

BRIGHTON & HOVE CITY COUNCIL
POLICY, RESOURCES & GROWTH COMMITTEE

4.00pm 8 FEBRUARY 2018

COUNCIL CHAMBER, HOVE TOWN HALL

MINUTES

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

PART ONE

95 PROCEDURAL BUSINESS

(a) Declarations of Substitutes

1.1 Councillor Mears was present in substitution for Councillor Bell

(b) Declarations of Interest

1.2 There were no declarations of interests in matters listed on the agenda.

(c) Exclusion of Press and Public

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

1.4 **RESOLVED:** That the press and public not be excluded from the meeting during consideration of the items contained in part two of the agenda.

96 MINUTES

96.1 Councillor Janio referred to paragraph 82.7, and said that the Executive Director, Economy, Environment & Culture's full response to his question had not been included in the Minutes.

96.2 It was agreed to include the following wording in paragraph 82.7:

The Executive Director, Economy, Environment & Culture confirmed that the consultation on the single stage transfer had broadly begun in September with engagement increasing as the project had progressed.

96.3 **RESOLVED:** That the Minutes of the meeting held as amended on 25 January 2018, as amended, be agreed and signed as a correct record.

97 CHAIR'S COMMUNICATIONS

97.1 The Chair advised all those present that the meeting would be webcast live and would be capable of repeated viewing.

98 CALL OVER

98.1 All items were reserved for discussion.

99 PUBLIC INVOLVEMENT

99.1 There were no matters listed under Public Involvement.

100 MEMBER INVOLVEMENT

100.1 There were no matters listed under Member Involvement.

101 TARGETED BUDGET MANAGEMENT (TBM) 2016/17: MONTH 9

101.1 The Committee considered the report of the Executive Director, Finance & Resources on Targeted Budget Monitoring. The report set out an indication of forecast risks as at Month 9 (December) on the Council's revenue and capital budgets for the financial year 2017/18.

101.2 Councillor Wealls asked for more information on both the temporary accommodation overspend, which had been driven by the higher than forecast volume of spot purchasing, and the ongoing pressure of voids and repair costs which had been the result of more households moving into permanent accommodation. The Executive Director Neighbourhoods, Communities and Housing said that spot purchasing was higher, which was a result of having a higher than normal decant of around 180 properties which had come to the end of their lease. In addition Kite Place had been delayed and so there were people the council were hoping to move through temporary accommodation that they weren't currently able to. The increase in people needing accommodation had reduced by around 40%. The Council were no longer entering into long leases in the hope to reduce the need for temporary accommodation in the longer term. Universal credit had added to the budget pressure, and there were currently 66 households in temporary accommodation who were all in receipt of universal credit and were all in arrears. The arrears in total were £90k, which was a significant amount.

101.3 Councillor Wealls asked if the large decant were not foreseeable when the budgets were drawn up. The Executive Director Neighbourhoods, Communities and Housing said it wasn't, as the decant had been quicker than anticipated.

101.4 Councillor Sykes referred to Children's Safeguarding and Care, and asked why the average cost of 'demand-led, secure accommodation' had increased so substantially and who was supplying the service. The Executive Director Families, Children & Learning said there no in-house placements, so external providers had to be used, and

the change to costs related to the increased duty to care leavers up to the age of 25 which meant the council was having to access more accommodation than previously.

- 101.5 Councillor Sykes noted the income generated from hoarding, which was a result of a Green Group amendment to last year's budget, and was pleased that the cost had not suppressed the market.
- 101.6 Councillor Sykes referred to the internal audit of Adult Social Care, which had raised some issues with care providers in terms of the monitoring of the placements and their costs. He accepted it was an on-going matter but asked if there was any clarity following that audit report. With regard to the TBM he noted there was £2m worth of savings, or underspend, associated with vacancies, with £600k worth of vacancies within Adult Social Care Assessment. He accepted savings were being made, but asked if there were not a risk to service users and a financial risk in not providing those services. He suggested that Brexit may be having an impact on recruitment. The Executive Director Health and Adult Social Care audit report said that the issues raised in the audit report were being taken forward. With regard to the vacancies, there had been challenges in recruitment and agency staff had to be used. There was a new recruitment programme in place, which would hopefully increase placement into permanent posts. The Executive Director Finance & Resources said that there were a number of reasons for vacancies, one was that many services were in a perpetual state of redesign, and if a department had to meet a budget saving and there were a vacancy near to the end of the financial year, the post may not be filled if it was known there wouldn't be the budget for that post in the following year. He agreed that it was necessary to consider the risk of such vacancies, and that could be part of the conversation for next year's budget.
- 101.7 Councillor Mears referred to temporary accommodation, and said that the old housing office in Oxford Street was due to be used for temporary accommodation but the delay in opening it was impacting on provision. The Executive Director Neighbourhoods, Communities & Housing said there had been delays with the premises in Oxford Street, but it would be used to provide temporary accommodation in due course.
- 101.8 Councillor Mac Cafferty noted the increase in National Non Domestic Rates (NNDR) bill for New England House. The Head of Finance said there had been an increase in NNDR on a number of Council buildings, and those costs had been built into the budget for next year.
- 101.9 Councillor Mac Cafferty referred to the Housing Strategy and asked why there had been lower spending than expected on the Transfer Incentive Scheme. The Executive Director Neighbourhoods, Communities & Housing that the scheme was demand led, and there had been fewer transfers than expected.
- 101.10 Councillor Mac Cafferty asked why there had been an overspend on the development of Brook Mead. The Executive Director Economy, Environment & Culture said that some items such as Wi-Fi, furniture for communal rooms, automatic doors etc. had not been included in the original scheme. However, those costs had been offset by money received from builders, so the development actually came in under budget.
- 101.11 Councillor Janio referred to Children's Safeguarding and Care and noted that every year the cost of demand-led residential agency placements was under predicted, and

asked if work was being undertaken to address that. The Executive Director Families, Children & Learning, said that there had been a reduction in the number of children in care and there were now 410, down by around 50 in the last twelve months. However whilst the number had reduced, the costs had increased for two reasons. Firstly the level of care needed, particularly for teenagers, had increased significantly and secondly, there had been an increase in the number of children in care nationally, and there were insufficient places to accommodate them and so the cost had increased. The Council were in discussion with neighbouring authorities to try and manage that market more effectively to address the costs.

101.12 Councillor Janio referred to the capital expenditure profile for the Shelter Hall, and asked if the funding stream for the additional £7m could be explained. The Deputy Chief Finance Officer said it would come from the Local Transport Plan capital grant, capital receipts and supported borrowing. The Executive Director Neighbourhoods, Communities & Housing said a report would be coming to both Environment Transport & Sustainability (ETS) Committee and Policy Resources & Growth (PRG) Committee where the full spend would be outlined. Council Janio was concerned that there would be an overspend, and asked that better costings be made for projects in the future as officers were continually asking PR&G Committee for more funding. Councillor Mitchell said that when the original bid for funding for Shelter Hall was submitted the full scale of what was going to be found was not known. The project was amazingly complex, but when finished would be an asset to the city. The Chair added that this was not a standard project, but something quite unusual. Councillor Janio said that the unexpected occurred on most building projects, and so there should be better planning of costs. Councillor Yates said that costs did increase, particularly when a project took a long time as cost inflation would often apply. Councillor Peltzer Dunn suggested it would be useful for officers to set out any potential problems with projects as soon as they were known.

101.13 Councillor Yates referred to the Brooke Mead project and noted that the overspend of 0.4% was off-set by delay damages, and asked where the money from those damages went to. The Executive Director Neighbourhoods, Communities & Housing said the Council were due to receive £300k of delay damages, some of which have been paid and some would be delivered as part of the final account. Councillor Mears asked if it would go to the HRA account, and was advised it would.

101.14 **RESOLVED:** That the Committee agreed –

- (1) To note the forecast risk position for the General Fund, which indicated an in-year pressure of £0.428m. This includes a forecast overspend of £0.233m on the council's share of the NHS managed Section 75 services.
- (2) To note that total risk provisions of £1.384m remain available to mitigate the forecast General Fund risk if the risks cannot be completely eliminated by year-end.
- (3) To approve the establishment of two reserves as set out in paragraphs 6.2 and 6.3 of the report.
- (4) That the Committee note the forecast for the ring-fenced Housing Revenue Account (HRA), which is an underspend of £0.430m.

- (5) To note the forecast risk position for the ring-fenced Dedicated Schools Grant which is an underspend of £0.261m.
- (6) To note the forecast outturn position on the capital programme and approve the variations and slippage in Appendix 5 and the new schemes and future years' variation in Appendix 6.

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

- 102.1 The Committee considered the report of the Executive Director of Finance & Resources, which set out the final proposals for the General Fund Revenue Budget, Capital Programme and Council Tax for 2018/19 together with the Integrated Service & Financial Plans for 2019/20 and a 10 year capital strategy.
- 102.2 Councillor Wealls referred to the Capital Investment Programme and the Education Basic Need funding, and asked what funding was likely to be freed up given the administration's decision not to support the Brighton University Academies Trust new secondary school. The Executive Director Families Children & Learning said that the decision on whether to proceed with the new school was for the Department for Education, rather than the council, and to date no decision had been made. It was therefore necessary to keep the funding until a decision not to proceed was made.
- 102.3 Councillor Wealls noted that the supplementary report to Budget Council would cover the additional Adult Social Care funding, and said that it would be helpful if that report could be more generic to allow a full discussion on how the funding would be spent at the next the PR&G Committee. The Executive Director Finance & Resources confirmed that this would be referred to in the supplementary report and that all members would be kept informed about the funding but that currently it was not clear what, if any, conditions would be stipulated by government. Councillor Wealls also noted that the budget included restoration of £50k for union facility time, and asked if that would impact on relationships with the unions. The Chair expected it would.
- 102.4 Councillor Sykes referred to the savings through procurement and contract management, and noted that some figures had been given of between £500k and £1.2m savings over a couple of years, but elsewhere a figure of savings of £3m or more a year had been suggested, and asked for more information on the difference between the two figures. The Executive Director Finance & Resources said that the initial 4-year plans already contained the majority of procurement savings, but the council then approved additional funding towards procurement and contract management activity which enabled further specific savings to be identified.
- 102.5 Councillor Sykes noted that the money the council got from Central Government for PFIs was a fixed amount, but the Council paid 3.5% more each year for the Waste PFI and asked why the amount the government paid did not increase. The Head of Finance said that all PFI credits were fixed and did not increase with inflation and that this was fully understood at the time of taking up the contracts. With PFIs, reserves were built up in the early years, which would then be drained over time as inflation uplifts took effect. The Waste PFI was volatile and demography could impact on the costs.

- 102.6 Councillor Sykes referred to the proposed savings within Housing, and noted that there had been a slight change from the figures provided in November 2017. Last year there had been a £36k saving against Housing Options, but that was now shown against the Housing General Fund and asked if the posts which were threatened in Housing Options were now safe. The Executive Director Neighbourhoods, Communities and Housing said the savings had been replaced by the deletion of a management post within Housing. The Director added that the additional money which was put in last year as a result of a council amendment was for one year, so that funding would not be available this year. Councillor Sykes referred to Education & Skills and noted the reduction of two Family Coach posts, with a saving of £80k, and that the report says that the cuts to those posts were made in April 2017 but the Equality Impact Assessment (EIA) indicated otherwise. The Executive Director Families Children & Learning said that there had been a significant redesign last year and it had incorporated the projected savings for this year, so those two posts weren't in place. The Director apologised that the EIA had not been updated to reflect the current position.
- 102.7 Councillor Mac Cafferty referred to the New Priorities for Investment, and had a number of questions on the spending. He noted that £20k would be spent on Independent Visitors to support Children in Care and asked what that money would cover. He referred to the Youth Employability Service and asked if the £90k had been identified to a specific service area. He noted that £10k would be invested in the Youth Bus, and £50k for supporting unaccompanied asylum seekers, asked if that provision was sustainable. The Executive Director Families Children & Learning said that the Independent Visitors were volunteers and, whilst some of the money would be for administration, the bulk of it would be for their expenses such as taking a child for a hot drink. With regard to the Youth Employability Service the intention was to extend the work supporting young children who leave the school system, particularly those with a disability. The Youth Bus would be operated by the Community and Voluntary Sector and the £10k would be used for admin costs and maintenance of the vehicle. The cost of supporting unaccompanied asylum seekers would be more than £50k, and so additional funding would be required but the bulk of that should come from the NHS.
- 102.8 Councillor Mac Cafferty referred to the Public Health budget and noted that 'substance misuse' would have temporary funding for 2018/19 and asked if that would affect the proposed budget cut. The Executive Director Health & Adult Social Care said that a saving of £28k had been negotiated with the provider for services relating to the in-patient detox service. However, he was unsure how the temporary funding related to the proposed budget cut and would get back to Councillor Mac Cafferty.
- 102.9 Councillor Janio referred to adult social care, and noted that a report would come to Budget Council confirming the additional money but the decision on how it would be allocated would go to another meeting. He asked if the report setting out how that money could be spent be considered by Policy Resources & Growth Committee, rather than Leaders Group which he thought had been suggested. The Executive Director Finance & Resources said that Leaders Group was only suggested as a meeting to discuss the process of allocating the money, rather than actually making a decision on the allocation itself which would initially be for Budget Council.
- 102.10 Councillor Janio thanked the administration for incorporating a number of Conservative ideas within the budget. He said that the Conservatives would vote for the budget, but

wouldn't 'support' it. Councillor Janio thanked officers for the work they had undertaken in preparing the budget.

102.11 Councillor Hamilton thanked officers for their work in preparing the budget and said that it was a tremendous piece of work.

102.12 The Chair said that, despite political differences, councillors had to deal with difficult funding issues and reach an agreement. He thanked the finance team and everyone involved in preparing the draft budget.

102.13 **RESOLVED:**

(1) That the Committee recommends to Council:

(a) The Administration's proposed Council Tax increase in the Brighton & Hove element of the council tax, comprising:

- (i) A general Council Tax increase of 2.99%;
- (ii) An Adult Social Care precept increase of 3.00%;
- (iii) The council's net General Fund budget requirement for 2018/19 of £208.824m;
- (iv) The 2018/19 budget allocations to services as set out in Appendix 1 incorporating 2018/19 savings proposals contained in the 4-Year Integrated Service & Financial Plans;
- (v) The reserves allocations as set out in paragraph 3.21 and table 3;
- (vi) The Prudential Indicators as set out in Appendix 10 to this report.

(b) That Council note the Equalities Impact Assessments to cover all relevant budget options and their cumulative effect as set out in Appendices 11 and 12.

(c) That Council approves the authorised borrowing limit for the year commencing 1 April 2018 of £436m.

(d) That Council approves the annual Minimum Revenue Provision statement as set out in Appendix 9.

(e) That Council notes the 4-Year Integrated Service & Financial Plans proposals for 2019/20 at Appendix 6.

(f) That Council notes the updated Medium Term Financial Strategy at Appendix 4.

(g) That Council approves the strategy for funding the investment in change and flexible use of capital receipts set out in paragraph 6.10.

- (h) That Council notes the Capital resources and proposed borrowing included in Appendix 7.
 - (i) That Council approve the Capital Investment Programme for 2018/19 included at Appendix 8 and incorporating allocations to strategic funds detailed in paragraph 6.9.
 - (j) That Council note that supplementary information needed to set the overall council tax will be provided for the budget setting Council meeting as listed in paragraph 11.3.
- (2) That Policy, Resources & Growth Committee agrees that officers be authorised to make any necessary technical, presentational or consequential amendments to this report before submission to full Council.

103 HRA BUDGET INVESTMENT PROGRAMME 2018/19 AND MEDIUM TERM FINANCIAL STRATEGY

103.1 The Committee considered the report of the Executive Director of Finance & Resources, and the Executive Director for Neighbourhoods, Communities & Housing which presented the proposed Housing Revenue Account (HRA) revenue and capital budget for 2018/19 as required by the Local Government and Housing Act 1989. The report was introduced by the Executive Director of Finance & Resources.

103.2 Councillor Sykes moved a motion to amend Recommendation 2.1 (a) and (b) with the following wording:

*(a) Approves and recommends to full Council the updated HRA revenue budget for 2018/19 as shown in Appendix 2, (**Appendix 2 Data Table B amended to remove 'Children's Centre Services: £0.170m'**);*

*(b) Approves and recommends to full Council the capital programme expenditure and financing budget of ~~£36.344m~~ **£39.344m** for 2018/19 and notes the 3 year programme as set out in Appendix 4, (**Appendix 4 expenditure line 'Purchase Properties' increased from £1.000m to £4.000m in 2018 /19, funded by bringing forward £3.000m resources from 2019/20 currently allocated to Further New Build – New Schemes, and the description narrative to read 'Report to H&NH committee for a programme to purchase former council houses or similar properties'**);*

103.4 Councillor Mac Cafferty seconded the motion.

- a. The Chair said that he understood that officer's advice was that the proposed amendment was problematic and presented a number of concerns and difficulties. Firstly, as it was a new proposal, officers across Housing and Finance had not had the opportunity to consider the potential viability in any detail to be able to advise members whether or not it would be reasonable, or safe, to commit resources to such a scheme. Secondly, there were serious concerns over the capacity of the service to be able to deliver this scheme in 2018/19. There was already a large and ambitious capital

programme proposed for the HRA (£36m) and there were currently reported risks on the timely delivery of some 2017/18 schemes. Adding a major new investment of £3m was unlikely to be deliverable without detailed consideration of resources and/or potential re-prioritisation of current and proposed capital schemes for 2018/19. Thirdly, the amendment used future RTB receipts and brought forward borrowing that would otherwise be used on future years' new build and/or other housing capital schemes. These were resources that the Housing committee had not yet considered in detail and this amendment therefore circumvented the normal and proper processes for consideration of all options for the use of future resources available to the HRA. Given this clear advice, he proposed that the Committee did not support the amendment and left it to officers to consider the proposals and submit a report to future Housing and PR&G committees for consideration. The Chair said his understanding was that it would be perfectly possible to do this after Budget Council and the non-inclusion of the proposed borrowing in the budget did not prejudice the ability to proceed with it should it be considered appropriate following proper evaluation of the proposals in accordance with established practice.

- b. The Committee voted on the proposed amendment, and it was not agreed.
- c. Councillor Hamilton moved a motion to amend Recommendation 2.1 (a) and 2.2 (a) with the following wording:

*2.1 (a) Approves and recommends to full Council the updated HRA revenue budget for 2018/19 as shown in Appendix 2; **subject to the removal of the proposed contribution of £0.170m from the HRA Revenue Budget to the General Fund in respect of Children's Centre Services and to use the resources released to fund the HRA Capital Programme 2018/19, thereby reducing the amount of borrowing required by the HRA and future financing costs incurred by the HRA.***

*2.2 (a) Approves the updated HRA Revenue Budget for 2018/19 as **amended and** shown in Appendix 2*

- d. Councillor Wealls seconded the motion.

- e. The Committee voted on the proposed amendment, and it was agreed.

103.9 **RESOLVED:**

- (1) That the Committee -

- (a) Approved and recommended to full Council the updated HRA revenue budget for 2018/19 as shown in Appendix 2; subject to the removal of the proposed contribution of £0.170m from the HRA Revenue Budget to the General Fund in respect of Children's Centre Services and to use the resources released to fund the HRA Capital Programme 2018/19, thereby reducing the amount of borrowing required by the HRA and future financing costs incurred by the HRA.

- (b) Approved and recommended to Full Council the capital programme expenditure and financing budget of £36.344m for 2018/19 and notes the 3 year programme as set out in Appendix 4;
 - (c) Noted the HRA forecast outturn for 2017/18 in Appendix 1 of a 0.43m underspend as at month 9; (Noted that this forecast has been updated since Housing and New Homes Committee to take account of the most recent information available);
 - (d) Noted the Medium Term Financial Strategy and 30 year financial projection shown in Appendix 5;
 - (e) Noted the Integrated Service and Financial Plan (savings proposals) in Appendix 6.
- (2) That the Full Council:
- (a) Approves the updated HRA Revenue Budget for 2018/19 as shown in the revised Appendix 2;
 - (b) Approves the Capital Programme expenditure and financing budget of £36.344m for 2018/19 and noted the 3 year programme as set out in the revised Appendix 4

104 ITEMS REFERRED FOR COUNCIL

104.1 **RESOLVED:** That the Committee agreed that the following items be referred to Council on 22 February 2018 –

Item 102: General Fund Revenue Budget, Council Tax and Capital Investment Programme 2018/19

Item 103: HRA Budget Investment Programme 2018/19 and Medium Term Financial Strategy

105 PART TWO MINUTES - EXEMPT CATEGORY 3

105.1 **RESOLVED-** That the Part Two minutes of the previous meeting held on 25 January 2018 be approved and signed as the correct record.

106 PART TWO PROCEEDINGS

106.1 **RESOLVED-** That the Part Two Minutes did not contain any exempt information and so would not be exempt from disclosure to the press and public.

The meeting concluded at 5.40pm

Signed

Chair

