integrated Support Pathway contracts is £2.678m in 2016/17 and £7.945m across 2016-2019 which includes savings identified in the 4 year Integrated Service Financial Plan and a 2% inflation year on year.

The revenue TBM net budget for the in-house service identified for external tenders noted in this report is £0.758m in 2016/17. The potential financial implications of the re-model will develop in line with the procurement process making sure that we provide value for money across the services.

Where the contracting-out of a service to another provider involves a transfer of staff covered by the Transfer of Undertakings (Protection of Employment) (TUPE) regulations (as may be the case here for some / all staff), there are likely to be pension-related costs of transfer. Consideration will need to be given to:

- i) An assessment of the current pension liabilities for any transferring staff and any pension deficit on the fund (this information is provided by the pension fund) – any pension deficit is normally payable by the awarding authority and will be taken into account in assessing savings potential and value for money;
- ii) Whether or not a 'bond' will be required from the provider – this is normally the case to insure against outstanding pension liabilities in the case of business failure/insolvency. Tender invitations can therefore ask for prices with or without a bond;
- iii) Whether or not the council will act as a 'guarantor'. This can be considered in addition to a provider bond to offer additional assurance to the pension fund. There is no direct financial implication.;

Given the uncertainty as to whether the TUPE Regulations will apply to some / all of the staff involved in this service (as the commissioning is for outcome focused services rather than replicating the current model), and the potential impact for the tender process, the considerations identified above will need to be made clear to potential bidders at the outset as an integral part of the overall procurement exercise. The procurement process will therefore obtain the necessary confirmation from potential bidders that they are willing to comply with the council's requirements

*Finance Officer Consulted: Neil J Smith Date: 31/08/16*

### Legal Implications:

#### 11.2

The purchase of services by a public body is subject to the Public Contracts Regulations 2015 (PCR) where they meet the applicable threshold and unless they are expressly excluded from the regulations. Certain services are excluded from the full procurement regime and those services, which include health and

social care, are listed in Schedule 3 to the PCR. The services described in this report fall with Schedule 3 and are therefore subject to a “light touch” process. This requires the services to be procured transparently and without discrimination and where their value exceeds the threshold of Euros 750,000 or the sterling equivalent of £589,148.00 the opportunity must be advertised by the placing of a Prior Information Notice calling for competition or a Contract Notice in the Official Journal of the European Union. The award of a contract without prior advertisement will render the contract open to challenge by an economic operator which as a result suffers or risks suffering, loss or damage.

Contracts below the threshold must be awarded in accordance with the Council's Contract Standing Orders. Contracts valued in excess of £250,000 to comply with Contract Standing Orders must be in a form approved by the Head of Law and shall be given under the Common Seal of the Council.

*Lawyer Consulted:*

*Name Judith Fisher*

*Date: 12/08/16*

12. Equalities Implications:

An Equalities Impact Assessment has been completed and is under regular review in relation to the tender and remodelling process. The tender and remodelling of services aims to tackle a number of equalities issues including the lack of women only accommodation and specialist services for those with physical health issues.

The client group for these services tends to experience multiple exclusions, and have multiple and complex needs and the aim of the newly commissioned services is to improve service models and ensure they provide better outcomes for the most vulnerable.

The full Equalities Impact Assessment is available as additional information.

13 Sustainability Implications:

Procurement processes are taking into account the sustainability of housing stock and the principles of social value in order to achieve best value for money and sustainability of services.

14 Any Other Significant Implications:

14.1 With the retendering of single homeless and rough sleeper accommodation comes the risk that a large number of individuals will need to move between accommodation services. The potential impact of this risk is being mitigated by additional time being given to the mobilisation of new services and by continued communication with service providers and partners as the process continues.

14.2 Single homeless people are subject to multiple disadvantages in terms of mental and physical health, substance misuse and worklessness. As part of the new assessment model we will be working with partners to ensure health, substance misuse, mental health and social care assessments are undertaken at an early stage so that service users are provided with the support that they need to recover and move towards independence. Some of this work is already in

progress with the development of the Homeless Better Care programme. In the short term this process of assessment may increase the demands on health, substance misuse and social care services through increased assessment, identification of needs, and engagement in services. However in the long term it will prevent the worsening of physical and mental health conditions, reduce the demand of crisis intervention services and prevent deaths.

Other implications include

- The possible loss of current accommodation within the integrated support pathway.
- The possible loss of employment for staff members through the remodelling of services and TUPE process.
- The risk of the loss of bed spaces and decanting of people in services. This risk is mitigated longer term through the remodelling of services to ensure better outcomes for services users.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. Appendix 1 – Current Service Provision
2. Appendix 2 – Model Graphic

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

1. Equalities Impact Assessment

### **Background Documents**

- Rough Sleeper & Single Homeless Needs Assessment 2013
- Homeless Health Audit 2014
- Homelessness Strategy 2014-19
- Overview & Scrutiny Report on Homelessness & Rough Sleeping 2014
- Rough Sleeping Strategy 2016

## Appendix I – Current Service Provision September 2016

Those services highlighted in the table will remain in place as part of the new model of accommodation and support.

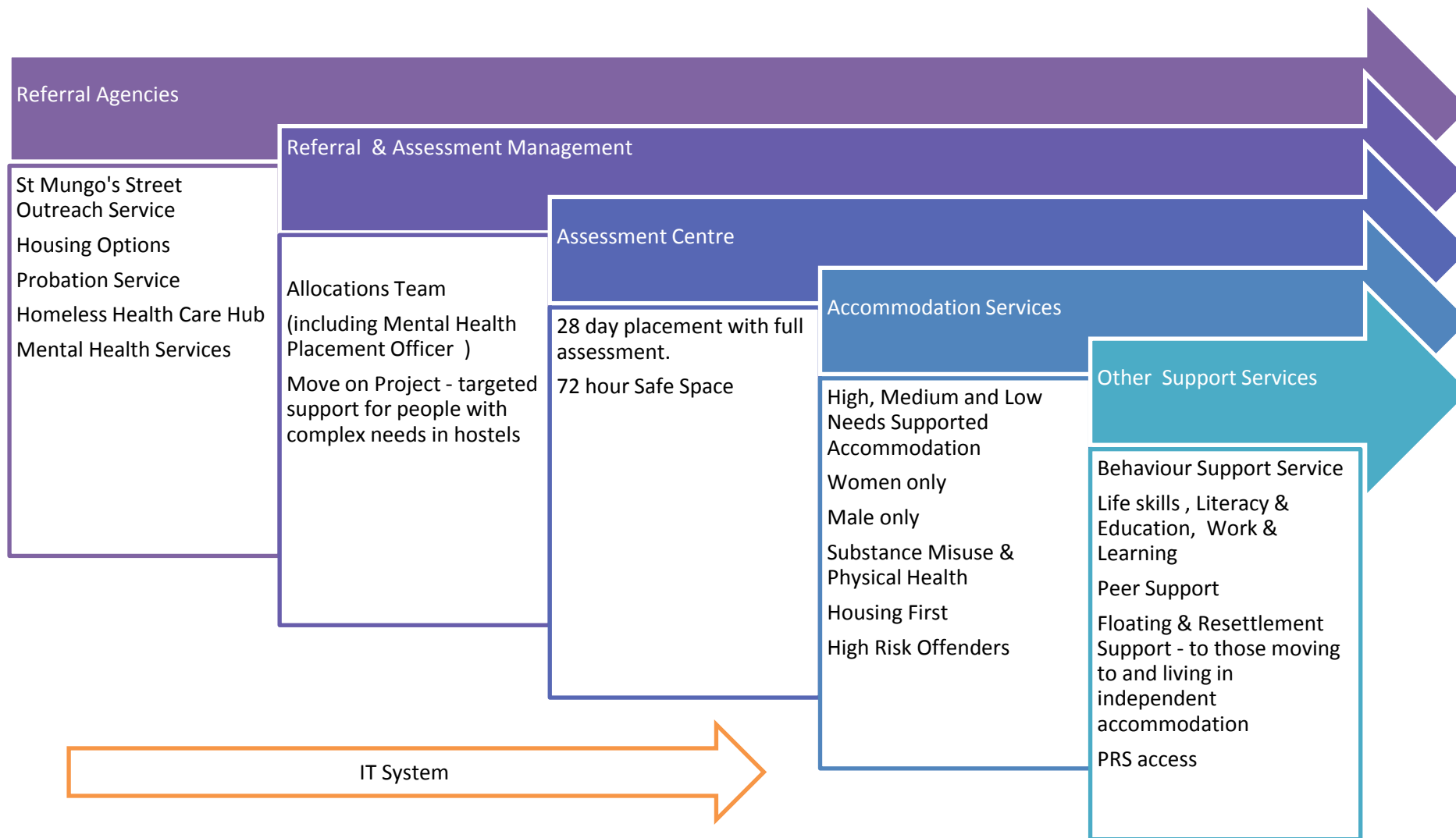
| Current Services                  | Provider                     | No of Beds | Provision  |
|-----------------------------------|------------------------------|------------|--|
| <b>24 Hour Supported Hostels:</b> |                              |            |  |
| Phase One                         | Brighton Housing Trust       | 52         | 24hr Supported Hostel  |
| St Patricks                       | Riverside                    | 29         | 24hr Supported Hostel  |
| George Williams Mews              | Brighton YMCA                | 25         | 24hr Supported Hostel  |
| William Collier House             | Brighton YMCA                | 96         | 24hr Supported Hostel  |
| New Steine Mews                   | Brighton & Hove City Council | 24         | 24hr Supported Hostel  |
| BHCC Glenwood Lodge               | Brighton & Hove City Council | 47         | Directly provided in house 24 hour hostel service taking a large number of probation referrals. To be remodelled into a specialist psychologically informed environment for male offenders in consultation with the Probation Service. Offering day time activities and specialist key work support<br>Harm reduction approach |
| <b>Low Support Accommodation:</b> |                              |            |  |
| George Williams Mews              | Brighton YMCA                | 37         | Low support accommodation  |
| Fred Emery Court                  | Brighton YMCA                | 32         | Low support accommodation  |
| Stanley Court                     | Brighton YMCA                | 31         | Low support accommodation  |
| Leslie Best                       | Brighton YMCA                | 11         | Low support accommodation  |
| BHT Low Support                   | Brighton Housing Trust       | 17         | Low support accommodation.   |
| Sanctuary Low Support             | Sanctuary Housing            | 11         | Low support accommodation  |
| Southdown Low Support             | Southdown                    | 18         | Low support accommodation  |
| Community Moves                   | Southdown                    | 53         | Successfully tendered and awarded in June 2016 this service offers short term low support accommodation for those from single homeless or mental health supported accommodation. This  |

|                                      |                              |   |   |
|--------------------------------------|------------------------------|---|---|
|                                      |                              |   | service supports individuals through courses and one to one work to accessing work and learning opportunities and private rented sector accommodation.  |
| <b>Other Accommodation Services:</b> |                              |   |   |
| High Risk Offenders                  | CGL                          | 5 | This is an existing therapeutic high risk ex-offenders service supported by the probation service and specialist staff. This service is under contract until the 31 <sup>st</sup> March 2018.   |
| Housing First                        | St Mungo's                   | 8 | This service provides intensive support to people who have multiple and complex needs and a history of homelessness who live in independent accommodation. This was tendered in 2015 and commenced in January 2016.   |
| <b>Floating Support Services:</b>    |                              |   |   |
| Street Outreach Service              | St Mungo's                   |   | Outreach service for Rough Sleepers successfully tendered and awarded in September 2015. This service works on the streets with rough sleepers assessing needs and supporting individuals into accommodation or to reconnect outside of the city.   |
| Community Connections                | Southdown                    |   | Floating Support Service successfully tendered and awarded in October 2015. The service offers short term resettlement support to those exiting supported accommodation services, flexible support to those struggling to maintain tenancies and crisis response to those at risk of eviction from private rented sector accommodation. |
| Life Skills                          | Brighton & Hove City Council |   | Support with developing life skills for those in hostels  |
| Literacy & Numeracy                  | Friends Centre               |   | Literacy, Numeracy and IT courses - 1:1 and group work  |
| Behaviour Support Service            | Brighton & Hove City Council |   | Existing service offering trauma informed interventions to individuals within both adults and young people's services. The service also provides training and support to staff within   |

|                                 |                              |  |
|---------------------------------|------------------------------|--|
|                                 |                              | homeless services to work with people with complex needs who may have experienced severe trauma. |
| Business Action on Homelessness | Brighton & Hove City Council | Supporting people into work and learning opportunities.  |
| <b>Other Ongoing Contracts:</b> |                              |  |
| First Base                      | Brighton Housing Trust       | Day Centre for Rough Sleepers offering case work support, health care and work and learning.     |
| SWEP                            | Brighton Housing Trust       | Severe Weather Provision for Rough Sleepers.   |



## Appendix 2 - Single Homeless Accommodation & Support Model





|                         |  |  |                     |
|-------------------------|--|--|---------------------|
| <b>Subject:</b>         | <b>Procurement of Occupational Health &amp; Employee Assistance Services Contracts</b> |  |                     |
| <b>Date of Meeting:</b> | <b>13 October 2016</b>   |  |                     |
| <b>Report of:</b>       | <b>Executive Director for Finance &amp; Resources</b>                                  |  |                     |
| <b>Contact Officer:</b> | <b>Name:</b>   | <b>Alison Moore</b>                      | <b>Tel:</b> 29-1647 |
|                         | <b>E-mail:</b>   | <b>Alison.moore@brighton-hove.gov.uk</b> |                     |
| <b>Wards Affected:</b>  | <b>All</b>   |  |                     |

**FOR GENERAL RELEASE**

**1. PURPOSE OF REPORT AND POLICY CONTEXT:**

- 1.1 In 2012, Brighton & Hove City Council (the "Council") entered into a contract with Team Prevent UK Limited to provide occupational health and staff counselling services to Council employees. This 5 year contract is due to expire on the 31<sup>st</sup> March 2017.
- 1.2 This report recommends calling off two contracts from the Surrey County Council SCC RN Employee Health and Well Being Framework (the "Surrey Framework Agreement") for the continuation of the occupational health and staff counselling services when the existing contract comes to an end. The Surrey Framework Agreement commenced on 1<sup>st</sup> January 2016 and expires on the 31<sup>st</sup> January 2020. The proposed call off contracts would each be 4 years in duration and would run from April 2017 to March 2021.
- 1.3 The Council is entitled to call off the contracts from the Surrey Framework Agreement under two 'lots', as follows:
  - Lot 1 – Occupational Health and Wellbeing
  - Lot 2 – Employee Assistance Services
- 1.4 Access to the Surrey Framework Agreement facilitates collaborative working with our Orbis partners. A value for money exercise concludes it would be advantageous for the Council to access the Surrey Framework Agreement and benefit from the savings generated from economies of scale.
- 1.5 The contracts should ensure that effective and efficient occupational health service and staff counselling services are provided, which will:
  - Create organisational savings by helping to reduce staff absence
  - Improve service delivery for the residents of Brighton & Hove by promoting an early return to work following sickness absence or injury thereby achieving best value through effective use of resources.
  - Improve the health and wellbeing of employees, which is essential to organisational success.

- 1.6 The Council would benefit from the transfer of the current occupational health contract to the same provider under the Surrey Framework Agreement, therefore increasing the likelihood of a smooth transition to the new contract and incurring no additional implementation costs for this service.

## **2. RECOMMENDATIONS:**

- 2.1 That the Policy Resources & Growth Committee authorises the Assistant Director – Human Resources and Organisational Development to procure and award two contracts under the Surrey Framework Agreement for: (i) an occupational health and wellbeing service and; (ii) an employee assistance service, each with a duration of four (4) years.

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

- 3.1 The existing contract for occupational health services also includes a sub contractual arrangement for staff counselling services with the staff counselling provider, Care First. The service provided consists of a number of different elements which include;
- Pre-employment health screening
  - Occupational Health appointments (for staff whose health, fitness and/or capability may affect their ability to fulfil their contract of employment)
  - Ill-health retirement advice
  - Professional return to work advice / guidance for staff and managers
  - Hepatitis B vaccinations
  - Case conferences
  - Specific health advice for formal hearings
  - Confidential staff counselling, information and advice service
  - Trauma / post traumatic stress counselling such as debriefs following a disturbing or distressing incident of violence / sudden bereavement
  - Group counselling
  - Service administration
  - Management information to identify trends where change can be implemented, assess usage of the OH service and assist planning
- 3.2 The current provider has conducted themselves in a professional and responsive manner throughout the duration of the contract. This includes;
- Demonstrating strong collaborative working with the Council to ensure the provision of a professional, robust, impartial OH service.
  - Ensured the OH practitioners provide a balanced, evidenced based view, in a calm & assured manner.
  - A commitment in communicating the importance of reputation to the OH practitioners working on the contract, ensuring they conduct themselves in a professional manner at all times. The account

managers assigned to the contract have provided continuous, expert, specialist advice.

- The provision of innovative ideas to the contract in line with best practice to help make processes smoother, quicker and add value.
- Rigorous in responding to concerns, addressing issues to ensure a positive outcome, moving matters forward as efficiently and effectively as possible.

### 3.3 New contracts

The specifications for the new contracts will cover all of the elements in the existing contract.

### 3.4 Cashable savings

The pricing model set out in the Surrey Framework Agreement enables the Council to ensure Occupational Health and Employee Assistance Services is budgeted for throughout the year. A one off, annual fee per employee would be charged to the Council which would reduce administrative costs associated with the existing contract. The Framework pricing sets out a volume discount model. This means that the price per head will reduce as more authorities call off from the framework.

## 4. **ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS**

- 4.1 The Council could call off a contract from another framework –however analysis of other frameworks has found prices are not as competitive as those on the framework agreement.
- 4.2 The existing contract could be extended but the terms of this would have to be agreed with the current provider and would also require a waiver of contract standing orders. Depending upon the terms of the existing contract and the length of the extension, there may also be adverse legal implications to this approach.

## 5. **COMMUNITY ENGAGEMENT & CONSULTATION**

- 5.1 User engagement in relation to the services provided by the Surrey Framework agreement will be undertaken with Council wide representatives, schools and unions to ensure the services being procured meet organisational needs.

## 6. **CONCLUSION**

- 6.1 To seek agreement from Policy Resources & Growth Committee for the delegation of authority for the procurement and award of contracts to deliver occupational health and employee assistance services to officers. This recommendation to be made so that the Council can secure value for money and achieve collaborative working with our Orbis partners.

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

### Financial Implications:

- 7.1 For the base contract of Occupational Health and Counselling services, the current contract with Team Prevent cost £0.196m in 2015/16. The comparable cost under the proposal to join the current Surrey framework arrangement is expected to cost £0.152m per annum, a saving to the council of £0.044m. As Team Prevent will be the contractor for Occupational Health Services under the proposal, there are not expected to be any material implementation costs.

*Finance Officer Consulted: Peter Francis Date: 30/08/2016*

### Legal Implications:

- 7.2 The authority of Policy & Resources Committee is required for matters with corporate budgetary implications, such as the award of the contracts for by the Council for Occupational Health and Employee Assistance Services for which the costs are going to exceed £500,000. Accordingly the committee is entitled to agree the recommendations at section 2 above.
- 7.3 Further, the Council's contract standing orders require that authority to enter into a contract valued at £500,000 or more be obtained from the relevant committee.
- 7.4 The procurement of contracts through framework agreements must comply with all relevant European and UK public procurement legislation as well as the Council's contract standing orders. The Council is entitled to access the framework agreement set up by Surrey County Council, and may use this to award the contracts for occupational health and employee assistance services in accordance with its call off arrangements.

*Lawyer Consulted: Isabella Sidoli*

*Date: 08.09.16*

### Equalities Implications:

- 7.5 The council's duties under the Equality Act 2010 are specifically identified within the contract as a duty of the provider. Feedback from service users, council workers' forums and best practice guidelines are all used to continually improve the service and to ensure that it meets diverse needs. This includes ensuring equality monitoring to inform evaluation and planning of the service, appropriate awareness of legally protected characteristics, and appropriate support in relation to reasonable adjustments.

### Sustainability Implications:

- 7.6 None

Crime & Disorder Implications:

7.8 None

Risk & Opportunity Management Implications:

7.9 None

Corporate / Citywide Implications:

7.10 None

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

None

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

None

### **Background Documents:**

None

|                          |  |                     |  |
|--------------------------|--|---------------------|--|
| <b>Subject:</b>          | <b>Collaborative Partnering – Procurement of New Construction Strategic Partnership</b>            |                     |  |
| <b>Date of Meeting:</b>  | <b>13 October 2016</b>   |                     |  |
| <b>Report of:</b>        | <b>Executive Director for Environment, Economy &amp; Culture</b>                                   |                     |  |
| <b>Contact Officer:</b>  | <b>Angela Dymott</b>   | <b>29-1450</b>      |  |
|                          | <b>Name: Nigel McCutcheon</b>  | <b>Tel: 29-1453</b> |  |
|                          | <b>Claire Hutchinson</b>   | <b>29-0795</b>      |  |
|                          | <a href="mailto:angela.dymott@brighton-hove.gov.uk">angela.dymott@brighton-hove.gov.uk</a>         |                     |  |
|                          | <a href="mailto:nigel.mccutcheon@brighton-hove.gov.uk">nigel.mccutcheon@brighton-hove.gov.uk</a>   |                     |  |
|                          | <a href="mailto:claire.hutchinson@brighton-hove.gov.uk">claire.hutchinson@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 On 21<sup>st</sup> March 2013, Policy & Resources Committee gave approval to procure a four year construction strategic partnership, (known as Sustainable Futures Partnership) to provide a cost effective method of designing and procuring capital construction projects within the Council and which was managed and overseen by Property & Design.
- 1.2 The current partnership is due to expire on 3<sup>rd</sup> January 2018 however the OJEU procurement process takes around 8 months to complete and so in order to maintain continuity for new and existing clients, it is desirable to have a 5 to 6 month overlap before the current partnership ends, hence it would need to be in place from July 2017 at the latest.
- 1.3 This report is to request that the Policy, Resources & Growth Committee approve the procurement of a new construction strategic partnership which would commence in July 2017, for an initial contract term of five years with an option to extend for a further two years. This partnership would be available for use not only by Client Departments within the Council but also by other external public or private organisations and would continue to be managed by Property & Design.

**2. RECOMMENDATIONS:**

That the Policy, Resources & Growth Committee:

- 2.1 Approves the procurement of a framework agreement for a new Construction Strategic Partnership comprising four 'lots' including; 1) a Constructor; 2) consultant Quantity Surveyor; 3) consultant Structural Engineer; and 4) consultant Health & Safety Advisor for a term of 5 years with the option to extend for a further 2 years subject to satisfactory performance.

- 2.2 Grants delegated authority to the Executive Director Economy, Environment and Culture following consultation with the Executive Director Finance & Resources -
- (i) to carry out the procurement of the framework agreement referred to in 2.1 above including the award and letting of the framework agreement;
  - (ii) to enter into any subsequent call-off contracts to the framework agreement referred to in 2.1 above should he/she consider it appropriate at the relevant time; and
  - (iii) to approve the extension to the framework agreement , if required, dependent on satisfactory performance.

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

#### **3.1 Brighton & Hove Councils' Partnering Record**

- 3.1.1 Since the publication of the national report *Rethinking Construction* in 1998, partnering has become an established and recognized form of collaborative procurement, which has been adopted by both the public and private sector. The benefits of partnering have now been proven and the objectives of the *Rethinking Construction* Report have been realised with more projects delivered on time and on budget, reduced financial risk to clients, and improved client satisfaction with completed buildings working within a non-adversarial relationship.
- 3.1.2 The Council has been procuring construction projects using the partnering route since the year 2000, when a pilot partnership was used to deliver three school projects. This partnership achieved '*demonstration status*' as an example of good practice and innovation under the Constructing Excellence Initiative. As a result of the success of the pilot, in 2003, a second, five year partnership (with two year extension) known as *The Goldstone Partnership*, was procured which ended in 2008 followed by a third partnership procured in 2013 called *Constructive Solutions*. The Constructive Solutions Partnership delivered 33 projects totalling £58 million. The current, four year, *Sustainable Futures Partnership*, commenced on 1<sup>st</sup> January 2014.
- 3.1.3 The Partnerships have all used the well-established national *PPC2000* contract. Professional fees for consultants and the value of overheads and profit for the constructor and subcontractors are competitively tendered as part of the OJEU process and are fixed for the duration of the Framework Agreement. Partnerships undertaken using *PPC2000* benefit from the early input of the constructor at the design stage which reduces risk and improves buildability. *PPC2000* recognises this and the constructor is paid a small pre-construction fee which is competitively tendered as part of the OJEU process and is fixed for the duration of the Framework Agreement.
- 3.1.4 It is important that the partnership is not perceived as a 'cosy relationship' and the success of individual projects is a requirement for other projects to be undertaken. This is measured by key performance indicators, which are reviewed by the Core Group, which meets monthly, to ensure that the performance of all

team members is maintained. The Core Group has the authority to change a sub contract partner where they feel the performance is affecting the whole team and is attended by senior representatives of the main partners and client representatives.

- 3.1.5 This proposed procurement was presented to and approved by the Procurement Advisory Board (PAB) on 23<sup>rd</sup> May 2016.

### **3.2 Achievements of the current Partnership**

- 3.2.1 During the three year period from 1<sup>st</sup> January 2014, when the current partnership commenced, to the date of this report, a total of £58 million of new build and refurbishment projects have been completed or are in design / on site. Projects have included school expansions (such as at Saltdean and St Andrews schools), civic office refurbishments (such as at Hove Town Hall) and new build Council Housing under the New Homes for Neighbourhoods programme (such as at Robert Lodge and Findon Road).

### **3.3 Benefits of Partnering**

- 3.3.1 A key benefit of partnering is the speed at which construction projects are able to start on site. The majority of the Council's capital schemes would require a full OJEU procurement process, which can take up to 8 months. As the partnership has already been set up through the OJEU procurement process, clients can have immediate access to the full design team and the constructor even at feasibility stage. Furthermore, because the constructor is already appointed, it is possible to undertake early 'pre-possession,' works such as drainage diversions, demolitions and site clearance and to be able to reduce lead in times on high value sub contract items such as steel frames and piling.
- 3.3.2 In the current *Sustainable Futures* Partnership, the Constructor was required to employ a high percentage of local labour and sub-contractors through the Councils Local Labour Scheme. The creation of apprentices and trainees was also much easier as there was continuity of employment over the various projects which often leads to permanent employment after the apprenticeship ends. On the recent refurbishment of Hove Town Hall for example, 43% of labour was from a BN postcode and currently on the new housing development at Findon Road site, this figure is 56%.
- 3.3.3 A further benefit of partnering is that disputes or claims are reduced to an absolute minimum partly due to the PPC2000 contract and also to the governance of the Core Group, which oversees the running of the partnership and the ability to call upon the independent external Partnering Advisor. In the sixteen years the Council has been using partnerships, the external advisor has only been consulted twice.

### **3.4 Value for Money in Partnering**

- 3.4.1 In traditional construction procurement the tender price and the final account can vary widely because in many cases, contractors often submit artificially low tenders and then try to recoup costs through contractual claims when on site. In partnering, one of the Key Performance Indicators is that final account should be

on or under the Agreed Maximum Price (AMP) and that a lower contingency figure of 2.5% is used for new build projects rather than the industry norm of 5%. The AMP is agreed prior to the commencement of site works

- 3.4.2 Partnering relies on a totally transparent, open book approach in both the pricing of the projects and the value of fees and overhead and profit figures, for both the Constructor and all the sub contract partners. Every project is subject to a series of mini tenders which make up the overall AMP and these are thoroughly interrogated by the Cost consultant and form part of the Best Value Review document.
- 3.4.3 Overall, taking into account final account versus tender figures, it is estimated partnering produces savings of between 2% and 5% on traditional contracts prices, notwithstanding the savings on time.
- 3.4.4 Partnering has proven to be a more efficient method of procuring projects resulting further in both cashable and non-cashable savings. An example of this is that construction time is generally less, resulting in more economic preliminaries costs, because the contractor is involved with the design team right from the start of the project.
- 3.4.5 The partnership has to prove that it meets Best Value criteria, and so the external cost consultant produces a Best Value report, which benchmarks costs and rates against independent national BCIS (Building Cost Indices) criteria and also against previous projects within the partnerships.

### **3.5 Feedback and Learning Points from the Current Partnership**

- 3.5.1 Feedback sessions have also been undertaken with both internal and external stakeholders and some of the key comments and observations were as follows:
  - The partnership is not as economic on projects valued at £250,000 or under.
  - Managing risks outside the partnerships control is the biggest risk to project delivery e.g. Poor performance of utility companies or unforeseen problems under the ground
  - More clarity required on expected timescales from clients to improve surety of delivery
  - Clients need to be more open to suggested changes from the design team which could save money.
  - An apprentice commitment is required across the partnership ie not just the constructor
  - As a direct consequence of the current partnership, a homeowner pack was developed for new tenants in completed projects
  - The current partnership is too short (4 years) and there should be the ability to extend the partnership subject to performance criteria being met. Most schemes need a minimum of 12 months from inception, feasibility, through to obtaining planning permission, detailed design and pricing, with larger projects taking 18 months on site which means that the contract re-procurement is required just as the partnership is starting to successfully deliver projects.

### 3.6 Potential Clients and Projects

- 3.6.1 It is not possible to quantify exactly the volume and nature of work the new partnership will undertake over the five year period, however it is anticipated that the external client base is likely to expand during its lifetime. Discussions have already taken place with East Sussex and Surrey County Councils (Orbis Partnership), Adur and Worthing and West Sussex Councils as well as the Clinical Commissioning Group (CCG). The Council will invite and enable all these parties to access the new Construction Strategic Partnership.
- 3.6.2 The Strategic Partnership is a delivery mechanism for capital projects and programmes both within the Council and potentially for external organisations. External organisations who wish to access the new Partnership cannot 'cherry pick' and would be obliged to use the entire partnership, design team including using Property & Design as Lead Architects.
- 3.6.3 It is estimated that the value of work which could potentially be undertaken by the new partnership over the seven year period might be somewhere in the region of £100 - £150 million. In addition these works would attract professional fees in the order of 8-11%. It should be noted that although the Council is required to set an overall value for the works that could potentially be undertaken by the Partnership, there is no commitment for the Council to undertake works to this value and each project will be subject to the usual approval process by each client department or client organisation.

### 3.7 Timescales

If the recommendation to undertake an OJEU procurement process for a new Construction Strategic Partnership is approved an indicative timescale is indicated below:

| <b>Activity</b>   | <b>Date</b>               |
|---|---------------------------|
| Issue OJEU Notice & Pre Qualification Questionnaire (PQQ) | Jan 2017                  |
| PQQ Return  | Feb 2017                  |
| PQQ Evaluation  | Mar 2017                  |
| Issue Invitation to Tender (ITT)                          | Mar 2017                  |
| ITT Return  | Apr 2017                  |
| ITT Evaluation  | May 2017                  |
| Issue Award Letters                                       | June 2017                 |
| Alcatel - Standstill Period                               | June 2017                 |
| Contract Start Date                                       | 3 <sup>rd</sup> July 2017 |

## 4 ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 Consideration of alternative procurement options for the Construction Strategic Partnership was presented to the Procurement Advisory Board (PAB) on 23<sup>rd</sup> May 2016 in a procurement options paper. This options paper appraised options for the procurement of both discrete projects that could be progressed by client departments in the Council through the Construction Strategic Partnership and methods of procurement for the re-procurement of a new Construction Strategic Partnership.

- 4.2 The options considered for discrete projects were either a traditional competitive tendering exercise or a mini competition off an existing framework. The options paper concluded that both of these options would not enable the Council to benefit from the advantages of working in partnership as identified within this report, would greatly increase the resource both internally and externally to implement these contracts and would increase the complexity of contract management for the Council both with regards to contract terms and relationships.
- 4.3 The options considered for re-procuring the Construction Strategic Partnership were either a mini-competition off an existing framework or a competitive tender exercise. No suitable framework to conduct such a call off could be identified and the options paper concluded that to re-procure the Construction Strategic Partnership the Council would need to conduct a competitive tender exercise.
- 4.4 It should be noted that Clients will continue to have a choice of procurement routes which are considered appropriate to their relevant projects.

## **5. COMMUNITY ENGAGEMENT AND CONSULTATION**

- 5.1 All projects undertaken within the new partnership would be subject to consultation. The extent and nature of the consultation would be dependent upon the type and nature of scheme proposed.

## **6 CONCLUSION**

- 6.1 The Strategic Partnership is now a well-established and recognised delivery vehicle and has a proven track record of efficiently designing and procuring capital projects which meet the needs of clients, whilst achieving best value and reducing both financial and project risks. It is therefore recommended that a new Partnership should be procured to replace the current Partnership when it comes to an end in January 2018

## **7 FINANCIAL & OTHER IMPLICATIONS:**

### **7.1 Financial Implications:**

The contract will be effective from July 2017 for a five year period with the option to extend for a further two years. It is estimated that the Construction Strategic Partnership will deliver between £100m to £150m of work over the seven (5 +2) year period. In addition these works would attract professional fees in the order of 8% to 11% for the contracted works. It is estimated that partnering produces savings of between 2% and 5% on traditional contracts prices as well as reducing the procurement process timetable. The partnership will be designed to ensure that it provides best value and this will be addressed as each individual projects are advanced. Any capital project associated with the Construction Strategic Partnership will be subject to separate approval at Policy, Resources and Growth before being incorporated into the Council's Capital Investment

Programme and there will be stringent viability testing to ensure best value is delivered. The partnership would be available for use not only by Client Departments within the Council but also by other external organisations which may enable further income for the Council.

***Finance Officer Consulted: Rob Allen***

***Date: 30 August 2016***

## **7.2 Legal Implications:**

- 7.2.1 The council has a duty to secure 'economy, efficiency and effectiveness' in all its activities. Supply of this service in a matter that attracts the most economically advantageous bid supports this principle and is in line with the EU procurement rules.
- 7.2.3 The Policy, Resources & Growth Committee is the appropriate decision-making body in respect of the recommendations at paragraph 2 above, given that the value of the contract which is the subject of the proposed tendering exercise is likely to have corporate financial implications.
- 7.2.4 Further, the council's Contract Standing Orders require that authority to enter into a contract valued at £500,000 or more be obtained from the relevant committee, which in this instance is the Policy, Resources & Growth Committee due to the value involved.
- 7.2.5 The length of the proposed framework is 5 years plus an option to extend for a further 2 years. It is understood that this is necessary to enable projects to be enabled within a reasonable time period without the need to re-procure the framework, as the average project duration is 29 months in total. Framework agreements can be let for a term greater than 4 years under exceptional circumstances and it is considered that there is reasonable justification for a longer framework.
- 7.2.6 The value of the proposed framework means that the UK Public Contracts Regulations will apply in full to the procurement of the Framework Agreement. The tender will need to be advertised in OJEU. The tender will be scored on the criteria of quality and price as part of the evaluation process. The division into Lots should enable SMEs to participate in the procurement process.
- 7.2.7 There will be a need to ensure that there are adequate continuity and handover arrangements in place for the end of the current Partnership in case there are changes to the contractors following the tendering process.

***Lawyer Consulted: Jo Wyllly Date: 26 August 2016***

## **7.3 Equalities Implications**

- 7.3.1 All projects will be designed to comply with the requirements of the Equalities Act 2010 and the latest Part M section of the Building Regulations 2010 (as amended). Equality Impact Assessments will be undertaken on projects where appropriate

## **7.4 Sustainability Implications**

- 7.4.1 The successful constructor will be required to meet key performance indicators on reductions in Site Waste, monitored by Site Waste Management Plans. Projects undertaken within the new partnership will be required to meet or exceed current Building Regulations and where appropriate (dependent upon the size and nature of the project) subject to a BREEAM assessment.

## **7.5 Any Other Significant Implications**

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

Individual projects will be assessed to reduce vandalism and crime. Where planning consent is required, the views of the Crime Prevention Officer will also be sought.

### **7.5.2 Risk and Opportunity Management Implications:**

Individual projects will have risk registers and dependent upon the size and length of the building contracts, CDM Regulations will also apply. The procurement of the new partnership includes a Health & Safety Advisor.

### **7.5.3 Public Health Implications:**

Public Health & wellbeing issues would be addressed on an individual project by project basis within the partnership.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

None

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

None

### **Background Documents**

None



|                          |   |  |                    |
|--------------------------|---|--|--------------------|
| <b>Subject:</b>          | <b>The Council’s Corporate Commercial Waste and Recycling Service Provision</b> |  |                    |
| <b>Date of Meeting:</b>  | <b>13 October 2016</b>  |  |                    |
| <b>Report of:</b>        | <b>Executive Director Economy, Environment &amp; Culture</b>                    |  |                    |
| <b>Contact Officer:</b>  | <b>Name:</b>  | <b>Angela Dymott</b>   | <b>Tel: 291450</b> |
|                          |   | <b>Richard Bradley</b>   | <b>294701</b>      |
|                          |   | <a href="mailto:Angela.dymott@brighton-hove.gov.uk">Angela.dymott@brighton-hove.gov.uk</a>     |                    |
|                          | <b>Email:</b>   | <a href="mailto:Richard.bradley@brighton-hove.gov.uk">Richard.bradley@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 On 10<sup>th</sup> July 2014 Policy & Resources Committee granted delegated authority to the Executive Director, Finance & Resources to approve the procurement and award of a contract for the supply of the council's commercial waste refuse disposal and recycling with a term of up to a maximum of four years.
- 1.2 This report provides an update to Committee on the proposed new arrangements for the supply of the council's commercial waste refuse, disposal and recycling services to Brighton & Hove City Council's (the 'council's') civic offices, social care, historic, operational and commercial buildings having assessed the delivery options available to the council for this service.
- 1.3 The purpose of this report is to seek approval for Cityclean to provide the council's commercial waste refuse, disposal and recycling services for the council's civic offices, social care, historic, operational and commercial buildings following the expiry of the council's existing contract, with the option for schools to opt into receiving such services under the new arrangements.

**2. RECOMMENDATIONS:**

- 2.1 That Policy Resources & Growth Committee approves the proposal for Cityclean to deliver the council's corporate waste disposal and recycling service for the council's civic offices, social care, historic, operational and commercial buildings from 1<sup>st</sup> November 2016 with the option for schools to opt into receiving such services under the new arrangements.

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

- 3.1 The current council's commercial waste disposal and recycling service provides 264 general waste bins and 221 recycling bins across 112 council buildings including 50 schools.
- 3.2 The number of visits to collect the waste and recycling varies dependent on the volume of waste and recycling generated at the individual premises. The current service is carried out by external contractors, Cox Skips, and the current annual contract cost is £359,474.44. The current contract was extended and expires on 31<sup>st</sup> October 2016. A new service provision is needed from 1<sup>st</sup> November 2016.
- 3.3 The current contractor has provided the council with a good service with minimal complaints received from the internal council stakeholders. They have worked closely with the Property facilities team on innovation resulting in weighing equipment being installed on the contractor's vehicles and the production of a 6% annual cost saving against the original tendered price.
- 3.4 In August 2015 the Property Facilities team, following consultation with Procurement, Legal and Finance officers, reviewed the options for the delivery of the council's corporate commercial waste disposal and recycling service to the council's civic offices, social care, historic, operational and commercial buildings.
- 3.5 This review presented four options for further consideration, as follows: (1) to run a procurement process to award a new contract through EU-Supply.com (our eSourcing system); (2) to procure and award a contract using an existing ORBIS partner framework agreement; (3) to enter into a direct service provision arrangement with CityClean, the council's in-house domestic waste disposal and recycling team, or; (4) to do nothing.

### **4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS**

- 4.1 Four options were considered as follows:
  - i. Procure and award a new contract through EU-Supply.com (our eSourcing system)
  - ii. Procure and award a new contract using an existing ORBIS partner framework agreement;
  - iii. Enter into a direct service provision arrangement with Cityclean, the council's in-house domestic waste disposal and recycling team
  - iv. Do nothing
- 4.2 The specification, bin numbers and lift frequencies for the service were reviewed and revised by the Property Facilities team, following consultation with Procurement, Legal and Finance officers, to reflect the current requirements of the council. This information was passed to both Cityclean and our ORBIS partner for dissemination and feasibility review.
- 4.3 **Option One**  
The option to procure and award a new contract through EU-Supply.co was considered a time consuming and relatively expensive process that could

be avoided if either the ORBIS partner framework option or the direct service provision arrangements with Cityclean were judged to be viable, so this option was left in abeyance for possible consideration at a later stage.

**4.4 Option Two**

Collaborative feasibility review meetings were held with our Orbis partner and the ESCC framework provider and they were given the opportunity to review our specification including the number of sites, bins and sizes of the waste and recycling bins and the frequencies of collections. From this they presented a cost proposal that would have saved the council in the region of £50,000 per year but with no detail on management fees or the production of waste transfer certification the costs of which would have decreased this saving further.

**4.5 Option Three**

Similar feasibility review meetings were held with Cityclean whose cost submissions were evaluated by the council's finance team, following which a decision was taken to progress further with Cityclean as their financial submission demonstrated a better value for money option. Following discussions with Property, Procurement and Legal officers, Cityclean were sent a specification document and invited to provide a business case for delivery of the council's commercial waste disposal and recycling service for corporate buildings.

4.6 The Cityclean business case response detailed proposals setting out how they proposed to deliver the specification and increase the % volume of waste to be recycled. It also set out how CityClean would achieve a high quality, professional and continuous service for corporate waste disposal and recycling provision, deliver social value to the arrangements, report and identify areas for innovation and cost savings, effectively manage and deliver the service, manage areas of poor or failed performance in the service delivery and proposals for training all staff on the requirements of the service.

4.7 To ensure a transparent and open process the Cityclean business case response was evaluated by Property and Finance officers and sent to Procurement and Legal officers for their comments and an evaluation report was produced. The Cityclean business case response as set out would save the council in the region of £70,000 per year and included the production of waste transfer certification and no management fee.

**4.8 Option Four**

The option to do nothing and continue with the current contractor through a new contract was discounted because to directly award a new contract would open the council up to the risk of legal challenge.

4.9 The evaluation team found in favour of Option Three the business case submission from CityClean with the financial evaluation confirming a saving of £70,000 per annum giving assurance of value for money.

## **5. COMMUNITY ENGAGEMENT & CONSULTATION**

- 5.1 Officers have consulted with the existing contractor who confirmed, in writing, that TUPE does not apply and that they accepted the reasoning behind the proposal to carry out the waste disposal and recycling services utilising the “in house” council team.

## **6. CONCLUSION**

- 6.1 Further to an examination of the options as set out in the body of this report, the conclusion is that Cityclean should deliver the council’s commercial corporate waste disposal and recycling service for the council’s civic offices, social care, historic, operational and commercial buildings from 1<sup>st</sup> November 2016 with the option for schools to opt into receiving such services under the new arrangements. An SLA agreement will be drawn up and agreed between the council departments, the contract will be managed and monitored by Property & Design and reviewed annually.

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

### Financial Implications:

- 7.1 The current cost of the corporate waste collection service is approximately £0.420m (based on the last financial year 2015/16). Assuming that CityClean’s ad-hoc and additional costs are at a similar level to those incurred in 15/16, and also that a similar level of take up from schools is experienced, then the total cost would be around £0.350m. This would give a saving of approximately £0.070m per annum, mostly due to reduced charges for recycling collections.

*Finance Officer Consulted: Name Peter Francis Date: 26/09/16*

- 7.2 Legal Implications:

The current contract with Cox Skips expires on 31<sup>st</sup> October 2016. There are no legal implications arising from the proposal to bring the service back in house and for it to be provided by Cityclean. A service level agreement will be agreed between the council departments to set out the agreed arrangements.

*Lawyer Consulted: Isabella Sidoli Date: 27/9/16*

- 7.3 Equalities Implications:

The Social Value impacts include the following:

- Increasing the diversity of the fleet through the ability to collect dual materials in one vehicle.
- Employment of local workers with a dedicated Learning Resource Centre to achieve maximum capability and career progression

#### 7.4 Sustainability Implications:

- Reduced carbon footprint through minimisation of vehicles, achieved through route optimisation, and fuel reduction.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

None

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

None

### **Background Documents**

Evaluation report – Corporate Commercial Waste and Recycling Service provision

|                          |               |  |                    |
|--------------------------|---------------|--|--------------------|
| <b>Subject:</b>          |               | <b>Public Toilets Contract</b>                                   |                    |
| <b>Date of Meeting:</b>  |               | <b>13 October 2016</b>   |                    |
| <b>Report of:</b>        |               | <b>Executive Director for Economy, Environment &amp; Culture</b> |                    |
| <b>Contact Officer:</b>  | <b>Name:</b>  | <b>Tracy Phipps</b>  | <b>Tel: 294724</b> |
|                          | <b>Email:</b> | <b>tracy.phipps@brighton-hove.gov.uk</b>                         |                    |
| <b>Ward(s) affected:</b> |               | <b>All</b>   |                    |

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

- 1.1 This report seeks approval for the procurement and award of a new contract to manage public toilets throughout the City of Brighton & Hove (the "City"). The new contract will cover cleaning, maintenance, repairs and refurbishment of the public toilets. There may also be some income generation from the new contract.
- 1.2 The new contract will replace the Council's existing contract with Wettons Cleaning Services Limited which commenced on 1<sup>st</sup> March 2007.

**2. RECOMMENDATIONS:**

- 2.1 That Policy, Resources & Growth Committee authorise the Executive Director for Economy, Environment & Culture:
  - (1) To carry out a procurement exercise for a new contract for the management of the City's public toilets and to award that contract for a term of ten (10) years; and
  - (2) To grant a two (2) year extension to the contract referred to in (1) above, subject to performance, at the relevant time.

**3. CONTEXT/ BACKGROUND INFORMATION**

- 3.1 Brighton & Hove City Council (the "Council") currently have 37 public toilets which are cleaned and maintained by Wettons.
- 3.2 The existing contract, which covers the management, cleaning and minor maintenance of the City's public toilets, ends in February 2017. The existing contract is over 10 years old and provision of facilities management has changed significantly in this time so that different options should be available to the

Council for the new contract, including reduced service costs, maintenance and income generation.

- 3.3 The current annual spend on the Wettons contract is approximately £0.0864m
- 3.4 In 2013 a scrutiny panel was established in response to concerns about the future provision of the service in light of the Council's financial pressures. The terms of reference for the Panel were to consider:
- The future of the service
  - Future funding
  - Types of provision
  - Improving general access to the service
  - Improving access to the service for particular need groups.
- 3.5 Information gathered from this scrutiny panel will be considered for the new contract.
- 3.6 Soft market testing in February 2016 with a number of potential providers showed that there are alternative ways of delivering this type of contract in the present market which could considerably lower the value of the new contract.
- 3.7 Following a condition survey of the public toilets in 2013, it was identified that many of the public toilets in the city are in poor condition and require investment to bring them up to a good standard.
- 3.8 As part of the soft market testing for the new contract, potential providers indicated that they would be prepared to make significant investment to current toilet provision to improve the facilities. As well as this investment from a provider, the Council has identified the requirement for £0.550m of capital funds to invest in public toilet refurbishment over the next 4 years, subject to PR&G Committee approval.
- 3.9 The new provider will be expected to undertake detailed asset condition surveys prior to agreeing a refurbishment programme with the Council.
- 3.10 During the soft market testing phase, potential providers also agreed that there may be an opportunity to start charging members of the public for use of some of the public toilets. This income generation option would only be considered where it is financially viable.
- 3.11 Income generation would help upgrade and safeguard current provision of public toilets across the city. There may be options for the Council to receive a percentage split of revenue generated or to see a larger reduction in the overall contract costs. All options will be considered prior to during the tender process in order to achieve the best value for this contract.

#### Procurement Process

- 3.12 The procurement will be via an open tender procedure advertised in the Official Journal of the European Union (OJEU).

- 3.13 An output-based specification will be used in order to give bidders as much flexibility as possible to allow them to submit new and innovative solutions that will meet the challenges that are faced.
- 3.14 The tender process will follow a transparent methodology which gives fair and equal access to all suppliers in the market, and will evaluate suppliers' bids on a combination of price and quality criteria (most economically advantageous bid) in accordance with applicable EU procurement legislation and The Public Contracts Regulations 2015. It is envisaged that the evaluation criteria will be a split between 40% on price and 60% on quality but this will be finalised during further research prior to publishing the advert.

#### **4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS**

- 4.1 The option of adding this public toilets contract to the corporate cleaning contract was considered but then discounted due to the different scope in the public toilets contract, with its capital investment requirements.
- 4.2 The option to bring the service in-house was considered but soft market testing showed that the contract could be reduced considerably with the option of revenue share, which would outweigh any potential reduction that would be made through bringing the service in house.

#### **5. COMMUNITY ENGAGEMENT & CONSULTATION**

- 5.1 The procurement process will include a public consultation via the consultation portal to engage with specific user groups to ensure that the Council is aware of users' needs and these are taken into consideration when drafting the contract specification.

#### **6. CONCLUSION**

- 6.1 The procurement and award of the new contract to manage the public toilets in the City will enable the Council to continue to provide and improve its public toilet provision with innovative, sustainable and inclusive services for the general public.

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

##### Financial Implications:

- 7.1 The cost of the current contract to manage public toilets within the City is funded from approved revenue budgets within the City Environmental Management service. The annual cost of the current contract is approximately £0.864m. It is anticipated that the procurement of a new contract will lead to the achievement of saving proposals identified within the Service and Financial Plans approved by Budget Council. The full financial implications of the new contract will be subject

to the outcome of the procurement process and will be incorporated into future years budgets.

7.2 Any charges applied for use of public conveniences will be subject to the council's Corporate Fees and Charges Policy. The Policy addresses the requirement for a more corporate approach to the issue of fees and charges and provides a clear policy framework within which to conduct annual or other reviews of fees and charges. Any charges will be set and reviewed in line with the Corporate Fees and Charges Policy, and the appropriate Service Committee shall receive a report from the Executive Director on price variations above or below the corporately applied rate of inflation.

7.3 The Capital Resources and Capital Investment Report 2016/17 to Budget Council on 25th February 2016 identified the requirement for the following capital expenditure for public conveniences to be funded from capital receipts. This funding is subject to approval from Policy Resources & Growth Committee to be added to the capital programme, which will be sought as part of the budget monitoring or budget setting process subject to the outcome of the recommended procurement process.

|                                | 2016-17<br>£'m | 2017-18<br>£'m | 2018-19<br>£'m | 2019-20<br>£'m | Total<br>£'m |
|--------------------------------|----------------|----------------|----------------|----------------|--------------|
| 7.4 <b>Public Conveniences</b> | 0.050          | 0.050          | 0.400          | 0.050          | <b>0.550</b> |

h  
The recommended procurement process is subject to compliance with the council's Contract Standing Orders and Financial Regulations. It is essential that all Chief Officers follow Contract Standing Orders and Financial Regulations in the procurement and control of contracts. The achievement of value for money when procuring goods or services is a key task to ensure that public money is well spent. The councils Contract Standing Orders state that contracts above the value of £0.500m require approval from the relevant Committee or executive decision-making body.

*Finance Officer Consulted: Steven Bedford*

*Date: 30/09/16*

Legal Implications:

7.5 The authority of Policy, Resources & Growth Committee is required for matters with corporate budgetary implications, such as the procurement of the Council's contract for management of public toilets in the City for which the costs are likely to exceed £500,000. Accordingly the committee is entitled to agree the recommendations at section 2 above.

7.6 Further, the Council's Contract Standing Orders ("CSOs") require that authority to enter into a contract valued at £500,000 or more must be sought from the relevant Committee before expressions of interest can be invited from potential bidders.

7.7 The procurement process to award the contract must comply with all relevant European and UK public procurement legislation as well as with the Council's CSOs.

Equalities Implications:

- 7.8 The new service delivery model and contract will be subject to an Equalities Impact Assessment. The budget proposals have been subject to the budget EIA process.

The Transfer of Undertakings (Protection of Employment) Regulations 2006 may apply in relation to this contract and information regarding the employees of the outgoing provider will be collected and shared with bidders during the tender process.

Sustainability Implications:

- 8.9 The tender process and subsequent new contract will take into consideration energy saving devices, the promotion of water saving efficiencies as well as encouraging sustainable transport methods for the use of vehicles.

Public Health Implications:

- 8.10 The Council has no statutory obligation to provide and manage public toilets. However it is considered that if the Council does not provide and manage public toilets this may result in the following implications:

- Reputational damage
- Lost income to the city
- Environmental Health impacts
- a negative impact on equalities and accessibility in the city
- a negative impact on those with health issues being able to leave home and go out in the community
- [an indication that the City may be a place in decline.]

- 8.11 This view was backed up by the BHLINK Toilet Users Group who outlined to the panel the *'risks of not investing in toilets:*

- *Possibly fewer visitors to the city*
- *More street cleaning needed*
- *More shops etc put off by opening in the city because of damage by urination/hygiene etc in shop door ways*
- *Increased social isolation as people with bladder and bowel problems might not feel confident and able to access community facilities –*

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

None

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

None

### **Background Documents**

None

|                          |   |   |                     |
|--------------------------|---|---|---------------------|
| <b>Subject:</b>          | <b>Workforce Equalities Report 2015/16</b>            |   |                     |
| <b>Date of Meeting:</b>  | <b>13 October 2016</b>                                |   |                     |
| <b>Report of:</b>        | <b>Executive Director for Finance &amp; Resources</b> |   |                     |
| <b>Contact Officer:</b>  | <b>Name:</b>  | <b>Sue Moorman</b>                      | <b>Tel: 29-3629</b> |
|                          | <b>Email:</b>   | <b>Sue.moorman@brighton-hove.gov.uk</b> |                     |
| <b>Ward(s) affected:</b> | <b>All</b>  |   |                     |

**FOR GENERAL RELEASE.**

**1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 As part of the Public Sector Equality Duty under the Equality Act 2010, the council is required to monitor the equality profile of its workforce and the impact of its policies and procedures on different staff groups. This information must be published on an annual basis.
- 1.2 The purpose of this report is to provide Members with an overview of the findings following an analysis of the council's workforce and other aspects of employment in relation to the following protected characteristics: ethnicity; disability; sex; sexual orientation; age and religion or belief. This report, which will be published on the external website, ensures compliance with the council's statutory obligations.

**2. RECOMMENDATIONS:**

- 2.1 That the Committee note the contents of the Workforce Equalities Report for 2015/16.

**3. CONTEXT/ BACKGROUND INFORMATION**

- 3.1 The general Public Sector Equality Duty under the Equality Act 2010 requires the council to eliminate discrimination and harassment, promote equality of opportunity and foster good relations between different groups within our workforce. In addition, under the Equality Act (Specific Duties) Regulations 2011, the council has a specific duty to publish equality information to demonstrate our compliance with the general equality duty.
- 3.2 One of the ways in which the council ensures that it meets its legal obligations under the Equality Act is through collating, analysing, monitoring and publishing its workforce data on an annual basis.

- 3.3 The council carries out regular equalities monitoring in respect of the following:
- workforce composition
  - recruitment
  - employment casework
  - access to learning and development opportunities
  - employee satisfaction – both in relation to current employees (via the Staff Survey) and those who are leaving the council’s employment (via completed exit questionnaires).
- 3.4 Not only does this data contribute to ensuring that the council fulfils its obligations under the Public Sector Equality Duty within the Equality Act 2010, but enables the council to understand the composition of its workforce and the impact of our employment policies, procedures and practices on our staff. In particular, it enables us to identify any differences in outcomes for different staff groups.
- 3.5 This insight can then be used to develop the council’s Workforce Equalities Action Plan (WEAP). Through this Action Plan, the council can work towards its strategic objectives of achieving a more diverse workforce that reflects the economically active community within Brighton and Hove and developing an inclusive workplace culture in which everyone can thrive and reach their full potential. These components are fundamental to the council becoming an efficient and effective modern organisation.
- 3.6 Equalities issues relating to the workforce are not only discussed regularly at meetings of the Equalities Steering Group and individual Directorate Equalities Groups but also through a dedicated Workforce Equalities Group (WEG) that meets on a quarterly basis. The WEG comprises representatives from the Staff Workers’ Forums, trade unions, HR&OD as well as the Communities, Equality & Third Sector and Communications teams.
- 3.7 This report sets out the findings from the recent analysis of the council’s workforce and other aspects of employment in relation to equality groups protected under the Equality Act 2010.
- 3.8 The analysis is based on the council’s contracted workforce (except where indicated) and excludes employees working in schools. It provides an overview of:
- the equality profile of the council’s workforce and how this compares with the economically active population within Brighton & Hove
  - the comparative success rates of applicants with different protected characteristics during the recruitment and selection process
  - access to promotions, acting-up and secondment opportunities
  - employees who left the council’s employment and their reasons for doing so
  - the impact of formal employment procedures on different employee groups.
- 3.9 In brief, the report’s findings are:
- the council’s workforce continues to downsize and its overall equalities profile is changing slowly – it has a high proportion of females and an

increasing number of employees over 50 years of age and is significantly under-represented in the younger age groups

- there has been a modest increase in the proportion of BME and White Other employees within the workforce but these groups remain under-represented at all levels compared with the economically active population within the City
- the proportion of disabled employees has fallen slightly but, despite this, this group remains above the percentage of disabled people within the economically active population within the City with the exception of the most senior roles within the organisation
- the proportion of LGB employees has increased so that, for the first time, this group's level of representation is higher than the council's workforce target within the middle and higher grade bands.
- BME and White Other applicants for jobs continue to find it more difficult to secure interviews and job offers despite the fact that individuals from these groups are applying for jobs in greater numbers. The position is reversed when it comes to casual roles.
- BME, White Other, disabled and LGB employees were less likely to be offered "acting up" opportunities. BME staff were also less likely to secure a promotion.
- Leaver data shows that fewer BME and White Other employees left the council than might have been expected given their levels of representation within the workforce. This is contrary to the position last year which is encouraging. However, there appear to be difficulties retaining disabled employees and individuals under the age of 30.

3.10 The more detailed and robust analysis of workforce data that the council has been able to carry out over the last two years has provided a much better insight into the issues affecting the council's workforce. This has, in turn, enabled us to identify several future areas of work which it considered are key to delivering measurable and tangible equality outcomes for the organisation. These are listed below and will provide the focus for the council's Workforce Equalities Action Plan during 2016/17:

- use workforce information and insight to develop areas for positive action activity and to monitor the effectiveness of this activity through established monitoring mechanisms
- improve recruitment branding and customer experience to be more inclusive
- strengthen collaboration with communities in Brighton and Hove
- develop a pathway for positive action apprenticeships and placements
- improve feedback and communication on positive role modelling within the council
- underpin practice with effective learning, reflection and a robust policy framework.

3.12 The success of the work undertaken would then be assessed by comparing recruitment and workforce data metrics with those at the end of next year.

#### **4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS**

- 4.1 There are no alternative options for Members to consider as the council has a legal duty to monitor the equality profile of its workforce and the impact of its policies and procedures on different staff groups and to publish that data annually.

#### **5. COMMUNITY ENGAGEMENT & CONSULTATION**

- 5.1 Not applicable.

#### **6. CONCLUSION**

- 6.1 Not applicable.

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

##### Financial Implications:

- 7.1 There are no direct financial implications arising from this report. Costs of any actions required to address issues arising from the workforce analysis will be met from within existing resources

*Finance Officer Consulted: Peter Francis Date: 23/08/16*

##### Legal Implications:

- 7.2 The general Public Sector Equality Duty under s149 Equality Act 2010 requires the council to have due regard to the need to eliminate discrimination and harassment, promote equality of opportunity and foster good relations between different groups within our workforce. In addition, under the Equality Act (Specific Duties) Regulations 2011, the Council has a specific duty to publish equality information to demonstrate our compliance with the general equality duty.

The Workforce Equalities Report 2015/16 assists the Council in satisfying the above requirements.

*Lawyer Consulted: Elizabeth Culbert Date: 22/08/16*

##### Equalities Implications:

- 7.3 Analysis of the council's workforce and the impact of its employment policies, procedures and practices by protected characteristics enables the organisation to identify any adverse trends or disproportionate impacts on different employee groups. By developing and taking actions to address these through the Workforce Equalities Action Plan, the council aims to not only increase the diversity of its workforce but also improve the experiences and outcomes for individuals from minority groups who have historically suffered disadvantage.

Sustainability Implications:

7.3 None.

Any Other Significant Implications:

7.4 None.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. Workforce Equalities Report 2015/16

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

1. Workforce Equalities Report 2015/16

### **Background Documents**

None.

# **Human Resources & Organisational Development**

## **Workforce Equalities Report 2015/16**



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## 1. Introduction

Having a diverse workforce and inclusive workplace culture are key to the council being an efficient and effective modern organisation.

The council carries out regular equalities monitoring in respect of the following aspects of employment:

- workforce composition
- recruitment
- employment casework
- access to learning and development opportunities
- employee satisfaction – both in relation to current employees (via the Staff







Survey) and those who are leaving the council's employment (via completed exit questionnaires).




Not only does this data contribute to ensuring that the council fulfils its obligations under the Public Sector Equality Duty within the Equality Act 2010, but the analysis is essential if the council is to understand the composition of its workforce and the impact of our employment policies, procedures and practices on our staff. In particular, it enables us to identify any differences in outcomes for different staff groups.

## 2. Key Workforce headlines

### 2.1 Workforce as at 31 March 2016

Arrows denote how the workforce has changed since 31 March 2015.

|  |         |   |
|--|---------|---|
| Number of employees (headcount)                  | 4549    |  |
| Number of employees (FTE)                        | 3870.70 |  |
| % of employees working full-time                 | 58.25%  |  |
| % of employees working part-time                 | 41.75%  |  |
| % of employees on permanent contracts            | 88.06%  |  |
| % of employees on temporary/fixed-term contracts | 11.94%  |  |

|  |        |   |
|--|--------|---|
| White British                              | 85.64% |  |
| White Irish                                | 2.08%  |  |
| Black or Asian minority ethnic group (BME) | 6.25%  |  |

|                          |        |   |
|--------------------------|--------|---|
| White Other background   | 6.03%  | ↑ |
| Disabled                 | 7.86%  | ↓ |
| LGB                      | 12.01% | ↑ |
| Male                     | 40.54% | ↓ |
| Female                   | 59.46% | ↑ |
| Christian                | 36.65% | ↓ |
| No religion/belief       | 53.78% | ↑ |
| Other religion/belief    | 9.57%  | ↓ |
| Under 30 years of age    | 6.16%  | ↓ |
| 30 to 49 years of age    | 52.35% | ↓ |
| 50 years of age and over | 41.49% | ↑ |

## 2.2 Progress made against the council's workforce targets

To help the council achieve its aspiration of building a workforce that is more representative of the economically active population within the City of Brighton and Hove, it is important that the council has appropriate workforce targets for specific groups that are under-represented within its workforce.

Prompted by the significant demographic changes in the local population identified through the 2011 Census, the council reviewed and set new workforce targets that were in line with the economically active population of the City.

Table 1 below shows a breakdown of the economically active profile (i.e. those aged 16 or over who are either in, or potentially looking for, work) in the Brighton and Hove area.

Table 1:

| Group        | Economically active population *                  |
|--------------|---|
| BME          | 9.1%  |
| White Other  | 8.8%  |
| White Irish  | 1.6%  |
| Disabled     | 7.5%  |
| LGB          | this data was not collected as part of the Census |
| Sex – Male   | 53.6%   |
| Sex – Female | 46.4%   |

\* Data source is 2011 Census

Table 2 shows the progress the council has made towards achieving its workforce targets since 2013.

Table 2:

| Group        | 2013   | 2014   | 2015   | 2016   | Workforce target * |
|--------------|--------|--------|--------|--------|--------------------|
| BME          | 5.55%  | 5.76%  | 5.93%  | 6.25%  | 9.1%               |
| White Other  | 5.13%  | 5.27%  | 5.75%  | 6.03%  | 8.8%               |
| White Irish  | 2.23%  | 2.22%  | 2.20%  | 2.08%  | 1.6%               |
| Disabled     | 7.0%   | 7.21%  | 8.13%  | 7.86%  | 7.5%               |
| LGB          | 11.73% | 11.53% | 11.61% | 12.01% | 13.0% **           |
| Sex – Male   | 40.5%  | 40.69% | 40.97% | 40.54% | 46.4%              |
| Sex – Female | 59.5%  | 59.31% | 59.03% | 59.46% | 53.6%              |

*\* set in line with 2011 Census data*

*\*\* this target was set having regard to data from the Health & Wellbeing Joint Strategic Needs Assessment in 2011 that estimated that approximately 1 in 6 (16.7%) of Brighton & Hove residents identified as LGB or T.*

### 3. Executive Summary

As part of the Public Sector Equality Duty under the Equality Act 2010, the council is required to monitor the equality profile of its workforce and the impact of its employment policies, procedures and practices on its staff.

The key findings of this report are:

- The council's workforce continues to downsize, continuing the trend seen over recent years.
- The overall equalities profile is changing slowly. Although there has been a modest increase in the percentage of BME and White Other employees this year, these groups are significantly under-represented compared with the economically active population within the City.
- By contrast, the council employs a proportionally higher percentage of employees from a White Irish background, although the last twelve months has seen a small decrease in this group's level of representation in the workforce.
- BME and White Other applicants continue to find it more difficult to secure interviews and job offers compared with White British and White Irish applicants.
- BME and White Other applicants are predominantly recruited to lower-graded jobs and are more likely to be engaged on a temporary, fixed-term or casual basis.
- BME and White Other and disabled employees are also less likely to be offered the opportunity to "act-up" into a higher graded role. However both BME and disabled employees fared better in being offered secondment opportunities.

- The proportion of disabled employees within the workforce has fallen slightly this year but nevertheless remains above the percentage of disabled people at all but the most senior levels within the organisation.
- The proportion of LGB employees has increased by nearly 3.5% over the last year – the largest increase across all equality groups. As last year, the level of representation of LGB employees is above the council’s workforce target within the middle and higher grade bands.
- The sex profile of the workforce has remained stable with the majority of employees being female. They out perform males in recruitment and selection processes both at the point of entry into the organisation (except for casual roles) and in securing promotions and developmental opportunities such as secondments. However, in a change from last year, they appear to be less successful in being offered “acting-up” opportunities.
- The workforce is ageing and this year, for the first time, the highest percentage of employees fell within the 50 to 54 age group. Nearly 42% of employees are 50 years of age or over – an increase of 1.86% on the figure for 2014/15.
- In stark contrast, the workforce is significantly under-represented in the younger age groups with the percentage of employees aged under 30 falling further over the last twelve months to 6.1%. This is despite the council working hard to attract and recruit young people on to its Apprenticeship Scheme.
- Only about 1 in six applicants were under the age of 25. In contrast the percentage of employees aged under 30 within the casual workforce increased by 0.85% over the last twelve months.
- Leaver data shows that fewer BME and White Other employees left the council than might have been expected given their levels of representation within the workforce. This is contrary to the position last year which is encouraging
- The majority of employment casework under the council’s formal procedures involved male employees and individuals employed in lower-graded roles.
- Whilst disabled employees were less likely, compared with last year, to be subject to disciplinary action, they were far more likely to be the subject of Attendance Management procedures, have allegations of bullying/harassment made against them or have raised a grievance.
- In contrast to last year, employees from a BME background were more likely to be subject to the Disciplinary Procedure. Individuals identifying as LGB were more likely to have formal taken against them under the Attendance Management Procedure.
- In general, the proportion of employees from groups under-represented within the council’s workforce undertook corporate training is down compared to last year. The exception to this is from individuals who came from a White Other background, who have increased participation.

#### 4. Scope

The workforce data contained within this report relates to the council's contracted workforce (except where indicated) and excludes employees working in schools.

All workforce profile data in this report is as at 31 March 2016 except where stated. Trends have been identified where historical data is available. However, due to frequent council restructurings in recent years it has not been possible to monitor how the equality profiles of individual directorates have changed over time.

#### 5. Definitions

"Economically active population" –is defined as "individuals aged 16 or over who are either in work or are actively seeking work". This data is based on information collected as part of the 2011 Census.

"BME" – is defined, for the purposes of this report as "individuals from a Black, Asian or other non-white ethnic group".

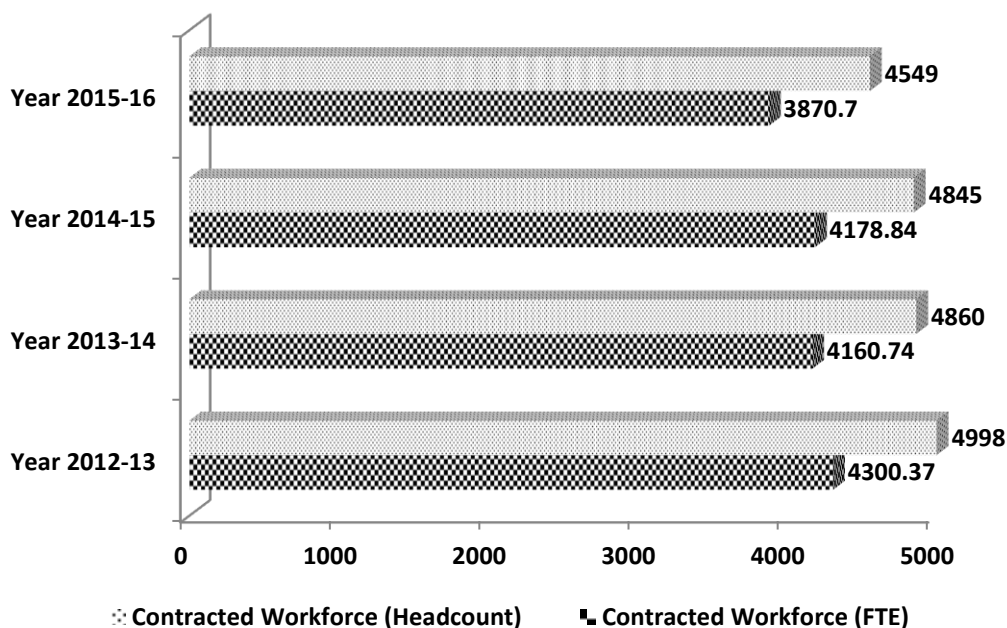
#### 6. Organisational Profile – Overview

The council employs 9,390 employees - 4841 of those within schools and 4549 in non-school based services.

##### 6.1 Headcount

Chart 1 below shows the how the size of the contracted workforce has changed over the last three years.

Chart 1:

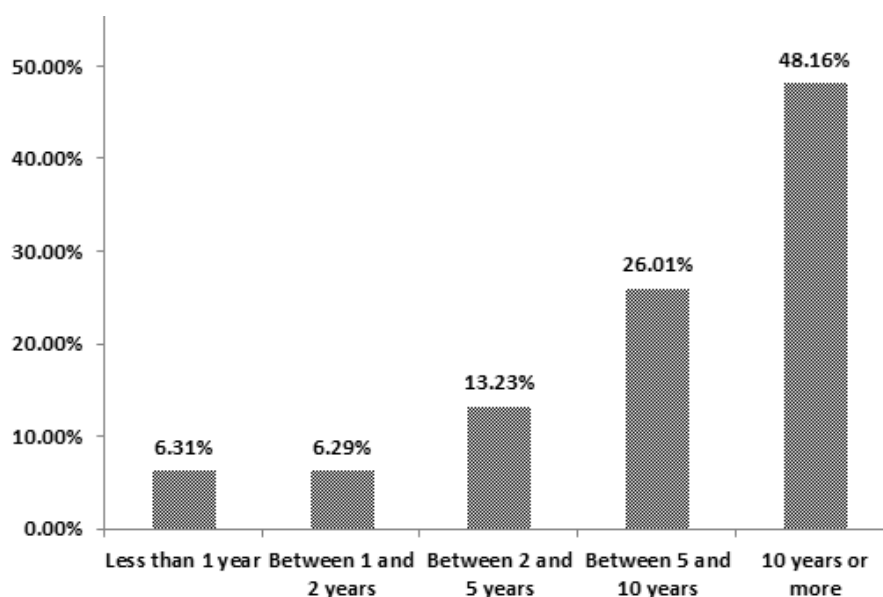


The headcount of the council's contracted workforce (i.e. excluding casual and agency workers) has shrunk by just under 9% over the last three years (4998 in 2012/13 to 4549 at the end of 2015/16. Approximately, two thirds of this reduction occurred in the last twelve months. The drop in headcount was accompanied by a similarly sized reduction in full time equivalents (FTE) from 4300.37 to 3870.70.

## 6.2 Length of service

Chart 2 below shows the breakdown of the workforce by length of service.

Chart 2:



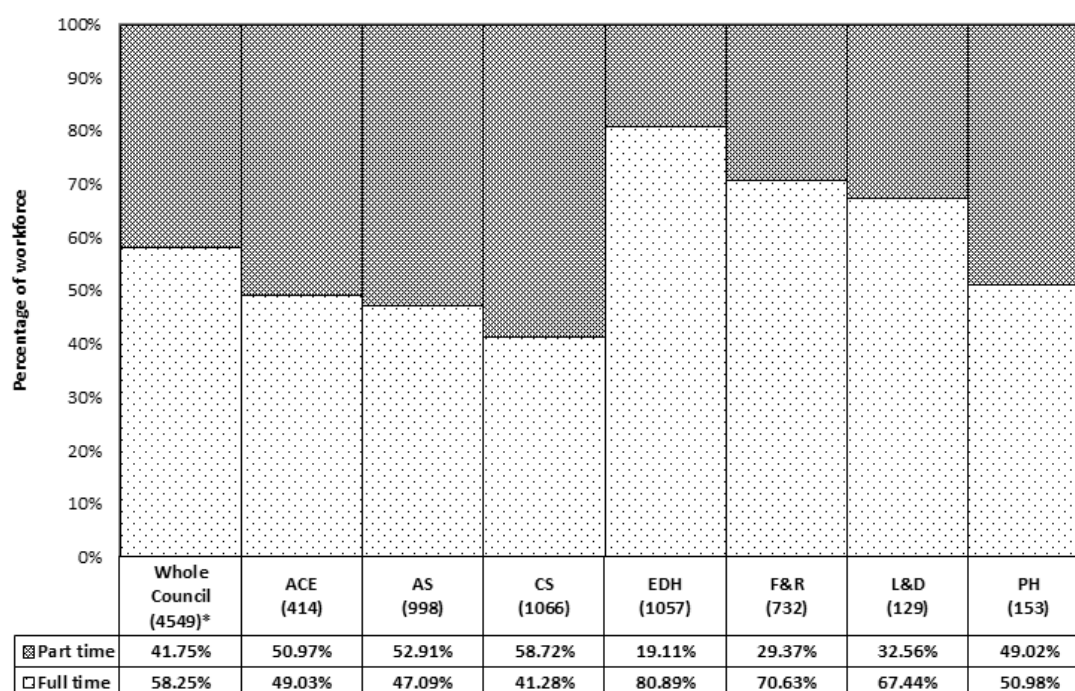
As last year, nearly four out of five employees (74.17%) have more than five years service and approaching half of the contracted workforce has worked for the council for over 10 years (48.16%). The proportion of longest-serving employees within the workforce shows an increase of approximately 4% on 2014/15. Only one in eight employees has less than two years service and over the last year the number of employees who are in their first year of service with the council has fallen by 1.2%.

Two thirds of the council's BME workforce (66%) and those identifying as White Other (68%) have completed five or more years service. However, the proportion of BME employees with long service has fallen by 2.1% over the last twelve months, the figure for those identifying as White Other has increased by 1.7%. In both cases the proportion of long serving individuals is significantly lower than that for White British employees (78.49%). In contrast, 82.7% of individuals who had disclosed a disability had completed five or more years service.

### 6.3 Working Pattern

Chart 3 below shows the overall workforce by working pattern together with a breakdown by Directorate

Chart 3:



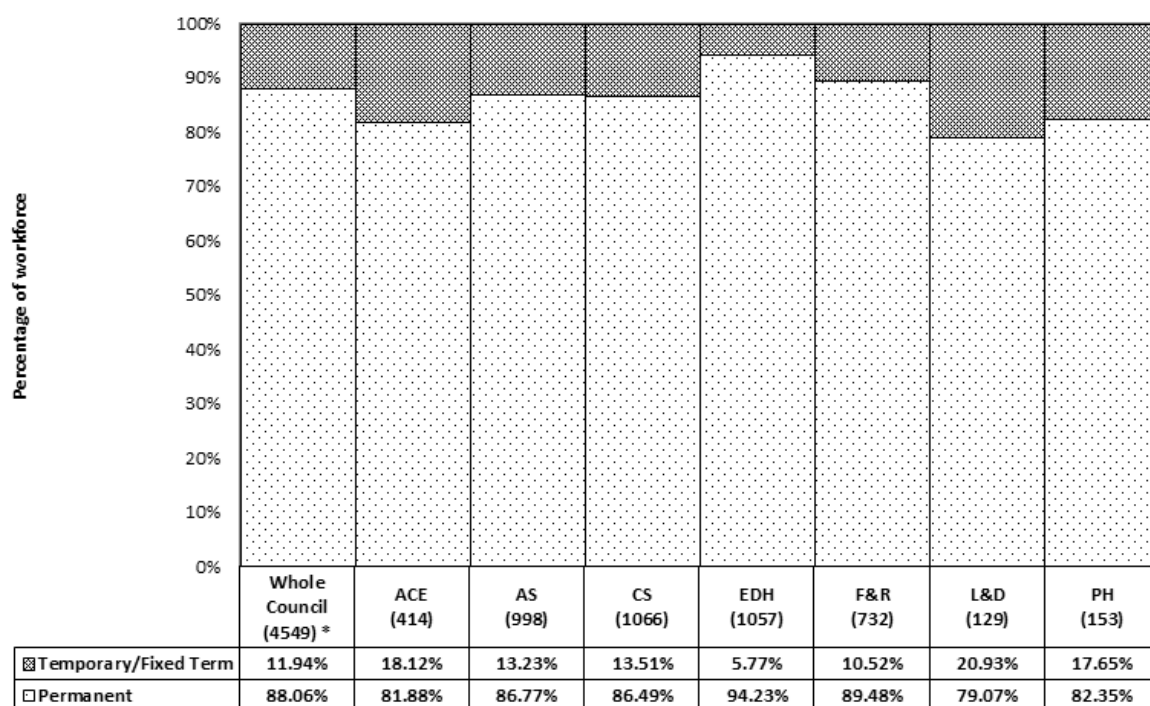
\* figures in brackets refer to employee headcount

The working pattern profile of the council's workforce remains unchanged from last year with the majority of council employees working full-time (58.25%). As in 2014/15, the majority of those working part-time were female (80%). Although the ratio of employees working full or part-time has remained fairly static in most directorates since last year, the proportion of part-time workers within Legal and Democratic Services has more than doubled over the last twelve months from 15.25% to 32.56%. Public Health also saw an increase in those working part time but the increase was much less marked at just under 6.5%. Children's and Adults' Services continue to have the highest proportion of part-time workers.

### 6.4 Contract type

Chart 4 below shows the breakdown of the overall workforce by contract type together with a breakdown by Directorate.

Chart 4:



\* figures in brackets refer to employee headcount

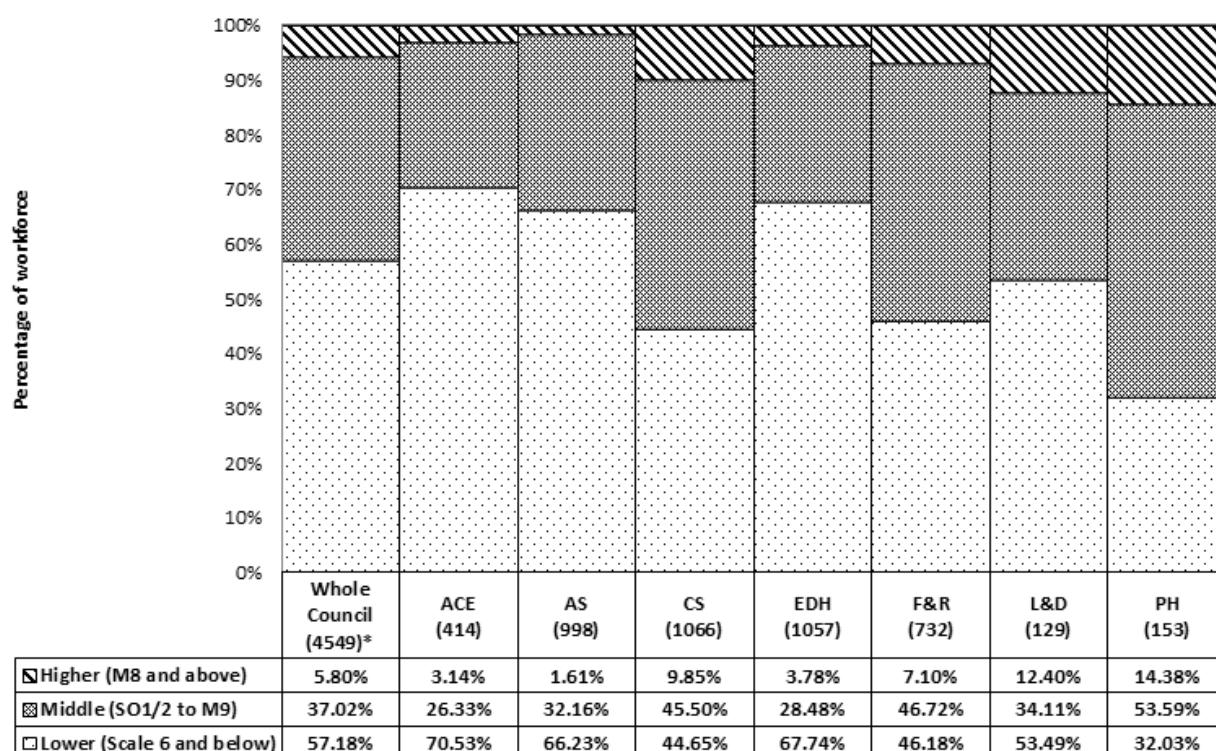
Similarly, the ratio of permanent to temporary/fixed-term posts has remained fairly static over the last twelve months. At the end of 2015/16, the percentage of employees engaged on a permanent contract was 88.06%, an increase of 0.18% from 2014/15. As a result, the proportion of the council's contracted workforce engaged on a temporary/fixed-term basis dropped to 11.94%. Public Health and Legal & Democratic Services saw the highest increase in the percentage of the workforce employed on fixed-term contracts (approximately 5.5%). In contrast, Finance & Resources saw the largest reduction (2.9%) in the use of fixed-term contracts.

Employees from both BME and White Other groups continue to be more likely to be employed on temporary or fixed term contracts compared with their White British counterparts. Indeed, the proportion of our BME workforce employed on a temporary basis has increased from 15.75% at the end of 2014/15 to just over 21% (one in five) at the end of 2015/16. In contrast, the percentage of our employees from a White other background employed on a temporary or fixed term contract has fallen by approximately 1% since last year (18.7% to 17.8%).

## 6.5 Grade

Chart 5 below shows the breakdown of the overall workforce by grade band together with a breakdown by Directorate

Chart 5:



\* figures in brackets refer to employee headcount

The overall grade profile of the organisation has changed little from last year despite the reduction in the size of the workforce and the number of service redesigns that have taken place over the last twelve months. Since 2014/15, there has been a slight increase in the proportion of posts graded at SO1/2 and above with a concomitant decrease in roles in the lowest grade band of Scale 1-6 (58.35% to 57.18%)

## 6.6 Equality Profile

This section of the report details the analysis of the workforce by the following protected characteristics: ethnicity, disability, sexual orientation, sex, age and religion/belief. A chart providing an overview of the workforce profile by each protected characteristic is included within the body of this report.

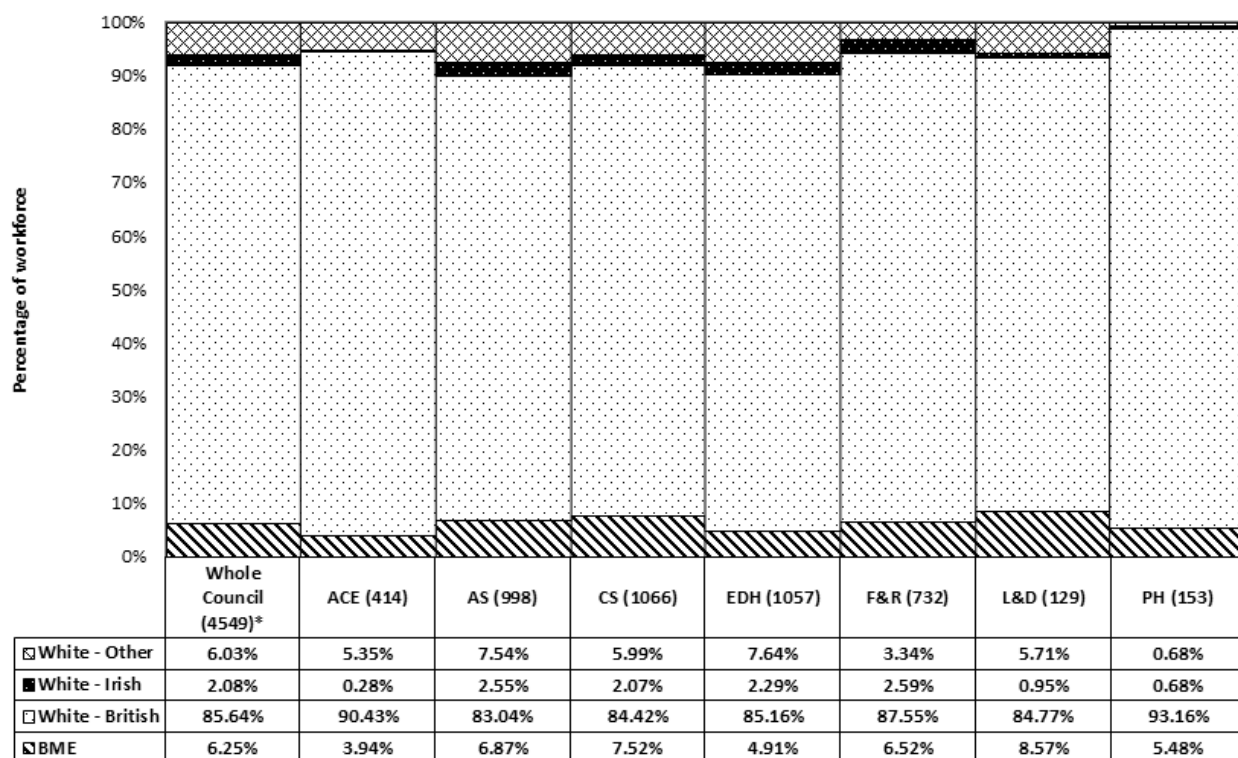
Charts showing additional analysis by grade and contract type can be found in Appendix 1.

## 6.7 Ethnic background

The council monitors the ethnic composition of its workforce by the following categories: Black, Asian and other non-white minority ethnic groups (BME), White Other, White Irish and White British. These categories have been selected having regard to the ethnic composition of Brighton and Hove which has sizeable BME and White Other populations. Both groups are under-represented within the council's workforce.

An overview of the council's workforce profile by ethnic background together with a breakdown by Directorate is shown in Chart 6 below.

Chart 6:



*\* figures in brackets refer to employee headcount*

The ethnic composition of council's workforce continues to change slowly. Over the last twelve months there has been a slight increase in the percentage of BME and White Other employees within the workforce (0.32% and 0.28% respectively). Whilst these increases are modest, they continue the steady, consistent upward trend in level of representation of these groups over the last three or four years. However, despite these encouraging signs both these groups remain under-represented within the workforce compared with their level of representation in the economically active population of Brighton and Hove.

The distribution of BME employees across grades has similarly not changed markedly in the last year with 60% of the BME workforce occupying grades below scale 6. This compares with 55.1% for their White British counterparts. Only sixteen BME individuals are employed in the highest grade band (M8 and above), the same as at the end of March 2015.

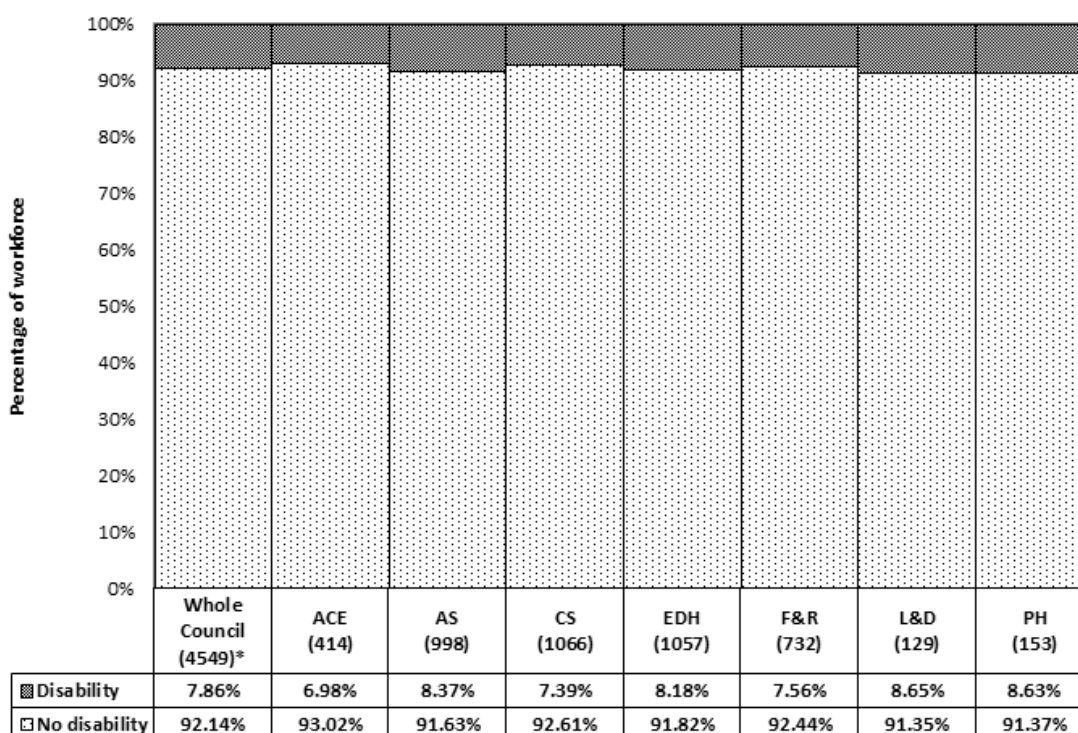
A greater differential can be seen in relation to the White Other group, with just over seven out of ten employees (70.5%) within this ethnic group being employed within the lowest grade band. As last year, their level of representation within grades SO1/2 and above is below that seen for BME employees and this difference is even more marked within senior management roles.

In contrast, there has been a small decrease in the proportion of employees from a White Irish background over the last twelve months (from 2.2% to 2.08%) and this is mainly attributable to a reduction in the proportion of individuals within the scale 1-6 grade band (from 1.68% in 2014/15 to 1.43% at the end of March 2016). Despite this, White Irish employees are still over-represented compared with the local economically active population figure of 1.6% and this over-representation is most marked within the SO1/2-M9 grade band (3.03%).

## 6.8 Disability

An overview of the council's workforce profile by disability together with a breakdown by Directorate is shown in Chart 7 below.

Chart 7:



*\* figures in brackets refer to employee headcount*

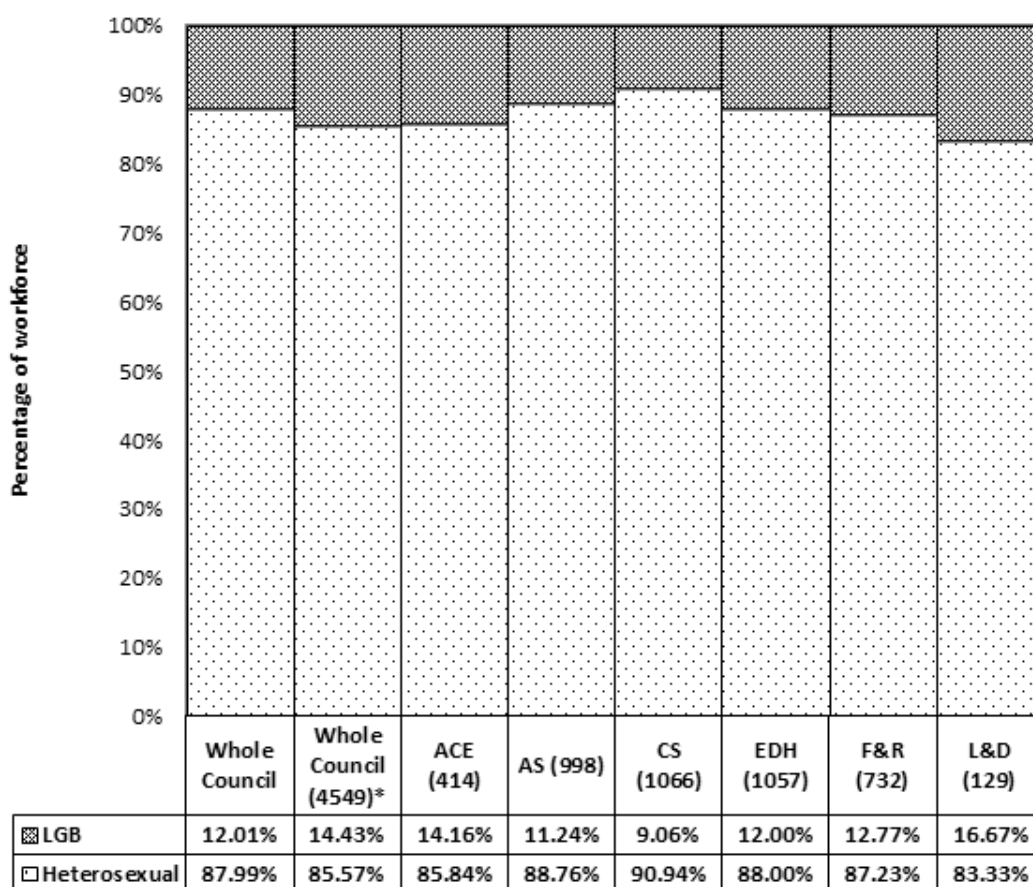
The percentage of employees within the workforce who have disclosed a disability has fallen slightly this year from 8.13% to 7.86%. Despite this small decrease, this is still above the percentage of disabled people who are economically active within Brighton and Hove (7.5%). This is the second year in a row where this has been the case. In response to this, the council has increased its workforce target for this equality group to 8% for 2016/17.

Although it is encouraging to see that there has been an increase in the percentage of disabled employees employed in posts graded SO1/2-M9 over the last twelve months (0.55%), this group remains significantly under-represented within senior roles (grade M8 and above) at 5.88% so there is still more work to do.

## 6.9 Sexual Orientation

An overview of the council's workforce profile by sexual orientation together with a breakdown by Directorate is shown in Chart 8 below.

Chart 8:



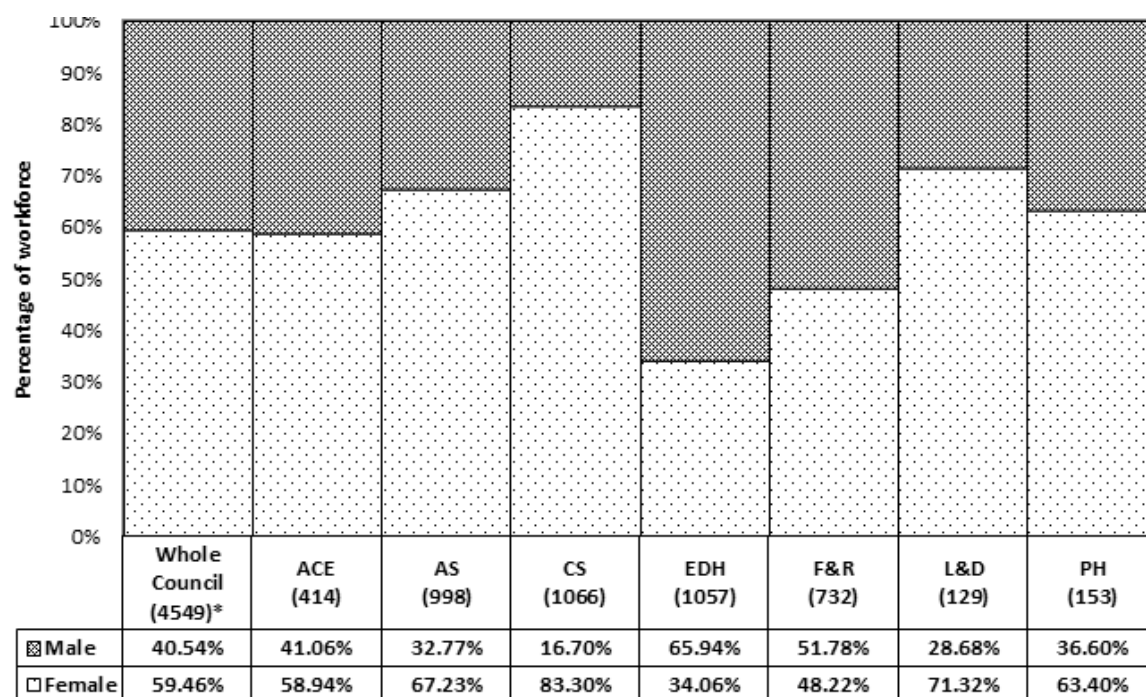
*\* figures in brackets refer to employee headcount*

The percentage of employees identifying as LGB increased from 11.61% at the end of 2014/15 to 12.01% at the end of March 2016. This represents the largest increase across equality groups in the last twelve months and continues the steady upward trend seen over the last three years. Although LGB employees are under-represented when taking the workforce as a whole, their levels of representation in posts above scale 6 are above target (14.1% within the grade band SO1/2 –M9 and 14.29% within roles graded M8 and above).

## 6.10 Sex

An overview of the council's workforce profile by sex together with a breakdown by Directorate is shown in Chart 9 below.

**Chart 9:**



\* figures in brackets refer to employee headcount

Historically, the sex profile of the workforce has remained stable with a gender imbalance in favour of females and 2015/16 is no exception. At the end of March 2015, the workforce comprised 59.46% female (up 0.43% on March 2015) and 40.54% male.

A gender imbalance in favour of females is a feature the council shares with other County Councils and Unitary Authorities in England. This is thought to be due to the fact that councils of this type have a relatively high number of job roles that require “soft skills” and that these are particularly attractive to women. However, the gender imbalance within the council's workforce is less marked than the average 70:30 female to male ratio seen within other County and Unitary authorities.

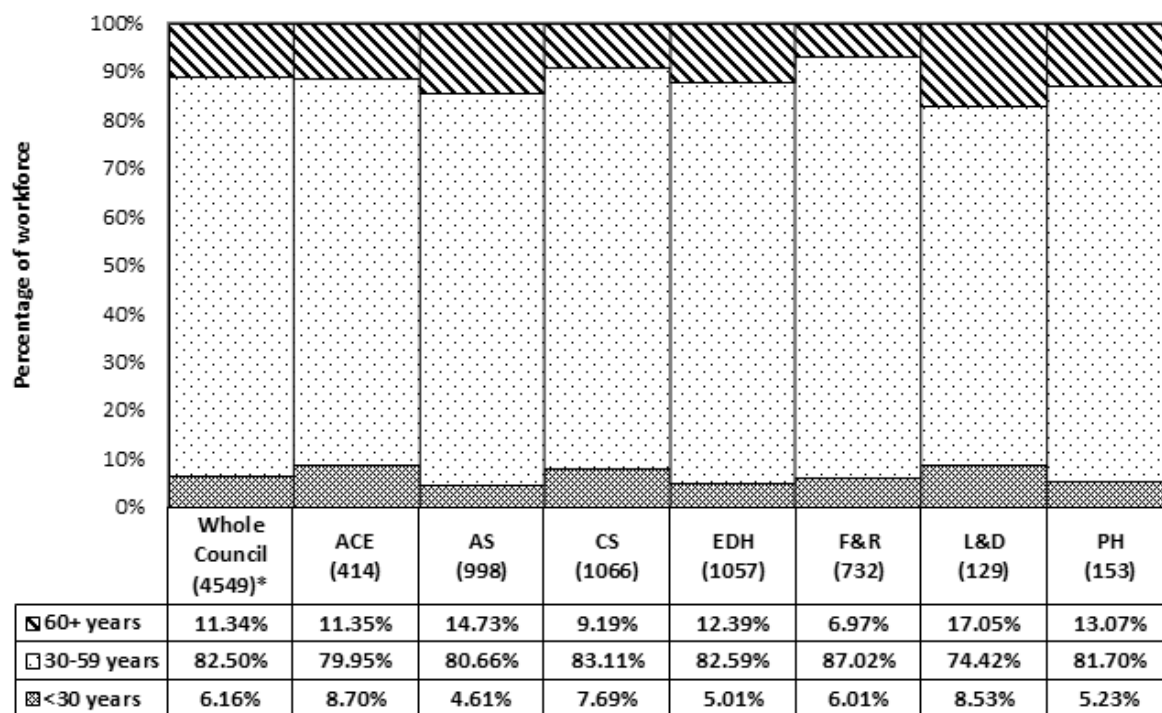
The Directorate with the most marked gender imbalance is Children's Services which has a workforce that 83.3% female – an increase of 1.32% in the last twelve months. Only the Finance & Resources directorate saw a decrease (2.79%) in the proportion of female staff compared with last year.

Female employees are over-represented within all grade bands compared with the economically active population of 46.4%. Approximately 54% of all female employees occupy posts in the lowest grade band (scale 1-6) with a further 40.11% employed within the Scale SO1/2 –M9 grade band. Whilst the distribution of male employees across these two grade bands follows a similar pattern, the differential is much more marked with 61.77% of males being employed at the Scale 1-6 level and only 32.48% occupying posts within the middle grade band.

## 6.11 Age

An overview of the council's workforce profile by age together with a breakdown by Directorate is shown in Chart 10 below.

Chart 10:



\* figures in brackets refer to employee headcount

The council has an ageing workforce and this year, for the first time, the highest percentage of employees fell within the 50 to 54 age group (17.7% i.e. more than 1 in 6 employees). At the end of last year the majority of the workforce was aged between 45 and 49. Over half of the workforce (52.36%) is aged between 30 and 49 and nearly 42% of employees are 50 years of age or over (an increase of nearly 2% on the figure for 2014/15).

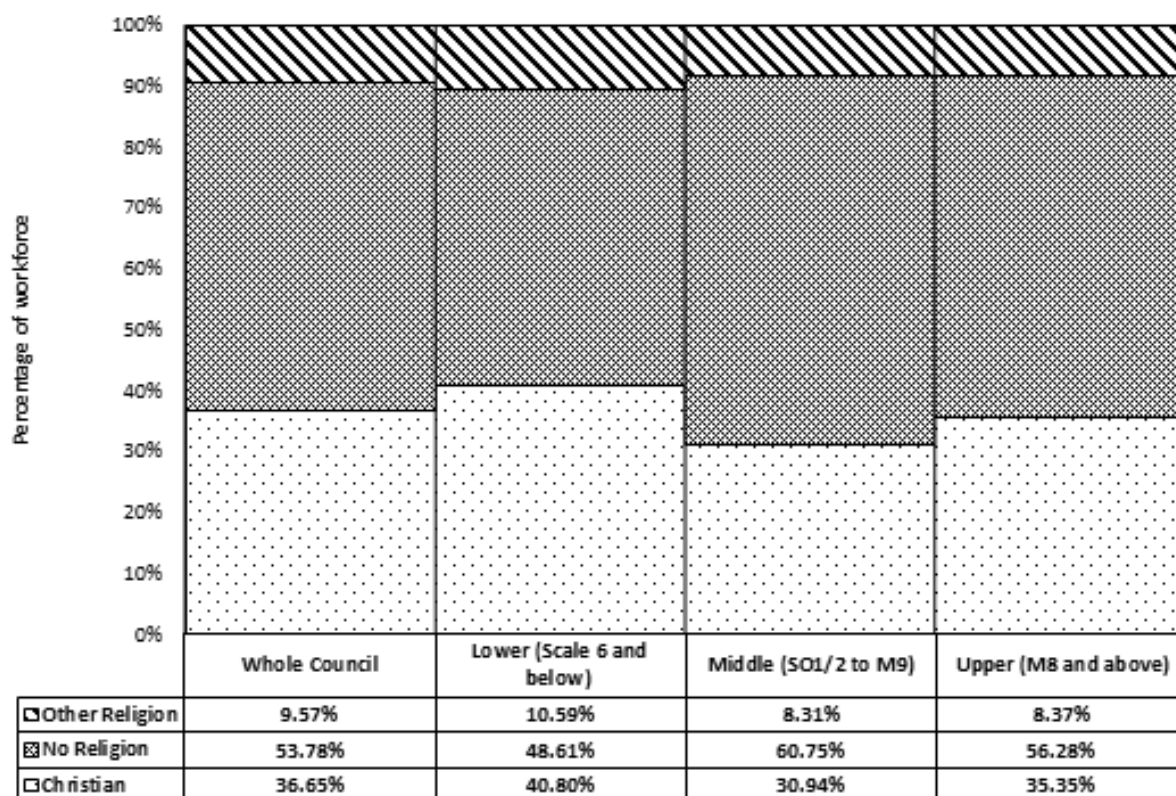
By contrast, only 6.16% of employees are under 30 (compared with 6.85% at the end of 2014/15) and this maintains the downward trend seen for this age group over the last few years. This is a cause for concern in terms of the sustainability of the workforce for the future.

By contrast, the number of employees choosing to continue working beyond 60 years of age has increased only slightly since the end of March 2015. More than 1 in 10 employees are over 60 years of age and, within this group, nearly a third are aged over 65.

## 6.12 Religion/Belief

An overview of the council's workforce profile by religion/belief together with a breakdown by Directorate is shown in Chart 11 below.

Chart 11:



\* figures in brackets refer to employee headcount

The majority of the council's workforce has no religious or other belief system and the percentage of employees in this group has increased again this year (from 52.66% at the end of 2014/15 to 53.78% at the end of 2015/16). The predominant religion is Christian but the proportion of employees in this group has fallen slightly again this year and now stands at 36.65%. The proportion of employees of other faiths within the workforce is similar to last year at 9.57%.

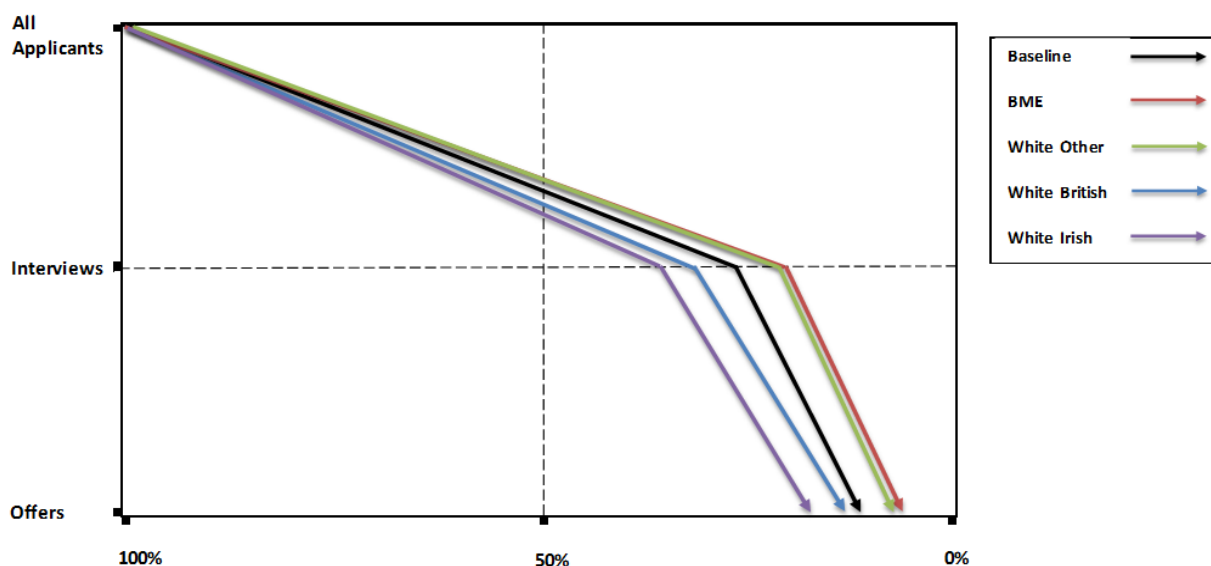
Employees who have a religious faith are more likely to be employed in posts graded scale 6 or below compared with those who have no belief system. However, the position is reversed within the grade band SO1/2 to M9. This may be a reflection, at least in part, of differences in the ethnic composition of the workforce at different grades.

## 7. Recruitment - Overview

In 2015/16, the council advertised 499 vacancies (excluding those in schools). These opportunities attracted 4,666 applications.

Below is an example of how the council analyses and presents its recruitment data:

## Applicants for all vacancies by Ethnic Background



### Interpretation of recruitment data graphs

The council monitors the success rate of all applicants who share a particular protected characteristic at both the shortlisting and interview stages and compares that with the success rate for all applicants. The latter is referred to as the “baseline”.

It would be expected that the success rates in respect of those applicants with a shared protected characteristic would closely mirror that for all applicants i.e. their graph line would be similar to that of the “baseline”.

However, this is not the case, the differences in success rates are represented by the positioning of the data line for each group in relation to the “baseline” on each graph. The further the data line is to the right of the “baseline”, the more difficult that particular group is finding it to secure an interview or employment. Conversely, the further the data line appears to the left of the “baseline”, the more successful applicants from that group are in being shortlisted and appointed.

A series of graphs showing analysis of this year’s recruitment data by protected characteristic is set out in Appendix 2.

In addition, for the first time this year, the council has been in a position to monitor the relative success rates for internal (including redeployees) and external applicants as well as agency workers undertaking assignments with the council.

The initial analysis indicates that external applicants are significantly less likely to be shortlisted for interview (19.11%) or secure a job offer (7.7%) compared with internal applicants (56.06% and 31.06% respectively) and agency workers (46.77% and 31.45% respectively). Analysis of this data by protected characteristic is being carried out.

## 7.1 Ethnic background

Table 1 below shows a breakdown of all applicants for council vacancies by ethnicity and the percentage within each group who were invited to interview and subsequently offered jobs.

Table 1:

|                          | All Applicants for all vacancies |                  |                   |                  |               |              |
|--------------------------|----------------------------------|------------------|-------------------|------------------|---------------|--------------|
| 2015/16                  | Number Applicants                | % All Applicants | Number Interviews | % All Interviews | Number Offers | % All Offers |
| Baseline indicator (all) | 4503                             | 100.00%          | 1086              | 24.12%           | 504           | 11.19%       |
| BME                      | 652                              | 14.48%           | 112               | 17.18%           | 41            | 6.29%        |
| White British            | 3277                             | 72.77%           | 870               | 26.55%           | 407           | 12.42%       |
| White Irish              | 42                               | 0.93%            | 7                 | 16.67%           | 6             | 14.29%       |
| White Other              | 532                              | 11.81%           | 97                | 18.23%           | 50            | 9.40%        |

A greater proportion of applications were received from those coming from a BME (14.48%) or a White Other background (11.81%) compared with the proportion of individuals within these communities locally who were economically active (9.1% and 8.8% respectively). The percentage of applications received from those who identified as BME increased this year by 1.51% compared with the figure for 2014/15.

However, despite this, applicants from these groups were less successful at being shortlisted and being offered a job when compared with their White British and White Irish counterparts.

For BME applicants, this pattern was observed regardless of the grade of the job or whether it was permanent or temporary/fixed term and this is consistent with the trend seen over recent years.

The only exception to this was in relation to the recruitment to casual roles where BME applicants significantly out-performed those from a white background. Further work needs to be undertaken to understand why BME applicants appear to be more successful in being engaged on a casual as opposed to a contracted basis.

A significant amount of work has been carried out this year as part of the Workforce Equalities Action Plan to improve the success rates for groups under-represented within the workforce, particularly those from a BME and White Other background. As a result a number of changes have been made including to our recruitment and selection processes:

- amending our application form to make it less onerous to complete
- providing examples of completed application forms to illustrate to applicants how to complete the key knowledge, skills and experience section of the form to maximise their chances of being shortlisted
- reducing the number of criteria applicants need to compete at the application stage by indicating on person specifications at which stage of the recruitment and selection process each criterion will be assessed
- adding the council's Values and associated behaviours to person specifications

- including a standard positive action statement in all job vacancies
- undertaking positive action initiatives as part of specific recruitment campaigns.

It is, as yet, too early to assess the impact these changes have made. Having said this, the results of a positive action initiative used as part of a recruitment campaign for a large number of newly-qualified social workers have been encouraging. It resulted in a significant increase in the proportion of BME and White Other applicants for these roles and led to a higher proportion of these individuals securing interviews and job offers compared with the previous year's advertising campaign. However, we will have to wait until the 2016/17 recruitment data has been analysed before we can determine the success or otherwise of the changes that have been introduced.

## 7.2 Disability

The percentage of applicants disclosing a disability is 5.71% which is not only lower than last year (6.63%) but is again below the proportion of disabled people in the economically active population within the City (7.5%).

Table 2 below shows a breakdown of all applicants for council vacancies by disability status and the percentage within each group who were invited to interview and subsequently offered jobs.

Table 2:

|                          | All Applicants for all vacancies |                  |                   |                  |               |              |
|--------------------------|----------------------------------|------------------|-------------------|------------------|---------------|--------------|
| 2015/16                  | Number Applicants                | % All Applicants | Number Interviews | % All Interviews | Number Offers | % All Offers |
| Baseline indicator (all) | 4622                             | 100.00%          | 1128              | 24.41%           | 526           | 11.38%       |
| Non-disabled             | 4358                             | 94.29%           | 1047              | 24.02%           | 493           | 11.31%       |
| Disabled                 | 264                              | 5.71%            | 81                | 30.68%           | 33            | 12.50%       |

Disabled applicants were more successful in being shortlisted compared with those without a disability. This suggests that the council's Guaranteed Interview Scheme which guarantees an interview for disabled applicants who meet the minimum essential criteria for a job is being applied effectively by recruiting managers. It is also encouraging to see that this year, for the first time, a higher proportion of disabled applicants secured job offers compared with their non-disabled counterparts.

Whilst disabled applicants have historically been less successful in securing employment irrespective of the grade of the job or the basis on which the job is offered, the recruitment data for this year has revealed a different picture.

Disabled applicants fared as well as, or in some cases better than, non-disabled candidates when applying for permanent roles below grade M8. In contrast, no disabled applicants were appointed to a post graded M8 or above. Indeed, only 7 out of 143 applicants for the vacancies at this level had disclosed a disability. None were successful which is disappointing as this group is particularly under-represented at this level within the organisation.

### 7.3 Sex

The ratio of male to female job applicants has remained fairly static over the last twelve months with 43.83% of applications received from males and 56.17% from females. This is despite the fact that there is a higher proportion of males within the economically active population of Brighton and Hove (53.6%).

Table 3 below shows a breakdown of all applicants for council vacancies by sex and the percentage of females and males who were invited to interview and subsequently offered jobs.

Table 3:

|                          | All Applicants for all vacancies |                  |                   |                  |               |              |
|--------------------------|----------------------------------|------------------|-------------------|------------------|---------------|--------------|
| 2015/16                  | Number Applicants                | % All Applicants | Number Interviews | % All Interviews | Number Offers | % All Offers |
| Baseline indicator (all) | 4666                             | 100.00%          | 1168              | 25.03%           | 564           | 12.09%       |
| Female                   | 2621                             | 56.17%           | 705               | 26.90%           | 359           | 13.70%       |
| Male                     | 2045                             | 43.83%           | 463               | 22.64%           | 205           | 10.02%       |
| Other                    | 18                               | 0.39%            | 5                 | 27.78%           | 3             | 16.67%       |

Generally, male candidates were less successful at being shortlisted and appointed than females and this pattern was observed regardless of the grade of the job or whether it was permanent or temporary/fixed term. However, the difference in success rate was most marked when recruiting to permanent positions as well as jobs within the middle grade band (Scale SO1/2 to M9). In contrast, male employees were far more successful in securing interviews (30.09% compared with 28.2%) and job offers (24.78% compared with 19.34%) for roles advertised on a casual basis. This is despite the fact that only 27.03% of applicants for casual jobs were male.

### 7.4 Gender Identity

For the first time this year, the council has been in a position to monitor the progress of applicants who not with the gender binary of male and female. A total of 18 applicants identified as "Other" - five were shortlisted and three received offers of employment. A more detailed analysis of this group has not been possible due to the very small number of individuals concerned.

This year also saw the council being able to collect, for the first time, more reliable recruitment data in relation to applicants identifying as Trans. The council received 120 applications from individuals identifying as Trans. This equated to 2.64% of all applicants.

Table 4 below shows a breakdown of all applicants for council vacancies by gender identity (i.e. whether or not the individual identifies with the sex they were assigned at birth) and the percentage within each group who were invited to interview and subsequently offered jobs.

Table 4:

|                          | All Applicants for all vacancies |                  |                   |                  |               |              |
|--------------------------|----------------------------------|------------------|-------------------|------------------|---------------|--------------|
| 2015/16                  | Number Applicants                | % All Applicants | Number Interviews | % All Interviews | Number Offers | % All Offers |
| Baseline indicator (all) | 4546                             | 100.00%          | 1098              | 24.15%           | 506           | 11.13%       |
| Trans                    | 120                              | 2.64%            | 23                | 19.17%           | 10            | 8.33%        |
| Cisgender                | 4426                             | 97.36%           | 1075              | 24.29%           | 496           | 11.21%       |

Generally, Trans applicants were less successful at being shortlisted and being offered a job when compared with those identifying as Cisgender. This pattern was observed regardless of the grade of the job or whether it was permanent or temporary/fixed term. The only exception to this was in relation to the recruitment to casual roles where Trans applicants appeared to significantly out-perform those identifying as Cisgender. However, the very small number of applicants for these roles means that this result should be interpreted with caution.

## 7.5 Sexual Orientation

The percentage of applicants who identified as LGB for council jobs was 14.48%. This is an increase of 0.82% on 2014/15.

Table 5 below shows a breakdown of all applicants for council vacancies by sexual orientation and the percentage of who were invited to interview and subsequently offered jobs compared with those who identified as heterosexual.

**Table 5:**

|                          | All Applicants for all vacancies |                  |                   |                  |               |              |
|--------------------------|----------------------------------|------------------|-------------------|------------------|---------------|--------------|
| 2015/16                  | Number Applicants                | % All Applicants | Number Interviews | % All Interviews | Number Offers | % All Offers |
| Baseline indicator (all) | 4338                             | 100.00%          | 1035              | 23.86%           | 472           | 10.88%       |
| Heterosexual             | 3739                             | 86.19%           | 886               | 23.70%           | 396           | 10.59%       |
| LGB                      | 599                              | 13.81%           | 149               | 24.87%           | 76            | 12.69%       |

LGB applicants had a slightly higher success rate in terms of being shortlisted and securing a job offer compared with those identifying as heterosexual and this pattern was consistent irrespective of whether the job was advertised on a permanent or temporary/fixed-term basis. However, in contrast, LGB applicants fared slightly less well when applying for casual roles.

LGB applicants were also more successful than heterosexual applicants for all but the most senior roles (Grade M8 and above). The most marked difference in success rates was seen in relation to jobs at the SO1/2 – M9 level. For these roles, LGB applicants were slightly more likely to be shortlisted (31.85% compared with 28.06%) and secure a job offer (19.75% compared with 13.43% for those identifying as heterosexual). The small number of LGB applicants for vacancies graded higher than M8 has meant that it is not possible to interpret this data meaningfully.

## 7.6 Age

The age profile of applicants in 2015/16 was similar to last year with the majority of applications submitted by individuals aged between 25 and 34 (36.55%). As last year, there was an extremely low number of young people applying for council vacancies. Only 8 candidates out of a total of 4588 were aged under 18 (0.17%). This figure represents a drop of 0.27% on last year. Similarly, the proportion of applicants within the 18 to 24 age group also fell this year (16.24% compared with 19.96% in 2014/15). By contrast, the percentage of older applicants increased this year with those aged 55 or over making up nearly 8% of all candidates. This represents an increase of 1.4% on the previous year.

Table 5 below shows a breakdown of all applicants for council vacancies by age and the relative success rates for each age group in terms of being invited to interview and subsequently being offered jobs.

**Table 5:**

|                          | All Applicants for all vacancies |                  |                   |                  |               |              |
|--------------------------|----------------------------------|------------------|-------------------|------------------|---------------|--------------|
| 2015/16                  | Number Applicants                | % All Applicants | Number Interviews | % All Interviews | Number Offers | % All Offers |
| Baseline indicator (all) | 4588                             | 100.00%          | 1116              | 24.32%           | 519           | 11.31%       |
| Under 18                 | 8                                | 0.17%            | 2                 | 25.00%           | 0             | 0.00%        |
| 18-24                    | 745                              | 16.24%           | 131               | 17.58%           | 62            | 8.32%        |
| 25-34                    | 1677                             | 36.55%           | 333               | 19.86%           | 145           | 8.65%        |
| 35-44                    | 994                              | 21.67%           | 283               | 28.47%           | 147           | 14.79%       |
| 45-54                    | 801                              | 17.46%           | 252               | 31.46%           | 111           | 13.86%       |
| 55-64                    | 348                              | 7.59%            | 111               | 31.90%           | 52            | 14.94%       |
| 65-74                    | 15                               | 0.33%            | 4                 | 26.67%           | 2             | 13.33%       |

Individuals aged under 35 were far less successful in being shortlisted for interview and being offered a job compared with older applicants and this was the case irrespective of the grade of the job and whether the opportunity was being offered on a permanent or temporary/fixed-term basis. This situation explains the council's ageing workforce profile and is a concern. The council is seeking to address this issue through its Apprenticeship Programme and by targeting advertising of its vacancies at young people through social media such as Twitter and Facebook.

## 7.7 Religion/belief

**Table 6:**

|                        | All Applicants for all vacancies |                  |                   |                  |               |              |
|------------------------|----------------------------------|------------------|-------------------|------------------|---------------|--------------|
| 2015/16                | Number Applicants                | % All Applicants | Number Interviews | % All Interviews | Number Offers | % All Offers |
| Baseline indicator (a) | 4256                             | 100.00%          | 1016              | 23.87%           | 469           | 11.02%       |
| Christian              | 1247                             | 29.30%           | 270               | 21.65%           | 114           | 9.14%        |
| No Religion            | 2547                             | 59.84%           | 640               | 25.13%           | 308           | 12.09%       |
| Other Religion         | 462                              | 10.86%           | 106               | 22.94%           | 47            | 10.17%       |

As last year, the highest percentage of all applicants had no religious belief (nearly 60%) and this group generally had the highest success rate in being shortlisted and offered jobs irrespective of the grade of the position or whether it was being offered on a permanent or temporary/fixed term basis. The only exception to this pattern was seen when recruiting to posts within the highest grade band where applicants who were Christians were a little more likely to be shortlisted and secure a job offer.

## 8. **Casual workforce – Overview**

The council's casual workforce provides a flexible staffing resource that can be used on an ad hoc basis to enable services to respond quickly to cover absent contracted employees.

At the end of 2015/16, the council had just over 560 casual workers. This figure represents a drop of 48.8% on the figure for 2014/15.

Although, casuals were engaged across the organisation, they were predominantly used in Children's Services and the Assistant Chief Executive's Directorate. The

vast majority (85.44%) were used to cover posts within the lowest grade band, Scale 1-6. This compares with a figure of 91.57% for the previous year.

Whilst this year saw a slight fall in the percentage of casual workers used to cover lower-graded posts, there was a concomitant increase in the use of casual workers at the Scale SO1/2 to M9 level (14.39% compared with 8.34% in 2014/15).

### 8.1 Equality profile

As last year, the casual workforce continues to have a higher proportion of individuals from a BME (8.92%) or White Other (10.15%) background compared with their levels of representation within the council's contracted workforce (6.25% and 6.03% respectively).

Whilst the percentage of BME casuals has fallen by 1.13% in the last twelve months, the proportion of individuals from a White Other background has increased by a similar amount (1.74%).

However, in contrast, individuals who declared they were disabled or identified as LGB were slightly under-represented (4.76% and 9.78% respectively) compared with these groups level of representation in the contracted workforce.

This year continued to see a significant difference in the age profiles of the two workforces. A significantly higher proportion of casual workers were either aged under 30 (15.46%) or over 60 (21.13%) compared with figures of 6.16% and 11.34% respectively for the contracted workforce.

The most noticeable change in the age profile of the casual workforce has been the marked fall in the percentage of individuals aged 60 or over, from 30.38% in 2014/15 to 21.13% at the end of March 2016. In contrast, the proportion of individuals within the age range 30 to 59 has increased significantly over the last twelve months from 55.02% to 63.41%. However, despite this increase, those within this age group still make up a much smaller proportion of this workforce when compared with the contracted workforce - 63.41% compared with 82.5%.

The other main difference between the two workforces can be seen in the under 30 age group. Whilst the percentage of casual workers under 30 years of age has increased by 0.86% over the last twelve months, the position is reversed when it comes to the contracted workforce with the proportion of employees within this age group falling by a similar percentage (0.7%).

The gender profile of the casual workforce continues to show a gender imbalance in favour of females. However, unlike the contracted workforce where the gender profile has remained static over the last year, the differential between females and males within the casual workforce has widened, with the proportion of females working on a casual basis now standing at 61.1%, an increase of 2% on 2014/15.

However, it should be pointed out that the data in respect of the casual workforce is of poorer quality compared to that for contracted employees. Although work has been carried out to try to improve the quality of the data, approximately 41% of casual workers have still not provided their personal equality information. This compares with a figure of about 15% for the contracted workforce.

## 8.2 Migration of casual workers into the contracted workforce

Last year, for the first time, the council monitored those casual workers who were successful in securing a contracted role with the council. The aim of this work was to establish whether initially working for the council on a casual basis, provides an improved chance of securing contracted employment.

In 2015/16, a total of 28 casual workers were recorded as having transferred to either a permanent or temporary/fixed-term position within the council during the year. Females appeared to be more successful than males in securing contracted roles - 75% compared with their level of representation within the casual workforce of 61.1%.

This position is different from last year, when a slightly higher proportion of males transferred to the contracted workforce (43.75%) compared with their level of representation within the casual workforce (40.89%). Unfortunately, it has not been possible to analyse the data meaningfully by other equality groups due to the fact that only a relatively small proportion of these casual workers had provided their personal equality data.

## 9. **Apprenticeships**

Apprenticeship recruitment is part of the council's strategy to grow talent and enhance its future applicant pool. It is also a way of introducing new skills, building talent pipelines, improving succession planning and increasing workforce diversity.

The programme is targeted at people who are disadvantaged in the labour market such as care leavers and those claiming benefits and is designed to provide career pathways that develop opportunities for the local community.

At the end of March 2016, the council had 70 apprentices, an increase of 25 on the position at the end of March 2015. The percentage of apprentices to the council's overall contracted workforce, calculated on the basis of FTE, is 1.8%. This figure compares favourably with the average of our comparator authorities (1.2%) which participated in this year's CIPFA Benchmarking exercise. Of those individuals who had completed their apprenticeship, 36% successfully moved into employment.

Activity is ongoing not only to increase the number, but also the diversity, of apprentices within the council.

## 10. **Promotions - Overview**

For the purposes of this report, employees considered to have been promoted are those who, during the year, transferred to a new position that was of a higher grade than their previous role. However, it is important to note that by using this methodology it is possible that the data may contain individuals whose posts have simply been regraded during the year and who, in view of this, would not normally be classed as having been promoted.

A total of 198 employees were recorded as having transferred to a higher graded job during the year, a slight increase compared with 2014/15 (181 promotions).

Approximately 73% of all promoted employees worked full time. These findings are similar to those noted in 2014/15.

### 10.1 Equality profile

As last year, a lower proportion of BME employees (4.73%) were promoted compared with their levels of representation within the workforce (6.25%). However, this figure represents an increase of 1% on last year. Whilst this is encouraging, this group's level of improvement over the last twelve months is below that seen for other protected groups – White Other (4%); disabled (5.2%) and LGB (5%).

The marked increases seen in relation to these other equality groups now means that the proportion of individuals identifying as White Other (6.51%), disabled (9.76%) or LGB (14.09%) who were promoted this year was above these groups' levels of representation within the workforce (6.03%, 7.86% and 12.01% respectively).

In contrast, the percentage of White Irish employees who were promoted this year fell by 2.6% to 2.37%. Despite this, White Irish employees were still more successful in securing a promotion than might be expected given their level of representation within the workforce (2.08%).

The age profile of employees who were promoted during 2015/16 was similar to that seen last year with a higher proportion of employees under the age of 40 being promoted (45.97%) compared with their level of representation in the workforce (27.47%). This represents an increase of 1.22% since last year despite this group's level of representation within the workforce falling by a similar percentage over the same period.

Although female employees were slightly more successful than males in securing promotion again this year (61.62% compared with the workforce profile of 59.46%), this figure represents a drop of nearly 2% since last year.

As seen with the recruitment data, individuals with no religion or belief system (63.64%) were significantly more successful than Christians (23.38%) in being offered a promotion compared with their levels of representation within the workforce (53.78% and 36.65% respectively). The promotion rate for employees of other faiths was broadly in line with their level of representation within the workforce.

## 11. **Acting up Payments and Secondments - Overview**

Opportunities to “act-up” into a higher graded role to cover temporarily the absence of the substantive postholder or to undertake a secondment in a different role often provide employees with learning and development opportunities. By broadening their knowledge and experience and developing new skills in this way, these employees are likely to be better placed when seeking to advance their careers.

### 11.1 Acting up payments

During 2015/16, 154 employees received an “acting up” payment. The vast majority of these individuals were employed on a permanent basis (92.2%) and 71.4% were full-time. Most “acting up” payments were made to employees working within Environment, Development & Housing (29.22%), Finance & Resources (22.08%) and Children’s Services (20.13%).

### 11.2 Equality profile

As last year, employees from a BME or White Other background were less likely to be given the opportunity to “act up” (4.93% for both groups) compared with these groups representation within the workforce of 6.25% and 6.03% respectively. Having said this, these figures represent a slight increase on the figures for 2014/15.

Disabled employees (3.57%) and those identifying as LGB (8.53%) were also less successful in securing an “acting up” opportunity than might be expected given their levels of representation within the workforce (7.86% and 12.01% respectively). These figures represent a slight fall compared with last year’s data.

As last year, a slightly higher proportion of male employees received an “acting up” payment (46.1%) compared to their workforce representation of 40.54%. This represents an increase of 3.51% on the figure for 2014/15.

The religion/religious belief profile of employees “acting up” during 2015/16 was broadly in line with the workforce profile.

In relation to age, 7 out of 10 employees who were selected to “act up” were aged between 35 and 54. This figure is above what might be expected given this group’s level of representation within the workforce (60.92%). In contrast, those under the age of 25 and individuals aged 55 or over were less likely to be offered an opportunity to “act up”.

Acting up opportunities also tended to be awarded to long serving employees with nearly one in three of all “acting ups” being undertaken by employees with between five and ten years service. This compares with this group’s level of representation in the workforce of 26.01%. As might be expected, employees with less than two years service were less likely to be invited to “act up” into a higher graded role (3.25%) compared with the workforce profile figure of 12.6%).

### 11.3 Secondments

During 2015/16, 78 individuals were seconded into other roles, a significant reduction on the 124 employees who were seconded during 2014/15. Children’s Services and Finance & Resources had the highest use of secondments in relation to the proportion of staff employed within each directorate compared with the size of the council’s overall workforce.

In contrast to acting up opportunities, BME employees appeared to be more successful in securing a secondment again this year (8%) compared with their levels of representation in the workforce (6.25%). However, individuals who identified as White Other fared less well in securing a secondment this year (5.33%

compared with 7.63% in 2014/15). This means that, unlike last year, the proportion of individuals from a White Other background are slightly less likely to be offered a secondment opportunity than might be expected given their level of representation within the workforce (6.03%).

Only a very small percentage of secondees, who declared their status, were disabled (1.39%). This figure is markedly lower than this group's level of representation in the workforce (7.86%) and is in stark contrast to the position last year when the proportion of secondments undertaken by disabled employees was broadly in line with their workforce profile.

In keeping with last year, female employees (62.82%), those identifying as LGB (15%) or having no religious faith (62.69%) were more likely to undertake a secondment compared with their levels of representation within the workforce (59.46%, 12.01% and 53.78% respectively.)

Employees between the ages of 30 and 44 were most likely to be offered a secondment with 50% of all secondments carried out by employees within this age range despite the fact that this group constituted only 35.35% of the council's workforce. Similarly, a higher proportion of employees with 5 to 10 years service (34.62%) were given a secondment opportunity compared with this group's level of representation in the workforce (26.01%). As might be expected those with less than 2 years service (2.56%) were far less likely to be successful in securing a secondment when compared with the workforce profile of 12.6%.

## 12. Leavers and exit data - overview

In 2015/16, 710 employees left employment with the council. This figure represents an increase of 49.2% in the number of leavers compared with last year and a corporate turnover rate of 15%. Although the percentage of leavers from each Directorate broadly reflected the relative size of each directorate's establishment in relation to the size of the overall workforce, the Assistant Chief Executive's Service had a higher percentage of leavers (15.79%) against a workforce of 9.1% of the council's overall workforce.

Table 7 below shows a breakdown of employees who left the council's employment during the year by their main reason for leaving.

Table 7:

| Reason for Leaving               |                  |           |                            |             |            |                             |            |              |
|----------------------------------|------------------|-----------|----------------------------|-------------|------------|-----------------------------|------------|--------------|
|                                  | Death in service | Dismissal | End of fixed-term contract | Resignation | Ill-health | Redundancy/early retirement | Retirement | Other reason |
| Percentage of employees who left | 0.8%             | 3.0%      | 8.9%                       | 53.9%       | 3.4%       | 18.6%                       | 9.6%       | 1.8%         |

The majority of employees who left voluntarily resigned (53.9%). The three main reasons for leaving cited by employees who returned their exit questionnaires were: career progression (15.5%) retirement (14.9%) and voluntary redundancy (12.5%). The other most common reasons given were: "did not feel valued" (9.5%); "leaving for better pay and benefits" (7.1%); and "career change" (7.1%).

Although the breakdown of the reasons for staff leaving the council's employment showed a similar pattern to last year, there was one notable exception. This was the marked increase in the proportion of employees who left on the grounds of redundancy and/or early retirement (18.6% compared with 2.7% in 2014/15). This increase reflects the extent to which the council has been re-designing services and downsizing its workforce to meet the budgetary challenges it is currently facing.

In relation to length of service, this year again saw a higher turnover in employees within the first year of service (8.6%) compared with this group's level of representation within the workforce of 6.31%. Though s, 50% of these individuals left because their temporary/fixed-term contract had ended. Similarly, a significantly higher proportion of individuals left within two years of joining (20.57% compared with a workforce profile figure for this group of 12.6%).

In contrast, employees who had been with the council for a period of five years or more were less likely to leave employment. Although employees with long service accounted for 62% of all leavers, this figure is significantly below that which might be expected given the fact that this group constitutes approximately 75% of the workforce.

## 12.1 Equality profile

Table 8 below shows the equality profile of employees who left the council's employment during the year compared with their level of representation within the workforce.

Table 8:

| Group                 | % of leavers | % employees in workforce |
|-----------------------|--------------|--------------------------|
| BME                   | 5.22%        | 6.25%                    |
| White - Other         | 5.72%        | 6.03%                    |
| White – Irish         | 2.53%        | 2.08%                    |
| White- British        | 86.53%       | 85.65%                   |
| Disability            | 10.16%       | 7.89%                    |
| LGB                   | 12.32%       | 12.01%                   |
| Female                | 57.61%       | 59.46%                   |
| Male                  | 42.39%       | 40.54%                   |
| Christian             | 36.31%       | 36.65%                   |
| Other religion        | 10.87%       | 9.57%                    |
| No religion           | 52.82%       | 53.77%                   |
| Under 30 years of age | 14.08%       | 6.15%                    |
| 30-59 years of age    | 67.75%       | 82.50%                   |
| 60+ years of age      | 18.17%       | 11.35%                   |

Unlike last year, the proportion of BME (5.22%) and White Other (5.72%) employees who left the council during 2015/16 was lower than their level of representation within the workforce (6.25% and 6.03% respectively). This is encouraging but it is too early to know whether this is the beginning of a trend or whether this is an anomalous result.

As in 2014/15, a slightly higher percentage of those who left the council's employment during the year were male (42.39%) or had disclosed a disability (10.16%) compared with the workforce profile (40.54% and 7.89% respectively).

The leaver profile in respect of sexual orientation and religion and belief was broadly in line with the council's workforce profile.

The age profile of leavers follows a similar pattern to that seen last year. A significantly higher proportion of staff aged under 30 years old (14.08%) and those aged 60 or over (18.17%) left the council compared to their overall representation in the workforce (6.15% and 11.35% respectively). Approximately 70% of those aged under 30 left due to their temporary or fixed term contracts ending. In contrast, significantly fewer staff aged between 30 and 59 left (67.75%) compared with this age group's level of representation within the workforce of 82.50%.

### **13. Employment Case Work**

#### **Disciplinary cases- overview**

During 2015/16, 63 employees were subject to the council's formal disciplinary procedure. This figure excludes cases relating to allegations of bullying or harassment. Approximately 62% of all cases involved lower-graded employees i.e. those graded scale 6 and below. This is a fall of approximately 13% on 2014/15.

The vast majority of employees subject to the formal procedure were employed on permanent contracts (82.5%) or working full-time (73%). Over 60% of all cases involved individuals employed in either Adult Services (28.6%) or Environment, Development & Housing (34.9%). In the case of the latter, 50% of individuals worked in either City Clean or City Parks.

#### **13.1 Equality profile**

A higher percentage of disciplinary cases involved employees who identified as BME (18.18%) compared with this group's percentage within the overall workforce of 6.25%. This figure represents 10 individuals. Only 3 cases involved employees from a White Other background and is in line with what might be expected given the workforce profile. The reason for the apparent disproportionate impact of the disciplinary procedure on BME staff needs further investigation.

Employees who had disclosed a disability were less likely to be subject to formal disciplinary investigation (5.77%) compared with the workforce profile of 7.86%. This is very different to the position last year when disabled employees were involved in 17.31% of disciplinary cases compared with their level of representation within the workforce of 8.13%.

LGB employees were also less likely to be investigated under the disciplinary procedure (10.64%) compared with their levels of representation in the workforce (12.01%). As last year, significantly fewer cases involved female staff (39.7%) compared with the percentage in the workforce of 59.46%.

Analysis of disciplinary cases by age and religion/religious belief is broadly in line with the workforce profile.

#### **13.2 Bullying & Harassment cases**

During 2015/16, 27 employees made a complaint of bullying or harassment that was investigated under the council's Disciplinary Procedure. Four of these

complaints related to alleged harassment on the basis of the recipient's protected characteristic(s), six less than in 2014/15.

In the majority of cases, the allegations were made against individuals who were White British, non-disabled, heterosexual and aged between 40 and 54. As last year, a higher percentage of male employees (59.25%) had allegations made against them compared with their level of representation within the workforce (40.54%).

Most of the cases occurred in two directorates – Environment, Development & Housing (66.7% of which were in CityClean) and Adult Services where 62.5% occurred in Learning Disability Services.

### 13.3 Grievances - Overview

A total of 33 employees raised grievances during 2015/16 with just under half (48.5%) of complainants being employed in lower-graded roles. Just over 30% of all grievances were made by individuals employed within the Environment, Development & Housing directorate with a further 24.2% lodged by individuals in Adult Services.

### 13.4 Equality profile

Approximately, 93% of those individuals who raised a grievance during the year were White British. Only two employees from a BME background were recorded as having lodged a formal grievance – this is broadly in line with what might be expected given this group's level of representation in the workforce (6.25%).

A significantly higher percentage of concerns were raised by employees who identified as disabled (24%), male (51.5%) or as not having a religion/belief system (70%) compared with their levels of representation within the workforce (7.86%, 40.54% and 53.78% respectively).

Whilst the percentage of disabled employees who raised a complaint appears high, it is important to point out that this figure represents only six individuals. Of these six cases, one individual's grievance was upheld, a further two relating to flexible working requests were upheld in part and two were resolved informally.

Employees aged between 40 and 59 accounted for 69.7% of the grievances raised this year. This figure is higher than would be expected given the council's workforce profile in respect of these age groups (61.18%).

### 13.5 Attendance Management - overview

A total of 154 individuals' sickness absence gave cause for concern during the last year and were dealt with by HR. This figure excludes Stage 1 sickness cases which were dealt with by the line manager with no involvement from HR. As last year, the majority of cases involved employees within Environment, Development & Housing (53.9%) and Adult Services (26.62%). The vast majority of all cases (85.71%) concerned employees occupying lower graded posts i.e. scale 6 and below.

### 13.6 Equality profile

As last year, a slightly higher percentage of sickness cases concerned employees who were either White British (86.96%) or identified as White Other (8.7%) compared with the workforce profile (85.65% and 6.03% respectively). The

percentage of cases involving those from a White Other background has increased by 1.1% compared with 2014/15. In contrast, individuals from a BME background were less likely to be subject to attendance management procedures (3.62% compared with a workforce profile of 6.25%).

A significantly higher proportion of cases involved disabled employees (20.61%) compared with their level of representation within the workforce of 7.86%. A similar pattern was seen last year and better recording of the outcome of these cases is needed in order to gain a better understanding of the underlying reasons for this impact.

Male employees (63.64%) and those identifying as LGB (15.32%) were more likely to be the subject of formal attendance management procedures compared with the workforce profile (40.54% and 12.01% respectively). The percentage of cases involving male employees has increased this year by approximately 8.7%.

The age profile of sickness cases broadly reflected the workforce profile although a slightly higher percentage of cases involved those aged between the ages of 45 and 49 (20.13%) and 55 and 64 (25.33%) when compared with the level of representation of employees within these age groups in the workforce (17.01% and 20.42% respectively).

The profile of sickness absence cases in respect of religion and belief was broadly in line with the council's workforce profile.

### **13.7 Capability and probationary cases**

In 2015/16, only 9 employees were subject to the council's formal Capability Procedure and 5 to the Probationary Service Procedure. Due to the very small number of employees subjected to each of these procedures, it has not been possible to analyse the data meaningfully.

## **14. Learning and Development - overview**

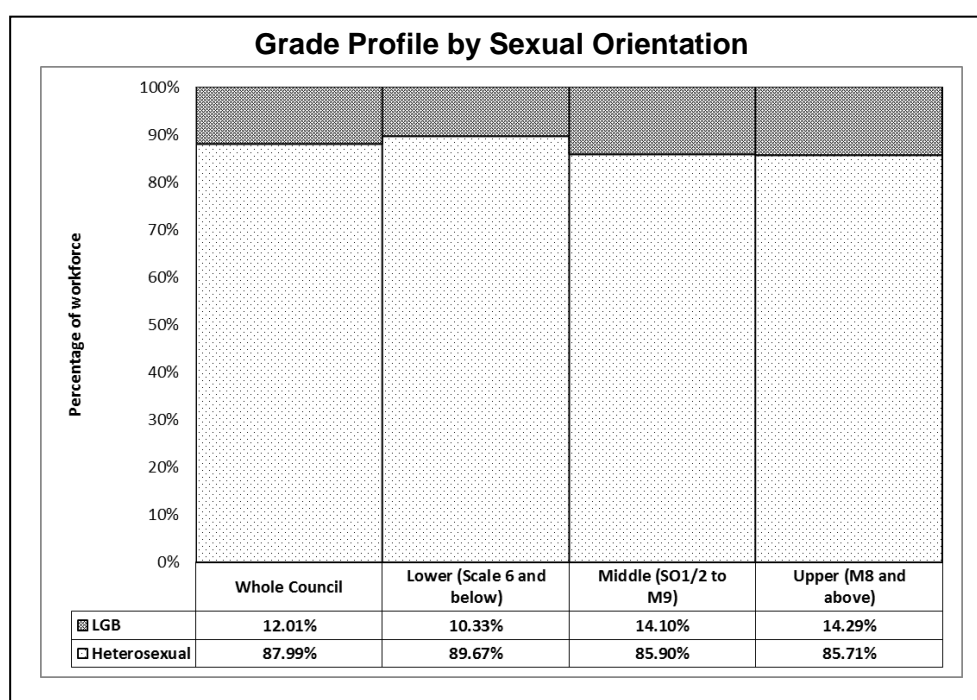
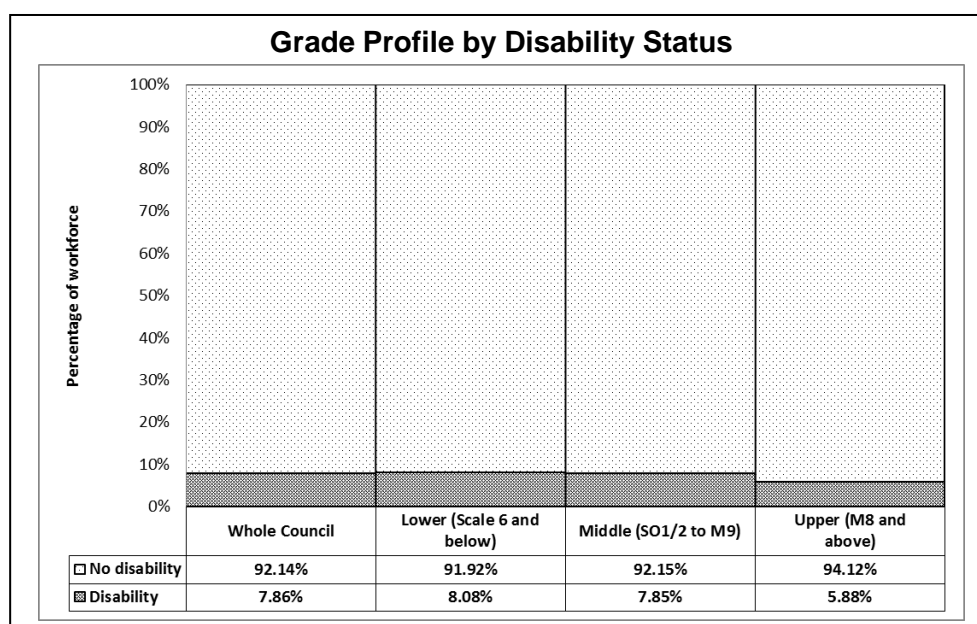
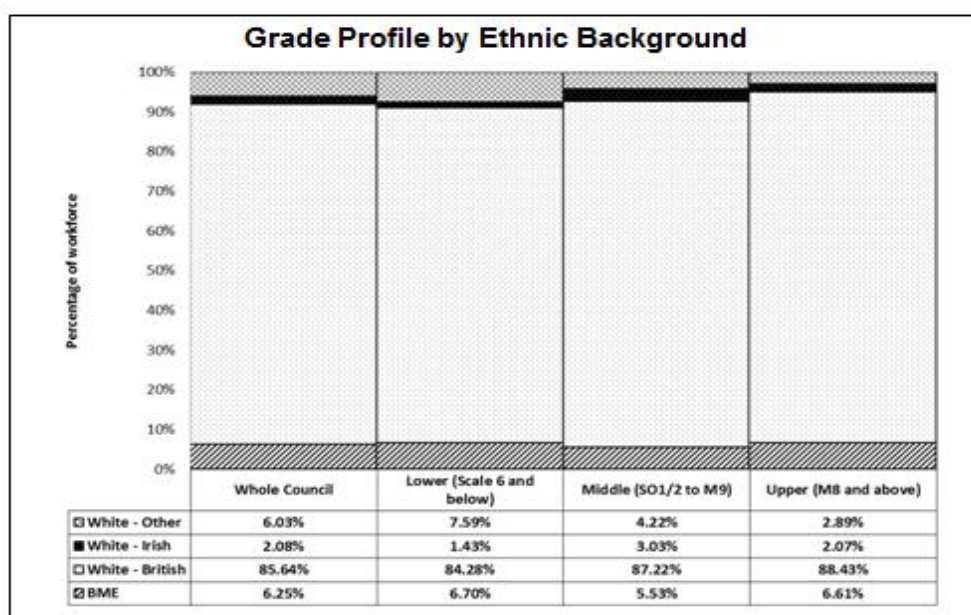
A total of 967 employees attended 50 training courses offered as part of the council's corporate training programme during 2015/16.

### **14.1 Equality profile**

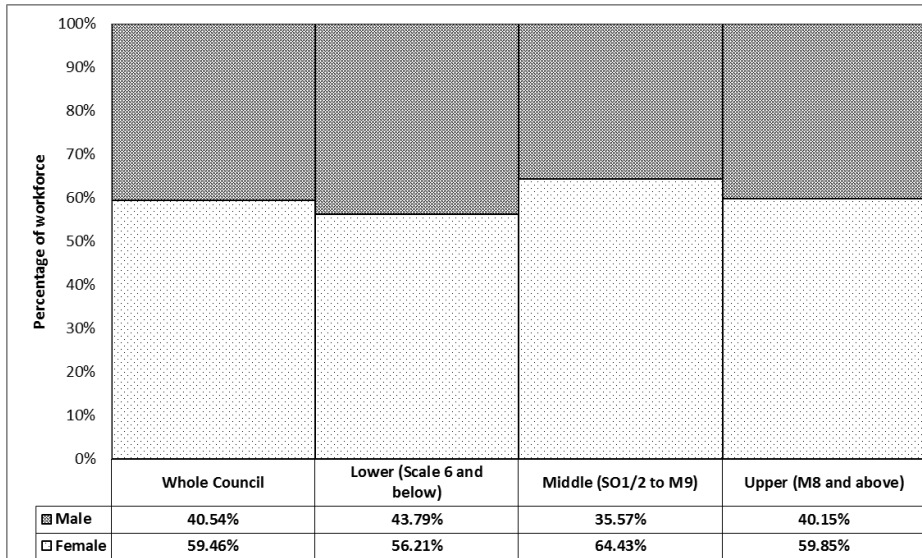
Fewer BME employees undertook a corporate training course in 2015/16 compared with last year. Only 5.81% of all learners identified as BME which is lower than this group's level of representation in the workforce (6.25%). This represents a fall of approximately 3.7% on the figure for 2014/15.

However, in contrast, the percentage of learners from a White Other background increased this year from 4.11% to 6.5%. This figure compares favourably with this group's workforce profile figure of 6.03%.

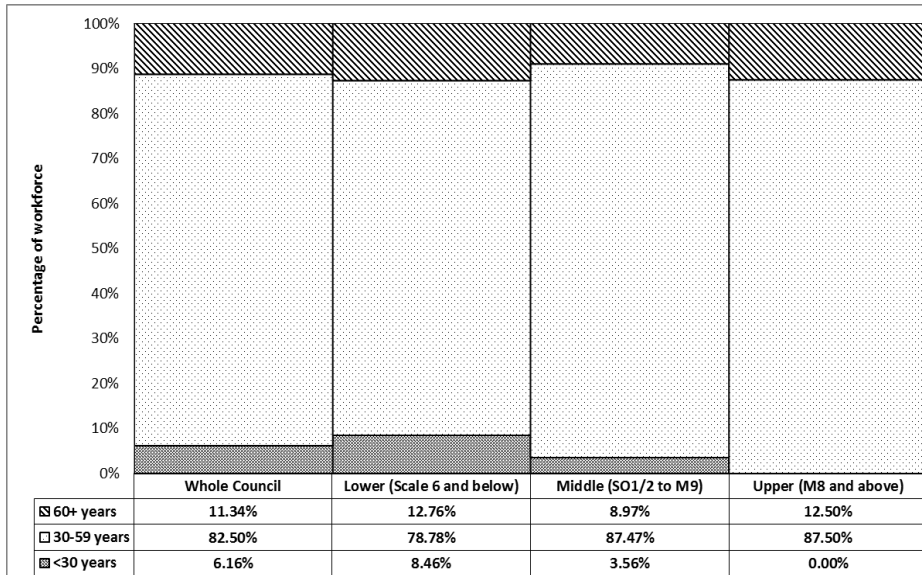
The proportion of disabled employees (7.4%) and male staff (36.4%) who participated in learning and development were also below what might be expected given the level of representation (7.86% and 40.54% respectively). Whilst a higher proportion of LGB employees attended a training course (14.3% compared with a workforce profile figure of 12.01%), the age and religion/belief profile of learners broadly reflected the workforce profile.



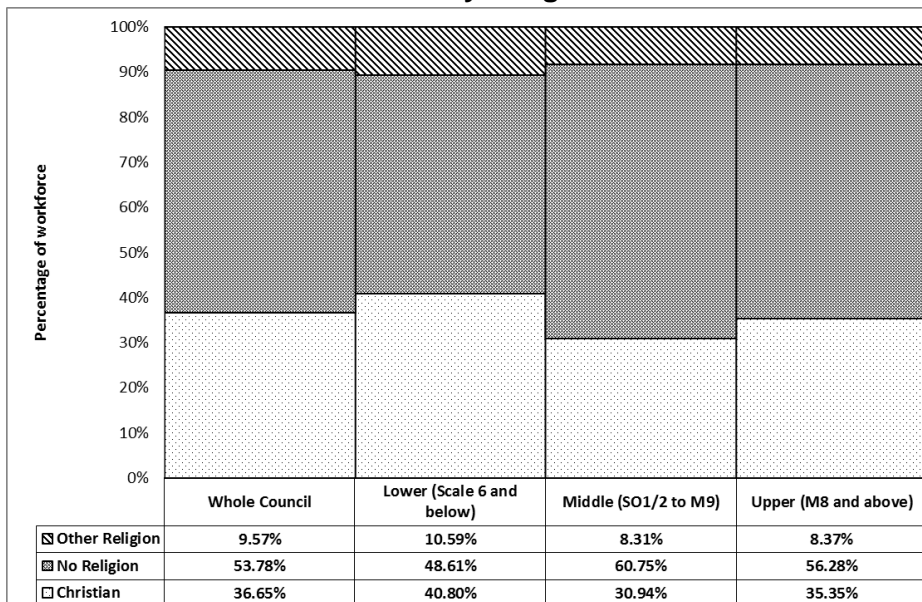
### Grade Profile by Sex



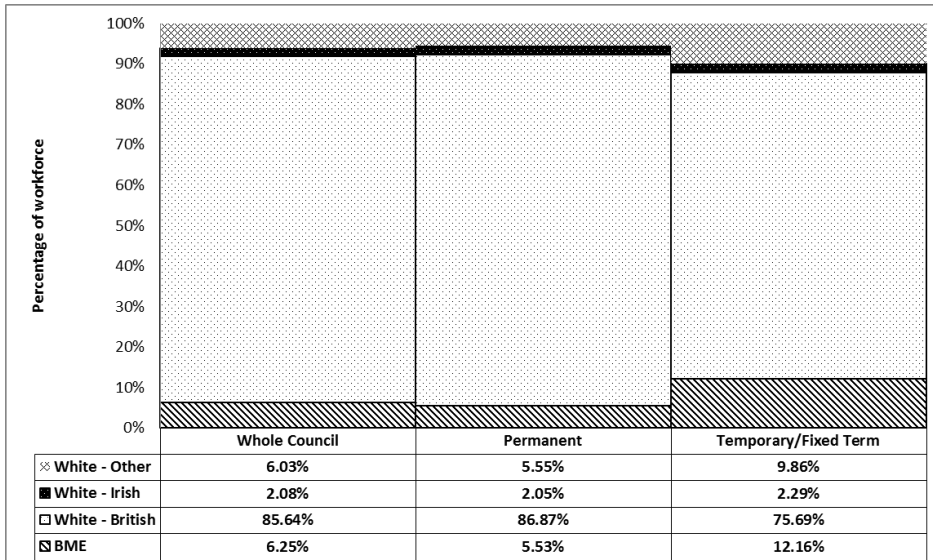
### Grade Profile by Age



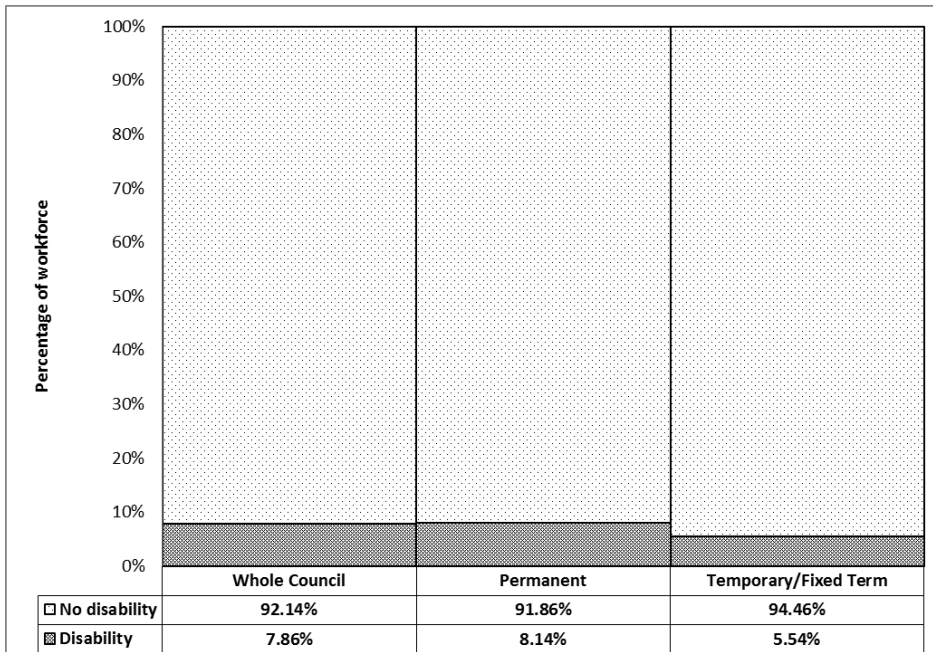
### Grade Profile by Religion/Belief



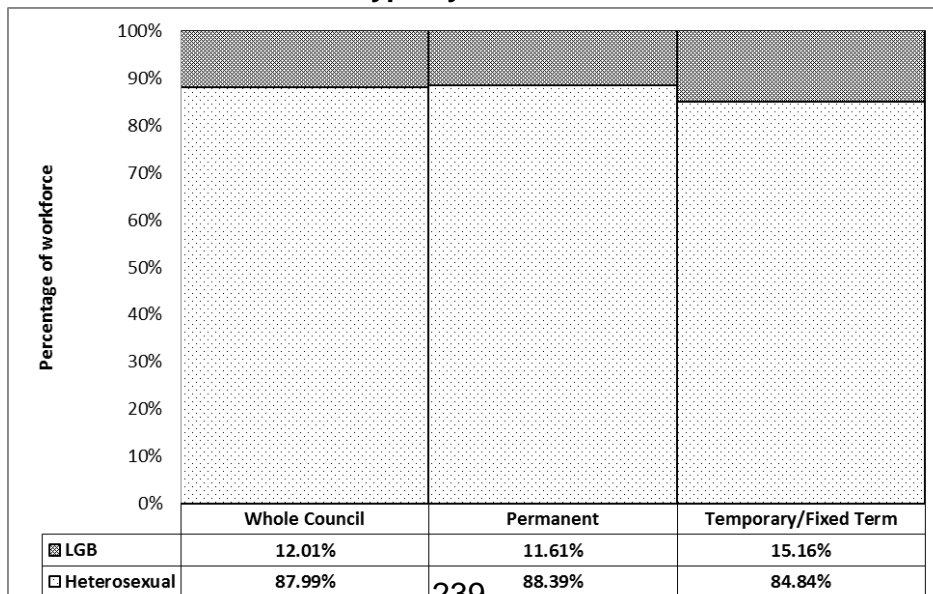
### Contract Type by Ethnic Background



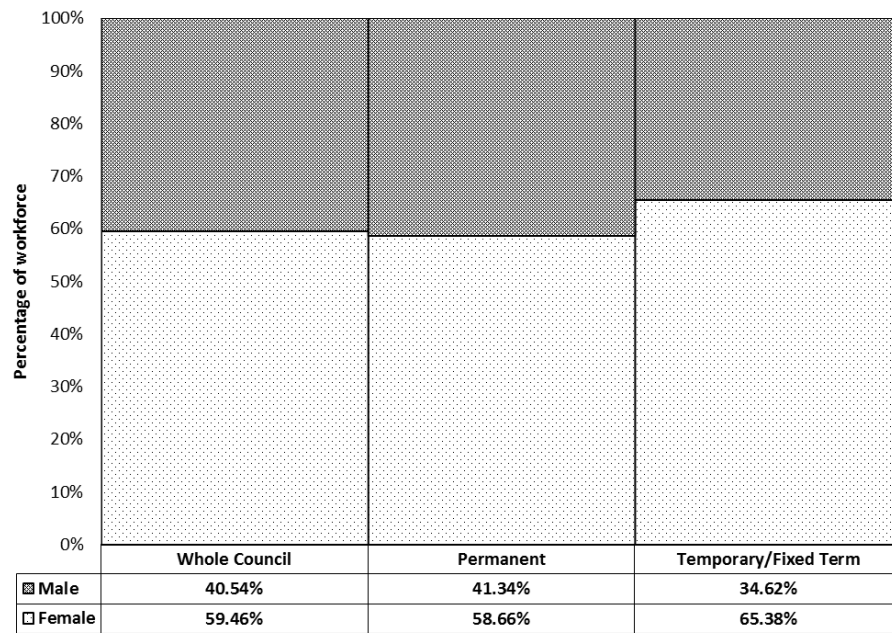
### Contract Type by Disability Status



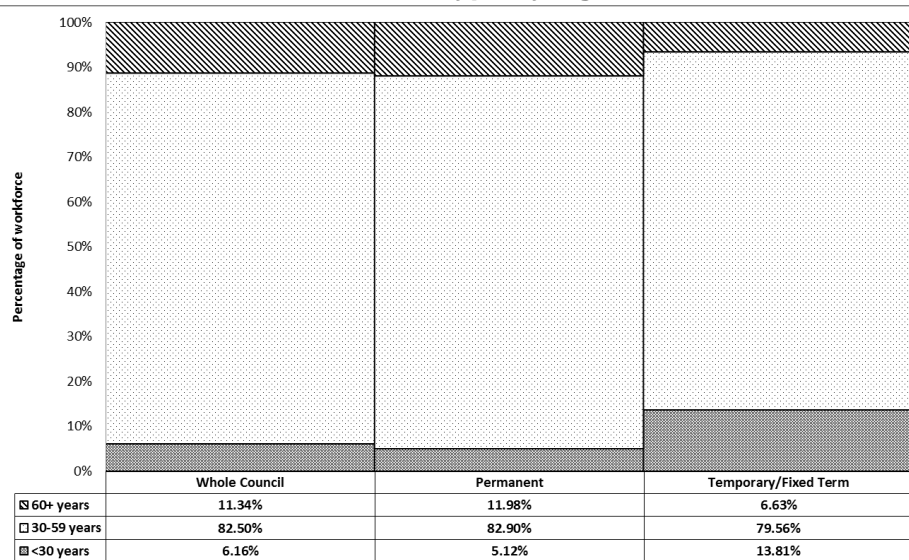
### Contract Type by Sexual Orientation



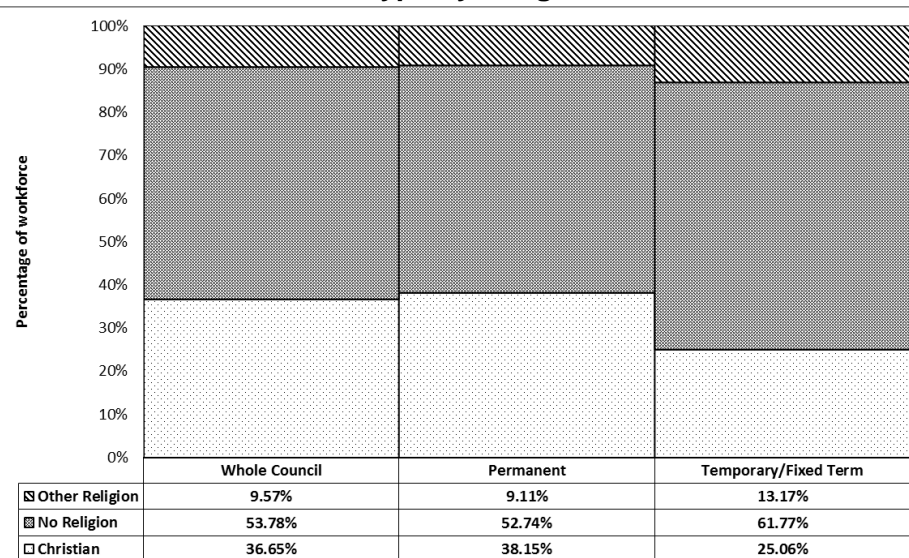
### Contract Type by Sex

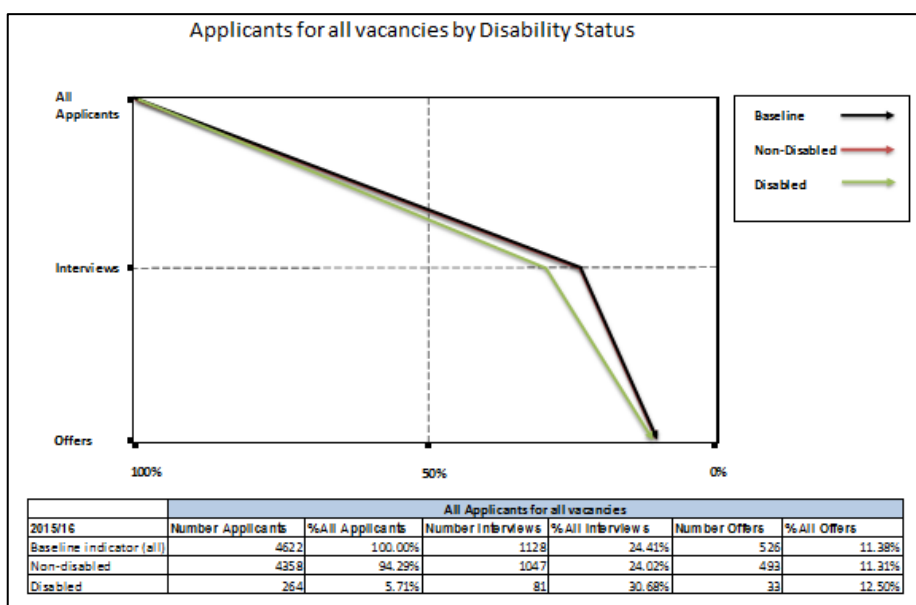
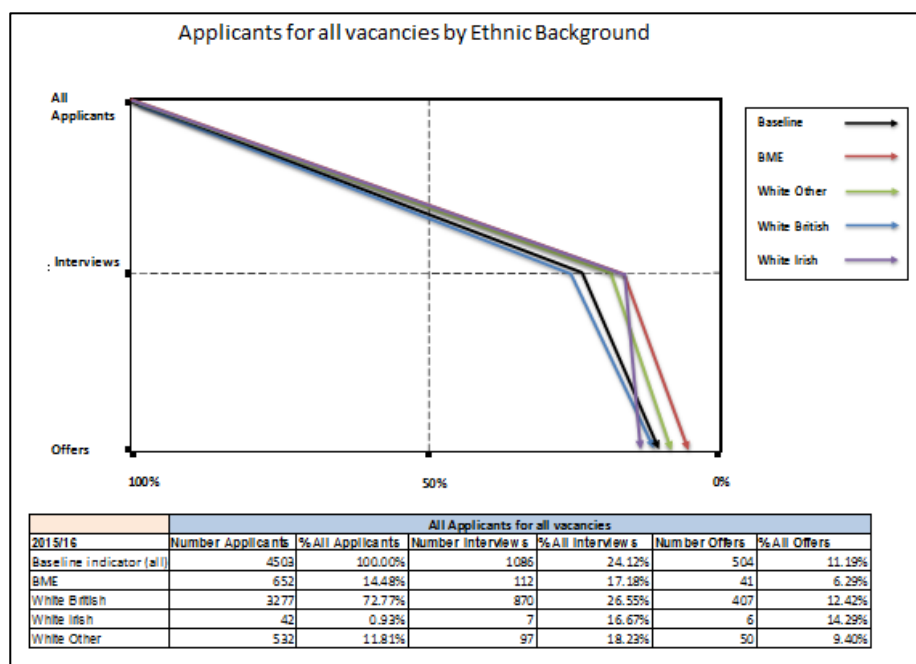


### Contract Type by Age

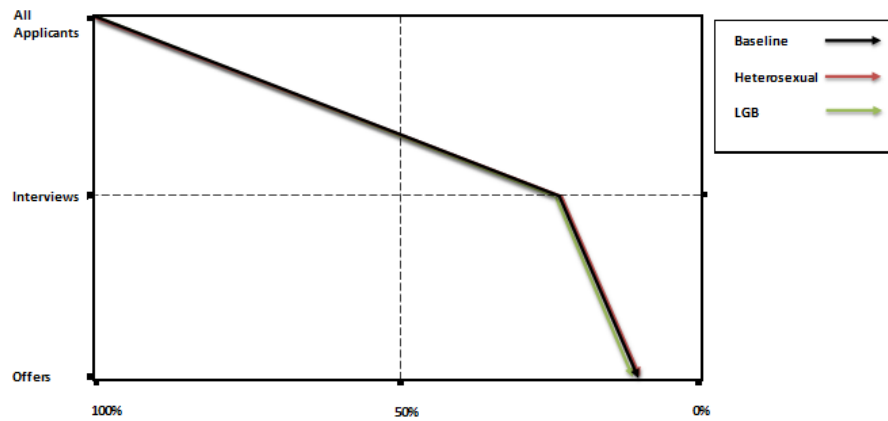


### Contract Type by Religion/Belief



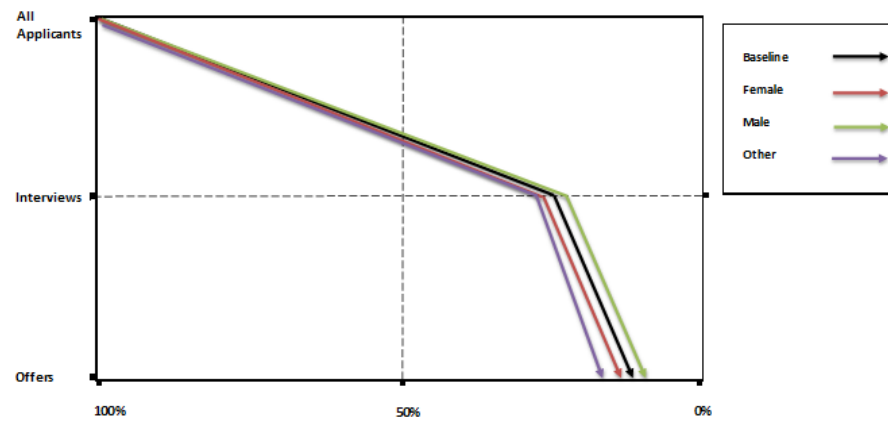


Applicants for all vacancies by Sexual Orientation



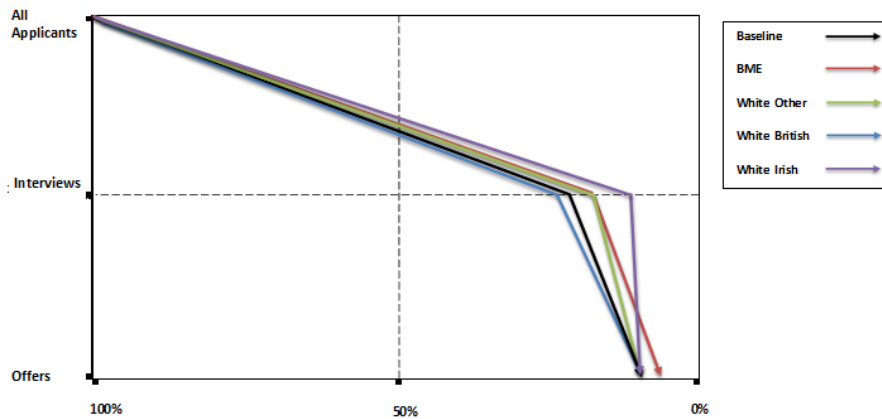
|                          | All Applicants for all vacancies |                  |                   |                  |               |              |
|--------------------------|----------------------------------|------------------|-------------------|------------------|---------------|--------------|
| 2015/16                  | Number Applicants                | % All Applicants | Number Interviews | % All Interviews | Number Offers | % All Offers |
| Baseline indicator (all) | 4338                             | 100.00%          | 1035              | 23.86%           | 472           | 10.88%       |
| Heterosexual             | 3739                             | 86.19%           | 886               | 23.70%           | 396           | 10.59%       |
| LGB                      | 599                              | 13.81%           | 149               | 24.87%           | 76            | 12.69%       |

Applicants for all vacancies by Sex



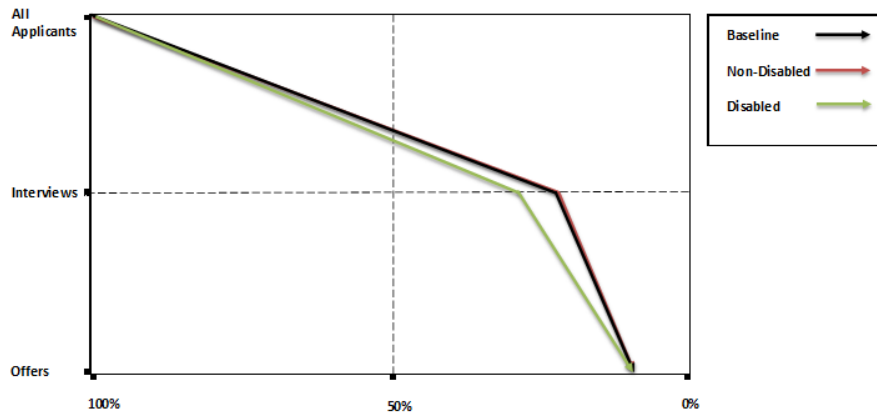
|                          | All Applicants for all vacancies |                  |                   |                  |               |              |
|--------------------------|----------------------------------|------------------|-------------------|------------------|---------------|--------------|
| 2015/16                  | Number Applicants                | % All Applicants | Number Interviews | % All Interviews | Number Offers | % All Offers |
| Baseline indicator (all) | 4666                             | 100.00%          | 1168              | 25.03%           | 564           | 12.09%       |
| Female                   | 2621                             | 56.17%           | 705               | 26.90%           | 359           | 13.70%       |
| Male                     | 2045                             | 43.83%           | 463               | 22.64%           | 205           | 10.02%       |
| Other                    | 18                               | 0.39%            | 5                 | 27.78%           | 3             | 16.67%       |

### Applicants for Scale 1-6 vacancies by Ethnic Background



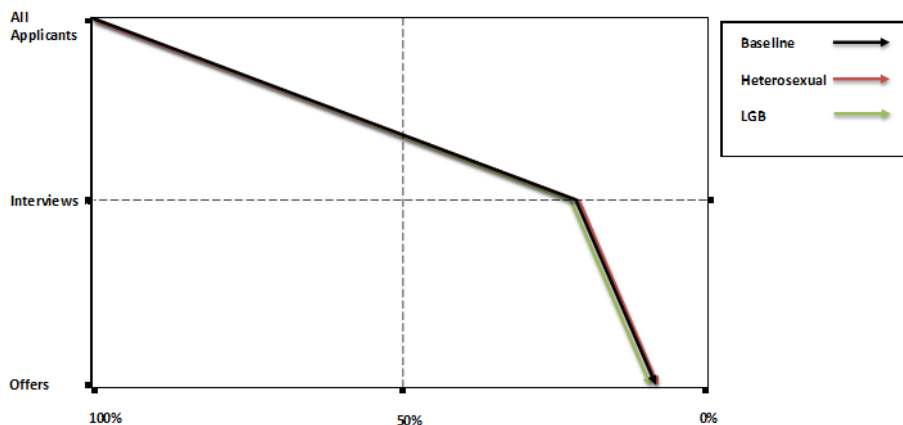
| All Applicants for lower vacancies - (Lower Scale 1 - 6) |                   |                  |                   |                  |               |              |
|--|-------------------|------------------|-------------------|------------------|---------------|--------------|
| 2015/16  | Number Applicants | % All Applicants | Number Interviews | % All Interviews | Number Offers | % All Offers |
| Baseline indicator (all)                                 | 3157              | 100.00%          | 705               | 22.33%           | 309           | 9.79%        |
| BME  | 440               | 13.94%           | 81                | 18.41%           | 30            | 6.82%        |
| White British  | 2282              | 72.28%           | 547               | 23.97%           | 234           | 10.25%       |
| White Irish  | 29                | 0.92%            | 4                 | 13.79%           | 3             | 10.34%       |
| White Other  | 406               | 12.86%           | 73                | 17.98%           | 42            | 10.34%       |

### Applicants for Scale 1-6 vacancies by Disability Status



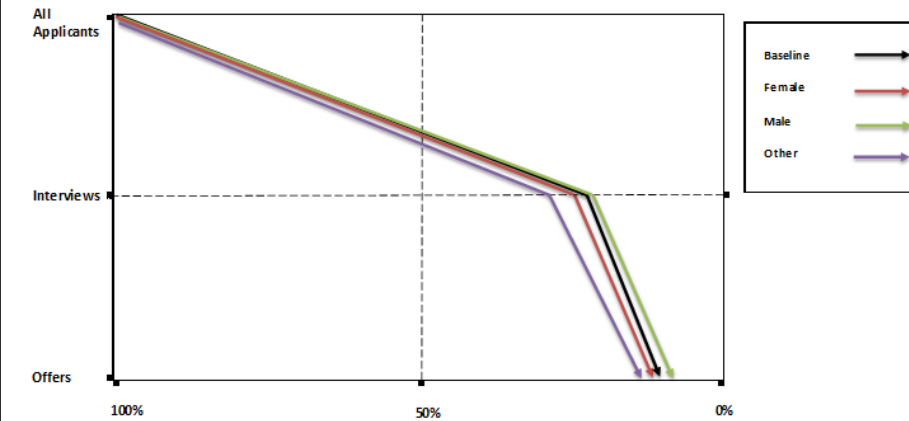
| All Applicants for lower vacancies - (Lower Scale 1 - 6) |                   |                  |                   |                  |               |              |
|--|-------------------|------------------|-------------------|------------------|---------------|--------------|
| 2015/16  | Number Applicants | % All Applicants | Number Interviews | % All Interviews | Number Offers | % All Offers |
| Baseline indicator (all)                                 | 3242              | 100.00%          | 736               | 22.70%           | 327           | 10.09%       |
| Non-disabled   | 3054              | 94.20%           | 680               | 22.27%           | 308           | 10.09%       |
| Disabled   | 188               | 5.80%            | 56                | 29.79%           | 19            | 10.11%       |

### Applicants for Scale 1-6 vacancies by Sexual Orientation



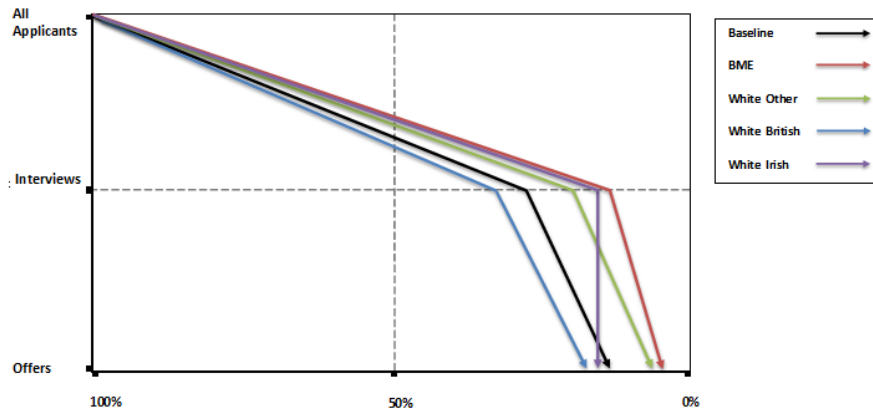
| All Applicants for lower vacancies - (Lower Scale 1 - 6) |                   |                  |                   |                  |               |              |
|--|-------------------|------------------|-------------------|------------------|---------------|--------------|
| 2015/16  | Number Applicants | % All Applicants | Number Interviews | % All Interviews | Number Offers | % All Offers |
| Baseline indicator (all)                                 | 3042              | 100.00%          | 670               | 22.02%           | 289           | 9.50%        |
| Heterosexual   | 2618              | 86.06%           | 572               | 21.85%           | 245           | 9.36%        |
| LGB  | 424               | 13.94%           | 98                | 23.11%           | 44            | 10.38%       |

Applicants for Scale 1-6 vacancies by Sex



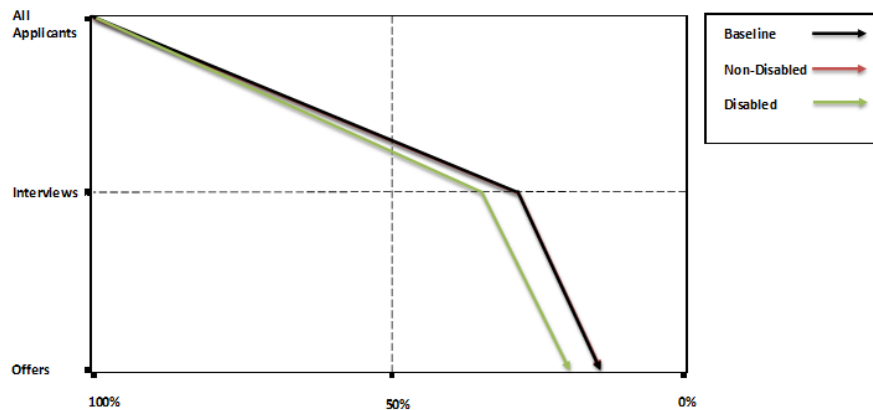
| All Applicants for lower vacancies - (Lower Scale 1 - 6) |                   |                  |                   |                  |               |              |
|--|-------------------|------------------|-------------------|------------------|---------------|--------------|
| 2015/16  | Number Applicants | % All Applicants | Number Interviews | % All Interviews | Number Offers | % All Offers |
| Baseline indicator (all)                                 | 3274              | 100.00%          | 768               | 23.46%           | 357           | 10.90%       |
| Female   | 1808              | 55.22%           | 448               | 24.78%           | 218           | 12.06%       |
| Male   | 1466              | 44.78%           | 320               | 21.83%           | 139           | 9.48%        |
| Other  | 14                | 0.43%            | 4                 | 28.57%           | 2             | 14.29%       |

Applicants for Scale SO1/2- M9 vacancies by Ethnic Background



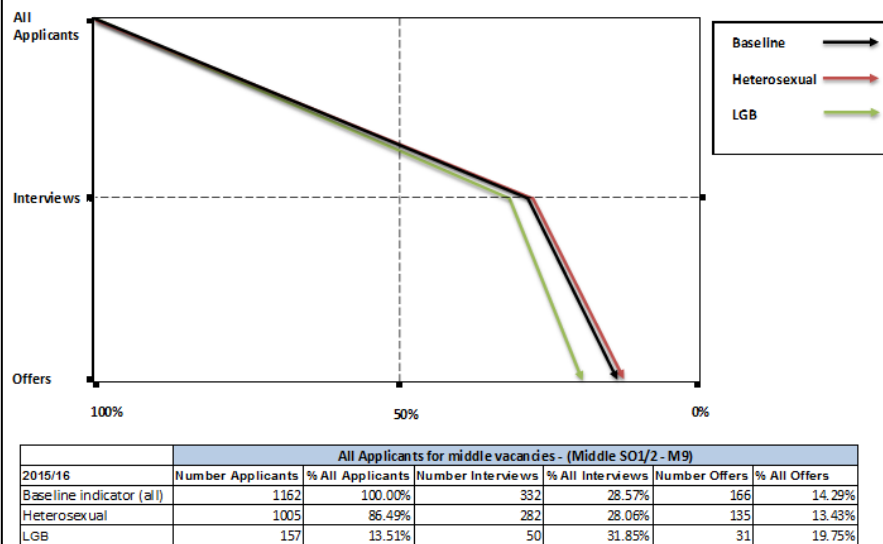
| All Applicants for middle vacancies - (Middle SO1/2 - M9) |                   |                  |                   |                  |               |              |
|---|-------------------|------------------|-------------------|------------------|---------------|--------------|
| 2015/16   | Number Applicants | % All Applicants | Number Interviews | % All Interviews | Number Offers | % All Offers |
| Baseline indicator (all)                                  | 1206              | 100.00%          | 346               | 28.69%           | 177           | 14.68%       |
| BME   | 188               | 15.59%           | 26                | 13.83%           | 9             | 4.79%        |
| White British   | 888               | 73.63%           | 294               | 33.11%           | 158           | 17.79%       |
| White Irish   | 12                | 1.00%            | 2                 | 16.67%           | 2             | 16.67%       |
| White Other   | 118               | 9.78%            | 24                | 20.34%           | 8             | 6.78%        |

Applicants for Scale SO1/2- M9 vacancies by Disability Status

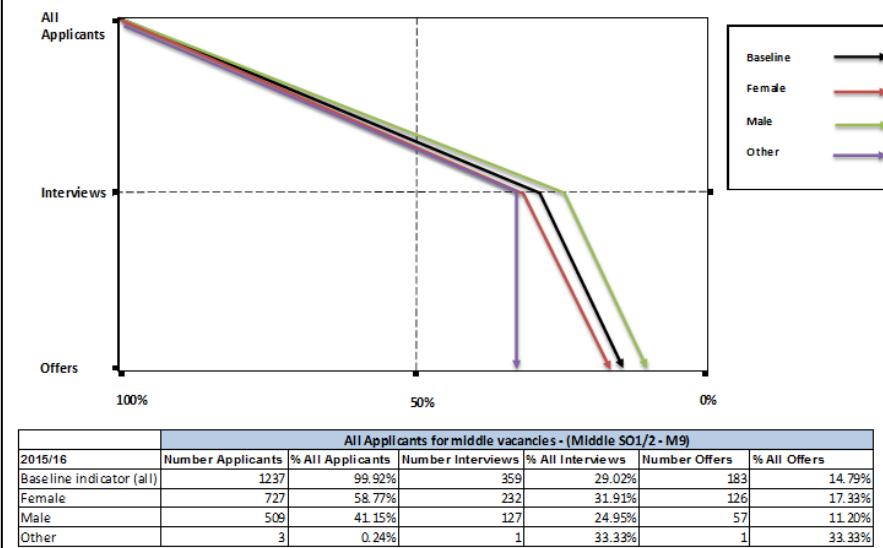


| All Applicants for middle vacancies - (Middle SO1/2 - M9) |                   |                  |                   |                  |               |              |
|---|-------------------|------------------|-------------------|------------------|---------------|--------------|
| 2015/16   | Number Applicants | % All Applicants | Number Interviews | % All Interviews | Number Offers | % All Offers |
| Baseline indicator (all)                                  | 1237              | 100.00%          | 357               | 28.86%           | 181           | 14.63%       |
| Non-disabled  | 1168              | 94.42%           | 333               | 28.51%           | 167           | 14.30%       |
| Disabled  | 69                | 5.58%            | 24                | 34.78%           | 14            | 20.29%       |

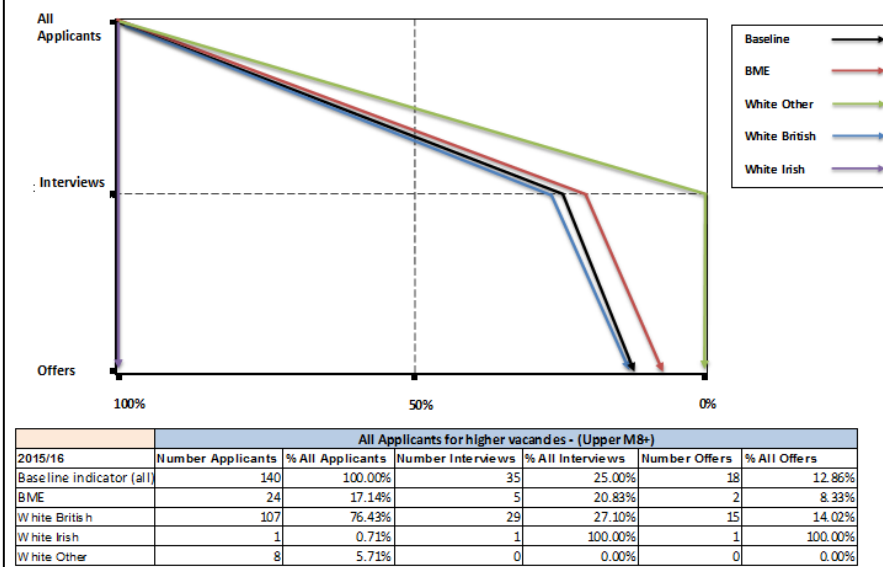
Applicants for Scale SO1/2-M9 vacancies by Sexual Orientation

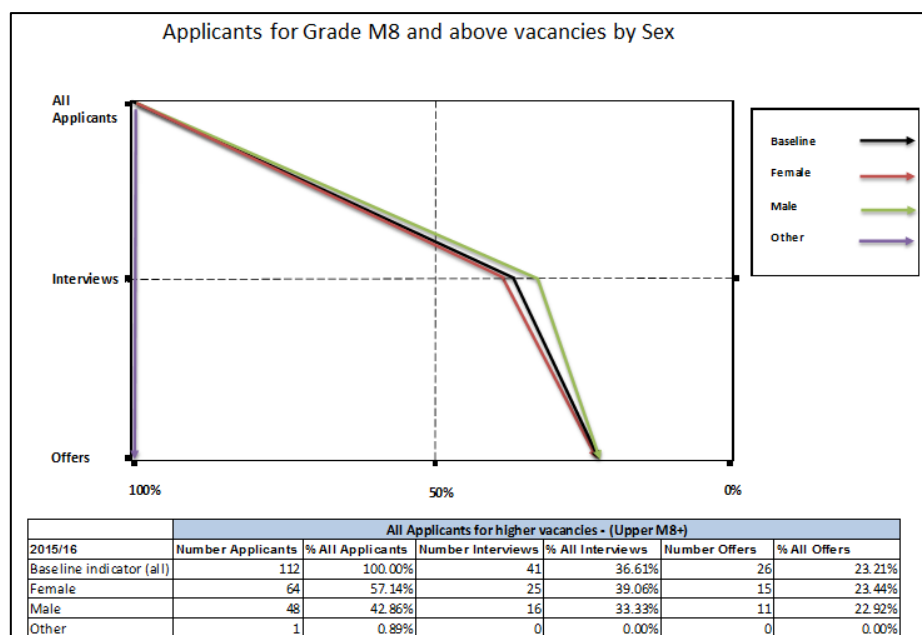
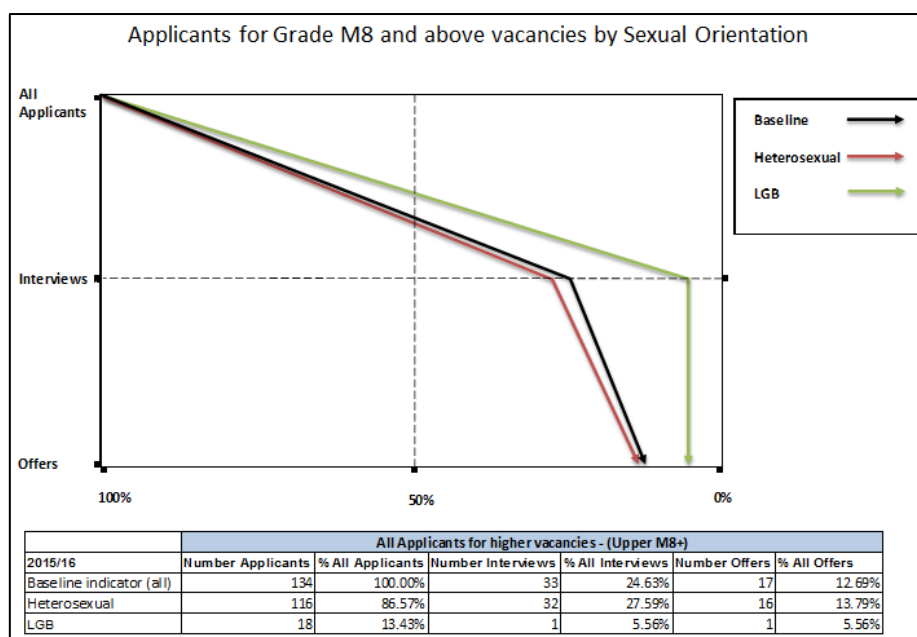
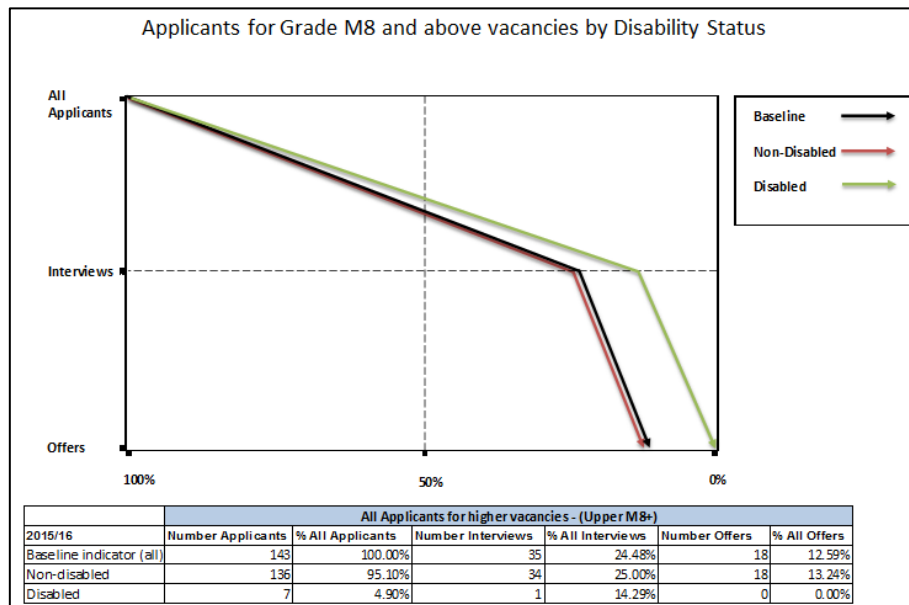


Applicants for Scale SO1/2- M9 vacancies by Sex

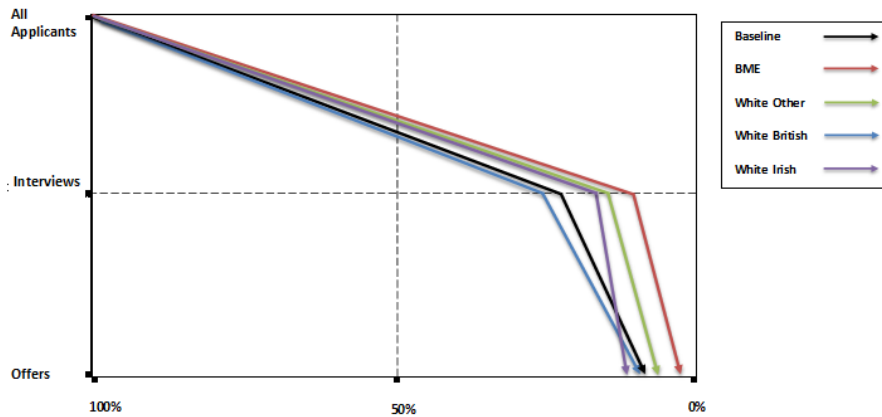


Applicants for Grade M8 and above vacancies by Ethnic Background



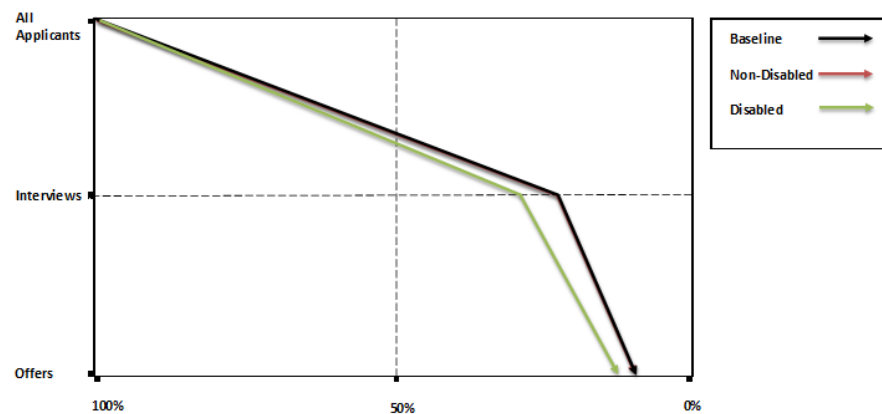


### Applicants for permanent vacancies by Ethnic Background



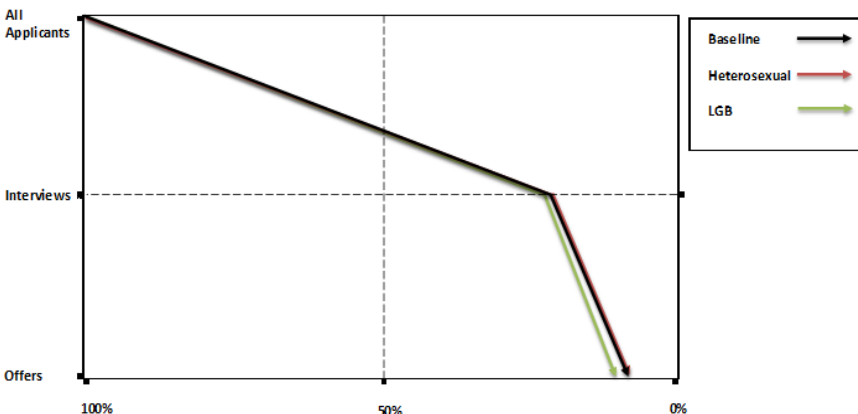
| All Applicants for all vacancies by Contract Type - Permanent |                   |                  |                   |                  |               |              |
|---|-------------------|------------------|-------------------|------------------|---------------|--------------|
| 2015/16   | Number Applicants | % All Applicants | Number Interviews | % All Interviews | Number Offers | % All Offers |
| Baseline indicator (all)                                      | 2754              | 100.00%          | 623               | 22.62%           | 244           | 8.86%        |
| BME   | 393               | 14.27%           | 44                | 11.20%           | 11            | 2.80%        |
| White British   | 2038              | 74.00%           | 529               | 25.96%           | 210           | 10.30%       |
| White Irish   | 24                | 0.87%            | 4                 | 16.67%           | 3             | 12.50%       |
| White Other   | 299               | 10.86%           | 46                | 15.38%           | 20            | 6.69%        |

### Applicants for permanent vacancies by Disability Status



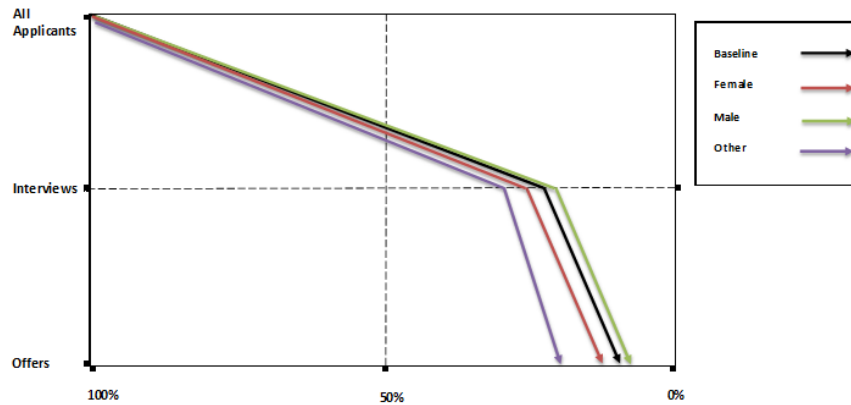
| All Applicants for all vacancies by Contract Type - Permanent |                   |                  |                   |                  |               |              |
|---|-------------------|------------------|-------------------|------------------|---------------|--------------|
| 2015/16   | Number Applicants | % All Applicants | Number Interviews | % All Interviews | Number Offers | % All Offers |
| Baseline indicator (all)                                      | 2818              | 100.00%          | 645               | 22.89%           | 270           | 9.58%        |
| Non-disabled  | 2657              | 94.29%           | 598               | 22.51%           | 248           | 9.33%        |
| Disabled  | 161               | 5.71%            | 47                | 29.19%           | 22            | 13.66%       |

### Applicants for permanent vacancies by Sexual Orientation



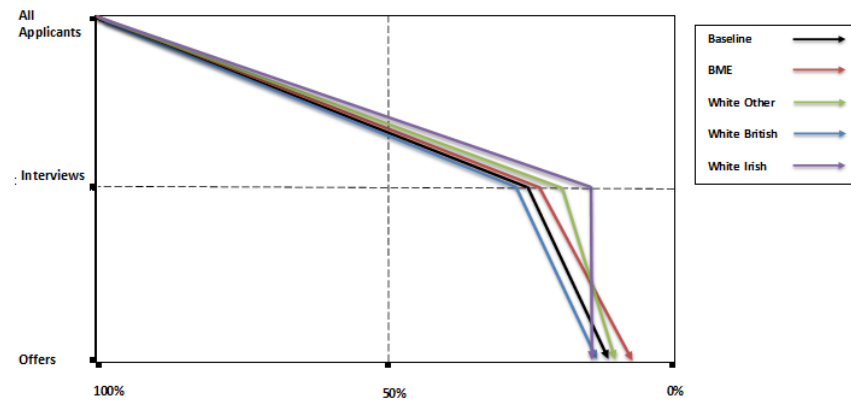
| All Applicants for all vacancies by Contract Type - Permanent |                   |                  |                   |                  |               |              |
|---|-------------------|------------------|-------------------|------------------|---------------|--------------|
| 2015/16   | Number Applicants | % All Applicants | Number Interviews | % All Interviews | Number Offers | % All Offers |
| Baseline indicator (all)                                      | 2670              | 100.00%          | 599               | 22.43%           | 245           | 9.18%        |
| Heterosexual  | 2307              | 86.40%           | 515               | 22.32%           | 202           | 8.76%        |
| LGB   | 363               | 13.60%           | 84                | 23.14%           | 43            | 11.85%       |

### Applicants for permanent vacancies by Sex



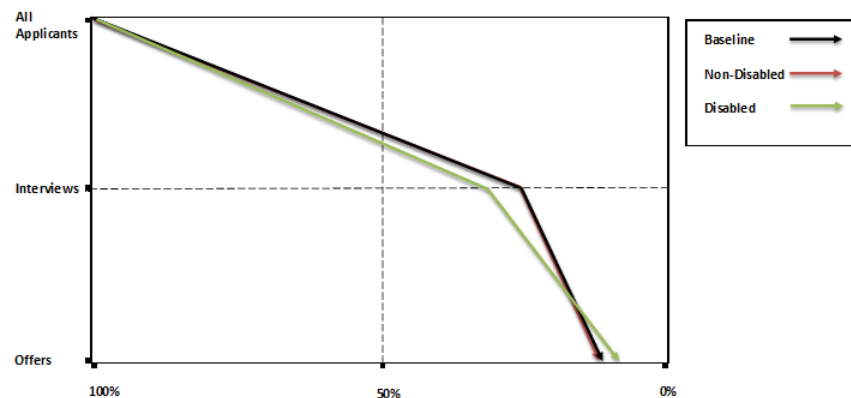
| All Applicants for all vacancies by Contract Type - Permanent |                   |                  |                   |                  |               |              |
|---|-------------------|------------------|-------------------|------------------|---------------|--------------|
| 2015/16   | Number Applicants | % All Applicants | Number Interviews | % All Interviews | Number Offers | % All Offers |
| Baseline indicator (all)                                      | 2852              | 100.00%          | 668               | 23.42%           | 295           | 10.34%       |
| Female  | 1513              | 53.05%           | 389               | 25.71%           | 191           | 12.62%       |
| Male  | 1339              | 46.95%           | 279               | 20.84%           | 104           | 7.77%        |
| Other   | 10                | 0.35%            | 3                 | 30.00%           | 2             | 20.00%       |

### Applicants for temporary/ fixed-term vacancies by Ethnic Background

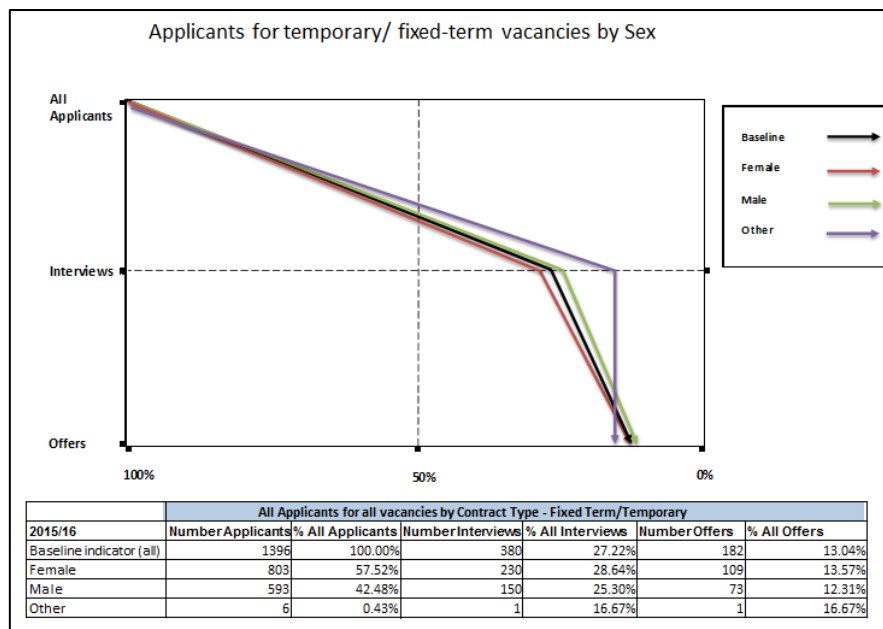
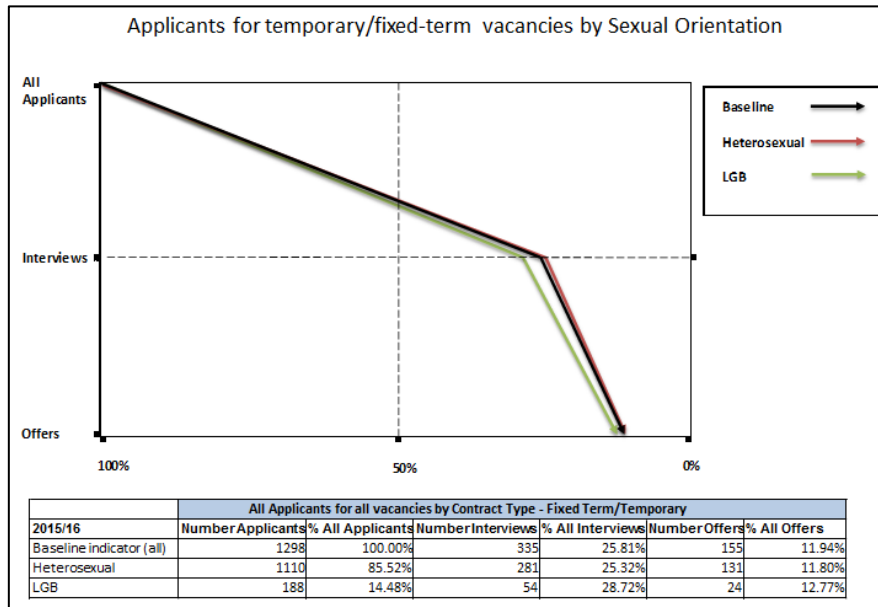


| All Applicants for all vacancies by Contract Type - Fixed Term/Temporary |                   |                  |                   |                  |               |              |
|--|-------------------|------------------|-------------------|------------------|---------------|--------------|
| 2015/16  | Number Applicants | % All Applicants | Number Interviews | % All Interviews | Number Offers | % All Offers |
| Baseline indicator (all)   | 1352              | 100.00%          | 358               | 26.48%           | 169           | 12.50%       |
| BME  | 218               | 16.12%           | 52                | 23.85%           | 18            | 8.26%        |
| White British  | 951               | 70.34%           | 269               | 28.29%           | 131           | 13.77%       |
| White Irish  | 13                | 0.96%            | 2                 | 15.38%           | 2             | 15.38%       |
| White Other  | 170               | 12.57%           | 35                | 20.59%           | 18            | 10.59%       |

### Applicants for temporary/ fixed-term vacancies by Disability Status



|                          | All Applicants for all vacancies by Contract Type - Fixed Term/Temporary |                  |                   |                  |               |              |
|--------------------------|--|------------------|-------------------|------------------|---------------|--------------|
| 2015/16                  | Number Applicants  | % All Applicants | Number Interviews | % All Interviews | Number Offers | % All Offers |
| Baseline indicator (all) | 1393   | 100.00%          | 372               | 26.70%           | 178           | 12.78%       |
| Non-disabled             | 1309   | 93.97%           | 345               | 26.36%           | 170           | 12.99%       |
| Disabled                 | 84   | 6.03%            | 27                | 32.14%           | 8             | 9.52%        |





|                          |   |   |                     |
|--------------------------|---|---|---------------------|
| <b>Subject:</b>          | <b>Revised Recruitment and Selection Policy</b>       |   |                     |
| <b>Date of Meeting:</b>  | <b>13 October 2016</b>                                |   |                     |
| <b>Report of:</b>        | <b>Executive Director for Finance &amp; Resources</b> |   |                     |
| <b>Contact Officer:</b>  | <b>Name:</b>  | <b>Sue Moorman</b>                      | <b>Tel: 29-3629</b> |
|                          | <b>Email:</b>   | <b>Sue.moorman@brighton-hove.gov.uk</b> |                     |
| <b>Ward(s) affected:</b> | <b>All</b>  |   |                     |

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

- 1.1 The purpose of this report is to brief the Committee on the main drivers for revising the council's recruitment and selection policy and to seek approval for implementing a revised Policy.
- 1.2 The council's current Recruitment and Selection Policy was originally approved in 2007. Although reviewed in 2012, the policy remained largely unchanged.
- 1.3 It is important that the council has a recruitment and selection policy that not only provides a consistent, fair and transparent process for recruiting high calibre employees with the right knowledge, skills and abilities to the right jobs but that it also supports the development of a workforce that reflects the diversity of the local economically active population.
- 1.4 Evidence from our recruitment and workforce data suggests that the current policy could be more effective in supporting applications from under-represented groups in the workforce.
- 1.5 In view of this, a review of the council's current recruitment and selection policy, practices and processes was carried out. A number of potential barriers to the recruitment of individuals from groups currently under-represented within the workforce were identified.
- 1.6 These findings have informed the development of the new policy which will provide an improved framework for recruitment and selection within the council.

**2. RECOMMENDATIONS:**

- 2.1 That the Committee approve the new Recruitment and Selection Policy attached as Appendix 1.

**3. CONTEXT/ BACKGROUND INFORMATION**

- 3.1 Equality monitoring of the council's workforce shows that the overall profile of the council's workforce is changing only slowly and that certain groups remain under-

represented compared with the economically active population of Brighton and Hove. Levels of under-representation are particularly acute for those from a BME or White Other background, males and individuals who identify as disabled. By contrast, the council employs a proportionally higher percentage of female employees and individuals from a White Irish background.

- 3.2 One of the key objectives of the council's Workforce Equalities Action Plan is to increase the diversity of the organisation's workforce, at all levels, so that its equality profile more closely reflects that of the local economically active population.
- 3.3 This may be achieved by recruiting a more diverse range of new employees. Therefore the council needs an effective Recruitment & Selection Policy that is underpinned by consistent robust processes and practices.
- 3.4 The current recruitment & selection policy is longstanding (it was introduced in 2007) and whilst it was reviewed in 2012, its key provisions remained unchanged. Although the current policy complies with legislative requirements and best practice, it is considered that certain aspects of the policy do not support the development of a more diverse workforce.
- 3.5 A review of the current policy, processes and practices was initiated following:-
- feedback we had received from our Workers Forums, in particular the BME workers Forum
  - the findings from an engagement exercise we undertook with local BME communities to learn about their experiences of applying for council jobs and
  - a scrutiny exercise of a number of recruitment exercises.
- 3.6 The review identified the following:-
- there was a heavy reliance by managers on the use of agency workers to cover vacancies, sometimes for protracted periods
  - the council's application form was onerous to complete
  - applicants did not understand how to complete the key knowledge, skills and experience section of the form to maximise their chances of being shortlisted
  - person specifications were overly long
  - not all managers were completing the requisite training before recruiting
  - appointments were made predominantly on an assessment of technical competence with far less emphasis on whether individuals were compatible with the council's values and behaviour framework.

### ***Proposed changes to the recruitment and selection policy***

- 3.7 A copy of the new Recruitment and Selection Policy is attached at Appendix 1. The changes that have been made are designed to address the perceived shortcomings of the current policy. The new policy strives to:
- strike a balance between recruiting externally with the aspirations of existing staff to develop and progress within the organisation
  - minimise the organisation's reliance on the use of agency workers and
  - ensure that new recruits are assessed not only on their technical ability but also on their compatibility with the council's values and behaviours.
- 3.8 The principal changes that have been made are:

- all vacancies of more than 12 weeks duration should be advertised internally and externally at the same time once they have been cleared through redeployment
- positive action statements should be included in all adverts and other positive action initiatives undertaken as part of recruitment campaigns to increase the diversity of job applicants and subsequent recruits
- agency workers to be used for short-term or emergency staffing needs only (normally up to a maximum of 12 weeks). Where the need for the post goes beyond this, then it should be advertised as described above
- Chairs of recruitment panels should be at least grade SO1/2 and have completed the recruitment and selection and equalities e-learning modules in the last 12 months and, normally, the recruitment and selection skills workshop within the last 3 years. This is considered essential to improve the quality of recruitment decisions
- Recruitment panel members should have completed, as a minimum, the recruitment and selection and equalities e-learning modules within the last 12 months
- Two experienced and trained recruiting managers must accompany a manager who is recruiting for the first time on a recruitment panel
- Two satisfactory references must be obtained for an external candidate covering at least the last three years of employment.

3.9 To support the new policy, the council has already introduced a number of changes to its recruitment and selection processes in an effort to minimise the potential barriers to employment that had been identified for different equality groups. These include:

- amending the council's application form to make it less onerous to complete
- providing examples of completed application forms to illustrate to applicants how best to demonstrate how they meet the essential criteria set out in the person specification for the job
- reducing the number of criteria applicants need to compete at the application stage by indicating on person specifications at which stage of the recruitment and selection process each criterion will be assessed
- adding the council's values and associated behaviours to person specifications – this will support culture change and the building of a truly inclusive workplace culture
- reviewing the council's recruitment and selection training offer to improve recruiting managers knowledge and skills and so improve decision-making. Monitoring mechanisms will be established to ensure that recruiting managers have undertaken the requisite training

3.10 The range of proposed changes will enable the council to appoint talented people with the right skills, values and behaviours and encourage a more diverse workforce.

#### **4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS**

- 4.1 Under the Equality Act 2010, the council is subject to the Public Sector Equality Duty ('PSED') which requires them to have due regard to the need to: eliminate unlawful discrimination, advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not share it.
- 4.2 The new policy seeks to implement the changes to its recruitment and selection practices and processes as outlined in this report, therefore meeting the PSED to which the council is subject more effectively.

## **5. COMMUNITY ENGAGEMENT & CONSULTATION**

- 5.1 The proposed changes to the recruitment and selection policy have been discussed with members of the Workforce Equalities Group and formal consultation has taken place with the council's recognised trade unions.

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

### Financial Implications:

- 6.1 The proposed policy of externally advertising all contracts over 12 weeks duration will add to the cost of recruitment for the council. However assuming a similar level of activity to 2015/16 this would only equate to approximately £0.015m per annum, which would be expected to be contained within existing resources.

Finance Officer Consulted: Peter Francis      Date: 25 August 2016

### Legal Implications:

- 6.2 As stated in point 4 above, the Council is subject to the PSED, and the proposed policy more effectively seeks to address the specific requirements of the PSED placed on the Council as a public authority. The analysis undertaken, including an Equality Impact Assessment, to make the amendments to the current policy has highlighted those areas for improvement for the new policy. The proposal to monitor the new policy on an ongoing basis reflects that the PSED is a continuing one, and further analysis of the new policy should reflect the Council's ongoing compliance with the PSED, and its commitment to elimination of discrimination and advancement of equality of opportunity in particular.

Lawyer Consulted: Alison Leitch      Date: 26 August 2016

### Equalities Implications:

- 6.3 The equalities impact of the council's current recruitment and selection policy has been identified through a variety of means including the results of an Equality Impact Assessment. The new policy has been designed to eliminate or mitigate as far as practicable, the adverse impacts of recruitment and selection on certain equality groups, particularly those identifying as BME, White Other, male or disabled cited in this report.

The impact of the new policy will be monitored through the continued equality monitoring and analysis of the council's workforce and recruitment data. Its success will be measured in terms of changes in the diversity of the council's workforce profile, particularly in relation to those groups currently under-represented in the workforce, compared with the equality profile of the City's economically active population.

### Sustainability Implications:

- 6.4 There are no direct sustainability implications arising from this report.

Any other significant Implications:

- 6.5 There are no other significant implications arising from this report.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

Appendix 1: Proposed Recruitment and Selection Policy

### **Background Documents:**

None.

# **Recruitment & Selection Policy**

## **Introduction**

The council is committed to providing continuously improving, efficient and effective services to the diverse communities of Brighton and Hove. However, in order to achieve this, the council recognises that it is crucial to recruit the right people with the right skills and values to the right job and that these individuals should reflect, as far as possible, the diversity of the local community it serves.

This Policy provides a framework to ensure the council has a fair, objective, consistent and transparent recruitment and selection process that promotes good practice and supports a proactive approach to equality and diversity.

As it only sets out the broad principles, recruiting managers should read it in conjunction with the more detailed guidance relating to each stage of the process published on The Wave.

If this Policy is successful, the council will not only be able to appoint talented people with the right skills, values and behaviours more consistently but the workforce at all levels within the organisation will more accurately reflect the City's economically active population.

## **Scope**

This policy applies to all individuals employed by Brighton & Hove City Council. It should be used for any appointment including permanent and temporary/fixed-term staff, apprentices, work placements and casuals.

Recruitment of the Chief Executive, Chief Officer and Deputy Chief Officers (i.e. those who report directly to a Chief Officer but excluding support staff) will be carried out in accordance with this Policy's general principles and the rules set out in the council's Constitution.

It is recommended that schools adopt this policy.

## **Aims**

This Policy aims to:

- ensure the council has a talented, skilled, flexible and motivated workforce that can deliver effective, value-for-money services in line with the organisation's strategic priorities, both now and in the future
- set out the standards to ensure that the council's recruitment processes are fair, consistent and transparent and comply with relevant legislation and good practice
- ensure that the right person with the right skills is appointed to the right job, first time
- increase the diversity of the workforce through the attraction and recruitment of high quality candidates from across the community, particularly from under-represented groups

- balance the benefits of recruiting externally with the aspirations of existing staff to develop and progress within the organisation
- ensure that new recruits are assessed not only on their technical ability, but also for their compatibility with the council's values and behaviours
- promote a positive image of the council as an employer.

## **General Principles**

- The recruitment and selection process must be appropriate to the job concerned and be able to deliver a quality candidate for the job at a reasonable cost
- safer recruitment practices must be employed for all posts involving contact with children and/ or vulnerable adults
- vacancies to be advertised will be screened against council redeployees for potential "matches" in the first instance
- disabled applicants who meet the minimum essential selection criteria for the job will be guaranteed an interview
- no job will be advertised without having been job evaluated
- all appointments must be made on merit following assessment against clearly defined criteria
- the process should be undertaken by competent managers who have been trained in equalities and recruitment and selection and the Chair of the recruitment panel should be at least grade SO1/2
- the process must be transparent and auditable with detailed written evidence available to support the decision made in respect of each applicant
- the required pre-employment checks must be carried out on all preferred candidates
- no appointee can start work before receipt of satisfactory pre-employment checks.

## **Responsibilities**

**Executive Directors and Heads of Service** are directly responsible for ensuring that:

- this Policy is followed within their own service areas
- their managers attend recruitment and selection training, including refresher training, as required
- their managers are held accountable for their practices.

**Recruiting Managers** are responsible for:

- familiarising themselves with, and adhering to, this Policy
- having a broad understanding of the current legislation relating to recruitment and selection
- adhering to the council's recruitment and selection processes, including safer recruitment practices where appropriate to the job role
- carrying out recruitment fairly, transparently and without prejudice in accordance with council procedures.
- maintaining their technical knowledge and skill levels by undertaking recruitment and selection training, including refresher courses, as required

Failure to carry out their responsibilities in line with this Policy may be viewed as a potential disciplinary or capability matter.

## **Reviewing the Vacancy**

Before beginning the process to fill any vacant post, managers should review it against their service area's strategic plans to make sure there is still a need for the role in its current form. See [guidance](#) for more information.

## **Opportunities for Young People**

The council is committed to helping young people get into work through its work placements and apprenticeships. Managers are, therefore, encouraged to consider creating suitable opportunities that would enable young, unemployed people to gain valuable work experience and skills. Managers should contact the council's Apprenticeship Programme Officer if they are interested in taking on an apprentice.

## **Use of Agency Workers**

The council aims to fill all vacant posts with directly employed staff. The use of agency workers should therefore be kept to a minimum and used for short-term or emergency staffing needs only (up to a maximum of 12 weeks). For further information refer to the [Using Agency Workers](#) page on the Wave.

## **Job descriptions and person specifications**

All posts must have an up-to-date, accurate job description/ person specification or job role profile. The person specification or job role profile is the central tool of the recruitment and selection process as it sets down the experience, knowledge, skills, values and behaviours that are necessary to enable a person to perform successfully in that job.

All job descriptions/ person specifications or job role profile should be clear and written in easy to understand plain language, free from jargon and acronyms. Care must be taken to ensure that the person specification does not include excessive, discriminatory or desirable criteria.

Ideally, person specifications should have no more than 10 -12 key criteria against which applicants are to be assessed.

## **Customer-facing roles**

When recruiting to roles where the employee is required, as a regular and intrinsic part of the job, to speak to members of the Public, either face-to-face or over the telephone, managers must have regard to the guidance within the "Code of Practice on the English Language Requirement for Public Sector Workers". This means that they must ensure that employees in such roles, irrespective of their nationality or origins, have a command of spoken English which is sufficient to enable them to perform the role effectively. The level of fluency required must be appropriate to the

demands of the role and this must be specified in the person specification or job role profile.

### **IMPORTANT NOTE:**

Fluency does not relate to regional or international accents, dialects, speech impediments or the tone of conversations

See [guidance](#) for more information.

### **Vacancy Control Procedures**

Managers must follow the vacancy control procedures in place at the time they propose to recruit.

### **Moves Not Requiring Selection Procedures**

Vacancies will require a formal selection process except in the following circumstances:

- where an employee who is under notice of redundancy or dismissal on the grounds of capability has been “matched” to the vacancy under the council’s Redeployment Policy)
- voluntary or directed moves at the same grade as part of a service restructure that could prevent a potential redundancy situation
- where one half of a job-share partnership leaves, the remaining partner will be offered the position on full-time basis (see Job-Share Policy) before the position is advertised
- making a temporary/fixed-term employee, permanent but only where the employee had been recruited to that post through a competitive, external recruitment exercise.

### **Advertising the vacancy**

Once released from redeployment, all permanent vacancies and temporary posts required for longer than a year will be advertised internally and externally at the same time.

Temporary vacancies for a period of less than a year, may, at the discretion of the recruiting manager, be advertised internally only. Such vacancies can provide development opportunities for existing employees and should therefore be advertised on a secondment basis. If, at the end of the initial contract period, there is a continuing need to fill the post, the vacancy must be advertised externally.

Only vacancies for a period of twelve weeks or less and which are not expected to be extended, can be covered using an agency worker. However, should it then transpire that there will be a requirement to fill the post beyond the twelve weeks the vacancy should be advertised externally.

This approach will maximise the chances of recruiting the best person for the job by ensuring fair and open competition for jobs.

## **Advertising Media**

Advertising will be designed to ensure that job opportunities are accessible to as wide and diverse an audience as possible and that they attract the strongest possible field of candidates.

## **Adverts**

Recruitment advertisements should reflect the realistic requirements of the job with regard to skills, qualifications and experience and shall not include any unjustifiable or discriminatory requirements. See [guidance](#) for more information.

The council will include generic, positive action statements in its advertisements. Other targeted positive action initiatives may also be undertaken where there is data to justify this.

## **Executive Search**

For a limited number of senior management positions or hard-to-fill professional posts, it may be appropriate to use a consultancy firm to assist with finding potentially suitable candidates. This approach may be used to complement advertising on the open market to attract a wide pool of suitable candidates.

The approval of the Head of HR&OD is required in all cases where it is proposed to use executive search techniques and the company to be used must be selected in accordance with the council's procurement rules.

## **Shortlisting**

The recruitment and selection of employees is one of a manager's most important responsibilities. In view of this, only those managers who, as a minimum, have undertaken the council's recruitment and selection and equalities e-learning training can be involved in the recruitment and selection process. The Chair of the recruitment panel should be at least grade SO1/2 and be more senior than the post being recruited to.

Normally, all members of the recruiting panel should shortlist.

All must be impartial and be able to add value to the process. Under no circumstances must an individual who is a friend, family member or has, or has had, a personal relationship with a candidate participate in shortlisting or sit on an interview panel. The same would apply if an individual's knowledge of an applicant is such that their objectivity may be compromised. This may have particular relevance where internal applicants have been shortlisted.

In these circumstances, the individual must declare an interest and withdraw from the recruitment process.

Disabled candidates who meet the essential criteria for the role will be guaranteed an interview (see the [Guaranteed Interview Scheme](#)).

## **Interview Panels**

For continuity and consistency, it will be usual for the same managers who were involved in shortlisting to also sit on the interview panel. Under no circumstances should a manager interview alone.

An employee who is leaving should not be involved in the recruitment of their successor.

In order to be able to Chair an interview panel, the manager must have successfully completed the council's recruitment and selection and equalities e-learning modules in the last 12 months and, normally, will also have completed its recruitment and selection skills workshop within the last 3 years. This recognises the important role the Chair plays in ensuring that the selection process is carried out fairly and objectively and that the recruitment decision is robust and will stand up to scrutiny. If a suitably qualified individual cannot be found to chair the Panel, then the recruiting manager should contact HR &OD who will assign a Chair.

In order to be able to sit on an interview panel the manager must have at least completed the equalities and recruitment and selection e-learning modules within the last 12 months. There is an expectation that they will also have attended a recruitment and selection skills workshop within the last 3 years.

Observers on recruitment panels must not participate in the decision-making process. Where a first-time recruiter is involved as part of their management development, there must be at least 2 other experienced recruiting managers on the panel.

## **Selection process**

An interview must form the core part of every recruitment and selection process and, for a large number of posts, it will be sufficient to use it as the sole method of assessment.

However, for others, particularly more senior or technical roles, a more challenging selection process involving some form of testing might be appropriate.

## **Testing**

Care must be taken to ensure that tests do not unfairly discriminate. Where a candidate is known to have a disability that may put him/her at disadvantage, the panel should make reasonable adjustments to the tests to enable the candidate to participate fairly. All proposed tests should be discussed with HR ([see guidance on the use of tests](#)).

## **Involvement of clients/service users**

Where the successful candidate will have to work extensively and closely with children or vulnerable adults, it may be desirable to involve representatives of the clients/service users in the recruitment and selection process.

In order to make sure that the objectivity and robustness of the process is not compromised in any way, managers who are contemplating involving clients/service users in a recruitment exercise should read this [guidance](#) and seek advice from HR before doing so.

## **Post Selection Checks**

The council reserves the right to undertake such pre-employment checks as are necessary to ensure the suitability of the applicant for the job in question. This means that before a conditional offer of employment is confirmed, a number of pre-employment checks must be carried out and the outcomes considered satisfactory. These include:

- appropriate written references (see below)
- health clearance
- verification of qualifications and/or professional registration where appropriate to the role
- Disclosure & Barring Service check where appropriate to the post
- Right to Work in the UK check
- Driving licence check where appropriate to the post

## **References**

References should be sought from those referees identified on the candidate's application form. One of these should always be the current or last employer unless the candidate is a school or college leaver. A copy of the job description and person specification or job role profile must be sent to referees to enable them to make informed comment on the candidate's suitability for the job.

Two satisfactory references must be obtained for an external candidate covering at least the last three years of employment.

Where the preferred candidate is a current council employee, at least one reference must be obtained and this should be from the current line manager.

Additional references should be sought where, for example:

- the reference(s) provided contain only very limited information on the candidate's experience and abilities e.g. they are addressed "To Whom It May Concern" or only give dates of employment
- the preferred candidate has had more than two employers in the last three years
- where the original referee(s) does not provide a reference

For more information see the [guidance on how to check references](#).

## **Record Keeping**

Recruiting managers must keep accurate and detailed records of the recruitment and selection process in order to be able to provide feedback to unsuccessful candidates and as evidence in case the appointment decision is challenged.

All records including application forms and written evidence to support shortlisting and appointment decisions must be kept confidential and stored securely in accordance with the Data Protection Act. Records must be retained for a period of twelve months after an appointment has been made in case they are needed to defend an Employment Tribunal claim. After this time, all documents must be confidentially destroyed.

## **Feedback**

Recruiting managers should always offer to provide feedback to candidates on the outcome of their application.

Feedback given must be accurate and any comments must be able to be substantiated by documentary evidence if required. Feedback must relate specifically to the individual's personal application and must not include comments about the specific performance of other applicants.

## **Complaints**

Complaints relating to any aspect of the recruitment process or decisions made should be made in writing to the Head of HR in the first instance.

## **Monitoring**

In order for the Council to ensure that recruitment and selection practices are undertaken in accordance with the principles set out in this policy, HR will monitor and review arrangements through any of the following:

- structured telephone discussions with recruiting managers prior to, and on completion of, the recruitment process
- random scrutiny of individual recruitment exercises
- manager surveys to review the ongoing effectiveness of the recruitment and selection procedures
- ad hoc surveys to review the candidate experience
- production and analysis of annual recruitment and selection statistics for the purposes of equalities monitoring.

|                          |   |   |                     |
|--------------------------|---|---|---------------------|
| <b>Subject:</b>          | <b>Report on Learning from the Planning &amp; Building Control Service Redesign</b> |   |                     |
| <b>Date of Meeting:</b>  | <b>13 October 2016</b>  |   |                     |
| <b>Report of:</b>        | <b>Executive Director for Finance &amp; Resources</b>                               |   |                     |
| <b>Contact Officer:</b>  | <b>Name:</b>  | <b>Sue Moorman</b>                      | <b>Tel: 29-3629</b> |
|                          | <b>Email:</b>   | <b>Sue.moorman@brighton-hove.gov.uk</b> |                     |
| <b>Ward(s) affected:</b> | <b>All</b>  |   |                     |

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

- 1.1 In accordance with the recommendations from a Personnel Appeal Panel to the dispute lodged by Unison on behalf of some staff within the Planning Service, the purpose of this report is to provide an overview to the Committee on the key factors to this dispute and the organisational learning undertaken.

**2. RECOMMENDATIONS:**

- 2.1 That the Committee note the context of report and the organisational learning.

**3. CONTEXT/ BACKGROUND INFORMATION**

- 3.2 A service re-design in Planning & Building Control began in November 2013 with the purpose of developing a more pro-active service with an improved focus on the customer and the need to deliver Budget savings. The guiding principles for the service were published and circulated to all staff:

- A design that facilitates a positive customer experience.
- A design that facilitates the modelling of positive behaviours and the sharing of knowledge and skills.
- A design that facilitates the development of enhanced career prospects.
- A design that facilitates streamlined service delivery.
- A design that facilitates clear communications across our teams with all our customers.

Using these principles a detailed service re-design was prepared and published for a 30 day period of consultation beginning on 23<sup>rd</sup> April and ending on Friday 23<sup>rd</sup> May 2014.

- 3.3 The responsibility for service redesign rests with the service manager, who will be advised on the process by HR & Finance.
- 3.4 Correspondence was received from Unison during the consultation period (7<sup>th</sup> May) setting out more than 50 comments and questions. These issues were considered

fully as part of the consultation and responses included in the formal outcome. Many of these issues were addressed in one-to-one meetings and correspondence with individuals during the consultation.

- 3.5 One core proposal was the removal of the grade M9 and M11 Planning Officer posts. The rationale for removing these grades was that the structure in Planning was congested, leading to a situation where there were too many management layers (as well as grades) at that level in the structure resulting in blurred lines of accountability. This also meant that there were not enough posts at the front line dealing with day to day high volume/small scale work. Roles were redesigned accordingly and evaluation took place and confirmed a new Manager role at grade M10 and a generic Planning Officer role at grade S01/2 (which was a downgrading). Benefits of this included:-
- Clearer lines of decision-making accountability
  - Clear professional distinction between roles leading to promotions being more meaningful
  - A better fit between the structure and volumes / level of work (more front line / first level roles)
- 3.6 The council's Service Redesign Tool Kit and the Change Management Framework was fully adhered to in the service redesign consultation process and outcome. The new structure became operational from April 2015. Appendix A details the consultation document and outcome document.
- 3.7 As a result of the conclusion of the evaluation, Planning Officers who were previously working at grade M11 submitted a grading appeal on 3<sup>rd</sup> June 2015. This was heard as a Stage 1 appeal on 25<sup>th</sup> June 15 and the appeal was dismissed. Subsequently Planning Officers proceeded to a Stage 2 appeal.
- 3.8 At the stage 2 appeal held in 2<sup>nd</sup> October, it became apparent that the management structure above this post had not been properly implemented and consequently the grading appeal had to be adjourned. The reasons for this appear to be that the Head of Service, who had left the council, had not fully completed the service redesign and management responsibility changes. It would have been inappropriate to have progressed the appeal without further reference to local management.
- 3.9 The Stage 2 appeal was reconvened on 13<sup>th</sup> January 2016. The outcome of this appeal was inconclusive as whilst the panel felt that there was merit in the post being regraded, due to technical constraints within the structure, this was not possible.
- 3.10 This highlighted a difficulty in the role of the panel to ensure the integrity of the council's pay line was maintained to meet our duties under equal pay but also recognising this was complicated by the reorganisation not being fully implemented. However it has also highlighted that when processes are delayed for whatever reason, it is important to maintain regular communication with the staff concerned, as it is not incumbent upon them to have a detailed understanding of how these processes work.
- 3.11 Unison subsequently raised the outcome and process of the job evaluation grading as a dispute and this hearing took place on 25<sup>th</sup> April and 11<sup>th</sup> July 2016. The panel highlighted concerns about the application and experience of the process, namely the unacceptable length of time the process took, the inconclusive and

unacceptable outcome and the distress and perceived lack of value experienced by the staff.

3.12 In summary the Personnel Appeal Panel recommended that:-

- the stage 2 grading appeal was reconvened, with a new panel;
- the employees concerned received an apology;
- a report be commissioned for Policy, Resources & Growth Committee on the matter;
- the Executive Directors for Finance & Resources and Environment, Economy & Culture were kept informed of the matter and assured of organisational learning that had taken place.

All the areas for recommendations have been addressed. In respect of the reconvened panel, which was held on 7<sup>th</sup> September, the outcome was to regrade the post to grade M11 and this has been now implemented and backdated to 1<sup>st</sup> April 2015. This was the majority view of the panel.

Further work on reviewing and improving the job evaluation process is underway jointly with the trades unions.

3.13 The context in which this matter arose was that the Planning Service was underperforming due to a variety of challenges in both staffing, workload and technology. Members will be aware that the Planning Advisory Service (PAS) undertook a Planning Peer Challenge in March 2016. The findings support a number of the changes the service redesign attempted to address such as reducing layers of management responsible for checking and quality assurance work, empowering staff and case workers and refocusing management on the key added value areas.

3.14 Following the PAS report the Executive Director has led on key actions for improvement including securing resource at a senior level to drive improvement and establishing a modernisation programme to develop a sustainable future for the service, with improved customer service, in the context of reducing council budgets and an increase in customer demand. Existing projects were consolidated into a programme framework alongside new projects to create a long-term delivery plan for the service, incorporating the four year budget savings proposals. The work streams within the modernisation programme include:

- Performance improvement – with a focus upon minor and other applications
- A Digital First approach to service delivery – with the introduction of new ICT platform.
- Developing new revenue streams – through the introduction of Planning Performance Agreements and charging for pre-application advice
- City Plan Part 2 – to streamline planning policy
- Business process improvement and cultural change – to drive efficiency and customer focused approach.

## **4. COMMUNITY ENGAGEMENT & CONSULTATION**

4.1 Unison represented members throughout the process and continue to work with HR on improvements to the Job Evaluation (JE) process and guidance for panels. Unison has been consulted on this report who have confirmed they are satisfied with the outcome for their members and have no further comment to make.

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

### Financial Implications:

- 5.1 There are no direct financial implications arising from this report which is focused on the process itself and the organisational learning gained. The outcome of the grading panel has resulted in a salary increase for 12 staff, which is being addressed by the service as part of their financial planning.

Finance Officer consulted: Nigel Manvell

Date: 20/09/2016

### Legal Implications:

- 5.2 There are no direct legal implications arising from this report other than those expressed at 5.3 .

Laywer consulted: Carol Haynes

Date: 20/09/2016

### Equalities Implications:

- 5.3 The council has a duty to ensure equal pay legislation is complied with. The purpose of job evaluation is to create a reasonable rank order for the organisations jobs to be able to demonstrate that there is fairness across our diverse roles.

### Sustainability Implications:

- 5.4 There are no direct sustainability implications arising from this report.

### Any other significant Implications:

- 5.5 There are no other significant implications arising from this report.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. Consultation document and outcome document.



# Planning and Building Control Service Review

## Consultation on proposals

### 1.0 Introduction

- 1.1 The service review and proposed redesign is my response to the challenge of providing a value for money and quality service designed around the needs of our customers with reduced grant funding. In coming to these proposals the managers and I have sought to minimise the impact on individuals as far as possible.
- 1.2 The publishing of this document marks the start of the 30 day consultation period. The consultation period provides the opportunity for all Planning and Building Control staff, managers and union representatives to put forward their views on the proposals so that these can be explored jointly before any decision are taken.
- 1.3 The consultation and change management process will be carried out in accordance with the council's Organisational Change Management Framework and the policies contained therein. These are available on the Wave.

### 2.0 Background and reasons for change

- 2.1 The budget allocation for Planning and Building Control is significantly reduced in 2014/15, as it is for many services across the local authority. This presents a clear challenge, but is an opportunity to review how we are organised and how we might best provide services in a coherent, customer centred and cost effective way in future.
- 2.2 The council's medium term financial strategy indicates further reductions in central budget and emphasises the importance of having resource and capacity available to generate revenue. These income streams will be critical to our success.
- 2.3 We need to develop flexible operating models, able to evolve as the landscape changes. We need an adaptable workforce as part of a flexible and responsive organisation design. This theme is developed through the introduction of generic job descriptions, enabling clear career pathways through the service.
- 2.4 While the review is driven in part by the requirement to make best use of resources, it is just as much about a culture of customer focus and working collaboratively and my intention is that these values will be reflected in attitudes and behaviour throughout the service.
- 2.5 Customer expectations are changing and redesign is part of the response in order to deliver a service of choice.

2.6 The design criteria are attached at Appendix 1. These were drawn from evidence collated through recent consultations with staff, stakeholders and customers. Customer feedback has been key as evidence in decision-making.

2.7 The following are the key proposals:

- A streamlined management team and a flatter structure
- Added capacity in dealing with planning applications
- The introduction of generic job descriptions
- Collaborative working across teams

### **3.0 Current structure**

3.1 The current structure is set out in Appendix 2 and is made up of 5 broad areas each headed up by a senior manager:

Building Control  
Development Control  
Planning Strategy  
Planning Projects  
Business Development

3.2 With effect from 1<sup>st</sup> April 2014, Regulatory Services transferred to Public Health.

### **4.0 Proposals for change**

4.1 To reflect the move of Regulatory Services to Public Health the service will be re-named Planning & Building Control.

#### **4.2 Changes to senior management posts**

4.3 In order to deliver a more focused and streamlined service and meet budget reductions it is proposed to integrate functions and reduce the number of 'Head of/senior manager' posts. See Appendix 3 for the proposed whole team structure 'tree' and three team structure charts.

- Development Control and Building Control will be integrated to form a new Planning & Building Control Applications team led by a senior manager.
- Planning Strategy and Planning Projects will be integrated to form a new Policy & Major Projects team led by a senior manager.
- The Business Development Manager role will be expanded to include shared administrative and customer services for the whole of Planning & Building Control.

#### **4.4 Team 1 Planning Applications**

- 4.5 The existing posts of Development Control Manager and Head of Building Control will be deleted. A new post of Planning & Building Control Applications Manager will be created (see Appendix 4 for draft job description).
- 4.6 Overall there will be three teams;
- Building Control
  - Applications
  - Major Planning Applications and Enforcement
- 4.7 The administration function will move to Business Development and Customer Services.

The proposed changes to teams are detailed below:

#### **4.8 Building Control**

- 4.9 The current Head of Building Control postholder has reduced his hours, which presents an opportunity to streamline management overheads while retaining professional expertise within Building Control. The integration of Planning Applications and Building Control enables closer collaborative working and a shared approach to customers.
- 4.10 In line with the above, a new post of Building Control Manager will be created. The Head of Building Control will be slotted to this post.
- 4.11 The Building Control Administrative function will change reporting line from the Head of Building Control, which is being deleted, to the Administration Manager (See Appendix 3). All other Building Control posts remain unchanged. The team will be reviewed later in 2014.

#### **4.12 Administration**

- 4.13 All administrative support will be brought under one area with the following line management changes:
- 4.14 The Administration Manager and Administration team in DC will change reporting line from Development Control Manager to Business Development & Customer Services Manager and remain otherwise unchanged. The Technical Support Officer will change reporting line from the Development Control Manager to the Administration Manager who in turn reports to the Business Development & Customer Services Manager. The Information Manager also changes line manager to the Business Development & Customer Services Manager.

- 4.15 The team will act as an effective front door into the service, welcoming, gate-keeping, channelling, triaging and supporting the customer through their interactions with the service.
- 4.16 The administration function will be formally reviewed through a Business Process Improvement review which will take place during 2014.

#### **4.17 Applications**

- 4.18 It is proposed the manager posts (except Planning Investigation and Enforcement Manager, Administration Manager and Information Manager) reporting directly to the Development Control Manager and the Head of Planning Strategy will be deleted. Four new generic Planning Manager roles (indicative grade M8) will be created that will lead a team but be interchangeable [see Method of Implementing the Change].
- 4.19 Generic job descriptions will be introduced within the Planning profession to help support a more flexible approach to work and address some of the feedback around silo working, by enabling staff to move between teams more easily and acquire experience and to support priorities such as dealing with case work during times of high volume applications. As the amended job descriptions are based on existing job descriptions and have not substantially changed, grades remain the same.
- 4.20 The role of Senior Planning Officer (M10) will report into the Planning Manager and has been amended (Appendix 4) to reflect broader accountabilities. Two of the Senior Planning Officers will assume line management responsibility for Planning Officers and Assistant Planning Officers.
- 4.21 The Planning service has a high number of vertical grades in the hierarchy and the proposal is to introduce a flatter structure supporting clear demarcation lines between levels. The current linked grade system in Development Control between M11 and M10 will cease and progression will be on the basis of vacancy management and recruitment. To create greater capacity to deal with the volume of applications, the M11 Planning Officer role will be deleted and replaced with a higher number of SO1/2 Planning Officer roles (see Appendix 4). M11 Planning Officers will be slotted to SO1/2 Planning Officer posts and the council's Pay Protection Policy will apply [see Method of Implementing the Change].
- 4.22 This approach is right for the service as we need to increase capacity at the first line professional level. We will continue to support the attainment of qualifications as appropriate within budget, and introduce a rotation system and job shadowing opportunities to enable officers to obtain more rounded experience across all areas within Planning.

#### **4.23 Major Planning Applications**

- 4.24 Senior Planning Officers working on Major Planning Applications will be strengthened by 2 posts by transferring Senior Planning Officers from other teams, putting more resource into determining major developments and expanding the remit beyond the current narrow definition. There will be a dotted line to the Planning Manager responsible for Major Projects & Design. The respective teams will demonstrate a seamless approach to managing corporately significant projects and major planning applications. These teams will model the flexible approach expected across the service.
- 4.25 The Planning Investigation and Enforcement Manager (M9) will report to the Planning & Building Control Applications Manager and the job description otherwise remains unchanged. A Planning Officer, Enforcement (SO1/2), two Assistant Planning Officers, Enforcement (scale 6) and an apprentice will report to the Planning Investigation and Enforcement Manager. Enforcement functions will be subject to a wider council review during 2014/15.

#### **4.26 Team 2 – Policy & Major Projects Team**

- 4.27 As referenced in section 4.18, it is proposed the management posts reporting directly into the Head of Planning Strategy will be deleted. A new generic role of Planning Manager will be introduced across the Planning Service (see Appendix 4).
- 4.28 Overall there will be two teams:
- Policy
  - Major Projects and Design

#### **4.29 Policy**

- 4.30 Please see Appendix 3 for the proposed structure. The Sustainability Officer, Sustainability Appraisal Officer and Monitoring Officer job descriptions remain unchanged. However, the Sustainability Officer will move to the Policy team and report into the new Planning Manager role.
- 4.31 Under these proposals the team is reduced by approximately 0.4 of a Senior Planning Officer post with the intention that the resource is deployed to the Applications team on a flexible basis.
- 4.32 The Team Leader/Ordnance Survey Officer will change reporting line from the Planning Strategy Manager to the Information Manager, who in turn will report to the Business Development & Customer Services Manager. This brings all business support services into one area.
- 4.33 The M10 Senior Planning Officer, Conservation and SO1/2 Planning Officer, Conservation job descriptions have been amended (Appendix 4) and report to the Planning Manager, Major Projects and Design, as has the M10 Senior Planning Officer, Contributions (also at Appendix 4)

- 4.34 The Conservation Investigations Officer post is deleted and ring-fenced to the Assistant Planning Officer, Enforcement post [see Method of Implementing Change]

#### **4.35 Major Projects & Design**

- 4.36 Please see Appendix 3 for the proposed structure. It is proposed that 0.6 of a Senior Planning Officer post moves from the current Planning Projects team into the Applications team, alongside the flexible resource outlined above (section 4.31), thus creating added capacity to Applications from Policy and Projects equating to one M10 post.
- 4.37 There will be 4.8 FTE Senior Planning Officers reporting into the Planning Manager, Major Projects and Design, one of whom will be designated lead officer for design. The M10 Senior Planning Officer generic job description will apply to the Contributions (S106) and Conservation posts transferring into this team. With the two SO1/2 Planning Officer (Conservation) posts also coming into this team, it will have a clear design and conservation lead in the service and will work closely with the Enforcement Officers within the Applications team

#### **4.38 Team 3 – Business Development & Customer Services**

- 4.39 All administrative and business support will transfer to this team led by the Business Development & Customer Services Manager. The teams transferring will remain unchanged pending a Business Improvement Review during 2014.

### **5.0 Summary of changes**

#### **5.1 It is proposed the following posts are deleted:**

- Head of Building Control (M6)
- Development Control Manager (M6)
- Head of Planning Strategy (M6)
- Planning Projects Manager (M8)
- Business Development Manager (M8)
- Area Planning Manager West (M9)
- Area Planning Manager East (M9)
- Deputy DC Manager (M8)
- Strategic Planning & Heritage Manager (M9)
- Local and Neighbourhood Plans Manager (M9)
- Planning Officer x 3.4 FTE (M11)
- Senior Planning Investigations Officer X 2.8 FTE (SO1/2)
- Conservation Investigation Officer X 0.5 FTE (Scale 6)

**5.2 It is proposed the following posts are created:**

- Planning and Building Control Applications Manager (M6 indicative grade)
- Policy & Major Projects Manager (M6 indicative grade)
- Business Development & Customer Services Manager (M?)
- Building Control Manager (M7 indicative grade)
- Planning Manager X 4 FTE (M8 indicative grade)
- Planning Officer, Enforcement X 1 FTE (SO1/2)
- Assistant Planning Officer, Enforcement X 2 FTE (scale 6)

**5.3 It is proposed the following posts are amended:**

The following job descriptions have been amended to better describe the more generic aspects of the role reflecting the integrated nature of the team:

- Senior Team Planner (M10)
- Senior Planning Officer (M10)
- Major Projects Officer (M10)
- Senior Conservation Officer (M10)
- Principal Policy Advisor (M10)
- Planning Contributions Officer (M10)
- Conservation Officer (SO1/2)
- Planning Officer (SO1/2)
- Assistant Planning Officer scale 6

**5.4 It is proposed to change the following reporting lines:**

- Administration Manager, Development Control, will report into the Business Development and Customer Services Manager.
- Information Manager, Development Control, will report into the Business Development and Customer Services Manager.
- Administration Supervisor, Building Control, will report into the Administration Manager
- Team Leader/Ordnance Survey Officer will report into the Information Manager
- Technical Support Officer, Development Control, will report into the Administration Manager.
- Planning Contributions Officer will report into the Major Projects and Design Manager
- Senior Planners (Conservation) and Planning Officers (Conservation) will report into the Major Projects and Design Manager
- The Sustainability Officer will report into the Policy Manager
- The Planning Investigation and Enforcement Manager, Development Control, will report into the Planning & Building Control Applications Manager

## 5.5 Proposals for deleted posts and ring fencing to posts in the new structure

| <b>Job Title</b>                             | <b>FTE</b> | <b>Ring Fenced/Slotted to post in new structure</b> | <b>Ring Fenced posts in new structure, with indicative grades</b>   |
|--|------------|---|---|
| Head of Building Control (M6)                | 1          | Slotted   | <ul style="list-style-type: none"> <li>• Building Control Manager (M7)</li> </ul>   |
| Development Control Manager (M6)             | 1          | Ring fenced   | <ul style="list-style-type: none"> <li>• Planning and Building Control Applications Manager (M6)</li> <li>• Policy &amp; Major Projects Manager (M6)</li> </ul> |
| Head of Planning Strategy (M6)               | 1          | Ring fenced   | <ul style="list-style-type: none"> <li>• Planning and Building Control Applications Manager (M6)</li> <li>• Policy &amp; Major Projects Manager (M6)</li> </ul> |
| Head of Planning Projects (M8)               | 1          | Ring fenced   | <ul style="list-style-type: none"> <li>• Planning Manager (M8)</li> </ul>   |
| Business Development Manager (M8)            | 1          | Ring fenced   | <ul style="list-style-type: none"> <li>• Business Development &amp; Customer Services Manager (M7)</li> </ul>   |
| Area Planning Manager West (M9)              | 0.5FTE     | Ring fenced   | <ul style="list-style-type: none"> <li>• Planning Manager (M8)</li> </ul>   |
| Area Planning Manager East (M9)              | 1 FTE      | Vacant post   |   |
| Deputy Development Control Manager (M8)      | 1 FTE      | Ring fenced   | <ul style="list-style-type: none"> <li>• Planning Manager (M8)</li> </ul>   |
| Strategic Planning & Heritage Manager (M9)   | 1 FTE      | Ring fenced   | <ul style="list-style-type: none"> <li>• Planning Manager (M8)</li> </ul>   |
| Local and Neighbourhood Plans Manager (M9)   | 0.8 FTE    | Ring fenced   | <ul style="list-style-type: none"> <li>• Planning Manager (M8)</li> </ul>   |
| Planning Officer M11                         | 3.4 FTE    | Slotted   | <ul style="list-style-type: none"> <li>• Planning Officer SO1/2</li> </ul>  |
| Senior Planning Investigations Officer SO1/2 | 2.8 FTE    | Ring fenced   | <ul style="list-style-type: none"> <li>• Planning Officer, Enforcement SO1/2</li> </ul>   |
| Conservation Investigations Officer Scale 6  | 0.5 FTE    | Ring fenced   | <ul style="list-style-type: none"> <li>• Assistant Planning Officer, Enforcement Scale 6</li> </ul>   |

## **6.0 Method of implementing the change**

- 6.1 This change will be managed in accordance with the council's Organisation Change Management Framework. Proposals for making appointments to the new structure are outlined below for consultation and section 5.5 outlines posts impacted with proposed slots and ring fencing.
- 6.2 Where re-deployment as a result of redundancy is to a post which attracts a lower level of remuneration, the post-holder will be entitled to receive pay protection in line with the Council's Pay Protection Policy.

### **6.3 Planning & Building Control Applications Manager X 1 and Policy & Major Projects Manager X 1 FTE**

- 6.4 These posts in the structure are deemed as 'new'. The Development Control Manager and the Head of Strategy who are 'at risk' will be ring fenced to these posts and should submit written information in support of their application for the post by 9<sup>th</sup> June to Martin Randall. Those included for the posts will be assessed against the proposed job description in Appendix 4 of this paper and will take into account the person specification requirements along with additional factors if required.
- 6.5 Any displaced staff from the recruitment for the Planning & Building Control Applications Manager and Policy & Major Projects Manager will be included in the ring fence for the Planning Manager role at the next level down and will receive pay protection in line with the council's procedure.

### **6.6 Business Development & Customer Services Manager X 1 FTE**

- 6.7 This post is deemed as 'new'. The Business Development Manager who is 'at risk' will be ring fenced to this post and should submit written information in support of their application for the post by 9<sup>th</sup> June to Martin Randall. Those included for the post will be assessed against the proposed job description in Appendix 4 of this paper and will take into account the person specification requirements along with additional factors if required.
- 6.8 Any displaced staff from the recruitment for the Business Development & Customer Services Manager will go into the council's redeployment pool.

### **6.9 Planning Manager X 4 FTE**

- 6.10 Existing Managers reporting into the Development Control Manager and Head of Planning Strategy and deemed 'at risk' are ring fenced for selection to the post of Planning Manager. Ring fenced staff should submit written information in support of their application for the post by 11<sup>th</sup> June to Martin Randall. Those included for ring fenced posts will be assessed against the proposed job description in Appendix 4 of this paper which takes into account the person specification requirements along with additional factors if required.

- 6.11 Displaced staff from the ring fenced selection will be redeployed into the vacant M10 posts and will receive pay protection in line with the council's procedure.

**6.12 Planning Officer, Enforcement X 1 FTE**

- 6.13 The Senior Planning Investigations Officers are ring fenced for selection to the Planning Officer, Enforcement role. Ring fenced staff should submit written information in support of their application for the post by 11<sup>th</sup> June to Martin Randall. Those included for ring fenced posts will be assessed against the proposed job description in Appendix 4 of this paper which takes into account the person specification requirements along with additional factors if required.

- 6.14 Displaced staff from the ring fenced selection will be ring-fenced to Assistant Planning Officer, Enforcement Scale 6 posts and will receive pay protection in line with the council's procedure.

**6.15 Assistant Planning Officer, Enforcement X 2 FTE**

- 6.16 The Conservation Investigations Officer will be ring fenced to the Assistant Planning Officer, Enforcement Scale 6 posts. Ring fenced staff should submit written information in support of their application for the post by 11<sup>th</sup> June to Martin Randall. Those included for ring fenced posts will be assessed against the proposed job description in Appendix 4 of this paper which takes into account the person specification requirements along with additional factors if required.

- 6.17 Performance at interview will be assessed against the job description and person specification for the role

- 6.18 Appointment decisions will be communicated individually to applicants once all proposed processes have been completed. Decisions will be shared as soon as possible following the completion of all interviews.

**6.19 Planning Officer X 3.4 FTE**

- 6.20 The Planning Officers M11 whose posts are deleted from the structure will be slotted to the vacant Planning Officer SO1/2 posts as suitable redeployment and will receive Pay Protection in line with the Council's procedure.

**6.21 M10, SO1/2, Scale 6 generic job descriptions**

- 6.22 As described throughout the consultation paper, it is proposed that staff will work more flexibly across teams to support colleagues with volume applications, to share skills more effectively and acquire more experience in different areas of planning. You will be asked your preference for which

team you would like to work in. While I cannot guarantee you will get your preference I will take it into consideration when allocating staff to teams.

## **7.0 Voluntary Severance**

7.1 Since the start of the consultation period, I have received a few requests and questions around voluntary severance. The statement on the Wave regarding the budget consultation states:

7.2 “We will consider voluntary severance as part of our formal consultation processes within services and we will share more details of this with eligible staff.” I would like to provide you with details as to how voluntary severance will apply across Planning.

7.3 We will consider voluntary severance requests within the service where:

- Your job is being deleted and a suitable alternative job cannot be provided or
- Your job can be backfilled from elsewhere within the service and
- A saving can be demonstrated

7.4 Requests are not likely to be considered if:

- Your job is not affected
- A suitable alternative can be provided
- Your job cannot be filled by identical skills from other parts of the service.
- There would be no saving as a result of the decision

7.5 You should discuss with your manager how the above criteria might apply to you. Subject to you meeting the above criteria, your manager will then submit this request to me, which will be fed into the consultation process. No immediate decisions can be made until the consultation period is complete. I appreciate that for some of you this may be an uncertain time, but please be assured that we will be working during the consultation period to gather everyone’s views on the proposals set out in the consultation paper, and we will keep you updated on progress.

## **8.0 Managing the change**

8.1 Employees whose posts have been deleted and are therefore ‘at risk’ of redundancy will be placed in the redeployment pool and have access to the Redeployment portal. This means they will see a list of all posts available within the council before they are advertised. Once recruitment to the new structure has taken place HR will work with individuals to match against vacancies and secure redeployment where possible.

8.2 At the end of the process of recruitment to the new structure those not successful in securing one of the new positions and where alternative redeployment has not been found will be issued with notice of redundancy.

However, every effort will continue to be made to redeploy individuals during their notice period to suitable alternative employment across the council.

- 8.3 Comments on both the proposals for the new structure and the proposals for appointment to the structure as described above are welcome as part of the consultation.
- 8.4 At the end of the consultation period, employees will be given the opportunity to appeal to the Head of Human Resources and Organisational Development where they consider a possible match concerning the proposals for slotting and ring-fences have been overlooked. During the consultation period we will endeavour to resolve issues that are raised in relation to slotting and ring-fencing on an informal basis and in the first instance you should raise concerns through your one to one meeting or directly to me. Where issues are still unresolved during the consultation, written representations must be received by the Head of Human Resources and Organisational Development by Friday 23<sup>rd</sup> May. These appeals will then be considered before the outcome of the consultation is issued on 4<sup>th</sup> June.

## 9.0 Timetable

9.1 Here is the proposed timetable

|  |   |
|--|---|
| One to one meetings with employees directly affected and at risk   | Tuesday 22 <sup>nd</sup> April am/pm<br>Wed 23 <sup>rd</sup> April am |
| Issue of consultation document to whole team   | Wednesday 23 <sup>rd</sup> April                                      |
| Team meetings  | Wednesday 23 <sup>rd</sup> and<br>Thursday 24 <sup>th</sup> April     |
| Further team meetings as diarised  | Thursday 24 <sup>th</sup> April – 22 <sup>nd</sup> May                |
| One to one further consultation meetings to be diarised or on request  | Thursday 24 <sup>th</sup> April – 22 <sup>nd</sup> May                |
| End of consultation – deadline for receipt of formal comments from employees and the Trade Unions and deadline for appeals against slotting and ring-fencing proposals | Friday 23 <sup>rd</sup> May   |
| Initial consultation feedback  | Thurs 29 <sup>th</sup> May  |
| Consultation outcome issued  | Wednesday 4 <sup>th</sup> June  |
| One to one meetings with staff affected  | Wednesday 4 <sup>th</sup> & Thursday 5 <sup>th</sup> June             |

|   |   |
|---|---|
| Slotting and ring fenced recruitment process begins | Week beginning Monday 9 <sup>th</sup> June  |
| New management arrangements take effect             | Week beginning Monday 23 <sup>rd</sup> June |
| Implementation of whole structure                   | July 2014                                   |

## 10.0 How to provide feedback

- 10.1 There will be a number of ways for staff to feedback their responses to the restructure proposal. Feedback can be given during consultation meetings or in writing to Martin. All feedback will be considered and a formal report detailing the feedback and the response from management will be sent to staff. If the proposal changes as a result of consultation there will be a further short period of consultation for staff to consider and feedback on any proposed changes to the consultation document.
- 10.2 Comments on the both the proposals for the new structure and the proposals for appointment to the structure as described above are welcome as part of the consultation.

## 11.0 Support for staff

- 11.1 It is recognised that the process of change management can be a period of uncertainty for all staff involved in the process. Staff should initially discuss any concerns with their line manager.
- 11.2 Staff who are members of a trade union are encouraged to seek advice and guidance from their trade union representative. Unison and GMB unions have been made aware that this document is being issued to staff and the rationale behind the proposals.

Contact details for the Unions are below:

|        |              |              |  |
|--------|--------------|--------------|--|
| UNISON | Alex Knutson | 01273 291619 | <a href="mailto:Denise.knutson@brighton-hove.gov.uk">Denise.knutson@brighton-hove.gov.uk</a> |
| GMB    | Mark Turner  | 01273 777027 | <a href="mailto:Mark.turner@brighton-hove.gov.uk">Mark.turner@brighton-hove.gov.uk</a>       |

- 11.3 Human Resources are able to provide the contact details for any trade unions not listed above.
- 11.4 Contact details for relevant Human Resources staff in the Coaching and Advice Team are below:

### **11.5 Redeployment Coordinator – Leanne Barnett**

- 11.6 Employees who are at risk of redundancy and are eligible for redeployment will be placed on the council's redeployment register. The Redeployment Co-ordinator will set up the Redeployment Portal which lists those jobs that have become vacant and are initially being held for suitable redeployees.
- 11.7 The council will make every effort to find you suitable alternative employment in accordance with the Redeployment Policy and you will receive appropriate advice, guidance and support throughout the redeployment process. Both the Redeployment Co-ordinator and employees have a joint responsibility to look for any potential job matches and the Redeployment Co-ordinator will forward details of those jobs that have been identified as a potential match

### **11.8 HR Coaching & Advice Officer 29 2316**

- 11.9 Jill Spence, HR Coaching & Advice Manager, will be the main contact during the consultation process for advice and support.
- 11.10 A useful resource is the Corporate Learning and Development Team's webpage. It provides information about: corporate learning and development courses, E-learning – Surf2learn modules and ICT training courses. It also highlights information about the Learning Resource Centre which provides a wealth of learning resources for all staff.
- 11.11 Follow this link:  
<http://wave.brighton-hove.gov.uk/peoplefirst/learningatwork/corporateprogrammes>
- 11.12 The confidential staff welfare and counselling service is available and you can contact this service directly on (01273) 481738.

**Martin Randall**  
**Head of Planning & Building Control**

ENCS

APPENDIX 1 – Service Design criteria  
APPENDIX 2 - Current structure charts  
APPENDIX 3 - Proposed structure charts  
APPENDIX 4 - New JDs

## **Consultation Outcome Document: Planning & Building Control**

**To:** Planning & Building Control teams  
**From:** Martin Randall, Head of Planning & Public Protection  
**Date:** 4<sup>th</sup> June 2014

### **1. Introduction**

Following the end of the period of formal consultation on 23<sup>rd</sup> May 2014, all of your comments, views and ideas have been considered. This paper summarises the feedback received from written representations, the staff meetings and one to one meetings. It explains what decisions have been made regarding the proposals as a result and has been issued to our recognised trade unions. Please read this paper with reference to the original consultation paper.

I would like to take this opportunity to thank you all for your contributions which have been very helpful in shaping the final structure proposals.

### **2. Feedback & Outcomes**

A significant amount of feedback was received on the proposals of the consultation document, thank you for your valued engagement with this process.

The feedback received has been summarised, and the responses and their rationale are in Appendix 1 attached. Where individual employees have raised specific individual queries that are not appropriate to cover in the summary document at Appendix 1, I have sought to respond individually.

### **3. Overview and Main Changes**

Overall, I am grateful for the many expressions of support for a collaborative style of working focussed on our customers and a clear commitment to a 'one team' approach.

I am aware that the prospect of generic job descriptions raised a number of concerns and represents a significant change for many of you. Whilst maintaining the integrity of an approach based upon offering flexibility, I have proposed some changes to the wording of job descriptions to respond to particular concerns. For example, appropriate references to the specialist skills and experience of colleagues working on conservation matters have been added to reflect the importance of these key roles.

A number of people expressed concern about the balance of management responsibility in the current Development Control Team; and in particular the absence of Senior Team Planners in the new structure. In consultation with members of the team I have sought to address this by adding some management capacity including a new part-time post at M8; and re-distributing staff to create a better balance between the Lead Professionals.

Inevitably, this has meant adjusting other posts to ensure that it is affordable. In addition, I have had a very useful dialogue with members of the team to look at how the balance of work would be spread between Principal Planning Officers in the Applications Team in a manageable and productive way with clear lines of responsibility for workload and staff.

A number of people across the teams highlighted the level at which they would be expected to work in the new structure and questioned whether the job titles accurately reflected that responsibility. I have acknowledged this point with particular reference to 'Senior Planning Officer' which will be replaced by 'Principal Planning Officer'.

Some colleagues, notably Planning Officers raised issues around the grade of the new post. I believe the grade is appropriate for the job description and I am confident that the new structure offers a clear path for career progression for Planning Officers who perform a vital role. Pay will be protected in line with the Pay Protection Policy.

In summary the main changes to the proposals are as follows;

- The job title of Senior Planning Officer has been changed to Principal Planning Officer.
- The job description for the Sustainability Appraisal Officer has been reviewed and will be submitted for re-evaluation (attached).
- The M9 investigations & Enforcement Manager post is deleted.
- An additional M8 (0.6 FTE) Planning Manager Lead Professional – Investigations & Enforcement is created.
- An M10 Principal Planning Officer will work in the Investigations & Enforcement team reporting to the above post.
- Resource has been re-allocated within Applications to create a more balanced structure.
- Job descriptions have been revised, evaluated and grades confirmed.

Please see the attached structure chart at Appendix 2 confirming the changes and grades.

#### **4. Response**

Please see Appendix 1, attached, for a summary of feedback and management response

#### **5. Consultation process**

The consultation paper was issued to all employees by the council and the recognised trade unions (UNISON & GMB) on Wednesday 23<sup>rd</sup> April 2014.

Two formal group meetings were held on the 23<sup>rd</sup> & 24<sup>th</sup> of April 2014, both of which were attended by UNISON and GMB representatives.

These meetings gave an opportunity for staff to feedback their initial thoughts and views about the proposals, and were well attended.

Notes were taken from both of the meetings and hopefully all areas of concern have been addressed. An initial set of Questions and Answers was published on 2<sup>nd</sup> May 2014.

1:1 meetings were offered and all staff were encouraged to take part in these. Many staff declined to attend as they felt the group feedback issued by UNISON had summarised their views sufficiently.

All of your comments have been welcomed and have enabled us to consider the full impact of the proposals that were set out in the consultation paper.

## **6. Outcome**

After much consideration, I have decided that the proposals presented in the consultation paper, subject to the amendments set out in Section 3 in this document and the attached structure chart, will be implemented from Monday 7<sup>th</sup> July 2014.

The proposals are illustrated in the accompanying Structure Chart.

Amended Job Descriptions are attached as Appendix 3.

## **7. What happens next**

If you would like an individual meeting please do arrange directly with your line manager. Those staff identified as ring fenced need to submit a brief outline (maximum 1 side of A4) to me describing how you meet the criteria for the role you are ring fenced for. Please provide this by Wednesday 11<sup>th</sup> June for the M6 posts and Monday 16<sup>th</sup> for all other posts. Selection processes will commence from 11<sup>th</sup> June and staff will be contacted individually regarding arrangements. Decisions on specific duties relating to M10s will be decided as soon as possible after the appointment of the M8 Managers. Implementation of the new structure is anticipated for July.

## **8. Support**

I am very much aware that change can be unsettling and cause anxiety and uncertainty. Any individual concerns relating to the restructure can be discussed on a one-to-one basis with, your line manager, Human Resources or your union representative who will try to clarify any issues or concerns you may have.

## **9. Conclusion**

Thank you for your ongoing commitment to the service I am hopeful that the response to the consultation to date clearly demonstrates that I value this process and your feedback on significant service decisions.



|                          |  |  |                     |
|--------------------------|--|--|---------------------|
| <b>Subject:</b>          | <b>Seafront Investment Plan 2016-2021</b>                        |  |                     |
| <b>Date of Meeting:</b>  | <b>13 October 2016</b>   |  |                     |
| <b>Report of:</b>        | <b>Executive Director for Economy, Environment &amp; Culture</b> |  |                     |
| <b>Contact Officer:</b>  | <b>Name:</b>   | <b>Ian Shurrock</b>  | <b>Tel: 29-2084</b> |
|                          |  | <b>Katharine Pearce</b>  | <b>29-2553</b>      |
|                          | <b>Email:</b>  | <a href="mailto:ian.shurrock@brighton-hove.gov.uk">ian.shurrock@brighton-hove.gov.uk</a>         |                     |
|                          |  | <a href="mailto:katharine.pearce@brighton-hove.gov.uk">katharine.pearce@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 Policy & Resources Committee on 22<sup>nd</sup> January 2015 agreed the responses to the recommendations of the Seafront Infrastructure Scrutiny Panel. A key recommendation of the Scrutiny Panel was the development of a Seafront Investment Plan to identify potential investment, delivery and wider resource solutions to meet the challenges of the ageing seafront infrastructure. This report is a cover report to introduce the recently completed Seafront Investment Plan 2016 – 2021 which is attached in Appendix 1.

**2. RECOMMENDATIONS:**

- 2.1 That the Committee notes the Seafront Investment Plan 2016-21 attached as Appendix 1.
- 2.2 That the Committee will receive further reports as the Seafront Investment Plan is implemented.

**3. CONTEXT/ BACKGROUND INFORMATION**

- 3.1 The seafront is key component of the city's tourism offer. Providing 13km of entertainment and activities either side of the important A259 corridor, the seafront is the city's largest entertainment venue offering hundreds of retail and leisure opportunities.
- 3.2 Brighton & Hove's unique character combines heritage Victorian infrastructure (over 470 Grade 1 and Grade 11 listed buildings) and a varied and vibrant range of businesses (over 100 housed in the seafront arches alone).

- 3.3 The city also plays host to over 300 events each year, many of which are hosted on parts of the seafront and also plays a key role as a flagship destination.
- 3.4 The city needs to maintain the momentum now taking place with the recent completion of projects along the seafront such as the important BAi360 flagship project, the award winning arches developments to the west of i360 and the ongoing Shelter Hall re-development.
- 3.5 In order to support future investment and development, estimated as exceeding 1 billion in future years, the city needs to prioritise and encourage future investment decisions to ensure future development can be realised.
- 3.6 The Seafront Investment Plan seeks to provide a framework for this prioritisation, a roadmap for its delivery and explore how the council can look to fund and finance those seafront investments prioritised in the report.
- 3.7 The report also shows that there are no easy fixes or straightforward solutions to the problems faced by the seafront. Whilst many of these are largely understood (east to west movement for example) the solutions and the funding of solutions remains largely outside of the direct realm of the local authority. Working closely in partnership with private sector partners and Government therefore has to remain a key part of any longer term strategy. Innovative and alternative funding solutions also need to remain on the agenda if the council is to optimise chances of achieving some of the long term objectives set out in the plan.
- 3.8 The Seafront Investment Plan has been produced following a process of engagement with a range of seafront stakeholders via questionnaire. A newly established group of stakeholders has also been set up and has met on 3 occasions. It is expected this group will act as an ongoing consultee for the plan as priorities and work programmes evolve. The Seafront Investment Plan has been supported by funding of £10,000 received from the Coastal Communities Fund.
- 3.9 In relation to the first priority outlined in the Seafront Investment Plan report (Madeira Terraces and Madeira Drive) the council were also successful in April 2016 in bidding for £50,000 from the Coastal Revival Fund. This funding has now supported the first stage of scoping work and options for a longer term Madeira Drive Regeneration Framework. The aim of this framework is to provide a first stage report which can inform areas of future consultation. Mott McDonald have therefore set out a series of options for consideration and a suggested action plan which will allow the council to consult more widely. They have also provided indicative costings. A report on the Framework will be brought to a future committee.
- 3.10 The Seafront Investment Plan and the emerging Madeira Drive Regeneration Framework are a result of the original scrutiny report in 2012 and it is expected that further ongoing work will be undertaken as the council moves ahead with implementing the findings of these reports.

#### **4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS**

- 4.1 The Seafront Scrutiny report in 2012 endorsed the need for an investment plan to support the achievement of its longer term objectives. The Seafront Investment Plan is a response to the identified need for an evaluation of options.

#### **5. COMMUNITY ENGAGEMENT & CONSULTATION**

- 5.1 The activities undertaken in relation to the specific development of the Seafront Investment Plan are outlined in Appendix A of the Plan which is attached as Appendix 1 to this report. A Seafront Stakeholder Group has also been established which has now met on 3 occasions and will act as a sounding board and engagement tool as the plan progresses.

#### **6. CONCLUSION**

- 6.1 The seafront is seeing considerable investment over the coming five years and continuing this speed of activity is crucial to maintaining the city's position on the global stage and perception as a hub for innovation and investment. The steps outlined in the Seafront Investment Plan will assist the council to navigate this activity and focus efforts in those areas which will provide the city with the most gains over the next 5 to 10 years.

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

##### Financial Implications:

- 7.1 The Seafront Investment Plan sets out a number of ongoing and future investment projects that will require funding solutions. A number of options are included within the plan at section 5. Each project is likely to require a combination of funding sources to deliver the capital investment and identify ongoing revenue implications to ensure projects that are delivered are financially sustainable.

*Finance Officer Consulted: Name James Hengeveld Date: 20/09/2016*

##### Legal Implications:

- 7.2 The Seafront Investment Plan refers to a number of on-going property transactions, major projects and future projects such as Sea Lanes, King Alfred and Madeira Terraces respectively. Each project requires its individual council consents and contractual, property and procurement legal advice.

*Lawyer Consulted: Name Oliver Asha Date: 20/9/2016*

Equalities Implications:

- 7.3 A key outcome identified by the Scrutiny Panel is to provide an accessible and connected seafront. Transport and ease of movement remains a key outcome from the Investment Plan.

Sustainability Implications:

- 7.4 The sustainability of the Seafront was the focus of the Scrutiny Panel report. While the sustainability of the physical infrastructure was the initial remit, the broader economic sustainability of the Seafront will support a Living Seafront. For example, the renovation and redevelopment works at Madeira Terraces will involve support and investment in relation to the green wall along its length.

Any Other Significant Implications:

- 7.5 None

Crime & Disorder Implications:

- 7.6 None at this stage.

Risk and Opportunity Management Implications:

- 7.7 These will be developed for each individual project as work progresses

Public Health Implications:

- 7.8 None at this stage

Corporate / Citywide Implications:

- 7.9 The seafront remains a priority for the city and the attached report supports wider strategic initiatives including the priorities of the Greater Brighton Economic Board.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. Seafront Investment Plan 2016-21

### **Background Documents**

1. Report to Overview & Scrutiny Committee “Update on Seafront Infrastructure Scrutiny Panel Recommendations”
2. Report to Policy & Resources on 19<sup>th</sup> March 2015 – “Seafront Investment Programme – Governance Arrangements”
3. Report to Policy & Resources on 22<sup>nd</sup> January 2015 – “Response to the Seafront Infrastructure Panel Recommendations”.
4. Report of the Overview and Scrutiny Panel on Seafront Infrastructure – October 2014





# Brighton & Hove

## Seafront Investment Plan 2016 - 2021

01. Executive summary

09. Introduction

14. Objectives of the plan

16. Where are we now?

23. Future seafront priorities

31. Future funding and investment

# Summary

## Seafront overview

Brighton & Hove's seafront is the face of the city and central to its economy.

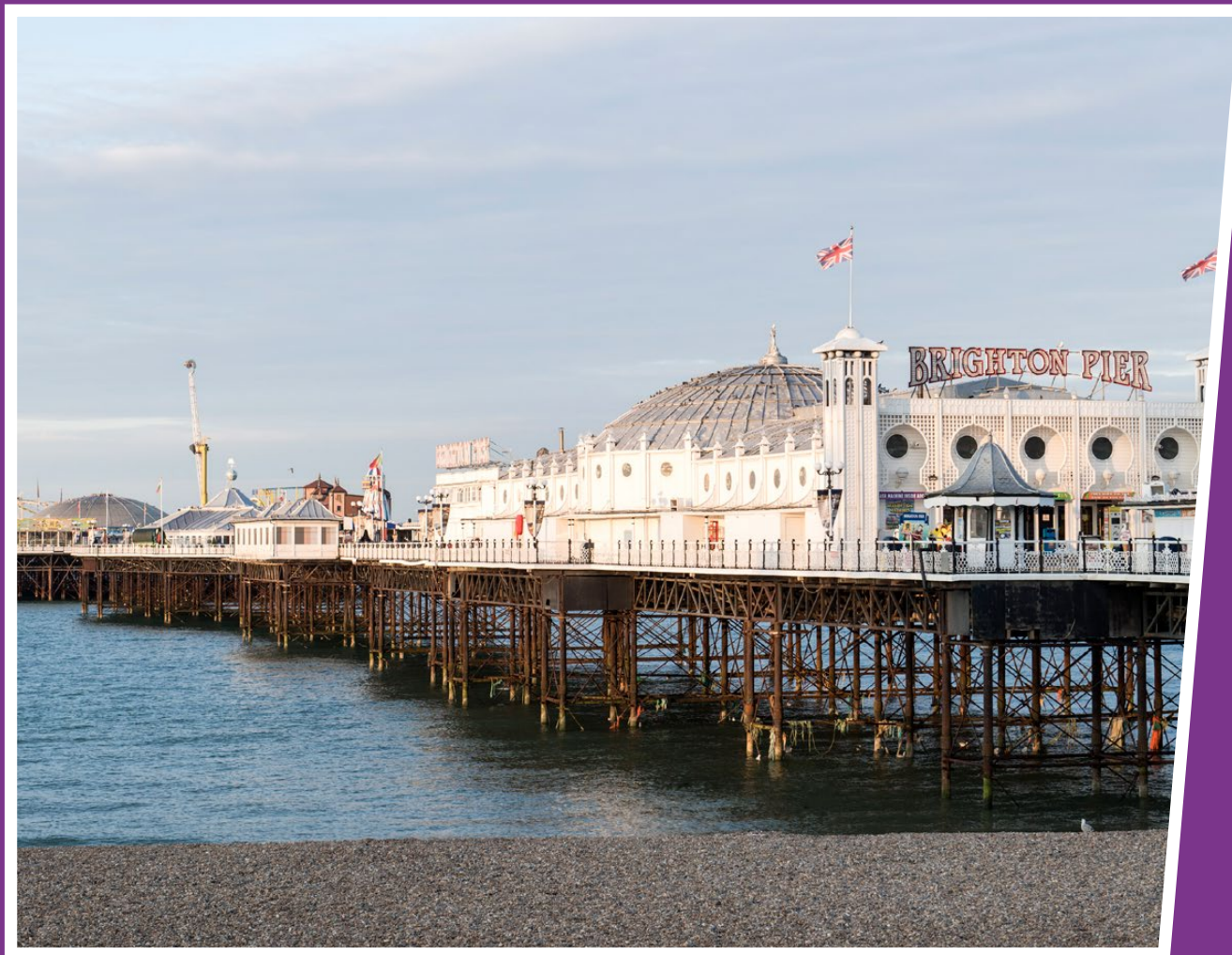
The seafront is a key component of the city's tourism offer. Providing 13km of entertainment and activities either side of the important A259 corridor, the seafront is the city's largest entertainment venue offering **hundreds of retail and leisure opportunities** such as the Brighton Centre conference and entertainment facility, the Brighton Palace Pier and numerous family attractions/activities.

Brighton & Hove's unique character combines **heritage Victorian infrastructure** (over 476 Grade I and II Listed buildings<sup>1</sup>) and a **varied and vibrant range of businesses** (over 100 housed within the seafront arches alone).<sup>2</sup>

The city plays host to over **300 outdoor events each year** with many of them hosted on the seafront's Madeira Drive, such as the Brighton Marathon, classic car runs and London to Brighton bike rides.<sup>3</sup>

The Brighton Palace Pier alone, one of the primary attractions along the seafront, receives over **six million visitors a year**.<sup>4</sup> There is a full range of accommodation offered along the seafront, from luxury 5 star hotels through to family run B&Bs, hostels and self-catering or boutique **accommodation for every visitor's budget**.

The seafront plays a key role as a flagship destination for the city, attracting visitors and investment alike.



## Where are we now?

### Opportunities

Investment and development exceeding £1 billion<sup>5</sup> is planned along the seafront over the coming years:

The Council has appointed a delivery partner to take forward the redevelopment of the **King Alfred Leisure Centre** in Hove.

The completion of the **British Airways i360** in 2016 will be followed by high quality renovation of the surrounding retail units and public realm in spring 2017.

The proposal for the development of an open water **swimming facility** on Madeira Drive has been approved subject to planning.

First stage funding has been awarded from the Heritage Lottery Fund and Coastal Communities Fund to redevelop the **Saltdean Lido**, with further funding applied for.

There are plans being developed to secure investment and funding to redevelop the heritage assets at **Madeira Terraces**.

**Brighton Marina** is in its second phase of considerable development and expansion which will provide flats, retail, commercial units and community spaces.

**Shoreham Harbour Regeneration** is preparing a key planning document in the Local Development Framework for the harbour and surrounding areas, due to be published in 2016 and adopted in 2017.

Construction has commenced on rebuilding transport infrastructure and renovating the former West Street **Shelter Hall** and promenade facilities at the bottom of West Street in Brighton.

Heritage Lottery Funding has been awarded to redevelop the iconic **Volk's Railway**, which runs east of the Brighton Palace Pier.

The Council is set to back a **zip-wire**, to operate year-round, to replace the Brighton Wheel near the Palace Pier.\*

Funding plans are under discussion to bring forward the **Brighton Waterfront** project which will enhance the retail and conferencing facilities of the seafront as well as developing the currently vacant Black Rock site adjacent to Brighton Marina.

### Opportunities



## Forecasted milestones

The Council is keen to maintain this momentum of activity and encourage additional investment in what is regularly recognised as one of the most innovative cities in the UK,<sup>6</sup> if not Europe, to channel development. Some of these forecasted milestones are set out in the following diagram based on information at time of writing.

- » British Airways i360 completed
- » External works commenced at Saltdean Lido
- » Brighton zip-wire approved
- » Shoreham Harbour Joint Area Action Plan (JAAP) adopted
- » West Street Shelter Hall works commence
- » Volk's Railway works commence
- » First stage of Madeira Terrace funding application submitted

299

2016

- » King Alfred Leisure Centre to be completed
- » Brighton Waterfront enabling works to commence
- » Brighton Marina developments to be completed

2019-21

2017-18

- » Volk's Railway works to be completed
- » Construction complete at the former West Street Shelter Hall
- » Brighton Waterfront proposals worked up in partnership with Standard Life Investments
- » Sea Lanes open water swimming facility works to commence
- » Saltdean Lido external works to be completed
- » King Alfred Leisure Centre works commence



## Challenges

Whilst the seafront is a key asset and much development has already been secured over the next five to ten years, a series of challenges present themselves in the short, medium and long term. These are already compromising full use of the seafront and, without action, could act as a barrier to future economic growth.

One of the city's defining characteristics, the **heritage** infrastructure along the seafront, currently presents the council with a notable risk and liability.<sup>7</sup> In particular the deterioration of the Victorian colonnade along the Madeira Terraces to the east of Brighton Palace Pier and the arches to the west which support the A259 pose problems for the Council going forward.<sup>8</sup>

**Transport** and accessibility to and from the seafront, as well as east to west along the full length of the city's coastline, is also constrained:

- » Public transport access along the seafront is cited by stakeholders as inadequate.
- » Some of the infrastructure supporting the A259, the key transport link along the seafront, is weakened and needs strengthening.
- » The A259 itself currently presents a physical barrier to pedestrians trying to access the promenade from the city.
- » The linkages between the considerable variety of visitor attractions and the information available to visitors could be improved to provide a more integrated seafront and city tourism offer.

Being a coastal urban area, Brighton and Hove is at risk from three types of **flooding: surface water, ground water and the sea**. Recommendations within the Brighton & Hove Seafront Shoreline Management Plan<sup>9</sup> are central to unlocking and securing development west of the Marina from 2021 onwards. Without commitment to these objectives, the risks to the seafront increase and in turn could deter future development.

Much of the coastal city's **visitor offer has been seasonal** in the past, reducing the strength of this sector's contribution to the economy.<sup>10</sup> Going forward, **development needs to ensure year-round utilisation of the seafront's offer**.

There are gaps in the funding needed to address the challenges listed here as the cost of infrastructure outstrips the funds currently available. The funding required for the Madeira Terraces structural works for example, is estimated to be in the region of £30 million<sup>11</sup>; such a gap cannot be resolved by using public funds alone. If the seafront is to overcome the challenges it faces, more innovative funding mechanisms will need to be utilised, together with reviewing the income revenues in place from current assets along the seafront.

This plan sets out to:

Undertake a review of Brighton & Hove's existing seafront infrastructure and planned seafront investment.

Identify a shared set of priorities for further investment to develop and enhance the city's seafront offering.

Propose new models of investment to secure the regeneration of the city's seafront.



# Where do we want to be?

To overcome these challenges whilst maintaining and enhancing Brighton & Hove’s dynamic economic strength, seafront investment needs to be optimised. Of the existing pipeline projects, the **King Alfred Leisure Centre** and **Brighton & Hove Waterfront** projects have yet to have funding proposals confirmed. In addition to this, the activities of this investment strategy revealed several gaps in infrastructure investment on the seafront:

## Madeira Terraces:

The Victorian terraces, are a Grade II Listed structure running along the seafront east of Brighton Palace Pier on Madeira Drive. They are the key focus of the Council-led Madeira Drive Regeneration Strategy, which plans to see a mix of commercial and retail/leisure uses incorporated into these structures to extend the footfall of the seafront and reduce seasonality.

## The seafront arches and linkages to the A259:


The Victorian arches provide retail space and also support the A259 highways transport link. The arches are weakened and require strengthening. They remain a key strategic risk for the city and therefore plans to strengthen and replace, where necessary, are ongoing.

## Transport and accessibility:


Accessibility is key to the seafront’s success. Currently it is a challenge to access the full offer on foot. The need to implement separate, but integrated, transport options and solutions along the seafront was a recurring theme in engagement with key stakeholders involved in the development of this plan. The success of key proposals, such as the Brighton Waterfront project is ultimately dependent on access. These accessibility priorities have been divided into: the A259, public realm, parking and traffic management, a Coastal Transport System and highways structures.


Following a prioritisation exercise, each of these projects is identified as either a short, medium or medium-long term activity for the Council:


Short term

 King Alfred Leisure Centre

Medium term

 Brighton Waterfront

 Madeira Terraces

 The Arches / A259

Medium - long term

 Coastal Transport System

 Public Realm

## How do we get there?

As part of the development of this plan, potential funding options have been reviewed for those development priorities which at present do not have a finalised funding package or business case as summarised below.

| Activity                                       | Funding options  | Pros   | Cons  |
|--|--|--|---|
| <b>Madeira Terraces</b>                        | Heritage funding   | Site preservation  | Funding uncertainty   |
|  | Crowd-sourcing   | Extend seafront usage; potentially self-funding                                | Heritage/ environmental impacts   |
|  | Local Growth Fund, the Coastal Communities Fund                      |  |   |
|  | Mixed-use commercial redevelopment                                   |  |   |
| <b>Seafront arches and supporting the A259</b> | “Stewardship” model  | Link to transport benefit  | DfT funding being reduced.  |
|  | Department for transport (Dft) capital maintenance block             | Increase yield while retaining non-high street tenant mix                      | Rental income unlikely to cover full funding need.  |
|  |  |  | Rental income currently used to support the wider Council revenue budget.                     |
|  |  |  | Potential impacts on existing tenants   |
| <b>Transport solutions</b>                     | Local taxation supplements / growth, DfT Local Transport Majors fund | Funding source linked to beneficiaries; established funding model              | Only able to progress with local business agreement   |
|  | Parking income, Workplace Parking Levy                               | These funding sources are relatively within the Council’s direct influence     | DfT funding being reduced.  |
|  | Congestion charging  | Community opposition reduces once local benefits are experienced               | Would have to divert from other uses  |
|  | Developer contributions  |  | Expensive to administer; limited examples of “resort” cities introducing congestion charging. |
|  | Business Improvement District  | Reduces the risks to the Council and ensures development meets transport needs | Only able to progress with local business agreement   |
|  | Funded within the Council’s ongoing Urban Design Framework programme |  | Risk of localised economic distortion   |
|  |  |  | Lead times to negotiate section 106 agreements  |



## Roadmap

The roadmap below takes each of the strategic activities identified as priorities in this process and sets out the next steps required for each one.

### Key:



Green - already undertaken

Date - expected completion date



Orange - currently underway

N/A - Not applicable



Purple dot - required

| Activities                        | Project description and rationale  | Next steps                                |                       |                                  |                                |                            |               |                       |                   |                       |                      |
|-----------------------------------|--|---|-----------------------|----------------------------------|--------------------------------|----------------------------|---------------|-----------------------|-------------------|-----------------------|----------------------|
|                                   |  | Transport solutions required for progress | Initial business case | Initial stakeholder consultation | Public consultation activities | Master planning activities | Business case | Agree funding package | Apply for funding | Development agreement | Planning application |
| <b>King Alfred Leisure Centre</b> | Redevelopment of the existing site, which includes a modern sports centre and residential properties, is a key priority for the Council.   |   |                       |                                  |                                |                            |               |                       | N/A               |                       | 2017                 |
| <b>Brighton Waterfront</b>        | A major new multi-use event and conferencing venue on the currently vacant Black Rock site adjacent to the Marina, and the extension of the Churchill Square shopping centre onto the existing Brighton Centre site. Transport and access to and from the Black Rock site is currently limited, and this is critical to the waterfront's deliverability. |   |                       |                                  |                                |                            |               |                       | N/A               |                       |                      |
| <b>Madeira Terraces</b>           | Commercial redevelopment of the Terraces to help fund regeneration of the city's iconic heritage infrastructure. This project is the cornerstone of the Council's Madeira Drive Regeneration Project.  |   |                       |                                  | N/A                            |                            |               |                       |                   |                       |                      |
| <b>The arches / A259</b>          | There is not currently a plan in place for redevelopment of the arches that run eastwards from the i360 to the Brighton Palace Pier and support the A259. The stewardship model should be optimised and conditions should be created to support commercial enterprise.   | N/A                                       |                       |                                  | N/A                            |                            |               |                       |                   |                       |                      |

Alongside project specific actions, the Council needs to follow a structured implementation plan which incorporates the following:

- » Ongoing public and stakeholder engagement.
- » Phased development.
- » Commit to coastal defence objectives within the Shoreline Management Plan
- » Development of a clear implementation plan which ensures construction impacts are minimised.



### Further recommendations

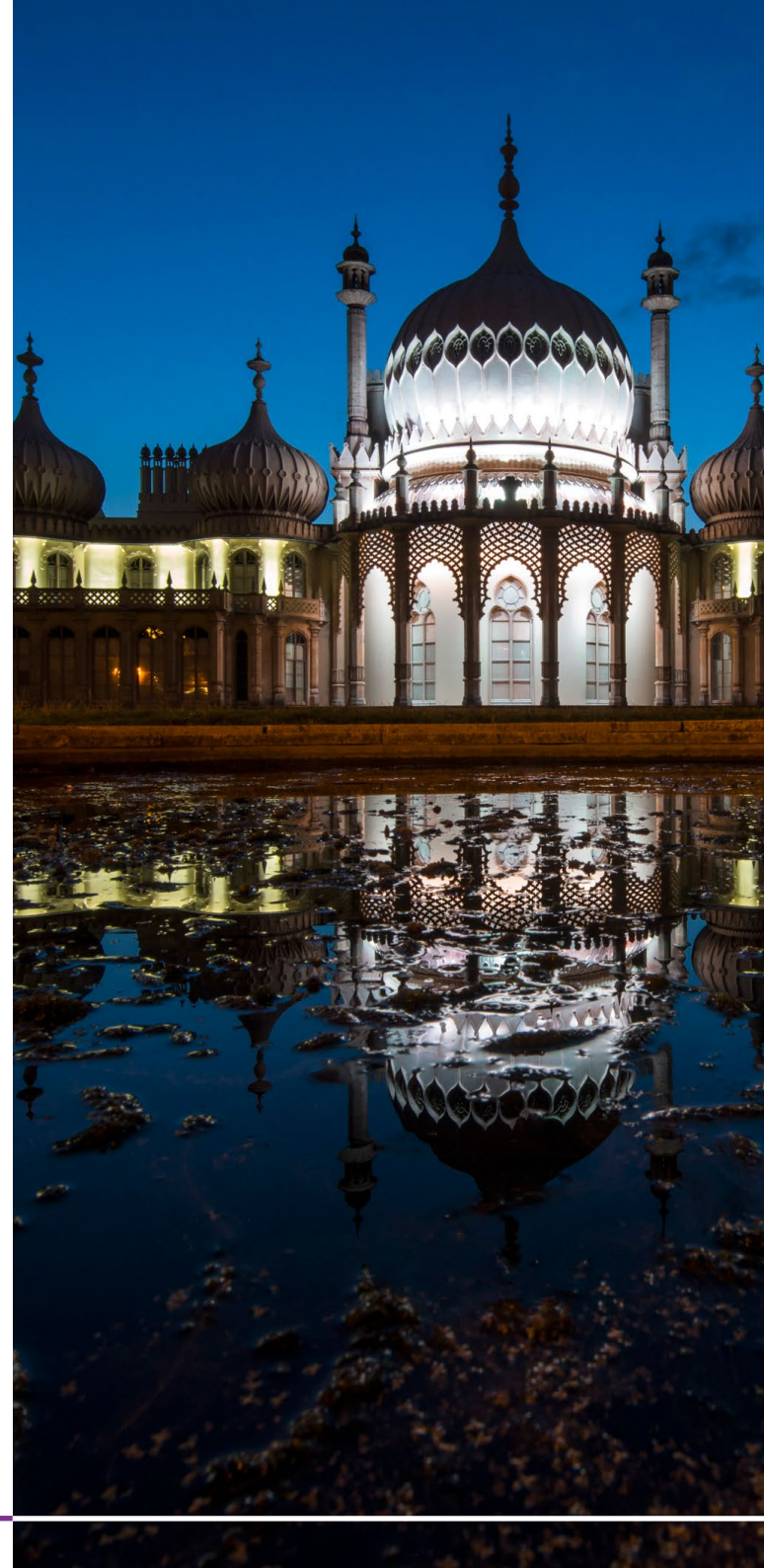
**A comprehensive transport solution** - seafront accessibility needs to be improved via the development of a comprehensive and modally integrated seafront transport plan in order to optimise access. The Council has plans to progress with the **Coastal Transport System** as included in the approved City Plan Part 1.

**Public realm** -<sup>12</sup> it is recommended that a pedestrian environment audit should be undertaken in order to fully understand where public realm improvements should be prioritised along the seafront. This study would also identify areas which would benefit from sustainable transport (walkways/cycleways) investment. A more comprehensive 'wayfinding exercise' that highlights the various attractions along the seafront has also been highlighted as a key method to optimise visitor foot traffic along the length of the seafront.

**Parking and traffic management** - the Council is committed to exploring all the opportunities and benefits that current and future technology could provide to help manage its parking on the seafront in the most efficient, effective and customer-friendly way.

**Madeira Drive Regeneration Framework** - stakeholders are already working together to identify priorities for seafront development and oversee progress. This collaborative working should be maintained.

**Property portfolio review** - a priority action should be to undertake more in-depth analysis of rent yield per square metre by type and usage of the Council's seafront stakeholder group units along the seafront. It will be crucial to maintain the diversity of the seafront vendor offer whilst optimising the revenue from these assets in order to support the sustainability and regeneration of the seafront.



# 1. Introduction

## Seafront overview

Ten million day trips and nearly five million visitor nights were spent in Brighton and Hove in 2014. With a visitor spend of **£830 million throughout 2014** the tourism sector supports approximately **15,900 full time equivalent jobs** and 21,682 actual jobs. Tourism is a vital part of Brighton and Hove's economy<sup>13,14</sup> translating to roughly 14% of all jobs in the city's economy.<sup>15</sup>

Brighton & Hove's seafront plays a key role as a flagship destination for the city attracting visitors and investment alike. Offering over **13km of entertainment and activities**, the seafront is the city's largest entertainment venue offering hundreds of retail and leisure opportunities. The Brighton Palace Pier alone, one of the primary attractions along the seafront, receives over **six million visitors a year**.<sup>16</sup>

To the far west in Hove the seafront is primarily adjacent to residential areas providing informal recreation spaces as well as more formal facilities



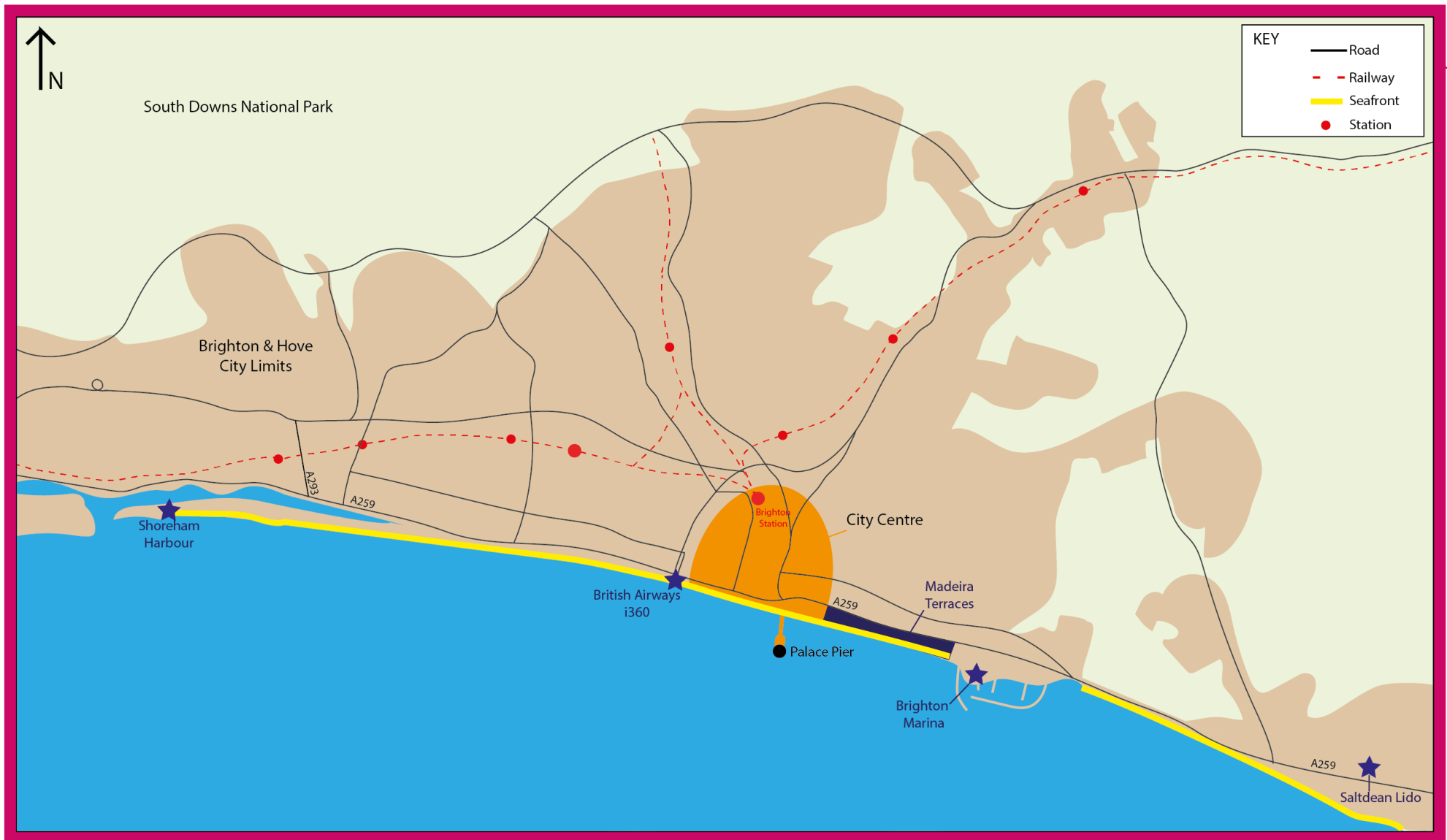
such as Hove Lagoon and the King Alfred Leisure Centre. Moving east towards Brighton the seafront is characterised by a vibrant range of commercial, retail and leisure attractions, which are currently the hub of the tourism offer. Continuing east beyond Brighton Palace Pier are the famous Madeira Terraces, Brighton Marina and Saltdean and Rottingdean, providing a range of outdoor recreational space and facilities for residents and visitors.

With its unique character combining nationally and internationally renowned Victorian infrastructure (**over 476 Grade I and II Listed buildings**)<sup>17</sup>, the seafront forms the centrepiece of the city's heritage and architectural offer. It has a varied range of retail and

leisure facilities with over 100 tenants housed along the seafront in the arched units.<sup>18</sup> Many of the city's largest **annual outdoor events** are hosted on the seafront's Madeira Drive<sup>19</sup>, including the Brighton Marathon, classic car runs and London to Brighton bike rides.

Brighton and Hove City Council has long since recognised the importance of the seafront to the city's economic growth. This was evidenced by the significant Brighton Seafront Initiative<sup>20</sup> regeneration activities undertaken in the 1990s, with regular seafront strategies published since. The most recent publication was the Draft Seafront Strategy (2012).<sup>21</sup>

## Overview of the seafront



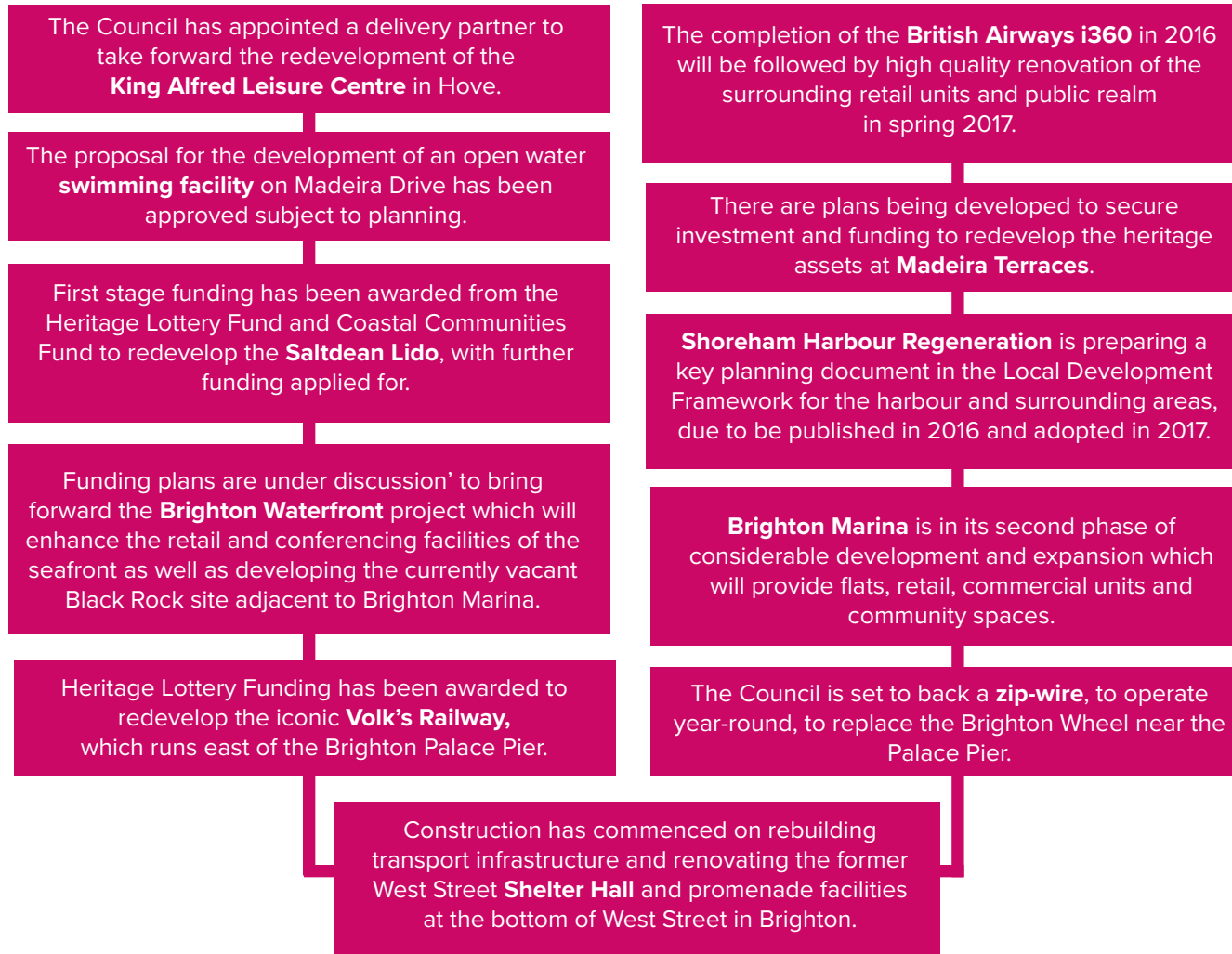
## Key opportunities

The seafront comprises both the beach side of the promenade, where the seafront arches, the Brighton Palace Pier and seaside leisure activities are located, as well as the key attraction sites and businesses on the A259 and promenade which run parallel to the coast. The A259 itself is a core access route for motorists, pedestrians and cyclists. It also joins up key assets, such as the Brighton Centre, Brighton Marina and the numerous seafront hotels, as well as providing a link into the city.

However, in the past, the seafront has often been considered separate from the city centre. The focus has remained on the footfall along the promenade, south of A259, and activities focused on the beach. Going forward, there is a real opportunity to conceptualise the Brighton & Hove seafront as one asset. Increased permeability from the city to the seafront and engagement of stakeholders on both sides will encourage such a vision. Also, a more integrated offer for visitors and residents can be presented as a result.

Much of the land along the seafront, as well as several key pieces of infrastructure (such as the integral A259 infrastructure and Madeira Drive), are owned by Brighton & Hove City Council. This represents a considerable advantage in terms of guiding the direction of the seafront going forward.

Considerable investment and development is already taking place along the seafront. The key activities are set out in the adjacent diagram:



The total value of current and planned developments on the seafront exceeds **£1 billion**,<sup>22</sup> and is indicative of the strength that Brighton and Hove seafront currently wields in attracting investment and interest.

The Council is keen to maintain this development momentum and encourage additional investment in one of the most innovative cities in the UK.<sup>23</sup> It has a vision for the seafront to be a stronger, non-seasonal and economically viable attraction for the city. This plan is designed to set out an integrated approach to development and roadmap which aligns with the Council's vision.

# The challenges ahead

Whilst the seafront is a valuable asset, a series of challenges present themselves in the short, medium and long term. These challenges are already compromising full use of the seafront and, without action, could act as a barrier to future economic growth. Addressing them is essential to enable Brighton & Hove to compete nationally and internationally with other coastal economies.



## Heritage and tourism

The seafront's heritage infrastructure is one of the defining characteristics of the whole city. However it currently presents a notable risk. The deterioration of the Victorian Madeira Terraces along Madeira Drive, and the arches to the west of the Brighton Palace Pier, are significant and growing problems. As they fall into a state of disrepair, this is resulting in underutilisation of commercial units and represents a potential health and safety hazard to the public.<sup>24,25</sup>

Investment to the east of seafront has been lacking in recent years. Development has traditionally been focused on the stretch between the Palace and the West Pier where most footfall is evident. This perpetuates the more limited interest in the eastern end of the seafront. Alongside this, despite the considerable variety of visitor attractions and activities currently available along the seafront (and those coming forward in the short and medium future), the linkages between these opportunities and the information available to visitors could be improved to provide more integrated seafront and city tourism offer.

Maintaining the current heritage infrastructure and strengthening the offer of attractions year round will be critical to sustaining the attractiveness of the seafront and ultimately influencing whether investors, businesses and visitors choose the seafront and Brighton & Hove as their locations and destinations.



## Transport and accessibility

It is crucial to maintain the resilience of the transport network throughout the city and seafront whilst the programme of seafront works is delivered. The Council recognises this as a challenge to overcome and mitigate where possible so as to minimise potentially negative impacts of development.

Transport and connectivity to and from the seafront, as well as east and west along the full length of the city's coastline, is also constrained:

- » Public transport access along the seafront is regarded as inadequate, a problem which is likely to be exacerbated by additional development on the seafront itself, as this will create additional demand. Proposals for a Coastal Transport System to connect the seafront to Brighton station to the Marina in the east were included in the adopted City Plan Part 1 and the Greater Brighton project pipeline which followed, indicating that this is a growing priority, which aligns with the wider strategic plans for the city region.<sup>26,27</sup>
- » The arches supporting the A259 require strengthening.<sup>28</sup> The multiple stakeholders involved in the ownership of the arches make the clarification of funding to undertake improvements difficult.

- » The A259 itself currently presents a physical barrier to pedestrians trying to access the promenade from the city. The former West Street Shelter Hall development, which has already commenced, will partly remedy this issue and will lead to improved accessibility, but more needs to be done to tackle pedestrian severance along the length of the seafront.

Improving accessibility is key to ensuring that the potential of investments and assets of the seafront can be fully realised and their location on the seafront is optimised for visitors to the area. This will return higher yields in terms of visitor spend to the city; resulting in a more prosperous seafront offer.



## Environmental defences

As a coastal urban area, Brighton & Hove is at risk from flooding from three sources: surface water, ground water and the sea. The strategy for the current and future defence of the Brighton & Hove coastline is set out in general terms in the local Shoreline Management Plan (SMP)<sup>29</sup> which recommends maintaining the currently defended line. Going forward, the relevant strategy documents in place to implement the SMP recommend that, in addition to the preferred Hold the Line policy, capital schemes are required along the coast to reduce the risk of erosion and flooding due to wave overtopping. Improvement works to the lock gates at Shoreham are also recommended to address flood risk. Such recommendations require considerable investment; however they are central to unlocking and securing development west of the Marina from 2021 onwards.

Without commitment to these objectives, the risks to the seafront increase and in turn could drive away development.



## Future investment

There are gaps in the funding needed to address the challenges identified above as the cost of infrastructure outstrips the funds currently available. For example, the funding required for the Madeira Terraces structural works alone is estimated by the Council to be in the region of £30 million.<sup>30</sup> This gap cannot be resolved by using public funds alone<sup>31</sup>; if the seafront is to overcome the challenges it faces, more innovative funding mechanisms will need to be utilised, together with reviewing the current income revenues in place along the seafront.



# 2. Objectives of the plan

The objective of the seafront investment plan is to develop the 'next steps' for seafront investment which will help steer and prioritise future investment decisions along the city's seafront. This document sets out to answer the following questions:

A.

## Where are we now?

The plan provides a review of Brighton & Hove's existing seafront infrastructure and planned seafront investment to provide a comprehensive overview of current activity.

B.

## What are the future seafront priorities?

The plan articulates a shared set of priorities for further investment to develop and enhance the city's seafront offering.

C.

## What funding and investment opportunities exist?

Options are considered for new models of investment to secure the regeneration of the city's seafront

The work to inform this plan has been undertaken between July 2015 and July 2016 by Mott MacDonald and Grant Thornton on behalf of Brighton & Hove City Council based on information available at the time. Evidence has been drawn from a series of activities including a review of business planning and project proposal documents, engagement with project managers and local stakeholders, a survey with vendors along the seafront, and an interactive workshop with key members of the Brighton & Hove seafront stakeholder group. A high level review of the seafront property portfolio managed by the Council was also undertaken. A more comprehensive summary of activities undertaken to evidence these steps is detailed in Appendix A.

## Strategic context

The adopted City Plan was published in early 2016. Within this the seafront is recognised as the 'shop window' for the city and is covered by Special Area Policy 1 (SA1)<sup>32</sup>. The priorities set out within SA1 provide a framework to ensure that development proposed in this plan aligns with planning objectives at the city level.

The city plan set out that the Council will work in partnership to ensure the **on-going regeneration and maintenance** of the seafront in an integrated and coordinated manner. Proposals should **support the year-round sport, leisure and cultural role of the seafront** for residents and visitors whilst **complementing its outstanding historic setting** and **natural landscape value**.



The priorities for the whole seafront (in addition to some site specific seafront priorities) are to:

- » Enhance and improve the public realm and create a seafront for all; to ensure the seafront is accessible to everyone.
- » Promote high quality architecture, urban design and public art which complements the natural heritage of the seafront.
- » Secure improvements to sustainable transport infrastructure along the A259.
- » Monitor, conserve and expand designated coastal habitats.
- » Work in partnership with the Department for Environment, Food and Rural Affairs (Defra), the Environment Agency, Natural England and Southern Water.
- » Encourage consideration of low and zero carbon decentralised energy.

# 3. Where are we now?

## a. Introduction

There are several key seafront projects which are already underway or remain Council priorities for development, and will bring the amount of potential investment along the seafront to over £1 billion in future years.

The projects are wide-ranging. Collectively they will enhance the heritage offer (e.g. the regeneration of the Volk's Electric Railway), provide improved recreational facilities (e.g. redevelopment of the King Alfred Leisure Centre and the restoration of the Saltdean Lido), improve pedestrian and cycle infrastructure (e.g. the West Street Shelter Hall works) and add to Brighton & Hove's visitor attractions (e.g. the British Airways i360).

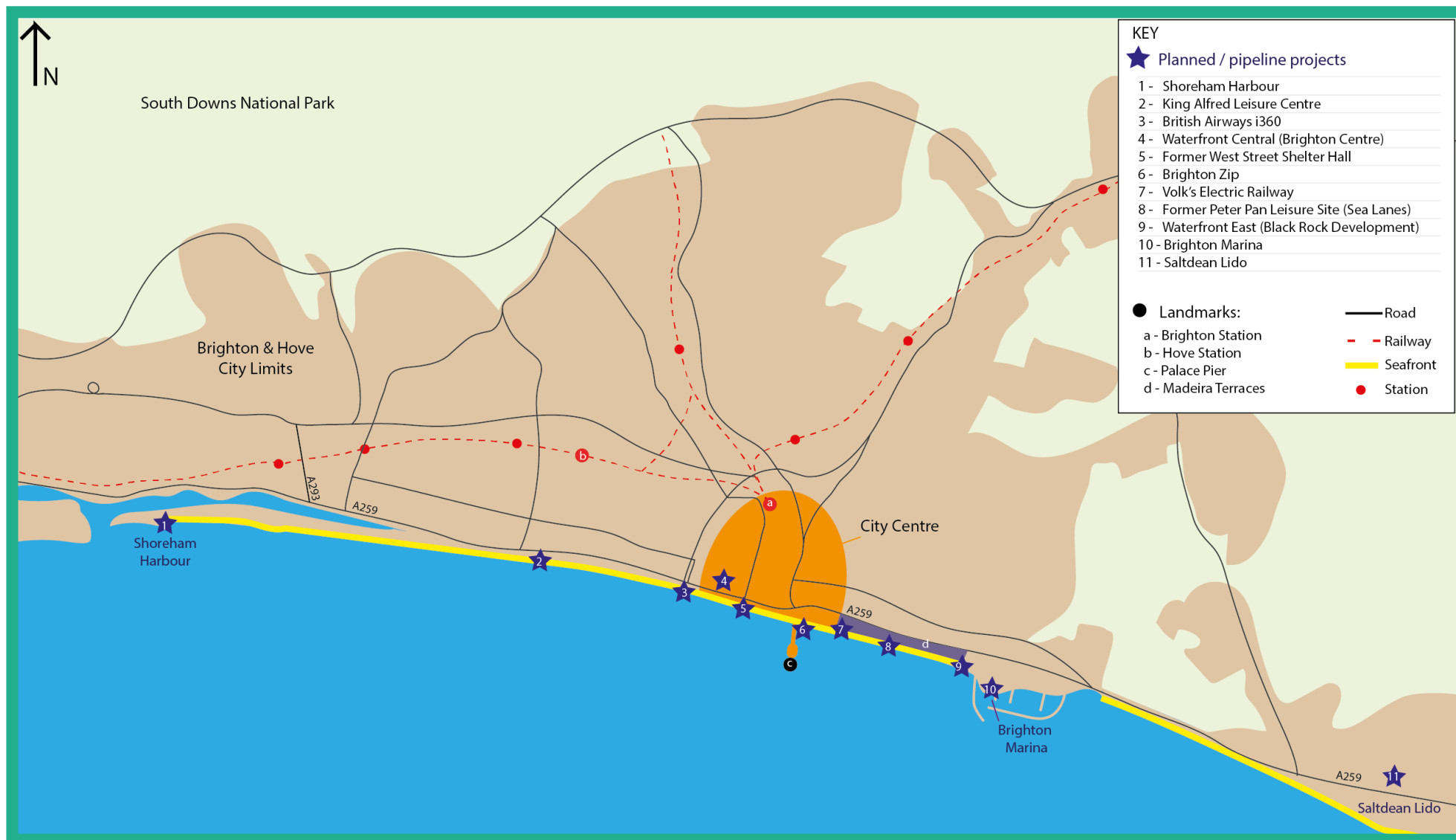


All of these projects share some common “success factors” including:

- » A strong business case setting out the project's strategic merit and its economic benefit to the seafront and wider city.
- » An appreciation of the seafront's unique heritage.
- » A robust financial and commercial strategy capable of attracting external investment.

The map overleaf illustrates the location of each of these planned and pipeline projects; indicating how they relate to each other spatially on the seafront.

## Map of current planned and pipeline seafront investment



# Summary of planned and pipeline projects

There is a significant programme of development already underway along the seafront. Some of these key projects fall within the remit of the Council and are being managed directly or indirectly.



Council led

## King Alfred Leisure Centre Site

**Project lead:** Brighton & Hove City Council

**Brief summary:** The ageing King Alfred Leisure Centre is a sport and leisure facility (including a 25m swimming pool, fitness gym and sports halls). It is expensive to run and does not meet modern expectations. Redevelopment of the venue, including the additional provision of housing at the site, is a priority for the Council.

**Current status:** On 21st January 2016, the Council's Policy and Resources Committee appointed Crest Nicholson in partnership with the Starr Trust as the preferred developer partner to take forward the development of King Alfred Leisure Centre.

**Project cost:** £40 million for the sports centre only.<sup>33</sup>

### Additional economic value:

High level Mott MacDonald economic impact assessment estimates forecast as many as 133 net jobs could be facilitated at the King Alfred site as well as indirectly via the supply chain and other locally impacted firms. This is estimated to translate to roughly £6.6m gross added value (GVA) per annum under these new plans.

### Timeline for development:

- » A planning application is expected to be submitted in 2017.
- » An indicative timescale for completion is 2020.



## Brighton Waterfront Central and Waterfront East (Brighton Centre / Black Rock development)

**Project lead:** Brighton & Hove City Council / Standard Life Investments

**Brief summary:** The objective of this project is to deliver a major new multi-use event and conferencing venue on the currently vacant Black Rock site next to the Brighton Marina. This would be funded in part through the sale of the Brighton Centre site (the city's current conference centre situated in between the two piers) to Standard Life Investments, which would use this site to extend the existing Churchill Square shopping centre so that it faces directly onto the seafront.

To date there has been some delay due to the need to ensure transport and access for visitors from the city centre to the site at Black Rock. Standard Life and the Council are now undertaking a master planning exercise on the Black Rock site to understand how this transport accessibility issue can be overcome.

**Current status:** WilkinsonEyre Architectural firm has been appointed to develop a masterplan for the city's Waterfront scheme. On 29th April 2016, the Council agreed a funding structure with Standard Life Investments.

**Project cost:** The total project value is £540 million.<sup>34</sup>

### Additional economic value:

The Council anticipates 2000 net additional jobs will be facilitated by this development. Approximately £150m per annum of net additional expenditure is expected in the city, with an additional £4.6m per annum to the Council through the conference facility.<sup>35</sup>

### Timeline for development

- » Signing of conditional Development Agreement anticipated for June 2016.
- » Completion of Waterfront East site (at the Black Rock site) anticipated summer 2020.
- » Completion of Waterfront Central site (at the current Brighton Centre site) anticipated for summer 2021.



## Seafront landscaping of the land either side of the British Airways i360

**Project lead:** Brighton & Hove City Council

**Brief summary:** Following completion of the British Airways i360 the Council is undertaking a complementary landscaping project, covering the land owned by the Council adjacent to the tower. To the west of the British Airways i360 the urban realm will accommodate new seating and a flexible event space. To the east there will be a piazza with a focus on heritage and the West Pier.

**Current status:** Tender stage.

**Project cost:** £1.99m from the British Airways i360 revenues.

**Additional economic value:**

Value to be obtained from event space unknown to date.

**Timeline for development**

- » Completion expected Spring 2017.
- » Construction commenced in 2015.



## Former West Street Shelter Hall

**Project lead:** Brighton & Hove City Council

**Brief summary:** The Shelter Hall is the third phase of a programme to strengthen, re-build and stabilise the seafront highway structures that support the A259 and upper promenade along Kings Road. The project involves the rebuilding of the highway structure which supports the primary A259 corridor and the strategically important West Street junction. This area also serves as the main pedestrian link from Brighton's main railway station to the seafront. The scheme will provide a new highway structure that can accommodate modern highway loadings with a minimum design life of 120 years. It will also provide a remodelled and safer junction at the West Street / A259 intersection point and deliver modern commercial business premises. The project, once completed will afford better and safer transport and pedestrian movements, a structure that is fit for purpose and safe for use and the regeneration of this area of seafront.

**Current status:** Under construction.

**Project cost:** £9m investment award from the DfT's Highways Maintenance Challenge Fund (with a remaining £1.5m coming from the Council).

**Additional economic value:**

Given the site size and assuming commercial land use, minimal wider economic impacts in terms of employment and GVA is estimated.

**Timeline for development**

- » Construction commenced in October 2015.
- » Completion expected in 2018.



## Volk's Electric Railway

**Project lead:** Brighton & Hove City Council

**Brief summary:** Volk's Electric Railway is the world's oldest working electric railway. A scheme is in place to conserve the original Victorian carriages, develop a new station and a new visitor centre to attract more visitors, as well as a new conservation workshop.

**Current status:** Underway.

**Project cost:** £1.65m from the Heritage Lottery Fund.

### Additional economic value:

Redevelopment plans will not create additional space for jobs, so there would be minimal economic impact in terms of net additional jobs and contribution to GVA. The development would, however, help to safeguard the number of visitors to the attraction.

### Timeline for development

- » Construction on site is due to commence in October 2016.
- » Completion of works are likely to be May 2017.



## Other key Council led projects

Further projects may come forward in future months and will require ongoing development work. For example:

### » Madeira Drive Regeneration Framework:

Brighton's eastern seafront has become an important cause for local residents, business and policy makers. In recent years, sections of the Madeira Terrace have had to be closed as the structure deteriorates, leading to the closure of local businesses hosted in these arches, the loss of the terraces as a public amenity and the necessary installation of visually intrusive safety measures to prevent access. The Council and associated stakeholders are working together to propose the best commercial solutions to redevelop the area and create a year-round usable space that extends the total footfall along the seafront right through to the Marina. Various bids for funding to assist with this, (including recently to the Government's Coastal Communities Fund in July 2016) will need to be made, in order to move towards an overall solution that is both fundable and deliverable and links with the wider regeneration of this section of seafront.



## Non-Council led

Further projects that are planned to come forward and require further development work include the following:

### British Airways i360

**Project lead:** West Pier Trust

**Brief summary:** The British Airways i360 is a 170m high observation tower constructed on the West Pier site in Brighton.

**Current status:** Under construction.

**Project cost:** £46.2m (BHCC senior loan £36.2m, equity investors £6m, Coast to Capital Local Enterprise Partnership (LEP) junior loan £4m).

**Additional economic value:**

Estimates from the architects<sup>36</sup> suggest an attendance of 822,500 in the first year of operation, falling to 697,500 per annum three years after opening. This is expected to generate £7.5m in ticket income in the first year of opening. Tourist revenues are predicted to increase by £13.9m to £25.4m per annum with an additional 16,000 to 305,000 visitors to the city and an extra 27,000 to 49,000 overnight stays per annum.<sup>37</sup> British Airways i360 estimates 169 full time equivalent (FTE) direct and indirect jobs will be created by the attraction.

**Timeline for development**

- » Construction commenced in 2014.
- » Opened August 2016.



### Saltdean Lido

**Project lead:** Community Interest Company

**Brief summary:** In 2013 the Saltdean Lido Community Interest Company (SLCIC) was appointed as preferred leaseholder to restore the Lido. The SLCIC are currently completing a Stage 2 Heritage Lottery Fund application to seek grant funding of over £4m which would include:

- » A scheme to restore the main building sensitive to the Grade II Listing of the Lido.
- » A business case with income generating uses which would fund the sustainable operation of the facility.
- » Improvements in environmental sustainability of the facility

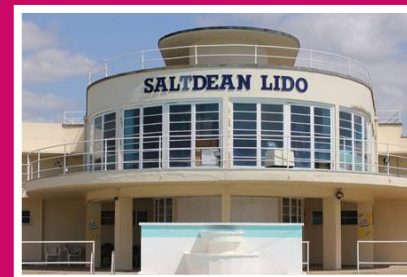
**Current status:** Works to restore the external main pool, children's pool and provide a new pool plant room are underway. These works are funded primarily by a Coastal Communities Fund grant and are due to be completed by spring 2017 to enable use of the pools in summer 2017.

**Project cost:** The restoration of the external pool works is primarily being funded by a grant of over £2m from the CCF. Further grants of over £4m (HLF) and over £3.5m (CCF) are being sought to fund the restoration of the main Lido building.

**Additional economic value:**

Given the nominal employment space created at this site, there would be minimal economic impact in terms of net additional jobs and contribution to GVA.

- » External works due to be completed in spring 2017.
- » Timescale for restoration of main Lido building dependant on outcome of grant applications.



## 'Sea Lanes' open water swimming facility

**Project lead:** Private developer

**Brief summary:** The now vacant leisure site east of the Brighton Palace Pier, was re-marketed in summer 2014. The Sea Lanes proposal, which includes an open water swimming facility and associated leisure retail units, was chosen by the Policy & Resources Committee as the preferred development in 2015.<sup>38</sup>

**Current status:** Landlord's consent has now been approved and Heads of Terms for a 150 year lease agreement agreed.

**Project cost:** Approximately £4.5m privately funded by the developer.

### **Additional economic value:**

It is difficult to assess the economic impact as the scheme is not yet finalised.

### **Timeline for development**

- » A planning application is anticipated to be submitted at the end of summer 2016.
- » Subject to planning consent being granted building on site could start in 2017.



## Other key non-Council led projects

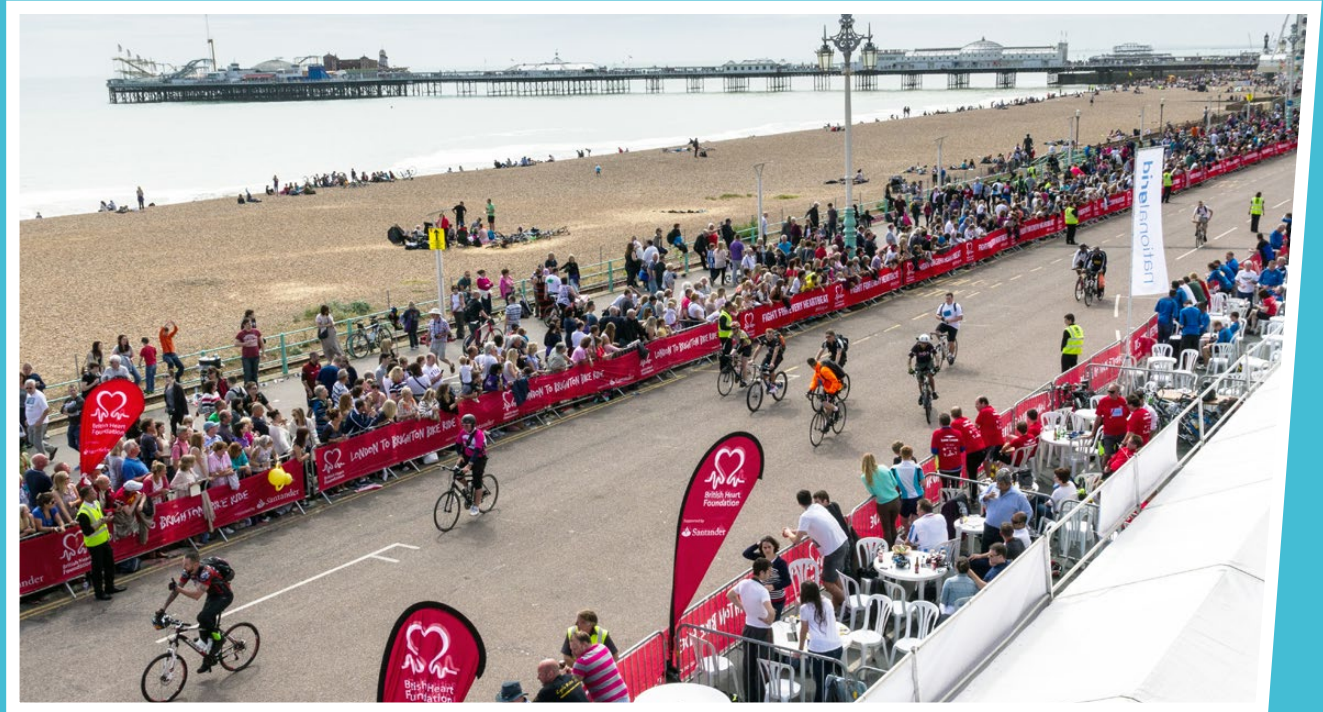
- » **Shoreham Harbour:** A harbour-wide JAAP is currently being prepared and will include: designations for new areas of housing, mixed-use schemes and employment space, protecting and enhancing the role of the port in its function as a key local industrial hub, regionally important site for the landing and handling and processing of waste and minerals, A transport strategy to promote a package of integrated sustainable transport measures, clear guidance for developers prepared in liaison with the Environment Agency to ensure new developments are resilient to future flood risk, and improving the waterfront and visitor experience; enhancing the area's historic, environmental and leisure assets. This project seeks to address the coastal defence challenges highlighted in the introductory section of this document.
- » **Brighton Zip:** Paramount Entertainments Ltd (the tenant which previously operated the Brighton Wheel) has been granted landlord's consent to replace the Wheel at the site adjacent to Palace Pier with two 300m-long zip-wires. There will be a cable from a 20m tower to a landing area on the beach. A drop-zone from the tower and a new café are also proposed. A planning application has been submitted and a decision is expected in September 2016.
- » **Brighton Marina** is also the focus of investment and regeneration in a phased programme of works including considerable residential and commercial development.

# 4. Future seafront priorities

## Overview

In addition to projects in the pipeline, which are already under way or have funding packages in place, there are several priorities along the seafront which maintain strong stakeholder and political support and have a robust strategic, economic and commercial case.

The majority of stakeholders engaged during the development of this plan have identified the regeneration of Madeira Drive as a key priority for the Council, as an opportunity to extend footfall eastwards, to improve connectivity between the pier-based activity and the Marina, and to reduce seasonality of this portion of the seafront. Within this area of development, the terraces and colonnade along Madeira Drive are the most important area for investment.



Connectivity remains a key feature of planning for the future of the city's seafront; this is a view which is widely supported by stakeholders. This needs to include:

- » Improvements to achieve the safe and efficient movement and flow of people and traffic along and across the A259 to reduce congestion, and connections with the lower promenade and beach/sea.
- » Maintaining and improving the transport and highway infrastructure.
- » Public realm improvements to the overall visitor/user experience, which will create a positive and lasting impression and therefore generate return visits, longer stays and positive feedback.

## Emerging priorities

Through a process of stakeholder engagement, a set of priorities has emerged for Brighton & Hove's seafront. These options were identified as important in order to tackle the challenges currently faced and to secure a sustainable future for the whole length of the seafront. The priorities seek to build on the findings of the Seafront Scrutiny Infrastructure Panel Review<sup>39</sup> and they are considered vital to the future vision and realising the economic potential of Brighton & Hove's seafront.



### (i) Madeira Terrace and Madeira Drive

**Brief summary:** The Victorian Madeira Terraces, to the east of the seafront are a listed structure running along the seafront east of the Brighton Palace Pier on Madeira Drive.

Engineers have inspected the structure and have advised that it is no longer safe to use.<sup>40</sup> They have recommended that pedestrians and vehicles are kept away from the structure in case of collapse. As such, the entire length of the Terraces has been closed to the public. This has resulted in the closure of one business and the relocation of another as well as reduced access between Marine Parade above the Terraces and the seafront below. Parking and access to other businesses and outdoor events have been maintained.

**The Terraces are a key focus of the Council led Madeira Drive Regeneration Framework.** The Council has used funding from the Department for Communities and Local Government's (DCLG) Coastal Revival Fund to develop a master plan and investment options. The cost of repairs is currently estimated at £30 million, and the preferred option at present involves a mix of commercial and retail/leisure uses within the arches to contribute to the cost of renovating the arches whilst maintaining their historic nature.

An application was submitted to the Coastal Communities Fund in July 2016 to account for a proportion of the total cost of this project however the final funding arrangement has not been agreed.

Madeira Drive has limited infrastructure (e.g. water / internet) to help with operation of events. This is both a challenge and (if addressed) a potential opportunity when considering the many events that are and could be hosted at this space going forward. One example from elsewhere is the establishment of basic infrastructure at Wembley car park, which can now host events as well as offering car space.

**Potential funding options:** renovating for commercial use / Coastal communities fund / ongoing management post-re-occupation / crowd-funding (more detail in following chapter)





## (ii) Development of the seafront arches and linkages to the A259

**Brief summary:** The historic arches support the seafront promenade and are a vital part of the seafront infrastructure. Built over 120 years ago, they are home to over 100<sup>41</sup> tenants offering a diverse land use mix, and support the key commuters and visitors route the A259. The arches either side of the British Airways i360 are currently undergoing major renovations. Phase one of the work is complete; it involved rebuilding, strengthening and refurbishing the arches between Alfresco restaurant and the former West Pier. Phase two of the work is complete and will be opening in Spring 2017.

**There is not currently a plan in place to redevelop the remaining arches that run eastwards from the i360 to Brighton Palace Pier and support the A259. These arches require strengthening.**<sup>42</sup> The key challenges are as follows:

- » supporting the A259;
- » attracting businesses to the arches to improve associated revenues, whilst maintaining the eclectic feel of trade along this stretch of the seafront; and
- » optimising and improving movement east-west along the seafront

The Council anticipates the project cost to be in the region of around £100m\* in total;<sup>43</sup> funding arrangements are not currently in place. The arches need to be recognised as the key driver behind unlocking redevelopment of the fundamental A259 transport link which they support. As such this project needs to be considered as two fold: 1) development of the arches, and 2) public realm improvements to the upper promenade along the A259.

In order to address the accessibility challenges facing the seafront, this project requires direction from the Council on how transport is being addressed from a holistic/city level, before designs for an improved A259 can be started.

**Potential funding options:** DfT capital maintenance funding / ongoing management post-reoccupation / ring-fencing of rental income / optimising rental income over the longer-term by the Council, as landlord, taking a more active revenue-focused role in the stewardship of these important assets (more detail in following chapter).

\*This figure was estimated in 2014 to cover the cost of restoring the arches, retaining walls and railings only.



### (iii) Transport and accessibility: managing people's movement

**Accessibility is key to the seafront's success, and currently it is a challenge to access the full offer on foot.** A recurring theme throughout the engagement has been support for providing a sustainable, public transport service with integrated options and solutions to enable residents and visitors to easily access the full range of sites and assets along the seafront.\* In particular stakeholders identified the success of key proposals, such as the Brighton Waterfront project, as being ultimately dependent on access for visitors. In the case of the Waterfront project this relies on transport of delegates from the station and some of the key hotels west of the Brighton Palace Pier.



### A259

Improvement to movement and flow of people and traffic along and across the main coast road to reduce congestion, maintain and improve the attraction of the seafront environment and increase opportunities for economic and recreational activities. Measures could include corridor length investment in initiatives such as Intelligent Transport Systems (ITS), or reallocation of roadspace, tailored to the individual conditions and functions of different sections of the route and the different volumes of people using them.



### Public realm along the seafront

High quality public realm is key to attracting investment to an area, as it contributes to attractive, safe and comfortable environments for visitors and residents. High quality public realm via signage can contribute to improved navigation of an area. Wayfinding and improved signage are one of the key tools used by Transport for London to ensure visitors engage with areas and facilities as much as possible.<sup>44</sup> In 2007 the Council undertook a review of routes, crossings, barriers, connectivity and activity<sup>45</sup> which identified the priority areas for investment along the eastern seafront. There is an opportunity to use this information to further regenerate the seafront public realm (particularly around the eastern seafront); ensuring the seafront is easy to use and navigate. A Business Improvement District scheme would contribute to this sort of initiative.



## Coastal Transport System

The concept of a high frequency, limited stop, public transport route along the seafront to better connect venues and attractions has been proposed previously. Referred to as 'Coastal Transport System', it has been developed through several iterations of research and feasibility over the past ten years which forms a core aspect of the transport solutions required to meet the integrated needs of the seafront. It is currently a relatively long term proposal (2024) in the Council's approved City Plan Part 1,<sup>46</sup> and also features in the Greater Brighton project pipeline.<sup>47</sup> This project is a bus-based, rapid transit initiative connecting the city's seafront from the Marina in the east, to Shoreham Harbour and then on to Worthing in East Sussex. Considerable funding would be required for such a scheme; undertaking a business case would allow options for routeing to be reviewed and funding methods to be tested.

Progressing further with the Coastal Transport System plans would also enable key considerations, such as access to the Waterfront East site development at Black Rock and the Marina, to be explored and therefore considered alongside the strong stakeholder support that has been expressed.

Any routeing options would need to consider the appropriate balance that needs to be given to different forms of transport such as the amount of infrastructure and priority provided for walking, cycling, road traffic, parking and public transport on a daily basis on the upper (A259 Marine Parade) and lower (Madeira Drive) levels. The ability to hold significant local and national events on the seafront also needs to be factored into considerations.

**Potential funding options:** Local Growth Funding; local taxation supplements or growth; fare box (more detail in following chapter).



## Highway structures

The Council plan to undertake a continued programme of assessment and renewal of structures supporting the A259 coast road to maintain strategic and local movement and create refurbished and additional commercial floorspace. Opportunities to better manage and improve movement along and across the corridor will be identified and taken, when appropriate.



## Parking and traffic management

Managing movement and use of the seafront can be achieved in a number of ways, depending on the primary objective either along the entire route or within particular areas. Use of the seafront is influenced by many factors (e.g. season, events). Systems therefore need to be able to provide for different users/vehicles e.g. cars, coaches and lorries/vans, and be flexible to enable different circumstances or needs to be accommodated. Reductions in demand for movement through other interventions such as park and ride or increased public transport services would also require different or alternative solutions.

## Other issues

Throughout the engagement process some further suggestions for action emerged, in addition to the above priorities. These should also be considered going forward particularly during the implementation phases of this development plan:

Development needs to be phased so that it can be managed and does not cause undue disruption to existing businesses and tourism. A realistic phased approach needs to inform the roadmap of next steps.

Priority needs to be given to public engagement. This should include engagement with both residents and visitors. It was suggested that an engagement strategy needs to be developed as seafront priorities are progressed further.

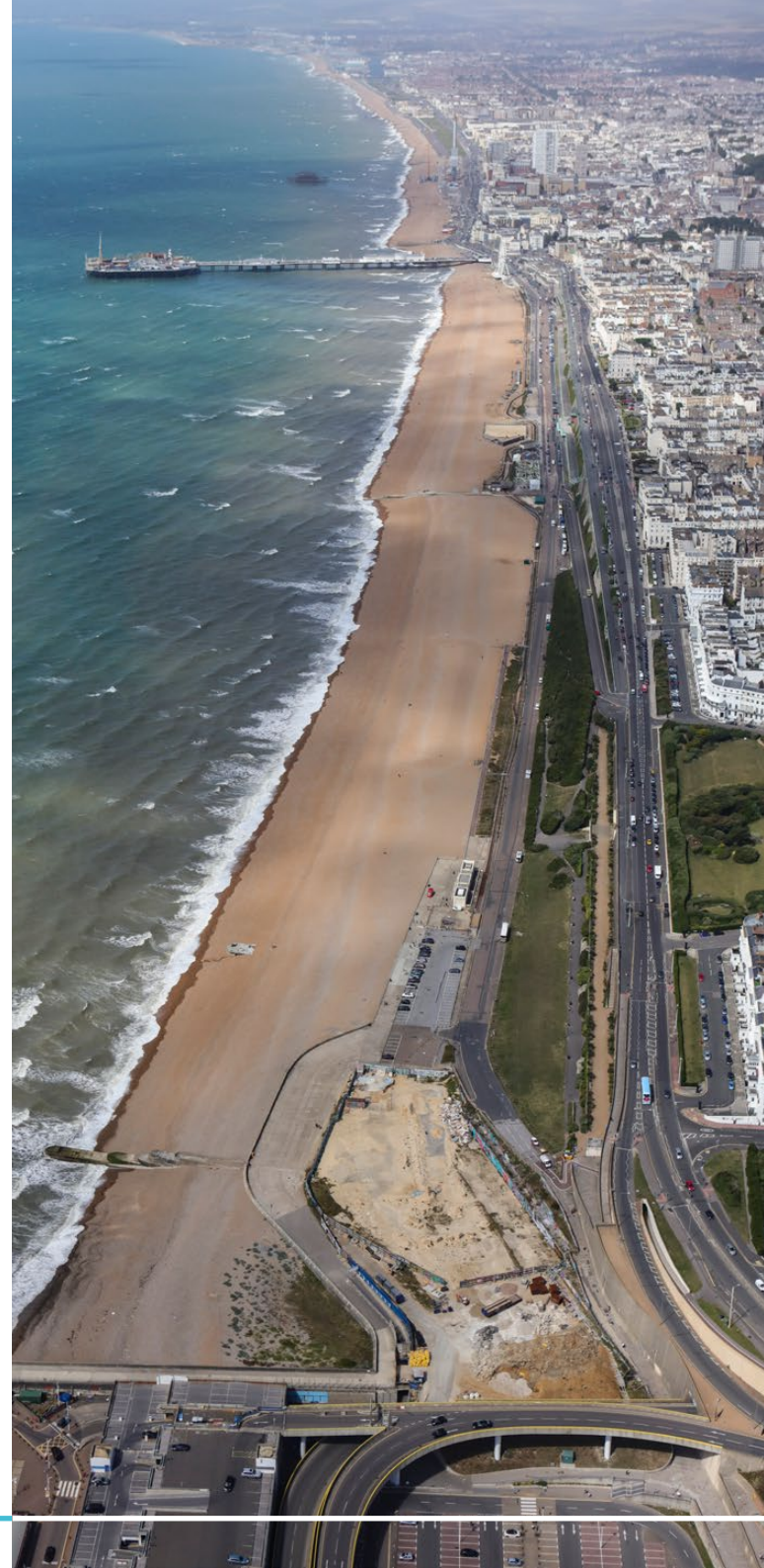
Careful management of construction alongside the existing day and night activities will be important to minimise disruption and the negative impacts of investment.

New development needs to be considered carefully within the planning policy context and planners need to be fully involved going forward.

There is a need to consider how stakeholders will be brought on board and how the full benefits/impacts of projects can be marketed.

Important stakeholder groups such as Brighton Marina, Shoreham Harbour, owners of the Pier and English Heritage, need to be included earlier on in planning and transport infrastructure discussions when considering investment across the whole of the seafront.

Investment in coastal defences and the objectives within the Shoreline Management Plan should remain on the agenda.



# Investment prioritisation

All of the investment priorities identified above have clear stakeholder support and are merited in terms of their need to overcome some of the challenges that Brighton & Hove seafront is facing. By way of attempting to indicate the comparative strategic and economic strength of these emerging options and their readiness for delivery, a prioritisation exercise has been undertaken, using a framework established and agreed with the Council. The aim of this exercise is to indicate which projects should be short, medium and long term seafront investment priorities.

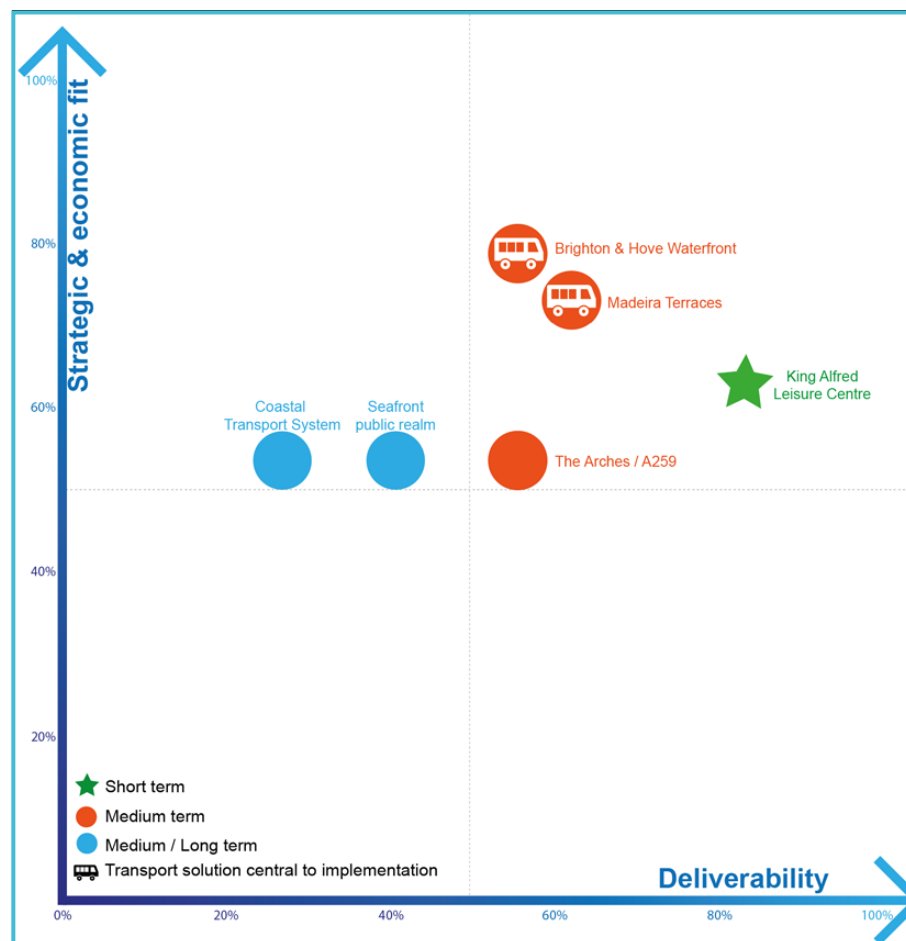
This prioritisation exercise considers all projects and priorities which are:



In terms of transport related priorities, this process considers the A259 improvements, the Coastal Transport System and seafront public realm as options that the Council can consider within this seafront infrastructure context. It is understood that transport and accessibility are interlinked and therefore should be considered as an associated project of works.

The prioritisation criteria focus on strategic/economic fit (i.e. whether the outcomes of the project align with priorities for the city) and deliverability (i.e. whether a business case exists and resources are in place to take implementation forward). The outcomes of the prioritisation framework are demonstrated in the diagram below.\*

Throughout this exercise it became apparent that there were interdependencies between several development priorities. Most notable is the reliance of some key projects east of the Brighton Palace Pier on improved transport and accessibility.



\*In order to model the economic deliverability of some projects where an agreed funding package has not been agreed and/or anticipated economic impacts in terms of jobs and GVA have not been modelled, assumptions have been made of the relative scale of such development.

### Brighton Waterfront Project

The Brighton Waterfront project returned the highest strategic fit score compared to other projects and priorities.

This is largely due to the projected economic impacts of this development, the alignment of the project's objectives to the city's visitor economy objectives, and the opportunity to anchor development to the east of the Brighton Palace Pier. The funding agreement agreed in June 2016 contributes to a relatively strong deliverability score, which is likely to be higher once the masterplan, transport strategy and design

documents for both the Black Rock site and Brighton Centre site have been finalised and agreed with the Council.

### Madeira Terraces

Similarly, regeneration and development of Madeira Terraces scores highly in terms of strategic and economic fit.

There are several reasons behind this including recognition in planning documentation and local stakeholder support of the strategically significant role Madeira Terraces have for the wider city. The potential

economic opportunities of redevelopment, and the associated seafront and visitor economy value are also acknowledged. This project aligns strongly with the heritage, tourism and economic development priorities of the seafront. At present, the deliverability score is deemed lower due to the absence of a refined business case and associated funding. There are plans for development of Madeira Terraces as part of the Madeira Drive Regeneration Strategy; once a business case for commercial redevelopment of this project is finalised and funding has been fully agreed the deliverability score for this project will increase and push the priority of this project higher.

## Short – medium term priorities

### Short term priorities

#### King Alfred Leisure Centre

The King Alfred Leisure Centre scores highest of all the projects in terms of project deliverability.

The project returned a relatively high score for strategic fit owing to the project's placement as a strategic allocation site for the western seafront in the recently adopted City Plan (adopted in March 2016<sup>48</sup>) and its contribution to housing targets for the city. The project also scores highly as a result of strong progress made with business case and establishing developer partners, therefore resulting in a strong deliverability score. These factors combined indicate that this project should be a short term priority.

### Medium and long term priorities

Several projects occupy a similar score in terms of strategic fit: restructuring **the remaining arches along with improvements to the A259, the seafront public realm and Coastal Transport System**. Each of these projects have strong stakeholder support and if implemented, would align with planning objectives for the city. The requirement for more finalised development plans means that these projects returned lower deliverability scores than other priorities on the graph.

# 5.

## Future funding and investment



### Introduction

This section considers how the Council can look to fund and finance the seafront investments prioritised in this report, against the context of constrained public finances both locally and nationally.

#### For the purposes of this report:

- » Funding is the source(s) of income or revenue needed to meet both capital and revenue costs of delivering a project.
- » Financing is how the costs of a project are met as they are incurred. In this sense, financing is the act of providing cash to meet the capital and revenue costs as they become payable.

# General funding options

The potential “general” funding options outlined below are not tied to any specific project. They also do not represent a statement of policy by the Council; rather these options represent an assessment of sources that other public authorities have used to fund projects in similar sectors. Following detailed discussion with local and national stakeholders, the Council will work to identify which, if any, of these options could make up part of a package of funding solutions for its vision for the city’s



## Grant funding

A number of potential national funding sources exist to support the renewal and upgrade of Brighton’s seafront, including the Local Growth Fund, the Coastal Communities Fund, National Lottery funds.

| Grant funding   | Summary and potential offer   | Target/area  | Timescales to consider  | Appropriate priority project   |
|---|---|--|---|--|
| <b>Growth Deals</b>   | <p>The local growth fund is allocated through Local Growth Deals agreed between the Government and individual LEPs.<sup>49</sup></p> <p>The DfT has also established a £475 million Large Local Major Transport Fund, administered via LEPs.</p> <p>Local Growth Deal Round 3 is under development, with decisions expected to be announced by the end of 2016.</p> | <p>The Growth Deal will focus on three key priority areas as identified in the Coast to Capital LEP’s Strategic Economic Plan:</p> <ul style="list-style-type: none"> <li>» Enhance business support and skills</li> <li>» Accelerate research and innovation</li> <li>» Invest in transport, flood defences and resilience</li> </ul> | Funding for local growth fund round 3 will cover 2017 – 2020. | <p>Brighton and Hove Waterfront: the Council has made an application to Coast to Capital LEP for funding to subsidise the capital costs of the Black Rock Conference Centre and Arena.</p> <p>A Coastal Transport System may be suitable for Local Transport Majors funding.</p> |
| <b>DfT capital integrated transport and maintenance funding</b> | <p>All local authorities receive grant funding from DfT, calculated on a formula basis, to support maintenance of highway assets and invest in integrated transport priorities.</p> <p>This funding is being significantly reduced over the current spending review cycle.</p>  | The Council generally allocates such funds to transport projects.  | 2016 - 2020   | Potentially a Coastal Transport System.  |

| Grant funding   | Summary and potential offer   | Target/area   | Timescales to consider   | Appropriate priority project  |
|---|---|---|--|---|
| <b>Coastal communities fund</b>                             | The Big Lottery Fund is delivering the coastal communities fund on behalf of the Government with at least £90 million of new funding confirmed for the next round.  | The coastal communities fund aims to encourage the economic development of UK coastal communities by awarding funding to create sustainable economic growth and jobs. | Portions of this fund are set aside for development up to 2021<br><br>The next round of funding will be available from 2017/18 through to 2020/21. | Madeira Drive and Terraces.<br><br>The Arches / A259.<br><br>Saltdean Lido.   |
| <b>National Lottery funds</b>                               | The Big Lottery Fund is responsible for distributing 40% of all the money raised for good causes by the National Lottery.<br><br>In the 2014 - 15 financial year, the organisation awarded more than <b>£1 billion</b> to projects with a social mission. | The objectives of each fund differ but each fund is designed to support community and/or charitable projects across the UK and Ireland.                               | Timescales differ by relevant fund and are ongoing.  | Madeira Drive and Terraces seafront structures which are fit for purpose and safe for use.<br><br>Public realm for increased accessibility. |
| <b>Flooding and coastal erosion risk management funding</b> | Central Government, via DCLG and the Environment Agency provides grant funding to local authorities for flood defences.   | Funding is targeted on preventing flooding and coastal erosion.   | 2016 - 2020  | Shoreham Harbour developments, following adoption of the JAAP in 2016.  |

**Grant funding: pros** - The Council has successfully applied for these funding sources in the past, and will continue to do so as its plans develop.

**Grant funding: cons** - Increasingly, national funders are looking to use their funding sources to influence local authority behaviour, to provide assistance through financial instruments, such as loans or guarantees, rather than as grants, and to seek match funding raised through local sources. In addition, at the national level, austerity programmes leave less funding available through these sources than has historically been the

case. It is likely that national support will remain an important element of the funding mix, however, other options, including those discussed in this document, will need to be considered also.

In previous years Structural and Investment Funds (ESIF) have been available, however given the uncertainty of Great Britain's relationship with the EU following the June 2016 EU Referendum this has not been considered a viable option for infrastructure investment going forward.



## Developer contributions

Local authorities receive payments from developers to provide for essential infrastructure and mitigate the wider impacts of new development. The two main types are Section 106 agreements and the Community Infrastructure Levy (CIL).

Section 106 agreements are legal agreements between (based on that section of The 1990 Town and Country Planning Act) local authorities and developers and can be attached to a planning permission to make development acceptable. Section 106 agreements have helped to provide local infrastructure across Brighton and Hove over the last 25 years, including transport and schools.

The CIL was introduced by the government in 2010. The levy is a local charge that local authorities can choose to apply on new developments in their area to fund infrastructure. Currently there is no timetable for the Council to introduce the CIL.

**Developer contributions: pros** - Section 106 agreements are a well-established approach and deal with direct impacts.

**Developer contributions: cons** - There is now a pooling restriction on section 106 contributions and section 106 is only triggered for certain types of thresholds of development.



## Crowd funding

Crowd funding is the practice of funding a project or venture by raising monetary contributions from a large number of people, today often performed via internet-mediated registries. Crowd funding is a form of alternative funding, particularly to support projects or initiatives which have strong public stakeholder support but may fall outside of the remit of traditional funding streams such as public grants or local authority planning objectives.

**Crowd funding: pros** - Crowd funding is an established way of raising non-conventional funding for projects, particularly those that lack obvious alternative funding sources.

**Crowd funding: cons** - Crowd funding revenues are highly uncertain.



## Commercial revenues

Brighton & Hove's seafront assets generate significant commercial income, for example from tenant rents in the arches and anticipated income from the i360. The Council also receives significant income from on-street parking and owns a number of off-street car parks, although reinvestment of surplus parking income is governed by legislation that limits flexibility.

**Commercial revenues: pros** - Commercial revenues are an established funding source for Brighton & Hove's seafront and are well suited to the nature of the city's economy.

**Commercial revenues: cons** - Balance is needed between realising commercial revenues and ensuring the seafront remains open and accessible to all regardless of income.





## Local taxation

The Council's primary local taxation sources are Council Tax, paid by every household in the city based on housing values, and National Non-Domestic Rates (NNDR) (commonly known as "business rates"), paid by businesses and other occupiers of non-domestic property in the city. The Council retains all Council Tax receipts and, since 2013, a proportion of NNDR receipts.

In other cities around the UK and further afield, local property taxes have been used to fund civic investments. For example, in London a supplement is placed on Council Tax and NNDR to support the funding of Crossrail. In many US cities, a system called tax increment financing is used whereby forecast growth in local property taxation expected from a major civic project, such as a new transport link or urban realm improvement, is earmarked to fund the upfront costs of funding that investment.

The Council is actively considering the possibility of tax increment financing as a major funding source for Black Rock Arena as part of the Brighton Waterfront project. Under this approach, the Council would borrow against forecast business rates growth at the expanded Churchill Square shopping centre in order to subsidise the construction cost of the arena. This approach has

successfully been used elsewhere in the UK, including to regenerate Buchanan Quarter in Glasgow and for public transport improvements in London. There would be no additional cost to local businesses from this funding model.

A complementary approach to tax increment financing could be through a business rates supplement across the city. In Brighton & Hove, Mott MacDonald has calculated preliminary estimates that a two per cent supplement on NNDR across the city could raise around £2 million per annum. If sustained over a 25 year period (as with Crossrail), this amount could finance investment of around £35 million. Under the Business Rate Supplements Act 2009, any move to introduce a business rates supplement by the Council would need to be approved by a referendum of Brighton and Hove businesses. The council has no current plans to implement a business rate supplement in the city.

A similar funding source is the "Business Improvement Districts" concept. This is a scheme where local businesses agree to supplement their NNDR for a time limited period in a designated area to fund local improvements within that area, such as to the public realm. In Brighton & Hove, a Business Improvement District already exists in the city centre comprising over 500 businesses (also known as "Brilliant Brighton").

On March 31st 2016,<sup>50</sup> these businesses were asked to vote on a new business plan which included a proposal for a business rates increase equivalent to 1.25% of a property's rateable value to deliver projects in the business plan such as: city centre ambassadors and city centre festive lighting displays. The outcome of this consultation will help to indicate appetite for a similar policy for the seafront.

**Local taxation: pros** - This option has been proven to work in cities around the world. For a city such as Brighton & Hove, with high land prices and a vibrant local economy, it offers a potential solution to help to fund Brighton's seafront infrastructure needs as investment will, in turn, benefit local businesses and residents. The success of the tax increment financing model elsewhere is predicated on a virtuous cycle, where public investment supports and enables economic growth, benefiting local businesses.

**Local taxation: cons** - As with any tax, charge or levy, consideration will be needed to potential risks of economic distortion. For example, a business rates supplement may encourage some business activity to migrate to adjacent authority areas. However, existing discounts and reliefs for small businesses and some other types of enterprise could continue under this approach, to help to mitigate potential economic distortion.

## Other local interventions that have been considered



### Congestion charging and related policies

A number of cities around the world use a form of congestion charging in order to improve traffic flows while raising revenue that can be used to invest in local transport improvements and other public works. In the UK, London is the most prominent example of this, having introduced a cordon-based congestion charge in 2003 whereby drivers are charged for travelling inside of the city's inner ring road during working hours. Other examples internationally include Stockholm and Singapore. Other jurisdictions use proxy levies in order to encourage modal shift while raising needed income. For example, Nottingham operates a workplace parking levy under which businesses are charged for providing parking spaces for their employees and a number of Australian cities apply a heavy surcharge to all parking (public or private) in central areas during weekdays. The Council has no plans to implement congestion charging or any related measures at this stage.

**Congestion charge pros:** This option has been proven to work around the world and achieves a number of benefits. Once implemented, there is evidence that initial community opposition reduces once local benefits – such as reduced congestion and better public transport – are experienced.

**Congestion charge cons:** Congestion charging can be expensive to administer, reducing public benefits and acceptability. These are limited examples of “resort” cities with a local economy heavily focused on the visitor economy introducing congestion charging, meaning that these measures may be less suited to a city such as Brighton & Hove – for example, local congestion in Brighton & Hove is most acute in summer weekends not weekdays.

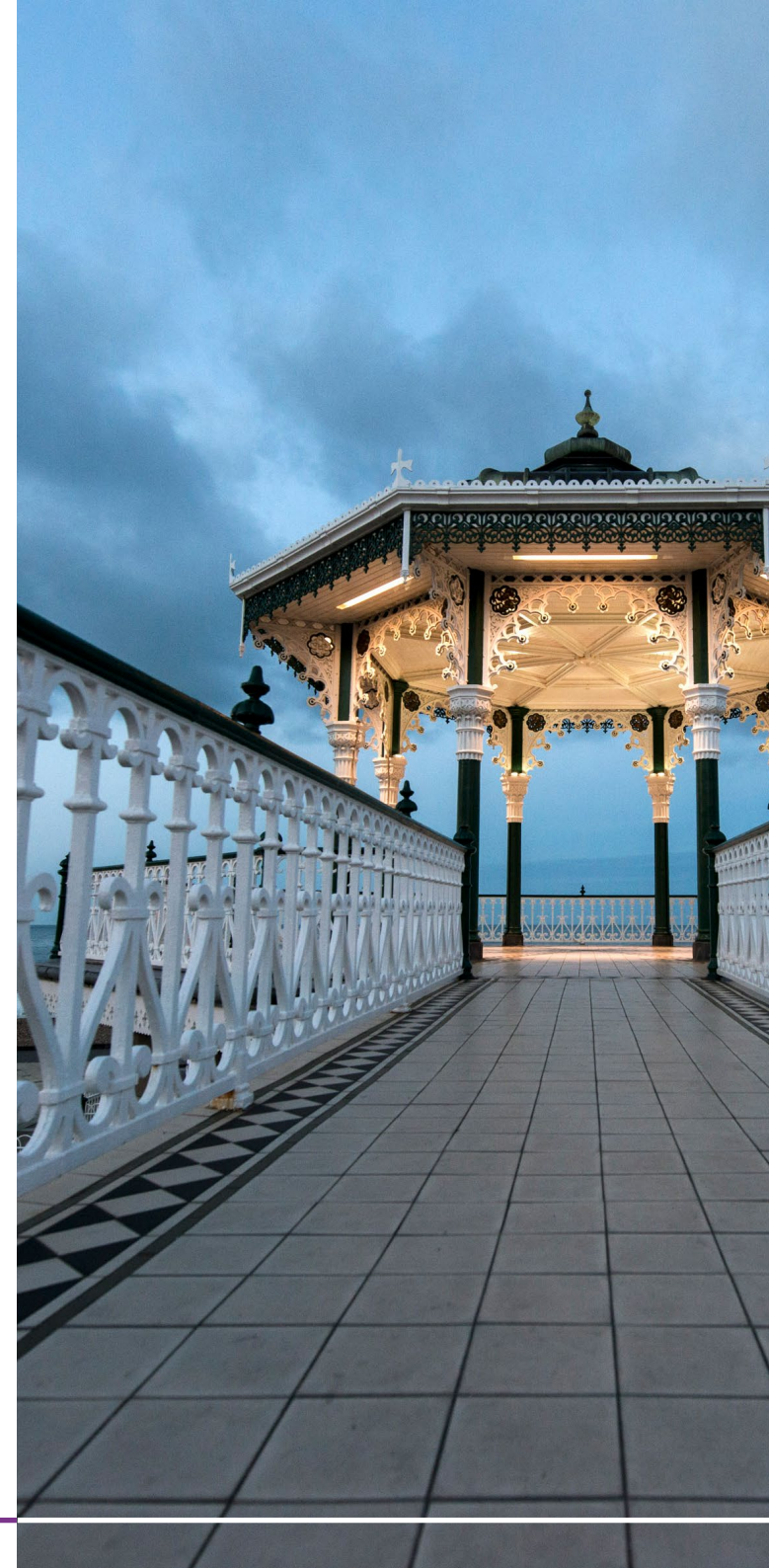


### Tourist levy

Many cities around the world, including Paris and Rome, operate a tourist levy on overnight visitors, generally in the form of a per person surcharge to hotel and other accommodation billings. This option helps ensure that tourists to a city meet the costs of providing its tourist infrastructure. While tourists clearly make a significant contribution already to Brighton & Hove, through their spending in local shops and restaurants, many of the city's attractions are provided without cost – including its clean and safe beaches and parks and its unique Victorian seafront heritage.

Based on five million visitor nights per annum in the City (2014)<sup>51</sup> Mott MacDonald estimates that a £1 per visitor night tourist levy could raise £5 million per annum, which could finance around £90 million of investment. This option has been proven to work in cities around the world. For a city such as Brighton & Hove, with one of the UK's leading visitor economies, it is likely to raise significant funding. The levy can be justified from the benefits that tourists receive from Brighton's seafront infrastructure and wider public realm.

**However, the Council has discounted the tourist levy as an option at this stage, noting the requirement for primary legislation and potential impacts on Brighton's visitor economy. This option is considered to only be viable in the context of a UK government policy to introduce a tourist levy or equivalent charge nationwide.**





## Site specific funding options

This section considers how the priorities identified in section 3 could self-generate funding through commercial revenues and other sources.



### Madeira Drive and Terraces

This extensive estate covering the terraces and Madeira Drive covers a distance of around two miles. It has significant potential for regeneration and resulting commercial revenues – as has already happened, for example, at the Yellowwave Beach Sports Facility on the beach-side of Madeira Drive and former Peter Pan site, the upcoming Sea Lanes project. Through the Brighton Madeira Drive Regeneration Framework, the Council is currently considering further opportunities to redevelop this estate, including Madeira Terraces.

In June 2016, the Council submitted an application for funding through the Coastal Communities Fund to regenerate the Madeira Terraces. The proposal estimates the cost of rebuilding the Madeira Terraces to require £4m from coastal communities fund with the remaining figures coming from rental and other commercial income, and funding from the Council.

The initial proposal is for a mixture of sympathetic retail, office, entertainment and accommodation uses to be developed within the terraces, with development to be organic and phased. These uses could potentially include:

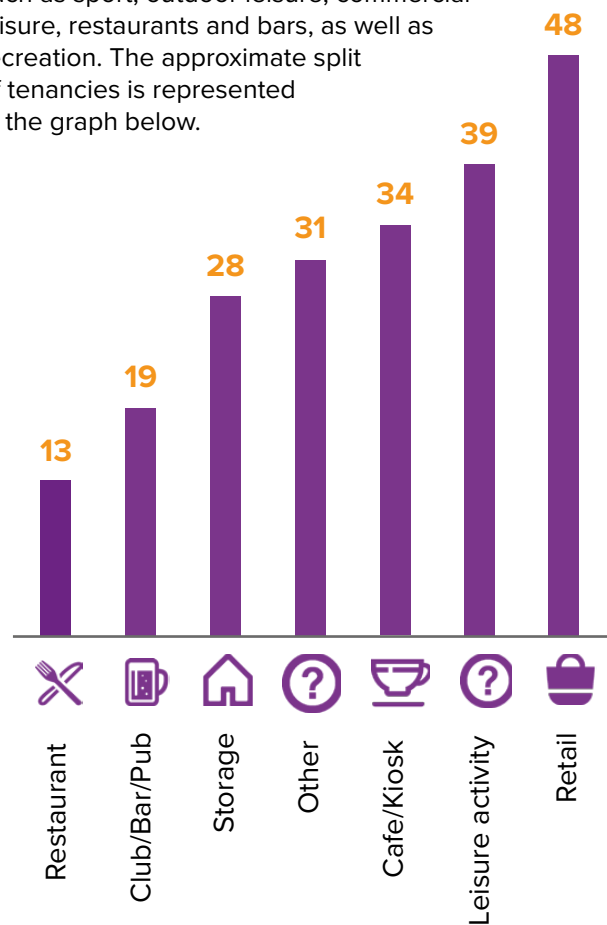
- » Cafes and restaurants, with a signature facility planned for the Madeira tea rooms.
- » Boutique retail.
- » A youth hostel.
- » An arts centre and gallery space, an area where Brighton has traditionally been underserved.
- » Incubator space for creative and digital industry.

These proposed developments seek to enhance the seafront offering for visitors and locals alike rather than duplicate commercial uses elsewhere around the Brighton & Hove seafront, such as in the arches west of Brighton Palace Pier.



## Seafront arches and supporting the A259

Brighton & Hove's seafront arches are already occupied by a variety of tenants and present an eclectic offering to visitors and residents alike. These tenants provide a current annual rental income of over £1.5m to the Council.<sup>52</sup> Currently, the seafront traders occupy the length of the arches loosely by 'zone', such as sport, outdoor leisure, commercial leisure, restaurants and bars, as well as recreation. The approximate split of tenancies is represented in the graph below.



Source: Brighton and Hove City Council (2015)  
Rent review spreadsheet

There may be opportunities to optimise this rental income over the longer-term by the Council, as landlord, taking a more active role in the stewardship of these important assets, as has happened in London's Great Estates. Currently, stewardship over the seafront arches follows a diversity-driven model, to ensure that the visitor offer covers an extensive offering from retail and bars/restaurants through to seafront activities and leisure opportunities, as well as artist's workshops and boutique tourism offerings.

The stewardship role suggested in this plan would seek to move the focus from that of maintaining diversity in the traders along the seafront to commercial yield in terms of rental income and business rates. For example, the Howard de Waldon Estate has actively managed Marylebone High Street over the last 25 years to encourage a tenant mix that is both diverse (foregoing mass market high street chain stores) and, over the long-term, high yielding.

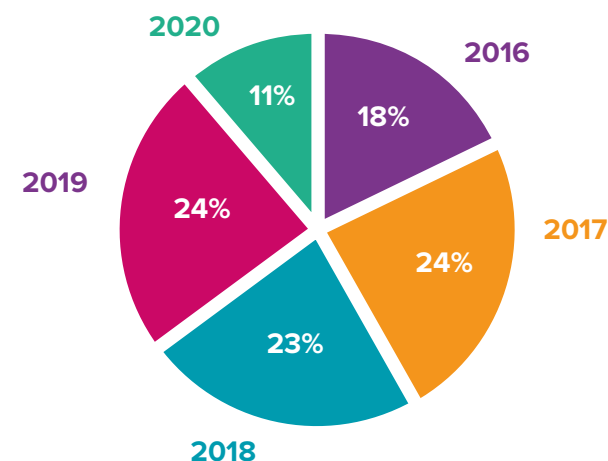
Similarly, the trustees of Borough Market in London have worked to retain the uniqueness of London's oldest market while ensuring an eclectic tenant mix that generates sufficient funding to support the maintenance and renewal of this facility. Brighton & Hove City Council, as the long term asset owner, is able to take a similar long-term view with the seafront arches.

Increased rental income could be ring-fenced to support the upkeep and regeneration of these important assets. Such a suggestion is one of the outcomes of the 2014 the Council Overview and Scrutiny Panel report.<sup>53</sup> Following a review of the commercial property along the seafront, over the

next two years there will be a review of leases totalling £530,000; a prime opportunity to revisit this rental income stream for the Council. A series of recommendations for the future development of the seafront arches are covered in Appendix B.

Any changes to the Council's approach to managing these assets would need to take account of the needs of existing tenants, as well as the public desire to maintain the arches' unique diversity. Engagement with traders will be critical.

### Properties with rent review



Source: Brighton and Hove City Council (2015)  
Rent review spreadsheet



## Transport solutions

Transport accessibility and movement of people along the seafront should be considered comprehensively, rather than on a project by project basis, and this impacts on the way in which such infrastructure is funded. There are some general options for funding which the Council could direct towards funding transport solutions as well as some more specific considerations for the Coastal Transport System and improved accessibility via public realm and legibility improvements.



## General solutions

The Council has identified several potential sources of funding available which could be used for re-investment in transport infrastructure, and therefore considered as part of this work.

These are:

- » Reinvestment of surplus income generated by parking income from fees; as a mechanism for altering commercial revenues. Reinvestment of surplus parking income is governed by specific legislation making flexibility very limited to such things as subsidising bus fares/supporting non-profitable bus services or highway maintenance.
- » Workplace Parking Levy; under the Transport Act 2000, local traffic authorities in England and Wales, outside London, may introduce a WPL to help tackle congestion in towns and cities. The net proceeds can be reinvested in line with the financial provisions of the Act. Workplace Parking Levy, other than in Nottingham is extremely limited in the UK as it has forced businesses to relocate away from the city centre.
- » Road user/congestion charging; can help with managing congestion and net revenue raised can be used to fund road improvement. Road user/congestion charging has been fiercely resisted politically nationally and locally, only in London has it been introduced successfully albeit with significant upfront investment.



## Coastal Transport System

This scheme is put forward as a bus service, however this has not been finalised. The preferred funding solution for this investment would depend on the nature of the project itself. For example, the high upfront capital costs associated with a public transport scheme would imply a very different solution to the ongoing operating costs inherent in new bus services. Potential funding options for urban transport systems have tended to focus on a combination of **fare box revenue** and “value capture” from local property owners, whose properties generally benefit from increased accessibility and connectivity. In this context, the **local property taxes** described above are an obvious way of capturing such value, although central Government would also benefit from higher stamp duty revenues in the area through which the transport system passes. It should be acknowledged that given the current uncertain economic climate, there may be reservations from local businesses in advance of raising taxes.



## City/seafront-wide public realm and connectivity/wayfinding review

The full extent of public realm requirements is currently unknown, and relies on the outcome of a full review of accessibility and pedestrian environment needs. In general however, where public realm improvements are linked to key projects these initiatives could be incorporated into wider project costs through **developer contributions**. This approach is intended with the Madeira Terraces developments which would benefit from improved pedestrian access along the eastern seafront.

In addition to street furniture and urban realm, further improvements to accessibility can be made through initiatives such as wayfinding and improved signage. The low costs associated with these investments make them well suited to options such as a **Business Improvement District**. Under this approach, which has been successfully trialled in Brighton city centre, local businesses agree to pay a small annual levy to support improvements to the public realm around their area. A Business Improvement District could be similarly introduced to the seafront and immediately surrounding areas.

Such a place making exercise could link to the wider City Urban Design Framework, a programme of works that is to be commissioned by the Council on a city-wide basis. These activities could focus on optimising urban design on the seafront.



## Summary of site specific options

| Activity                                       | Funding Options   | Pros   | Cons  |
|--|---|--|---|
| <b>Madeira Drive and Terraces</b>              | Heritage funding  | Site preservation  | Funding uncertainty   |
|  | Crowd-sourcing  | Extend seafront usage; potentially self-funding.                               | Heritage / environmental impacts  |
|  | Local Growth Fund / Coastal Communities Fund                        |  |   |
|  | Mixed-use / residential redevelopment.                              |  |   |
| <b>Seafront arches and supporting the A259</b> | “Stewardship” model   | Link to transport benefit  | DfT funding being reduced.  |
|  | DfT capital maintenance block.                                      | Increase yield while retaining non-high street tenant mix.                     | Rental income unlikely to cover full funding need.  |
|  |   |  | Rental income currently used to support wider Council revenue budget.                         |
|  |   |  | Potential impacts on existing tenants.  |
| <b>Transport solutions</b>                     | Local taxation supplements / growth DfT Local Transport Majors fund | Funding source linked to beneficiaries; established funding model              | Only able to progress with local business agreement   |
|  | Parking income, Workplace Parking Levy                              |  | DfT funding being reduced.  |
|  | Congestion charging   | These funding sources are relatively within the Council's direct influence     | Would have to divert from other uses  |
|  | Developer contributions   | Community opposition reduces once local benefits are experienced               | Expensive to administer. Limited examples of “resort” cities introducing congestion charging. |
|  | Business Improvement District                                       |  |   |
|  | Alignment with the Council's Urban Design Framework.                | Reduces the risks to the Council and ensures development meets transport needs | Only able to progress with local business agreement   |
|  |   |  | Risk of localised economic distortion   |
|  |   |  | Lead times to negotiate section 106 agreements  |



## Financing options

As with any major investment, the funding flows identified above often accrue over an extended period. Consideration is therefore needed of how the investment will be financed. Relevant questions for consideration include: risk allocation; cost of capital; and the balance sheet treatment of the investment.

For many of these assets, it is expected that Public Works Loan Board financing will be available and will offer greatest value for money. In some cases this could be supplemented by loans from other public and private financial institutions where this represented value for money.

For projects, such as the renewal of the Madeira Terraces, where the Council is looking to introduce significant private investment, alternative capital structures may be preferable. This could include assets being long-leased to third parties by the Council in exchange for committed investment to renew and upgrade these structures.

Alternative structures for consideration could include trust structures, which would move assets out of direct Council ownership into independent trusts, or commercial structures supported by Council-backed financing. The benefit of these approaches would be to take these assets outside of the fiscal aggregates and hence public sector borrowing constraints that may place restrictions on how these assets finance their investment requirements. These approaches may also encourage more innovative approaches to project delivery and operations.

## Roadmap

The seafront is seeing considerable investment action over the coming five years. Continuing this speed of activity is crucial to maintaining the city's position on the global stage and perception as a hub for innovation and investment. The steps below are recommendations for a realistic timeline for development that will see widely supported projects taken forward to address the challenges to the seafront and establish Brighton & Hove as an accessible centre for development, which can be enjoyed by visitors and residents year round. Please see table overleaf.

**Key:**

- Green - already undertaken
  - Orange - currently underway
  - Purple dot - required
- Date - expected completion date  
N/A - Not applicable

| <div>Key:</div> <div><div></div> Green - already undertaken</div> <div>Date - expected completion date</div> <div><div></div> Orange - currently underway</div> <div>N/A - Not applicable</div> <div><div></div> Purple dot - required</div> |  | Next steps                                |                       |                                  |                                |                            |               |                       |                   |                       |                      |                    |
|--|--|---|-----------------------|----------------------------------|--------------------------------|----------------------------|---------------|-----------------------|-------------------|-----------------------|----------------------|--------------------|
|  |  | Transport solutions required for progress | Initial business case | Initial stakeholder consultation | Public consultation activities | Master planning activities | Business case | Agree funding package | Apply for funding | Development agreement | Planning application | Begin construction |
| Activities   | Project description and rationale  |   |                       |                                  |                                |                            |               |                       |                   |                       |                      |                    |
| King Alfred Leisure Centre   | Redevelopment of the existing site, which includes a modern sports centre and residential properties, is a key priority for the Council.   |   |                       |                                  |                                |                            |               | N/A                   |                   | 2017                  | 2018                 |                    |
| Brighton Waterfront  | A major new multi-use event and conferencing venue on the currently vacant Black Rock site adjacent to the Marina, and the extension of the Churchill Square shopping centre onto the existing Brighton Centre site. Transport and access to and from the Black Rock site is currently limited, and this is critical to the waterfront’s deliverability. |   |                       |                                  |                                |                            |               | N/A                   |                   |                       |                      |                    |
| Madeira Terraces   | Commercial redevelopment of the Terraces to help fund regeneration of the city’s iconic heritage infrastructure. This project is the cornerstone of the Council’s Madeira Drive Regeneration Project.  |   |                       |                                  |                                |                            |               |                       |                   |                       |                      |                    |
| The arches / A259  | There is not currently a plan in place for redevelopment of the arches that run eastwards from the i360 to the Brighton Palace Pier and support the A259. The stewardship model should be optimised and conditions should be created to support commercial enterprise.   | N/A                                       |                       |                                  | N/A                            |                            |               |                       |                   |                       |                      |                    |



In addition to the roadmap of activities above, the following priorities and recommendations have been made for next steps for the Council:

Alongside project specific actions, the Council needs to follow a structured implementation plan which incorporates the following:

- » ongoing public and stakeholder engagement
- » phased development
- » clear implementation plan which ensures construction impacts are minimised



## A comprehensive transport solution

Improved accessibility to and along the seafront has been a recurring theme throughout this investment plan. There are a number of key projects which rely on transport solutions in order to unlock development. To optimise success improvements to seafront accessibility require a comprehensive approach which considers each transport mode, as well as various demands from different users of the space along the seafront.



## Coastal Transport System

Accessibility along the length of the seafront is not currently optimised. An integrated seafront transport solution is required to realise the full benefits of the assets of the seafront. The Council has plans to progress with this scheme as included in the approved City Plan Part 1. Going forward, it has been recognised that the Strategic Development Board should undertake a holistic approach to transport infrastructure to ensure these assets are fully aligned and optimised.

the stretch of the seafront. This study would also identify areas which would benefit from sustainable transport (walkways/cycleways) investment. A more comprehensive 'wayfinding exercise' that highlights the various attractions along the seafront has also been highlighted as a key method to optimise visitor foot traffic throughout the seafront. Such an exercise requires input from all seafront stakeholders; traders, hoteliers, retailers and representatives from key sites.



## Public realm

Recently the Council undertook a review of routes, crossings, barriers, connectivity and activity which identifies the priority areas for investment along the eastern seafront. This exercise was an important first step to identify accessibility problem areas, however it is recommended that a similar study or Pedestrian Environment Review System (PERS) audit should be undertaken in order to fully understand where public realm improvements could be implemented along



## Parking and traffic management

Whilst parking is managed at a local level the Council would benefit from undertaking a review of all parking units and assets along the seafront in order to fully optimise these tools. The Council is committed to exploring all the opportunities and benefits that current and future technology could provide to help managing its parking on the seafront in the most efficient, effective and customer-friendly way.



## Madeira Drive Regeneration Framework

The need for more non-seasonal, accessible and commercial infrastructure and development east of Brighton Palace Pier to extend the usage of the seafront is clear from the activities undertaken in this document. In order to progress this, the Council should maintain momentum with schemes such as the Eastern Seafront Regeneration scheme which will boost key developments such as Madeira Terraces and the Waterfront project.

It is also important to reflect the needs and interests of parties both sides of the A259; the recently established seafront stakeholder group includes stakeholders from the seafront vendors, seafront hoteliers and representatives from key development project. It is important to keep up the management of this seafront stakeholder group.



## Property portfolio review

As identified in the funding options chapter, revisiting the way in which the seafront arches are managed provides a potential increase in revenue to the Council. Findings from the property review indicate that the property portfolio provides upcoming opportunities around rental review. The majority of rent reviews by total of properties are due by 2018 (63%), and half by the end of 2016.

The priority action for this initiative is to undertake more in-depth analysis of rent yield per square metre by type and usage; something that is not currently undertaken. It will be crucial to maintain the diversity of the seafront vendor offer whilst optimising the revenue from this asset in order to support sustainability of the seafront going forward. More recommendations and findings from the property review are included in the appendices.

# Appendices

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## Appendix A – Activities undertaken by Mott MacDonald and Grant Thornton

| Activity  | Summary  |
|---|--|
|   | The study team undertook a desk-based review of existing plans, strategies, and planning documents of each of the planned projects identified by the client.   |
| <b>Stakeholder engagement</b><br><br><i>Telephone interviews</i><br><br><i>Online survey</i><br><br><i>Workshop</i> | <p>Key stakeholders identified by the Council in terms of project officers, seafront visitor economy stakeholders and representatives from the Council were spoken to via telephone interview. A topic guide was agreed with the Council to understand the strengths, weaknesses, threat, opportunities, perceived gaps and future priorities for infrastructure along the seafront.</p> <p>An additional topic guide was also set up to capture project specific information from project officers at the Council.</p> <p>An online survey was designed, based on the key infrastructure sectors emerging from the evidence review, to be distributed to all vendors within the seafront arches inviting them to share their views on priorities for investment in infrastructure along the seafront. The survey was agreed with the client and went live for three weeks between 15th September and 6th October 2015. It was distributed to 109 email addresses and 23 hard copies were sent out with a freepost return envelope enclosed to those vendors without a recorded email address.</p> <p>A total of 26 responses were recorded (around 20% response rate).</p> <p>On 4th April 2016 Mott MacDonald and the Council hosted an interactive engagement workshop to feedback on the work and findings of the project to date, to key stakeholders both internal and external to the Council. Over 20 guests attended the event.</p> |
| <b>SWOT analysis</b>  | Aspects of the seafront's infrastructure were assessed and split into strengths, weaknesses, opportunities and threats resulting from the evidence review and engagement with key stakeholders.  |
| <b>Commercial Property Review</b>   | In November 2015 Quantity Surveyor staff from Mott MacDonald undertook a Commercial Property review of the 300 retail and activity units housed within the seafront arches. A site visit was undertaken to assess the units and collect relevant information the Council holds on these units. Findings and recommendations are summarised in Appendix B.  |
| <b>Economic impact analysis</b>   | Where projects identified are currently without a business case for development of land, Mott MacDonald utilised their Transparent Economic Assessment Model (TEAM) at a high level to understand the potential economic impact in terms of jobs facilitated and GVA contributed at comparable sites. The model applies best practice and government supported benchmarks in terms of land use, job density, and local salary information to estimate potential economic impacts supported at comparable development sites.  |
| <b>Funding options analysis</b>   | Over the period of December 2015 to April 2016 Mott MacDonald and Grant Thornton undertook in-depth interviews with project officers for those projects where a business case and funding package have not been clarified, to understand potential funding mechanisms that could be considered for each investment option going forward.   |

Appendix B – Recommendations for the seafront arches

A SWOT analysis of the seafront arches as a commercial property unit was undertaken and the key findings are summarised here:

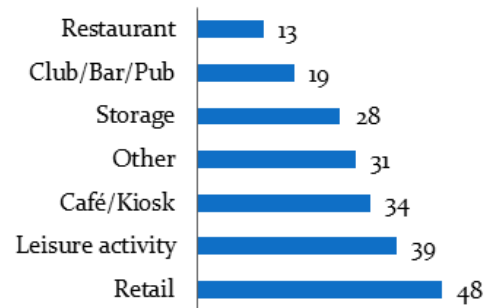
|   |   |
|---|---|
| <p><b>Strengths</b></p> <p>Circa 212 units located on the Brighton Seafront</p> <p>Current annual rent of £1.505m</p> <p>Assuming the conditions under which the property portfolio were reviewed in October 2015 continue for the following year, a total of £252k annual rent is predicted to come up for review in 2016 (a total of 21 properties).</p>  | <p><b>Weaknesses</b></p> <p>The largest number of units are for retail usage (48) which also have one of the lowest rental incomes.</p> <p>Average rental income from a retail unit totals £5,224 which is only slightly above storage at £2,351.</p> |
| <p><b>Opportunities</b></p> <p>The majority of properties have a rent review in 2018, however in terms of rental income 2016 is the year where the majority of the rental income will be reviewed, this provides an opportunity to maximise rental potential for 21 properties in 2016 in the short term.</p> <p>Largest incomes are from club, pubs and bars, there is also an opportunity to review the usage in 2016 of these 21 properties.</p> <p>There are a number of closed units/spaces which could be utilised.</p> | <p><b>Threats</b></p> <p>There is a threat that the units that are closed remain empty and will not bring in an additional income.</p>  |

## Total Portfolio Review

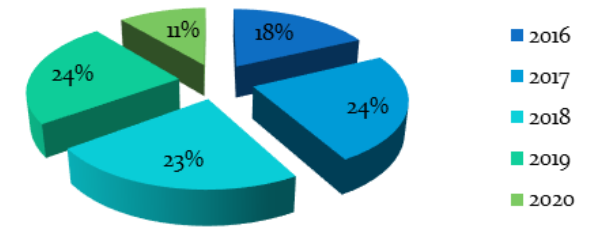
There are a total of 212 properties/units with a number of different usages, the majority of units are for retail use (48 units), please see 'Unit Usage Totals' graph below.

The majority of rent reviews by total of properties are due in 2018 (63%), however half of all total income will have been reviewed or changed by the end of 2016.

## Unit Usage Totals



## Properties with Rent Review



## Initial Recommendations:

1. The Council is recommended to review the property data for the Seafront portfolio to address the current shortfalls in data. Principally to gain area information and to compile all missing data. Without such data more in-depth analysis of rent yield/sqm cannot be undertaken.
2. There are several high level initiatives that could be implemented to improve the return of the portfolio. These are listed below, but these need to be considered in the wider context and other equally important performance criteria, i.e. diversity of choice and the 'Brighton Effect/Offer';
3. Increase the number of higher yielding uses, including Club/Bar/Pub, Restaurant and Café.
4. Alternatively, increase the number of higher yielding uses, including Club/Bar/Pub, Restaurant and Café in the prime locations, between the two piers, and around the i360.
5. Increase the number of anchor tenants / major brands.
6. Revise and standardise lease review terms to enhance security of income.

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|                          |  |  |                          |
|--------------------------|--|--|--------------------------|
| <b>Subject:</b>          | <b>Kings House – Appropriation for Planning Purposes</b>         |  |                          |
| <b>Date of Meeting:</b>  | <b>13 October 2016</b>   |  |                          |
| <b>Report of:</b>        | <b>Executive Director for Economy, Environment &amp; Culture</b> |  |                          |
| <b>Contact Officer:</b>  | <b>Name:</b>   | <b>Angela Dymott</b>   | <b>Tel: 01273 291450</b> |
|                          | <b>Email:</b>  | <a href="mailto:Angela.dymott@brighton-hove.gov.uk">Angela.dymott@brighton-hove.gov.uk</a> |                          |
| <b>Ward(s) affected:</b> | <b>Central Hove</b>  |  |                          |

**FOR GENERAL RELEASE**

**1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 In accordance with the draft Sale and Purchase Agreement for Kings House the council is to consider the appropriation of the Kings House site for planning purposes. Section 3 of this report outlines the process and implications of appropriation.

**2. RECOMMENDATIONS:**

- 2.1 That Committee authorises in principle for the land at Kings House to be appropriated for planning purposes and that the final decision to appropriate be delegated to the Director of Economy, Environment and Culture and Assistant Director Property & Design, such decision to be made following grant of a satisfactory planning consent.

**3. CONTEXT/ BACKGROUND INFORMATION**

- 3.1 In April 2014 Cushman & Wakefield (C&W) and CgMs Planning Consultants were instructed to act as agents for the council to support the disposal of Kings House. They were instructed to assess the disposal opportunities as offices and alternative uses. They consulted with the Council's Planning Officers to ascertain the optimum approach for the disposal of Kings House working within the planning framework, following which C&W were instructed to market Kings House for continued office use in order to identify any potential viable occupational interest.
- 3.2 A comprehensive marketing brochure was produced for the offices and the property was first advertised on the 13th September 2014 in the Estates Gazette with full details placed on the C&W website and commercial property websites such as Focus and EG Property link. Direct marketing was also undertaken with the brochure sent to all 986 members of the Office Agents Society. C&W received 145 enquiries, but of these, none related to office use and none of the office agents had a requirement for offices in this location. C&W have continued to market the property as an office but have yet to receive an enquiry relating to office use.

- 3.3 In February 2015, given the lack of interest for continued office use C&W were instructed to widen the marketing approach and a revised brochure was produced. All parties that had enquired previously were sent the details and in addition known developers and investors that had not previously enquired for alternative uses were contacted. This process resulted in an additional 53 enquiries.
- 3.4 In April 2015 the bidding process was commenced involving two rounds of bids and interviews with final parties. Following a false start with the first preferred bidder, a second preferred bidder was selected, a partnership formed by 9 companies with recent accounts showing combined net assets of circa £30m. Whilst the purchase is to be made by a Special Purpose Vehicle (SPV), the partners will provide a guarantee and be jointly and severally liable for meeting their obligations.
- 3.5 The preferred bidder has selected architects to draw up an exemplar residential scheme for Kings House which respects the heritage of the building but also optimises the provision of high quality residential units.
- 3.6 Appropriating the land for planning purposes by the city council is a condition in the draft Kings House Sale and Purchase Agreement.
- 3.7 The council's power to appropriate land under s122 of the Local Government Act 1972 is exercisable on determination that the site "is no longer required for the purpose for which it is held immediately before appropriation". Under the Workstyles Programme the council has rationalised its operational accommodation to not only reduce the amount of space held to control ongoing operational costs but also to introduce modern and flexible working practices. As part of the Workstyles Programme Kings House was identified for disposal with staff, members and associated services relocated to refurbished offices at Hove Town Hall and Bartholomew House by October 2016. It is therefore the case that Kings House will no longer be required by the council for the purpose for which it is currently held.
- 3.8 Section 203 of the Housing and Planning Act 2016 provides that where land is held for planning purposes and work is done in accordance with planning permission third rights are overridden. Thus an effect of appropriation for planning purposes is to protect the council and developers from the risk of the development process being stopped once it has started. The rights of third parties whose private interests may be affected by development are protected to the extent that they have a right to compensation against the local authority. The council however will be indemnified against claims by the developer of the site for an initial tranche of the compensation and it is intended that an insurance policy will be put in place from completion of the Sale and Purchase Agreement for any subsequent liability.
- 3.9 It is intended that the Sale and Purchase Agreement will exchange by the end of October 2016. The preferred bidder will continue to work up designs for their residential scheme and will submit a planning application. When the details of the scheme are available for review and the implications of the development understood, a final decision regarding the appropriation of the land can be made

by the Director of Economy, Environment and Culture under the delegation proposed in this report.

#### **4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS**

- 4.1 In the absence of appropriation for planning purposes, third party rights, such as rights to light and other breaches of covenant, would potentially be capable of enforcement by injunction. However in the circumstances where Kings House is appropriated for planning purposes such rights can only give rise to compensation payable in accordance with a statutory formula. Given the lack of demand for offices at this location and the reduced risk for developers associated with appropriation, the preferred option is to appropriate the land for planning purposes.

#### **5. COMMUNITY ENGAGEMENT & CONSULTATION**

- 5.1 Consultation on the appropriation process has been completed internally amongst officers in Property & Design and Legal Services.
- 5.2 Residents will be invited to consult on the planning application to be submitted to the local planning authority by the preferred bidder. In the event that planning permission is granted, the final decision as to whether it is reasonable in all of the circumstances to appropriate Kings House for planning purposes will be made after such planning decision.

#### **6. CONCLUSION**

- 6.1 Through its Workstyles Programme the council has rationalised its office accommodation and no longer has a requirement to retain Kings House for operational use. The property has been marketed as offices since September 2014; however our agents have received no enquiries for office use.
- 6.2 Following a robust bidding process the council has negotiated a Sale and Purchase Agreement with the preferred bidder who wishes to develop the site as a residential scheme. It is a condition of the draft Sale and Purchase Agreement that the council appropriate Kings House for planning purposes.
- 6.3 By agreeing to appropriate the land in principle, the preferred bidder is given some comfort as to the council's intent. A final decision to appropriate the land will be made once the planning application has been submitted and the full details of the proposed scheme and its implication are understood.

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

##### Financial Implications:

- 7.1 The proceeds from the disposal of Kings House forms part of the Workstyles Phase 3 business plan as reported to this Committee in September 2013. The savings from the running costs associated with the property form part of the Council's Integrated Savings and Financial Plans to 2019/20. The potential change in use for Kings House and the subsequent reduction in Business Rates the Council receives is reflected within the Workstyles Business case as is any potential increases resulting from additional Council Tax income.

- 7.2 The council will be indemnified against claims by the developer of the site for an initial tranche of the compensation. It is anticipated that this aspect will be covered by an indemnity policy or terms negotiated within the Sale and Purchase Agreement for the preferred bidder to accept a greater level of potential liability.

*Finance Officer Consulted: Name Rob Allen*

*Date: 26/09/17*

Legal Implications:

- 7.3 The legal implications are set out in the body of the report, particularly section 4. It is considered reasonable for the council to deal with the appropriation requested by the prospective purchaser in this way.

*Lawyer Consulted: Bob Bruce*

*Date: 20/09/16*

Equalities Implications:

- 7.4 Equalities Impact Assessments have been undertaken a part of the Workstyles Programme. No equalities issues have been identified as arising from this report.

Sustainability Implications:

- 7.5 Sustainability issues will be considered as part of the planning process for the proposed scheme.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

None

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

None

### **Background Documents**

None



|                          |   |  |                     |
|--------------------------|---|--|---------------------|
| <b>Subject:</b>          | <b>Royal Pavilion Estate Capital Project Progress Up-<br/>date</b>  |  |                     |
| <b>Date of Meeting:</b>  | <b>13 October 2016</b>  |  |                     |
| <b>Report of:</b>        | <b>Executive Director for Economy Environment &amp;<br/>Culture and,<br/>Executive Director for Finance &amp; Resources</b> |  |                     |
| <b>Contact Officer:</b>  | <b>Name:</b>  | <b>Richard Davies</b>                      | <b>Tel: 29-6825</b> |
|                          | <b>Email:</b>   | <b>richard.davies@brighton-hove.gov.uk</b> |                     |
| <b>Ward(s) affected:</b> | <b>All</b>  |  |                     |

**FOR GENERAL RELEASE/ NOT FOR PUBLICATION****1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 The Royal Pavilion Estate was bought by Brighton Corporation in 1850 and today is Brighton & Hove's cultural heart, uniquely combining a historic Royal Palace and Regency Garden, a museum, art gallery and three performing arts spaces at Brighton Dome. Brighton Dome & Festival Ltd (BDFL) has a lease on the Brighton Dome, Corn Exchange and Studio Theatre.
- 1.2 The council and BDFL signed a Memorandum of Understanding on 18 August 2014, to formalise the joint working with the Royal Pavilion & Museums (RPM) and underpin the delivery of the phased capital works to the Royal Pavilion Estate that aim to secure its long term future and financial viability. The fundraising campaign has so far included successful bids to Arts Council England (ACE), the Heritage Lottery Fund (HLF) and private trusts.
- 1.3 This report summarises the progress made to date on the project, and seeks agreement to a new funding model that responds to the unsuccessful LEP funding bid and increased project costs while identifying the risks of not proceeding. This project is due to bring into the city additional funding of £17m which would be at risk should this project not proceed.
- 1.4 The approval of the new funding model presented in this report will enable the project to proceed according to programme with an anticipated start of works on site in January 2017 subject to receipt of tender returns for the main contractor by 28 October 2016.

**2. RECOMMENDATIONS:**

- 2.1 That Policy, Resources & Growth Committee notes the progress made to date on the Royal Pavilion Estate capital project Phase 1 and approves:

- a. the revised expenditure and funding model of £21.493m as detailed in the part 2 report (for the expenditure) and paragraph 3.14 (for the income).
  - b. council borrowing of £2.704m to be financed by BDFL as set out in paragraph 3.14
  - c. delegated authority to the Executive Director for Economy Environment & Culture and Executive Director Finance & Resources to increase the budget and implement the option of further borrowing capped at a level which is affordable for BDFL to finance (as set out in paragraphs 3.15, 3.16 and 7.2) should the tender cost estimates be higher than anticipated,
- 2.2 That Policy, Resources & Growth Committee notes the financial implications in section 7 and agrees that the Executive Director for Economy Environment & Culture and Executive Director Finance & Resources may implement the option of further borrowing to mitigate financial risks set out in paragraphs 7.3 and 7.5.

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

#### **Project**

- 3.1 The Memorandum of Understanding signed by the council and BDFL on 18 August 2014 proposes to redevelop and improve the Royal Pavilion Estate as a world class cultural and heritage site by reconnecting the Royal Pavilion, Brighton Dome, Brighton Museum & Art Gallery, Corn Exchange and Studio Theatre with their historic setting, improving the world class centrepiece of Brighton & Hove's cultural quarter. Also included in these planned improvements is the Old Courthouse in Church Street. This redevelopment will seek not only to upgrade buildings on the Estate including the Garden, but also restore some of the connectivity between the Dome, Brighton Museum & Art Gallery and the Royal Pavilion, which will enable further future co-working on the delivery of cultural events and celebration of the parties' unique heritage.
- 3.2 The phased approach to the capital works responds to current issues and funding opportunities. The total cost of all three phases is now expected to be circa £41million. It should be noted that if other funding streams become available for future phases of works then this may alter the phasing.
- 3.3 PHASE 1: Restoration of the Corn Exchange and Studio Theatre together with development of the Estate-wide Interpretation Strategy, Brand Identity and Management & Maintenance Plans. The revised costs are included in this report.
- 3.4 PHASE 2: Upgrades to the Royal Pavilion Garden, establishment of new interpretation, activity and Wayfinding, creation of a new Visitor Welcome Facility, and refurbishment and re-interpretation of the Royal Pavilion. Estimated cost circa £13 million subject to confirmation and agreement of project scope.
- 3.5 PHASE 3: Refurbishment and some updated interpretation of Brighton Museum & Art Gallery, new interpretation and activity within Brighton Dome and creation of new learning facilities within the Old Courthouse and part of Northgate House. Estimated cost of £6.0 million.

- 3.6 The proposed capital improvement works prepared through this initiative aim to significantly enhance the quality of the Estate's visitor offer and the heritage in its care, delivering a legacy of sustainability and resilience, which will safeguard its future.
- 3.7 The architect led design team for Phase 1 was appointed in July 2015 to carry out the detailed design, prepare contract documentation and procure a main contractor. The Invitation to Tender for the main contractor for these works was issued on 1 September 2016 and tender returns are due to be returned to the council by 28 October 2016.
- 3.8 The Phase 1 capital works will provide much needed improvements to the Brighton Dome, including the Corn Exchange and Studio Theatre, back of house facilities for artists and staff and new public spaces to improve the audience experience and heritage interpretation. These areas of the Brighton Dome were missed out of the previous improvements completed in 2002 and as a consequence require considerable works to address their poor condition.
- 3.9 Planning permission and listed building consent have now been granted for the Phase 1 works. A site plan is shown at Appendix 1. However, design development has resulted in some changes and a further listed building consent application is required. Discussions between the project design team, the council's conservation officer and Historic England are on-going.
- 3.10 In April 2016 Policy & Resources Committee agreed delegated authority for the Assistant Chief Executive and Executive Director, Finance & Resources to procure and appoint the main contractor to carry out the Phase 1 capital works to the Corn Exchange and Studio Theatre where the tender price is within the project budget.
- 3.11 The project has secured to date ACE funding of £5.802million, HLF funding of £4.999million and private trust and individual commitments of £1.62million for the development and delivery of Phase 1 capital works to the Dome. The private fundraising campaign has over achieved against the year 1 target of fundraising income.
- 3.12 Since reporting to Policy & Resources Committee in April 2016, the council has been informed that the bid to the LEP Coast To Capital has been unsuccessful. In response to this outcome, this report sets out a revised funding model to deliver and realise the considerable benefits of the project for the city. If the Phase 1 project does not proceed the secured funding from ACE, HLF and private trusts and individuals of £12.4 million for the delivery of the project will be lost to the city. If the capital works are not carried out this is likely to result in increased future capital liabilities for the buildings without the secured grant funding being available to address them.

### **Revised Project Expenditure and Funding**

- 3.13 Since reporting to Policy & Resources Committee on 28<sup>th</sup> April 2016 there has been an estimated increase in the total development and delivery Phase 1 project costs to £21.493m, which are detailed in the Part 2 report.

3.14 The table below sets out the net increased funding requirement of £2.435m compared to the funding set out in the 28 April 2016 Policy & Resources Committee report. The ACE, HLF and external fundraising contributions remain the same as previously reported with proposed changes to funding in the following areas:

- Other government grants contributions have reduced to £1m. Although the bid to the LEP Coast To Capital was unsuccessful, the council will now be seeking funding of £1m from underspends within current LEP projects. There is however, uncertainty around this funding which will be subject to a bid process later in the year.
- The council will now contribute £0.5m capital receipts from the sale of council assets and an asset will be identified to support this funding stream.
- The council will use its borrowing facility to fund the shortfall in funding of £2.704m. A discussion is currently underway with BDFL trustees to confirm that the capital and interest repayments will be financed by BDFL over a 30 year period.

| <b>Project Income<br/>(Development &amp; Delivery Phase 1)</b> | <b>Original<br/>Funding<br/>Projections<br/>£'000</b> | <b>Revised<br/>Funding<br/>Proposals<br/>£'000</b> | <b>Variance<br/>£'000</b> |
|--|---|--|---------------------------|
| <b>Development Phase</b>                                       |   |  |                           |
| Arts Council England ( Stage 1)                                | 199   | 199  | 0                         |
| Heritage Lottery Fund  | 176   | 176  | 0                         |
| External Fundraising   | 20  | 20   | 0                         |
| BDFL contribution  | 154   | 148  | -6                        |
| <b>Development Income</b>                                      | <b>549</b>  | <b>543</b>   | <b>-6</b>                 |
| <b>Delivery Phase</b>  |   |  |                           |
| Arts Council England ( Stage 2)                                | 5,603   | 5,603  | 0                         |
| Heritage Lottery Funding (Round 2)                             | 4,823   | 4,823  | 0                         |
| Other government grants  | 2,000   | 1,000  | -1,000                    |
| External Fundraising   | 5,230   | 5,500  | 270                       |
| BHCC   | 750   | 1,320  | 570                       |
| Borrowing (funded by BDFL)                                     |   | 2,704  | 2,704                     |
| BDFL   | 103   |  | -103                      |
| <b>Delivery Income</b>   | <b>18,509</b>   | <b>20,950</b>                                      | <b>2,441</b>              |
| <b>Total Project Income</b>                                    | <b>19,058</b>   | <b>21,493</b>                                      | <b>2,435</b>              |

Note: £0.270m fundraising costs were originally offset against income. Strategic Investment Fund contribution in 2015/16 of £0.070m was excluded from the previous report.

3.15 It should be noted that the Phase 1 total project construction costs estimates have been established through design to RIBA Work Stage 4 Technical Design, which has been tested by the project cost consultants. However, a definitive figure will be known following completion of the procurement of the main contractor. Tenders are to be returned to the council by 28 October. Should the tenders result in increased costs then either further efficiencies will need to be

identified to bring project costs in line or additional funding sought. If additional funding is required the council will seek to increase the borrowing facility with the repayments financed by BDFL (subject to the Trustees approval).

- 3.16 The council's Standard Financial Procedures B.2.5.18 allow Chief Officers to meet increased capital costs by up to £50,000 or 10%, whichever is the lesser, subject to agreement with the Executive Director of Finance. There is a possibility that the tender costs are more than £50,000 higher than anticipated which would then require further Committee approval to proceed. Any delays to the commencement of this scheme will result in BDFL incurring further losses due to the buildings being vacant longer than planned. Therefore this report seeks delegated approval to increase the capital budget and associated funding financed by BDFL, following the outcome of the tender process, above the limits prescribed in the council's Standard Financial Procedures. It is proposed that any budget increase will be restricted to the level of additional borrowing that is affordable for BDFL. This means that there would be no additional cost increases to the council.
- 3.17 The private fundraising campaign will continue during the construction period, which is not unusual for large capital projects. Two notable examples in the cultural sector where this was the case are the Chichester Festival Theatre and the South Bank Centre capital project, 'Let the Light In'. The former started works on site with £6m of the overall project cost of £23m still to find while the latter, at the time work started on site in December 2015, had £2.2m of the £4m private fundraising still to raise. They currently have £1.3m left to raise with construction due for completion in Autumn 2017.

#### **4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS**

- 4.1 The joint Stage 1 HLF bid that was submitted in November 2013 for the whole of the Royal Pavilion Estate was unsuccessful. HLF advice was to phase the capital works and submit smaller bids for each phase. This approach was adopted and proved successful with the award of £4.999m for Phase 1.
- 4.2 The option of doing nothing is untenable as major investment and a sustainable business model are required to protect the historic fabric of the buildings and the Garden for future generations.
- 4.3 Doing nothing would also result in increased planned maintenance demands requiring further investment as well as major refurbishment works to parts of the Brighton Dome such as the Corn Exchange roof.
- 4.4 ACE has confirmed that the secured funding award is for the project in its current form and will be withdrawn if the project does not proceed in its entirety. This is also the case for the HLF secured funding. Not proceeding with Phase 1 works will result in the loss of approximately £12.4million of already secured funding for delivery of Phase 1 capital works and the need for future funding requirements to carry out essential works that would have been addressed by this project.
- 4.5 User-feedback collected by BDFL suggests that the Phase 1 changes and improvements throughout the building are definitely required to enhance the

audience experience and to encourage further visits and spend in the venues. The proposed Phase 1 works will contribute to creating a world-class cultural destination in the heart of Brighton & Hove and deliver a strong model for long term financial resilience, not only to the Estate itself but through job creation and impact on the visitor economy, to the City as a whole.

- 4.6 For the project to proceed and the project benefits to be achieved the council may consider providing the funding on a spend to save basis. The council has the opportunity to use its borrowing facility to provide the required project funding within a managed and achievable funding model to ensure that Phase 1 proceeds and that subsequent phases can follow.

## **5. COMMUNITY ENGAGEMENT & CONSULTATION**

- 5.1 The initial HLF submission was informed by a series of consultation and engagement sessions, which included workshops, presentations and surveys undertaken with a variety of stakeholders. In relation to the Garden, which will be phase 2 works, a number of stakeholder workshops, including one solely for young people, have been held. A public exhibition took place in Jubilee Library in November 2014 to gather further feedback along with an online survey on the council's consultation portal.
- 5.2 The planning application and listed building consent application for Phase 1 works included statutory public consultation.

## **6. CONCLUSION**

- 6.1 Successful ACE and HLF funding bids for Phase 1 works provides the basis for the private fundraising campaign alongside other funding sources, and this opportunity must now be taken to advance achievement of the whole project and ensure the long term future of the fabric of the historic buildings and the Garden.
- 6.2 The request from HLF for the project to be phased is considered sound and allows programming of resources and fundraising in a measured way over the project lifetime. This approach has been supported by the successful ACE and HLF funding approvals for Phase 1 works.
- 6.3 Detailed design for the Corn Exchange and Studio Theatre, construction works, Interpretation Strategy, and Brand Identity & Wayfinding will form the Phase 1 works. This phase will demonstrate the ambition of the parties' approach to the Royal Pavilion Estate to create transformational change. This ambition will underpin future fund raising for subsequent phases.
- 6.4 If Phase 1 does not now proceed the secured funding of £12.4million will be lost to the project and the city and the cost of future maintenance and refurbishment requirements that would have been addressed by the project will have to be found elsewhere.

- 6.5 The council has the opportunity to spend to save while securing the sustainable future of the Brighton Dome and prepare the way for the Phase 2 and 3 works to the Royal Pavilion, Garden and Museum & Art Gallery.
- 6.6 The proposed funding strategy will use a combination of council borrowing facility and receipts from the sale of council assets. The use of council assets will redirect scarce resources from those capital assets that are less important for the city's economy to the key element that is the Royal Pavilion Estate, which makes a major contribution to local and regional tourist and cultural economic activity.

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

### Financial Implications:

- 7.1 The Phase 1 project costs are set out in Part 2 of this report and the changes to the funding proposals are set out in paragraph 3.14. The following financial risks should be noted along with proposed mitigations:
- 7.2 The budget includes estimates for the construction costs and a definitive figure will be known following completion of the procurement of the main contractor. Tenders are to be returned to the council by 28 October 2016 and should the tenders result in increased costs then further efficiencies will need to be identified to bring project costs in line. As this may not be possible, the report seeks approval for delegated authority for the Executive Director of Finance & Resources to increase the budget accordingly and undertake further borrowing, which will be financed by BDFL (subject to their Trustees agreement) and capped at a level affordable to BDFL. This will ensure that the current project deadlines are met, including the start of works on site in January 2017, and that BDBF do not incur financial losses due to the buildings being vacant for longer than planned. Should costs increase above a level of financing that is affordable to BDFL further options would need to be investigated and reported to Policy, Resources & Growth Committee.
- 7.3 The revised funding proposals assume that £1m will be received from LEP underspends. Should this bid be unsuccessful the Council and BDFL would need to identify further funding, probably through borrowing at an approximate cost of £0.058m per annum.
- 7.4 The funding proposals now include £1.320m from the council. This is from a mixture of any underspends over the next three financial years in the Dome sinking fund for maintenance (assuming there will be a reduced maintenance requirement during the build period), £0.500m target capital receipts from the sale of a council asset and the remainder from capital reserves. These commitments will need to be included in the Councils Medium Term Financial Strategy and 2017/18 Budget.
- 7.5 It is an ACE requirement that 90% of match funding for the project is in place before agreement will be given to contract for the works. The 3 year fundraising campaign target is £5.5m. So although the campaign has over achieved against the year 1 target of fundraising income and has received pledges and commitments totalling £1.6m, in order to meet ACE's requirements the council

will need to underwrite £3.4m of fundraising costs. It is unlikely that this level of fundraising would be unachievable as the fundraising estimates have been provided based on evidence and the experience of fundraising for other cultural projects throughout the country. It should also be noted that the level of underwriting required will reduce as the project commences and further fundraising income is achieved. However, as noted in the previous report, a risk assessment identified that there may be a potential residual risk of up to £0.800m shortfall (of the £5.500m) for which the council as accountable body would need to consider risk cover. Should this shortfall materialise it would be funded through borrowing at a cost of £0.050m per annum, which would be shared with BDFL

- 7.6 Following approval of the recommendations in this report and the outcome of the tendering exercise for the main contractor, any reprofiling or variations to the capital scheme will be reported as part of the Month 7, 2017/18 Targeted Budget Management report to Policy, Resources & Growth Committee on 8 December 2016.

*Finance Officer Consulted: Sue Chapman*

*Date: 14/9/16*

Legal Implications:

- 7.7 At 3.15 the report indicates that an asset will be identified to provide a £0.5m capital receipt. The constitution 6.3.B.IV.21.(8)(d) requires Policy Resources and Growth Committee consent to disposal of any asset worth over £0.25m.
- 7.8 Any finance agreement with BDFL will need careful documentation and adequate security to protect the council's financial interests.
- 7.9 Any renegotiation of the Council's arts funding provided to BDFL will need to be approved by the council's lawyers, and properly registered where appropriate.
- 7.10 Where the Council provides financial assistance to a third party, State Aid should be considered. Once the terms of the finance are approved these can be considered in more detail. If the Council or the recipient believes it is prudent and necessary the proper notifications can be made to the Commission.
- 7.11 BDFL commenced work on fundraising before the council stepped in as responsible authority and assumed the role of leading in the implementation of the works. In respect of any payments to third parties in respect of the fundraising costs the Council is relying on BDFL to have carried out an appropriate exercise to ensure best value was achieved.

*Lawyer Consulted:*

*Oliver Asha*

*Date: 03/10/16*

Equalities Implications:

- 7.12 In preparing the capital works proposals, an extensive range of stakeholders were consulted to identify issues of access to facilities and activities in order that these may be addressed through the project works. Improved educational space will be provided within the overall project that will further increase access for

schools and others to the Royal Pavilion Estate activities. The capital works will provide a dedicated space to deliver the BDFL Learning and Access Programme.

Sustainability Implications:

- 7.13 The project's Phase 1 sustainability consultants, as part of the integrated design team, undertook a detailed evaluation and consideration of the use of sustainable technologies and where possible these have been incorporated into the developed design. The project is using a specialised matrix approach to target areas of design that can offer the best opportunities for improving environmental performance of listed buildings. At present, the project is anticipated to achieve the equivalent of a BREEAM rating assessment of Good.
- 7.14 The proposed capital works will result in the historic buildings being more energy and water efficient, both of which will contribute to reduced operating costs.

Other Significant Implications:

Risk and Opportunity Management Implications:

- 7.15 A risk register for the project is maintained by the project manager and is a requirement of both ACE and HLF. The risks and mitigating actions are considered by the project team and escalated to the Royal Pavilion Estate & Cultural Governance Steering Group where necessary.
- 7.16 Currently the risk register identifies fundraising as a key risk. A detailed Fundraising Strategy has been developed and well researched, and an experienced Campaign Director has been appointed to implement the strategy. This report responds to the realised risk of LEP Coast to Capital funding bid being unsuccessful.
- 7.17 Should the 90% of match funding required by ACE not be secured by way of the new funding model proposed in this report the ACE award will be withdrawn. The HLF requirement is that 70% of match funding is achieved before works start and would also be expected to withdraw its award should this target not be reached.

Corporate / Citywide Implications:

- 7.18 This project is part of Brighton & Hove City Council's Cultural/City Centre Investment Programme within the council's Regeneration & Investment Programme. This brings together a number of regeneration and investment projects and programmes into an over-arching co-ordinated programme that is overseen by the Corporate Investment Board formed of the Executive Leadership Team.
- 7.19 The project is included in the Greater Brighton Investment Programme project pipeline, which has been confirmed in both October 2014 and October 2015.
- 7.20 The project is investing in premises to promote economic activity and support growth of the local cultural and tourist economy. The flagship Brighton Festival attracts over 220,000 visitors during May each year with year round visitors to the Brighton Dome of 600,000.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. Royal Pavilion Estate Phase 1 Site Plan

### **Background Documents**

1. Policy & Resources Committee Report, 28 April 2016





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