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GENERAL FUND REVENUE BUDGET, COUNCIL TAX AND CAPITAL INVESTMENT PROGRAMME 2018/19

BUDGET AMENDMENTS

Green Group Amendment 1

It is proposed that the following additional resources are raised towards the General Fund revenue budget for 2018/19 through changes to recurrent income:

- Amend the forecasts of income from on-street and off-street parking, based on current in-year financial performance, increasing the projected annual income by £0.140m and thereby increasing the parking surplus. The surplus, as required by regulations, is used to fund qualifying expenditure under section 55 of the Road Traffic Regulation Act 1984, as amended. As qualifying expenditure currently exceeds the parking surplus by over £1m, this will reduce the level of General Fund resources required to support qualifying expenditure by £0.140m in 2018/19;

- Change CON29R land search charges to reflect practice in other Local Authorities. Currently BHCC does not differentiate between residential and commercial properties when providing these searches. The proposal is to (a) Increase CON29R from £100 to £120 (before VAT) with respect to residential properties, (b) Set CON29R at £150 (before VAT) with respect to commercial properties. This will increase income, and therefore the contribution toward associated costs and overheads, by £0.060m. Increasing the contribution toward costs and overheads will reduce the General Fund resources required to support this budget area by £0.060m.

These proposals will increase income (actual and forecast) and as a secondary consequence will release recurrent General Fund resources of £0.200m for the General Fund in 2018/19.

Comments of the Chief Finance Officer:

With regard to parking income forecasts, the projected underspend in 2017/18 is forecast to be £1.563m as at Month 9, which is an increase of £0.834m from the Month 7 forecast which underpinned the draft budget proposals. This improvement has been taken into account and the final savings proposals for 2018/19 have been revised upward and now include savings of £0.797m in recognition of the improved parking income performance. The total savings proposed for 2018/19 are lower than the current in-year underspend in consideration of the following forecast risks:

- A substantial proportion of the in-year underspend is caused by over-achieved income from 5 new parking schemes. Prudence is required in estimating future income as experience shows that demand for permits and parking activity in new zones can settle at a slightly lower level over time.
- An additional level of contributions for parking suspensions (£0.347m) has been received in 2017/18 which is unlikely to be repeated at this high level.
- There is a 'stretch target' of £0.500m for Procurement & Contract Management savings. The largest area of contracting across the council relates to social care, however, evidence in care markets suggests that the extra procurement and contract management effort may serve only to contain costs rather than always create cashable savings. Other options therefore need to be kept open to mitigate risk. One such option is to count some of the benefit from renegotiated banking contracts (for parking operations) against this corporate target (up to a maximum of £0.250m). A potential double-count could therefore occur.
- On-street Parking is a very large income source (over £21m) and therefore the risk of volatility and its impact on the council's overall financial position must be considered. For example, an unseasonably wet summer can have very significant financial consequences (as experienced in the past) and it would be imprudent to be over-optimistic about income projections and push them to their limit.
- Debt recovery and collection of fines is also volatile in parking operations due to the level of challenge and appeals and can change substantially from year-to-year. Again, prudence is required to provide risk mitigation of abnormally high bad debt provisions.

Given these factors, Members are advised that an increase in the forecast for 2018/19 of £0.140m is possible but for the reasons given above would be considered an optimistic forecast and would therefore increase potential risks to the council's overall financial position if a combination of the risks outlined above came to pass.

Increasing Land Charges fees further runs an increased risk of impacts on demand given the availability of competitor services. However, the evidence from this year is that demand is reasonably inelastic (slow to react) and a fee increase would be likely to generate increased income. Some risk must however be provided for to ensure a prudential budget estimate. Provision for a demand risk at 50% of the assessed increase in income would be prudent and, taking this into account, £0.060m is a reasonable assessment. This will contribute further to costs and overheads within the service and release General Fund resources as noted above which will be added to the General Fund contingency.

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GENERAL FUND REVENUE BUDGET, COUNCIL TAX AND CAPITAL INVESTMENT PROGRAMME 2018/19

BUDGET AMENDMENTS

Green Group Amendment 2

Should Amendment 1 pass, it is proposed that the resources this makes available to the General Fund contingency be used as follows in the 2018/19 budget:

- Reverse the proposed cut to the Clermont Family Assessment Centre at a cost of £0.075m;
- Reverse the proposed cut to Day Options for people with Learning Disabilities at Wellington House, at a cost of £0.050m;
- Fund £1.120m of unsupported borrowing over a period of 40 years in respect of assets with an estimated life of 40 years to be used as set out in Amendment 5, at a capital financing cost of £0.065m;
- £0.010m for additional cycle parking facilities.

Comments of the Chief Finance Officer:

The application of available resources as proposed above, including the funding of increased capital financing costs is possible subject to decisions on other amendments (1 & 5). If this amendment falls, amendment 5 will also fall and £0.200m would be retained in contingency. If this amendment is carried but amendment 5 falls, £0.065m will be retained in contingency.

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GENERAL FUND REVENUE BUDGET, COUNCIL TAX AND CAPITAL INVESTMENT PROGRAMME 2018/19

BUDGET AMENDMENTS

Green Group Amendment 3

It is proposed that the following changes are made to the General Fund Capital Programme allocations for 2018/19:

- Reduce the capital allocation to refurbish Hove Station footbridge to £0.200m, which sum will still allow surveys and inspections to be undertaken to inform the required business case. This will release £0.300m;
- Reduce the capital allocation to Brighton Town Hall Workstyles by £0.750m, which still leaves a total capital allocation of £1.500m for the Brighton Town Hall Workstyles scheme. This will release £0.750m;
- Raise additional unsupported borrowing of £1.120m, to be repaid using revenue funding of £0.065m identified in Amendment 2 above.

These proposals will generate a total capital sum of £2.170m. The proposed use of these funds is set out below.

- Of the re-allocated capital amount, £0.075m to be used towards key sustainability feasibility studies as follows:
    - Provide the necessary match funding required to pursue District Heat initiatives at a cost of £0.025m;
    - Provide the necessary funding to research the installation of a Solar Farm on the BHCC estate at a cost of £0.025m;
    - Provide funding to revisit and update for the current context of food waste collection initiatives previously researched by this council, at a cost of £0.025m.
- Of the re-allocated capital amount, £0.100m to be used to provide continuity funding for the Warm Safe Homes grant, part of the revised Disabled Facilities Grant;
- In order to enable the implementation of the Notice of Motion (NoM) regarding 'council owned short-term homelessness accommodation' agreed by full Council on 14 December 2017, use the proposed unsupported borrowing (£1.120m) together with the remaining re-allocated capital resources (£0.875m), in accordance with the terms of the NoM, to undertake work towards purchasing property in the city to be used for emergency accommodation.

Comments of the Chief Finance Officer:

The proposal to redirect capital resources as indicated above is a choice for Members. Allocating resources away from the Footbridge and Brighton Town Hall schemes may affect their viability and/or may require alternative resources to be identified in future if these remain a priority for Members. The schemes are likely to require the current level of investment, or more, in order to be viable.

The proposed allocation of capital resources to feasibility studies is allowable and the other uses proposed are acceptable, including the use of additional unsupported borrowing, subject to meeting the conditions of the Notice of Motion and approval of related amendment 2.

Specifically, the Notice of Motion approved by full Council on 14 December 2017 requires modelling of any scheme to purchase property and stated:

'That this modelling [of a "spend to save" purchase of emergency accommodation] be reported to the Policy, Resources & Growth Committee, in order to explore acquiring such accommodation, including detail on possible timetables, plus any policy changes and delegated powers needed to enable purchases to take place.'

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GENERAL FUND REVENUE BUDGET, COUNCIL TAX AND CAPITAL INVESTMENT PROGRAMME 2018/19

BUDGET AMENDMENTS

Green Group Amendment 4

It is proposed that the following one-off income is raised towards the General Fund revenue budget for 2018/19:

- Given the significant savings generated in the Housing Revenue Account (HRA), in part, enabled by the work of the Corporate Procurement & Contract Management team, it is proposed to charge the HRA revenue budget (by reducing the Direct Revenue Funding budget) an appropriate proportion of the cost of this work for the remaining two years of the Procurement & Contract Management business case. This will generate a one-off resource over two years of £0.060m per year;

- Of the £0.270m one-off resources set aside in the 2018 /19 budget for the cost of the May 2019 local elections, reprofile £0.050m to the 2019/20 financial year.

These proposals will generate one-off income of £0.050m in 2018/19 and income over two years of £0.060m per year.

It is proposed that the resources generated be used as follows:

- £0.060m for two years towards the cost of (a) addressing anti-social behaviour in city centre parks by continuing the use of security patrols at a cost of £0.032m (b) introducing a weekend, year-round Cityparks emptying of litter bins in city centre parks, at a cost of £0.028m. This funding supports the transformation project linked to the new Field Officer role by reducing the likely burden of anti-social behaviour and improving park environments to encourage more diverse use (e.g. reducing rubbish by removing full park bins), allowing the full potential of the Field Officer role to be explored and the final costs of the service to be minimised.

- £0.050m to boost existing Housing First resources to support more rough sleepers into permanent accommodation.

Comments of the Chief Finance Officer:

Modernisation Funds can be used to support either General Fund or HRA services. The resources allocated to support the business case for additional Procurement & Contract Management did not specify or limit any areas of activity and is therefore assumed to cover all areas of council procurement and contract activity including the HRA. Members have effectively chosen to allocate Modernisation Funds (funded by General Fund capital resources) to support both General Fund and HRA activity.

The HRA can properly be charged for services directly relating to landlord activities, which includes procurement and contract management services. This proposal requires amendment to the HRA Revenue Budget (to fund the proposed additional charge) and identification of how the HRA will fund this charge which is provided for by reducing the HRA Direct Revenue Funding budget in order to fund the proposed charge.

It should be noted that the Modernisation Funding potentially released by this amendment is funded from General Fund capital receipts. Government 'capital flexibility' rules stipulate that capital receipts can only be applied to revenue expenditure that will generate ongoing efficiencies and revenue savings for the council. Potential areas for future cost avoidance and/or savings are set out in the amendment. At face value these would appear to be valid assumptions but, if these did not come to fruition, Members are advised that the level of investment is small and the switching of capital receipts with other resources would therefore be possible at this level. This therefore presents a relatively low risk.

With regard to the provision for the cost of elections, the reprofiling of this one-off funding is likely to be possible as the exact timing of when costs will be incurred is not yet known. However, Members should note that this amendment does not create additional resources but merely defers the allocation of £0.050m which would need to be identified from 2019/20 one-off resources i.e. this would create a commitment in 2019/20.

Members are advised that this is an unusual amendment in that it is predicated on identifying future one-off resources. Were this of corporate financial significance this could not be considered acceptable practice. However, £0.050m relative to the significant one-off resources identified of £4.3m, £0.7m and £2.8m in 2016/17, 2017/18 and 2018/19 respectively is considered acceptable when taken together with the proposed rationale for the reprofile of election costs.

It should also be noted that although there is provision within the Housing First contract to extend services, people supported through this route are normally supported for up to 2 years. One-off money for one year only may therefore present some issues however this is considered to be low risk as there should be sufficient turnaround of clients.

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GENERAL FUND REVENUE BUDGET, COUNCIL TAX AND CAPITAL INVESTMENT PROGRAMME 2018/19

BUDGET AMENDMENTS

Green Group Amendment 5

It is proposed that an additional cut be made to the General Fund revenue budget for 2018/19:

- Remove free parking rights for BHCC Councillors at the Norton Road car park and at the Lanes car park, saving £0.030m.

This proposal will generate recurrent income of £0.030m (net of costs) for the General Fund through increased off-street parking revenues.
It is proposed that the resources generated be used as follows:

- Reduce the proposed saving on Home to School transport by £0.030m.

Comments of the Chief Finance Officer:

Both car parks are popular and often full and therefore the risk of the forecast income not being achieved is considered to be relatively low. Members currently allocated parking spaces or passes are entitled to an alternative annual bus pass. This cost has been taken into account in estimating the potential net income generated.

The impact on Members' ability to undertake council business is a matter for them to consider. However, the use of spaces and passes for councillors is kept under regular review to ensure that they are only issued according to reasonable business need. Spaces and passes save time for councillors, particularly when travelling between venues for different meetings. Removal of these facilities would generally mean the use of buses, cycling or other methods likely to add to travel time. Removing parking spaces and passes may ultimately cause upward pressure on allowances and expenses if alternative travel frustrates the efficient and timely operation of council meetings and other business, and/or increases councillors' expenses.

Agenda item 79

HOUSING REVENUE ACCOUNT AND INVESTMENT PROGRAMME 2018/19 AND MEDIUM TERM FINANCIAL STRATEGY

BUDGET AMENDMENT

Green Group Amendment 6

It is proposed that the following changes are made to the HRA Revenue Budget and Capital Programme 2018/19. The changes concern the sum of £0.170m added to the HRA Direct Revenue Funding revenue budget by amendment at 8th February 2018 PR&G Committee.

£0.060m of the Direct Revenue Funding budget is potentially allocated through Amendment 4. This leaves £0.110m HRA Direct Revenue Funding, which it is proposed to redirect this budget resource as follows:

- £0.030m (one-off in 2018/19) for a programme of installation of Wi-Fi in sheltered housing schemes and £0.005m recurrent from 2019/20 for ongoing license costs;
- £0.050m (recurrent) to support core Estate Development Budget expenditure;
- £0.030m (recurrent) towards additional staffing resources needed to ensure that the HRA capital New Homes and Buy Back initiatives are implemented according to programme.

Comments of the Chief Finance Officer:

The increase to the HRA Direct Revenue Funding budget was as a direct consequence of the amendment approved by Policy, Resources & Growth Committee on 8th February 2018. Redirecting this resource to fund the proposed items above is allowable as these are legitimate HRA items. This will however have the effect of increasing future years' capital financing costs to the HRA.