Brighton & Hove City Council

Policy, Resources & Growth Committee

Title:	**Policy, Resources & Growth Committee**
Date:	**14 February 2019**
Time:	**4.00pm**
Venue	**Council Chamber, Hove Town Hall**
Members:	**Councillors:** Yates (Chair), Hamilton (Deputy Chair), Janio (Opposition Spokesperson), Mac Cafferty (Group Spokesperson), Bell, Daniel, Mitchell, Peltzer Dunn, Sykes and Wealls
Contact:	**Lisa Johnson** Democratic Services Manager 01273 291228 lisa.johnson@brighton-hove.gov.uk

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AGENDA

PART ONE **Page**

PROCEDURAL MATTERS

120 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.

121 MINUTES **1 - 14**

To consider the Part One minutes of the meeting held on 24 January 2019 (copy attached).

Contact Officer: Lisa Johnson Tel: 01273 291228
Ward Affected: All Wards

122 CHAIR'S COMMUNICATIONS

123 CALL OVER

(a) Items 126-129 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

124 PUBLIC INVOLVEMENT **15 - 16**

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);

(i) Reduce Parking Permit Charges

(ii) On street parking charge increase Brighton & Hove

(b) **Written Questions:** to receive any questions submitted by the due date of 12 noon on the 8 February 2019;

(c) **Deputations:** to receive any deputations submitted by the due date of 12 noon on the 8 February 2019.

125 MEMBER INVOLVEMENT **17 - 18**

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;

(i) Annual Repayment Rates for BHCC Loan – Councillor Gibson

(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

To consider items to be submitted to the 28 February 2019 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 [Insert Date] 2013 (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

PROCEDURAL MATTERS

131 PART TWO MINUTES – EXEMPT CATEGORY 3

To consider the part two minutes of the meeting held on 24 January 2019 (copy to follow)

Contact Officer: *Lisa Johnson* *Tel: 01273 291228*

Ward Affected: *All Wards*

132 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.

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Date of Publication - Wednesday, 6 February 2019

BRIGHTON & HOVE CITY COUNCIL

POLICY, RESOURCES & GROWTH COMMITTEE

4.00pm 24 JANUARY 2019

COUNCIL CHAMBER, HOVE TOWN HALL

MINUTES

Present: Councillors Yates (Chair), Hamilton (Deputy Chair), Janio (Opposition Spokesperson), Mac Cafferty (Group Spokesperson), Bell, Daniel, Mitchell, Peltzer Dunn, Sykes and Wealls

PART ONE

101 PROCEDURAL BUSINESS

(a) Declarations of Substitutes

101.1 There were no substitutes

(b) Declarations of Interest

101.2 The Chair declared a personal interest in Item 110. He said he would be getting married later this year and would therefore leave the room during discussion of the item.

(c) Exclusion of Press and Public

101.3 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.

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

102 MINUTES

102.1 Councillor Sykes noted that paragraph 81.3 referred to ‘the 60% reduction in funding’, but it should read ‘the *£60k* reduction in funding’.

102.2 **RESOLVED:** That the Minutes of the meeting held on 6 December 2018, with the above amendment, be agreed and signed as a correct record.

103 CHAIR'S COMMUNICATIONS

103.1 The Chair gave the following communication:

I'd like to inform those present that this meeting will be webcast live and will be capable of repeated viewing.

Homes for Brighton & Hove (Joint Venture) - Whitehawk Hill Site:
A number of complexities have come up with the Whitehawk Hill urban fringe site, including technical issues that impact on the financial viability of the proposed development. In view of these issues it is my intention to ask the Homes for Brighton & Hove board to consider removing the development of the Whitehawk Hill site from its proposals. Any final decision on this site will come back to a future PRG Committee.

GP Surgery at 62/63 Old Steine and 3 Palace Place
At the request of the Brighton & Hove CCG, the council and health partners have been working together over the past three years on the provision of a new health facility at the vacant council building at 62/63 Old Steine and 3 Palace Place for the relocation of the Ardingly surgery. The GP practice and the CCG obtained grant funding from the NHS England's Estates, Technology and Transformation (ETTF) Fund as this practice was identified as the highest priority for the City and most in need of investment due to its growing practice size list, additional pressures arising from new housing and practice closures and sub-standard accommodation with no opportunity to expand in its existing location.

We have been working with the practice and the CCG on these proposals that were agreed by PRG in July 2017 and continuing to progress the project overcoming challenges and ensuring that we met the grant funding timings. The Council received a final commitment to sign the lease by SCFT in December 2018.

Unfortunately, on the 8th January 2019 the CCG met with Council Officers to inform us that they and SCFT were withdrawing from the project for 3 reasons
- Patient demand in this central cluster has changed in the last 3 months
- Business model of the GP practice 'does not work
- SCFT's requirement for space has changed and they no longer require any additional capacity in the building.

Following this withdrawal from the project, meetings have been held between the Chief Executive and Health partners and it was agreed that the council would send the CCG a breakdown of the costs incurred along with a timeline showing the key stages and milestones which has been done.

The council continues to work with the CCG and Health partners on other projects in the City to deliver a health hub at Preston Barracks and the disposal of Oxford Street Car Park to provide the combined St Peters and North Laine surgery.

I have asked that officers bring a report to a future committee providing a further update on this as well options for the future of the council building.

104 CALL OVER

104.1 The following items were reserved for discussion:

Item 107 Business Rates Retention Forecast 2019/20
Item 108 Corporate Debt Policy
Item 110 Life Events Proposes Fees and Charges for 2019/20
Item 111 Support Services for People in Temporary Accommodation
Item 113 Homeless Move on Accommodation
Item 114 King Alfred Development (Update)

105 PUBLIC INVOLVEMENT

105 (a) **Petitions**

105.1 There were none

105 (b) **Written Questions**

105.2 One question was received.

105.3 Mr C Harrison asked the following question:

I refer to the BHHC Report on Agenda Item 114 Page 160; Item 3.22 refers to the provision of a Parent Company Guarantee (PCG) from Crest Nicholson Operations Ltd's Parent Company. In view of the complexity and size of the project, the number of stakeholders, the challenging timescales, and the current economic climate, has the Project Team considered whether a Performance Bond may be appropriate, in addition to the PCG?

105.4 The Chair gave the following response:

The prospect of a Performance Bond was discussed during legal and commercial negotiations, but is not something that the developer offered. A Performance Bond would bring additional cost, which would further impact the viability of the scheme. The Council concluded that to impose a performance bond on a major PLC developer, which had been through a public procurement process, would be unusual and that the package of security measures (i.e. PLC guarantee, indemnity on the HIF funding (albeit relying on the PLC), £7m of the BHCC funding being held back until the HIF sums have been spent, and finally a restriction on sale of the final 84 private units) provided sufficient confidence and security. At the point of entering into contract, the Council will again satisfy itself of the financial strength and resilience of Crest Nicholson

105.5 Mr Harrison asked the following supplementary question:

How is risk management being dealt with on this project, were there a risk workshop meetings, a risk register indicating the impact and likelihood of each risk and stating who owns them and how they may be mitigated?

105.6 The Executive Director Economy Environment & Culture gave the following response:

The risks on the project were managed by an officer run project board, and there was external advice and support provided through Deloitte who advised on financial and commercial aspects of the project. The project is reported to a Strategic Delivery Board, which is cross party and Chaired by the Leader of the Council. Final decisions would come to this committee, and so there are robust governance arrangements in place.

105 (c) **Deputations**

105.7 There were none

106 MEMBER INVOLVEMENT

106(a) **Petitions**

106.1 There were none

106(b) Written **Questions**

106.2 There were none

106(c) **Letters**

106.3 There were none

106 (d) **Notices of Motion**

106.4 A Notice of Motion on 'Climate and Biodiversity Emergencies' was referred to the Policy Resources & Growth Committee from Council held on 13 December 2018.

106.5 The Chair gave the following response:

It is widely recognised that climate change is one of the most urgent and pressing challenges we face today. Cities, including our own, have an important part to play in addressing this challenge through reducing carbon emissions and supporting bio-diversity.

There are key work streams being delivered across different parts of the city council which together support the city's resilience to climate change including work in our transport, Planning, Housing and Public Health services.

Our existing planning policies strongly supports the need to protect and conserve biodiversity and to seek enhancements, including measures to extend existing and support new or isolated habitats.

There is potential to bring these different areas of work together as part of a sustainability governance framework for the council. Officers will explore this alongside the refresh of the Biosphere Management Strategy, which covers a wider area including Brighton & Hove. The Biosphere Management Strategy will be refreshed this year for the period 2019-24. Work on this is just starting.
As a result of this Notice of Motion, I will be asking officers for a report to be brought to a future Policy, Resources & Growth Committee setting out the findings of a short review of the Council's governance policies and their progress in addressing locally these twin threats to biodiversity and global climate change.

The city council is also working with partners through the Greater Brighton Economic Board Infrastructure Panel, which is overseeing the development of new Energy and Water Plans for the city region. These plans will take steps to ensure the security and resilience of our energy network and water supply to support sustainable economic growth. I have suggested that the Infrastructure Panel consider a target date of 2030 for whole city carbon neutrality. Achieving a challenging target of this kind will depend upon there being a pipeline of projects which reduce carbon emissions along with the resources and capacity to deliver them.

To ensure that we are part of the wider efforts of cities to tackle climate change, I have also asked officers to engage with the Carbon Neutral Cities Alliance so that we are learning good practice other cities about how they are tacking climate change and reduce carbon emissions.

106.6 Councillor Sykes said that Full Council agreed to declare our recognition of global climate and biodiversity emergencies, and asked if that had been done. The Chair confirmed that it had.

106.7 **RESOLVED:** That the Notice of Motion be noted.

107 BUSINESS RATES RETENTION FORECAST 2019/20

107.1 The Committee considered the report of the Executive Director Finance & Resources, which considered the likely business rate retention for 2019/20. The Committee were advised that there was a typing error in paragraph 2.1 of the report, which stated that '*compensation grants is £64.897m*', and it should read '*compensation grants is £64.98*7*m'*

107.2 Councillor Bell asked if the change of figures had any impact on the report, and was advised that it didn't and was simply a typing error when the report was written.

107.3 Councillor Sykes asked if telephone boxes were subject to business rates. The Head of Finance said they were, and added that business rates were held on two lists; a Local Council List, where business rates were collected by the local council and a National List where business rates were collected by central government. Telephone Boxes were on the National List and so were collected centrally.

107.4 RESOLVED: That the Committee -

1. Noted that the amount forecast to be received by the council in 2019/20 from its share of local business rates and section 31 Local Government Act 2003 compensation grants is £64.987m, based on the latest data. This is £0.403m above the forecast used in the December Draft Revenue Budget proposals report.

2. Delegated the agreement of the final business rates forecast and the NNDR1 2019/20 form to the Executive Director of Finance & Resources following consultation with the Chair of this Committee for the reasons given in paragraph 1.2.

3. Approved the proposed Retail Relief Scheme for two years from 2019/20 as outlined at paragraph 3.13.

108 CORPORATE DEBT POLICY

108.1 The Committee considered the report of the Executive Director Finance & Resources, which sought approval of a revised and updated Corporate Debt Policy to replace the current policy written in 2013.

108.2 Councillor Sykes asked what proportion of the corporate debt ended up outside of the UK, and asked how that would be affected by relations with the EU. He suggested it would be useful for reports to include a Brexit impact assessment. The Executive Director Finance & Resources said that he didn't know the level of any debt but would imagine that it was quite low and would provide a response after the meeting. He said that there were some legal and technical barriers to collecting debts abroad in a different currency.

108.3 Councillor Mac Cafferty said he supported the policy, but asked if those working on the front line would receive training on the Policy. The Executive Director Finance & Resources confirmed they would.

108.4 Councillor Janio asked if the Council benchmarked against other local authorities and shared best practice. The Executive Director Finance & Resources confirmed they did.

108.5 Councillor Daniels said that whilst it was vital that the Council were able to get back money owed, this policy looked at all vulnerabilities and what interventions could be put in place, and was pleased to note that feedback from the Fairness Commission had been taken into account when the policy was set.

108.6 **RESOLVED:** That the Committee –

1. Noted the key changes in practice and approach from the existing policy.

2. Approved the new policy for adoption with immediate effect.

3. Noted that under Standard Financial Procedures implementation and agreement of arrangements for the management and recovery of debts are delegated to the Executive Director Finance & Resources.

4. Recommended that the Constitution Working Group considers the inclusion of a specific reference to the Corporate Debt Policy within the delegations to the Executive Director Finance & Resources.

109 COUNCIL TAX BASE 2019/20

109.1 **RESOLVED:** That the Committee –

1. Approved this report for the calculation of the council's tax base for the year 2019/20.

2. Noted the collection rate assumed is 99.00%.

3. Agreed that in accordance with the Local Authorities (Calculation of Tax Base) (England) Regulations 2012, the amounts calculated by Brighton & Hove City Council as its council tax base for the year 2019/20 shall be as follows:-

    i. Brighton and Hove in whole – 90,038.5 (as detailed in appendix 1)
    ii. Royal Crescent Enclosure Committee – 30.6 (as detailed in appendix 2)
    iii. Hanover Crescent Enclosure Committee – 40.1 (as detailed in appendix 2)
    iv. Marine Square Enclosure Committee – 78.0 (as detailed in appendix 2)
    v. Parish of Rottingdean – 1,572.4 (as detailed in appendix 2)

4. Agreed that for the purposes of Section 35(1) of the Local Government Finance Act 1992, the expenses of meeting the special levies issued to the council by the Enclosure Committees shall be its special expenses.

5. Agreed that the Enclosure Committees and Rottingdean Parish are paid the required council tax reduction grant of c£4,000 in total, to ensure they are no better or no worse off as a result of the introduction of the council tax reduction scheme for the reasons set out in paragraph 3.7.

110 LIFE EVENTS PROPOSED FEES AND CHARGES FOR 2019/20

110.1 The Committee considered the report of the Executive Lead Strategy Governance & Law, which set out the proposed fees and charges for the financial year 2019/20 for Registration Services in Life Events within the Strategy Governance & Law Directorate.

110.2 The Chair left the Chamber during consideration of this item.

110.3 Councillor Sykes referred to paragraph 6.11 of the report and noted that the service should be able to generate a saving of £1,250 through administering the new European Passport Return Service, and asked if that could be at risk if the country were no longer in the EU, and was advised that it would be.

110.4 **RESOLVED:** That the Committee approved the proposed fees and charges for Registration Services in Life Events for 2019/20, including increases to and freezing of selected fees and charges as set out in Appendix 1 to the report.

111 SUPPORT SERVICE FOR PEOPLE IN TEMPORARY ACCOMMODATION

111.1 The Committee considered the report of the Executive Director for Neighbourhoods, Communities & Housing which looked at ways that the Council could help vulnerable homeless people living in temporary and emergency accommodation. The Committee were advised that there was a typing error in paragraph 2.2, and the correct title of the Executive Director of Housing was 'Executive Director for Neighbourhoods, Communities & Housing'.

111.2 Councillor Sykes referred to the 2016/17 budget when the previous manifestation of this service was cut, and noted that the delivery risk at that time was that 'homelessness may increase as a result of vulnerable households not being provided with adequate support' and said he was very pleased that the funding had now gone back in. However, he said that at a previous committee it had been suggested that the earlier cut was down to the previous administration and he wanted to make it clear that that was not the case and in 2015/16 there was no cut to this budget line.

111.3 **RESOLVED:** That the Committee -

1. Noted the contents of the report and agreed that £0.250m is added to the council's 2019/20 budget proposals in order to expand the options for providing support for people in emergency and temporary accommodation for one year only.

2. Delegated to the Executive Director for Neighbourhoods, Communities & Housing the decision to determine the most appropriate option to achieve a support service within the £0.250m budget, if approved.

112 HOME PURCHASE POLICY OPPORTUNITY - DISPOSAL OF 84 COOMBE ROAD

112.1 **RESOLVED:** That the Committee –

1. Agreed to appropriate 84 Coombe Road, Brighton from existing purposes to Housing Act purposes.

2. Agreed that the General Fund should receive the value of £290,000 in consideration for the appropriation at recommendation 1.

3. Agreed to authorise the retention of the net capital receipt to be used for reinvestment by Families Children and Learning to support the integration of disability services by co-locating the teams in Wellington House.

4. Noted that the appropriation referred to at 2.1.1 above will take place when the Policy, Resources & Growth Committee makes the decision to appropriate and that the funds referred to at 2 will be transferred following that decision.

113 HOMELESS MOVE ON ACCOMMODATION

113.1 The Committee considered the report of the Executive Director Neighbourhoods, Communities & Housing, which sought approval for the proposed development and the appropriation of the land comprising the former Hollingbury Library and buildings, initially for planning purposes and once the development has been completed for housing purposes.

113.2 Councillor Wealls said the majority of the tenant groups who would benefit from this accommodation were those who were ‘intentionally homeless’, and therefore the obligation to house them sat within Health & Adult Social Care and Children Families & Learning, and therefore it should be the General Fund which paid for the support, and asked if this was therefore a misuse of HRA funds. The Head of Housing Strategy Property & Investment said that there was £150k funding from Social Care to provide the necessary support and those that were moving on from existing hostel accommodation would have support provided by the General Fund. HRA would provide funding for the accommodation and should the scheme revert to another usage, it could become Housing General Fund accommodation.

113.3 Councillor Janio asked when the £750k would be received. The Head of Housing Strategy Property & Investment said that the money would be provided in three tranches. The first tranche would be on acquisition (40%), with the others coming at start on site and completion. Councillor Janio suggested therefore that 40% of the £750k should be allocated, and was advised that this report sought agreement for HRA funding to acquire the site and then a final viable scheme will come forward to the March 2019 Housing and New Homes Committee for their consideration.

113.4 **RESOLVED:** That the Committee –

1. Approved that the land comprising the former Hollingbury Library site is appropriated for planning purposes and that the Executive Director for Neighbourhoods, Communities & Housing be authorised to appropriate the site for housing once the development is complete.

2. Approved the transfer of the land & buildings at the former Hollingbury Library site from the General Fund to the Housing Revenue Account for £0.365m, being the best consideration reasonably obtainable.

3. Approve that the proceeds are ring-fenced to support the library service in line with the disposal that received consent at Policy Resources and Growth Committee on 9 June 2016.

4. Approved a budget of £0.365m financed by HRA borrowing and Homes England Funding to form part of the HRA capital programme for 2018/19.

114 KING ALFRED DEVELOPMENT - UPDATE

114.1 The Committee considered the report of the Executive Director Economy Environment & Culture which provided an update of progress made in negotiating the terms of the Development Agreement.

114.2 The Chair noted that there were Part Two papers to this report, and said that if the Committee needed to refer to those papers they would go to a closed session.

114.3 The Chair said that there had been significant developments since the report had been published, and referred to a letter from Crest Nicholson dated 23 January 2019 which had been sent to the Executive Director Economy Environment & Culture. The letter was on page 3 of Addendum 2.

114.4 Councillor Wealls asked the Chair if following meetings he'd had with Crest, whether he felt that there was a desire for them to move forward with the scheme. The Chair said that he hadn't yet met with Crest Nicholson, although he had asked for meetings, and said that in correspondence there was a shared commitment for the development.

114.5 Councillor Sykes asked if our expectations of a sports centre and 400 units was too high, and asked if there had been a full analysis of risks attached to the project. The Executive Director Economy Environment & Culture said that said that the risks were outlined in the Deloitte report in the Part Two papers. With regard to expectations being too high, at the start of the project the viability of it was assessed and it was shown to be acceptable. However, a project of this size was always going to be difficult.

114.6 Councillor Peltzer Dunn referred to the letter from Crest Nicholson and asked at what point officers were aware during the detailed negotiations with them, that they were agreeing to everything but subject to the Brexit deal. The Executive Director Economy Environment & Culture said that the letter was received late yesterday evening following Crest Nicholson's board meeting earlier in the week.
Whilst Brexit was always in the background, but the risks of leaving the EU without a deal were now being considered.

114.7 Councillor Mac Cafferty referred to paragraph 3.7 of the report and asked how detailed the planning application would be, and suggested it should be a full planning application. The Executive Director Economy Environment & Culture said it would be a full planning application, and two months prior to that the developer would be obliged to provide their detailed design to us for sign off prior to submitting their full application.

114.8 Councillor Mac Cafferty was concerned that if the development proceeded there was a risk that only half the properties may be built and there be no leisure centre, and said that there needed to be a cast iron guarantee that there would be both a leisure centre and affordable housing. The Assistant Director City Development & Regeneration said that Crest was offering their parent company, which was a plc, as a guarantee, and the Council would put a charge on the land and would only release the units for sale when the leisure centre was delivered.

114.9 Councillor Mac Cafferty referred to Appendix 1 and asked what 'value engineer' meant, and was advised that if the Council wanted to change the specification the developer would look to manage costs in another area of the development before asking for additional funding.

114.10 Councillor Bell said he was concerned over the timing of the letter and felt the reference to Brexit was just another excuse, and asked what assurances the Council had that the development would go ahead. The Chair agreed that he was surprised to receive the letter so late, but said that it was important to treat it in good faith.

114.11 The Committee then moved to Part Two to discuss the confidential papers, and then returned to Part One.

114.12 The Chair said that there was a cross-party amendment to the recommendations and proposed the following:

To add the following recommendations at 2.3 and 2.4 –

1. *Notes the contents of the letter from Crest dates 23 January 2019, and agrees that, in light of this letter, that if the development agreement is not signed by the end of January 2019, the Executive Director Economy, Environment & Culture is authorised to explore all alternative delivery options, including the potential use of prudential borrowing, and in-house delivery of the project;*

2. *Agrees that if the development agreement has not been signed by 30 March 2019 the Council will not enter into the development agreement with Crest Nicholson and will bring the matter back to the next Policy Resources & Growth Committee including the initial evaluation of the alternative delivery options;*

The Chair said that the amendments were suggested with the intention to give us confidence on how long the delay may last, and clarity with Crest Nicholson on where we expect to be if the agreement were not signed. He said that it was important to ensure that the Council were progressing with a new leisure centre.

114.13 Councillor Mac Cafferty seconded the amendment. He said that he was astonished at the letter received yesterday, and said it was not good enough and not fair on the residents of Hove. He said that the Council needed a Plan B if the Development Agreement were not signed.

114.14 Councillor Janio said that the residents of Hove wanted a new sports centre, and this matter had been going on for a number of years and certainty was now needed. He was concerned that Crest were not dedicated to this project, and said that the city needed a sports centre and affordable housing and if they couldn’t provide that then they should tell the Council now.

114.15 The Committee voted on the amendment and it was agreed.

114.16 The Chair noted that there was an amendment from the Conservative Group, and asked Councillor Janio to propose it.

114.17 Councillor Janio proposed the following amendment:

To add the following recommendation –

Authorises officers to enter into the Development Agreement on the terms set out in the Summary attached at Appendix A to this report, which contains provisions which seeks to ensure that 20% affordable housing is built as part of the development, the full version of which (excluding Annexures) is presented in the Part 2 report to this committee; and agrees that following signature of the development agreement if *there is any proposal to either downgrade the quality, specification or amenity value of the sports centre that it be brought back to this committee.*

Councillor Janio said that it was important that if the scheme went ahead, and there any suggested changes to the sports centre then the matter should be considered by this committee.

114.18 Councillor Wealls seconded the amendment.

114.19 The Committee voted and agreed the Conservative Group amendment.

114.20 **RESOLVED:** That the Committee –

1. Noted the work undertaken in negotiating the final terms of the Development Agreement with Crest Nicholson since the 6th December meeting;

2. Authorised officers to enter into the Development Agreement on the terms set out in the Summary attached at Appendix A to this report, the full version of which (excluding Annexures) is presented in the Part 2 report to this committee;

3. Noted the contents of the letter from Crest dated 23 January 2019, and agrees that, in light of this letter, that if the development agreement is not signed by the end of January 2019, the Executive Director Economy, Environment & Culture is authorised to explore all alternative delivery options, including the potential use of prudential borrowing, and in-house delivery of the project;

4. Agreed that if the development agreement has not been signed by 30 March 2019 the Council will not enter into the development agreement with Crest Nicholson and will bring the matter back to the next Policy Resources & Growth Committee including the initial evaluation of the alternative delivery options;

5. Grants delegated authority to the Executive Director for Economy, Environment & Culture, Assistant Director Property & Design and the Executive Lead Officer Strategy, Governance & Law to make minor amendments to the Development Agreement, settle all the legal documents and take any other necessary steps required to implement the recommendation at 2;

6. Approved the Council’s capital contribution of £8m (in accordance with the decision of Policy & Resources on 21 January 2016) towards the development of the new public sport and leisure centre, the sum to be through borrowing and the financing costs funded by forecast operational savings resulting in a cost neutral position for the Council;

7. Agreed in principle to appropriate the site for planning purposes and delegates authority to the Executive Director for Economy, Environment & Culture to appropriate the site for planning purposes once the indemnity described in paragraph 3.25 has been executed and satisfactory planning permission has been secured;

8. Agreed in principle that the council will authorise the use of S203 and delegates the final decision to authorise the use of S203 powers to the Executive Director for Economy, Environment & Culture;

9. Authorised officers to enter into the Development Agreement on the terms set out in the Summary attached at Appendix A to this report, which contains provisions which seeks to ensure that 20% affordable housing is built as part of the development, the full version of which (excluding Annexures) is presented in the Part 2 report to this committee; and agrees that following signature of the development agreement if there is any proposal to either downgrade the quality, specification or amenity value of the sports centre that it be brought back to this committee.

115 BUS & TAXI SHELTER ADVERTISING CONCESSION

115.1 **RESOLVED:** That the Committee –

1. Approved the procurement of a cleaning, maintenance and advertising concession agreement for a term of 12 years with the option to extend for up to a further 3 years;

2. Granted delegated authority to the Executive Director for Economy, Environment & Culture to carry out the procurement of the cleaning, maintenance and advertising concession agreement referred to in 1 above including the award and letting of the concession agreement.

116 NOMINATION OF A REPRESENTATIVE TO THE FIRE AUTHORITY

116.1 **RESOLVED:** That the Committee approved the appointment of Councillor Platts to the East Sussex Fire Authority.

117 ITEMS REFERRED FOR COUNCIL

117.1 **RESOLVED:** No items were referred to the Full Council meeting on 31 January 2019.

PART TWO SUMMARY

118 KING ALFRED DEVELOPMENT AGREEMENT (EXEMPT CATEGORY 3)

118.1 **RESOLVED:**

(1) That the full terms of the Development Agreement in Appendix 1to the report be noted; and

(2) That the contents of the Financial Report in Appendix 2 to the report be noted.

119 PART TWO PROCEEDINGS

119.1 **RESOLVED:** That the information contained in Part Two remain exempt from disclosure to the press and public.

The meeting concluded at 6.45pm

Signed		Chair
Dated this	day of	2019

POLICY RESOURCES & GROWTH COMMITTEE	Agenda Item 124(a) Brighton & Hove City Council

Subject:		**Petitions**			
Date of Meeting:		**14 February 2019**			
Report of:		**Monitoring Officer**			
Contact Officer:	**Name:**	**Lisa Johnson**		**Tel:**	**01273 291228**
	E-mail:	**lisa.johnson@brighton-hove.gov.uk**			
Wards Affected:	**Various**				

FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT:

1.1 To receive any petitions submitted directly to Democratic Services or any e-Petition submitted via the council's website.

2. RECOMMENDATIONS:

2.2 That the Committee responds to the petition either by noting it or writing to the petition organiser setting out the Council's views, or where it is considered more appropriate, calls for an officer report on the matter which may give consideration to a range of options, including the following:

- taking the action requested in the petition
- considering the petition at a council meeting
- holding an inquiry into the matter
- undertaking research into the matter
- holding a public meeting
- holding a consultation
- holding a meeting with petitioners
- calling a referendum

3. PETITIONS

3.1 (i) Reduce Parking Permit Charges – Felix Elkin

To receive the following petition - petition to close on 13 February 2019:

'We the undersigned petition Brighton & Hove Council to Reduce the amount we as residents and businesses have to pay for our permits and bring the prescribed hours down from 20:00 to 18:00'

(ii) On street parking charge increase Brighton & Hove – Michelle Guyat

To receive the following petition - petition to close on 13 February 2019):

We the undersigned petition Brighton & Hove Council to Stop the price rise for on street parking & 2 car parks from the 1st of April 2019.

POLICY RESOURCES & GROWTH COMMITTEE 14 February 2019	Agenda Item 125 (b) Brighton & Hove City Council

MEMBER INVOLVEMENT - WRITTEN QUESTIONS

The following written question has been submitted:

(i) Annual Repayment Rates for BHCC Loan

Can the Chair of the Committee please provide a table showing the annual repayment required of BHCC on a loan (showing repayment periods of 30,40, 50,and 60 years for each loan), at current PWLB rates for 5, 10, 20, 25, 30,35, 40 and 50 million pounds?

Councillor Gibson

POLICY & RESOURCES COMMITTEE	Agenda Item 126
	Brighton & Hove City Council

Subject:		**Saltdean Lido Restoration**	
Date of Meeting:		**14th February 2019**	
Report of:		**Executive Director, Economy, Environment & Culture**	
Contact Officer:	**Name:**	**Ian Shurrock**	**Tel: 01273 292084**
	Email:	**ian.shurrock@brighton-hove.gov.uk**	
Ward(s) affected:		**Rottingdean Coastal**	

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

1.1 The council has sought to achieve the restoration of the council owned Saltdean Lido to enable the long term sustainability of the facility since the surrender from the previous leaseholder in 2011. Saltdean Lido CIC (SLCIC) has made remarkable progress to achieve the restoration of the outside pools, since being appointed by the council as the preferred leaseholder for the Lido. SLCIC have received the offer of a conditional grant of £4.200m from the Heritage Lottery Fund (HLF) towards the restoration of the main building. This offer is conditional principally upon the SLCIC achieving the match funding for the project within a time limited period.

1.2 SLCIC were set to achieve the match funding until applications to the Coastal Communities Fund (CCF) for £1.400m and Power to Change for £0.300m were unsuccessful. SLCIC have requested the support of the council to assist with the project shortfall of £1.600m to enable the restoration of the main Lido building at an estimated cost of £7.500m to progress.

1.3 This report considers the options to the council to assist with the funding shortfall and the potential implications if assistance is not provided to restore Saltdean Lido – an important Grade 2* heritage asset listed on the Buildings At Risk Register.

2. RECOMMENDATIONS:

2.1 That the Committee:

2.1.1 agrees to the request from Saltdean Lido CIC and underwrites the shortfall in funding of £1.600m towards the restoration of Saltdean Lido to secure the HLF grant of £4.200m;

2.1.2 agrees that if the Saltdean Lido CIC fails to identify alternative sources of funding that the council will provide funding of up to £1.600m pursuant to a funding agreement;

2.1.3 agrees that if the council provides the funding of up to £1.600m it shall fund the contribution by borrowing and be included in the capital investment programme;

2.1.4 notes the Saltdean Lido CIC have an outstanding loan of £0.220m and agrees to reschedule the loan repayments with a deferment of 9 months as set out in paragraph 7.4;

2.1.5 grants delegated authority to the Executive Director Economy, Environment & Culture to agree the terms of the funding agreement and take all necessary steps to implement the recommendations above.

3. CONTEXT/ BACKGROUND INFORMATION

3.1 Since 2011 a range of reports on Saltdean Lido have been considered by Policy, Resources & Growth Committee as well as service committees. These reports are listed for in “Background Documents” at the end of this report. A summary of the key developments in relation to the Lido over that period are summarised as follows:

Surrender of previous lease

3.2 The long-term 125 year lease of the Saltdean Lido site was surrendered by Saltdean Lido Limited (head lessee) on 6th June 2012 following a period of negotiation with the council.

3.3 The surrender was the culmination of negotiations with the leaseholder following the council serving a notice under the lease regarding aspects of disrepair on 12th May 2010. The lessee served a counter notice which meant no further action could be taken without resorting to court.

3.4 The building had been put on the Building at Risk register on 19th October 2011. This register is used by English Heritage as part of its Heritage at Risk programme which was established “to identify historic assets that are at risk of being lost through neglect, decay or development or are vulnerable of becoming so”.

3.5 A Special Policy & Resources Committee on 30th May 2012 authorised the surrender of the previous lease of Saltdean Lido by Saltdean Lido Limited. This followed concerns about the standard of service that was being provided and the level of maintenance being undertaken on the main Lido building.

Appointment of SLCIC as preferred bidder for Saltdean Lido

3.6 In March 2013 the council marketed the Saltdean Lido site by inviting expressions of interest. Those interested parties were provided with further information and invited to submit an Initial Bid which was evaluated on their ability to meet the following list of key outcomes:

- A well-used, accessible, year-round community and leisure facility
- A building and surrounding grounds that are renovated in a manner that would be likely to receive Listed Building Consent and, if required, planning permission

- Improved swimming pool provision
- Financially sustainable for the term of the lease including meeting all maintenance requirements and statutory obligations
- Improved library facilities
- No ongoing BHCC subsidy
- An environmentally sustainable facility

3.7 The SLCIC were appointed preferred bidder by Policy & Resources Committee on 5th December 2013, which enabled negotiations to commence with the council on the terms of the lease.

3.8 SLCIC then worked hard to obtain the funding for Phase 1 of the project (outdoor pools) and develop Phase 2 (restore the main Lido building) to generate income for the long term sustainability of the site as a whole. Significant progress was made resulting in a further report to Policy, Resources & Growth Committee in February 2017.

Policy, Resources & Growth Committee February 2017

3.9 At the Policy, Resources & Growth Committee in February 2017 the following were approved:

- Entry into the Conditional Agreement for Lease with SLCIC.
- Entry into the 60 year lease for the Lido when the conditions are satisfied in accordance with the Conditional Agreement for Lease.
- Grant funding of up to £0.700m for temporary library provision and a new library in the restored Saltdean Lido and agree to include this commitment in the capital programme 2018/19.
- The investment of up to £0.700m would be funded through borrowing with the financing costs estimated to be £0.040m per annum, and agree to this commitment being included in the Budget from 2018/19.

Project Summary

3.10 SLCIC have summarised the full restoration project as:

"To restore Saltdean Lido, the only grade II* listed coastal lido in the country: SLCIC will sympathetically restore the building whilst creating a commercially viable leisure destination. The Lido will become a community resource and tourist attraction with a heated pool and poolside café, children's pool and wet play area, multi-use function and event space, community space and a library, all incorporating features which interpret and celebrate the heritage of the building. The Lido will be managed by the SLCIC to ensure that the heritage remains protected and accessible to local people. Saltdean Lido will become a national tourist destination, its iconic design social history will be celebrated and visitors will have access to high quality facilities. New employment, volunteering opportunities, and apprenticeships will be created. Our robust Business Plan will ensure a sustainable future for the site and will act as a catalyst for economic growth."

The restoration is being undertaken in phases:

Phase 1 Works – which enabled the pools to open in 2017

3.11 SLCIC made successful bids to the Coastal Communities Fund for £2.290m and Social Investment Business Fund for £0.440m to enable Phase 1 to be undertaken. This funding contributed towards the restoration of the outdoor pool, reinstate the children's pool, provide a new plant room for the circulation and heating of the pool water, landscaping around the pool and changing rooms (Phase 1). A significant proportion of the S106 funding from the Ocean Hotel development (£0.170m) was also used in the funding of these improvements. SLCIC requested a short term loan from the council of £0.030m towards the Phase 1 works which was repaid.

3.12 A 5 year lease has been granted to the SLCIC for the external area. This lease would cease upon the granting of the long term lease for the whole site for the full restoration. The re-opening of the pools in the summer of 2017 was well received with Fusion Lifestyle operating the pools on behalf of SLCIC.

3.13 The opening weekend was extremely popular and received national publicity. Over 35,000 attendances have been achieved for each of the seasons the pool has been open. Although the pool has been successful in terms of usage, the operation runs at a loss and is highly unlikely to be sustainable without income generating activities from a renovated main building.

Revision of Stage 2 Funding Application to the HLF

3.14 SLCIC were successful in being awarded a Stage 1 grant from the HLF of £0.576m to fund the development of a detailed Stage 2 funding application for a grant of £4.200m. A loan of £0.220 million from the council to SLCIC was approved at Policy, Resources & Growth Committee in November 2017. This was required to fund the revision of a considerable number of individual documents for an updated Stage 2 bid to the HLF within categories including:

- Development Appraisal and Conservation Deficit
- Project and Construction Management Structure
- Activity Statement
- Project Expenditure Cash Flow
- Cost Forecast Breakdown including Cost Plan and Risk Profile
- Design and Services
- Management and Maintenance Plan
- Conservation Plan
- Business Plan
- Letters of Support
- Briefs for Delivery Works, Job Descriptions
- Partnership Agreements
- Delivery and Project Programmes
- Interpretation Plan
- Fundraising Strategy

3.15 A key element of the revision was a new method that has been developed in relation to concrete refurbishment. The use of sea dredged aggregate in the original construction and the harsh sea environment has led to a twofold attack on the integrity of the concrete structure which is now in very poor condition. Consultants working on behalf of the SLCIC in conjunction with Heritage England have revised the method to restore the main building which meets Heritage and Listed Building regulations. SLCIC indicated that this new method has greater certainty of cost with a saving of over £1.000m of refurbishment costs from the original proposal.

3.16 Also fundamental to the revised application is the Business Plan to achieve the long term sustainability of the whole Lido complex. The restoration of the main building would create income generating opportunities to assist with the ongoing maintenance and operation of the main building, while also subsidising the operation of the outside pools. The income generating areas proposed for the main building include:

- Catering (SLCIC achieved £0.120m from crowdfunding towards the café)
- Functions and events (including weddings)
- Community hires
- Start-up businesses

3.17 SLCIC have engaged a range of professional expertise to develop the bid to the HLF including:

- Conran & Partners - Architects
- Northgate - Quantity Surveyors
- Chris Wood - Lead Consultant for Historic England on heritage conservation
- Delta Green- Building Services Engineering and Sustainability
- Carpenter Box - Accountants
- Hemsley Orrell - Structural Engineers
- Tricolour – Procurement
- SIKA – Restoration Building Materials

3.18 In July 2018 SLCIC were notified by the HLF that their Stage 2 application had been successful for £4.200m and a conditional grant offer was made by the HLF.

<u>Phase 2 Works – Restoration of the main Lido building</u>

3.19 The total cost for this second phase is estimated to be £7.500m (including a new library with £0.700m of funding already committed by the council) and SLCIC submitted the capital funding proposal below to the Heritage Lottery Fund (HLF) which secured a conditional grant of £4.200m. The prime condition of the HLF grant is the achievement of the majority of the match funding within a limited time period. The HLF requires a decision to be made by the council by the end of February 2019 otherwise the £4.200m would be allocated to another project which would probably take place at the HLF Board meeting in March 2019.

3.20 A priority of the Phase 2 works is to make the original “1937” part of the building structurally sound (the harsh marine environment and use of sea dredged aggregate in the original construction, means the building is currently in very poor condition). This would include completion of remediation work to the wings and central rotunda (the unique art deco façade that is visible when looking from the A259).

3.21 These works would complete the restoration of the main building to provide a multi-use function and event space together with community space. In addition, the proposal includes providing an extension to the restored Lido building which would house a new library. Planning permission and listed building consent has been granted for the works.

3.22 Consideration has been given whether to recommend that the council enters into the building contract(s) itself if the council assists with the shortfall for the Phase 2 works. This has not been recommended as the risk of the contract would rest directly with the council. In addition, a wide range of funders have made contributions to SLCIC who may not have funded the council directly. There would also be a significant resource implication for the council to manage the contract.

3.23 If the council meets the shortfall and enters into a funding agreement with SLCIC, a monitoring role for the council to oversee the expenditure of the council funding could be included.

3.24 <u>Saltdean Lido Restoration Project Funding</u>

<u>**Funds already secured by SLCIC**</u>

Historic England £0.199m

Crowdfunding Appeal £0.120m

Numerous donations £0.518m including: *Garfield Weston Foundation Swire Charitable Trust, Pilgrim Trust, Michael Bishop Foundation, John Coates Charitable Trust, Rampion*

BHCC Library funding £0.700m

Total £1.537m

<u>**Conditional funds secured by SLCIC**</u>

HLF Grant £4.200m (conditional on match funding being achieved)

Total £4.200m

<u>**Funding applications by SLCIC pending decision**</u>

Various Others £0.163m

Total £0.163m

<u>**Total funds Secured/Conditional/Pending by SLCIC - £ 5.900m**</u>

<u>**Estimated Project Shortfall - £ 1.600m**</u>

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

4.1 Consideration of options for funding capital shortfall

4.1.1 Loan to SLCIC

A loan is not considered to be a viable option. While the long term business plan for the Lido has the potential to achieve a sustainable financial position, the additional burden of servicing a loan is not viewed as achievable. Officers have reviewed the business plan submitted by SLCIC to the HLF. Furthermore, there is also a current loan of £0.220m from the council to the SLCIC which funded the revised Stage 2 HLF bid and is outstanding.

4.1.2 Capital Contribution

A capital contribution could be funded from the council's capital receipts. However, there are currently no unallocated funds available other than to divert resources from other projects.

4.1.3 Capital Contribution secured by borrowing

If a capital contribution of £1.600m was funded from borrowing by the council there would a revenue financial pressure of £0.062m based on a 50 year asset life.

4.1.4 Underwrite the shortfall in funding

This would still necessitate the funding being identified as per options 4.1.2 and 4.1.3 above. Although it would still place the emphasis on the SLCIC to seek further funding sources whilst enabling the £4.200m to be secured from the HLF. However, it would need to be realistically viewed as a capital contribution and all funds underwritten would need to be identified, as there would be no guarantee that further funding could be achieved by the SLCIC from other sources – despite their track record of receiving significant grants.

4.1.5 Section 106 funding

Currently there is no s106 funding that may be called upon. However, in the future there are sites with planning permission in that area that when development is implemented will be providing s106 contributions. Within the s106 Agreements the indoor sports elements of 'Recreation/open space contributions' may, once received, potentially be allocated to The Lido. However there is no certainty when sums will be received and as with all s106 spends the Agreements allow for options across a range of facilities. At this early stage it is too early to make any decision on how as yet unpaid and future sums should be allocated.

4.2 Only fund the revenue shortfall to operate the pools

At present the SLCIC have a short term lease on the external area and have appointed Fusion Lifestyle to operate the pools. This is at a financial cost to Fusion Lifestyle which for the 2018 season was £16k.The weather during the 2018 season was exceptionally good and therefore a future revenue cost is likely to be higher. The main restoration project is the primary aim for the SLCIC and if this not achieved they are unlikely to continue to operate the pools. The pools would revert back to the council with the need to seek an external operator at a revenue cost to the council if they were opened. There is also a risk that an external operator may not wish to operate the pools without the likelihood of the restoration being achieved of the main building. Furthermore, an external operator would be unlikely to accept the financial risk of operating the stand alone pools which would rest with the council. The following implications of a “Do Nothing” option in 4.2 below would also apply.

4.3 “Do nothing option” implications

4.3.1 Loss of HLF Grant of £4.200m and restoration does not take place
If the council is unable to assist with the funding shortfall the HLF will withdraw the grant offer of £4.200m and the restoration project will not take place of the main building. It is highly unlikely that the opportunity to receive such a significant sum of external funding would be achieved in the future.

4.3.2 Liability of maintaining existing building
The main building would continue to be mostly closed and a liability to the council for which there are no identified resources. This liability would only continue to increase as the condition deteriorates and the building would remain on the “At Risk Register”. At present minimal expenditure is taking place to only meet essential health and safety requirements. There is currently no identified budget for Saltdean Lido but in recent years it has been necessary to spend 24k (16/17) 29k (17/18) and a predicted spend of 38k in the current financial year. This had to be financed by reducing expenditure on the council’s other sports facilities.

4.3.3 Loss of community provision
At present most of the main Lido building previously leased by Saltdean Community Association (SCA) is closed due to the condition of the building. The only internal areas that are currently in use are a rear extension used by the SCA, the library and the White Rooms Beauty Therapy. The future of these areas including the library would be put in doubt due to the on-going deterioration. A situation could be reached where the library would close with the need to seek alternative provision to continue the service.

5 COMMUNITY ENGAGEMENT & CONSULTATION

5.1 SLCIC has a significant membership base and engages regularly with the local community through events and other activities. There has been on-going consultation with the Heritage Lottery Fund Case Officer for Saltdean Lido.

6. CONCLUSION

6.1 Assisting SLCIC by underwriting the shortfall in fund would enable the grant of £4.200m to be secured from the HLF and the restoration project of the main Lido building to progress.

6.2 If SLCIC are unable to achieve the restoration of the main Lido building, in all likelihood the premises would remain with the council as the freeholder and the liabilities that would bring.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

7.1 The recommendation to underwrite £1.600m funding for the restoration of the Saltdean Lido will mean the HLF funding conditions are substantially met and allow the £7.500m project to go ahead. It is proposed to fully fund this guarantee due to the level of uncertainty that SLCIC could find alternative funding sources of this size. At present SLCIC have a remaining target of £0.163m fund raising to achieve above this guarantee to make the estimated project costs fully funded. The £1.600m will be funded from borrowing with estimated financing costs of £0.062m per annum.

7.2 In February 2017 this committee approved a capital contribution of £0.700m for a replacement library within the project as well as temporary facilities during the restoration which forms part of the £7.500m scheme.

7.3 With restoration projects there is a greater risk of unanticipated costs and the cost plan includes a substantial contingency and build cost inflation allowance totalling 18% to help mitigate this risk.

7.4 In November 2017 this committee agreed a loan to SLCIC for £0.220m to support the resubmission of the grant application to HLF. If the application was successful and all conditions were met, the loan would start to be repaid in September 2018. With the delay in the conditions being met for the grant funding, it is proposed to reschedule the loan repayments within the loan agreement to commence in June 2019.

Finance Officer Consulted: James Hengeveld Date: 03/02/19

Legal Implications:

7.2 The risk that providing a capital contribution to the CIC could amount to state aid is considered to be low as it will not affect trade between member states. This is because the Lido is a purely local operation which benefits those in the local area and is unlikely to attract customers from other member states. Additionally there is an argument that the Market Economy Operator Principle (MEOP) applies. There is no state aid if the council is behaving as a commercial operator would in the same situation. In this situation the council is the freeholder so by providing capital funding it is investing in its own land in the way that a commercial landlord would.

7.3 If the council does meet the shortfall the council is advised to enter into a funding agreement with the CIC, as a grant would not give the council sufficient assurance that the capital was being spent effectively.

7.4 A funding agreement which places the CIC under obligations to undertake the restoration will amount to a public works contract so officers will obtain a waiver in accordance with the council's Contract Standing Orders.

7.5 The threshold for a works contract is £4,551,413 so the Public Contracts Regulations 2015 will not be engaged as the funding of £1.600m would be below the threshold.

Lawyer Consulted: Alice Rowland Date: 01/02/19

Equalities Implications:

7.5 The council seeks to provide a range of opportunities for residents to participate in sport and community activities across the city and the Lido is recognised as an important part of community leisure provision.

Sustainability Implications:

7.6 A restored Lido would include a number of improvements to the environmental sustainability of the building. As well as the concrete restoration that is fundamental to the long term sustainability of the building, other proposed improvements include enhanced insulation, energy efficient plant, air source heat pumps, photo-voltaic cells, and heat exchange between the main building and the pool.

Any Other Significant Implications:

7.7 Other Risks

7.7.1 Cost uncertainty

Restoration projects of heritage buildings are by their nature very difficult to achieve cost certainty. Therefore, the costs indicated in this briefing are estimates and subject to change. Greater cost certainty would be achieved when works are tendered, but there is still the possibility of unforeseen circumstances impacting upon costs.

7.7.2 Governance

SLCIC were appointed as the preferred leaseholder following a competitive process and have delivered a capital project in the restoration of the pools. If the council assisted with the capital funding, consideration could be given to the council having increased governance of the expenditure of that funding. For example, this could include a monitoring role of the project including oversight of the tender process for works. SLCIC would be required, in any case, to meet the requirements of the HLF grant which places controls on the expenditure of funding.

7.8 Public Health Implications

The provision of improved sport and leisure opportunities will benefit the health and well-being of the local community and other visitors.

SUPPORTING DOCUMENTATION

Appendices:

1. Site plan – area of proposed long term lease with SLCIC

Documents in Members' Rooms

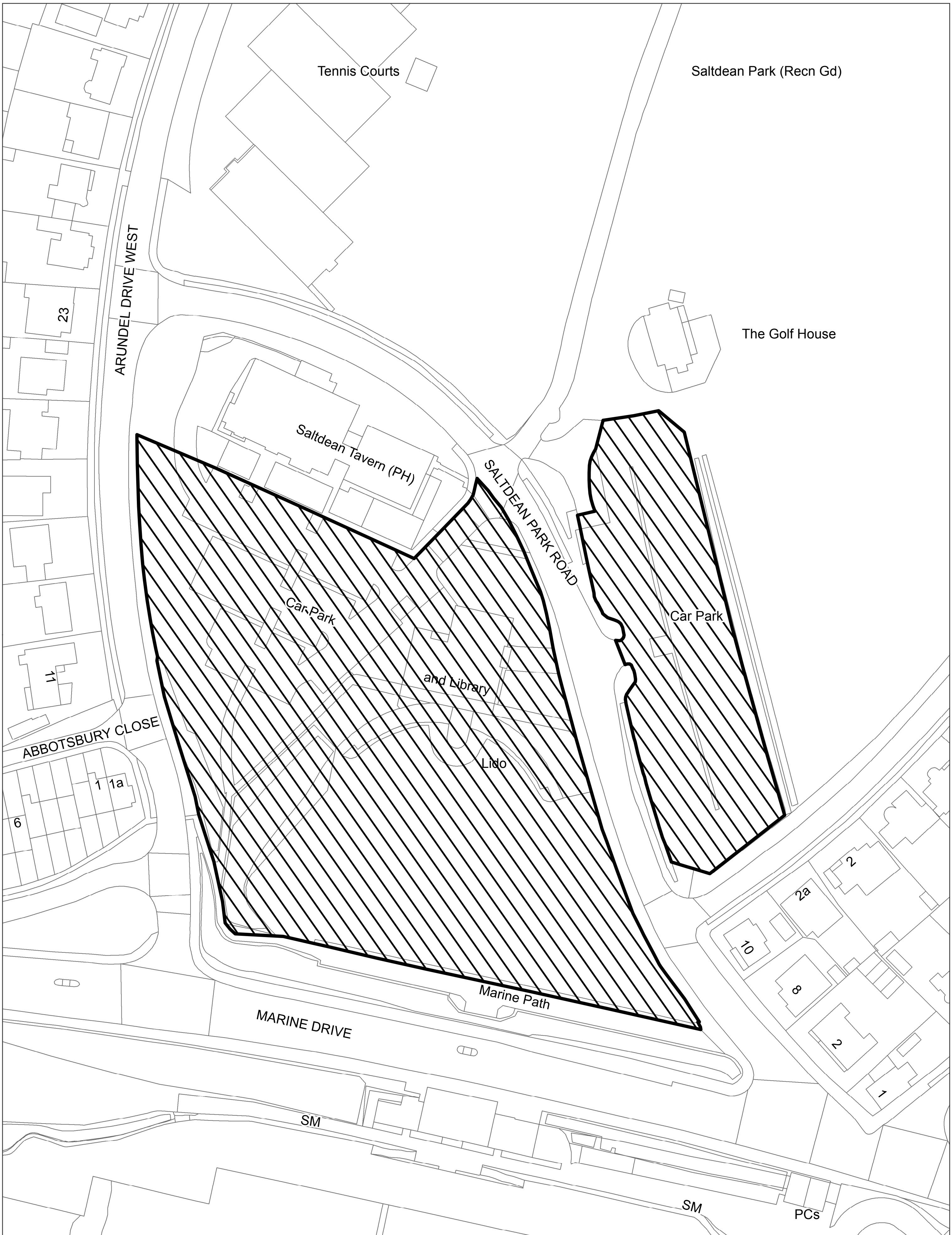
1. None

Background Documents

1. Reports to the Culture, Recreation and Tourism Cabinet Member meeting on 6th December 2011 and 6th March 2012.

2. Reports to the Policy & Resources Committee on 30th May 2012, 24th January 2013, 5th December 2013, 9th February 2017 and 30th November 2017.

3. Reports to the Economic Development & Culture Committee on 20th September 2012 and 19th September 2013.



Brighton & Hove City Council

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Saltdean Lido

Scale 1:1,250

POLICY, RESOURCES & GROWTH COMMITTEE	Agenda Item 127 Brighton & Hove City Council

Subject:		**General Fund Revenue Budget, Council Tax and Capital Strategy 2019/20**		
Date of Meeting:		**14 February 2019**		
Report of:		**Executive Director Finance & Resources**		
Contact Officer:	**Name:**	**Nigel Manvell** **James Hengeveld**	**Tel:**	**01273 293104** **01273 291242**
	Email:	**nigel.manvell@brighton-hove.gov.uk** **james.hengeveld@brighton-hove.gov.uk**		
Ward(s) affected:		**All**		

FOR GENERAL RELEASE

1 PURPOSE OF REPORT AND POLICY CONTEXT

1.1 This report contains the revenue and capital budget proposals for 2019/20 which is the final year of the 4-year planning framework introduced in 2016/17 and which is aligned with the current central government spending review period and 4-year funding deal.

1.2 The revenue budget proposals are based on a 2.99% Council Tax increase. The proposals include:

- Re-investment of savings and other resources of £14.761m in order to support increased demands and above-inflation costs, most significantly across adults and children's social care but also in City Environmental Services;
- Provision of £5.655m to meet annual pay and price inflation increases;
- A savings and efficiency package totalling £12.338m to enable the re-investments above.

1.3 The capital budget proposals include investments of £156.650m for 2019/20 as set out in the Capital Strategy at section 5 of the report and appendix 2.

1.4 In 2015 the council developed 4-year plans, referred to as Integrated Service & Financial Plans (ISFPs), covering the period 2016/17 to 2019/20. These have not been rolled-forward beyond 2019/20 because there is considerable uncertainty over local government finances beyond that point. In particular, the following may impact positively or negatively on the council's future funding levels:

- Fair Funding Review – this will fundamentally review the methodology used to derive the national distribution of local government funding;
- Proposed 75% Business Rate Retention – this would increase retention of business rates locally from 50% to 75%. However, as this is intended to be fiscally neutral, it is not clear what existing funding this may replace but Public Health grant is a likely candidate;
- Comprehensive Spending Review (CSR) – the next 4-year government spending announcement will be made in autumn 2019 and will set the tone for future planning across local government;

- Addressing the long term funding of social care – government are reviewing a number of options but it remains to be seen if any will be taken up.

1.5 The 4-year ISFPs are refreshed annually to ensure that they take into account a number of factors including:

- Changes, up or down, in resource and funding assumptions, estimates and announcements;
- Changes in demography or demand predictions, particularly for social care, based on current trends and experience;
- Changes in the cost of services compared with initial pay and inflation assumptions.

Any or all of these can affect the projected budget gap each year and therefore the level of savings and efficiencies required to achieve a balanced budget.

1.6 The CSR 2015 confirmed the continuation of deficit reduction measures up to 2019/20 and indicated that government Revenue Support Grant (RSG) for this council would reduce by £39.574m over the 4 year period 2016/17 to 2019/20. This is one of the key determinants of the council's budget gaps over the period alongside growing costs and demands.

1.7 Although the council elected to accept the government's '4 year deal', this does not mean that the council's financial position is completely stable as there are other grants and funding that can change. For example, Education Services Grant of £2.895m has been removed and New Homes Bonus has varied each year. There was also a major revaluation of non-domestic rateable values in 2017 affecting the Business Rate tax base and yield. On the positive side, there has been funding through the Improved Better Care Fund (iBCF) and one-off Adult Care Support Grants alongside the ability for councils to choose to set Adult Social Care precepts of up to 8% on Council Tax over the period.

2 RECOMMENDATIONS:

2.1 That Policy, Resources & Growth Committee recommends to Council:

2.1.1 The Administration's proposed budget and Council Tax increase on the Brighton & Hove element of the council tax, comprising:

i) A general Council Tax increase of 2.99%;

ii) The council's net General Fund budget requirement for 2019/20 of £203.583m;

iii) The 2019/20 budget allocations to services as set out in the Budget book at Appendix 1 incorporating 2019/20 savings proposals contained in the 4-Year Integrated Service & Financial Plans;

iv) The reserves allocations as set out in paragraph 3.20 and table 3;

2.1.2 That Council notes the updated Medium Term Financial Strategy included in the Budget Book at Appendix 1.

2.1.3 That Council approves the Capital Strategy for 2019/20 at Appendix 2 comprising:

i) The strategy for funding the investment in change and flexible use of capital receipts as set out in section 5;

ii) The capital resources and proposed borrowing included at Annex 1;

iii) The Capital Investment Programme for 2019/20 of £156.650m included within the Budget book at Appendix 1 and incorporating allocations to strategic funds.

2.1.4 That Council notes the Equalities Impact Assessments to cover all relevant budget options and their cumulative effect as set out in Appendices 6 and 7.

2.1.5 That Council further notes the budget decision is an indicative resourcing decision to be taken in the context of the explanation in the Legal Implications paragraph 13.3.

2.1.6 That Council approves the Treasury Management Strategy Statement as set out in Appendix 3 comprising:

i) The Annual Investment Strategy

ii) The Prudential and Treasury Indicators

iii) The Minimum Revenue Provision policy

iv) The authorised borrowing limit for the year commencing 1 April 2019 of £420m.

2.1.7 That Council notes that supplementary information needed to set the overall council tax will be provided for the budget setting Council meeting as listed in paragraph 8.3.

2.2 That Policy, Resources & Growth Committee agrees that Executive Director Finance & Resources be authorised to make any necessary technical, presentational or consequential amendments to this report before submission to full Council.

3 RESOURCES AND LOCAL GOVERNMENT FINANCE SETTLEMENT FOR 2019/20 AND THE 4 YEAR OFFER

Local Government Finance Settlement and Tax base Forecasts

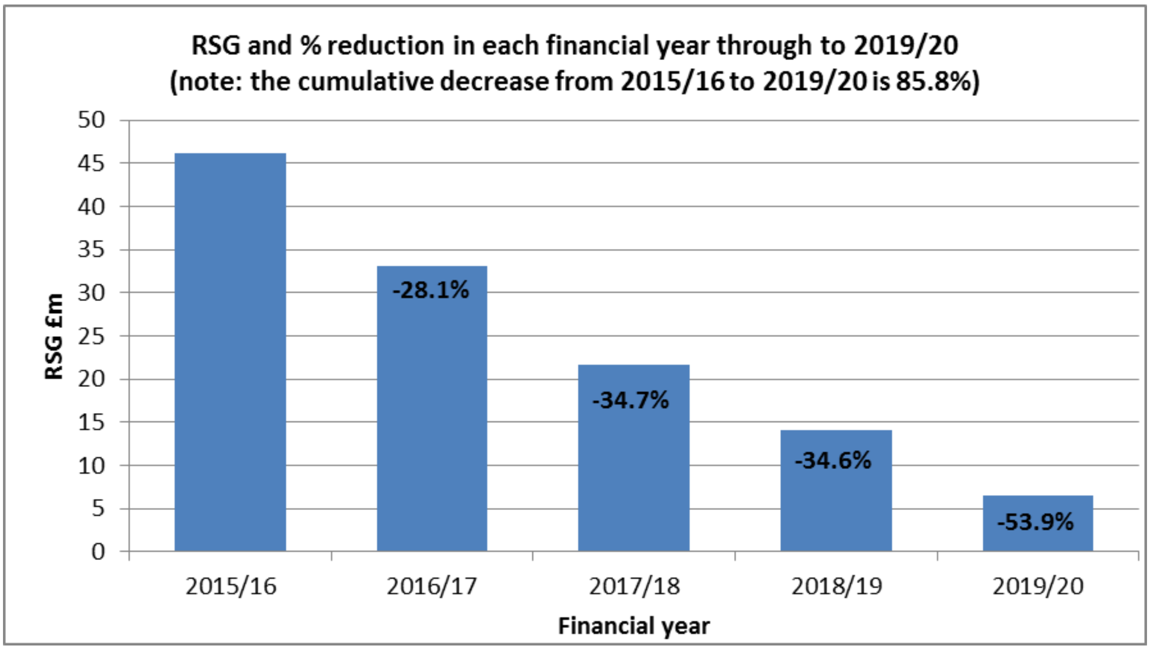
3.1 The final Local Government Finance Settlement (LGFS) was announced on 29 January 2019 and confirmed the council's Revenue Support Grant (RSG) for 2019/20 at £6.523m in line with the 4 year offer announced in December 2015.

3.2 The table below shows the 2019/20 funding assessment for the council compared to 2018/19 along with the national percentage change.

Table 1: Funding Analysis	**Final 2018/19 £m**	**Final 2019/20 £m**	**Increase / (Decrease) £m**	**Change %**
Revenue Support Grant (RSG)	14.144	6.523	-7.621	-53.9%
Government assumed business rates income retained by the council	56.884	58.187	+1.303	2.3%
Settlement Funding Assessment (SFA)	71.028	64.710	-6.318	-8.9%
National SFA Change				*-5.8%*

3.3 The government-assumed level of business rates retained locally is used in the grant calculation and is different from the actual business rates forecast to be collected locally shown in the Budget Book at Appendix 1.

3.4 The graph below shows the reductions over the 4 year offer period:



3.5 On the 13 December 2018 the government issued consultations on the Fair Funding Review and reforms to the Business Rates Retention system, both with a deadline for responses of 21 February 2019. These proposed changes to local government funding are key to determining the level of resources in future settlements and will impact on the council's budget from 2020/21. At this stage there is no detailed information regarding the potential impact on the council which therefore creates uncertainty and financial risk in predicting future years' resources. These risks are outlined in the Medium Term Financial Strategy.

3.6 The Local Government Finance Settlement included an announcement on New Homes Bonus (NHB). Previously the government had consulted on amending the threshold before which NHB would be paid, meaning that the council would not have received any additional NHB in 2019/20. However, the government ultimately decided not to amend the NHB baseline, keeping it at 0.4% in 2019/20, which provides the council with £0.236m additional funding compared to the assumption made in the December budget report. The NHB system will be amended from 2020/21.

3.7 The government is distributing £180 million of additional business rates income (from its levy surplus) to all local authorities on the basis of need. This will provide an additional £0.893m funding in 2019/20 and this has been used to support the budget position. The ongoing impact of changes to the levy will be assessed alongside the impact of any changes to the Business Rates Retention System and will be reflected in future resource projections following the outcome of government consultations.

Adult Social Care (ASC) and Better Care Funding (BCF)

3.8 The Chancellor of the Exchequer presented the Autumn Budget statement on the 29 October 2018. This included announcements of an additional £240m funding nationally for winter pressures in adult social care for 2019/20. This is a continuation of the winter pressures funding announced in September for the current year and provides £1.229m for the council in 2019/20. The chancellor also announced a further £410m nationally for Adults and Children's social care and an allocation of £2.100m has been made to this council for 2019/20.

3.9 The government confirmed within its 4-year settlement offer £1.5 billion additional funding for authorities to support Adult Social Care by 2019/20 to be provided through an Improved Better Care Fund (iBCF). This additional money is passed directly to authorities through a separate grant that takes into account each council's ability to raise resources through council tax. The allocation for this council is £6.2m in 2019/20, an increase of £3m from 2018/19. The iBCF is separate from the original Better Care Funding that is pooled with local health partners. However, both will support integrated working across the health and social care system.

3.10 Government also made an announcement in the Spring 2017 Budget adding to the iBCF resources for 2017/18 to 2019/20. This added funding is provided on a one-off, tapered basis each year and must be added to the existing Better Care Fund pool and its deployment must be jointly agreed with the Clinical Commissioning Group. The allocations for this authority are £5.093m in 2017/18, £3.483m in 2018/19 and £1.733m in 2019/20, reducing to zero thereafter. Due to the high demand for Adult Social Care, a key risk with this one-off funding is that using these resources to support ongoing expenditure could therefore create a budget gap by 2020/21 if the funding were not replaced by alternative resources.

3.11 All additional funding for Adult social Care has been directed towards supporting the demand and cost pressures within the service. The table below summarises the resources available to support of Adult Social Care pressures:

Table 2: ASC Resources	**2017/18**	**2018/19**	**2019/20**
Funding from taxation:			
ASC Precept	3% £3.650m	3% £3.901m	0% -
Funding allocations (potentially at risk beyond 2019/20)			
Improved BCF	-	£3.188m	£6.220m *
ASC Support Grant (one-off)	£1.234m	£0.768m	-
Adult social Care winter Pressures		£1.229m	£1.229m *
Adults and Children's Social Care Grant (one-Off) **			£2.100m *
Additional improved BCF (one-off)	£5.093m	£3.483m	£1.733m

***** *Theses resources are ongoing in principle but there have been no announcements regarding whether or not these will continue beyond the current Comprehensive Spending Review period. There is therefore a potential funding risk beyond 2019/20.*

****** *Although provided for Adults and Children's social care, the budget proposals allocate 100% of this funding to Adult Social Care which is experiencing considerably higher demand and cost pressures than Children's social care.*

Referendum Threshold

3.12 The final Local Government Finance Settlement confirmed that the threshold at which an increase in council tax requires confirmation from a local referendum will be 3%. Any proposal to increase council tax by 3% or above would need to be accompanied by an agreed substitute budget. This would need to be implemented if the increase were voted down by the electorate.

Forecast Business Rate Retention and Council Tax income for 2019/20

3.13 Details of the likely business rate retention income forecasts were set out in the report to the January 2019 meeting of the Policy, Resources & Growth Committee. The council is forecast to receive £64.987m from its local share of business rates and section 31 compensation grants in 2019/20. This is an increase of £3.501m compared with 2018/19.

3.14 The Council Tax taxbase report was also agreed by this committee in January 2019. Assuming a Council Tax increase of 2.99% and taking into account changes to the taxbase, the total projected council tax income in 2019/20 is £143.679m. This is an increase of £5.822m compared with 2018/19.

Other Government Grants

3.15 The grant allocations for 2019/20 have been included within the Budget Book at Appendix 1. Some grant allocations for next year have not yet been announced and where these are critical to the setting of the 2019/20 budget, an estimate has been included. There are some changes to grants in 2019/20 as follows:

- The reduction in Public Health Grant in 2019/20 of 2.6% has been confirmed, reducing the grant by £0.530m.
- Housing Benefit Administration grant has reduced by £0.092m to £1.017m, a further reduction of 8.3%.

3.16 Government recently announced funding support for Local Government in preparation for EU withdrawal. This council will receive £0.210m for 2019/20. Government has indicated it will continue to assess and provide the necessary funding for new burdens falling on Local Authorities as a direct consequence of any additional requirements they may place upon them. This sum will be held within the risk provision for the purpose as detailed in section 9.

Fees and Charges

3.17 The council’s Corporate Fees & Charges Policy requires that all fees and charges are reviewed at least annually and should normally be increased by either the corporate standard inflation rate (currently 2%), statutory increases, or actual increases in the costs of providing a service. Increasingly, linked to the council’s approach to securing value for money in the provision of services, services are benchmarking non-statutory fees and charges with other providers and councils to ensure that charges are comparable and competitive within the local context, and can maximise income to protect essential services wherever feasible.

3.18 Non-statutory increases above the standard rate of inflation and changes to concessions or subsidies are normally considered by the relevant service committee in advance of budget proposals. Increases in fees and charges above the standard inflation rate are included within the Budget Book at Appendix 1.

Reserves Position and one-off funding

3.19 As set out in section 9 of the report, the council’s General Fund working balance is recommended to continue at a minimum of £9m to meet general risks applicable to a unitary authority. In addition, there are recommended financial risk provisions totalling £1.352m for 2019/20, giving total resources of £10.352m.

3.20 The following table shows the projected general reserves position and one-off resources assuming spending is in line with the latest projections for 2018/19 as shown in the Targeted Budget Monitoring (TBM) month 9 report. The table includes the release of specific reserves and other one-off resources to support the 2019/20 budget as detailed in paragraph 3.21.

Table 3 – One-off Resources, Liabilities and Proposed Allocations	**£m**	**£m**
Unallocated general reserves	0.140	
Revised estimate for cost of 2019 local elections	-0.100	
Balance		**+0.040**
Revenue Budget position 2018/19 (TBM):		
Forecast outturn overspend Month 9	-0.381	
Original 2018/19 financial risk safety net	+1.500	
Projected TBM outturn improvement (based on forecast trends)	+0.381	
Projected Net Position at Outturn 2018/19		**+1.500**
Collection Fund[1] position 2018/19:		
Estimated 2018/19 Council Tax collection fund deficit	-0.477	
Estimated 2018/18 Business Rates collection fund deficit	-2.084	
S31 grants to compensate for increased Business Rate reliefs	+0.358	
Royal Pavilion Business Rate rebate set aside to offset the council's share of the impact on the collection fund	+1.214	
Projected Collection Funds position		**-0.989**
Other One-off Resources		
Net Royal Pavilion business Rates rebate prior to 2018/19	+0.929	
Successful VAT claim on prior-year sports services income	+0.702	
Revised Small Business Rates Relief threshold compensation funding 2017/18	+0.140	
Government grant provision for EU Withdrawal	+0.210	
Total Other One-off Resources		**+1.981**
Projected One-off Resources available at start of 2019/20		**+2.532**
Proposed One-off Allocations 2019/20:		
Risk provisions for 2019/20 based on the Chief Finance Officer's review and recommendations (see Section 9 of the report)	-1.352	
Resourcing for Welfare Reform support	-0.260	
Resources to expand options for housing support services	-0.250	
Resources to support all year round Night Shelter provision	-0.250	
Council Tax Reduction Discretionary Fund	-0.140	
Relocation of the Multi-Agency Service Hub (MASH) from Woodingdean to John Street	-0.100	
Support to schools for 2018/19 Climate Change Levy costs	-0.095	
Local Cycling & Walking Infrastructure Plan	-0.075	
Contribution to Mary Jane Clarke statue planning and design	-0.010	
Balance of One-off Resources		**0.000**

[1] Collection Funds are separate accounts where taxation revenues received from the Council Tax and Business Rates are allocated and compared to the expected tax yield for the year.

3.21 More information on the one-off allocations in the table above is provided below:

- Risk provisions of £1.352m are in accordance with the review and recommendations of the Chief Finance Officer as set out in section 9;
- Support for the impacts of Welfare Reform in 2019/20: The allocation of £0.260m will provide for continuation of a range of advisory and signposting services as well as hardship and other discretionary social fund support as the council continues to assist vulnerable families and households through the implementation of national Welfare Reforms, particularly those impacted by changes such as the benefit cap.
- Additional resources of £0.250m to expand options to support people in emergency and temporary accommodation as recommended by Housing & New Homes Committee and approved by Policy, Resources & Growth Committee on 24 January 2019. It is intended to explore options for funding services on an ongoing basis in the 2020/21 budget process;
- Resources to support all year round Night Shelter provision: funding of £0.250m will enable a night shelter service to be delivered year round and enhance existing services to provide a wider range of services aimed at ultimately reducing the number of rough sleepers but in the short term providing support to address current pressures on the service. It is intended to explore options for funding this service on an ongoing basis in the 2020/21 budget process;
- Provision of £0.140m for the Council Tax Reduction Discretionary Fund to provide support for those in temporary hardship. This is on the evidence that discretionary funds are expected to be fully utilised in 2018/19;
- Resources of £0.100m to support the costs of relocation of the Children & Families Multi-Agency Service Hub (MASH) from Woodingdean to John Street, central Brighton enabling improved services and increased co-location opportunities e.g. with Sussex Police. The cost includes dilapidation commitments in accordance with the Woodingdean lease terms;
- One-off funding support of £0.095m for schools following late notification of additional Climate Change Levy costs. These costs emerged after the schools' budgets for 2019/20 were agreed and relate to the incorrect VAT categorisation of some utility bills resulting in retrospective costs in 2018/19. This funding will ensure that schools do not suffer additional unplanned pressures on already stretched resources.
- Local Cycling & Walking Infrastructure Plan: funding of £0.075m will support consultation, research and analysis for the development of a strategic cycling and walking plan for the city. It will identify cycling and walking needs and recommend necessary projects to improve the network, particularly cycling links, and promote and enable active travel. Infrastructure plans are also becoming a Department for Transport pre-condition for future funding bids. The plan is intended to be developed by Autumn 2019;
- Provision of a £0.010m contribution to the planning and design of a statue in honour of Mary Jane Clarke, a British Suffragette and sister of Emmeline Pankhurst, who worked in the Brighton area and who was resident in Brighton before her untimely death following imprisonment.

4 SAVINGS AND REINVESTMENT

Overview of the 4-Year Financial Position

4.1 The budget for 2019/20 will be the last budget within the current 4-year Comprehensive Spending Review (CSR 2015) announced by the government in 2015. CSR 2015 continued with challenging financial settlements for local government as the government pursued its policy of deficit reduction and austerity measures. Key features of the council's funding and finances over the period are set out in the table below which shows that the council has had to address three primary financial challenges as follows:

- the reduction of core government grant funding (Revenue Support Grant) of £39.574m over the period;
- providing for normal pay, pension and price inflation of £16.323m over the period to insure against real terms service reductions, and;
- most significantly, providing for re-investment in priority services to meet the identified growth in demand, above-inflation cost pressures (mainly social care) and, to a lesser extent, income shortfalls, with a combined total of £55.687m.

The above challenges, amounting to £111.584m over the 4-year planning period have had to be met from a combination of savings, taxation, and other resources (e.g. New Homes Bonus) and are summarised in the table below.

Table 4: 4-Year Summary	**Year**				**4-Year Total**
	2016/17	**2017/18**	**2018/19**	**2019/20**	
Re-investment (Service Pressures):	**£m**	**£m**	**£m**	**£m**	**£m**
Adult Social Care	6.648	5.799	6.152	11.100	29.699
Public Health (Grant Reduction)	1.096	0.521	0.651	0.640	2.908
Children's Social Care	2.648	3.384	3.286	1.467	10.785
Sustainable Social Care				(1.000)	(1.000)
Loss of other Core Grant Funding (mainly ESG) *	0.800	2.232	1.050	0.170	4.252
Homelessness	1.023	2.232	**	**	3.255
Additional cost of IT Infrastructure, Security and Resilience	0.857				0.857
Neighbourhoods, Housing & Community Services			0.444	0.319	0.763
2017 Business Rate Revaluation (on council properties)			0.347		0.347
City Environmental Services			0.120	1.083	1.203
All Other Priority Services	0.100	0.702	0.834	0.982	2.618
Total Re-investment Required	**13.172**	**14.870**	**12.884**	**14.761**	**55.687**
Inflation Provision (Pay & Prices)	**2.913**	**3.067**	**4.688**	**5.655**	**16.323**
Loss of Revenue Support Grant	**12.971**	**11.508**	**7.474**	**7.621**	**39.574**
Total Financial Challenges	**29.056**	**29.445**	**25.046**	**28.037**	**111.584**

* *Service specific grant reductions result in a service pressure where there is no corresponding reduction or transfer of function.*

** *Homelessness service pressures in these years are mitigated by short term Housing Flexibility and Trailblazer grant funding.*

4.2 To contribute to these financial challenges, each year the council has been able to increase Council Tax up to government defined thresholds, which over the period has generated £31.7m additional revenues through a combination of annual Council Tax increases (totalling 9.96%), Adult Social Care precepts (totalling 8%) and a 7.6% growth in the taxbase (i.e. more housing). Business Rate retained revenues have also improved although this has been achieved through statutory annual inflation increases and has provided an increase in revenues of £6.8m over the period. However, even with the Adult Social Care precepts, increases in taxation revenues have not covered the loss of Revenue Support Grant and have provided only one third of the resources necessary to address the full range of financial challenges, which has therefore required identification of substantial savings for re-investment to maintain front-line and priority service provision.

4.3 To manage these financial challenges, the council developed a 4-year planning approach and Modernisation Programme to help it plan effectively over a longer term and drive through necessary service redesign and efficiency programmes that could help contribute to savings. Including 2019/20 proposals, the total savings provided over the period will total £69.046m or approximately 20% of the gross General Fund budget. The savings identified for re-investment in 2019/20 are £12.288m. The areas requiring re-investment in 2019/20 to meet the projected growth in demand, cost increases or income pressures are detailed below.

Re-investment in Services 2019/20

4.4 Re-investment in essential services is a critical element of the budget proposals. A key part of the budget process involves estimating and predicting the demand and cost of those services that are demand-led, statutory and support vulnerable people or communities. This primarily relates to adults and children's social care and homelessness services but other important services may also experience abnormal cost pressures from time to time. The consequential costs are growing year-on-year due to a range of factors including population demographics, increasing complexity of need, economic and market factors, and other cost factors such as the national living wage and increasing costs of safeguarding. In the context of reducing central government grant support, savings and efficiencies from across council services are therefore identified in order to provide re-investment into these priority service areas to maintain support for those who need them.

4.5 The assumptions take account of the underlying cost pressures being experienced in the current financial year, up to month 9, particularly in Adults and Children's social care but also in respect of cost and income pressures across the Environment, Economy & Culture directorate. These trends are projected forward alongside demographic data and planned changes in services. The total re-investment required to meet the pressures is estimated to be £14.761m in 2019/20 as detailed in the table below, which includes anticipated service pressure mitigation of £1.000m through the Sustainable Social Care modernisation programme. These allocations have been incorporated into the 2019/20 budget and included in the budget book at Appendix 1.

Table 5 – Re-investments (Service Pressures) 2019/20		
Service Area	**£m**	**Description**
Children's Social Care	1.467	To support increasing demand and costs of Looked After Children. Re-investment is after taking account of cost containment measures totalling £0.645m.
Adults Learning Disabilities	2.105	To support increased costs in community care, manage new transitions into adult care, and cover sleep-in costs.
Adult Social Care	6.689	Changes in demand for physical, memory & cognition, and mental Health services. Provision is after taking account of cost containment measures totalling £1.702m.
Adult social Care	1.806	Reductions in improved Better Care Fund grant and CCG partner contributions.
Adult Social Care	0.500	Further re-investment provision for an anticipated reduction in CCG partner contributions of £1m in 2019/20 of which £0.5m is expected to be held-over to 2020/21.
Public Health	0.640	Reduction in ring-fenced grant. This must be matched by savings in the same service area.
City Environmental Management	0.423	Increased cost of weekend work for street cleansing and communal bin collection, including additional rounds as well as increased costs from market supplements for the recruitment & retention of drivers.
City Environmental Management	0.345	Income pressures on commercial operations including garden and commercial waste. This may be a short term pressure and performance will be monitored closely throughout 2019/20.
City Environmental Management	0.285	Similarly, there is an income pressure on commercial fleet maintenance. This may similarly be a short term pressure and will be monitored throughout 2019/20.
City Environmental Management	0.030	Managing the risks of Ash dieback which is accelerating nationally and locally.
Building Control	0.100	High income targets were set for this service which cannot be maintained in current market and economic conditions.
Commercial rents	0.150	There is an underlying pressure on rental income as lease reviews and renewals have not been able to keep up with inflation under current economic conditions.
Corporate Landlord	0.100	This relates to Business Rates increases on a range of council properties arising from the ending of transitional reliefs.
Security and Concierge	0.150	Provision of recurrent funding to support the current model of service requiring enhanced security cover.
Money works	0.200	Re-investment to support the important Community Banking Partnership and the

		council's Financial Inclusion Strategy.
Field Officers	0.169	Re-investment to provide for the full ongoing running costs of the new service which has proven successful during its first year of operation.
Seaside Homes	0.150	Seaside Homes provides 499 properties for which the council has full nomination rights. Under the terms of the contractual arrangements, the council must provide a rent guarantee where Local Housing Allowance (LHA) rates do not keep pace with inflation.
Coroners	0.070	Additional cost of a new pay structure for the service negotiated with the Ministry of Justice.
Electricity and Gas contract prices	0.212	Above inflation increases in Electricity and Gas contracts
Unringfenced grants	0.170	Re-investment is provided annually where government grant funding is reduced without any loss or transfer of function.
Sustainable Social Care Programme (SSC)	-1.000	The Sustainable Social Care programme is supported by Modernisation Fund resources and is expected to deliver a range of service, contract and process efficiencies that will enable the re-investment requirement across social care and related services to be reduced by £1m in total.
Total Re-investments	**14.761**	

Savings Proposals 2019/20

4.6 Taxation increases and other sources of revenue have been largely offset by the reduction of government grant funding over the 4-year period. The primary source of funding for re-investment to meet cost and demand pressures has therefore been from savings programmes. The council has focused on identifying and delivering savings through its Modernisation Programme. This has been enabled through generating capital receipts from the sale of assets to create an invest-to-save budget, which the government's 4-year deal allowed councils to apply to revenue-saving projects and programmes.

The indicative allocations from the Modernisation Fund were included in the budget agreed by Full Council in February 2016 with updated allocations being advised and approved each year. The proposed resources for the Modernisation Fund are set out in detail in section 5 of the report. In 2019/20 the Modernisation Programme will support and enable the majority of proposed savings of £12.288m as well as providing significant investment to lever in longer term savings over the next 4 years. The broad categories of savings enabled by modernisation activities are as follows:

Table 6 – Approach to Savings		
Savings Category	**Rationale**	**Amount (£m)**
Service Redesign (including Digital)	Services can and should strive for cost efficient service delivery that provides good value for money. This means continually exploring opportunities including skills development, process redesign and utilising new technologies or digital investment to improve services and/or reduce operational costs.	3.461
Shared Service Partnership (Orbis)	The Orbis Shared Service with Surrey and East Sussex County Councils aims to achieve cost reductions across support functions through scale economies, sharing best practice and investing in improved and integrated processes and teams. There is also an Orbis Public Law shared service which includes West Sussex CC.	0.808
Commissioning & Demand management changes	These savings are achieved through expert re-commissioning of services, often in partnership with others, aimed at improving or maintaining outcomes for people at lower cost wherever possible.	3.555
Enterprise Strategy - Income Generation	The council continues to explore innovative business opportunities for generating income such as developing new chargeable services, benchmarking fees & charges to alternatives, or vying for public sector service contracts where practicable.	1.013
Procurement & Contract Management	The council is investing additional one-off resources of £1.100m over 3 years to drive value in the £300m+ spent on services provided by third party suppliers and providers by improving its management of contracts and contractors and seeking economies through re-procurement of goods and services.	2.847
Funding Changes (non-priority areas)	Funding changes and cost reductions in non-priority areas.	0.604
Total Savings Package 2019/20		**12.288**

4.7 The savings above are set out in detail for each service area within the Budget Book at Appendix 1. The above savings programmes include the following initiatives which generate revenue saving and also achieve cost avoidance.

- **Management & Admin:** The council recognises that cost effective management and administration of services is critical to ensure that they are well-run, have good operational plans and can plan ahead for changes and improvements. Managers ensure that services manage within budget and are organised to meet performance targets and standards, and continue to seek improved value for money and customer satisfaction. The council has used its Management Spans & Accountability (MSA) programme to test its management levels and ensure that its management resource is reasonable, with sensible ‘spans of control’ and the minimum safe number of management layers. Similarly, admin arrangements are reviewed to ensure they are cost effective (e.g. pooling of support across teams or within services).

All service improvements and redesigns, including those within Orbis, continue to consider management and administrative costs and there are further savings proposed in 2019/20 which will see the deletion of approximately 20 full time equivalent (fte) management grade posts. Over the 4-year period, total staffing savings of £6.375m have been taken through the deletion of management posts across all services as follows:

2016/17: £1.954m (approx. 35 fte)

2017/18: £1.833m (approx. 33 fte)

2018/19: £1.470m (approx. 22 fte)

2019/20: £1.118m (approx. 20 fte)

Note, these do not include front-line 'professional level' posts such as social workers.

- **Welfare Support and Advice:** It is proposed to provide support for vulnerable people and families on low incomes by:
    - Continuing to provide discretionary funds for the Council Tax Reduction Scheme and the Local Discretionary Social Fund to help those suffering temporary hardships;
    - Providing Council Tax discounts for Care Leavers;
    - Providing further resources to support families severely affected by Welfare Reforms (particularly benefit caps) including help to move to sustainable tenancies, provision of benefit advice and support services;
    - Continuing to support the Community Banking Partnership and the local East Sussex Credit Union to provide accessible banking services and money advice, particularly in relation to Universal Credit roll-out;

  The above can help to avoid greater longer term costs that can emanate from resulting homelessness, social care needs or impacts on income collection. In addition to resources already identified, further one-off resources of £0.260m are proposed to support Welfare Reform and £0.140m for the Council Tax Reduction Scheme discretionary fund as shown in Table 3 earlier. In future years, an option to provide permanent funding will be considered in the light of the government's Comprehensive Spending Review 2019.

Changes from the Draft Budget Proposals

4.8 The draft budget proposals were submitted to the 6 December 2018 meeting of the Policy, Resources & Growth Committee. At that time a remaining budget gap of £2.150m was reported. The proposals submitted in this report update the draft budget for revised budget projections, assumptions and inflationary estimates and for changes in resources arising from a final review of the taxbases (for the January Policy, Resources & Growth Committee) and from the final Local Government Finance Settlement.

4.9 This report also reflects changes to savings proposals within the Budget Book at Appendix 1 and identifies new or additional investments in priorities following ongoing consultation and engagement in respect of all aspects of the draft budget proposals.

4.10 In summary, the main changes are:

- Additional resources through the Local Government Financial Settlement from redistribution of the national Business Rate Levy surplus of (£0.893m) and no change to the New Homes Bonus threshold (£0.236m);
- Additional resources from final determination of the Council Tax and Business Rate tax bases for 2019/20 of (£0.679m);
- Recognition of the part-year effect of the £1.000m reduction in Clinical Commissioning Group funding whereby (£0.500m) will now be deferred to 2020/21;
- Additional Management & Administration savings proposals of (£0.153m);
- Additional income from statutory changes to Registrar Service fees & charges by the General Register Officer of (£0.200m);
- Additional resources from the Empty Homes premium approved by Policy, Resources & Growth Committee (£0.109m);
- Revised inflation provision for City Environment Management services for contractual pay elements and a market supplement for recruitment & retention of drivers totalling £0.320m;
- Removal of Violence Against Women & Girls commissioning saving of £0.050m;
- Increased price of gas and electricity contracts of £0.212m;
- Other net adjustments to commitments and estimates of £0.038m.

Overall, the changes since the draft budget report enable the budget gap to be closed and a balanced budget to be presented.

Staffing Implications (General Fund Services)

4.11 As conveyed at the draft budget stage a broad estimate is that in 2019/20, approximately 70 posts are expected to be removed from the council's staffing structure as a result of the savings proposals set out in Appendix 1. However, actual numbers will be dependent on the detailed options proposed and on the results of formal consultation where required. As previously experienced, it is likely that the majority of these posts are already being held vacant and some will become vacant through normal turnover.

4.12 It is planned to support staff at risk of redundancy through:

- Providing appropriate support to staff throughout the change process to enable them to maximise any opportunities available;
- Controlling recruitment and ensuring there is a clear business case for any recruitment activity;
- Managing redeployment at a corporate level and maximising the opportunities for movement across the organisation;
- Managing the use of temporary or agency resources via regular reports to Directorate Management Teams (DMT's).

These measures will remain in place as work with trade unions and staff continues.

4.13 Whilst the focus will be on redeployment of staff, every effort will be made to reduce the impact of the proposals, including offering voluntary severance where appropriate to staff affected by budget proposals on a case by case basis. This targeted voluntary approach to releasing staff in areas undergoing change will be managed to support service redesigns whilst ensuring that the organisation retains the skills that will be needed for the future.

5 CAPITAL STRATEGY 2019/20

5.1 The revisions to the Prudential Framework have introduced the requirement for local authorities to produce an additional report called the Capital Strategy which is to be presented and approved by members each year. The purpose of the Capital Strategy is to provide a single place for transparency and accountability of local authority non-financial investments and its capital investment programme, including any commercial investments in commercial property or loans to third parties.

5.2 The aim of the Capital Strategy is to ensure members are fully conversant with the risks of non-financial investments and are aware of how the risks are proportional to the council's core service activity. The document will include:

- The proposed Capital Investment Programme including Modernisation Programme resourcing;
- The Governance & Risk Framework;
- Potential and pending non-financial investments;
- An overview of the council's Risk Exposure.

Major Capital Investment Programmes

5.3 **Education:** The government announced 3-year allocations up to 2017/18 for new pupil Basic Need of £12.039m for 2015/16, £12.641m for 2016/17 and £11.445m for 2017/18. The government has announced Basic Need for 2018/19 and 2019/20 and the council will receive a nil funding allocation in both years. However, further Education Capital Maintenance funding of £5m is anticipated subject to confirmation.

5.4 **Housing:** The Housing Revenue Account (HRA) Capital Programme elsewhere on this agenda includes investment proposals that aim to create a long-term sustainable asset base that best meets the needs of residents and the City as a whole. The HRA capital strategy focuses on meeting council priorities through building new homes and improving the quality, safety and sustainability of the existing housing stock. The HRA capital strategy includes substantial investment of £46.585m in the housing stock and new homes in 2019/20 and aims to ensure that investments reach beyond the housing service and contribute to regeneration, tackling inequality, creating training and employment opportunities and improving sustainability.

5.5 The council has also entered into a Living Wage Joint Venture with Hyde Housing to deliver up to 1,000 new lower cost rental and sale homes. The original business plan includes up to £120m investment with the council providing half of that funding through borrowing and capital receipts with no net cost to the council and all net costs being met through the Joint Venture business plan.

5.6 **Sustainable Transport:** The council secures capital funding for transport schemes through the government's Local Transport Plan (LTP) process. The LTP provides support for the council's strategic transport objectives and the city's Sustainable Community Strategy. LTP funding has been announced for 2019/20 at £5.169m. The council also successfully bid for Local Highways Maintenance Challenge Fund support, which together with £7m additional investment from borrowing, capital receipts and LTP funding will support the £19m West Street Shelter Hall reconstruction and development project. The Street Lighting Invest- to-Save project has also been included within the Capital Investment Programme and includes £6.5m of investment over 2 years from a combination of borrowing and LTP contributions. A detailed Local Transport Plan report is expected to be presented to Policy, Resources & Growth Committee in March 2019.

5.7 **Royal Pavilion and Stanmer Estates:** The council has developed ways of providing major capital investment in the city by working with partners, for example, the Heritage Lottery Fund (HLF), Arts Council England (ACE) and the Coast to Capital Local Enterprise Partnership (C2C LEP). Recent bids include Arts Council, LEP funding and HLF funding totalling £12.922m towards the £22.945m phase 1 capital works for the Royal Pavilion Estates Regeneration project. Other resources for this project include external fundraising and match funding from the council and Brighton Dome & Festival Ltd. Further bids to HLF will be prepared and submitted for subsequent phases of the works including phase 2 and 3 which were reported to this committee in November 2017.

A development grant from the HLF of £3.790m (Parks for People grant) has also been awarded to develop detailed plans to support the Stanmer Estate Restoration Project proposals. This has been supplemented with capital receipt funding and the profiled investment in 2019/20 is £6.756m.

5.8 **Madeira Terraces:** there is currently capital investment of £2.440m identified to support restoration of the Madeira Terraces including work on the first three crowdfunded arches at the western end of the terrace. The council is working towards an on-site start date of spring 2019 and is exploring further funding options for more extensive restoration.

5.9 **Local Growth Fund:** In addition to the successful Royal Pavilion phase 1 bid, Local Growth Fund has been awarded from the Coast to Capital Local Enterprise Partnership (LEP) to support investment for Valley Gardens Phases 1 & 2 at £8.0m. There are also in-principle awards of £6.0m for Valley Gardens phase 3 and a confirmed award of £12.1m towards the Brighton Waterfront development.

5.10 **Strategic Funds:** The council sets aside resources for a number of strategic funds that enable it to underpin other strategies including regeneration schemes, Asset Management Plans and its IT&D Strategy and infrastructure. The planned allocations to strategic funds are as follows:

5.11 <u>Strategic Investment Fund (SIF)</u> - it is proposed to continue to allocate £0.250m to the Strategic Investment Fund each year. The council has ongoing commitments to major projects that require financial support to enable and expedite their progression. This support takes the form of project management, legal fees and specialist advisors for finance, design, architectural, transport, engineering and other external specialists.

5.12 <u>IT&D</u> - it is proposed to continue to allocate £0.500m resources per annum to the Information Technology & Digital (IT&D) Fund which provides a minimum level of investment to continually maintain the council's IT infrastructure, networks, security and equipment. This is augmented with additional capital investment in years where major infrastructure investment is required. In this respect, significant investment is required in 2019/20 to upgrade the network, Wi-Fi and a wide range of equipment and infrastructure in relation to the need to migrate to the Windows 10 operating environment due to support for Windows 7 ending in 2019. This requires investment of £3.111m, which can be financed from low cost PWLB borrowing and will increase financing costs from 2020/21 as reflected in the Medium Term Financial Strategy.

5.13 Asset Management Fund (AMF) - it is proposed to continue to allocate £1.0m resources per annum to the Asset Management Fund. The AMF includes expenditure on a range of properties covering, fire safety, health & safety, Equalities Act 2010 responsibilities and general improvements. Allocations from the AMF will be subject to a further report to PR&G committee as normal.

Modernisation Programme

5.14 Modernisation Programme investments have been incorporated into the Capital Strategy alongside new and perennial capital investments that will support major regeneration projects, improved transport infrastructure, provision for school places, and major housing improvements and new build programmes. Key decisions are required in respect of strategic funds including IT & Digital investment, Strategic Investment Funds (supporting regeneration) and Asset Management Funds. The Capital Strategy provides a link between capital and revenue decisions and ensures that budget resourcing decisions are taken in the context of the full range of proposed revenue and capital budgets, resources, investments and savings. The Capital Strategy is at Appendix 2.

5.15 The Modernisation Programme is a key element of the Capital Strategy and utilises the government's 'capital receipt flexibilities' to provide funding for invest-to-save activities that generate longer term efficiencies and cost savings. For 2019/20, investment of £9.957m is planned as follows:

- **4-Year Integrated Service & Financial Plans (ISFPs):** a requirement of £3.620m has been identified by services to support implementation of specific service changes, recommissioning and service redesigns as identified in the Integrated Service & Financial Plans.

- **Digital First:** Investment in digital services, licenses, application and web platforms and the necessary expertise is important to continue to improve and development the council's digital presence and the accessibility and efficiency of on-line services. Further investment of £1.058m is required in 2019/20 to maintain web content, manage the growing digital infrastructure (e.g. Mendix) and continue development of web forms, apps and integration with line-of-business systems.

- **Modernisation Resources:** effective implementation of the 4-year plan savings requires good project management support and the co-ordination, tracking and planning of a wide range of activities from legal support to consultation and engagement activities. Business Process review and analysis skills are also required across a wide range of services as well as augmentation of the council's Procurement and Contract Management team to help drive through savings. There are also a number of cross-cutting improvement programmes including Procurement & Contract Management, Corporate Debt Recovery, 'Workstyles' agile & flexible working and the People Promise development programme that are supported. The total investment requirement in 2019/20 is estimated at £2.056m.

- **Managing staffing changes**: managing changes in the level of staffing needs financial consideration with a substantial number of posts expected to be deleted from the council's staffing over the 4 year period. This will happen through a mixture of normal turnover, redeployments and voluntary severance.

Estimated resources of £1.323m are required in 2019/20 to meet severance costs.

- **Sustainable Social Care:** The council will be investing in improvements to its management of costs around children's and adults social care. This has no impact on eligibility criteria or the council's statutory duty to assess and meet need. Instead, this involves reviewing social care practices and procedures, improving commissioning efficacy with partners, improving the quality and use of data to scrutinise costs and activity, and ensuring regular and effective reviews of care packages while ensuring that vulnerable people are not disadvantaged, assessed needs continue to be met and that good quality services remain in place. This requires substantial investment in digital data capture (including digital self-serve), data analytics and critically, data integration across services, including telecare, to ensure services and care pathways can operate at optimum cost versus outcome. Investment of £1.900m is planned with a prudential ongoing cost avoidance target of £1.000m in 2019/20. This alone would generate savings of £4.000m over the next 4 years but the full-year effect saving in 2020/21 is expected to be considerably higher, further improving the return on investment.

The above resources underpin achievement of the £12.338m 2019/20 savings proposals and the £1.000m Sustainable Social Care cost avoidance target. These are recurrent savings which will result in cumulative savings of £53.352m over the next 4 years, representing a good return on the one-off investments identified above.

5.16 If approved, these resources will create a Modernisation Fund budget which is allocated in accordance with the planned investments above. However, in the case of 4-year ISFP, Digital First and Sustainable Social Care investments, these are held in a reserve awaiting consideration of full business cases by the Corporate Modernisation Delivery Board (CMDB). The CMDB is an officer board chaired by the Chief Executive officer. Where business cases demonstrate a good return on investment and are agreed in principle by the CMDB, the release of resources will be in accordance with the council's Standard Financial Procedures, which in some cases will require approval of Policy, Resources & Growth Committee. Member oversight of Modernisation Fund investments is provided through the Member Oversight Group (MOG).

6 BUDGET BOOK AND MEDIUM TERM FINANCIAL STRATEGY 2019/20

6.1 The 2018/19 Budget Book has been revised and improved and is available on the council's web site. The 2019/20 Budget Book at Appendix 1 follows this revised format and will aid understanding and transparency by providing:

- Information at sub-divisional levels to aid understanding of the wide range of services and teams in each directorate;
- Analysis of spending and income by category (subjective analysis);
- Staffing information for each service;
- Analysis of budget movements between years;
- Analysis of savings and re-investments (service pressures) by category;
- Information on capital investments.

6.2 The Medium Term Financial Strategy (MTFS) planning assumptions, resource and expenditure estimates are also included within the Budget Book at Appendix 1. The MTFS does not reflect the proposed changes to retaining 75% Business Rates Retention or any assumptions regarding the forthcoming Fair Funding Review and therefore the impacts are assumed to be cost neutral at this stage.

6.3 The MTFS has been revised to reflect the latest cost, income and demand pressures and the proposed 2.99% council tax increase. The Table below shows how the budget is expected to change from 2018/19.

Table 7: Analysis of budget changes	**£m**
Revised 2018/19 base budget	**208.824**
Pay and Inflation	5.655
Commitments (net change)	-0.987
Reduction in New Homes Bonus	0.877
Increased Social Care grant funding	-5.593
Increased Section 31 Business Rates compensation grant funding	-3.563
Reinvestment in services	14.761
Change in contribution from reserves	-4.103
Savings package 2019/20	-12.288
Proposed Base Budget 2019/20	**203.583**

7 TREASURY MANAGEMENT AND ANNUAL INVESTMENT STRATEGY

7.1 The Treasury Management Strategy Statement (TMSS) and Annual Investment Strategy (AIS) are now incorporated in the budget report to ensure that inter-related financial decisions and strategies can be considered together. The council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed (liquidity). Surplus monies are invested into counterparties and instruments commensurate with the council's risk appetite.

7.2 Another important function of the treasury management service is the funding of the council's capital plans. The capital plans provide a guide to the borrowing need, which is essentially the longer term cash flow plan, to ensure the council can meet its approved capital spending obligations.

7.3 The recommended TMSS at Appendix 3 follows the drafting format recommended in the Treasury Management Code of Practice. The Treasury Management Practices and schedules identify the practices and procedures that will be followed to achieve the aims of the TMSS and that underpin the council's Treasury Management function. These practices remain unchanged from previous years and are considered 'best practice' under the Code.

7.4 The Annual Investment Strategy (AIS) for 2019/20 is also incorporated within Appendix 3 to this report. The AIS gives priority to security and liquidity.

7.5 Security is achieved by:

- selecting only those institutions that meet stringent credit rating criteria or, in the case of non-rated UK building societies, have a substantial asset base; and
- Limiting the amount invested with any one institution.

7.6 Liquidity is achieved by limiting the maximum period for investment and matching investment periods to cash flow requirements.

7.7 The changes in the investment strategy are shaded within Appendix 3. There have been two changes from the strategy approved for 2018/19:

1. The limit for pooled funds (including Money Market Funds) have been increased from £10m per fund to £15m per fund. At a time where cash balances are high and expected to grow going into 2019/20 as a result of undertaking borrowing to replace a previous RBS debt, this provides further liquid capacity to enable officers to manage cash more efficiently.
2. Within Annex A, three further UK counterparties have been added to the approved counterparty list. These counterparties meet the minimum credit criteria of the strategy and will provide further opportunity for diversification and competitiveness across the investment portfolio.

8 COUNCIL TAX SETTING

8.1 The Administration is proposing a council tax increase of 2.99% which is below the threshold that requires a referendum. A council tax increase of 2.99% results in a Band D council tax of £1,595.45 for the council's element, an increase of £46.38 from 2018/19.

8.2 In order to propose an overall Council Tax for the city, the Council Tax set by the precepting authorities needs to be known and this information will be included in the Supplementary Budget Report to Budget Council.

Supplementary Budget Report to Budget Council

8.3 Not all the budget and council tax information needed to set the budget and council tax is available at present. Therefore, additional information will need to be provided for Budget Council; this will include:-

- Any other grants that are announced before Budget Council.
- The agreed Council Tax set by East Sussex Fire Authority and Sussex Police and Crime Commissioner.
- The statutory Council Tax calculations required under the 1992 Local Government Finance Act.
- The full budget and Council Tax resolution for Budget Council.

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

9.1 Section 25 of the Local Government Act 2003 requires the Chief Finance Officer (Section 151 Officer) of a local authority to report on the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides. This report has to be considered by the Policy, Resources & Growth Committee and the full Council as part of the budget approval and council tax setting process. The budget reports on this agenda are focused on the General Fund Revenue Budget 2019/20 and the Capital Strategy. It also considers key medium term issues faced by the council and provides an updated Medium Term Financial Strategy.

Robustness of Estimates

9.2 There is inevitably an element of judgement in drawing up budget estimates of expenditure and income which are made at a point in time and may change as circumstances change. This statement about the robustness of estimates cannot give a complete guarantee about the budget but provides the council with reasonable assurance that the budget has been based on the best information and assumptions available at the time, particularly in relation to demand-led budget predictions, and has considered identifiable risks.

9.3 For 2019/20, re-investment of £14.761m has been provided to meet identified service pressures across adults and children's social care and other priority areas. This level of re-investment substantially meets predicted demand-led service pressures at the time of setting the budget and follows on from very significant re-investment over the 4-year period as set out in Table 4 above. This considerably lessens potential forecast risks in 2019/20 and therefore the level of any risk provisions required over and above the council's current working balance. In addition:

- The authority continues to demonstrate its track record of managing within or close to budget despite challenging targets. At month 9 this year, the forecast overspend continues to reduce and now stands at £0.381m and is expected to achieve break-even by year-end;
- The authority continues to achieve substantial savings through its Modernisation Programme which have enabled re-investment to meet cost and demand pressures and address budget gaps;
- Although there are risks in relation to Section 75 partnership arrangements and pressures on Clinical Commissioning Group budgets, including the Better Care Fund, the authority works closely with the Clinical Commissioning Group to jointly manage and mitigate risks;
- The authority has maintained adequate reserves and provisions against other known and identified risks and has not made unplanned drawdowns of reserves or balances;
- The authority has set aside appropriate one-off, discretionary resources and funding to mitigate the impacts of Welfare Reforms including a Council Tax Reduction Scheme discretionary fund.

9.4 Based on financial performance over the 4-year plan period and taking into account identified risks as set out in Appendix 5, one-off risk provisions of £1.352m are recommended as shown in the table below. The council is also recommended to maintain its minimum working balance of £9m as well as other earmarked reserves to manage any short term pressures, billing risks, civil contingency risks, and general legal or appeal risks.

Table 8 – Risk Provisions 2019/20		
One-off Financial Risk Provisions:	**£m**	**£m**
Potential increase in Unaccompanied Asylum Seekers (UASC)	0.150	
Adult Social Care funding and demand risk provision	0.500	
Financial risk safety net provision	0.442	
Life Event income risk	0.050	
EU Withdrawal risk provision	0.210	
Sub-total one-off risk provisions		1.352
General Fund Working Balance		9.000
Total General Fund Balance		**10.352**

9.5 The details of the recommended risk provisions are set out below:

- **Potential increase in Unaccompanied Asylum Seekers (UASC)**: There is current evidence of increasing activity regionally that the Families, Children & Learning service will endeavour to manage within available core funding and UASC grant funding. However, a minimum risk provision of £0.150m is recommended to provide a safety net.
- **Adult Social Care funding and demand risk provision**: This provision will be held against general demand, cost and funding risks across Adult Social Care which has been under considerable pressure during 2018/19. If not utilised, it could provide for the full year effect of the CCG funding reduction (£0.500m) in 2020/21.
- **Financial risk safety net provision**: This provision is recommended to cover general financial performance risks including achievement of savings, forecast risks, and would be a first call if 2018/19 financial performance results in a year-end overspend. Financial performance, including achievement of savings, is monitored through the Targeted Budget Management (TBM) process.
- **Life Events income risk**: There has been a statutory increase in Registrars fees & charges which is expected to generate circa £0.200m after taking into account potential impacts on demand of the higher fee rates. However, there is some risk in assessing demand elasticity for a price rise on this scale and therefore a risk provision of £0.050m is recommended to manage demand risk.
- **EU Withdrawal**: The government has provided unitary authorities with £0.210m toward potential EU Withdrawal costs. It is proposed to hold this within the risk provision for allocation by the Executive Director of Finance & Resources as appropriate.
- **General Fund Working Balance**: The working balance must last the lifetime of the authority and the level is recommended to remain at £9m which is approximately 4% of the General Fund and represents around 3½ weeks council tax income. The working balance must mitigate general legal and financial risks including appeals and challenges, as well as potential billing failures, civil contingencies and other emergencies.

Adequacy of Reserves

9.6 The recommendation on the prudent level of General Fund working balance has been based on the robustness of estimates information and a risk assessment of the budget provided at Appendix 5.

9.7 As indicated above, current analysis of authority-level risks indicates that a working balance at a level of £10.352m, including one-off risk provisions in Table 8 above, is prudent having taken into account all known and foreseeable risks in relation to the 2019/20 budget.

9.8 All specific reserves have been reviewed in detail to ensure they are set at an appropriate level as set out in Appendix 4. The council's earmarked reserves fulfil specific legal or financial requirements, for example the Insurance Fund Reserve, and are not therefore available to support the annual revenue position.

Assurance Statement of the Council's Section 151 Officer

9.9 In relation to the 2019/20 General Fund revenue budget, the Section 151 Officer has examined the budget proposals and considers that, whilst the spending and service delivery proposals continue to be challenging, they are nevertheless achievable with effective governance and accountability at all levels. The 2018/19 financial position indicates that the council is continuing to manage its financial risks without over-reliance on risk provisions. The council will continue its focus on strengthening budget accountability, managing demand effectively, and localising risk management in services rather than reliance being placed on corporate solutions or unilateral controls.

9.10 In terms of the adequacy of reserves, the Section 151 Officer considers a working balance of £10.352m for 2019/20 to be adequate, taking into account other available reserves and the council's track record in budget management.

Schools Funding and Balances

9.11 School Governing Bodies operate with the local Scheme for Financing Schools. The level of school balances as at 31/03/18 was £2.003m, an increase of £0.710m from the £1.293m as at 31/03/17. The £2.003m balance is split across phases as follows:-

Phase	2017/18 £'000	Percentage of budget 2017/18	2016/17 £'000	Percentage of budget 2016/17
Nursery	53	8.43%	7	1.89%
Primary	2,512	3.48%	1,584	2.19%
Secondary	(484)	(0.93%)	(134)	(0.25%)
Special and Alternative Provision (AP)	(78)	(0.71%)	(164)	(2.92%)
Total	2,003	1.47%	1,293	0.94%

Note – Special includes the Connected Hub and Pupil Referral Unit (PRU)

9.12 While it remains the government's intention that a school's budget should be set on the basis of a single national formula, in 2019/20 local authorities continue to determine final funding allocations for schools through a local formula. The national funding formula will set notional allocations for each school, which will be aggregated and used to calculate the total schools block received by each local authority.

9.13 In 2018/19, nationally there has been considerable movement in local formulae towards the schools national funding formula. 73 local authorities have moved ‘factor values’ in their local formulae closer to the national funding formula, with 41 mirroring the national funding formula values almost exactly. 62 local authorities have set their minimum funding guarantee at 0.5%, meaning all schools in that area will gain in cash terms per pupil compared to 2017/18, and 112 local authorities have brought in a minimum per pupil funding factor, mirroring its introduction in the national funding formula. There has therefore been significant progress across the system in moving towards the national funding formula in its first year. In light of this progress, the DfE have confirmed that local authorities will continue to determine local formulae in 2020/21.

9.14 In summary, the approach agreed with the Schools Forum on the application of the formula for 2019/20 in BHCC will:

- reduce lump sum allocations from £150,000 to £130,000 per school with the balance of funding being re-allocated through the deprivation and low attainment factors;
- change the factor being used to identify deprivation from solely free school meals to a combination of free school meals, over-6 free school meals and the income deprivation affecting children index (IDACI);
- ensure all secondary schools will attract minimum per-pupil core funding of £4,700, and all primary schools £3,400 (core funding excludes funding for premises and growth);
- apply a minimum funding guarantee (MFG) of minus 1.5% per pupil to dampen the financial impact of schools experiencing lower roll numbers;
- seek to maintain the current funding ratio between primary and secondary.

10 ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

10.1 The budget process allows all parties to engage in the examination of budget proposals and to put forward viable alternative budget and council tax proposals to Budget Council on 28 February 2019. Budget Council has the opportunity to debate the proposals put forward by this Committee at the same time as any viable alternative proposals.

10.2 Any alternative proposal will need prior assessment by the Section 151 Chief Finance Officer and will not normally be allowed where an estimate is not considered to be robust for one of the following reasons:

i) The risk of not achieving the saving is assessed to be high;
ii) There is insufficient evidence or information to assess the potential saving;
iii) The alternative proposal is adding to or bringing forward an existing saving without further information as to how this can be achieved;
iv) The alternative proposal requires one-off investment or loan financing that cannot be supported;
v) The alternative proposal is beyond the powers and duties of the local authority.

11 COMMUNITY ENGAGEMENT & CONSULTATION

11.1 General information and advice about the council’s budget will continue to be provided through the council’s web site which answers common questions (‘Behind the Budget'), provides information about spending on services and where the money comes from as well as links to key financial statements and committee reports.

11.2 The council has also widely publicised its online social media inviting residents and stakeholders to give us their views and ideas on Twitter via #BHBudget. Social media continues to be a key, low cost, mechanism for engaging with residents and other stakeholders. Key proposals from the 4 year plan will be publicised, along with information about council services, and questions and comments invited from residents immediately following their publication over the period leading to the February Policy, Resources & Growth Committee meeting.

11.3 Frequently asked questions and common themes emerging throughout the development of the budget have been monitored and responded to in our 'Behind the Budget' web page: https://www.brighton-hove.gov.uk/content/council-and-democracy/council-finance/behind-budget

11.4 The frequently asked questions and themes include:

- Doesn't Council Tax [alone] pay for all council services?
- How about using [i.e. raising] parking charges further?
- [Why not] Cut pay instead of services?
- [Why not] Make students pay Council Tax?
- [Why not] Just cut councillors and/or their allowances?
- [Why not] Charge wealthier people more Council Tax?
- Extra Business Rates will solve the problem [won't they]?

11.5 Consultation and feedback in relation to the 2019/20 budget proposals is also promoted and invited from all quarters through a range of engagement processes including:

- Ongoing discussions with key City Partners in developing proposals including discussions about associated Equality Impact Assessments. Feedback has been provided directly to services and members as appropriate.
- The Schools Forum, attended by representatives of all school phases, where a report on the potential areas of interest and potential impact of the General Fund budget proposals were discussed at a meeting on 16 January 2019. This is a public, minuted meeting and agenda and minutes are available on the council's website.
- Meetings with Trades Unions branch secretaries and Departmental Consultative Groups (DCGs) which provided an opportunity for consultation with Trades Unions' representatives across all council services.
- Invitations to representatives of the business community to discuss budget proposals and changes to business rates and reliefs.

12 CONCLUSION

12.1 The council is under a statutory duty to set its budget and council tax before 11 March each year. This report sets out the budget assumptions to be used as the basis for Council Tax calculations in order to meet the statutory duty. The budget proposals cover a 4-year planning period of which 2019/20 is the final year. Only revenue and capital proposals for 2019/20 and associated council tax decisions require formal approval in February 2019. The full details of 2019/20 revenue and capital budgets are set out in the appended Budget Book. The Medium Term Financial Strategy and capital investments starting after 2019/20 are for noting only.

13 FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

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

Finance Officer Consulted: James Hengeveld *Date: 04/02/19*

Legal Implications:

13.2 Whilst the Policy, Resources & Growth Committee is being asked to recommend, and subsequently the Council asked to agree, the revenue budget and capital programme, the budget decision is a resourcing decision and does not necessarily constitute final approval of what policies would be implemented or what sums of money will be saved under the service proposals.

13.3 Any decisions taken as part of the budget setting process are subject to compliance with relevant legal requirements where appropriate before implementation. The revenue budget and capital programme recommendations in the report do not commit the council to implement any specific savings proposal. When specific decisions on budget reductions are necessary, focussed consultations and the full equality implications of doing one thing rather than another will be considered in appropriate detail. If it is considered necessary, in light of equality or other considerations, it will be open to those taking the decisions to spend more on one activity and less on another within the overall resources available to the council.

13.4 Policy, Resources & Growth Committee is responsible for formulating revenue and capital budget proposals for adoption by the Council. Power to adopt the budget and capital programme is vested in full Council.

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

13.6 Section 52ZB of the Local Government Finance Act 1992 requires a billing authority to determine whether its relevant basic amount of council tax is “excessive”. If the amount is excessive, the billing authority is required to hold a referendum, with a view to applying an alternative amount if the excessive amount is rejected in a referendum.

13.7 The determination of whether a relevant basic amount of council tax is excessive must be made in accordance with principles determined by the Secretary of State. The Ministry for Housing, Communities & Local Government (MHCLG) has stated that for the 2019/20 financial year, an increase of 3% or more, excluding any Adult Social Care precept, will be regarded as excessive. Therefore, local authorities opting for an increase of 3% or more (excluding the Adult Social Care Precept) will be required to hold a referendum.

13.8 Policy, Resources & Growth Committee has delegated power to formulate the council’s Capital Strategy, including the capital investment programme, and the Treasury Management Strategy Statement, including the Annual Investment Strategy, and to recommend their adoption by full Council as part of the overall budget setting process.

Lawyer Consulted: Elizabeth Culbert *Date: 05/02/19*

Equalities Implications:

13.9 In Brighton & Hove City Council a budget Equality Impact Assessment (EIA) process has been used to identify the potential disproportionate impacts of proposals on groups/individuals covered by legislation (the ‘protected characteristics’ in the Equality Act 2010) and actions to mitigate these negative impacts or to promote positive impacts. This is a key part of meeting the requirements of the Act and demonstrating that the council is doing so. In law, the potential impacts identified, and how far proposed actions mitigate them, must be given due regard by decision-makers at each stage of the budget-setting process. However, as noted under legal implications above, in setting the budget members are making resourcing decisions which remain subject to compliance with all necessary legal and statutory consultation requirements.

13.10 All proposals with a potential equalities impact on service-users or staff in 2019/20 have had an EIA completed (provided in Members’ rooms and on-line), and this is cross-referenced within the savings proposals in Appendix 1. Staffing EIAs are also being used in the formal consultation process on proposed staffing changes.

13.11 When the budget proposals were first published in late 2018 the EIAs were also circulated widely to stakeholders. Feedback was used by officers to revise the first drafts of EIAs into the final versions available to members for their scrutiny as they consider the budget proposals. They are also published on the council website.

Sustainability Implications:

13.12 A carbon budget has been set for 2019/20 and is included at appendix 8. This show the level of spend on energy and the estimated carbon emissions across each carbon budget area including planned reductions.

Any Other Significant Implications:

Risk and Opportunity Management Implications:

13.13 The budget proposals include recommended risk provisions to manage a range of general and specific risks, including maintaining the working balance at £9m. The level of risk provisions clearly needs to strike a balance between putting scarce resources to one side at a time when vulnerable people’s reliance on essential public services is expected to grow, as evidenced by demands across Adult Social Care and Homelessness services.

13.14 To this end, the budget report includes the Chief Finance Officer’s formal assessment of the robustness of estimates in the budget and the adequacy of reserves and provisions, including an assessment of the need for any additional risk provisions. This is set out in section 9 of the report.

SUPPORTING DOCUMENTATION

Appendices:

1. Budget Book 2019/20
2. Capital Strategy 2019/20
3. Treasury Management Strategy Statement
4. Review of Reserves
5. Assessment of Risks

6. Equalities Impact Assessment – Cumulative Impact Statement
7. Equalities Impact Assessment – Individual Assessments
8. Carbon Budget for 2019/20

Background Documents
1. Budget files held within Finance
2. Consultation papers

Brighton & Hove City Council

Budget Book 2019/20

&

Medium Term Financial Strategy 2019/20 to 2023/24

Revenue Budget Summary

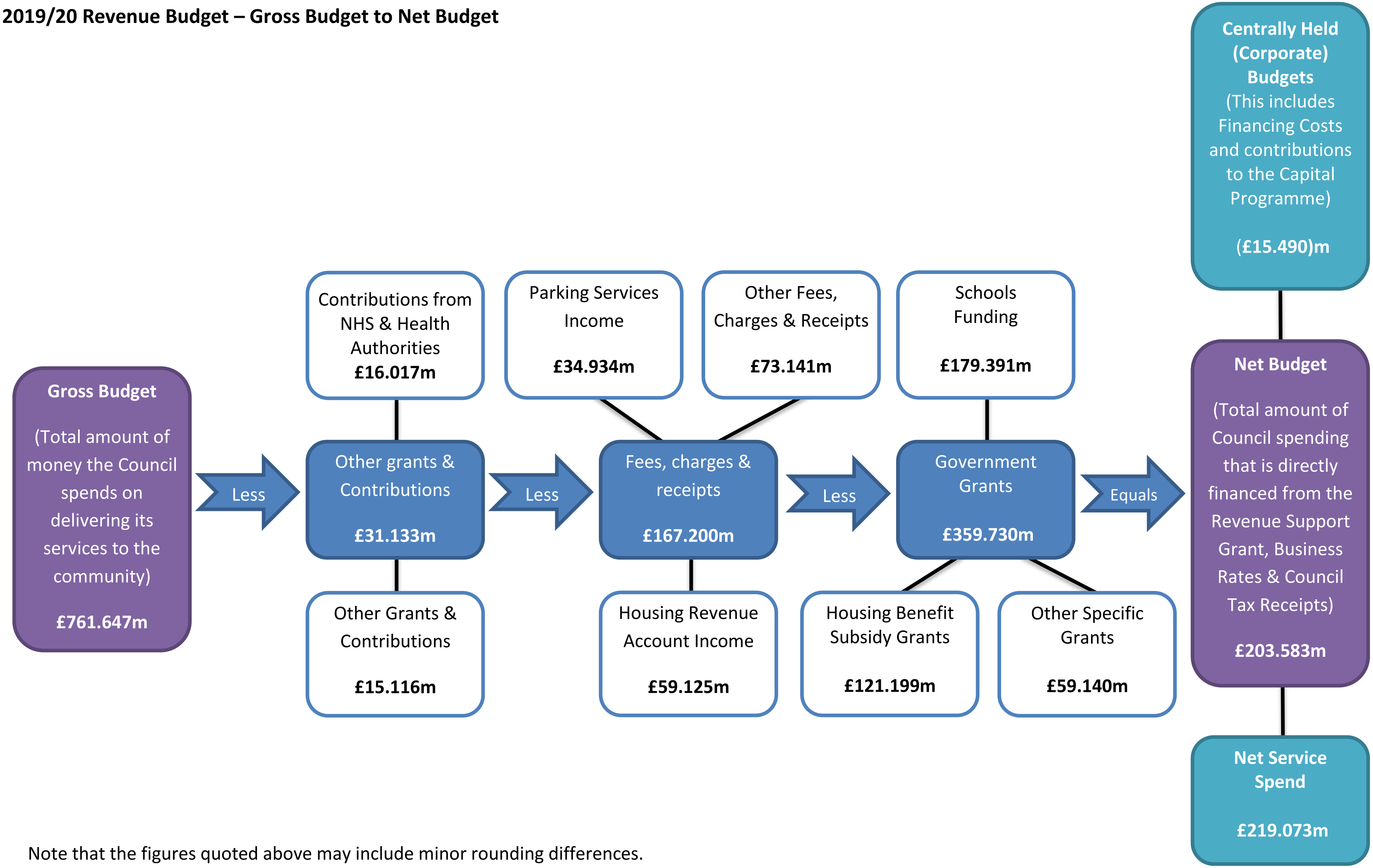
2018/19		2019/20 Budget					2019/20
Net Expenditure / (Income)	Service Area	Expenditure	Income	Budget Allocation	Capital Charges & Recharges	Net Expenditure / (Income)	Budgeted Contracted Staff
£m		£m	£m	£m	£m	£m	FTE
104.395	Families, Children & Learning	105.370	(16.515)	**88.855**	18.152	**107.007**	907.9
56.158	Health & Adult Social Care	108.611	(50.761)	**57.850**	4.269	**62.119**	671.6
56.046	Economy, Environment & Culture	101.014	(64.717)	**36.297**	28.211	**64.508**	968.1
18.387	Neighbourhoods, Communities & Housing	35.233	(20.131)	**15.102**	3.463	**18.565**	258.7
8.893	Finance & Resources	149.483	(129.589)	**19.894**	(12.639)	**7.256**	510.2
0.787	Strategy, Governance & Law	9.050	(4.162)	**4.888**	(4.171)	**0.717**	154.4
244.666	**Service Areas Total**	**508.761**	**(285.875)**	**222.886**	**37.286**	**260.172**	**3,470.9**
(35.842)	Centrally Managed Budgets	16.817	(32.307)	**(15.490)**	(41.099)	**(56.589)**	0.0
208.824	**General Fund Total**	**525.578**	**(318.182)**	**207.396**	**(3.813)**	**203.583**	**3,470.9**
-	Dedicated Schools Grant Funded (DSG)	179.566	(180.692)	**(1.126)**	1.126	**-**	116.0
-	Housing Revenue Account (HRA)	56.503	(59.190)	**(2.687)**	2.687	**-**	254.4
208.824	**BHCC Revenue Total**	**761.647**	**(558.064)**	**203.583**	**-**	**203.583**	**3,841.3**

2019/20 Revenue Budget Breakdown

Service Description	Employee Expenditure £m	Other Expenditure £m	Total Expenditure £m	Income From Fees, Charges & Rents £m	Other Income £m	Government Grants £m	Total Income £m	Total Budget Allocation £m	Capital Charges & Recharges £m	Net Expenditure / (Income) £m
Families, Children & Learning	37.328	68.043	**105.370**	(4.389)	(5.884)	(6.242)	**(16.515)**	**88.855**	18.152	**107.007**
Health & Adult Social Care	24.661	83.950	**108.611**	(15.714)	(14.480)	(20.567)	**(50.761)**	**57.850**	4.269	**62.119**
Economy, Environment & Culture	32.654	68.360	**101.014**	(62.098)	(1.850)	(0.769)	**(64.717)**	**36.297**	28.211	**64.508**
Neighbourhoods, Communities & Housing	9.993	25.240	**35.233**	(14.120)	(1.893)	(4.118)	**(20.131)**	**15.102**	3.463	**18.565**
Finance & Resources	5.422	144.060	**149.483**	(6.604)	(0.723)	(122.262)	**(129.589)**	**19.894**	(12.639)	**7.256**
Strategy, Governance & Law	7.398	1.653	**9.050**	(3.850)	(0.249)	(0.063)	**(4.162)**	**4.888**	(4.171)	**0.717**
Service Areas Total	**117.456**	**391.305**	**508.761**	**(106.774)**	**(25.079)**	**(154.021)**	**(285.875)**	**222.886**	**37.286**	**260.172**
Centrally Managed Budgets	6.625	10.192	**16.817**	-	(5.989)	(26.318)	**(32.307)**	**(15.490)**	(41.099)	**(56.589)**
General Fund Total	**124.081**	**401.497**	**525.578**	**(106.774)**	**(31.069)**	**(180.339)**	**(318.182)**	**207.396**	**(3.813)**	**203.583**
Dedicated Schools Grant Funded (DSG)	125.877	53.689	**179.566**	(1.301)	-	(179.391)	**(180.692)**	**(1.126)**	1.126	**-**
Housing Revenue Account (HRA)	9.731	46.772	**56.503**	(59.125)	(0.065)	-	**(59.190)**	**(2.687)**	2.687	**-**
BHCC Revenue Total	**259.689**	**501.958**	**761.647**	**(167.200)**	**(31.133)**	**(359.730)**	**(558.064)**	**203.583**	**-**	**203.583**

2019/20 BUDGET - Budget changes from 2018/19 to 2019/20								
	2018/19 Adjusted Base £m	*Inflation £m*	*Service Pressures £m*	*Commitments & Reinvestment £m*	*VFM & Other Savings £m*	*2019/20 Original Budget £m*	*Change Over Adjusted Base £m*	*Change Over Adjusted Base %*
Families, Children & Learning	**86.568**	2.042	3.578	0.107	(3.440)	**88.855**	2.287	2.64
Health & Adult Social Care	**51.551**	1.424	9.141	0.254	(4.520)	**57.850**	6.299	12.22
Economy, Environment & Culture	**34.921**	1.303	1.779	0.143	(1.849)	**36.297**	1.376	3.94
Neighbourhoods, Communities & Housing	**14.671**	0.440	0.522	0.262	(0.793)	**15.102**	0.431	2.94
Finance & Resources	**20.224**	0.498	-	0.194	(1.022)	**19.894**	(0.330)	(1.63)
Strategy, Governance & Law	**4.947**	0.106	0.071	0.372	(0.608)	**4.888**	(0.059)	(1.19)
Total Directorate Spending	**212.882**	**5.813**	**15.091**	**1.332**	**(12.232)**	**222.886**	**10.004**	**4.70**
Insurance	**3.042**	0.027	-	-	-	**3.069**	0.027	0.89
Financing Costs	**7.174**	-	-	(1.515)	-	**5.659**	(1.515)	(21.12)
Corporate VFM Savings	**(0.629)**	(0.013)	(1.000)	0.642	-	**(1.000)**	(0.371)	58.98
Contingency and Risk Provisions	**0.978**	(0.101)	0.500	(0.837)	-	**0.540**	(0.438)	(44.79)
Unringfenced grants income	**(16.961)**	-	0.170	(9.527)	-	**(26.318)**	(9.357)	55.17
Levies to External Bodies	**0.201**	0.004	-	0.002	-	**0.207**	0.006	2.99
Other Corporate Budgets	**1.890**	(0.075)	-	0.587	(0.056)	**2.346**	0.456	24.13
NET REVENUE EXPENDITURE	**208.577**	**5.655**	**14.761**	**(9.316)**	**(12.288)**	**207.389**	**(1.188)**	**(0.57)**
Contributions to/ from(-) reserves	**0.247**	-	**-**	(4.053)	-	**(3.806)**	(4.053)	(1,640.89)
BUDGET REQUIREMENT	**208.824**	**5.655**	**14.761**	**(13.369)**	**(12.288)**	**203.583**	**(5.241)**	**(2.51)**
Funded By:								
Revenue Support Grant	**14.144**					**6.523**	(7.621)	(53.88)
Business Rates Local Share	**57.258**					**57.244**	(0.014)	(0.02)
Tariff Payment	**(0.745)**					**(1.165)**	(0.420)	56.39
Business Rates Levy payment	**(0.091)**					**(0.137)**	(0.045)	49.65
Business Rates Collection Fund surplus/(deficit)	**(1.690)**					**(2.084)**	(0.394)	23.31
Council Tax Collection Fund surplus/(deficit)	**2.091**					**(0.477)**	(2.568)	(122.81)
Council Tax	**137.857**					**143.679**	5.822	4.22
Total	**208.824**					**203.583**	**(5.241)**	**(2.51)**

2019/20 Revenue Budget – Gross Budget to Net Budget



Note that the figures quoted above may include minor rounding differences.

Service Pressures 2019/20		
Service Area	2019/20 Service Pressure £m	Description
Children's Social Care	1.467	To support increasing demand and costs of Looked After Children. Re-investment is after taking account of cost containment measures totalling £0.645m.
Adults Learning Disabilities	2.105	To support increased costs in community care and sleep-in costs.
Adult Social Care	6.689	Changes in demand for physical, memory & cognition, and mental Health services. Provision is after taking account of cost containment measures totalling £1.702m.
Adult social Care	1.806	Reductions in improved Better Care Fund grant and CCG partner contributions.
Adult Social Care	0.500	Further re-investment provision for an anticipated reduction in CCG partner contributions in 2019/20. This funding is held in contingency until the final contributions are agreed.
Public Health	0.640	Reduction in ringfenced grant. This must be matched by savings in the same service area.
City Environmental Management	0.423	Increased cost of weekend work for street cleansing and communal bin collection, including additional rounds as well as increased costs from market supplements for recruitment & retention of drivers.
City Environmental Management	0.345	Income pressures on commercial operations including garden and commercial waste. This may be a short term pressure and performance will be monitored closely throughout 2019/20.
City Environmental Management	0.285	Similarly, there is an income pressure on commercial fleet maintenance. This may similarly be a short term pressure and will be monitored throughout 2019/20.
City Environmental Management	0.030	Managing the risks of Ash dieback which is accelerating nationally and locally.
Building Control	0.100	High income targets were set for this service which cannot be maintained in current market and economic conditions.
Commercial rents	0.150	Similarly, there is an underlying pressure on rental income as lease reviews and renewals have not been able to keep up with inflation under current economic conditions.
Corporate Landlord	0.100	This relates to Business Rates increases on council properties arising from the ending of transitional reliefs.
Security and Concierge	0.150	Provision of recurrent funding to support the current model of service requiring enhanced security cover.
Money works	0.200	One-off re-investment to support the important Community Banking Partnership and the council's Financial Inclusion Strategy.
Field Officers	0.169	Re-investment to provide for the full ongoing running costs of the new service which has proven successful during its first year of operation.
Seaside Homes	0.150	Seaside Homes provides 499 properties for which the council has full nomination rights. Under the terms of the contractual arrangements, the council must provide a rent guarantee where Local Housing Allowance rates do not keep pace with inflation.
Coroners	0.070	Additional cost of a new pay structure for the service negotiated with the Ministry of Justice.
Electricity and Gas contracts	0.212	Above inflation increases in Electricity and Gas contracts
Unringfenced grants	0.170	Re-investment is provided annually where government grant funding is reduced without any loss or transfer of function.

Service Pressures 2019/20		
Service Area	**2019/20 Service Pressure £m**	**Description**
Sustainable Social Care Programme (SSC)	(1.000)	The Sustainable Social Care programme is supported by Modernisation Fund resources and is expected to deliver a range of service, contract and process efficiencies that will enable the re-investment requirement across social care and related services to be reduced by £1m in total.
Total Service Pressures	**14.761**	

Specific Government Grants 2019/20		
Directorate	**Grant**	**Budget 2018/19 £m**
Families, Children & Learning		
Health, SEN & Disability	MHCLG - Independent Living Fund Grant	(0.254)
Education & Skills	DfE - School Improvement Monitoring Grant	(0.225)
Education & Skills	DfE - Education of Previously in Care Children	(0.038)
Education & Skills	DfE - Troubled Families	(1.200)
Education & Skills	Income from PFI Credits	(2.390)
Education & Skills	SFA - Adult Safeguarded Learning	(0.433)
Children's Safeguarding & Care	Controlling Migration Fund	(0.093)
Children's Safeguarding & Care	DoH - Asylum Seekers	(1.075)
Children's Safeguarding & Care	DfE - Staying Put Implementation Grant	(0.276)
Children's Safeguarding & Care	Youth Justice Board General Funding	(0.257)
Families, Children & Learning Total		**(6.242)**
Health & Adult Social Care		
Adult Social Care	MHCLG - Independent Living Fund Grant	(0.328)
Integrated Commissioning	MHCLG - Rough Sleepers Grant	(0.163)
Integrated Commissioning	Homelessness Research Grant	(0.002)
Integrated Commissioning	Rough Sleeping Initiative	(0.495)
Public Health	DfE - School Games Funding	(0.024)
Public Health	DoH - Ring-fenced Public Health Grant	(19.554)
Health & Adult Social Care Total		**(20.567)**

Specific Government Grants 2019/20

Directorate	Grant	Budget 2018/19 £m
Economy, Environment & Culture		
Transport	DfT - Cycle Training Grant	(0.040)
Transport	DfT - Access Fund for Sustainable Travel	(0.496)
Transport	DfT - Bus Service Operators Grant	(0.173)
City Environmental Management	Natural England - Higher Level Stewardship	(0.060)
Economy, Environment & Culture Total		**(0.769)**
Neighbourhoods, Communities & Housing		
Housing General Fund	MHCLG - Flexible Homelessness Support Grant	(4.118)
Neighbourhoods, Communities & Housing Total		**(4.118)**
Finance & Resources		
Finance	DWP - Discretionary Housing Payments	(0.837)
Finance	DWP - Housing Benefits Non-Subsidy Grants	(0.186)
Finance	DWP - Housing Benefits Rent Rebate Subsidy	(43.194)
Finance	DWP - Housing Benefits Rent Allowance Subsidy	(78.006)
HR & Organisational Development	DfE - Learning & Development	(0.040)
Finance & Resources Total		**(122.262)**
Strategy, Governance & Law		
Life Events	CO - Individual Electoral Registration Funding	(0.059)
Life Events	Office of National Statistics Grant	(0.004)
Strategy, Governance & Law Total		**(0.063)**
Centrally Managed Budgets		
Unringfenced Grants	DfE - Extended Rights To Free Travel	(0.053)
Unringfenced Grants	DoH - Local Reform Community Voice Grant	(0.116)
Unringfenced Grants	DWP - Housing Benefit Admin Grant	(1.017)
Unringfenced Grants	MHCLG - ASC Winter Pressure Grant	(1.229)
Unringfenced Grants	MHCLG - Council Tax Support Admin Subsidy	(0.300)
Unringfenced Grants	MHCLG - Improved Better Care Fund	(6.220)
Unringfenced Grants	MHCLG - Lead Local Flood Authority Grant	(0.030)
Unringfenced Grants	MHCLG - Libraries PFI Grant	(1.505)
Unringfenced Grants	MHCLG - New Homes Bonus Scheme Grant	(2.102)
Unringfenced Grants	MHCLG - Returned Business Rates Levy	(0.893)
Unringfenced Grants	MHCLG - S31 Brexit Funding	(0.210)
Unringfenced Grants	MHCLG - S31 Business Rate Compensation Grants	(9.045)

Specific Government Grants 2019/20		
Directorate	**Grant**	**Budget 2018/19 £m**
Unringfenced Grants	MHCLG - Social Care Support Grant (Adult's and Children's)	(2.100)
Unringfenced Grants	MHCLG - Waste PFI Grant	(1.498)
Centrally Managed Budgets Total		**(26.318)**
General Fund Total		**(180.339)**
Dedicated Schools Grant Funded (DSG)		
Dedicated Schools Grant Funded (DSG)	DfE - Dedicated Schools Grant	(163.608)
Dedicated Schools Grant Funded (DSG)	DfE - Universal Infant Free School Meals	(2.471)
Dedicated Schools Grant Funded (DSG)	DfE - Funding for 6th Form Students	(3.157)
Dedicated Schools Grant Funded (DSG)	DfE - Pupil Premium Grant	(9.115)
Dedicated Schools Grant Funded (DSG)	DfE - Teachers Pay Grant	(1.040)
Dedicated Schools Grant Funded (DSG) Total		**(179.391)**
BHCC Total		**(359.730)**

Summary of Integrated Service & Financial Plans 2019/20								
			Saving Categorisation					
Service Area	**Savings 2019/20**	**Total 2019/20 Posts Deleted**	**Funding Changes**	**Service Redesign (including Digital)**	**Shared Service Partnership (Orbis)**	**Commissioning & Demand management**	**Enterprise Strategy - Income Generation**	**Procurement & Contract Management**
	£m	**FTE**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Families, Children & Learning								
Director of Families, Children & Learning	0.116	3.5	-	0.116	-	-	-	-
Health & Disability Services	1.127	5.0	-	0.442	-	0.510	-	0.175
Education & Skills	0.318	2.0	-	0.277	-	-	-	0.041
Children's Safeguarding & Care	1.800	1.5	-	0.185	-	1.614	-	0.001
Children's Safeguarding & Quality Assurance	0.079	0.9	-	0.079	-	-	-	-
Families, Children & Learning	**3.440**	**12.9**	**-**	**1.099**	**-**	**2.124**	**-**	**0.217**
Health & Adult Social Care								
Adult Social Care	2.886	-	-	1.014	-	1.122	-	0.750
S75 SPFT	0.699	-	-	-	-	0.255	-	0.444
Integrated Commissioning	0.455	2.5	-	0.070	-	-	-	0.385
Public Health	0.480	3.1	-	0.120	-	-	-	0.360

Summary of Integrated Service & Financial Plans 2019/20								
			Saving Categorisation					
Service Area	Savings 2019/20	Total 2019/20 Posts Deleted	Funding Changes	Service Redesign (including Digital)	Shared Service Partnership (Orbis)	Commissioning & Demand management	Enterprise Strategy - Income Generation	Procurement & Contract Management
	£m	FTE	£m	£m	£m	£m	£m	£m
Health & Adult Social Care	**4.520**	**5.6**	**-**	**1.204**	**-**	**1.377**	**-**	**1.939**
Economy, Environment & Culture								
Transport	1.114	-	0.070	0.157	-	0.044	0.520	0.323
City Environmental Management	0.096	-	0.047	-	-	-	0.015	0.034
City Development & Regeneration	0.217	4.0	-	0.059	-	-	0.153	0.005
Culture, Tourism & Sport	0.312	-	0.170	0.024	-	-	0.026	0.092
Property	0.110	-	0.055	0.006	-	-	0.034	0.015
Economy, Environment & Culture	**1.849**	**4.0**	**0.342**	**0.246**	**-**	**0.044**	**0.748**	**0.469**
Neighbourhoods, Communities & Housing								
Housing General Fund	0.143	0.5	0.042	0.069	-	-	0.020	0.012
Libraries	0.352	10.4	-	0.242	-	-	-	0.110
Communities, Equalities & Third Sector	0.121	1.0	0.060	0.050	-	0.010	-	0.001
Regulatory Services	0.145	2.7	0.014	0.126	-	-	0.005	-
Community Safety	0.032	1.0	-	0.031	-	-	-	0.001
Neighbourhoods, Communities & Housing	**0.793**	**15.6**	**0.116**	**0.518**	**-**	**0.010**	**0.025**	**0.124**
Finance & Resources								
Finance - MOBO	0.030	-	-	-	-	-	-	0.030
Audit - MOBO	-	-	-	-	-	-	-	-
Revenues & Benefits	0.192	9.5	-	0.191	-	-	-	0.001
Procurement - MOBO	-	-	-	-	-	-	-	-
HR & OD - MOBO	-	-	-	-	-	-	-	-
IT&D - MOBO	0.065	-	-	-	-	-	-	0.065
Business Operations - MOBO	-	-	-	-	-	-	-	-
Contribution to ORBIS Services	0.735	19.0	-	-	0.735	-	-	-
Finance & Resources	**1.022**	**28.5**	**-**	**0.191**	**0.735**	**-**	**-**	**0.096**
Total Strategy, Governance & Law								
Policy, Partnership & Scrutiny	0.024	-	0.024	-	-	-	-	-
Democratic & Civic Office Services	0.078	0.3	-	0.078	-	-	-	-
Legal Services	0.093	1.0	-	-	0.073	-	0.020	-
Life Events	0.316	1.0	0.021	0.075	-	-	0.220	-

Summary of Integrated Service & Financial Plans 2019/20									
Service Area	Savings 2019/20	Total 2019/20 Posts Deleted	Saving Categorisation						
			Funding Changes	Service Redesign (including Digital)	Shared Service Partnership (Orbis)	Commissioning & Demand management	Enterprise Strategy - Income Generation	Procurement & Contract Management
	£m	FTE	£m	£m	£m	£m	£m	£m
Performance, Improvement & Programmes	0.046	1.0	0.045	-	-	-	-	0.001
Communications	0.051	2.0	-	0.050	-	-	-	0.001
Total Strategy, Governance & Law	**0.608**	**5.3**	**0.090**	**0.203**	**0.073**	**-**	**0.240**	**0.002**
Total Service Areas	**12.232**	**71.9**	**0.548**	**3.461**	**0.808**	**3.555**	**1.013**	**2.847**
Corporately-held Budgets	0.056	-	0.056	-	-	-	-	-
Total General Fund	**12.288**	**71.9**	**0.604**	**3.461**	**0.808**	**3.555**	**1.013**	**2.847**

Summary of Capital Investment Programme 2019/20 to 2023/24					
	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Approved Schemes					
Health & Adult Social Care	-	-	-	-	-
Families, Children & Learning	33.750	-	-	-	-
Economy, Environment & Culture	24.267	1.850	2.150	-	-
Neighbourhood, Communities & Housing - GF	12.840	24.524	13.244	15.679	5.207
Neighbourhood, Communities & Housing - HRA	19.621	11.125	2.119	-	-
Strategy, Governance & Law	-	-	-	-	-
Finance & Resources	-	-	-	-	-
New Schemes to be Approved					
Health & Adult Social Care	0.500	0.500	0.500	0.500	0.500
Families, Children & Learning	6.123	9.002	6.123	6.123	6.123
Economy, Environment & Culture	21.922	46.349	46.450	39.000	53.000
Neighbourhood, Communities & Housing - GF	1.000	1.000	1.000	1.000	1.000
Neighbourhood, Communities & Housing - HRA	26.964	32.433	45.073	35.339	27.795
Strategy, Governance & Law	-	-	-	-	-
Finance & Resources	9.663	2.550	0.750	0.750	0.750
Total Schemes	**156.650**	**129.333**	**117.409**	**98.391**	**94.375**
Funded by:					
Government Grants - Single Pot	44.107	13.048	10.000	10.000	10.000

Summary of Capital Investment Programme 2019/20 to 2023/24					
	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m
Government Grants - Ringfenced	17.472	26.710	20.230	9.000	2.000
Capital Receipts	11.869	8.850	2.750	6.750	1.750
Capital Receipts HRA	4.806	5.321	6.454	-	-
Capital Reserves	0.592	-	-	-	-
Capital Reserves - HRA	3.370	0.648	0.580	12.400	6.289
Specific Reserves	2.237	5.862	0.741	0.770	0.801
External Contributions	2.776	-	1.500	-	4.000
Direct Revenue Funding	0.778	0.623	0.623	0.623	0.623
Revenue Contribution to Capital HRA	25.104	27.021	27.758	22.939	21.506
Council Borrowing	43.539	41.250	46.773	35.909	47.406
Total Funding	**156.650**	**129.333**	**117.409**	**98.391**	**94.375**

Families, Children & Learning Directorate

Services and Responsibilities

Families, Children and Learning brings together different services for children and young people from birth up to the age of 25, together with services for adults focused on skills & employment and learning disabilities. Much of the education and special educational needs provision is funded through the ring-fenced Dedicated Schools Grant (DSG). Although this budget strategy is focused on General Fund spend there are also parallel proposals in relation to the DSG as there is a significant pressure on the budget following the extension of support for young people with Special Educational Needs & Disabilities (SEND) up to the age of 25 and also parallel pressures on school budgets.

The main area of General Fund spend relates to the placement costs for children and young people in care and adults with learning disabilities (LD). The LD budget transferred across on 1 November 2016 in order to ensure improved pathways between children and adult services. It is a large net budget of just over £39.5m and includes a supported employment budget, part of which supports a team supporting adults with learning disabilities which work closely with colleagues in the Education and Skills branch. There are significant pressures on this budget and it is currently overspending in relation to placement costs within the Community Care budget arising from residents requiring more support.

Nationally the number of children with child protection plans and children being brought into care continues to increase. Over the last two years however, the numbers in Brighton & Hove have been reducing. This has led to cost savings, but is at risk if there is a high profile safeguarding case either nationally or locally. In addition, both locally and nationally there has been an increase in the number of adolescents requiring intensive support, including high cost residential placements. In part this is related to the greater focus on meeting the needs of young people who are vulnerable to exploitation. There is currently a significant issue regarding foster placement sufficiency, which is having an adverse impact. This is a national issue resulting from the significant rise in the number of children in care and the impact locally is that when placements are required, the lack of options mean than placements can sometimes be made on the basis of availability rather than need. This can result in children being placed in more expensive provision.

Our vision is for a directorate that is ambitious and works more closely with partners. We want <u>all</u> of the city's families and children to be happy, healthy and safe, fulfilling their potential. Over the last few years, services have been redesigned in order to improve efficiency and reduce costs and this will continue in future years. Inevitably, this requires difficult decisions in balancing untargeted, non-statutory support with preventative, statutory and safeguarding provision.

There are 3 key branches in the directorate together with a performance and safeguarding service that ensures that we meet our duties and provides quality assurance. The key branches are as follows:

Education and Skills £7.203m Net Budget Allocation

This service area includes:

- Early Years, Youth and Family Support (including Children's Centres)
- School Organisation and access to education
- Education Standards and Achievement
- Skills and Employment
- Virtual School for children in care and those previously in care
- Troubled Families
- Ethnic Minority Achievement Service and Traveller Education Service

Health SEN and Disability Services £39.773m Net Budget Allocation

This service area includes:

- Inclusion support services for schools
- Special Educational Needs
- Social work and early help support for children with a disability
- Residential, short break and respite provision for children with a disability
- Assessment, social work, behaviour support and health services for adults with learning disabilities
- Council residential and day activities services for adults with learning disabilities

Safeguarding and Care £40.497m Net Budget Allocation

This service area includes:

- Fostering and Adoption Services
- Children in Need and Child Protection
- Children in Care and Leaving Care services
- Adolescence and Youth Offending Services
- Front Door for Families which includes MASH (Multi Agency Safeguarding Hub)
- Early Parenting Assessment Programme & Looking Forward project
- Contact Service

Users of Families, Children & Learning Services

The directorate provides a range of different services from universal to those targeted at small groups of people with very high levels of need and/or where we are required to fulfil a statutory duty. Some of the key groups of users we interact with are as follows*:

- 32,230 children attend city schools; (May 2018 Census)
- 8,419 parents/Carers applied for school places between Sept 17 and Aug 18
- 13,554 contacts relating to 7,637 children were received by the Multi Agency Safeguarding Hub/Front Door for Families this year, of these 3,038 relating to 2,925 children were safeguarding concerns that required follow up work;
- 5,551 children have been identified as having a special educational need or disability (May 2018 census);
- 4,237 children are eligible for free school meals; (May 2018 Census)
- 4,191 children with additional needs are supported by the Inclusion Support Service; (Jan 2018)
- 1,522 children attended a council Children’s Centre in the last quarter; (Q1 18/19)
- 1,821 children are open to our social work service, of these, at September 2018, 358 are on a child protection plan and 394 have been brought into the care of the Council;
- 1,047 children have an Education Health & Care plan (or statement of Special Educational Needs) (May 2018 Census);
- 1,876 families have been identified locally through the national Troubled Families Programme;
- 665 children attend a council nursery
- 366 children receive supported bus travel to school and a further 390 children receive free bus passes;
- 540 young people were supported by the Youth Employability Service;
- 217 children are electively home educated in June 2018;
- 118 homeless families were supported by the directorate;
- 141 foster care families are supported by the directorate (September 18);
- 131 families who have an adopted child were supported and last year;
- 28 children moved out of care into adoption (year ending September 18)
- A further 263 children are supported through a special guardianship order.
- 873 Community Learning Disability Team service users

* Please note these figures are a mixture of snapshots in time or usage over a set period and are shared with the intention of being illustrative.

Families, Children & Learning Budget Summary							
2018/19 Net Expenditure / (Income)	Service Area	2019/20 Budget					2019/20 Budgeted Contracted Staff
		Expenditure	Income	Budget Allocation	Capital Charges & Recharges	Net Expenditure / (Income)	
£m		£m	£m	£m	£m	£m	FTE
0.833	Director of Families, Children & Learning	0.228	(0.219)	**0.009**	0.641	**0.650**	1.1
39.650	Health, SEN & Disability	47.316	(7.543)	**39.773**	2.101	**41.874**	298.8
19.898	Education & Skills	13.640	(6.437)	**7.203**	12.954	**20.157**	255.2
42.409	Children's Safeguarding & Care	42.751	(2.254)	**40.497**	2.284	**42.781**	327.2
1.606	Quality Assurance & Performance	1.435	(0.062)	**1.373**	0.172	**1.545**	25.6
104.395	**Families, Children & Leaning Total (Excluding DSG)**	**105.370**	**(16.515)**	**88.855**	**18.152**	**107.007**	**907.9**
-	Dedicated Schools Grant Funded (DSG)	179.566	(180.692)	**(1.126)**	1.126	**-**	116.0
104.395	**Families, Children & Leaning Total (Including DSG)**	**284.936**	**(197.207)**	**87.729**	**19.278**	**107.007**	**1,023.9**

Families, Children & Learning 2019/20 Revenue Budget Breakdown										
Service Description	Employee Expenditure £m	Other Expenditure £m	Total Expenditure £m	Income From Fees, Charges & Rents £m	Other Income £m	Government Grants £m	Total Income £m	Total Budget Allocation £m	Capital Charges & Recharges £m	Net Expenditure / (Income) £m
Director of Families, Children & Learning										
Children's Services Central Costs	0.207	0.021	**0.228**	-	(0.219)	-	**(0.219)**	**0.009**	0.641	**0.650**
Director of Families, Children & Learning Total	**0.207**	**0.021**	**0.228**	**-**	**(0.219)**	**-**	**(0.219)**	**0.009**	**0.641**	**0.650**
Health, SEN & Disability										
Adult Learning Disability Services	6.091	33.424	**39.515**	(2.792)	(1.571)	(0.254)	**(4.616)**	**34.899**	1.456	**36.354**
Children in Care	1.688	1.479	**3.168**	-	(0.365)	-	**(0.365)**	**2.803**	0.389	**3.192**
Children's Social Care Services	1.074	1.320	**2.393**	(0.006)	(0.521)	-	**(0.527)**	**1.866**	0.150	**2.016**
Special Educational Needs	2.450	(0.210)	**2.240**	-	(2.035)	-	**(2.035)**	**0.206**	0.106	**0.312**
Health, SEN & Disability Total	**11.303**	**36.013**	**47.316**	**(2.798)**	**(4.491)**	**(0.254)**	**(7.543)**	**39.773**	**2.101**	**41.874**
Education & Skills										
Children in Care	0.052	0.016	**0.068**	-	-	-	**-**	**0.068**	0.009	**0.077**
Early Years and Early Help	5.047	0.277	**5.323**	(1.163)	(0.153)	(1.200)	**(2.515)**	**2.808**	1.425	**4.233**
Other Education Services	0.903	4.766	**5.668**	(0.112)	(0.223)	(2.653)	**(2.988)**	**2.680**	11.078	**13.758**
Schools Skills & Learning	1.525	0.087	**1.612**	(0.169)	-	(0.433)	**(0.603)**	**1.010**	0.211	**1.220**

Families, Children & Learning 2019/20 Revenue Budget Breakdown

Service Description	Employee Expenditure £m	Other Expenditure £m	Total Expenditure £m	Income From Fees, Charges & Rents £m	Other Income £m	Government Grants £m	Total Income £m	Total Budget Allocation £m	Capital Charges & Recharges £m	Net Expenditure / (Income) £m
Services for Young People	0.387	0.581	**0.968**	(0.081)	(0.250)	-	**(0.331)**	**0.637**	0.231	**0.869**
Education & Skills Total	**7.913**	**5.727**	**13.640**	**(1.526)**	**(0.625)**	**(4.286)**	**(6.437)**	**7.203**	**12.954**	**20.157**
Children’s Safeguarding & Care										
Children in Care	3.781	23.928	**27.709**	(0.046)	(0.124)	(1.445)	**(1.614)**	**26.094**	0.756	**26.850**
Children's Social Care Services	12.372	2.459	**14.831**	(0.020)	(0.332)	(0.257)	**(0.609)**	**14.222**	1.506	**15.728**
Early Years and Early Help	0.199	0.013	**0.212**	-	(0.031)	-	**(0.031)**	**0.181**	0.022	**0.204**
Children’s Safeguarding & Care Total	**16.352**	**26.400**	**42.751**	**(0.066)**	**(0.486)**	**(1.702)**	**(2.254)**	**40.497**	**2.284**	**42.781**
Quality Assurance & Performance										
Children's Social Care Services	1.413	(0.178)	**1.235**	-	-	-	**-**	**1.235**	0.155	**1.391**
Children's Services Central Costs	0.140	0.060	**0.200**	-	(0.062)	-	**(0.062)**	**0.138**	0.016	**0.154**
Quality Assurance & Performance Total	**1.553**	**(0.118)**	**1.435**	**-**	**(0.062)**	**-**	**(0.062)**	**1.373**	**0.172**	**1.545**
Families Children & Learning Total	**37.328**	**68.043**	**105.370**	**(4.389)**	**(5.884)**	**(6.242)**	**(16.515)**	**88.855**	**18.152**	**107.007**

Dedicated Schools Grant (DSG) 2019/20 Revenue Budget Breakdown

Service Description	Employee Expenditure £m	Other Expenditure £m	Total Expenditure £m	Income From Fees, Charges & Rents £m	Other Income £m	Government Grants £m	Total Income £m	Total Budget Allocation £m	Capital Charges & Recharges £m	Net Expenditure / (Income) £m
Children's Social Care Services	-	0.043	**0.043**	-	-	-	**-**	**0.043**	0.000	**0.043**
Dedicated Schools Grant	-	-	**-**	-	-	(163.608)	**(163.608)**	**(163.608)**	-	**(163.608)**
Early Years and Early Help	0.387	14.151	**14.538**	(0.003)	-	-	**(0.003)**	**14.535**	0.071	**14.605**
Other Education Services	0.194	0.078	**0.272**	(0.110)	-	-	**(0.110)**	**0.162**	0.027	**0.189**
Schools	121.917	23.391	**145.307**	(1.137)	-	(15.131)	**(16.268)**	**129.039**	0.593	**129.633**
Special Educational Needs	3.379	16.027	**19.406**	(0.051)	-	(0.652)	**(0.703)**	**18.704**	0.435	**19.138**
Dedicated Schools Grant (DSG) Total	**125.877**	**53.689**	**179.566**	**(1.301)**	**-**	**(179.391)**	**(180.692)**	**(1.126)**	**1.126**	**-**

Families, Children & Learning Integrated Service & Financial Plan 2019/20				
Service Area	**Rationale for Strategy**	**Service & Financial Proposals**	**Delivery Risk & Impact on Outcomes**	**Savings 2019/20 £m**
Director of Families, Children & Learning				
Director of Families, Children and Learning Salary and directorate support costs for the Director and support staff	Savings of £0.116m have been identified which relate to the overall administrative support for senior managers across the directorate. This is in addition to previous savings in both management and administrative costs.	A review of administrative support will identify the savings to be achieved. All directorates across the Council will be seeking savings in this area.	See EIA S1	0.116
Director of Families, Children & Learning				**0.116**
Health & Disability Services				
Services for children with disabilities Residential, respite and short breaks.	The LA will continue to meet its full statutory duty towards children with SEN and disabilities and remains committed to working with parents, young people and all in partnership. The aim is to find efficiencies while extending the access of families to short breaks and respite through effective re-organisation and a reduction in agency spend (see below). The new integrated special school hubs have started to offer an extended range of short breaks outside of school hours with increased access for more families. This includes additional investment from the High Needs Block of the Dedicated School's Grant (£175k in 2018/19 and £125k in 2019/20). We will also be offering through the hubs a better offer of support to help families cope at home where children have	Review of use of in-house provision and respite to extend the range of options for parents with more emphasis on extended day, evening and weekend activities - overnight respite would still be available for those in most need and where children require shared care. Further review of contracts with the Community and Voluntary Sector for respite and short breaks to see how they could extend their reach while making greater efficiencies.	Opportunities will be impacted. Potential impact on respite provision See EIA 1 and EIA S2.	0.140
Services for children with disabilities and Adults with learning disabilities Management, assessment, operations and		Reduction in management capacity across the Children's Disability Service and the Adults Learning Disability Service following re-structure to provide one integrated service. Bringing together adult and children's services provides an opportunity to rationalise management across both services and to streamline provision.	Delivery Risk: May impact on management capacity at pressure points but priority will be on statutory duties. See EIA 1.	0.200

Families, Children & Learning Integrated Service & Financial Plan 2019/20				
Service Area	**Rationale for Strategy**	**Service & Financial Proposals**	**Delivery Risk & Impact on Outcomes**	**Savings 2019/20 £m**
admin	exceptionally complex needs and challenging behaviours, thus strengthening the resilience of families and reducing the need for overnight respite and children coming into care. In terms of remit for Children's Disability Service (CDS), there are close to 300 families receiving services via the social work and early help service. Around 160 families receive direct payments to enable them to purchase care packages and around 30 at any one time receive overnight respite at one of our two children's homes or through specialist foster care. We are reviewing the way short breaks and respite are delivered to offer a different model that provides a much wider offer with new more affordable short break and respite options included so that resources are distributed more equitably and preventatively, whilst ensuring the families in greatest need continue to have access to shared care arrangements as now.			
Community Care (Adults) including Community Support, Day Care, Direct Payments, Home Care, Shared Lives, Supported Accommodation, Residential Care and Nursing Care.	Savings in 2019/20 will be achieved through a continuation of the successful 'Move On' project. This project has been reviewing service users with a view to promoting independence as close to the City and local community as possible. The project also reviews care packages to see if they are still needed and being delivered in the best and more efficient way. In addition further efficiencies will be sought from all council run provision. In addition to the savings	Review high cost clients receiving multiple services who have not been reviewed in the previous two years. Taking a more holistic approach to the commissioning of care homes. The savings achieved from an anticipated reduction in the number of clients in higher cost provision will however be less than the additional funding made available for this budget to respond to the increased unit costs of provision. This is £2.105m and so the overall budget will	Delivery Risk: Limited availability of suitable accommodation in the City, high unit cost and continued increase in the numbers of clients with eligible need. These demands equate to estimated additional costs of £1.676m for 2019/20. Savings can only be achieved by accessing local accommodation and through effective commissioning. Impact on Outcomes: Concentrating on key statutory duties and those clients who	0.660

Families, Children & Learning Integrated Service & Financial Plan 2019/20				
Service Area	**Rationale for Strategy**	**Service & Financial Proposals**	**Delivery Risk & Impact on Outcomes**	**Savings 2019/20 £m**
Learning Disabilities	identified the Council has identified budget pressures based on the anticipated increase in costs for current and future clients. This is £2.105m which means that overall this budget will increase next year and not reduce. We are developing a more personalised approach to our clients, including close working with housing colleagues. We will also be strengthening our commissioning arrangements, with tighter contract management controls implemented with our providers, including the review of contract uplifts. Additional support has been provided to carry out re-assessments of the support needs of our clients. In terms of context there are currently 833 adults with learning disabilities receiving support from the community learning disability team, ranging from direct payments through to full residential care.	increase	present the highest risk to themselves and to the Community, ensuring needs are met in the most cost effective manner. See EIA 2	
Learning Disabilities - Day Services (Adults) Learning Disabilities Day Options	Part of the Learning Disability Strategy - includes increased Personal Budgets, and re-providing support . The direction of travel for adult social care directly provided service is to focus these on people with the most complex needs.	Continue to support people to move on to alternative day activities on an individual basis where their needs can be met in different ways. In addition, to reduce the provision running and catering costs.	Planned individualised transitions to alternative options using advocacy where required. Continued engagement with family carers. - potential staff reductions as service users reduce. Any reprovision costs to be closely monitored so they do not put pressures on to the community care budget. See EIA 3.	0.050
Learning Disabilities - Residential (Adults) In house Residential	High cost and most local authorities do not provide services in-house. The direction of travel for adult social care directly provided service is to focus these on people with the	Continue to support service users with the most complex needs but identify further efficiencies in the delivery of these services through reviewing individual client needs	See EIA 4.	0.052

Families, Children & Learning Integrated Service & Financial Plan 2019/20				
Service Area	**Rationale for Strategy**	**Service & Financial Proposals**	**Delivery Risk & Impact on Outcomes**	**Savings 2019/20 £m**
and Supported Living	most complex needs.	and their capacity to work towards more independent living.		
Service wide agency staff spend	Reprocurement of the corporate agency staff contract has identified a saving as a result of lower on cost rates. This saving is reflected in all service areas where agency staff are used through the contract		This is a procurement saving and therefore the key risk relates to the level of agency staff used in the service area.	0.025
Health & Disability Services				**1.127**
Education & Skills				
Schools Private Finance Initiative (PFI) PFI budget for 3 schools	Ensure ongoing value for money is achieved through the existing PFI contract	2019/20 proposals: The independent review of the existing PFI arrangements has identified potential savings through renegotiation of the contract where agreement can be reached	Delivery Risk: Agreement to variations within the contract that result in cost savings to the council cannot be reached.	0.040
Standards & Achievement Core school intervention team, commissioned school partnership advisers	This covers a range of statutory functions, although in recent years central government grant funding has reduced significantly. Brighton & Hove have a high percentage of schools judged by Ofsted to be Good and Outstanding so therefore the need for interventions has reduced.	We will reduce financial support and intervention to schools causing concern.	Delivery Risk: Medium risk. Impact on Outcomes: Concern related to reduction in any additional grants for School Improvement. Limited LA funding now available to intervene with schools causing concern, and to deliver our statutory duty.	0.033
School Organisation, Admissions & Home to School Transport This includes our staff and support to deliver on our statutory school organisation and admissions role and	Savings have been achieved in this delivery area over previous years. However this service area faces budget pressures in the area of home to school transport which is a demand led budget. Further efficiency saving has been identified in the organisation of these functions which can equate to a saving but does not impact on front line delivery of services. A wider review of home to school transport is	The provision of statutory services will not be affected by the proposals to achieve a saving in this service area. The saving will be made through achieving a greater efficiency in the processes funded within School Organisation that do not affect front line delivery of services.	There is no change to the entitlement to receive services such as home to school transport, attendance support or the school admission processes. The level of support for contact with residents will remain unchanged. However processes that are undertaken in relation to these service areas will be rationalised and thereby releasing a saving. See EIA 5	0.039

Families, Children & Learning Integrated Service & Financial Plan 2019/20				
Service Area	**Rationale for Strategy**	**Service & Financial Proposals**	**Delivery Risk & Impact on Outcomes**	**Savings 2019/20 £m**
management and leadership of school meals, home to school transport and all other statutory school organisation functions. Transport between home and school for children who live beyond the statutory walking distance. The appropriate school is the nearest maintained school to the child's home that is suitable to their age, educational needs and has a place available.	planned which may identify further savings in the future. As this review has not yet taken place no additional savings have been identified as yet.			
Early Years - Children's Centres City-wide service co-located with health visiting which aims to improve outcomes for children under 5. Seven designated Children's Centres and delivery points	The service was reviewed in 2015/16 and funding reduced from April 2016. Between April to June 2018, 1,522 children attended Children's Centres, 344 children received targeted interventions and 37 adults volunteered.	Reduction in running and administration costs.	Delivery Risk - Low	0.030

Families, Children & Learning Integrated Service & Financial Plan 2019/20				
Service Area	**Rationale for Strategy**	**Service & Financial Proposals**	**Delivery Risk & Impact on Outcomes**	**Savings 2019/20 £m**
across the city.				
Early Years - Childcare Support for nurseries, childminders, out of school childcare, childcare workforce training, and management and administration of free early years entitlement for 2/3/4 year olds	Statutory duties to secure advice and support for childcare providers and sufficient childcare provision. To encourage childcare providers to increase the number of apprentices and access apprenticeship funding for qualifications.	Reduction in management costs to support childcare workforce development and childminding.	Delivery Risk- Low risk	0.035
Early Help - Integrated Team for Families (ITF) and Parenting Service (including the Troubled Families Grant) The ITF & Parenting Service work with families with children of all ages who have multiple complex needs that generally fall just below the social work threshold,	The Integrated Team for Families and Parenting Team is part of the Council's contribution to the national Troubled Families initiative which aims to deliver coordinated and tailored support to families experiencing multiple and complex problems to reduce demand pressures on costly reactive services. The service was restructured in 2017 with the number of ITF teams reduced from four to two and a reduction in the number of Family Coaches. As the proposals for savings in 2019/20 were already known the restructure incorporated the proposed savings for next year and this has already been achieved. Subsequent to the redesign of the team the city was successful in achieving 'Earned	Reduction of two Family Coach posts funded by the Council General Fund	Delivery Risk: Low risk. The reduction in staffing has been offset by greater investment bin support services following the achievement of Earned Autonomy. See EIA 6.	0.080

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Families, Children & Learning Integrated Service & Financial Plan 2019/20				
Service Area	**Rationale for Strategy**	**Service & Financial Proposals**	**Delivery Risk & Impact on Outcomes**	**Savings 2019/20 £m**
including Family Coaching, specific interventions and group work programmes. The Parenting Service delivers evidence based group and 1-1 parenting interventions. Much of this service is funded by the Troubled Families Grant. Brighton & Hove has been successful in gaining 'Earned Autonomy' which has provided greater certainty of funding until 2020 and reduced our reporting requirements	Autonomy' from Troubled Families. This has led to a decrease in reporting requirements and greater certainty of funding. In previous years the budget varied considerably from year to year as a result of the payment by results methodology. This constrained longer term planning. Earned Autonomy has meant that we have been able to increase the capacity of support services for families with parental conflict and mental health issues. The Troubled Families Initiative is due to end in 2020.			
Skills & Employment Team. This team supports community learning, as provided by The Friends Centre which is funded via Skills Funding Agency (SFA). This team also includes:	These teams provide a range of skills and employment support to both young people but also adults. The Youth Employability Service has been very successful in ensuring that the number of young people not in education, employment and training in Brighton & Hove is relatively low. This means that young people have a good start on their employment journey. The apprenticeship team is focussed on	The savings target is being achieved across the whole team from efficiencies including some external funding until the end of 2020.	No negative impact is anticipated.	0.055

Families, Children & Learning Integrated Service & Financial Plan 2019/20				
Service Area	**Rationale for Strategy**	**Service & Financial Proposals**	**Delivery Risk & Impact on Outcomes**	**Savings 2019/20 £m**
- Apprenticeship team - Youth Employability Service - Post-16 Learning & Skills	ensuring that council services (including schools) maximise the number of apprenticeship take-ups of all ages so that the Council is able to access its own funds via the apprenticeship levy.			
Print & Sign Unit	This service is entirely funded by work it carries out on a cost recovery basis.	There is a small saving attached for the year 2019/20 derived from efficiencies and increased work.		0.005
Service wide agency staff spend	Reprocurement of the corporate agency staff contract has identified a saving as a result of lower on cost rates. This saving is reflected in all service areas where agency staff are used through the contract		This is a procurement saving and therefore the key risk relates to the level of agency staff used in the service area.	0.001
Education & Skills				**0.318**
Children's Safeguarding & Care				
Fostering & Adoption Payments to in-house carers for fostered and adopted children.	Review of Special Guardianship Orders (SGO) & adoption allowances in order to make efficiencies	Maintain budget as investment in this area is better value for money than foster agency placements.	Delivery risk: Low risk. Impact on Outcomes: No impact anticipated See EIA 7.	0.035
Contact Service Family contact for children in care (CiC) and children in need (CIN)	The service provides co-ordinating, supporting and supervising court ordered parental and family contact with children in care and children in need. Service redesign has resulted in significant savings in previous years	Review of sessional worker use and their transportation costs should result in modest savings	Delivery Risk: Medium risk. Impact on Outcomes: Reducing sessional worker capacity could result in service being unable to deliver required level of contact for children and their families See EIA 8A.	0.040
Agency Placements Residential,	Project to increase the number of in house foster placements and reduce reliance on more expensive independent provider	Relationship based social work practice and the specialist adolescence service is contributing to diverting children from the	Delivery Risk: This is a high cost service where the failure of effective prevention and demand management will not only	1.614

Families, Children & Learning Integrated Service & Financial Plan 2019/20				
Service Area	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	Savings 2019/20 £m
fostering and secure placements for looked after children provided by external agencies	provision is ongoing. Provision of high quality, value for money provision though contracted services with external providers supported by the children's services framework contract arrangements and preferred provider guidelines. In addition to the savings proposed there is pressure funding of £910k to cover in future anticipated in creased costs for existing clients	care system, and for those already in care, a stepping down to in house and/or less expensive placements. The overall number of children in care has continued to reduce locally (in the context of a national increase) and close scrutiny of placement costs, together with an increase in in-house foster carers is contributing to a reduction in unit costs. Work streams: Increasing number of in house foster carers and those able to provide support to more complex children; Increasing and extending preferred provider options for the Local Authority in partnership across the South East; Developing in house capacity with regards Supported Lodgings - an area of increasing demand and unit costs.	impact on the achievement of cost reduction but is likely to be of corporate financial significance to the council's challenging medium term financial position. The proposals set out here assume that other pressures on this budget will be met across the overall budget. A small number of adolescents with very significant needs continue to provide pressure on these budgets combined with a national shortage of placements. Impact on Outcomes: Improved practice model prevents children needing care and contributes to improved outcomes for young people. Demand management has implications for managing risk effectively to meet safeguarding requirements and statutory duties. See EIA 8B.	
Family Support Services - Family group conferences and intensive intervention initiatives	Maintaining investment in this preventive service area is critical for effective demand management. Family Group Conferencing is used to identify alternative means to meet the needs of families who are facing difficulties and so avoid the need for a child to be brought into care.	Modest savings from Family Information Service based in the multi agency safeguarding hub.	Impact on Outcomes: No impact anticipated. See EIA 9.	0.010
Specialist Assessment Clermont Assessment Centre	Further development of model of social work practice to ensure a focus on supporting social workers to be the "expert" and deliver high quality and comprehensive enhanced assessments where required and	Redesign of Clermont delivery model in order to support the upskill of social workers via Lead Practitioner model, thereby reducing demand for specialist assessments from both Clermont & external	Delivery risk - Low Risk Impact on Outcomes - increase in social work demand could result in insufficient capacity to undertake specialist assessments. See EIA 10 and EIA S3.	0.100

Families, Children & Learning Integrated Service & Financial Plan 2019/20				
Service Area	**Rationale for Strategy**	**Service & Financial Proposals**	**Delivery Risk & Impact on Outcomes**	**Savings 2019/20 £m**
& expert assessments and living Without Violence service.	reduce reliance on seeking these via 3rd parties.	providers, enabling savings		
Service wide agency staff spend	Reprocurement of the corporate agency staff contract has identified a saving as a result of lower on cost rates. This saving is reflected in all service areas where agency staff are used through the contract		This is a procurement saving and therefore the key risk relates to the level of agency staff used in the service area.	0.001
Children's Safeguarding & Care				**1.800**
Children's Safeguarding & Quality Assurance				
Children's Safeguarding & Quality Assurance Specific child protection services, the Local Safeguarding Children's Board and independent reviewing officers.	LSCB management and admin is a statutory multi-agency funded safeguarding function. Child protection services and independent Reviewing Officers are statutory services with high case loads and increasing demands.	Reducing and managing demand under the new practice model should enable a modest reduction of staffing resource over the medium term.	Delivery Risk: Continuing high demand and referral rates would put at risk this potential staffing efficiency. Impact on Outcomes: Could put delivery within the statutory timeframes at risk if there were an increase in numbers in statutory services.	0.079
Children's Safeguarding & Quality Assurance				**0.079**
Families, Children & Learning				**3.440**

Families, Children & Learning Capital Investment Programme 2019/20 to 2023/24					
	Profiled Payments 2019/20 £m	**Profiled Payments 2020/21 £m**	**Profiled Payments 2021/22 £m**	**Profiled Payments 2022/23 £m**	**Profiled Payments 2023/24 £m**
Approved Schemes					
Basic Need - New Pupil Places *	32.226	-	-	-	-
Education Capital Maintenance	0.910	-	-	-	-
Universal Free School Meals	0.328	-	-	-	-
Healthy Pupils Grant - Surrenden Pool	0.286	-	-	-	-
New Schemes to be Approved					
Basic Need - New Pupil Places	-	2.879	-	-	-
Education - Capital Maintenance **	5.000	5.000	5.000	5.000	5.000
Devolved Formula Capital **	0.500	0.500	0.500	0.500	0.500
Structural Maintenance	0.623	0.623	0.623	0.623	0.623
Families, Children & Learning	**39.873**	**9.002**	**6.123**	**6.123**	**6.123**

* Basic Need profile of spend will be reported in the Education Capital Report in March 2019

** Estimated Funding to be Confirmed

Health and Adult Social Care Directorate

Services and Responsibilities

The directorate is responsible for discharging the council's statutory responsibilities in relation to the provision of Adult Social Care to meet eligible need, legal duties to keep people safe from harm, safeguarding people whose liberty may be deprived and delivering our Public Health duties and functions. The Directorate provides a range of support to adults within the city and their carers. These include residential/nursing care, support packages for those with complex needs and universal, preventative support aimed at keeping people well and independent for longer.
In 2017/18, Adult Social Care managed the following activity:

- 4,526 new requests for social care support
- 1,278 of these new requests resulted in provision of long term funded care services. Others received short term support e.g. reablement or end of life care, signposting to community services or ongoing low level support e.g. issuing equipment;
- 2,327 carers supported;
- 1,945 Deprivation of Liberty Safeguards applications
- 809 Safeguarding enquiries were carried out.
- 1,103 Mental Health Act assessments
- 9.6 (March 2017) to 4.7 (March 2018) Supported patients being discharged from hospital contributing to a significant reduction in % occupied Delayed Transfers of Care bed days (Brighton and Sussex University Hospital)

During this period we provided long term funded care services for 3535 adults. This support was provided in the following ways:

- 1,723 adults received domiciliary care in the community, this figure does not include those people referred into Homefirst, a Discharge to Assess programme initiated midway through 2016/17. This is jointly funded with the CCG focussed upon getting patients home from hospital as soon as they are medically stable. This pathway enables a period of rest and recovery, with support, before longer terms needs are considered. This is subject to separate evaluation;
- 1,371 adults received residential or nursing support (711 nursing care placements and 660 residential care placements). Overall numbers of long term placements increased between 2016/17 and 2017/18 but we are now seeing a higher proportion of nursing placements with a consistent reduction in permanent residential placements coming through as an emerging trend.
- 441 adults were in receipt of care services funded via a Direct Payment

Health & Adult Social Care Budget Summary

2018/19 Net Expenditure / (Income)	Service Area	2019/20 Budget					2019/20 Budgeted Contracted Staff
		Expenditure	Income	Budget Allocation	Capital Charges & Recharges	Net Expenditure / (Income)	
£m		£m	£m	£m	£m	£m	FTE
32.505	Adult Social Care	54.081	(21.294)	**32.787**	3.252	**36.039**	516.8
8.717	Integrated Commissioning	9.884	(1.312)	**8.572**	0.669	**9.241**	47.3
14.517	S75 SPFT	24.581	(8.271)	**16.310**	0.275	**16.585**	55.7
0.419	Public Health	20.065	(19.884)	**0.181**	0.074	**0.255**	51.8
56.158	**Health & Adult Social Care Total**	**108.611**	**(50.761)**	**57.850**	**4.269**	**62.119**	**671.6**

Health & Adult Social Care 2019/20 Revenue Budget Breakdown

Service Description	Employee Expenditure £m	Other Expenditure £m	Total Expenditure £m	Income From Fees, Charges & Rents £m	Other Income £m	Government Grants £m	Total Income £m	Total Budget Allocation £m	Capital Charges & Recharges £m	Net Expenditure / (Income) £m
Adult Social Care										
Assistive Equipment & Technology	1.162	2.411	**3.573**	(0.617)	(2.432)	-	**(3.049)**	**0.524**	0.138	**0.662**
Clients with Memory/Cognition Support	2.655	0.215	**2.870**	(0.486)	(1.040)	-	**(1.526)**	**1.343**	0.671	**2.014**
Clients with Physical Support	4.168	31.861	**36.029**	(8.872)	(5.150)	(0.328)	**(14.350)**	**21.679**	1.133	**22.812**
Clients with Sensory Support	-	0.250	**0.250**	(0.047)	-	-	**(0.047)**	**0.203**	0.003	**0.206**
Clients with Substance Misuse Support	-	0.103	**0.103**	-	-	-	**-**	**0.103**	0.002	**0.105**
Social Care Activities	8.754	0.470	**9.223**	(0.006)	(1.238)	-	**(1.244)**	**7.979**	1.047	**9.027**
Supported Accommodation	1.697	0.336	**2.033**	(0.973)	(0.105)	-	**(1.078)**	**0.955**	0.258	**1.213**
Adult Social Care Total	**18.435**	**35.646**	**54.081**	**(11.001)**	**(9.964)**	**(0.328)**	**(21.294)**	**32.787**	**3.252**	**36.039**
Integrated Commissioning										
Clients with Physical Support	-	0.025	**0.025**	-	(0.008)	-	**(0.008)**	**0.017**	0.008	**0.025**
Commissioning & Service Delivery	1.906	0.087	**1.993**	(0.012)	(0.175)	-	**(0.187)**	**1.807**	0.479	**2.285**
Housing Related (Supporting People)	-	6.133	**6.133**	-	(0.012)	(0.661)	**(0.673)**	**5.459**	0.028	**5.487**
Information & Early Intervention	0.031	1.357	**1.387**	-	(0.467)	-	**(0.467)**	**0.921**	0.118	**1.038**
Social Care Activities	0.199	0.001	**0.199**	-	(0.036)	-	**(0.036)**	**0.164**	0.032	**0.195**
Support To Carers	-	0.147	**0.147**	-	0.058	-	**0.058**	**0.205**	0.005	**0.210**
Integrated Commissioning Total	**2.136**	**7.748**	**9.884**	**(0.012)**	**(0.639)**	**(0.661)**	**(1.312)**	**8.572**	**0.669**	**9.241**
S75 SPFT										
Clients with Memory/Cognition Support	-	13.994	**13.994**	(4.151)	(1.778)	-	**(5.929)**	**8.065**	0.057	**8.123**

Health & Adult Social Care 2019/20 Revenue Budget Breakdown										
Service Description	**Employee Expenditure £m**	**Other Expenditure £m**	**Total Expenditure £m**	**Income From Fees, Charges & Rents £m**	**Other Income £m**	**Government Grants £m**	**Total Income £m**	**Total Budget Allocation £m**	**Capital Charges & Recharges £m**	**Net Expenditure / (Income) £m**
Clients with Mental Health Support	-	7.218	**7.218**	(0.529)	(1.622)	-	**(2.151)**	**5.066**	0.032	**5.099**
Social Care Activities	2.518	0.852	**3.370**	-	(0.191)	-	**(0.191)**	**3.178**	0.185	**3.364**
S75 SPFT Total	**2.518**	**22.063**	**24.581**	**(4.680)**	**(3.591)**	**-**	**(8.271)**	**16.310**	**0.275**	**16.585**
Public Health										
Children's Public Health Programmes (0-5)	-	3.788	**3.788**	-	(0.090)	-	**(0.090)**	**3.698**	-	**3.698**
Children's Public Health Programmes (5-19)	0.111	1.449	**1.559**	-	(0.028)	-	**(0.028)**	**1.532**	-	**1.532**
Commissioning	(0.360)	0.303	**(0.057)**	-	-	(19.554)	**(19.554)**	**(19.611)**	0.065	**(19.546)**
Miscellaneous Public Health Services	1.204	1.965	**3.169**	(0.012)	(0.028)	-	**(0.040)**	**3.129**	-	**3.129**
NHS Health Check Programmes	0.000	0.301	**0.301**	-	-	-	**-**	**0.301**	-	**0.301**
Obesity	-	0.400	**0.400**	-	-	-	**-**	**0.400**	-	**0.400**
Physical Activity	0.245	0.216	**0.461**	(0.009)	-	(0.024)	**(0.033)**	**0.428**	0.009	**0.437**
Public Health Advice	0.181	0.008	**0.189**	-	-	-	**-**	**0.189**	-	**0.189**
Sexual Health Services	0.061	4.104	**4.164**	-	-	-	**-**	**4.164**	-	**4.164**
Substance Misuse	0.130	5.960	**6.090**	-	(0.139)	-	**(0.139)**	**5.951**	-	**5.951**
Public Health Total	**1.572**	**18.493**	**20.065**	**(0.021)**	**(0.285)**	**(19.578)**	**(19.884)**	**0.181**	**0.074**	**0.255**
Health & Adult Social Care Total	**24.661**	**83.950**	**108.611**	**(15.714)**	**(14.480)**	**(20.567)**	**(50.761)**	**57.850**	**4.269**	**62.119**

Health & Adult Social Care Integrated Service & Financial Plan 2019/20				
Section	**Rationale for Strategy**	**Service & Financial Proposals**	**Delivery Risk & Impact on Outcomes**	**Savings 2019/20 £m**
Adult Social Care				
Community Care budget funding packages of care to meet statutory responsibilities across adult care groups apart from Learning Disability and mental Health.	Continue with the agreed direction of travel for Adult Social Care focusing upon reducing demand through a number of approaches: increasing access to advice and information, development of asset based social work maximising community support mechanisms, integration with health colleagues, both commissioning and front line delivery, to provide a better joined up	Support delivery of preventative approaches to reduce flow of new care packages, ensure all new care packages secure value for money, prioritise reviews and target higher cost packages to explore more effective means of delivery, integration with health to focus upon admission avoidance and discharge to assess at home. Implement new financial	Delivery Risk: Primary risk is that the number of people with eligible needs continues to increase and those with existing services become frailer thus requiring increased packages which would impact on achievement of the full saving. Development of preventative strategies will help to generate long term benefits however there is a risk of not achieving full	1.174

Health & Adult Social Care Integrated Service & Financial Plan 2019/20				
Section	**Rationale for Strategy**	**Service & Financial Proposals**	**Delivery Risk & Impact on Outcomes**	**Savings 2019/20 £m**
Services include; community support, home care, supported accommodation, residential and nursing care. Physical Support & Sensory Support	service to customers/patients	controls with all high cost care packages to be agreed by a senior management scrutiny process.	target savings within the period. Market maturity and sustainability following a period of time with modest increases may impact upon success of savings being fully realised. With Care Act responsibilities to the market we must manage risk/potential for legal challenge. Impact on Outcomes: Concentrating on key statutory duties and those clients who present the highest risk to themselves and to the Community. Need for EIA to be determined on service specific basis. See EIA 11.	
	Annual increases have been possible over recent years due to increased one off funding that has been available to support increases in rates. The Council will be able to continue to offer providers a comprehensive free training package and this will continue to be available. Providers will also continue to receive support from the commissioning and quality monitoring teams to support their businesses development.	No annual uplift to be applied to set rates for existing packages of care.	Potential financial Impact on provider market and increase in the number of individual negotiations that are required to secure provision. Exploring alternative contracting arrangements to secure provision.	0.660
Assessment & Support and Intervention Team (SIT). Social Work teams delivering statutory duties under the Care Act to assess eligible needs, intervene	There is an expectation of new statute concerning DoLS which will reduce demand on Best Interest Assessors and external agency costs.	Realign available resources in line with the requirements of the new legislation.	Delivery risk: Legislative changes will not happen leaving the service unable to meet the current statutory duty.	0.150

Health & Adult Social Care Integrated Service & Financial Plan 2019/20				
Section	**Rationale for Strategy**	**Service & Financial Proposals**	**Delivery Risk & Impact on Outcomes**	**Savings 2019/20 £m**
where people are at risk to themselves, others or the community. Deliver statutory duties under the Mental Capacity Act, Safeguarding Vulnerable Adults, Deprivation of Liberty Safeguards (DoL's)				
Hostel Accommodation - 96 beds budgeted for in 2018/19	Review hostel provision to ensure that it is fit for purpose and is able to meet and respond to the needs of vulnerable people requiring services.	Part of the ongoing review of hostel accommodation includes looking to ensure that these are aligned with our commissioned services.	Increase in demand and complexity in needs of individuals.	0.250
Community Short Term Services & Independence at Home (Including Early Supported Stroke Discharge and Apportionment of Assessment Duties - budget capacity for 2018/19 assumes a max of 65 people in service at any time through 12 month period. Craven Vale Residential Knoll House	With a focus on admission avoidance and ensuring flow from the acute hospital, ensuring people are maintained in community settings, complete a review of the pathways that are supported by Homefirst, bedded provision in Resource Centres and our Home Care offer. Working closely with the Clinical Commissioning Group (CCG), Sussex Community Foundation Trust, applying genuine integration principles we will facilitate a more streamlined pathway delivering a reduced need for both the number and size of ongoing packages of care and placements leading to a reconfiguration of the current level of bedded provision and Home Based Care.	Reconfiguration of CSTS (Community Short Term Services) provision in the light of embedding Home First and Discharge to Assess principles will delay and reduce the demand on purchasing packages of care and placements in the independent sector reducing demand on community care provision.	Active support from partners is critical in ensuring effective implementation of strategy. Risk of increased needs/dependency levels. We will retain the service of 'last resort' Risk on delivery if alternative provision is not available. Requires modelling of remaining beds on basis of future rather than past activity See EIA 12.	0.614

Health & Adult Social Care Integrated Service & Financial Plan 2019/20				
Section	**Rationale for Strategy**	**Service & Financial Proposals**	**Delivery Risk & Impact on Outcomes**	**Savings 2019/20 £m**
Residential - 51 budgeted capacity to 2018/19.				
Service wide agency staff spend	Reprocurement of the corporate agency staff contract has identified a saving as a result of lower on cost rates. This saving is reflected in all service areas where agency staff are used through the contract.		This is a procurement saving and therefore the key risk relates to the level of agency staff used in the service area.	0.038
Adult Social Care				**2.886**
S75 SPFT				
Community Care budget funding packages of care, support, residential/nursing care for people suffering a cognitive impairment (mainly dementia in older people); services will include Community Support, Home Care, direct payments, supported accommodation, residential/nursing care and specialist placements Memory & Cognition Support Approach based	Improving value for money by learning the lessons of effective models elsewhere that can maintain people at home longer and further reduce reliance on more traditional statutory services. Improving control of the care home market and provide increased community solutions. Continue with the agreed Direction of Travel for Adult Social Care: increased emphasis on effective information, advice and signposting to reduce demand. Continued development of a strength/asset based social work approach to lessen reliance on publicly funded services. Integration of front line teams with health and other partners to create efficiencies.	Lower cost (i.e. reduced funding requirement) for new placements and through targeted reviews of current placements, making use of community assets to reduce reliance on high cost services.	Delivery Risk: Primary risk is that eligible need continues to grow which would impact on achievement of full saving. Managing the demand for and cost of provision is key. Availability and affordability of supported living options and nursing home care in the City remains a risk. Impact on Outcomes: Increase provision of block contract beds within the City. New provision of Extra Care Housing in the City for clients with dementia will provide an alternative to residential care for some. Requirement for EIA subject to service specific proposals. See EIA 11.	0.188
	Annual increases have been possible over recent years due to increased one off funding that has been available to support increases in rates. The Council will be able to continue to offer providers a comprehensive free training package and this will continue to be available. Providers	No annual uplift to be applied to set rates for existing packages of care.	Potential financial Impact on provider market and increase in the number of individual negotiations that are required to secure provision. Exploring alternative contracting arrangements to secure provision.	0.230

Health & Adult Social Care Integrated Service & Financial Plan 2019/20				
Section	**Rationale for Strategy**	**Service & Financial Proposals**	**Delivery Risk & Impact on Outcomes**	**Savings 2019/20 £m**
upon approximately 472 persons in the city with a dementia diagnosis	will also continue to receive support from the commissioning and quality monitoring teams to support their businesses development.			
Community Care budget funding packages of care, support, residential/nursing care for people suffering a functional mental illness services will include Community Support, Home Care, direct payments, supported accommodation, residential/nursing care and specialist placements. Mental Health Support - 375 budgeted capacity for 2018/19.	As per direction of travel, model of increased personalisation to reduce reliance on public funded services. Improving value for money by learning the lessons of effective models elsewhere that can maintain people at home longer and further reduce reliance on more traditional statutory services. Increased use of supported accommodation will reduce the reliance on residential and nursing care.	Lower cost (i.e. reduced funding requirement) for new placements and through targeted reviews of current placements, making use of community assets to reduce reliance on high cost services. Involves continued review of cost of placements, reductions in waiver use, and reviews of S117 placements to reduce costs and/or increase client contributions.	Delivery Risk: Managing demand and costs of provision is key to achieving reducing funding requirements. Re-admission to hospital and not meeting complex needs in an appropriate manner could result if the model is not implemented effectively. Requirement for EIA subject to service specific proposals. See EIA 11.	0.067
	Annual increases have been possible over recent years due to increased one off funding that has been available to support increases in rates. The Council will be able to continue to offer providers a comprehensive free training package and this will continue to be available. Providers will also continue to receive support from the commissioning and quality monitoring teams to support their businesses development.	No annual uplift to be applied to set rates for existing packages of care.	Potential financial Impact on provider market and increase in the number of individual negotiations that are required to secure provision. Exploring alternative contracting arrangements to secure provision.	0.210
Service wide agency staff spend	Reprocurement of the corporate agency staff contract has identified a saving as a result of lower on cost rates. This saving is reflected in all service areas where agency staff are used through the contract.		This is a procurement saving and therefore the key risk relates to the level of agency staff used in the service area.	0.004
S75 SPFT Total				**0.699**

Health & Adult Social Care Integrated Service & Financial Plan 2019/20				
Section	**Rationale for Strategy**	**Service & Financial Proposals**	**Delivery Risk & Impact on Outcomes**	**Savings 2019/20 £m**
Integrated Commissioning				
Commissioning & Contracts Adults Commissioning & Performance Team, Executive Director Adult Services, Safeguarding Team	It is anticipated that integrated working will deliver efficiencies moving forward. The commissioning function is supporting the delivery of savings across Health and Adult Social Care, alongside the administration functions that sit across the directorate.	Administration review across Health and Adult Social Care to ensure that resource is being provided in an integrated and efficient way supporting the needs of the Directorate.	Ensuring that all elements of the directorate receive the necessary admin input to support delivery of services.	0.070
Commissioning & Contracts	Review of contracts to ensure that service are fit for purpose and that resources are being used effectively.	Review contracts and ensure resources are being used effectively and any efficiencies realised.	Unable to identify contract efficiencies. See EIA 13.	0.385
Integrated Commissioning				**0.455**
Public Health				
Substance Misuse services residential rehab	Savings have already been made across alcohol and drug services. However compared with other LAs Brighton and Hove has a relatively high percentage of alcohol and drug users beings treated in residential rehab.	A 10% reduction in overall funding to be negotiated as part of an extension to current residential rehabilitation contracts.	Delivery Risk: this will be dependent on negotiation with providers (the proposal has not been shared with them). Impact on Outcomes: It is possible that a reduction in funding will reduce the number of people receiving support during the year and consequently the number of people successfully completing their treatment. People will need to be supported by community services for longer periods of time before they can access residential rehabilitation. See EIA 14.	0.053
Sexual Health Commissioning of sexually transmitted	Contracts ending March 2019 have been reviewed and it has been identified where service changes can be made to make savings minimising impact on outcomes.	Savings will be made through not renewing the contracts of those sexual health services which are ending and where needs can be addressed by other existing services.	Delivery Risk: low risk as these contracts end March 2019 and have been previously renewed on an annual basis. Impact on Outcomes: People who would have used	0.093

Health & Adult Social Care Integrated Service & Financial Plan 2019/20				
Section	**Rationale for Strategy**	**Service & Financial Proposals**	**Delivery Risk & Impact on Outcomes**	**Savings 2019/20 £m**
infection (STI) prevention and treatment, contraception, HIV prevention and advice services.			these services will be directed to existing sexual health and other local services. See EIA 15.	
Health Improvement	Where possible, services will be re-procured and/or redesigned to maintain impact on outcomes at a lower cost. Expenditure on internal staffing and programme spend will be reduced ensuring that focus remains on priority public health outcomes.	Internal spend: £114k will be saved from deleting vacant Public Health posts; internal Public Health programme budgets will be reduced by £71k. Commissioning: Ageing Well service commission (with ASC / CCG) will save £51k; Recommissioning Mental Health Support Services (with ASC / CCG) will save £20k, and two contracts (Bandbazi and Fabrika) will not be recommissioned or extended when their contracts end saving £25k. All other contracts ending in March 2019 will be recommissioned or renegotiated with 10-20% reductions, saving £32k including £25k on preventative wellbeing services commissioned within Adult Social Care Commissioning (EIA13) Public Health funding towards the Healthy Neighbourhood Fund and the Fareshare food distribution service will reduce, saving £20k.	Delivery risk: Internal: Low risk as vacancies are being held in anticipation of the savings requirement and planning is underway to redesign programme spend. Commissioning: Ageing Well and Mental Health Support Services commissions are underway (low risk); other services low risk as contracts end March 2019. Healthy Neighbourhood Fund: Impact on outcomes: Reduced capacity to deliver public health programmes and delivery of health improvement; internally wherever possible these impacts will be mitigated by reprioritisation and service redesign. Externally, efficiency savings in commissioning will be sought. A lower level of funding will be available for local health improvement activities under the Healthy Neighbourhood Fund. See EIAs 16, 17, 18 (Public Health) and EIA 13 (Adult Social care Commissioning)	0.333
Service wide agency staff spend	Reprocurement of the corporate agency staff contract has identified a saving as a		This is a procurement saving and therefore the key risk relates to the level of agency	0.001

Health & Adult Social Care Integrated Service & Financial Plan 2019/20				
Section	**Rationale for Strategy**	**Service & Financial Proposals**	**Delivery Risk & Impact on Outcomes**	**Savings 2019/20 £m**
	result of lower on cost rates. This saving is reflected in all service areas where agency staff are used through the contract.		staff used in the service area.	
Public Health				**0.480**
Health & Adult Social Care				**4.520**

Health & Adult Social Care Capital Investment Programme 2019/20 to 2023/24					
	Profiled Payments 2019/20 £m	**Profiled Payments 2020/21 £m**	**Profiled Payments 2021/22 £m**	**Profiled Payments 202/23 £m**	**Profiled Payments 2023/24 £m**
Approved Schemes					
None					
New Schemes to be Approved					
Better Care Funding Grant *	0.500	0.500	0.500	0.500	0.500
Health & Adult Social Care	**0.500**	**0.500**	**0.500**	**0.500**	**0.500**

* Estimated Funding to be Confirmed

Economy, Environment & Culture Directorate

Services and Responsibilities

The Economy, Environment & Culture directorate provides services that aim to maintain an attractive, sustainable and well run city for residents, business and visitors. The directorate includes the following services:

- **City Development & Regeneration** – Leading the council's work with Greater Brighton and city partners to develop a strong and prosperous and sustainable economy. Delivering major regeneration and projects, Planning and Building Control services, and developing new affordable homes through the Living Wage Joint Venture and New Homes for Neighbourhoods Programme.

- **Transport** – Maintaining, managing and improving the city's transport network & highways infrastructure, including the delivery of major infrastructure projects working closely with Department for Transport and Coast to Capital Local Enterprise Partnership (LEP). Effectively regulating traffic management and parking services to deliver reductions in congestion and improvements in air quality, management of surface water flooding, sea defences and coastal structures.

- **City Environmental Management** – Delivering a modern commercial approach to recycling, waste and street cleaning services with a focus on getting basic service delivery right, income generating opportunities, rethinking the management of parks and opens spaces, including the delivery of the Stanmer Park Masterplan, sport and leisure facilities, outdoor events and seafront management.

- **Property –** Leading the council's property strategy, commissioning and delivery of corporate and commercial property services with an emphasis upon an investment strategy that delivers new revenue streams from our assets and keeping the council's operational assets safe and fit for purpose. The council's property and land portfolio includes operational assets such as council offices, town halls, heritage, schools and leisure centre assets and commercial properties and agricultural farmlands.

- **Culture, Tourism & Sport** – Leading the future of the city's unique arts, cultural and tourism offer and expanding this for a wider city region. Establishing a new Cultural Trust for the Royal Pavilion and Museums and progressing the Brighton Waterfront Project to secure a new conference centre and venue for the City. The Royal Pavilion and Museums (RPM) comprises five sites open to the public and eight other historical sites/ monuments. Our tourism and visitor services include the management of the Brighton Centre and our 'Visit Brighton' destination marketing services.

Strategy and Key Proposals

Over the past year, services in the Economy, Environment & Culture directorate have delivered £2.3m (Approx. 6% of net budget) savings. The Integrated Service & Financial Plan proposals for 2019/20 set out savings proposals of £1.849m (Approx. 5% of net budget). These will be achieved through a mixture of commercial approaches to generating income, establishing alternative delivery models, service redesigns and transformations, changes to commissioning, and other proposals.

The budget strategy focuses upon improving the efficiency of services to maintain the city's infrastructure and environment, whilst working increasingly with partners, communities and businesses to find alternative ways to share environmental responsibilities, generate new income streams, reduce costs, and become financially more self-sufficient.

The directorate provides strong civic leadership and place making to enable investment and economic growth and city infrastructure which is clear about the benefits to local people, working with Coast to Capital LEP and Greater Brighton city region and South East 7 (SE7) partners to attract external investment, increase economic resilience, improve transport connectivity and local access to jobs, apprenticeships and housing.

Long term capital investment to renew and strengthen the infrastructure of the city will continue, to ensure effective management of the highways network and improve air quality, along with the delivery of major regeneration projects to bring about quality new business space and affordable housing whilst generating income from land and property assets and increasing business rate and council tax returns.

The directorate also plays an important role in supporting the arts, culture and heritage sectors of the city. The jobs in the cultural, creative and tourism sectors collectively make up nearly a third of the city's employment and the council owns much of the city's essential heritage and cultural infrastructure.

Our property services will continue the Corporate Landlord approach to make best use of the council's operational and commercial portfolios through redevelopment and regeneration opportunities. It continues to evolve the commercial portfolio through a rebalancing strategy and provide an increasing return on rental streams in the long term and support the council's modernisation programme enabling service re-designs and ensuring capital receipts are maximised in support of the council's capital investment programme and Medium Term Financial Strategy.

Economy, Environment & Culture Budget Summary

2018/19 Net Expenditure / (Income)	Service Area	2019/20 Budget Expenditure	Income	Budget Allocation	Capital Charges & Recharges	Net Expenditure / (Income)	2019/20 Budgeted Contracted Staff
£m		£m	£m	£m	£m	£m	FTE
15.181	Transport	38.202	(37.402)	**0.800**	13.369	**14.169**	169.1
32.967	City Environmental Management	32.794	(2.290)	**30.504**	4.940	**35.444**	465.4
3.160	City Development & Regeneration	5.119	(2.747)	**2.372**	0.626	**2.998**	94.4
10.853	Culture, Tourism & Sport	15.945	(12.229)	**3.716**	11.354	**15.070**	212.8
(6.114)	Property	8.954	(10.049)	**(1.095)**	(2.078)	**(3.173)**	26.4
56.046	**Economy, Environment & Culture Total**	**101.014**	**(64.717)**	**36.297**	**28.211**	**64.508**	**968.1**

Economy, Environment & Culture 2019/20 Revenue Budget Breakdown

Service Description	Employee Expenditure £m	Other Expenditure £m	Total Expenditure £m	Income From Fees, Charges & Rents £m	Other Income £m	Government Grants £m	Total Income £m	Total Budget Allocation £m	Capital Charges & Recharges £m	Net Expenditure / (Income) £m
Transport										
Concessionary Bus Fares	-	10.963	**10.963**	(0.018)	-	-	**(0.018)**	**10.945**	0.054	**10.999**
Head of Transport	0.327	0.170	**0.497**	-	-	-	**-**	**0.497**	(0.497)	**(0.000)**
Highway & Traffic Management	0.445	1.013	**1.458**	(0.650)	-	-	**(0.650)**	**0.808**	1.979	**2.787**
Highway Assets & Maintenance	0.788	2.540	**3.328**	-	-	-	**-**	**3.328**	3.897	**7.225**
Parking Operations	3.047	12.181	**15.228**	(34.934)	-	-	**(34.934)**	**(19.705)**	2.531	**(17.175)**
Public Transport	0.168	1.176	**1.344**	(0.301)	(0.016)	(0.173)	**(0.490)**	**0.855**	0.073	**0.928**
Road Safety	0.477	(0.025)	**0.452**	(0.021)	-	(0.040)	**(0.061)**	**0.391**	0.584	**0.976**
Road Works Permit Scheme	0.459	0.075	**0.534**	(0.670)	-	-	**(0.670)**	**(0.136)**	0.099	**(0.037)**
Street Lighting & Illuminations	0.137	2.339	**2.476**	(0.033)	(0.050)	-	**(0.083)**	**2.393**	0.493	**2.886**
Transport Policy & Strategy	0.475	0.070	**0.545**	-	-	-	**-**	**0.545**	0.087	**0.632**
Transport Projects	0.292	0.765	**1.057**	-	-	(0.496)	**(0.496)**	**0.561**	3.948	**4.509**
Winter Maintenance	0.047	0.272	**0.318**	-	-	-	**-**	**0.318**	0.122	**0.440**
Transport Total	**6.662**	**31.541**	**38.202**	**(36.628)**	**(0.066)**	**(0.709)**	**(37.402)**	**0.800**	**13.369**	**14.169**
City Environmental Management										
City Clean - Admin, Contracts & Projects	0.873	0.148	**1.021**	(0.151)	-	-	**(0.151)**	**0.870**	(0.644)	**0.226**
City Clean - Refuse & Recycling	5.103	16.192	**21.295**	(1.551)	(0.059)	-	**(1.610)**	**19.685**	3.462	**23.147**
City Clean - Street Cleansing	4.453	0.734	**5.187**	(0.013)	-	-	**(0.013)**	**5.174**	0.624	**5.798**
City Parks	3.838	0.553	**4.391**	(0.341)	(0.030)	(0.060)	**(0.432)**	**3.959**	1.395	**5.354**
Hollingdean Depot Management	-	0.218	**0.218**	-	-	-	**-**	**0.218**	(0.218)	**0.000**
Public Conveniences	-	0.690	**0.690**	(0.015)	-	-	**(0.015)**	**0.675**	0.169	**0.844**
Vehicle Fleet Management	0.043	(0.050)	**(0.007)**	(0.070)	-	-	**(0.070)**	**(0.077)**	0.153	**0.075**
City Environmental Management Total	**14.310**	**18.484**	**32.794**	**(2.141)**	**(0.089)**	**(0.060)**	**(2.290)**	**30.504**	**4.940**	**35.444**
City Development & Regeneration										
Building Control	0.731	0.058	**0.789**	(0.783)	-	-	**(0.783)**	**0.006**	0.158	**0.164**
Business Development & Customer Services	0.514	0.010	**0.524**	-	-	-	**-**	**0.524**	0.132	**0.656**
Development Planning	1.457	0.095	**1.552**	(1.687)	-	-	**(1.687)**	**(0.135)**	0.286	**0.150**
Economic Development	0.445	0.204	**0.649**	-	(0.142)	-	**(0.142)**	**0.507**	(0.034)	**0.473**
Economy, Environment & Culture Management	0.169	0.005	**0.174**	-	-	-	**-**	**0.174**	(0.203)	**(0.029)**
Head Of Planning	0.104	0.029	**0.133**	-	-	-	**-**	**0.133**	(0.133)	**(0.000)**
International Team	0.119	0.018	**0.137**	-	-	-	**-**	**0.137**	0.033	**0.170**
Major Projects & Regeneration	0.283	0.010	**0.294**	(0.045)	-	-	**(0.045)**	**0.249**	0.236	**0.484**
Planning Policy	0.547	0.149	**0.696**	(0.070)	-	-	**(0.070)**	**0.627**	0.111	**0.738**
Sustainability	0.163	0.009	**0.172**	-	(0.020)	-	**(0.020)**	**0.152**	0.040	**0.192**

Economy, Environment & Culture 2019/20 Revenue Budget Breakdown										
Service Description	**Employee Expenditure £m**	**Other Expenditure £m**	**Total Expenditure £m**	**Income From Fees, Charges & Rents £m**	**Other Income £m**	**Government Grants £m**	**Total Income £m**	**Total Budget Allocation £m**	**Capital Charges & Recharges £m**	**Net Expenditure / (Income) £m**
City Development & Regeneration Total	**4.532**	**0.586**	**5.119**	**(2.585)**	**(0.162)**	**-**	**(2.747)**	**2.372**	**0.626**	**2.998**
Culture, Tourism & Sport										
Culture	0.091	1.732	**1.822**	-	-	-	**-**	**1.822**	0.973	**2.795**
Events	0.103	0.103	**0.206**	(0.271)	-	-	**(0.271)**	**(0.065)**	0.148	**0.083**
Royal Pavilion & Museums	4.707	2.494	**7.201**	(4.352)	(1.345)	-	**(5.697)**	**1.504**	2.214	**3.717**
Seafront Services	0.577	0.353	**0.930**	(2.245)	-	-	**(2.245)**	**(1.315)**	1.082	**(0.233)**
Sports Facilities	0.219	0.961	**1.181**	(0.435)	-	-	**(0.435)**	**0.746**	2.783	**3.529**
Tourism & Marketing	0.351	1.634	**1.985**	(0.221)	(0.153)	-	**(0.374)**	**1.611**	0.061	**1.672**
Venues	2.060	0.249	**2.309**	(2.954)	-	-	**(2.954)**	**(0.645)**	3.977	**3.332**
Volks Railway	0.256	0.054	**0.310**	(0.252)	-	-	**(0.252)**	**0.058**	0.117	**0.174**
Culture, Tourism & Sport Total	**8.365**	**7.580**	**15.945**	**(10.730)**	**(1.498)**	**-**	**(12.229)**	**3.716**	**11.354**	**15.070**
Property										
Architecture & Design	(1.562)	0.355	**(1.207)**	(0.010)	-	-	**(0.010)**	**(1.217)**	0.747	**(0.470)**
Corporate Asset Management	(0.017)	0.094	**0.078**	-	-	-	**-**	**0.078**	0.072	**0.150**
Education Property Management	-	0.723	**0.723**	(0.019)	(0.035)	-	**(0.053)**	**0.670**	0.190	**0.859**
Energy & Water Management	0.000	0.056	**0.056**	-	-	-	**-**	**0.056**	(0.053)	**0.003**
Estates Management	(0.050)	0.986	**0.936**	(9.075)	-	-	**(9.075)**	**(8.138)**	3.814	**(4.324)**
Facilities & Premises	0.413	7.955	**8.367**	(0.911)	-	-	**(0.911)**	**7.456**	(6.848)	**0.609**
Property Total	**(1.215)**	**10.169**	**8.954**	**(10.014)**	**(0.035)**	**-**	**(10.049)**	**(1.095)**	**(2.078)**	**(3.173)**
Economy, Environment & Culture Total	**32.654**	**68.360**	**101.014**	**(62.098)**	**(1.850)**	**(0.769)**	**(64.717)**	**36.297**	**28.211**	**64.508**

Economy, Environment & Culture Integrated Service & Financial Plan 2019/20				
Service Area	**Rationale for Strategy**	**Service & Financial Proposals**	**Delivery Risk & Impact on Outcomes**	**Savings 2019/20 £m**
Transport				
Traffic Management - Highways New Roads & Street Works	Consideration of previous years spend against these budget lines indicates that savings are feasible. Workstyles move to Hove Town Hall has presented the opportunity for savings on furniture and equipment.	Small saving on Mileage and Furniture & Equipment budgets is deliverable.	None	0.005
Transport Policy & Strategy (Planning & Building Control Recovered)	Service review of the Transport Development Planning team indicates the potential for increased income to be achieved via planning agreements and provision of pre application advice.	Increase in income received from Development advice and works (after meeting the corporate inflationary increase on income targets).	Income will be linked to number of requests and applications received which cannot be guaranteed, however, this is considered a negligible risk.	0.005
Transport Projects & Engineering - Highways Lighting and Illuminations	Seafront festoon lighting & amenity lighting of public realm supports the visitor economy. Business Case for Invest to Save approved by Policy, Resources & Growth Committee (PR&G) in December 2016 generates savings in electricity and maintenance costs through modernisation of equipment from 2018 onwards.	Invest to save proposals will generate savings from 2018 onwards as the investment in low energy/efficient lanterns and columns will deliver reduced electricity and maintenance costs.	Delivery Risk: Continued deterioration of equipment without future investment. Impact on Outcomes: Community safety & resilience (by providing better information in times of adverse weather conditions) is supported by effective street lighting.	0.152
Transport Projects & Engineering - Highways Network Management and Winter Maintenance	This is a contractual obligation and a statutory duty. If the authority can demonstrate that it has a maintenance regime, which includes routine inspections and repairs, then it has taken reasonable care. Under the Section 58 defence it is recognised that the authority is carrying out the right functions to look after the condition of the highway correctly. The inspection & maintenance regime mitigates against	Spending on reactive maintenance is being reduced by 12% over the four year plan period. To support Winter Maintenance there is a need to encourage community resilience.	Delivery Risk: There is a year on year cumulative impact of savings in this budget area, as less work can lead to higher financial impacts when works get to the point where they need to be done on emergency safety grounds. There is potential for this to happen with increased frequency in the future due to the budget reductions.	0.044

Economy, Environment & Culture Integrated Service & Financial Plan 2019/20				
Service Area	**Rationale for Strategy**	**Service & Financial Proposals**	**Delivery Risk & Impact on Outcomes**	**Savings 2019/20 £m**
	circa £5m potential insurance claims to the council.			
Transport Projects & Engineering - Highways Highways Engineering	Some increased capacity has been created within the establishment staffing via Service Redesign and subsequent reviews that should allow some work to be undertaken in house. Capital budgets can be used for some consultancy work packages where they relate to capital schemes which can supplement the revenue budget.	Reduction in Consultancy Budget.	Delivery Risk: Capacity issues could cause delay to scheme timetables but this can be mitigated through effective project and programme management.	0.020
Transport Projects & Engineering Public Transport	Bus Operators provide marketing and promotion for bus services across the city and the recent retender of supported services required successful operators to promote services.	Reduction in budget for marketing bus services (including supported services).	Delivery Risk: Could impact on passenger numbers if awareness of services decreases but this is considered low risk due to the alternative bus service marketing and promotional activities which already exist in the city.	0.050
Parking Services Civil Parking Enforcement (On-Street Parking), Off-Street & Leased Car Parking, Parking Infrastructure and Maintenance.	Staff resources create, consult on and amend resident parking zones, maintain on-street & off-street parking payment systems and undertake extensive enforcement, monitoring and audit processes.	Increased income from Parking Suspensions (£140k) and Off Street Car Parks (£55k).	Delivery Risk: Subject to Committee approval of Fees & Charges. Also investment is required in 2019-20 to car parks to protect this income in the longer term.	0.195
		Projected Income from new Hove Park Scheme (£150k) and Bus Lane Penalty Charge Notice (PCN) Income (£170k)	Delivery Risk: Hove Park Parking Scheme subject to consultation and Committee approval and PCN income subject to compliance levels	0.320
Concessionary Bus Fares Scheme	Statutory reimbursement based on national formula and maintaining discretionary elements of the scheme (9am - 9.30am and 11pm to 3.59am	Maintain option of a fixed deal where this provides Value for Money to minimise impact of growth in trips and increasing cost. Lower inflation and lower growth in trips resulted in a saving in 2018/19. Further contract savings	Delivery Risk: Fixed deal contract rates are linked to RPIX which was announced in December 2018 therefore is no risk.	0.300

Economy, Environment & Culture Integrated Service & Financial Plan 2019/20				
Service Area	**Rationale for Strategy**	**Service & Financial Proposals**	**Delivery Risk & Impact on Outcomes**	**Savings 2019/20 £m**
	weekdays).	through the fixed deal are achievable in 2019/20.	Reimbursement for non fixed deal operators is subject to price and journey number changes but accounts for 5% of the budget.	
Service wide agency staff spend	Reprocurement of the corporate agency staff contract has identified a saving as a result of lower on cost rates. This saving is reflected in all service areas where agency staff are used through the contract		This is a procurement saving and therefore the key risk relates to the level of agency staff used in the service area.	0.023
Transport				**1.114**
City Environmental Management				
City Clean Furniture	Reducing the need for new furniture as both services go through the modernisation programme.	Savings represent a reduction in street and parks furniture budget of £30k for Cityclean and £10k for Cityparks.	Delivery Risk: Low	0.040
City Clean Fleet Management	Review fleet to ensure it meets the needs of the service. Income will be generated through auction of vehicles no longer required.	Savings represent net income (i.e. after any additional costs) from sale of goods. Reduction in cost of subscriptions to Association for Public Service Excellence (APSE).	Delivery risk is medium as income from auction sales is unpredictable. Some income will need to be reinvested into new fleet.	0.022
Service wide agency staff spend	Reprocurement of the corporate agency staff contract has identified a saving as a result of lower on cost rates. This saving is reflected in all service areas where agency staff are used through the contract		This is a procurement saving and therefore the key risk relates to the level of agency staff used in the service area.	0.034
City Environmental Management				**0.096**
City Development & Regeneration				
City Development & Regeneration	Review of existing posts against current demand and service delivery requirements and consideration of funding posts against capital budgets.	Review some existing vacant or temporary posts as part of service redesign and taking into account current reduction in demand alongside potential charging of staffing costs to capital project budgets.	Delivery Risk: Economic Development and International & Sustainability Teams already operate with constrained resources and any review of activities could identify new demands.	0.030

Economy, Environment & Culture Integrated Service & Financial Plan 2019/20				
Service Area	**Rationale for Strategy**	**Service & Financial Proposals**	**Delivery Risk & Impact on Outcomes**	**Savings 2019/20 £m**
			Removal of any Project Finance posts could mean that financial advice may need to be sought elsewhere, with potential resourcing implications. See EIA S4.	
Major Projects and Regeneration	Current team of four project managers delivering the City Regeneration programme of 10 to 15 major regeneration projects. Benchmarking with Bristol, a comparable city with similar regeneration goals and focus on sustainable regeneration has shown that Bristol direct spend on major projects is considerably higher.	As well as investing in the future of Brighton & Hove and delivering economic growth for the City, new income is generated through completion of regeneration schemes through new business rates and council tax revenue (N.B relates to projects that are additional to assumptions in the MTFS). 2019/20 will see the Brinell Building (65,000sq.ft of Grade A office, May 2019), Circus Street (30,000sq.ft grade A office, March 2020) and the Preston Barracks CRL (c.45,000 sq.ft., late 2019) all completing.	Delivery Risk: none expected as this income is accounted within the Council Tax and/or Business Rate base for 2019/20.	0.045
Head of City Planning	The Planning team has seen high demand for pre-application advice. This is expected to continue with a number of major sites still expected to come forward.	Continue to take a commercial approach to income generation through pre-application advice. Build on existing work to deliver efficiency savings and income through cost recovery; including maximising charging income for pre-application advice, introduce new charges, recover viability assessment payments more effectively and streamlining the process for agreeing planning performance agreements. There are also further efficiencies still to be delivered through improvements to the new ICT.	Delivery Risk: Will require additional resourcing to meet the Planning Performance Agreement (PPA) requirements and deliver the pre-app advice. Therefore need to capture all costs in the advice. However, income through Pre-Apps and PPAs has been buoyant in the first half of 2018/19, so this sum is expected to be deliverable, even with additional resourcing necessary to meet the requirements of applicants.	0.075
Planning Policy and Major Projects	Statutory service. Comparison with private sector rates indicates that use of the council's in house specialists (such as Heritage Team) represents a saving. Development of City Plan Part 2 will	Develop opportunities to charge for staff expertise including Heritage and planning projects (probably to city region partners) and develop income raised by advice given as part of pre-app advice process and PPAs, heritage and policy advice.	Delivery Risk: This will require close scrutiny to ensure that all Planning Policy and Major Projects work that is chargeable to a PPA or Pre-App is being recovered.	0.033

Economy, Environment & Culture Integrated Service & Financial Plan 2019/20				
Service Area	**Rationale for Strategy**	**Service & Financial Proposals**	**Delivery Risk & Impact on Outcomes**	**Savings 2019/20 £m**
	include a gradual reduction in the use of consultants as the City Plan part 2 progressively reaches adoption.			
Service wide administrative support	Savings of £0.029m have been identified which relate to the overall administrative support for senior managers across the service. This is in addition to previous savings in both management and administrative costs.	A review of administrative support will identify the savings to be achieved. All directorates across the Council will be seeking savings in this area.	See EIA S4.	0.029
Service wide agency staff spend	Reprocurement of the corporate agency staff contract has identified a saving as a result of lower on cost rates. This saving is reflected in all service areas where agency staff are used through the contract		This is a procurement saving and therefore the key risk relates to the level of agency staff used in the service area.	0.005
City Development & Regeneration				**0.217**
Culture, Tourism & Sport				
Sports Facilities Contracts, non-contract facilities and golf courses contract	10-year contract let in 2011 which generated a saving of £1.5m per annum and enabled funding for re-investment to keep existing facilities open. Some savings are possible from energy costs and client responsibilities in the Sports Facilities Contract. However, the existing sports facilities contract ends in March 2021 and the facilities within the contract (potentially including a new King Alfred) together with market conditions at that time will determine the financial impact upon the council. Similar for the golf courses contract which is due for re-tender in 2019/20.	Savings are proposed from client responsibilities for the King Alfred Leisure Centre which has received significant investment in recent years (e.g. refurbished pool changing rooms) to enable continued operation.	Delivery Risk: Low risk provided there is not a significant failure within the existing facilities which is an on-going risk of ageing facilities. Impact on Outcomes: There should be a minimal impact on the service provided in the existing sports facilities, but significant capital investment (including a new King Alfred) is needed to increase the quality of provision to modern standards.	0.056

Economy, Environment & Culture Integrated Service & Financial Plan 2019/20				
Service Area	**Rationale for Strategy**	**Service & Financial Proposals**	**Delivery Risk & Impact on Outcomes**	**Savings 2019/20 £m**
Seafront Properties, Volks Railway and Seafront Services	Essential service to ensure the effective management of the seafront, which is a prime asset of the city and key contributor to the city's tourism economy. Maximise income and continue with existing service due to the health and safety risks of the seafront operation.	Development of Seafront Investment Plan. Opportunities created by new developments such as the new seafront arches and high occupancy rates of existing premises have increased income from the seafront property portfolio.	Delivery Risk: Poor condition of seafront infrastructure (eg. closure of Madeira Terraces and Shelter Hall) can negatively impact upon income from properties. Tourism market conditions can influence the number of visitors to the seafront. Overall, low risk providing there is an on-going programme of investment in the seafront.	0.010
Royal Pavilion & Museums (RPM) Business Rates reduction - Royal Pavilion		The Royal Pavilion has had a Business Rates revaluation exercise undertaken in 2018/19. This has delivered a reduction in the rateable value with a full year savings being delivered from 2018/19.		0.170
The Keep Management Board Contribution	The Keep holds the East Sussex Record Office collections which cover East Sussex and Brighton & Hove, along with the RPM's 2d local history collection and the University of Sussex Special Collections. In relation to its statutory archive responsibilities (East Sussex Record Office) it is accredited by the National Archives Association.	ESCC has recently published its state of the County report which includes its medium term financial plan for saving that will need to be made. In relation to the Keep this will mean both reviewing how the service operates and generating further income and therefore providing the opportunity for BHCC's contribution to be reduced.		0.035
Brighton Centre - Running Expenses	Reduction of existing Premises and Supplies & Services budgets.	Reduction in routine maintenance and improved cost efficiencies across the service.	Delivery Risk: Low	0.024
Brighton Centre - Catering Income	Increased income generation.	This is a saving achieved from increased income for catering at the Brighton Centre through the negotiation of increased commission from an extension of the catering contract.		0.016
Service wide agency staff	Reprocurement of the corporate agency staff contract has identified a saving as a		This is a procurement saving and therefore the key risk relates to the	0.001

Economy, Environment & Culture Integrated Service & Financial Plan 2019/20				
Service Area	**Rationale for Strategy**	**Service & Financial Proposals**	**Delivery Risk & Impact on Outcomes**	**Savings 2019/20 £m**
spend	result of lower on cost rates. This saving is reflected in all service areas where agency staff are used through the contract.		level of agency staff used in the service area.	
Culture, Tourism & Sport				**0.312**
Property				
Note that Property Orbis budgets are included within the Orbis Shared Service budget line of Finance & Resources				
Facilities & Building Services - Reactive Maintenance		Reduction in reactive maintenance pot.	Delivery Risk: The risks being the reactive maintenance pot is small and dependent on unknowns such as weather, security and health & safety risks.	0.020
Building Surveying Services	Value for Money (VfM) benchmarking is proposed - reputational and political risks associated with not correctly prioritising available funding. Continue Corporate Landlord commercial trading approach and service redesign. Retain in-house and extend traded service through external third party commissions to increase external fee income.	Reduction in building maintenance spend by prioritising work in accordance with the Building Maintenance Strategy and Asset Management Plan. Fee income dependant on commissions and capacity in team which is currently reduced. Fee income targets will have to be reconciled through Orbis budgets.	Delivery Risk: This budget enables borrowing to cover maintenance commitments. Even a small reduction runs the risk that the maintenance backlog could build up to an unsustainable level impacting on the appearance and reputation of the City. Impact on Outcomes: Impact could be a reduction in maintenance spend & deterioration or closure of premises unless aligned to a comprehensive and agreed disposal plan.	0.010
Planned Maintenance		Reduction in Planned maintenance.	Delivery Risk: The planned maintenance pot is small by comparison to the whole of the operational portfolio with high demands. Unless mitigated by more effective and efficient maintenance, this could add to the	0.035

Economy, Environment & Culture Integrated Service & Financial Plan 2019/20				
Service Area	**Rationale for Strategy**	**Service & Financial Proposals**	**Delivery Risk & Impact on Outcomes**	**Savings 2019/20 £m**
			maintenance backlog build up and could affect the appearance of the City and its reputation impacting on tourism and destination activities.	
Architecture & Design Services	VfM Benchmarking. The team is 100% self financing through fees earned. The fee charges are benchmarked against the private sector to ensure VfM. The fees earned not only pay for the salaries of the team but contribute to the budget of Property & Design as a whole, including overhead recovery. This function supports delivery of new school places and new housing in the city which is a strategic fit with Corporate Plan priorities.	Continue Corporate Landlord commercial trading approach and service redesign. Retain in-house and extend traded services through Orbis and other external commissions (ie Health partners) to increase external fee income. Fee income is dependant on commissions which are high, however current capacity and recruitment difficulties (due to market conditions) mean that fee earning may be impacted.	Delivery Risk: Failure to secure additional commissions resulting in reduced fee income. Understanding our exact support service overhead costs to trade effectively. Impact on Outcomes: No impact on outcomes is expected.	0.010
Education Property Management	Value for money assessed through the provision of sufficient school places in the city and management of the schools investment programme. The provision of school places within the city is a priority for the council. The team perform statutory duties required for education asset management, school places, DfE returns etc. Proposal is to retain the service in-house and explore future service options through the Orbis shared service partnership.	The DfE have awarded BHCC £5.0m from 2018/19 while future years allocations will depend on the outcome of the Comprehensive Spending Review. Aim is to increase the 'Services to Schools' traded offer to include maintenance programme management.	Delivery Risk: If the DfE Capital allocation is reduced this could impact on the capitalisation costs available however the programme would be concurrently reduced requiring less potential management Impact on Outcomes: No impact on outcomes is expected.	0.014
Asset Management	VfM Benchmarking. This function has a political dimension through our corporate property strategy & asset management plan (AMP) with potential	Retain in-house with service redesign to avoid duplication and to achieve a greater degree of self-service. Potential for greater integration with Orbis partners for some functions.	Delivery Risk: Disposals programme is reliant on political and service department support to achieve savings targets. Need assessment	0.006

Economy, Environment & Culture Integrated Service & Financial Plan 2019/20				
Service Area	**Rationale for Strategy**	**Service & Financial Proposals**	**Delivery Risk & Impact on Outcomes**	**Savings 2019/20 £m**
	impact across all directorates.	Reduced maintenance costs to Environment property arising from prioritisation of funding and reduction in maintenance obligations.	to consider impact upon the capacity of the team to deliver on priorities. Impact on Outcomes: Reduction in maintenance spend & deterioration or closure of premises unless aligned to a comprehensive and agreed disposal plan.	
Energy & Water Management Utilities - Corporate Landlord		Reduction in overall utilities budget for operational estate.	Delivery Risk: This carries risks in terms of unknown weather requirements and consumption. This budget is also subject to external market conditions out of our control.	0.015
Property				**0.110**
Economy, Environment & Culture				**1.849**

Economy, Environment & Culture Capital Investment Programme 2019/20 to 2023/24	Profiled Payments 2019/20 £m	Profiled Payments 2020/21 £m	Profiled Payments 2021/22 £m	Profiled Payments 2022/23 £m	Profiled Payments 2023/24 £m
Approved Schemes					
City Environment Management					
Fleet Replacement	1.000	0.500	1.800	-	-
Public Conveniences	0.550	-	-	-	-
Transport					
Valley Gardens Phase 1 & 2	4.489	-	-	-	-
Scape Water Level Protection Scheme	0.663	-	-	-	-
Shelter Hall	3.500	-	-	-	-
Street Lighting	3.250	-	-	-	-
City Development & Regeneration					
Brighton Waterfront Project	0.350	0.350	0.350	-	-
Madeira Terraces Crowdfunding project	0.340	-	-	-	-
Culture					
Royal Pavilion Estates Phase 1	8.011	-	-	-	-
Saltdean Lido	0.700	-	-	-	-
Property Services					
Phoenix House	0.319	-	-	-	-
Workstyles Phase 4	0.500	1.000	-	-	-
Property corporate buildings maintenance	0.595	-	-	-	-
New Schemes to be Approved					
City Environment Management					
Stanmer Park restoration	6.756	-	-	-	-
Stanmer Depot	0.800	-	-	-	-
Transport					
Valley Gardens phase 3	0.500	2.500	3.000	-	-
Local Transport Plan *	2.312	5.169	5.000	5.000	5.000
Coast protection works	-	2.000	3.000	3.000	6.000
City Development & Regeneration					
Brighton Waterfront	1.854	4.480	7.200	25.000	40.000
King Alfred development	-	16.200	7.000	-	-
Seafront Infrastructure - Madeira Terrace	0.250	1.750	-	-	-

Economy, Environment & Culture Capital Investment Programme 2019/20 to 2023/24	Profiled Payments 2019/20 £m	Profiled Payments 2020/21 £m	Profiled Payments 2021/22 £m	Profiled Payments 2022/23 £m	Profiled Payments 2023/24 £m
Culture					
Royal Pavilion Estate Phases 2 - 3	-	-	7.000	4.000	-
Saltdean Lido	1.600	-	-	-	-
Property Services					
New England House	0.500	11.750	12.250	-	-
Stanmer Park - Traditional Agricultural Buildings	4.785	-	-	-	-
Solar panels corporate buildings	0.565	0.500	-	-	-
Planned Maintenance of operational buildings	0.500	0.500	0.500	0.500	0.500
Planned Maintenance - Social Services Buildings	0.500	0.500	0.500	0.500	0.500
Asset Management Fund	1.000	1.000	1.000	1.000	1.000
Economy, Environment & Culture	**46.189**	**48.199**	**48.600**	**39.000**	**53.000**

* Estimated Funding to be Confirmed from 2021/22

Neighbourhood, Communities & Housing Directorate

Services and Responsibilities

The NCH Directorate covers the following areas:

- Housing (council housing, Housing Strategy, Private Sector Housing, Temporary Accommodation and Homelessness, Travellers)
- Libraries
- Safer Communities (Environmental Health, Licensing, Trading Standards Emergency Planning, Prevent ASB and Casework team and Domestic Violence services, Field Officers)
- Communities, Equalities & Third Sector

The directorate focuses on the issues affecting neighbourhoods, communities and housing aiming to be a landlord of choice, develop closer and better relationship with communities, drive improvement in customer satisfaction and develop the council's working with public service partners. This includes delivering a step change in partnership working with the third sector and enhancements in volunteering opportunities. The directorate has responsibility for:

- Delivering landlord services to council housing residents and maintaining the council's housing stock;
- Improving conditions in the private rented sector and delivering adaptations to help people live independently in their homes;
- Providing advice and support to prevent homelessness, and temporary accommodation for statutory homeless households;
- Delivering statutory library services across the city and Developing libraries as neighbourhood hubs;
- Closer engagement with local communities in the co-production of neighbourhood focused enforcement services;
- Leading the council's 'Prevent' agenda;
- Delivering volunteering opportunities where possible across common platforms with other public service providers;
- Improving customer satisfaction, complaints resolution and neighbourhood well-being across council services;
- Deepening the understanding across all services of city demographics and the practical measures to address communities of interest and neighbourhoods in need.

Users of NCH Services

A selection of service user statistics and other service statistics are provided below for contextual information:

- Landlord to approximately 11,500 council tenants and 2,900 leaseholders
- Council tenant overall satisfaction rating of 81% and customer service satisfaction rating of 85% (independent STAR survey 2016); 57,000 telephone calls a year
- Annual tenant rents and service charges of around £59m per year; capital programme of around £25m a year improving homes; let approx. 550 homes and agree 150 mutual exchanges a year, more than £13m investment in new homes in 2017; average of 85 repairs every calendar day
- Housing Options teams see approximately 4,000 homeless cases per year, of which around 1,000 result in a statutory homeless application 494 were accepted as statutory homeless in 2017/18. 15,000 phone calls and 9,000 contacts in the customer service centre; 1,000 referrals for supported accommodation that require assessment and recording on waiting list. Following the introduction of the Homelessness Reduction Act in April 2018, the service has been changing to focus on early

intervention and prevention of homelessness. For the first half of 2018/19 we have reduced homeless acceptances to 127 and predicting this to be around 250 by year end. This has been achieved by preventing more homelessness and therefore the service is on target to prevent in excess of 800 households from being homeless this year. This reduced the pressure significantly on temporary accommodation.

- Temporary accommodation– 1,950 households in temporary accommodation of which 1,500 are managed in house. Turnover of around 500 lets pa – almost equivalent to the whole council housing stock.
- Homemove - the Housing Register has reduced from over 26,000 down to 12,500 and the service still has a significant number to re-assess against the new policy, which will hopefully reduce this further. Housing continues to receive a high number of applications and reviews against people removed from the register.
- Currently license 3,352 Houses in Multiple Occupation (HMOs) across the city;
- Adaptations team receive 50+ new referrals per month, in 2017/18 investing a total of £2.3m (HRA £1.144m, GF £1.175m) in delivering 329 major housing adaptations and 17 discretionary grants under the new DFG Housing policy offering a wider range of housing assistance aimed at reducing accidents, relieving fuel poverty and reducing delayed transfers of care.
- Community Safety Casework Team, Anti-Social Behaviour and hate incidents – 712 initial reports and enquiries dealt with in 2017/18. The Casework Team dealt with 381 witness and victim engagements, and 180 perpetrator engagements;
- Domestic violence and abuse: 1,462 referrals for domestic violence and abuse, 200 referrals for sexual violence;
- Three year investment programme in the community and voluntary sector supporting circa 140 groups annually and 40 with three year strategic grant.
- Over 1.3 million visits to libraries last year (2017/18), and over 1 million library items were lent out to borrowers.
- 1.4 million website user sessions on Libraries pages on the website, and there were over 200,000 online transactions in libraries in 2017-18
- Libraries services achieved 93% satisfaction score from last year's customer survey.
- 1,250 licensed premises in the city.
- Trading standards aim to save over £30,000 per annum for vulnerable consumers and small businesses in the City
- 1,623 pest control treatments and 1,388 revisits to these jobs;
- 2,411 noise complaints including both domestic and commercial requiring investigation;
- 122 work place accidents investigated;
- 192 investigations in relation to poor working conditions;
- 1,507 food safety programmed inspections and inspections of new businesses.

Neighbourhoods, Communities & Housing Budget Summary

2018/19 Net Expenditure / (Income)	Service Area	2019/20 Budget					2019/20 Budgeted Contracted Staff
		Expenditure	Income	Budget Allocation	Capital Charges & Recharges	Net Expenditure / (Income)	
£m		£m	£m	£m	£m	£m	FTE
5.509	Housing General Fund	22.294	(16.995)	**5.299**	0.680	**5.979**	112.4
6.290	Libraries	5.010	(0.526)	**4.484**	1.622	**6.106**	59.9
3.614	Safer Communities	4.708	(2.241)	**2.467**	1.030	**3.497**	76.5
2.974	Communities, Equalities & 3rd Sector	3.221	(0.369)	**2.852**	0.131	**2.983**	9.9
18.387	**Neighbourhoods, Communities & Housing Total (Excluding HRA)**	**35.233**	**(20.131)**	**15.102**	**3.463**	**18.565**	**258.7**
-	Housing Revenue Account (HRA)	56.503	(59.190)	**(2.687)**	2.687	**-**	254.4
18.387	**Neighbourhoods, Communities & Housing Total (Including HRA)**	**91.735**	**(79.320)**	**12.415**	**6.150**	**18.565**	**513.1**

Neighbourhoods, Communities & Housing 2019/20 Revenue Budget Breakdown

Service Description	Employee Expenditure £m	Other Expenditure £m	Total Expenditure £m	Income From Fees, Charges & Rents £m	Other Income £m	Government Grants £m	Total Income £m	Total Budget Allocation £m	Capital Charges & Recharges £m	Net Expenditure / (Income) £m
Housing General Fund										
Housing Management & Support	0.110	0.006	**0.116**	-	(0.068)	-	**(0.068)**	**0.048**	(0.085)	**(0.037)**
Housing Options & Homelessness	1.438	0.017	**1.455**	(0.028)	-	-	**(0.028)**	**1.427**	0.149	**1.576**
Housing Strategy & Enabling	0.277	0.008	**0.285**	-	(0.046)	-	**(0.046)**	**0.239**	0.030	**0.269**
Private Sector Housing	1.060	0.033	**1.094**	(0.455)	(0.145)	-	**(0.600)**	**0.493**	0.164	**0.658**
Temporary Accommodation	1.318	17.481	**18.799**	(12.040)	(0.032)	(4.118)	**(16.190)**	**2.610**	0.352	**2.961**
Travellers Services	0.193	0.352	**0.545**	(0.064)	-	-	**(0.064)**	**0.481**	0.070	**0.551**
Housing General Fund Total	**4.397**	**17.896**	**22.294**	**(12.587)**	**(0.290)**	**(4.118)**	**(16.995)**	**5.299**	**0.680**	**5.979**
Libraries										
Libraries & Information Services	2.051	2.959	**5.010**	(0.499)	(0.027)	-	**(0.526)**	**4.484**	1.622	**6.106**
Libraries Total	**2.051**	**2.959**	**5.010**	**(0.499)**	**(0.027)**	**-**	**(0.526)**	**4.484**	**1.622**	**6.106**
Safer Communities										
Animal Welfare	0.067	0.055	**0.122**	(0.013)	-	-	**(0.013)**	**0.109**	0.099	**0.208**
Civil Contingencies	0.096	0.012	**0.108**	-	-	-	**-**	**0.108**	0.026	**0.134**
Community Safety	0.454	1.790	**2.244**	-	(1.142)	-	**(1.142)**	**1.102**	0.126	**1.228**
Environmental Health	1.372	(0.256)	**1.116**	(0.019)	(0.064)	-	**(0.083)**	**1.033**	0.352	**1.385**

Neighbourhoods, Communities & Housing 2019/20 Revenue Budget Breakdown										
Service Description	**Employee Expenditure £m**	**Other Expenditure £m**	**Total Expenditure £m**	**Income From Fees, Charges & Rents £m**	**Other Income £m**	**Government Grants £m**	**Total Income £m**	**Total Budget Allocation £m**	**Capital Charges & Recharges £m**	**Net Expenditure / (Income) £m**
Licensing	0.500	0.051	**0.551**	(0.879)	-	-	**(0.879)**	**(0.328)**	0.317	**(0.011)**
Pest Control	0.100	0.003	**0.103**	(0.113)	-	-	**(0.113)**	**(0.010)**	0.010	**0.000**
Trading Standards	0.425	0.037	**0.462**	(0.010)	-	-	**(0.010)**	**0.453**	0.099	**0.552**
Safer Communities Total	**3.015**	**1.693**	**4.708**	**(1.034)**	**(1.207)**	**-**	**(2.241)**	**2.467**	**1.030**	**3.497**
Communities, Equalities & Third Sector										
Communities	0.436	2.692	**3.128**	-	(0.346)	-	**(0.346)**	**2.782**	0.118	**2.900**
Community Safety	0.093	-	**0.093**	-	(0.023)	-	**(0.023)**	**0.070**	0.013	**0.083**
Communities, Equalities & Third Sector Total	**0.529**	**2.692**	**3.221**	**-**	**(0.369)**	**-**	**(0.369)**	**2.852**	**0.131**	**2.983**
Neighbourhoods, Communities & Housing Total	**9.993**	**25.240**	**35.233**	**(14.120)**	**(1.893)**	**(4.118)**	**(20.131)**	**15.102**	**3.463**	**18.565**

Housing Revenue Account (HRA) 2019/20 Revenue Budget Breakdown										
Service Description	**Employee Expenditure £m**	**Other Expenditure £m**	**Total Expenditure £m**	**Income From Fees, Charges & Rents £m**	**Other Income £m**	**Government Grants £m**	**Total Income £m**	**Total Budget Allocation £m**	**Capital Charges & Recharges £m**	**Net Expenditure / (Income) £m**
Estate Regeneration	0.255	0.036	**0.291**	-	-	-	**-**	**0.291**	-	**0.291**
Housing Management & Support	1.585	31.952	**33.537**	-	(0.033)	-	**(0.033)**	**33.504**	2.687	**36.191**
Housing Strategy (HRA)	0.467	0.310	**0.778**	-	-	-	**-**	**0.778**	-	**0.778**
Income Involvement & Improvement	1.954	1.224	**3.178**	(49.958)	(0.032)	-	**(49.990)**	**(46.812)**	-	**(46.812)**
Property & Investment	1.372	10.401	**11.773**	(3.979)	-	-	**(3.979)**	**7.794**	-	**7.794**
Tenancy Services	4.097	2.849	**6.946**	(5.188)	-	-	**(5.188)**	**1.759**	-	**1.759**
Housing Revenue Account (HRA) Total	**9.731**	**46.772**	**56.503**	**(59.125)**	**(0.065)**	**-**	**(59.190)**	**(2.687)**	**2.687**	**-**

Neighbourhoods, Communities & Housing Integrated Service & Financial Plan 2019/20				
Service Area	**Rationale for Strategy**	**Service & Financial Proposals**	**Delivery Risk & Impact on Outcomes**	**Savings 2019/20 £m**
Housing General Fund				
Housing Services Homelessness - Housing Options and Homemove - supporting vulnerable households	Housing Options advice is a statutory duty meeting priorities of reducing homelessness. Assessed as medium cost compared to comparator benchmarks. Although staff costs are relatively high, this correlates to a very high number of assessments completed relative to the number of households in the city (3 times the comparator group) so the unit costs per assessment are below median. Any further reduction of the Housing Options service may adversely impact on the council's ability to effectively prevent homelessness. This service includes the Homemove Team who administer the Housing Register.	The saving is made possible through funding from Flexible Homelessness Support Grant (approx. equivalent in value to a Housing Options post).	Delivery Risk: None. The saving is possible through the Flexible Homelessness Support Grant. This will however need reviewing in 2020/21 and is subject to announcements of ongoing grant funding and associated impacts of the Comprehensive Spending Review in Autumn 2019.	0.036
Housing Services Homelessness - Housing Options and Homemove - supporting vulnerable households	As above	For 2019/20, the saving relates to a reduction of 0.4 FTE in the homemove service once the new allocations policy has bedded in.	Delivery Risk: Due to the on-going high cost housing market and low supply of affordable housing in the city, more people are continuing to apply for the Housing Register and submit review requests when they are not eligible - which means that reducing staffing may not be feasible. This will be kept under review following the introduction of new IT system in 2019. Any shortfall in this saving in 2019/20 can be met be mitigated by the Flexible Homelessness Support Grant.	0.011
Temporary Accommodation	External benchmarking shows that the costs are low. Statutory duty except for those households where accommodation is provided for Adult Social Care (ASC) teams and children's social care services. The	2019/20 savings from supplies and services £0.006m.	2019/20: No impact on outcomes anticipated.	0.006

Neighbourhoods, Communities & Housing Integrated Service & Financial Plan 2019/20				
Service Area	**Rationale for Strategy**	**Service & Financial Proposals**	**Delivery Risk & Impact on Outcomes**	**Savings 2019/20 £m**
	budget provides both emergency and short term temporary accommodation through private sector leases, a framework of qualified providers and nightly spot purchases. Procurement approach being sought to access accommodation outside the city and the South East in areas where costs are lower.			
Travellers	No benchmarking information available. New site and reinstatement of transit site should reduce the number of unauthorised encampments (UAEs) and associated costs, provide opportunities to increase income from the site and reduce maintenance costs on refurbish site.	2019/20 savings of £0.020m are feasible from income generation in relation to the charges at the new transit site and deletion of a 0.5 FTE vacant post.	Delivery Risk: UAEs and movement of travellers are unpredictable and while a range of measures can be put in place to deter them there is no guarantee that they will reduce. Impact on Outcomes: If UAEs fail to reduce as predicted we could see a delay in evictions as we will not have sufficient staff to process court applications. However we would not consider the risk of this to be high.	0.040
Service wide administrative support	Savings of £0.038m have been identified which relate to the overall administrative support for senior managers across the service. This is in addition to previous savings in both management and administrative costs.	A review of administrative support will identify the savings to be achieved. All directorates across the Council will be seeking savings in this area.		0.038
Service wide agency staff spend	Reprocurement of the corporate agency staff contract has identified a saving as a result of lower on cost rates. This saving is reflected in all service areas where agency staff are used through the contract		This is a procurement saving and therefore the key risk relates to the level of agency staff used in the service area.	0.012
Housing General Fund				**0.143**

Neighbourhoods, Communities & Housing Integrated Service & Financial Plan 2019/20				
Service Area	**Rationale for Strategy**	**Service & Financial Proposals**	**Delivery Risk & Impact on Outcomes**	**Savings 2019/20 £m**
Libraries				
Library PFI	Delivering a significant element of the statutory service, the Private Finance Initiative (PFI) contract has demonstrated value for money locally due to PFI credits and is contracted to 2029. The PFI contract is partly covered by a government grant (PFI credit) of £1.5m per annum that is part of the council's settlement funding. The actual net expenditure on the PFI is £1.078m. The libraries modernisation programme has set out a road map for changes over 15 years. Book fund reductions will also be made, reflecting building changes, usage changes and the move to more digital services.	2019/20 proposals: Phase 2 of the independent review of the existing PFI arrangements has identified potential savings through renegotiation of the contract where agreement can be reached.	Delivery Risk: Agreement to variations within the contract that result in cost savings to the council cannot be reached.	0.110
Staffing and operational costs	Staffing is essential for the delivery of Library Services but there are opportunities to reduce the cost of services through modernisation and rationalisation, increasing self-service and the 'Libraries Extra' initiative.	The previous three years savings totalling £364k were a result of the Modernisation programme – including a redesign of service delivery to focus on increased self-service, enabling reduced staff and management costs with an opportunity for increased use of volunteers. 2019/20 proposals: following a review of the major changes since 2016, the proposal is to implement further changes to the operation and staffing of libraries to deliver a further £242k savings.	Delivery Risk: Further staffing changes will be dependent on further staff consultation and community engagement activity.Impact on Outcomes: Further efficiencies in the operation of the network of libraries in 2019/20 will have limited impact, as services move more to digital and self service. See EIA 19 and EIA S5.	0.242
Libraries				**0.352**
Communities, Equalities & Third Sector				
Communities and Third Sector Development staffing and operational budget	(1) Creation of a cross tenure community engagement team bringing neighbourhood staff in CETS and resident involvement officers into one team. (2) Review operational budget	(1) Savings proposed as a result of creation of a cross tenure community engagement team £50k. (2) Reduce budget allocated for initiatives £60k.	Delivery Risk: Staff consultation required. Capacity may impact quality of service.	0.110

Neighbourhoods, Communities & Housing Integrated Service & Financial Plan 2019/20				
Service Area	**Rationale for Strategy**	**Service & Financial Proposals**	**Delivery Risk & Impact on Outcomes**	**Savings 2019/20 £m**
Healthwatch and NHS Independent Complaints Advisory Service (ICAS) contract	To meet the legislative duty for each Local Authority area to have an independent health and social care watchdog. A review of the contract will be undertaken.	2019/20: reduction in budget to match contract value (services were recommissioned for 2017/18 to 2019/20; with a 10% reduction in contract value from 2017/18).		0.010
Service wide agency staff spend	Reprocurement of the corporate agency staff contract has identified a saving as a result of lower on cost rates. This saving is reflected in all service areas where agency staff are used through the contract		This is a procurement saving and therefore the key risk relates to the level of agency staff used in the service area.	0.001
Communities, Equalities & Third Sector				**0.121**
Regulatory Services				
Environmental Health & Licensing	The service will continue to operate at statutory levels in accordance with relevant regulations.	2019/20 - The proposal is the equivalent of removing 1 full time post (£0.050m) and ceasing payment for ISO 9000 accreditation (£0.002m).	Delivery Risk: Staff consultation required. May be some impact on service capacity. See EIA S6.	0.052
Environmental Protection	The service will continue to operate at statutory level in accordance with relevant regulations.	The proposal is the equivalent of removing 1.3 FTE posts in 2019/20. Note however, these savings will not necessarily be from Environmental Protection as posts across Regulatory Services have generic job descriptions and this facilitates cross team working to manage demands for the service while also providing additional service resilience (e.g. cover for leave, sickness, etc.). The proposed restructure of NCH directorate therefore provides opportunities for Regulatory Services to generate this saving by reviewing current service needs and more effectively matching resources to identified demands.	Delivery Risk: Delivery of the Neighbourhoods Enforcement and Inspection Programme will identify where duplication is occurring and where work can be delivered more effectively by the new Field Officer role.	0.060
Pest Control	Plans for Pest Control to be self-financing in 3 years are ongoing.	The proposal is to generate £0.010m savings in 2019/20 to be met from a	Delivery Risk and Impact: Will improve environmental sustainability and health and	0.010

Neighbourhoods, Communities & Housing Integrated Service & Financial Plan 2019/20				
Service Area	**Rationale for Strategy**	**Service & Financial Proposals**	**Delivery Risk & Impact on Outcomes**	**Savings 2019/20 £m**
		reduction in running costs and increased income.	wellbeing. Increasing income will be challenging but feasible. See EIA 21.	
Trading Standards	Operating at statutory level. A regulatory service supporting the local economy, protecting consumers and businesses through a programme of inspections, investigations and advice to ensure a fair and safe trading environment in the city.	A reduction of 0.4 FTE staffing post in 2019/20 due to a change in role and also savings from a review of supplies and services.	Delivery Risk: Low	0.023
Regulatory Services				**0.145**
Community Safety				
Casework Team	The Community Safety Casework Team deal with Anti-Social Behaviour (ASB) and hate incidents.	The proposal is the equivalent of removing 1 FTE post in 2019/20.	A reduction in staffing may result in lack of capacity to respond appropriately to incidents of ASB/Hate crime. See EIA 21.	0.031
Service wide agency staff spend	Reprocurement of the corporate agency staff contract has identified a saving as a result of lower on cost rates. This saving is reflected in all service areas where agency staff are used through the contract		This is a procurement saving and therefore the key risk relates to the level of agency staff used in the service area.	0.001
Community Safety				**0.032**
Neighbourhoods, Communities & Housing				**0.793**

Neighbourhoods, Communities & Housing (GF) Capital Investment Programme 2019/20 to 2023/24	Profiled Payments 2019/20 £m	Profiled Payments 2020/21 £m	Profiled Payments 2021/22 £m	Profiled Payments 2022/23 £m	Profiled Payments 2023/24 £m
Approved Schemes					
Brighton & Hove Seaside Community Homes maintenance & refurbishment	0.685	0.712	0.741	0.770	0.801
Housing Delivery - Joint Venture	10.847	23.212	12.503	14.909	4.406
Libraries Self Service Renewal	0.250	-	-	-	-
Digital First	1.058	0.600	-	-	-
New Schemes to be Approved					
Disabled Facilities Grant (Better Care Funding) *	1.000	1.000	1.000	1.000	1.000
Neighbourhood, Communities & Housing - GF	**13.840**	**25.524**	**14.244**	**16.679**	**6.207**

* Estimated Funding to be Confirmed

Neighbourhoods, Communities & Housing (HRA) Capital Investment Programme 2019/20 to 2023/24	Profiled Payments 2019/20 £m	Profiled Payments 2020/21 £m	Profiled Payments 2021/22 £m	Profiled Payments 2022/23 £m	Profiled Payments 2023/24 £m
Approved Schemes					
Improving Housing Quality	4.676	-	-	-	-
Brighton & Hove Standard Works	-	-	-	-	-
Sustainability & Carbon Reduction	0.550	-	-	-	-
Tackling Inequality	0.950	-	-	-	-
Delivery of New Council Homes	13.445	11.125	2.119	-	-
New Schemes to be Approved				35.339	27.795
Improving Housing Quality	13.400	16.520	15.774		
Brighton & Hove Standard Works	5.153	4.400	5.064		
Sustainability & Carbon Reduction	2.212	2.212	2.218		
Tackling Inequality	2.767	2.538	2.472		
Delivery of New Council Homes	3.432	6.763	19.545		
Neighbourhood, Communities & Housing - HRA	**46.585**	**43.558**	**47.192**	**35.339**	**27.795**

Finance & Resources Directorate

Services and Responsibilities

The Directorate covers the following areas and delivers services through its participation in the Orbis Partnership, along with East Sussex and Surrey County Councils.

- Orbis Finance:
  - Oversees the delivery of the 4-year Medium Term Financial Strategy (MTFS) and annual budget process
  - Delivers the Targeted Budget Management process in order to balance budgets on an ongoing basis
  - Supports over 250 budget managers and 68 schools
  - Manages over £100m cash balances and investments and over £0.5 billion money market transactions annually
  - Produces financial statements and manages the external audit process
  - Procures and negotiates over £1.8 billion insurance cover through premiums (£1.6m pa)
  - Provides contracted financial services to South Downs National Park and other trusts
  - Provision of over 1,000 audit days for circa 50 internal audit reviews
  - Investigation of potential housing tenancy, contract and financial irregularity frauds

- Orbis Procurement:
  - Supports procurement of goods and services to the value of approximately £300m
  - Supports circa 250 contract managers together with Legal Services
  - Supports a risk-based strategy to maximise savings from contracts and re-tenders
  - Manages and authorises waivers of Contract Standing Orders

- Orbis Human Resources & Organisational Development:
  - Delivery of 'Our People Promise' to support the improvement of the council's offer for staff, and improve the council's performance
  - Provides HR Services to:
    - 750 team leaders, supervisors and managers
    - circa 4,500 council staff
    - almost 5,000 staff in the city's schools
  - Coaching, development and advice services to around 750 team leaders, supervisors and mangers
  - Health & Safety advice and support for all council services

- Orbis IT & Digital:
    - Supports the development and improvement of council services through the provision of technology (including mobile) and business advice
    - Provision of data protection services for email, applications and devices
    - Database management and maintenance of major corporate information systems
    - Management and procurement of voice, data centres, data storage, telephony, Citrix (remote access) and other contracts

- Orbis Business Operations:
    - Collection and recovery of Adult Social and Sundry Debts (Business and Personal)
    - Payroll services to the council, schools and South Downs National Park
    - Processing over 200,000 payments to the council's suppliers and providers
    - Provision of banking, purchasing card and urgent payment services
    - All Revenues & Benefits services including:
        - Collection and recovery of £161m Council Tax (and Council Tax Reduction Scheme)
        - Collection and recovery of £113m Business Rate income
        - Processing of Housing Benefit claims and managing the transfer to Universal Credit
        - Collection and recovery of Housing Benefit Overpayments
        - Provision of Enforcement Agent services

Orbis operates at both a service and corporate level providing essential business support to front-line services while also supporting the council to meet statutory obligations, maintain strong governance, and develop effective strategies across each function.

Its key strategic objectives are as follows:

- Ensure that sustainable and resilient corporate services are in place through participation in the Orbis partnership, enabling delivery of significant savings across the partnership.
- Support the council through a period of complex change, and in particular the modernisation agenda using its network of Orbis Finance, HR and IT & D business partners.
- Improve transactional processes through the establishment of the new Orbis Business Operations hub in Brighton & Hove.
- Challenge and reduce the cost of goods and services through strong, collaborative procurement practice, and support the improvement of contract management across the council.
- Help BHCC to develop and deliver 'Our People Promise' to improve the council's development and support offer to current and future employees.
- Achieve key tax collection targets while navigating and supporting residents through welfare reform.
- Improve BHCC's IT & D infrastructure and tooling (including the provision of mobile phones and laptops) and support the delivery of Digital First objectives.

- Continue to develop Audit's innovative approach to risk management.

Strategy and Key Proposals

During the 4-year period from 2016/17 to 2019/20 the directorate will have reduced its net budget by over 20% including as part of the Orbis Partnership from 2018/19. The Integrated Service & Financial Plan sets out how the 2019/20 element will be achieved. Key proposals involve the ongoing integration of Brighton & Hove services into the wider Orbis partnership, the establishment of integrated 'centres of expertise' across the partnership, and further optimisation of processes including through the new Business Operations function.

Orbis will engage with the key customers to develop further services that meet customer requirements, while recognising that the authorities have joined the partnership in order to achieve back-office savings.

Note that the directorate is responsible for a number of budgets referred to as MOBO (Managed on Behalf of) budgets. These are budgets managed by Orbis services on behalf of BHCC (and the other partners) but are not formally part of the partnership arrangements.

[It should also be noted that the Property & Design function also sits within the Orbis Partnership, and forms part of the Economy, Environment & Culture Directorate.]

Finance & Resources Budget Summary

2018/19 Net Expenditure / (Income)	Service Area	2019/20 Budget					2019/20 Budgeted Contracted Staff
		Expenditure	Income	Budget Allocation	Capital Charges & Recharges	Net Expenditure / (Income)	
£m		£m	£m	£m	£m	£m	FTE
2.207	Finance	133.319	(129.287)	**4.032**	1.777	**5.809**	175.2
(1.085)	HR & Organisational Development	0.675	(0.132)	**0.543**	0.376	**0.919**	14.0
(3.997)	Information Technology & Digital	2.692	(0.170)	**2.522**	(1.671)	**0.851**	0.0
(1.994)	Business Operations	(0.188)	-	**(0.188)**	0.178	**(0.010)**	0.0
13.762	Contribution to Orbis Partnership	12.985	-	**12.985**	(13.299)	**(0.314)**	321.0
8.893	**Finance & Resources Total (Excluding Centrally Managed Budgets)**	**149.483**	**(129.589)**	**19.894**	**(12.639)**	**7.256**	**510.2**
(35.842)	Centrally Managed Budgets	16.817	(32.307)	**(15.490)**	(41.099)	**(56.589)**	0.0
(26.948)	**Finance & Resources Total (Including Centrally Managed Budgets)**	**166.300**	**(161.896)**	**4.404**	**(53.737)**	**(49.333)**	**510.2**

Finance & Resources 2019/20 Revenue Budget Breakdown

Service Description	Employee Expenditure £m	Other Expenditure £m	Total Expenditure £m	Income From Fees, Charges & Rents £m	Other Income £m	Government Grants £m	Total Income £m	Total Budget Allocation £m	Capital Charges & Recharges £m	Net Expenditure / (Income) £m
Finance										
Audit & Business Risk	0.002	0.008	**0.010**	-	(0.001)	-	**(0.001)**	**0.009**	(0.026)	**(0.016)**
Corporate Procurement	(0.377)	(0.039)	**(0.416)**	-	-	-	**-**	**(0.416)**	0.417	**0.000**
Financial Services	(0.061)	0.170	**0.109**	-	(0.053)	-	**(0.053)**	**0.056**	0.022	**0.078**
Housing Benefit Transfer Payments	-	125.763	**125.763**	(5.465)	-	(121.199)	**(126.664)**	**(0.901)**	0.305	**(0.596)**
Revenues & Benefits	5.587	2.266	**7.854**	(1.038)	(0.509)	(1.023)	**(2.569)**	**5.284**	1.059	**6.343**
Finance Total	**5.151**	**128.168**	**133.319**	**(6.502)**	**(0.563)**	**(122.222)**	**(129.287)**	**4.032**	**1.777**	**5.809**
HR & Organisational Development										
Business Partnering & Workforce Development	0.878	0.008	**0.886**	(0.033)	-	(0.040)	**(0.073)**	**0.813**	(0.251)	**0.562**
Health, Safety & Wellbeing	(0.222)	0.000	**(0.222)**	-	-	-	**-**	**(0.222)**	-	**(0.222)**
HR Operations	0.030	-	**0.030**	-	-	-	**-**	**0.030**	-	**0.030**
HR Strategy, Policy & Projects	(0.039)	0.020	**(0.019)**	(0.039)	(0.021)	-	**(0.060)**	**(0.078)**	0.627	**0.549**
HR & Organisational Development Total	**0.647**	**0.028**	**0.675**	**(0.071)**	**(0.021)**	**(0.040)**	**(0.132)**	**0.543**	**0.376**	**0.919**
Information Technology & Digital										
IT & D Services	(0.210)	2.902	**2.692**	(0.031)	(0.139)	-	**(0.170)**	**2.522**	(1.671)	**0.851**
Information Technology & Digital Total	**(0.210)**	**2.902**	**2.692**	**(0.031)**	**(0.139)**	**-**	**(0.170)**	**2.522**	**(1.671)**	**0.851**
Business Operations										
Business Operations	(0.165)	(0.023)	**(0.188)**	-	-	-	**-**	**(0.188)**	0.178	**(0.010)**
Business Operations Total	**(0.165)**	**(0.023)**	**(0.188)**	**-**	**-**	**-**	**-**	**(0.188)**	**0.178**	**(0.010)**
Contribution to Orbis Partnership										
Contribution to ORBIS Services	-	12.985	**12.985**	-	-	-	**-**	**12.985**	(13.299)	**(0.314)**
Contribution to Orbis Partnership Total	**-**	**12.985**	**12.985**	**-**	**-**	**-**	**-**	**12.985**	**(13.299)**	**(0.314)**
Finance & Resources Total	**5.422**	**144.060**	**149.483**	**(6.604)**	**(0.723)**	**(122.262)**	**(129.589)**	**19.894**	**(12.639)**	**7.256**

Centrally Managed Budgets 2019/20 Revenue Budget Breakdown										
Service Description	Employee Expenditure £m	Other Expenditure £m	Total Expenditure £m	Income From Fees, Charges & Rents £m	Other Income £m	Government Grants £m	Total Income £m	Total Budget Allocation £m	Capital Charges & Recharges £m	Net Expenditure / (Income) £m
Capital Charges	-	-	**-**	-	-	-	**-**	**-**	(42.045)	**(42.045)**
Contingency	-	0.540	**0.540**	-	-	-	**-**	**0.540**	-	**0.540**
Financing Costs	-	11.648	**11.648**	-	(5.989)	-	**(5.989)**	**5.659**	-	**5.659**
Insurance Premiums	0.466	2.603	**3.069**	-	-	-	**-**	**3.069**	(3.069)	**-**
Levies & Precepts	-	0.207	**0.207**	-	-	-	**-**	**0.207**	-	**0.207**
Other Corporate Services	6.159	(3.806)	**2.353**	-	-	-	**-**	**2.353**	4.015	**6.368**
Unringfenced Grants	-	-	**-**	-	-	(26.318)	**(26.318)**	**(26.318)**	-	**(26.318)**
Containing the Cost of Social Care	-	(1.000)	**(1.000)**	-	-	-	**-**	**(1.000)**	-	**(1.000)**
Centrally Managed Budgets Total	**6.625**	**10.192**	**16.817**	**-**	**(5.989)**	**(26.318)**	**(32.307)**	**(15.490)**	**(41.099)**	**(56.589)**

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Finance & Resources Integrated Service & Financial Plan 2019/20				
Service Area	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	Savings 2019/20 £m
Finance - MOBO				
Non Orbis running costs (professional fees, printing, postage, computers etc.) netted off by £334k of internal income re costs recharged to other services.	The council opted to join the sector-led reprocurement of External Audit provision by PSAA Ltd (a Local Government Association company) as agreed by the Audit & Standards Committee. This was expected to lead to nationwide savings on External Audit contracts for local authorities from 2019/20. The audit company appointed by PSAA to BHCC is Grant Thornton who are also the appointed audit firms for Surrey CC and East Sussex CC as requested by Orbis Partners.	The sector-led reprocurement of external audit contracts has now been completed and new 5-year contracts have been let with an average 23% saving. However, there are some offsetting costs relating to new DWP requirements for the sign-off of Housing Benefit subsidy claims by an independent accountant which was previously incorporated in the external audit contract.	Delivery Risk: None	0.030
Finance - MOBO				**0.030**

Finance & Resources Integrated Service & Financial Plan 2019/20				
Service Area	**Rationale for Strategy**	**Service & Financial Proposals**	**Delivery Risk & Impact on Outcomes**	**Savings 2019/20 £m**
Revenues & Benefits - MOBO				
Revenues & Benefits (The service is part of Business Operations within Orbis Shared Services but is regarded as a 'Managed on Behalf of' (MOBO) budget for the purposes of the Inter-Authority Agreement. It therefore remains as a sovereign BHCC budget.) Administration of Housing Benefits and Council Tax Reduction awards - staffing costs budget	The Benefits function is statutory but the combination of a reducing caseload and efficiencies give the opportunity for savings to be made. The most significant factor in downsizing is the planned introduction of universal credit which will transfer caseload to the DWP. The stated savings take the reduction in Admin Grant directly related to this transfer into account.	The service continues to review its processes to maximise its use of resources. The reduction in workload and the nature of the workload being transferred to the DWP provides opportunity to reduce cost while maintaining service standards. The original 4-year proposal made in 2016/17 has been amended to reflect the succession of delays in the implementation of Universal Credit.	Delivery Risk 2019/20: The saving forecast is predicated on the introduction of Universal Credit to the revised DWP forecast timescales. The latest announcements regarding a further delay to case migration and the intention to revise the methodology for calculating the Administration Subsidy makes it difficult to predict the level of achievable saving. The forecast drop in workload and required resource to administer this workload remains unaltered and therefore the number of post deletions is consistent with maintaining standards of administration. However there is a subsidy risk if performance levels drop. There is also a risk of a skills shortage which may lead to recruitment and cost issues. Impact on Outcomes: No impact on outcomes provided customer service standards can be maintained.	0.191
Service wide agency staff spend	Reprocurement of the corporate agency staff contract has identified a saving as a result of lower on cost rates. This saving is reflected in all service areas where agency staff are used through the contract.		This is a procurement saving and therefore the key risk relates to the level of agency staff used in the service area.	0.001
Revenues & Benefits - MOBO				**0.192**
IT&D - MOBO				
Non Orbis running costs (mostly IT&D contracts)	Management of these sovereign contracts and licenses by the Orbis	Review and consolidation of contracts across multiple technology areas.	Delivery Risk: Potential risk that limited availability of commercial skills and	0.065

Finance & Resources Integrated Service & Financial Plan 2019/20

Service Area	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	Savings 2019/20 £m
	Shared Service on behalf of BHCC presents opportunities for reduction of costs through economies of scale.		capacity will lead to financial risks on contracts. Impact on Outcomes: Demand for services may outstrip ability to drive savings within contracts. Contract/supplier management capacity is an issue that the Orbis partnership may help to mitigate.	
IT&D - MOBO				**0.065**
Contribution to Orbis Services				
Orbis Shared Services (This budget/service represents BHCC's share of the contribution to Orbis Shared Services in accordance with an Inter-Authority Agreement) This service area represents Orbis partnership services including Finance, HROD, Procurement, IT&D, Business Operations and Property Services. The Revenues & Benefits Service is also part of the partnership but is regarded as a 'Managed on Behalf of' (MOBO) budget and therefore remains a	In 2016, the Policy, Resources & Growth Committee approved the council's strategy to join the Orbis Partnership. The key aims were to ensure that corporate services could continue to be delivered through the achievement of sufficient scale whilst maintaining the status of Brighton & Hove terms and conditions for staff. The council became the third founding member of the Partnership in May 2017 and budgets were fully integrated from April 2018. The savings strategies that Orbis is centred around are the rationalisation of management, including across councils, the ongoing automation and improved use of technology to create efficiencies, and the adoption of best practice across the Partnership. For 2019/20, target savings for the	**Orbis Finance:** The total Orbis target is £0.750m which can only be achieved through the further integration of services and adoption of common processes and practices wherever possible. There are likely to be changes to management structures and where possible vacancies will be managed to deliver savings. Further automation of the production of management information will also be required to create efficiencies. **Orbis HROD:** The HR transformation journey in BHCC is currently focused on creating a fully integrated south team with East Sussex following the decision of Surrey to pause HROD integration. In 2019/20 savings of approximately £1.300m will be made across Orbis HR, with £0.526m expected to be deliverable from the south	**Orbis Finance:** Some customer engagement is required as the risk-based approach to providing support is likely to be extended, potentially heightening the need for more self-service and automation. Ensuring retention of sufficient capacity and capability to support complex and high priority changes is a key challenge. See EIA S9. **Orbis HROD:** Successful cross-working and collaboration between BHCC and East Sussex CC is central to the delivery of savings without unacceptable levels of impact on service resilience, accessibility and availability. See EIA S7.	0.735

Finance & Resources Integrated Service & Financial Plan 2019/20				
Service Area	**Rationale for Strategy**	**Service & Financial Proposals**	**Delivery Risk & Impact on Outcomes**	**Savings 2019/20 £m**
sovereign BHCC budget and service under the current arrangements.	Partnership as a whole are approximately £3.500m, of which the B&H share will be £0.700m - 0.750m, broadly in line with the ratios defined by the Inter-Authority Agreement. While it is not possible at this stage to be certain about the impact on staff numbers, it is anticipated that the overall number of FTEs will reduce by approximately 15, subject to the outcome of relevant staff consultations. The council will continue to manage any reductions through the use of re-deployment, vacancy management, and voluntary severance.	integration. All of these savings relate to changes in the staffing structure according to the following principles: • Economies of scale around number / size of teams; • Spans of management control increased and layers decreased reducing management costs; • Supporting the journey towards full integration. The transformation of the HR service will focus on improving on-line and telephone support for managers, increasing informal resolution and providing face to face support for complex case work only. The changes proposed in 2019/20 put in place the team structure to support full integration and a revised service by April 2020. Subject to the outcome of consultation, the total staffing impact in 2019/20 will involve the deletion of approximately 11 posts across ESCC and BHCC, of which 9 are management-level posts. It is anticipated that most of the reductions will be achieved through voluntary severance. **Orbis Procurement:** The Orbis-wide savings target is provisionally approximately £0.900m, however further work is required to agree this formally. Delivering this will	**Orbis Procurement:** Full details of the budget reductions have not yet been established but the main risk is that services do not follow available Procurement & Contract	

Finance & Resources Integrated Service & Financial Plan 2019/20				
Service Area	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	Savings 2019/20 £m
		require a reduction in support to services for low risk procurements, removing some support and programme posts, and some reduction to the category and Supply & Contract Management teams. **Orbis IT & D:** The overall Orbis savings target is £0.450m. It is expected that this will be delivered initially through vacancy management while the B&H IT & D service undergoes further modernisation during 2019/20 to align with the wider Orbis service model. Already aligned within the Orbis management structure, the service will continue to improve its customer service and programme management processes in order to reduce demand and facilitate efficiencies in future years. **Orbis Business Operations:** The overall Orbis target is proposed at £0.700m - 0.800m. Further savings will be required in future years meaning that there is an ongoing journey involving the implementation of new technologies. This requires a re-definition of service delivery across all transactional business, and will include the creation of a single customer access point. Ultimately this	Management guidance and toolkits themselves, remaining reliant on Orbis Procurement team or alternatively costing the council more money through inefficient or non-compliant procurements and weak contract management. **Orbis IT & D:** Using the more robust programme management approach now in place, certain historic budget inconsistencies have been identified that need to be resolved. The transitional year needs to identify and resolve these to provide a clear 'base budget' for IT & D for future years. **Orbis Business Operations:** There will be a need to educate customers on processes more reliant on technology. In addition the service understands the requirement to support staff through these significant changes, while ensuring effective governance and controls remain in place. The service is heavily reliant on adaptable and flexible systems and processes, including	

Finance & Resources Integrated Service & Financial Plan 2019/20				
Service Area	**Rationale for Strategy**	**Service & Financial Proposals**	**Delivery Risk & Impact on Outcomes**	**Savings 2019/20 £m**
		will facilitate an operating model based around increased self-service using automated, customer-friendly systems. **Orbis Property & Design** [part of the Economy, Environment & Culture Directorate]: No savings are currently allocated against this service while further work is undertaken to fully identify how direct Orbis costs are split between the 3 partner authorities.	robotics development, in order to deliver this level of saving. See EIA S8. **Orbis Property & Design:** No delivery risks in 2019/20.	
Contribution to Orbis Services				**0.735**
Finance & Resources (Excluding Centrally Managed Budgets)				**1.022**
Centrally Managed Budgets				
Corporate Pension Costs - historic retirement decisions	Statutory requirement to pay for historic retirement decisions of former employees that included added years.	Review liabilities annually to take account of reducing number of former employees who receive this benefit.	Delivery Risk: Annual inflationary increases to pensions are more than the anticipated reduction in liabilities.	0.056
Centrally Managed Budgets				**0.056**
Finance & Resources (Including Centrally Managed Budgets)				**1.078**

Finance & Resources Capital Investment Programme 2019/20 to 2023/24					
	Profiled Payments 2019/20 £m	**Profiled Payments 2020/21 £m**	**Profiled Payments 2021/22 £m**	**Profiled Payments 2022/23 £m**	**Profiled Payments 2023/24 £m**
Approved Schemes					
None					
New Schemes to be Approved					
IT&D Fund	0.500	0.500	0.500	0.500	0.500
IT&D Infrastructure - Windows 10 implementation and WIFI	3.111	-	-	-	-
Strategic Investment Fund	0.250	0.250	0.250	0.250	0.250
Modernisation - Containing the cost of Social Care	1.900	-	-	-	-
Modernisation & Investment in Integrated Service & Financial Plans	3.902	1.800	-	-	-
Finance & Resources	**9.663**	**2.550**	**0.750**	**0.750**	**0.750**

Strategy, Governance & Law Directorate

Services and Responsibilities

Strategy, Governance & Law's purpose and mission is to help the council in setting its strategy and priorities, enabling delivery of those priorities and monitoring performance. It also supports the democratic process in terms of elections and decision-making. It has a significant element of delivering front line services through Life Events (registrars, bereavement services and local land charges). The different services comprised in the directorate are:

Legal Services (net budget £1.301m) - this service provides legal advice and representation across all of the Council's functions as well as the Monitoring Officer function. The team includes the Safeguarding Team, which supports adult and children's safeguarding functions, an area where there is a significant increase nationally in Court proceedings. The Services has established a shared services Partnership, Orbis Public Law, with East Sussex, Surrey and West Sussex County Councils. The aim of the Partnership is to give greater resilience, economies of scale and an opportunity to trade more widely, enabling the support of priority services and objectives.

Democratic and Civic Office Services (net budget £1.669m – including Members Allowances) - this service provides support to Members generally, is responsible for the co-ordination and administration of the democratic decision-making process, Member training & development, administering of School Appeals and the Members' allowances scheme. It also includes responsibility for the Civic Office, (including the Mayor and the Lord Lieutenant) and as a service has compared favourably with others through CIPFA benchmarking data.

Policy & Partnerships (net budget £0.623m) - this includes the Policy, Partnerships and Scrutiny teams. The partnership service is part funded by partners in the City and supports Brighton & Hove Connected as well as a number of initiatives in co-ordination with partners in the city.

Life Events (net budget £0.103m – consisting of gross expenditure of £3.734m and income of £3.631m) – this includes Electoral Services, Local Land Charges, Registration and Bereavement Services. As the net budget figures indicate, it is largely funded from income generated from fees and charges. The service has delivered significant savings over previous years, when it experienced some real challenges, including a snap General Election, staffing changes at a senior level in the Electoral Services Team, and competition from alternative providers, influencing fees and charges pricing structures.

Performance, Improvement & Programme Management (net budget £0.628m) - the role of this service is to drive continuous improvement and efficiency across the organisation to minimise the adverse impact of financial challenges on customers, avoid costly mistakes and better protect council reputation. It also has responsibility for ensuring objective resolution of customer dissatisfaction and taking strategic lead in improving customer experience through effective customer insight. The Customer Feedback team processes approx. 2,000 Stage 1 complaints and 1,000 compliments, investigates approx. 200 Stage 2 complaints and assists the Ombudsman with approx. 100 cases. The performance team drives the corporate and directorate planning and monitoring processes. There are currently 6 Directorate Plans, 24 Service Plans and 69 Corporate Key Performance Indicators. The Risk Management Lead drives regular risk reviews, there are currently 7 city wide, 16 strategic, 27 directorate risks. The service is also responsible for production of the statutory Annual Governance Statement evidencing effectiveness of corporate governance. A number of modernisation projects and programmes across the organisation in all directorates are managed from the Corporate Programme Management Office which is funded largely from one-off modernisation funding. There are currently approx. 28 corporate and 34 directorate projects/programmes. The Business Improvement team is also funded through this one-off resource with a focus on conducting reviews to manage customer demand and deliver efficiencies. The team conducts approx. 17 activities per year.

Corporate Communications (net Budget £0.564m) – The Communications Team connects the council and its services with a large number of diverse stakeholders. By using expert, specialist skills across a range of disciplines, the team accurately communicates news and information that improves engagement and enhances and protects reputation with stakeholders.From crafting engaging content, to project managing campaigns that help change behaviors, the Communications Team provides a fully integrated service that combines:

- Content development and channel management – helping turn complex messages into impactful content that reaches your audience.
- Media relations – turning information into compelling news stories across newspapers, TV and radio, and putting the story straight
- Branding – managing the council's identity so that our 700+ services are clearly recognized
- Internal communications – keeping staff and councilors connected to what's going on across the council and why
- Digital communications – broadcasting online, building a strong presence in a city that thrives on digital media
- Graphic design – creating powerful, visual, branded content that stands out

Whether it's a one-off message or a sustained multi-media campaign, the team:

- achieves business objectives through communications strategies
- implements creative campaigns
- provides measurable results
- communicates with and engages staff
- leads on crisis and reputational communications

Strategy, Governance & Law Budget Summary

2018/19 Net Expenditure / (Income)	Service Area	2019/20 Budget Expenditure	Income	Budget Allocation	Capital Charges & Recharges	Net Expenditure / (Income)	2019/20 Budgeted Contracted Staff
£m		£m	£m	£m	£m	£m	FTE
0.080	Corporate Policy	0.686	(0.063)	**0.623**	(0.585)	**0.038**	6.5
(0.054)	Legal Services	1.662	(0.361)	**1.301**	(1.386)	**(0.085)**	48.4
0.008	Democratic & Civic Office Services	1.742	(0.073)	**1.669**	(1.676)	**(0.007)**	15.0
0.717	Life Events	3.734	(3.631)	**0.103**	0.700	**0.803**	47.1
0.004	Performance, Improvement & Programmes	0.628	-	**0.628**	(0.673)	**(0.045)**	24.4
0.032	Communications	0.599	(0.035)	**0.564**	(0.552)	**0.012**	13.0
0.787	**Strategy, Governance & Law Total**	**9.050**	**(4.162)**	**4.888**	**(4.171)**	**0.717**	**154.4**

Strategy, Governance & Law 2019/20 Revenue Budget Breakdown										
Service Description	**Employee Expenditure £m**	**Other Expenditure £m**	**Total Expenditure £m**	**Income From Fees, Charges & Rents £m**	**Other Income £m**	**Government Grants £m**	**Total Income £m**	**Total Budget Allocation £m**	**Capital Charges & Recharges £m**	**Net Expenditure / (Income) £m**
Corporate Policy										
Chief Executives Office	0.263	0.013	**0.276**	-	-	-	**-**	**0.276**	(0.301)	**(0.025)**
Democratic Services	0.050	-	**0.050**	-	-	-	**-**	**0.050**	(0.050)	**0.000**
Overview & Scrutiny	0.054	-	**0.054**	-	-	-	**-**	**0.054**	(0.054)	**(0.000)**
Partnerships	0.079	0.050	**0.129**	-	(0.063)	-	**(0.063)**	**0.066**	0.012	**0.078**
Policy & Analysis	0.114	0.063	**0.177**	-	-	-	**-**	**0.177**	(0.192)	**(0.015)**
Corporate Policy Total	**0.560**	**0.126**	**0.686**	**-**	**(0.063)**	**-**	**(0.063)**	**0.623**	**(0.585)**	**0.038**
Legal Services										
Legal Services	1.635	0.027	**1.662**	(0.267)	(0.094)	-	**(0.361)**	**1.301**	(1.386)	**(0.085)**
Legal Services Total	**1.635**	**0.027**	**1.662**	**(0.267)**	**(0.094)**	**-**	**(0.361)**	**1.301**	**(1.386)**	**(0.085)**
Democratic & Civic Office Services										
Democratic Services	0.462	0.114	**0.576**	-	(0.053)	-	**(0.053)**	**0.523**	(0.496)	**0.027**
Mayor's Office	0.150	0.031	**0.181**	-	(0.020)	-	**(0.020)**	**0.161**	(0.195)	**(0.034)**
Members Allowances & Training	0.939	0.046	**0.985**	-	-	-	**-**	**0.985**	(0.985)	**0.000**
Democratic & Civic Office Services Total	**1.551**	**0.191**	**1.742**	**-**	**(0.073)**	**-**	**(0.073)**	**1.669**	**(1.676)**	**(0.007)**
Life Events										
Bereavement Services	0.984	1.085	**2.069**	(1.874)	-	-	**(1.874)**	**0.195**	0.509	**0.704**
Electoral Services	0.745	0.202	**0.947**	(0.005)	-	(0.059)	**(0.064)**	**0.883**	0.042	**0.925**
Land Charges	0.087	0.012	**0.099**	(0.554)	-	-	**(0.554)**	**(0.454)**	0.022	**(0.433)**
Registrars	0.576	0.043	**0.619**	(1.134)	(0.001)	(0.004)	**(1.139)**	**(0.520)**	0.127	**(0.393)**
Life Events Total	**2.393**	**1.341**	**3.734**	**(3.567)**	**(0.001)**	**(0.063)**	**(3.631)**	**0.103**	**0.700**	**0.803**
Performance, Improvement & Programmes										
Performance	0.295	0.027	**0.321**	-	-	-	**-**	**0.321**	(0.332)	**(0.010)**
Programme Management	0.006	0.003	**0.010**	-	-	-	**-**	**0.010**	(0.042)	**(0.032)**
Standards & Complaints	0.289	0.008	**0.297**	-	-	-	**-**	**0.297**	(0.299)	**(0.002)**
Performance, Improvement & Programmes Total	**0.590**	**0.038**	**0.628**	**-**	**-**	**-**	**-**	**0.628**	**(0.673)**	**(0.045)**
Communications										
Communications	0.669	(0.070)	**0.599**	(0.016)	(0.019)	-	**(0.035)**	**0.564**	(0.552)	**0.012**
Communications Total	**0.669**	**(0.070)**	**0.599**	**(0.016)**	**(0.019)**	**-**	**(0.035)**	**0.564**	**(0.552)**	**0.012**
Strategy, Governance & Law Total	**7.398**	**1.653**	**9.050**	**(3.850)**	**(0.249)**	**(0.063)**	**(4.162)**	**4.888**	**(4.171)**	**0.717**

Strategy, Governance & Law Integrated Service & Financial Plan 2019/20				
Service Area	**Rationale for Strategy**	**Service & Financial Proposals**	**Delivery Risk & Impact on Outcomes**	**Savings 2019/20 £m**
Corporate Policy				
Policy, Partnership & Scrutiny including Leadership Support	This provides policy, scrutiny and partnership support to the Council to ensure efficient and effective long term strategic planning and joint working with city partners.	Savings through restructure & reducing non-staffing budget & reducing initiatives budget. This service has seen a significant reduction in capacity in the first three years of the 4-year plan hence a lower level of opportunity identified for 2019/20.	Delivery Risk: None anticipated. Impact on Outcomes: Medium/high impact as less resources to do proactive work to improve effectiveness and efficiency of the organisation.	0.024
Corporate Policy				**0.024**
Democratic & Civic Office Services				
Democratic Services	This will focus on service redesign savings that have minimum impact on the support available.	Savings through service redesign, use of information technology, rationalising supplies and services and a reduction in the offer available to support members and officers by focusing on priority areas. For 2019/20 savings are based around a revision of the web-casting provision, a reduction in training budgets, a re-alignment of staff costs and a reduction in supplies & services. Additional savings (further £25k – 3.44%) are also planned from a service redesign (loss of 0.6 FTE post) and a small reduction in service provision.	Delivery Risk: The savings, especially those relating to printing, are dependent on the necessary investment and support from IT&D (e.g. tablets for electronic agenda access.) Support for non-decision-making meetings may have to be withdrawn, with greater pressure on staff and less support to members. Impact on Outcomes: There may be some cost-displacement to other services from reduced support to meetings. Less development support for members and a reduction in the overall support to members.	0.058
Members' Allowances	This is designed to achieve savings but in a way that aligns with the democratic governance arrangements.	For 2019/20 the IRP is undertaking a wider review of the Members Allowances Scheme to run from 2019-2023 with a view to reporting to PR&G Committee on the 6th Dec 2018 and full Council on the 13th Dec 2018. Any savings identified would then contribute to the additional savings target of £20k attributed to the overall budget for Members Allowances, subject to the	Delivery Risk: These changes require recommendation by the Independent Review Panel and agreement by Full Council. If recommendation is no change or Council rejects it, it will be difficult to deliver the budget. Impact on Outcomes: Less room for flexibility.	0.020

Strategy, Governance & Law Integrated Service & Financial Plan 2019/20				
Service Area	**Rationale for Strategy**	**Service & Financial Proposals**	**Delivery Risk & Impact on Outcomes**	**Savings 2019/20 £m**
		recommendations from the IRP being accepted by the full Council.		
Democratic & Civic Office Services				**0.078**
Legal Services				
Legal Services	Savings are developed in the context of protecting legal support for core, high risk priority services A careful balancing act will be needed to ensure the exposure to risk is commensurate with the benefit of the savings and with the risk of increased external spend if demand for work cannot be managed internally.	For 2019/20 it is planned to undertake a small restructure involving the deletion of a Property Lawyer and reviewing the level of legal support officer posts.	Delivery Risk: The move to develop and implement Orbis Public Law will be a period of change which may impact on service provision. The number of organisational initiatives relating to service changes/reductions also increases the likelihood of legal challenge, increasing the demand for legal advice. Orbis Public Law requires savings levels to be agreed between authorities. Impact on Outcomes: The proposed savings over the whole 4 year plan, including for 2019/20, may mean the service is required to focus on reactive legal input rather than enabling and preventative advice and support. The Legal Service will need to continue to manage demand through re-defining with clients what is deliverable within the reducing resources available.	0.093
Legal Services				**0.093**
Life Events				
Memorialisation	Introduction of new products and development of existing products.	Increase in sales through product review to increase range of products and promote existing products.	Delivery Risk: Ineffective skills development could impact on savings. Impact on Outcomes: No impact on service expected. See EIA 22.	0.015

Strategy, Governance & Law Integrated Service & Financial Plan 2019/20				
Service Area	**Rationale for Strategy**	**Service & Financial Proposals**	**Delivery Risk & Impact on Outcomes**	**Savings 2019/20 £m**
Bereavement Management, Cemeteries and Mortuary	To increase work / shift patterns to enable increased service delivery.	Service redesign to increase service delivery. The new service redesign introduced better engagement with local funeral directors and other stakeholders to highlight quality service provision, and encourage and promote Woodvale as the first choice for local funeral directors and residents of our city. For 2019/20 - fee increases above corporate inflation are not proposed due to business risk, however there is a reduction in the cost of borrowing repayments.	Delivery Risk: Low Impact on Outcomes: None See EIA 22.	0.009
Registrars	Fees and charge review and regular increases backed up by benchmarking info' from other local authorities, taking account of all unit costs.	Initial fee review suggests additional income of £5k. Late announcement by Government of increase in statutory fee for certificates, from £4 to £11, resulting in an extra saving potential of £0.200m.	Delivery Risk: Business volumes need to be maintained. Reliant on customer demand. Elements of statutory fees but opportunities exist for other fees. Requires PR&G Committee approval of fees. For statutory fee increase, the achievement of the saving relies on demand dropping by no more than 20%. Impact on Outcomes: No impact on service expected. See EIA 22.	0.205
		Redesign option and development of a digital certificate service.. For 2019/20 - a further redesign of the service is possible.		0.025
Elections and Local Land Charges	Introduction of modern digitised data mining to locate potential electors and compensate for the removal of sending non-statutory notification confirmations. In Local Land Charges, proposal to delete one post (which can be absorbed without detriment) rather than increasing search fees due to business risk.	For 2019/20 deletion of an admin post is possible.	Delivery Risk: There is a risk that more people may switch to personal search. Impact on Outcomes: No impact on service expected.	0.025
		For 2019/20, the proposal is to implement the digitised approach to data capturing. This will include increased data sharing with	Delivery Risk: The success of automated data capture is clearly critical to achieving further staffing efficiencies.	0.037

Strategy, Governance & Law Integrated Service & Financial Plan 2019/20				
Service Area	**Rationale for Strategy**	**Service & Financial Proposals**	**Delivery Risk & Impact on Outcomes**	**Savings 2019/20 £m**
		other services and robust processes developed with local universities to maximise student registration, along with concerted efforts to contact customers via email, encouraging them to provide change of address information. This new approach will maximise voter registration and provide savings opportunities by cutting out posting a non-statutory household notification letter to all residents in the city.	See EIA 22.	
Life Events				**0.316**
Performance, Improvement & Programmes				
Performance, Programme Management Office, Business Process Improvement, Risk, Customer Experience.	Responding to customer complaints includes statutory duties. The service is key to driving customer satisfaction, efficiency and continuous improvement across the organisation through development of policies and practice, effective business decisions processes and governance and analysing performance and customer insight data to help the organisation improve.	Reduce corporate support for driving customer satisfaction, efficiency and continuous improvement.	Delivery Risk: This will result in adverse impacts on corporate oversight of the Performance Management Framework resulting in potentially missed opportunities to identify areas not performing well early on and delayed management action to address poor performance. Costs may re-emerge if the need for change capacity becomes essential. Impact on Outcomes: Medium/high for 2019/20 as less resources to do proactive work to improve effectiveness and efficiency in the best interest of customers and reduced corporate assurance and governance. Reduced capacity to do cross-cutting work and drive innovation.	0.045
Service wide agency staff spend	Reprocurement of the corporate agency staff contract has identified a saving as a result of lower on cost rates. This saving is reflected in all service areas where agency		This is a procurement saving and therefore the key risk relates to the level of agency staff used in the service area.	0.001

Strategy, Governance & Law Integrated Service & Financial Plan 2019/20				
Service Area	**Rationale for Strategy**	**Service & Financial Proposals**	**Delivery Risk & Impact on Outcomes**	**Savings 2019/20 £m**
	staff are used through the contract.			
Performance, Improvement & Programmes				**0.046**
Communications				
Communications	The Communications budget has been thoroughly scrutinised over the past few years and savings have been found from withdrawing products and supplies which were no longer required or necessary. Remaining costs are staffing salaries, however the service is at full capacity to meet the high organisational demands placed on it.	For 2019/20, savings of £75k are possible through a restructure and reduction of the team's publicity and marketing budget. However, a cost saving of £25k is required to address an existing budget pressure within the Graphic Design Team and therefore the budget saving opportunity identified for 2019/20 is £50k.	Delivery Risk: Funding would be required on a project basis in later years for service demands that are over and above the core service offer. A change from business partnering to channel management and a triage approach to client management. See EIA S10.	0.050
Service wide agency staff spend	Reprocurement of the corporate agency staff contract has identified a saving as a result of lower on cost rates. This saving is reflected in all service areas where agency staff are used through the contract.		This is a procurement saving and therefore the key risk relates to the level of agency staff used in the service area.	0.001
Communications				**0.051**
Strategy, Governance & Law				**0.608**

Strategy, Governance & Law Capital Investment Programme 2019/20 to 2023/24					
	Profiled Payments 2019/20 £m	**Profiled Payments 2020/21 £m**	**Profiled Payments 2021/22 £m**	**Profiled Payments 2022/23 £m**	**Profiled Payments 2023/24 £m**
Approved Schemes					
None					
New Schemes to be Approved					
None					
Strategy, Governance & Law	-	-	-	-	-

Summary of Reserves & Provisions

Reserves & Provisions			
Description	**Estimated Balance as at 01/04/19 £m**	**Planned Use 2019/20 £m**	**Estimated Balance as at 31/03/20 £m**
General Fund Working Balance/General Reserves	10.352	0.000	10.352
Capital Reserves	0.591	(0.591)	0.000
Capital Receipts Reserve	23.600	(9.500)	14.100
Library PFI Reserve	0.877	0.098	0.975
Waste PFI Project Reserve	3.789	0.292	4.081
Finance Costs Reserve	0.250	(0.250)	0.000
Section 106 Receipts (Revenue)	0.308	(0.060)	0.248
Section 106 Interest	0.394	(0.030)	0.424
Developer Contributions Unapplied (S106 Capital)	0.629	(0.100)	0.529
Brighton Centre Redevelopment Reserve	2.845	(0.023)	2.868
Customer Access & Accommodation Strategies & The Link Network Upgrade Reserve	0.179	(0.058)	0.121
Museum Objects Acquisitions Reserve	0.064	0.000	0.064
Concessionary Bus Passes	0.060	(0.060)	0.000
IT&D Investment Reserve	0.155	(0.125)	0.030
Environmental Enforcement Reserve	0.090	(0.090)	0.000
Modernisation Fund Reserve	0.320	(0.320)	0.000
Winter Maintenance	0.426	(0.040)	0.386
Dome Planned Maintenance	0.396	(0.127)	0.269
Hove Park 3G Pitch Renewal	0.015	0.015.	0.030
James Green Foundation	0.101	0.000	0.101
Surface Water Management (SWAMP) Reserve	0.870	(0.395)	0.475
Community Equipment Reserve	0.240	(0.240)	0.000
Licensing - other reserve	0.100	0.000	0.100
Taxi Licensing	0.097	0.000	0.097
East Brighton Parking Surplus	0.009	(0.009)	0.000
Preston Park Parking Surplus	0.169	(0.169)	0.000
NEH Refurbishment Reserve	0.150	0.000	0.150

Reserves & Provisions

Description	Estimated Balance as at 01/04/19 £m	Planned Use 2019/20 £m	Estimated Balance as at 31/03/20 £m
Road Works Permit Scheme	0.127	(0.050)	0.077
i360 Reserve	3.606	0.000	3.606
HMO Licensing Fees Reserve	0.335	(0.050)	0.285
HMO Additional Licensing Fees (3)	0.689	0.000	0.689
Damage Deposit Guarantee Scheme	0.231	0.000	0.231
PRS Rent Deposit Scheme	0.043	0.000	0.043
Business Rates S31 adjustment reserve	0.358	(0.358)	0.000
Seaside Homes Reserve	0.055	0.000	0.055
City Deal New England House Dev Reserve	4.900	(0.500)	4.400
Investment Properties (Dilapidations)	0.245	(0.125)	0.120
Restructure Redundancy Reserve	1.323	(0.580)	0.743
Insurance Reserve General	5.593	0.000	5.593
Total General Fund Reserves	**64.581**	**(13.339)**	**51.242**
HRA Working Balance	8.868	(2.732)	6.136
Estate Development Budget (EDB) Reserve	0.237	(0.169)	0.068
Renewable Energy Reserve	0.179	(0.050)	0.129
Restructure Redundancy Reserve	0.388	0.000	0.388
Total HRA Reserves	**9.672**	**(2.951)**	**6.721**
Schools PFI Project Reserve	1.339	(0.050)	1.289
Schools LMS Balances	2.803	0.000	2.603
Portslade Adult Learning	0.020	0.000	0.020
Total Schools / DSG Reserves	**4.162**	**(0.050)**	**4.112**
TOTAL RESERVES	**78.415**	**(16.340)**	**62.075**
Hostel Accommodation Dilapidations	0.023	(0.023)	0.000
Cemetery Replacement	0.002	0.000	0.002
Cemetery - Maintenance of Graves in Perpetuity	0.034	(0.010)	0.024
Cemetery - Maintenance of Monuments	0.015	0.000	0.015
Workstyles Dilapidations	0.041	0.000	0.041
Total General Fund Provisions	**0.115**	**(0.033)**	**0.082**
TOTAL ALL FUNDS	**78.530**	**(16.373)**	**62.157**

Medium Term Financial Strategy 2019/20 to 2023/24

In December 2018 the predicted savings requirement for 2019/20 was £14.165m of which £12.015m of savings proposals had been identified leaving a remaining gap of £2.150m. This gap has now been met and a balanced budget for 2019/20 is proposed. The Budget Gaps for future years can only ever be a best estimate as resources, demands or budget forecast trends can change significantly with time.

Resource Assumptions:

From 2020/21 the Fair Funding Review and potential move to 75% retained Business Rates will amend the future years' projections but as yet there is no certainty or reasonable estimate that can be provided for the impact they might have, which could be negative or positive. The MTFS therefore makes no assumptions at this stage but will be updated when the government confirms the financial impacts of local government funding changes.

Revenue Support Grant (RSG) is assumed to be maintained at the 2019/20 level although is expected to be rolled into the 75% retained Business Rates. If this funding source were to end, then the budget gap would increase by £6.523m from 2020/21.

The improved Better Care Fund (iBCF) is assumed to continue at the 2019/20 levels of £6.220m however there are further one off allocations in 2019/20 totalling £5.062m shown in table 2 of the main report where there is no certainty about this funding. Given the high profile of social care pressures nationally, the assumption is made that the 2019 Comprehensive Spending Review will continue this one off funding in some shape or form.

Inflation and Other Cost Estimates:

Pay inflation reflects the National Employers for Local Government (LGE) 2-year pay offer covering 2018/19 and 2019/20 for those employees on National Joint Committee (NJC) pay & conditions and provides for 2.6% overall, reflecting higher increases for staff on lower pay grades.

The triennial review of the BHCC element of the East Sussex Pension Scheme for the period 2017/18 to 2019/20 was completed in December 2016. The contribution rates changed to be a blend of a fixed contribution percentage and an increasing lump sum payment. The additional cost to the general fund in 2019/20 is estimated at £0.575m with similar increases assumed over the MTFS period equating to approximately 0.5% increases per annum.

The provision for general price inflation ranges between 0% and 2% depending on the type of budgeted expenditure with the exception of the Waste PFI where a prudent 3.5% increase has been assumed. Increases in costs above assumed inflation levels will be managed through services' budget strategies unless the increase is significant and is identified as a corporate budget pressure.

The formula for calculating New Homes Bonus (NHB) is expected to be revised and it is expected that the threshold to achieve any grant funding will be harder to achieve and therefore no new allocations have been assumed from 2020/21. This means that there is an assumed reduction in NHB grant of £2.995m by 2023/24.

Re-investment in Services

Growth in demand and increases in costs across Children's and Adults Social Care services along with financial issues in other services including City Environmental Management mean that the re-investment level of £14.761m is needed to protect priority services in 2019/20. This includes £1.000m efficiency savings across social care through the Sustainable Social Care (SSC) programme. The programme is supported by significant Modernisation Funding of £1.9m in 2019/20 and it is assumed this programme will deliver further cost efficiencies in future years.

Re-investment levels in services from 2020/21 have been included for the key demographic and cost increases or income reductions but these will be kept under review, particularly if the government announces further funding support for social care.

Predicted Budget Gaps (Savings Requirements):

In 2020/21, the budget gap is estimated at £9.145m but this would increase to £20.730m if RSG and one off social care allocations are reduced/discontinued without replacement funding. There is also uncertainty regarding current Homelessness grants including the Flexible Homelessness Support Grant (currently £4.118m).

The early indication therefore is that Budget Gaps (i.e. further savings requirements) totalling £28.829m are predicted over the MTFS period 2020/21 to 2023/24.

MEDIUM TERM FINANCIAL STRATEGY TABLES

Core Planning Assumptions

The table below sets out the core planning assumptions included in the MTFS projections:-

Summary of MTFS Assumptions					
	2019/20	**2020/21**	**2021/22**	**2022/23**	**2023/24**
Pay inflation and pay related matters:					
- Provision for pay award	2.6%	2.3%	2.2%	2.2%	2.0%
- Employers pension contribution rate increase	0.5%	0.5%	0.5%	0.5%	0.5%
General inflation:					
- Inflation on non pay expenditure	1.0% - 2.0%	1.0% - 2.0%	1.0% - 2.0%	1.0% - 2.0%	1.0% - 2.0%
- Inflation on waste PFI	3.5%	3.5%	3.5%	3.5%	2.0%
- Inflation on income	2.0%	2.0%	2.0%	2.0%	2.0%
- Inflation on parking income	2.0%	2.0%	2.0%	2.0%	2.0%
- Inflation on penalty charge notices	0.0%	0.0%	0.0%	0.0%	0.0%
Resources:					
Change in Settlement Funding Assessment	-8.9%	0.0%	0.0%	0.0%	0.0%
Change to Revenue Support Grant (RSG)	-53.9%	0.0%	0.0%	0.0%	0.0%
Business rates poundage inflation uplift	3.3%	2.0%	2.0%	2.0%	2.0%
Public Health grant	-2.6%	0.0%	0.0%	0.0%	0.0%
Assumed council tax threshold increase	2.99%	1.99%	1.99%	1.99%	1.99%
Council Tax Base	1.2%	1.0%	0.75%	0.75%	0.75%

Summary of MTFS projections

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

Summary of General Fund Budget Projections					
	2019/20	2020/21	2021/22	2022/23	2023/24
	£m	£m	£m	£m	£m
Sub-total Net Budget Requirement B/Fwd	**208.824**	**203.583**	**211.740**	**217.125**	**222.652**
Pay and Inflation	5.655	5.673	5.684	5.823	5.971
Increase in employer pension contributions	0.575	0.570	0.590	0.610	0.630
Increased Social care funding through grants	(5.593)	0.000	0.000	0.000	0.000
Commitments - impact of previous decisions	(1.512)	1.798	0.637	0.489	0.389
Change in S31 Business Rates compensation grants	(3.563)	(0.182)	(0.186)	(0.189)	(0.193)
Change in New Homes Bonus	0.877	1.177	0.627	0.027	0.287
Demographic and cost service pressures in Adult Social Care and Adults Learning Disabilities	11.100	4.000	4.000	4.000	4.000
Demographic and cost service pressures for Looked After Children and Care Leavers	1.467	0.750	0.750	0.750	0.750
Sustainable Social Care Programme	(1.000)	(1.000)	(1.000)	(1.000)	(1.000)
Investment in modernisation and IT & D	0.000	0.500	0.500	0.500	0.500
Income Pressures	0.880	0.650	0.150	0.150	0.150
Demographic and cost service pressures for all other services	2.144	0.750	0.500	0.500	0.500
Service pressures - specific grants	0.170	0.155	0.140	0.125	0.110
Savings in 4 year Service and Financial Plans	(12.338)	0.000	0.000	0.000	0.000
Change in contribution to/from reserves	(4.103)	2.461	0.000	0.000	0.000
Budget Gap	0.000	(9.145)	(7.007)	(6.258)	(6.419)
Budget Requirement C/Fwd	**203.583**	**211.740**	**217.125**	**222.652**	**228.327**
Funded by:					
Revenue Support Grant	6.523	6.523	6.523	6.523	6.523
Tariff Payment	(1.165)	(1.188)	(1.212)	(1.236)	(1.261)
Locally retained Business Rates	57.244	58.395	59.713	61.060	62.437
Business Rates Levy payment	(0.137)	0.000	0.000	0.000	0.000
Business Rates Collection Fund Deficit	(2.084)	0.000	0.000	0.000	0.000
Council Tax Collection Fund Surplus	(0.477)	0.000	0.000	0.000	0.000
Council Tax - General increase	143.679	148.010	152.101	156.306	160.628
Total Funding	**203.583**	**211.740**	**217.125**	**222.652**	**228.327**

Appendix 2

Capital Strategy 2019/20 to 2023/24

1. Background

1.1. CIPFA's Prudential Code for Capital Finance in Local Authorities and MHCLG's Investment Guidance were both revised in 2017/18, requiring all local authorities to prepare an additional report, a capital strategy report, which should demonstrate that the authority:

- takes capital expenditure and investment decisions in line with service objectives;
- takes account of stewardship, value for money, prudence and affordability;
- sets out the long term context in which capital expenditure and investment decisions are made;
- gives due consideration to both risk and reward and the impact on the achievement of priority outcomes.

1.2. The aim of the Capital Strategy is to ensure that all members on the full Council understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

1.3. This Capital Strategy is reported separately from the Treasury Management Strategy Statement; this ensures the separation of the core treasury function under security, liquidity and yield principles, and the policy and commercialism investments usually driven by expenditure on an assets.

1.4. CIPFA have updated the definition of investments within the Treasury Management Code to now include "non-treasury", or commercial investments. These non-treasury investments are held primarily for financial returns, such as investment property portfolios. This strategy covers any non-treasury investments that the organisation holds or is planning to invest in. Treasury (or "financial") investments and associated risks are covered under the council's Annual Investment Strategy, which forms part of Appendix 3 to this report.

1.5. Under the Prudential Code and Treasury Management Code, the council is required to set parameters around the council's borrowing and treasury activity, including an authorised borrowing limit for each year which cannot be breached. These parameters are set out in the prudential indicators within Annex D, Appendix 3 to this report. These indicators ensure that any borrowing undertaken is prudent, affordable and sustainable.

1.6. Additionally, when funding capital expenditure through borrowing, the council is required to set aside a sum from revenue each year to repay the debt, known as the Minimum Revenue Provision (MRP). The policy for making the annual MRP should be prepared in line with the MRP guidance published by MHCLG. The council's MRP policy for 2019/20 is consistent with the guidance and included in Appendix 3 (section 3) for approval.

2. Governance & Risk Frameworks

2.1. The council's Financial Regulations set out the framework of control, responsibility and accountability for the proper administration of the council's financial affairs. Under the Financial Regulations, the Executive Director of Finance & Resources is responsible for ensuring a capital programme is prepared and considered by Policy, Resources & Growth Committee (PRG) and approved by full Council annually.

2.2. Further to this, the council's Standard Financial Procedures define the key controls around the management of the council's financial affairs, including the capital programme. The key controls for the capital programme are:

- Specific approval by Full Council for the programme of capital expenditure, in conjunction with the annual revenue budget process, outlining the phasing of expenditure and the sources of funding;
- A scheme and estimate, including options appraisal, project plan, progress targets and associated revenue expenditure are prepared for each capital project;
- No capital scheme to proceed unless necessary approvals have been obtained;
- Proposals for improvements and alterations to buildings must be approved by the appropriate Chief Officer in consultation with the Assistant Director, Property & Design;
- Major rolling programmes of capital expenditure will require a detailed report to be submitted to Policy, Resources & Growth Committee covering all the schemes within each programme of works. This will include, but not be limited to, the programmes for the housing stock, Education, Asset Management Fund, Corporate Planned Maintenance, ICT Investment Funds, Strategic Investment Funds and the Local Transport Plan. These may be reported separately or as part of a Targeted Budget Management report;
- The development and implementation of an Asset Management Plan;
- A nominated, accountable budget holder for each scheme and/or component of the programme;
- Monitoring of progress on capital schemes and comparison with approved budget and remedial action taken to address overspends, reporting monthly to Chief Officers and at least quarterly to the Policy, Resources & Growth Committee;
- Compliance with the Council's Corporate Procurement Strategy and Contract Standing Orders.

2.3. From June 2016 a Corporate Risk and Assurance Framework (CRAF) has provided a structured approach to help Members and senior managers discharge their responsibility for the management of key risks with potential to affect achievement of the council's priorities and expected outcomes. The CRAF requires the council to be active and have arrangements in place through its senior officers for robust arrangements for managing its business. Specifically the CRAF is designed to:

- help the council avoid costly mistakes, better protect our reputation and contribute to keeping the council safe;
- set out for stakeholders, including members, how the council complies with best practice (the International Standard for Corporate Governance) and, as such, the CRAF forms an appendix within the council's statutory Annual Governance Statement.

2.6 **Management of Risk**

2.4. The council provides a number of critical services and its core purpose is to meet its statutory duties for the benefit of the citizens of Brighton & Hove. The council's key priority is to protect the delivery of these services. Therefore the council needs to take a measured approach to balancing the risks of any capital investment decisions with the resources available for delivering key services against the benefits accruing from the investment.

2.5. The CRAF is managed by:

(i) assigning accountability to key officers to enable review and challenge processes and assurances;

(ii) using a “three lines of defence” model to map out how we gain assurance over our activities, processes and risks. An example is given below on using the three lines of defence to structure and categorise assurances for procurement.

An organisation might identify procurement and contract management as a key risk. The assurance map would then set out the sources of assurance that enable senior management and members to satisfy themselves that this risk is being managed. Under the three lines of defence, these assurances are categorised as follows:

First line: controls and processes followed by service managers who own and manage risks. In this case, these would be the controls and processes followed by contract managers who are responsible for procuring contracts and for contract management.

Second line: controls and processes operated by managers responsible for overseeing risks. These typically monitor the first line of defence operated by managers and in this case might include risk management and procurement compliance functions.

Third line: functions providing independent assurance. This is a key role for Internal Audit and is sometimes considered to include external inspectorates.

(iii) monitoring and tracking delivery of the assurances throughout the year to help strengthen the risk management and control environment through the Risk Reporting Timetable (RRT). The RRT schedules reviews of risk at Directorate Management Teams, who prepare reports that are progressed and escalated and which ultimately results in quarterly update reports being presented to Audit & Standards Committee regarding changes to the Strategic Risk Register. The Committee also focus on up to four Strategic Risks where Risk Owners (officer members of the ELT) attend to answer Members’ questions on whether the right type of assurance activity is being targeted at the right area or risks and whether this is efficient.

2.6. Risks specific to the delivery of the capital programme and Capital Strategy are managed by a range of processes and groups:

- Financial risks (e.g. overspending , slippage and re-profiling) are managed through the council’s Targeted Budget Management (TBM) process which is reported at least quarterly to PR&G committee.
- The progress of major infrastructure projects is monitored through the officer led Strategic Investment Board and the member led Strategic Delivery Board.
- Any significant changes to the direction or financial or legal risks of any major scheme are reported back to PR&G committee.

3. Capital Strategy

3.1. Capital resources are available to the council for investment in assets. They play an important role in helping to achieve the council's Corporate Plan priorities. This section sets out the strategy and plans for capital expenditure. The council's Capital Strategy outlines the process for the prioritisation and evaluation of capital investment projects. A summary of these priorities is detailed as follows and aims to:

- seek to protect as far as possible capital grant funding for education, housing transport and the public realm investment;
- pool all remaining non ring-fenced capital resources and allocate these to priority areas for investment;
- allocate approximately £0.250m per annum to 'major projects' investment through a Strategic Investment Fund. These projects support the economy through regeneration of key sites;
- allocate £0.500m per annum towards the Information Technology & Digital Fund to address the funding of central network support and improvements to the IT&D infrastructure identified in the IT&D Investment Strategy;
- allocate £1.000m per annum to the Asset Management Fund to support essential property improvements;
- allocate £1.000m per annum through borrowing to support investment in planned maintenance in Operational and Social Care buildings;
- generate capital receipts from the disposal of surplus or under-performing assets and to deploy the proceeds from the sale of capital assets:
    - for reinvestment in the capital investment programme, or;
    - for modernisation of council services including using the government's capitalisation direction that allows revenue costs to be capitalised and funded from capital receipts where this generates efficiencies, or;
    - for repayment of debt or for investment, for example, to offset any loss of rental income in the revenue budget, or;
    - for reinvestment from under-performing assets back into more commercially viable assets as part of the rationalisation of the commercial property portfolio.
- divide the net receipts from 'right to buy' sales of council housing between funding for corporate strategic priorities delivering regeneration, including affordable housing opportunities, and investment directly in housing. The Right to Buy Regulations mean the maximum that the council can currently retain for corporate investment will be £0.500m per annum;
- use unsupported borrowing for:
    - service improvements where a business case has been developed and approved, and can demonstrate that the investment will provide value for money and that the additional financing costs are reflected in the revenue budget;
    - purchase of vehicle and plant where an options appraisal demonstrates borrowing provides the best value for money and the financing costs are reflected in the revenue budget;
    - corporate priorities agreed at Policy Resources & Growth Committee where the financial impact of any decision is treated as a commitment in future years' budgets and is affordable;

  - o to restructure the funding of the approved capital programme when this provides a more efficient use of capital and revenue resources.
- explore all funding options including partnerships and one-off bidding processes. The council can bid for capital investment through funding streams such as the Heritage Lottery Fund, Arts Council and the Coast to Capital LEP. Other Government initiatives that may be considered include the Future High Street Fund, Highways Maintenance Challenge Fund and the Housing Infrastructure Fund. The council can use its land to facilitate private sector or partnership based investments.

3.2. The financial resources used to fund the 2019/20 capital expenditure programme of £156.650m are included at Annex A and the 5 year capital projections are incorporated in the Budget Book at Appendix 1.

Housing Revenue Account (HRA)

3.3. The HRA Capital Strategy focuses on meeting Corporate Plan and Housing Strategy priorities. The strategy aims to ensure that every pound invested reaches beyond the housing service and contributes to regeneration, tackling inequality, creating training and employment opportunities and improving sustainability. Two of the main priorities for the HRA are improving housing supply and investing in homes and neighbourhoods to provide safe and good quality housing.

3.4. In October 2018, the Minister for Housing, Communities & Local Government issued a determination – The Limits on Indebtedness (Revocation) Determination 2018. This came into force on 29 October 2018 and removes the restrictions on borrowing for the HRA. The removal of the ‘debt cap’ will enable the potential for substantial growth in the number of homes that can be built or purchased within the HRA and continued investment in the existing housing stock. However, the HRA remains subject to the Prudential Framework and as such all new HRA borrowing decisions will need to be affordable, prudent and sustainable and therefore will be subject to business cases and viability tests.

3.5. Since 2012 the HRA has operated on ‘self-financing’ principles and the capital programme is funded from a variety of HRA sources including revenue surpluses (rental incomes), borrowing, capital receipts, reserves and other grants. These resources are part of the HRA ring-fenced account to be spent on council owned stock. Further detail on the priorities and proposed investments can be found in the Housing Revenue Account Budget and Capital Investment Programme 2019/20 and Medium Term Financial Strategy report.

4. Capital Investment Plans 2019/20 to 2023/24

4.1. All capital expenditure plans are approved in accordance with the council’s Standard Financial Procedures by full Council with detailed proposals and any changes approved by PR&G committee through regular Targeted Budget Management (TBM) reports.

4.2. The capital investment plans for 2019/20 to 2023/24 are included within the Budget Book at Appendix 1 and a summary of the investment plans is provided in section 5 of the main report.

5. Approach to Commercial Investments

5.1. The council’s primary non-treasury (or commercial) investments relate to its commercial property portfolio, details of which are covered in Section 6. The council will explore other opportunities to increase revenue to support core council services, or enable developments that support the delivery of council priorities.

5.2. The council uses its property assets, both operational and investment, to enable a number of major infrastructure projects to deliver key assets for the city such as Jubilee Library, the King Alfred Leisure Centre and the Waterfront project to replace the Brighton Centre; or to support regeneration and in turn increase council tax and business rates receipts such as Circus St, Preston Barracks and New England House.

5.3. In addition, the council is able to provide third party loans and financial guarantees in order to enable external projects which support the council's priorities and objectives. The current portfolio and risks of these types of arrangements are outlines in sections 7 and 8.

5.4. All commercial investment opportunities are subject to a due diligence process, including business case appraisal, risk assessment and sensitivity analysis and assessment of legality including state aid compliance.

5.5. All proposals are approved by PR&G Committee and the delivery of major schemes are overseen by both the member-led Strategic Delivery Board and the officer-led Strategic Investment Board.

5.6. The council's approach to fees and charges includes a commercial view where there is a competitive market and encourages managers to explore new income streams to enable the council to become more self-sufficient.

6. Investment Property Portfolio

6.1. The council has a portfolio of commercial property assets valued at £279.9m generating an annual income of £11.3m which is therefore an important income source supporting council services. The council maintains a Corporate Property Strategy and Asset Management Plan which links the council's property holdings to its corporate priorities and strategic goals. The key aims outlined in these documents are to maximise income whilst supporting improved service delivery. Its corporate property objectives include "*to optimise the value received from non-operational urban and agricultural commercial portfolios*". One of the strategies to achieve this objective is the re-balance of the urban portfolio through a programme of disposals for under-performing assets and investment in primary assets generating a healthy income to support service delivery.

6.2. The council's urban commercial portfolio has performed well in recent years, with low levels of voids, arrears and bad debt. However, the strong performance of the portfolio belies the inherent risks within it, which include:

- An unbalanced portfolio with an over-reliance on one market sector;
- An over-reliance on retail, which is experiencing significant change and a downturn in performance due to external factors;
- A high level of tertiary properties with low covenant tenants who are at higher risk of failure;
- An older and aging portfolio with high levels of obsolescence and repair requirements as well as investment needs to meet statutory compliance;
- A high level of secondary and tertiary properties with limited prospect of rental growth.

6.3. There would be an inevitable increase in voids and bad debt, low income growth and even a potential decline in income in some areas as well as an increased capital investment requirement from the council if the portfolio were not rebalanced. Such an outcome is perhaps exemplified by 23 Meeting House Lane, a secondary retail property that was ‘over-rented’: the tenant defaulted and vacated closing the business and leaving the council with a vacant property, rent arrears, significant structural repair liabilities and no possibility of recovering a dilapidation settlement. The capital investment required to the property would require a letting to be granted with a 5 year rent free period and therefore PR&G committee approved disposal with the significant structural defects completed in advance of disposal to ensure success, with the costs deducted from the future capital receipt.

6.4. The table below shows the current composition of the commercial property portfolio according to both property value and income. The table demonstrates that the retail sector (including Primary, Secondary, Tertiary and Neighbourhood Shops) comprises of over 46% of the income stream from commercial property.

Portfolio		Income £’000	Income as a % of total income	Property Value £’000	Value as % of total Value	Average Yield of portfolio
Agricultural	All	820	7.52%	52,528	26.01%	1.56%
Seafront	Commercial property & concessions	1,757	16.10%	21,930	10.86%	9.04%
	Beach chalets	87	0.80%			
	Beach huts	138	1.26%			
Commercial property managed by GVA	Prime Shops	2,635	24.15%	42,793	21.19%	6.16%
	Secondary Shops	1,552	14.23%	24,896	12.33%	6.24%
	Tertiary Shops	624	5.72%	7,531	3.73%	8.29%
	Neighbourhood Shops	268	2.45%	3,933	1.95%	6.81%
	Offices	757	6.93%	12,471	6.17%	6.07%
	Industrial	730	6.69%	13,822	6.84%	5.28%
	Leisure	321	2.94%	9,350	4.63%	3.43%
	Miscellaneous	188	1.73%	2,583	1.28%	7.29%
	Mixed Use (St James Mansions)	44	0.40%	943	0.47%	4.63%
	Residential	18	0.16%	563	0.28%	3.12%
	New England House	942	8.63%	8,253	4.09%	11.41%
	Car Parking/Garages	31	0.28%	392	0.19%	7.81%
Total		**10,912**	**100%**	**201,988**	**100%**	**5.40%**

Note – the table excludes a number of sites managed “in-house” such as community centres, car parks and legacy sites belonging to the council. The total value of the “in-house” part of the portfolio is £77.9m, providing £0.4m of rental income.

6.5. The council’s Corporate Property Strategy and Asset Management Plan is being reviewed and redrafted for presentation to Members for consideration and ratification. In addition it is proposed an Investment Strategy be presented to Members recommending the adoption of a more detailed strategy and a framework within which the non-operational urban commercial portfolio can be rebalanced. The rebalancing of the portfolio will ensure a more secure income stream, improved prospects for rental growth and reduced risk of capital expenditure by the council.

6.6. In advance of the adoption of an Investment Strategy, opportunities for asset purchases and disposals which seek to compliment the portfolio and mitigate risk are identified on a case-by-case basis. The council holds contracts with GVA to manage its urban portfolio and Savills to manage its agricultural portfolio. A key provision within these contracts is for the providers to work with the in-house property team to identify appropriate assets for ad-hoc purchase and disposal.

6.7. Any opportunities explored that result in an expected asset disposal or purchase are presented and approved by Policy, Resources & Growth Committee in accordance with the council's Scheme of Delegation, and executed in accordance with the council's Financial Regulations.

7. Loans to External Bodies

7.1. The council has the ability to provide capital loans to external bodies and organisations for the purpose of supporting activities undertaken that are aligned to the council's Local Plan and/or service objectives. For example, a loan may be given to support a project which generates economic growth in Brighton and Hove.

Governance

7.2. The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 direct that a loan to an external organisation to fund any expenditure that would be treated as capital expenditure if it were incurred by the local authority must be treated as capital. As a result, all loans to external parties are subject to the governance requirements of all capital expenditure incurred by the council, as described in section 2.

7.3. Any loan to external organisations must be compliant with rules regarding the provision of State Aid. Advice from legal and finance officers is sought in each instance to ensure loans are state aid compliant.

Decision making & procedure

7.4. Loans to external organisations are undertaken on a case-by-case basis and are subject to a thorough due diligence process to ensure:

- the business plan receives adequate scrutiny by both finance and service officers in order to evaluate the level of risk;
- the loan is state aid compliant;
- the recipient of the loan can afford the repayments.

7.5. As all external loans are classed as capital expenditure, PR&G committee is ultimately responsible for agreeing the loan as part of the capital programme and will receive a report outlining the relative risks, benefits and financial and legal implications in each instance.

7.6. The council has an obligation to review all outstanding loans to external bodies as under accounting requirements. The council needs to review the risk of non-repayment of all outstanding debt, and make a provision for impairment where there is a probability that part or all of a loan will be irrecoverable.

7.7. No overall parameters have been set on total loan value provided to external bodies, and are assessed and agreed on a case-by-case basis.

Current portfolio

7.8. The council has the following loans to external bodies outstanding as at 31 December 2018:

Organisation	Loan Value at 31 Dec 2018	Purpose of loan & link to council priorities / service objectives	Meeting at which loan approved
The i360 Company	£37,044,651	To build the i360 observation tower, unlocking economic regeneration on the seafront and increasing business rate income.	(1) Special Policy & Resources Committee, 6 March 2014. (2) Special PR&G Committee, 28 June 2018. (3) PR&G Committee, 6 December 2018.
East Sussex Credit Union	£250,000	To increase the reserves base for the organisation to increase affordable lending to local people and businesses, and to increase the provision of crisis loans to Brighton and Hove residents.	PR&G Committee, 21 January 2016.
Saltdean Lido	£220,000	To support the bid for Heritage Lottery Funding for the renovation of the Saltdean Lido (a listed asset owned by the council).	PR&G Committee, 30 November 2017.

7.9. The loan to the i360 company represents substantial risk as reported to PR&G committee in December 2018. The current performance of the i360 is insufficient to make full loan repayments in accordance with the agreement. The committee agreed to defer part of the payments whilst officers work with the i360 to develop a sustainable medium term business plan that ensures the council will be able to recover its loan. This is likely to include a debt restructuring proposal. Officers will be reporting progress back to PR&G committee in June 2019.

7.10. The Saltdean Lido CIC has successfully secured a bid for Heritage Lottery Fund (HLF) grant for the restoration of the building. The terms of the HLF funding requires Saltdean Lido to secure match funding for the grant to be agreed and released. Failure to secure match funding may result in the loan from the council being irrecoverable.

7.11. In addition to those loans listed in the table at paragraph 7.8, a loan to the Brighton & Hove Estates Conservation Trust of £160,000 is proposed subject to approval by PR&G committee within the TBM month 9 report. This loan is for refurbishment of properties at Stanmer Park to ensure future rental income is sustainable.

8. Financial and other Guarantees

8.1. The council has provided guarantees against the underlying performance of the following arrangements:

- ***Brighton & Hove Seaside Community Homes (BHSCH)***

The council has provided a rent guarantee to underwrite the rental income where Local Housing Allowances do not keep pace with inflation. The amount provided to 31 March 2018 under this rent guarantee was £1.4m. The contract stipulates that the rent guarantee will be returned to the council when BHSCH achieves a level of surpluses as defined by the contract and business plan. £0.5m has been received to reduce this debtor down during 2018/19.

- ***Royal Pavilion Estate redevelopment phase 1***

  Grant funding bids for the scheme included a target for fundraising to match-fund any grant received. To allow the scheme to progress, the council has underwritten the fundraising target which has allowed the release of grant. The total fundraising target was originally £5.5m. The latest projection of fundraising is £3.0m. At its meeting in December 2018, PR&G committee agreed to earmark £3.0m to cover both this risk and cost over-runs on the project. The council may have to set further funds aside should the revised fundraising target not be met.

9. Other schemes

The primary objectives of the following schemes is not for financial return purposes, but to support meeting the council's strategic priorities for the city. However, each project is expected to create net revenue income for the council and have therefore been included for completeness.

The King Alfred development project has not been included as the council's investment is to secure a replacement leisure centre, owned by the council. This is part of the council's core services.

Housing Joint Venture

9.1. The council has entered into a living wage joint venture with Hyde Housing Association for the delivery of 1000 affordable homes for the city. The business plan and legal arrangements were agreed by PR&G committee at its meeting of 12 October 2017, and included a projected investment by the council of £59.7m net of receipts from shared ownership sales.

9.2. Each tranche of development under the joint venture is required to undergo a due diligence procedure which includes an individual viability test provided by suitably qualified consultants, and scrutiny by an independent project monitor who reports to the joint venture board on the financial robustness and deliverability of each proposal.

9.3. The risks inherent within this joint venture are cost overruns, rent levels below expectations and the value and number of shared ownership homes being lower than expected. These risks are all considered within the due diligence process.

New England House refurbishment & redevelopment

9.4. The council has ambitious plans to increase the amount of business space and refurbish New England House, an asset wholly owned by the council within the commercial property portfolio. The primary purpose of the project is to protect and grow business space in the city centre.

9.5. The project has secured grant funding of £4.9m and is anticipating funding through the sale of an adjacent site. These resources will need to be supplemented to cover the full cost of development and it is anticipated that increased rental income will support this. The proposal is currently under development, and a business plan will be presented to PR&G committee in due course. This report will include the risks and benefits of the project.

Brighton Waterfront project

9.6. The council is in partnership with Aberdeen Standard Investments (ASI) to deliver a replacement Brighton Centre arena on the black rock site and regeneration and expansion of the Churchill Square shopping centre. The high level business plan relies on increased revenue from business rates and lease payments from a venue operator to cover the financing costs of the capital investment in the new arena.

9.7. The legal agreement with ASI is due to be signed imminently; every stage of the development of the project includes due diligence to ensure the project is viable for both parties.

10. Proportionality & Summary of Risk Exposure

10.1. Often, commercial/non-treasury investments are entered into on a case-by-case basis approved individually. The Capital Strategy provides an opportunity to demonstrate the totality and proportionality of the council's non-financial investments in one place. The table below shows the annual elements that represent financial risk from current non-financial investments as a proportion of the General Fund's net revenue budget.

Commercial/Non-Treasury Investments	£m	% of General Fund
PWLB repayment amount relating to the i360	£1.844m	0.91%
Income from commercial properties	£11.304m	5.55%
Total financial risk	**£13.148m**	**6.46%**
Net Revenue Budget	***£203.583m***	***100%***

10.2. The council's underlying need to borrow is portrayed by its Capital Financing Requirement (CFR). The CFR increases each year by capital expenditure that is not funded by new or existing resources (i.e. results in borrowing). The CFR reduces each year by the MRP set aside to repay borrowing as described in paragraph 1.6.

10.3. Any commercial investments funded by borrowing will increase the council's CFR. The table below demonstrates the proportion of the General Fund CFR (excluding PFI liabilities) outstanding at 31 March 18 (and forecast to be outstanding at 31 March 2019) that relates to commercial investments. That is, this represents the outstanding debt relating to the council's commercial activity where MRP has not yet been applied.

	As at 31/03/18	Forecast to 31/03/19
General Assets CFR	80%	78%
i360	20%	19%
Phoenix House	0%	2%
B&H Estate Conservation trust	0%	0%
Total General Fund CFR	**100%**	**100%**

11. Knowledge & Skills

11.1. The council's Section 151 Officer has delegated responsibility for the council's treasury and capital activities. This requires the post holder to be a qualified accountant. The Section 151 Officer is a CIPFA qualified accountant who follows an ongoing programme of continuous professional development (CPD).

11.2. The council's treasury & capital strategies are produced and maintained by a team of officers who are professionally qualified accountants and who have extensive local authority experience. The council has a contract with Link Asset Services for the provision of specialist advice regarding its treasury investment and borrowing activity and for technical advice. Officers involved in treasury management ensure their knowledge is updated through Continuous Professional Development (CPD).

11.3. All of the council's commercial projects have project teams made up of officers from relevant professional disciplines from across the council. These project teams access external specialist advice regarding commercial projects where required.

11.4. The council's investment property portfolios are managed by Savills (agricultural) and GVA (Commercial), two of the UK's leading property companies. They administer their contracts for Estates Management Services through the provision of a dedicated team of chartered surveyors who have extensive property knowledge and expertise as well as experience of acting for local authority clients. Each local team is supported by a range of "head office" specialist services within their own organisation, including market experts, planning consultants, H&S/FM services, accountancy, agency and so on, ensuring the council has access to a wide range of services to meet all of our property requirements.

11.5. Training is available for members who are responsible for decision making and scrutiny of treasury decisions to ensure their skills and knowledge are kept up to date for their involvement in this area.

12. S151 Officer Assurance Statement

12.1. This Capital Strategy is compiled in line with the requirements of the 2018 CIPFA Prudential Code and the 2018 Treasury Management Code.

12.2. The Section 151 Officer - in this council the Executive Director of Finance & Resources – has reviewed the strategy against best practice advice from CIPFA and expert advisers and considers the strategy to be prudential, sustainable and affordable within the risk framework of the council and has ensured that it is fully integrated with the council's Medium Term Financial Strategy, Treasury Management Strategy Statement and Capital Strategy.

List of Annexes:

Annex A – Capital Resources 2019/20

Annex B - List of current non-treasury investments

Annex C - List of planned non-treasury investments

Capital Resources 2019/20

A fully financed Capital Investment Programme is proposed for 2019/20 assuming that existing approved capital projects spend in-line with approved budgets and certain net usable receipts of £4.3m in total are achieved. Table 1 below shows how the programme can be financed in 2019/20. The position for the years 2020/21 onward is less certain until future Government allocations are confirmed. All Government support is allocated through capital grants and all grants are unringfenced with the exception of Devolved Schools Capital Grant which must be allocated to schools.

TABLE 1: Capital Resources	**2019/20 £ million**
Capital Grants:	
- Capital grant announcements in previous years and profiled for spend in 2019/20	49.230
- New capital grants	12.349
Total Government Support	**61.579**
Capital Receipts Reserve	16.675
Capital Reserves	3.962
Specific Reserves	2.237
External Contributions	2.776
Direct Revenue Funding – Housing Revenue Account	25.104
Direct Revenue Funding – Service Departments	0.778
Council Borrowing	43.539
Total Capital Resources	**156.650**

Capital Grants

The Government distributes capital grants towards the financing of certain capital expenditure. In 2019/20, it is anticipated that the council will receive new capital grants of £12.349m as summarised in table 2 below, and £49.230m from grants already announced where the spending of these grants is now profiled in 2019/20.

It is possible that other capital grants may be received during the year and these will be reported through TBM budget monitoring reports to Policy, Resources & Growth Committee as and when they are announced.

The new capital grants are in two main areas.

- Education funding of £5.000m (estimated to be announced) for investment in the maintenance of educational buildings and Children’s Centres in the city.

- Transport funding of £5.169m to include transport related schemes and highways maintenance.

TABLE 2: New Grants announced for 2019/20	£ million
Education Basic Need	Nil
Education Capital Maintenance*	5.000
Schools Devolved Capital*	0.500
Highways Maintenance Block Allocation (LTP)	2.110
Integrated Transport Block Allocation (LTP)	3.059
Better Care Funding*	1.500
Energy Grants for HRA	0.180
Total	**12.349**

** Funding to be confirmed by government*

Capital Receipts

The funding of the capital investment programme assumes estimated net capital receipts of £4.3m in 2019/20. This includes receipts associated with the disposal of surplus buildings for reinvestment into the Stanmer Regeneration Project and from various leases and overages. These receipts are planned for investment in future years' capital programmes. Progress will be closely monitored throughout the year for all receipts and reported through the regular TBM budget monitoring reports. Failure to achieve some of these receipts will require the capital allocations for future years to be reviewed.

The net receipts from 'right to buy' sales are split between funding for strategic funds delivering regeneration including affordable housing opportunities, and investment directly in housing. The forecast receipts for Brighton & Hove City Council are set at an assumed level of £0.500m per annum. Any surplus above £0.500m will be set aside to reinvest in replacement homes.

Capital Reserves

The level of reserves relates purely to unspent resources carried forward from previous years which have already been earmarked for specific schemes. The council monitors these resources over a rolling period by continually updating projections and comparing these against the level of commitments within the approved Capital Investment Programme.

Specific Reserves

Specific reserves will be used to support schemes directly related to the purpose of the reserve or to support corporate priorities. Specific reserves relate to the refurbishment and maintenance of properties managed by the Brighton and Hove Seaside Community Homes with the costs being met in accordance with the housing agreement. A contribution from the New England House (NEH) Redevelopment Reserve will also support bringing forward the NEH Redevelopment project. The Water Management Reserve will support a flood prevention project within the city. There will also be contributions from specific serves held for the Madeira Terrace crowdfunding project and Royal Pavilion Estate project.

External Contributions

The council will receive new external contributions totalling £2.776m in 2019/20 associated with donations, partner and private contributions for the Royal Pavilion Estate and Stanmer Park redevelopment.

Direct Revenue Funding

The General Fund and Housing Revenue Account budget proposals include direct revenue funding of £25.882m. A summary of the allocations by service is shown in the table below.

TABLE 3: Direct Revenue Funding 2019/20	£ million
Structural maintenance for schools	0.623
Property Services planned maintenance	0.120
Transport Services street lighting	0.035
Total General Fund Services	**0.778**
Housing Revenue Account	25.104
Grand Total	**25.882**

Council Borrowing under the Prudential Code

Council borrowing under the Prudential Code can be undertaken only when it can be demonstrated that it is affordable, for example where the investment leads to greater efficiency in future service provision and generates revenue savings or reductions in budgeted spend. For 2019/20 it is proposed that the council will undertake borrowing of £43.539m to finance capital expenditure plans as detailed in table 4.

TABLE 4: Council Borrowing in 2019/20	£ million
Housing Revenue Account – 19/20 new borrowing	2.403
Housing Revenue Account – 18/19 reprofiled schemes	9.900
Housing Joint Venture	10.847
Replacement programme vehicles & plant	1.000
Street lighting invest to save scheme	2.915
Social Care buildings maintenance	0.500
Planned maintenance for corporate buildings	0.615
Investment to Phoenix House	0.319
Solar panels for corporate buildings	0.565
Royal Pavilion Estate Regeneration	3.704
West Street Shelter Hall	1.000

Stanmer Park traditional agricultural buildings	1.400
IT&D Investment in Windows 10 Network, equipment replacement, Wi-fi and associated infrastructure	3.111
Borrowing to release capital receipts for investment in modernising service	2.960
Saltdean Lido underwiting of fundraising	1.600
Library at Saltdean Lido	0.700
Total for Capital Programme	**43.539**

The borrowings in the above table are briefly described below:

- As part of the HRA business plan, borrowing will be used to support the delivery of new council housing and estate regeneration and funding of £9.900m was profiled from 2018/19 for investment in new build, conversions and repairs at various sites with a further £2.403m planned in 2019/20. The financing costs have been identified to be met from the HRA capital financing revenue budget.
- The Joint Venture Housing Delivery proposal is for the council to contribute borrowing of up to £60m alongside investment from Hyde Housing for the delivery of 1,000 affordable homes. The estimated profile of borrowing in 2019/20 is £10.847m with no net cost to the council and all costs being met through the Joint Venture business plan.
- A provision of £1.000m is for replacement of vehicles during the year. This includes replacement refuse collection and street cleansing vehicles for Cityclean and the potential replacement of miscellaneous waste and parks vehicles during the year if this proves to be the most cost-effective route for procurement. These assets may be currently provided through operational leases and paid for through the relevant service revenue budget.
- The Street Lighting invest-to-save proposal was presented to Policy, Resources & Growth Committee on 8 December 2016 and plans to use borrowing to implement the application of new energy efficient LED lighting technologies as well as the application of the latest British and European Road Lighting Standards and control systems. This will generate energy and carbon reduction savings. Net revenue savings from the street lighting and electricity budget will contribute to the cost of borrowing.
- As a result of condition surveys on Social Care operational buildings an annual programme of planned works has been incorporated into the capital programme to ensure the buildings meet current standards and are fit for purpose.
- Borrowing to support the Planned Maintenance Budget has been introduced to support the ongoing maintenance pressures for corporate and civic buildings. The revenue costs for the borrowing have been addressed within the Medium Term Financial Strategy.
- Investment to Phoenix House – the purchase price of Phoenix House was renegotiated downwards following a detailed survey of the building in recognition of investment requirements. The reduction of £0.319m has been earmarked to cover the investment requirements.

- Investment in solar panels for corporate buildings – there are a range of opportunities for solar panel installations that will generate revenue savings for the council. The individual schemes will be based on business cases and approved via in-year TBM reports.
- A variation to the Royal Pavilion Estate regeneration project was reported to Policy, Resources & Growth Committee in December 2018. This included council borrowing to be financed from the corporate capital financing budget and Brighton Dome & Festival Limited. The project also receives funding from capital receipts, the Arts Council, Heritage Lottery Fund, Local Enterprise Partnership and external contributions.
- The variation to the West Street Shelter Hall scheme was reported to Policy, Resources & Growth Committee in February 2018. A borrowing allocation of £2.0m is required to meet the additional costs associated with the project with £1.0m required in 2019/20. The annual repayments will be met from rental income from the commercial premises being created within the development.
- The redevelopment of the traditional agricultural buildings at Stanmer Park is proposed to be funded from a combination of capital receipts and borrowing with income generated from rentals set aside to meet borrowing costs.
- IT&D Investment in upgrading to Windows 10 and associated equipment replacement, Wi-Fi installation and network upgrades is required as the current Windows 7 platform will not be supported beyond December 2019. The financing costs of this investment are reflected in the Medium Term Financial Strategy.
- Borrowing to release capital receipts for investment in modernising services – revenue costs can be capitalised and funded through capital receipts where the costs are delivering efficiencies and potential future year savings. This is through the government approved capitalisation direction. A number of schemes in the capital programme which were funded by capital receipts will now be funded from borrowing to release those capital receipts for modernising services. These include the investment in the Asset Management Fund, funding for the Hove Station footbridge and Citywide street investment. The financing costs of this investment are reflected in the Medium Term Financial Strategy.
- Saltdean Lido underwiting of fundraising – the report to Policy Resources & Growth Committee on the 14 February 2019 recommends underwriting £1.600m fundraising to allow the Heritage Lottery Grant conditions to be satisfied and the scheme to progress. The £1.600m will be fully funded in the capital programme as a prudential measure. The financing costs of this investment are reflected in the Medium Term Financial Strategy.
- The contribution to the replacement library at Saltdean Lido was approved at Policy Resources & Growth Committee in February 2017. The financing costs of this investment are reflected in the Medium Term Financial Strategy.

Appendix 2

ANNEX B

List of current non-treasury Investments

This list is reviewed on an on-going basis by finance officers to ensure risks are monitored and updates are escalated through the Strategic Delivery Board and Strategic Investment Board where required:

Investment Type	Scheme Name	Value
Investment Property Portfolio	Urban & Agriculture Property Portfolios	£279.897m
Loan to external body	i360 Company	£37.045m
Loan to external body	Saltdean Lido	£0.220m
Loan to external body	East Sussex Credit Union	£0.250m
Financial Guarantee	Brighton & Hove Seaside Community Homes	£0.900m*
Financial Guarantee	Royal Pavilion Estate fundraising	£2.500m**
Housing Property Joint Venture	Brighton & Hove	£59.700m**

* Estimated value of debtor at 31 March 2019

** Estimated value of total expected investment

List of planned non-treasury Investments

This list is reviewed on an on-going basis by finance officers to ensure risks are monitored and updates are escalated through the Strategic Delivery Board and Strategic Investment Board where required:

Investment Type	Scheme Name	Value
Loan to external body	Brighton & Hove Estate Conservation Trust	£0.160m
Investment in commercial property portfolio	New England House refurbishment	£24.500m
Investment in replacement Brighton Centre	Waterfront Project	£132.700m

Appendix 4

TREASURY MANAGEMENT POLICY AND STRATEGY 2019/20

CONTENTS

1. INTRODUCTION

1.1 Background

The council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in counterparties or instruments commensurate with the council's risk appetite, providing adequate liquidity initially before considering investment return.

The second main function of the treasury management service is the funding of the council's capital plans. These capital plans provide a guide to the borrowing need of the council, essentially the longer-term cash flow planning, to ensure that the council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans, or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn may be restructured to meet council risk or cost objectives.

The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity and the ability to meet spending commitments as they fall due, either on day-to-day revenue spending or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from holding reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a loss to the General Fund.

Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities (arising usually from capital expenditure), and are separate from the day to day treasury management activities.

CIPFA defines treasury management as:

"The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

Revised reporting is required for the 2019/20 reporting cycle due to revisions of the Ministry for Housing Communities & Local Government (MHCLG) Investment Guidance, the MHCLG Minimum Revenue Provision (MRP) Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code. The primary reporting changes include the introduction of a Capital Strategy, to provide a longer-term focus to the capital investment plans, and greater reporting requirements surrounding any commercial activity undertaken under the Localism Act 2011. The Capital Strategy is being reported separately.

1.2 Reporting Requirements

1.2.1 Capital Strategy

The CIPFA revised 2017 Prudential and Treasury Management Codes require, for 2019/20, all local authorities to prepare an additional report, a Capital Strategy report, which will provide the following:

- a high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
- an overview of how the associated risks are managed;
- the implications for future financial sustainability.

The aim of the Capital Strategy is to ensure that all members on the full Council understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

This Capital Strategy is reported separately from the Treasury Management Strategy Statement; non-treasury investments will be reported through the former. This ensures the separation of the core treasury function under security, liquidity and yield principles, and the policy and commercialism investments usually driven by expenditure on an asset. The Capital Strategy will show:

- The corporate governance arrangements for these types of activities;
- Any service objectives relating to the investments;
- The expected income, costs and resulting contribution;
- The debt related to the activity and the associated interest costs;
- The payback period (MRP policy);
- For non-loan type investments, the cost against the current market value;
- The risks associated with each activity.

Where a physical asset is being bought, details of market research, advisers used, (and their monitoring), ongoing costs and investment requirements and any credit information will be disclosed, including the ability to sell the asset and realise the investment cash.

Where the council has borrowed to fund any non-treasury investment, there should also be an explanation of why borrowing was required and why the MHCLG Investment Guidance and CIPFA Prudential Code have not been adhered to.

If any non-treasury investment sustains a loss during the final accounts and audit process, the strategy and revenue implications will be reported through the same procedure as the Capital Strategy.

1.2.2 Treasury Management reporting

The Council is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.

a. **Prudential and treasury indicators, and treasury strategy** (this report) - The first, and most important report, is forward looking and covers:

    - the capital investment plans, (including prudential indicators);
    - a Minimum Revenue Provision (MRP) policy, (how residual capital expenditure is charged to revenue over time);
    - the Treasury Management Strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
    - an Annual Investment Strategy, (the parameters on how investments are to be managed).

b. **A mid-year treasury management report** – This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision.

c. **An annual treasury management report** – This is a backward looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

This Council delegates responsibility for implementation and monitoring treasury management to Policy, Resources & Growth Committee (PR&G) and responsibility for the execution and administration of treasury management decisions to the Section 151 Officer. PR&G therefore receives the mid-year report in December and the annual report in July each year.

The above reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Policy, Resources & Growth Commitee.

1.3 Treasury Management Strategy for 2019/20

The strategy for 2019/20 covers two main areas:

Capital issues:

- the capital expenditure plans (section 2) and the associated prudential indicators (Annex C);
- the minimum revenue provision (MRP) policy (Section 3).

Treasury management issues:

- the current treasury position (section 1.5);
- treasury indicators which limit the treasury risk and activities of the council (Annex C);
- prospects for interest rates (Annex B);
- the borrowing strategy (section 2);
- policy on borrowing in advance of need (section 2.3);
- debt rescheduling (section 2.4);
- the investment strategy (section 4);
- creditworthiness policy (section 4.4); and
- the policy on the use of external service providers (section 5.3).

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, MHCLG MRP Guidance, the CIPFA Treasury Management Code and MHCLG Investment Guidance.

1.4 Treasury Management Policy Statement

The policies and objectives of the council’s treasury management activities are as follows:

i) This council defines its treasury management activities as

‘The management of the authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated

with those activities; and the pursuit of optimum performance consistent with those risks'.

ii) This council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the council, and any financial instruments entered into to manage these risks.

iii) This council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance management techniques, within the context of effective risk management.

1.5 Current Treasury Portfolio Position

A summary of the council's borrowing & investment portfolios as at 31 December 2018 and forecast at the end of the financial year is shown in **Table 1** below:

Table 1	Actual at 31 December 2018			Forecast to 31 March 2019		
	£'000	% of portfolio	Average Rate	£'000	% of portfolio	Average Rate
Investments						
UK Banks	58,500	41%	0.97%	44,000	32%	1.06%
Non-UK Banks	17,000	12%	1.01%	17,000	13%	1.08%
Building Societies	0	0	0	5,000	4%	1.05%
Local Authorities	34,500	24%	0.77%	21,000	15%	0.84%
Money Market Funds	23,532	16%	0.76%	40,000	29%	0.78%
Aberdeen Ultra Short Dated Bond Fund	10,051	7%	0.76%*	10,000	7%	0.80%
Total Investments	**143,583**	**100%**	**0.88%**	**137,000**	**100%**	**0.93%**
Borrowing						
PWLB loans	185,563	77%	4.15%	224,811	81%	3.87%
Market loans	45,000	19%	4.45%	45,000	16%	4.45%
Local Authorities	10,000	4%	0.85%	7,500	3%	0.88%
Total external Borrowing	**240,563**	**100%**	**4.07%**	**277,311**	**100%**	**3.88%**

**Annual gross yield to 31 December 2018*

2. BORROWING STRATEGY

The capital expenditure plans of the council are set out in the Budget book (Appendix 1 to this report). The treasury management function ensures that the council's cash is organised in accordance with the relevant professional codes so that sufficient cash is available to meet the capital expenditure plans.

Any capital investment that is not funded from new and/or existing resources (e.g. capital grants, receipts from asset sales, revenue contributions or earmarked reserves) increases the council's need to borrow, represented by the council's Capital Financing Requirement (CFR). However, external borrowing does not have to take place immediately to finance its related capital expenditure: the council can utilise cash being held for other purposes (such as earmarked reserves and working capital balances) to temporarily defer the need for external borrowing. This is known as 'internal borrowing' or 'under-borrowing'.

The council's primary objective is to strike an appropriate balance between securing cost certainty and securing low interest rates.

The council operates a two-pool approach for borrowing following the HRA Self Financing regime introduced in March 2012.

2.1 General Fund Borrowing Position and Strategy

The General Fund has been maintaining an under-borrowed position in response to the current economic climate. This is a prudent strategy as investment returns are low and counterparty risk is still an issue that needs to be considered. £20m of new borrowing was undertaken in 2015/16 and 2016/17 to allow the council to take advantage of historically low interest rates, reducing the long term cost of the council's debt portfolio, but also to maintain the under-borrowing position at an appropriate level. The General Fund's average cost of borrowing as a result (excluding i360 related PWLB loans) has reduced from 4.82% to 4.46% which creates revenue savings of £86,000 per annum.

A restructuring opportunity arose in October 2018, with one of the council's market lenders (RBS) offering to allow the council to repay £30m Lender Option Borrower Option (LOBO) loans on more attractive terms, of which £13.9m was relating to the General Fund debt pool. There has been an increase in the council's cash balances during the last two years and the loan repayment was therefore initially funded through using cash within the investment portfolio. This has increased the under-borrowed position of external loans compared to the General Fund CFR. It is expected that a combination of new loans will be entered into to replace the RBS loans, which will provide total General Fund revenue savings of approximately £93,000 per annum, as well as improving the maturity profile of the council's debt.

General Fund Borrowing Strategy for 2019/20

The General Fund (GF) capital programme 2019/20 to 2021/22 forecasts a total of £266m capital investment, £169m of which will be met from existing or new resources. The increase in the GF borrowing need over this period is therefore £97m as shown in **Table 2** below.

2018/19 Projected £m	Table 2	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m	Total £m
73	GF Capital Expenditure	110	86	70	266
	Financed by:				
(58)	New & existing resources	(79)	(55)	(35)	(169)
15	**GF Borrowing Need**	**31**	**31**	**35**	**97**

Of the £97m borrowing need shown, £36m is from projects that are awaiting approval or detailed analysis. Therefore, the timing of borrowing is uncertain, and borrowing decisions for these projects will form part of the viability and due diligence process.

For the remaining borrowing need, the strategy will initially focus on meeting this borrowing need from internal borrowing i.e. avoiding external borrowing by utilising the council's own surplus cash flow. This will reduce the net revenue cost of borrowing and reduce counterparty risk within the council's investment portfolio by reducing the portfolio size. However, borrowing rates have been volatile so far in 2018/19 and have increased modestly over the summer. Therefore the internal borrowing position needs to be carefully and continually reviewed to avoid incurring higher borrowing costs in the future at a time when the authority may not be able to avoid new borrowing to finance capital expenditure or refinance maturing debt.

There will remain a cost of carry (the difference between borrowing costs and investment rates) to any new long term borrowing that causes a temporary increase in cash balances which will, most likely, lead to a cost to revenue.

2.2 Housing Revenue Account (HRA) Borrowing Position and Strategy

The HRA operates a fully funded Capital Financing Requirement. Over 2016/17 and 2017/18 the HRA has applied £16.3m of borrowing to fund its capital programme. Of this, it borrowed £14m externally from the PWLB and the remaining £2.3m was borrowed from the General Fund in order to reduce the HRA's interest rate and to also minimise counterparty risk at a time when General Fund investment balances were increasing. Officers are monitoring interest rates in consultation with the treasury advisors to ascertain the optimum time to externalise this borrowing.

Of the £30m RBS loans repaid in October 2018, £16.1m of the loans were part of the HRA debt pool. It is expected that a combination of new loans will be entered into to replace the RBS loans, which will provide total HRA revenue savings of approximately £107,000 per annum, as well as improving the maturity profile of the council's debt.

HRA Borrowing Strategy for 2019/20

The HRA Capital Programme 2019/20 to 2021/22 forecasts a total £137m of capital investment over the next three years with £102m met from existing or new resources. The increase in the HRA's borrowing need over this period is therefore £35m as shown in **Table 3** below. It is expected that this borrowing need will be met from either borrowing externally or from the General Fund. This is dependent on the level of liquid resources the General Fund has available to lend to the HRA and additionally will depend on the view of interest rate prospects:

- If it is considered that there is a significant risk of reducing long term interest rates, long term borrowing should be postponed;
- If it is considered that there is a significant risk of sharply increasing long term interest rates, long term borrowing should be considered.

2018/19 Projected £m	Table 3	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m	Total £m
35	HRA Capital Expenditure	46	44	47	137
	Financed by:				
(30)	New & existing resources	(34)	(33)	(35)	(102)
5	**HRA Borrowing Need**	**12**	**11**	**12**	**35**

Table 4 below shows the actual expected external debt compared to the capital financing requirement over the next 3 years for both the General Fund and the HRA. This demonstrates that the HRA CFR is expected to be fully funded to 2021/22, and the General Fund is expected to maintain an underborrowed position:

2018/19 Estimate £m	Table 4	2019/20 Estimate £m	2020/21 Estimate £m	2021/22 Estimate £m
General Fund				
140	GF Debt at 1 April	138	147	152
(2)	Expected change in Debt	9	5	18
138	**GF Debt at 31 March**	**147**	**152**	**170**
181	GF CFR* at 1 April	188	212	235
15	Borrowing need (Table 2)	31	31	35
(8)	MRP	(7)	(8)	(10)
188	**GF CFR* at 31 March**	**212**	**235**	**260**
50	**Under / (Over) borrowing**	**65**	**83**	**90**
26.6%	**% Underborrowed**	**30.7%**	**35.3%**	**34.6%**
Housing Revenue Account				
125	HRA Debt at 1 April**	129	141	151
4	Expected change in Debt	12	10	11
129	**HRA Debt at 31 March**	**141.0**	**151**	**162**
125	HRA CFR at 1 April	129	141.0	151
5	Borrowing need (Table 3)	12	11	12
(1)	MRP	(0)	(1)	(1)
129	**HRA CFR at 31 March**	**141.0**	**151**	**162**
-	**Under / (Over) borrowing**	**-**	**-**	**-**

* *GF CFR in Table 4 is the underlying need to borrow and excludes PFI and lease arrangements, which are included in the CFR figure in the Prudential Indicators in Annex C.*

** *Includes both external debt and sums borrowed from the General Fund (£2.225m as at 1 April 2018).*

2.3 Policy on Borrowing in Advance of Need

The council will not borrow purely in order to profit from investment of extra sums borrowed. Any decision to borrow in advance will be within approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated and that the council can ensure the security of such funds. Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting.

2.4 Debt Rescheduling

Officers continue to regularly review opportunities for debt rescheduling but there has been a considerable widening of the difference between new borrowing and repayment rates, which has resulted in much fewer opportunities to realise any savings or benefits from rescheduling PWLB debt.

The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy;
- enhancing the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

The strategy is to continue to seek opportunity to reduce the overall level of the council's debt where prudent to do so, thus providing in future years cost reduction in terms of lower debt repayments costs, and potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt. All rescheduling will be agreed by the S151 Officer.

2.5 Interest Rate Risk & Continual Review

The council's total borrowing need of £132m is identified in **Tables 2 & 4.** This borrowing need, together with the debt at risk of maturity shown in **Table 5** is the extent to which the council is subject to interest rate risk over the next three years.

Table 5	2019/20	2020/21	2021/22
	£m	£m	£m
Maturing Debt	2	3	2
Debt Subject to early repayments options	15	15	20
Total debt at risk of maturity	**17**	**18**	**22**

Officers continue to review the need to borrow taking into consideration the potential increases in borrrowing costs, the need to finance new capital expenditure, the need to refinance maturing debt, and the cost of carry that might incur a revenue loss between borrowing costs and investment returns.

Against this background and the risks within the economic forecast, caution needs to be excercised. The Chief Finance Officer will therefore continue to monitor interest rates in financial markets and adopt a proactive approach to changing circumstances as follows:

- if it was considered that there was a significant risk of a forthcoming sharp fall in long and short term rates (e.g. due to a marked increase in the risk of relapse into recession or increasing risk of deflation), then long term borrowings will be postponed and potential rescheduling from fixed rate funding into short term borrowing will be considered;
- if it was considered that there was a significant risk of a much sharper rise in long and short term rates than that currently forecast, for example, arising from an acceleration in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that borrowing would be undertake and fixed rate funding drawn on whilst interest rates are still lower than they will be in the next few years.

3. MINIMUM REVENUE PROVISION POLICY STATEMENT

The council is required to pay off an element of the accumulated General Fund capital spend each year (the Capital Financing Requirement - CFR) through a revenue charge (the minimum revenue provision - MRP). Ministry of Housing, Communities and Local Government (MHCLG) regulations require the full Council to approve an MRP Statement in advance of each year. A variety of options are available to councils, so long as the principle of any option selected ensures a prudent provision to redeem its debt liability over a period which is commensurate with that over which the capital expenditure is estimated to provide benefits (i.e. estimated useful life of the asset being financed).

The Council is recommended to approve the following MRP Statement for 2019/20:

For all debt where the government has provided revenue support (supported capital expenditure), the MRP policy will be:

- Provision on a straight line basis over 50 years.

For all debt where the government does not provide revenue support:

- Where the debt relates to an asset, the council will set side a sum equivalent to repaying the debt over the life of the asset either in equal instalments or on an annuity basis over a maximum life of 50 years. The method to be adopted will be determined according to which is the most financially beneficial to the council over the life of the asset. Asset Life Method (annuity method);

- Where the debt relates to expenditure which is subject to a capitalisation direction issued by the government, the council will set aside a sum equivalent to repaying the debt over a period consistent with the nature of the expenditure on an annuity basis.

- In the case of assets under construction, MRP will be delayed until the relevant asset becomes operational.

Where the debt relates to capital loans to a third party:

- The repayments of principal will be set aside as capital receipts to finance the initial capital advance in lieu of making a MRP;

Where the debt relates to the living wage joint venture:

- The council will set aside, in equal instalments, a sum which is equivalent to repaying the debt at the end of year 40 within the 60 year business plan. Set aside will commence, at the latest, in the year in which net surpluses are modelled for each individual tranche of borrowing.

For on-balance sheet PFI schemes and finance leases, the MRP policy will be:

- Asset Life Method (annuity method) - The MRP will be calculated according to the flow of benefits from the asset, and where the principal repayments increase over the life of the asset. Any related MRP will be equivalent to the "capital repayment element" of the annual charge payable.

There is the option to charge more than the prudent provision of MRP each year through a Voluntary Revenue Provision (VRP).

4. ANNUAL INVESTMENT STRATEGY

The MHCLG and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals with financial investments. Non-financial investments are covered in the Capital Strategy (Appendix 2).

The council's investment policy has regard to the following:

- MHCLG's Guidance on Local Government Investments (the "Guidance");
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 (the "Code");
- CIPFA Treasury Management Guidance Notes 2018.

The council's investment priorities will be the security of capital first, portfolio liquidity second and then yield (return).

4.1 Annual Investment Strategy for 2019/20

Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months). Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

- If it is predicted that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments on short term or variable terms.
- Conversely, if it is predicted that Bank Rate is likely to fall within that time period, consideration will be given to locking in the higher rates currently obtainable, for longer periods.

Currently, Bank Rate is forecast to increase steadily but slowly over the next few years to reach 2.00% by Quarter 1 2022. Bank Rate forecasts for financial year ends (March) are:

Year	2018/19	2019/20	2020/21	2021/22
Bank Rate	0.75%	1.25%	1.50%	2.00%

Link Asset Service's (LAS) view on the prospect for interest rates, including their forecast for short term investment rates is appended at Annex B.

The primary principle governing the council's investment criteria is the security of its investments, but return on investment is also important. After this main principle, the council will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in and the criteria for choosing investment counterparties with adequate security, and monitoring their security;
- It has sufficient liquidity in its investments.

Changes from 2018/19 Strategy

The changes in the investment strategy are highlighted in grey. There have been two changes from the strategy approved for 2018/19:

- The limit for pooled funds (including Money Market Funds) has been increased from £10m per fund to £15m per fund. At a time when cash balances are high (and expected to grow going into 2019/20 as a result of undertaking borrowing to replace the RBS debt), this provides further liquid capacity to enable officers to manage cash more efficiently.
- Within Annex A, three further UK counterparties have been added to the approved counterparty list. These counterparties meet the minimum credit criteria of the strategy and will provide further opportunity for diversification of the investment portfolio.

4.2 Investment Policy – Management of risk

Treasury management risks and how these risks are managed and mitigated are identified in the council's Treasury Management Practices and related procedures, details of which are held within the council's Treasury Management Team. The main risks to the council's treasury activities are:

- liquidity risk (inadequate cash resources);
- market or interest rate risk (fluctuations in interest rate levels and thereby in the value of investments);
- inflation risks (exposure to inflation);
- credit and counterparty risk (security of investments);
- refinancing risks (impact of debt maturing in future years); and
- legal and regulatory risk (i.e. non-compliance with statutory and regulatory requirements, risk of fraud).

The guidance from the MHCLG and CIPFA places a high priority on the management of risk. This authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means:

i) Minimum acceptable credit criteria are applied in order to generate a list of high creditworthy counterparties. This also enables diversification and thus avoids a concentration of risk. The key ratings used to monitor counterparties are the short term and long-term ratings.

ii) Other information: ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the council will engage with its advisors to monitor market pricing such as "credit default swaps" and overlay that information on credit ratings.

iii) Other information sources used will include the financial press, share prices and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.

iv) Where there is a significant or sudden deterioration in one or more indicators (such as CDS prices), officers will undertake a review and, where necessary take action. This action may take the form of temporary suspension of a counterparty from the council's approved lending list, or a restriction of the maximum period and investment limits.

v) This authority has defined the list of types of investment instruments that the treasury management team are authorised to use.

   a. **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year. The limits and permitted instruments for specified investments are listed within Table 6.

   b. **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use. The limits and permitted instruments for non-specified investments are listed within Table 7.

vi) Lending limits (amounts and maturity) for each counterparty will be set through applying the credit criteria matrix (within Table 7).

vii) This authority will set limits for the amount of its investments:

a. which are invested for longer than 365 days, detailed in the Treasury Indicators in Annex C.

b. which are invested in any one sector (paragraph 4.5)

c. which are invested in any one counterparty within its relevant sector (paragragh 4.5)

viii) Investments in Non-UK Banks will only be placed with counterparties from countries with a specified minimum sovereign rating of AA (paragraph 4.3).

ix) Investments in UK banks will only be placed with counterparties with a minimum credit rating of BBB.

x) This authority has engaged external consultants, (see paragraph 5.3), to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.

xi) All investments will be denominated in sterling.

xii) As a result of the change in accounting standards for 2018/19 under IFRS 9, this authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018 MHCLG concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for 5 years commencing from 1/4/18).

However, this authority will also pursue value for money in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance (see paragraph 4.7). Regular monitoring of investment performance will be carried out during the year.

4.3 Sovereign Credit Ratings

For 2019/20 it is recommended to maintain the policy of lending to sovereign nations and their banks which hold at least a AA credit rating. The list of countries that qualify using this credit criteria (as at the date of this report) are shown below:

AAA Australia, Canada, Denmark, Germany, Netherlands, Qatar, Singapore, Sweden & Switzerland
AA+ Finland & United States,
AA France, United Arab Emirates & UK

4.4 Creditworthiness Policy

Each counterparty included on the council's approved lending list must meet the criteria set out below. Without the prior approval of the Council, no investment will be made in an instrument that falls outside the list below.

Table 6 below summarises the types of specified investment counterparties available to the council, and the maximum amount and maturity periods placed on each of these. A full list of the council's counterparties and the current limits for 2019/20 are appended at Annex A.

When assessing credit ratings to ascecrtain limits for each counterparty, the lowest short and long term ratings from each of the three ratings agencies is applied. For simplicity, the ratings for Standard & Poor's are used in the tables below.

Criteria for Specified Investments

Table 6	Country/ Domicile	Minimum Capital Requirements	Min. Credit Criteria (L/term / S/term)	Max. Amount	Max. maturity period
Debt Management and Deposit Facilities (DMADF)	UK	N/A	N/A	unlimited	6 months
UK Local Authorities	UK	N/A	UK Sovereign Rating	£10m per LA	12 months
UK Banks – part nationalised*	UK	UK government must own majority shareholding	N/A	£25m	12 months
UK Banks & credit rated Building Societies	UK	Must meet minimum credit criteria	AA- / A-1+	£25m	12 months
			A / A-1	£15m	12 months
			BBB / A-2	£10m	6 months
Banks – Non-UK	Those with sovereign rating of at least AA*	Must meet minimum credit criteria	AA- / A-1+	£25m	12 months
Non-rated Building Societies	UK	Must have an asset base of at least £5bn at the time of investment	N/A	£5m	6 months
Money Market Funds (CNAV and LVNAV)	UK/Ireland/ EU domiciled	Must meet minimum credit criteria	AAA	***£15m per fund***	Liquid
Ultra Short Dated Bond Funds	UK/Ireland/EU domiciled	Must meet minimum credit criteria	AA	***£15m per fund***	Liquid
Short Dated Bond Funds	UK/Ireland/EU domiciled	Short Dated bond funds are not rated. A selection process will evaluate relative risks & returns. Security of the council's money and fund volatility will be key measures of suitability	N/A	***£15m per fund***	Liquid

*See Paragraph 4.3 for full list of countries that meet these criteria

Lending to the council's operational banking service provider

An additional operating limit of £2m and an additional investment limit of £5m will be provided for the council's provider of transactional banking services (currently Lloyds Bank plc). It is unavoidable that the £2m operational limit will be breached from time to time however, officers will endeavour to keep this to a minimum.

UK banks – ring fencing

The largest UK banks, (those with more than £25bn of retail / Small and Medium-sized Enterprise (SME) deposits), were required, by UK law, to separate core retail banking services from their investment and international banking activities by 1st January 2019. This is known as "ring-fencing". Whilst smaller banks with less than £25bn in deposits are exempt, they can choose to opt up. Several banks are very close to the threshold already and so may come into scope in the future regardless.

Ring-fencing is a regulatory initiative created in response to the global financial crisis. It mandates the separation of retail and SME deposits from investment banking, in order to improve the resilience and resolvability of banks by changing their structure. In general, simpler activities offered from within a ring-fenced bank (RFB) will be focused on lower risk, day-to-day core transactions, whilst more complex and "riskier" activities are required to be housed in a separate entity, a non-ring-fenced bank (NRFB). This is intended to ensure that an entity's core activities are not adversely affected by the acts or omissions of other members of its group.

While the structure of the banks included within this process may have changed, the fundamentals of credit assessment have not. The council will continue to assess the new-formed entities in the same way that it does others and those with sufficiently high ratings (and any other metrics considered) will be considered for investment purposes. The list of approved counterparties in Annex A differentiates the limits for both ring fenced and non-ring fenced banks.

Part-Nationalised Banks

The council can lend £25m for up to 12 months to any bank in which the UK Government holds a majority shareholding regardless of the credit rating due to the implied government support of those entities. The Royal Bank of Scotland PLC & National Westminster Bank PLC are the two entities currently treated as part nationalised.

Non-Specified investments are any other types of investment that are not defined as specified. All such investments will be sterling denominated, with maturities up to a maximum of 1 year, meeting the minimum 'high' rating criteria where applicable:

Table 7	Instrument Type	Minimum credit criteria (L/term / S/term)	Maximum investments	Period
UK Local Authorities	N/A	N/A	£10m per LA	5 years
UK Banks & Non UK Banks	Fixed Deposits	AA+ / A-1+	£25m	3 years
		AA- / A-1+	£25m	2 years
	Negotiable Instruments	AA- / A-1+	£25m	5 years

A full list of counterparties that meet the council's criteria for both specified and non-specified investments are listed in Annex A.

4.5 Other Limits

In order to mitigate concentration risk, there are a number of other limits imposed within the investment strategy. **Table 8** sets out the maximum permitted investment for each sector at the time of investment:

Table 8	
Sector	**Max total of portfolio**
Banking sector	100%
Building Society Sector	75%
Local Authority Sector	100%
Money Market Funds (MMF)	100%
Short Dated & Ultra Short Dated Bond Funds	50%
Debt Management Account Deposit Facility (DMADF)	100%

In addition to these limits:

- No more than 25% of the portfolio can be invested for more than 1 year;
- With the exception of MMF & the DMADF, no one counterparty may have more than 25% of the relevant sector maximum at the time the investment is made.

4.6 Approved Methodology for adding and removing counterparties

A counterparty shall be removed from the council's list where a change in their credit rating results in a failure to meet the criteria set out above.

A new counterparty may only be added to the list with the written prior approval of the Executive Director of Finance & Resources and only where the counterparty meets the minimum criteria set out above.

A counterparty's exposure limit will be reviewed (and changed where necessary) following notification of a change in that counterparty's credit rating or a view expressed by the credit rating agency warrants a change.

A counterparty's exposure limit will also be reviewed where information contained in the financial press or other similar publications indicates a possible worsening in credit worth of a counterparty. The review may lead to the suspension of any counterparty where it is considered appropriate to do so by the Executive Director of Finance & Resources.

4.7 Investment Risk Benchmarking

The weighted average benchmark risk factor for 2019/20 is recommended to be 0.05%. This is unchanged from 2018/19. This is a measure of the percentage of the portfolio deemed to be at risk of loss by reference to the maturity date, value of investment, and credit rating of the individual investments within the portfolio compared to the historic default data for those credit ratings.

This benchmark is a simple target (not limit) to measure investment risk and so may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that the in-house treasury team can monitor the current and trend position and amend the operational strategy depending on any changes. Any breach of the benchmarks will be reported with supporting reasons in the mid-year or end of year reviews.

This matrix will only cover internally managed investments, excluding externally managed cash that has been subject to an individual selection process.

For any investment where there is a direct and legal offset against an existing financial liability, the investment will be assumed to have a benchmark risk of 0.00%.

5. OTHER TREASURY MATTERS

5.1 Banking Services

Lloyds Bank plc currently provides banking services for the council.

5.2 Training

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. Training was last provided for members of the Audit Committee and PR&G Committee on 22 March 2018 and further training will be arranged as required.

The training needs of treasury management officers are periodically reviewed and training arranged as required.

5.3 Policy on the use of External Service Providers

The council uses Link Asset Services as its external treasury management advisors.

The council recognises that responsibility for treasury management decisions remains with the council at all times and will ensure that undue reliance is not placed upon our external service providers. It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subject to regular review.

5.4 Lending to Third Parties

The council has the power to lend monies to third parties subject to a number of criteria. These are not treasury type investments rather they are policy investments. Any activity will only take place after relevant due diligence has been undertaken, as described in the Capital Strategy (Appendix 2 to this report).

5.5 Updates to Accounting Requirements

IFRS 9 – Financial Instruments

The accounting treatment for all financial instruments will be in the scope of IFRS 9 from 2018/19. This is not expected to have a significant impact on the council's investment portfolio, but the key considerations are as follows:

- A provision will be required for expected loss on the council's investment portfolio as at the 31 March 2019 using the "expected loss" model, taking into account historical losses for instruments that carry a similar credit quality. To provide an indication of the impact of this, a provision based on the investment portfolio as at 31 December 2018 would result in a provision being required of £0.023m.
- The valuation of investments previously classified as Available for Sale (AfS) will now be classified as Fair Value through Profit & Loss (FVPL). Under this change, any gains or losses on the valuation to the council's holding in the Aberdeen Ultra Short

Dated Bond fund at 31 March each year would have to be charged to the General Fund revenue account. Following the consultation undertaken by MHCLG on IFRS 9 the government has introduced a mandatory statutory override for local authorities to reverse out all unrealised fair value movements resulting from pooled investment funds. This will be effective from this financial year, 1 April 2018. The statutory override applies for five years from this date. Local authorities are required to disclose the net impact of the unrealised fair value movements in a separate unusable reserve throughout the duration of the override in order for the government to keep the override under review and to maintain a form of transparency.

IFRS 16 – Leasing

CIPFA issued a consultation to local authorities regarding the accounting impact of operating leases being bought onto the balance sheet. The council's Prudential Indicators and Capital Financing Requirement will need to be amended to allow for leases which were previously off balance sheet being bought onto balance sheet from 1 April 2020. The authorised limit and operational boundary for 2020/21 onwards will be increased to reflect the effect of this change once assessed.

ANNEX A - Approved List of Counterparties 2019/20

Counterparty	Specified /Non-specified	Short-term F=Fitch M=Moody's SP=Standard & Poor's			Long-term			Lending Limit	Fixed deposit duration limit (months)
		F	M	SP	F	M	SP		
(1) UK Banks									
Lloyds Banking Group:									
Bank of Scotland PLC (RFB)	Specified	F1	P-1	A-1	A+	Aa3	A+	£20m	12
Lloyds Bank PLC (RFB)	Specified	F1	P-1	A-1	A+	Aa3	A+	£20m	12
Lloyds Bank Corporate Markets PLC (NRFB)	Specified	F1	P-1	A-1	A	A1	A	£15m	12
Total Max. exposure to Lloyds Banking Group								£20m	12
Barclays Banking Group:									
Barclays Bank PLC (NRFB)	Specified	F1	P-1	A-1	A+	A2	A	£15m	12
Barclays Bank UK PLC (RFB)	Specified	F1	P-1	A-1	A+	A1	A	£15m	12
Total Max. exposure to Barclays Banking Group**								£15m	12
HSBC Group:									
HSBC Bank PLC (NRFB)	Both	F1+	P-1	A-1+	AA-	Aa3	AA-	£25m	24
HSBC UK Bank PLC (RFB)	Both	F1+		A-1+	AA-		AA-	£25m	24
Total Max. exposure to HSBC Group**								£25m	24
RBS/Natwest Group:									
Natwest Markets PLC (NRFB)	Specified	F1	P-2	A-2	A	Baa2	BBB+	£10m	6
National Westminster Bank PLC (RFB)	Specified	F1	P-1	A-2	A+	A1	A-	£25m	12
The Royal Bank of Scotland PLC (RFB)	Specified	F1	P-1	A-2	A+	A1	A-	£25m	12
Total Max. exposure to RBS/Natwest Group**								£25m	12
Close Brothers Ltd	Specified	F1	P-1		A	Aa3		£15m	12
Clydesdale Bank PLC	Specified	F2	P-2	A-2	BBB+	Baa1	BBB+	£10m	6
Goldman Sachs International Bank	***Specified***	***F1***	***P-1***	***A-1***	***A***	***A1***	***A+***	***£15m***	***12***
Handelsbanken PLC	***Both***	***F1+***		***A-1+***	***AA***		***AA-***	***£25m***	***24***
Santander UK PLC	Specified	F1	P-1	A-1	A	Aa3	A	£15m	12
Standard Chartered Bank	Specified	F1	P-1	A-1	A+	A1	A	£15m	12
Sumitomo Mitsui Banking Corporation Europe Ltd	Specified	F1	P-1	A-1	A	A1	A	£15m	12
UBS Ltd	***Specified***	***F1+***	***P-1***	***A-1***	***AA-***	***Aa3***	***A+***	***£15m***	***12***
Virgin Money PLC	Specified	F2	P-2		BBB+	Baa1		£10m	6
(2) Building Societies[+]									
Coventry (3)	Specified	F1	P-1		A	A2		£15m	12
Leeds (5)	Specified	F1	P-2		A-	A3		£10m	6
Nationwide (1)	Specified	F1	P-1	A-1	A	Aa3	A	£15m	12

Principality (7)	Specified	F2	P-2		BBB+	Baa2		£10m	6
Skipton (4)	Specified	F1	P-2		A-	Baa1		£10m	6
Yorkshire (2)	Specified	F1	P-2		A-	A3		£10m	6
(3) Non-UK Banks									
Australia & NZ Banking Group (Australia)	Both	F1+	P-1	A-1+	AA-	Aa3	AA-	£25m	24
Commonwealth Bank of Australia (Australia)	Both	F1+	P-1	A-1+	AA-	Aa3	AA-	£25m	24
National Australia Bank Ltd (Australia)	Both	F1+	P-1	A-1+	AA-	Aa3	AA-	£25m	24
Westpac Banking Corporation (Australia)	Both	F1+	P-1	A-1+	AA-	Aa3	AA-	£25m	24
Toronto Dominion (Canada)	Both	F1+	P-1	A-1+	AA-	Aa2	AA-	£25m	24
Nordea Bank Abp (Finland)	Both	F1+	P-1	A-1+	AA-	Aa3	AA-	£25m	24
Landwirtschaftliche Renenbank (Germany)	Both	F1+	P-1	A-1+	AAA	Aaa	AAA	£25m	36
NRW.BANK (Germany)	Both	F1+	P-1	A-1+	AAA	Aa1	AA-	£25m	24
Bank Nederlandse Gemeenten (The Netherlands)	Both	F1+	P-1	A-1+	AA+	Aaa	AAA	£25m	36
Nederlandse Waterschapsbank N. V. (The Netherlands)	Both		P-1	A-1+		Aaa	AAA	£25m	36
DBS Bank Ltd (Singapore)	Both	F1+	P-1	A-1+	AA-	Aa1	AA-	£25m	24
Overseas Chinese Banking Corporation Limits (Singapore)	Both	F1+	P-1	A-1+	AA-	Aa1	AA-	£25m	24
United Overseas Bank Limited (Singapore)	Both	F1+	P-1	A-1+	AA-	Aa1	AA-	£25m	24
Svenska HandelsBanken AB (Sweden)	Both	F1+	P-1	A-1+	AA	Aa2	AA-	£25m	24
First Abu Dhabi Bank PJSC	Both	F1+	P-1	A-1+	AA-	Aa3	AA-	£25m	24
Bank of New York Mellon (USA)	Both	F1+	P-1	A-1+	AA	Aa1	AA-	£25m	24

* Ratings as advised by Link Asset Services 25 January 2019

+ UK Building Societies ranking based on Total Asset size – Source: Building Societies Association Jan 2019

** Where there are multiple counterparties within a banking group, exposure to the overall group will be the largest limit, but exposure to individual counterparties within the group will be based on the individual counterparty limit. Eg, exposure to Lloyds Banking Group can be up to £20m, but max exposure to Lloyds Bank Corporate Markets PLC will be £15m.

ANNEX B - ECONOMIC OVERVIEW

Summary of update provided by Link Asset Services 21 January 2019

Global Outlook:

- US growth anticipated to fall back in 2019;
- Weakening economic activity in China;
- Overall world growth expected to weaken;
- US and UK wage inflation may drive increased interest rates, however the ECB is not expected to raise rates until late 2019 at the earliest.

Key Risks - central bank monetary policy measures

- Looking back since the financial crash of 2008, central banks' monetary policy measures (e.g. quantative easing) appear to have been reasonably successful;
- A period of reversing those measures is now starting e.g. by raising central interest rates and reducing government holdings and debt;
- The key risk is central banks getting their timing right and not causing market shocks or destabilisation. Corrections inevitably cause sharp falls in either bond markets or equities depending on the direction of the correction;
- They need to balance their timing to neither squash economic recovery, by taking too rapid and too strong action, or, conversely, let inflation run away by taking action that is too slow and/or too weak. This is a key risk;
- For example, financial markets are concerned that the US Fed is being too aggressive with its policy for raising interest rates and may cause a recession in the US economy.

UK

- Growth in quarter 4 is expected to weaken significantly;
- With so much uncertainty around Brexit, the Monetary Policy Committee (MPC) have warned that the next interest rate move could be up or down, even if there were a disorderly Brexit (e.g. due to inflationary pressures);
- It is considered unlikely that the MPC would increase Bank Rate in February 2019, ahead of the deadline in March for Brexit;
- In view of the hawkish stance of the MPC at their November meeting, the next increase in Bank Rate is now forecast to be in May 2019;
- Following increases are then forecast to be in February and November 2020 before ending up at 2.0% in February 2022.
- If the UK faces a general election in the next 12 months, this could result in a potential loosening of monetary and fiscal policy and therefore medium to longer dated gilt yields could rise on the expectation of a weak pound and concerns around inflation will pick up.

Inflation

- Consumer Price Index (CPI) inflation has been falling from a peak of 3.1% in November 2017 to 2.1% in December 2018;
- Inflation was forecast to still be marginally above its 2% inflation target two years ahead, (at about 2.1%), given a scenario of minimal increases in Bank Rate;
- Unemployment is at 4.0%, a 43 year low on the Independent Labour Organisation measure, and job vacancies are hitting an all-time high;

- Wage inflation continued at its high point of 3.3%, (3 month average regular pay, excluding bonuses);
- In real terms, earnings are currently growing by about 1.2%, the highest level since 2009;
- This increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months.

Prospect for Interest Rates

The council has appointed Link Asset Services (LAS) as its treasury advisor and part of their service is to assist the council is to formulate a view on interest rates. The following table gives LAS's central view based on their view of global and UK economic outlook and the UK outlook for inflation, growth and monetary policy.

Link Asset Services Interest Rate View	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.50%	1.50%	1.75%	1.75%	1.75%	2.00%
3 Month LIBID	0.90%	1.00%	1.10%	1.20%	1.30%	1.40%	1.50%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%
6 Month LIBID	1.00%	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%
12 Month LIBID	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%	2.30%	2.40%
5yr PWLB Rate	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%	2.80%	2.80%
10yr PWLB Rate	2.50%	2.60%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%
25yr PWLB Rate	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%	3.50%	3.50%	3.60%	3.60%
50yr PWLB Rate	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%	3.40%

From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geopolitical issues, sovereign debt crises, emerging market developments or sharp changes in investor sentiment. Such volatility could occur at any time during the forecast period.

Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts (and MPC decisions) will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the 3-year time horizon will be heavily dependent on economic and political developments.

Investment and borrowing rates

- Investment returns are likely to remain low during 2019/20 but to be on a gently rising trend over the next few years.
- The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in future when authorities may not be able to avoid new borrowing to finance capital expenditure or refinancing of maturing debt;
- There will remain a 'cost of carry' risk to any new long-term borrowing that causes a temporary increase in cash balances because borrowing costs are currently higher than investment returns (on cash balances).

ANNEX C - PRUDENTIAL AND TREASURY INDICATORS 2019/20 to 2021/22

The council's capital expenditure plans are a key driver of treasury management activities. The output of the capital expenditure plans are reflected in prudential indicators. Local Authorities are required to 'have regard to' the Prudential Code and to set Prudential Indicators for the next three years to ensure that the council's capital investment plans are affordable, prudent and sustainable. The Code sets out the indicators that must be used but does not suggest limits or ratios as these are for the authority to set itself.

The Prudential Indicators for 2019/20 to 2021/22 are set out in **Table A** below:

Table A	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
General Fund (GF) Prudential Indicators			
GF Capital Expenditure £m (gross) General Fund capital expenditure plans	£110m	£86m	£70m
GF Capital Financing Requirement £m Measures the underlying need to borrow for capital purposes (including PFI & Leases)	£257m	£278m	£300m
GF Ratio of financing costs to net revenue stream** Identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against net revenue stream	5.67%	4.98%	5.95%
Housing Revenue Account (HRA) Prudential Indicators			
HRA Capital Expenditure £m (gross) HRA capital expenditure plans	£47m	£44m	£47m
HRA Capital Financing Requirement £m Measures the underlying need to borrow for capital purposes	£141m	£151m	£162m
HRA Ratio of financing costs to net revenue stream** Identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against net revenue stream	10.64%	10.68%	10.55%

** The ratio of financing costs to net revenue stream illustrates the percentage of the net revenue budget being used to finance the council's borrowing. This includes interest costs relating to the council's borrowing portfolio and MRP, net of the investment income from the council's investment portfolio.

The Treasury Management Code requires that Local Authorities set a number of indicators for treasury performance in addition to the Prudential Indicators which fall under the Prudential Code. The Treasury Indicators for 2019/20 to 2021/22 are set out in **Tables B & C** below.

The Treasury Management Code no longer recommends that an indicator for upper and lower limits for variable and fixed debt are prepared, so these indicators have been removed.

Table B	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
Authorised Limit for External Debt £m* The council is expected to set a maximum authorised limit for external debt. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by Full Council.	£420m	£453m	£488m
Operational boundary for external debt £m* The council is required to set an operational boundary for external debt. This is the limit which external debt is not normally expected to exceed. This indicator may be breached temporarily for operational reasons.	£406m	£438m	£473m
Principal Sums invested for longer than 365 days	£30m	£30m	£30m

Table C **Maturity Structure of fixed interest rate borrowing*** The council needs to set upper and lower limits with respect to the maturity structure of its borrowing.		
	Lower	Upper
Under 12 months	0%	40%
12 months to 2 years	0%	40%
2 years to 5 years	0%	50%
5 years to 10 years	0%	75%
Over 10 years	40%	100%

Note-

* *The Treasury Indicators above have been calculated and determined by Officers in compliance with the Treasury Management Code of Practice.*

ANNEX D - SCHEME OF DELEGATION

1. Full Council

- Approval of Annual Investment Strategy, Treasury Management Strategy Statement, Capital Strategy, Treasury Management Policy Statement;
- Approval of the Minimum Revenue Provision Policy;
- Approval of the Prudential and Treasury indicators, including the Affordable borrowing limits;
- Approval of the annual revenue budget for financing costs.

The requirements are all contained within this appendix (TMSS incorporating the AIS) and Appendix 2 (Capital Strategy) of this report.

- Any changes to the Annual Investment Strategy during the year require approval by full Council.
- Full Council are able to delegate the implementation and monitoring of the treasury management function. This function is delegated to the Policy, Resources & Growth Committee.

2. Policy, Resources & Growth Committee

- Approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- Budget development, consideration and approval;
- Approval of the division of responsibilities;
- Receiving and reviewing regular monitoring reports and acting on recommendations.

PR&G receive the following reports in order to fulfil these requirements:

- A **Mid-Year Review Report** – an update on progress of the treasury and investment strategy against budget and the treasury & prudential indicators for the first six months of the year. Any amendments to the indicators or investment strategy require PR&G committee to recommend that full Council approve the changes.
- **End of Year Review report** – an update regarding the actual outturn of the treasury position provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.
- **Quarterly TBM reports** - includes the revenue impact of the financing cost budget.

PR&G Committee is the body held responsible for the scrutiny of the actual performance of the treasury avctivities against the strategy.

3. Role of the Section 151 Officer

The Section 151 (responsible) Officer is responsible for:

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;

- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.

There are further responsibilities for the S151 Officer identified within the 2017 Code in respect of non-financial investments. They are identified and listed in the Capital Strategy where relevant.

Review of Reserves

Adequacy of Reserves – working balance

The working balance is recommended to be maintained at £9m over the next 5 years of the Medium Term Financial Strategy together with a one off risk provision for 2019/20 of £1.352m as set out in section 9 of the report. The consequences of not keeping a minimum prudent level of balances can be serious and in the event of a major problem or a series of events, the council would run a serious risk of a deficit or of being forced to cut spending during the year in a damaging and arbitrary way.

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

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

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

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

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

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

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

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

In addition, the cash flow risk for unitary authorities is significant given the full range of services provided. Taking all of these factors into account, a £9.0m working balance is considered appropriate, representing about 3½ weeks of council tax revenue.

Schools' Balances

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

Estimated Earmarked General Fund Revenue Reserves

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

Reserve Name	Estimated Balance as at 01/04/19 £'000	Planned Use 2019/20 £'000	Estimated Balance as at 31/03/20 £'000	Review Process	Conclusion
General Fund Reserves					
General Fund Working Balance/General Reserves	10,352	0	10,352	Reviewed against the register of financial risks, taking into account the requirements of the Local Government Act 2003.	A minimum working balance of £9.000m is recommended by the Chief Finance Officer in accordance with the requirements of Section 25 of the Local Government Act 2003. In addition a further £1.352m is being held as a one-off risk provision taking into account known and foreseeable risks in the 2019/20 budget.
Capital Reserves	591	-591	0	Following closure of accounts.	Balance will be used to fund ongoing corporate commitments.
Capital Receipts Reserve	23,600	-9,500	14,100	Ongoing review as part of TBM process.	Committed to fund the Capital Investment programme including HRA Capital Programme and support for the 4 year Integrated Service & Financial Plans.
Library PFI Reserve	877	98	975	Following closure of accounts.	Use for funding the project over the lifetime of the PFI scheme.
Waste PFI Project Reserve	3,789	292	4,081	Following closure of accounts.	Use for funding the project over the life time of the PFI. This reserve will be used to provide short term cashflow funding to support the Housing Joint Venture. This reserve will be replenished in time to meet existing Waste PFI commitments.
Finance Costs Reserve	250	-250	0	Following closure of accounts.	Held to level out fluctuations in the financing costs budget.
Section 106 Receipts	308	-60	248	Reviewed throughout the	Retain for specified purpose.

Appendix 4

Reserve Name	Estimated Balance as at 01/04/19 £'000	Planned Use 2019/20 £'000	Estimated Balance as at 31/03/20 £'000	Review Process	Conclusion
(Revenue)				year to reflect agreed liabilities and new agreements.	
Section 106 Interest	394	30	424	Reviewed throughout the year to reflect agreed liabilities and new agreements.	Retain for specified purpose.
Developer Contributions Unapplied (S106 Capital)	629	-100	529	Reviewed throughout the year to reflect agreed liabilities and new agreements.	Retain for specified purpose.
Brighton Centre Redevelopment Reserve	2,845	23	2,868	Following closure of accounts.	Held to support future expenditure on the Brighton Waterfront project from 2022/23 onwards. Interest is accrued on balances held.
Customer Access & Accommodation Strategies & The Link Network Upgrade Reserve	179	-58	121	Following closure of accounts.	Balance being held as contingency for the Link programme as included in the business case.
Museum Objects Acquisitions Reserve	64	0	64	Following closure of accounts.	Retain for specified purpose, which includes the agreed wider use to support the transfer of museum objects and records to the Keep.
Concessionary Bus Passes	60	-60	0	Following closure of accounts.	Retain for specified purpose to smooth out annual purchases of concessionary passes.
IT&D Investment Reserve	155	-125	30	Following closure of accounts.	Held on behalf of specific services to support planned IT&D expenditure over the next two years.
Environmental Enforcement Reserve	90	-90	0	Following closure of accounts.	Initial costs for bringing the service in-house in 2019/20 as agreed at Dec 2018 ETS committee

Appendix 4

Reserve Name	Estimated Balance as at 01/04/19 £'000	Planned Use 2019/20 £'000	Estimated Balance as at 31/03/20 £'000	Review Process	Conclusion
Modernisation Fund Reserve	320	-320	0	Following closure of accounts.	Held in respect of reprofiled or delayed Modernisation projects which support delivery of the council's planned savings.
Winter Maintenance	426	-40	386	Following closure of accounts.	Held to fund exceptional costs of extreme weather.
Dome Planned Maintenance	396	-127	269	Following closure of accounts.	Retain - subject to lease agreement with Brighton Dome & Festival Society.
Hove Park 3G Pitch Renewal	15	15	30	Following closure of accounts.	Held to replace the pitch at the end of its useful life.
James Green Foundation	101	0	101	Following closure of accounts.	Retain for specified purpose - to fund the Burmese collection.
Surface Water Management (SWAMP) Reserve	870	-395	475	Following closure of accounts.	Retain to support planned SWAMP related works.
Community Equipment Reserve	240	-240	0	Following closure of accounts.	Risk reserve held to manage pressures on this high demand service that can't be managed through the Better Care programme.
Licensing - other reserve	100	0	100	Following closure of accounts.	Retain to fund potential future deficits or repayment to licensees.
Taxi Licensing	97	0	97	Following closure of accounts.	Retain to fund potential future deficits or repayment to licensees.
East Brighton Parking Surplus	9	-9	0	Following closure of accounts.	Retain to support expenditure on East Brighton Park. Projected to be spent in 2019/20 on the Park and parking infrastructure.
Preston Park Parking Surplus	169	-169	0	Following closure of accounts.	Retain to support expenditure on Preston Park. Projected to be spent in 2019/20 on park infrastructure.
NEH Refurbishment Reserve	150	0	150	Following closure of accounts.	Balance of £0.150m held to provide match funding for New England House redevelopment.

Appendix 4

Reserve Name	Estimated Balance as at 01/04/19 £'000	Planned Use 2019/20 £'000	Estimated Balance as at 31/03/20 £'000	Review Process	Conclusion
Road Works Permit Scheme	127	-50	77	Following closure of accounts.	To separately account for permit income so that any surplus can be carried forward to future years to fund relevant costs.
i360 Reserve	3,606	0	3,606	Following closure of accounts and Policy Resources and Growth Committee in June 2019	£1.0m is ring fenced for reinvestment in Madeira Drive with all remaining resources held until the review of i360 business model is concluded.
HMO Licensing Fees Reserve	335	-50	285	Following closure of accounts.	Retain to support annual inspections of HMO licenses.
HMO Additional Licensing Fees (3)	689	0	689	Following closure of accounts.	Retain to support additional licensing work over the period of the license.
Damage Deposit Guarantee Scheme	231	0	231	Reviewed during the year as part of budget monitoring process	Retained for specific purpose but required level will continue to be reviewed.
PRS Rent Deposit Scheme	43	0	43	Following closure of accounts.	Retained for specific purpose but required level will continue to be reviewed.
Business Rates S31 adjustment reserve	358	-358	0	As part of closure of accounts.	Retain for specified purpose.
Seaside Homes Reserve	55	0	55	Following closure of accounts.	Retained for specific purpose but required level will continue to be reviewed
City Deal New England House Dev Reserve	4,900	-500	4,400	Following closure of accounts.	Expected to be utilised by 2020/21 depending on outcome of project negotiations.
Investment Properties (Dilapidations)	245	-125	120	Following closure of accounts.	Retain for specific purpose. Dilapidations are anticipated to be agreed over the next 2 years.
Restructure Redundancy	1,323	-580	743	As part of closure of	Restructure & Redundancy costs are

Appendix 4

Reserve Name	Estimated Balance as at 01/04/19 £'000	Planned Use 2019/20 £'000	Estimated Balance as at 31/03/20 £'000	Review Process	Conclusion
Reserve				accounts.	funded within the capital programme as part of the capitalisation direction.
Insurance Reserve General	5,593	0	5,593	The Insurance Fund is subject to a bi-annual health check by the actuaries. The next health check is due to by the end of March 2019.	The level of the Insurance Fund will be adjusted in line with the recommendations of the actuary as part of the 2018/19 outturn report.
Total General Fund Reserves	**64,581**	**-13,339**	**51,242**		
HRA Reserves					
HRA Working Balance	8,868	-2,732	6,136	Following closure of accounts.	A minimum working balance of £3m is recommended by the Chief Finance Officer in accordance with the requirements of Section 25 of the Local Government Act 2003. Any residual balance can be used to support the HRA long term business plan.
Estate Development Budget (EDB) Reserve	237	-169	68	Following closure of accounts.	Retain for estates development. Annual amount is approved to fund the EDB. The programme is a rolling programme with new schemes approved annually.
Renewable Energy Reserve	179	-50	129	Following closure of accounts.	Maintain for specified purpose.
Restructure & Redundancy Reserve	388	0	388	Following closure of accounts.	Retained to fund possible future redundancies.
Total HRA Reserves	**9,672**	**-2,951**	**6,721**		
Schools / DSG Reserves					
Schools PFI Project Reserve	1,339	-50	1,289	Following closure of accounts.	Use for funding the project over the lifetime of the PFI scheme.
Schools LMS Balances	2,803	0	2,803	Following closure of	Balances are held by school governing bodies.

Appendix 4

Reserve Name	Estimated Balance as at 01/04/19 £'000	Planned Use 2019/20 £'000	Estimated Balance as at 31/03/20 £'000	Review Process	Conclusion
				accounts.	
Portslade Adult Learning	20	0	20	Annually	Balance used at the discretion of the facility regarding potential liabilities.
Total Schools / DSG Reserves	**4,162**	**-50**	**4,112**		
TOTAL RESERVES	**78,415**	**-16,340**	**62,075**		
General Fund Provisions					
Hostel Accommodation Dilapidations	23	-23	0	Following closure of accounts.	Held for dilapidation costs for West Pier Hostel following retendering of service.
Cemetery Replacement	2	0	2	Following closure of accounts.	Retain for maintenance and replacement as required.
Cemetery - Maintenance of Graves in Perpetuity	34	-10	24	Following closure of accounts.	Retain for maintenance and replacement as required.
Cemetery - Maintenance of Monuments	15	0	15	Following closure of accounts.	Retain for maintenance and replacement as required.
Workstyles Dilapidations	41	0	41	Following closure of accounts.	Balance held to meet potential liabilities.
Total General Fund Provisions	**115**	**-33**	**82**		
Total All Funds	**78,530**	**-16,373**	**62,157**		

APPENDIX 5

ASSESSMENT OF MEDIUM TERM RISKS

The Medium Term Financial Strategy (MTFS) of a large organisation with many demand-led services, and complex and uncertain funding streams will always contain a significant and varying degree of risk. While the government's 4-year settlement offer should have provided additional certainty, in practice this is not the case as there are significant elements of funding, particularly the Improved Better Care Fund that are uncertain in the future and that continue to make long term financial planning very challenging. There are also uncertainties relating to the forthcoming Fair Funding Review and government proposals relating to the potential retention of up to 75% of Business Rates locally. In general, other factors that can have a material effect on the medium term financial position of an authority include:

- The lack of certainty in future resource levels;
- Changes in function and/or funding;
- Changes in the economy including the impact on business rates income;
- Similarly, impacts on the levels of house building which affects both Council Tax and New Homes Bonus;
- The level of future successful appeals against the business rating list;
- Changes in employer costs e.g. pension or national insurance changes;
- Achievement of performance targets for performance related grant or partnership funding;
- Delivery and achievement of savings programmes;
- Ability to manage identified demand-led service pressures;
- Decisions on council tax and the council tax reduction scheme;
- Democratic support for change including partnership working and integration.

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

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

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

Risk	Likelihood (L)	Impact (I)	Risk = (L) x (I)	Possible Impact on Financial Strategy	Mitigation / Management
Potential Risks affecting 2019/20 onwards					
Council Tax base is lower than anticipated e.g. lower number of new properties / more student exempt properties / more discounts awarded / higher caseload for CTRS discounts, resulting in a deficit on the collection fund	3	3 0.1% reduction in council tax = £0.140m	9	Would require reductions in budgets (increased savings) for the following year	Close monitoring of the collection fund and checking validity of exemptions and discounts particularly new property developments, student numbers, CTRS discounts and empty property discounts. Through major projects, working with further education establishments to encourage development of more dedicated student accommodation. Trends in recent years have been positive and there is no indication for this to change in 2019/20.
Collection of council tax for CTRS claimants falls due to its impact on household budgets alongside other Welfare Reform impacts, resulting in a deficit on the collection fund	3	2 0.1% reduction in council tax collection = £0.140m	6	Would require reductions in the budget (increased savings) for the following year	Close monitoring of the collection fund, including claimants under the CTR scheme. Additional debt collection resources were provided at the start of the CTR scheme and collection rates have been adjusted for further CTR scheme changes to reflect harder to collect debt. Collection rates in recent years have been maintained at target

Risk	Likelihood (L)	Impact (I)	Risk = (L) x (I)	Possible Impact on Financial Strategy	Mitigation / Management
					levels. Appropriate communications, advice (linked to Welfare Reform advice services), discretionary funds (£0.140m for 2019/20) and collection strategies have been agreed to minimise impact.
Services fail to operate within set budgets due to increased service demands or weak systems of demand management	3	4 1% gross expenditure on demand led budgets = £1.3m	12	Departmental service pressures that can only be met through additional resources, such as the one-off risk provision, or unplanned savings having to be made elsewhere. Possible need for emergency spending and/or recruitment controls with potential impacts on service delivery and quality. Reduction in reserves / working balance. Value for Money qualification of accounts by not securing economy, efficiency and effectiveness in the use of resources.	Close monitoring and analysis of demand-led budgets and overall budget through budget monitoring (TBM). Identify action plans to mitigate cost pressures. Health & Social Care system management activity prioritised through the Better Care Fund and integrated commissioning. New (trailblazer) strategy for addressing Homelessness. Continued efforts to embed adolescent and care leaver strategies across agencies.

Risk	Likelihood (L)	Impact (I)	Risk = (L) x (I)	Possible Impact on Financial Strategy	Mitigation / Management
Services fail to operate within set budgets due to: • Unachievable income • Price variations • Exceptional legal costs	3	4 1% of fees and charges income = £1.1m	12	Departmental cost or income pressures that can only be met through additional resources, such as the one-off risk provision, or savings being made elsewhere in the budget. Possible need for emergency spending and/or recruitment controls with potential impacts on service delivery and quality. Reduction in reserves / working balance. Value for money qualification of accounts by not securing economy, efficiency and effectiveness in the use of resources	Monitor income budgets through TBM and the Corporate Modernisation Delivery Board governance arrangements for income and debt collection. Identify action plans to mitigate unachievable income, price variation and exceptional legal costs. In-year review of charging policy and revised charges approved where absolutely necessary. Support for improved contract management and procurement is planned for 2017/18 to 2019/20. Internal Audit review of services where performance issues or financial concerns are identified.
Services fail to operate within set budgets due to unachievable savings arising from: - Over-estimate of the savings potential; - Industrial relations issues; - Withdrawal of political	3	3 1% of GF savings = £0.120m	9	Departmental service pressures that can only be met through additional resources, such as the one-off risk provision, or savings being made elsewhere in the budget. Possible need for emergency spending and/or recruitment	Monitor savings through TBM and identify action plans to mitigate the unachievable savings. Potentially refer back to members for decisions on alternative savings proposals where these are significant or

Risk	Likelihood (L)	Impact (I)	Risk = (L) x (I)	Possible Impact on Financial Strategy	Mitigation / Management
support; - Higher than estimated costs to implement the savings opportunity.				controls with potential impacts on service delivery and quality. Reduction in reserves / working balance.	cannot be mitigated elsewhere.
PFI Waste tonnages higher than projected resulting in additional disposal costs	2	4 1% increase in tonnage per annum = £1.3m p.a. over life of PFI contract	8	Would increase the waste disposal budget and compensating savings would need to be identified elsewhere in the budget.	Provision (contingency) for higher tonnages made in the assessment of the waste PFI reserve. Monitor and identify specific areas of growth and undertake waste minimisation and further recycling measures. Trends are monitored and reflected in the MTFS for future years.
The uncertainties within the housing market, changes in housing benefit and welfare reform create spending pressures within the budget e.g. homelessness	4	3 10% increase in net temporary accommodation budget = £0.26m	12	Would create additional pressures in the Housing Strategy and potentially other related budgets which would need to find compensating savings.	Continue to assess and monitor the potential impact of changes to the housing benefit system / welfare reform and plan and respond to government consultations accordingly. A range of additional discretionary funds continue to be set aside to be directed to the most appropriate area as needed. There are a number of supporting strategies linked to the corporate plan priorities including the Homelessness, Financial Inclusion and Welfare Reform strategies. An

Risk	Likelihood (L)	Impact (I)	Risk = (L) x (I)	Possible Impact on Financial Strategy	Mitigation / Management
					additional one-off resource (£0.260m) is proposed in 2019/20 to provide continued welfare reform support & advice.
Increased insurance premiums as a result of national or international storm damage claims over the longer term	3	2 30% increase = £0.18m	6	Would require compensating savings to be identified in 2019/20 and future years.	Consider options such as retendering and further self-insurance to minimise potential cost increases. Continued emphasis on risk management to help prevent future claims.
Long term borrowing rates higher than anticipated	2	2 0.1% higher = £0.02m for £20m borrowing	4	Would increase borrowing costs budget over the long-term. Would hinder business cases involving borrowing and make invest-to-save schemes less financially attractive	Closely monitor long term borrowing rates and future borrowing requirements to help identify the best time to borrow, supported by independent advisors. Trigger rates have been incorporated into decision making for new borrowing to ensure the council benefits from low interest rates in a fluctuating market. Under-borrowing (using available cash balances) remains a viable short term strategy.
Major civil incident occurs e.g. storm, flooding, riot	2	3 Estimated “Bellwin” threshold = £0.4m	6	Budget overspend / reduction in reserves / working balance. Pressures on other budgets. The council would have to meet the costs of uninsured	Ensure adequate levels of reserves and working balance to cover threshold expenditure. Ensure appropriate insurance cover is in place and that the

Risk	Likelihood (L)	Impact (I)	Risk = (L) x (I)	Possible Impact on Financial Strategy	Mitigation / Management
				risks in addition to the "Bellwin" threshold.	Insurance Fund is sufficient to cover uninsured risks.
Severe winter weather places additional spending pressures on winter maintenance and other budgets across the council	3	3 Depends on severity of weather event	9	Need to use reserves or one-off risk provisions.	Advance planning to minimise possible disruption. Plan to replenish reserves in future years would be required.
Cost overruns occur on schemes in the agreed capital programme	3	2 1% cost overrun on total programme = £1.6m	6	Reserves or other capital resources redirected to fund overspend. Unable to meet capital investment needs. Increased borrowing requirement.	Effective cost control and expenditure monitoring. Flexibility within or across programmes to re-profile expenditure if necessary. Flexing Capital Financing Strategy or HRA self-financing strategy as appropriate.
Capital receipts lower than anticipated	3	3 10% reduction in receipts = £0.4m	9	Fewer resources available for regeneration programmes, Workstyles, Modernisation, Digital and IT infrastructure, Integrated Service & Financial Plans, and/or other corporate funds	Flexible capital programme that allows plans to be reduced or re-profiled. Alternative site disposal plans are capable of being accelerated if necessary. Borrowing is an option for invest-to-save schemes.
Income from business rates is lower than expected due to successful rating appeals / higher levels of relief awarded / redevelopment of existing sites gives temporary reduction / collection performance declines	3	3 1% of forecast retained business rates income = £0.6m	9	Would require an increased budget gap to be addressed in the following financial year.	Make appropriate provisions in resource forecasts. Respond to MHCLG consultations on business rates changes. Detailed monitoring of business rates yield and collection to ensure it reflects the latest known position. Corporate approach to economic development and

Risk	Likelihood (L)	Impact (I)	Risk = (L) x (I)	Possible Impact on Financial Strategy	Mitigation / Management
					city regeneration.
Further risks affecting 2020/21 onwards					
Transfer to 75% retained business rates by the end of parliament results in a net loss of resources from combined impact of: • Reduced grant funding including the RSG; • New responsibilities transferred to authorities; • Increased business rates income; • Downward changes in business rates tax base have bigger impact than the current 49% exposure	3	4	12	Transfer is expected to involve major transfers of functions and funding (e.g. Public Health and RSG) of approximately £30m and therefore creates significant uncertainty over resource levels. Would require an increased budget gap to be addressed in the following financial year/s.	Engage fully in upcoming and future government consultations to ensure there is early warning of any adverse consequences
Business Rates revaluation appeals result in losses of business rate income in excess of the provision for appeals	3	4 1% of forecast retained business rates income = £0.6m	12	Would require an increased budget gap to be addressed. Limited protection from safety net is afforded at 7.5% below baseline funding.	Respond to any government consultation on changes to the distribution mechanism. Continued liaison with VOA to ensure good access to data. Monitor the impact of appeals throughout the remaining revaluation period.
MTFS pay assumptions for 2019/20 onwards are lower than agreed pay awards and other pay related costs	3	3 0.5% change in pay award = £0.6m	9	Impact on budget gap if pay provisions are insufficient to meet increased ongoing costs arising from transformation, pay awards and/or impact of	Monitor progress on pay award negotiations and wider national settlements.

Risk	Likelihood (L)	Impact (I)	Risk = (L) x (I)	Possible Impact on Financial Strategy	Mitigation / Management
				the National Living Wage.	
Cash reductions in remaining unringfenced government grants in 2019/20 and beyond are above levels included in future years' budgets (either directly or via 75% BRR)	4	4 5% reduction in unringfenced government grants = £0.65m	16	Would require an increased budget gap to be addressed in the following financial year	Provisions for reductions are made in MTFS resource forecasts. Develop strategies to identify priorities and mitigate impact of reductions.
Reduction in Dedicated Schools Grant following review of existing formula and introduction of a national formula funding model for distribution between schools	4	4 1% of DSG = £1.2m	16	Additional pressure on schools' budgets. If overall deficits exceed schools' combined balances, may impact on General Fund reserves.	Respond to consultation papers and lobby Government on impact. Early discussions with Schools Forum on potential impact. Detailed monitoring of schools' budgets including 'licenced deficit' recovery plans.
Forecast resources from 2019/20 onwards lower than forecast in the MTFS	3	4 1% reduction in Settlement Funding Assessment = £0.6m	12	Would require an increased budget gap to be addressed in the following financial year/s.	Lobby LGA and government over future spending totals, particularly long term funding of social care. Lobby for greater overall share of funding assessment (SFA) and respond in detail to the consultation on the Fair Funding Review and 75% BRR in particular.
Government changes to business rates (e.g. cap on multiplier, enhanced or new reliefs) are not fully funded through ongoing section 31 compensation grants	2	4 Estimated value of Section 31 grant = £9.0m	6	Would require an increased budget gap to be addressed in the following financial year/s.	Lobby MHCLG to ensure any new measures impacting on business rates income are fully funded.

Risk	Likelihood (L)	Impact (I)	Risk = (L) x (I)	Possible Impact on Financial Strategy	Mitigation / Management
Energy and fuel prices increase above budgeted provision	3	2 10% increase to the general fund = £0.35m	6	Would reduce resources within budgets creating the need to find compensating savings. However, higher electricity prices would mean that the share of electricity income from the Energy From Waste plant will increase to offset some of the cost increase.	Reduce consumption and implement measures to generate energy. Monitor energy/fuel market contracts closely and consider alternative procurement routes if necessary. Risk provisions and service pressures provide some cover for higher inflation.
Investment interest rates lower than anticipated	2	3 0.1% lower = £0.07m	6	Would need more reserves to cover any shortfall in the investment interest budget.	Keep investment strategy under constant review. Work with Treasury Advisers to maximise return within agreed risk parameters. Seek decisions from members for changes to risk appetite, counterparties or investment strategy if market availability moves outside of current parameters.

Key: **Likelihood (L)** (of occurrence): 1 – Almost impossible, 2 – Unlikely, 3 – Possible, 4 – Likely, 5 – Almost certain.
Impact (I): 1 – Insignificant, 2 – Minor, 3 – Moderate, 4 – Major, 5 – Catastrophic or fantastic.
Risk Score (L) x (I): 1 to 3 Low, 4 to 7 Moderate, 8 to 14 Significant, 15 to 25 High.

Other potential risks

- The UK's withdrawal from the European Union presents a very wide range of possible risks depending on the terms of the withdrawal. Many of the risks will be at a macro-economic level affecting for example interest rates, currency valuations, government tax revenues and borrowing, consumer inflation (prices), etc. However, these could clearly impact on both the city and the council itself including impacts such as the level of house-building (Council Tax growth), the prosperity of business and/or visitor economies (Business Rates) and a wide range of employment and labour market impacts. The risks are too broad and fundamental for the council to address and, in a worst case scenario, are likely to require a national government response both in terms of public sector funding and fiscal policy measures.
- Financial risks concerning the transfer of service delivery to alternative delivery models (ADMs), Trusts, other providers and the joining up of services through shared services or other partnerships will need to be managed through good business case development, robust legal and financial agreements and effective governance arrangements.
- School Balances are low levels and many schools currently have Licensed Deficits which they are normally required to turn around within 2 years. It is possible that combined deficits may exceed future schools balances and this will require support from the council's General Fund reserve until deficits are repaid.

Opportunities

- Business Rates Retention scheme – Retaining 49% of business rates growth above the baseline funding level and up to 75% from 2020/21.
- New Homes – Entitlement to New Homes Bonus Grant and increase in council tax resources.
- Improving the local economy – Potential to reduce Council Tax Reduction caseload and increase business rates and council tax resources.

Appendix 6

Budget 2019/20 Equality Impact Assessments (EIAs) for impacts on Service-Users and Staff: Legal Duties, Process, Assessment and Planned Actions

Summary
The council is legally required under s149 of the Equality Act 2010 to evidence how it has considered its equality duty in its budget-setting process. Evidence can be provided in different forms but it is commonly held across local authorities that the most effective method is the completion of Equality Impact Assessments (EIAs). These have been undertaken on all budget proposals where there may be a potential impact on service-users and on staff, related to their legally protected characteristics.

Members are referred to the full text of s149 of the Equality Act 2010 – included at Appendix A the end of this document – which must be considered when making a decision on the matters set out in this report.

All budget EIAs are available in Appendix 7 and should be considered alongside the relevant budget proposal. Within the EIAs, impacts are identified and mitigating actions proposed, where possible.

This document explains the EIA process, identifies the cumulative impacts across all the proposals, and lists overall planned mitigating actions. The budget reductions will inevitably impact on specific individuals and groups, but the proposed mitigating actions are intended to reduce these as far as possible, with monitoring of actual impact to enable appropriate interventions as proposals are implemented.

Service-User EIAs
In terms of overall assessment of impact, the impacts of 12 EIA impacts are rated as 1 (the lowest impact out of 5) and 13 at 2 out of 5. No EIAs identified impacts at 3, 4 or 5.
At this stage, the impacts identified across the budget proposals are on the following groups of service-users:

- Age: younger people
- Disability (including Learning Disabilities)
- Ethnicity
- Sexual orientation
- Carers

The mitigating actions identified (in bold) are summarised below (full details in section 4). These will be followed up with the relevant directorates and services:

- **Taking an asset-based approach** - requires an understanding of the different levels of resource and resilience for different groups and individuals.
- **Targeted interventions** - must be based on up-to-date knowledge, data and feedback from local groups.
- **Engagement** - to enable people to influence changes; communicate changes; and enable effective support during transitions.
- **Earlier interventions and preventative work** – proven experience of positive impact, however, vital to ensure there are no unintended negative impacts.
- **Integration of Health & Adult Social Care** - provides opportunities for streamlining of services and more effective and linked-up provision for service-users.

Budget EIA Cumulative Impacts 2019/20

- **Use of Direct Payments** - offers greater flexibility and independence in support arrangements, and requires work to ensure that uptake is fair across communities.
- **Reviewing, renegotiating or combining services** - creates opportunities for better links between services and a more consistent experience for diverse people.
- **Increasing collaboration between services in the council and with other city agencies** – can maximise the impact of services and funding decisions for the benefit of residents, however, financial pressures can restrict capacity and resource.
- **Continuing with the agreed Direction of Travel for Adult Social Care** - focusing upon reducing demand through access to advice and information, integrating social work with health, increased personalisation, learning from effective models, and increased use of supported accommodation.
- **'Channel Shift' and digital inclusion** - can increase convenience and provide tailored support, however, accessibility and other forms of contact are vital.

Staff

Potential impacts have been identified for individuals with the following protected characteristics, based on the fact that there is a higher representation in staff groups affected, or that proposals could further erode the representation of an already under-represented group. Further detail is below and specific decisions on how to implement budget decisions with impacts on staff will be made after further exploring the equality issues through staff consultation processes:

- Disability (staff under-represented in the impacted area)
- Age (specifically in the 20-24 ranges)
- Sex (higher proportion of men affected by the proposals)
- Ethnicity (higher proportion of BME people affected)
- Sexual Orientation (higher proportion of LGBT people affected)

The most important impacts and/or mitigating actions at this stage are:

- Involve staff in service redesign discussions using the service redesign toolkit.
- Use staffing equalities data to inform decision making.
- Apply the council's policies and procedures equitably and appropriately.
- Review vacant posts, use of agency employees etc. to minimise the impact.
- Manage redeployment on a corporate level.
- Where there may be a reduction of posts consider offer of voluntary severance.
- Where there will be compulsory redundancy ensure that selection processes are clear and unbiased, and that processes take into account any individual needs.
- Ensure processes and criteria related to selection for voluntary redundancy are clear and transparent and use the compensation panel appropriately.
- Ensure managers involved in selection have completed relevant training.
- HR to support and advise managers delivering service changes.
- Offer all employees one to one meetings and relevant transition support.
- Attach the summary EIA to each consultation document, and continue to assess equality impacts through the consultation process.

In addition, for services within the Orbis Partnership:

- Ensure that meetings involving staff from multiple sites allow sufficient travel time.
- Rotate meetings across the three locations.

- Make use of technology, while being aware of accessibility barriers.
- Ensure reasonable adjustments are put in place for individual members of staff.
- Ensure the flexible working policies are known, understood and followed.

Full details of all impacts and actions are below.

1. Introduction

1.1 This report describes the process of Equality Impact Assessment (EIA) made on the budget proposals for 2019/20 and analyses the findings. The council has legal duties under s149 of the Equality Act 2010 to consider the needs of diverse people in our budget-setting processes and address negative impacts where possible.

1.2 Budget EIAs are an effective way, but not the only form, to evidence how the council is meeting this duty and should be considered by members in decision-making. Budget EIAs are available in Appendix 7.

1.3 This report describes:

- the council's legal duties in the budget-setting process (section 2)
- council-wide cumulative impacts on service-users identified at this stage (section 3)
- the over-arching actions which will be needed to mitigate negative impacts and maximise positive impacts (section 4)
- impacts identified from known data on staff across all proposals, across the council and in specific directorates (section 5)
- council-wide mitigating actions, to reduce/remove negative impacts on staff (section 6)
- the national and local context (sections 7 and 8)
- the council's approach to and aims in EIA as part of decision-making (section 9).

2. Our legal duties

2.2 Under the equality duty set out in s149 of the Equality Act 2010 (attached below at Appendix A), public authorities must have 'due regard' to the need to eliminate unlawful discrimination, harassment and victimisation; to advance equality of opportunity; and to foster good relations between people who share a protected characteristic and those who do not.

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

2.4 The law requires that public authorities demonstrate that they have paid **conscious and rigorous attention** to the equality duty aims in their decision-making.

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

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

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

2.7 The duty does enable public bodies to demonstrate that they are making financial decisions in a fair, transparent and accountable way. This involves considering the needs and the rights of different members of the community, how impacts will affect them and mitigating negative impacts as fully as possible.

2.8 Nationally, there have been a number of successful legal challenges to funding decisions because public authorities have failed to meet the requirements of S149. In such cases, the public authority may have to start the decision-making process again, with improved consultation and evidence-gathering to identify the impact on particular groups.

> “Even when the context of decision-making is financial resources in a tight budget, that does not excuse compliance with the PSEDs [Public Sector Equality Duties], and there is much to be said for the proposition that even in straitened times the need for clear, well informed decision-making when assessing the impacts on less advantaged members of society is as great, if not greater.”
> Blake J in R (Rahman) v Birmingham City Council
> [2011] EWHC 944 (Admin)

2.9 Members are referred to the full text of s149 of the Equality Act 2010 (attached below at Appendix A) which must be considered when making a decision on the matters set out in this report.

3. Service-Users: Impacts identified across all proposals

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

3.2 There has also been an overall assessment in each EIA of:
- the impact of funding changes from one service on another across the council (cumulative impacts);
- consideration of what mitigating actions can be taken, and how we can monitor, evaluate and take action on impacts which may occur.

3.3 The overall assessment is that the proposals put forward have all been considered within the framework of the council’s legal duties under the Equality Act 2010 and due regard has been given to the potential impacts on people linked to or arising from their legally protected characteristics. Given budget reductions there will inevitably be impacts on specific individuals and groups. However, proposed mitigating actions will reduce these as far as possible, and monitoring of actual impact will enable appropriate interventions as proposals are implemented.

3.4 Impacts are identified across a number of budget proposals for the following protected characteristics:
- Age: younger people
- Disability (including Learning Disabilities)
- Ethnicity
- Sexual orientation
- Carers

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

4. Service-Users: Proposed Mitigating Actions

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

4.2 Impacts identified in section 3 (above) are the result of proposed changes to a number of services including some specifically focused on provision for these groups. Specific actions to mitigate as far as possible impacts arising from each proposal are defined within the relevant EIAs. In addition council-wide mitigating actions are detailed below.

4.3 Overall mitigating actions identified from EIAs:

- **Taking an asset-based approach** - requires an understanding of the different levels of resource and resilience for different groups and individuals.
- **Targeted interventions** - must be based on up-to-date knowledge, data and feedback from local groups to identify the greatest need and the best forms of intervention, communications and engagement.
- **Engagement** - with service-users, carers, families, CVS groups and other stakeholders to enable people to give views on and influence changes; communicate changes to minimise negative impacts and anxiety; enable effective support during transitions; and understand alternative forms of support for themselves and the service-user.
- **Earlier interventions and preventative work** – proven experience that preventative provision has a positive impact on individuals while saving money. However, when designing preventative services an EIA is critical to ensure there are no unintended impacts for individuals as a result of their shared protected characteristic.
- **Integration of Health & Adult Social Care** - provides opportunities for streamlining of services and more effective and linked-up provision for service-users, avoiding duplication and gaps. Ongoing assessment of the equality impacts (by council, CCG and other providers) remains a core need to ensure that streamlined services (that may be based in just one venue or area or where activities specifically targeted have now been mainstreamed) remain accessible, appropriate and effective for everyone.
- **Use of Direct Payments** - offers greater flexibility and independence in support arrangements, but ongoing work must assess whether uptake by people sharing legally

protected characteristics remains representative of their numbers in the eligible population. Focused work to address any gaps or differences may be needed.

- **Reviewing, renegotiating or combining services** - creates opportunities for better links between services and a more consistent experience for service-users. It remains vital to be clear that the needs of service-users are as diverse as the service-users themselves and provision must be flexible and responsive and maintain focused interventions where required. Requirements throughout the commissioning process from bidding to monitoring/evaluation must embed these principles.
- **Increasing collaboration between services in the council and with other agencies in the city** – can maximise the impact of services and funding decisions for the benefit of residents. However, financial pressures can restrict capacity and resource to develop and/or participate in collaborations.
- **Continuing with the agreed Direction of Travel for Adult Social Care** - focusing upon reducing demand through a number of approaches including increasing access to advice and information, integrating asset based social work with health colleagues, increased personalisation, learning the lessons of effective models, and increased use of supported accommodation will reduce the reliance on residential and nursing care.
- **'Channel Shift' and digital inclusion** - can increase convenience and provide tailored support. However, accessibility and availability of other forms of contact must be considered and embedded.

4.4 Other mitigating actions

4.4.1 Ongoing council approaches, such as Equality Impact Assessment and the aims in the council's new Equality and Inclusion Strategy are a critical part of minimising or avoiding negative impacts on specific groups protected in law.

4.4.2 Equality monitoring and analysis to evaluate trends and identify actions, and robust equality impact assessments which actively engage stakeholders are fundamental to meeting our legal duties and corporate commitments. Senior managers will continue to have responsibility for overseeing these processes as decisions are made and service changes take place.

5. Staff: Impacts identified across all proposals

5.1 The Human Resources team has assessed the equalities impacts on staff that are known at this stage and EIA templates have been completed for all proposals affecting staff. This process will continue through staff consultation processes to enable staff to raise specific and additional issues.

5.2 Information which might identify individuals has been withheld from this document to protect confidentiality, but all information has been provided to managers and will be used to inform the implementation of agreed proposals.

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

5.4 The EIA template highlights where officers identify a cumulative impact linked to the make-up of the workforce across the Council in terms of protected groups as compared to the make-up of groups affected by the budget proposals. HR has considered all the EIAs both individually and cumulatively, although consideration of potential impacts will need to be kept under review as the detail of some proposals become clearer.

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

5.6 It is not currently proposed to change or withdraw any proposal based on potential impact. Because the proposals are broad at this stage many of the actions are currently generic. The outcome of EIAs will guide the consultation process and inform the implementation of changes. Broadly across all groups affected the following observations can be made:

5.6.1 Overall the groups affected by budget proposals are broadly in line with the make-up of the Council's workforce in terms of age, with over 55% of those at risk between the ages of 40 and 59. There is a higher proportion of staff between 20 and 24 at risk when compared to their representation in the workforce (2.9% of those affected compared to 2.34% representation in the workforce). Whilst this is a small difference it further erodes the representation of younger staff who are already under represented.

5.6.2 There is a higher proportion of males who are subject to formal consultation when compared to their profile in the workforce.

5.6.3 Because of the profiles of the specific services affected, the proportion of BME staff is slightly higher than representation across the council (8.99% affected compared to 6.89% across the council).The proportion of White Other staff at risk is marginally lower than representation across the council (5.94% affected compared to 6.73% across the council). Services will need to consider the potential that there will be further reductions of groups that are already under-represented. Longer term strategies to encourage recruitment of under-represented groups will need to continue across the council and within directorates. Each affected service has its own EIA – see below.

5.6.3 The proportion of disabled staff affected by proposals is slightly lower than representation across the council (7.18% affected compared with 7.65% across the council). Services will need to consider the potential that there will be further reductions of groups that are already under-represented. Longer term strategies to encourage recruitment of under-represented groups will need to continue across the council and within directorates.

5.6.4 Because of the profiles of the specific services affected, there are slightly more LGB staff affected when compared to the make-up of the workforce (14.64% of those affected by proposals compared to 12.15% representation in the workforce). Each affected service has its own EIA – see below.

Whilst this describes groups affected in total, the individual EIAs consider impacts on those affected in the individual proposals.

5.8 Within Finance and Resources, the majority of proposals are linked to Orbis, and integration with East Sussex and Surrey County Councils. The proposals are likely to lead to an increased need to travel which may disproportionately impact disabled staff and staff with caring responsibilities. A number of mitigations have been put in place as follows:

- Ensure that meetings involving staff from multiple sites are held in the middle of the day, to ensure sufficient travel time.
- Rotate meetings across the three locations.
- Make use of technology, for example use telephone / Skype conferences where possible – although be aware that this technology might bring its own limitations depending on the nature of a person's impairment.
- Ensure that meetings involving staff from multiple sites are held in the middle of the day, to ensure sufficient travel time.
- Ensure reasonable adjustments are put in place for individual members of staff, in line with the policies of the three sovereign organisations.
- Ensure the flexible working policies for all three organisations are known, understood and followed across the partnership.

6 Staff: Council-wide Mitigating Actions:

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

6.1 Ensure the council's relevant policies and procedures are equitably and appropriately applied (e.g. redeployment, development of new post details etc) to ensure that no adverse impact is created for employees in minority groups.

6.2 Review vacant posts, use of agency employees etc to minimise the impact on current substantive post holders.

6.3 Where proposals may result in a reduction of posts consider the offer of voluntary redundancy to mitigate the impact of potential compulsory redundancy processes.

6.4 Ensure managers involved in selection have completed corporate recruitment and selection training and signposted to the Equality & Diversity e-learning module.

6.5 Ensure that managers delivering service changes are appropriately supported and advised in relation to all employee equalities.

6.6 Ensure all employees are offered one to one meetings to discuss their circumstances and any concerns they may have.

7. National context

7.1 The budget proposals are being developed within ongoing national changes which may have an equalities impact, including (not exclusively):

- Deficit reduction measures which are resulting in reductions in public expenditure across most of public services;

- the national welfare reforms; and
- reforms to adult social care and health.

8. Local context

8.1 The council's priorities for 2015 to 2019 as contained in the Corporate Plan agreed by Policy & Resources Committee in December 2014 are:
- Economy, jobs & homes
- Children & young people
- Health & wellbeing
- Community safety & resilience
- Environmental sustainability

These match with the Brighton & Hove Connected priorities for the whole city, as contained in the Sustainable Community Strategy: 'Brighton & Hove: the Connected City'.

8.2 Relevant local priorities and context includes:
- Close partnership working across social care and health both for children's services and adults, particularly through the 'Caring Together' integration initiative;
- Using Modernisation Boards across the council to drive service redesign that will lead to greater collaboration with partners and communities to provide better, more joined-up outcomes for everyone;
- A joint approach to public services as a whole for the city through the City Management Board;
- Greater alignment between the development of the medium term financial strategy and Corporate Plan 2015-2019;
- A collaborative approach across the council to help mitigate the impacts of welfare reform where possible;
- Proactive work to support financial inclusion;
- A strong focus on improving educational attainment and opportunities for access to employment for our young people.

9. Brighton & Hove City Council Approach and Process

9.1 The council most commonly uses a Budget EIA process to screen and identify the main potential disproportionate impacts arising because of people's legally protected characteristics and, for service-users, on child poverty. Where relevant they draw on existing service EIAs.

9.2 The aims of an Equality Impact Assessment become especially important at times of straitened budgets, enabling us to:
- think about what the council is trying to achieve;
- consider what potential impact the decision will have on different groups;
- target resources to those who are most vulnerable;
- fund services which respond to people's diverse needs and
- save money by getting it right first time.

9.3 Service leads or HR completed EIAs on budget proposals where the proposed changes potentially impact on service provision and/or on staff. The document presented to Members lists all the disproportionate impacts on groups because of their protected characteristic. It also identifies the planned actions to mitigate negative impacts.

9.4 All the EIAs have been reviewed by the Communities, Equality and Third Sector Team and/or Human Resources. The Executive Leadership Team has agreed and supported the process, as well as considering the impacts of specific funding decisions.

9.5 The Human Resources team has assessed equalities impacts on staff arising from the proposals. Information from staff consultation processes was incorporated into these EIAs, where available.

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

9.7 All political groups are able to present alternative budget proposals and/or budget amendments. Where substantial alternative proposals or amendments are submitted these will have been screened by officers and advice given as to whether there is any new or additional cumulative equality impact requiring either a revised Budget EIA or a new EIA. Where proposals are not substantial (most amendments), officers will screen the amendment and will normally advise that either an EIA is not required or that an existing Budget EIA remains valid.

Appendix A

149 Public sector equality duty

(1) A public authority must, in the exercise of its functions, have due regard to the need to—

(a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
(b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

(2) A person who is not a public authority but who exercises public functions must, in the exercise of those functions, have due regard to the matters mentioned in subsection (1).

(3) Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to—

(a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
(b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
(c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

(4)The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.

(5) Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to—

(a) tackle prejudice, and
(b) promote understanding.

(6) Compliance with the duties in this section may involve treating some persons more favourably than others; but that is not to be taken as permitting conduct that would otherwise be prohibited by or under this Act.

(7) The relevant protected characteristics are—

- age;
- disability;
- gender reassignment;
- pregnancy and maternity;
- race;
- religion or belief;
- sex;
- sexual orientation.

(8) A reference to conduct that is prohibited by or under this Act includes a reference to—

(a) a breach of an equality clause or rule;

(b) a breach of a non-discrimination rule.

(9) Schedule 18 (exceptions) has effect.

Budget 2019/20: Equality Impact Assessments – Service-Users and Staff

The council is legally required by the Equality Act 2010 to evidence how it has rigorously considered its equality duties in the budget-setting process. To achieve this, Equality Impact Assessments (EIAs) have been completed on all budget proposals with a potential impact on service-users, related to their legally protected characteristics.

EIAs assess how proposals may impact on specific groups differently (and whether/how negative impacts can be reduced or avoided) so that these consequences are explicitly considered. Further assessment will be made through the budget consideration process and in relation to implementation, if budget proposals are accepted. An assessment of the cumulative impacts across proposals will also be available with the budget papers for full council in February. Impacts on staff are assessed separately.

Members are referred to the full text of s149 of the Equality Act 2010 – included at the end of this document – which must be considered when making decisions on budget proposals.

Equality Impact Assessments describing impacts on Service-Users		
Directorate	**Service**	**EIA number**
Families, Children & Learning	**Health, SEN & Disability; Children's Disability Service**	**1**
	Adult Learning Disability Assessment	**2**
	Health , SEN & Disability - Learning Disabilities Day Options	**3**
	Health , SEN & Disability - Learning Disabilities - Residential (Adults)	**4**
	School Organisation	**5**
	Integrated Team for Families and Parenting Services (ITFPS)	**6**
	Fostering Placements and Permanence	**7**
	Contact Service	**8a**
	Children's Safeguarding & Care / Children's Placements	**8b**
	Family Information Service	**9**

	Safeguarding & Care / Specialist Assessments	10
Health & Adult Social Care	Physical Support and Sensory Support / Memory & Cognition / Mental Health Support	11
	Physical Support Home Care and Residential	12
	Commissioning	13
	Residential rehab for substance misuse clients	14
	HIV and sexual health services	15
	Ageing Well Service	16
	Mental Health	17
	Public Health Improvement: a. Healthy Neighbourhood Fund (an element of the Third Sector Investment Programme) b. FareShare food reallocation project c. Schools' cycling initiative d. Home Safety Equipment	18
Economy, Environment, and Culture	There are no service-user EIAs required for proposals in these services	-
Neighbourhoods, Communities and Housing	Libraries & Information Services	19
	EIA deleted – Not needed	20
	Safer Communities	21
Finance & Resources	There are no service-user EIAs required for proposals in these services	-
Strategy, Legal & Governance	Life Events	22

Equality Impact Assessments describing impacts on Staff		
Directorate	**Service**	**EIA number**
Families, Children & Learning	**Review of Administrative Support**	**S1**
	Disability Services – Proposals related to Management, In-House Residential Services and Day Services	**S2**
	Specialist Assessment – Clermont Assessment Centre	**S3**
Health & Adult Social Care	**There are no staffing EIAs required for proposals in these services**	**-**
Economy, Environment, and Culture	**City Development and Regeneration**	**S4**
Neighbourhoods, Communities and Housing	**Libraries Service**	**S5**
	Regulatory Services	**S6**
Finance & Resources	**Orbis HROD**	**S7**
	Business Operations	**S8**
	Orbis Finance	**S9**
Strategy, Legal & Governance	**Communications**	**S10**

The text of s149 of the Equality Act 2010 is at the end of this document.

Families, Children & Learning

Budget Equality Impact Assessment 2019/20 – Service-Users

1. Service Area	**Families, Children & Learning: Health, SEN & Disability; Children's Disability Service**	**2. EIA No. 1**
3. Head of Service	**Carl Campbell, Head of Service 0-25**	
4. Budget Proposal	**What is the proposal?** Savings • Residential, respite and short breaks - £140,000 in 2019/20 (current budget - £1,793,000) • Children's disabilities and Adults LD - management, assessment, operations and admin- £200,000 in 2019/20 (current budget - £1,842,000) For residential, respite and short breaks these savings will be made by: • Review of in-house provision and service users care packages to ensure that the correct young people are being offered a service in the most efficient way • Use of the Extended Day offer by the Education Hubs once this is established • Review of contracts and offer by providers in the Community and Voluntary Sector For social work these savings will be made by: • Reviewing the new management structure to see whether there are opportunities for further streamlining, rationalising and efficiencies	
5. Summary of impacts	**Highlight the most significant disproportionate impacts on groups** **Disproportionate impacts identified on the following characteristics: Age (young people)** • Reduction in residential, short breaks and respite care packages places additional pressure on families	

	• Reduction in management capacity may lead to reduced oversight of decision making and care planning, with adverse impacts on families
6. Assess level of impact	• Reduction in residential, short breaks and respite care packages places additional pressure on families = **2** • Reduction in management capacity may lead to reduced oversight of decision making and care planning, with adverse impacts on families = **1**
7. Key actions to reduce negative impacts	**What actions are planned to reduce/avoid negative impacts and increase positive impacts?**
	• Working towards in-house residential, short breaks and respite providers being at normal capacity (not over capacity) where no new packages or increases in packages are agreed unless absolutely essential • Care planning meetings involving managers from assessor and provider services (including Assistant Director) arranged to review in-house residential, short breaks and respite care packages • Aim to have a clear and fixed offer for each young person where additional overnights will be provided in emergency situations only • Alternative/replacement support options to be available for some young people eg. Direct Payments and Extended Day • Consideration for an independent review of in-house residential, short breaks and respite provision • Close liaison with parent/carers groups such as PaCC and Amaze in order to improve communication and the co-production of information • Review of management capacity will carefully and fully consider any potential impact upon decision making and care planning for families
8. Full EIA?	Full EIA not required.
9. Monitoring and Evaluation	**How will you monitor the impact of this proposal and the success of your mitigating actions on these groups over the coming year (or more)?**

	• Impact upon service users will be monitored via Strengthening Families Assessments, Social Care Reviews and EHCP Annual Reviews • Use of data and performance reports to monitor the progress of service users • There will be a particular focus upon the impact on service users who are in care or subject to Child Protection Plans • Head of Service and other managers will monitor the impact upon decision making and care planning for service users
10. Cumulative impacts	**Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal?** Please explain these impacts. • Additional support may not be available to families if the Extended Day offer is delayed • Additional support may not be available to families if there is an inadequate offer by offer by providers in the Community and Voluntary Sector • Changes to in-house residential, short breaks and respite providers are delayed if there is the need to accommodate additional young people on an emergency basis • Changes to management efficiencies may impacted upon if the current redesign process is delayed significantly

Budget Equality Impact Assessment 2019/20 – Service-Users

1. Service Area	**Families, Children and Learning: Adult Learning Disability Assessment**	**2. EIA No. 2**
3. Head of Service	**Georgina Clarke-Green, Assistant Director, Health, SEN & Disability**	
4. Budget Proposal	**What is the proposal?** The saving of £660,000 will be achieved by reducing the spend on the Learning Disabilities Community Care Budget (total budget £27,323,000).	
5. Summary of impacts	**Highlight the most significant disproportionate impacts on groups** **Disproportionate impacts identified on the following characteristics: Disability (learning disabilities and autistic spectrum conditions), Carers, Ethnicity, Gender Reassignment, Sexual Orientation** Vulnerable people in the City are assessed in accordance with the Care Act 2014 to see if their eligible needs need to be met with care and support. Approximately 800 adults with a learning disability and / or autism have eligible needs and are currently receiving a service paid for via the Community Care budget. Services being provided are: Residential Care, Supported Living, Community Support and Day Options. Any reduction in the community care budget will have a direct effect on the amount or the way support and care is offered. Care costs are steadily increasing and there is an increasing level of complex needs being identified resulting in higher care costs. This is a trend reflected nationally as well as locally. For people and their families there could be a perceived reduction in the level of service they receive or potentially a change in provider and approach, which can be unsettling for users and families. **Disability**: managing these conversations will require staff to manage any changes in expectations carefully	

	and skilfully. Direct payments must continue to be promoted (Care Act 2014) as a way to deliver more creative and sustainable modes of support and care, which will also be more person centred. **Ethnicity**: People from BME groups may continue to face disproportionate impacts, for example reduction in budgets for translators or for more in-depth work. **Gender reassignment**: As we are trying to increase engagement with trans people, and recent research shows that despite the city being 'trans-friendly', discrimination, abuse and isolation are still a problem, thus any reduction in funding may impact negatively on any extra initiatives in this area. **Sexual orientation**: Some LGB people still remain silent or hidden. At a time of resource realignment there is a risk that these groups become more distant or marginalised. **Other groups**: People with Learning Disabilities who are in transition from Children's to Adults' services at this time of resource realignment may be adversely affected, as transition can take longer if not managed creatively and resources are not targeted effectively. This can mean young people with Learning Disabilities could experience a delay in accessing services they are entitled to when reaching 18, such as extra benefits. The Care Act 2014 places a requirement on Local Authorities to assess Carers. Work provided by carers in the city is of huge value, representing a huge saving. Any funding restrictions could have a direct effect on carers to continue in their caring role.
6. Assess level of impact	**2**: There is an obligation to meet statutory need and there is a clear plan to implement a method of operating using the wellbeing and prevention approach as well as an asset based approach to our support and care offer: see below
7. Key actions to reduce negative impacts	**What actions are planned to reduce/avoid negative impacts and increase positive impacts?** The Care Act asks for more than just Adult Social Care to offer support to people, instead recognising that in a city-wide approach must be embraced, encompassing all services from housing through to leisure, to enhance the lives of vulnerable people.

Therefore, a new asset-based approach is required, a fundamental and radical rethink to help develop a new conversation with the public about how people, friends and families as well as communities can help people to remain independent.

The integration agenda with health gives opportunities to reduce duplication and work in a more joined-up way to proactively identify those people who may be at risk of going into hospital or residential care and thus manage risk, help people to live life and have a good death. Together we will ensure improvements in consistency particularly around the giving of information and advice to service users in how to access information, and get support to manage their own care needs.

We aim to carry this out by:

- Providing individuals living with families support to manage and sustain their care arrangements for as long as possible.
- Ensuring the right level of support takes place in the most appropriate setting; maximising independence, health and wellbeing.
- Continuing to offer personal budgets to clients to meet support needs in cost effective way, and promoting direct payments as a means of stimulating more creativity and choice about how people can meet their eligible needs.

Technology must be available for people to be supported remotely and in a modern way from telecare through to telehealth and other technologies and a raft of equipment which can help people remain independent.

A new reviewing framework will invite our partners to join us in reviewing people in a timely way and is intended to release care capacity and target those most in need. Reviews will also include a focus on readiness to move on to more independence, and therefore release some resources for those who need more support.

New and VFM commissioning of appropriate supported living and accommodation services for people with Learning Disabilities will add to the savings in the long term and increase the quality of life for a small but significant cohort of people.

A new reviewing framework across Adult Social Care of our Independent Sector Providers, which includes integrating a digital platform for Performance, Activity and Quality information, will invite our partners to join us

	in ensuring we only gather and report on information that is needed in a timely way, and help us to ensure support is outcome focused, and resources are directed to those that are most in need. An enhanced crisis provision service within Children's Learning Disability Team will provide targeted prevention work to the highest need service users in the city, working to prevent hospital admissions and placement breakdowns, which can result in higher cost placements being required in the future. The Service will comply with the new Accessible Information Standards (S.250) of the Health and Social Care Act 2012. Commissioners across Children's and Adults' services will work together with providers to prioritise assignment of resources, and ensure that the additional focus on all protected groups can continue.
8. Full EIA?	Full EIA not required
9. Monitoring and Evaluation	**How will you monitor the impact of this proposal and the success of your mitigating actions on these groups over the coming year (or more)?** • Service users will have their statutory individual Care Reviews • Contracts will be monitored via the Commissioning and Performance Team
10. Cumulative impacts	**Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal?** Please explain these impacts.

	Housing is a key player to deliver good support and care. Any significant reduction in access to suitable housing will have a direct effect on the Community Care Budget. Public Health as a partner is key in promoting wellbeing and healthy lives: this is critical to stem any future and immediate demand. The CCG are a key partner and currently there are some joint funding arrangements in place to share some community care costs for people being discharged from specialist LD hospitals. Any reduction in funding from the CCG would have a direct effect on the community care budget.

Budget Equality Impact Assessment 2019/20 – Service-Users

1. Service Area	**Families Children & Learning: Health, SEN & Disability - Learning Disabilities Day Options**	**2. EIA No. 3**
3. Head of Service	**Georgina Clarke Green**	
4. Budget Proposal	**What is the proposal?** Learning Disability directly provided Day Services – proposed savings released £50,000 (total budget: £694,180) Part of the Learning Disability Strategy - includes increased Personal Budgets, and re-providing support. The direction of travel for adult social care directly provided services is to focus these on people with the most complex needs. • Continue to support people to move on to alternative day activities on an individual basis where their needs can be met in different ways. In addition, to reduce the provision running and catering costs where possible • Explore creative ways to provide day activity support and make cost efficiencies in the community care budget.	
5. Summary of impacts	**Highlight the most significant disproportionate impacts on groups** **Disproportionate impacts identified on the following characteristics: Disability (learning disabilities), Carers** All service users are disabled therefore appropriate alternative day activities will need to be sought to meet specific assessed needs. Carers will need to be engaged in the process as they may have concerns about how changes may affect their relative.	

6. Assess level of impact	**2**
7. Key actions to reduce negative impacts	**What actions are planned to reduce/avoid negative impacts and increase positive impacts?** • All service users with a learning disability who have a statutory entitlement to ASC and who have assessed day activity needs will continue to receive services. • Engage carers in the change process.
8. Full EIA?	Full EIA not required
9. Monitoring and Evaluation	**How will you monitor the impact of this proposal and the success of your mitigating actions on these groups over the coming year (or more)?** • Service users will have their statutory individual Care Reviews • Contracts will be monitored via the Professional Standards, Safeguarding and Quality Monitoring Team
10. Cumulative impacts	**Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal?** Please explain these impacts. Any reprovision costs to be closely monitored so they do not put pressures on to the community care budget.

Budget Equality Impact Assessment 2019/20 – Service-Users

1. Service Area	**Families Children & Learning: Health, SEN & Disability - Learning Disabilities - Residential (Adults)**	**2. EIA No. 4**
3. Head of Service	**Georgina Clarke Green**	
4. Budget Proposal	**What is the proposal?** Learning Disability directly provided residential and supported living services – proposed savings released £52,000 (total budget = £2,898,000) • Continue to support service users with the most complex needs but identify further efficiencies in the delivery of these services through reviewing individual client needs and their capacity to work towards more independent living. • This will include seeking further efficiencies in non-staffing budgets where possible.	
5. Summary of impacts	**Highlight the most significant disproportionate impacts on groups** **Disproportionate impacts identified on the following characteristics: Disability (learning disabilities), Carers** • In future some service users will not be able to choose accommodation provided directly by the Council • Some people may have their care and support provided by the independent sector rather than the Council's directly provided service. **Specific impacts:** **Disability**: All service users affected have learning disabilities some also have physical impairments and some may be on the autistic spectrum. Individualised support is required to cope with change. **Carers**: Family Carers may be anxious about change of care provider	

6. Assess level of impact	**2**
7. Key actions to reduce negative impacts	**What actions are planned to reduce/avoid negative impacts and increase positive impacts?** • All service users with a learning disability who have a statutory entitlement to ASC and who need accommodation provided to meet their needs will continue to receive services. • Support from Speak Out advocacy • Engage with carers as part of the change process.
8. Full EIA?	Full EIA not required
9. Monitoring and Evaluation	**How will you monitor the impact of this proposal and the success of your mitigating actions on these groups over the coming year (or more)?** • Service users will have their statutory individual Care Reviews • Contracts will be monitored via the Professional Standards, Safeguarding and Quality Monitoring Team • Service will continue to be regulated via CQC
10. Cumulative impacts	**Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal?** Please explain these impacts. None identified.

Budget Equality Impact Assessment 2019/20 – Service-Users

1. Service Area	**Families, Children & Learning: School Organisation**	**2. EIA No. 5**
3. Head of Service	**Richard Barker**	
4. Budget Proposal	**What is the proposal?** Significant savings have been achieved in previous years in transport and overall cost compares well with other Councils. A further small saving of £39,000 is planned for 2019/20 from an overall gross budget of £2.5m to be achieved across the full range of work undertaken within the School Organisation Team. Efficiency savings are identified in areas of School Organisation unrelated to Home to School Transport.	
5. Summary of impacts	**Highlight the most significant disproportionate impacts on groups** **Disproportionate impacts identified on the following characteristics: None** The provision of statutory services and key tasks in relation to School Organisation will remain unchanged as a result of the efficiency savings being identified. Changes will not affect the qualification to assistance or support available regarding services such as home to school transport, school admissions or attendance or exclusion responsibilities.	
6. Assess level of impact	**1**	
7. Key actions to reduce negative	**What actions are planned to reduce/avoid negative impacts and increase positive impacts?**	

impacts	No negative impacts are anticipated as a result of the proposed savings which will come from efficiencies in undertaking processes rather than the entitlement of residents to services.
8. Full EIA?	No
9. Monitoring and Evaluation	**How will you monitor the impact of this proposal and the success of your mitigating actions on these groups over the coming year (or more)?** N/A
10. Cumulative impacts	**Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal?** Please explain these impacts. Entitlement to services are provided in line with statutory guidance and therefore qualification to support is not anticipated to change in areas that may have an impact on home to school transport, school admissions or support in relation to attendance or exclusion.

Budget Equality Impact Assessment 2019/20 – Service-Users

1. Service Area	**Families, Children & Learning: Integrated Team for Families and Parenting Services (ITFPS)**	**2. Proposal No. 6**
3. Head of Service	**Caroline Parker, Head of Early Years, Youth and Family Support**	
4. Budget Proposal	**What is the proposal?** **Integrated Team for Families and Parenting Service (ITFPS)** Reduction of two Family Coach posts funded by the Council General Fund (£80,000). The overall number of Family Coaches will not reduce in 2019/20 because of additional funding from the national Troubled Families Programme under Earned Autonomy. The Council General Fund budget is £542,000, so the saving is 15%. The Integrated Team for Families and Parenting Team is part of the Council's contribution to the national Troubled Families initiative which aims to deliver coordinated and tailored support to families experiencing multiple and complex problems. The service is also funded from Troubled Families Budget. Brighton & Hove has been awarded a new financial framework for the remainder of the national Troubled Families programme to March 2020 which has increased the amount of funding available. It is called Earned Autonomy and involves more flexibility in how services are delivered and an imperative to trial more integrated service delivery.	
5. Summary of impacts	**Highlight the most significant disproportionate impacts on groups** **Disproportionate impacts identified on the following characteristics: Age (young people), Disability, Ethnicity, Gender Reassignment, Religion & Belief, Sex (women), Child Poverty** The additional funding through the framework means that, as long as progress is made against agreed targets, the overall number of Family Coaches can be maintained for 2019/20. The reduction of £80,000 from the Council General Fund is likely to have a disproportionate impact on families with protected characteristics when the Troubled Families Funding ends in March 2020.	

	The Family Coaches work with individuals within families of all ages as well as all other protected groups. The greatest disproportionate impact is likely to be on: - Children and young people - Women - Families living in poverty - Other groups - Children aged 0-17 and parents and carers of all ages There is currently a high demand for the service. All referrals to for Family Coaches are screened in the Front Door for Families to identify level of need and cases are allocated to Family Coaches at the Early Help weekly allocation meeting. Where there is more demand than Family Coaches available the Front Door for Families will try to find other support for families but this will be different to Family Coaching. This might include providing information or sign-posting to other services. **Age**: Family Coaches work with children and young people 0-19 and their families. A reduction in providing early help is likely to lead to an increase in the numbers of children referred for higher levels of intervention. **Disability**: The majority of families worked are affected by a substantial and long term health issues (both physical and mental). A large number of secondary school age children/young people worked with have mental health issues that are disrupting their social life, emotional wellbeing and education that will impact on them in the long term. Engaging and supporting them and their parents, including accessing specialist services is crucial in minimising future adverse outcomes. In addition many of the parents/carers have health conditions that are severely impacting on their and their children's lives. A reduction in funding will impact on the ability to deliver this service and is likely to increase pressure on adult social care as well as children's social work **Ethnicity**: The service works with families and individuals within families from a range of ethnic backgrounds therefore a reduction in funding will impact on the ability to deliver this service. There is evidence that children subject to a BME background are proportionately more likely to become subject to Child Protection Plans. **Sex**: There are a disproportionate number of women accessing Family Coaching interventions and specific provision has been put in place to engage more men onto programmes and work with fathers not living in the family home to positively engage with their children. A reduction in funding will impact on the ability to deliver this service. The recent welfare reforms brought into being through government policy have been demonstrated to disproportionately fall upon single households, which are in the main predominantly headed up by single mothers.

	Gender reassignment: The service works with individuals within families who are intending, started or completed the process to change gender. Workers have been trained in gender reassignment and have knowledge of specialist services that are able to offer further support. A reduction in funding will impact on the ability to deliver this service. **Religion/belief**: The service works with families and individuals within families from a range of religions and belief systems therefore a reduction in funding will impact on the ability to deliver this service. Due to the work of Prevent and Channel, early identification of people at risk of radicalisation requires early intervention in order to prevent harm. **Child poverty**: The majority of families working with Family Coaches live on benefits. Family Coaches support families to access specialist services that will progress them into to work, reduce their debt and sustain their tenancies in order to avoid homelessness. A reduction in funding will impact on the ability to deliver this service. **Other groups**: **domestic violence and parents and carers of all ages:** A large number of families and children worked with are affected by domestic violence and family coaches provide both direct support and support to access specialist agencies to reduce the risk to both the victim and their children. The service also provides direct support to perpetrators of domestic violence and young people and their parents where child to parent abuse is present.
6. Assess level of impact	**2** (from 2020)
7. Key actions to reduce negative impacts	**What actions are planned to reduce/avoid negative impacts and increase positive impacts?** • Use of Earned Autonomy funding to pilot additional services aimed at reducing parental conflict and supporting both parents and children with mental health issues to access support with a focus on primary schools and joint working with the Community Wellbeing Service. • Creation of a Whole Family Working Partnership Board to oversee the effectiveness of existing interventions and make decisions about the future commissioning of whole family working from April 2020.
8. Full EIA?	No

9. Monitoring and Evaluation	**How will you monitor the impact of this proposal and the success of your mitigating actions on these groups over the coming year (or more)?**
	This will be monitored through data on the number and characteristics of families being supported by family coaches using Care First.
10. Cumulative impacts	**Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal?** Please explain these impacts.
	Impact of government policy in respect of a family's access to benefits and welfare reforms including the benefit cap and Universal Credit. Impact of council social housing allocations policy could worsen or mitigate circumstances for some families. Impact of growing levels of inequality within Brighton & Hove alongside decreasing access to services to mitigate levels of inequality, is likely to lead to challenges and greater levels of demand upon statutory services.

Budget Equality Impact Assessment 2019/20 – Service-Users

1. Service Area	**Families, Children & Learning: Fostering Placements and Permanence**	**2. EIA No. 7**
3. Head of Service	**Karen Devine**	
4. Budget Proposal	**What is the proposal?** £35,000 savings from the Adoption Support (Allowances) Budget for 2019/20. Total budget is £573,200. This budget provides lump sum payments and/or ongoing allowances to adoptive parents of children whose needs are such that without this support adoption would not be achieved. The current underspend is expected to continue.	
5. Summary of impacts	**Highlight the most significant disproportionate impacts on groups** **Disproportionate impacts identified on the following characteristics: Age (young people), Disability** Possible impact on adoption placement choice for children with complex needs and reduced capacity to financially support foster carers to adopt children in their care.	
6. Assess level of impact	**2** – this budget is currently underspending	
7. Key actions to reduce negative impacts	**What actions are planned to reduce/avoid negative impacts and increase positive impacts?** • A review of allowances currently paid in order to achieve efficiencies and to enable ability to pay allowances for specific groups, where necessary. • Close scrutiny of all applications for financial support going forward, where possible paying small lump sums rather than commitment to ongoing allowances, thereby affording the possibility of regular review of	

	commitments.
8. Full EIA?	Further assessment is not needed.
9. Monitoring and Evaluation	**How will you monitor the impact of this proposal and the success of your mitigating actions on these groups over the coming year (or more)?** Robust assessment of financial need and review of existing and future adoption allowances. Review of adoption allowance spend has shown that our longer term commitments will decrease with time, as each adopted young person achieves the age of 18. At that time, for those with an EHCP or SEN, they will be entitled to request a review of the existing allowance and reviews will include social work assessments in additional to the financial assessments previously required. In this way we will ensure that historic allowances are appropriate to current need rather than to previous need. There will be scope to reduce adoption allowance expenditure in 2019/20 when a number of historically agreed allowances come to their natural end. We will continue to forecast these planned reductions in order to inform future savings plans.
10. Cumulative impacts	**Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal?** Please explain these impacts. None

Budget Equality Impact Assessment 2019/20 – Service-Users

1. Service Area	**Families, Children & Learning: Contact Service**	**2. EIA No. 8a**
3. Head of Service	**Gerry Brandon**	
4. Budget Proposal	**What is the proposal?** Savings of £40,000 will be realised from the Contact Service budget of £818,000 through: • Review of use of sessional workers and transportation costs in light of our reduced numbers of children in care – this is due to the successful impact of early social work intervention, and our model of social work practice which is working effectively to keep children safe within their families. • Efficiency savings from review of contact arrangements systems currently in place	
5. Summary of impacts	**Highlight the most significant disproportionate impacts on groups** **Disproportionate impacts identified on the following characteristics: Age (young people)** • Children in Care and vulnerable parents – supervised contact is a LA statutory responsibility in line with the child's individual care plan.	
6. Assess level of impact	**1**: Minimal impact given core service offer will continue to be provided and statutory responsibilities met.	
7. Key actions to reduce negative impacts	**What actions are planned to reduce/avoid negative impacts and increase positive impacts?**	

	This budget reduction will not impact upon the LA's ability to meet its statutory responsibility toward, children in care. This is because the as noted in Section 4 above the reduction in numbers of children in care means there is a reduced demand / need for supervised contact, and hence less reliance upon sessional work staff to supervise contact between children and their families
8. Full EIA?	Full EIA not required
9. Monitoring and Evaluation	**How will you monitor the impact of this proposal and the success of your mitigating actions on these groups over the coming year (or more)?** • Data on numbers of children in care • Service user feedback
10. Cumulative impacts	**Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal?** Please explain these impacts. None identified

Budget Equality Impact Assessment 2019/20 – <u>Service-Users</u>

1. Service Area	**Families, Children & Learning: Children's Safeguarding & Care / Children's Placements**	**2. EIA No. 8b**
3. Head of Service	**Deb Austin, Assistant Director**	
4. Budget Proposal	**What is the proposal?** Use the savings proposal wording and more detail if needed A £1,614,000 saving on the cost of placements for children in the care of Brighton & Hove City Council. This will be achieved by via: • Further embedding on the model of social work practice, in particular Partners in Change, to enable more children to be safely supported within their families resulting in a further decrease in the number of Children in Care. Since October 2015 CIC numbers have reduced by 17%. • Further expansion of the Fostering Transformation Project to increase in house provision thus reducing the reliance on more expensive agency foster placements; residential care and private supported accommodation. • The budget saving is offset by a parallel investment of £911,000	
5. Summary of impacts	**Highlight the most significant disproportionate impacts on groups** **Disproportionate impacts identified on the following characteristics: Age (young people)** The Council has a statutory duty to provide alternative care for children who otherwise would suffer significant harm if left in the care of their family. These proposals would not impact upon the threshold for children to come into the care system. The savings are primarily related to reducing the cost of placements by providing in-house alternatives and by supporting families, in the wider sense, of providing safe and effective care for their children. Over the last two years there has been a reduction in the number of children and young people being brought into care, together with a reduction in the overall cost of these placements. This trend is expected to continue next year.	
6. Assess level of impact	**1**: These proposals are based on supporting children to remain within the care of their families and reducing the	

	cost of placements for children who need to come into the care system by placing with in-house provision rather than expensive agency placements.
7. Key actions to reduce negative impacts	**What actions are planned to reduce/avoid negative impacts and increase positive impacts?** Continued embedding of relationship based practice with a focus on a proportionate, strengths-based approach, monitored via Quality Assurance activity and scrutinised via FCL Performance Board. Continuation of Entry to Care Panel chaired by Assistant Director to ensure that those children who need to be in the care of the Local Authority receive a timely and effective response
8. Full EIA?	No
9. Monitoring and Evaluation	**How will you monitor the impact of this proposal and the success of your mitigating actions on these groups over the coming year (or more)?** • An ongoing evaluation of the model of practice is in place, which oversees the quality of services provided to children in need. • Regular quality assurance activity takes place which is overseen by FCL Performance Board, chaired by Executive Director for FCL • Entry to Care Panel, chaired by Assistant Director Children's Safeguarding & Care, will continue to ensure that children who need to be placed in LA care receive a timely and effective service.
10. Cumulative impacts	**Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal?** Please explain these impacts. Increasing social work demand due to unforeseen social, policy or demographic changes could increase the impact of these proposals. The impact of growing levels of inequality, including changes to benefits, within Brighton and Hove alongside decreasing access to services to mitigate levels of inequality, could lead to greater levels of demand upon social work services.

Budget Equality Impact Assessment 2019/20 – Service-Users

1. Service Area	**Family, Children and Learning: Family Information Service**	**2. EIA No. 9**
3. Head of Service	**Julie Dreher**	
4. Budget Proposal	**What is the proposal?** Savings of £10,000 will be realised from the Family Information Service (total budget £176,300) based on predicted underspend 2018/19 and actual underspend in 2017/18. There are no changes to the delivery of the service.	
5. Summary of impacts	**Highlight the most significant disproportionate impacts on groups** **Disproportionate impacts identified on the following characteristics: None** Staff and other professionals, who may not receive the same level of service, advice, signposting for clients.	
6. Assess level of impact	**1:** minimal impact as not front line provision.	
7. Key actions to reduce negative impacts	**What actions are planned to reduce/avoid negative impacts and increase positive impacts?** This is not a front line service and in the 2017-18 underspend services were not affected. This is not a statutory provision, so direct impact on safeguarding/child protection would not be evident.	
8. Full EIA?	Not required	

9. Monitoring and Evaluation	**How will you monitor the impact of this proposal and the success of your mitigating actions on these groups over the coming year (or more)?**
	Review delivery of service.
10. Cumulative impacts	**Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal?** Please explain these impacts.
	None identified.

Budget Equality Impact Assessment 2019/20 – Service-Users

1. Service Area	**Families, Children & Learning: Safeguarding & Care / Specialist Assessments**	**2. EIA No. 10**
3. Head of Service	**Tom Stibbs, Principal Social Worker**	
4. Budget Proposal	**What is the proposal?** Since we introduced our model of practice in social work services for children and families, in October 2015, we have seen a significant reduction in demand for social work services despite a national context of increasing demand. For example, the number of children with a child protection plan has reduced by 10% and the number of children in care by 17%. We have also seen a reduction in the total number of families supported and the number of families for whom it was necessary to start care proceedings in the court: in 2017-8 the number of application for care proceedings reduced by 25% compared to the previous year. This has allowed a reduction in the overall social work establishment and enabled Children's Social Work Services to achieve previously identified savings. This has also seen a reduction in requests for intervention from the Clermont Service, for example from 353 in 2016-7 to 289 in 2017-8, an 18% reduction. As part of the savings for 2018-19, the funding for specialist assessments was reduced by £75,000 and this was achieved principally by moving funding from commissioning external 'expert' assessments to supporting posts to deliver these assessments internally. It is now proposed that further development of our model of practice should take place to support social workers to be the 'experts' and provide enhanced assessments. In order to achieve this we require the resource to work alongside social workers to upskill them as part of a relational organisation. This will involve a review of the delivery model currently provided by the Clermont. This will provide further opportunities for efficiencies and savings, which alongside reduced demand for 'expert' assessments, would amount up to £100,000 or 17% of the total budget. The Clermont supports services which provide support to children who have experienced child sexual abuse, mainly girls, and the Domestic Abuse Perpetrators Programme, which works with men, both these services will not be part of the savings proposals.	

5. Summary of impacts	**Highlight the most significant disproportionate impacts on groups** **Disproportionate impacts identified on the following characteristics: Age (young people), Sex (women)** The Clermont currently provides specific services to certain groups, such as those who have experienced domestic or sexual violence, and, therefore, these groups may be affected by these proposals at a disproportionate level. However, by providing support to social workers and upskilling workers, the service should be able to help social workers to help families earlier in our processes and by doing so should provide services more equitably across the whole spectrum of children in need and support more children to be cared for within their own families.
6. Assess level of impact	**2**: In considering the impact of a reduction in the Clermont staffing, it should be noted that this will lead to a potential decrease in the number of discrete assessments and interventions that the service will be able to complete and this could impact negatively on the support to families. The decrease in assessments completed by the Clermont could also lead to an increase in requests for expensive expert assessments in court. However, the proposals are based on a re-modelling of the service to support our model of practice, building on the review of the centre last year, and will provide improved outcomes for families by upskilling social workers and improving the delivery of our model of social work for more families from their first assessment. These changes should future proof the service as an integrated part of social work services going forward. In addition, some services delivered by the centre are funded separately and will not be reviewed under these proposals, such as the Child Sexual Abuse Project and the Domestic Abuse Perpetrator Programme.
7. Key actions to reduce negative impacts	**What actions are planned to reduce/avoid negative impacts and increase positive impacts?**

	The re-modelling of the service will build on the review completed in 2017 and consider a delivery model that supports social workers to provide enhanced assessments from the outset of their work with families to help social workers affect change for families earlier in social work processes and reduce demand for high-level intervention. The service will also continue to implement the findings of the existing EIA (CS24). The development of the service will take into account the reduction in demand for high level social work interventions and care proceedings and will realise the review's recommendation that the services provided by the Clermont will have more impact if they are more directly linked to the social work teams and that, where possible, these services are mediated by the social worker's relationship with the family. The re-modelling will include a review of how the Clermont works alongside the existing Lead Practitioner roles, which work across the social work teams to develop good practice and provide a lead in specific areas, such as parental mental health or substance misuse. This will build upon and utilise existing systems to ensure effective relationship-based practice affects change for families and supports families and communities to develop their own strengths to meet children's needs from the outset of social work involvement. The remodelling will also consider how the Clermont and Lead Practitioners upskill social workers in their assessment and support of parents, including those with mental health issues and learning disabilities.
8. Full EIA?	The proposals will be reviewed as part of the full EIA which was completed for the service redesign, CS24. This is due to be reviewed in November 2018.
9. Monitoring and Evaluation	**How will you monitor the impact of this proposal and the success of your mitigating actions on these groups over the coming year (or more)?** An ongoing evaluation of the model of practice is in place, which oversees the quality of services provided to children in need. This includes feedback from children and families. A full EIA is also in place and this will be reviewed as part of the ongoing evaluation.
10. Cumulative impacts	**Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal?** Please explain these impacts.

	Increasing social work demand due to unforeseen social, policy or demographic changes could increase the impact of these proposals. In particular, this could include the impact of decisions and practices within the family law system. However, conversely, continuing improvements in practice by the judiciary in reducing reliance on the commissioning of external assessment will support the proposed changes at the Clermont. The impact of the Partners in Change workers, specialist mental health and substance misuse workers to work across the social work pods, will support the proposed changes at the Clermont. Proposals to reduce funding for social work staffing may impact on the re-modelling of the Clermont to upskill social workers. The impact of growing levels of inequality, including changes to benefits, within Brighton and Hove alongside decreasing access to services to mitigate levels of inequality, could lead to greater levels of demand upon social work services.

Health and Adult Social Care

Budget Equality Impact Assessment 2019/20 – <u>Service-Users</u>

<table>
<tr><td>1. Service Area</td><td>Health and Adult Social Care: Physical Support and Sensory Support / Memory & Cognition / Mental Health Support</td><td>2. EIA No. 11</td></tr>
<tr><td>3. Head of Service</td><td colspan="2">Brian Doughty</td></tr>
<tr><td rowspan="2">4. Budget Proposal</td><td colspan="2">What is the proposal?</td></tr>
<tr><td colspan="2">Community Care budget funding packages of care to meet statutory responsibilities across adult care groups apart from Learning Disability and Mental Health. Services include: community support, home care, supported accommodation, residential and nursing care. The overall net budget for this service area is £26,928,000 and the proposed saving is £1,429,000.

Continue with the agreed Direction of Travel for Adult Social Care focusing upon reducing demand through a number of approaches:
increasing access to advice and information,
signposting,
development of asset based social work maximising community support mechanisms,
integration with health colleagues, both commissioning and front line delivery, to provide a better joined up service to customers/patients.
Support delivery of preventative approaches to reduce flow of new care packages, ensure all new care packages secure VFM, prioritise reviews and target higher cost packages to explore more effective means of delivery, integration with health to focus upon admission avoidance and discharge to assess at home. Implement new financial controls with all high cost packages of care and placements to be agreed by senior manager scrutiny process.</td></tr>
<tr><td>5. Summary of impacts</td><td colspan="2">Highlight the most significant disproportionate impacts on groups</td></tr>
</table>

	Disproportionate impacts identified on the following characteristics: Age (older people), Disability, Carers The proposals will impact on all service user groups. We will ensure that people are linked into community support networks, intervene early and make best use of housing and other options to avoid the need for expensive residential care. We will promote further the use of Direct payments to give people more choice and control over their lives and seek value for money alternatives. For people and their families they could see a change in the level of service they receive whilst still ensuring eligible needs are met. Potentially a change in provider and approach which can be unsettling for users and families
6. Assess level of impact	**2**: The Community Care budget is used to purchase services for a range of vulnerable people and their carers and proposals will impact on older people, people with mental health issues, a physical disability, long term conditions, sensory impairment and those with substance misuse problems
7. Key actions to reduce negative impacts	**What actions are planned to reduce/avoid negative impacts and increase positive impacts?** • **The Council has a statutory duty to meet assessed eligible need and this will continue.** • Personalised approach and making use of community assets can increase independence and better outcomes. • Care Act has imposed national eligibility criteria which will be implemented rigorously. • Implementation of enhanced brokerage to reduce costs of care • All Carers to be offered a Carers assessment and a personal budget, in line with requirements of the care act. Maintaining level of support to Carers to ensure they are able to continue in their caring role and that the right support is available. • Ensuring a person centred approach and the provision of a direct payment where appropriate. • We will ensure targeted support to those who have greatest difficulty including those experiencing multiple conditions (including mental health problems, substance misuses issues and/or multiple health conditions), at risk to themselves or others

8. Full EIA?	No	
9. Monitoring and Evaluation	**How will you monitor the impact of this proposal and the success of your mitigating actions on these groups over the coming year (or more)?**	
	The Resource Allocation System is externally moderated and monitored through the Resource Panel. Social Work supervision will ensure eligible needs continue to be met. Annual User Survey will monitor effectiveness and any negative impacts. The statutory review process will also monitor impact	
10. Cumulative impacts	**Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal?** Please explain these impacts.	
	Any changes in Health Service provision in the city can impact particularly on those people the Community Care budget supports. This will be closely monitored through the Better Care Programme and other joint planning mechanisms.	

Budget Equality Impact Assessment 2019/20 – Service-Users

1. Service Area	**Health and Adult Social Care: Physical Support Home Care and Residential**	**2. EIA No. 12**
3. Head of Service	**Grace Hanley**	
4. Budget Proposal	**What is the proposal?** Community Short Term Services & Independence at Home (Including Early Supported Stroke Discharge and Apportionment of Assessment Duties Budget capacity assumes a max of 65 people in service at any time through 12 month period Craven Vale Residential Knoll House Residential The overall budget for this service area is £3,437,000 and the proposed saving is £614,000. With a focus on admission avoidance and ensuring flow from the acute hospital, ensuring people are maintained in community settings, complete a review of the pathways that are supported by Homefirst, bedded provision in Resource Centres and our Home Care offer. Working closely with the CCG, Sussex Community Foundation Trust, applying genuine integration principles we will facilitate a more streamlined pathway delivering a reduced need for both the number and size of ongoing packages of care and placements leading to a reconfiguration of the current level of bedded provision and Home Based Care. Reconfiguration of CSTS (Community Short Term Services) provision in the light of embedding Home First and Discharge to Assess principles will delay and reduce the demand on purchasing packages of care and / or placements in the independent sector reducing demand on community care provision.	
5. Summary of impacts	**Highlight the most significant disproportionate impacts on groups**	

	Disproportionate impacts identified on the following characteristics: Age (older people), Disability We will retain a service of last resort with no adverse impact expected. This approach should only improve patient/service user experience since changes are based on: • better co-ordination between services, • making assessments in home environment not hospital, and • ongoing support and regular updates from people working with the individual (in discussion with them), to enable quicker responses to changed circumstances and needs. Principle is of right time, right place assessment and support to stay at home, with appropriate support, where possible and safe. The same principles apply when someone goes into a short-term bed.
6. Assess level of impact	**1 -** No adverse impact expected
7. Key actions to reduce negative impacts	**What actions are planned to reduce/avoid negative impacts and increase positive impacts?** • Any potential impact will be monitored by both Adult Social Care and Health partners. • A person-centred approach and 'right time, right place' assessment should enable better outcomes for individuals. • There is an ongoing process of avoiding admission to hospital, through social workers being aligned to community health. This enables them to make assessments within a social work model: using an asset-based approach; discussions with the individual and their support network; identifying support to keep person in their own home where possible; and a positive approach to risk. All of these support people to stay for longer in their own home, which supports confidence, skills and independence and reduces risks associated with hospital admission.
8. Full EIA?	No
9. Monitoring and Evaluation	**How will you monitor the impact of this proposal and the success of your mitigating actions on these groups over the coming year (or more)?**

	Jointly monitored by NHS and ASC
10. Cumulative impacts	**Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal?** Please explain these impacts.
	Any change in the level of NHS provision could impact but this will be agreed jointly by the Council and CCG.

1. Service Area	Health and Adult Social Care: Commissioning	2. EIA No. 13
3. Head of Service	**Andy Witham**	

4. Budget Proposal

What is the proposal?

Review of contracted provision including supported accommodation services for single homeless people and preventative wellbeing services to ensure that services are fit for purpose and that resources are being used effectively and any efficiencies realised.

This will include a review of contract and services across health and adult social care to identify opportunities for efficiencies across the following areas/lines identified in the ISFP.

Integrated Commissioning & Public Health

Section	Service Area	Gross Budget £'000	Net Budget £'000	19/20 Saving £'000
Commissioning & Contracts	Integrated Commissioning	7,195	6,037	385
Public Health	Health Improvement	5,258	4,982	25

As proposals are developed Specific EIAs will be produced where required that will address any potential impacts and mitigation. Relevant committee approval will also be sought if and when required.

5. Summary of impacts

Highlight the most significant disproportionate impacts on groups

	Disproportionate impacts identified on the following characteristics: to be confirmed The majority of savings will be delivered through contract and service review / ensuring that services are fit for purpose and are delivering efficiently and effectively. Needs assessments and other local and national data will be used to inform changes to ensure that negative impacts are minimised.
6. Assess level of impact	Individual impact will assessed through specific EIAs
7. Key actions to reduce negative impacts	**What actions are planned to reduce/avoid negative impacts and increase positive impacts?** Mitigating actions will be identified through the specific EIAs.
8. Full EIA?	Yes: as described above.
9. Monitoring and Evaluation	**How will you monitor the impact of this proposal and the success of your mitigating actions on these groups over the coming year (or more)?** This will be fully considered and documented in the specific EIAs.
10. Cumulative impacts	**Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal?** Please explain these impacts. This will be fully considered and documented in the specific EIAs.

Budget Equality Impact Assessment 2019/20 – Service-Users

1. Service Area	**Health and Adult Social Care: Residential rehab for substance misuse clients**	**2. EIA No. 14**
3. Head of Service	**Stephen Nicholson**	
4. Budget Proposal	**What is the proposal?** To extend the duration of the substance misuse residential rehab contracts for a further two year with a savings of £53,000 per annum from a total budget of £576,000 (Approximately 10% reduction in contract value).	
5. Summary of impacts	**Highlight the most significant disproportionate impacts on groups** **Disproportionate impacts identified on the following characteristics: None** The overall impact may be increased waiting times to access residential rehab. This impact is likely to be low as provision of residential rehab is relatively good. No equalities group is likely to be disproportionately affected.	
6. Assess level of impact	**1**	
7. Key actions to reduce negative impacts	**What actions are planned to reduce/avoid negative impacts and increase positive impacts?** Negative impacts of increased waiting times will be mitigated by individual assessment and prioritisation of admissions on the basis of risk and other factors	

8. Full EIA?	No	
9. Monitoring and Evaluation	**How will you monitor the impact of this proposal and the success of your mitigating actions on these groups over the coming year (or more)?**	
	N/A	
10. Cumulative impacts	**Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal?** Please explain these impacts.	
	None	

Budget Equality Impact Assessment 2019/20 – Service-Users

1. Service Area	**Health and Adult Social Care: HIV and sexual health services**	**2. EIA No. 15**
3. Head of Service	**Stephen Nicholson**	
4. Budget Proposal	**What is the proposal?** To review HIV and sexual health service contracts which are due to end March 2019 and not renewing those where needs can be met by other existing services. Specifically: • Not renewing the CAB HIV specialist money, welfare rights and advice service will achieve savings of £21,704 • Not renewing the BHT HIV prevention and sexual health promotion service will achieve savings of £23,843 • Not renewing the primary care HIV locally commissioned service will achieve savings of £35,000 • Not renewing the NAM printed and web information for people living with HIV will achieve savings of £12,000 Total savings - £92,547	
5. Summary of impacts	**Highlight the most significant disproportionate impacts on groups** **Disproportionate impacts identified on the following characteristics: Age (younger people), Ethnicity, Sex (men), Sexual orientation** Younger people (<25), men who have sex with men (MSM) and people with a black ethnicity are disproportionately affected by poor sexual health. **Age**: Rates of sexually transmitted infections and repeat infections are high in young people under 25. Chlamydia is the most common bacterial STI, with sexually active young people at highest risk. As chlamydia often has no symptoms and can have serious health consequences (eg pelvic inflammatory disease, ectopic	

	pregnancy and tubal factor infertility) opportunistic screening remains an essential element of good quality sexual health services for young adults. **Ethnicity**: Black Africans are disproportionately affected by HIV infection and high rates of sexually transmitted infections are observed in those with a black ethnicity. **Sex**: Men who have sex with men are disproportionately affected by HIV and STIs. Black African women disproportionately affected by HIV. **Sexual orientation**: As noted above, men who have sex with men are disproportionately affected by HIV and STIs. It is assessed that any potential impacts of this budget proposal can be mitigated by other services
6. Assess level of impact	**1**
7. Key actions to reduce negative impacts	**What actions are planned to reduce/avoid negative impacts and increase positive impacts?** • People living with HIV will access generic advice services and the HIV specialist money and welfare rights service funded by public health. • Training on sexual health awareness and services will be provided for day centre and services for the homeless staff by HIV prevention and sexual health agencies. • Printed resources on sexual health and services will be provided in the day centre. • The service will be supported to address HIV prevention and sexual health promotion with clients by the sexual health service health promotion team. • Condoms and resources for homeless clients will be provided by the city condom distribution scheme • Chlamydia and gonorrhoea testing will be offered for clients under 25 by the chlamydia screening programme • All clients will be made aware of opportunities for testing for HIV and sexually transmitted infections including self –testing. • The Arch homeless primary care service will provide clinics in the day centre

	• Hepatitis B vaccination will continue to be provided on site to clients registered with either the homeless primary care service or Pavilions substance misuse service. • People living with HIV will access the NHS England care pathway and primary care services • People living with HIV will still be able to access the full range of NAM printed resources and website
8. Full EIA?	No
9. Monitoring and Evaluation	**How will you monitor the impact of this proposal and the success of your mitigating actions on these groups over the coming year (or more)?** • Contract monitoring data • Sexual health services activity • Feedback from services
10. Cumulative impacts	**Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal?** Please explain these impacts. N/A

Budget Equality Impact Assessment 2019/20 – Service-Users

1. Service Area	**Health and Adult Social Care: Ageing Well Service**	**2. EIA No. 16**
3. Head of Service	**David Brindley**	
4. Budget Proposal	**What is the proposal?** Savings of £51,000 will be realised from the Ageing Well Service commission (total budget £452,063) through: • Ending fourteen separate grant contracts for older people's wellbeing and prevention services on March 31st 2019. • Commissioning an integrated Ageing Well Service which will deliver wellbeing and prevention outcomes under a single contract starting on April 1st 2019. • Efficiency savings from a reduction in management costs from providers operating under a single contract.	
5. Summary of impacts	**Highlight the most significant disproportionate impacts on groups**	

	Disproportionate impacts identified on the following characteristics: Age (older people), Ethnicity, Sexual Orientation, Gender reassignment **Age:** The significant increase predicted in the numbers of older people living in Brighton & Hove will present challenges to the health and social care system, and, whilst life expectancy has been increasing, healthy life expectancy has actually fallen in recent years. People are therefore living longer in ill health. Ending grant funding to a number of established community services offering wellbeing support and primary prevention to older people could lead to increasing demand for health and social care services if the new service does not match up to or improve on the current offer, or older people find it hard to access. **Ethnicity/Race:** Brighton & Hove has a comparatively young non-white British population, 80.5% of residents (all ages) identify as White British, compared to 91.8% in the 65 years + population. With a relatively small and diverse mix of non-White British older people there is potential for people from these groups to feel excluded from mainstream older people's services due to actual or perceived racism, cultural insensitivities, and possible language barriers. **Sexual orientation/ gender reassignment:** Many LGBTQ older people report high levels of loneliness and lack of social and community engagement There is potential for older LGBTQ people to feel excluded from mainstream services because of actual or perceived homophobia from service staff and/or other service users, and a perception that mainstream older people's services are hetero-normative and will not understand the specific issues of older LGBTQ people.
6. Assess level of impact	**2**
7. Key actions to reduce negative impacts	**What actions are planned to reduce/avoid negative impacts and increase positive impacts?**

	Age: The Ageing Well Service will build on the best practice and delivery of current services and on the national evidence of what works to keep older people well and independent. It will be: • delivered citywide (within the boundaries of Brighton and Hove) and be open to anyone aged 50+, targeting older people who are identified as being most at risk of a decline in their independence and wellbeing. • Have a single point of contact (SPOC) for those seeking support which is accessible to all older people, their families, and carers, and health, social care and community professionals. • Offer an easily accessible information and advice service to older people, their families, and carers, which will support them to remain independent and age well **Ethnicity/Race, Sexual Orientation and Gender Reassignment:** The Ageing Well Service will respond to the diversity of our older population; targeting support and providing outreach to those older people who are identified as being most at risk of a decline in their independence and wellbeing and, who are at an increased risk of being socially isolated and/or lonely. This includes a specific KPI to work with and engage people who identify as BAME. And a KPI to work with and engage people who identify as LGBTQ.
8. Full EIA?	Full EIA not required
9. Monitoring and Evaluation	**How will you monitor the impact of this proposal and the success of your mitigating actions on these groups over the coming year (or more)?** • Contract monitoring data • Public Health Outcomes Framework Data • Local ASC data
10. Cumulative impacts	**Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal?** Please explain these impacts. None identified

Budget Equality Impact Assessment 2019/20 – Service-Users

1. Service Area	**Health and Adult Social Care: Public Health - Mental Health**	**2. EIA No. 17**
3. Head of Service	**David Brindley**	
4. Budget Proposal	**What is the proposal?** Savings of £45,000 from a total budget of £270,400 will be realised from the recommission of mental wellbeing through: • Recommissioning jointly with CCG an integrated mental health service which will deliver wellbeing and prevention outcomes under a single contract, with a proposed starting date of October 1st 2019, efficiency savings will be achieved from a reduction in management costs from providers operating under a single contract • Not renewing two contracts which come to an end on March 31st 2019. One contract is with the Kemp Town Men's Shed: details below. The second contract is with Bandbazi, and was ended early (30th September 2018), by mutual agreement, at the initiation of the provider.	
5. Summary of impacts	**Highlight the most significant disproportionate impacts on groups** **Disproportionate impacts identified on the following characteristics: Sex (men)** The initial grant funding for the Kemp Town Men's Shed was pump-priming and not intended as long-term. The pump-priming funding was extended for 2 extra years. The provider is seeking alternative funding but if this is not achieved the service may close. There are currently 33 men registered to access The Shed. The service is for men who are socially isolated and at risk of poor mental health. The service is not specifically focused on any age range (beyond adults) or those with any other protected characteristic.	

6. Assess level of impact	**1**
7. Key actions to reduce negative impacts	**What actions are planned to reduce/avoid negative impacts and increase positive impacts?** • Looking at the impacts for individuals: where possible and with consent the service/worker who originally referred the person into the service will be contacted to say that the service is ending. • Existing service users will be sign-posted to the mental health resources accessible on the Mind Brighton and Hove website and to other services, such as Art Space Brighton and Life Lines Service. • The provider Fabrica has applied for other funding e.g. Big Lotto and will be applying to the Pebble Trust, Chalk Cliff Trust as well as other local and national sources of funding. • There are other Men's Sheds in Brighton and Hove eg Bevendean, Hangleton and Knoll. Users of the Kemp Town Men's Shed will be sign-posted to these services.
8. Full EIA?	Full EIA not required
9. Monitoring and Evaluation	**How will you monitor the impact of this proposal and the success of your mitigating actions on these groups over the coming year (or more)?** • Contract monitoring data for the integrated mental health service
10. Cumulative impacts	**Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal?** Please explain these impacts. New services will be provided an integrated mental health service which will deliver wellbeing and prevention outcomes under a single contract, with a proposed starting date of October 1st 2019. These services should meet the needs of for males who are socially isolated and at risk of poor mental health.

Budget Equality Impact Assessment 2019/20 – Service-Users

1. Service Area	**Health and Adult Social Care: Public Health Improvement:** a. **Healthy Neighbourhood Fund (an element of the Third Sector Investment Programme)** b. **FareShare food reallocation project** c. **Schools' cycling initiative** d. **Home Safety Equipment**	**2. EIA No. 18**
3. Head of Service	**Peter Wilkinson, Consultant in Public Health**	
4. Budget Proposal	**What is the proposal?** a. A reduction of 34% (from £50,000 to £33,000) in the Public Health funded Healthy Neighbourhood Fund. This is a reduction to the final year of a three year fund. The Healthy Neighbourhood Fund is an element of the Community Development strand of the Third Sector Investment Programme (TSIP), overseen by the Communities, Equalities & Third Sector Team. Small community groups apply for up to £500 for projects based on health improvement priorities. b. A reduction from £10,156 to £7,156 in the Public Health funding which supports the work of FareShare Sussex in Brighton & Hove. This reduction is being applied to an additional waiver year, following a three-year waiver. This is a reduction of approximately 1% in the organisation's total annual income of around £300,000. c. An extension of the contract with Sustrans with a reduction of £5,000 in value from a total budget of £55,000 to provide the schools 'Bike it' Project. d. A two year extension of the contract with Safety Net with a reduction of £2,000 from a total budget of £29,000 each year to provide home safety assessment and fit appropriate safety equipment.	
5. Summary of impacts	**Highlight the most significant disproportionate impacts on groups**	

Disproportionate impacts identified on the following characteristics: Age (young people), Disability, Ethnicity, Gender reassignment, Religion & Belief, Sexual orientation, Child Poverty, Carers

a. Health inequalities disproportionately affect all communities who experience deprivation. The Healthy Neighbourhood Fund is designed to improve the health outcomes and resilience of communities experiencing multiple-deprivation. Within these communities, minority groups are at additional risk of poor health outcomes: disability, ethnicity, gender reassignment, religion/belief, sexual orientation, child poverty, carers. Therefore, reduction of the Healthy Neighbourhood Fund may disproportionately reduce the improvement of health in these groups.

b. This reduction will have a small impact on the capacity of FareShare Sussex to redistribute surplus food to foodbanks and food poverty-related projects in Brighton & Hove.
   The Brighton & Hove Food Poverty Action Plan 2015-18 identifies the following groups as most vulnerable to food poverty:
   - Disabled people (including people with learning disabilities) and people experiencing long term physical or mental ill health
   - Large families, single parent families and families with disabled children
   - Working people on a low income, especially younger working age people
   - Vulnerable adults - including some older people who are isolated or digitally excluded, or who are experiencing transition e.g. bereavement/ becoming ill/ leaving hospital - and people moving from homelessness, offending or addiction
   - 16-25 year olds who are vulnerably housed and care leavers
   - BME people and migrants who have limited recourse to funds

   Therefore, the proposed funding reduction may disproportionately impact these groups, who are more likely to require access to free / low cost food to alleviate food poverty.

c. The reduction in funding for Sustrans may lead to a reduction in service activity.

d. Any reduction in funding to the Safety Net contract is likely to impact on the number of low income

	families the service can work with.
6. Assess level of impact	**a. 2** **b. 2** **c. 1** **d. 2**
7. Key actions to reduce negative impacts	**What actions are planned to reduce/avoid negative impacts and increase positive impacts?** a. To reduce negative impacts on groups potentially affected by reduction to the Healthy Neighbourhood Fund, the commissioner will work with the Communities, Equalities & Third Sector Team and the associated Community Development Workers to plan additional support for each affected neighbourhood area, for example: • support to develop project bids that will have greatest positive impact on minority groups • support from the Council's Healthy Lifestyles team to ensure initiatives are based on key health promotion principles and local health intelligence • support to set up and promote successful initiatives to minority groups • support from the Council's Healthy Lifestyles team to ensure initiatives are linked in with existing health improvement services and projects for disadvantaged and minority groups. b. To reduce negative impacts on groups most vulnerable to food poverty, the commissioner will: • work with FareShare to ensure food supply is prioritised to projects that are accessed by the above groups • ensure community development workers promote available support for food poverty to the above groups • work with the Food Partnership and other relevant partners to implement the objectives in the citywide Food Poverty Action Plan • include food poverty indicators in contracts with related commissioned services e.g. providers of money advice commissioned for people in fuel poverty • support promotion of services which address poverty to organisations and projects working with the above vulnerable groups.

	c. Sustrans is looking to fund raise for the shortfall d. Safety Net will make it clear to referring partners that there is less capacity and reduce the resources spent on following up on Do Not Attends (DNAs)
8. Full EIA?	Full EIA not required
9. Monitoring and Evaluation	**How will you monitor the impact of this proposal and the success of your mitigating actions on these groups over the coming year (or more)?** a. • Request bi-monthly updates from the Community Development Workers, to include update on project reach to minority groups • Mid-way report and review with the Community Development Workers b. • Mid-way and annual review with FareShare to include reporting on food supplied to projects accessed by the above groups • Annual Food Poverty Action Plan progress report • Contract reporting on food poverty indicators from commissioned services. c. Contract review meetings d. Contract reviews
10. Cumulative impacts	**Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal?** Please explain these impacts. Additional savings made to the Community Development (CD) strand of the Third Sector Investment Programme may affect the overall capacity of CD organisations to provide CD support to the neighbourhood areas.

Economy, Environment and Culture

No service-user EIAs are required for proposals from these services.

Neighbourhoods, Communities & Housing

Budget Equality Impact Assessment 2019/20 – Service-Users

1. Service Area	**Neighbourhoods, Communities & Housing: Libraries & Information Services**	**2. EIA No. 19**
3. Head of Service	**Sally McMahon / Kate Rouse**	
4. Budget Proposal	**What is the proposal?** Reduce Staffing and Operation costs: Following a review of the major changes of 2016 made through the Libraries' Modernisation programme, the proposal is to implement further changes to the operation and staffing of libraries to deliver a further £242,000 savings (total budget £2,761,000). Further modernisation to deliver these savings will include the on-going redesign of service delivery to focus on increased self-service enabling reduced staffing costs, with an opportunity for increased use of volunteers. Specific proposals are to: • Reduce staffing levels at Jubilee and Hove Libraries • Integrate commercial operations with library front-line operations to reduce costs thus maximising the income potential • Reduce the contingency fund set aside to cover staff leave by using the Libraries Extra scheme (ie customer access to libraries when there are no staff on-site) and operating Jubilee and Hove libraries on reduced staffing levels • Convert some staffed days at community libraries to unstaffed Libraries Extra days when customers can still access the library using a special card	
5. Summary of impacts	**Highlight the most significant disproportionate impacts on groups**	

	Disproportionate impacts identified on the following characteristics: Age (young people) Changing a community library from a staffed day to a Libraries Extra day could disproportionately affect u16s who are not allowed in without an adult and people in the 16-29 age range where take up of the scheme is low compared to other ages, and on a very small number of homeless people. There have been no negative equalities impacts identified in existing Libraries Extra usage through usage data or customer feedback. The facilities were designed to be accessible to disabled people and volunteers are being recruited to assist customers on Libraries Extra days. There is also a telephone link to speak to library staff and security measures in place. There is evidence that Libraries Extra has improved accessibility for school children through the greater flexibility offered for class visits with teachers. Jubilee and Hove will still have plenty of staff available, and no library will be left without staffed days. For Libraries Extra days we have been recruiting volunteers to be a “friendly face” and to assist customers as needed.
6. Assess level of impact	**2**
7. Key actions to reduce negative impacts	**What actions are planned to reduce/avoid negative impacts and increase positive impacts?** The service is working with partners to develop the usage of Libraries Extra by schools and community groups. Through this work the service has managed to increase the opportunities for children and young people to use libraries on Libraries Extra days, for example by facilitating teacher-led class visits. The service will continue to develop these opportunities and to proactively market Libraries Extra. Evidence shows that the main libraries where numbers of homeless people visit are Jubilee and Hove which would be unaffected by this change. Staffed days will continue to be provided at all libraries for those who prefer them.

8. Full EIA?	Full EIA not required
9. Monitoring and Evaluation	**How will you monitor the impact of this proposal and the success of your mitigating actions on these groups over the coming year (or more)?**
	• Monitor Libraries Extra usage, including take-up from schools and community groups • Ensure proportion of posts of various hours are consistent with current staffing
10. Cumulative impacts	**Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal?** Please explain these impacts.
	None identified

Budget Equality Impact Assessment 2019/20 – Service-Users

EIA 20 Deleted – Not needed

Budget Equality Impact Assessment 2019/20 – Service-Users

1. Service Area	**Neighbourhoods, Communities & Housing: Safer Communities**	**2. EIA No. 21**
3. Head of Service	**Jo Player**	
4. Budget Proposal	**What is the proposal?** 1. £10,000 increased income from pest control service 2. £31,000 reduction in posts in community safety	
5. Summary of impacts	**Highlight the most significant disproportionate impacts on groups** **Disproportionate impacts identified on the following characteristics: Child Poverty** • Reduction in investigation/case work resource and increase in charges for pest control service	
6. Assess level of impact	Proposal 1. Minimal but may impact on lower income families requiring pest control services resulting in health issues if unable to pay for pest removal = **1** Proposal 2. Over £2m is invested in Community Safety and therefore this change can be managed effectively through efficient working practices with minimal impact on service provision = **2**	
7. Key actions to reduce negative impacts	**What actions are planned to reduce/avoid negative impacts and increase positive impacts?**	

	• Targeted enforcement and advice at those independent small and medium sized enterprises • Modernisation programme to explore field officers undertaking some parts of regulatory services role to avoid duplication so that officers are able to concentrate on undertaking statutory work.
8. Full EIA?	Not required at this stage
9. Monitoring and Evaluation	**How will you monitor the impact of this proposal and the success of your mitigating actions on these groups over the coming year (or more)?** Will monitor through CAMMS and customer feedback
10. Cumulative impacts	**Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal?** Please explain these impacts. Modernisation programme for neighbourhoods communities and housing directorate may mitigate impacts from proposals as mentioned above with the creation of field officer posts.

Finance & Resources

No service-user EIAs are required for proposals from these services.

Strategy, Governance & Law

Budget Equality Impact Assessment 2019/20 – Service-Users

1. Service Area	Strategy, Governance & Law: Life Events	2. EIA No. 22
3. Head of Service	Paul Holloway	
4. Budget Proposal	**What is the proposal?** Total budget reduction £291,000 (from a total current budget of £3,298,000) **Bereavement Services** • **Memorialisation** Introduction of new products and development of existing products. The aim is to generate an increase in sales through product review to promote a wider range of products and continue to promote existing products. This will require research and an awareness of bereavement market. The service must also develop and build sales and promotion skills - essential to promote products and services. There is a risk that ineffective skills development could impact on income generation for Bereavement Services. **Registration Services** • The statutory fee for all certificates, (births, deaths and marriages) will increase to £11. This is a new flat rate for all certificates across England and Wales. This increase is a statutory fee from Central Government and the Registrar General; • Service redesign will enable reduction in current staffing levels, to generate a saving of one post The redesign places no existing staff at risk. **Electoral Services** • To introduce a modern digitised approach to data capturing. This will include increased data sharing with other services and robust processes developed with local universities to maximise student registration. Concerted efforts will be made to contact customers via email, where an email address has been provided, encouraging them to provide change of address information. Where an email address has not been provided, letters will be sent with the same purpose of encouraging electors to provide change of	

	address information. All of the data sharing will be in compliance with Representation of the People Act (RPA) and subsequent electoral regulations and GDPR. Where necessary, Data Privacy Impact Assessments (DPIAs) will be in place. This new approach will maximise voter registration and provide savings opportunities by cutting out posting a non-statutory household notification letter to all residents in the city.
5. Summary of impacts	**Highlight the most significant disproportionate impacts on groups** **Disproportionate impacts identified on the following characteristics: Child Poverty** **<u>Bereavement Services</u>** • **Memorialisation in the Bereavement Services area** No disproportionate impacts on groups. More availability of affordable products **<u>Registration Services</u>** • **Review of fees and charges in the Registration Services area** Any fee increases may impact on those customers in financial hardship. The council is required to implement this fee increase. Statutory fees always mitigate higher fees and provide low cost alternatives. **<u>Electoral Services</u>** • No adverse impacts as data capturing ensures information gathering in other ways. Residents in financial hardship will be picked up by data capture with Housing Benefit and other data sharing provisions. There are also benefits in an increase in registrations for students.
6. Assess level of impact	**1 -** No major impact to any specific group
7. Key actions to reduce negative impacts	**What actions are planned to reduce/avoid negative impacts and increase positive impacts?** No savings proposals discriminate against a particular protected group.
8. Full EIA?	To be considered as part of regular review on effects of proposals after monitoring – in particular of results on service provision following fee increases.

9. Monitoring and Evaluation	**How will you monitor the impact of this proposal and the success of your mitigating actions on these groups over the coming year (or more)?**
	All Life Events services and provision of services will continue to be monitored and reported on. This includes numbers of memorial products sold, and Registration fees and charges also monitored and recorded, and analysed in relation to service redesign and demand for services. These will have close scrutiny due to income targets – if services become less in demand, a review of the fee structure may be necessary. Non statutory changes proposed in Electoral Services, with continued monitoring of ongoing registration through new data capture arrangements.
10. Cumulative impacts	**Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal?** Please explain these impacts.
	The sensitive areas of the service require thought and special consideration when reviewing how much a service costs. Proposals are therefore always based on benchmarking information from other service providers, and or are aligned to how much it costs the LA to provide the service (unit costs). Statutory services remain available at lower rates but there are options for the higher end of budgets both in the memorials and the Registration Service fee increase proposals. Careful monitoring of electoral registration along with improving data capture and data sharing will continue and be reviewed. All services business demand is monitored.

Budget Staffing Equality Impact Assessments 2019-20: identified impacts and actions

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

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

Where there are fewer than 20 staff affected data has not been produced to protect the confidential sensitive equalities information provided by staff. EIAs have been completed in these instances with regard to known information about the staff group and proposals made.

It is not currently proposed to change or withdraw any proposals based on potential impact. Because the proposals are broad at this stage many of the actions are currently generic.

The outcome of EIAs will guide the consultation process and inform the implementation of changes. Broadly, across all proposals and groups affected, the following observations can be made:

- **Age:** Overall the groups affected by budget proposals are broadly in line with the make-up of the Council's workforce in terms of age, with over 55% of those at risk between the ages of 40 and 59. There is a higher proportion of staff between 20 and 24 at risk when compared to their representation in the workforce (2.9% of those affected compared to 2.34% representation in the workforce). Whilst this is a small difference it has the potential to further erode the representation of younger staff who are already under-represented.
- **Sex:** There is a higher proportion of males who are subject to formal consultation when compared to their profile in the workforce.
- **Ethnicity[1]:** Because of the profiles of the specific services affected, the proportion of BME staff is higher than representation across the council (8.99% affected compared to 6.89% across the council).The proportion of White Other staff at risk is marginally lower than representation across the council (5.94% affected compared to 6.73% across the council). Services will need to consider the potential that there will be further reductions of groups that are already under-represented. Longer term strategies to encourage recruitment of under-represented groups will need to continue across the council and within directorates. Each affected service has its own EIA – see below.
- **Disability:** The proportion of disabled staff affected by proposals is slightly lower than representation across the council (7.18% affected compared with 7.65% across the council). Services will need to consider the potential that there will be further reductions of groups that are already under-represented. Longer-term strategies to encourage recruitment of under-represented groups will need to continue across the council and within directorates.
- **Sexual Orientation:** Because of the profiles of the specific services affected, there are more LGB staff affected when compared to the make-

[1] In council HR workforce reporting categories are 'BME' 'White Other', 'White Irish' and 'White British.

up of the workforce (14.64% of those affected by proposals compared to 12.15% representation in the workforce). Each affected service has its own EIA – see below.

Whilst this section describes groups affected in total, the individual EIAs consider impacts on those affected in each specific proposal.

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

- Ensure the council's relevant policies and procedures are equitably and appropriately applied (e.g. redeployment, development of new post details etc) to ensure that no adverse impact is created for employees who share one or more protected characteristics.
- Review vacant posts, use of agency employees etc to minimise the impact on current substantive post holders.
- Where proposals may result in a reduction of posts consider the offer of voluntary redundancy to mitigate the impact of potential compulsory redundancy processes.
- Ensure managers involved in selection have completed corporate recruitment and selection training and signposted to the Equality & Diversity e-learning module.
- Ensure that managers delivering service changes are appropriately supported and advised in relation to equalities impacts.
- Ensure all employees are offered one-to-one meetings to discuss their circumstances and any concerns they may have.

These actions apply to all specific impacts identified below and are in addition to any other actions listed.

The data referred to below is drawn from the council's HR Employee database and analysis is based on data that has been declared by employees. However where a high proportion of data is undeclared by employees this is noted. A longer-term target for the council is to increase reporting and declaration rates on all equalities data.

Budget 2019-20: Equality Impact Assessments – Staff

EIA No.	EIA Proposal	
S1	**Families, Children & Learning: Review of Administrative Support** Savings of £0.116m have been identified which relate to the overall administrative support for senior managers across the directorate. Of the total savings listed here £30,000 relates to savings specifically within the central directorate support team. The remainder of the savings followed an initial directorate wide review of administrative support and is based on a series of small savings in services across the directorate. All directorates across the Council will be seeking savings in this area.	
Groups potentially impacted	**Impacts identified**	**Specific Mitigating Actions (in addition to the generic actions identified above)**
Note: As not more than 20 employees affected to preserve employee confidentiality, no employee equalities data has been gathered or analysed from the council's employee database. Comments below are based on evident information.	We know that the council as a whole and in the directorate that most protected characteristics are under-represented. There is generally significant over representation of women in the council and particularly so in the Families, Children & Learning directorate.	No specific mitigation: Council policies and support processes to be equitably applied.

Budget 2019-20: Equality Impact Assessments – Staff

EIA No.	EIA Proposal	
S2	**Families, Children & Learning: Disability Services – Proposals related to Management, In-House Residential Services and Day Services** There are a range of proposals being developed across these services which are inter-related and will deliver the proposed savings. The precise detail has not been finalised as reviews of services are to be undertaken in due course and current staff will be affected but it is not possible to say who or where before reviews are completed.	
Groups potentially impacted	**Impacts identified**	**Specific Mitigating Actions (in addition to the generic actions identified above)**
In broad terms the proposal to reduce staffing has the potential to have an impact on the following protected characteristics: • Age • Disability • Ethnicity • Sex • Sexual Orientation • Religion/Belief	**Age**: Council targets for age have not yet been established. The age distribution of staff in the service is broadly similar to the Council however there is a dip in the 45 -49 bracket in the service whereas in the Council it is the range with the greatest proportion of staff. However differences are small. Any reduction in staff could affect the age distribution. **Disability**: The council is just below the disability target of 8% and the directorate is below this at 6.96%. The service area is below both these at 5.77%. Therefore impacts may further reduce the numbers of disabled staff. In addition, disabled employees are more likely to • Experience barriers to accessing information and getting their views heard.	**Age**: 1. Offer all employees job application and interview support. 2. Consider the need for appropriate support and training to re-skill employees in new working methods. **Disability**: 1. Ensure that all appropriate reasonable adjustments are made for disabled employees. 2. Utilise the support of the council's Supported Employment Team and appropriate non council agencies to support employees where appropriate and necessary. 3. Positive action including skills interview training and internal coaching. 4. Review communications approach options (plain English etc) and monitor engagement.

	• Suffer from a possible lack of employer awareness and information regarding disability. Note: 14.4% of employee disability data is not known in the service area and 2.4% of staff have chosen to withhold this information. The analysis above is based on declared data only. **Ethnicity**: The council and directorate are both below the BME and White Other group targets. However the service area employs an above average number of BME employees, exceeding the target. Therefore the proposals are most likely to have a disproportionate impact on BME and White Other groups. Employees from ethnic minority groups are more likely to: • Experience language barriers. • Suffer from a possible lack of employer awareness and information regarding ethnicity. Note: 9.6% of employee ethnicity data is not known in the service area and 2% of staff have chosen to withhold this information. The analysis above is based on declared data only. **Sex**: The council and the directorate are below the male employee target, with the directorate significantly so. The profile of the staff in this service is much closer to target at 43.2% male and 56.8% female. If male staff are either redeployed or made	**Ethnicity**: 1. Positive action to include training on interview skills, coaching and signposting to BME Workers' Forum. 2. Review communications approach options (plain English etc) and monitor engagement. **Sex**: 1. Positive action to include training on interview skills 2. Support to part-time staff in identifying opportunities and consideration of other roles as job share roles.

	redundant as this would further erode this under-represented group. **Religion & Belief**: Council targets for religion/belief have not yet been established. Compared to the council and directorate the number of Christian and Other Religion employees in the service area is slightly below average. If staff from these groups are either redeployed or made redundant this might further reduce this under-represented group. Note: 14.8% of religion/belief employee data is not known in the service and 7.6% of staff have chosen to withhold this information. The analysis above is based on declared data only **Sexual orientation**: The council and directorate are all below the LGB employee target. However the service area employs an above average number of LGB employees. Therefore LGB staff maybe disproportionately impacted by any proposals as they are over-represented in this workforce. LGB employees groups are more likely to suffer from a possible lack of employer awareness and information regarding LGB issues. Note: 14.8% of sexual orientation employee data is not known and 7.6% of staff have chosen to withhold this information. The analysis above is based on declared data only.	**Religion & Belief**: 1. Positive action to include training on interview skills **Sexual orientation**: 1. Positive action including skills interview training and internal coaching as well as signposting to LGBT Forum

Budget 2019-20: Equality Impact Assessments – <u>Staff</u>

EIA No.	EIA Proposal	
S3	**Families, Children & Learning: Specialist Assessment – Clermont Assessment Centre** Redesign of Clermont delivery model in order to support the upskill of social workers via Lead Practitioner model, thereby reducing demand for specialist assessments from both Clermont & external providers, enabling savings. Some of the savings will be delivered by a reduction in staffing.	
Groups potentially impacted	**Impacts identified**	**Specific Mitigating Actions (in addition to the generic actions identified above)**
Note: As not more than 20 employees are affected to preserve employee confidentiality, no employee equalities data has been gathered or analysed from the council's employee database. Comments below are based on evident information.	We know that the council as a whole and in the directorate that most protected characteristics are under-represented. There is generally significant over-representation of women in the council and particularly so in the Families, Children & Learning directorate.	Council policies and support processes to be equitably applied. The proposals will involve a different model for current staff and they will spend more time working with social workers across the system at different locations and work bases around the city. This may have an impact on staff with caring commitments, some impairment types or part-time staff. Any practical implications of this sort for individuals will be discussed individually with staff. Any adjustments that a person may require or requests for flexible working arrangements will be considered in accordance with council policies and the council's obligations under the Equality Act and will not be unreasonably refused.

Budget 2019-20: Equality Impact Assessments – Staff

<table>
<tr><th>EIA No.</th><th colspan="2">EIA Proposal</th></tr>
<tr><td>S4</td><td colspan="2">Economy, Environment & Culture: City Development and Regeneration – a restructure is being discussed for 3 key teams but not the Planning team:
• Regeneration
• Economic development
• Sustainability

Precise detail has not been finalised as reviews of services are yet to be undertaken.</td></tr>
<tr><td>Groups potentially impacted</td><td>Impacts identified</td><td>Specific Mitigating Actions (in addition to the generic actions identified above)</td></tr>
<tr><td>In broad terms the proposal to reduce staffing has the potential to have an impact on the following protected characteristics:

• Age
• Disability
• Ethnicity
• Sex
• Sexual Orientation
• Religion/Belief</td><td>Age:
Council targets for age have not yet been established. The age distribution of staff in the service is as following:
• 75% of staff are aged 45- 59 years
• 10% of staff are over 60 years
• Only 15% of staff are aged under 44 years.

Any reduction in staff could affect the age distribution and further reduce the number of young people in the service.

Disability:
The council is just below the disability target of 8% and in this area no staff have declared they are disabled. 17.14% of staff have provided no information.

Therefore the proposals do not have a disproportionate impact on disabled staff.</td><td>Age:
Given the older workforce data, many staff may need increased support with IT/job application and interview support as they may have been employed by the council for a while and not had recent interviews.
Consider the need for appropriate support and training to re-skill employees in new working methods, especially technological advances.
There may also be a need to review the offer to staff in terms of redundancy and retirement options and pension information, and this may need to be highlighted in the consultation.

Disability:
1. Ensure that all appropriate reasonable adjustments are made for disabled employees.
2. Utilise the support of the council’s Supported Employment Team and appropriate non council agencies to support employees where appropriate and necessary.
3. Positive action including skills interview training and internal coaching.</td></tr>
</table>

	However disabled employees are more likely to • Experience barriers to accessing information and getting their views heard. • Suffer from a possible lack of employer awareness and information regarding disability. Action: staff to be encouraged to disclose disability data and team to ensure positive recruitment for disabled applicants as they are so below target. **Ethnicity**: The team employs more white British employees at lower levels, and more BME staff at middle and upper levels. Therefore the proposals are most likely to have a disproportionate impact on BME groups at higher levels. In general employees from ethnic minority groups are more likely to: • Experience discrimination and disadvantage in the workplace. • Experience language barriers. • Suffer from a possible lack of employer awareness and information regarding ethnicity. The analysis above is based on declared data only. **Sex**: The council is below the male employee	4. Review communications approach options (plain English etc) and monitor engagement. **Ethnicity**: 1. Positive action to include training staff on interview skills, coaching and signposting to BME Workers' Forum. 2. Review communications approach options (plain English etc) and monitor engagement. 3. Ensure all interviewers have taken the unconscious bias course and have had relevant diversity training in all fields including recruitment. 4. Actions from Global HPO will impact on BME staff and recruitment. **Sex**:

	target. The profile of the staff in this service is 40% male and 60% female. Male representation in the service area, directorate and council may be impacted by the proposals if male staff are either redeployed or made redundant as this would further erode this under-represented group. **Religion & Belief**: Council targets for religion/belief have not yet been established. In this area 68.42% of staff declare no religion. However representation in the service area of staff who do have a religion or belief, and in the directorate and council may be impacted by the proposals if staff are either redeployed or made redundant as this may further erode this under-represented group. **Sexual orientation**: The council and directorate are all below the LGB employee target. The BHCC target is 13% and EEC is at 9.5%. This service is lower than the BHCC target at 5.56%. LGB employees groups are more likely to suffer from a possible lack of employer awareness and information regarding LGB issues.	1. Positive action to include training on interview skills 2. Support to part-time staff in identifying opportunities and consideration of other roles as job share roles. **Religion & Belie**f: 1. Positive action to include training on interview skills **Sexual orientation**: 1. Positive action including skills interview training and internal coaching as well as signposting to LGBT Forum

Budget 2019-20: Equality Impact Assessments – <u>Staff</u>

EIA No.	EIA Proposal	
S5	**Neighbourhoods, Communities and Housing: Libraries Service** To achieve the 19/20 proposed libraries savings target (£242,000) the service is proposes reduce its staffing levels at all levels of the service and to spread the impact by ensuring that the new posts have a similar mix of different hours so that neither full-time nor part-time posts are disproportionally affected. The total FTE reduction will be 10.4 FTE, but some of these are covered by current vacancies of 3.8 FTE, leaving 6.6 FTE to find through voluntary severance and voluntary reductions in hours. No Libraries are due for closure under these proposals. Support for staff has been outlined in the formal consultation document.	
Groups potentially impacted	**Impacts identified**	**Specific Mitigating Actions (in addition to the generic actions identified above)**
In broad terms the proposal to reduce staffing has the potential to have an impact on the following protected characteristics: • Age • Disability • Ethnicity • Sex • Sexual Orientation • Religion/Belief	**Age**: No specific impacts identified, however supportive actions have been identified to prevent any adverse impacts. **Disability**: No specific impacts identified, however supportive actions have been identified to prevent any adverse impacts. 15.78% of staff are disabled. **Ethnicity**: No specific impacts identified, however supportive actions have been identified to prevent any adverse impacts. 6.35% of staff are BME. **Sex**:	**Age**: 1. Offer all employees support through the objective testing process. 2. Consider the need for appropriate support and training to re-skill employees in new working methods. **Disability**: 1. Ensure that all appropriate reasonable adjustments are made for disabled employees. 2. Utilise the support of the council's Supported Employment Team and appropriate non council agencies to support employees where appropriate and necessary. 4. Review communications approach options (plain English etc) and monitor engagement. **Ethnicity**: 1. Offer all employees support through the objective testing process. Signposting to BME Workers' Forum.

	No specific impacts identified, however supportive actions have been identified to prevent any adverse impacts. 26.58% of staff are male. **Religion & Belief**: Fewer shifts on a Saturday and Sunday may positively affect Jews and Christians (22.64% of staff). **Sexual orientation**: No specific impacts identified, however supportive actions have been identified to prevent any adverse impacts. 26.45% of staff are LGB.	2. Review communications approach options (plain English etc) and monitor engagement. **Sex**: 1. Offer all employees support through the objective testing process. 2. Consider reasonable adjustments for caring responsibilities. **Religion & Belie**f: 1.Ensure there are opportunities in the consultation process for staff to raise any issues relating to religion and belief. 2. Offer all employees support through the objective testing process. **Sexual orientation**: 1. Offer all employees support through the objective testing process.

Budget 2019-20: Equality Impact Assessments – Staff

EIA No.	EIA Proposal	
S6	**Neighbourhoods, Communities and Housing: Regulatory Services** To achieve the proposed savings target for regulatory services the following changes are proposed: - Deletion of vacancies (2.02 FTE) - Deletion of a part time Technical officer post (currently vacant) saving £15,000 - A small voluntary severance scheme to achieve £19,000 saving These proposals will ensure that savings are made with a minimal impact on staff. Support for staff has been outlined in the formal consultation document.	
Groups potentially impacted	**Impacts identified**	**Specific Mitigating Actions (in addition to the generic actions identified above)**
In broad terms the proposal to reduce staffing has the potential to have an impact on the following protected characteristics: • Age • Disability • Ethnicity • Sex • Sexual Orientation • Religion/Belief	**Age, Disability, Ethnicity, Sex, Religion/Belief, Sexual Orientation**: No specific impacts identified, however supportive actions have been identified to prevent any adverse impacts. 13.24% of staff are disabled. 7.25% of staff are BME. 45.71% of staff are male 12.12% of staff are LGB.	**All:** 1. Ensure there are opportunities in the consultation process for staff to raise any issues relating to any protected characteristic. **Age**: 1. Consider the need for appropriate support and training to re-skill employees in new working methods. **Disability**: 1.Ensure that all appropriate reasonable adjustments are made for disabled employees. 2. Review communications approach options (plain English etc) and monitor engagement. **Sex**: 1. Consider reasonable adjustments for caring responsibilities.

Budget 2019-20: Equality Impact Assessments – Staff

EIA No.	**EIA Proposal**	
S7	**Finance & Resources: Orbis HROD** The HR transformation journey in BHCC is now focused on creating a fully integrated team with East Sussex, following the decision of Surrey to pause HROD integration. In 2019/20 savings of approximately £1.300 million will be made across Orbis HR, with £0.526 million coming from 'Orbis South'.	
Groups potentially impacted	**Impacts identified**	**Specific Mitigating Actions (in addition to the generic actions identified above)**
In broad terms the proposal to reduce staffing has the potential to have an impact on the following protected characteristics: • Age • Disability • Ethnicity • Sex • Sexual Orientation • Religion/Belief	**Age**: Council targets for age have not yet been established. The age distribution of staff in the service is broadly similar to the Council in that the majority of employees fall into the 45-59 years age bracket. Any reduction in staff could affect the age distribution. **Disability**: The council is just below the disability target of 8% however the directorate is above the target at 9.18%. The service area is below target at 6.98%. If disabled staff are either redeployed or made redundant this would further erode this under-represented group. Working in partnership will impact the need to travel, which may have a negative impact on some disabled staff. In addition disabled employees are more likely to: • Experience barriers to accessing information and getting their views heard.	**Age**: 1. Offer all employees job application and interview support. 2. Consider the need for appropriate support and training to re-skill employees in new working methods. **Disability**: 1. Ensure that all appropriate reasonable adjustments are made for disabled employees. 2. Utilise the support of the council's Supported Employment Team and appropriate non council agencies to support employees where appropriate and necessary. 3. Positive action including skills interview training and internal coaching. 4. Review communications approach options (plain English etc) and monitor engagement. 5. Ensure meetings involving staff from multiple sites are held at an appropriate time to provide for sufficient and reasonable travel time. 6. Rotate meetings across locations. 7. Make use of technology, for example use telephone /

	• Suffer from a possible lack of employer awareness and information regarding disability. Note: 6.38% of employee disability data is not known in the service area and 2.13% of staff have chosen to withhold this information. The analysis above is based on declared data only. **Ethnicity**: The council and the directorate are both below the BME and White Other group targets, and this is lower still in the service area. If BME or White Other staff are either redeployed or made redundant this would further erode this under-represented group. Employees from ethnic minority groups are more likely to: • Experience language barriers. • Suffer from a possible lack of employer awareness and information regarding ethnicity. Note: 4.26% of employee ethnicity data is not known in the service area and 4.26% of staff have chosen to withhold this information. The analysis above is based on declared data only. **Sex**: The council and the directorate are below the male employee target. The profile of the staff in this service is different, with 27.66% male and 72.34% female staff. Working in partnership will impact the need to travel, and since female staff are more likely to work part time and / or have caring	Skype conferences where possible – although be aware that this technology might bring its own limitations depending on the nature of the impairment. **Ethnicity**: 1. Positive action to include training on interview skills, coaching and signposting to BME Workers' Forum. 2. Review communications approach options (plain English etc) and monitor engagement. **Sex**: 1. Positive action to include training on interview skills 2. Support to part-time staff in identifying opportunities and consideration of other roles as job share roles. 3. Ensure meetings involving staff from multiple sites are held at an appropriate time to provide for sufficient and reasonable travel time. 4. Rotate meetings across the locations.

	responsibilities, this may make it harder for this group of staff to travel for work. If male staff are either redeployed or made redundant as this would further erode this under-represented group. **Religion & Belief**: Council targets for religion/belief have not yet been established. Compared to the council and directorate the number of Christian employees in the service area is below average. Redeployment or redundancies of Christian staff would further reduce numbers. Note: 10.74% of religion/belief employee data is not known in the service and 6.38% of staff have chosen to withhold this information. The analysis above is based on declared data only **Sexual orientation**: The council and directorate are all below the LGB employee target, and the service area is lower still. If LGB staff are either redeployed or made redundant as this would further erode this under-represented group. LGB employees groups are more likely to suffer from a possible lack of employer awareness and information regarding LGB issues. Note: 6.38% of sexual orientation employee data is not known and 14.89% of staff have chosen to withhold this information. The analysis above is based on declared data only.	5. Make use of technology, e.g. use telephone / Skype conferences where possible. 6. Ensure the flexible working policies are known, understood and followed. **Religion & Belie**f: 1. Positive action to include training on interview skills **Sexual orientation**: 1. Positive action including skills interview training and internal coaching as well as signposting to LGBT Forum

Budget 2019-20: Equality Impact Assessments – Staff

EIA No.	EIA Proposal	
S8	**Finance & Resources: Business Operations** The savings requirements in 2019/20 and beyond mean there is an ongoing journey involving the implementation of new technologies. This requires a redefinition of service delivery across all transactional business, and will include the creation of a single customer access point. Ultimately this will facilitate an operating model based around increased self-service using automated, customer-friendly systems.	
Groups potentially impacted	**Impacts identified**	**Specific Mitigating Actions (in addition to the generic actions identified above)**
In broad terms the proposal to reduce staffing has the potential to have an impact on the following protected characteristics: • Age • Disability • Ethnicity • Sex • Sexual Orientation Religion/Belief	**Age**: Council targets for age have not yet been established. The age distribution of staff in the service is fairly evenly distributed across the age groups, meaning the workforce overall is generally younger than the profile of the Council and directorate. Any reduction in staff could therefore disproportionately affect staff in younger age groups. **Disability**: The council is just below the disability target of 8% and the directorate is above the target at 9.18%. The service area however is very low at 3.33%. If disabled staff are either redeployed or made redundant as this would further erode this under-represented group. Working in partnership will impact the need to travel. Increased travel may have a negative impact on some disabled staff, in addition disabled employees are more likely to:	**Age**: 1. Offer all employees job application and interview support. 2. Consider the need for appropriate support and training to re-skill employees in new working methods. **Disability**: 1. Ensure that all appropriate reasonable adjustments are made for disabled employees. 2. Utilise the support of the council's Supported Employment Team and appropriate non council agencies to support employees where appropriate and necessary. 3. Positive action including skills interview training and internal coaching. 4. Review communications approach options (plain English etc) and monitor engagement. 5. Ensure meetings involving staff from multiple sites are held at an appropriate time to provide for sufficient and

	• Experience barriers to accessing information and getting their views heard. • Suffer from a possible lack of employer awareness and information regarding disability. Note: 7.46% of employee disability data is not known in the service area and 2.99% of staff have chosen to withhold this information. The analysis above is based on declared data only. **Ethnicity**: The council and the directorate are both below the BME and White Other group targets, and this is lower still in the service area. If BME or White Other staff are either redeployed or made redundant as this would further erode this under-represented group. Employees from ethnic minority groups are more likely to: • Experience language barriers. • Suffer from a possible lack of employer awareness and information regarding ethnicity. Note: 5.99% of employee disability data is not known in the service area and 2.99% of staff have chosen to withhold this information. The analysis above is based on declared data only. **Sex**: The council and the directorate are below the male employee target. The profile of the staff in this service is more even, with 44.78% male and 55.22% female staff.	reasonable travel time. 6. Rotate meetings across locations. 7. Make use of technology, for example use telephone / Skype conferences where possible – although be aware that this technology might bring its own limitations depending on the nature of the impairment. **Ethnicity**: 1. Positive action to include training on interview skills, coaching and signposting to BME Workers' Forum. 2. Review communications approach options (plain English etc) and monitor engagement. **Sex**: 1. Positive action to include training on interview skills 2. Support to part-time staff in identifying opportunities and consideration of other roles as job share roles. 3. Ensure meetings involving staff from multiple sites are

	Working in partnership will impact the need to travel, and since female staff are more likely to work part time and / or have caring responsibilities, this may make it harder for this group of staff to travel for work. If male staff are either redeployed or made redundant as this would further erode this under-represented group. **Religion & Belief**: Council targets for religion/belief have not yet been established. Compared to the council and directorate the number of Christian employees in the service area is similar. Representation in the service area staff who do not identify as Christian may be impacted by the proposals if staff are either redeployed or made redundant as this would further erode this under-represented group. Note: 5.97% of religion/belief employee data is not known in the service and 2.99% of staff have chosen to withhold this information. The analysis above is based on declared data only. **Sexual orientation**: The council and directorate are all below the LGB employee target, and the service area is similar and is slightly below the target at 12.5%. If LGB staff are either redeployed or made redundant this would further erode this under-represented group. LGB employees groups are more likely to suffer from a possible lack of employer awareness and information regarding LGB	held at an appropriate time to provide for sufficient and reasonable travel time. 4. Rotate meetings across the locations. 5. Make use of technology, e.g. use telephone / Skype conferences where possible. 6. Ensure the flexible working policies are known, understood and followed. **Religion & Belie**f: 1. Positive action to include training on interview skills **Sexual orientation**: 1. Positive action including skills interview training and internal coaching as well as signposting to LGBT Forum

	issues. Note: 8.86% of sexual orientation employee data is not known and 7.46% of staff have chosen to withhold this information. The analysis above is based on declared data only.	

Budget 2019-20: Equality Impact Assessments – Staff

EIA No.	**EIA Proposal**	
S9	**Finance & Resources: Orbis Finance** The Council’s budget proposals for 2019/20 include proposals to achieve savings in across Service Finance. This will be achieved via further integration of services and adoption of common processes and practices wherever possible.	
Groups potentially impacted	**Impacts identified**	**Specific Mitigating Actions (in addition to the generic actions identified above)**
In broad terms the proposal to reduce staffing has the potential to have an impact on the following protected characteristics: • Age • Disability • Ethnicity • Sex • Sexual Orientation • Religion/Belief	**Age**: Council targets for age have not yet been established. The age distribution of staff in the service is broadly similar to the Council in that the majority of employees fall into the 45-59 years age bracket. Any reduction in staff could affect the age distribution. **Disability**: The council is just below the disability target of 8%; the directorate is above the target at 9.18%. The service area is higher again, at 13.51%. Therefore the proposals could have a disproportionate impact on disabled staff. Working in partnership will impact the need to travel. Increased travel may have a negative impact on some disabled staff, in addition disabled employees are more likely to: • Experience barriers to accessing information and getting their views heard.	**Age**: 1. Offer all employees job application and interview support. 2. Consider the need for appropriate support and training to re-skill employees in new working methods. **Disability**: 1. Ensure that all appropriate reasonable adjustments are made for disabled employees. 2. Utilise the support of the council’s Supported Employment Team and appropriate non council agencies to support employees where appropriate and necessary. 3. Positive action including skills interview training and internal coaching. 4. Review communications approach options (plain English etc) and monitor engagement. 5. Ensure meetings involving staff from multiple sites are held at an appropriate time to provide for sufficient and reasonable travel time. 6. Rotate meetings across locations. 7. Make use of technology, for example use telephone /

	• Suffer from a possible lack of employer awareness and information regarding disability. Note: 2.56% of employee disability data is not known in the service area and 2.56% of staff have chosen to withhold this information. The analysis above is based on declared data only. **Ethnicity**: The council and the directorate are both below the BME and White Other group targets. However the service area employs an above average number of BME employees compared to the council and the directorate as a whole and is exceeding the target. Therefore the proposals may have a disproportionate impact on BME staff. Employees from ethnic minority groups are more likely to: • Experience language barriers. • Suffer from a possible lack of employer awareness and information regarding ethnicity. Note: 5.13% of staff have chosen to withhold this information. The analysis above is based on declared data only. **Sex**: The council and the directorate are below the male employee target. The profile of the staff in this service is similar, with 46.15% male and 53.86% female staff. Working in partnership will impact the need to travel, and since female staff are more likely to work part time and / or have caring	Skype conferences where possible – although be aware that this technology might bring its own limitations depending on the nature of the impairment. **Ethnicity**: 1. Positive action to include training on interview skills, coaching and signposting to BME Workers' Forum. 2. Review communications approach options (plain English etc) and monitor engagement. **Sex**: 1. Positive action to include training on interview skills 2. Support to part-time staff in identifying opportunities and consideration of other roles as job share roles. 3. Ensure meetings involving staff from multiple sites are held at an appropriate time to provide for sufficient and reasonable travel time. 4. Rotate meetings across the locations. 5. Make use of technology, e.g. use telephone / Skype

	responsibilities, this may make it harder for this group of staff to travel for work. If male staff are either redeployed or made redundant as this would further erode this under-represented group. **Religion & Belief**: Council targets for religion/belief have not yet been established. Compared to the council and directorate the number of Christian employees in the service area is above average. If staff from other groups are either redeployed or made redundant as this would further reduce this under-represented groups. Note: 7.69% of religion/belief employee data is not known in the service and 5.13% of staff have chosen to withhold this information. The analysis above is based on declared data only **Sexual orientation**: The council and directorate are all below the LGB employee target, and the service area is extremely low. If LGB staff are either redeployed or made redundant as this would further reduce this under-represented group. LGB employees groups are more likely to suffer from a possible lack of employer awareness and information regarding LGB issues. Note: 5.13% of sexual orientation employee data is not known and 12.82% of staff have chosen to withhold this information. The analysis above is based on declared data only.	conferences where possible. 6. Ensure the flexible working policies are known, understood and followed. **Religion & Belief**: 1. Positive action to include training on interview skills **Sexual orientation**: 1. Positive action including skills interview training and internal coaching as well as signposting to LGBT Forum

Budget 2019-20: Equality Impact Assessments –<u>Staff</u>

EIA No.	**EIA Proposal**	
S10	**Strategy, Governance and Law: Communications** The Council's budget proposals for 2019/20 include proposals to align the Communications structure to move away from a Directorate led approach and support work under the following themes i) Digital and News, ii) Client and Campaigns, iii) Internal communications and iv) Brand This will achieve savings equivalent to two management roles.	
Groups potentially impacted	**Impacts identified**	**Specific Mitigating Actions (in addition to the generic actions identified above)**
In broad terms the proposal to reduce staffing has the potential to have a disproportionately negative impact on the following protected characteristics: • Age • Disability • Ethnicity • Sex • Sexual Orientation • Religion/Belief	**Age**: Council targets for age have not yet been established. The age distribution of affected staff is towards the older age range with 59% of staff over 45, with 27% over 55. **Disability**: The council is just below the disability target of 8% and this service is below this with no people disclosing they are disabled. Disabled employees are more likely to • Experience barriers to accessing information and getting their views heard. • Suffer from a possible lack of employer awareness and information regarding disability. Note: 4.5% of employee disability data is not known in the service area. The analysis above is based on declared data only.	**Age**: 1. Offer all employees job application and interview support. 2. Consider the need for appropriate support and training to re-skill employees in new working methods. **Disability**: 1. Ensure that all appropriate reasonable adjustments are made for disabled employees. 2. Utilise the support of the council's Supported Employment Team and appropriate non council agencies to support employees where appropriate and necessary. 3. Positive action including skills interview training and internal coaching. 4. Review communications approach options (plain English etc) and monitor engagement

	Ethnicity: The council and the directorate are both below the BME and White Other group targets and the service employs a lower number of BME employees and no White Other staff. If BME staff are either redeployed or made redundant this would further erode this under-represented group. Employees from ethnic minority groups are more likely to: • Experience language barriers. • Suffer from a possible lack of employer awareness and information regarding ethnicity. Note: 4.5% of employee ethnicity data is not known in the service area. The analysis above is based on declared data only. **Sex**: The council and the directorate are below the male employee target. The profile of the affected staff (middle management) however is 43% male and 57% female and therefore only slightly below the target. Male representation in the service area, directorate and council may be impacted by the proposals if male staff are either redeployed or made redundant as this would further erode this under-represented group. **Religion & Belief**: Council targets for religion/belief have not yet been established. Compared to the council and directorate the number of Christian and Other Religion employees in	**Ethnicity**: 1. Positive action to include training on interview skills, coaching and signposting to BME Workers' Forum. 2. Review communications approach options (plain English etc) and monitor engagement. **Sex**: 1. Positive action to include training on interview skills 2. Support to part-time staff in identifying opportunities and consideration of other roles as job share roles. **Religion & Belief:** 1. Positive action to include training on interview skills

	the service area is below average. Representation may be impacted if staff are either redeployed or made redundant. Note: 9% of religion/belief employee data is not known in the service. The analysis above is based on declared data only **Sexual orientation**: The council, directorate and the service area are all below the LGB employee target. LGB under-representation in the service area may be further eroded by the proposals. LGB employees groups are more likely to suffer from a possible lack of employer awareness and information regarding LGB issues. Note: 9% of sexual orientation employee data is not known. The analysis above is based on declared data only.	 **Sexual orientation**: 1. Positive action including skills interview training and internal coaching as well as signposting to LGBT Forum.

Equality Act 2010: section 149 Public sector equality duty

(1) A public authority must, in the exercise of its functions, have due regard to the need to—

(a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;

(b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;

(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

(2) A person who is not a public authority but who exercises public functions must, in the exercise of those functions, have due regard to the matters mentioned in subsection (1).

(3) Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to—

(a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;

(b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;

(c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

(4)The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.

(5) Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to—

(a) tackle prejudice, and

(b) promote understanding.

(6) Compliance with the duties in this section may involve treating some persons more favourably than others; but that is not to be taken as permitting conduct that would otherwise be prohibited by or under this Act.

(7) The relevant protected characteristics are—

- age;
- disability;
- gender reassignment;
- pregnancy and maternity;

- race;
- religion or belief;
- sex;
- sexual orientation.

(8) A reference to conduct that is prohibited by or under this Act includes a reference to—

(a) a breach of an equality clause or rule;

(b) a breach of a non-discrimination rule.

(9) Schedule 18 (exceptions) has effect.

APPENDIX 8

Council Carbon Budgets for 2019/20

Carbon Budget	Budget Lead	2016/17 Carbon Footprint (tonnes CO^2) *	2017/18 Carbon Footprint (tonnes COe^2) *	2017/18 Spend (net £) *	2018/19 Carbon Footprint Budget Target (tonnes COe^2) **	2019/20 Carbon Footprint Budget Target (tonnes COe^2) ***
1) Total corporate emissions (gas, electricity & oil)*	Angela Dymott	7,435	6,300	£1,588,142	6,048	5,806
2) Landlord housing emissions (incl. gas & electricity)*	Larissa Reed	4,880	4,720	£896,313	4,531	4,350
3) Total school emissions (incl. gas, electricity & oil)*	Angela Dymott	8,624	7,885	£1,779,290	7,570	7,267
4) Fleet fuel emissions	Rachel Chasseaud	2,288	2,405	£884,966	2,309	2,217
5) Street lighting emissions (electricity)	Mark Prior	4,011	3,396	£1,225,234	3,260	3,130

Caveats

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

** Based on a 4% reduction on our 2017/18 performance. Performance against the 2018/19 budget will be calculated in July 2019.

*** Based on a 4% reduction on our 2018/19 target (2019/20 actual data will be available in July 2020).

POLICY, RESOURCES & GROWTH COMMITTEE	Agenda Item 128 Brighton & Hove City Council

Subject:		**Housing Revenue Account Budget and Capital Investment Programme 2019/20 and Medium Term Financial Strategy**	
Date of Meeting:		**14 February 2019**	
Report of:		**Executive Director for Finance & Resources and Executive Director for Neighbourhoods, Communities & Housing**	
Contact Officer:	Name:	**Caroline De Marco**	**Tel: 29-1063**
	E-mail:	Caroline.demarco@brighton-hove.gov.uk	
Wards Affected:	All		

FOR GENERAL RELEASE

Action Required of the Committee:
To receive the item referred from the Housing & New Homes Committee for approval and recommendation to full Council:

Recommendations: That the Policy, Resources & Growth Committee approve the following:

(1) That the procurement of a contract for insurance cover for the council's residential leasehold properties as set out in the report in section 5 be approved; and

(2) That the Executive Director of Neighbourhoods, Communities & Housing be granted delegated authority to award the contract for insurance cover and the extensions set out in the report in section 5.

Recommendations: That the Policy, Resources & Growth Committee approve and recommend the following to full Council:

(1) That full Council approve the updated HRA revenue budget for 2019/20 as shown in Appendix 2 to the report; and

(2) That full Council approve the capital programme budget of £26.964m for 2019/20 and notes the 3 year programme as set out in Appendix 4 to the report.

BRIGHTON & HOVE CITY COUNCIL

HOUSING & NEW HOMES COMMITTEE

16 JANUARY 2019

COUNCIL CHAMBER, HOVE TOWN HALL

Present: Councillor Meadows (Chair), Councillor Hill (Deputy Chair), Councillor Mears (Opposition Spokesperson), Councillor Gibson (Group Spokesperson), Councillors Atkinson, Barnett, Bell, Cattell, Lewry and Phillips.

DRAFT MINUTE

PART ONE

58 HOUSING REVENUE ACCOUNT BUDGET AND CAPITAL INVESTMENT PROGRAMME 2019/20 AND MEDIUM TERM FINANCIAL STRATEGY

58.1 The Committee considered a report of the Executive Director for Finance & Resources and the Executive Director Neighbourhoods, Communities & Housing which presented the proposed Housing Revenue Account (HRA) revenue and capital budget for 2019/20 as required by the Local Government and Housing Act 1989. Members were required to consider the revenue budget proposals including savings and re-investments (service pressures) as well as changes to rents, fees and charges and also the capital programme. This report also set out the Medium Term Financial Strategy and 30 year financial forecast. The report was presented by the Head of Finance accompanied by the Principal Accountant and the Head of Housing Strategy, Property & Investment.

58.2 Councillor Gibson set out the following amendment which was seconded by Councillor Phillips:

"To amend the following recommendations, and insert recommendations (f) – (k) as shown below in ***bold italics:***

2.1 That the Housing & New Homes Committee:

(a) Recommends that Policy, Resources & Growth Committee approves and recommends to full Council the updated HRA revenue budget for 2019/20 as shown in Appendix 2 ***(as amended by (f) and (g) below);***

(b) Recommends that Policy, Resources & Growth Committee approves and recommends to Full Council the capital programme budget ~~***of £26.964m***~~ ***of £34.014m*** for 2019/20 and notes the 3 year programme as set out in Appendix 4 ***(as amended by (h) to (k) below);***

To add the recommendations as below, as shown in ***bold italics:***

2.2 That the Housing & New Homes Committee:

f) Reduces the HRA Reserve funding for 2019/20 HRA Capital programme by £1.000m;

g) Approves that a HRA reserve of £1.050m be created, in order to support the provision of new council homes at lower rents, particularly social rents and 27.5% living wage rents. This enables the application of a subsidy over the modelled lifetime of new schemes

h) Approves additional borrowing of £5.950m to be used to fund the HRA Capital programme for 2019/20:

- with the cost of this additional borrowing to be funded in future years from the Consumer Price Index+1% rent increase, to be applied in 2020/21

i) Approves a £0.050m to increase the Estate Development Budget to £0.405m in 2019/20 HRA Capital programme, funded from reserves

j) Approves the increase to the size of the HRA capital programme of £7.050m additionally funded by an increased contribution of £2.100m usable Right to Buy (RTB) capital receipts

k) Approves that the additional £7.050m in the enhanced 2019/20 HRA Capital programme (see summary below) to be applied to appendix 4 as follows:

i) A net increase in the Purchase Properties budget of £3.500m;
ii) The creation of a £3.500m budget line to buy buildings to provide emergency homeless accommodation for in-house delivery by the council
iii) A £0.050m increase in the Estate Development Budget

58.3 A paper had been circulated to members and officers before the meeting setting out the Chief Finance Officer's comments with regard to the above amendment.

58.4 Councillor Gibson stated that the amendment was urging the committee to be more ambitious and to try to achieve more in the context of the housing crisis of homelessness and lack of affordability in the city. Councillor Gibson did recognise that the financial advice in relation to the amendment had come rather late and that this could be an issue when it came to the debate.

58.5 Councillor Gibson made the following comments:

- The amendment would use the opportunity to borrow and seek ways of achieving more. Borrowing rates were cheap. The Capital programme could be restored to the level it was at last year. Since then more staff had been employed to deliver these schemes.
- Attention was drawn to the assumption on page 166 – appendix 5. This stated that "the forecast currently includes approved schemes and an assumption that an additional 260 new homes will be built over the next 7 years." If that was the

council's ambition, it was argued that it was not enough and would amount to around 37 new homes a year when the council were losing 50 to 60 under the right to buy.

- The amendment sought to unlock resources to expand the home purchase scheme. It sought to have £3.5m additional funding to enable the council to buy emergency temporary accommodation. It provided for a fund for enabling truly affordable rents and provided a small boost to the EDB budget.

58.6 Councillor Gibson sought clarification on the following:

- ***Question:*** With reference to the Chief Finance Officer's comments on the amendment, there was a question mark in terms of the emergency accommodation and whether such a scheme would be able to use Right to Buy receipts. It was stressed that Right to Buy receipts had been used in relation to Oxford Street. ***Answer:*** The Principal Accountant explained that officers had assumed in the notes to the amendment that the council would use Right to Buy receipts but because this was emergency accommodation there might be a different interpretation as to whether Right to Buy receipts could be used. There was a need for officers to check this with the Ministry of Housing, Communities & Local Government. The Head of Housing Strategy, Property & Investment stated that there was a tenure issue. With emergency accommodation there were different provisions for tenure with a non-secure licence depending on the owner and the occupation. This would need to be checked. More secure tenancies would be offered at Oxford Street than would be offered in emergency accommodation

- ***Question:*** - The Chief Finance Officer comments stated that "it is unlikely that a scheme would be viable without the use of Right to Buy receipts". On what modelling was that based and how was that conclusion reached? ***Answer:*** The Principal Accountant replied that it was based on modelling to date for other schemes in the city not emergency accommodation. Most of the schemes the council modelled would not be viable without Right to Buy receipts or some form of grant at affordable rent levels.

- ***Question****:* Reference was made to the Chief Finance Officer's comment "The extra £7.000m of expenditure funded by Right to Buy receipts included in this amendment would therefore replace this assumed expenditure, reducing the two year figure to £9.986m available for other pipeline schemes." It was not clear how relevant that was, given that the council were expecting to get a large number of Right to Buy receipts in future years. ***Answer:*** The Principal Accountant referred to the Capital Programme at Appendix 4, page 162. The provisional programme for 2020/2021 & 2021/2022 had a total of £16.986m for new pipeline schemes mainly in the New Homes for Neighbourhood scheme. They were unidentified schemes but if the £7m was to go into the programme as amended it would mean the council would need to reduce that sum, because of the number of Right to Buy receipts the council were likely to have by that time. By the end of 2021/22 the council would have to have spent all the Right to Buy receipts from 2018/19.

58.7 Councillor Mears asked the following questions and made the following comments which were answered by the Principal Accountant as follow:

- ***Question*** - Page 137, paragraph 4.2 – Historically housing management had always been in the highest quartile for spend but the comparators could not be seen in the report. Councillor Mears was interested to see the comparators with other Local Authorities and whether Brighton & Hove had been able to reduce costs. ***Answer:*** There were not any comparators in the report. Benchmarking was something that was carried out in performance reports. The information would be placed in the End of year Performance Report being submitted to Policy, Resources and Growth Committee.

- ***Comment:*** – Page 155 – Youth Service budget increasing from £250,000 to £255,000. Discretionary Community Grants which came from the HRA would remain at £145,000. Councillor Mears did not support the increase for youth work. ***Answer:*** Officers had talked to the Youth Service and they would not be requiring an inflation increase so the figure would remain £250,000.
- ***Question:*** – page 162, Oxford Street conversion – Councillor Mears stated a previous report had shown a budget figure which if added to the proposed budget did not make £0.561m. ***Answer:*** The figures were a complex series of variations which were not to hand at the meeting. The Principal Accountant would send Councillor Mears this information
- ***Question:*** Page 169 – Appendix 6 – Proposed savings of £80,000 in 2019/20 - Within the budget re-figuration were officers talking about keeping vacant posts in housing management? ***Answer:*** The number of posts would not be reduced. £80,000 would be taken out of the employees' budget to allow for the fact that throughout the year there would be staff turnover. There were periods where certain posts were vacant. If this was allowed for in the budget there would be an underspend.

58.8 The Executive Director, Neighbourhoods, Communities and Housing explained that if there was a vacant post it had to be put in the redeployment pool for eight weeks. However, every time a post became vacant, management looked to see if that post was needed and if this was the best way of spending HRA money.

58.9 Councillor Bell asked the following questions which were answered by the Principal Accountant as follows:

- ***Question:*** - Page 153 – Background was requested on East Sussex County Council pension contribution. ***Answer:*** The pension for council employees was held with the East Sussex County Council pension scheme.
- ***Question:*** – Page 161 – Estate Development Budget – Why would there be a vast reduction in this budget over 2020/21 and 2021/22? ***Answer:*** This budget was proposed at £355,000 for 2019/20. In 2020/21 the proposed budget was £247,000. Some time ago it was agreed to reduce the EDB budget to around £180,000. The £247,000 was the amount that it was being supplemented from EDB reserves. When those reserves ran out the final year, 2021/22 there would be a budget of £181,000.
- ***Question:*** – Page 161 – Environmental Improvements – The budget figure was £400,000. Councillor Bell thought that the committee had agreed to £500,000 under Item 56 – Proposal for Environmental Improvement Budget. ***Answer:*** The report on item 56 spoke about £500,000, but £400,000 of that money was for capital and £100,000 was in the revenue report.

58.10 Councillor Bell referred to the Green amendment. He was concerned that item g on the amendment would result in asking tenants who would pay into the HRA at a higher rent to subsidise other people who were coming on to the scheme with their rent. As a committee it was always agreed that members would look at schemes on a scheme by scheme basis.

58.11 Councillor Hill made the following comments:

- It was clear that a great deal of work had gone into looking at the amendment from both the Green Group and officers. However, Committee members only had sight of the Chief Finance Officer's comments less than two hours before the start of the meeting. That was not sufficient time for members to evaluate the budget amendment proposals. For that reason the Labour Group members were unlikely to support the amendment
- It had been suggested by Councillor Gibson that the budget was unambitious. Councillor Hill highlighted page 154 – Housing Delivery Team – additional 5.5 people. Over the past administration the council had delivered about 200 new council homes with another 90 on the way. There was a desire to do more and this was reflected in the fact that the council were actively recruiting in order to take advantage of the fact that the Housing Cap was being lifted.
- Page 164 – Right to Buy receipts monitoring with Affordable Housing Forecast Expenditure per annum up to 2021/22. This clearly increased considerably and demonstrated that the council was intending to spend all Right to Buy receipts.
- Page 170 – Estates Regeneration – No savings proposed. "Due to the removal of the HRA borrowing cap this team requires more resources going forward most of which will be capitalised."
- In terms of maintenance costs and costs on major projects and works, the council were intending to spend more on fire safety to reflect concerns around that issue. There were other areas where the council was intending to spend less. These were areas where the council had already recently spent a great deal of money.
- The council was fully intending to address the housing crisis in every possible way. It had introduced a new buy back policy and was providing temporary accommodation in-house for the first time, Hidden Homes, Homes for Brighton & Hove, New Homes for Neighbourhoods continued to increase. Councillor Hill was very proud of the council's record.

58.12 Councillor Gibson made the following comments.

- The debate was welcomed. It was stressed that the council could achieve more by using the opportunity to borrow. As the committee had not had time to consider the comments of the Chief Finance Officer he would withdraw his amendment and would consider putting something forward at a later stage. The Green members would therefore abstain on voting on the budget
- In terms of Councillor Bell's comment, Councillor Gibson wanted it to be made clear that existing tenants would not be subsidising rents under the proposal. The proposal was within the council's rent policy which requires the home purchase schemes to be ring-fenced so any surpluses that were produced on new homes were put towards supporting rents on other homes.
- Additional staff to ramp up the programme was welcomed. Councillor Gibson wanted members to work together to achieve more.

58.13 The Chair stated that she was concerned that Councillor Gibson had put in a budget amendment ahead of the budget, circumventing the whole process, and then had withdrawn the amendment after it had been discussed and webcast.

58.14 Councillor Cattell expressed concern at the length of time Councillor Gibson had spent addressing the committee, when he knew from the start as did the rest of the committee, that there had not been time to absorb the Chief Finance Officer's comments.

58.15 Councillor Hill made the following points. It was quicker to buy than to build. However, if the council spent all its money buying rather than building it would not be increasing the housing supply in the city. Meanwhile, with regard to the borrowing cap, if there was a projection forward three or four years then the council would reach the cap.

58.16 Councillor Phillips hoped the suggestions in the amendment could go forward in another way after councillors had had time to digest all the information.

58.17 Councillor Mears stated that as the amendment was so detailed it was appropriate it was considered at Budget Council in February. Councillor Gibson had made the right decision to withdraw the amendment. It would have been helpful to know that at the start of the discussion.

58.18 Members voted on the recommendations in the report which were agreed. Four voted in favour. There were six abstentions.

58.19 **RESOLVED:-**

(1) That the Housing & New Homes Committee:

(a) Recommends that Policy, Resources & Growth Committee approves and recommends to full Council the updated HRA revenue budget for 2019/20 as shown in Appendix 2;

(b) Recommends that Policy, Resources & Growth Committee approves and recommends to full Council the capital programme budget of £26.964m for 2019/20 and notes the 3 year programme as set out in Appendix 4;

(c) Recommends that Policy, Resources & Growth Committee approves the procurement of a contract for insurance cover for the council's residential leasehold properties as set out in the report in section 5.

(d) Recommends that Policy, Resources & Growth Committee approves that the Executive Director of Neighbourhoods, Communities and Housing be given delegated powers to award the contract for insurance cover and the extensions set out in the report in section 5.

(2) That the Housing & New Homes Committee:

(a) Approves a rent reduction of 1% in line with government legislation as detailed in paragraph 4.9;

(b) Approves service charges and fees as detailed in Appendix 3;

(c) Notes the current HRA forecast outturn for 2018/19 in Appendix 1 of £0.500m underspend;

(d) Notes the Medium Term Financial Strategy and 30 year financial projections shown in Appendix 5;

(e) Notes the Integrated Service & Financial Plan proposals (savings) in Appendix 6.

HOUSING & NEW HOMES COMMITTEE	Agenda Item 58 Brighton & Hove City Council

Subject:		Housing Revenue Account Budget and Capital Investment Programme 2019/20 and Medium Term Financial Strategy		
Date of Meeting:		16 January 2019 – Housing & New Homes Committee 14 February 2019 – Policy, Resources & Growth Committee		
Report of:		Executive Director for Finance & Resources Executive Director for Neighbourhoods, Communities & Housing		
Contact Officer:	**Name:**	Monica Brooks Martin Reid	Tel:	01273 29-2279 01273 29-3321
	Email:	Monica.brooks@brighton-hove.gov.uk Martin.Reid@brighton-hove.gov.uk		
Ward(s) affected:		All		

FOR GENERAL RELEASE

1 PURPOSE OF REPORT AND POLICY CONTEXT

1.1 This report presents the proposed Housing Revenue Account (HRA) revenue and capital budget for 2019/20 as required by the Local Government and Housing Act 1989. Members are required to consider the revenue budget proposals including savings and re-investments (service pressures) as well as changes to rents, fees and charges and also the capital programme. This report also sets out the Medium Term Financial Strategy and 30 year financial forecast.

1.2 The HRA contains the income and expenditure relating to the council's social landlord duties covering approximately 11,500 properties and 2,900 leasehold properties. The income and expenditure relating to these properties, including rent rebates, is accounted for separately from the council's other services and activities which form part of the council's General Fund.

2 RECOMMENDATIONS:

2.1 That the Housing & New Homes Committee:

(a) Recommends that Policy, Resources & Growth Committee approves and recommends to full Council the updated HRA revenue budget for 2019/20 as shown in Appendix 2;

(b) Recommends that Policy, Resources & Growth Committee approves and recommends to full Council the capital programme budget of £26.964m for 2019/20 and notes the 3 year programme as set out in Appendix 4;

(c) Recommends that Policy, Resources & Growth Committee approves the procurement of a contract for insurance cover for the council's residential leasehold properties as set out in the report in section 5.

(d) Recommends that Policy, Resources & Growth Committee approves that the Executive Director of Neighbourhoods, Communities and Housing be given delegated powers to award the contract for insurance cover and the extensions set out in the report in section 5.

2.2 That the Housing & New Homes Committee:

(a) Approves a rent reduction of 1% in line with government legislation as detailed in paragraph 4.9;

(b) Approves service charges and fees as detailed in Appendix 3;

(c) Notes the current HRA forecast outturn for 2018/19 in Appendix 1 of £0.900m underspend;

(d) Notes the Medium Term Financial Strategy and 30 year financial projections shown in Appendix 5;

(e) Notes the Integrated Service & Financial Plan proposals (savings) in Appendix 6.

3 HRA BUDGET STRATEGY

3.1 The HRA Budget aims to balance the priorities of both the council and council housing residents within the context of the council's Housing Strategy, Housing Revenue Account Asset Management Strategy and Corporate Plan which set out the overall direction for the council over the 4 year period. The Budget Strategy going forward will also reflect recommendations for the future delivery of responsive repairs and empty property refurbishments, planned maintenance and improvement programmes and major capital projects to council housing stock following the expiry of the current contractual arrangements in March 2020. In particular, continuing to work in consultation with tenants and leaseholders: to deliver in house customer service, quality assurance, responsive repairs and empty property services; to agree planned and major works programmes based on updated information on council housing stock. This information will enable the council to contract for the provision of planned maintenance, improvement programmes and major capital projects. The Housing Strategy priorities included in developing the HRA Revenue Budget and Capital Programme are:

Priority 1: Improving Housing Supply

- Respond to the opportunities to increase housing supply following the lifting of the HRA borrowing cap, including additional resources agreed toward an enhanced cross directorate housing delivery team to drive projects forward;
- Continue the innovative 'New Homes for Neighbourhoods' programme. The programme has been successful and since summer 2015 has completed 172 new council homes in 11 projects, has another 12 council homes under construction. It has sites currently identified for a total of around 500 homes;
- Maintain and enhance our Hidden Homes programme to refurbish and convert under used or unused spaces within existing council stock into new

homes. Nine new homes have been delivered to date, with a further six due to be delivered in 2018/19. A pipeline of potential sites has been developed to deliver approximately 30 further units;

- Continue to create a supply of council owned temporary accommodation allowing the council to achieve savings against the costs of procuring more expensive accommodation from the private market either through existing frameworks or spot purchase. The conversion of Stonehurst Court provided ten family units this summer with 12 additional units to be provided at the former Oxford Street Housing Office. The property purchase from Orbit agreed at Housing & New Homes Committee in March 2018 will provide a further 15 units of temporary accommodation;
- Expand our Home Purchase Policy scheme which has so far allowed the council to buy back properties which will now be used for general needs or temporary accommodation. Housing & New Homes Committee agreed to the expansion of the scheme in September 2018 allowing the council the option to look at purchasing affordable housing units supplied as part of new housing developments in the city (typically known as S106 sites). So far eight properties are back in council ownership. The buy-back scheme was expanded on 1 December 2018 enabling the council to consider approaches from other leaseholders/freeholders who own former council homes. At present the scheme has only considered properties where the council has the right of first refusal. This expansion is likely to lead to an increased number of properties coming forward for consideration;
- Commission new adapted homes and ensure best use of existing adapted / accessible housing in order to promote independent living, which has been demonstrated to deliver significant cost benefits;
- Support households wanting to downsize to increase the supply of available family housing.

Priority 2: Improving Housing Quality

- Continue to meet the council’s landlord obligations with regards to health and safety, including continuing to review and enhance fire safety measures for residents;
- Continue to review and respond to Government guidance and any regulatory and / or legislative changes emerging following the Grenfell Tower tragedy;
- To work in consultation with tenants and leaseholders to agree planned and major works programmes based on updated information on our stock in order to enable us to contract for the provision of planned maintenance, improvement programmes and major capital projects;
- Continue to promote the highest possible building, space and environmental standards in all new council homes being built to high sustainability levels;
- Continue to improve council housing sustainability standards and maintain 100% achievement of the council’s housing stock meeting the Decent Homes Standard and invest in other priorities that promote the health and wellbeing of residents;

- Continue to review the energy efficiency performance of the council's housing stock, our approaches for future improvement and support for initiatives to reduce fuel poverty;
- Undertake an appraisal of the council's seniors housing schemes to ensure that the right investment plans are in place to maintain and improve homes and make sure that they meet resident requirements into the future;
- Support early actions to improve public areas of the Council's housing estates through a budget for enhanced environmental improvements to enable the Council to respond with greater speed to issues impacting upon tenant's satisfaction levels with their neighbourhood as a place to live.

Priority 3: Improving Housing Support

- Ensure that as services are reviewed, they are accessible and safe for all;
- Improve front facing customer services at Council Housing Offices;
- Continued investment in specialist tenancy management and support services to support vulnerable council housing residents and work with Community Safety to resolve housing issues and harassment in a timely manner;
- Early intervention for families struggling with accommodation including money advice and tenancy support;
- Ensure that adaptations are done at the right time to support people to stay in their homes when they want to;
- Support people to 'downsize' when they choose and provide a range of options for them, including accessible tools to support decision making;
- Better links between seniors housing schemes and surrounding communities;
- Ensure new housing development includes community spaces, where resources allow.

HRA Asset Management Strategy

3.2 The HRA Asset Management Strategy acts as a link between Housing Strategy priorities and investment programmes. In 2016 the HRA Asset Management Strategy was agreed following extensive consultation and work with residents with an Asset Strategy Review reported to Housing & New Homes Committee 20 September 2017 following the Grenfell Tower tragedy.

3.3 The key priority objectives of the strategy are to:

- Invest in homes and neighbourhoods to provide safe, good quality housing and support services;
- Support new housing supply;
- Ensure financial viability within the Tenancy Strategy.

3.4 The proposed Capital Investment Programme supports all 3 of these objectives. This year the budget includes new areas for investment including environmental improvements to estates, additional resources agreed toward an enhanced cross directorate housing supply team to speed up the new build programme as well as extra staffing resources to improve neighbourhoods. This is a direct result of consulting and listening to residents.

4 HRA REVENUE BUDGET PROPOSALS 2019/20

4.1 The HRA is a ring-fenced account which covers the management and maintenance of council owned housing stock. This must be in balance, meaning that the authority must show in its financial planning that HRA income meets expenditure and that the HRA is consequently viable.

4.2 Although the HRA is not subject to the same funding constraints as the General Fund it still follows the principles of value for money and equally seeks to improve efficiency and achieve cost economies wherever possible. Benchmarking of both service quality and cost with comparator organisations is used to identify opportunities for better efficiency and service delivery.

4.3 The HRA budget for 2019/20 is shown in Appendix 2 with the main budget variations, proposed savings, re-investment of savings (including service pressures), areas for investment and other changes in resources. Savings of £0.280m have been identified, including a number of efficiencies resulting from reviews of all premises, transport and supplies costs across the housing management service. There are also cost savings on mechanical and engineering services and a reduction in employee costs. None of these savings will impact on the level of service provided to residents and are detailed in Appendix 2 (note 2) and Appendix 6.

4.4 The budget also provides funding of £0.338m for the following re-investments from savings and new priority areas for investment. (detailed in Appendix 2, note 3):

- New revenue resources of £0.100m to enable environmental improvements to council estates around the City as proposed in the Environmental Improvement report elsewhere on this agenda. Further investment of £0.058m is also proposed to address issues arising from ‘untidy gardens’ and hard surfaces around estates. A further £0.400m for this purpose is included in the proposed capital programme for 2019/20 and beyond. This is new investment as a result of consultation with residents who have consistently raised ‘improving neighbourhoods’ as one of the top priorities for further investment;
- An increase in revenue resources of £0.075m to create a team with the aim of accelerating the increase in supply of affordable rented homes in the city in light of the removal of the HRA borrowing cap on 29th October 2018. The need for more resources for this was discussed at Housing & New Homes Committee in November 2018 as part of the report on Housing supply;
- New investment for two new Work & Learning officers to assist tenants into work and training in light of the changes to the welfare benefits system and the introduction of Universal Credit;
- A new contract management role to manage the wide range of smaller non-repairs contracts such as laundries, grounds maintenance, money advice, removals and storage, and mediation. This is to enhance the level of service and value for money for residents.

4.5 The HRA budget for 2019/20 also takes account of the set up and mobilisation costs associated with a new in-house responsive repairs and empty property refurbishment service as agreed at Policy Resources & Growth Committee on

11 October 2018. An earmarked reserve for £0.982m has now been set up for this purpose in 2019/20. The HRA already includes a budget of £0.250m for the preparation of the wider re-procurement of the repairs and improvements contract.

4.6 The 2019/20 also provides for a range of other inflationary costs and pressures including £0.508m relating to the effect of a reduction in rental income as a result of the government's statutory requirement to reduce rents by 1%. These changes in resources are listed under 'Other Changes' in Appendix 2.

4.7 The net revenue budget results in an initial surplus of £25.104m which is then used to provide 'Direct Revenue Funding' (shown within expenditure at Appendix 2) in support of the capital programme.

4.8 Rents are calculated in accordance with government guidelines. Rent restructuring rules still apply and Target Rents for each property are calculated based on the relative property values, bedroom size and local earnings. Target Rents will apply to the granting of all new tenancies. The Government has recently issued a consultation on the setting of social rents and officers are currently awaiting new guidance, although the expectation is that this will not have an effect on the rent levels for this council in 2019/20.

4.9 The Welfare Reform and Work Act 2016 requires rents to be reduced by 1% per annum for 4 years, commencing 2016/17. Therefore, 2019/20 is the last year of this reduction. This is positive for tenants and means an average reduction of £0.85 per week. The average weekly rent is now £83.84 per week including all of the new build properties. However, this reduction in rents does reduce the level of income for the HRA by an estimated £0.508m. This is identified in Appendix 2 (note 4).

4.10 From 2020, rent increases will be applicable again and on 4 October 2017 the previous Department for Communities & Local Government (DCLG) announced that "increases to social housing rents will be limited to the Consumer Price Index (CPI) plus 1% for 5 years from 2020". This has since been confirmed by the government in a recent consultation exercise.

4.11 Rents are not calculated to take into account any service charges and only include charges associated with the occupation of a dwelling, such as maintenance of the building and general housing management services. Service charges are therefore calculated to reflect additional services which may not be provided to every tenant or which may be connected with communal facilities rather than to a particular occupation of a house or flat. Different tenants may receive different types of services reflecting their housing circumstances. All current service charges are reviewed annually to ensure full cost recovery and also to identify any service efficiencies which can be offset against inflationary increases, to keep increases to a minimum. The proposed fees and service charges for 2019/20 are set out in Appendix 3.

4.12 For 2019/20, most service charge increases are close to the current levels of inflation with the exception of the communal electricity and heating charges. Unfortunately, the unit prices for both of gas and electricity are set to rise significantly for 2019/20. Gas prices have increased by an average of 20% and electricity prices will increase from 1st April 2019 by an estimated 30%. Therefore, in order to recover these extra costs, some tenants will see increases in these service charges. Appendix 3 shows the estimated average service charge paid per week for each service and the average increase. This extra cost will be mitigated by a 1% reduction in the rent and it is worth noting that these service charges have seen large reductions in 2017/18 and 2018/19 so that the proposed charges for 2019/20 are on average lower than those in 2016/17.

4.13 The projected level of HRA reserves at 31 March 2019 and 31 March 2020 are shown in Appendix 2 (note 5). A minimum reserve of £3.000m is recommended to meet general legal and financial risks including higher than expected inflationary pressures, cost overruns, legal challenges and other contingencies. After taking this into account, current estimates mean that the level of usable reserves will be £3.136m at 31 March 2020. This is being held at this level in addition to the minimum reserve to allow for the following uncertainties:

- Levels of investment that may be required as a result of the outcome of Grenfell fire reviews;
- The report to Housing & New Homes Committee in September 2018 on the future delivery of repairs and maintenance services identified a number of legal and financial risk areas, in particular around the set-up and TUPE costs of the new in-house repairs service;
- There are general risks around the stock condition which could give rise to a short term financial impact.

The council's Section 151 Chief Finance Officer has reviewed the level of reserves and provisions in accordance with the principles of Section 25 of the Local Government Act 2003 and considers them to adequate and reasonable for their purpose.

5 PROCUREMENT OF BUILDINGS INSURANCE FOR RESIDENTIAL LEASEHOLD PROPERTIES

5.1 The council arranges insurance for its leaseholder properties on council estates. As the freeholder, it recharges the premiums to the leaseholders as part of the service charge. There is also the requirement for a smaller policy to cover 'Domestic Leasehold Flats'. These are typically flats above shops or GP surgeries where the council is the freeholder and again the premiums are recharged.

5.2 The previous long term agreement ended on 31 October 2018 and the current provider extended the cover at existing premium rates until 31 March 2019. This was to enable the policy to be renewable on the common Orbis renewal date which has been agreed as the 1st April. The insurer has now been asked to extend further to 31 May 2019 to comply with committee and procurement timeframes.

5.3 The contract would commence on 1st June 2019 and run until 31st March 2022 with an option to extend for two further years. Based on the last annual premium the contract is estimated to have an annual value of £0.312m with an estimated total value of £1.508m. The costs and service charge income for this are included within the HRA revenue budget proposals herewith.

5.4 All leaseholders were written to on 5th November 2018 advising them of the intention to enter into a new long term agreement for this service. There will be a further period of consultation once the preferred bidder is known.

5.5 Therefore, this report requests that Housing & New Homes Committee recommends that Policy, Resources & Growth Committee approves the procurement of this leaseholder insurance contract and delegates authority to the Executive Director of Neighbourhoods, Communities & Housing to award the contract for insurance cover and any extension.

6 HRA CAPITAL PROGRAMME 2019/20

6.1 The Housing Capital Programme seeks to provide substantial investment in the council's housing stock and improve the quality of homes. The implementation of the proposed programme will take account of all relevant best practice guidelines and has been informed by the priorities agreed in the HRA Asset Management Strategy and the Asset Strategy Review report to Housing & New Homes Committee 20 September 2017. The Programme also reflects the end of the current Mears contract in April 2020 and arrangements being put in place to reflect recommendations agreed at Committee around the future delivery of planned maintenance and improvement programmes and major capital projects to council housing stock.

6.2 This report recommends that a budget of £26.964m is approved for 2019/20. The total proposed programme for 2019/20 and the funding arrangements totalling £46.585m are shown in Appendix 4. This programme includes budget of £19.621m that has already been approved, for example, where individual scheme approval has been sought for new build schemes or where budgets for existing schemes have been reprofiled, as approved by PR&G Committee.

6.3 The Capital Programme is a key part of implementing the main aims of the long-term asset management approach, which aims to maximise investment in homes and support reductions in responsive repairs need whilst providing safe, good quality housing and support services, and also supporting new housing supply and financial viability for the HRA. Other assets, such as car parks and garages, receive investment to ensure both health and safety compliance and best use of these assets.

6.4 On 26 September 2018, Housing & New Homes Committee agreed the procurement of at least one contract for the provision of planned maintenance and improvement programmes to council housing stock and a multi- contractor framework agreement for major capital projects following the end of the current contract with Mears. In order to agree future planned and major works programmes it is considered timely for the council to update information held on council housing stock condition to enable us to consult on and procure contracts for the provision of future planned maintenance, improvement programmes and major capital projects.

6.5 To this end, officers are currently commissioning a stock condition survey of council dwellings. This will provide an up to date needs assessment of maintenance and improvements required to council homes in both the short and longer term. Given it is subject to procurement, the cost of this survey is currently unknown but this will be managed within the proposed budget resources for 2019/20.

6.6 The programme for 2019/20 includes new investment in environmental improvements around estates of £0.400m. This relates to the ‘Environmental Improvements Report’ elsewhere on this Housing & New Homes Committee agenda. A total budget of £0.500m is being proposed for this work, £0.400m in the capital programme and £0.100m in revenue. More details on the use of these budgets can be found in the separate report.

6.7 Our highest priority remains the health and safety of our residents and those visiting or working on council homes. This is a key responsibility, and as such, through the capital programme proposals it is ensured that the investment required is maintained and made available ahead of other investment decisions. This includes good practice procedures and resources to support the management of asbestos, fire risk, legionella, gas and electrical equipment, amongst others. This budget continues to support funding for enhanced works to reduce fire risk, in particular support for the proposed projects to install sprinklers in high rise blocks (subject to consultation with residents), as set out in previous committee reports.

6.8 The Housing Fire Health & Safety Update report to Housing & New Homes Committee on 19 September 2018 updated members on our continued joint work with East Sussex Fire & Rescue Service (ESFRS) in response to housing fire health & safety matters arising following the Grenfell Tower tragedy. In particular, concerning fire doors. In light of this, the programme also includes a provisional sum of £1.200m in 2019/20 and 2020/21 for potential additional works arising from the government’s review of the Grenfell fire tragedy.

6.9 The Capital Programme targets investments that will ensure that the HRA maintains, and improves, where possible, the quality of housing. The programme will support the delivery of the following commitments:

- To maintain 100% achievement of properties meeting the government’s Decent Homes Standard and the local Brighton & Hove Standard over the medium term.
- To ensure that all homes are as suitable as practicable for the needs of their occupants, in line with council policy. For example, there is a substantial investment commitment to providing adaptations and to reducing overcrowding in the programme.
- To ensure homes are energy efficient and that we continue to improve the energy performance of our housing stock, including through modern heating systems to reduce carbon emissions and resident’s fuel costs.
- To continue working closely with residents to help increase levels of resident satisfaction with the quality of their home and to support the ongoing reduction in the level of responsive repair need.

6.10 Additionally, based on feedback from residents on their priorities, the programme continues the commitment to invest in external and common way repairs and decorations across the city and the modernisation of passenger lifts serving blocks of flats, subject to resident consultation and analysis of information to establish if replacement works are necessary. This programme has been very effective in helping many residents to be able to rely on their lifts to be safe and reliable. All lift project proposals are continually evaluated on a case-by-case basis to ensure value for money continues to be delivered through this programme, and that replacement works are reasonably required.

6.11 The proposed capital programme for 2019/20 includes a budget of £0.185m for the Estates Development Budget (EDB). The current budget strategy uses EDB capital reserves to support this over a further 2 years, augmenting this budget to a total of £0.355m for 2019/20 and £0.247m for 2020/21. Tenants are currently involved in a review of EDB and the bidding process. Therefore, no substantial changes have been made to this budget as officers await the outcome of this review. A reserves table is shown in Appendix 2 (note 5).

6.12 Helping residents to live in well-insulated, efficiently heated, healthy homes remains a key long-term commitment, which is supported through the capital programme. Past progress on achieving this has been consistently good, with national Standard Assessment Procedure (SAP) energy rating performance monitoring being used to benchmark these. Key investments that contribute to these include installing high efficiency boilers, heating controls, efficient doors, windows, insulation and renewable or community energy schemes, where appropriate.

6.13 As outlined above, the Housing Asset Management Strategy acts as a link between the Housing Strategy and Investment Programmes including a priority of supporting new housing supply. The service will continue to focus on the key Housing Strategy priorities to increase the numbers and make best use of affordable homes, including the following HRA related measures:

- Housing Allocation Policy framework ensuring best use of existing council and Registered Provider resources through nomination of affordable housing to priority households.
- The 'New Homes for Neighbourhoods' estate regeneration programme to deliver new affordable homes in the city.
- Improving supply through best use of existing HRA assets including the conversions / Hidden Homes programme.
- Development and delivery of more council owned Temporary Accomodation.
- The recently approved and amended HRA Home Purchase Policy.
- The proposal to set up a new housing delivery team to accelerate the supply of affordable housing in the city as outlined in paragraph 4.4.

7 HRA MEDIUM TERM & 30 YEAR FINANCIAL FORECASTS

7.1 The introduction of self-financing in 2012 provided additional resources from the retention of all rental income and, through greater control locally, enabled longer term planning to improve the management and maintenance of council homes.

7.2 The medium term and 30 year financial forecasts are provided in Appendix 5 along with the business planning assumptions used for income and expenditure.

7.3 There have been some positive developments during 2018/19 in respect of the HRA. In October 2018, the Minister for Housing, Communities and Local Government issued a determination – The Limits on Indebtedness (Revocation)

Determination 2018. This came into force on 29th October 2018 and removes the restrictions on borrowing for the HRA, enabling councils to play a key role in delivering new homes in their area.

7.4 Essentially, the financial plan shows that the HRA has healthy financial indicators to borrow to source future funding for regeneration and development. However, any borrowing will have to be affordable. This means that each scheme should be funded either from the new rental stream (net of any management and maintenance costs) or from current tenants rents, rent rebates and service charges. The current 30 year forecast assumes £80.912m for building and purchasing of new homes in the next five years to 2023/24.

7.5 Revenue reserves have been maintained in the business plan at £6.136m for the time being but this will be revised annually.

7.6 The year 2019/20 is the last year of the rent reduction of 1% as advised by government. As mentioned above, the DCLG has announced an increase to social housing rents limited to the Consumer Price Index (CPI) plus 1% for 5 years from 2020. Councils are awaiting further guidance on council housing rents after a recent consultation exercise by the Ministry for Housing, Communities and Government. Assuming other factors remain stable, this will help to sustain the HRA in the medium term. The 30 year business plan shown at Appendix 5 assumes rent increases of CPI plus 1% for 5 years from 2020 and then increases at CPI.

7.7 Alternative options and delivery mechanisms for new build and regeneration funding outside the HRA are still being developed in the form of a wholly owned company and the Joint Venture with Hyde Housing Association as agreed by Policy, Resources & Growth Committee alongside a review of priorities included in the financial plan.

7.8 As a result of the review carried out by government, their decision was not to proceed with the Pay-to-Stay policy included in the Housing and Planning Act 2016. The Government has also announced this year that there are now no plans to introduce a levy on high value voids within the HRA. However, there are still some uncertainties which may have a significant impact on the long term health of the financial plan, such as:

- The Welfare Reform and Work Act 2016 continues to be implemented with the reduction of the benefit cap to £20,000 per annum during 2016/17, the single room rates extended to people under 35, the roll out of Universal Credit in 2017 and the reduction in tax credits implemented from October 2017. All these reforms are expected to affect many tenants' ability to pay their rent, but it is difficult at this stage to accurately predict to what extent this will impact on HRA resources. The budget proposes an extra 2 FTE staff during 2019/20 to undertake proactive work with tenants to assist them to access work and training opportunities.
- Uncertainty of future rent policy. Even though there has been an announcement to allow increases in rents of CPI plus 1% for five years after 2020, any changes in government could overturn this.
- Any additional investment requirements arising from any legislative or regulatory changes following post Grenfell Tower tragedy reviews.

- The introduction of an in-house responsive repairs and empty property refurbishment service. An earmarked reserve for £0.982m has been set aside for the mobilisation and set up costs associated with this service. However, there are some uncertainties around certain costs such as TUPE costs and ICT costs.

7.9 The 30 year financial plan will continue to be updated in 2019 to reflect the 2019/20 budget proposals. This will enable a review of future opportunities for additional investment in existing housing stock and building new homes, and also how the housing debt could be structured to accommodate these plans or possibilities.

8 ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

8.1 The budget process allows all parties to engage in the scrutiny of budget proposals and put forward viable alternative budget proposals to Budget Council on 28 February 2019. Budget Council has the opportunity to debate both the proposals recommended by Policy, Resources & Growth Committee at the same time as any viable alternative proposals.

8.2 The Welfare Reform and Work Act 2016 details a statutory requirement to set the rents at 1% less than the previous year for 2019/20. There are financial restrictions placed upon local authorities who do not follow this statutory requirement. The government annually sets a limit rent, set to include the 1% reduction, which is used to determine how much housing benefit subsidy is received from the Department for Work and Pensions. Rises above the limit rent would reduce the amount of subsidy receivable by the council.

9 COMMUNITY ENGAGEMENT & CONSULTATION

9.1 Involvement of our residents in service delivery and priorities is a key focus for Housing. Ongoing consultation with tenants and leaseholders has taken place through the year in a number of forums and settings.

9.2 Tenant representatives, for example those at Central Area Panel and Home Group understand there have been specific consultations impacting parts of the HRA (eg on sprinkler systems, SHINE, and communal areas). However, they requested summary information about the key budget figures and the main changes proposed for the coming year.

9.3 Therefore, all Area Panel representatives and chairs have been sent a letter explaining the budget proposals. This summarised the various components including the details of the proposed savings and how the savings would be reinvested back into the service and also the areas of new investment. It also included information on the 1% rent reduction and changes to service charges as well as advice on contact details if further information or clarification was sought.

9.4 Extensive consultation was carried out with tenants and leaseholders to inform the current Asset Management Strategy. Further consultation will be carried out in 2019 to inform the new strategy from 2020 onwards. Residents have been consulted on some changes to the Strategy due to changes in priority following the Grenfell fire and government guidance arising from it.

9.5 All leaseholders have been, or will be, consulted about individual contracts carried out as part of the programme in full compliance with the Commonhold and Leasehold Reform Act 2002.

9.6 The HRA budget task and finish group, made up of the Chair and opposition spokespersons of the Housing & New Homes Committee, residents from Service Improvement Groups and officers, met last year to work up future budget consultation arrangements. The group decided that, to inform the 2019/2020 budget, a range of residents views would be gathered on areas including energy efficiency, social isolation, support for vulnerable tenants, maintaining older stock, increasing social housing provision, and the appearance of estates. Some of these items are currently under consultation with residents and some are in progress with proposals included in this budget report. For example, the report proposes additional resources to support work and learning help for vulnerable and other tenants and resources for addressing communal areas on council estates.

10 CONCLUSION

10.1 The Local Government and Housing Act 1989 requires each local authority to formulate proposals relating to income from rent and charges, expenditure on repairs, maintenance, supervision and management, capital expenditure and any other prescribed matters in respect of the HRA. In formulating these proposals using best estimates and assumptions, the Authority must set a balanced account. This budget report provides a capital programme, break-even revenue budget and recommends rent proposals in line with current government guidance.

10.2 This report also provides the latest medium and long term forecasts for the HRA. However there are a number of uncertainties due to impending government legislation, which mean that the current forecasts should be treated with caution.

11 FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

11.1 The financial implications are contained within the main body of the report.

Finance Officer Consulted: Monica Brooks Date: 07/01/19

Legal Implications:

11.2 In its landlord role, the council has contractual obligations to its tenants and leaseholders to maintain the structure of its housing stock. These obligations are complemented by statutory duties in the Landlord and Tenant Act 1985 as amended. The council must comply with other statutory regimes, including those relating to health and safety, legionella and fire safety. The measures outlined in the report will assist the council in discharging those duties.

The Housing and Local Government Act 1989 regulates the HRA. The requirement in the Act to set a balanced budget is referenced in sections 4.1 and 10.1 of the report.

Lawyer Consulted: Liz Woodley *Date:07/01/2019*

Equalities Implications:

11.3 The HRA budget funds services to people with special needs resulting from age, vulnerability or health. All capital programme projects undertaken include full consideration of various equality issues and specifically the implications of the Equality Act. To ensure that the equality impact of budget proposals are fully considered as part of the decision making process, equality impact assessments have been developed on specific areas where required.

Sustainability Implications:

11.4 The HRA budget will fund a range of measures that will benefit and sustain the local environment. This capital programme supports the affordable warmth and fuel poverty strategy brought forward from Public Health. Housing is a key contributor to the Carbon Emissions reduction commitment and will help to reduce the number of residents affected by fuel poverty and rising energy costs.

11.5 Project briefs are issued on all capital projects and require due consideration of sustainability issues, including energy conservation and procurement of materials from managed and sustainable sources.

Any other Significant Implications:

11.6 Financial risks have been assessed throughout the development of the council's HRA annual budget and 30 year financial model. A number of key sensitivities and scenarios are modelled to ensure that the service understands the business impact of decision making and include areas such as:

- Impacts of the government's Housing & Planning Act and Welfare Reform legislation;
- Potential impact of any post Grenfell tragedy review of building regulations and / or standards;
- Inflationary risk where expenditure inflation is greater than income, particularly with the current reduction in rental income over the four years;
- Managing interest rate fluctuations and the debt portfolio;
- Long term capital and maintenance responsibilities compared with available resources;
- Balancing regeneration and redevelopment needs with tenants' priorities.

SUPPORTING DOCUMENTATION

Appendices:

1. Appendix 1: HRA Revenue Forecast Outturn 2018/19 (Month 9)
2. Appendix 2: HRA Budget 2019/20
3. Appendix 3: Fees and Service Charges 2019/20
4. Appendix 4: Capital Programme and Funding 2019/20 – 2021/22
5. Appendix 5: HRA Medium Term Financial Strategy & 30 Year Financial Forecast
6. Appendix 6: Integrated Service & Financial Plan (Detailed Savings Proposals)

Documents in Members' Rooms

None

Background Documents

None

Appendix 1 – Forecast Outturn 2018/19 at Month 9

2019/20 HRA Revenue & Capital Budget

	2018-19 Forecast Outturn £'000
SUBJECTIVE ANALYSIS	
Expenditure	
Employees	8,936
Premises - Repairs	9,145
Premises - Other	2,480
Transport	98
Contribution to Bad Debt Provision	332
Supplies & Services	1,978
Support Services	3,522
Third Party Payments	173
Direct Revenue Funding	25,626
Capital Financing Costs	6,473
Total Expenditure	**58,763**
Income	
Rents Dwellings	(50,329)
Rents Car Parking / Garages	(951)
Commercial Rents	(550)
Service Charges	(7,516)
Other Recharges & Income	(317)
Total Income	**(59,663)**
DEFICIT / (SURPLUS)	**(900)**
OBJECTIVE ANALYSIS	
Housing Management & Support	4,218
Income, Inclusion & Improvement	(46,140)
Tenancy Services	1,954
Property & Investment	6,700
Head of Regeneration	332
Capital Financing	32,036
DEFICIT / (SURPLUS)	**(900)**

HRA Forecast Outturn as at Month 9	**£’000**
Significant re profiling of HRA capital expenditure from 2017/18 into 2018/19 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 2018/19, compared to the original budget forecast.	(140)
Forecast underspend due to staff vacancies, mobilisation of resources, staff capitalisation and a service redesign.	(280)
Projected income is slightly more than budget assumptions for General Needs and Sheltered Housing	(190)
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. The good weather has also been a contributing factor to a reduction in job requests.	(250)
Forecast underspend due to a reduction in legal fees within Housing Management.	(40)
TBM Month 9 Variance	**(900)**

Appendix 2 – HRA Revenue Budget 2019/20

	2018-19	Budget Changes				2019-20
	Adjusted budget	Inflation	Savings	Investment & Re-investments	Other Changes	Original Budget
Note		**1**	**2**	**3**	**4**	
	£'000	**£'000**	**£'000**	**£'000**	**£'000**	**£'000**
SUBJECTIVE ANALYSIS						
Expenditure						
Employees (data a)	9,244	191	(80)	238	106	9,699
Premises - Repairs	9,422	94	(95)	100	0	9,521
Premises - Other	2,470	26	(16)	0	190	2,670
Transport	117	1	0	0	0	118
Contribution to Bad Debt Provision	367	0	0	0	0	367
Supplies & Services	1,869	16	(89)	0	0	1,796
Support Services (data b)	3,429	14	0	0	60	3,503
Third Party Payments	128	3	0	0	(7)	124
Direct Revenue Funding	25,725	0	0	0	(621)	25,104
Capital Financing Costs	6,577	0	0	0	(322)	6,255
Total Expenditure	**59,348**	**345**	**(280)**	**338**	**(594)**	**59,157**
Income						
Rents Dwellings	(50,184)	0	0	0	(213)	(50,397)
Rents Car Parking / Garages	(917)	(18)	0	0	0	(935)
Commercial Rents	(530)	0	0	0	0	(530)
Service Charges	(7,496)	(1)	0	0	399	(7,098)
Other Recharges & Income	(221)	(3)	0	0	27	(197)
Total Income	**(59,348)**	**(22)**	**0**	**0**	**213**	**(59,157)**
DEFICIT / (SURPLUS)	**0**	**323**	**(280)**	**338**	**(381)**	**0**
OBJECTIVE ANALYSIS						
Housing Management & Support	4,399	29	(1)	76	97	4,600
Income, Inclusion & Improvement	(45,955)	39	(71)	134	(351)	(46,204)
Tenancy Services	1,919	111	(90)	128	94	2,162
Property & Investment	7,050	139	(118)	0	725	7,795
Head of Regeneration	286	5	0	0	0	291
Capital Financing	32,301	0	0	0	(946)	31,355
DEFICIT / (SURPLUS)	**0**	**323**	**(280)**	**338**	**(381)**	**0**

Appendix 2 – HRA Revenue Budget 2019/20 Cont'd

Note 1: Inflation

Inflation of 2% has been applied to Direct Employees, and 1% to Premises, Transport and Supplies & Services. Adjustments are made to specific areas based on known inflation above or below the standard 1% applied. Most income budgets are zero-based (that is they are recalculated each year rather than changing incrementally) and therefore budgets are estimated based on known increases in costs or inflation.

Note 2: Savings

Savings	**£'000**
Staff turnover - reduction in employees budgets to allow for short spells of vacancy for leavers/joiners	(80)
Mechanical & Engineering contract costs review of budgets	(100)
Budget review of premises and supplies and services costs across Tenancy Services	(50)
Budget review of premises and supplies and services costs across Income, Involvement and Improvement	(50)
Total Savings	**(280)**

Note 3: Investments and Re-investments (including Service Pressures)

Service Pressures and priority areas for investment and re-investment	**£'000**
Environmental and communal area improvement work	100
Enhancement of the Housing Delivery team to accelerate delivery of new affordable homes	75
Two new Work and Learning Officers to assist tenants in managing the effects of Universal Credit	70
Additional post for maintenance of untidy gardens	34
Enhanced resources to manage the wide range of smaller non-repairs contracts.	35
Additional Housing Estates Response Operative	24
Total Service Pressures and priority areas for investment and re-investment	**338**

Appendix 2 – HRA Revenue Budget 2019/20 Cont'd

Note 4: Other Changes

Other Changes	£'000
Impact of the statutory 1% rent reduction	508
Increase in Employee costs for annual increments and staff establishment amendments	74
Increase in ESCC pension contribution	32
Net Increase in contract prices for gas and electricity	190
Increase in Support Service Charges	60
Budget realignment to contract value for financial inclusion support	(7)
Decrease in direct revenue funding of capital programme	(621)
Decrease in capital financing costs	(322)
Increase in rents from 53 week rent year net of sales and disposals and new build rents	(721)
Estimated decrease in major works income from leaseholders	700
Increase over and above inflation in service charge income across all charges	(301)
Repairs rechargeable works budget realignment	27
Total Other Changes	**(381)**

Note 5: Projected Reserves

Description	Balance at 1 April 2018 £'000	Projected Balance at 31 March 2019 £'000	Projected Balance at 31 March 2020 £'000	Use
Revenue Reserves - Working Balance	3,000	3,000	3,000	Minimum working balance requirement
Useable revenue reserves	4,853	4,886	3,136	Available for use
Mobilisation and set-up costs of new in-house service for repairs	-	982	-	Earmarked reserve
Estate Development Budget (EDB) reserve	407	237	67	Earmarked allocation for EDB
Restructure Redundancy Reserve	388	388	388	Earmarked reserve
HRA - Renewable Energy Projects	229	179	129	Capital programme funding
HRA Auto Meter Reads Reserve	45	-	-	Moved to general reserves
	8,922	**9,672**	**6,720**	

Appendix 2 – HRA Revenue Budget 2019/20 Cont'd

Data Table A - Employee Full Time Equivalent (FTE) Reconciliation

The table below shows the actual movements in FTE's in 2018/19 and includes FTE numbers for proposed service pressures.

Original FTE 2018/19	**276.4**
Changes for 18/19	
Property & Investment	5.0
Sheltered Housing	(0.3)
New staff in preparation for Universal Credit	3.0
Tenancy Services - Rehousing Team	3.0
Adjusted budget 2018/19 FTEs	**287.1**
Changes for 2019/20	
Estates Services in-year restructure (net change)	2.4
Rehousing in-year restructure (net change)	(1.0)
Investments & Re-investments	
Housing Estates Response Operative	1.0
Additional post for maintenance of untidy gardens	1.0
Housing delivery team	5.5
Contract management support	1.0
Work & Learning officers	2.0
2019/20 FTEs	**299.0**

Appendix 2 – HRA Revenue Budget 2019/20 Cont'd

Data Table B - Support Service and Other Charges Analysis

The table below provides a breakdown of the support service charges for 2019/20 and compares this to 2018/19.

Charging Service	**Budget 2018/19 £'000**	**Budget 2019/20 £'000**
Support Functions:		
ICT	650	671
Finance	379	212
Legal	291	313
Democratic	234	238
Human Resources	196	177
Property	124	107
Tenancy Fraud	62	62
Procurement	0	50
Business Operations	0	42
Communications	25	25
Director	16	17
Other charges:		
Youth Service	250	250
Discretionary Community Grants	145	145
Disabled Adaptations	115	118
Field Officer support	48	50
Family Coach funding	37	38
Apprenticeship Levy	31	31
Homing in and Area Panels	29	29
Energy Efficiency Support	26	26
Noise Pollution	16	16
Insurance costs (now defined as support service costs)	755	886
Total	**3,429**	**3,503**

Appendix 3 - Tenant Service Charges

All fees and service charges are reviewed annually to ensure full cost recovery (where appropriate) and also to identify any service efficiencies that can be offset against inflationary increases to keep increases to a minimum. Proposed fees and service charges for 2019/20 are detailed below. Please note that the comparable 2018/19 average weekly charge may change from the previous year's budget report as a result of stock changes (for example new builds and Right to Buy Sales)

Service Charges Eligible for Housing Benefit	Tenants Charged (No.)	Approx. not eligible for Housing Benefit (No.)	2018/19 Average Weekly Charge £	2019/20 Average Weekly Charge £	Average Increase/ Decrease £	Average Increase/ Decrease %	Comments
Communal Cleaning	5,312	2,225	£2.87	£2.93	£0.06	2.0%	The increase reflects pay and price inflation.
Door Entry Servicing and Maintenance	4,305	1,709	£0.48	£0.49	£0.01	2.0%	The increase reflects annual contract inflation.
Electricity - Communal Ways	5,338	2,143	£0.72	£0.88	£0.16	22.8%	The change is mainly as a result of higher electricity prices.
Grounds Maintenance	5,667	2,105	£0.70	£0.71	£0.01	2.0%	The increase reflects annual contract inflation.
Lift Servicing and Maintenance	2,530	776	£0.91	£0.94	£0.03	3.0%	The increase reflects annual contract inflation.
Seniors Housing - Common Ways	877	157	£8.64	£8.90	£0.26	3.0%	The increase is primarily due to the higher electricity prices.
Seniors Housing - Intensive Management	873	154	£21.04	£21.89	£0.85	4.04%	The increase is mainly due to increased staff costs (a nationally agreed pay increase).
Seniors Housing - Laundry	850	151	£1.65	£1.70	£0.05	3.0%	The increase reflects price inflation.
TV Aerials	5,690	2,114	£0.78	£0.78	£0.00	0.0%	No change in overall costs.
Video Entry Servicing and Maintenance	140	37	£0.96	£0.98	£0.02	2.0%	The increase reflects annual contract inflation.

Service Charges Not Eligible for Housing Benefit	Tenants Charged (No.)	Approx. not eligible for Housing Benefit (No.)	2018/19 Average Weekly Charge £	2019/20 Average Weekly Charge £	Average Increase/ Decrease £	Average Increase/ Decrease %	Comments
Communal Heating - Electricity	124	N/A	£7.36	£8.10	£0.74	10.0%	The change is the result of forecast higher electricity prices.
Communal Heating - Gas	1,206	N/A	£5.43	£6.67	£1.24	22.8%	The change is the result of forecast higher gas prices.
Garages and Car Parking	2,762	N/A	£9.03	£9.21	£0.18	2.0%	The increase reflects pay and price inflation.
Mobility Scooter and Cycle Storage	35	N/A	£2.50	£2.50	£0.00	0.0%	No change is proposed for 2019/20.
Seniors Housing - Guest Rooms	N/A	N/A	£15.00	£15.00	£0.00	0.0%	No change is proposed for 2019/20.
Water Charges	240	N/A	£4.46	£4.60	£0.14	3.2%	The increase is mainly the forecast inflation increase of 3.2% for water charges.

Appendix 4 - HRA Capital Programme and Funding 2019/20 - 2021/22

	For Info	For Approval	*For info*				
EXPENDITURE	***Original Budget 2018/19***	**Proposed Budget 2019/20**	***Profiled Budget 2019/20***	***Total Budget 2019/20***	**Provisional Budget 2020/21**	**Provisional Budget 2021/22**	**Description**
	£'000	**£'000**	***£'000***	***£'000***	**£'000**	**£'000**	
Improving Housing Quality							
Door Entry Systems & CCTV	*687*	*628*	*190*	*818*	*699*	*703*	A long-term programme to replace door entry systems across the city, where needed, as many are nearing the end of their serviceable life, with spare parts being difficult to source. This programme is constantly reviewed, alongside the communal main entrance door programme to ensure value for money.
Water Tanks, Ventilation, Lighting & Lightening Protection & Fire Alarms	*806*	*675*		*675*	*537*	*539*	Projects help meet statutory requirements and ensure safety and welfare for residents through a replacement and improvement programme as required.
Lifts	*1,256*	*571*	*350*	*921*	*779*	*418*	The lift replacement and upgrade programme is a long-term commitment to council residents. The majority of lifts have now been replaced since its inception, and the programme is under ongoing review to ensure it continues to provide good value for money.
Fire Safety & Asbestos Management	*2,122*	*3,388*	*682*	*4,070*	*3,490*	*2,008*	Effectively managing the risks of both fire and asbestos materials is an ongoing need. . Includes both statutory requirements and provision for enhanced fire safety measures. In particular, including provision for a programme of retro-fitting of sprinklers, which continues, subject to consultation with residents.
Minor Capital Works	*401*	*549*	*115*	*664*	*355*	*364*	Investment in smaller capital repairs across the HRA stock as well as investing in car parks and garages. The budget for 19-20 includes additional investment in St James House Car Park.
Roofing	*1,602*	*1,752*	*175*	*1,927*	*1,059*	*1,255*	Helps to extend the life of assets, improves insulation and reduces responsive repairs.
Condensation & Damp Works	*431*	*244*	*148*	*392*	*274*	*314*	Health and welfare of council residents is assisted by tackling issues arising from condensation and damp in properties

Appendix 4 - HRA Capital Programme and Funding 2019/20 - 2021/22

	For Info	For Approval	*For info*				
EXPENDITURE	***Original Budget 2018/19***	**Proposed Budget 2019/20**	***Profiled Budget 2019/20***	***Total Budget 2019/20***	**Provisional Budget 2020/21**	**Provisional Budget 2021/22**	**Description**
	£'000	**£'000**	***£'000***	***£'000***	**£'000**	**£'000**	
Major Structural works	*7,131*	*2,645*	*2,341*	*4,986*	*6,530*	*7,068*	Meeting our landlord obligations through maintaining the structural and general external integrity of properties.
Major Empty Property works	*123*	*91*		*91*	*87*	*126*	Extensive refurbishment of empty homes prior to re-letting.
Cyclical Repairs & Decorations	*3,844*	*2,745*	*675*	*3,420*	*2,599*	*2,868*	External and common way repairs and decorations across the city help reduce ongoing costs and keep properties well maintained. Property & Investment are working closely with residents to ensure internal decorations in blocks are consistently delivered across the city.
Future capital projects	*112*	*112*		*112*	*112*	*112*	Specialist and other surveys to support future programmes.
Brighton & Hove Standard Works							
Dwelling Doors	*407*	*293*		*293*	*249*	*282*	Replacing doors to properties with secure and efficient design helps residents feel safer. This programme includes the provision of fire-rated doors to dwellings where required.
Kitchens & Bathrooms	*1,911*	*1,671*		*1,671*	*1,683*	*1,908*	This budget helps to ensure homes comply with the Brighton & Hove Standard.
Rewiring - Domestic/ Communal	*1,787*	*1,384*		*1,384*	*1,346*	*1,431*	Safe and reliable and compliant electrical installations and efficient lighting are supported from this budget.
Windows	*1,602*	*1,806*		*1,806*	*1,122*	*1,443*	Window replacement programmes meet the council’s landlord obligations, improve energy efficiency, warmth and reduce ongoing repair costs.
Sustainability & Carbon Reduction							
Domestic/Communal Heating Improvements	*2,158*	*2,100*		*2,100*	*2,099*	*2,104*	Efficient and modern replacement heating systems improve thermal comfort, reduce carbon emissions and resident fuel costs.

Appendix 4 - HRA Capital Programme and Funding 2019/20 - 2021/22

EXPENDITURE	*For Info* *Original Budget 2018/19*	For Approval Proposed Budget 2019/20	*For info* *Profiled Budget 2019/20*	*Total Budget 2019/20*	Provisional Budget 2020/21	Provisional Budget 2021/22	Description
	£'000	£'000	*£'000*	*£'000*	£'000	£'000	
Insulation improvements	*62*	*61*		*61*	*62*	*63*	Improving insulation levels in the roof and other parts of buildings improves thermal comfort, reduces mould growth and resident heating costs.
Home Energy Efficiency & Renewables	*601*	*51*	*550*	*601*	*51*	*51*	Many homes now benefit from solar panels. This programme will help take up other opportunities to further improve the energy rating of our homes.
Tackling Inequality							
Estate Development Budget	*348*	*355*		*355*	*247*	*181*	Residents are able to prioritise smaller projects through this continuing and well supported budget. Also utilising EDB earmarked reserves.
Environmental Improvements		*400*		*400*	*400*	*400*	New budget to fund environmental and communal area improvement work.
Fencing	*62*	*61*		*61*	*62*	*63*	Maintaining and improving our neighbourhoods and estates.
Disabled Aids & Adaptations	*1,150*	*1,150*		*1,150*	*1,150*	*1,150*	Enabling vulnerable residents continue to live independently in their homes through investment in housing adaptations. .
Conversions & Extensions	*632*	*550*		*550*	*599*	*598*	Tackling overcrowding across the city is of key importance to ensure good quality housing.
Housing ICT Budget	*1,200*	*250*	*950*	*1,200*	*80*	*80*	As part of the modernisation of the HRA's ICT (and in support of the implementation of the new housing management system) investment is required for replacement servers and new ICT hardware.
Estate Service Vehicle Replacement	*280*						
Total Investment in existing Housing Stock	***30,716***	***23,532***	***6,176***	***29,708***	***25,670***	***25,528***	

Appendix 4 - HRA Capital Programme and Funding 2019/20 - 2021/22

	For Info	For Approval	*For info*				
EXPENDITURE	***Original Budget 2018/19***	**Proposed Budget 2019/20**	***Profiled Budget 2019/20***	***Total Budget 2019/20***	**Provisional Budget 2020/21**	**Provisional Budget 2021/22**	**Description**
	£'000	**£'000**	***£'000***	***£'000***	**£'000**	**£'000**	
Delivery of New Council Homes							
New schemes	*5,000*				*4,341*	*17,069*	This is the forecast expenditure required to meet the use of RTB receipts requirement. Specific schemes have yet to be identified for future years to utilise the receipts.
Converting spaces in existing buildings	*880*	*1,432*	*146*	*1,578*	*272*	*326*	Increasing housing supply through an ongoing Hidden Homes programme to deliver new homes by converting existing redundant spaces.
Purchase properties	*2,763*	*2,000*	*1,500*	*3,500*	*2,000*	*2,000*	Increasing housing supply through our expanded Home Purchase Policy approved by Committee in 2018.
Design competition	*2,500*		*200*	*200*	*2,300*		The approved budget for 2019/20 relates to enabling works at the Rotherfield Crescent scheme.
Oxford Street conversion	*1,064*		*1,125*	*1,125*			Increasing housing supply through provision of council owned temporary accommodation. The 2019/20 budget consists of £0.564m reprofiled from 2018/19 (approved by PR&G as part of the TBM7 report) and an additional budget of £0.561m that is being added (a budget variation) as part of the TBM9 report to PR&G giving the £1.125m total.
Portslade Police Station	*127*						
Redevelopment of vacant HRA garage sites	*2,464*		*83*	*83*			Increasing housing supply through our New Homes for Neighbourhoods programme. 2018/19 budget relates to development at Kensington Street.
Lynchet Close	*954*						Scheme completed in 2018/19
Wellsbourne Development	*69*						Scheme completed in 2018/19
Selsfield Drive	*7,663*		*5,109*	*5,109*	*1,537*		Scheme due for completion in 2020/21.
Buckley Close			*2,583*	*2,583*	*240*		Increasing housing supply through our New Homes for Neighbourhoods programme. Total budget of £2.96m approved at December PR&G for the development of 12.

Appendix 4 - HRA Capital Programme and Funding 2019/20 - 2021/22

	For Info	For Approval	*For info*				
EXPENDITURE	***Original Budget 2018/19***	**Proposed Budget 2019/20**	***Profiled Budget 2019/20***	***Total Budget 2019/20***	**Provisional Budget 2020/21**	**Provisional Budget 2021/22**	**Description**
	£'000	**£'000**	***£'000***	***£'000***	**£'000**	**£'000**	
Victoria Road			*1,972*	*1,972*	*7,048*	*2,119*	Increasing housing supply through our New Homes for Neighbourhoods programme. Total budget of £12.914m approved at December PR&G for the development of 45 homes and the re-provision of a Sports Pavilion at Victoria Road, Portslade.
Property purchase from Orbit HA			*500*	*500*			Increasing housing supply through provision of council owned temporary accommodation. Refurbishment costs relating to the purchase of 15 homes for use as Temporary Accommodation.
Feasibility	*377*		*227*	*227*	*150*	*150*	
Total Delivery of New Council Homes	***23,861***	***3,432***	***13,445***	***16,877***	***17,888***	***21,664***	
Total Programme	***54,578***	***26,964***	***19,621***	***46,585***	***43,558***	***47,192***	
Programme Funding							
Revenue Contribution to Capital		*22,432*	*2,672*	*25,104*	*27,021*	*27,758*	Funding from revenue surpluses.
Borrowing		*2,403*	*9,900*	*12,303*	*10,388*	*12,220*	Borrowing required mainly for new build development.
HRA reserves		*750*	*2,450*	*3,200*	*580*	*580*	Useable revenue and capital reserves
EDB Earmarked reserves		*170*		*170*	*67*		Earmarked reserve
ESFRS contribution			*347*	*347*			Funding due from East Sussex Fire and Rescue Service towards Sprinkler programme
Capital Receipts		*1,029*	*3,777*	*4,806*	*5,322*	*6,454*	Retained RTB receipts for New Build
Energy Grants/FITs		*180*		*180*	*180*	*180*	Funding received to support sustainability and carbon projects.
Land Release Funding			*475*	*475*			Funding for works at Selsfield Drive and Victoria Road
Total Funding	***54,578***	***26,964***	***19,621***	***46,585***	***43,558***	***47,192***	

Appendix 4 - HRA Capital Programme and Funding 2019/20 - 2021/22

Right to Buy (RTB) Receipts Monitoring

In June 2012, the council signed an agreement to retain RTB Receipts, which can be used to fund up to 30% of a new build development. The agreement requires these amounts to be spent within 3 years of receipt, otherwise the council will be required to repay them to the Government with interest at a rate of 4% above the base rate on a day to day basis compounded with three monthly rests.

The following table sets out current and planned usage, showing that all receipts are assumed to be spent: -

Financial year for receipts to be spent by	In year RTB receipts	Affordable Housing Expenditure required	Affordable Housing forecast expenditure	(Under) / over achieved
	£'000	£'000	£'000	£'000
Pre 2015/16	-	-	1,788	1,788
2015/16	609	2,030	6,684	4,654
2016/17	3,966	15,250	19,332	4,082
2017/18	2,561	23,787	31,713	7,926
2018/19	5,431	41,890	41,890	-
2019/20	4,611	57,260	58,291	1,031
2020/21	5,631	76,030	76,030	-
2021/22	6,454	97,543	97,543	-

Appendix 5 - HRA MEDIUM TERM FINANCIAL STRATEGY AND 30 YEAR FINANCIAL FORECAST

Medium Term Financial Strategy

The Medium Term Financial revenue position provides a cumulative surplus of £79.883m that can be used to support the delivery of the Capital Programme during this period. The projected surplus for the HRA is lower in 2019/20 due to the 1% reduction in rents. However, for 2020/21, rental income increases, which is consistent with the government announcement that rents can increase by CPI plus 1% from 2020/21. This increases the level of surpluses for the HRA.

HRA Medium Term Financial Strategy

	2019/20	**2020/21**	**2021/22**
Expenditure			
Management & Service Costs	17,398	17,481	17,785
Repairs and Maintenance	9,394	10,195	10,466
Other Costs	639	652	665
Borrowing costs	6,255	6,616	6,684
Total Expenditure	**33,686**	**34,944**	**35,600**
Income			
Rental Income	(50,030)	(51,884)	(54,263)
Service Charges (Tenants)	(3,703)	(3,770)	(3,838)
Other Income	(5,056)	(6,311)	(5,257)
Total Income	**(58,789)**	**(61,965)**	**(63,358)**
Net Revenue Income	**(25,104)**	**(27,021)**	**(27,758)**

Appendix 5 - HRA MEDIUM TERM FINANCIAL STRATEGY AND 30 YEAR FINANCIAL FORECAST

30 YEAR FINANCIAL FORECAST

The introduction of self-financing provided local authorities with the opportunity to develop longer term planning to improve the management and maintenance of council homes. The government's self-financing valuation agreed at April 2012 was based on using the rent restructuring formula with increases set at RPI + ½% + £2 per week and was set at a level to provide a balanced business plan over the next 30 years.

Since then the government has imposed two changes to the rent calculation which have both resulted in significant reductions in future rental income. From April 2015, government guidance revised annual increases to Consumer Price Index (CPI) + 1%. This change removed the flexibility of social landlords to increase social rents each year by an additional £2 where rents were below target, resulting in lower annual rental increases over the long term. Then from April 2016, the Welfare Reform and Work Act 2016 introduced that rents should be reduced by 1% per annum for four years commencing in 2016/17.

However, in October 2017 the government announced that "increases to social housing rents will be limited to the Consumer Price Index (CPI) plus 1% for 5 years from 2020". The current financial plan projections shown below continue to provide a balanced business plan and show surpluses of £288.748m over 30 years, which allows for regeneration and new investment within the HRA. This surplus has increased since last year's plan due to the assumptions made for new rental streams from more new build properties and the inclusion of rental increases at CPI+1% for a further two years than last years plan allowed for.

Assumptions

The 30 year financial forecast has been developed based on the following assumptions:

- A general inflation of CPI assumed as an average of 2% for years 2 to 30.
- Revenue repairs and maintenance costs are assumed to increase by 2.5% per year throughout the plan.
- The forecast currently includes approved schemes and an assumption that an additional 260 new homes will be built over the next 7 years. This amounts to an estimate of £70m from 2020/21 utilising current and estimated future right-to-buy receipts and borrowing. There is a small allowance of £2.000m per annum for purchasing properties but no further allowance for any future regeneration schemes beyond 2024/25.
- Rents are assumed to decrease by 1% per annum for 2019/20 and then increase at CPI +1% for five years after. Longer term rent increases of CPI have been assumed.

Appendix 5 - HRA MEDIUM TERM FINANCIAL STRATEGY AND 30 YEAR FINANCIAL FORECAST

	Years 1-5	Years 6-10	Years 11-20	Years 21-30	Total
	£'000	£'000	£'000	£'000	£'000
Expenditure					
Management & Service Costs	86,752	92,856	203,467	232,570	615,645
Repairs and Maintenance	49,910	57,183	134,691	168,017	409,801
Other Costs	3,338	3,601	8,365	10,197	25,501
Borrowing costs	38,413	54,004	69,825	65,056	227,298
Total Expenditure	**178,413**	**207,644**	**416,348**	**475,840**	**1,278,245**
Income					
Rental Income	(262,563)	(308,438)	(708,972)	(846,056)	(2,126,029)
Service Charges (Tenants)	(18,619)	(20,629)	(47,345)	(56,937)	(143,530)
Other Income	(28,443)	(24,782)	(52,949)	(68,856)	(175,030)
Total Income	**(309,625)**	**(353,849)**	**(809,266)**	**(971,849)**	**(2,444,589)**
Net Revenue Income	**(131,212)**	**(146,205)**	**(392,918)**	**(496,009)**	**(1,166,344)**
Capital Expenditure					
Capital investment programme	134,634	118,636	220,260	379,152	852,682
Development	80,912	43,515	20,000	20,000	164,427
Total Expenditure	**215,546**	**162,151**	**240,260**	**399,152**	**1,017,109**
Funded By:					
Other Capital Income	(27,381)	(13,055)	(6,000)	(6,000)	(52,434)
Borrowing	(51,932)	(23,232)	-	-	(75,164)
Direct Revenue Funding	(131,212)	(146,205)	(392,918)	(496,009)	(1,166,344)
Total Funding	**(210,524)**	**(182,490)**	**(398,918)**	**(502,010)**	**(1,293,942)**
Opening HRA reserves	(7,853)	(6,136)	(27,635)	(186,293)	(7,853)
(To) / From Reserves	1,717	(21,499)	(158,658)	(102,857)	(281,297)
Cash surplus at year 30	**(6,136)**	**(27,635)**	**(186,293)**	**(289,150)**	**(289,150)**

Appendix 6 – Integrated Service & Financial Plan (detailed savings proposals)

	Service Area				Service and Financial Strategy			Savings Detail	
Section	Service Area	Gross budget 2018/19	Net budget 2018/19	FTEs 2018/19	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	Savings 2018/19	Savings 2019/20
		£'000	£'000					£'000	£'000
Housing Revenue Account									
HRA employees Costs	Included in budget and FTE figures below				To improve budgeting in order to plan expenditure effectively and avoid large variances at the year end.	To include an element of staff turnover allowance in some of the staffing budgets in Housing Management in order to allow for a the historic high turnover of staff in some areas which has led to underspends.	Delivery Risk: If turnover is less than expected, then savings may not be fully realised although this is unlikely. Impact on outcomes: This saving proposal should not have any effect on the landlord service as staffing numbers will be unchanged.	105	80
HRA Employees costs								**105**	**80**
Capital Financing	Capital Financing	32,334	32,302	-	Capital financing costs are calculated based on existing borrowing and any new borrowing anticipated during the financial year.	Capital financing charges will be reported to Housing & New Homes Committee (Jan 2019) and Policy, Resources & Growth Committee (Feb 2019).	N/A	-	-

Appendix 6 – Integrated Service & Financial Plan (detailed savings proposals)

	Service Area				Service and Financial Strategy			Savings Detail	
Section	Service Area	Gross budget 2018/19 £'000	Net budget 2018/19 £'000	FTEs 2018/19	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	Savings 2018/19 £'000	Savings 2019/20 £'000
Housing Management, Service Wide Savings from Reviews, Support Service Charges	Central services Housing HRA (includes central support services and Homemove service).	4,728	4,728	1.6	To ensure that the use of HRA resources is maximised against strategic priorities.	No savings planned in this area which largely relates to support services. These are calculated centrally by finance so any reductions will be built into the HRA budget. All support service costs to the HRA are reviewed to ensure value for money for the landlord service.	N/A	-	
Estates Regeneration	Head of City Development & Regeneration	286	286	5.3	Key political priority to deliver new council homes and this team is responsible for the delivery of the new homes for neighbourhoods programme (NHFN).	No savings proposed for 2019/20. Due to the removal of the HRA borrowing cap, this team requires more resources going forward most of which will be capitalised.	N/A	-	
Income Inclusion Improvement, Rents & Service Charges	Income Involvement Improvement	3,644	(50,603)	75.8	To ensure that the use of HRA resources is maximised against strategic priorities.	Review of premises and supplies and services budgets with the aim of achieving cost savings across the Income. inclusion and improvement area without	Delivery Risk: Low risk as the service is currently underspending and therefore this level of budget reduction should be achievable.	-	50

Appendix 6 – Integrated Service & Financial Plan (detailed savings proposals)

	Service Area				Service and Financial Strategy			Savings Detail	
Section	Service Area	Gross budget 2018/19 £'000	Net budget 2018/19 £'000	FTEs 2018/19	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	Savings 2018/19 £'000	Savings 2019/20 £'000
						affecting the level of service to residents.	Impact on Outcomes: No impact on the level of service to residents.		
Property & Investment Management including Repairs & Servicing Contracts	Property & Investment	11,746	11,697	47.8	To improve housing quality by continuing to improve sustainability standards, maintain decent homes and health, safety and wellbeing. To do this through the effective management and procurement of repairs, maintenance, improvement works and service contracts.	A review of the Mechanical and Electrical service contracts budgets to match actual contractual commitments (£0.100m).	Delivery Risk: Low risk - This area of the service is already underspending as reported in budget monitoring (TBM). Based on continued proactive investment in improving stock. This will be kept under review. Impact on Outcomes: Improved outcomes from efficiency and effectiveness.	550	100

Appendix 6 – Integrated Service & Financial Plan (detailed savings proposals)

	Service Area				Service and Financial Strategy			Savings Detail	
Section	Service Area	Gross budget 2018/19 £'000	Net budget 2018/19 £'000	FTEs 2018/19	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	Savings 2018/19 £'000	Savings 2019/20 £'000
Tenancy Services and HRA TACC	Tenancy Services	6,642	1,590	159.1	To ensure that the use of HRA resources is maximised against strategic priorities.	Review of premises and supplies and services budgets with the aim of achieving cost savings across the Tenancy Services area without affecting the level of service to residents.	Delivery Risk: Low risk as the service is currently underspending and therefore this level of budget reduction should be achievable. Impact on Outcomes: No impact on the level of service to residents.	-	50

POLICY, RESOURCES & GROWTH COMMITTEE	Agenda Item 129 Brighton & Hove City Council

Subject:		**Targeted Budget Management (TBM) 2018/19: Month 9**	
Date of Meeting:		**14 February 2019**	
Report of:		**Executive Director of Finance & Resources**	
Contact Officer:	**Name:**	**Nigel Manvell**	**Tel: 29-3104**
	Email:	**Nigel.manvell@brighton-hove.gov.uk**	
Ward(s) affected:		**All**	

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 9 on the council's revenue and capital budgets for the financial year 2018/19.

1.2 As set out in the General Fund Revenue Budget 2018/19 report to Budget Council, £9.268m was provided for in the budget for re-investment in identified service pressures across social care and £3.616m for pressures in other services. These sums were expected to meet projected demand-led pressures in 2018/19. As a result, maintaining a risk provision at £1.500m, as in previous years, was considered adequate to meet potential demand risks and/or any difficulties in delivering savings targets. Rather than being held as a recurrent budget, this risk provision is now held as a one-off "financial risk safety net" of £1.500m as part of general reserves. The report reiterated that the focus in 2018/19 would continue to be on strengthening budget accountability, managing demand effectively and localising risk management within services wherever possible.

1.3 The forecast risk for 2018/19 at Month 9 is a £0.381m overspend on the General Fund revenue budget. This includes a forecast overspend of £1.100m on the council's share of the NHS managed Section 75 services and is also after taking into account the available one-off Adult Care Support Grant of £0.768m and the recently announced winter pressure funding of £1.229m. The downward trend in the forecast overspend position since month 4 (July) indicates that an assumption of break-even by year-end is reasonable at this time.

1.4 The report indicates that of the £12.678m savings package in 2018/19, approximately £10.504m is on track and either achieved or anticipated to be achieved, including some over-achievements. However, a significant element of savings are not are not expected to be delivered in-year (£3.405m) and are reflected in the overall service forecasts. These generally relate to social care areas and have been partially mitigated by other corrective action. Any ongoing impact of unachieved savings is taken into account in developing the 2019/20 budget proposals.

1.5 The report is supported by a new dashboard at Appendix 1 which presents information in graphical format which may be of assistance to some readers. This includes information about financial performance including forecast variances, savings performance, monthly forecast trends and overall savings requirements (budget gaps).

2 RECOMMENDATIONS:

2.1 That the Committee note the forecast risk position for the General Fund which indicates a budget pressure of £0.381m as at month 9. This includes an overspend of £1.100m on the council's share of the NHS managed Section 75 services.

2.2 That the Committee note that, based on downward forecast trends since month 4, the position to be assumed for the purposes of setting the 2019/20 General Fund revenue budget is break-even, indicating a further predicted improvement of £0.381m by year-end.

2.3 That the Committee note that the 2018/19 one-off financial risk safety net of £1.500m can therefore be released and will be available in full to support the 2019/20 General Fund revenue budget.

2.4 That the Committee note the forecast for the Housing Revenue Account (HRA), which is currently an underspend of £0.900m.

2.5 That the Committee note the forecast position for the Dedicated Schools Grant, which is an underspend of £0.865m.

2.6 That the Committee note the forecast outturn position on the capital programme and approve the variations and slippage in Appendix 6 and the new schemes as set out in Appendix 7.

2.7 Note the advice regarding the council's ability to accept payments in Euros as set out in Section 6.

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, quarterly or half-yearly basis depending on the assessed 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 through effective financial recovery planning 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)

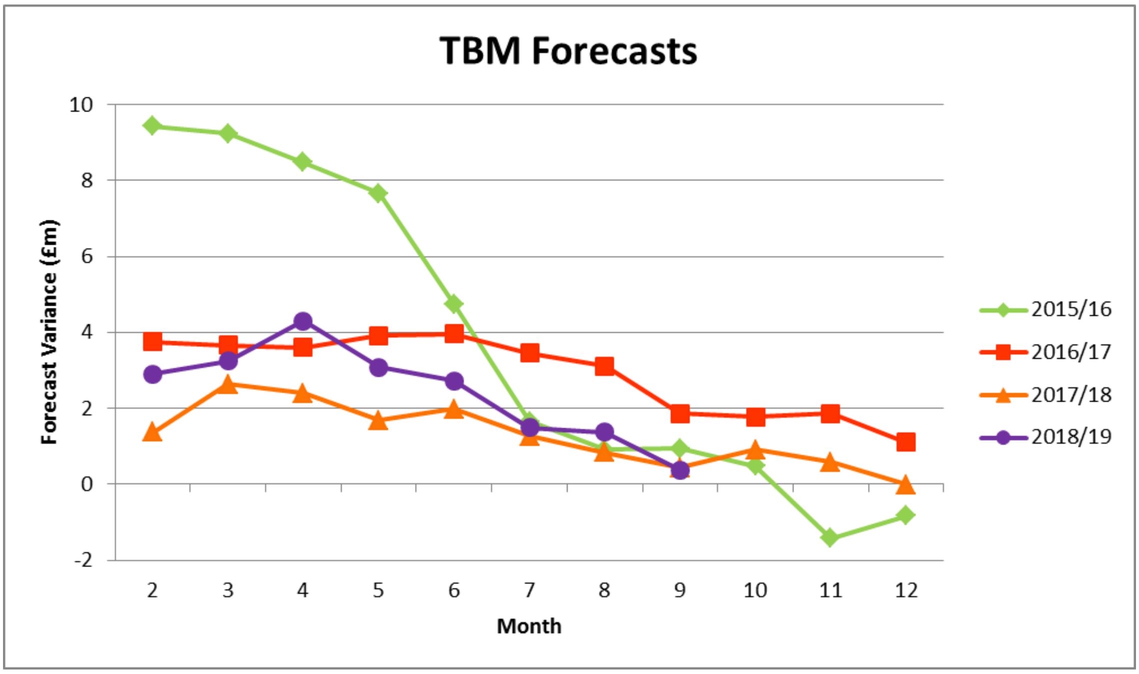
viii) Comments of the Director of Finance & Resources (statutory S151 officer)

General Fund Revenue Budget Performance (Appendix 4)

3.3 The table below shows the provisional outturn for Council controlled revenue budgets within the General Fund. These budgets are normally under the direct control and management of the council's Executive Leadership Team. Exceptions include Section 75 Partnership budgets managed by Health. More detailed explanation of the variances can be found in Appendix 4.

Forecast Variance Month 7 £'000	Directorate	2018/19 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
(336)	Families, Children & Learning	86,819	86,029	(790)	-0.9%
1,958	Health & Adult Social Care	53,869	55,898	2,029	3.8%
601	Economy, Environment & Culture	33,288	33,311	23	0.1%
(320)	Neighbourhood, Communities & Housing	15,362	15,042	(320)	-2.1%
(172)	Finance & Resources	20,681	20,433	(248)	-1.2%
(15)	Strategy, Governance & Law	5,173	5,089	(84)	-1.6%
1,716	Sub Total	215,192	215,802	610	0.3%
(229)	Corporately-held Budgets	(2,217)	(2,446)	(229)	-10.3%
1,487	Total General Fund	212,975	213,356	381	0.2%

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 (DSG) is shown separately as this is ring-fenced to education provision (i.e. Schools). The chart below shows the monthly forecast variances for 2018/19 and the previous 3 years for comparative purposes.

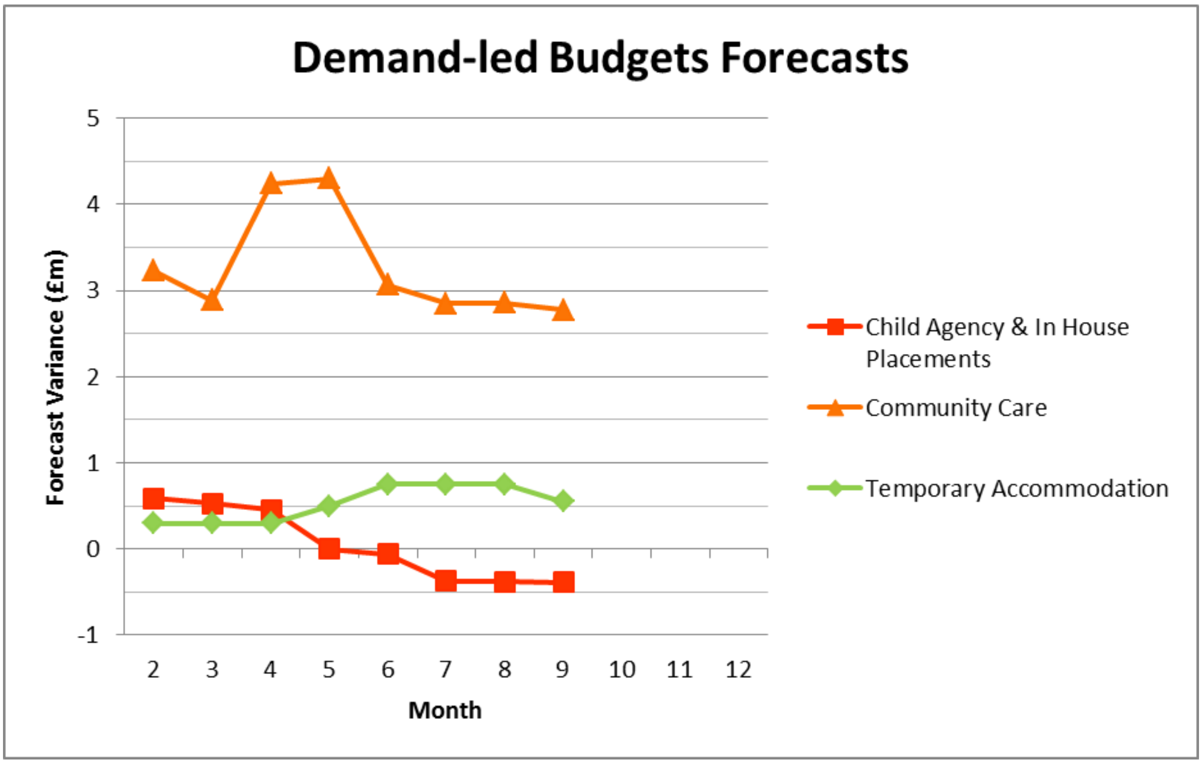


Demand-led Budgets

3.5 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 budgets of corporate significance 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 can include income related budgets. These therefore undergo more frequent and detailed analysis.

Forecast Variance Month 7 £'000	Demand-led Budget	2018/19 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
(370)	Child Agency & In House Placements	22,448	22,059	(389)	-1.7%
2,846	Community Care	58,600	61,372	2,772	4.7%
750	Temporary Accommodation	2,685	3,235	550	20.5%
3,226	Total Demand-led Budget	83,733	86,666	2,933	3.5%

The chart below shows the monthly forecast variances on the demand-led budgets for 2018/19.



Summary of the position at Month 9

The main pressures identified at Month 9 are across Learning Disability, Adult Social Care, IT & Digital, Homelessness, and City Environmental Management services as summarised below:

3.6 **Families, Children & Learning:** The initial forecast budget risk across Families, Children and Learning was £2.382m, primarily resulting from increased demand pressures on adults with learning disabilities (which sits within this directorate), services for children leaving care and costs relating to adoption and social work. Subsequently the directorate put together a financial recovery plan to address the financial risks. There still remain significant financial pressures on services for adults with learning disabilities and adoption. In addition, there are a number of significant financial risks in supported employment and services for children with disabilities. These are being closely monitored but have had an adverse impact on the directorate's budget position. However, the considerable success of measures put in place to address spending, particularly in social work and placements for children in care, has mitigated these budget risks.

The current projected position identifies potential cost pressures of £0.437m on Services for Adults with Learning Disabilities, £0.553m on Services for Children with Disabilities; £0.222m on Home to School Transport and £0.140m on the Able & Willing service. However, there are services with significant forecast underspends such as Social work and legal costs (£0.945m) and Children's placements (£0.617m). Together with other variances (£0.580m), this results in a forecast underspend of (£0.790m) as at Month 9. The underlying trends have been taken into account in assessing the level of reinvestment required to meet demand and cost pressures in 2019/20.

3.7 **Adults Services:** The service is facing ongoing challenges in 2018/19 in mitigating the risks arising from increasing demands from client needs, supporting more people to be discharged from hospital when they are ready and maintaining the provider market. This is alongside delivering a significant budget savings programme and developing integration plans through the Better Care Fund.

- The service is currently forecasting an overspend of £2.029m at Month 9 after the implementation of a number of initiatives to improve the financial stability of the directorate, which have helped to contain the forecast risk. The recovery measures 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.
- There is focus nationally on improving rates of hospital discharge in preparation for winter that leads to increasing financial pressure. This pressure is expected to increase over the winter. There are also continued potential forecast risks concerning increased complexity of need and pressures on the in-house older people resource centres. Service pressure funding and improved Better Care funding have partly mitigated the risk for this financial year.
- The forecast includes the fee uplifts agreed at Health & Wellbeing Board on 30th January 2018 across care in the community and residential care. 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.
- At this stage, £1.478m of the total approved budget savings of £3.416m are being forecast as unachievable in this financial year.
- Service pressure funding of over £4.000m, including the Adult Social Care precept, has been applied in 2018/19 and used to fund budget pressures resulting from: increased demands and complexity; Deprivation of Liberty Safeguard assessments, and; national living wage and fee rate increases. In addition, the one-off Adult Social Care Support grant of £0.768m and winter pressures funding of £1.229m were available to augment the pressure funding. However, £1.610m was needed to offset the reduction in one-off iBCF funding, £1.000m to cover the reduction in CCG funding contribution and £0.500m for the reduction in the Public Health grant.

  Over the last two years there has been an overall £2.900m reduction in CCG funding for social care services (excluding significant reductions in CHC funding agreements). In addition, there are ongoing discussions regarding a further recurrent reduction in CCG funding from 2018/19 of £1.100m as part of a £14m savings target across the CCG. £0.660m is included in the current forecast and further options are being discussed with the CCG concerning management of the remaining risk.

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. Together with demand management strategies and identifying opportunities through Housing provision, this forms a key part of the savings implementation plan. However, increasing complexity and demographic growth continue to add to pressures, which also reflects the national picture.

3.8 **Housing Services and Temporary Accommodation:** The latest forecast for 2018/19, if no action is taken, is that Temporary Accommodation will overspend by £0.550m (£0.750m forecast overspend at month 7). This compares to an overspend of £0.123m at the end of 2017/18. The forecast overspend is mainly due to not being able to reduce the stock of temporary accommodation as quickly as planned and budgeted for. The service is also seeing an increase in former tenant debt and is having to provide for this by contributing more to the bad debt provision.

Post introduction of the more extensive requirements of the Homelessness Reduction Act, the service has reviewed its delivery model and is putting in place a range of measures which has reduced the forecast overspend. These measures include a change of structure to separate the prevention activities so that the service can focus on those that it would have an accommodation duty towards whilst still providing a prevention service to those it does not have a duty to. Additional staff have been recruited and are in place to support this work and to focus on moving-on those who are in temporary accommodation. If these measures prove to be unsuccessful, the Flexible Homelessness Support Grant can be used, as a last resort, to mitigate any final in-year overspend.

The £1.300m trailblazer project is ongoing and has enabled the service to change the way it identifies and responds to homelessness across the city. As a result of the trailblazer, the service estimates that over 400 additional instances of homelessness have been prevented. If, for example, a third of these had instead required temporary accommodation this could have equated to an additional budget pressure of between £1.500m to £2.000m (depending on the duration of stay and type of accommodation).

The temporary accommodation service faces a number of challenges to this including, for example:

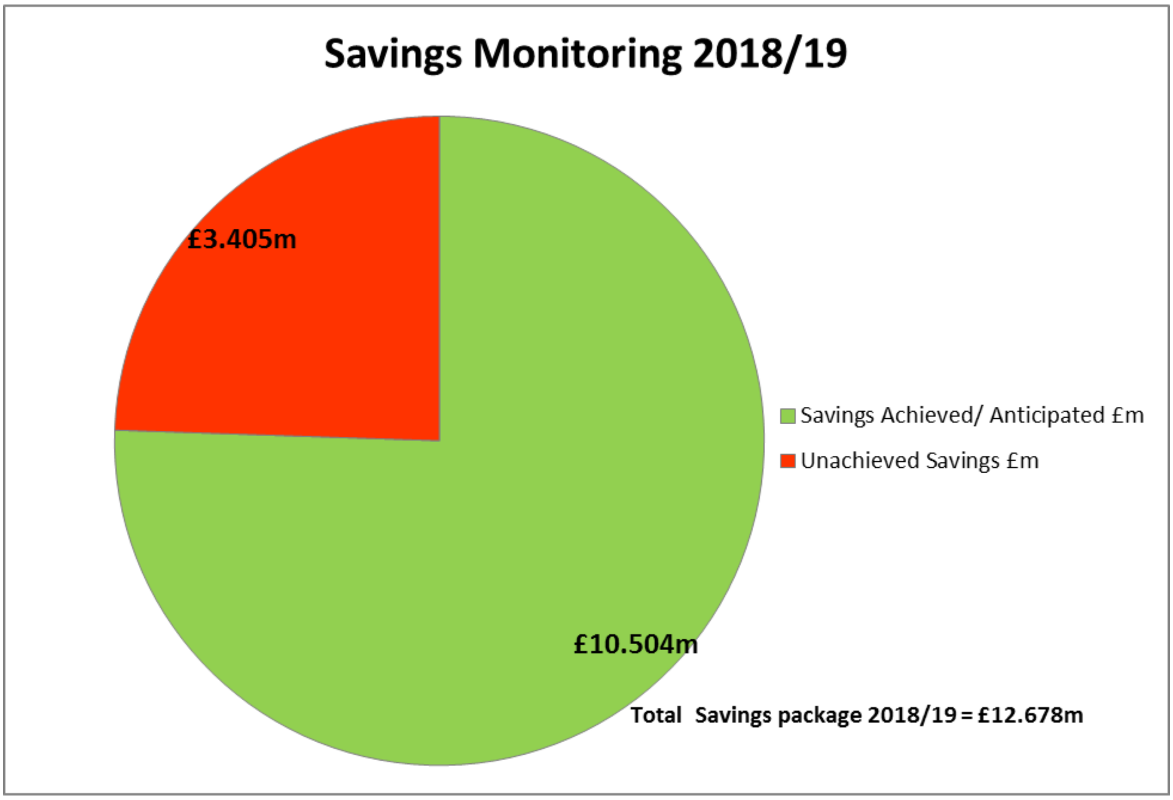
- the high cost local housing market;
- delays in recruiting staff able to support homeless households into permanent accommodation and manage void accommodation (due to a shortage of appropriately skilled local labour), coupled with a high turnover of staff;
- the more intensive requirements of the Homelessness Reduction Act 2018 which came into force on 3rd April 2018 and;
- the on-going roll-out of Universal Credit (potentially placing more privately renting benefit claimants at housing risk and in need of support).

3.9 **Environment, Economy & Culture:** The directorate is experiencing a number of pressures in its City Environmental Management service. In particular, pressures in CityClean concern higher non-contracted overtime and agency staffing to cover vacancies and sickness, increasing fuel costs and higher vehicle maintenance costs, as well as income pressures for commercial waste, garden waste and fleet workshop services. However, there are favourable variances in all other services areas across the directorate contributing to an overall net minor overspend position for the directorate; in particular, parking services is forecasting a large underspend due to vacancies and an over-achievement of income. The directorate is currently looking at all available options to mitigate increased costs and income shortfalls and has developed some successful financial recovery measures, the effects of which are included in the forecast. The projected cost and income levels for 2019/20, including anticipated changes and mitigations, are fully reflected in the reinvestment funding levels (service pressures) and proposed savings options included in the General Fund budget proposals for next year.

Monitoring Savings

3.10 The savings package approved by full Council to support the revenue budget position in 2018/19 was £12.678m. This follows 7 years of substantial savings programmes totalling over £130m that have been essential to enable cost and demand increases to be funded alongside managing reductions in central government grant funding.

3.11 Appendix 4 provides a summary of savings in each directorate and indicates in total what is anticipated/achieved or is at risk. Appendix 5 summarises the position across all directorates and presents the entire savings programme. The graph below provides a summary of the position as at Month 9. This shows that a significant element is on track but £3.405m (27%) is currently at risk. Mitigation of these risks is included in the development of services' financial recovery actions and any net ongoing impacts are incorporated in the development of the 2019/20 budget proposals.



Note: Savings Achieved/Anticipated includes an overachievement of savings of £1.231m

Housing Revenue Account Performance (Appendix 4)

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 £0.900m and more details are provided in Appendix 4.

Dedicated Schools Grant Performance (Appendix 4)

3.12 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 £0.865m and more details are provided in Appendix 4. 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 4)

3.13 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.

3.14 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. An overspend of £1.100m is currently forecast and more details are provided in Appendix 4.

Capital Programme Performance and Changes

3.15 The table below provides a summary of capital programme performance by Directorate and shows that there is a forecast underspend of £0.551m at this stage. More details are provided in Appendix 6.

Forecast Variance Month 7 £'000	Capital Budgets	2018/19 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
0	Families, Children & Learning	7,878	7,787	0	0.0%
71	Health & Adult Social Care	330	330	0	0.0%
0	Economy, Environment & Culture	49,945	49,945	0	0.0%
(71)	Neighbourhood, Comms & Housing	5,160	5,160	0	0.0%
(506)	Housing Revenue Account	35,680	35,129	(551)	-1.5%
0	Finance & Resources	1,444	1,444	0	0.0%
0	Strategy, Governance & Law	2,501	2,501	0	0.0%
0	Corporate Budgets	0	0	0	0.0%
(506)	**Total Capital**	**102,938**	**102,387**	**(551)**	**-0.4%**

(Note: Summary may include minor rounding differences to Appendix 6)

3.16 Appendix 6 shows the changes to the capital budget and Appendix 7 provides details of new schemes for 2018/19 to be added to the capital programme which are included in the budget figures above. Policy, Resources & 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 Budget Council.

Summary of Capital Budget Movement	2018/19 Budget £'000
Budget approved as at TBM Month 7	126,413
Budget approved at other PR&G committees	20,644
New schemes to be approved in this report (see Appendix 6)	346
Variations to Budget (to be approved)	(2,379)
Reprofiling of Budget (to be approved)	(42,167)
Slippage (to be approved)	0
Total Capital	**102,857**

3.17 Appendix 6 also details any slippage into next year. However, as normal, 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)

3.18 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

3.19 Capital receipts are used to support the capital programme. Any changes to the level of receipts during the year can 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, Modernisation Fund and Asset Management Fund. The planned profile of capital receipts for 2018/19, as at Month 9, is £11.615m. To date there have been receipts of £4.928m in relation to the sale of 13 Roedean Way, 120-124 Vale Cottages at Stanmer, a flat at St. James Mansion, Hollingbury Barn and a parcel of land at Foxdown Road, Woodingdean. There has been a lease premium received at Rowan Avenue and some minor lease extensions at the Marina. The transfer of land at Victoria Road to the HRA for new homes has now been finalised at an agreed value. Finally, the completion of the Shoreham Airport deal has been completed. The capital receipts performance will be monitored over the coming months against capital commitments.

3.20 The forecast for the ‘right to buy sales’ in 2018/19 (after allowable costs, repayment of housing debt and the 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 receipts of £4.600m available to re-invest in replacement homes. To date 42 homes have been sold in 2018/19.

Collection Fund Performance

3.21 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.

3.22 The council tax collection fund is forecast to be in deficit by £0.556m at year end. This is a reduction from TBM month 7 of £0.085m mainly due to a lower forecast for the award of the Severely Mentally Impaired exemptions. The majority of the overall deficit relates to adjustments to prior years’ liabilities from exemptions and discounts which are forecast to reduce the council tax income. The council's share of the overall forecast council tax deficit is £0.477m.

3.23 The business rates collection fund is now forecast to be in deficit by £4.253m at year-end which is an increase of £0.296m from TBM month 7 due mainly to a reduction in the forecast on gross rates payable. The main elements of the overall deficit are firstly a successful appeal on the Royal Pavilion dating back to the year 2000 rating list resulting in a refund of £2.458m. Secondly, an appeal court ruling has been made that ATM's should be taken out the rating list and the estimated cost of removing liability back to 1 April 2010 is £1.880m, which after allowing for the appeals provision held against ATM’s represents a net loss of £1.386m. The council's share of the overall forecast business rates deficit is £2.084m and after allowing for the impact of timing differences to Section 31 grants, this reduces to £1.726m. The council has set aside £1.214m from the Royal Pavilion refund to offset the council's 49% share of the deficit from the refund as the council was the beneficiary. Therefore the net unfunded deficit for the council is £0.512m.

3.24 The council’s share of the combined collection funds is now a deficit of £0.989m which is a decrease in resources since Month 7 of £0.050m and this is included in the budget forecast of one-off resources for 2019/20.

4 ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

4.1 The provisional outturn position on the General Fund is an overspend of £0.381m as at month 9. This includes a forecast overspend of £1.100m on the council’s share of the NHS managed Section 75 services. Based on forecast trends since month 4, the overall position is anticipated to achieve break-even by year-end.The 2018/19 one-off financial risk safety net of £1.500m will therefore be released to support the 2019/20 budget. However, any overspend at the year-end would need to be a first call against any risk provision set aside for 2019/20. Any underspend would add to general reserves and its allocation would be for determination by the Policy, Resources & Growth Committee.

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 & RESOURCES (S151 OFFICER)

6.1 The forecast risk at Month 9 represents 0.2% of the net General Fund and is expected to improve to a break-even position by year-end based on forecast trends since month 4. The situation is therefore manageable but there are underlying demand and cost trends, particularly in Adult Social Care, CityClean and Homelessness that need to be monitored closely. The funding position of the Clinical Commissioning Group is also of concern as this organisation is also experiencing significant financial pressures.

6.2 By anticipating a break-even position, this releases the 2018/19 one-off risk provision of £1.500m which therefore becomes available to support the 2019/20 General Fund revenue budget setting process. However, it should be noted that if there is ultimately an overspend at the end of 2018/19, this would be a first call on any agreed 2019/20 risk provision or general reserves.

Other Matters – Accepting Payments in Euros

6.3 At full Council on 18 October 2018, a Green Group Notice of Motion was approved regarding the potential impacts of European Union withdrawal on Brighton and Hove. This resulted in a full report to the 6 December 2018 Policy, Resources & Growth Committee setting out potential withdrawal scenarios and responses but the report also recommended:

2.2 That the Committee requests that the Executive Director, Finance & Resources investigates the advantages, disadvantages, and associated costs and benefits, in advance of any potential impact of the UK's withdrawal from the European Union on council finances, of accepting income from fees, charges and council tax denominated in Euros to protect this city's income stream and services, and reports his findings back to the January 2019 PR&G meeting.

6.4 Timescales for obtaining responses from the council's banker and system suppliers have meant that a report was not available for January PR&G and the initial findings in relation to this recommendation are therefore reported below. In essence, the acceptance of payments in Euros across the wide range of service points, different types of billing arrangements for fees and charges, and the wide variety of card terminals, payment systems and digital services presents significant challenges for a unitary local authority. In particular, for the major payment facilities including on-line Council Tax, Business Rates and Sundry Debts the summary of findings are that:

a) While it may ultimately be possible to accept payments in Euro's it is not currently available for the council's contracted web payment service which handles the larger revenue and income sources e.g. Council Tax, Business Rates and Sundry Debts.

b) There are a number of untested legal issues. In particular, the legal advice as to the legality of accepting Euros in settlement of a UK tax liability should be noted as set out in paragraph 7.2 below. Fluctuations in exchange rates would also be an issue and could generate uncertainty and potential risk for the payee as well as for the council. It is also not clear where the liability for conversion fees would rest.

c) The cost to be able to accept Euro's has not been market tested but is estimated to be significant and will involve:

i. changes to web pages and contracted digital services;
ii. changes to contracted income management systems (ICON/webpay) to ensure correct treatment and allocation of Euro payments;
iii. design and implementation of new processes to achieve conversion before information is passed to other systems (e.g. Northgate for Council Tax), otherwise customers' statements would not be updated correctly.

All of these changes require specification and design of system and process changes which are unlikely to be secured or deliverable within a short timeframe and, even if practicably or legally possible, will incur significant cost (high level estimate of £50,000 to £75,000 for the major systems alone).

d) The financial viability of these changes must therefore be considered given the very small number of people or businesses likely to pay in Euros or from a Euro bank account.

Note that some services, e.g. cultural venues, do already accept Euros but these are converted at the point of sale by the card merchant's terminals and do not involve invoicing or statements. Conversion fees are not payable by the council for this type of transaction.

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 as part of its review of strategic risks.

Finance Officer Consulted: Jeff Coates Date: 21st January 2019

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.

The Council Tax (Administration and Enforcement) Regulations 1992 do not include provision permitting payment by any currency other than pounds. The provisions in relation to payments by instalments expressly relate to pounds. Other risks that would be associated with accepting payment by other currencies are highlighted in the report.

The new capital schemes are described in Appendix 7. The loan to the Brighton and Hove Estates Conservation Trust is on commercial terms and is therefore compliant with state aid rules.

Lawyer Consulted: Elizabeth Culbert Date: 22nd January 2019

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 arising from performance in 2018/19.

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. Financial Dashboard Summary
2. Revenue Budget RAG Rating
3. Revenue Budget Movement Since Month 7
4. Revenue Budget Performance
5. Summary of 2018/19 Savings Progress
6. Capital Programme Performance
7. New Capital Schemes and Future Years' Variations

Documents in Members' Rooms:

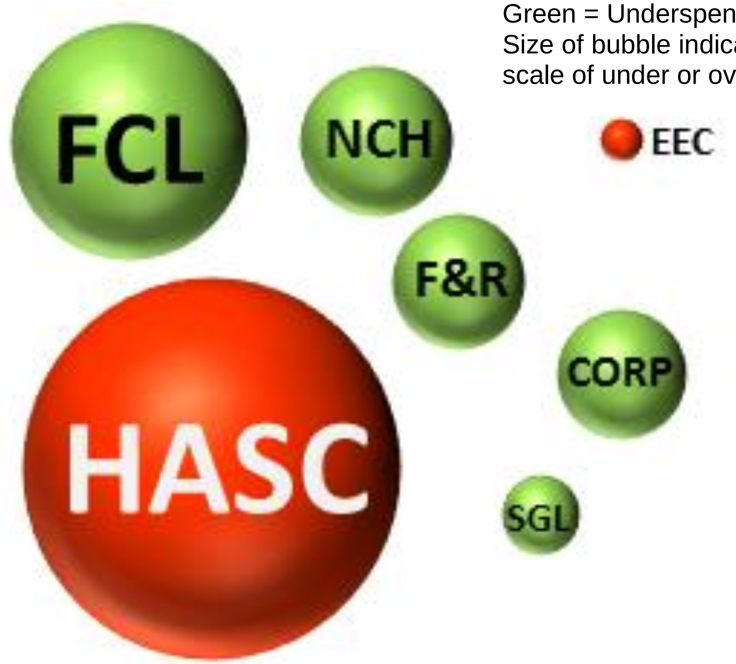
None

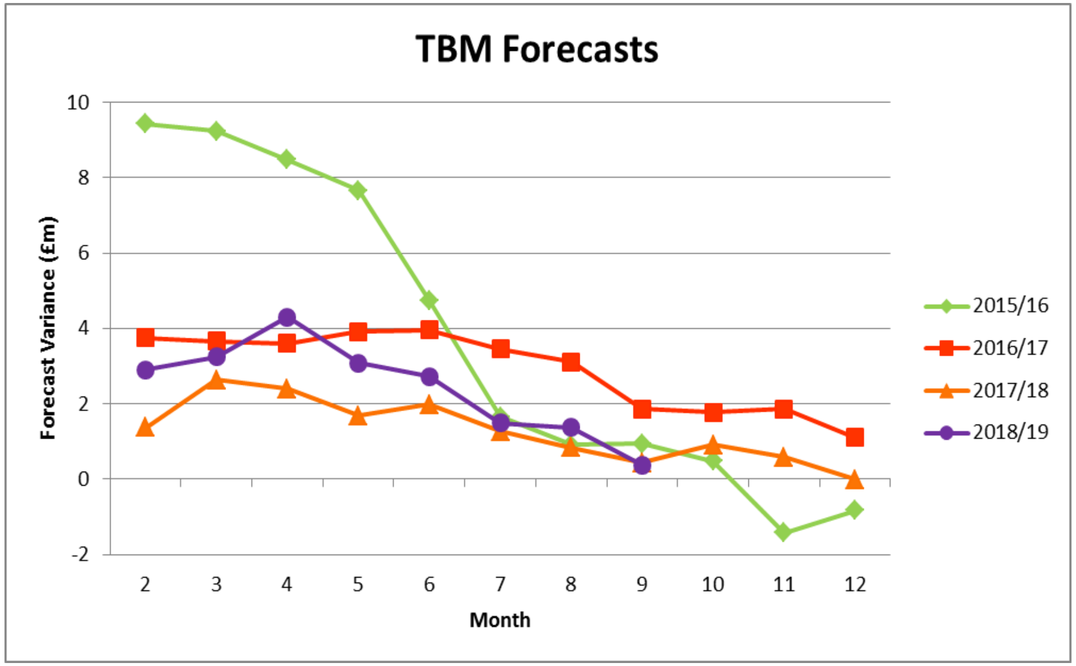
Background Documents

None

Item 129 Appendix 1 - Financial Dashboard Summary

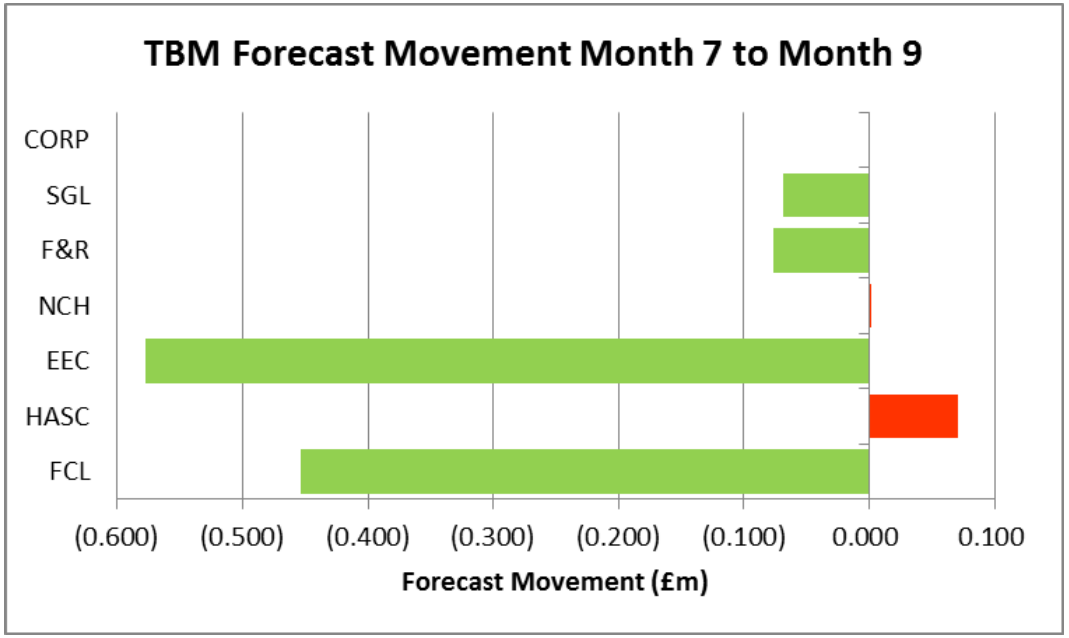
Red = overspent.
Green = Underspent.
Size of bubble indicates scale of under or overspend.



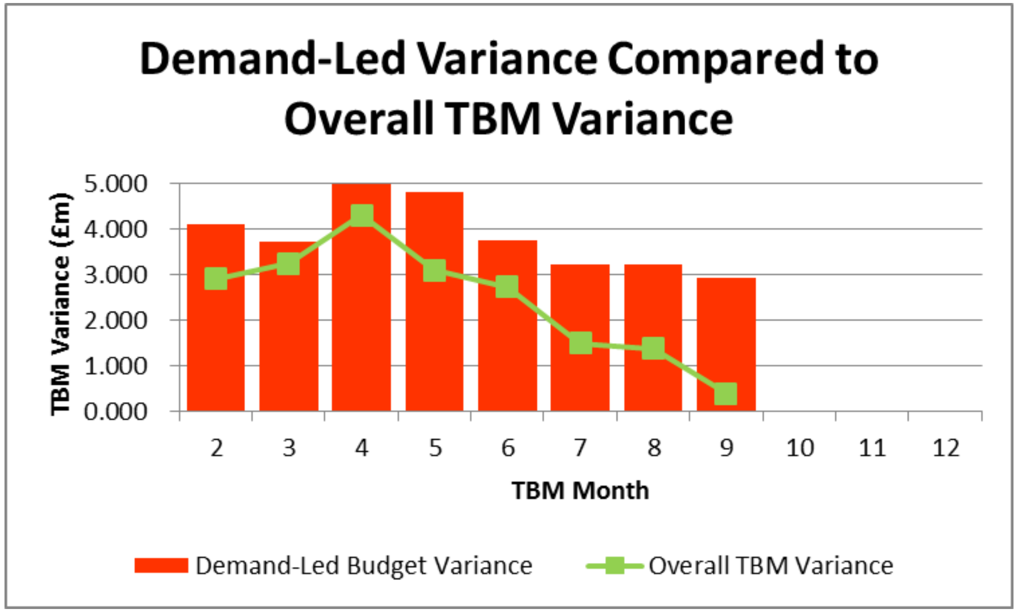


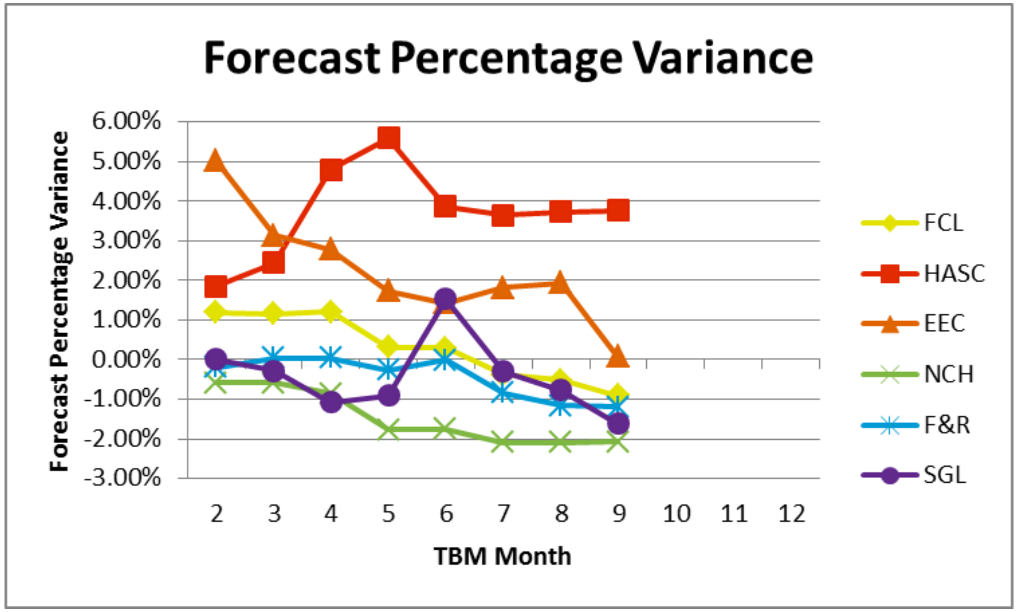
Direction of Travel

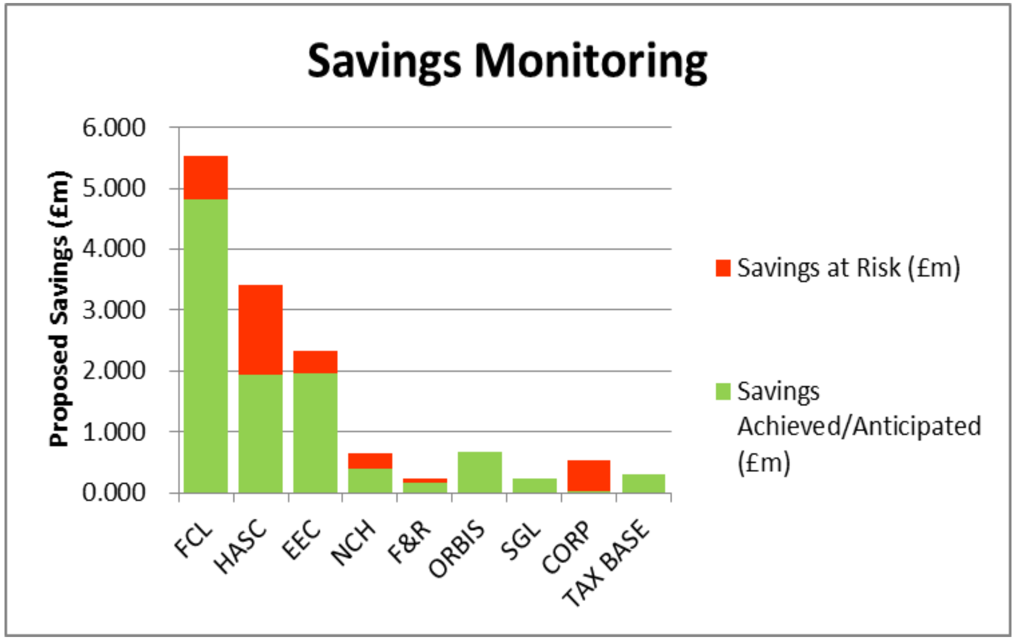
Directorate/Fund	Forecast Variance Month 9	Forecast Variance Month 9	Change from Month 7	RAG Rating Month 9
	£'000	%		
General Fund Services:				
Families, Children & Learning	(790)	-0.9%	↑	Green
Health & Adult Social Care	2,029	3.8%	↓	Red
Economy, Environment & Culture	23	0.1%	↑	Amber
Neighbourhoods, Communities & Housing	(320)	-2.1%	=	Green
Finance & Resources	(248)	-1.2%	↑	Green
Strategy, Governance & Law	(84)	-1.6%	↑	Green
Corporate Budgets	(229)	-10.3%	=	Green
Total General Fund	381	0.2%	↑	Amber
Dedicated Schools Grant (DSG)	(865)	-430.3%	↑	Green
Housing Revenue Account	(900)	0.0%	↑	Green

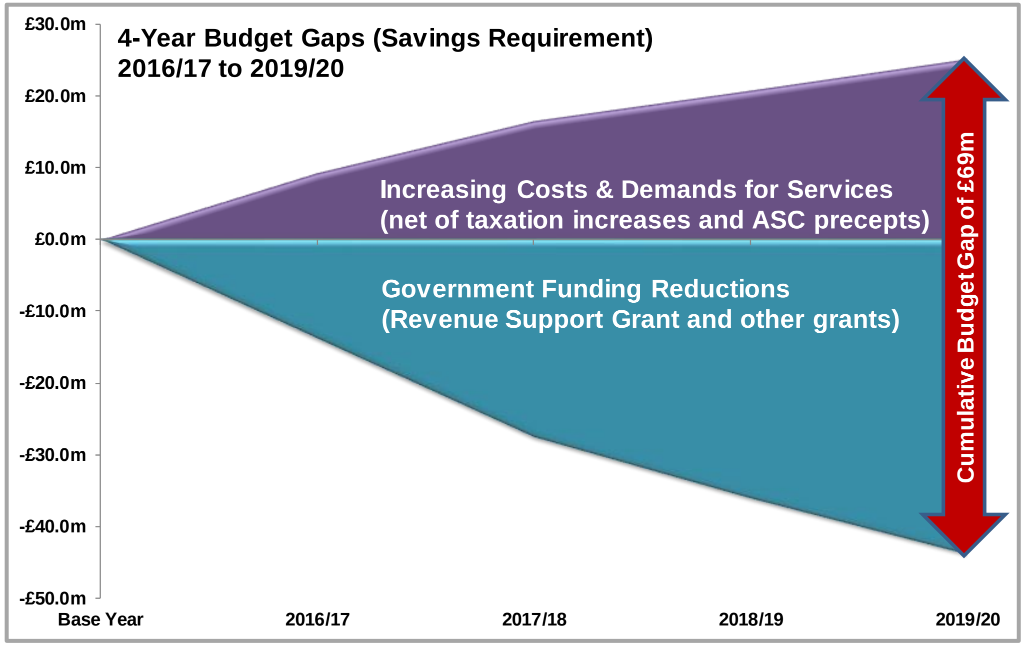


Item 129 Appendix 1 - Financial Dashboard Summary









Appendix 2 – Revenue Budget RAG Ratings

RAG Rating Key:	RAG for Service Areas	RAG for Directorates[1]	RAG for General Fund
Red	Forecast overspend of 5% or more or £0.100m whichever is lower	Forecast overspend of 5% or more or £0.250m whichever is lower	Forecast overspend of 0.5% or more or £1.000m whichever is lower
Amber	Forecast overspend of less than 5% of budget or £0.100m, whichever is lower.	Forecast overspend of less than 5% of budget or £0.250m, whichever is lower.	Forecast overspend of less than 0.5% of budget or £1.000m, whichever is lower.
Green	Breakeven or forecast underspend	Breakeven or forecast underspend	Breakeven or forecast underspend

Service	2018/19 Budget Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %	RAG Rating Month 9
Director of Families, Children & Learning	221	(10)	-4.5%	Green
Health, SEN & Disability Services	37,752	573	1.5%	Red
Education & Skills	7,334	163	2.2%	Red
Children's Safeguarding & Care	40,051	(1,490)	-3.7%	Green
Quality Assurance & Performance	1,461	(26)	-1.8%	Green
Total Families, Children & Learning	86,819	(790)	-0.9%	Green
Adult Social Care	32,555	1,021	3.1%	Red
Integrated Commissioning	6,375	(92)	-1.4%	Green
S75 Sussex Partnership Foundation Trust (SPFT)	13,991	1,100	7.9%	Red
Public Health	948	0	0.0%	Green
Total Health & Adult Social Care	53,869	2,029	3.8%	Red
Transport	1,856	(1,324)	-71.3%	Green
City Environmental Management	28,511	1,761	6.2%	Red
City Development & Regeneration	2,573	(155)	-6.0%	Green
Culture, Tourism & Sport	1,528	(228)	-14.9%	Green
Property	(1,180)	(31)	-2.6%	Green
Property Contribution to ORBIS	0	0	0.0%	Green
Total Economy, Environment & Culture	33,288	23	0.1%	Amber
Housing General Fund	4,810	0	0.0%	Amber
Libraries	4,754	(50)	-1.1%	Green
Communities, Equalities & Third Sector	3,154	(70)	-2.2%	Green
Safer Communities	2,644	(200)	-7.6%	Green
Digital First	0	0	0.0%	Green
Total Neighbourhood, Communities & Housing	15,362	(320)	-2.1%	Green
Finance	4,932	(81)	-1.6%	Green
Housing Benefit Subsidy	(901)	(243)	-27.0%	Green
HR & Organisational Development	806	0	0.0%	Green
IT&D	2,270	168	7.4%	Red
Business Operations	(178)	0	0.0%	Green
F&R Contribution to ORBIS	13,752	(92)	-0.7%	Green
Total Finance & Resources	20,681	(248)	-1.2%	Green

Appendix 2 – Revenue Budget RAG Ratings

Service	2018/19 Budget Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %	RAG Rating Month 9
Corporate Policy	740	(23)	-3.1%	Green
Legal Services	1,366	(15)	-1.1%	Green
Democratic & Civic Office Services	1,739	0	0.0%	Green
Life Events	(22)	12	54.5%	Red
Performance, Improvement & Programmes	671	(10)	-1.5%	Green
Communications	679	(48)	-7.1%	Green
Total Strategy, Governance & Law	5,173	(84)	-1.6%	Green
Sub Total	215,192	610	0.3%	
Bulk Insurance Premia	3,133	0	0.0%	Green
Capital Financing Costs	6,998	(255)	-3.6%	Green
Levies & Precepts	201	(1)	-0.5%	Green
Unallocated Contingency & Risk Provisions	156	(147)	-94.2%	Green
Unringfenced Grants	(17,105)	(239)	-1.4%	Green
Other Corporate Items	4,400	413	9.4%	Red
Total Corporate Budgets	(2,217)	(229)	-10.3%	Green
Total General Fund	212,975	381	0.2%	Amber

Individual Schools Budget (ISB)	125,904	0	0.0%	Green
Early Years Block (inc delegated to Schools)	13,230	(346)	-2.6%	Green
High Needs Block (exc delegated to Schools)	19,957	(575)	-2.9%	Green
Exceptions and Growth Fund	4,016	56	1.4%	Amber
Grant Income	(162,906)	0	0.0%	Green
Total Dedicated Schools Grant (DSG)	201	(865)	-430.3%	Green

Capital Financing	32,176	(140)	-0.4%	Green
Head of Housing HRA	3,636	(120)	-3.3%	Green
Head of City Development & Regeneration	412	(80)	-19.4%	Green
Housing Strategy	762	(60)	-7.9%	Green
Income Involvement Improvement	(45,990)	(150)	-0.3%	Green
Property & Investment	7,050	(350)	-5.0%	Green
Tenancy Services	1,954	0	0.0%	Green
Total Housing Revenue Account	0	(900)	0.0%	Green

([1]) In the above tables the Dedicated Schools Grant and Housing Revenue Account are treated as Directorates for the purposes of RAG rating.

Service	Forecast Variance Month 7 £'000	Forecast Variance Month 9 £'000	Movement £'000	Explanation of Main Movements
Director of Families, Children & Learning	0	(10)	(10)	
Health, SEN & Disability Services	786	573	(213)	Improvements in Adults Learning Disability community care placements forecast and cumulative effect of staff vacancies / turnover within the branch.
Education & Skills	198	163	(35)	Reduction mainly due to Skills and Employment service projected underspending.
Children's Safeguarding & Care	(1,104)	(1,490)	(386)	Realisation of recovery measures and delays in inter agency adoptions.
Quality Assurance & Performance	(16)	(26)	(10)	
Further Financial Recovery Measures	(200)	0	200	Recovery measures are now fully incorporated in the forecasts above.
Total Families, Children & Learning	(336)	(790)	(454)	
Adult Social Care	1,021	1,021	0	
Integrated Commissioning	(89)	(92)	(3)	
S75 Sussex Partnership Foundation Trust (SPFT)	1,130	1,100	(30)	
Public Health	49	0	(49)	
Further Financial Recovery Measures	(153)	0	153	Recovery measures are now fully incorporated in the Adult Social Care forecast above.
Total Health & Adult Social Care	1,958	2,029	71	
Transport	(871)	(1,324)	(453)	Salaries underspend due to time to recruit to the new Parking Service structure and vacancy controls. An increase in On-Street Parking Income and Permit Fee Income. An increase in Hoarding Income. Partly offset by additional essential maintenance works in car parks.
City Environmental Management	1,334	1,761	427	Revised forecasts for Cityclean vehicle costs and commercial waste income and waste disposal costs.
City Development & Regeneration	(3)	(155)	(152)	An improvement in salary forecasts in Planning due to vacancy controls.

Service	Forecast Variance Month 7 £'000	Forecast Variance Month 9 £'000	Movement £'000	Explanation of Main Movements
Culture, Tourism & Sport	(189)	(228)	(39)	
Property	330	(31)	(361)	Mainly improved in-year income forecasts and one-off reduced costs within the commercial property portfolio.
Property Contribution to ORBIS	0	0	0	
Further Financial Recovery Measures	0	0	0	
Total Economy, Environment & Culture	601	23	(578)	
Housing General Fund	1,100	900	(200)	The change is due to a revised temporary accommodation forecast (down from £750k to £550k). This reflects the outcome of successful measures to reduce volumes and costs.
Libraries	(50)	(50)	0	
Communities, Equalities & Third Sector	(70)	(70)	0	
Safer Communities	(200)	(200)	0	
Digital First	0	0	0	
Further Financial Recovery Measures	(1,100)	(900)	200	Directly reflects the reduced mitigation required for the Housing General Fund forecast overspend above.
Total Neighbourhood, Communities & Housing	(320)	(320)	0	
Finance	1	(81)	(82)	Staff vacancies and reduced hours along with a further reduction to the court costs expenditure forecast.
Housing Benefit Subsidy	(243)	(243)	0	
HR & Organisational Development	0	0	0	
IT&D	1,093	1,093	0	
Business Operations	0	0	0	
F&R Contribution to ORBIS	(98)	(92)	6	
Further Financial Recovery Measures	(925)	(925)	0	
Total Finance & Resources	(172)	(248)	(76)	
Corporate Policy	0	(23)	(23)	Underspends expected in corporate training budget.
Legal Services	(15)	(15)	0	

Appendix 3 – Revenue Budget Movement Since Month 7

Service	Forecast Variance Month 7 £'000	Forecast Variance Month 9 £'000	Movement £'000	Explanation of Main Movements
Democratic & Civic Office Services	(7)	0	7	
Life Events	43	12	(31)	Mostly management of vacancies.
Performance, Improvement & Programmes	(10)	(10)	0	
Communications	(26)	(48)	(22)	Improvements in supplies and services forecasts.
Further Financial Recovery Measures	0	0	0	
Total Strategy, Governance & Law	(15)	(84)	(69)	
Bulk Insurance Premia	0	0	0	
Capital Financing Costs	(255)	(255)	0	
Levies & Precepts	(1)	(1)	0	
Unallocated Contingency & Risk Provisions	(147)	(147)	0	
Unringfenced Grants	(239)	(239)	0	
Other Corporate Items	413	413	0	
Further Financial Recovery Measures	0	0	0	
Total Corporately-held Budgets	(229)	(229)	0	
Total General Fund	1,487	381	(1,106)	

Families, Children & Learning

Revenue Budget Summary

Forecast Variance Month 7 £'000	Service	2018/19 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %	2018/19 Savings Proposed £'000	Savings Achieved/ Anticipated £'000	Savings At Risk £'000
0	Director of Families, Children & Learning	221	211	(10)	-4.5%	15	25	0
786	Health, SEN & Disability Services	37,752	38,325	573	1.5%	1,245	659	586
198	Education & Skills	7,334	7,497	163	2.2%	276	297	70
(1,104)	Children's Safeguarding & Care	40,051	38,561	(1,490)	-3.7%	2,722	3,775	72
(16)	Quality Assurance & Performance	1,461	1,435	(26)	-1.8%	50	55	0
(136)	Total Families, Children & Learning	86,819	86,029	(790)	-0.9%	4,308	4,811	728
(200)	Further Financial Recovery Measures	-	0	0	-	-	-	-
(336)	Residual Risk After Financial Recovery Measures	86,819	86,029	(790)	-0.9%	4,308	4,811	728

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

Key Variances £'000	Service Area	Variance or Financial Recovery Measure Description
Director of Families, Children & Learning		
(10)	Other	
Health, SEN & Disability Services		
221	Adults Learning Disabilities - Community Care	The number of clients continues to increase (increase of 17.90 WTE over budget) and complexity of clients is impacting on the ability to achieve savings and contain costs. At Month 9, £0.255m savings have been identified as unachievable and this is adding to the forecast overspend.
100	Adults Learning Disabilities - loss of continuing health care funding	The CCG is reviewing health needs of Adults LD clients and there is a loss of £0.100m of Continuing Health Care (CHC) funding in 2018/19 for a high cost client.
116	In-house Adults LD provision	The overspend relates to unachieved savings mainly as a result of tranche 2 of planned outsourcing not proceeding and delays with the Care Quality Commission in changing the registration of one of the residential services.

Key Variances £'000	Service Area	Variance or Financial Recovery Measure Description
236	In-house Children's Learning Disability Provision	There is a significant budget pressure on Drove Road (£0.330m) being offset by small underspends in other areas of Children's in-house disability provision.
228	Children's Disability Agency Placements	Due to new high cost placements in 2018/19, both the number (increase of 0.4 FTE over budget) and unit cost of placements (increases of up to 30% above budget) are in excess of budget.
(130)	Medical requisites	Underspend being reported from Month 7 following legal advice to resolve a disputed debt with a Community Trust.
(150)	Staffing - underspend due to vacancies and turnover	There are a number of anticipated underspends due to vacancies across the branch including Special Educational Needs (SEN) team, and adults and children disability assessment and admin teams.
89	Direct payments	Reduction in Dedicated Schools Grant (DSG) element of funding and increase in the volume and unit cost of direct payments.
(137)	Other	This includes a number of underspends across the branch including contracted services for children with disabilities and preventive payments.
Education & Skills		
222	Home to School Transport	The overspend is due to additional hired transport and an increase in numbers and fuel costs.
120	Skills and Employment	Mainly due to underachievement of income targets in Able and Willing.
(174)	Early Years Youth, Family Support and Troubled Families	There is an underspend of £0.060m within the Troubled Families programme due to slippage on new initiatives and an underspend of £0.045m on the integrated team for families that is attributable to the delayed appointment of the primary school family coaches. In addition, there is also an underspend of £0.044m on youth related areas and an underspend of £0.025m on central early years management and administration.
(5)	Other	
Children's Safeguarding & Care		
440	Demand-Led - Residential Agency Placements	The projected number of residential placements (35.43 FTE) is broken down as 31.43 FTE social care residential placements (children’s homes) and 4.00 FTE schools placements. The budget allowed for 30.20 FTE social care residential care placements and 5.30 FTE schools placements. The average unit cost of residential placements is higher than the budgeted level at £3,688.64 per week (£162.15 per week above budget). Despite the number of children placed being 0.07 FTE below the budgeted level, the high unit costs result in the overspend of £0.440m.
470	Demand-Led - Independent Foster Agency (IFA) Placements	The number of children placed in Independent Foster Agency placements has decreased in recent years. During 2017/18 there were 118.68 FTE (compared with 132.14 FTE for 2016/17). The current projected number of placements in 2018/19 is 99.27 FTE, a reduction of

Key Variances £'000	Service Area	Variance or Financial Recovery Measure Description
		16%. The budget for IFA placements included significant levels of savings and was set at 86.30 FTE. The numbers being higher than the budget by 12.97 FTE results in a projected overspend of £0.470m.
(443)	Demand-Led - Secure Accommodation	It is estimated that during 2018/19 there will be 0.08 FTE secure (welfare) placements and 0.66 FTE secure (justice) placements. The budget allowed for 1.40 FTE welfare and 1.10 FTE justice placements during the year. There are currently no children in a secure (welfare) placement and none in a secure (justice) placement resulting in a projected underspend of £0.443m.
(702)	Demand-Led - Semi-independent/Supported placements	The number of semi-independent and supported living placements is projected to be 28.60 FTE which is 8.50 FTE below the budgeted level. The average unit cost of these placements increased considerably last year but has now stabilised in line with the budgeted level. The lower forecast number of placements results in the underspend of £0.702m.
(855)	Demand-Led - In-House Fostering	As at the 31st December 2018 there were 138 children placed with 'in-house' foster carers and 148.68 FTE projected for the year. The budget, based on an increasing trend over the last few years and the drive to increase recruitment of in-house carers was set at 171.60 FTE placements. This has resulted in the current projected underspend of £0.855m.
194	Demand-Led - Family & Friends placements, Child Arrangement Orders and Special Guardianship Orders	The budget allows for 314.40 FTE placements of these types. It is currently anticipated that there will be 322.43 FTE children in these placements during 2018/19 and this results in the overspend of £0.194m.
223	Demand-Led - Care Leavers	The projected number of care leaver placements in 2018/19 is 129.17 FTE. The budget allows for 114.40 FTE placements. The change in responsibilities for local authorities has seen a growth in the number of care leavers receiving financial support and has resulted in the overspend of £0.223m. This also impacts on associated Council Tax discounts.
56	Demand-Led Unaccompanied Asylum Seeking Children (UASC) Grant	Numbers of UASC children have increased considerably in the last few months. The costs of looking after these children is funded by a grant from the Home Office, however the increase in the number of asylum seekers has required additional staffing and there has been an increase in other, non-accommodation costs resulting in the overspend of £0.056m.
(30)	Legal Fees	The projected underspend of £0.030m at Month 9 is based on current spend/commitments and accounts for the fact that activity and associated spend are down significantly on the same period in 2017/18. For 2018/19 the Special Assessment budgets (Medical, Psychological etc.) have been transferred to the Clermont Service and will be managed there. Accordingly, the overspend is mostly attributable to Legal, Court and Counsel fees.

Key Variances £'000	Service Area	Variance or Financial Recovery Measure Description
72	Adoption Payments	The overspend in Adoption Payments is made up of two elements. An underspend of £0.008m in Adoption Allowances combined with a projected overspend of £0.080m against the Interagency Adoption budget.
(211)	Social Work Team (Pods)	The £0.211m forecast underspend accounts for current vacancies and assumed future staff turnover. Recruitment to a number of newly qualified Social Workers in September 2018 is accounted for within the forecast as well as new posts being replaced on the basis of "one in one out" of the Social Work Establishment rather than in advance of turnover.
(206)	Adolescent Service	Late filling of vacant posts and staff turnover following service restructure. Sessional spend on Education Advisory Services has not materialised to the levels anticipated.
(173)	Preventive	Despite significant costs from families with no recourse to public funds, there have been reductions in spending on agency and sessional workers, rent and deposits, payments to relatives and assessment and treatments resulting in an overall underspend of £0.173m.
(90)	Contact Service	At Month 9 two Maternity Leave and four vacant posts are reported. Additional scrutiny has been applied to better manage the use of sessional contact staff.
(89)	Specialist Assessment and Domestic Violence Service	Late take up of Psychology posts in the service. Underspend on Clinical/Medical assessments as well as sessional staff following the service restructure.
(146)	Other	
Quality Assurance & Performance		
(26)	Other	

Health & Adult Social Care (HASC)

Revenue Budget Summary

Forecast Variance Month 7 £'000	Service	2018/19 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %	2018/19 Savings Proposed £'000	Savings Achieved/ Anticipated £'000	Savings At Risk £'000
1,021	Adult Social Care	32,555	33,576	1,021	3.1%	2,130	652	1,478
(89)	Integrated Commissioning	6,375	6,283	(92)	-1.4%	120	120	0
1,130	S75 Sussex Partnership Foundation Trust (SPFT)	13,991	15,091	1,100	7.9%	340	340	0
49	Public Health	948	948	0	0.0%	826	826	0
2,111	Total Health & Adult Social Care	53,869	55,898	2,029	3.8%	3,416	1,938	1,478
(153)	Further Financial Recovery Measures (see below)	-	0	0	-	-	-	-
1,958	Residual Risk After Financial Recovery Measures	53,869	55,898	2,029	3.8%	3,416	1,938	1,478

Explanation of Key Variances

Key Variances £'000	Service Area	Variance or Financial Recovery Measure Description
Adult Social Care		
1,411	Demand-Led Community Care - Physical & Sensory Support	There are increasing numbers of ‘new’ older people being discharged from hospital requiring social care services for the first time, as well as increased community demand. This additional financial pressure is being partly met by the Adult Care Support Grant, Winter Pressure funding and Improved Better Care fund for 2018/19. The residential and nursing unit cost pressure for 18-64s is due to 47 placements since January 2018 which were on average 56% over the budgeted unit cost. Supply is now being actively managed to improve price competition. For the 65+ age band, the residential and nursing pressure is due to increasing client numbers. There has been a significant reduction savings from Continuing Health Care contributions over the last 2 financial years where in 2016/17 £0.602m was achieved (26 clients at £564

Key Variances £'000	Service Area	Variance or Financial Recovery Measure Description
		per week on average) but this reduced to £0.174m in 2017/18 and £0.316m in 2018/19 to date (18 clients at £491 per week).
34	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 cost is higher than the budgeted unit cost resulting in the overspend of £0.034m.
159	In house provision	The saving of £0.326m set against in house provision (home care and residential) has been put at risk subject to further review. This is offset with temporary savings elsewhere in the service.
(588)	Assessment teams	This is due to a number of temporary vacancies across the Assessment teams.
5	Other	
Integrated Commissioning		
(67)	Contracts	In-year underspends have been identified as a result of contract pricing management.
(26)	Other	
S75 Sussex Partnership Foundation Trust (SPFT)		
189	Demand-Led - Memory Cognition Support	The unit costs are higher than had been anticipated resulting in the overspend projection of £0.189m. This is due to a current lack of affordable residential and nursing home placements within the city. The forecast number of residential & nursing placements is 298 WTE which is less than the budgeted level of 303 WTE placements. However, the average unit cost of residential placements is higher than the budgeted level at £450 per week (£24 per week above budget). The combination of the number of adults placed being 5 WTE less than the budgeted level and the increased unit costs result in the overspend of £0.252m (before applying the agreed risk-share with Sussex Partnership Foundation Trust).
945	Demand-Led - Mental Health Support	The average unit costs are higher than budgeted and this results in the overspend projection of £0.945m. There is an increasing need and complexity within this client group and the forecast number of residential & nursing placements is 148 WTE, which is above the budgeted level of 131 WTE placements. The average unit cost of residential placements is also higher than the budgeted level at £751 per week (£68 per week above budget). The combination of the number of adults placed being 17 WTE more than the budgeted level and the increased unit costs result in the overspend of £1.150m (before applying the agreed risk-share with Sussex Partnership Foundation Trust).

Economy, Environment & Culture

Revenue Budget Summary

Forecast Variance Month 7 £'000	Service	2018/19 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %	2018/19 Savings Proposed £'000	Savings Achieved/ Anticipated £'000	Savings At Risk £'000
(871)	Transport	1,856	532	(1,324)	-71.3%	1,243	1,099	69
1,334	City Environmental Management	28,511	30,272	1,761	6.2%	350	100	250
(3)	City Development & Regeneration	2,573	2,418	(155)	-6.0%	221	221	0
(189)	Culture, Tourism & Sport	1,528	1,300	(228)	-14.9%	282	282	0
330	Property	(1,180)	(1,211)	(31)	-2.6%	243	178	65
601	Total Economy, Environment & Culture	33,288	33,311	23	0.1%	2,339	1,880	384

Explanation of Key Variances

Key Variances £'000	Service Area	Variance or Financial Recovery Measure Description
Transport		
(1,233)	Parking Services	An underspend on salaries of £0.325m due to time taken to recruit following the Parking Services restructure which started on 1st April 2018 and associated vacancy controls. Some key roles have been covered by agency staff to safeguard income and also some previous secondment roles have now been reimbursed from external sources. The corporate vacancy controls and delays to recruiting to income generating roles have had a knock-on effect in reducing the amount of potential PCN income received. There is an over-achievement of penalty charge notice (PCN) income of £1.197m for bus lane enforcement following the installation of the new CCTV cameras as expected. After an initial increase, the PCN's issued are declining as compliance improves and this over-achievement takes into account a 12 month forecast for 2018/19. Pay & display income is forecast to overachieve by £0.592m primarily due to new parking zones introduced in 2017/18. Essential maintenance requirements have been identified in a number of off-street car parks which has resulted in a forecast overspend of £0.387m. This is less than anticipated due to significant deferral of expenditure. Other net variances total an overspend of £0.494m. This includes additional CCTV camera

Key Variances £'000	Service Area	Variance or Financial Recovery Measure Description
		maintenance costs and the purchase of new vehicles for the maintenance teams. Parking income is monitored on a monthly basis as there are a number of variable factors that can impact on parking activity. Minor variations in demand can result in significant financial implications. The current forecast variance represents 3.77% of the parking income budget. The ongoing increase in income, net of additional administrative and enforcement costs, has been incorporated in the development of the 2019/20 budget proposals.
(150)	Concessionary Fares	The concessionary bus fares budget is forecast to underspend by £0.150m due to lower than anticipated reimbursements to bus operators.
206	Transport Projects and Engineering	The Bus Shelter advertising income shortfall of £0.025m is due to the tender for bus shelter advertising being delayed. Groundworks costs forecast of £0.044m is associated with new contractual arrangements. Public Transport operating costs are forecast to exceed budget by £0.152m.
(147)	Other Variances	
City Environmental Management		
980	City Clean Operations	An overspend of £0.384m on salaries due to high demand during the summer season because of the heatwave, outdoor events such as Pride, higher sickness levels and additional weekend working in communal bin areas There is a forecast overspend of £0.152m for the commercial waste service and in addition the budgeted surplus of £0.325m is not expected to be met in 2018/19. There is also a forecast overspend of £0.095m on vehicle hire.
120	Strategy & Projects	Includes savings at risk of £0.075m due to delayed implementation of introduction of charging at 12 public convenience sites approved at October 2018 Policy, Resources & Growth committee. There is also a forecast underachievement of textiles income of £0.031m.
734	Fleet & Maintenance	External and internal vehicle maintenance income is underachieving by £0.370m and £0.090m respectively due to delayed commencement of the service and difficulties with recruiting workshop fitters. An underspend of £0.177m on staff costs is offset by agency and non-contractual overtime costs of £0.172m. An underspend of £0.396m on unsupported borrowing repayments partly offsets overspends of £0.729m on vehicle costs such as repairs & maintenance, contract hire and fuel. There is also an overachievement of income from vehicle sales of £0.058m.

Key Variances £'000	Service Area	Variance or Financial Recovery Measure Description
(73)	Other Variances	
City Development & Regeneration		
(155)	Other Variances	
Culture, Tourism & Sport		
(170)	Royal Pavilion & Museums	Reduction in Royal Pavilion and Museums Business Rates of £0.170m following a successful rating appeal.
(58)	Other Variances	
Property		
110	Rents	There is a significant improvement in the forecast of expected rental income mainly associated with the transfer of the management contract to GVA, which will also reduce overall management costs of the Contracted Property Portfolio. There is also additional rental income from the recent purchase of Phoenix House. There are some additional improvements at New England House and for the in-house Property Portfolio. Property Services are also currently looking to dispose of some of the less profitable premises and reinvest for greater gain but this project has caused some short term income loss within the Corporate Landlord budget for 2018/19 plus some vacant properties are currently awaiting renovation and redevelopment. In addition, there are some pressures from business rate revaluations leading to increased bills.
(141)	Property Services	There is a predicted underspend on Corporate Landlord utilities costs due to the mild weather and a delayed spend in planned maintenance budgets. However, there is still a large expected pressure of around £0.350m relating to the high demand for additional security provision. The service intends to reduce this pressure by the investment of capital funding and implementation of measures that will reduce the revenue spend. Due to planning delays and resourcing issues within the Technical Services Team this work will not take place within the current financial year. The budget holder is also monitoring Reactive Maintenance closely and reducing the spend on non-emergency work as far as possible.

Neighbourhood, Communities & Housing

Revenue Budget Summary

Forecast Variance Month 7 £'000	Service	2018/19 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %	2018/19 Savings Proposed £'000	Savings Achieved/ Anticipated £'000	Savings At Risk £'000
1,100	Housing General Fund	4,810	5,710	900	18.7%	364	186	178
(50)	Libraries	4,754	4,704	(50)	-1.1%	85	50	35
(70)	Communities, Equalities & Third Sector	3,154	3,084	(70)	-2.2%	35	35	0
(200)	Safer Communities	2,644	2,444	(200)	-7.6%	169	129	40
0	Digital First	0	0	0	0.0%	0	0	0
780	Total Neighbourhood, Communities & Housing	15,362	15,942	580	7.9%	653	400	253
(1,100)	Further Financial Recovery Measures (see below)	-	(900)	(900)	-	-	-	-
(320)	Residual Risk After Financial Recovery Measures	15,362	15,042	(320)	-2.1%	653	400	253

Explanation of Key Variances

Key Variances £'000	Service Area	Variance or Financial Recovery Measure Description
Further Directorate Financial Recovery Measures		
(900)	Further Financial Recovery Measures projection	Housing General Fund services have a challenging savings target which is only partially met and a forecast overspend in Temporary Accommodation. There are a range of measures being put in place in Temporary Accommodation to deliver a balanced budget. If these measures are unsuccessful, the Flexible Homelessness Support Grant can be used, as a last resort, to mitigate any final in-year overspend.
Housing General Fund		
250	Housing General Fund savings	There are £0.250m of savings required of the Housing General Fund (some from 2017/18) to be identified. There is further work underway to deliver more savings in-year. If these measures are unsuccessful, the Flexible Homelessness Support Grant can be used, as a last resort, to mitigate any final in-year overspend as mentioned in the financial recovery measures.

Key Variances £'000	Service Area	Variance or Financial Recovery Measure Description
550	Temporary Accommodation	The forecast overspend is substantially a result of higher than budgeted volumes and costs of temporary accommodation due to the continuing local pressures and bedding in of the increased statutory requirements. The number of households in temporary accommodation has not increased but it has not decreased as much as modelled in the budget. The service continues to work to reduce the volume of households in temporary accommodation by focusing resources on earlier prevention of homelessness.
150	Seaside Homes	There is a forecast overspend driven substantially by insurance costs which have in the past been covered by underspends on voids and maintenance budgets.
(50)	Travellers	There is a forecast underspend on travellers sites supplies and services.
Libraries		
(50)	Staffing	There is a forecast underspend against the staffing budget.
Communities, Equalities & Third Sector		
(30)	Supplies & Services	Minor Variances.
(40)	Staffing	Minor Variances.
Safer Communities		
(200)	Staffing	Net underspend forecast across Safer Communities, mainly as a result of the summer start date for Field Officers and staffing costs being less than originally budgeted.

Finance & Resources

Revenue Budget Summary

Forecast Variance Month 7 £'000	Service	2018/19 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %	2018/19 Savings Proposed £'000	Savings Achieved/ Anticipated £'000	Savings At Risk £'000
1	Finance	4,932	4,851	(81)	-1.6%	137	137	0
(243)	Housing Benefit Subsidy	(901)	(1,144)	(243)	-27.0%	0	0	0
0	HR & Organisational Development	806	806	0	0.0%	25	25	0
1,093	IT&D	2,270	3,363	1,093	48.1%	62	0	62
0	Business Operations	(178)	(178)	0	0.0%	0	0	0
(98)	Contribution to Orbis	13,752	13,660	(92)	-0.7%	681	681	0
753	Total Finance & Resources	20,681	21,358	677	3.3%	905	843	62
(925)	Further Financial Recovery Measures (see below)	-	(925)	(925)	-	-	-	-
(172)	Residual Risk After Financial Recovery Measures	20,681	20,433	(248)	-1.2%	905	843	62

Explanation of Key Variances

Key Variances £'000	Service Area	Variance or Financial Recovery Measure Description
Further Directorate Financial Recovery Measures		
(925)	IT&D Contracts	A funding plan has been developed to offset the pressure on IT&D contracts. This will be reviewed further, along with the pressure itself, but currently includes the use of £0.220m unallocated funding following the disaggregation of Orbis budgets - this has mostly arisen from planned savings for the Orbis partnership being higher than those originally budgeted for. In addition, it is intended to maximise the use of appropriate Modernisation Funding, other one-off and capital funding resources to mitigate the pressure by £0.705m.
Finance		
(81)	Revenues & Benefits	The main elements of this relate to a shortfall of £0.273m in court costs and bailiff income (resulting from staff vacancies). This is being offset by additional grant income of £0.096m, underspends in supplies and services of £0.121m (mainly reduced court costs

Key Variances £'000	Service Area	Variance or Financial Recovery Measure Description
		expenditure); staff vacancies £0.105m and income from deminimis asset sales of £0.032m.
Housing Benefit Subsidy		
(243)	HB Subsidy	There is a forecast surplus of £0.136m on the recovery of overpaid council tax benefits which is unchanged from Month 7. The forecast on the main subsidy budgets is also unchanged from Month 7 and indicates a surplus of £0.107m. Within this, the net position on the recovery of overpayments is forecast to be £0.301m better than budget and this is partially offset by additional costs of £0.186m in respect of a particular benefit type for vulnerable tenants which is not fully subsidised by the DWP. There are other minor adverse variances of £0.008m.
IT&D		
1,093	IT&D Contracts	At Month 9, IT&D are still expecting a net pressure of £1.093m due to budget pressures in some areas, particularly IT&D contracts (£1.076m). The service is working to identify funding (see above) to minimise these pressures including appropriate use of ICT Reserve and capitalisation of legitimate costs. It is also working to identify contract savings due to the Data Centre.
F&R Contribution to ORBIS		
(92)	F&R Contribution to ORBIS	The contribution to ORBIS from BHCC is expected to be approximately 21% of the final cost of the partnership. Latest Orbis projections suggest an underspend of £0.870m mainly due to staffing underspends and lower than expected pension costs. This equates to a reduction in contribution from BHCC of £0.188m, however it is planned to carry forward £0.096m of this to support IT&D projects in 2019/20. This will be included as a carry forward request in the outturn report when final figures are known.

Strategy, Governance & Law

Revenue Budget Summary

Forecast Variance Month 7 £'000	Service	2018/19 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %	2018/19 Savings Proposed £'000	Savings Achieved/ Anticipated £'000	Savings At Risk £'000
0	Corporate Policy	740	717	(23)	-3.1%	20	20	0
(15)	Legal Services	1,366	1,351	(15)	-1.1%	59	59	0
(7)	Democratic & Civic Office Services	1,739	1,739	0	0.0%	32	32	0
43	Life Events	(22)	(10)	12	54.5%	20	20	0
(10)	Performance, Improvement & Programmes	671	661	(10)	-1.5%	48	48	0
(26)	Communications	679	631	(48)	-7.1%	46	46	0
(15)	Total Strategy, Governance & Law	5,173	5,089	(84)	-1.6%	225	225	0

Explanation of Key Variances

Key Variances £'000	Service Area	Variance or Financial Recovery Measure Description
Corporate Policy		
(23)	Chief Executive	Expected underspend in corporate training costs.
Legal Services		
(15)	Legal Services	Minor income overachievements.
Life Events		
12	Life Events	The service is now forecasting an overspend of £0.012m compared to an overspend of £0.006m last month. There have been further reductions in staffing costs across the service which now amounts to £0.106m, but this is offset however by the pressure of £0.085m expected from the Coroners' pay review. The Land Charges income forecast, is still forecasting a £0.051m surplus, mainly due to an increase in demand for searches. Additionally the service has received £0.042m relating to new burdens funding. Elsewhere, the Registrar's service expects an £0.062m shortfall of income, mainly from reduced nationality checking fees, and there is an expected income shortfall of £0.080m

Key Variances £'000	Service Area	Variance or Financial Recovery Measure Description
		across the Bereavement Service which reports business levels to be lower than budgeted. However, Elections are expecting an underspend of £0.021m this year in Electoral Registration costs. Other variances account for a net pressure of £0.005m.
Performance, Improvement & Programmes		
(10)	Performance Improvement & Programmes	Management of vacancies.
Communications		
(48)	Communications	There are expected net underspends from staffing costs of approximately £0.030m. There are further underspends in supplies and services costs of £0.018m, and previous cost pressures within the Graphic Design Team have been addressed.

Corporate Budgets

Revenue Budget Summary

Forecast Variance Month 7 £'000	Service	2018/19 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %	2018/19 Savings Proposed £'000	Savings Achieved/ Anticipated £'000	Savings At Risk £'000
0	Bulk Insurance Premia	3,133	3,133	0	0.0%	0	0	0
(255)	Capital Financing Costs	6,998	6,743	(255)	-3.6%	0	0	0
(1)	Levies & Precepts	201	200	(1)	-0.5%	0	0	0
(147)	Unallocated Contingency & Risk Provisions	156	9	(147)	-94.2%	0	0	0
(239)	Unringfenced Grants	(17,105)	(17,344)	(239)	-1.4%	0	0	0
413	Other Corporate Items	4,400	4,813	413	9.4%	525	25	500
(229)	Total Corporately-held Budgets	(2,217)	(2,446)	(229)	-10.3%	525	25	500

Explanation of Key Variances

Key Variances £'000	Service Area	Variance or Financial Recovery Measure Description
Capital Financing Costs		
(225)	Investment Income	Larger than anticipated cash balances.
(65)	Recharges to Services	Increase in recharges to services in respect of unsupported borrowing undertaken.
35	Capital financing costs	Pressure in relation to one off costs associated with debt restructure of RBS LOBO loans. However, this restructuring will provide annual savings from 2019/20 onwards.
Levies & Precepts		
(1)	Levies & precepts	Minor variances.
Unallocated Contingency & Risk Provisions		
(147)	Contingency	£0.150m was held in contingency for a planning appeal - however a proportion of this was funded from directorate budgets in 2017/18 and only £0.005m spent in 2018/19.
Unringfenced Grants		
(21)	Department of Health - Local Reform and Community Voice grant	Allocation announced in July 2018 was higher than budgeted.

Key Variances £'000	Service Area	Variance or Financial Recovery Measure Description
(13)	Department for Education - Extended rights for home to school transport	Additional grant allocation for Extended Rights for Home to School Transport announced in August 2018.
(205)	S31 grant compensation for the small business rates relief threshold	Estimated additional funding for 2018/19.
Other Corporate Items		
(56)	Corporate Pension Costs	On corporate pension costs there is a £0.041m underspend relating to overpayments identified in respect of 2017/18 and £0.015m in respect of an in-year reduction.
(160)	Carbon Reduction Commitment	This reflects the latest estimate of CRC credits that are required to be purchased in 2018/19 taking into account the pre-purchased credits brought forward from 2017/18.
500	Procurement and contract management savings	This reflects allocation of the corporately-held procurement savings target across all services in respect of cost reductions achieved through improved contract management, savings on re-procurements and lower than anticipated costs of planned new procurements. Spending areas include agency staffing, external advisory commissions, and various supplies and services contracts.
129	Admin savings	Represents allocation of the corporately-held savings target across all directorates to reflect current recruitment controls which are prioritised on vacancy management of administrative and support roles rather than front-line or customer facing roles.

Housing Revenue Account (HRA)

Revenue Budget Summary

Forecast Variance Month 7 £'000	Service	2018/19 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %	2018/19 Savings Proposed £'000	Savings Achieved/ Anticipated £'000	Savings At Risk £'000
(140)	Capital Financing	32,176	32,036	(140)	-0.4%	0	0	0
(20)	Strategic Director HRA	3,636	3,516	(120)	-3.3%	105	105	0
(60)	Head of City Development & Regeneration	412	332	(80)	-19.4%	0	0	0
(50)	Housing Strategy	762	702	(60)	-7.9%	0	0	0
(130)	Income Involvement Improvement	(45,990)	(46,140)	(150)	-0.3%	0	0	0
(100)	Property & Investment	7,050	6,700	(350)	-5.0%	550	550	0
0	Tenancy Services	1,954	1,954	0	0.0%	0	0	0
(500)	Total Housing Revenue Account	0	(900)	(900)	0.0%	655	655	0

Explanation of Key Variances

Key Variances £'000	Service Area	Variance Description
Capital Financing		
(140)	Capital Financing	Significant reprofiling of HRA capital expenditure from 2017/18 into 2018/19 has impacted on the timing of borrowing required to fund the expenditure. This has resulted in lower interest charges being incurred during 2018/19 compared to the original budget forecast.
Strategic Director HRA		
(80)	Employees costs	Net reduction in staff costs due to recent service redesign in Housing and forecast underspend against staff training budget.
(40)	Supplies & Services	Underspend against legal fees.
Head of City Development & Regeneration		
(80)	Employees costs	Staff vacancies and capitalisation of salaries are forecast to be higher than originally budgeted.
Housing Strategy		
(60)	Rents & Service Charges	Projected income is slightly more than budget assumptions for Temporary

Key Variances £'000	Service Area	Variance Description
		Accommodation.
Income Involvement Improvement		
(130)	Rents & Service Charges	Projected income is slightly more than budget assumptions.
(20)	Employees costs	
Property & Investment		
(100)	Employees costs	Forecast underspend due to staff vacancies and mobilisation of resources identified to support forthcoming costs aligned to consideration of options for future delivery of the repairs & improvement service.
(250)	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. The clement weather has also been a contributing factor to a reduction in job requests. With regards to the job requests received, latest performance data shows that 97% of appointments were kept and routine repairs took an average of 14 days to complete.

Dedicated Schools Grant (DSG)

Revenue Budget Summary

Forecast Variance Month 7 £'000	Service	2018/19 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
0	Individual Schools Budget (ISB)	125,904	125,904	0	0.0%
(391)	Early Years Block (excluding delegated to Schools) *(This includes Private Voluntary & Independent (PVI) Early Years 3 & 4 year old funding for the 15 hours free entitlement to early years education)*	13,230	12,884	(346)	-2.6%
87	High Needs Block (excluding delegated to Schools)	19,957	19,382	(575)	-2.9%
69	Exceptions and Growth Fund	4,016	4,072	56	1.4%
0	Grant Income	(162,906)	(162,906)	0	0.0%
(235)	Total Dedicated Schools Grant (DSG)	201	(664)	(865)	-430.3%

Explanation of Key Variances

Key Variances £'000	Service Area	Variance Description
Early Years Block (including delegated to Schools)		
52	Additional Support funding for 2, 3 & 4 year olds	Significant increase in the number of children receiving additional support funding and the impact of increased free entitlement available to working parents from September 2017.
400	Universal early years free entitlement for 2, 3 and 4 year olds	Forecast based on summer and autumn term take-up and budgeted level of provision for the spring term.
(800)	Extended hours early years entitlement for working parents	Increase in DfE funding based on January 2018 census. This will be subject to a retrospective downward adjustment in 2019/20 if actual take-up is below the January 2019 snapshot.
2	Other	Balance of variances on the other cost centres.
High Needs Block (excluding delegated to Schools)		
68	Inclusion Support Service	Vacancy control and plans to move the service to operate on a part traded basis in 2019/20.

Key Variances £'000	Service Area	Variance Description
125	High Needs top-up for mainstream schools	Additional top-up funding agreed at case reviews for pupils with high needs. Growth in top-up funding estimated at £0.300m in 2018/19.
120	High Needs top-up for Special schools	Additional support packages for several pupils to avoid more expensive agency placements and special schools numbers above commissioned places.
(56)	Educational agency placements and other external high needs provision	Special schools are above capacity, largely due to upward pressure from mainstream settings and this is having knock-on implications for out of city placements.
109	Children with Medical Needs	Increased number of children with medical needs and private hospital charges.
(17)	Other	Balance of variances on other cost centres.
(384)	Unallocated balance of carry forward from 2017/18 DSG	Balance of funding available following retrospective adjustment made to the 2017/18 DSG by DfE in July 2018.
(540)	Additional DfE High Needs Block allocation in December 2018	As per the government announcement that followed the Local Government Finance Settlement.
Exceptions and Growth Fund		
36	Historic pension costs	Historic pension liabilities.
20	Other	Balance of variances on other cost centres.

Savings Monitoring 2018/19

General Fund

Directorate	2018/19 Savings Proposed £'000	Savings Achieved/ Anticipated* £'000	Savings At Risk £'000
Families, Children & Learning	4,308	4,811	728
Health & Adult Social Care	3,416	1,938	1,478
Economy, Environment & Culture	2,339	1,880	384
Neighbourhood, Communities & Housing	653	400	253
Finance & Resources	224	162	62
ORBIS	681	681	0
Strategy, Governance & Law	225	225	0
Corporate Budgets	525	25	500
Total Directorate Savings	**12,371**	**10,122**	**3,405**
Tax Base Savings	307	307	0
Total General Fund Savings	**12,678**	**10,429**	**3,405**

* Includes overachievements

Housing Revenue Account

Directorate	2018/19 Savings Proposed £'000	Savings Achieved/ Anticipated £'000	Savings At Risk £'000
Housing Revenue Account	655	655	0
Total HRA Savings	**655**	**655**	**0**

Families, Children & Learning – Capital Budget Summary

Forecast Variance Month 7 £'000	Service	2018/19 TBM 7 Budget £'000	Reported at other Committees £'000	New Schemes Appendix 7 £'000	Variation, Slippage/ Reprofile £'000	2018/19 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
0	Children's Safeguarding & Care	40	0	0	0	40	40	0	0.0%
0	Health & Disability Services	0	0	43	0	43	43	0	0.0%
0	Education & Skills	31,354	0	0	(23,771)	7,582	7,582	0	0.0%
0	Schools	122	0	0	0	122	122	0	0.0%
0	Stronger Families Youth & Communities	0	0	0	0	0	0	0	0.0%
0	**Total Families, Children & Learning**	**31,516**	**0**	**43**	**(23,771)**	**7,787**	**7,787**	**0**	**0.0%**

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

Detail Type	£'000	Project	Description
			Education & Skills
Reprofile	(22,604)	New Pupil Places	Work is now progressing well with Special Educational Needs & Disability (SEND) projects at Downs View and Hill Park Schools through the Strategic Partnership. Surveys, investigations and enabling works will be undertaken this year. There will also be significant fee charges. The main works will start early in 2019/2020. The Urgency Report of 30/04/18 agreed the allocation of £15m funding for secondary schools. Subsequently council officers are now visiting schools and meeting Head Teachers to discuss priorities for expenditure and how works will be procured. While

Detail Type	£'000	Project	Description
			there will be some modest feasibility fees paid this year, the majority of the spend on building works will be in future financial years.
Reprofile	(882)	Capital Maintenance 2018/19	The forecast spend for Capital Maintenance 2018/19 is currently £4.800m. There are a number of large mechanical projects currently underway that are limited in respect of school holiday time working. This delays progress and completion and has resulted in some now due to finish early in 2019/20. There are also some large toilet refurbishment and roofing works due to start at February half term which while progressing in term time will not complete until 2019/20 with limited expenditure this year.
Reprofile	(286)	Healthy Pupils\Surrenden Pool	It has taken some time to secure a specialist contractor to undertake investigation work at Surrenden Pool. This has now been completed, a report has been provided and a leak has been identified which is required to be rectified. A specification to tender, including the additional work and a planning application for a new plant room, has been submitted. Given the specialist nature of the work, the procurement process is potentially more demanding. It is anticipated that expenditure may be limited this year to surveys, investigative works and fees. The current forecast spend is £0.020m. Therefore it is propose to reprofile the budget and carry forward £0.286m to meet the remaining commitments

Health & Adult Social Care – Capital Budget Summary

Forecast Variance Month 7 £'000	Service	2018/19 TBM 7 Budget £'000	Reported at other Committees £'000	New Schemes Appendix 7 £'000	Variation, Slippage/ Reprofile £'000	2018/19 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
71	Adult Social Care	230	0	0	100	330	330	0	0.0%
0	Integrated Commissioning	0	0	0	0	0	0	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%
71	**Total Health & Adult Social Care**	**230**	**0**	**0**	**100**	**330**	**330**	**0**	**0.0%**

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

Detail Type	£'000	Project	Description
Adult Social Care			
Variation	100	Better Care Fund Disabled Facilities Grant (DFG)	The DFG forms part of the Better Care Fund pool and the spend is shared between Housing and Adult Social Care. This variation is due to the planned share of spend in order to achieve the best outcomes for residents and reduce overall system costs (see Neighbourhoods, Communities & Housing below). All spend is funded by the DFG allocated for the year 2018/19.

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

Forecast Variance Month 7 £'000	Service	2018/19 TBM 7 Budget £'000	Reported at other Committees £'000	New Schemes Appendix 7 £'000	Variation, Slippage/ Reprofile £'000	2018/19 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
0	City Development & Regen	10,874	0	0	(2,701)	8,173	8,173	0	0.0%
0	City Environmental Management	4,911	0	0	0	4,911	4,911	0	0.0%
0	Culture	8,208	203	0	68	8,478	8,478	0	0.0%
0	Planning & Building Control	0	0	0	0	0	0	0	0.0%
0	Property	5,908	7,527	233	(2,722)	10,947	10,947	0	0.0%
0	Transport	17,366	0	70	0	17,436	17,436	0	0.0%
0	**Total Economy, Environment & Culture**	**47,267**	**7,730**	**303**	**(5,355)**	**49,945**	**49,945**	**0**	**0.0%**

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

Detail Type	£'000	Project	Description
City Development & Regen			
Reprofile	(2,701)	Contribution to Housing Joint Venture (JV)	The contribution required by Brighton & Hove City Council has been reviewed in line with the JV forecast for 2018/19. Planning applications were submitted in December 2018 for the first two sites with approval anticipated in April 2019; associated spend with planning approval is now expected in 2019/20. The third site is more complex and taking longer to process, which has resulted in a reduced level of spend for 2018/19. The profiling of contributions to the JV in future years will be fully reviewed and revised in the 'General Fund Revenue, Council Tax and Capital Strategy' report to February 2019 PR&G Committee.

Detail Type	£'000	Project	Description
Culture			
Variation	68	Volks Railway HLF - Delivery Stage	There are some small cost increases resulting in an overall 4% variation to the final drawdown of this lottery funded scheme.
Reported at other committees	203	Portslade 3G Pitch	As reported at Policy, Resources & Growth Committee on 11th October 2018.
Property			
Reprofile	(420)	Barts Cladding & Window Replace Phase 1	Canopy cladding works now completed. The previous refurbishment of windows failed to be weathertight but interim repairs are holding well. A single new trial Velux is being installed and monitored over winter for which planning permission has also been secured. If the new trial is successful, it is anticipated that works will start around April 2019 for the full replacement programme.
Variation	120	Barts Cladding & Window Replace Phase 1	As above. Variation to the budget required which can funded from the Planned Maintenance Budget.
Variation	(2,247)	GP Surgery 62-63 Old Steine & 3 Palace Place	The council has been working with Health partners for the provision of a new GP Surgery at 62/63 Old Steine and 3 Palace Place over the past 2 years. Health Partners have reviewed their needs and requirements for this facility in this location and, in January 2019, decided not to progress this proposal. The site will be re-evaluated for alternative options. The project was to be funded through a combination of health grant and borrowing. Discussions with Health Partners over the abortive costs and opportunity losses (e.g. rents) in progressing the scheme are being held.
Reprofile	(100)	Brighton Town Hall – Planned Maintenance Budget Contribution to Refurbishment	The major refurb project is delayed. However, improvements to fire precautions are required that will exceed the available £0.010m Asset Management Fund budget that this allocation can cover. No cost data is yet available but the site is being surveyed and tender documents prepared. Estimated at around £0.075m. Reprofiling is required.
Reprofile	(75)	Various	Variations of less than £0.100m across the following schemes: • (0.060m) Statutory Disability Act (DDA) Access Works Fund • (0.015m) Fire Safety Improvements
Reported at other committees	7,237	Purchase of Phoenix House	As reported at Policy, Resources & Growth Urgency Sub Committee on 21st November 2018.

Detail Type	£'000	Project	Description
Reported at other committees	290	Wellington House - Workstyles 4	As reported at Policy, Resources & Growth Committee on 24th January 2019.

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

Forecast Variance Month 7 £'000	Service	2018/19 TBM 7 Budget £'000	Reported at other Committees £'000	New Schemes Appendix 7 £'000	Variation, Slippage/ Reprofile £'000	2018/19 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
0	Communities, Equalities & 3rd Sector	0	0	0	0	0	0	0	0.0%
0	Community Safety	0	0	0	0	0	0	0	0.0%
(71)	Housing - GF	2,627	0	0	(100)	2,527	2,527	0	0.0%
0	Libraries	450	0	0	(250)	200	200	0	0.0%
0	Digital First	2,433	0	0	0	2,433	2,433	0	0.0%
0	Regulatory Services	0	0	0	0	0	0	0	0.0%
(71)	**Total Neighbourhood, Communities & Housing**	**5,510**	**0**	**0**	**(350)**	**5,160**	**5,160**	**0**	**0.0%**

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

Detail Type	£'000	Project	Description
Housing (General Fund)			
Budget Variation	(100)	Better Care Fund Disabled Facilities Grant (DFG)	The DFG forms part of the Better Care Fund and the spend is shared between Housing and Adult Social Care. This variation is due to the planned share of spend in order to achieve the best outcomes for residents (see Adult Social Care above). All spend is funded by the DFG allocated for the year 2018/19.
Libraries			
Budget Reprofile	(250)	Libraries Self Service Renewal	The council is seeking to procure library kiosks that can be adapted to take a range of council payments, not just to deliver library services. For this to be technically feasible at an economic price, it is necessary

Detail Type	£'000	Project	Description
			to dovetail this project with the project to provide an overarching platform for council service IT systems currently led by Digital First. The procurement of libraries kiosks will therefore be aligned to ensure this will integrate and deliver the future desired functionality for the council; it is now expected to go ahead early in 2019/20.

Housing Revenue Account (HRA) – Capital Budget Summary

Forecast Variance Month 7 £'000	Service	2018/19 TBM 7 Budget £'000	Reported at other Committees £'000	New Schemes Appendix 7 £'000	Variation, Slippage/ Reprofile £'000	2018/19 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
(370)	Environment, Economy and Culture	5,176	12,914	0	(11,607)	6,483	5,932	(551)	-8.5%
(136)	Neighbourhood, Communities & Housing	32,762	0	0	(3,565)	29,197	29,197	0	-0.0%
(506)	**Total Housing Revenue Account**	**37,938**	**12,914**	**0**	**(15,172)**	**35,680**	**35,129**	**(551)**	**-1.5%**

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

Detail Type	£'000	Project	Description
Environment, Economy and Culture			
Budget Variation	2,930	Buckley Close	Agreed variation of budget funded from the original site pipeline budget following approval at the December 2018 PR&G meeting.
Budget Reprofile	(2,793)	Buckley Close	The initial enabling works and demolition of the site is expected to take place in 2018/19. The main construction works are due to start in Summer 2019 and the homes are due to be completed in the Spring of 2020. At this stage the Agreed Maximum Price for the construction works is expected to be within the approved budget. Reprofile to 2019/20 is required.
Budget Reprofile	(522)	Selsfield Drive	The discovery of low level contamination and diversion of utilities at the Selsfield Drive site has delayed the start of the main construction works until April 2019. Start on site for the main works was previously assumed to be January 2019 therefore the budget is required to be

Detail Type	£'000	Project	Description
			reprofiled to 2019/20 to match the expenditure profile.
Budget Reprofile	(11,139)	Victoria Road	Policy, Resources & Growth Committee approved the project and original budget of £12.914m in December 2018. Initial costs relating to the demolition of the site and professional fees are due to be incurred during 2018/19, with the main construction works commencing in the Autumn of 2019; the homes are due to be completed in the summer of 2021. At this stage the Agreed Maximum Price for the construction works is expected to be within the approved budget.
Budget Reprofile	(83)	Guinness Garage Sites	Reprofile of less than £0.100m.
Variance	(594)	Lynchet Close	The forecast expenditure is below the Agreed Maximum Price (AMP) and so the scheme is expected to underspend against the budget for 2018/19.
Variance	43	Various	Variances of less than £0.100m across various schemes: - • Wellsbourne £0.009m • Findon Road £0.034m
Reported at other committees	12,914	New Homes For Neighbourhoods - Victoria Road	As reported at Policy, Resources & Growth Committee on 6th December 2018.
Neighbourhood, Communities & Housing			
Budget Reprofile	(950)	New Housing Management ICT system	Project spend will be limited to consultancy and staffing costs for 2018/19, with the majority of project costs now expected to be incurred in 2019/20.
Budget Reprofile	(682)	Fire Sprinklers Programme	Issues with resident consultation feedback on the retro-fitting of sprinklers at Essex Place and St James House have led to a change in original budget assumptions, resulting in £0.682m being reprofiled into the 2019/20 financial year.
Budget Reprofile	(640)	Structural Repairs	Major projects are not progressing as originally budgeted due to a range of factors and will require £0.640m to be reprofiled into the 2019/20 financial year.

Detail Type	£'000	Project	Description
Budget Variation	561	Oxford Street conversion	The original budget allocation of £1.120m has been exceeded due to enhancements in scope to align to anticipated changes in fire regulation, inflation factors and a detailed Agreed Maximum Price (AMP) which makes allowances for greater contingency sums. The variation can be funded from underspend variances and downward variations on other schemes as shown.
Budget Reprofile	(561)	Oxford Street conversion	Planning application submissions and subsequent approvals are timetabled for 2019/20 restricting spend to elements of work sanctioned under permitted development in lieu of statutory consents being granted. Pre-planning works have started on-site and continue to make progress in line with the project programme.
Budget Reprofile	(172)	Cyclical Decorations	The current programme of works is forecasting an underspend. There are various blocks requiring timber windows, which will now not take place until 2019/20.
Budget Reprofile	(240)	Various	Reprofiles of less than £0.100m, across the following schemes: - • Door Entry Systems & CCTV (£0.100m) • Main Entrance Doors (£0.090m) • Minor Capital Works (£0.050m)
Budget Variation	(320)	Estates Development Budget	The Estates Development Budget is included within the capital programme. However, the types of works being carried out are of a revenue nature and the funding is being adjusted to reflect this.
Budget Variation	(178)	Bathrooms & Kitchens	Based on the current programme for the Decent Homes Standard and additional works arising from empty properties requests there is an underspend expected.
Budget Variation	(141)	Fire Safety & Asbestos	There has been a reduction in work identified from the Fire Risk Assessments undertaken, compared to budget assumptions.
Budget Variation	(242)	Various	Variations of less than £0.100m, across the following schemes: - • Wi-fi Connectivity in Seniors Schemes £0.100m • Minor Capital Works £0.030m • Lifts (£0.100m) • Communal and Domestic Rewire (£0.067m) • Converting spaces (existing buildings) (£0.052m) • Empty Properties (£0.052m)

Detail Type	£'000	Project	Description
			• Stonehurst Court Conversion (£0.051m) • Home Energy Efficiency & Renewables (£0.050m)
Variance	117	Structural Repairs	The extent of concrete repairs at Leach Court exceeded those originally envisaged
Variance	(118)	Door Entry Systems & CCTV	Expected costs of the scheme were less than anticipated.
Variance	1	Various	Variances of less than £0.100m, across the following schemes: - • Cyclical Decorations £0.070m • Extensions £0.039m • Fire Safety and Asbestos £0.029m • Condensation and Damp Works £0.014m • Feasibility and Design £0.012m • Minor Capital Works £0.010m • Future Proofing Assets £0.002m • Oxford Street Conversion (£0.061m) • Water Tanks (£0.045m) • Windows (£0.027m) • Capital Works Assessment (£0.019m) • Roofing (£0.012m) • Lifts (£0.011m)

Finance & Resources - Capital Budget Summary

Forecast Variance Month 7 £'000	Service	2018/19 TBM 7 Budget £'000	Reported at other Committees £'000	New Schemes Appendix 7 £'000	Variation, Slippage/ Reprofile £'000	2018/19 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
0	Finance	0	0	0	0	0	0	0	0.0%
0	HR Organisational Develop	0	0	0	0	0	0	0	0.0%
0	IT&D	1,444	0	0	0	1,444	1,444	0	0.0%
0	**Total Finance & Resources**	**1,444**	**0**	**0**	**0**	**1,444**	**1,444**	**0**	**0.0%**

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

Detail Type	£'000	Project	Description
Finance & Resources			
			No budget changes to report for Month 9.

Strategy Governance & Law - Capital Budget Summary

Forecast Variance Month 7 £'000	Service	2018/19 TBM 7 Budget £'000	Reported at other Committees £'000	New Schemes Appendix 7 £'000	Variation, Slippage/ Reprofile £'000	2018/19 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
0	Communications	0	0	0	0	0	0	0	0.0%
0	Legal Services	0	0	0	0	0	0	0	0.0%
0	Life Events	6	0	0	0	6	6	0	0.0%
0	Perf Improvement & Programmes	2,495	0	0	0	2,495	2,495	0	0.0%
0	Corporate Policy	0	0	0	0	0	0	0	0.0%
0	**Total Strategy Governance & Law**	**2,501**	**0**	**0**	**0**	**2,501**	**2,501**	**0**	**0.0%**

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

Detail Type	£'000	Project	Description
Strategy Governance & Law			
			No budget changes to report for Month 9.

Note: There are currently no capital budgets to report on for Corporate Budgets.

New schemes to be added to the Capital Programme for 2018/19 to be approved

New Capital Project Approval Request	
Unit:	Property Services
Project title:	Housedean Grain Store
Total Project Cost (All Years):	£55,000

Purpose, benefits and risks:

Due to resource limitations, the council has not been able to maintain or invest sufficiently in its agricultural estates. Many of the buildings were built immediately post WW2 and have now reached the end of their useable life. Due to resource constraints and competing priorities, the council does not have capital funds available to fully fund new buildings. A proposal has therefore been agreed with the tenant of Housedean Farm whereby both parties can share the cost of a new building. In addition to the financial support being provided by the council, the investment also supports the council's aim for longer term diversification opportunities which can help to mitigate a wide range of supply risks, for example, potentially arising from EU withdrawal.

Capital expenditure profile (£'000):

Year	This Year	Next Year	Year After	TOTAL
Unsupported Borrowing	55			55
Total estimated costs and fees	55			55

Financial implications:

The works will be undertaken through borrowing with repayment made over 20 years funded through additional rental payments over and above the market rent level and represents an additional payment in return for the council's investment. The investment is low risk as the tenant has been the council's direct tenant for nearly 30 years and holds a secure Agricultural Holdings Act Tenancy.

New Capital Project Approval Request	
Unit:	Property Services
Project title:	Brighton and Hove Estates Conservation Trust Loan (Stanmer)
Total Project Cost (All Years):	£160,000

Purpose, benefits and risks:

The Brighton & Hove Estates Conservation Trust were granted a lease of 10 residential properties in Stanmer in 2005, which they sublet. A share of the rent received by the Trust is paid to the council. There is a requirement for the Trust to undertake repairs and refurbishment to one of the properties which is currently empty following the termination of a long standing tenancy. The proposal is to provide the Trust with a loan to refurbish the property which will enable it to be re-let and to produce income to finance the loan. In conjunction with the granting of the loan, the council will also grant the Trust a new lease, for which terms have been agreed. These include an amendment to the Trust's existing demise to provide the council with vacant possession of a plot which could accommodate the development of a new residential property, the capital value of which will be used to support the refurbishment of the Stanmer Traditional Agricultural Buildings, as an 'enabling' development.

Capital expenditure profile (£'000):

Year	This Year	Next Year	Year After	TOTAL
Unsupported Borrowing	160			160
Total estimated costs and fees	160			160

Financial implications:

A loan will be provided to the B&HECT through council borrowing with revised Heads of Terms on the lease agreed between the council and B&HECT. A loan agreement will be put in place with the B&HECT, based on a commercial interest rate, with repayment over a 12 to 15 year period through annual repayments met from rental income. The loan will be secured through the revised lease agreement.

New Capital Project Approval Request	
Unit:	City Development & Regeneration
Project title:	Surface water adaptive measures for Norton Road and Carden Avenue SCAPE (Shaping Climate change Adaptive Places) – INTERREG 2 Seas
Total Project Cost (All Years):	£733,000

Purpose, benefits and risks:

To provide 2 pilot schemes (in Norton Road and Carden Avenue) aimed at reducing flooding to properties from occasional extreme surface water run-off incidents.

The council is already a partner on this INTERREG 2 Seas project. The BHCC budget for this project is €488,000, estimated at £432,000 in total. The budget is based on a 40:60 funding split with approximately £260,000 from INTERREG and £172,000 match funding from the council. The grant is allocated in Euros and is subject to currency fluctuations. The council's 40% match funding contribution will be delivered through officer support and resources from existing budgets.

£300,000 additional funding outside the project has previously been secured towards the implementation of flood protection measures in Carden Avenue and it is intended to combine this with the SCAPE funding.

The combined overall spend by all partners on the SCAPE project has not been meeting its projected targets and there is a known risk that one or more of the other partners may be unable to meet key outputs and spend targets in the coming year. This may present an opportunity in the spring for some funds within the overall project to be reallocated to other partners (subject to agreement by relevant parties within and governing the project) in cases where the benefiting partner(s) can provide the necessary match funding and are likely to deliver on their outputs.

If the opportunity to reallocate funds from other SCAPE partners is not agreed, it will be necessary to scale back the preferred specifications for the two pilot schemes in the city.

Capital expenditure profile (£'000):

Year	This Year	Next Year	Year After	TOTAL
Grant – Environment Agency	17			17
Grant – Interreg Seas 2 SCAPE (secured and new)	53	363		416
Capital Reserves – Flood Defence		300		300
Total estimated costs and fees	70	663		733

Financial implications:
Environment Agency grant of £17,000 has been secured to support the delivery of the project. Up to €293,000 (estimated £260,000) funding through the SCAPE Interreg 2 Seas Project is also secured to deliver these two projects and will require a 40% match funding contribution by the council to be delivered through officer support and resources toward the delivery of these projects,. This match funding will be met from within current budgets. Brighton & Hove also has up to £300,000 that it can offer up as match funding from the existing flood defence reserve. This enables additional funds to be drawn in to assist with the implementation of its proposals for Norton Road and Carden Avenue, where (based on recent costings from the project's design team) there is a shortfall of between £92,000 and £156,000 to deliver both of these schemes to the desired specifications. Any additional net funding from INTERREG secured through budget reallocations within the overall project would be at zero overall additional cost to the council, as the £300,000 for Carden Avenue has already been secured and identified for this work.

New Capital Project Approval Request	
Unit:	Property Services
Project title:	Premises Team Van
Total Project Cost (All Years):	£18,300

Purpose, benefits and risks:

Replacement of the Premises Services Team delivery van which is now at the end of its useable life.

Capital expenditure profile (£'000):

Year	This Year	Next Year	Year After	TOTAL
Borrowing	18			18
Total estimated costs and fees	18			18

Financial implications:

The purchase of the new van will be made through borrowing with the repayment made over 5 years through existing vehicle revenue budgets within the Property Services budget.

New Capital Project Approval Request	
Unit:	Families Children and Learning - Health, SEN and Disability
Project title:	Beach House Renovation Project
Total Project Cost (All Years):	£43,303

Purpose, benefits and risks:

This scheme will deliver shared care accommodation and support provision at Beach House - the council's in-house respite service for adults with learning disabilities. Currently, there is no in-house provision of this type for young people with complex needs in the city. There are 2 families who have requested shared care accommodation to meet the needs of their family member and to support the family to continue to care for them at home for part of the week. Both individuals currently receive respite from the in-house children's respite service, Tudor House, however both will turn 18 years of age in the next few months. The risk of not continuing to support this respite arrangement is the breakdown of family support and a full time residential placement being required. The object of this scheme is to re-develop an area of Beach House to create 2 bedrooms and an adapted shower room.

Capital expenditure profile (£'000):

Year	This Year	Next Year	Year After	TOTAL
Modernisation Fund (Capital Receipts)	43			
Total estimated costs and fees	43			

Financial implications:

The business case presented to and approved by the Corporate Modernisation Delivery Board demonstrated cost avoidance savings amounting to an estimated £131,000 over a 3-year period. The level of savings set against the community care budget in the 2019/20 ISFP is £660,000 and the completion of the adaptations at Beach House to deliver shared care accommodation will help facilitate these savings and ensure cost pressures are contained within available funding. The project will be funded through the corporate Modernisation Fund in 2018/19.