



**Brighton & Hove
City Council**

BRIGHTON & HOVE CITY BUDGET COUNCIL MEETING

4.30PM 28 FEBRUARY 2019

HOVE TOWN HALL, - COUNCIL CHAMBER



AGENDA



**Brighton & Hove
City Council**

Council Meeting

Title:	Budget Council
Date:	28 February 2019
Time:	4.30pm
Venue	Hove Town Hall, - Council Chamber
Members:	All Councillors You are summoned to attend a meeting of the BRIGHTON & HOVE CITY COUNCIL to transact the under-mentioned business.
	Prayers will be conducted in the Council Chamber at 4.20pm by Reverend Helen Rose
Contact:	Mark Wall Head of Democratic Services 01273 291006 mark.wall@brighton-hove.gov.uk

	<p>Public Involvement The City Council actively welcomes members of the public and the press to attend its meetings and holds as many of its meetings as possible in public.</p> <p>Please note that the Public Gallery is situated on the first floor of the Town Hall.</p> <p>If you wish to attend a meeting but are unable to use stairs please contact the Democratic Services Team (Tel: 01273 291066) in advance of the meeting to discuss your access requirements. We can then work with you to enable your attendance and also to ensure your safe evacuation from the building, in the event of an emergency.</p>
	The Town Hall has facilities for disabled people including a lift and wheelchair accessible WCs. However in the event of an emergency evacuation use of the lift is restricted for health and safety reasons. Please refer to the Access Notice in the agenda below.
	An infra-red hearing enhancement system is available within the council chamber to assist hard of hearing people. Headsets and neck loops are provided. If you require any further information or assistance, please contact the receptionist on arrival.

This Agenda and all accompanying reports are printed on recycled paper

AGENDA

70 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 Monitoring Officer or Democratic Services Officer preferably before the meeting.

71 MAYOR'S COMMUNICATIONS.

To receive communications from the Mayor.

72 ADOPTION OF SPECIAL PROCEDURES FOR BUDGET COUNCIL**11 - 14**

The Mayor will move the suspension of Standing Orders and the adoption of special procedures (copy attached).

A further procedural note to assist Members with the running of the meeting will be circulated with the addendum papers.

Contact Officer: Abraham Ghebre-Ghiorghis Tel: 01273 291500

Wards Affected All Wards

TO CONSIDER THE REPORTS AND RECOMMENDATIONS OF THE POLICY, RESOURCES & GROWTH COMMITTEE HELD ON THE 14 FEBRUARY 2019 IN RESPECT OF:-

73 GENERAL FUND REVENUE BUDGET, COUNCIL TAX AND CAPITAL STRATEGY 2019/20**15 - 312**

Extract from the proceedings of the Policy, Resources & Growth Committee meeting held on the 14th February, 2019; together with a report of the Executive Director for Finance & Resources (copies attached).

Contact Officer: James Hengeveld

Tel: 01273 291242

Wards Affected All Wards

COUNCIL

74 SUPPLEMENTARY FINANCIAL INFORMATION FOR BUDGET COUNCIL 313 - 318

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

Contact Officer: *Heather Bentley*

Tel: 01273 291244

Wards Affected *All Wards*

75 HOUSING REVENUE ACCOUNT BUDGET AND CAPITAL INVESTMENT PROGRAMME 2019/20 AND MEDIUM TERM FINANCIAL STRATEGY 319 - 364

Extract from the proceedings of the Policy, Resources & Growth Committee meeting held on the 14th February, 2019; together with a joint report of the Executive Director for Finance & Resources and the Executive Director for Neighbourhoods, Communities & Housing (copies attached).

Contact Officer: *Monica Brooks*

Tel: 01273 292279

Wards Affected *All Wards*

76 CLOSE OF MEETING

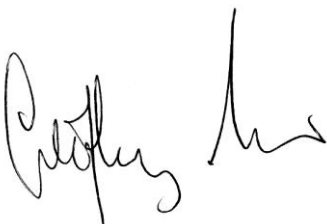
The Mayor will close the meeting.

PROCEDURAL INFORMATION

NOTE:

- (i) A Guidance Note on Setting a Lawful Budget has been included with the agenda papers for Members' information (copy attached).
- (ii) A procedural note will be included with the addendum papers which will be circulated prior to the meeting for Members' information and reference during the budget debate.
- (iii) Light refreshments will be available for Members from 5.30pm

Date of Publication - Wednesday, 20 February 2019



Norton Road
Hove
BN3 3BQ

PUBLIC INVOLVEMENT

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

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

Agendas and minutes are published on the council's website www.brighton-hove.gov.uk. Agendas are available to view five working days prior to the meeting date.

Electronic agendas can also be accessed through our meetings app available through www.moderngov.co.uk

We can provide meeting papers in alternate formats (including large print, Braille, audio tape/disc, or in different languages. Please contact us to discuss your needs.

WEBCASTING NOTICE

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

You should be aware that the Council is a Data Controller under the Data Protection Act 1998. Data collected during this web cast will be retained in accordance with the Council's published policy (Guidance for Employees' on the BHCC website).

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

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

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

ACCESS NOTICE

The public gallery to the council chamber – which is on the first floor – is limited in size but does have 2 spaces designated for wheelchair users. There is a lift to the first floor and an automatic door and ramped access to the public gallery. There is a wheelchair accessible WC close by. The seated spaces available in the gallery can be used by disabled people who are not wheelchair users.

The lift cannot be used in the event of an emergency evacuation or for evacuation purposes. So those unable to use the stairs to or from the public gallery can be seated at the rear of the council chamber on the ground floor should you wish to watch the meeting or need to take part in the proceedings; for example if you have submitted a public question.

If the public gallery is full, room G70 on the ground floor can be used. This is an inclusive space with video conferencing facilities and AV links to the council chamber, level access, and nearby WC facilities including wheelchair accessible provision. From this room you can

COUNCIL

watch the meeting and take part in proceedings, for example if you have submitted a public question.

Please inform staff on Reception if you have any access requirements so that they can either direct you to the public gallery, or to the video-conferencing room as appropriate.

We apologise for any inconvenience caused.

FIRE / EMERGENCY EVACUATION PROCEDURE

If the fire alarm sounds continuously, or if you are instructed to do so, you must leave the building by the nearest available exit. You will be directed to the nearest exit by council staff. It is vital that you follow their instructions:

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

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

PROCEDURAL RULES AIDE MEMOIRE

		P.R.
Point of Order	<p>A Member claiming to speak on a point of order or in personal explanation shall be entitled to be heard forthwith. The point of order shall relate only to an alleged breach of a specified statutory provision or a specified Procedure Rule, and the way in which the Member raising it considers that it has been broken.</p> <p>Personal explanation shall be confined to some material part of the speech by him/her which may appear from the current debate to have been misunderstood.</p>	15.10
	<p>The ruling of the person presiding on a point of order or on the admissibility of a personal explanation shall not be open to discussion except on a motion of which due notice has been given.</p>	15.11
Extensions of Speaking Times	<p>Any extension of time for speeches consented to by the Council shall be limited to 5 minutes. Where necessary the Mayor will call for a show of hands to ensure there is a majority in favour of the extension.</p>	16.4
End of meeting Closure Motion	<p>Without prejudice to 17.2 below, when a period of four hours excluding adjournments has elapsed since the commencement of a meeting of the Council, the Mayor shall move, without comment, that the meeting ends and that business be concluded in accordance with Procedure Rule 17.5.</p> <p>Should the closure motion be carried, the Mayor will put any unfinished business to the vote without discussion.</p> <p>Any Member moving a report or a Notice of Motion may withdraw the report or Notice of Motion.</p>	17.1
	<p>If the motion under 17.1 or 17.2 is passed then immediately after the vote (in the case of a motion under 17.1) or when the time specified in the motion arrives (in the case of a motion under 17.2):</p> <ul style="list-style-type: none"> (a) no further points of order shall be raised except by the Mayor; (b) the Mayor shall then interrupt the discussion of the question then before the meeting; (c) unless the mover of the motion then under discussion seeks leave to withdraw that motion, the Mayor shall allow him/her to reply to the debate for not more than three minutes; (d) unless the motion then under discussion is withdrawn, the Mayor shall put, without further discussion, all the questions necessary to dispose of that motion; (e) the Mayor shall put, without discussion, all the questions necessary to complete consideration of any reports which remain on the agenda for the meeting, unless the relevant Cabinet Member or Committee Chair (or a person on his/her behalf) indicates a wish to the contrary; (f) the Mayor shall call each Member who has given notice of a motion to be moved at the meeting to move (unless previously withdrawn) without comment, shall permit any motions so moved to be seconded without comment, and shall forthwith put any motions to the vote; (g) finally, the Mayor shall close the meeting. 	17.5
	<p>At a time when a period of not less than four hours excluding adjournments has elapsed since the commencement of the meeting of the Council a Member of the Council may move, without comment, that the meeting shall end at a time to be specified in the motion.</p>	17.2
	<p>Subject to the Mayor's discretion to refuse a Member's closure motion under PR17.2 (Mayor may refuse to accept the motion if a similar motion has been</p>	17.3

COUNCIL

	rejected earlier in the same meeting), any Member has the right to move a closure motion under Council Procedure Rule 17.2	
Quorum	¼ of whole number of Councillors (14).	6.1
Interpretation of Procedural Rules	The ruling of the Mayor or person presiding at the meeting as to the construction or application of any of these Procedure Rules shall not be challenged at any meeting.	1.4
Cameras / Recording	Without prejudice to any power of exclusion to suppress or prevent disorderly conduct or the power to deal with other misbehaviour or interference with proceedings at a meetings, any person shall be permitted to film, video or photograph the proceedings at Council meetings except for that part of the meeting where the public are excluded pursuant to a resolution passed in accordance with Section 100A(2) or (4) of the Local Government Act 1972 (as amended).	29.1
Councillor Written Questions	Written questions can be submitted in accordance with the set deadlines and will be taken as read along with the answer given in the addendum papers which are circulated at the meeting.	9.3 9.5
Councillor Oral Questions	A period of not more than 30 minutes shall be allowed for oral questions from Members. Oral questions are limited to general policy matters and only the Member asking the question may ask one supplementary question. Members will be restricted to one oral question per meeting.	9.7 9.14
Timing of speeches	Councillor moving proceedings or Motion 5 minutes. A Member moving an amendment is not moving a motion and therefore has 3 minutes as do all other speakers.	16.4
Right to Reply	3 minutes to mover of proceedings or Motion at the end of the debate prior to the vote. The mover of an amendment shall have no right of reply to the debate on the amendment.	16.6
Amendment of proceedings or Motions	More than one amendment may be moved and discussed at any one time and will be dealt with at the discretion of the Mayor or Chair. If an amendment is not carried, other amendments may be moved to the original motion. If an amendment is carried, the motion as amended shall take the place of the original motion and shall become the motion to which any further amendment may be moved.	15.5
Notices of Motion	Councillor moving Notice of Motion has right to reply at close of debate. If amendment moved, mover of original Motion also has right to reply at close of debate on amendment. Councillor moving an amendment has no right of reply.	16.6
Seconding	When seconding a motion or amendment, a Member may reserve his/her speech until a later period of the debate by declaring his/her intention to do so.	15.3
Recorded vote	Support of not less than 1/5 of whole number of Councillors needed (11). Voting may be by roll call or by an electronic method.	27.3
Question be now put	Straight majority vote.	13.1 (f)

28 February 2019

Brighton & Hove City Council

Budget Council 28 February 2019: Adoption of Special Procedures: Setting a lawful budget for 2019/20

Introduction

Under section 30(6) of the Local Government Finance Act 1992 the Council has a duty to set the **Council tax by 10th March 2019**. A failure to set the tax then does not in itself invalidate the tax demands but it has other adverse consequences including the potential loss of income to the Council.

The legal obligations for setting the budget mean in practical terms that:

- Members should not put forward proposals that would mean setting an unlawful budget and need to take officer advice, in particular from legal and finance, to ensure that proposals are in order;
- although the Council corporately sets the budget, the Council acts through Members collectively, each and every Member is therefore jointly and severally responsible for the setting of the budget; and
- wherever possible Members are expected to facilitate rather than frustrate the setting of a lawful budget.

Before Budget Council

- The Administration's budget will have been worked up including all amendments from Budget Policy, Resources & Growth Committee with full service, financial and legal implications. They will have been incorporated in full into the main papers despatched for Budget Council.
- Other Groups' amendments will also have been evaluated by finance officers to determine the service, financial and legal implications of implementing those proposals. The proposals will have been held confidentially from the other political parties by the finance officers involved and all proposals must have been **“signed off” by finance officers no later than 12 noon 5 working days before Budget Council. (i.e. by 12 noon Thursday 21st February 2019).**
- Only the Chief Executive and Executive Director for Finance & Resources (with appropriate officers from the finance team) will have been made aware of the full range of amendments being proposed and those would not have been shared with any parties until after they had been given to the Group Leaders on the 25th February.
- The Chief Executive shall have a “brokering” role if this would appear to facilitate agreement on particular amendments or proposals.

- The Mayor will refuse to accept any amendment subsequently moved that has not been “signed off” by the Executive Director for Finance & Resources.
- All amendments are shared **at 12noon on Monday 25th February** between the Group Leaders by the Head of Democratic Services.
- There will be a scheduled meeting of Group Leaders (attended by the Chief Executive, the Executive Director for Finance & Resources and other relevant officers) **at 4:00 pm on Wednesday 27th February** with a view to exploring agreement on proposed amendments.
- There will be a second meeting of Group Leaders, with relevant Officers as mentioned above, on **Thursday 28th February at 10:00 am**, unless the Chief Executive considers that, given any progress made on 27th February, it is not needed.
- Any variations to the amendments or any new amendments arising from the Leaders meetings shall be limited to either the grouping and repackaging of amendments or to agreeing other changes, provided that they do not, in the opinion of the Executive Director of Finance & Resources, involve significant costing or evaluation that cannot reasonably be done within the available timescale.

Should Council fail to set the Council Tax on the 28th February 2019, a further meeting will need to be held prior to 10th March; and a reserve date of **Tuesday 5th March is being held**. There is one significant practical implication; the contractor who prints and sends out the Council Tax bills has a slot booked to process the city council’s bills on the 9th March and a delay in setting the Budget before then would significantly affect this process.

Abraham Ghebre-Ghiorghis
Executive Lead Officer for Strategy,
Governance & Law
(Monitoring Officer)

David Kuenssberg
Executive Director for
Finance & Resources
(Chief Finance Officer)

Budget Council 28 February 2019:**Setting a Lawful Budget for 2019/20****Introduction**

Under section 30 (6) of the Local Government Finance Act 1992 the Council has a duty to set the Council tax before the 10th March 2019. A failure to set the tax then does not in itself invalidate the tax demands but it has other adverse consequences including the potential loss of income to the Council. In practical terms this means the Council needs to reach a final position to meet billing deadline requirements before the 10th March, 2019.

The legal obligations for setting the budget mean in practical terms that:

- Members should not put forward proposals that would mean setting an unlawful budget and need to take officer advice, in particular from legal and finance, to ensure that their proposals are in order;
- Although the Council corporately sets the budget, the Council acts through Members collectively, each and every Member is therefore jointly and severally responsible for the setting of the budget; and
- Wherever possible Members are expected to facilitate rather than frustrate the setting of a lawful budget.
- The Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014 impose an obligation on the Council to amend standing orders to require the vote of Members on the budget to be recorded. The votes on the amendments and the substantive budget will be conducted by electronic voting and the individual votes will be reflected in the minutes.

Please also note that the formal council tax resolution will incorporate the following recommendations:

That Council notes:

- 1) That for the avoidance of doubt, all Amendments considered and approved by the council represent resourcing decisions only. Where possible, the necessary lead-in time to undertake statutory and/or other appropriate consultation with staff and/or service users, together with appropriate one-off resources, has been identified in support of each Amendment, however, even where this has not been possible this does not absolve the council from undertaking statutory or other appropriate consultation before proposals can be implemented;
- 2) The Equalities Impact Assessments to cover all budget options and their cumulative effect as set out in Appendices 6 and 7.

28 February 2019

Brighton & Hove City Council

Subject:	General Fund Revenue Budget, Council Tax and Capital Strategy 2019/20. Extract from the Proceedings of the Policy, Resources & Growth Committee meeting held on the 14th February 2019		
Date of Meeting:	28 February 2019		
Report of:	Executive Lead Officer for Strategy, Governance & Law		
Contact Officer:	Name:	Shaun Hughes	Tel: 01273 290569
	E-mail:	shaun.hughes@brighton-hove.gov.uk	
Wards Affected:	All		

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

To receive the item referred from the Policy, Resources & Growth Committee for decision:

Recommendations:

- (1) That the proposed budget and Council Tax increase on the Brighton & Hove element of the council tax be approved, 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 of the report;
- (2) That the updated Medium Term Financial Strategy included in the Budget Book at Appendix 1 to the report be noted;
- (3) That the Capital Strategy for 2019/20 at Appendix 2 to the report be approved, 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.

- (4) That the Equalities Impact Assessments to cover all relevant budget options and their cumulative effect as set out in Appendices 6 and 7 to the report be noted;
- (5) That it be further noted that the budget decision was an indicative resourcing decision to be taken in the context of the explanation in the Legal Implications paragraph 13.3 of the report;
- (6) That the Treasury Management Strategy Statement as set out in Appendix 3 to the report be approved, 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.
- (7) That it be noted the that supplementary information needed to set the overall council tax would be provided for the budget setting Council meeting as listed in paragraph 8.3 of the report.

BRIGHTON & HOVE CITY COUNCIL
POLICY, RESOURCES & GROWTH COMMITTEE

4.00pm 14 FEBRUARY 2019

COUNCIL CHAMBER, HOVE TOWN HALL

MINUTES

Present: Councillors Yates (Chair), Hamilton (Deputy Chair, Finance), Janio (Opposition Spokes), Bell, Daniel, Gibson, Mitchell, Peltzer Dunn, Sykes and Wealls.

PART ONE

127 GENERAL FUND REVENUE BUDGET, COUNCIL TAX AND CAPITAL STRATEGY 2019/20

- 127.1 The Committee considered the report of the Executive Director for Finance & Resources which detailed the revenue and capital budget proposals for 2019/20. The Executive Director noted that the report reflected the final year of the 4 year planning framework introduced in 2016/17 and was aligned with the current central government spending review period and 4 year funding deal.
- 127.2 Councillor Sykes requested information relating to the number of posts lost as a result of the funding to libraries, what was the funding provided for Hove Station and what the funding set aside for contingency regarding Brexit.
- 127.3 The Executive Director stated that the loss of 10.5 FTE posts had been reduced to 8, Hove Station funding would need to be confirmed in writing, and the contingency funding for Brexit was £210,000, but not limited to.
- 127.4 The Chief Executive commented that the South East 7 drew on information from across the area and this may reveal where funding may be required and to note that contingency funding was for the resulting issues not Brexit itself.
- 127.5 Councillor Yates thanked the officers for the report and was pleased to see the all year round funding for the Night Shelter and the Mary Clark statue model.
- 127.6 Councillor Gibson requested the dates for the budget review and was informed that it was December 2018 and April 2019.
- 127.7 Councillor Yates wished the committee to note that the plan for funding was a 4 year cycle with ongoing reviews.

127.8 Councillor Gibson was also pleased to note the funding for the all year round Night Shelter. However, he expressed concern at the loss of high dependency bed spaces and the resulting impact on other units.

127.9 The Chair noted the comments and put the recommendations to the vote.

127.10 **RESOLVED TO RECOMMEND:**

- (1) That the proposed budget and Council Tax increase on the Brighton & Hove element of the council tax be approved, 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 of the report;
- (2) That the updated Medium Term Financial Strategy included in the Budget Book at Appendix 1 to the report be noted;
- (3) That the Capital Strategy for 2019/20 at Appendix 2 to the report be approved, 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.
- (4) That the Equalities Impact Assessments to cover all relevant budget options and their cumulative effect as set out in Appendices 6 and 7 to the report be noted;
- (5) That it be further noted that the budget decision was an indicative resourcing decision to be taken in the context of the explanation in the Legal Implications paragraph 13.3 of the report;
- (6) That the Treasury Management Strategy Statement as set out in Appendix 3 to the report be approved, 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.

- (7) That it be noted the that supplementary information needed to set the overall council tax would be provided for the budget setting Council meeting as listed in paragraph 8.3 of the report; and
- (8) That Executive Director Finance & Resources be authorised to make any necessary technical, presentational or consequential amendments to the report before submission to full Council.

Budget Council	Agenda Item 73
28 February 2019	Brighton & Hove City Council

Subject:	General Fund Revenue Budget, Council Tax and Capital Strategy 2019/20		
Date of Meeting:	28 February 2019 14 February 2019 – Policy, Resources & Growth Committee		
Report of:	Executive Director Finance & Resources		
Contact Officer:	Name:	Nigel Manvell	Tel: 01273 293104
		James Hengeveld	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 £12.288m to enable the re-investments above.
- 1.3 The capital budget proposals include investments of £163.650m 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:

- A general Council Tax increase of 2.99%;
- The council's net General Fund budget requirement for 2019/20 of £203.583m;
- 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;
- 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:

- 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 £163.650m 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

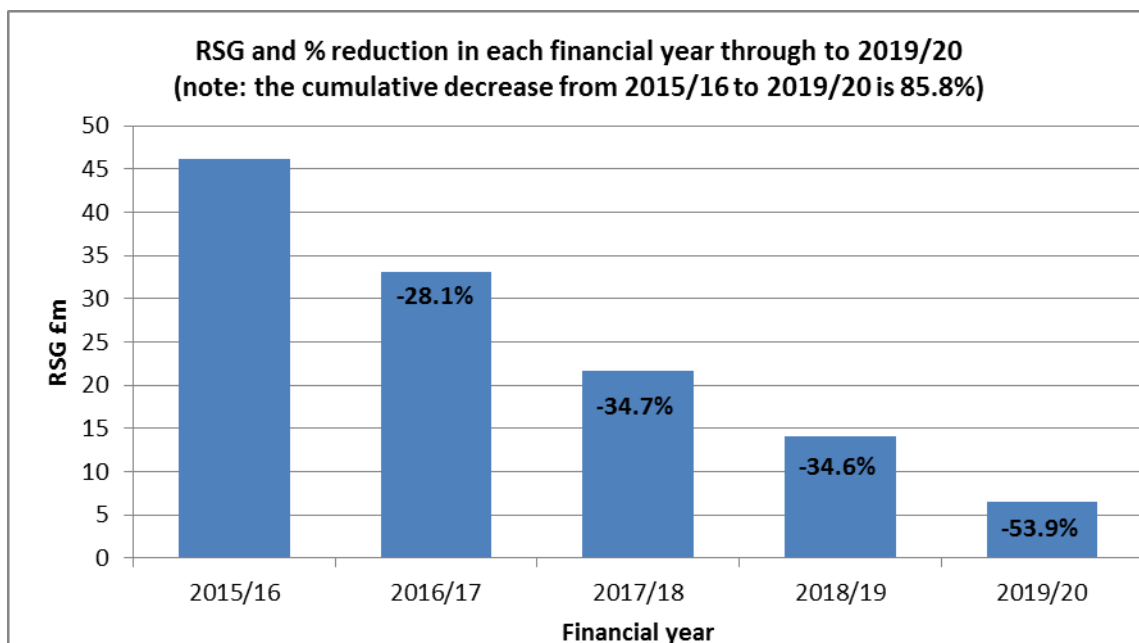
Local Government Finance Settlement and Tax base Forecasts

- 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%
<i>National SFA Change</i>				-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

* *These 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 Fund¹ 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	
	£m	£m	£m	£m	£m
Re-investment (Service Pressures):					
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 Strategic Investment Fund (SIF) - 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 IT&D - 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 £12.288m 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 £53.152m 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 (CMDDB). The CMDDB 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 CMDDB, 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.

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 shows 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**



**Brighton & Hove
City Council**

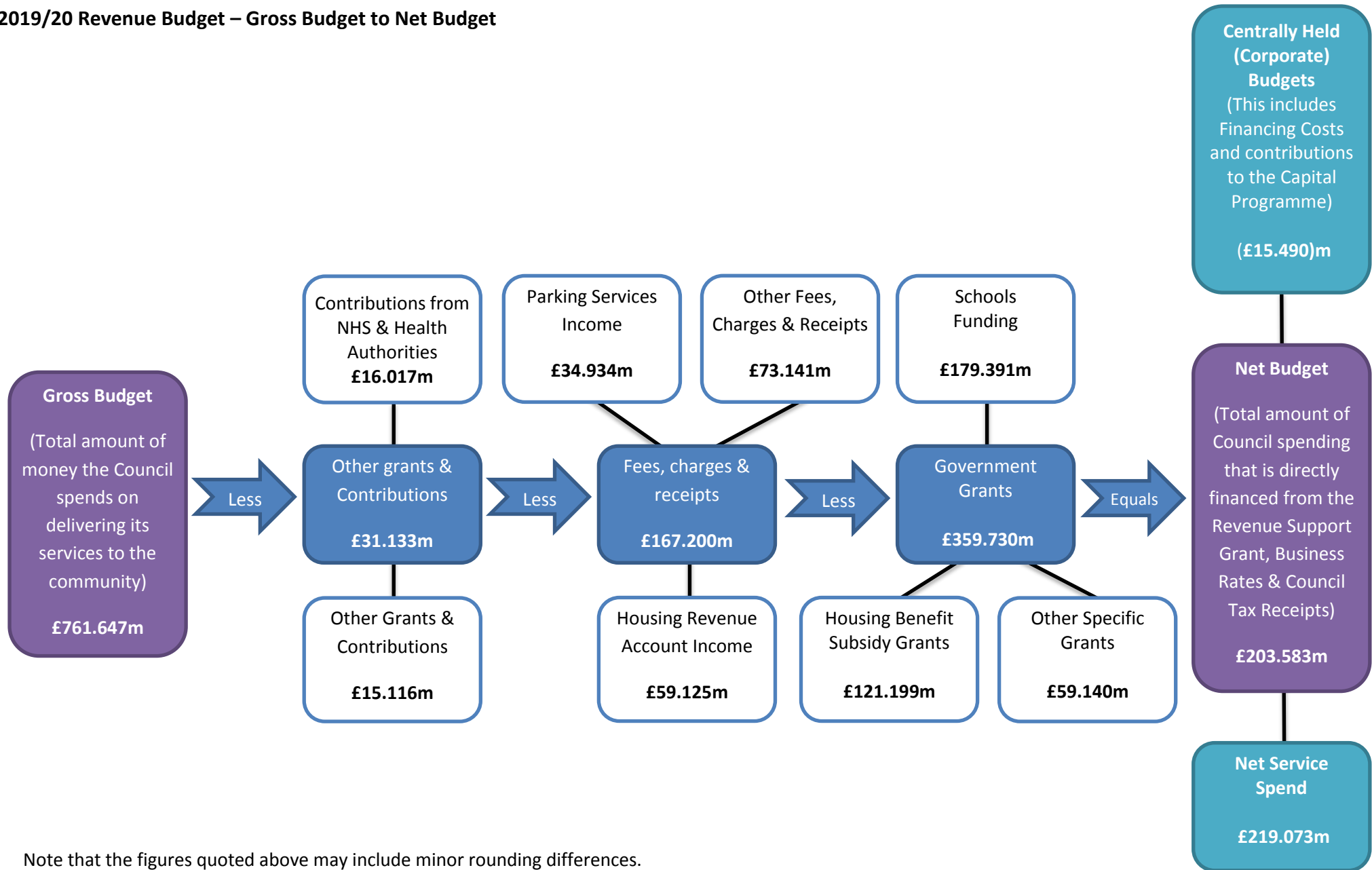
Revenue Budget Summary							
2018/19 Net Expenditure / (Income) £m	Service Area	2019/20 Budget					2019/20 Budgeted Contracted Staff FTE
		Expenditure	Income	Budget Allocation	Capital Charges & Recharges	Net Expenditure / (Income)	
		£m	£m	£m	£m	£m	
104.395	Families, Children & Learning	105.370	(16.515)	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

	<i>2018/19 Adjusted Base £m</i>	<i>Inflation £m</i>	<i>Service Pressures £m</i>	<i>Commitments & Reinvestment £m</i>	<i>VFM & Other Savings £m</i>	<i>2019/20 Original Budget £m</i>	<i>Change Over Adjusted Base £m</i>	<i>Change Over Adjusted Base %</i>
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)
Business Rates 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 2019/20 £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 2019/20 £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 2019/20 £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								
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
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

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
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	11.782	23.924	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	33.964	28.092	42.414	35.339	27.795
Strategy, Governance & Law	-	-	-	-	-
Finance & Resources	10.721	3.150	0.750	0.750	0.750
Total Schemes	163.650	124.992	114.750	98.391	94.375

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
Funded by:					
Government Grants - Single Pot	44.107	13.048	10.000	10.000	10.000
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	7.020	4.019	5.656	-	-
Capital Reserves	0.592	-	-	-	-
Capital Reserves - HRA	2.320	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	26.933	27.729	22.939	21.506
Council Borrowing	49.375	38.299	44.941	35.909	47.406
Total Funding	163.650	124.992	114.750	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 all 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) £m	Service Area	2019/20 Budget					2019/20 Budgeted Contracted Staff FTE
		Expenditure	Income	Budget Allocation	Capital Charges & Recharges	Net Expenditure / (Income)	
		£m	£m	£m	£m	£m	
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 & Learning 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 & Learning 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
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

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
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 exceptionally complex needs and challenging behaviours, thus strengthening	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 admin		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
	<p>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.</p>			
<p>Community Care (Adults) including Community Support, Day Care, Direct Payments, Home Care, Shared Lives, Supported Accommodation, Residential Care and Nursing Care.</p> <p>Learning Disabilities</p>	<p>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 identified the Council has identified budget pressures based on the anticipated increase</p>	<p>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 increase</p>	<p>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.</p> <p>Impact on Outcomes: Concentrating on key statutory duties and those clients who present the highest risk to themselves and to the Community, ensuring needs are met</p>	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
	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.		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 and Supported Living	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 most complex needs.	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.	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
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 management and leadership of school	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 planned which may identify further savings in the future. As this review has not yet	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
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.	taken place no additional savings have been identified as yet.			
<p>Early Years - Children's Centres</p> <p>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 across the city.</p>	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
<p>Early Years - Childcare</p> <p>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</p>	<p>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.</p>	<p>Reduction in management costs to support childcare workforce development and childminding.</p>	<p>Delivery Risk- Low risk</p>	<p>0.035</p>
<p>Early Help - Integrated Team for Families (ITF) and Parenting Service (including the Troubled Families Grant)</p> <p>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, including Family Coaching, specific</p>	<p>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 Autonomy' from Troubled Families. This has led to a decrease in reporting requirements</p>	<p>Reduction of two Family Coach posts funded by the Council General Fund</p>	<p>Delivery Risk: Low risk. The reduction in staffing has been offset by greater investment in support services following the achievement of Earned Autonomy. See EIA 6.</p>	<p>0.080</p>

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
<p>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</p>	<p>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.</p>			
<p>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: - Apprenticeship team</p>	<p>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 ensuring that council services (including schools) maximise the number of</p>	<p>The savings target is being achieved across the whole team from efficiencies including some external funding until the end of 2020.</p>	<p>No negative impact is anticipated.</p>	<p>0.055</p>

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
- Youth Employability Service - Post-16 Learning & Skills	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, fostering and secure placements for	Project to increase the number of in house foster placements and reduce reliance on more expensive independent provider provision is ongoing. Provision of high quality, value for money	Relationship based social work practice and the specialist adolescence service is contributing to diverting children from the care system, and for those already in care, a stepping down to in house and/or less	Delivery Risk: This is a high cost service where the failure of effective prevention and demand management will not only impact on the achievement of cost reduction but is likely to be of corporate	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
looked after children provided by external agencies	provision through 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 increased costs for existing clients	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.	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 & expert assessments and	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 reduce reliance on seeking these via 3rd parties.	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	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
living Without Violence service.				
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) £m	Service Area	2019/20 Budget					2019/20 Budgeted Contracted Staff FTE
		Expenditure	Income	Budget Allocation	Capital Charges & Recharges	Net Expenditure / (Income)	
		£m	£m	£m	£m	£m	
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 Sussex Partnership Foundation Trust (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	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
Memory & Cognition Support Approach based	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.	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
Mental Health Support - 375 budgeted capacity for 2018/19.	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.	<p>Internal spend: £114k will be saved from deleting vacant Public Health posts; internal Public Health programme budgets will be reduced by £71k.</p> <p>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.</p> <p>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)</p> <p>Public Health funding towards the Healthy Neighbourhood Fund and the Fareshare food distribution service will reduce, saving £20k.</p>	<p>Delivery risk: Internal: Low risk as vacancies are being held in anticipation of the savings requirement and planning is underway to redesign programme spend.</p> <p>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:</p> <p>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)</p>	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 2022/23 £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) £m	Service Area	2019/20 Budget					2019/20 Budgeted Contracted Staff FTE
		Expenditure	Income	Budget Allocation	Capital Charges & Recharges	Net Expenditure / (Income)	
		£m	£m	£m	£m	£m	
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.45,000sq.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.	<p>Delivery Risk: Low risk provided there is not a significant failure within the existing facilities which is an on-going risk of ageing facilities.</p> <p>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.</p>	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				
<i>Note that Property Orbis budgets are included within the Orbis Shared Service budget line of Finance & Resources</i>				
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					
<i>City Environment Management</i>					
Fleet Replacement	1.000	0.500	1.800	-	-
Public Conveniences	0.550	-	-	-	-
<i>Transport</i>					
Valley Gardens Phase 1 & 2	4.489	-	-	-	-
Scape Water Level Protection Scheme	0.663	-	-	-	-
Shelter Hall	3.500	-	-	-	-
Street Lighting	3.250	-	-	-	-
<i>City Development & Regeneration</i>					
Brighton Waterfront Project	0.350	0.350	0.350	-	-
Madeira Terraces Crowdfunding project	0.340	-	-	-	-
<i>Culture</i>					
Royal Pavilion Estates Phase 1	8.011	-	-	-	-
Saltdean Lido	0.700	-	-	-	-
<i>Property Services</i>					
Phoenix House	0.319	-	-	-	-
Workstyles Phase 4	0.500	1.000	-	-	-
Property corporate buildings maintenance	0.595	-	-	-	-
New Schemes to be Approved					
<i>City Environment Management</i>					
Stanmer Park restoration	6.756	-	-	-	-
Stanmer Depot	0.800	-	-	-	-
<i>Transport</i>					
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
<i>City Development & Regeneration</i>					
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
<i>Culture</i>					
Royal Pavilion Estate Phases 2 - 3	-	-	7.000	4.000	-
Saltdean Lido	1.600	-	-	-	-
<i>Property Services</i>					
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) £m	Service Area	2019/20 Budget					2019/20 Budgeted Contracted Staff FTE
		Expenditure	Income	Budget Allocation	Capital Charges & Recharges	Net Expenditure / (Income)	
		£m	£m	£m	£m	£m	
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	-	-	-	-
Modernisation – 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	10.432	2.422	16.886		
Neighbourhood, Communities & Housing - HRA	53.585	39.217	44.533	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 managers
 - 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) £m	Service Area	2019/20 Budget					2019/20 Budgeted Contracted Staff FTE
		Expenditure	Income	Budget Allocation	Capital Charges & Recharges	Net Expenditure / (Income)	
		£m	£m	£m	£m	£m	
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	-	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)

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				
<p>Revenues & Benefits</p> <p>(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.)</p> <p>Administration of Housing Benefits and Council Tax Reduction awards - staffing costs budget</p>	<p>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.</p>	<p>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.</p>	<p>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.</p> <p>Impact on Outcomes: No impact on outcomes provided customer service standards can be maintained.</p>	0.191
<p>Service wide agency staff spend</p>	<p>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.</p>		<p>This is a procurement saving and therefore the key risk relates to the level of agency staff used in the service area.</p>	0.001
Revenues & Benefits - MOBO				0.192
IT&D - MOBO				
<p>Non Orbis running costs (mostly IT&D contracts)</p>	<p>Management of these sovereign contracts and licenses by the Orbis</p>	<p>Review and consolidation of contracts across multiple technology areas.</p>	<p>Delivery Risk: Potential risk that limited availability of commercial skills and</p>	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				
<p>Orbis Shared Services</p> <p>(This budget/service represents BHCC’s share of the contribution to Orbis Shared Services in accordance with an Inter-Authority Agreement)</p> <p>This service area represents Orbis partnership services including Finance, HROD, Procurement, IT&D, Business Operations and Property Services.</p> <p>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</p>	<p>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.</p> <p>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.</p> <p>For 2019/20, target savings for the</p>	<p>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.</p> <p>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</p>	<p>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.</p> <p>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.</p>	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
<p>sovereign BHCC budget and service under the current arrangements.</p>	<p>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.</p>	<p>integration. All of these savings relate to changes in the staffing structure according to the following principles:</p> <ul style="list-style-type: none"> • 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. <p>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.</p> <p>Orbis Procurement: The Orbis-wide savings target is provisionally approximately £0.900m, however further work is required to agree this formally. Delivering this will</p>	<p>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</p>	

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
		<p>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.</p> <p>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.</p> <p>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</p>	<p>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.</p> <p>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.</p> <p>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</p>	

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
		<p>will facilitate an operating model based around increased self-service using automated, customer-friendly systems.</p> <p>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.</p>	<p>robotics development, in order to deliver this level of saving. See EIA S8.</p> <p>Orbis Property & Design: No delivery risks in 2019/20.</p>	
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
Modernisation – IT&D Infrastructure including Windows 10 implementation and WIFI	3.111	-	-	-	-
Strategic Investment Fund	0.250	0.250	0.250	0.250	0.250
Modernisation – Sustainable Social Care programme	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) £m	Service Area	2019/20 Budget					2019/20 Budgeted Contracted Staff FTE
		Expenditure	Income	Budget Allocation	Capital Charges & Recharges	Net Expenditure / (Income)	
		£m	£m	£m	£m	£m	
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.	<p>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.</p> <p>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.</p>	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.	<p>Delivery Risk: Ineffective skills development could impact on savings.</p> <p>Impact on Outcomes: No impact on service expected.</p> <p>See EIA 22.</p>	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		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	(1.682)	7.186
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	(1.901)	7.771
Schools PFI Project Reserve	1.339	(0.050)	1.289
Schools LMS Balances	2.803	0.000	2.803
Portslade Adult Learning	0.020	0.000	0.020
Total Schools / DSG Reserves	4.162	(0.050)	4.112
TOTAL RESERVES	78.415	(15.290)	63.125
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	(15.323)	63.207

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 2.6% overall, reflecting higher increases for staff on lower pay grades.

The triennial review 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.

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 being 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 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 a £1.000m reduction in social care costs through the sustainable social care programme. It is assumed this programme will deliver further cost reductions 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.

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	(1.562)	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	(12.288)	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
Business Rates 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

Glossary of Terms

Budget Allocation - This is the financial limit for each service unit's budget excluding charges for support services and capital financing.

Budget Requirement - Total expenditure (after deduction of income) that the Council can finance from Revenue Support Grant, Business Rates and Council Tax.

Business Rates - Business rates are taxes to help pay for local services. They're charged on most non-domestic properties including shops, pubs, offices and factories.

Business Rates Local Share - Under the Business Rates Retention Scheme, the council is able to retain 49% of the business rates income it collects, with 50% being paid over to central government and 1% to East Sussex Fire Authority.

Business Rates Tariff Payment - A payment to Government to reflect the level of business rates retained locally that is above the baseline funding level calculated by a Government funding formula.

Capital Charges & Recharges - Includes depreciation (cost of fixed assets consumed during the year) and support services charges in respect of administrative and professional services and office accommodation charged to a particular service. These charges are outside of a service unit's budget allocation.

Capital Investment Programme - Spending which produces an asset, enhances or improves an asset, or extends the useful life of an asset e.g. the cost of building a school or purchasing a vehicle.

Capital Receipts - Income received from the sale of capital assets.

Contingency - The council's contingency budget includes provision for costs which are likely to occur but for which the estimated cost cannot be adequately foreseen at the time of setting the budget.

Council Tax - The main source of local taxation to local authorities and is levied on households within its area by the billing authority.

Council Tax Base - Represents the amount that would be raised by setting a £1 council tax on a Band D property. The budget to be funded by council tax is divided by the tax base to determine the amount of council tax to be levied. Band D is a property valuation band commonly used to specify the average council tax.

Council Tax Reduction Scheme - The Council Tax Reduction scheme is a local scheme that replaced the national Council Tax Benefit on the 1st April 2013. Council Tax Reduction provides a discount on Council Tax for those on low incomes. If Council Tax payers are eligible for support their council tax bills are reduced.

Dedicated Schools Grant (DSG) - The Dedicated Schools Grant is payable to local authorities by the Department for Education. It is a ring fenced specific grant and must be used in support of the Schools Budget as defined in the School Finance (England) Regulations 2008. It can be used for no other purpose.

Direct Revenue Funding - Resources provided from a revenue budget to finance the cost of capital projects.

Financing Costs - Capital expenditure is financed by loans, Government grants, external contributions, direct revenue funding, and capital receipts. The revenue budget bears the cost of direct revenue funding, together with interest and the provision for repayments of these loans.

General Fund - This is the main revenue fund of the council. The day-to-day transactions are conducted through this fund, other than sums to be paid into the Collection Fund or a trust fund.

Government Grants - Contributions by central Government towards either the revenue or capital cost of services.

Housing Revenue Account (HRA) - The Local Government and Housing Act 1989 requires each local housing authority to keep a Housing Revenue Account within its General Fund to account for income and expenditure on council housing stock.

Levies - Other public bodies may levy the council by making a demand on the council tax requirement. The two organisations that levy the city council are the Environment

Agency and Sussex Inshore Fisheries and Conservation Area.

Medium Term Financial Strategy (MTFS) - This contains the council's financial projections and spending plans for future years for both capital and revenue budgets. The current MTFS provides financial projections to 2023/24.

New Homes Bonus - A government grant which is aimed at encouraging local authorities to increase the number of homes in their area.

Reserves & Provisions - Reserves are set aside to finance approved future expenditure for purposes falling outside the definition of provisions. Provisions are made for liabilities of uncertain timing or amounts.

Revenue Expenditure - The day to day spending on running and providing services e.g. salaries and wages or the running costs of a building such as heating and lighting.

Revenue Support Grant - RSG is a general government grant to support the General Fund expenditure.

Ringfencing - This term refers to Government controls to prevent funding being used other than for a specified purpose. For example, transferring funding between the Housing Revenue Account and the General Fund is generally prohibited. It is also used in relation to grants which are awarded to the council on the condition that they are spent on a particular area or project, for example, Dedicated Schools Grant.

S75 - Partnership Agreements relating to the pooling of resources can be made under Section 75 of the Health Act 2006 between the council and National Health Service partners. The council has in place a Section 75 agreement for the provision of adult social care services.

Third Sector - A collective term for charities, voluntary and community organisations, and some social enterprises.

Transfer Payments - Payments made to individuals for which no service or goods are exchanged - examples include housing benefit payments or carers' allowances.

Value for Money (VFM) - The council's arrangements for securing economy, efficiency and effectiveness in the use of its resources.

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;

- 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 £163.650m 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 outlined 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 (BHSC)**

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%
<i>Net Revenue Budget</i>	<i>£203.583m</i>	<i>100%</i>

- 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	18.889
Capital Reserves	2.912
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	49.375
Total Capital Resources	163.650

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 the council's General Fund 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 reserves 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 – 2019/20 new borrowing	8.239
Housing Revenue Account – 2018/19 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 underwriting of fundraising	1.600
Library at Saltdean Lido	0.700
Total for Capital Programme	49.375

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 £8.239m 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 underwriting 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.

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

TREASURY MANAGEMENT POLICY AND STRATEGY 2019/20

CONTENTS

- 1. INTRODUCTION**
 - 1.1. Background
 - 1.2. Reporting Requirements
 - 1.3. Treasury Management Strategy for 2019/20
 - 1.4. Treasury Management Policy Statement
 - 1.5. Current Portfolio Position
- 2. BORROWING STRATEGY**
 - 2.1. General Fund Borrowing Position and Strategy for 2019/20
 - 2.2. Housing Revenue Account Borrowing Position and Strategy for 2019/20
 - 2.3. Policy on Borrowing in Advance of Need
 - 2.4. Debt Rescheduling
 - 2.5. Interest Rate Risk & Continual Review
- 3. MINIMUM REVENUE PROVISION POLICY STATEMENT**
- 4. ANNUAL INVESTMENT STRATEGY**
 - 4.1. Annual Investment Strategy for 2019/20
 - 4.2. Investment Policy – Management of Risk
 - 4.3. Sovereign Credit Ratings
 - 4.4. Creditworthiness Policy
 - 4.5. Other Limits
 - 4.6. Approved Methodology for adding & removing counterparties
 - 4.7. Investment Risk Benchmarking
- 5. OTHER TREASURY MATTERS**
 - 5.1. Banking Services
 - 5.2. Training
 - 5.3. Policy on the use of External Service Providers
 - 5.4. Lending to Third Parties
 - 5.5. Updates to Accounting Requirements

ANNEXES:

- | | |
|---------|---|
| Annex A | Counterparty List |
| Annex B | Economic Overview & Prospect for Interest Rates |
| Annex C | Prudential & Treasury Indicators |
| Annex D | Scheme of Delegation |

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 Committee.

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
(58)	Financed by: 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
(30)	Financed by: 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	Table 4	2019/20 Estimate	2020/21 Estimate	2021/22 Estimate
£m		£m	£m	£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 borrowing 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 exercised. 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 undertaken 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 aside 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 (paragraph 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 ascertain 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 brought 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 brought 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			Long-term			Lending Limit	Fixed deposit duration limit (months)
		F=Fitch M=Moody's SP=Standard & Poor's							
		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

Appendix 3

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. quantitative 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 activities 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.

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

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	-1,682	7,186	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	-1,901	7,771		
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.

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	-15,290	63,125		
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	-15,323	63,207		

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
<p>Services fail to operate within set budgets due to:</p> <ul style="list-style-type: none"> • Unachievable income • Price variations • Exceptional legal costs 	3	4 1% of fees and charges income = £1.1m	12	<p>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</p>	<p>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.</p>
<p>Services fail to operate within set budgets due to unachievable savings arising from:</p> <ul style="list-style-type: none"> - Over-estimate of the savings potential; - Industrial relations issues; - Withdrawal of political 	3	3 1% of GF savings = £0.120m	9	<p>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</p>	<p>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</p>

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: <ul style="list-style-type: none"> • 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.

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.

- **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:

Budget EIA Cumulative Impacts 2019/20

- 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.

Budget EIA Cumulative Impacts 2019/20

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

Budget EIA Cumulative Impacts 2019/20

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

Budget EIA Cumulative Impacts 2019/20

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	<p>What is the proposal?</p> <hr/> <p><u>Savings</u></p> <ul style="list-style-type: none"> 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) <p>For residential, respite and short breaks these savings will be made by:</p> <ul style="list-style-type: none"> 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 <p>For social work these savings will be made by:</p> <ul style="list-style-type: none"> Reviewing the new management structure to see whether there are opportunities for further streamlining, rationalising and efficiencies 	
5. Summary of impacts	<p>Highlight the most significant disproportionate impacts on groups</p> <hr/> <p>Disproportionate impacts identified on the following characteristics: Age (young people)</p> <ul style="list-style-type: none"> Reduction in residential, short breaks and respite care packages places additional pressure on families 	

	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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	<p>What actions are planned to reduce/avoid negative impacts and increase positive impacts?</p> <ul style="list-style-type: none"> 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)?

	<ul style="list-style-type: none"> • 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	<p>Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal? Please explain these impacts.</p> <ul style="list-style-type: none"> • 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	
	<p>Disproportionate impacts identified on the following characteristics: Disability (learning disabilities and autistic spectrum conditions), Carers, Ethnicity, Gender Reassignment, Sexual Orientation</p> <p>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.</p> <p>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.</p> <p>Any reduction in the community care budget will have a direct effect on the amount or the way support and care is offered.</p> <p>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.</p> <p>Disability: managing these conversations will require staff to manage any changes in expectations carefully</p>	

	<p>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.</p> <p>Ethnicity: People from BME groups may continue to face disproportionate impacts, for example reduction in budgets for translators or for more in-depth work.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>
<p>6. Assess level of impact</p>	<p>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</p>
<p>7. Key actions to reduce negative impacts</p>	<p>What actions are planned to reduce/avoid negative impacts and increase positive impacts?</p> <hr/> <p>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.</p>

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

	<p>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.</p> <p>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.</p> <p>The Service will comply with the new Accessible Information Standards (S.250) of the Health and Social Care Act 2012.</p> <p>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.</p>
<p>8. Full EIA?</p>	<p>Full EIA not required</p>
<p>9. Monitoring and Evaluation</p>	<p>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)?</p> <ul style="list-style-type: none"> • Service users will have their statutory individual Care Reviews • Contracts will be monitored via the Commissioning and Performance Team
<p>10. Cumulative impacts</p>	<p>Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal? Please explain these impacts.</p>

	<p>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.</p> <p>Public Health as a partner is key in promoting wellbeing and healthy lives: this is critical to stem any future and immediate demand.</p> <p>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.</p>
--	---

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	<p>What is the proposal?</p> <hr/> <p>Learning Disability directly provided Day Services – proposed savings released £50,000 (total budget: £694,180)</p> <p>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.</p> <ul style="list-style-type: none"> • 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	<p>Highlight the most significant disproportionate impacts on groups</p> <hr/> <p>Disproportionate impacts identified on the following characteristics: Disability (learning disabilities), Carers</p> <p>All service users are disabled therefore appropriate alternative day activities will need to be sought to meet specific assessed needs.</p> <p>Carers will need to be engaged in the process as they may have concerns about how changes may affect their relative.</p>	

6. Assess level of impact	2
7. Key actions to reduce negative impacts	<p data-bbox="450 236 1809 268">What actions are planned to reduce/avoid negative impacts and increase positive impacts?</p> <hr/> <ul data-bbox="495 352 1910 459" style="list-style-type: none"> <li data-bbox="495 352 1910 419">• 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. <li data-bbox="495 427 1081 459">• Engage carers in the change process.
8. Full EIA?	Full EIA not required
9. Monitoring and Evaluation	<p data-bbox="450 598 1989 667">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)?</p> <hr/> <ul data-bbox="495 715 2000 783" style="list-style-type: none"> <li data-bbox="495 715 1420 746">• Service users will have their statutory individual Care Reviews <li data-bbox="495 754 2000 783">• Contracts will be monitored via the Professional Standards, Safeguarding and Quality Monitoring Team
10. Cumulative impacts	<p data-bbox="450 826 1984 895">Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal? Please explain these impacts.</p> <hr/> <p data-bbox="450 943 1984 975">Any reprovision costs to be closely monitored so they do not put pressures on to the community care budget.</p>

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	<p>What is the proposal?</p> <hr/> <p>Learning Disability directly provided residential and supported living services – proposed savings released £52,000 (total budget = £2,898,000)</p> <ul style="list-style-type: none"> • 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	<p>Highlight the most significant disproportionate impacts on groups</p> <hr/> <p>Disproportionate impacts identified on the following characteristics: Disability (learning disabilities), Carers</p> <ul style="list-style-type: none"> • 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. <p>Specific impacts:</p> <p>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.</p> <p>Carers: Family Carers may be anxious about change of care provider</p>	

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?
	<ul style="list-style-type: none"> • 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)?
	<ul style="list-style-type: none"> • 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?	
	<p>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.</p> <p>Efficiency savings are identified in areas of School Organisation unrelated to Home to School Transport.</p>	
5. Summary of impacts	Highlight the most significant disproportionate impacts on groups	
	<p>Disproportionate impacts identified on the following characteristics: None</p> <p>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.</p>	
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	<p>What is the proposal?</p> <hr/> <p>Integrated Team for Families and Parenting Service (ITFPS)</p> <p>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%.</p> <p>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.</p>	
5. Summary of impacts	<p>Highlight the most significant disproportionate impacts on groups</p> <hr/> <p>Disproportionate impacts identified on the following characteristics: Age (young people), Disability, Ethnicity, Gender Reassignment, Religion & Belief, Sex (women), Child Poverty</p> <p>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.</p> <p>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.</p>	

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.

	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>
<p>6. Assess level of impact</p>	<p>2 (from 2020)</p>
<p>7. Key actions to reduce negative impacts</p>	<p>What actions are planned to reduce/avoid negative impacts and increase positive impacts?</p> <ul style="list-style-type: none"> • 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.
<p>8. Full EIA?</p>	<p>No</p>

<p>9. Monitoring and Evaluation</p>	<p>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)?</p> <hr/> <p>This will be monitored through data on the number and characteristics of families being supported by family coaches using Care First.</p>
<p>10. Cumulative impacts</p>	<p>Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal? Please explain these impacts.</p> <hr/> <p>Impact of government policy in respect of a family's access to benefits and welfare reforms including the benefit cap and Universal Credit.</p> <p>Impact of council social housing allocations policy could worsen or mitigate circumstances for some families.</p> <p>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.</p>

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?	
	<p>£35,000 savings from the Adoption Support (Allowances) Budget for 2019/20. Total budget is £573,200.</p> <p>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.</p> <p>The current underspend is expected to continue.</p>	
5. Summary of impacts	Highlight the most significant disproportionate impacts on groups	
	<p>Disproportionate impacts identified on the following characteristics: Age (young people), Disability</p> <p>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.</p>	
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?	
	<ul style="list-style-type: none"> • 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	<p>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)?</p> <p>Robust assessment of financial need and review of existing and future adoption allowances.</p> <p>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 addition 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.</p> <p>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.</p>
10. Cumulative impacts	<p>Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal? Please explain these impacts.</p> <p>None</p>

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?	
	<p>Savings of £40,000 will be realised from the Contact Service budget of £818,000 through:</p> <ul style="list-style-type: none"> • 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	
	<p>Disproportionate impacts identified on the following characteristics: Age (young people)</p> <ul style="list-style-type: none"> • 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)?
	<ul style="list-style-type: none"> • 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 – Service-Users

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	<p>What is the proposal? Use the savings proposal wording and more detail if needed</p> <hr/> <p>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:</p> <ul style="list-style-type: none"> • 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	<p>Highlight the most significant disproportionate impacts on groups</p> <hr/> <p>Disproportionate impacts identified on the following characteristics: Age (young people)</p> <p>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.</p>	
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)?
	<ul style="list-style-type: none"> • 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	<p>What is the proposal?</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>	

<p>5. Summary of impacts</p>	<p>Highlight the most significant disproportionate impacts on groups</p> <hr/> <p>Disproportionate impacts identified on the following characteristics: Age (young people), Sex (women)</p> <p>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.</p>
<p>6. Assess level of impact</p>	<p>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.</p> <p>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.</p>
<p>7. Key actions to reduce negative impacts</p>	<p>What actions are planned to reduce/avoid negative impacts and increase positive impacts?</p>

	<p>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).</p> <p>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.</p> <p>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.</p> <p>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.</p>
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	<p>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)?</p> <p>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.</p>
10. Cumulative impacts	Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal? Please explain these impacts.

	<p>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.</p> <p>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.</p> <p>Proposals to reduce funding for social work staffing may impact on the re-modelling of the Clermont to upskill social workers.</p> <p>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.</p>
--	--

Health and Adult Social Care

Budget Equality Impact Assessment 2019/20 – Service-Users

1. Service Area	Health and Adult Social Care: Physical Support and Sensory Support / Memory & Cognition / Mental Health Support	2. EIA No. 11
3. Head of Service	Brian Doughty	
4. Budget Proposal	<p>What is the proposal?</p> <p>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.</p> <p>Continue with the agreed Direction of Travel for Adult Social Care focusing upon reducing demand through a number of approaches:</p> <ul style="list-style-type: none"> • 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. <p>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.</p>	
5. Summary of impacts	Highlight the most significant disproportionate impacts on groups	

	<p>Disproportionate impacts identified on the following characteristics: Age (older people), Disability, Carers</p> <p>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.</p> <p>For people and their families they could see a change in the level of service they receive whilst still ensuring eligible needs are met.</p> <p>Potentially a change in provider and approach which can be unsettling for users and families</p>
<p>6. Assess level of impact</p>	<p>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</p>
<p>7. Key actions to reduce negative impacts</p>	<p>What actions are planned to reduce/avoid negative impacts and increase positive impacts?</p> <ul style="list-style-type: none"> • 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	<p data-bbox="456 201 2000 272">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)?</p> <p data-bbox="456 316 2007 424">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</p>
10. Cumulative impacts	<p data-bbox="456 469 1995 544">Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal? Please explain these impacts.</p> <p data-bbox="456 587 2040 695">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.</p>

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	<p>What is the proposal?</p> <hr/> <p>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</p> <p>The overall budget for this service area is £3,437,000 and the proposed saving is £614,000.</p> <p>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.</p> <p>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.</p>	
5. Summary of impacts	Highlight the most significant disproportionate impacts on groups	

	<p>Disproportionate impacts identified on the following characteristics: Age (older people), Disability</p> <p>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:</p> <ul style="list-style-type: none"> • 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. <p>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.</p>
<p>6. Assess level of impact</p>	<p>1 - No adverse impact expected</p>
<p>7. Key actions to reduce negative impacts</p>	<p>What actions are planned to reduce/avoid negative impacts and increase positive impacts?</p> <ul style="list-style-type: none"> • 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.
<p>8. Full EIA?</p>	<p>No</p>
<p>9. Monitoring and Evaluation</p>	<p>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)?</p>

	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	<p>What is the proposal?</p> <hr/> <p>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.</p> <p>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.</p> <p>Integrated Commissioning & Public Health</p> <table border="1" data-bbox="459 813 1451 1077"> <thead> <tr> <th>Section</th> <th>Service Area</th> <th>Gross Budget £'000</th> <th>Net Budget £'000</th> <th>19/20 Saving £'000</th> </tr> </thead> <tbody> <tr> <td>Commissioning & Contracts</td> <td>Integrated Commissioning</td> <td>7,195</td> <td>6,037</td> <td>385</td> </tr> <tr> <td>Public Health</td> <td>Health Improvement</td> <td>5,258</td> <td>4,982</td> <td>25</td> </tr> </tbody> </table> <p>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.</p>		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
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													
5. Summary of impacts	Highlight the most significant disproportionate impacts on groups																

	<p>Disproportionate impacts identified on the following characteristics: to be confirmed</p> <p>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.</p>
<p>6. Assess level of impact</p>	<p>Individual impact will assessed through specific EIAs</p>
<p>7. Key actions to reduce negative impacts</p>	<p>What actions are planned to reduce/avoid negative impacts and increase positive impacts?</p> <hr/> <p>Mitigating actions will be identified through the specific EIAs.</p>
<p>8. Full EIA?</p>	<p>Yes: as described above.</p>
<p>9. Monitoring and Evaluation</p>	<p>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)?</p> <hr/> <p>This will be fully considered and documented in the specific EIAs.</p>
<p>10. Cumulative impacts</p>	<p>Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal? Please explain these impacts.</p> <hr/> <p>This will be fully considered and documented in the specific EIAs.</p>

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	
	<p>Disproportionate impacts identified on the following characteristics: None</p> <p>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.</p>	
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	<p>What is the proposal?</p> <hr/> <p>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:</p> <ul style="list-style-type: none"> • 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 <p>Total savings - £92,547</p>	
5. Summary of impacts	<p>Highlight the most significant disproportionate impacts on groups</p> <hr/> <p>Disproportionate impacts identified on the following characteristics: Age (younger people), Ethnicity, Sex (men), Sexual orientation</p> <p>Younger people (<25), men who have sex with men (MSM) and people with a black ethnicity are disproportionately affected by poor sexual health.</p> <p>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</p>	

	<p>pregnancy and tubal factor infertility) opportunistic screening remains an essential element of good quality sexual health services for young adults.</p> <p>Ethnicity: Black Africans are disproportionately affected by HIV infection and high rates of sexually transmitted infections are observed in those with a black ethnicity.</p> <p>Sex: Men who have sex with men are disproportionately affected by HIV and STIs. Black African women disproportionately affected by HIV.</p> <p>Sexual orientation: As noted above, men who have sex with men are disproportionately affected by HIV and STIs.</p> <p>It is assessed that any potential impacts of this budget proposal can be mitigated by other services</p>
<p>6. Assess level of impact</p>	<p>1</p>
<p>7. Key actions to reduce negative impacts</p>	<p>What actions are planned to reduce/avoid negative impacts and increase positive impacts?</p> <hr/> <ul style="list-style-type: none"> • 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

	<ul style="list-style-type: none"> • 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	<p>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)?</p> <ul style="list-style-type: none"> • Contract monitoring data • Sexual health services activity • Feedback from services
10. Cumulative impacts	<p>Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal? Please explain these impacts.</p> <p>N/A</p>

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?	
	<p>Savings of £51,000 will be realised from the Ageing Well Service commission (total budget £452,063) through:</p> <ul style="list-style-type: none"> • 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	

	<p>Disproportionate impacts identified on the following characteristics: Age (older people), Ethnicity, Sexual Orientation, Gender reassignment</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>
<p>6. Assess level of impact</p>	<p>2</p>
<p>7. Key actions to reduce negative impacts</p>	<p>What actions are planned to reduce/avoid negative impacts and increase positive impacts?</p>

	<p>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:</p> <ul style="list-style-type: none"> • 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 <p>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.</p>
8. Full EIA?	Full EIA not required
9. Monitoring and Evaluation	<p>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)?</p> <ul style="list-style-type: none"> • Contract monitoring data • Public Health Outcomes Framework Data • Local ASC data
10. Cumulative impacts	<p>Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal? Please explain these impacts.</p> <p>None identified</p>

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?	
	<p>Savings of £45,000 from a total budget of £270,400 will be realised from the recommissioning of mental wellbeing through:</p> <ul style="list-style-type: none"> • 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	
	<p>Disproportionate impacts identified on the following characteristics: Sex (men)</p> <p>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.</p> <p>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.</p>	

6. Assess level of impact	1
7. Key actions to reduce negative impacts	<p data-bbox="456 248 1823 284">What actions are planned to reduce/avoid negative impacts and increase positive impacts?</p> <hr/> <ul data-bbox="506 363 2040 703" style="list-style-type: none"> • 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	<p data-bbox="456 898 1995 970">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)?</p> <hr/> <ul data-bbox="456 1015 1420 1050" style="list-style-type: none"> • Contract monitoring data for the integrated mental health service
10. Cumulative impacts	<p data-bbox="456 1090 1995 1161">Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal? Please explain these impacts.</p> <hr/> <p data-bbox="456 1206 1995 1313">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.</p>

Budget Equality Impact Assessment 2019/20 – Service-Users

<p>1. Service Area</p>	<p>Health and Adult Social Care: Public Health Improvement:</p> <ul style="list-style-type: none"> 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 	<p>2. EIA No. 18</p>
<p>3. Head of Service</p>	<p>Peter Wilkinson, Consultant in Public Health</p>	
<p>4. Budget Proposal</p>	<p>What is the proposal?</p> <hr/> <ul style="list-style-type: none"> 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. 	
<p>5. Summary of impacts</p>	<p>Highlight the most significant disproportionate impacts on groups</p>	

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	<p>What actions are planned to reduce/avoid negative impacts and increase positive impacts?</p> <hr/> <p>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:</p> <ul style="list-style-type: none"> • 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. <p>b. To reduce negative impacts on groups most vulnerable to food poverty, the commissioner will:</p> <ul style="list-style-type: none"> • 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.

	<p>c. Sustrans is looking to fund raise for the shortfall</p> <p>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)</p>
<p>8. Full EIA?</p>	<p>Full EIA not required</p>
<p>9. Monitoring and Evaluation</p>	<p>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)?</p> <p>a.</p> <ul style="list-style-type: none"> • 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 <p>b.</p> <ul style="list-style-type: none"> • 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. <p>c. Contract review meetings</p> <p>d. Contract reviews</p>
<p>10. Cumulative impacts</p>	<p>Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal? Please explain these impacts.</p> <p>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.</p>

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	<p>What is the proposal?</p> <p>Reduce Staffing and Operation costs:</p> <p>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).</p> <p>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:</p> <ul style="list-style-type: none"> • 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	

	<p>Disproportionate impacts identified on the following characteristics: Age (young people)</p> <p>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.</p> <p>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.</p> <p>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.</p>
<p>6. Assess level of impact</p>	<p>2</p>
<p>7. Key actions to reduce negative impacts</p>	<p>What actions are planned to reduce/avoid negative impacts and increase positive impacts?</p> <hr/> <p>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.</p> <p>Evidence shows that the main libraries where numbers of homeless people visit are Jubilee and Hove which would be unaffected by this change.</p> <p>Staffed days will continue to be provided at all libraries for those who prefer them.</p>

8. Full EIA?	Full EIA not required
9. Monitoring and Evaluation	<p>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)?</p>
	<ul style="list-style-type: none"> • 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	<p>Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal? Please explain these impacts.</p>
	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?	
	<ol style="list-style-type: none"> 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	
	<p>Disproportionate impacts identified on the following characteristics: Child Poverty</p> <ul style="list-style-type: none"> • Reduction in investigation/case work resource and increase in charges for pest control service 	
6. Assess level of impact	<p>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</p> <p>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</p>	
7. Key actions to reduce negative impacts	What actions are planned to reduce/avoid negative impacts and increase positive impacts?	

	<ul style="list-style-type: none"> • 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	<p>What is the proposal?</p> <p>Total budget reduction £291,000 (from a total current budget of £3,298,000)</p> <p><u>Bereavement Services</u></p> <ul style="list-style-type: none"> • 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. <p><u>Registration Services</u></p> <ul style="list-style-type: none"> • 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. <p><u>Electoral Services</u></p> <ul style="list-style-type: none"> • 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 	

	<p>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.</p>
5. Summary of impacts	<p>Highlight the most significant disproportionate impacts on groups</p>
	<p>Disproportionate impacts identified on the following characteristics: Child Poverty</p> <p><u>Bereavement Services</u></p> <ul style="list-style-type: none"> • Memorialisation in the Bereavement Services area No disproportionate impacts on groups. More availability of affordable products <p><u>Registration Services</u></p> <ul style="list-style-type: none"> • 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. <p><u>Electoral Services</u></p> <ul style="list-style-type: none"> • 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	<p>1 - No major impact to any specific group</p>
7. Key actions to reduce negative impacts	<p>What actions are planned to reduce/avoid negative impacts and increase positive impacts?</p>
	<p>No savings proposals discriminate against a particular protected group.</p>
8. Full EIA?	<p>To be considered as part of regular review on effects of proposals after monitoring – in particular of results on service provision following fee increases.</p>

9. Monitoring and Evaluation	<p>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)?</p> <p>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.</p> <p>Non statutory changes proposed in Electoral Services, with continued monitoring of ongoing registration through new data capture arrangements.</p>
10. Cumulative impacts	<p>Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal? Please explain these impacts.</p> <p>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).</p> <p>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.</p> <p>Careful monitoring of electoral registration along with improving data capture and data sharing will continue and be reviewed.</p> <p>All services business demand is monitored.</p>

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.
- **Ethnicity¹:** 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	<p>Families, Children & Learning: Review of Administrative Support</p> <p>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.</p>	
Groups potentially impacted	Impacts identified	Specific Mitigating Actions (in addition to the generic actions identified above)
<p>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.</p>	<p>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.</p>	<p>No specific mitigation: Council policies and support processes to be equitably applied.</p>

Budget 2019-20: Equality Impact Assessments – Staff

EIA No.	EIA Proposal	
S2	<p>Families, Children & Learning: Disability Services – Proposals related to Management, In-House Residential Services and Day Services</p> <p>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.</p>	
Groups potentially impacted	Impacts identified	Specific Mitigating Actions (in addition to the generic actions identified above)
<p>In broad terms the proposal to reduce staffing has the potential to have an impact on the following protected characteristics:</p> <ul style="list-style-type: none"> • Age • Disability • Ethnicity • Sex • Sexual Orientation • Religion/Belief 	<p>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.</p> <p>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</p> <ul style="list-style-type: none"> • Experience barriers to accessing information and getting their views heard. 	<p>Age:</p> <ol style="list-style-type: none"> 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. <p>Disability:</p> <ol style="list-style-type: none"> 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.

	<ul style="list-style-type: none"> • Suffer from a possible lack of employer awareness and information regarding disability. <p>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.</p> <p>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:</p> <ul style="list-style-type: none"> • Experience language barriers. • Suffer from a possible lack of employer awareness and information regarding ethnicity. <p>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.</p> <p>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</p>	<p>Ethnicity:</p> <ol style="list-style-type: none"> 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. <p>Sex:</p> <ol style="list-style-type: none"> 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.
--	--	--

	<p>redundant as this would further erode this under-represented group.</p> <p>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</p> <p>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.</p>	<p>Religion & Belief: 1. Positive action to include training on interview skills</p> <p>Sexual orientation: 1. Positive action including skills interview training and internal coaching as well as signposting to LGBT Forum</p>
--	---	---

Budget 2019-20: Equality Impact Assessments – Staff

EIA No.	EIA Proposal	
S3	<p>Families, Children & Learning: Specialist Assessment – Clermont Assessment Centre</p> <p>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.</p>	
Groups potentially impacted	Impacts identified	Specific Mitigating Actions (in addition to the generic actions identified above)
<p>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.</p>	<p>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.</p>	<p>Council policies and support processes to be equitably applied.</p> <p>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.</p> <p>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.</p>

Budget 2019-20: Equality Impact Assessments – Staff

EIA No.	EIA Proposal	
S4	<p>Economy, Environment & Culture: City Development and Regeneration – a restructure is being discussed for 3 key teams but not the Planning team:</p> <ul style="list-style-type: none"> • Regeneration • Economic development • Sustainability <p>Precise detail has not been finalised as reviews of services are yet to be undertaken.</p>	
Groups potentially impacted	Impacts identified	Specific Mitigating Actions (in addition to the generic actions identified above)
<p>In broad terms the proposal to reduce staffing has the potential to have an impact on the following protected characteristics:</p> <ul style="list-style-type: none"> • Age • Disability • Ethnicity • Sex • Sexual Orientation • Religion/Belief 	<p>Age: Council targets for age have not yet been established. The age distribution of staff in the service is as following:</p> <ul style="list-style-type: none"> • 75% of staff are aged 45- 59 years • 10% of staff are over 60 years • Only 15% of staff are aged under 44 years. <p>Any reduction in staff could affect the age distribution and further reduce the number of young people in the service.</p> <p>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.</p> <p>Therefore the proposals do not have a disproportionate impact on disabled staff.</p>	<p>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.</p> <p>Disability:</p> <ol style="list-style-type: none"> 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.

	<p>However disabled employees are more likely to</p> <ul style="list-style-type: none"> • Experience barriers to accessing information and getting their views heard. • Suffer from a possible lack of employer awareness and information regarding disability. <p>Action: staff to be encouraged to disclose disability data and team to ensure positive recruitment for disabled applicants as they are so below target.</p> <p>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.</p> <p>In general employees from ethnic minority groups are more likely to:</p> <ul style="list-style-type: none"> • Experience discrimination and disadvantage in the workplace. • Experience language barriers. • Suffer from a possible lack of employer awareness and information regarding ethnicity. <p>The analysis above is based on declared data only.</p> <p>Sex: The council is below the male employee</p>	<p>4. Review communications approach options (plain English etc) and monitor engagement.</p> <p>Ethnicity:</p> <ol style="list-style-type: none"> 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. <p>Sex:</p>
--	---	--

	<p>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.</p> <p>Religion & Belief: Council targets for religion/belief have not yet been established. In this area 68.42% of staff declare no religion.</p> <p>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.</p> <p>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.</p>	<ol style="list-style-type: none"> 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. <p>Religion & Belief: 1. Positive action to include training on interview skills</p> <p>Sexual orientation: 1. Positive action including skills interview training and internal coaching as well as signposting to LGBT Forum</p>
--	--	---

Budget 2019-20: Equality Impact Assessments – Staff

EIA No.	EIA Proposal	
S5	<p>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 disproportionately 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.</p> <p>Support for staff has been outlined in the formal consultation document.</p>	
Groups potentially impacted	Impacts identified	Specific Mitigating Actions (in addition to the generic actions identified above)
<p>In broad terms the proposal to reduce staffing has the potential to have an impact on the following protected characteristics:</p> <ul style="list-style-type: none"> • Age • Disability • Ethnicity • Sex • Sexual Orientation • Religion/Belief 	<p>Age: No specific impacts identified, however supportive actions have been identified to prevent any adverse impacts.</p> <p>Disability: No specific impacts identified, however supportive actions have been identified to prevent any adverse impacts. 15.78% of staff are disabled.</p> <p>Ethnicity: No specific impacts identified, however supportive actions have been identified to prevent any adverse impacts. 6.35% of staff are BME.</p> <p>Sex:</p>	<p>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.</p> <p>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.</p> <p>Ethnicity: 1. Offer all employees support through the objective testing process. Signposting to BME Workers' Forum.</p>

	<p>No specific impacts identified, however supportive actions have been identified to prevent any adverse impacts. 26.58% of staff are male.</p> <p>Religion & Belief: Fewer shifts on a Saturday and Sunday may positively affect Jews and Christians (22.64% of staff).</p> <p>Sexual orientation: No specific impacts identified, however supportive actions have been identified to prevent any adverse impacts. 26.45% of staff are LGB.</p>	<p>2. Review communications approach options (plain English etc) and monitor engagement.</p> <p>Sex:</p> <ol style="list-style-type: none">1. Offer all employees support through the objective testing process.2. Consider reasonable adjustments for caring responsibilities. <p>Religion & Belief:</p> <ol style="list-style-type: none">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. <p>Sexual orientation:</p> <ol style="list-style-type: none">1. Offer all employees support through the objective testing process.
--	---	---

Budget 2019-20: Equality Impact Assessments – Staff

EIA No.	EIA Proposal	
S6	<p>Neighbourhoods, Communities and Housing: Regulatory Services To achieve the proposed savings target for regulatory services the following changes are proposed:</p> <ul style="list-style-type: none"> - 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 <p>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.</p>	
Groups potentially impacted	Impacts identified	Specific Mitigating Actions (in addition to the generic actions identified above)
<p>In broad terms the proposal to reduce staffing has the potential to have an impact on the following protected characteristics:</p> <ul style="list-style-type: none"> • Age • Disability • Ethnicity • Sex • Sexual Orientation • Religion/Belief 	<p>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.</p>	<p>All: 1. Ensure there are opportunities in the consultation process for staff to raise any issues relating to any protected characteristic.</p> <p>Age: 1. Consider the need for appropriate support and training to re-skill employees in new working methods.</p> <p>Disability: 1. Ensure that all appropriate reasonable adjustments are made for disabled employees. 2. Review communications approach options (plain English etc) and monitor engagement.</p> <p>Sex: 1. Consider reasonable adjustments for caring responsibilities.</p>

Budget 2019-20: Equality Impact Assessments – Staff

EIA No.	EIA Proposal	
S7	<p>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'.</p>	
Groups potentially impacted	Impacts identified	Specific Mitigating Actions (in addition to the generic actions identified above)
<p>In broad terms the proposal to reduce staffing has the potential to have an impact on the following protected characteristics:</p> <ul style="list-style-type: none"> • Age • Disability • Ethnicity • Sex • Sexual Orientation • Religion/Belief 	<p>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.</p> <p>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:</p> <ul style="list-style-type: none"> • Experience barriers to accessing information and getting their views heard. 	<p>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.</p> <p>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 /</p>

	<ul style="list-style-type: none"> • Suffer from a possible lack of employer awareness and information regarding disability. <p>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.</p> <p>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:</p> <ul style="list-style-type: none"> • Experience language barriers. • Suffer from a possible lack of employer awareness and information regarding ethnicity. <p>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.</p> <p>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</p>	<p>Skype conferences where possible – although be aware that this technology might bring its own limitations depending on the nature of the impairment.</p> <p>Ethnicity:</p> <ol style="list-style-type: none"> 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. <p>Sex:</p> <ol style="list-style-type: none"> 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.
--	--	--

	<p>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.</p> <p>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</p> <p>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.</p>	<p>5. Make use of technology, e.g. use telephone / Skype conferences where possible. 6. Ensure the flexible working policies are known, understood and followed.</p> <p>Religion & Belief: 1. Positive action to include training on interview skills</p> <p>Sexual orientation: 1. Positive action including skills interview training and internal coaching as well as signposting to LGBT Forum</p>
--	--	--

Budget 2019-20: Equality Impact Assessments – Staff

EIA No.	EIA Proposal	
S8	<p>Finance & Resources: Business Operations</p> <p>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.</p>	
Groups potentially impacted	Impacts identified	Specific Mitigating Actions (in addition to the generic actions identified above)
<p>In broad terms the proposal to reduce staffing has the potential to have an impact on the following protected characteristics:</p> <ul style="list-style-type: none"> • Age • Disability • Ethnicity • Sex • Sexual Orientation <p>Religion/Belief</p>	<p>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.</p> <p>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:</p>	<p>Age:</p> <ol style="list-style-type: none"> 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. <p>Disability:</p> <ol style="list-style-type: none"> 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

	<ul style="list-style-type: none"> • Experience barriers to accessing information and getting their views heard. • Suffer from a possible lack of employer awareness and information regarding disability. <p>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.</p> <p>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:</p> <ul style="list-style-type: none"> • Experience language barriers. • Suffer from a possible lack of employer awareness and information regarding ethnicity. <p>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.</p> <p>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.</p>	<p>reasonable travel time.</p> <ol style="list-style-type: none"> 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. <p>Ethnicity:</p> <ol style="list-style-type: none"> 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. <p>Sex:</p> <ol style="list-style-type: none"> 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
--	--	---

	<p>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.</p> <p>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.</p> <p>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</p>	<p>held at an appropriate time to provide for sufficient and reasonable travel time.</p> <ol style="list-style-type: none"> 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. <p>Religion & Belief:</p> <ol style="list-style-type: none"> 1. Positive action to include training on interview skills <p>Sexual orientation:</p> <ol style="list-style-type: none"> 1. Positive action including skills interview training and internal coaching as well as signposting to LGBT Forum
--	--	---

	<p>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.</p>	
--	---	--

Budget 2019-20: Equality Impact Assessments – Staff

EIA No.	EIA Proposal	
S9	<p>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.</p>	
Groups potentially impacted	Impacts identified	Specific Mitigating Actions (in addition to the generic actions identified above)
<p>In broad terms the proposal to reduce staffing has the potential to have an impact on the following protected characteristics:</p> <ul style="list-style-type: none"> • Age • Disability • Ethnicity • Sex • Sexual Orientation • Religion/Belief 	<p>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.</p> <p>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:</p> <ul style="list-style-type: none"> • Experience barriers to accessing information and getting their views heard. 	<p>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.</p> <p>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 /</p>

	<ul style="list-style-type: none"> • Suffer from a possible lack of employer awareness and information regarding disability. <p>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.</p> <p>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:</p> <ul style="list-style-type: none"> • Experience language barriers. • Suffer from a possible lack of employer awareness and information regarding ethnicity. <p>Note: 5.13% of staff have chosen to withhold this information. The analysis above is based on declared data only.</p> <p>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</p>	<p>Skype conferences where possible – although be aware that this technology might bring its own limitations depending on the nature of the impairment.</p> <p>Ethnicity:</p> <ol style="list-style-type: none"> 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. <p>Sex:</p> <ol style="list-style-type: none"> 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
--	---	---

	<p>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.</p> <p>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</p> <p>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.</p>	<p>conferences where possible. 6. Ensure the flexible working policies are known, understood and followed.</p> <p>Religion & Belief: 1. Positive action to include training on interview skills</p> <p>Sexual orientation: 1. Positive action including skills interview training and internal coaching as well as signposting to LGBT Forum</p>
--	---	--

Budget 2019-20: Equality Impact Assessments –Staff

EIA No.	EIA Proposal	
S10	<p>Strategy, Governance and Law: Communications</p> <p>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.</p>	
Groups potentially impacted	Impacts identified	Specific Mitigating Actions (in addition to the generic actions identified above)
<p>In broad terms the proposal to reduce staffing has the potential to have a disproportionately negative impact on the following protected characteristics:</p> <ul style="list-style-type: none"> • Age • Disability • Ethnicity • Sex • Sexual Orientation • Religion/Belief 	<p>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.</p> <p>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</p> <ul style="list-style-type: none"> • Experience barriers to accessing information and getting their views heard. • Suffer from a possible lack of employer awareness and information regarding disability. <p>Note: 4.5% of employee disability data is not known in the service area. The analysis above is based on declared data only.</p>	<p>Age:</p> <ol style="list-style-type: none"> 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. <p>Disability:</p> <ol style="list-style-type: none"> 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

	<p>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:</p> <ul style="list-style-type: none"> • Experience language barriers. • Suffer from a possible lack of employer awareness and information regarding ethnicity. <p>Note: 4.5% of employee ethnicity data is not known in the service area. The analysis above is based on declared data only.</p> <p>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.</p> <p>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</p>	<p>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.</p> <p>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.</p> <p>Religion & Belief: 1. Positive action to include training on interview skills</p>
--	---	--

	<p>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</p> <p>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.</p>	<p>Sexual orientation: 1. Positive action including skills interview training and internal coaching as well as signposting to LGBT Forum.</p>
--	---	--

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.

Council Carbon Budgets for 2019/20

Carbon Budget	Budget Lead	2016/17 Carbon Footprint (tonnes CO ₂) *	2017/18 Carbon Footprint (tonnes CO ₂ e) *	2017/18 Spend (net £) *	2018/19 Carbon Footprint Budget Target (tonnes CO ₂ e) **	2019/20 Carbon Footprint Budget Target (tonnes CO ₂ e) ***
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).

Subject:	Supplementary Financial Information for Budget Council		
Date of Meeting:	28 February 2019		
Report of:	Executive Director of Finance & Resources		
Contact Officer:	Name:	James Hengeveld	Tel: 29-1242
	E-mail:	James.Hengeveld@brighton-hove.gov.uk	
Wards Affected:	All		

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

- 1.1 To update Members with further budget information and revisions since the General Fund Revenue Budget, Council Tax and Capital Strategy 2019/20 report was considered at Policy, Resources & Growth Committee on the 14 February 2019.
- 1.2 The proposed budget is based on the Administration's proposed increase to the City Council element of the Council Tax of 2.99%. Incorporating the Police and Fire elements of the council tax, the overall increase for most residents of Brighton & Hove will be 4.04%.

2. RECOMMENDATIONS:

- 2.1 That Council use the statutory budget calculation and the Council Tax Resolution set out in this report for a 2.99% council tax increase as the basis of debate at the meeting.

3. CONTEXT / BACKGROUND INFORMATION***2019/20 General Fund Budget & Council Tax***

- 3.1 The new and revised information likely to be covered in this report was set out in paragraph 8.3 of the 14 February 2019 Policy, Resources & Growth committee report and covers the following:-
 - Any other grants that are announced before Budget Council;
 - The agreed Council Tax set by the East Sussex Fire Authority & 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.

Other Changes

- 3.2 At its meeting on 14 February 2019, Policy, Resources & Growth Committee approved amendments to the Housing Revenue Account budget including changes to the capital investment programme and the creation of a new Rent Support Reserve. These

changes have been fully reflected in the Housing Revenue Account Budget and Capital Investment Programme 2019/20 and Medium Term Financial Strategy, and the General Fund Revenue Budget, Council Tax and Capital Strategy 2019/20.

- 3.3 In summary, the amendments increase the council's overall Capital Investment Programme 2019/20 from £156.650m to £163.650m. The capital programme changes are reflected in Appendix 4 of the HRA report and in Appendix 1 (Budget Book) of the General Fund report. Associated changes to the financing of the capital programme including borrowing, Right-to-Buy receipts and reserves are fully incorporated in the HRA report and appendices and in the Capital Strategy (Appendix 2) within the General Fund report.

Council Tax

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

TABLE 9: Council Tax			
	2019/20 Band D Council Tax	Change on 2018/19	Percentage change
Brighton & Hove City Council	£1,595.45	£46.38	2.99%
Sussex Police & Crime Commissioner	£189.91	£24.00	14.47%
East Sussex Fire Authority	£93.67	£2.67	2.93%
Total for Brighton and Hove residents	£1,879.03	£73.05	4.04%

Budget and Council Tax Appendices

- 3.5 Details of the additional council taxes paid by residents of Rottingdean Parish and Enclosure Committees for the maintenance of gardens in Hanover Crescent, Marine Square and Royal Crescent are given in Appendix 10.
- 3.6 The list of new budget and council tax appendices attached to this report is included under Supporting Documentation below.

SUPPORTING DOCUMENTATION

Appendices:

9. The statutory calculations required under the 1992 Local Government Act.10
10. Proposed full resolution for Budget Council.

Documents in Members' Rooms

1. No further documents.

Background Documents

1. No further background documents.

APPENDIX 9

CALCULATION OF BRIGHTON & HOVE'S COUNCIL TAX REQUIREMENT AND COUNCIL TAX

CALCULATIONS REQUIRED UNDER THE LOCAL GOVERNMENT FINANCE ACT 1992

S31A Expenditure	£	£
Gross Revenue expenditure on Brighton & Hove services	694,293,594	
Contingency	540,000	
Transfer to business rates collection fund	2,084,059	
Transfer to council tax collection fund	476,942	
Levies	178,172	
Special items	27,233	
Parish precept	48,740	
		697,648,740
Income		
Government Grants, fees and charges	494,172,696	
Business Rates Local Share	55,942,304	
Contribution from reserves	3,806,000	
		553,921,000
Council Tax Requirement (R)		143,727,740

S31B	R = Council Tax Requirement	143,727,740
	T = Taxbase	90,038.50
	R/T = Basic Council Tax	1,596.29

S34	(i) S34 (2)	
	B = Section 31B Calculation	1,596.29
	A = Total of Special Items (as defined in S35)	75,973
	T = Taxbase	90,038.50
	B - (A / T) = Council Tax for areas with no special items	1,595.45
	(ii) S34 (3)	
	C = Section 34 (2) calculation	1,595.45
	S =	
	Rottingdean Parish special item	48,740
	Hanover Crescent Enclosure Committee special item	8,097
	Marine Square Enclosure Committee special item	11,056
	Royal Crescent Enclosure Committee special item	8,080
	TP =	
	Rottingdean Parish taxbase	1,572.40
	Hanover Crescent Enclosure Committee taxbase	40.10
	Marine Square Enclosure Committee taxbase	78.00
	Royal Crescent Enclosure Committee taxbase	30.60
	C + (S / TP) = Council Tax for areas with special items:-	
	Rottingdean Parish	1,626.45
	Hanover Crescent Enclosure Committee	1,797.37
	Marine Square Enclosure Committee	1,737.19
	Royal Crescent Enclosure Committee	1,859.50

General Fund Revenue Budget 2019/20

Formal Council Tax Resolution

1. It be noted that on 24 January 2019 the council calculated the Council Tax Base 2019/20:
 - (a) for the whole Council area as 90,038.5 (Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the “Act”)); and
 - (b) for dwellings in those parts of its area to which special items relate: -
 - Rottingdean Parish – 1,572.40
 - Hanover Crescent Enclosure – 40.10
 - Marine Square Enclosure – 78.00
 - Royal Crescent Enclosure – 30.60
2. Calculate that the Council Tax requirement for the council’s own purposes for 2019/20 (excluding Parish precepts) is £143,679,000.
3. That the following amounts be calculated for the year 2019/20 in accordance with Sections 31 to 36 of the Act:
 - (a) £697,648,740 being the aggregate of the amounts which the council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils;
 - (b) £553,921,000 being the aggregate of the amounts which the council estimates for the items set out in Section 31A(3) of the Act;
 - (c) £143,727,740 being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Act);
 - (d) £1,596.29 being the amount at 3(c) above (Item R), all divided by Item T (1(a) above), calculated by the council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish precepts);
 - (e) £75,973 being the aggregate amount of all special items referred to in Section 34(1) of the Act;
 - (f) £1,595.45 being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by the Item T (1(a) above), calculated by the council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special items relates;
 - (g)

£1,626.45	Rottingdean Parish
£1,797.37	Hanover Crescent
£1,737.19	Marine Square
£1,859.50	Royal Crescent

being the amounts given by adding to the amount at 3(f) above the amounts of the special item or items relating to dwellings in those parts of the council's area mentioned above divided in each case by the relevant amount at 1(b) above, calculated by the council, in accordance with Section 34(3) of the Act, as the basic amounts of its council tax for the year for the dwellings in those parts of its area to which one or more special items relate.

Band:	A*	A	B	C	D	E	F	G	H
Parts of the Council's area	£	£	£	£	£	£	£	£	£
Rottingdean Parish	903.58	1,084.30	1,265.02	1,445.73	1,626.45	1,987.88	2,349.32	2,710.75	3,252.90
Hanover Crescent	998.54	1,198.25	1,397.95	1,597.66	1,797.37	2,196.79	2,596.20	2,995.62	3,594.74
Marine Square	965.11	1,158.13	1,351.15	1,544.17	1,737.19	2,123.23	2,509.27	2,895.32	3,474.38
Royal Crescent	1,033.06	1,239.67	1,446.28	1,652.89	1,859.50	2,272.72	2,685.94	3,099.17	3,719.00
All other parts of the council's area	886.36	1,063.63	1,240.91	1,418.18	1,595.45	1,949.99	2,304.54	2,659.08	3,190.90

* Entitled to disabled relief

4. To note that the Police & Crime Commissioner and the Fire Authority have issued precepts to the council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the council's area as indicated in the table below.

Band:	A*	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£	£
Sussex Police & Crime Commissioner	105.51	126.61	147.71	168.81	189.91	232.11	274.31	316.52	379.82

* Entitled to disabled relief

Band:	A*	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£	£
East Sussex Fire Authority	52.04	62.45	72.85	83.26	93.67	114.49	135.30	156.12	187.34

* Entitled to disabled relief

5. That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the tables below as the amounts of Council Tax for 2019/20 for each part of its area and for each of the categories of dwellings.

Band:	A*	A	B	C	D	E	F	G	H
Parts of the Council's area	£	£	£	£	£	£	£	£	£
Rottingdean Parish	1,061.13	1,273.36	1,485.58	1,697.80	1,910.03	2,334.48	2,758.93	3,183.39	3,820.06
Hanover Crescent	1,156.09	1,387.31	1,618.51	1,849.73	2,080.95	2,543.39	3,005.81	3,468.26	4,161.90
Marine Square	1,122.66	1,347.19	1,571.71	1,796.24	2,020.77	2,469.83	2,918.88	3,367.96	4,041.54
Royal Crescent	1,190.61	1,428.73	1,666.84	1,904.96	2,143.08	2,619.32	3,095.55	3,571.81	4,286.16
All other parts of the councils area	1,043.91	1,252.69	1,461.47	1,670.25	1,879.03	2,296.59	2,714.15	3,131.72	3,758.06

* Entitled to disabled relief

6. In accordance with Section 52ZB of the Local Government Finance Act 1992 the Council determines its relevant basic amount of council tax for the financial year 2019/20 is not excessive.

28 February 2019

Brighton & Hove City Council

Subject:	HRA Budget & Capital Investment Programme 2019/20 and Medium Term Financial Strategy. Extract from the proceedings of the Policy, Resources & Growth Committee meeting held on the 14th February 2019.		
Date of Meeting:	28 February 2019		
Report of:	Executive Lead Officer for Strategy, Governance & Law		
Contact Officer:	Name:	Shaun Hughes	Tel: 01273 290569
	E-mail:	shaun.hughes@brighton-hove.gov.uk	
Wards Affected:	All		

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

To receive the item referred from the Policy, Resources & Growth Committee for decision:

Recommendations:

- (1) That the updated HRA revenue budget for 2019/20 as shown in Appendix 2 to the report (as amended for any change to reserves arising from recommendations (3) and (6) below) be approved;
- (2) That the capital programme budget of £26.964m for 2019/20 be approved and the 3 year programme as set out in Appendix 4 to the report (as amended for any change to the capital programme arising from recommendations (4), (5) and (6) below) be noted;
- (3) That a HRA Rent Support Reserve of £1.050m be created, through a reduction in the reserve funding of the HRA capital programme by borrowing the same, and to apply this reserve in the form of a subsidy over the lifetime of modelled new schemes in order to support the provision of new council homes at lower rents, particularly social rents and 27.5% living wage rents;
- (4) That the Purchase Properties budget be increased by £3.500m and added to the 2019/20 HRA Capital programme to be funded by HRA borrowing and Right to Buy receipts; and
- (5) That a budget of £3.500m be added to the 2019/20 HRA Capital programme to purchase buildings to provide emergency homeless accommodation for in-house delivery by the council to be funded by HRA borrowing and RTB receipts.

Note: The report listed in the agenda has been updated so that all the financial information and financial implications take account of the recommendations above resulting from the approval of the amendment at the Policy, Resources & Growth Committee meeting on the 14th February, 2019.

BRIGHTON & HOVE CITY COUNCIL
POLICY, RESOURCES & GROWTH COMMITTEE

4.00pm 14 FEBRUARY 2019

COUNCIL CHAMBER, HOVE TOWN HALL

MINUTES

Present: Councillors Yates (Chair), Hamilton (Deputy Chair, Finance), Janio (Opposition Spokes), Bell, Daniel, Gibson, Mitchell, Peltzer Dunn, Sykes and Wealls.

PART ONE

128 HOUSING REVENUE ACCOUNT BUDGET AND CAPITAL INVESTMENT PROGRAMME 2019/20 AND MEDIUM TERM FINANCIAL STRATEGY

128.1 The Committee considered a joint report of the Executive Director for Finance & Resources and the Executive Director for Neighbourhoods, Communities & Housing, which detailed the proposed Housing Revenue Account (HRA) revenue and capital budget for 2019/20 as required by the Local Government & Housing Act 1989.

128.2 Councillor Gibson proposed the following amendment and stated that he felt that the amendment should be considered by the committee in sections and made the following comments:

- The importance of affordable rents was not to be underestimated;
- The Council buying homes and emergency accommodation was a good idea;
- It was good to spend-to-save and resources identified in the report could expand the scheme;
- The loss of units under the Right-to-buy scheme was almost balanced by the replacement units built by the authority; and
- Fully approved of housing as a top priority.

“To amend the following recommendations, and insert recommendations (3) to (6) as shown below in ***bold italics***:

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 (***as amended for any change to reserves arising from amendments (3) and (6) below***); 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 *(as amended for any change to the capital programme arising from amendments (4), (5) and (6) below)*.

- (3) That a HRA Rent Support Reserve of £1.050m be created, through a reduction in the reserve funding of the HRA capital programme by borrowing the same, and to apply this reserve in the form of a subsidy over the lifetime of modelled new schemes in order to support the provision of new council homes at lower rents, particularly social rents and 27.5% living wage rents;**

Chief Finance Officer Comments

The effect of amendment (a) is to switch the current funding of the capital programme from revenue reserves to borrowing by £1.050m. This will cost approximately £0.031m in borrowing costs from 2020/21. The borrowing costs in 2020/21 and beyond will need to be financed within the HRA revenue budget for 2020/21 and included in budget proposals for this financial year. Depending on agreed rent levels, this may require subsidy from the HRA. Given that HRA rents will begin increasing again from 2020/21, extra revenue resources are potentially available to fund any subsidy but will forego spending on other HRA priorities. Note: there will be no interest due in 2019/20.

The intended purpose of the rent support reserve is to support new housing schemes that are reported to H&NH Committee with an estimated subsidy, enabling rents to be set at a lower level than would otherwise be the case. The use and parameters of this reserve and whether amendments to the rent policy are required would need to be considered. A full equalities impact assessment would also need to be carried out to ensure that the application of this reserve was fair and equitable.

- (4) That the Purchase Properties budget be increased by £3.500m and added to the 2019/20 HRA Capital programme to be funded by HRA borrowing and Right to Buy receipts;**

Chief Finance Officer Comments

This amendment can be funded by a combination of RTB receipts (£1.050m) and borrowing (£2.450m). This would increase the purchase properties budget to £7m for 2019/20. This equates to approximately 32 properties being purchased in 2019/20 based on the average price paid to date. The increase in this budget is likely to require more staffing resources to support this; these costs would need to be met from this capital budget. There is a risk that this budget would not be spent in total given the large increase in budget and the service capacity to deliver this. However, unspent budget can be reprofiled into the following financial year.

The capital programme and business plan already assumes that RTB receipts up to 2021/22 will be fully utilised by the estimated pipeline of schemes within the New Homes for Neighbourhoods programme. The extra £3.500m of expenditure funded by RTB receipts included in this amendment would therefore replace this assumed future expenditure, reducing the 2020/21 to 2021/22 resources (currently £21.410m) for other pipeline schemes by £3.500m.

By effectively bringing this £3.500m forward 1 year, this will result in additional borrowing costs in 2020/21 of approximately £0.074m. Depending on agreed rent levels, this may require subsidy from the HRA. Given that HRA rents will begin increasing again from 2020/21, extra revenue resources are potentially available to fund any subsidy but this will forego spending on other HRA priorities. Note: there will be no interest due in 2019/20.

- (5) That a budget of £3.500m be added to the 2019/20 HRA Capital programme to purchase buildings to provide emergency homeless accommodation for in-house delivery by the council to be funded by HRA borrowing and RTB receipts;**

Chief Finance Officer Comments

The additional budget of £3.500m could be added to the HRA capital programme for 2019/20 and potentially funded by RTB receipts (£1.050m) and borrowing (£2.450m) but it would still require a detailed report to this committee on all of the associated revenue implications (HRA and General Fund) of providing this type of accommodation to ensure that such a scheme was viable and cost effective. This means the committee does have the alternative option of waiting for this further report rather than adding this scheme to the capital programme now. Importantly, it is still not confirmed whether or not such a scheme would be able to utilise RTB receipts and this will be pursued with the Ministry for Housing, Communities and Local Government (MHCLG). The detailed report back to committee would include all implications about the funding of such a project.

Based on similar projects delivered within the HRA, it is unlikely that the scheme would be viable without the use of RTB receipts. If this budget is approved and the purchase of properties for use as Emergency Accommodation does not provide Value for Money, any budget variations, up or down, will be made in accordance with the council's Financial Regulations and Standard Financial Procedures.

The capital programme and business plan already assumes that RTB receipts up to 2021/22 will be fully utilised by the estimated pipeline of schemes within the New Homes for Neighbourhoods programme. The extra £3.500m of expenditure funded by RTB receipts included in this amendment would therefore replace this assumed future expenditure, reducing the 2020/21 to 2021/22 resources (currently £21.410m) for other pipeline schemes by £3.500m.

By effectively bringing this £3.500m forward 1 year will result in additional borrowing costs in 2020/21 of approximately £0.074m. Depending on agreed rent levels, this may require subsidy from the HRA. Given that HRA rents will begin to increase again from 2020/21, extra revenue resources are potentially available to fund any subsidy but this will forego spending on other HRA priorities. Note: there will be no interest due in 2019/20.

- (6) That the Estate Development Budget be increased by £0.050m to £0.405m in the 2019/20 HRA Capital programme, funded from HRA useable reserves.**

Chief Finance Officer Comments

The amendment would mean the use of revenue reserves to fund this increase in budget, therefore reducing useable reserves at March 2020 to £3.086m. It should be noted that there is currently a review of EDB being carried out with tenants.”

- 128.3 Supporting information to the proposed amendment had been circulated to Members and officers before the meeting.
- 128.4 Councillor Sykes formally seconded the amendment.
- 128.5 The Chair asked if the £7m was for the total of 32 properties that had been bought by the authority and whether the Estate Development Budget (EDB) was over or under spent.
- 128.6 The Executive Director for Finance & Resources confirmed that it was correct and the HRA covered the full cost and that the EDB was under budget and was currently being reviewed. It was noted that the EDB could be spent without coming to committee.
- 128.7 Councillor Janio asked if current projects were to go ahead should EDB funds be available.
- 128.8 The Executive Director for Finance & Resources confirmed that the funds were available.
- 128.9 The Chair noted the request to take each of the revised recommendations of the amendment individually and therefore put each recommendation as amended to the vote. The Chair confirmed that recommendations (1) to (5) as amended had been carried and that the additional recommendation (6) had been lost.
- 128.10 **RESOLVED TO RECOMMEND:**
- (1) That the updated HRA revenue budget for 2019/20 as shown in Appendix 2 to the report (as amended for any change to reserves arising from recommendations (3) and (6) below) be approved;
 - (2) That the capital programme budget of £26.964m for 2019/20 be approved and the 3 year programme as set out in Appendix 4 to the report (as amended for any change to the capital programme arising from recommendations (4), (5) and (6) below) be noted;
 - (3) That a HRA Rent Support Reserve of £1.050m be created, through a reduction in the reserve funding of the HRA capital programme by borrowing the same, and to apply this reserve in the form of a subsidy over the lifetime of modelled new schemes in order to support the provision of new council homes at lower rents, particularly social rents and 27.5% living wage rents;

- (4) That the Purchase Properties budget be increased by £3.500m and added to the 2019/20 HRA Capital programme to be funded by HRA borrowing and Right to Buy receipts; and
- (5) That a budget of £3.500m be added to the 2019/20 HRA Capital programme to purchase buildings to provide emergency homeless accommodation for in-house delivery by the council to be funded by HRA borrowing and RTB receipts.

28 February 2019

Brighton & Hove City Council

Subject:	Housing Revenue Account Budget and Capital Investment Programme 2019/20 and Medium Term Financial Strategy		
Date of Meeting:	28 February 2019 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 £33.964m 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 £33.964m is approved for 2019/20. The total proposed programme for 2019/20 and the funding arrangements totalling £53.585m 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 Accommodation.
 - 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 £80.911m 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 Common hold 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 At Policy, Resources & Growth Committee on 14th February, the committee approved amendments to the proposed HRA budget as follows:
- a) *That a HRA Rent Support Reserve of £1.050m be created, through a reduction in the reserve funding of the HRA capital programme by borrowing the same, and to apply this reserve in the form of a subsidy over the lifetime of modelled new schemes in order to support the provision of new council homes at lower rents, particularly social rents and 27.5% living wage rents;*
 - b) *That the Purchase Properties budget be increased by £3.500m and added to the 2019/20 HRA Capital programme to be funded by HRA borrowing and Right to Buy receipts;*
 - c) *That a budget of £3.500m be added to the 2019/20 HRA Capital programme to purchase buildings to provide emergency homeless accommodation for in-house delivery by the council to be funded by HRA borrowing and RTB receipts.*
- 11.2 This report has been updated to reflect the approved amendments for recommendation to full Council. As advised to Policy, Resources & Growth Committee there are a number of financial and other implications arising from the amendments as follows:
- As a result of increasing the amount of borrowing by £1.050m, the HRA will need to fund additional borrowing costs of £0.031m per year from 2020/21 onwards. This is reflected in the Medium Term Financial Strategy.
 - The use and parameters of the proposed Rent Support Reserve of £1.050m need to be considered, including whether or not amendments to the rent

policy are required. In addition, a full equalities impact assessment needs to be undertaken to ensure that the application of this reserve is fair and equitable.

- The 'Purchase Properties' capital budget for 2019/20 has been increased from £3.500m to £7.000m. There is a potential risk that this budget will not be spent in total given the large increase in budget and the available service capacity to deliver this. The costs of any extra resources required to achieve delivery may therefore need to be met from within this capital budget.
- The new capital budget of £3.500m for the purchase of emergency temporary accommodation has been added to the HRA Capital Programme for 2019/20 funded by RTB receipts (£1.050m) and borrowing (£2.450m). In accordance with Financial Regulations, this scheme will require a detailed report to this committee, and potentially Policy, Resources & Growth Committee, on all of the associated revenue implications (HRA and General Fund) of providing this type of accommodation to ensure that such a scheme is financially viable and cost effective.

Finance Officer Consulted: Monica Brooks

Date: 19/02/19

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

HRA Revenue 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)
Explanation of Significant Variances (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 the 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 from Right to Buy sales, which is reinvested in new build stock requiring less maintenance. 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	7,796
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
Rent Support Reserve	0	0	1,050	Earmarked Reserve
Mobilisation 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	7,770	

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	2.1%	The increase reflects pay and price inflation.
Door Entry Servicing and Maintenance	4,305	1,709	£0.48	£0.49	£0.01	2.1%	The increase reflects annual contract inflation.
Electricity - Communal Ways	5,338	2,143	£0.72	£0.88	£0.16	22.2%	The change is mainly as a result of higher electricity prices.
Grounds Maintenance	5,667	2,105	£0.70	£0.71	£0.01	1.4%	The increase reflects annual contract inflation.
Lift Servicing and Maintenance	2,530	776	£0.91	£0.94	£0.03	3.3%	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	4.0%	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	2.1%	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	10.1%	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	3.1%	The increase is mainly driven by 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 & Lightning 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

	<i>For Info</i>	For Approval	<i>For info</i>				
EXPENDITURE	<i>Original Budget 2018/19</i>	Proposed Budget 2019/20	<i>Profiled Budget 2019/20</i>	<i>Total Budget 2019/20</i>	Provisional Budget 2020/21	Provisional Budget 2021/22	Description
	<i>£'000</i>	£'000	<i>£'000</i>	<i>£'000</i>	£'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

	<i>For Info</i>	For Approval	<i>For info</i>				
EXPENDITURE	<i>Original Budget 2018/19</i>	Proposed Budget 2019/20	<i>Profiled Budget 2019/20</i>	<i>Total Budget 2019/20</i>	Provisional Budget 2020/21	Provisional Budget 2021/22	Description
	<i>£'000</i>	£'000	<i>£'000</i>	<i>£'000</i>	£'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					14,410	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 of Emergency Temporary Accommodation		3,500		3,500			Scheme added at PR&G Committee on 14 February 2019. Detailed report to be presented to Housing & New Homes Committee in June 2019.
Purchase properties	2,763	5,500	1,500	7,000	2,000	2,000	Increasing housing supply through 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.

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	
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.
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	10,432	13,445	23,877	17,888	21,664	
Total Programme	54,578	33,964	19,621	53,585	39,217	44,533	
Programme Funding							
Revenue Contribution to Capital		22,432	2,672	25,104	26,933	27,729	Funding from revenue surpluses.
Borrowing		7,303	10,836	18,139	7,438	10,387	Borrowing required mainly for new build schemes.
HRA reserves		750	1,400	2,150	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		3,129	3,891	7,020	4,019	5,657	Retained RTB receipts for New Build
Energy Grants/FITs		180		180	180	180	Funding to support sustainability and carbon projects.
Land Release Funding			475	475			Funding for works at Selsfield Drive and Victoria Rd.
Total Funding	54,578	33,964	19,621	53,585	39,217	44,533	

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	65,291	8,031
2020/21	5,631	76,030	78,688	2,658
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 £79.766m 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	17,397	17,481	17,785
Repairs and Maintenance	9,394	10,195	10,466
Other Costs	639	652	665
Borrowing costs	6,255	6,704	6,713
Total Expenditure	33,685	35,032	35,629
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)	(26,933)	(27,729)

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	38,577	54,367	70,785	65,919	229,648
Total Expenditure	178,577	208,007	417,308	476,703	1,280,595
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	(131,048)	(145,842)	(391,958)	(495,146)	(1,163,994)
Capital Expenditure					
Capital investment programme	134,634	118,636	220,260	379,152	852,682
Development	80,911	43,515	20,000	20,000	164,426
Total Expenditure	215,545	162,151	240,260	399,152	1,017,108
Funded By:					
Other Capital Income	(27,995)	(13,055)	(6,000)	(6,000)	(53,050)
Borrowing	(51,984)	(23,308)	-	-	(75,292)
Direct Revenue Funding	(131,048)	(145,842)	(391,958)	(495,146)	(1,163,994)
Total Funding	(211,027)	(182,205)	(397,958)	(501,146)	(1,292,335)
Opening HRA reserves	(7,853)	(6,136)	(27,347)	(185,046)	(7,853)
(To) / From Reserves	1,717	(21,211)	(157,699)	(101,994)	(279,187)
Cash surplus at year 30	(6,136)	(27,347)	(185,046)	(287,040)	(287,040)

Appendix 6 – Integrated Service & Financial Plan (detailed savings proposals)

Section	Service Area			Service and Financial Strategy			Savings Detail		
	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)

Section	Service Area			Service and Financial Strategy			Savings Detail		
	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 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)

Section	Service Area			Service and Financial Strategy			Savings Detail		
	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
						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)

Section	Service Area			Service and Financial Strategy			Savings Detail		
	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
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

28 February 2019

Brighton & Hove City Council

Legal, Financial and Practical Consequences of Failure or Delay in Setting Council Tax**1 Summary**

- 1.1 The Council has a legal duty to set a lawful budget in time.
- 1.2 Members jointly and severally (individually and collectively) have a fiduciary duty to Council Tax payers.
- 1.3 This means they have a duty to facilitate, rather than obstruct, the setting of a lawful budget, a process that requires flexibility and compromise.
- 1.4 Failure to set a lawful budget in time will lead to loss of revenue, significant additional administrative costs as well as reputational damage.
- 1.5 Failure to set a budget may lead to intervention from the Secretary of State under section 15 of the Local Government Act 1999 (as previously seen in Doncaster, Hackney and Tower Hamlets in relation to failure of governance.)
- 1.6 It may give rise to personal liability for individual Members for misfeasance in public office, negligence or breach of statutory duty.
- 1.7 This note explains the position in more detail and makes practical suggestions for Members' consideration.

2 The Legal Duty

- 2.1 Section 30(6) of the Local Government Finance Act 1992 provides that the Council has to set its budget before 10 March in the financial year preceding the one in respect of which the budget is set. This means the Council has a duty to set the 2019/20 budget before 10 March 2019.
- 2.2 If the budget is set after that date, the Act says the failure to set a budget within the deadline does not, in itself, invalidate the budget. However, such delay may have significant financial, administrative and legal implications, including potential individual liability of any Member who contributed to the failure to set a budget.
- 2.3 Section 66 of the 1992 Act provides that failure to set a Council tax (or delay in setting a Council tax) shall not be challenged except by an application for judicial review. The Secretary of State and any other person with an interest or "standing" may apply for judicial review.

3 Financial Implications of Delay

- 3.1 Delay in setting the Council tax means a delay in collecting the tax due not only to the council, but also the precepting authorities such as the police, fire service and others such as the parish council on whose behalf the council acts as a collection authority.

- 3.2 The council has a legal duty to provide a range of statutory services (such as refuse collection, children's services, homelessness, etc.) and is not absolved from its duty because of the late setting of the tax. It also has to pay the monies due to the precepting authorities (such as Fire Service and the Police) whether or not it collects any Council tax.
- 3.3 One significant point that Members need to be aware of is that a delay in setting the budget may affect the council's ability to enter into new agreements with significant financial commitments until and unless the budget is agreed. Otherwise these would be unfunded commitments and therefore potentially unlawful.
- 3.4 Even if the Council sets the budget before 10th March but much later than the planned 28th February Budget Council meeting, there is still likely to be some disruption to the administrative arrangements (such as printing, posting, delivery) that have cost implications.

4 Duty to take the advice of the Chief Financial Officer

- 4.1 Sections 25 to 29 of the Local Government Act 2003 impose duties on the council in relation to how it sets and monitors its budget. These provisions require the council to make prudent allowance for the risk and uncertainties in its budget and regularly monitor its finances during the year. The legislation leaves discretion to the council about the allowances to be made and action to be taken.
- 4.2 Section 25 also requires the Council's Section 151 Chief Financial Officer to make a report to full Council when it is considering its budget and council tax. The report must deal with the robustness of the estimates and the adequacy of the reserves allowed for in the budget proposals, so members will have authoritative advice available to them when they make their decisions.
- 4.3 The section requires members to have regard to the report in making their decisions. Any decision that ignores this advice, including the implications of delay, is potentially challengeable.

5 Section 114 Report and the Prohibition Period

- 5.1 Section 114 of the Local Government Finance Act 1988 puts an obligation on the Section 151 Officer (The Executive Director of Finance & Resources) to issue a report "if it appears to him that the expenditure (including proposed expenditure) is likely to exceed the resources (including borrowing) available to the council." He would also be under a similar obligation if he became aware of a course of action which, if pursued, would be unlawful and likely to cause loss or deficiency on the part of the authority. The S151 Officer has to consult the Chief Executive and the Monitoring Officer before issuing the report.
- 5.2 If such a report were issued, a copy of it must be sent to the council's auditors and every Member of the Council. Full Council must consider the report within 21 days at a meeting where it must decide whether it agrees or disagrees with the views contained in the report and what action (if any) it proposes to take. Between the issuing of the report and the day after the meeting ("the probation

period”) the council is precluded from entering into new agreements involving the incurring of expenditure except in certain limited circumstances where expenditure can be authorised by the Chief Financial Officer. The legislation also provides that during the prohibition period “the course of conduct which led to the report being made shall not be pursued.” Failure to take appropriate action in response to such a report may lead to the intervention of the council’s auditor.

- 5.3 It is not possible to say in advance for certain whether such a report would be issued, but, the longer the setting of the budget is delayed, the greater the likelihood that a section 114 report may be issued.

6 Monitoring Officer Report

- 6.1 Section 5 of the Local Government & Housing Act 1989 imposes on the Monitoring Officer an obligation similar to that of the S151 Officer with the same consequences if it appears to him/her that what the Council has done or is proposing to do is likely to contravene a rule of law or any code of practice made or approved by or under any enactment or maladministration. The Monitoring Officer is also under a duty to warn Members of the consequences under the Code of Conduct for Members.
- 6.2 The Section 114 and Section 5 reports may be joint or separate and, if separate, they may be issued concurrently or at different times.

7 Code of Conduct Consequences

- 7.1 The Localism Act 2011 imposes a duty on Members to abide by the Code of Conduct for Members. In interpreting the Code, regard must be had to the General Principles of Public Life, including the requirement that they should make decisions in accordance with the law.
- 7.2 Members have an active duty to ensure that the Council sets a lawful budget. Voting against proposals repeatedly, knowing that the result means no lawful budget will be set, is incompatible with Members’ obligations under the Code as it is bound to bring the council into disrepute.

8 Personal Liability of Members

- 8.1 Notwithstanding the abolition of surcharges, if a Member’s wilful misconduct is found to have caused loss to the council, the Member may be liable to make good such loss under the principle approved by the House of Lords in *Porter v Magill.1 (2002)*.
- 8.2 Depending on the exact role played by a Member, and the seriousness of the loss incurred, a Member could, in principle, be guilty of the tort and crime of misfeasance in public office. The indemnity cover that Members are provided with by the Council does not include actions that constitute an offence or are reckless.
- 8.3 It is also possible (in theory) for a Member to be liable in negligence and or breach of statutory duty.

8.4 It must be pointed out that one would probably need to prove that what the Members were doing was deliberate or reckless and involved persistent failure to facilitate the setting of a lawful budget before it attracts liability of the sort referred to in the preceding paragraphs. The longer the setting of a budget is delayed, and the more repeatedly the Member/s “blocks” the setting of a lawful budget, the more likely for the liability to arise.

9 Intervention by the Secretary of State

9.1 The Local Government Act 1999 imposes a duty on the council “...to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.”

9.2 Section 15 of the Act gives the Secretary of State the power to intervene and take a range of measures. The powers of the Secretary of State are very extensive and include:

- (a) Directing the council to take any action which he/she considers necessary or expedient to secure its compliance with the requirements of this Part (for example, setting a budget by a specified date);
- (b) The Secretary of State, or a person nominated by him/her, exercising the council's functions (such as setting the Council tax) for a period specified in the direction or for so long as the Secretary of State considers appropriate, and
- (c) Requiring the council to comply with any instructions of the Secretary of State or their nominee in relation to the exercise of that function and to provide such assistance as the Secretary of State or their nominee may require for the purpose of exercising the function.

9.3 If the Secretary of State decides to intervene on the issue of setting the Council Tax, he/she need not set the full budget and could, for example, direct the Council to set a budget at a Council Tax freeze level by a set date leaving the council to work out the detailed savings for each service.

9.4 The Secretary of State is expected to exercise the powers after consulting the local authority and it usually follows a report from external auditors, by an inspector appointed by the Secretary of State, by Ofsted or similar body, although this is not a requirement in cases of urgency. The measure is stated to be one of last resort and is itself, challengeable by way of judicial review. The Audit Commission (and its successor body the National Audit Office) used certain guidance in deciding whether to refer a local authority to the Secretary of State to use his powers under section 15. These include cases where there are:

- Serious service failures in an authority that could result in danger or harm to the public;
- Persistent failures by an authority to address recommendations made by inspectors or auditors;

- Serious failures in a number of services in an authority, which reveal fundamental weaknesses in an authority's corporate capacity to manage services and make improvements;
 - Serious failures in corporate governance arrangements or capacity whether or not there is serious service failure; and
 - Other circumstances that demonstrate a serious or persistent failure to comply with the requirements of Part 1 of the Local Government Act 1999, which includes the requirement that authorities make arrangements to secure continuous improvement in the exercise of their functions.
- 9.5 The Secretary of State has exercised the powers under section 15 by intervening in the case of Hackney London Borough Council in 2001 and Doncaster in 2013. More recently, the Secretary of State has used these powers to put in place a set of intervention measures against Tower Hamlets London Borough Council, for failure to comply with the best value duty. These same powers would be available to the Secretary of State if he is of the view that there is failure on the part of the Council to set a budget expeditiously resulting or risking financial loss or failure in services.
- 9.6 The direction of the Secretaries of State for Communities and for Education given in the Doncaster case is attached as an annex to this report for information. None of the cases where the Secretary of State exercised section 15 powers seem to relate to failure or delay in the setting of Council Tax.
- 9.7 It is unlikely that the Secretary of State would intervene and set a budget for the council immediately after the 10th March deadline passes. There is also no certainty that he/she would necessarily do so until matters reach a much more serious point. This is because:
- (a) Section 30 (6) of the Local Government Finance Act 1992 provides that that failure to set a Council tax by the deadline shall not invalidate the council tax;
 - (b) Section 66 of the Act provides that any failure to set the Council tax shall not be questioned otherwise than by way of an application for judicial review;
 - (c) The exercise of the section 15 powers require a much more serious, systematic and persistent failure (failure similar to the one in Hackney, Doncaster or Tower Hamlets). The current financial and other governance and service delivery position of the council is nowhere near anything approaching the failings identified in those authorities.
- 9.8 Given the complexity of setting a budget (the Secretary of State will have to do the same calculations and assessments the council has) it is not a straightforward process and it is questionable if the Secretary of State or a person nominated by them could do it quicker. He/she is more likely to give directions for the council to set its budget by a particular date and take particular steps and within specified parameters rather than setting it themselves.

9.9 By way of example, when there was a dispute with local authorities defying the government in the 1980s, Liverpool City Council did not set their budget until 9th June and the government did not invoke any special powers. Lord Hailsham, in giving judgement on whether the expectation to set local taxes for a financial year was mandatory or directory, referred to delays of “months rather than days or weeks.” Therefore, missing the 10th March deadline by a few days may not, in itself, be a sufficient ground for intervention. But the cumulative effect of delay, uncertainty and effect on third parties and service users may tip the balance in favour of intervention.

10 Reputational damage

10.1 Whatever its political make up or whatever the local challenges, the council has had a strong financial and corporate governance reputation. Failure to set a Council Tax and any intervention by the Secretary of State whether formal, informal or even references to failure to set the tax will have significant adverse impact on the council’s reputation locally and nationally. This is not simply a theoretical concept; it has real practical impact in terms of investor confidence, peoples’ preparedness to work with the council and even on Council Tax collection rates as residents may see the council as wasteful, procrastinating and/or inefficient. Reputation and credibility is hard to earn but, once lost, difficult to regain.

11 Practical Advice to Members

11.1 The council as a corporate body, and Members (both individually and collectively), have a fiduciary duty to Council Tax payers to avoid doing anything that would result in loss of revenue or failure to deliver services. In addition to Members’ legal obligations, they also have the moral and democratic obligation to set the budget on behalf of the people who elected them.

11.2 There is always a tension between Members’ desire to vote for what they believe to be the right decision on the one hand and the legal obligation to set a lawful budget on time and avoid any loss to the council. Each budget setting round has its own dynamics and permutations and it is difficult to generalise as to what a Member should do. At the risk of over simplification, a suggested practical approach would be:

- (a) Members should always strive to facilitate, rather than frustrate, the setting of a lawful budget;
- (b) As no Group currently has an overall majority in the Council, all Groups and each Member should, where possible, try to reach compromise and agreement beforehand so as to deliver a lawful budget with majority support on time;
- (c) If there is failure to reach agreement, then, until it becomes clear that the Council may not be able to agree a budget, Members are free to vote as they see fit;

- (d) If it becomes clear (for example as a result of an initial vote) that there is no majority support for any budget but there is a realistic prospect of such an agreement if Members are given additional time for negotiation, then Members should consider a short adjournment, or adjournment to another day, whichever is more appropriate. This would be informed by the advice from the Chief Executive after checking with each of the Group Leaders and the advice from the S151 Officer and the Monitoring Officer.
- (e) If Members do not consider that an adjournment would resolve the impasse or there has been an adjournment and no agreement reached that could deliver a majority, then officers' advice would be:
- (i) To identify composite amendments (amendments that have cross party-support) and for all Members to vote for these amendments;
 - (ii) When it comes to the substantive vote, for Members who support the PR&G Committee proposals (with the composite amendments) to vote for the proposal;
 - (iii) For members who do not support the proposal, but are unable to secure a majority for an alternative/amendment budget, to support the substantive budget as amended, or, at least, abstain;
 - (iv) In the event of PR&G Committee failing to agree on a recommendation to Budget Council, the reference in the preceding sub-paragraphs to "PR&G Committee proposals" shall read as referring to the recommendations of the Executive Director of Finance & Resources as presented in the report to the Policy, Resources & Growth Committee and Council.

This would ensure that the Council sets a lawful budget and avoids the damaging legal and practical consequences discussed above as well as keeping the setting of local taxes locally and preserve the council's governing reputation.

- 11.3 The above advice is based on the fact that, unlike other times when a proposal that fails to gain the support of a majority of Members simply falls and the status quo prevails, the status quo is not a legal option when it comes to the budget. The nearest legal option the Council has to a status quo is the PR&G Committee proposals.

12 Conclusion

- 12.1 The Council has a duty to set a lawful budget before 10th March.
- 12.2 Each Member has an obligation to facilitate, rather than frustrate, the setting of a lawful budget in time.
- 12.3 Failure to discharge that duty may leave Members at risk of breaking the Code of Conduct for Members and possibly expose them to legal liability.
- 12.4 It is also possible that, if there is a prolonged delay, the Secretary of State may exercise his/her powers under section 15 of the Local Government Act 1999 to

step in and make the decision or ask another person to do so, which would damage the council's governing reputation.

- 12.5 If, after all reasonable attempts are made, it is not possible to find a majority support for any budget (i.e. unable to get the budget through) then the most appropriate thing to do, in officers' view, would be for Members who support the PR&G Committee recommendations to vote for the recommendations and those who do not support the PR&G Committee proposals (with composite amendments) to vote for the budget, or at the very least abstain, unless they are in a position to put forward proposals that have majority support..

**Geoff Raw,
Chief Executive**

**Abraham Ghebre-Ghiorghis,
Monitoring Officer and
Executive Lead Officer:
Strategy, Governance & Law**

**David Kuenssberg,
(Section 151 / Chief Finance Officer)
Executive Director,
Finance & Resources**

DIRECTION UNDER SECTION 15(5) OF THE LOCAL GOVERNMENT ACT 1999 AND SECTION 497A(4B) OF THE EDUCATION ACT 1996 TO DONCASTER METROPOLITAN BOROUGH COUNCIL**WHEREAS**

1. The Secretary of State for Communities and Local Government and the Secretary of State for Education (“the Secretaries of State”), have carefully considered the following reports in respect of the Metropolitan Borough Council of Doncaster (“the authority”):
 - a. the Audit Commission’s Corporate Governance Report of 19 April 2010;
 - b. The Edlington Case - A Review by Lord Carlile of Berriew CBE QC at the request of the Secretary of State for Education of 16 November 2012;
 - c. Ofsted’s inspection of local authority arrangements for the protection of children in Doncaster Metropolitan Borough Council dated 16 November 2012; and
 - d. Doncaster Recovery Board’s Recovery Plan Annual Stocktake Report: Assessment of the State of Intervention 2012 of 8 January 2013.
2. The Secretaries of State were satisfied that the authority is failing to comply with the requirements of Part 1 of the Local Government Act 1999 (“the 1999 Act”), and is failing to perform to an adequate standard, or at all, some or all of the functions to which section 497A of the Education Act 1996 (“the 1996 Act”) is applied by section 50 of the Children Act 2004 (“children’s social care functions”), namely:
 - a. social services functions, as defined in the Local Authority Social Services Act 1970, so far as those functions relate to children;
 - b. the functions conferred on the local authority under sections 23C to 24D of the Children Act 1989 (so far as not falling within paragraph (a) above); and
 - c. the functions conferred on the authority under sections 10, 12, 12C, 12D and 17A of the Children Act 2004.
3. The Secretaries of State issued a direction on 17 April 2013, in exercise of their powers under section 15(5) and (6) of the 1999 Act and section 497A(4B) of the 1996 Act, in respect of the authority (“the April 2013 direction”), and that direction remains in force.
4. The Secretaries of State have carefully considered the report and recommendations of Professor Julian Le Grand, dated 24 May 2013, on the most appropriate structure and governance arrangements for delivering improvements to the authority’s children’s social care services.
5. The Secretaries of State remain satisfied that the authority is failing to comply with the requirements of Part 1 of the 1999 Act, and is failing to perform to an adequate standard, or at all, some or all of their children’s social care functions.
6. The Secretaries of State propose:

- a. to appoint a person (“the Commissioner for Children’s Social Care”) to act as a Commissioner for the purposes of:
 - i. the April 2013 direction (including, in particular, for the purposes of paragraph 4.iii. of that direction); and
 - ii. this direction;
 - b. to establish, or to secure the establishment of, a company (“the Trust”) for the purposes of, in particular, planning, managing, providing and/or delivering the authority’s children’s social care functions.
7. The Secretary of State for Communities and Local Government, having considered the representations made by the authority as required by section 15(9) of the 1999 Act, and the Secretary of State for Education, having considered the representations made by the authority, consider it necessary or expedient in accordance with their powers under section 15(5) of the 1999 Act and section 497A(4B) of the 1996 Act to direct the authority, as set out below, in order to ensure:
- a. the authority’s compliance with the requirements of Part 1 of the 1999 Act; and
 - b. that the authority’s children’s social care functions are performed to an adequate standard.

NOW THEREFORE

8. Pursuant to their powers under section 15(5) of the 1999 Act and section 497A(4B) of the 1996 Act, the Secretaries of State direct that the authority shall:
- a. comply with any instructions of the Secretary of State for Education or the Commissioner for Children’s Social Care in relation to ensuring that the authority’s children’s social care functions are performed to an adequate standard;
 - b. in relation to the establishment, setting up or carrying on of the Trust:
 - i. comply with any instructions of the Secretary of State for Education or the Commissioner for Children’s Social Care;
 - ii. provide such assistance to the Secretary of State for Education or the Commissioner for Children’s Social Care as they may require; and
 - iii. cooperate fully with the Secretary of State for Education and the Commissioner for Children’s Social Care.

Signed on behalf of the Secretary of State for Communities and Local Government and the Secretary of State for Education

Graham Archer
A Senior Civil Servant in the Department for Education

Paul Rowsell
A Senior Civil Servant in the Department for Communities and Local Government

Note: The text below is as per the original direction. The Audit Commission has since been abolished and these responsibilities now fall to the Secretary of State and the National Audit Office.

Referrals

- 36 Where the Commission has serious concerns regarding a council's performance it may exercise its power, under section 13 of the Local Government Act 1999, to refer the council to the Secretary of State. A referral is a recommendation that the Secretary of State use his or her powers under section 15 of the Act to issue a direction where an authority is 'failing'. The Commission uses its referral powers extremely rarely and only where other options to support improvement are not considered feasible or desirable.
- 37 From May 2006 the Commission has determined that the circumstances that may lead it to make a referral to the Secretary of State are:
- serious service failures in an authority that could result in danger or harm to the public;
 - persistent failure by an authority to address recommendations made by inspectors (or auditors);
 - serious failures in a number of services in an authority, which reveal fundamental weaknesses in an authority's corporate capacity to manage services and make improvements;
 - serious failure in corporate governance arrangements or capacity whether or not there is serious service failure; and
 - other circumstances that demonstrate a serious or persistent failure to comply with the requirements of Part 1 of the Local Government Act 1999, which includes the requirement that authorities make arrangements to secure continuous improvement in the exercise of their functions.
- 38 The decision to refer a council to the Secretary of State will be made by a Referrals Committee formed with approval from the Audit Commission Board. The decision to put a case to a Referrals Committee rests with the Chairman and Chief Executive. The Referrals Committee will base its decision on inspection findings and other relevant information. The authority subject to potential referral will have an opportunity to make representations to the Referrals Committee prior to a decision being reached.
- 39 Further details on the way in which referral decisions are made can be found in Best Value Audit and Inspection Referrals: Policy and Procedure available at <http://www.audit-commission.gov.uk>

