

**GENERAL FUND REVENUE BUDGET & COUNCIL TAX 2014/15****Green Group Amendments****Green Group Amendment 1**

To propose a Council Tax Rise of 4.75% and generate additional recurrent resources of £2.890m.

It is proposed that those resources be used to:

- Reduce the savings proposals set out in Appendix 4 by £2.315m as set out below in section 1
- Set aside £0.575m contingency for the Adult Social Care Community Care budget to be deployed flexibly in the area experiencing the most financial pressure to meet assessed need.

This would result in changes to:

- one off resources as set out below in section 2
- the Budget Allocations and General Fund Net Budget Requirement as set out in section 3
- the Prudential Indicators as set out below in section 4
- the Equalities Impact Assessments where the implications would be moderated by either reducing or removing the original impact of those savings set out in section 1

**Referendum and Substitute Budget**

It is a requirement of Chapter IVZA of the Local Government Finance Act 1992 and associated regulations to hold a referendum on a council tax rise above the prescribed threshold. That referendum can be held no later than May 22<sup>nd</sup>. It is planned that a referendum would be held on that date at the same time as the European elections. The costs of holding the referendum would be shared across the two elections in accordance with expected regulations.

The council tax rise of 4.75% would be implemented on 1 April 2014. However if the results of the referendum were negative a Substitute Budget would be implemented immediately afterwards and council tax bills re-issued at the threshold level.

In the event of the Substitute Budget being implemented this would result in changes to:

- the savings proposals as set out in section 1
- the one off resources as set out in section 2

- the General Fund Net Budget Requirement, the Budget Allocations, the Prudential Indicators, the Capital Programme and the Equalities Impact Assessments would all revert back to the core proposals contained in this report.

### **Section 1 – Savings proposals**

The savings proposals under the Referendum budget and the Substitute budget are shown below including the part year and full year effect and the impact on one off resources.

## Service Area: Adult Services

Service (including brief description)	Description of Saving Opportunity	Impact on Outcomes / Priorities	Savings identified 2014/15 £'000	Full Year effect of 2014/15 savings £'000	Yes vote savings 2014/15 £'000	Yes vote savings Full year effect £'000	Yes vote spare one off resources £'000	Justification	No vote savings 2014/15 £'000	No vote savings Full year effect £'000	No vote required one off resources £'000	Justification
<b>ADULTS ASSESSMENT</b>												
Learning Disabilities (LD)-Residential. Community Care Services provided by the Independent Sector to meet assessed needs.	Target all out of city placements with a purpose of bringing people back into supported living in the City. This will not only generate significant savings but it will reduce the risk of local places being taken up by other authorities where there is a possibility that the cost of care could later be passed to Brighton & Hove. Consider alternative models of care to include supported living.	Will deliver equality of levels of service across client groups by bringing expenditure on Learning Disabilities in line with other client groups.	953	1,270	476	635	159	50% reduction in overall savings requirement to provide greater flexibility in the Community Care Budget	953	1,270	0	Part year effect already provided scope for lead in time
Learning Disabilities(LD)-Home Care & Direct Payments. Community Care Services provided by the Independent Sector to meet assessed needs.	Implement Resource Allocation System (RAS), Increase number of Direct Payments, Achieve a 10% reduction on the budget by reviewing all care packages and ensuring only assessed needs are met.	Will deliver equality of levels of service across client groups by bringing expenditure on Learning Disabilities in line with other client groups.	730	730	365	365	0	50% reduction in overall savings requirement to provide greater flexibility in the Community Care Budget	669	730	61	Approach to achieving the saving unchanged as is implementation of strategy but number of assessments required to deliver a higher level of saving would increase significantly and more time needed to deliver these. Assumes 2 months at 50% saving level and 10 months at £730k level

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Older People- Residential/Nursing( includes Older People with Mental Health needs ( OPMH)). Community Care Services provided by the Independent Sector to meet assessed needs.	Reduce number of placements and the Cost of Out of Area Placements. Ensure all appropriate funding is available through targeting following a review. Continue to promote reablement and telecare to support people to stay in their own homes longer and to reduce the number of admissions into residential and nursing care. Identify alternative housing solutions where possible.	Those assessed against eligibility criteria will still receive care. Location of services and funding streams may vary.	1,150	1,150	575	575	0	50% reduction in overall savings requirement to provide greater flexibility in the Community Care Budget	1,054	1,150	96	Approach to achieving the saving unchanged as is implementation of strategy but number of assessments required to deliver a higher level of saving would increase significantly and more time needed to deliver these. Assumes 2 months at 50% saving level and 10 months at £1150k level
Adults with Mental Health-Home Care & Direct Payments. Community Care Services provided by the Independent Sector to meet assessed needs.	Meet assessed needs, increase Direct Payments and identify community based options	Those assessed against eligibility criteria will still receive care. Location of services and funding streams may vary. These services are delivered jointly with Sussex Partnership Foundation Trust under S75 arrangements.	70	70	35	35	0	50% reduction in overall savings requirement to provide greater flexibility in the Community Care Budget	64	70	6	Approach to achieving the saving unchanged as is implementation of strategy but lead in time needed to deliver these. Assumes 2 months at 50% saving and 10 months at full level
<b>ADULTS ASSESSMENT</b>			<b>2,903</b>	<b>3,220</b>	<b>1,451</b>	<b>1,610</b>	<b>159</b>		<b>2,740</b>	<b>3,220</b>	<b>163</b>	

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<b>ADULTS PROVIDER</b>												
Day Services- including LD day options and older people day services	Close some provision and commission alternative services to meet statutory assessed needs, maximise cost recovery/funding	Service users will continue to receive a service during the day to meet their needs, and the assessed needs of their carers. The service may be different to the existing service, may be provided in another venue or through another provider within the voluntary sector.	300	300	0	0	0	Additional resources provided to ensure effective options available as an alternative to days	150	300	150	Day services is part of the personalisation modernisation plans and individual assessments and commissioning will continue in order to deliver against unachieved savings from previous years. Delivery of 2014/15 savings would need acceleration of these plans and would be unlikely to start before September 2014 ( £300k* 6 months)
Able & Willing Supported Business	Plan to reduce the subsidy invested by the council in A&W by generating additional new business. If the new business is not generated to balance the budget then this will result in the loss of some posts.	Impact on staff within this specialised service.	60	120	0	0	60	Retain full subsidy for service if necessary	60	120	0	Ongoing business plan improvements for this non statutory service in an attempt to increase income generation and reduce subsidy. Planned review in September which would not be impacted by referendum

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Employment Support	Plan to reduce investment in the service by Adults. Investigate other opportunities in private and voluntary sector	Impact on delivery of supported employment in the city	50	100	0	0	50	Retain existing investment in service	50	100	0	Being considered as part of the wider review of Adult Services. This is a non statutory service and can be delivered in other ways. Delivery of part year saving would not be impacted by the referendum.
<b>ADULTS PROVIDER</b>			<b>410</b>	<b>520</b>	<b>0</b>	<b>0</b>	<b>110</b>		<b>260</b>	<b>520</b>	<b>150</b>	<b>Prev 2014/15 py savings 975</b>

## Service Area: Assistant Chief Executive

Service (including brief description)	Description of Saving Opportunity	Impact on Outcomes / Priorities	Savings identified 2014/15 £'000	Full Year effect of 2014/15 savings £'000	Yes vote savings 2014/15 £'000	Yes vote savings Full year effect £'000	Yes vote spare one off resources £'000	Justification	No vote savings 2014/15 £'000	No vote savings Full year effect £'000	No vote required one off resources £'000	Justification
Sports Development - activity that improves health of the population and reduces future health costs for the city, including staff costs of £393k and other support costs including a vehicle, equipment, hire of venues for sport, grants to clubs, sports awards. Service outcomes include: 1. Club Support for approx 150 local sport clubs. 2. TakePart festival of sport. 60000 People participate. 3. Active For Life programme. 4. School Holiday Sports Programme. 750 young people participated in summer 2013. 5. Healthwalks. 6. City Sport and Physical Activity awards had over 140 nominations	Cease specific grant scheme to sports clubs and directly running annual sports awards	There is potentially a negative impact on the ability of clubs to reach a wider range of participants, but clubs will be directed to other relevant grant schemes. We will seek alternative ways to deliver a Sports Awards event for the city in partnership with other organisations in order to keep an impact in terms of the profile of sports achievements in the city.	20	20	0	0	0	No reduction in funding	20	20	0	Grant and award decisions are made as part of a rolling programme so level will be planned at substitute budget level.
BHCC Community Grants: Team of 1.7 FTE staff delivering the annual and three grant programmes supporting community and volunteering activity in the city. The team also provides a Grant Finder Service supporting Third Sector organisations in securing external funding.	Develop alternative funding sources including the Housing Revenue Account (HRA) and public health, where legitimate, and if necessary consider scope to reduce the community grants.	There will be a reduction in activity funded for some areas where alternative sources of funding cannot be found.	310	310	145	145		No reduction in grants, but retain funding from HRA where appropriate	310	310	0	Saving element of £165k can be delivered in a part year. Half of this relates to 1 year programme which has 3 or 4 deadlines so amount available for distribution will be assumed at the lower level until May decision made. On 3 year grant element decision will be made in April about what level of funding is available - likely that worst case position will be assumed and may do this through by not passing on inflation.
<b>GRAND TOTAL ACE</b>			<b>330</b>	<b>330</b>	<b>145</b>	<b>145</b>	<b>0</b>		<b>330</b>	<b>330</b>	<b>0</b>	
<b>OVERALL TOTAL</b>			<b>3,643</b>	<b>4,070</b>	<b>1,596</b>	<b>1,755</b>	<b>269</b>		<b>3,330</b>	<b>4,070</b>	<b>313</b>	
<b>Additional Resource Requirement for yes vote</b>	<b>2,315</b>											

## Section 2

The impact of the Referendum Budget and Substitute Budget on one off resources is as follows:

### Yes Vote:

<b>One off funding requirements</b>	£'000
Balance of unallocated one off resources	306
Yes vote adds back part year effect one off resources	269
<b>Total Available</b>	<b>575</b>
Less costs of referendum	
Cost of referendum based on cost sharing with the European elections (note this means there will be a saving of about £0.10m for the Government for the European elections)*	-213
Pre-referendum handling additional enquiries – staff costs	-9
Additional staffing costs associated with maintaining collection rate set in council tax base report agreed at January P&R	-197
<b>Net one off resources available</b>	<b>156</b>

The remaining one off resources of £156,000 will be an additional contribution to discretionary funds (covering council tax reduction, local discretionary social fund or discretionary housing payments).

### No Vote:

<b>One off funding requirements</b>	£'000
Balance of unallocated one off resources	306
Less costs of referendum	
Cost of referendum based on cost sharing with the European elections (note this means there will be a saving of about £0.10m for the Government for the European elections)*	-213
Pre-referendum handling additional enquiries – staff costs	-9
Additional staffing costs associated with maintaining collection rate set in council tax base report agreed at January P&R	-197
Cost of rebilling	-55
Cost of refunds	-36
Additional staff needed to support rebilling, refunds and changes to instalments	-66
Part year effect of implementing savings	-313
<b>One off funding gap</b>	<b>-583</b>

The one off funding gap of £583,000 will be covered by using the £249,000 set aside for future one off contributions to the pension fund and reducing the contribution to the 2015/16 Modernisation Fund by £334,000. Both these sums would need to be replenished as part of the 2015/16 budget setting process.



**Section 3**  
**2014/15 BUDGET - Budget changes from 2013/14 to 2014/15**

**Revised Appendix 1**

	2013/14 Revised Base £'000	Internal Transfers £'000	Reverse one-off allocatio ns £'000	2013/14 Adjusted Base £'000	FYE of 2013/14 Savings	Inflation £'000	Service Pressures	Commitmen ts and reinvestment £'000	VFM & Other Savings £'000	2014/15 Original Budget £'000	Increase over adjusted base £'000	Increase over adjusted base %
Adult Services	74,439	723		75,162	(475)	1,144	2,500	88	(2,982)	75,437	275	0.37
Public Health	1,763	(15)		1,748	-	21	-	4	(193)	1,580	(168)	(9.61)
Children's Services	58,650	(426)		58,224	-	825	1,500	101	(4,696)	55,954	(2,270)	(3.90)
Environment, Development & Housing	45,475	(1)	(375)	45,099	(100)	714	1,030	214	(2,412)	44,545	(554)	(1.23)
Assistant Chief Executive	11,680	532	(325)	11,887	-	(20)	20	99	(545)	11,441	(446)	(3.75)
Finance & Resources and Legal & Democratic	35,541	996	(100)	36,437	(77)	97	835	201	(2,366)	35,127	(1,310)	(3.60)
<b>Total Directorate Spending</b>	<b>227,548</b>	<b>1,809</b>	<b>(800)</b>	<b>228,557</b>	<b>(652)</b>	<b>2,781</b>	<b>5,885</b>	<b>707</b>	<b>(13,194)</b>	<b>224,084</b>	<b>(4,473)</b>	<b>(1.96)</b>
Concessionary Fares	10,144	-		10,144		202	-	269	-	10,615	471	4.64
Insurance	3,167	(3,084)		83		17	-	-	(100)	-	(83)	(100.00)
Financing Costs	9,721	(425)		9,296			-	(392)	-	8,904	(392)	(4.22)
Corporate VFM Savings	(927)	1,446		519	(500)	(19)	-	-	(250)	(250)	(769)	(148.17)
Contingency and Risk Provisions	5,131	(919)	(1,525)	2,687		594	100	2,006	-	5,387	2,700	100.48
Unringfenced grants income	(15,478)	-		(15,478)			423	(1,606)		(16,661)	(1,183)	7.64
Levies to External Bodies	158	3		161		3		(3)	-	161	-	1.86
Other Corporate Budgets	(2,186)	1,170		(1,016)		(21)	100	18		(919)	97	(9.55)
SAVINGS GAP	-	-		-		-	-	-	-	-	-	-
<b>NET REVENUE EXPENDITURE</b>	<b>237,278</b>	<b>-</b>	<b>(2,325)</b>	<b>234,953</b>	<b>(1,152)</b>	<b>3,557</b>	<b>6,508</b>	<b>999</b>	<b>(13,544)</b>	<b>231,321</b>	<b>(3,632)</b>	<b>(1.55)</b>
Contributions to/ from(-) reserves	(9,139)	-	2,325	(6,814)	1,152			2,569		(3,093)	3,721	(54.61)
<b>BUDGET REQUIREMENT</b>	<b>228,139</b>	<b>-</b>	<b>-</b>	<b>228,139</b>	<b>-</b>	<b>3,557</b>	<b>6,508</b>	<b>3,568</b>	<b>(13,544)</b>	<b>228,228</b>	<b>89</b>	<b>0.04</b>
<b>Funded by</b>												
Formula Grant/Revenue Support Grant	77,652			77,652						63,442	(14,210)	(18.30)
Business Rates Local Share	42,234	1,974		44,208						51,581	7,373	16.68
Top Up Grant	1,581			1,581						1,611	30	1.90
Safety Net Grant	3,970	(1,974)		1,996						-	(1,996)	(100.00)
Collection Fund surplus/(deficit)	-			-						1,887	1,887	-
Council Tax	102,702			102,702						109,707	7,005	6.82
<b>Total</b>	<b>228,139</b>			<b>228,139</b>						<b>228,228</b>	<b>89</b>	<b>0.04</b>

**Section 4**

Amendment to Prudential Indicators

The change in Council Tax will change Prudential Indicator A1

Prudential Indicator A1

	<b>2014/15 Estimate</b>	<b>2015/16 Estimate</b>	<b>2016/17 Estimate</b>
	£'000	£'000	£'000
Non-HRA	<b>8.4%</b>	<b>9.2%</b>	<b>9.7%</b>
HRA	<b>13.1%</b>	<b>15.0%</b>	<b>14.8%</b>

## Legal Implications

The Council has options in terms of setting levels of council tax, including the following:

**(a) A threshold Budget:** this would be a budget based on an increase in council tax which remains within the 2% referendum threshold set by the Secretary of State.

**(b) Council tax freeze:** which means council tax payers see no increase in the actual Council tax they pay but the council would receive a new council tax freeze grant from the Government equivalent to a 1% council tax increase calculated using a taxbase excluding council tax reduction discounts.

**(c) Referendum (above threshold) Budget:** this would be a budget based on a 4.75 increase in Council tax (as currently proposed) with one based on an increase which is at or below the threshold of 2% as a “substitute calculation.” If agreed, the 4.75% increase would take effect on 1<sup>st</sup> April 2014 and, if the referendum rejects the 4.75% increase, the increase based on the substitute calculation takes effect on 23<sup>rd</sup> May with mid year adjustments.

All above 3 options are legally permissible. As the legal and practical implications of the first two options are well understood, they are not discussed here further.

### **An above-threshold (referendum) budget.**

The law relating to the setting of above threshold budgets and the process involved is set out in Section 52 Z of the Local Government Finance Act 1992. This section was inserted into the Act by the Localism Act 2011. The terminology used in the Act for referring to above threshold increase in council tax is “Excessive Council Tax”.

### **Setting of the Threshold**

The legislation requires the Secretary of State to set the principles for identifying above threshold increases (usually an increase above a certain percentage) and get it approved by the House of Commons. The criteria is based on comparison with previous years, but the Secretary of State may use “notional amounts” for the purpose of comparison and not necessarily the actual level of council tax in the previous year. The Secretary of State has now set the threshold at 2% and this is likely to be approved by parliament shortly.

The legislation requires the council to determine, as soon as reasonably practicable after the principles are approved by a resolution of the House of Commons, whether it wishes to set a budget with above threshold increase. In practice, this will be done at Budget Council.

### **Substitute calculations**

If the council decides to set an above threshold budget, it has to make “substitute calculations.” This effectively means calculating an alternative, below threshold, budget.

The 11<sup>th</sup> March deadline for calculating the budget in section 31A (11) of the Local Government Finance Act 1992 is disapplied for the purposes of a substitute calculation.

This means, in theory at least, the council could make the substitute calculations after 11<sup>th</sup> March, but this would have significant practical implications and is not recommended.

The above-threshold budget, if agreed, takes effect on 1<sup>st</sup> April 2014. If the outcome of a referendum is to reject the above-threshold budget, the substitute budget takes effect. Assuming the referendum takes place on 22<sup>nd</sup> May, the substitute calculation has to be set on the basis of things as they will be as at 23<sup>rd</sup> May, including mid term adjustments, the cost of the referendum, the cost of sending revised notices etc.

### **Need for a referendum**

The Act requires the council to hold a referendum if it sets an above- threshold budget.

Under the Local Government Finance Act, the referendum has to be held by the first Thursday in May or by a date set by the Secretary of State, whichever is later. The Secretary of State has made the Local Authorities (Referendum Relating to Council Tax Increase) (Date of Referendum) (England) Order 2013. It specifies 22<sup>nd</sup> May as the latest date for a referendum. Note that 22<sup>nd</sup> May 2014 is the latest date. It is for the local authority to chose any date as long as it is not later than 22<sup>nd</sup> May 2014.

There are detailed regulations for how a referendum is conducted. All persons on the electoral register are entitled to vote.

### **Administrative law requirements**

In making a decision on the council tax, Members need to ensure that they achieve a balanced budget. They are required to take all relevant considerations into account, including the equalities impact of the proposals. They should consider the relative merits of the different options legally permissible and not to fetter their discretion by reference to party-political policies to the exclusion of others.

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.

Lawyer Consulted: Abraham Ghebre-Ghiorghis

Date: 6 February 2014

## **Green Group Amendment 2**

***This amendment would be withdrawn if amendment 1 is carried.***

It is proposed to reduce the Employment Support saving on page 51 of the agenda by £0.023m. This means the £0.050m part year saving will be reduced to £0.027m and the full year saving of £0.100m will be reduced to £0.077m.

This proposal uses the unallocated £0.023m resources in contingency set out in paragraph 3.4 of the Supplementary Financial Information report on page 330.

## **Green Group Amendment 3**

***This amendment would be withdrawn if amendment 1 is carried.***

It is proposed to use £0.306m unallocated one-off reserves identified in table 6 on page 17 of the agenda as follows:

- Provide £0.165m one-off transitional funding to support the discretionary grants budget.
- Provide £0.044m one-off transitional funding to support efficiency transformation in Children's Respite services (both in-house and external provision).
- Provide £0.060m one-off transitional funding to help Able and Willing to generate more business.
- Provide £0.007m one-off transitional funding to help Employment Support within Adult Social Care to shift to new models of working.
- Provide £0.030m one-off transitional funding to support the parks and playgrounds weekend cleaning change to a new more efficient model.