





Brighton & Hove
City Council

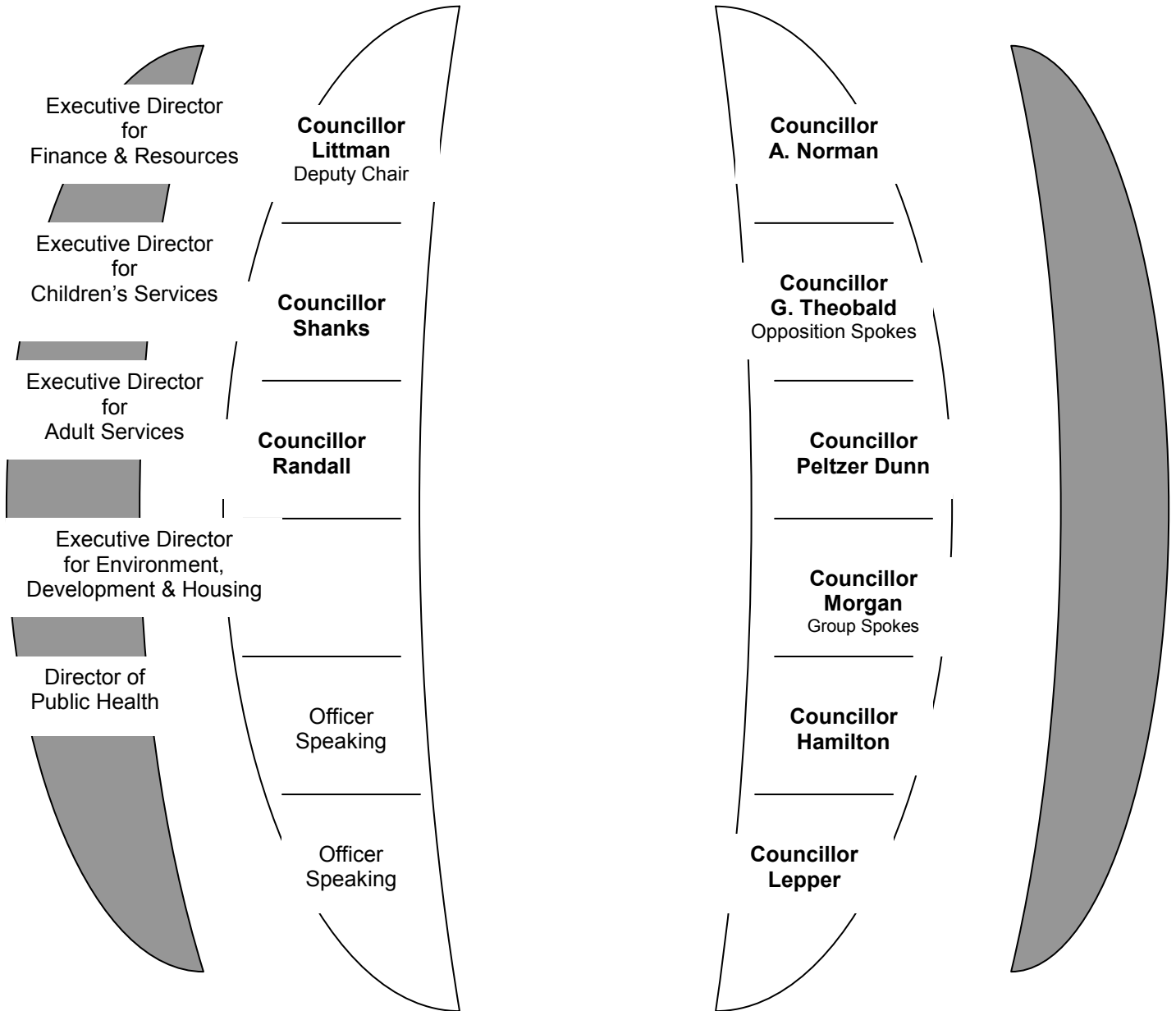
Policy & Resources Committee

| | |
|----------|--|
| Title: | Policy & Resources Committee |
| Date: | 13 February 2014 |
| Time: | 4.00pm |
| Venue | Council Chamber, Hove Town Hall |
| Members: | Councillors: J Kitcat (Chair), Littman (Deputy Chair), G Theobald (Opposition Spokesperson), Morgan (Group Spokesperson), Hamilton, Lepper, A Norman, Peltzer Dunn, Randall and Shanks |
| Contact: | Mark Wall Head of Democratic Services 01273 291006 mark.wall@brighton-hove.gov.uk |

| | |
|---|---|
|  | The Town Hall has facilities for wheelchair users, including lifts and toilets |
|  | An Induction loop operates to enhance sound for anyone wearing a hearing aid or using a transmitter and infra red hearing aids are available for use during the meeting. If you require any further information or assistance, please contact the receptionist on arrival. |
| | 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: <ul style="list-style-type: none">• 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. |

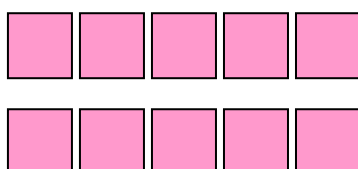
Democratic Services: Policy & Resources Committee

| | | | |
|--------------------|-------------------------------|-----------------|-----------------------------|
| Monitoring Officer | Councillor J. Kitcat Chair | Chief Executive | Head of Democratic Services |
|--------------------|-------------------------------|-----------------|-----------------------------|



| | |
|----------------|---------------------|
| Public Speaker | Councillor Speaking |
|----------------|---------------------|

Public Seating



Press

AGENDA

PROCEDURAL MATTERS

115. PROCEDURAL BUSINESS

(a) **Declaration of Substitutes:** Where Councillors are unable to attend a meeting, a substitute Member from the same Political Group may attend, speak and vote in their place for that meeting.

(b) **Declarations of Interest:**

- (a) Disclosable pecuniary interests not registered on the register of interests;
- (b) Any other interests required to be registered under the local code;
- (c) Any other general interest as a result of which a decision on the matter might reasonably be regarded as affecting you or a partner more than a majority of other people or businesses in the ward/s affected by the decision.

In each case, you need to declare

- (i) the item on the agenda the interest relates to;
- (ii) the nature of the interest; and
- (iii) whether it is a disclosable pecuniary interest or some other interest.

If unsure, Members should seek advice from the committee lawyer or administrator preferably before the meeting.

(c) **Exclusion of Press and Public:** To consider whether, in view of the nature of the business to be transacted, or the nature of the proceedings, the press and public should be excluded from the meeting when any of the following items are under consideration.

NOTE: *Any item appearing in Part Two of the Agenda states in its heading the category under which the information disclosed in the report is exempt from disclosure and therefore not available to the public.*

A list and description of the exempt categories is available for public inspection at Brighton and Hove Town Halls.

116. MINUTES

1 - 12

To consider the minutes of the meeting held on the 16th January 2014 (copy attached).

Contact Officer: Mark Wall
Ward Affected: All Wards

Tel: 29-1006

117. CHAIR'S COMMUNICATIONS

118. CALL OVER

- (a) Items (121 – 127) will be read out at the meeting and Members invited to reserve the items for consideration.
- (b) Those items not reserved will be taken as having been received and the reports' recommendations agreed.

GENERAL MATTERS

119. PUBLIC INVOLVEMENT

To consider the following matters raised by members of the public:

- (a) **Petitions:** to receive any petitions presented by members of the public to the full council or at the meeting itself;
- (b) **Written Questions:** to receive any questions submitted by the due date of 12 noon on the 6th February 2014;
- (c) **Deputations:** to receive any deputations submitted by the due date of 12 noon on the 6th February 2014.

120. MEMBER INVOLVEMENT

To consider the following matters raised by councillors:

- (a) **Petitions:** to receive any petitions submitted to the full Council or at the meeting itself.

FINANCIAL MATTERS

121. GENERAL FUND REVENUE BUDGET & COUNCIL TAX 2014/15

To Follow

Report of the Executive Director for Finance & Resources (copy to be circulated separately).

Contact Officer: Mark Ireland
Ward Affected: All Wards

Tel: 29-1240

GENERAL MATTERS

128. ITEMS REFERRED FOR COUNCIL

To consider items to be submitted to the 27th March 2014 Council meeting for information.

In accordance with Procedure Rule 24.3a, the Committee may determine that any item is to be included in its report to Council. In addition, each Group may specify one further item to be included by notifying the Chief Executive no later than 10.00am on the 17th March 2014 (the eighth working day before the Council meeting to which the report is to be made), or if the Committee meeting takes place after this deadline, immediately at the conclusion of the Committee meeting.

PART TWO

Page

PROCEDURAL MATTERS

129. PART TWO MINUTES - EXEMPT CATEGORIES 3 AND 5

187 - 188

To consider the part two minutes of the meeting held on 16th January 2014 (circulated to Members only).

Contact Officer: Mark Wall
Ward Affected: Withdean

Tel: 29-1006

130. PART TWO PROCEEDINGS

To consider whether the items listed in Part Two of the agenda and decisions thereon should remain exempt from disclosure to the press and public.

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. Provision is also made on the agendas for public questions and deputations to committees and details of how questions and deputations 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.

POLICY & RESOURCES COMMITTEE

Meeting papers can be provided, on request, in large print, in Braille, on audio tape or on disc, or translated into any other language as requested.

WEBCASTING NOTICE

This meeting may be filmed for live or subsequent broadcast via the Council's website. At the start of the meeting the Chair 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 1988. Data collected during this web cast will be retained in accordance with the Council's published policy (Guidance for Employees' on the BHCC website).

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

ACCESS NOTICE

The lift cannot be used in an emergency. Evac Chairs are available for self-transfer and you are requested to inform Reception prior to going up to the Public Gallery. **For your own safety please do not go beyond the Ground Floor if you are unable to use the stairs.** Please inform staff on Reception if this affects you so that you can be directed to the Council Chamber where you can watch the meeting or if you need to take part in the proceedings e.g. because you have submitted a public question.

Date of Publication - Wednesday, 5 February 2014

**BRIGHTON & HOVE CITY COUNCIL
POLICY & RESOURCES COMMITTEE
4.00pm 16 JANUARY 2014
COUNCIL CHAMBER, HOVE TOWN HALL
MINUTES**

Present: Councillor J Kitcat (Chair) Councillors Littman (Deputy Chair), G Theobald (Opposition Spokesperson), Morgan (Group Spokesperson), Hamilton, Lepper, A Norman, Peltzer Dunn, Randall and Shanks.

PART ONE

95. PROCEDURAL BUSINESS

(a) Declarations of Substitutes

95.1 There were no declarations of substitutes.

(b) Declarations of Interest

95.2 There were no declarations of interest.

(c) Exclusion of the Press and Public

95.3 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.

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

96. MINUTES

96.1 The minutes of the last meeting held on the 5th December 2013 were approved as a correct record of the proceedings and signed by the Chair.

97. CHAIR'S COMMUNICATIONS

- 97.1 The Chair stated he was pleased to announce that the city would be taking the lead in delivering same sex marriages, and would be offering one couple the chance to get married when the legislation came into force. The move towards equality was wholeheartedly supported.
- 97.2 The Chair reported the involvement with the Key Cities project, which was an initiative to bring together similar sized cities and benefit from working together. Close work had been undertaken with colleagues on the scheme for some time and a formal launch would take place the following week in London.
- 97.3 The Chair extended thanks everyone who was involved in coping with the recent bad weather; real resilience had been shown in the face the circumstances. There remain some areas of city where it was not yet sensible to completely clear and open all areas, but work was being progressed.
- 97.4 The Chair stated that it was disappointing the authority had not featured in the top 100 employers list from Stonewall for LGBT staff, but it was hoped that further insight could be gained from the feedback session the following week.
- 97.5 The Chair noted that he had met with the other Group Leaders and the Chief Executive earlier to report the proposals of the Green Group to increase Council Tax in 2014/15 by 4.75% - triggering a local referendum. The proposal would need to come before the Committee in February, and have formal approval from Full Council at the budget session; the additional income would be used to protect services for vulnerable people in the city.

98. CALL OVER

- 98.1 The following items on the agenda were reserved for discussion:

| | |
|----------|---|
| Item 101 | Council Tax Base 2014/15 |
| Item 102 | Business Rates Retention Forecast For 2014/15 |
| Item 103 | Corporate Procurement Strategy 2014-2017 |
| Item 106 | Brighton Marina Act 1968: Application for A Waiver Regarding Water Depth |
| Item 107 | 251-253 Preston Road Brighton – Disposal |
| Item 108 | Bus Shelters Concession Agreement |
| Item 109 | Review of Polling Districts and Polling Places |
| Item 112 | 251-253 Preston Road Brighton - Disposal - Exempt Category 3 |

- 98.2 The Acting Democratic Services Manager confirmed that the items listed above had been reserved for discussion, and that the following reports on the agenda with the commendations therein had been approved and adopted:

| | |
|----------|---|
| Item 104 | Corporate Procurement Strategy 2014-2017 |
| Item 105 | Refresh Of The Sustainable Community Strategy 2014-2017 |
| Item 110 | Committee Timetable 2014-2015 |

99. PUBLIC INVOLVEMENT

99.1 The Chair noted that there were no matters to be taken under the Public Involvement item.

100. MEMBER INVOLVEMENT

100.1 The Chair noted that a Notice of Motion had been referred to the Committee from the Full Council meeting on 12 December 2013 for consideration.

100.2 The Committee agreed that a full Officer report would be brought to a future meeting for consideration, and the matter would also be referred to the Licensing Committee for discussion.

101. COUNCIL TAX BASE 2014/15

101.1 The Executive Director for Finance & Resources introduced the report, concerning Council Tax Base 2014/15 stating that the authority was required to set the base, and the report outlined the Council's expectation based on: the number to be charged; discounts and the spend on the Council Tax reduction scheme.

101.2 Councillor Littman welcomed the report and noted that the higher than anticipated level of base would help to fund the gap in the budget without the need to make further savings.

101.3 Councillor A. Norman stated that the report was good news and that the higher level of base was largely due to the reduction in the number of Council Tax benefit claimants, and the increased number of people in work locally was evidence that the local economy was improving. In terms of the student exemption whilst the expansion of the universities was supported there was an impact on the housing supply and availability of family type housing. Councillor A. Norman asked for clarification in relation to the level of single person discount and the impact of the previous year's changes.

101.4 The Executive Director of Finance & Resources explained that the level of single persons was based on information from the electoral register, but further work was planned to check eligibility. In relation to the changes to discount at empty properties it was noted that less of the discretionary fund had been used as envisaged. The Chair added that Central Government had been lobbied in relation to issues surrounding the impact of large student populations.

101.5 Councillor Hamilton stated that the loss of income due to the level of student population needed to be addressed as student residents still used Council provided services; the Chair reiterated that this point had been made during the Department for Communities and Local Government's (DCLG) consultation.

101.6 RESOLVED:

- (1) That this report for the calculation of the council's tax base for the year 2014/15 be approved.

- (2) That it be agreed in accordance with the Local Authorities (Calculation of Tax Base) (England) Regulations 2012, the amounts calculated by Brighton & Hove City Council as its council tax base for the year 2014/15 shall be as follows:-
- a. For Brighton and Hove whole – 81,359.20 (as detailed in appendix 1)
 - b. For the Royal Crescent Enclosure Committee – 30.10 (as detailed in appendix 2)
 - c. For the Hanover Crescent Enclosure Committee – 40.70 (as detailed in appendix 3)
 - d. For the Marine Square Enclosure Committee – 65.40 (as detailed in appendix 4)
 - e. For the Parish of Rottingdean – 1,467.50 (as detailed in appendix 5)
- (3) That it be agreed for the purposes of Section 35(1) of the Local Government Finance Act 1992, the expenses of meeting the special levies issued to the council by the Enclosure Committees shall be its special expenses; and
- (4) That it be agreed the Enclosure Committees and Rottingdean Parish are paid approximately £5,000 council tax reduction grant in total to ensure that they are no better or no worse off as a result of the introduction of the council tax reduction scheme for the reasons set out in paragraph 3.7.

102. BUSINESS RATES RETENTION FORECAST FOR 2014/15

- 102.1 The Executive Director of Finance & Resources introduced the report concerning the Business Rates Retention Forecast for 2014/15 and stated that the authority was charged with agreeing the business rate tax base; the report set out the position and requested delegated authority to allow the Executive Director of Finance & Resources to agree the formal return. The approach was the same as taken the previous year, and some of this information had appeared as part of the budget update earlier in the year. There was a changed pattern to appeals this year that reflected that the challenge in undertaking the forecast and the uncertainty of the appeals in the forecast.
- 102.2 Councillor Littman welcomed the report, and stated that whilst not all the details were in the report he was confident to delegate this to the Executive Director of Finance & Resources.
- 102.3 Councillor A. Norman extended her thanks to the work of Officers, and stated that the prospects for the next financial year and beyond looked good. It could be seen that Central Government had listened to concerns about the current appeals process; the reforms would help in planning, and measures from the Chancellor would help to boost the local economy. It was noted that empty properties were now covered by a national scheme; the use of the underspend to fund work was welcomed, and some clarification was sought in relation to the discretion scheme and the underspend funds.

- 102.4 Councillor Hamilton noted that there would be no benefit this year from extra income due to the safer net grant. It was positive to hear that there would be some small business rate reduction, but asked for clarification on the length of time the safety net grants would be used.
- 102.5 The Head of Strategic Finance & Procurement explained that a year ago it had been agreed to set aside funds for future appeals in the 2013/14 budget only. The Council had been told that they would receive 60% of the funds this financial year and the remaining 40% when the final returns were done in September.
- 102.6 The Chair added that the support for small businesses was needed, but it was vital there was assurance in the budget. Following on from this the Head of Strategic Finance & Procurement added that the Valuation Office had provided data on appeals to the end of September 2013 showing that the total amount of rateable value under appeal had increased; however, this was not so significant to change the forecast for the next year. It was also added that the some administration costs that related to changes from the Autumn Statement would be compensated to local authorities.
- 102.7 Councillor G. Theobald stated that he had written to Ministers with his concerns in relation to the Valuation Office, and the Government were now undertaking work to look at the agency in more depth. He added that he welcomed the report and changes which would put the authority in a better position.
- 102.8 **RESOLVED:**
- (1) That the agreement of the final business rates forecast and the NNDR1 2014/15 form be delegated to the Executive Director of Finance & Resources in consultation with the Chair of this Committee for the reasons given in paragraph 1.2.
 - (2) That it be noted based on the latest data the amount forecast to be received by the council in 2014/15 from its share of local business rates and Section 31 compensation grants is £54.765m which is the same as the forecast used in the December budget update report.
 - (3) That any underspend on the current discretionary business rates scheme identified in paragraph 3.20 is used to fund the one-off review of the compiled rating list as set out in paragraphs 3.21 and 3.22 be agreed;
 - (4) That a review is also undertaken of the current discretionary scheme now that there is a significant overlap between our scheme and proposals announced in the Autumn Statement and revised proposals are brought back to a future meeting of this Committee be agreed; and
 - (5) That it be noted the business rates computer software system will need to be replaced during 2014/15 as Civica will cease supporting the current system for the reasons given in paragraph 3.25 and provision will need to be made in the 2014/15 budget to fund a new system and the one-off costs of implementation.

103. LIFE EVENTS FEES AND CHARGES FOR 2014/15

- 103.1 The Executive Director for Finance & Resources introduced the report concerning Life Events Fees and Charges for 2014/15; the remit of the Committee included the approval of fees and charges for Life Events, and the report set out the detail and savings from increased income. The report included extensive benchmarking, and whilst proposing some increases it retained low cost options.
- 103.2 Councillor Littman welcomed the report as a means to put services on a more commercial footing; the model was used to provide quality services that could pay their own way.
- 103.3 Councillor G. Theobald stated that he did not welcome the report and opposed the 10% increase in fees; he went on to question this level of increase against the proposal of the administration to raise Council Tax by 4.75% in the 2014/15 budget – triggering a local referendum.
- 103.4 The Chair explained that the settlement from Central Government had reduced year on year, and the costs of the service would remain within a comparable level and in line with other authorities.
- 103.5 Councillor Peltzer Dunn noted a specific query in relation ‘appointments cancellation fees’ and the ‘no show penalty charge’ which suggested there could be less incentive for service users to cancel their appointment; Officers noted these concerns and agreed this matter could be looked at further.
- 103.6 Councillor A. Norman noted the number of compliments that the bereavement services received locally, and she felt an increase of 5% would have been more reasonable; however, she welcomed the children bereavement fees being frozen following an amendment the previous year.
- 103.7 The Chair then put the recommendation to the vote.
- 103.8 **RESOLVED:** That the fees and charges for Life Events in Appendix 1 (Bereavement Services) and Appendix 2 (Registration) be approved.

104. CORPORATE PROCUREMENT STRATEGY 2014-2017

- 104.1 **RESOLVED:** That the proposed new Corporate Procurement Strategy 2014-2017 as attached as Appendix 1 be agreed.

105. REFRESH OF THE SUSTAINABLE COMMUNITY STRATEGY 2014-2017**105.1 RESOLVED:**

- (1) That the Committee note the new format for the published document (and the refreshed website) and the new Partnership name - Brighton & Hove Connected.
- (2) That the Committee endorse the refreshed strategy set out in appendix 1 and recommends the Strategy to Council for approval and adoption.

106. BRIGHTON MARINA ACT 1968: APPLICATION FOR A WAIVER REGARDING WATER DEPTH

- 106.1 The Monitoring Officer introduced the report in relation to the Brighton Marina Act 1968: Application for a Waiver Regarding Water Depth and stated that the report was only concerned with water depth as the agreed planning permission at the Marina would not comply with the depth. A licence had been granted by the Marine Management Organisation for Phase 1 of the development, and there had been no objection from the Harbour Authority. It was also noted that the application for the waiver was not permanent, but for the duration of the construction in relation to the planning permission.
- 106.2 Councillor Peltzer Dunn asked for clarification in relation to whether the reduction in water level was actually a diminution of the water in the main marina enclosure, and if this was case there would be any legal risk of non-compliance with the Brighton Marina Act. The Monitoring Officer noted that this had been raised by the applicant; however, he provided assurance that the basic requirement in the act was to maintain the depth and the application for the waiver was considering the most appropriate manner to address this.
- 106.3 Councillor G. Theobald thanked the Monitoring Officer for responding in relation to this matter, and noted he was satisfied that the response assured him the Council would not be open to legal challenge. The Chair agreed with these comments and noted this approach was correct and proper.
- 106.4 The Chair then put the recommendation to the vote.
- 106.5 **RESOLVED:** That, on behalf of the council, it be agreed to grant consent under section 55(1) of the Brighton Marina Act 1968, in respect of the changes to the depth of the water in parts of the harbour to Brighton Marina associated with the implementation of the planning permissions BH2006/01124/FP and BH2012/04048 and that such consent shall be evidenced by the form of Agreements set out in Appendix 2 to this report.

107. 251-253 PRESTON ROAD BRIGHTON - DISPOSAL

- 107.1 The Executive Director of Finance & Resources introduced the report that related to the disposal of 251-253 Preston Road, Brighton; she stated that the report advised the Committee of the outcome of the marketing exercise; the capital from which would be used as part of Workstyles Phase 2. The recommended purchaser was Southern Housing, and further information on the bids was contained in the Part 2 appendix. Officers had spent time considering the options and were confident with the recommendation.
- 107.2 Councillor Randall noted that would not support the recommendation as he felt one of the other options would be better for the future of the city.
- 107.3 The Chair then put the recommendation to the vote.

107.4 RESOLVED:

- (1) That approval be given to the disposal of the property on a 150 year lease to Southern Housing for a target capital receipt subject to planning and variation depending on the number of new houses permitted for development on the site.
- (2) That the detailed terms to be settled by the Executive Director of Finance & Resources and the Head of Law.

108. BUS SHELTERS CONCESSION AGREEMENT

- 108.1 The Executive Director of Environment, Development & Housing introduced the report that related to the Bus Shelters Concession Agreement. The existing contract was due to expire in 2014; the period of the new contract would be for 10 years, and the process would be in two stages.
- 108.2 Councillor Morgan stated that he hoped this process would allow for the provision of bus shelters in areas of the city where they were much needed, and he endorsed comments that some of the shelters in the city centre were inadequate; he also added that he hoped the exercise would not be an opportunity to increase the amount of advertising space.
- 108.3 Councillor G. Theobald asked about the number of retained shelters, and it was clarified that the aims of the contract was to achieve the maximum benefit for the Council to reduce the costs, and it was considered that including some of the older shelters could reduce the cost benefits of the contract.
- 108.4 Councillor Hamilton noted that it was important the location of shelters was kept under review to ensure they were in the right place and serving their purpose.
- 108.5 Members of the Committee noted some specific examples of bus shelter siting, and the Chair suggested that Ward Councillors be able to feed into the process at the appropriate point to raise their concerns.

RESOLVED:

- (1) That the procurement of the bus shelters concession agreement with a term of 10 years from 6th September 2014 to 5th September 2024 and the option to extend by a further three years to 5th September 2027 be approved;
- (2) That delegated authority be granted to the Executive Director Environment, Development and Housing:
 - (a) to carry out the procurement of the concession agreement referred to in 2.1 above including the award and letting of the concession agreement; and
 - (b) to grant an extension to the concession agreement referred to in 2.1 above of three years should he/she consider it appropriate at the relevant time.

109. REVIEW OF POLLING DISTRICTS AND POLLING PLACES

- 109.1 The Chief Executive introduced the report that related to the Review of Polling Districts and Polling Places and stated that the principles of the review were clearly set out in the report and sought to minimise the use of and disruption to schools.
- 109.2 Councillor G. Theobald referenced the possibility of merging some of the stations in the Patcham Ward; in response the Elections and Land Charges Manager explained that the review had not sought to look at reducing the number of stations, but instead to address less suitable stations.
- 109.3 Councillor Peltzer Dunn referenced a polling station at Aldrington Recreation Ground Pavilion in the Wish Ward and noted that it was no longer possible to use a site that had now been let as a nursery, and as such two polling were operated from the site. He stated that this situation had been acceptable for the Police & Crime Commissioner elections in 2012 and would also be acceptable for the European Elections in May 2014 due to the lower turnout. He went on to express concern that in May 2015, when the General Election and Local Elections were on the same day, the site would be inadequate and have problems with large queues, and asked if this could be reviewed for 2015.
- 109.4 The Elections & Land Charges Manager explained that the locations of polling stations was constantly under review and she would look at alternative solutions such as seeking to use the nursery, but added it could be difficult to provide a portacabin at this location due to the suspension of parking bays and some of the practical issues.
- 109.5 Councillor Hamilton stated that if Portslade Town Hall were used as a Polling Station this year during the proposed construction works then adequate signage would need to be provided to ensure voters were properly directed to the side entrance of the building.
- 109.6 Councillor A. Norman stated that she and Councillor K. Norman supported the proposed changes in the Withdean, particularly providing an alternative location to Dorothy Stronger School.
- 109.7 Councillor Shanks stated that she felt schools should not be closed during elections, and the Elections and Land Charges Manager agreed to forward on information in relation to the number of schools used and the number that needed to be closed.
- 109.8 The Chief Executive stated that she felt strongly, in her role as Returning Officer, that the closure of schools should be avoided and work would continue to seek alternative venues.
- 109.9 **RESOLVED:**
- (1) That the proposals for polling districts and places be as outlined in Appendix 1 to this report. In particular:
 - (2) That the polling place for AU, Rottingdean Coastal ward, be changed from Saltdean Primary School to St Nicholas Church Hall, Saltdean Vale.

- (3) That the polling place for EY, Queens Park ward, be changed from Carlton Hill Primary School to Millwood Community Centre, Nelson Row.
- (4) That the polling place for FW, Hanover & Elm Grove ward, be changed from Fairlight Primary School to the Children's Centre, St Leonards Road.
- (5) That the polling place for HZ, Patcham ward, be changed from Hollingbury Methodist Church Hall to Hollingbury Library, County Oak Avenue.
- (6) That the polling place for IY, Withdean ward, be changed from Dorothy Stringer High School to the Cassidy Centre, St Mary's Church.
- (7) That the polling place for KS, St Peters & North Laine ward, be changed from the Clarendon Centre to the BMECP Centre, Fleet Street.
- (8) That the polling place for NV, Goldsmid ward, be changed from Somerhill Junior School to the Ajax Hall, Brighton & Hove Reform Synagogue, Eaton Road.
- (9) That Cottesmore St Mary's RC School be retained as the polling place for NY (Goldsmid ward) and OZ (Hove Park ward).
- (10) That the Pavilion in Wish Road be used as a double polling place for SW and SX polling districts in Wish ward.
- (11) That the Electoral Services & Local Land Charges Manager, on behalf of the Returning Officer and Electoral Registration Officer, be authorised to take the measures, as required by law, to bring the changes into effect.
- (12) That the Committee delegates to the Returning Officer following consultation with the Group Leaders and respective ward councillors, the designation of alternative polling places in the event of any polling place not being available at any particular election.

110. COMMITTEE TIMETABLE 2014-2015

110.1 **RESOLVED:** That the proposed timetable of meetings for 2014/15 be approved.

111. ITEMS REFERRED FOR COUNCIL

111.1 No items other than those which were due to be considered at the Council meeting on the 12th December were referred to the Council meeting for information.

PART TWO SUMMARY

112. 251-253 PRESTON ROAD BRIGHTON - DISPOSAL - EXEMPT CATEGORY 3

112.1 **RESOLVED:** That the information contained in the appendix to the report listed at Item 107 on the agenda be noted.

113. PART TWO MINUTES - EXEMPT CATEGORIES 3 AND 5

113.1 **RESOLVED:** That the Part 2 minutes of the meeting held on 5 December 2013 were agreed as a correct record and signed by the Chair.

114. PART TWO PROCEEDINGS

114.1 **RESOLVED:** That the information contained in the appendix listed as Item 93 on the agenda remain exempt from disclosure to the press and public.

The meeting concluded at 5.13pm

Signed

Chair

Dated this

day of

2014

Subject: Housing Revenue Account Budget 2014/15 - Extract from the Proceedings of the Housing Committee Meeting held on the 15th January 2014

Date of Meeting: 30 January 2014

Report of: Head of Law

Contact Officer: Name: Lisa Johnson Tel: 29-1228
E-mail: lisa.johnson@brighton-hove.gov.uk

Wards Affected: All

FOR GENERAL RELEASE

Action Required of the Policy & Resources Committee:

To receive the item referred from the Housing Committee for approval and recommendation to Full Council:

Recommendation:

- (1) That the budget for 2014/15 as shown in Appendix 1 to the report according to the final year of rent convergence to be confirmed by the government in its rent restructuring guidance for 2014/15 be approved and recommended to Council;
- (2) That individual rent increases and decreases in line with rent restructuring principles as determined by the Government and detailed in paragraphs 3.12 to 3.16 in the report and according to the final year of rent convergence to be confirmed by government in its rent restructuring guidance for 2014/15 be approved;
- (3) That the changes to fees and charges as detailed in Appendix 2 to the report be approved; and
- (4) That the new service charges outlined in Appendix 2 to the report including the phased implementation of the new Intensive Housing Management charge be approved.

HOUSING COMMITTEE

**4.00 pm 15 January 2014
COUNCIL CHAMBER, HOVE TOWN HALL**

DRAFT MINUTES

Present: Councillor Randall (Chair); Councillors Peltzer Dunn (Opposition Spokesperson), Barnett, Bowden, Duncan, Farrow, Fitch, Mears, Pissaridou and Rufus

PART ONE**45. HOUSING REVENUE ACCOUNT BUDGET 2014/15**

- 45.1 The Committee considered the joint report of the Executive Director Environment Development and Housing and the Executive Director of Finance & Resources. The report presented the proposed budget for 2014/15 as required by the Local Government and Housing Act 1989. The report was presented by the Head of Financial Services.
- 45.2 Councillor Mears asked whether the budget proposals had been signed off by the Chief Finance Officer, and was advised they had.
- 45.3 Councillor Mears noted that both this report and item 48 on the agenda gave different figures for the number of Council properties. The Chair apologised and said the correct figure would be clarified.
- 45.4 Councillor Mears had a number of comments on the report. Paragraph 3.2 referred to a reduction in management costs, but Councillor Mears believed the management costs were actually going up. Paragraph 3.4 referred to the installation of Solar PV being installed and Councillor Mears said the current administration had previously failed to agree such installation which had cost tenants money. The proposed budget allowed for £0.145m being invested for legal, health and safety and human resources to support the delivery of service redesigns and to meet health and safety legislation and said that the proposals should have been considered by Area Panels. Paragraph 3.11 also stated that there would be a contribution of £0.145m to community groups working in and around council estates, and she was concerned that tenant's money was going to the General Fund. Councillor Mears referred to the EIA table and said that the information provided was very poor and, in her view, not acceptable. In particular she referred to page 40, and asked how it was known that there would be 'no disproportionate impact' from the Budget Proposals 4 and 6.
- 45.5 Councillor Peltzer Dunn said that he fundamentally disagreed with the new service charges. In particular the charge to store mobility scooters was wrong and was discriminating against the disabled. The Authority should provide safe access to buildings and therefore it was wrong to charge for lighting. Charging for lift maintenance was wrong and it should not be an optional extra to use a lift if you lived on the top floor

of a high rise building. The Chair said that currently all tenants contributed to the cost of lift maintenance, and it was fairer that only those who used lifts contributed to their upkeep. The Chair said that meetings had been held with some residents from the High Rise Action Group (HRAG) who had accepted the charges were necessary. The Chair advised the Committee that the Authority would introduce a compensation scheme if the lifts weren't working. Councillor Mears said that she understood that the HRAG had not agreed to the new service charge, and that if they did have to pay they would expect a certain level of service. The Head of Income, Inclusion and Improvement (Housing), who had attended a meeting with two members of the HRAG and the Council's Principal Accountant, said that the two residents had agreed with the premise of the charge, and had said they felt that it wasn't equitable that some tenants paid for a service they didn't receive. She agreed they discussed tenants' service level expectations, and that they should hold the Authority to account to ensure they were achieved.

45.6 Councillor Barnett said there was sheltered housing in her ward, Churchill House, and they hadn't had a full time warden for a number of weeks. Officers advised that the Authority didn't have the resources to provide a full warden service, and the service redevelopment would be addressing that issue. A report would come to a future meeting of the Housing Management Consultative Sub Committee.

45.7 **RESOLVED:**

- (1) That Housing Committee recommend that Policy & Resources Committee:
 - (a) Approves and recommends to Council the budget for 2014/15 as shown in Appendix 1 according to the final year of rent convergence to be confirmed by the government in its rent restructuring guidance for 2014/15.
 - (b) Approves individual rent increases and decreases in line with rent restructuring principles as determined by the Government and detailed in paragraphs 3.12 to 3.16 in the report and according to the final year of rent convergence to be confirmed by government in its rent restructuring guidance for 2014/15.
 - (c) Approves the changes to fees and charges as detailed in Appendix 2.
 - (d) Approves the new service charges outlined in Appendix 2 including the phased implementation of the new Intensive Housing Management charge.
- (2) That Housing Committee agree that officers should begin consultation with tenants on the implementation of new service charges in accordance with the tenancy agreement.

| | | |
|-------------------------|---|----------------------------|
| Subject: | Housing Revenue Account Budget 2014/15 | |
| Date of Meeting: | 13 February 2014 27 February 2014 - Council 15 January 2014 – Housing Committee | |
| Report of: | Executive Director of Finance & Resources Executive Director of Environment, Development & Housing | |
| Contact Officer: | Name: Monica Brooks and Susie Allen | Tel: 29-2279 |
| | E-mail: monica.brooks@brighton-hove.gov.uk susie.allen@brighton-hove.gov.uk | |
| Wards Affected | ALL | |

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 This report presents the proposed Budget for 2014/15 as required by the Local Government and Housing Act 1989. Members are required to consider the budget proposals including savings and service pressures as well as changes to rents, fees and charges.
- 1.2 The council's Housing Revenue Account (HRA) contains the income and expenditure relating to the council's social landlord duties, of approximately 11,800 properties and 2,600 leasehold properties. The income and expenditure related to these properties are accounted for separately from the council's other services/activities which form part of the council's General Fund.
- 1.3 In managing the HRA, the budget strategy continues to aim at reducing management overhead costs in order to optimise investment in service delivery to the benefit of our tenants and leaseholders and that reduces inequality, improves homes and sustains local neighbourhoods.
- 1.4 At the time of issuing this report to Housing Committee on 15 January 2014 and Housing Management Consultative Committee on 11 February 2014 the council was awaiting confirmation from the Government of the 2014/15 rent restructuring guidance relating to the target rent convergence date. The government was to confirm whether 2014/15 or 2015/16 will be the final year of rent convergence when setting the rents for April 2014. Therefore two sets of budget proposals and rent increases were prepared based on each of the possible convergence years. Confirmation has now been received from the government that 2014/15 is the year when rent convergence ends and the final report to Policy & Resources Committee now includes the budget and rent proposals based on the confirmed rent convergence date of 2014/15.

2. RECOMMENDATIONS:

2.1 That Policy & Resources Committee:

- (a) Approves and recommends to Council the budget for 2014/15 as shown in Appendix 1.
- (b) Approves individual rent increases and decreases in line with rent restructuring principles as determined by the Government and detailed in paragraphs 3.12 to 3.16.
- (c) Approves the changes to fees and charges as detailed in Appendix 2.
- (d) Approves the new service charges outlined in Appendix 2 including the phased implementation of the new Intensive Housing Management charge.
- (e) Notes the Equalities Impact Assessment shown in Appendix 3.

3. HRA BUDGET PROPOSALS 2014/15

Summary

- 3.1 A local authority's HRA must be in balance, and the authority must show in its financial planning that HRA income meets expenditure and that the HRA is consequently viable. The introduction of self financing of the HRA from 1st April 2012 means that the authority needs to ensure sufficient funds are available to meet the future management, repairs and investment needs of the stock. Self financing has given authorities the freedom to plan for the longer term and has given greater emphasis to the 30 year business planning process.
- 3.2 In a continuing drive to ensure value for money within the service, benchmarking of both service quality and cost is used extensively to identify opportunities for better efficiency. Benchmarking against comparator organisations and an analysis of the outcome of the Housing Quality Network value for money review in 2012 identified an efficiency savings target of £1.028m over 2 years to ensure that the service provides value for money. To continue this efficiency drive, the target set for 2014/15 was £0.438 million and this has been met through a reduction in management costs of £0.488 million included in the savings in paragraph 3.10 below.
- 3.3 The HRA Budget 2014/15 aims to balance the priorities of both the council and housing residents within the context of the Corporate Plan 2011-2015, which sets out the council's strategic direction and priorities for the next three years, based around the four council priorities:
 - Tackling inequality
 - Creating a more sustainable city
 - Engaging people who live and work in the city
 - Modernising the council

3.4 The HRA revenue strategy focuses upon investment to deliver corporate priorities:

1. Investment to tackle inequality and sustain rental income

- Continued Investment in Prevention. Vulnerable residents of the City are over represented within the council's social housing stock. HRA investment in housing related support and the quality of council housing, promotes social inclusion and prevents negative impacts upon Health, Adult Social Care and Children's Services budgets preventing the need for costly statutory interventions such as homelessness support, corporate parenting, hospital and residential care admissions;
- Investment in housing support for older people. Enhancing our sheltered housing model. Working proactively to enable households to retain their existing accommodation and continue to live independently in their own homes;
- Continued investment in providing specialist support services for vulnerable council housing residents on low incomes including services that promote financial inclusion. This is critical for those households impacted by Welfare Reform;
- Continued Investment through the EU 'Interreg' grant funding in the 'Learning Cities' project will deliver support to council tenants that enhance the employability of individuals, and so improve their and their family's life chances;
- Continued investment in specialist tenancy management and support services to support vulnerable council housing residents and services which tackle the blight of anti-social behaviour.

2. Creating a more sustainable city

The housing management service is developing a Sustainability Action Plan according to One Planet Living principles:

- Providing energy advice to council tenants from operatives as part of the annual gas check and through other energy advice initiatives;
- Tackling fuel poverty through continued investment in providing modern, energy efficient heating for council housing residents;
- Improving the sustainability and energy efficiency of the housing stock in line with the emerging One Planet Living Sustainable Action Plan for council housing. This will include insulation improvements, over-cladding projects, solar PV and improvements to communal lighting;
- Investing in estate regeneration and building new council homes to high sustainability standards;
- Action to increase asset value, tackle overcrowding, and improve well-being through continuation of the loft conversion / extension programme;
- A strategic programme to tackle damp and condensation to contribute to improving health inequalities.

3. Engaging people who live and work in the city

- Further development of tenant and resident involvement and the new tenant scrutiny panel to ensure that tenants and leaseholders have a stronger voice in the management of council housing within the framework of current policies and priorities;
- Continuing to maximise the social value arising from investment in the Repairs and Improvement Partnership with Mears, through provision of local jobs, raising the aspirations of young people through apprenticeships, and creating local supply chain opportunities. To date this includes:
 - 65 apprentice and work opportunities provided
 - 95% local employment
 - 28 local businesses employed as subcontractors
 - Partnership with City College to enable 35 construction students to gain experience refurbishing empty homes
 - Estate Development Budget run as a not-for-profit business model
 - Supporting the “Waste House” project in partnership with the University of Brighton and Mears. More than 3,000 people, among them students, apprentices, local builders and school children are involved in building the house, with the ambition to train students and apprentices around emerging sustainable industries.

Budget Variations

- 3.5 The HRA budget for 2014/15 is shown in Appendix 1 with the main budget variations detailed in Table 1 below. Employees’ costs include provision for a 1% pay increase along with any known increments.
- 3.6 The inflationary provision for non-employee costs ranges from zero to 2%, with the exception of some contracts where inflationary increases are agreed within the terms of the contract. All income budgets are zero-based¹ and therefore charges are estimated based on known increases in costs or inflation.
- 3.7 The major works leasehold income budget has increased by £0.609 million to reflect a significant increase in planned major works during 2013/14 to blocks containing leaseholders.
- 3.8 The budget for capital financing costs of £8.564 million has increased by £0.416 million. In order to maximise capacity for future borrowing, this budget includes a set aside of £2 million for the future repayment of debt. The budget also includes the repayment of borrowing of £1.274 million with the remaining costs being interest on the outstanding debt.
- 3.9 The budget variances result in a surplus which will be used to support the capital programme and is shown as ‘revenue contributions to capital schemes’ within the

¹ A zero-based budget is one that is wholly recalculated each year rather than changing incrementally.

Revenue Budget. Savings proposals, service pressures and changes to rents and fees and charges are detailed in paragraphs 3.10 to 3.20 with an Equalities Impact Assessment of the budget proposals shown in Appendix 3.

Table 1: Main Budget Variations

| Variation | With rent convergence ending 2014/15 |
|--|--------------------------------------|
| | £'000 |
| Adjusted Budget 2013/14 | (0) |
| <i>Increases in Resources:</i> | |
| Savings Proposals as detailed in paragraph 3.10 | (1,303) |
| Increase in rent for dwellings (net of empty properties) | (1,188) |
| Increase in major works income from leaseholders | (609) |
| <i>Reductions in Resources:</i> | |
| Employees pay award and other inflation | 405 |
| Service Pressures as detailed in paragraph 3.11 | 870 |
| Increase in capital financing costs | 416 |
| Revenue contribution to capital schemes | 1,350 |
| Other Minor Variances | 59 |
| Original Budget 2014/15 | (0) |

Savings & Service Pressures

3.10 The HRA Budget strategy provides savings of £1.303m for reinvestment in services and the capital programme in 2014/15 by:

- Reducing housing management costs by £0.488m following the redesign of services such as the estates cleaning and neighbourhood response services; reducing the number of service access points around the City and continuing improvements in efficiency;
- Increasing income by £0.485m per annum through the introduction of service charges to tenants for common way electricity, lift servicing and a revision to the TV aerial charge to cover the servicing and maintenance element. This also includes increases to the commercial property portfolio income. Details of the proposed fees and service charges are shown in Appendix 2.
- A net increase in income of £0.260m as a result of a revised charge to tenants in sheltered accommodation for intensive housing management, taking account of a remodelled service and the reduction in supporting people funding of £0.340m. The proposal is to redesign the sheltered service with costs covered by service charges eligible for Housing Benefit making the service more financially secure. The remodelled service will be more aligned to health and social care outcomes and designed to respond to the changing demographics of the older population.
- Reducing maintenance unit costs through service efficiencies in the Repairs and Maintenance partnership contract saving £0.070m.

3.11 The required reinvestment in services is currently estimated at £0.870m with the remaining savings of £0.433m being reinvested in the capital programme. The revenue pressures requiring reinvestment are:

- A review of the Homemove and Housing Options budgets has identified that a greater proportion of time is spent on HRA properties than previously budgeted resulting in a reallocation of costs of £0.132m;
- £0.258m is required for investment in staffing as part of our action to mitigate against the potential negative impacts of Welfare Reform and to reduce financial and social inequality. This includes housing management staff working with families in multiple deprivation and funding for a mutual exchange scheme supporting those under-occupying to move to more suitable and financially sustainable accommodation;
- In response to feedback from sheltered residents and the increasing complexity of needs of some residents, £0.160m is being re-invested in extra staffing for the Sheltered Service;
- An additional £0.030m to provide statutory storage facilities for HRA tenants who abandon their accommodation. This budget requirement results from a number of residents making a bid to take over the current storage space at Robert Lodge for community space;
- Investment of £0.145m in support service costs. This amount represents additional support for the HRA that has arisen and relates specifically to:
 - an additional legal post to assure the Council and provide specialist housing advice in relation to increasing complexities in the service;
 - a health and safety officer to ensure that the housing property and investment service meets health and safety legislation, and;
 - additional Human Resources support to help manage the significant on-going changes to the service.
- A contribution of £0.145m for grants to the community. A review of the current 3 Year and Annual Grant programme has estimated that £0.145m of the allocated funding related to projects that focus primarily or significantly on supporting council tenants and leaseholders or activities relating to predominantly council estates. As a result, it is appropriate for the HRA to fund the relevant proportion of these activities. Items that must be accounted for within the Housing Revenue Account (HRA) are defined by Schedule 4 of the Local Government and Housing Act 1989, the DoE Circular 8/95 published in 1995 and also the CIPFA Service Reporting code of Practice (SERCOP), which is updated annually. The DoE Circular 8/95 sought to clarify some of the unclear areas relating to expenditure and income that can be charged to the HRA. It states that where amenities benefit the wider community, costs should be appropriately shared between the HRA and General Fund. Contributing to these community groups working in and around council estates aims to enhance community cohesion and the lives of our tenants by, for example, helping to deliver the council's financial and digital inclusion programmes.

Rents 2014/15

- 3.12 Rents for 2014/15 will continue to be calculated in accordance with the government's current rent restructuring guidelines. Target rents for each property are calculated based on the relative property values, bedroom size and local earnings. The act of moving tenants' current rents to the target rent is called rent convergence. In order to limit increases in current rents to reach target rents, the current guidance specifies a maximum rent increase equivalent to Retail Price Index (RPI) inflation + ½% + £2 per week.
- 3.13 The government has recently published a consultation document covering changes to social housing rent policy which is set to apply from April 2015 onwards. The current basis on which social housing target rents are set will still apply. The main changes to be introduced are that the annual increases with effect from April 2015 will change from RPI + ½% + £2 per week to Consumer Price Index (CPI) + 1%. This change will remove the flexibility of social landlords to increase social rents each year by an additional £2 where rents are below target. The government expects that this change is will generally result in lower annual rental increases over the long term.
- 3.14 For 2014/15 rents, local authorities must still use the September 2013 RPI of 3.2% plus ½% for setting rent inflationary increases plus up to £2 (where rents are below target). The government has confirmed that the rent policy change from April 2015 has brought forward the final year of rent convergence to 2014/15.
- 3.15 Rent convergence in 2014/15 results in an average rent increase of 5.43% for Brighton & Hove, as the majority of rents are increasing towards target rents. However, in line with rent restructuring, where rents are moving towards their individual targets, some rents will be increasing by more or less than the average rent increase. Table 2 below provides details of the average rents and increases/decreases.

Table 2: Rent increases

| Rent Convergence Year | Average weekly rent increase 2014/15 % | Average weekly rent for 2014/15 | Average weekly rent increase for 2014/15 | Maximum weekly increase 2014/15 | Maximum (decrease) |
|------------------------------|---|--|---|--|---------------------------|
| 2014/15 | 5.43% | £83.72 | £4.31 | £7.28 | (£1.37) |

- 3.16 It should be noted that approximately 70% of tenants are in receipt of housing benefit. The average rents still remain the lowest and the most affordable in the city, and offer our tenants secure accommodation. In 2013/14 rents were 69% lower than the private sector and in 2012/13 15% lower than housing associations in the area.

Fees and Service Charges 2014/15

- 3.17 The government introduced rent restructuring with the aim of creating rents that are fair and affordable. Rents are not calculated to take into account any service charges and only

include all charges associated with the occupation of a dwelling, such as maintenance of the building and general housing management services.

- 3.18 Service charges should therefore 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 service reflecting their housing circumstances. Tenants are already paying for a variety of different services such as cleaning services and grounds maintenance, depending on where they live in the City.
- 3.19 Now that the HRA is self financing, it is ever more important to ensure its long term viability. The authority must ensure sufficient funds are available to meet the future management, repairs and investment needs of the stock to keep homes decent and to invest in building new affordable housing.
- 3.20 The proposed fees and charges for 2014/15 are set out in Appendix 2. This year the proposals include new service charges to recover the costs of servicing and maintaining lifts and the costs of communal electricity in blocks of flats. It also includes a new charge for Intensive Housing Management which will replace the Supporting People charge. All 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. New service charges and those that have increased by more than the standard inflation provision are explained in further detail in Appendix 2. In most cases the new charges will be covered by Housing Benefit. The impact of the new service charges on different groups in the community is included in the Equalities Impact Assessment at Appendix 3.

Medium Term Financial Forecast

- 3.21 The introduction of self financing in 2012 has provided additional resources from the retention of all rental income and, through greater control locally, will enable longer term planning to improve the management and maintenance of council homes. Although there are additional resources available in the long term, self financing includes a cap (or limit) on the amount of HRA borrowing for capital investment by each local authority. This limit is currently set at £156.8m for Brighton & Hove and the estimated total borrowing up to 31 March 2017 is £117.4m, providing additional borrowing capacity of £39.4m. The government has recently announced in the Autumn statement that it will increase the funding available for new affordable homes, by increasing local authority Housing Revenue Account borrowing limits nationally by £150 million in 2015-16 and £150 million in 2016-17, allocated on a competitive basis and from the sale of vacant high-value social housing. This funding will support around 10,000 new affordable homes nationally and will form part of the Local Growth Fund, available to local authorities who have a proposal agreed by their Local Enterprise Partnership (LEP). Full details of these proposals have yet to be received by local authorities.
- 3.22 The HRA 30 year Business Plan will be updated in early 2014 to reflect the recent autumn statement announcements, the impact of the proposals from the social rent 2015/16 consultation and the 2014/15 budget proposals. This will enable a review of future opportunities for additional investment in existing housing stock and building new homes and how the housing debt could be structured to accommodate these plans or possibilities.

In the meantime, until a debt strategy is developed, the Budget Strategy assumes that all revenue surpluses that are not required for capital investment are set aside for the repayment of debt. This will reduce the interest payments on existing debt and provide greater headroom in the borrowing limit for future development opportunities. A Medium Term Financial Forecast for years 2014/15 to 2016/17 is included in Appendix 4.

Projected HRA Revenue Reserves

- 3.23 Table 3 details the projected revenue reserves for 2014/15 which are estimated at £4.370m as at 31 March 2015. Movements in reserves include a contribution of £1.500 million to fund the 2013/14 capital programme with a further £0.500 million for 2014/15 and an estimated contribution of £0.309 million from the 2013/14 revenue forecast outturn.
- 3.24 The recommended working balance (minimum level of reserves) is £2.800 million. Therefore, after taking this into account, usable revenue reserves are projected at £1.570 million at 31 March 2015, which can be used to support one off items of expenditure.

Table 3: Projected Unearmarked Revenue Reserves at 31 March 2015

| | £'000 |
|---|--------------|
| Reserves at 1 April 2013 | 6,061 |
| Plus: Forecast contribution from 2013/14 Revenue Outturn at month 9 | 309 |
| Less: Use of Reserves to fund the capital programme 2013/14 | (1,500) |
| Projected reserves at 31 March 2014 | 4,870 |
| Less use of reserves to fund the capital programme 2014/15 | (500) |
| Total Projected Balance at 31 March 2015: | 4,370 |
| Applied to: | |
| Working Balance | 2,800 |
| Usable revenue reserves | 1,570 |

- 3.25 Estate Development Budget reserves, which are held separately from the HRA general reserves above, are £0.246 million as at 1 April 2013. These reserves relate to committed revenue and capital expenditure for schemes agreed in previous financial years that are not yet completed.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 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 27 February 2014. Budget Council has the opportunity to debate both the proposals recommended by Policy & Resources Committee at the same time as any viable alternative proposals.
- 4.2 Rents have been set in accordance with the government's rent restructuring guidance. In previous years, the Housing Subsidy Determination controlled rent setting increases by

removing resources from local authorities through non compliance. Although the subsidy system is now abolished, increases in rents above rent convergence will be subject to the rent rebate limitation which sets a limit on the level of rent increases. Any increases above this limit would result in a loss of Housing Benefit Subsidy, which is payable by the HRA.

- 4.3 The government's policy for rent restructuring is to ensure rents are fair and equitable nationally. Although the authority can set rents at a lower level than rent restructuring, this would bring the rents out of line with national policy. The government's self financing valuation agreed at April 2012 is based on using the rent restructuring formula and was set at a level to provide a balanced business plan over the next 30 years. Reducing rental increases away from those levels included in the valuation will affect the 30 year Business Plan and therefore reduce the level of resources available to fund future repairs, maintenance and improvement works. For example a 1% reduction in the rental increase for 2014/15 (saving each tenant an average of £0.80 per week in rent increase) would result in a loss of rental income of approximately £1.5 million over the next three years (£5.7m over 10 years, £27m over 30 years).
- 4.4 This budget proposes new service charges for lift servicing and maintenance, electricity for common ways and mobility scooter storage bays. These are estimated to raise £0.108m, £0.276m and £0.006m respectively per annum for the HRA (at 2014/15 prices). There is also an additional charge proposed to be added to the current TV aerial charge to allow for the on-going servicing and maintenance. This raises a further £0.051m per annum. These charges are only for those tenants that directly benefit from these services. The income from these charges will be used for investment in maintenance and improvements to tenants' homes. Over a ten year period, this amounts to £4.410m excluding inflationary increases.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 At the Citywide Assembly, in November 2012, residents looked at a list of service priorities originally identified at Area Panels and discussed in groups their views about each area. They then identified specific areas of work that they would like to see prioritised. The wider Assembly then voted on each of these areas. Priorities which received the most support from either the assembly or from other tenant feedback included:
- Solar panels for revenue generation and reducing bills
 - Review assets to see if any can be sold e.g. offices, garages or land
 - Reacting to, and feeding back on, anti-social behaviour
 - Increase rents for new homes and those who can afford it
 - Lifts to be repaired quicker
 - Draught proofing checks for homes
 - Faster response when repairs are reported
 - Reacting quickly when a vulnerable tenant has not been seen
- 5.2 These tenant priorities have continued to inform the budget setting process for 2014/15. The various tenant groups around the City have been consulted and shared their views on a variety of budget issues, for example:

- Tenants have been consulted through Area Panels and HMCSC on the office accommodation/access to service changes and the agreement to close the 4 remaining cash desks and Selsfield Drive housing office which forms part of the proposed efficiency savings for the budget.
- There has been consultation around the new Brighton & Hove Standard for Decent Homes spend for next year to include more choice on kitchen and bathroom finishes, and tenants have been involved in working up a revised Lettable Standard to achieve better value for money for the capital programme.
- Tenant involvement meant that amendments were made to the capital programme in relation to the loft and extension scheme to ease overcrowding.
- Similarly, the Business and Value for Money Service Improvement Group has identified support for financial inclusion work for tenants as a priority for them.

- 5.3 Further consultation commenced in January focusing on the implementation of the new service charges and further consideration of how any adverse impact on tenants and leaseholders can be mitigated..
- 5.4 The consultation will be in the form of focus groups with affected tenants (particularly those not in receipt of Housing Benefit) and meetings with the Sheltered Housing Action Group and the High Rise Action Group.

6. CONCLUSION

- 6.1 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 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 breakeven budget and recommends rent increases in line with current government guidance.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 The financial implications are contained within the main body of the report.

Finance Officer Consulted: Monica Brooks/Susie Allen Date: 11/12/13

Legal Implications:

- 7.2 Section 6 of the report outlines the legal framework for the HRA. The Housing Committee cannot approve the HRA Budget for 2014/15. The council's constitution provides that the Policy & Resources Committee is responsible for formulating budget proposals for approval by full council.

Lawyer Consulted: Liz Woodley Date: 09/12/13

Equalities Implications:

- 7.3 The HRA budget funds services to people with special needs resulting from age, vulnerability or health. To ensure that the equality impact of the budget proposals is fully considered as part of the decision making process, an Equality Impact Assessment screening document for the HRA budget proposals has been prepared and is included in appendix 3 of this report. Full equality impact assessments have been developed on specific areas where required. As part of the council's engagement process, a series of meetings are planned to be held with specific communities of interest in January/February to explore the issues for these groups arising from the council's budget changes.

Sustainability Implications:

- 7.4 The HRA budget will fund a range of measures that will benefit and sustain the local environment. The self-financing settlement will provide a framework within which all local authorities can sustain their stock in a good condition in the future. This should enable the council to deliver a range of measures that will benefit and sustain the local environment.

Risk and Opportunity Management Implications:

- 7.5 Financial risks have been assessed throughout the development of the council's HRA budget. The introduction of Self Financing means that all the risks inherent in running social housing landlord services will now transfer from the government to the local authority. The key risks which will need to be managed and developed as sensitivities and scenarios within the model may include:
- Inflationary risk where expenditure inflation is greater than income, particularly with rental increases determined by national rent policy;
 - 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.

Corporate / Citywide Implications:

- 7.6 The Budget seeks to improve the quality of housing and services provided to tenants across the City.

SUPPORTING DOCUMENTATION

Appendices:

1. Appendix 1: HRA Forecast Outturn 2013/14 and Budget 2014/15
2. Appendix 2: Fees and Service Charges 2014/15
3. Appendix 3 : Equalities Impact Assessment
4. Appendix 4: HRA Medium Term Financial Strategy

Documents in Members' Rooms

None

Background Documents

1. 2014/15 Housing Revenue Account Working Papers

HRA Forecast Outturn 2013/14 and Budget 2014/15

| | 2013/14 Adjusted Budget | 2013/14 Forecast Outturn (month 9) | 2014/15 Original Budget (with rent convergence ending 2014/15) |
|---|-------------------------------|---|--|
| | £'000 | £'000 | £'000 |
| EXPENDITURE | | | |
| Employees | 8,594 | 8,536 | 8,838 |
| Premises - Repairs | 11,028 | 11,058 | 11,199 |
| Premises - Other | 3,363 | 3,170 | 3,413 |
| Transport | 143 | 143 | 132 |
| Contribution to Bad Debt Provision | 288 | 288 | 291 |
| Supplies & Services | 1,780 | 1,817 | 1,854 |
| Third Party Payments | 147 | 144 | 183 |
| Support Services - From Other Departments | 2,024 | 2,136 | 2,182 |
| Revenue Contributions to Capital Schemes* | 20,774 | 20,774 | 22,124 |
| Capital Financing Costs | 8,148 | 7,896 | 8,564 |
| Total Expenditure | 56,289 | 55,962 | 58,780 |
| INCOME | | | |
| Rents Dwellings * | (49,235) | (49,219) | (50,423) |
| Rents Car Parking / Garages | (823) | (867) | (876) |
| Commercial Rents | (446) | (466) | (506) |
| Service Charges | (5,397) | (5,317) | (6,583) |
| Other Recharges and Interest | (388) | (402) | (392) |
| Total Income | (56,289) | (56,271) | (58,780) |
| TOTAL DEFICIT / (SURPLUS) | 0 | (309) | (0) |

Housing Revenue Account Fees and Service Charges Proposals 2014/15

All fees and service charges are reviewed annually to ensure full cost recovery and also to identify any service efficiencies that can be offset against inflationary increases to keep increases to a minimum. The following table lists all of the HRA fees and service charges proposed for 2014/15. New charges, and those charges that are proposed to increase by more than standard inflation, are explained in further detail below the table.

| | Number of tenants affected | Estimated Number not eligible for HB | Eligible for HB | Current Average Weekly Charge 2013/14 | 2014/15 proposed Average increase/ (decrease) % | 2014/15 proposed Average Charge | 2014/15 Proposed average increase/ (decrease) per week £ | Comments |
|----------------------------------|----------------------------|--------------------------------------|-----------------|---------------------------------------|---|---------------------------------|--|---|
| Grounds Maintenance | 5,757 | 1,444 | Yes | £0.64 | 1.0% | £0.65 | £0.01 | Contractual increase |
| Communal cleaning | 5,482 | 1471 | Yes | £2.78 | Nil | £2.78 | Nil | Full cost recovery without increasing charges because of reduced staffing costs within this service |
| Communal heating – gas | 1,110 | 1,110 | No | £8.94 | 2.2% | £9.13 | £0.19 | See heating paragraphs below |
| Communal heating - electric | 79 | 79 | No | £7.13 | 17.0% | £8.34 | £1.21 | See heating paragraphs below |
| TV Aerials | 4,942 | 1,297 | Yes | £0.56 | 36.0% | £0.76 | £0.20 | New element to pay for servicing and maintenance. See Paragraphs below |
| Sheltered Services – common ways | 850 | 112 | Yes | £8.44 | 2.5% | £8.65 | £0.21 | Contractual increases to aid cost recovery |
| Sheltered Services-laundry | 827 | 109 | Yes | £1.33 | Nil | £1.33 | nil | No contractual increase |
| Water | 147 | 147 | No | £3.43 | 5.0% | £3.60 | £0.17 | Average Increase for recovery of costs. |

| | Number of tenants affected | Estimated Number not eligible for HB | Eligible for HB | Current Average Weekly Charge 2013/14 | 2014/15 proposed Average increase/ (decrease) % | 2014/15 proposed Average Charge | 2014/15 Proposed average increase/ (decrease) per week £ | Comments |
|--|----------------------------|--------------------------------------|-----------------|---------------------------------------|---|---------------------------------|--|---|
| Video Entry | 12 | 3 | Yes | £0.96 | Nil | £0.96 | nil | No change |
| Guest rooms | n/a | | No | £8.80 per night | Nil | £8.80 | nil | No Change |
| Intensive Housing Management (was Supporting People) | 850 | 73 | Yes | £12.85 | 17.2% | £15.06 | £2.21 in 2014/15 | Supporting People charge to be replaced by a new Intensive Housing management charge – see paragraphs below |
| Garages & Car Parking | 2,377 | N/A | No | £8.27 | 3.2% | £8.54 | £0.27 | September RPI |
| Proposed new service charges | | | | | | | | |
| Electricity – communal ways | 5,410 | 1,467 | Yes | n/a | n/a | £1.00 | £1.00 | See details in paragraphs below |
| Lift Servicing and maintenance | 2,452 | 571 | Yes | n/a | n/a | £0.85 | £0.85 | See details in paragraphs below |
| Mobility Scooter Storage | | | No | n/a | n/a | £4.00 | £4.00 | See details in paragraphs below |

Heating

The heating and hot water service charges for residents with communal gas fired boilers are proposed to increase by an overall average of 2.16% or £0.19 per week from 1 April 2014. Changes to charges vary between the maximum reduction of 14.1% or £1.21 per week to a maximum increase of 15.1% or £1.07 per week. Under the current corporate gas supply contract, the unit price for gas is revised annually in October each year. From October 2013, the unit price for gas has increased by an average of 4% for blocks with communal boilers. However, the latest review of gas consumption shows a reduction in estimated energy consumption in a number of blocks resulting from a mixture of improvements including boiler upgrades and replacements, and the installation of solar panels for hot water. This has

therefore contributed to the overall average increase in service charges of 2.16%. This compares favourably with the recent domestic increases announced in the press of between 10% and 12% and demonstrates the value for money that tenants are receiving from being part of the corporate contract for gas.

Two council blocks (Elwyn Jones Court and Broadfields) are heated by electric heating systems. Service charges for these blocks will be amended from 1st April to reflect the new contract price and the latest estimates of consumption. This will mean an average increase from £7.13 per week to £8.34 – a rise of 17% (£1.21 per week) for these tenants. This is a large increase, however, these tenants received a 16.5% reduction in their heating charges from 1st April 2010 with no increases since. The average charge per week still represents good value for money when compared to the average bills across the South East.

TV Aerials

The current charge for digital TV aerials of £0.56 per week, which is for the installation costs associated with the aerials, is being increased from 1st April 2014 to £0.76 per week to reflect the annual servicing and maintenance costs. This charge is eligible for housing benefit.

Water

147 tenants receive a service charge for water as the council pays the bills for some meters and recharges tenants accordingly. Charges proposed for 2014/15 are being set at an average increase of 5% to an average charge of £3.60 per week. The increase ranges from 0% to a maximum increase of 10% or £0.33 per week. These increases reflect the expenditure for water during the past year as well as estimated inflation from Southern Water for 2014/15.

Intensive Housing Management (replaces Supporting People charge)

The current Supporting People charge of £12.85 per week is being replaced by a new charge for 'Intensive Housing Management' to reflect a proposed redesign of the sheltered service. Sheltered Housing services are currently partially funded through housing related support funding (formerly Supporting People). The service has known that this funding was likely to come to an end, risking its viability. Therefore the proposal is to redesign the sheltered service with costs covered by service charges eligible for Housing Benefit (HB) making the service more financially secure. It should be noted that the current service charge has not been subject to inflationary increases since it was introduced in 2003 and therefore does not reflect the cost of the service. The new charge has been calculated at £19.92 per week but to limit the increase to tenants, the budget proposes that the increase is phased-in over a three-year period. For 2014/15 the proposed charge increase is £2.21 or 17.2%, bringing the total charge to £15.06. The new charge will be eligible for Housing Benefit. It is estimated that 73 tenants who currently pay the £12.85 charge will be affected by this increase. All tenants required to pay this increase will be visited to explain the changes and to ensure that they are claiming all the welfare benefits available to them. The remodelled service will be more aligned to health and social care outcomes and designed to respond to the changing demographics of the older population. The draft findings of a comprehensive review of the council's sheltered housing have been completed following extensive consultation with residents, staff and other stakeholders. The findings will now go to the Sheltered Housing Action Group and others for their comments.

Transitional Protection for Sheltered Tenants

33 tenants in sheltered blocks do not pay the current support charge of £12.85 as they have received transitional protection since the charge was introduced in 2003. This report therefore proposes that this protection be removed gradually over a three-year period. The proposal is that any tenant currently receiving transitional protection should pay one third (£6.64) of the new charge in the first year. Then the remainder of the charge will be phased in over a further 2 years. All tenants receiving transitional protection will be visited to explain the introduction of the charge and to ensure that they are claiming all the welfare benefits available to them.

Electricity for public ways and lifts

This is a new service charge for the electricity associated with the lighting in and around blocks of flats including landing lights, outside lighting of walkways between blocks and electricity for lifts. Leaseholders in blocks of flats already pay for public way electricity in their service charges. It is proposed that those tenants living in blocks of flats that benefit from this communal lighting should also pay for these services. This achieves greater equity as otherwise it means that all tenants, including those in houses, are paying towards these services, which is neither equitable nor correct. The charge varies for each block depending on the consumption of electricity and ranges between £0.09 to £2.75 per week, the average charge being £1.00. This charge affects 5,410 tenants across the city. The majority will not have to pay this charge as it will be covered by their housing benefit. An estimated 1,467 tenants will be eligible to pay this charge.

Lift servicing and maintenance

Similarly, this is a new service charge that aims to ensure that only those tenants with lifts in their blocks pay for lift services along with Leaseholders who already pay these service charges. This service charge recovers the annual costs of servicing each of the 102 lifts in the City as well as any revenue maintenance charges associated with the lift. The proposed charge is £0.85 per week for the 2,452 tenants across the city. The majority (1,881) of tenants will not need to pay this charge as it will be covered by their housing benefit. An estimated 571 will be eligible to pay this charge.

Mobility Scooter Storage

Brighton and Hove city council is working with East Sussex Fire and Rescue Service to keep communal landings as safe as possible. After extensive consultation with members and residents, mobility scooter storage units have been built at a number of blocks round the City. The proposed charge for each store is £4.00 per week, including scooter charging electricity costs.

Electricity usage will be monitored over a six month period and tenants will be notified of any change to the charge as necessary.

| EIA | HRA Revenue Budget 2014/15 EIA Proposal |
|-----|--|
| | <p>Approach: The Housing Revenue Account is ring fenced for the management and maintenance of council owned housing stock. Our aim is to reduce our management and preventable maintenance costs to free up money to tackle inequality and improve homes and neighbourhoods</p> <p>Budget Proposal 1. Annual Rent Increase Increases in rent charges are calculated in accordance with the Governments rent restructuring guidelines. Local authorities use the September 2013 Retail Price Index of 3.2% plus 0.5% for setting rent inflationary increases plus £2 where rents are below target rents. The government has confirmed that 2014/15 is the final year of convergence for limiting rent increases. This results in an average rent increase of 5.43% for Brighton & Hove which is equivalent to an average increase of £4.31 per week, increasing the average rent to £83.72.</p> <p>Budget Proposal 2. Service Charges To increase six of our service charges in line with contractual inflationary increases. Four other service charges will remain at 2013/14 levels.</p> <p>Budget Proposal 3. Savings - Estate Regeneration (£32,000) Salaries of staff working on regeneration projects can be charged to the relevant capital projects to reduce revenue costs.</p> <p>Budget Proposal 4. Savings - Reduction in Housing Management costs (£316,000) Decrease in staffing costs arising from service redesign such as reduced number of housing offices and cash desks.</p> <p>Budget Proposal 5. Savings - Charge common way service charges to those tenants benefiting</p> |

(£435,000) - (Common way electricity - £276,000; lift maintenance £108,000 and TV aerial maintenance £51,000)

Leaseholders pay their share of the costs for their building for common way electricity, lift maintenance and TV aerial maintenance but the tenants' share of the costs are currently being covered by all tenants' rental income rather than being directly paid by those tenants living in the blocks that benefit. The proposal is to charge these services directly to the tenants that receive the services.

Budget Proposal 6. Savings - Remodel sheltered housing and charges (£260,000)

Sheltered Housing services are currently partially funded through housing related support funding (formerly Supporting People). This funding has been reducing year on year and is coming to an end which risks the viability of the service. The proposal is to redesign the sheltered service with costs covered by service charges eligible for Housing Benefit (HB) making the service more financially secure. The remodelled service will be more aligned to health and social care outcomes and designed to respond to the changing demographics of the older population. Through the review of Sheltered Housing we are also seeking to enhance the service based on feedback from consultation with residents, staff and other stakeholders.

Budget Proposal 7. Savings - Redesign of service delivery in the Estates service (£140,000)

Review service to match resources with demand with some posts being deleted. Service charging realigned and opportunities for more value for money work explored - subject to consultation.

Budget Proposal 8. Savings - Efficiencies in Repairs & Maintenance Partnership Contract (£70,000)

To reduce costs of empty property repairs through the use of agreed target pricing with contractor.

Budget Proposal 9. Savings - Increase charges within HRA commercial property portfolio (£50,000)

Review management arrangements of the commercial property portfolio and ensure property rents are in line with the market.

| Groups potentially impacted | Impacts identified | Mitigating Actions |
|--|---|---|
| Age Disability Ethnicity Gender (women) Gender reassignment | <p>Budget Proposal 1. Annual Rent Increase This generates income to invest in homes and services for council housing residents. An increase in rents in conjunction with the Government's Welfare Reform Act, changes to housing benefit entitlement from April 2013, such as the under occupancy rules, could lead to financial difficulty for those households affected and those households on a fixed/low income. This may result in loss of income to the Council through rent arrears, and costs associated with the recovery of rent arrears and supporting tenants to downsize to smaller accommodation.</p> <p>Budget Proposal 2. Service Charges Service charges fund services that benefit council housing residents. An increase in service charges will affect those tenants living in specific types of properties i.e. flats and sheltered housing schemes and those households on fixed/low incomes.</p> <p>Budget Proposal 3. Estate Regeneration No impact from these proposals.</p> <p>Budget Proposal 4. Reduction in Housing Management costs</p> | <p>Budget Proposal 1. Annual Rent Increase</p> <ul style="list-style-type: none"> • Investment in providing specialist support services for vulnerable residents including the development of services promoting financial inclusion, and piloting the Community Banking Partnership Model. This investment will help to sustain income collection to the HRA. (NB: 'vulnerability' in this context may be as a result of a 'protected characteristics' under the Equality Act 2010, or may relate to substance misuse, domestic/sexual violence, literacy or finance, for example. It may also change over the period of the tenancy.) • Communication with residents about the forthcoming changes to Housing Benefit (HB) through our website, City Assembly, Homing in, Tenant Associations, Tenant Disability Network and mail shots to affected tenants. • Financial Inclusion Co-ordinators in post to provide targeted case by case support to those households experiencing financial difficulties. • Discretionary Housing Payments fund and other discretionary support options through the Local Authority. • Work is being done to identify households |

| | | |
|--|--|---|
| | <p>Reducing the number of service access points and closing all cash offices may initially make accessing the service more difficult for a small number of tenants, particularly older tenants</p> <p>Budget Proposal 5. Charge common way service charges to those tenants benefiting It is proposed that these services will be charged directly to the tenants that benefit from them:</p> <ul style="list-style-type: none"> • Electricity for common way lighting and lifts. This will affect an estimated 5,410 tenants and is eligible for Housing Benefit (HB). Current data suggests 1,467 (28%) tenants who are not eligible for HB will have to pay an average charge of £1.00 per week ranging from £0.09 to £2.75, although 878 tenants will pay less than £1 per week; • Lifts maintenance - to pay for the cost of lift servicing, maintenance and insurance. It will affect 2,452 tenants. The charge is £0.85 per week and will be eligible for HB, so it is estimated that 571 tenants currently not on HB will have to pay this charge; • TV aerial maintenance – for those blocks that had new digital aerials fitted last year. This charge is an additional element that is being added to the TV aerial service charge for aerial service/maintenance. The charge will be eligible for HB and is 20p per tenant per week. Of the 4,942 tenants affected, 3,645 are eligible for HB, | <p>affected by Welfare Reform changes to determine if there is a disproportionate impact on any group or geographical area and target support accordingly.</p> <p>Budget Proposal 2. Service Charges</p> <ul style="list-style-type: none"> • Four service charges will remain at 2013/14 levels. 6 service charges will be increased by contractual inflationary increases with charges for heating and water also being adjusted for consumption. • Financial Inclusion Co-ordinators in post to provide targeted case by case support to those households experiencing financial difficulties. <p>Budget Proposal 3. Estate Regeneration No impact from these proposals</p> <p>Budget Proposal 4. Reduction in Housing Management costs An EIA will be completed. All customers who use cash desks and Selsfield Drive will be advised of alternative service access points/methods and assisted in setting up new payments. Targeted work with people who use the facilities, to identify alternative service access and payment methods</p> |
|--|--|---|

| | | |
|--|--|---|
| | <p>so it is estimated that 1,297 will have to pay this charge.</p> <p>Budget Proposal 6. Remodel sheltered housing and charges Potential for increased service charges with an impact on self-funders and those currently receiving transitional protection. The charge is estimated at £19.92 but is being phased-in over a three year period so that the proposed charge for 2014/15 is £15.06. Current figures suggest that 73 self payers, currently paying £12.85, will need to pay the new charge, an increase of £2.21 per week. It is also proposed to phase out transitional protection for approximately 33 tenants who are self funders but currently do not pay this charge at all. The proposal is that these tenants would pay £6.64 per week in 2014/15. Because of the nature of sheltered housing, impacts will be experienced by older and disabled people.</p> <p>Budget Proposal 7. Redesign of service delivery in the Estates service No significant impact for any particular group however changes will be reviewed after 3 months</p> <p>Budget Proposal 8. Efficiencies in Repairs & Maintenance Partnership Contract It is not anticipated that the efficiency savings identified will affect our residents.</p> | <p>Budget Proposal 5. Charge common way service charges to those tenants benefiting</p> <ul style="list-style-type: none"> • Future increases will be restricted to contractual obligations • Targeted case by case support to those households experiencing financial difficulties using the Community Banking Partnership model, providing specialist independent money and debt advice, financial literacy training, access to affordable banking products and a possible hardship fund <p>Budget Proposal 6. Remodel sheltered housing and charges An EIA will be completed on the service remodel. The new service charge will be eligible for Housing Benefit (HB) so that anyone receiving HB will not have to pay the charge. Almost 90% of residents in sheltered housing are on HB and so will not experience a financial impact but 73 residents who currently pay £12.85 will experience an increased charge. The newly calculated service charge of £19.92 will be phased-in over a three-year period to avoid large increases. In 2014/15 the proposed charge is £15.06, an increase of £2.21. It should be noted that the current service charge has not increased with inflation since its introduction in 2003. The new charge includes the proposal for additional staffing to enhance the service as part of the service review in line with feedback from residents and other</p> |
|--|--|---|

| | | |
|--|--|--|
| | <p>Budget Proposal 9. Increase charges within HRA commercial property portfolio No specific impact on any particular group but will affect all HRA commercial tenants in general where their agreement allows for rent increases. The Council must give proper advance written notice of the rent increase however increased rents risk increased arrears which could result in some tenants losing their commercial lease affecting employment opportunities.</p> | <p>stakeholders. A further 33 tenants who are self funders are currently protected from paying the existing support charge under the Transitional Protection scheme which has been the case since 2003. Transitional Protection will also be phased out to bring parity with other self funding sheltered housing residents. Again this will be phased in over a three-year period. The charge for these tenants in 2014/15 will be £6.64 per week. Meetings will be offered to all sheltered residents impacted by the introduction of the new service charges to offer 1:1 financial and benefits advice.</p> <p>Budget Proposal 7. Redesign of service delivery in the Estates service No significant impact for any particular group however changes will be reviewed after 3 months</p> <p>Budget Proposal 8. Efficiencies in Repairs & Maintenance Partnership Contract</p> <ul style="list-style-type: none"> • It is not anticipated that the efficiency savings identified will affect our residents. <p>Budget Proposal 9. Increase charges within HRA commercial property portfolio Commercial property tenants will be advised to read their lease and seek legal advice. A guide to common commercial lease terms will be developed to support tenants.</p> |
|--|--|--|

| | |
|--------------------------|---|
| Cumulative Impact | We have not been advised of any impacts arising from proposals from other departments or services areas except for: Housing (Strategic General Fund Functions) EIA - identified £472k of savings from Homemove and Housing Related Support costs being recharged. The proposals in this EIA address the savings required. |
|--------------------------|---|

Medium Term Financial Forecasts

| Revenue Budget | 2014/15 £'000 | 2015/16 £'000 | 2016/17 £'000 |
|---|--------------------------|--------------------------|--------------------------|
| Expenditure | | | |
| Employees | 8,838 | 8,864 | 9,042 |
| Premises -Repairs | 11,199 | 11,491 | 11,693 |
| Other expenditure | 8,055 | 8,268 | 8,348 |
| Capital Financing | 8,564 | 8,895 | 8,866 |
| Total Expenditure | 36,656 | 37,518 | 37,949 |
| Income | | | |
| Rental Income | (50,423) | (51,940) | (53,058) |
| Other Income | (8,357) | (8,210) | (8,469) |
| Total Income | (58,780) | (60,151) | (61,527) |
| NET SURPLUS | 22,124 | 22,632 | 23,578 |
| Allocated to : | | | |
| Revenue Contribution to Capital schemes | 22,124 | 22,632 | 23,578 |

Assumptions

1. Inflation is included at 2% per annum with pay increases at 1% for 2014/15 and 2% per annum thereafter to cover pay award and pay related matters.
2. Efficiency savings are assumed at £0.550 million over 2015/16 and 2016/17.
3. Capital financing costs are projected to increase reflecting the capital repayment/set aside of £3.539m and £3.539m for 2015/16 and 2016/17 respectively. The total estimated borrowing as at 31 March 2017 is £118m, against the debt cap of £157m, providing the opportunity for additional borrowing of £39m subject to affordability.
4. Rents are assumed to increase by 4% for 2015/16 and 3.5% for 2016/17, and forecasts assume a reduction in rental income due to Right to Buy Sales and transferred properties to Seaside Homes.
5. Other income is projected to increase by 2%. However, income from major works to leasehold properties is projected to reduce by £0.300 million from 2015/16 and reduce by a further £0.100 million in 2016/17.

The net revenue surpluses over the three year period will be used to fund the HRA Capital Programme 2014 – 2017.

Subject: Capital Resources and Capital Investment Programme 2014/15

Date of Meeting: 13 February 2014

Report of: Executive Director of Finance & Resources

Contact Officer: Name: Mark Ireland Tel: 29-1240
James Hengeveld 29-1242

Email: mark.ireland@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 The purpose of the report is to inform Policy & Resources Committee of the level of available capital resources in 2014/15 to enable the committee to propose a Capital Investment Programme for 2014/15 to Budget Council. The capital programme is set in the context of the Medium Term Financial Strategy included alongside the General Fund Revenue Budget report elsewhere on this agenda. The proposed programme results in £80.0m investment in council services next year.
- 1.2 In December 2013, the Government confirmed a number of capital allocations within the Local Government Capital Finance Settlement for 2014/15 and further announcements were issued during January 2014. Some indicative allocations for the following years to 2016/17 were also announced. All support from the Government now comes in the form of capital grants.
- 1.3 This report includes the use of revenue contributions and general reserves to support capital investment and should be read in conjunction with the General Fund Revenue Budget and Council Tax 2014/15 and the Housing Revenue Account Budget 2014/15 reports elsewhere on the agenda.

2. RECOMMENDATIONS:

To recommend to Council the following: –

- 2.1 The Capital Investment Programme for 2014/15 in Appendix 1.
- 2.2 Note the estimated capital resources in future years as detailed in Appendix 1.
- 2.3 To allocate £0.25m resources in 2014/15 for the Strategic Investment Fund for the purposes set out in paragraph 3.15.

- 2.4 To allocate £2.0m for the ICT fund.
- 2.5 To allocate £1.0m for the Asset Management Fund.
- 2.6 The proposed use of council borrowing as set out in paragraph 3.31 and appendix 3.

3. CONTEXT/ BACKGROUND INFORMATION

Context

- 3.1 The capital programme is funded through a combination of government grants, borrowing, capital receipts and reserves, external contributions and revenue contributions. The level of sales of council homes through 'right to buy' has tended to fall in recent years not helped by uncertainty in the housing market, government consultation over changes to the system and a reduction in the availability of mortgages. However during 2013/14 and for 2014/15 the number of council house sales are estimated to rise to similar levels to those experienced 5 years ago and this level is expected to be maintained for the next three years. Over the last 5 years the level of other capital receipts received by the council has fallen dramatically as a result of the economic downturn and a decline in the property market. However a number of sites have been identified and approved for disposal which will support the delivery of new investment in schemes such as the Workstyles Phase 3 project. Sites include Kings House, Patcham Place, Preston Road, Hove Park Depot and other vacant corporate properties.
- 3.2 The council has been successful in attracting new grants and working with partners to generate other resources to enable a programme of just under £80.0m to be proposed. Additional grants have been awarded from the Government of £0.652m over 2013/14 and 2014/15 for pupil places at West Hove infants, £0.518m for infant free school meal capital investment, £0.325m for highways maintenance funding caused by severe weather events and Homes and Community Association (HCA) empty homes grant allocation of £0.815m in 2014/15. All of this funding has been included in the 2014/15 capital programme.
- 3.3 The agreed policy of the council is to set a fully funded Capital Investment Programme for 2014/15 dependent upon the achievement of certain capital receipts. Forecast levels of capital receipts for the next few years are sufficient to cover proposed allocations in the capital strategy, however, receipts from the sales of properties mentioned above will need to be achieved.

Capital Investment Programme

- 3.4 A proposed Capital Investment Programme for 2014/15 together with the impact in future years, by project, is shown at appendix 1 to this report. The latest capital re-profiling arising from the 2013/14 capital programme detailed in the TBM9 report elsewhere on the agenda is incorporated into the 2014/15 programme and will be finalised when the capital accounts are closed in May 2014. The re-profiling is funded from resources carried forward from earlier years.

- 3.5 The financial implications of individual projects are included in the detailed reports that are submitted by services for each project to allow the relevant committees to give their full consideration to the capital and revenue costs prior to their approval. Full provision for the revenue implications arising from the proposed Capital Investment Programme has been made in the General Fund and Housing Revenue Account revenue budgets.
- 3.6 The 2014/15 capital programme includes additional investment in the following areas:-
- £11.3m will be spent on new investment in primary schools.
 - £34.0m in housing stock.
 - £7.8m in new transport and street lighting related schemes.
- 3.7 As well as significant capital investment in the short term the council is facing some major longer term capital investment challenges including the delivery of additional secondary school places and the major works needed to the seafront structures/ infrastructure.

Major Capital Investment Areas

- 3.8 The council is facing demands for new pupil places in particular parts of the city and previously the government's allocation of Education Basic Need funding was not keeping up with these demands. It is estimated that up to £60.0m investment will be needed by 2020/21 for secondary school places in Brighton and Hove plus a potential new secondary school within the city. The current government policy indicates that extra capital resources for Free Schools and Academies would not be provided where these are being developed to meet Basic Need. The government announced three year allocations up to 2016/17 for new pupil Basic Need and from 2015/16 to 2016/17 these allocations are in excess of £12.0m pa. compared with previous years allocations of £3.9m pa. The future allocations are based upon revised calculations of costs and need to cope with pupils moving from primary to secondary schools.
- 3.9 As part of the council's commitment to tackle inequality the HRA Capital Programme 2014-2017 includes investment in building new affordable homes, the improvement in the quality of existing council homes by continuing to maintain the Brighton & Hove Standard (Decent Homes Standard which was achieved at the end of 2013) and increased investment in adaptations to enable council tenants to live independently in their homes. The HRA Capital Programme, reported elsewhere on this agenda, also includes improving the sustainability and energy efficiency of the housing stock such as insulation improvements, cladding projects and solar thermal and photovoltaic (PV) installations.
- 3.10 The council secures capital funding for transport schemes through the government's Local Transport Plan (LTP) process. The LTP consists of a long-term strategy and a short term delivery plan that identifies the principles that help deliver the council's strategic transport objectives and the city's Sustainable Community Strategy. Funding for the LTP has been announced for 2014/15 at

£7.479m but no other indicative announcements for future years have been made. A detailed report will be presented to Policy and Resources Committee in due course.

- 3.11 Workstyles Phase 3 was approved at Cabinet on 12 September 2013 and includes £16.0m of investment within the Capital Investment Programme to be delivered by 2016/17. The project will enable the modernisation of the council's workplace and deliver essential investment in the council's property and ICT infrastructure as well as providing ongoing revenue budget savings.
- 3.12 The Capital Investment Programme excludes potential capital pressures for investment in seafront highways infrastructure and seafront colonnade works which could require between £70m to £100m investment over a number of years. The LTP will make a contribution towards this investment requirement. Other funding sources are being considered, for example the potential for additional income to be generated from the financing of the i360 development that could be set aside for this purpose.
- 3.13 The council has developed ways of providing major capital investment in the city by working in partnership with the private sector and public bodies for example the Heritage Lottery Fund (HLF) and the Coast to Capital Local Enterprise Partnership whereby most of the capital investment is undertaken and accounted for by the private sector. Recent bids include a £1.0m stage one bid from the HLF for the development phase of the Royal Pavilion Estates Regeneration. If the feasibility study is successful a stage two bid will be made to HLF timetabled for 2015 and will be between £12.0m to £15.0m. Should the stage two bid be successful the project will require match funding from a number of partners for the estimated £38.0m cost including up to £2.0m from the council. No funding has been identified at this time and options could include the use of capital receipts or borrowing. The i360 Project is currently being reviewed and will be reported back to this Committee in due course and may include a combination of funding from the Coast To Capital LEP, council borrowing and third party investors subject to a detailed business plan. A list of further major projects under construction or yet to commence is shown in appendix 2.

Corporate Funds

- 3.14 Revised projections for future capital receipts should enable sufficient resources to cover allocations to corporate funds as detailed below.

| TABLE 4: Corporate Funds | 2014/15 £ million | 2015/16 £ million | 2016/17 £ million |
|---------------------------------|------------------------------|------------------------------|------------------------------|
| Strategic Investment Fund (SIF) | 0.250 | 0.250 | 0.250 |
| Asset Management Fund (AMF) | 1.000 | 1.000 | 1.000 |
| ICT Fund | 2.000 | 2.000 | 0.500 |

Strategic Investment Fund

- 3.15 It is proposed to allocate £0.250m to the Strategic Investment Fund (SIF) in 2014/15. The council has ongoing commitments to major projects that require financial support to enable their progression. The financial support takes the form of legal fees and specialist advisors for finance, design, architectural, transport, engineering and other external specialists. This allocation together with the 2013/14 carry forward funding will provide £0.687m resources to support the delivery of major projects.

ICT Fund

- 3.16 It is proposed to allocate £2.0m resources to the Information and Communication Technology (ICT) Fund to finance the cost of improvements in ICT. Additional allocations of £2.0m pa are proposed in 2015/16 to support urgent investment in the council's core infrastructure, security and assurance strategy and follows allocations of £1.0m capital and £1.0m revenue support in 2013/14. Further information is provided within the ICT Strategy & Resourcing Update report elsewhere on this agenda.

Asset Management Fund

- 3.17 It is proposed to allocate £1.0m resources per annum to the Asset Management Fund (AMF). The AMF includes expenditure on a range of properties covering, fire safety, health & safety, Equalities Act 2010 responsibilities and general improvements. The AMF will make a contribution of £0.7m towards the Workstyles Phase 3 strategy which was detailed in a report to Policy & Resources Committee on 12 September 2013. Bids to the remaining balance of the fund are currently being finalised and proposals for allocations of resources to schemes will be subject to a further report to this Committee.

Capital Resources

- 3.18 A fully financed Capital Investment Programme is proposed for 2014/15 assuming that existing approved capital projects spend in-line with their budget and certain unearmarked net usable receipts of just under £5.0m in total are achieved next year. Table 1 below shows how the programme will be financed in 2014/15. The position for the years 2015/16 and 2016/17 is less clear until future Government allocations are confirmed. All Government support is now 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 | 2014/15 £ million |
|---|------------------------------|
| Capital Grants: | |
| - Capital grant announcements in previous years and profiled for spend in 2014/15 | 7.902 |
| - New capital grants | 19.895 |
| Total Government Support | 27.797 |

| | |
|--|---------------|
| Capital Receipts | 8.291 |
| Capital Reserves | 1.974 |
| Specific Reserves | 1.476 |
| External Contributions | 0.075 |
| Direct Revenue Funding – Housing Revenue Account | 24.593 |
| Direct Revenue Funding – Service Departments | 1.947 |
| Council Borrowing | 9.805 |
| Temporary funding for Workstyles Phase 3 & education | 4.017 |
| Total Capital Resources | 79.975 |

Capital Grants

- 3.19 The Government distributes capital grants towards the financing of certain capital expenditure. In 2014/15, it is anticipated that the council will receive new capital grants of £19.9m as summarised in table 2 below, and £7.9m from grants already announced where the spending of these grants is now profiled in 2014/15.
- 3.20 It is possible that other capital grants may be received during the year and these will be reported through Targeted Budget Management (TBM) monitoring reports to Policy & Resources Committee as and when they are announced.
- 3.21 The new capital grants are in three main areas.
- Education Basic Need funding of £3.960m is included for new pupil places
 - Education funding of £2.863m for investment in the maintenance of educational buildings and children’s centres in the city.
 - Transport funding of £7.479m to include the transport related schemes and highways maintenance

| TABLE 2: New Grants announced for 2014/15 | £ million |
|--|------------------|
| Education Basic Need | 3.960 |
| Education Capital Maintenance | 2.863 |
| Targeted Basic Need | 0.652 |
| Schools Devolved Capital | 0.528 |
| Infants Free School Meals | 0.518 |
| Transport and Maintenance (LTP) | 7.479 |
| Highways Maintenance | 0.325 |

| | |
|----------------------------------|---------------|
| Department of Health Grant | 0.674 |
| Disabled Facilities Grant | 0.751 |
| HCA Empty Homes Grant | 0.815 |
| Housing Energy Efficiency Grants | 0.130 |
| Decent Homes Grant | 1.200 |
| Total | 19.895 |

3.22 The grant funding is provided to the council as a “Single Capital Pot” and with the exception of Schools Devolved Capital can be reprioritised as the council sees fit. All capital grants will be allocated in full to the relevant service.

3.23 The proposed new LTP programme for 2014/15 of £7.479m represents an increase of 17.8% over 2013/14 which was allocated at £6.349m. The grant will be fully allocated to the service for 2014/15 and will be prioritised to invest in street lighting as well as maintain roads and pavements alongside other sustainable transport initiatives. A separate report will be presented to Policy and Resources in due course.

Capital Receipts

3.24 The funding of the 2014/15 capital programme is dependent upon the achievement of £5.0m net capital receipts during the year. This includes £2.4m of receipts associated with the disposal of surplus buildings identified under the Workstyles project and these receipts are required for investment into this project. A further £2.6m of receipts are projected for 2014/15 in connection with the other disposals. Progress will be closely monitored throughout the year for all receipts and reported through the regular TBM reports. Beyond 2014/15 the generation of certain large capital receipts from Patcham Court Farm and Kings House (Workstyles Phase 3) are included in the forecasts. Failure to achieve some of these receipts will require the capital allocations for future years to be reviewed.

3.25 The net receipts from ‘right to buy’ sales are split between funding for corporate strategic projects delivering regeneration including affordable housing opportunities, and investment directly in housing. The forecast receipts for Brighton and Hove City Council is set at an assumed level of £0.428 million per annum. Any surplus above £0.428m will be set aside to reinvest in replacement homes.

3.26 The Council housing capital programme assumes a further £2.6m receipts in 2014/15 from the planned leasing of further tranches of properties to the Brighton & Hove Seaside Community Homes. This funding will be used for investment in council owned houses within the Housing Revenue Account. It is the means by which the council is securing additional investment to bring council housing up to decent homes standard through leveraging in private finance. The level of capital receipts will be monitored throughout the year and the level of capital expenditure adjusted through the regular TBM reports as necessary to reflect the resources actually available.

Capital Reserves

- 3.27 The level of reserves relates purely to unspent resources carried forward from previous years and has 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

- 3.28 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 Brighton Centre Redevelopment reserve to support the Brighton Centre regeneration project and funding of the Workstyles Phase 3 to support project resources.

External Contributions

- 3.29 The council will receive new external contributions totalling £0.075m in 2014/15 associated with Section 106 funding to support the household waste project.

Direct Revenue Funding

- 3.30 The General Fund and Housing Revenue Account budget reports elsewhere on the agenda include direct revenue funding of £26.540m. A summary of the allocations by service is shown in the table below.

| TABLE 3: Direct Revenue Funding | £ million |
|---|------------------|
| Property & Design – planned maintenance | 0.789 |
| Structural maintenance for schools | 0.900 |
| Adults Assessments – adaptations | 0.150 |
| Housing adaptations | 0.068 |
| Children’s Services – Enhancements | 0.040 |
| Total General Fund Services | 1.947 |
| Housing Revenue Account | 24.593 |
| Grand Total | 26.540 |

Council Borrowing under the Prudential Code

- 3.31 Council borrowing under the Prudential Code can be undertaken only when it can be demonstrated that it is affordable particularly where the investment leads to greater efficiency in future service provision and generates revenue savings or reductions in budgeted spend. For 2014/15 it is proposed that the Council will undertake borrowing of £9.805m to finance capital expenditure plans as detailed appendix 3.

Temporary Funding

- 3.32 Temporary funding through either borrowing or the use of reserves will be required to finance the cash flows associated with the Workstyles Phase 3 project and education funding for primary and secondary schools. The costs associated with short term funding has been built into the Workstyles business plan to cover capital investment until capital receipts are realised. Funding for Basic Need education capital grant has been announced for 2015/16 and temporary funding will be used to enable work to commence on schools in 2014/15.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 The budget process allows all parties to put forward viable alternative capital investment proposals to Budget Council on 27 February 2014. Budget Council has the opportunity to debate both the proposals put forward by Committee at the same time as any viable alternative proposals. All budget amendments must have been “signed off” by finance officers no later than 12.00 noon on Monday 24th February.

5. COMMUNITY ENGAGEMENT AND CONSULTATION

- 5.1 The level of consultation undertaken on individual schemes will be reported to Members when the detailed report is submitted to the Executive for approval. The overall programme and appropriate levels of capital investment are subject to the same consultation processes as the revenue budget, which are described in the revenue budget report elsewhere on the agenda.

6. CONCLUSION

- 6.1 The council is under a statutory duty to set its council tax and budget before 11 March each year. The recommendations to Budget Council contained within this report together with the recommendations in the revenue budget report, will enable the council to meet its statutory duty.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 These are contained within the main body of the report.

Finance Officer Consulted: Rob Allen

Date: 04/02/2014

Legal Implications:

- 7.2 Policy & Resources Committee has delegated power to formulate the council's capital investment programme, and to recommend its adoption by full Council as part of the overall budget setting process.

Lawyer Consulted: Oliver Dixon

Date: 03/02/14

Equalities Implications:

- 7.3 The equality implications of individual schemes included within the Capital Investment Programme are reported to Members when the detailed report is submitted to the relevant committees for final approval along with any appropriate Equality Impact Assessments. The programme includes resources to finance adaptations to the homes of disabled people and capital projects that are designed to improve living conditions of all sections of the community, through direct investment by the council or through capital grants to the private sector. The Asset Management Fund will address access improvements to council services and buildings.

Sustainability Implications

- 7.4 The environmental implications of individual schemes included within the Capital Investment Programme are separately reported to Members when the detailed report is submitted to the relevant committee for final approval. All projects are required to give due consideration to sustainability issues including energy conservation and the procurement of materials from managed and sustainable sources. The investment in council housing stock, sustainable transport initiatives, and decent homes will have a positive impact on the council's One Planet Living programme and on carbon reduction targets for the council and city as a whole.

Any Other Significant Implications:

Risk and Opportunity Management Implications:

- 7.5 The risk implications of individual schemes included within the Capital Investment Programme are reported to Members when the detailed report is submitted for approval. The Risk Matrix in appendix 9 of the Revenue Budget report elsewhere on the agenda highlights some of the general risks to the Capital Investment Programme.

SUPPORTING DOCUMENTATION

Appendices:

1. Capital Investment Programme 2014/15 to 2016/17
2. Other Capital Investment
3. Council Capital Borrowing 2014/15

Documents in Members' Rooms

1. None

Background Documents

1. Letter from the Department for Transport dated 30 December 2013.
2. Letter from the Department of Health relating to the Local Authority Personal Social Services Capital Grant Allocations dated 19 December 2012.
3. Notification from the Department for Communities and Local Government relating to Disabled Facilities Grant dated 3 January 2014.
4. Notifications from the Department for Education dated 18 December 2013 and 24 January 2014.
5. Various files held within the Strategic Finance and Integrated Financial Management & Planning units. Budget and accounting files are held within Integrated Financial Management & Planning.

Capital Investment Programme 2014/15 to 2016/17

| Capital Scheme | Spend to Mar 2013 £000 | Approved Payments 2013/14 £000 | Profiled Payments 2014/15 £000 | Profiled Payments 2015/16 £000 | Profiled Payments 2016/17 £000 |
|------------------------------|------------------------------|---|---|---|---|
| SUMMARY | | | | | |
| Approved Schemes | | | | | |
| Children's Services | | | 3,917 | 0 | 0 |
| Adult Services | | | 150 | 150 | 150 |
| Env, Dev & Housing (GF*) | | | 7,959 | 1,370 | 1,215 |
| Env, Dev & Housing (HRA) | | | 5,088 | 0 | 0 |
| Assistant Chief Executive | | | 20,336 | 299 | 0 |
| Finance, Resources & Law | | | 1,336 | 9,717 | 1,750 |
| New Schemes | | | | | |
| Children's Services | | | 12,954 | 12,907 | 17,041 |
| Adult Services | | | 674 | 600 | 600 |
| Env, Dev & Housing (GF) | | | 8,230 | 7,000 | 7,000 |
| Env, Dev & Housing (HRA) | | | 28,876 | 35,386 | 24,822 |
| Assistant Chief Executive | | | 0 | 0 | 0 |
| Finance, Resources & Law | | | 7,020 | 4,250 | 2,750 |
| Total | | | 79,975 | 71,679 | 55,328 |
| Funded by: | | | | | |
| Government Grants Single Pot | | | 20,099 | 22,639 | 23,241 |
| Government Grants Ringfenced | | | 7,698 | 1,761 | 500 |
| Capital Receipts | | | 4,733 | 5,642 | 9,910 |
| Capital Receipts HRA | | | 3,558 | 4,897 | 675 |
| Capital Reserves | | | 934 | 0 | 0 |
| HRA Capital Reserves | | | 1,040 | 500 | 500 |
| Specific Reserves | | | 1,476 | 1,370 | 1,215 |
| External Contributions | | | 75 | 0 | 0 |
| Direct Revenue Funding (GF) | | | 1,947 | 1,550 | 1,550 |
| Direct Revenue Funding (HRA) | | | 24,593 | 22,600 | 23,500 |
| Council Borrowing | | | 9,805 | 7,627 | 1,347 |
| Temporary Funding | | | 4,017 | 3,093 | (7,110) |
| Total | | | 79,975 | 71,679 | 55,328 |

* GF = General Fund

Note - Only schemes that have an impact on the capital programme in 2014-15 and future years have been included within these tables

| Capital Scheme | Spend to Mar 2013 £000 | Approved Payments 2013/14 £000 | Profiled Payments 2014/15 £000 | Profiled Payments 2015/16 £000 | Profiled Payments 2016/17 £000 |
|---|------------------------------|---|---|---|---|
| <u>CHILDREN'S SERVICES</u> | | | | | |
| <u>Approved Schemes</u> | | | | | |
| <u>Child Health, Safeguard & Care</u> | | | | | |
| Two Year Olds – Capital Grant | | 100 | 322 | | |
| Contact Supervision Centres | | | 40 | | |
| <u>Education & Inclusion</u> | | | | | |
| New Pupil Places – Primary Schools | | 8,250 | 3,147 | | |
| Capital Maintenance 2013/14 | | 2,700 | 408 | | |
| <u>New Schemes</u> | | | | | |
| Basic Need - New Pupil Places | | | 7,493 | 8,507 | 12,641 |
| Capital Maintenance 2014/15 | | | 2,863 | 3,000 | 3,000 |
| Targeted Basic Need – West Hove | | | 652 | | |
| Devolved Formula Capital | | | 528 | 500 | 500 |
| Structural Maintenance | | | 900 | 900 | 900 |
| Infants Free School Meals–Capital | | | 518 | | |
| Total for Service | | 11,050 | 16,871 | 12,907 | 17,041 |

| Capital Scheme | Spend to Mar 2013 £000 | Approved Payments 2013/14 £000 | Profiled Payments 2014/15 £000 | Profiled Payments 2015/16 £000 | Profiled Payments 2016/17 £000 |
|--|------------------------------|---|---|---|---|
| <u>ADULT SERVICES</u> | | | | | |
| <u>Approved Schemes</u> | | | | | |
| <u>Adults Assessment</u> Adaptations to Homes | 2,951 | 200 | 150 | 150 | 150 |
| <u>New Schemes</u> | | | | | |
| Adult Social Care Capital Grant | | | 674 | 600 | 600 |
| Total for Service | 2,951 | 200 | 824 | 750 | 750 |

| Capital Scheme | Spend to Mar 2013 £000 | Approved Payments 2013/14 £000 | Profiled Payments 2014/15 £000 | Profiled Payments 2015/16 £000 | Profiled Payments 2016/17 £000 |
|--|------------------------------|---|---|---|---|
| <u>ENVIRONMENT, DEVELOPMENT & HOUSING (GF)</u> | | | | | |
| <u>Approved Schemes</u> | | | | | |
| <u>Delivery – City Infrastructure</u> | | | | | |
| Hollingdean Depot | 1,342 | 927 | 1,000 | | |
| Sheepcote Valley Household Waste | | | 150 | | |
| <u>Transport</u> | | | | | |
| Brighton Marina to River Adur Study | 237 | 105 | 21 | | |
| Local Sustainable Transport Fund | 862 | 760 | 100 | | |
| Highways Maintenance – pothole funding | | 594 | 325 | | |
| <u>Housing General Fund</u> | | | | | |
| Major housing adaptations | 234 | 48 | 68 | | |
| Disabled Facilities Grant 2013/14 | | 911 | 189 | | |
| Private Sector Renewals | 33,500 | 164 | 234 | | |
| HCA Empty Homes | | 85 | 1,435 | | |
| Brighton & Hove Seaside Community Homes post lease refurbishment | 3,563 | 2,002 | 330 | 847 | 617 |
| Brighton & Hove Seaside Community Homes ongoing costs to maintain properties | 6 | 511 | 463 | 523 | 598 |
| <u>City Regeneration</u> | | | | | |
| Support for major projects | | 507 | 437 | | |
| Super Connected Cities | | | 3,207 | | |
| <u>New Schemes</u> | | | | | |
| Local Transport Plan | | | 7,479 | 7,000 | 7,000 |
| Disabled Facilities Grant | | | 751 | | |
| Total for Service | 39,744 | 6,614 | 16,189 | 8,370 | 8,215 |

| Capital Scheme | Spend to Mar 2013 £000 | Approved Payments 2013/14 £000 | Profiled Payments 2014/15 £000 | Profiled Payments 2015/16 £000 | Profiled Payments 2016/17 £000 |
|--|------------------------------|---|---|---|---|
| <u>ENVIRONMENT, DEVELOPMENT & HOUSING (HRA)</u> | | | | | |
| <u>Approved Schemes</u> | | | | | |
| <u>Delivery – Housing Social Inclusion</u> | | | | | |
| Improving Housing Quality | | | 1,748 | | |
| Brighton & Hove Standard Works | | | 611 | | |
| Sustainability & Carbon Reductions | | | 2,577 | | |
| Building New Council Homes | | | 25 | | |
| Tackling Inequality | | | 127 | | |
| | | | | | |
| <u>New Schemes</u> | | | | | |
| <u>Housing Stock Programme:</u> | | | | | |
| Improving Housing Quality | | | 7,839 | 7,524 | 7,912 |
| Brighton & Hove Standard Works | | | 4,675 | 4,499 | 4,331 |
| Sustainability & Carbon Reductions | | | 7,447 | 9,561 | 8,267 |
| Tackling Inequality | | | 3,915 | 3,302 | 3,312 |
| Building New Council Homes | | | 5,000 | 10,500 | 1,000 |
| Total for Service | | | 33,964 | 35,386 | 24,822 |

| Capital Scheme | Spend to Mar 2013 £000 | Approved Payments 2013/14 £000 | Profiled Payments 2014/15 £000 | Profiled Payments 2015/16 £000 | Profiled Payments 2016/17 £000 |
|--|------------------------------|---|---|---|---|
| <u>ASSISTANT CHIEF EXECUTIVE</u> | | | | | |
| <u>Approved Schemes</u> | | | | | |
| <u>Sports & Leisure</u> | | | | | |
| Volks Railway project | 23 | 57 | 888 | 299 | |
| <u>Royal Pavilion Arts & Museum</u> | | | | | |
| Historical Records Centre (The Keep) | 777 | 4,657 | 190 | | |
| <u>Delivery – Tourism & Leisure</u> | | | | | |
| Brighton Box Office | | 4 | 176 | | |
| <u>Corporate Policy Performance & Communities</u> | | | | | |
| Grant for voluntary & community organisations funded from sale of civic number plate | | | 82 | | |
| <u>New Schemes</u> | | | | | |
| | | | None | | |
| Total for Service | 800 | 4,718 | 1,336 | 299 | |

| Capital Scheme | Spend to Mar 2013 £000 | Approved Payments 2013/14 £000 | Profiled Payments 2014/15 £000 | Profiled Payments 2015/16 £000 | Profiled Payments 2016/17 £000 |
|---|------------------------------|---|---|---|---|
| <u>FINANCE, RESOURCES & LAW</u> | | | | | |
| <u>Approved Schemes</u> | | | | | |
| <u>City Services</u> | | | | | |
| Woodingdean Library | | 288 | 212 | | |
| Woodvale Cremators for Mercury Abatement | 78 | 1,750 | 196 | | |
| <u>HR & Organisational Development</u> | | | | | |
| Human Resources System | 1,363 | 43 | 165 | | |
| <u>Property & Design</u> | | | | | |
| Hollingdean Depot Health & Safety | | 78 | 41 | | |
| NEH Health & Safety Improvements | | 80 | 42 | | |
| Madeira Terraces Structural Repairs | 97 | 100 | 150 | | |
| Preston Manor Repairs | | | 87 | | |
| Property Refurbishments & Repairs | 987 | 426 | 252 | | |
| Workstyles Phase Two | 2,948 | 2,796 | 33 | | |
| Workstyles Phase Three | | 1,160 | 2,593 | 9,717 | 1,750 |
| <u>New Schemes</u> | | | | | |
| Strategic Investment Fund | | | 250 | 250 | 250 |
| Replacement of vehicles | | | 3,470 | 700 | 700 |
| Planned maintenance to operational buildings | | | 500 | 500 | 500 |
| Planned maintenance to social care buildings | | | 500 | 500 | 500 |
| Asset Management Fund | | | 300 | 300 | 300 |
| ICT Fund | | | 2,000 | 2,000 | 500 |
| Total for Service | 5,473 | 6,721 | 10,791 | 13,967 | 4,500 |

Other Capital Investment

Appendix 2

The table below identifies capital investment projects and proposed funding arrangements.

| Project | Procurement Route | Investment |
|--|---|------------------------|
| <u>Projects Under Construction and completed</u> Edward Street / American Express | Private Sector Partnership | To be determined |
| Historical Records Centre (The Keep) | Partnership with East Sussex County Council and Sussex University | Circa £19m |
| Open Market | Under construction through Open Market Traders Association and enabling development | Circa £15m development |

| <u>Projects Yet To Commence</u> | | |
|--|---|---|
| Brighton Station Gateway | Regeneration project with private sector partners | Circa £5m development |
| Brighton Centre | In conjunction with Standard Life Investment | Additional works to improve the facade and reception areas whilst the major scheme is being developed has been completed. Estimated £100m to £150m for centre. Total development of £350m to £450m. |
| Circus St Development | Joint development with the University of Brighton | Circa £100m Development |
| i360 Project | Private Sector Partnership | To be determined |
| Royal Pavilion Estate Regeneration | Heritage Lottery Funding, other grant funding and private sector partners | Circa £38.0m regeneration |
| Preston Barracks / University of Brighton land | Regeneration development with Brighton University & private sector partners | To be determined |

The table below identifies council borrowing during 2014/15 for capital investment.

| Council Borrowing in 2014/15 | £ million |
|--|------------------|
| Housing Revenue Account - 14/15 new borrowing | 1.200 |
| Housing Revenue Account – 13/14 reprofiled schemes | 2.492 |
| Replacment programme vehicles & plant | 3.470 |
| Social Care buildings | 0.500 |
| Historical Records Centre – The Keep | 0.190 |
| Workstyles Phase 3 | 0.820 |
| Private Sector Renewals (reprofiled) | 0.234 |
| Brighton Centre Box Office (reprofiled) | 0.176 |
| Woodingdean Library (reprofiled) | 0.212 |
| Woodvale cremators (slippage) | 0.196 |
| Property maintenance (reprofiled) | 0.150 |
| HR System (reprofiled) | 0.165 |
| Total for Capital Programme | 9.805 |

- As part of the HRA business plan borrowing will be used to support the delivery of Decent Homes and funding of £2.492m was reprofiled from 2013/14 for investment in lift refurbishment, domestic rewiring, decorations and boiler replacement at various sites. A total sum of £1.2m is also profiled for investment in improving housing quality, sustainability and carbon reduction schemes, tackling inequality, standard works and building new homes. The financing costs have been identified to be met from the HRA capital financing revenue budget.
- The provision of £3.470m is for replacement of vehicles during the year. This includes replacement refuse collection street cleansing vehicles for Cityclean, potential replacement of miscellaneous waste and parks vehicles during the year and parking equipment if this proves to be the most cost-effective way of procurement. These assets may be currently provided through operational leases and paid for through the relevant service revenue budget.
- 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.
- The new Historical Records Centre (the Keep) has been developed in partnership with East Sussex County Council and Sussex University and houses archival and historical public records. The city council contribution of up to £5.615m towards the development and construction costs commenced in 2011/12 with the final £0.190m of that planned spend in 2014/15. The financing costs of borrowing have been included in the revenue budget.

- The Workstyles Phase 3 project is funded through a combination of capital receipts, corporate funding and borrowing. An estimated £0.820m will be required in 2014/15 with financing costs being met from revenue savings generated from the project.
- Private Sector Renewals borrowing of £0.234m was reprofiled at TBM9
- Brighton Centre Box Office borrowing of £0.176m was reprofiled at TBM9
- Woodingdean Library borrowing of £0.212m was reprofiled at TBM9
- The purchase of new plant and equipment that addresses mercury abatement and replaces cremators is estimated to be in the region of £1.800m and will be funded from a combination of reserves and borrowing financed through an existing income levy.
- A number of maintenance schemes have been reprofiled from 2013/14 with the financing costs being met from existing revenue budgets.
- The Human Resource System is financed from a combination of revenue budgets, corporate funds and borrowing. The financing costs will be met from repayments from the revenue budget resulting from savings on the system

| | | | |
|-------------------------|---|---------------------|--|
| Subject: | Housing Revenue Account Capital Programme 2014-17 – Extract from the Proceedings of the Housing Committee meeting held on the 15th January 2014 | | |
| Date of Meeting: | 13 February 2014 | | |
| Report of: | Monitoring Officer | | |
| Contact Officer: | Name: Lisa Johnson | Tel: 29-1228 | |
| | E-mail: lisa.johnson@brighton-hove.gov.uk | | |
| Wards Affected: | All | | |

FOR GNERAL RELEASE

Action Required of Policy & Resources Committee:

To receive the item referred from the Housing Committee for approval:

Recommendation:

That the HRA Capital Programme budget of £28.876 million and financing for 2014/15 as set out in paragraph 4.1 of the report be approved.

BRIGHTON & HOVE CITY COUNCIL

HOUSING COMMITTEE

4.00pm 15 JANUARY 2014

COUNCIL CHAMBER, HOVE TOWN HALL

MINUTES

Present: Councillors Randall (Chair), Peltzer Dunn (Opposition Spokesperson), Barnett, Bowden, Duncan, Farrow, Fitch, Mears, Pissaridou and Rufus

46 HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME 2014-2017

- 46.1 The Committee considered the joint report of the Executive Director Environment Development and Housing and the Executive Director of Finance & Resources, which sought approval for the 2014/15 capital

programme and provided a provisional capital programme for 2015/16 and 2016/17 for the Housing Revenue Account. The report was presented by the Head of Property & Investment (Housing).

- 46.2 Councillor Mears noted that the report didn't clearly state the funding received from Brighton & Hove Seaside Community Homes. Councillor Fitch who was a board member of Brighton & Hove Seaside Community Homes, declared a Disclosable Pecuniary Interest, and left the room during this discussion. Officers said the information was contained in paragraph 4.1 and showed Capital receipts of £3.189m which included £2.563m receipts from Seaside Homes.
- 46.3 Councillor Peltzer Dunn referred to paragraph 4.4 and asked if the capital receipts from Seaside Homes was an agreed figure or an assumption. Officers advised it was a forecast of receipts based on the agreement with Seaside Homes and that receipts received to date were on track with this agreement. Councillor Fitch returned to the room.
- 46.4 Councillor Farrow noted the provision for new build over the next two years and asked if that was the maximum amount which could be used. Officers advised there could be other funding such as borrowing, net additional Right to Buy Receipts or Government grants etc. More detailed information on new builds and the costs involved would come to a future meeting. The Chair said that the Authority had a programme of work and if necessary additional funding would be sought.
- 46.5 **RESOLVED:** That the Housing Committee recommend that Policy & Resources approves the HRA Capital Programme budget of £28.876 million and financing for 2014/15 as set out in paragraph 4.1 of the report and comments upon the proposals.

| | |
|-------------------------------|--|
| Subject: | Housing Revenue Account Capital Programme 2014-2017 |
| Date of Meeting: | 13 February 2014 – Policy & Resources Committee 11 February 2014 – Housing Management Consultative Sub-Committee 15 January 2014 – Housing Committee |
| Report of: | Executive Director of Environment, Development & Housing Executive Director of Finance & Resources |
| Contact Officer: Name: | Benjamin Ben’Okagbue Tel: 29-3857 |
| E-mail: | benjamin.ben’okagbue@brighton-hove.gov.uk |
| Wards affected: | All |

FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT:

- 1.1 This report seeks approval for the 2014/15 capital programme and provides a provisional capital programme for the following two years, 2015/16 & 2016/17, for the Housing Revenue Account (HRA). The report takes into consideration the latest resources available and commissioning investment priorities.
- 1.2 The council’s Housing Revenue Account (HRA) relates to the council’s social landlord duties in respect of approximately 11,800 properties and 2,600 leasehold properties.

2. RECOMMENDATION:

- 2.1 That Policy & Resources Committee approves the HRA capital programme budget of £28.876 million and financing for 2014/15 as set out in paragraph 4.1.

3. STRATEGIC CONTEXT

- 3.1 The 2014 - 2017 provisional HRA Capital Programme aims to balance the priorities of both the City Council and our residents to achieve a good quality, sustainable, and fit for purpose housing stock which delivers against emerging housing commissioning investment priorities as identified in the housing commissioning framework. The Capital Programme is developed within the context of the Corporate Plan, which sets out the council’s strategic direction and priorities, based around the four council priorities:

- Tackling inequality
- Creating a more sustainable city
- Engaging people who live and work in the city
- Modernising the council

3.2 The capital strategy will focus on meeting the overarching housing strategy and corporate plan priorities through investment in building new homes, and improving the quality and sustainability of the existing housing stock. The HRA capital 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. In supporting these priorities the capital programme will focus on:

1) Tackling Inequality

The Capital budget strategy focuses upon:

- Investment in building new affordable homes on HRA land and specific garage sites. The development of new housing also has a strong economic multiplier impact on the local economy (estimated at £3.51 of economic output for every £1 of public investment) creating jobs and supply chain business opportunities
- Continuing the improvement in the quality of existing council homes by achieving the Brighton & Hove Standard (Decent Homes Standard) across the housing stock by the end of 2013. Research by Nottingham Trent University has estimated that every £1 spent on Decent Homes improvements creates £1.46 in local spend through orders to trades people and suppliers in the area
- Increased investment in adaptations to enable council tenants to live independently in their homes. Adaptations to housing are aligned with Adult Social Care's focus on prevention and re-ablement, which minimises delayed discharges of care and avoidable admissions to hospital and reduces the pressure on health and social care budgets.
- Action to increase asset values, tackle over-crowding, and improve health and well-being through the continuation of the loft conversion and home extension programme.
- Tackling health inequalities through an ongoing strategic programme to prevent damp and reduce condensation in homes.

2) Creating a more sustainable city

- The capital programme will focus on improving the sustainability and energy efficiency of the housing stock by reducing waste and delivering more affordable warmth:
- Tackling fuel poverty through continued investment in providing modern, energy efficient heating for council housing residents.
- Improving the sustainability and energy efficiency of the housing stock in line with the emerging One Planet Living Sustainable Action Plan for council housing. This would include insulation improvements, cladding projects, solar thermal and photo-voltaic (PV) and improvements to communal lighting.
- Investing in estate regeneration to make best use of our existing assets and building new council homes to high sustainability standards.

3) Engaging people who live and work in the city

- The budget strategy continues to provide £0.540m for the tenant-led estate development budget. This budget is operated using a not-for-profit model to maximise social value.
- The lift replacement programme was accelerated and investment increased as a direct response to consultation in 2012/13. Consultation this year has also informed our discretionary capital spend.

4) Modernising the Council

- The proposed HRA Capital Programme is anticipated to contribute significantly towards providing modern and sustainable services, with works under the following main headings:

Improving Housing Quality
Brighton & Hove Standard Works
Sustainability & Carbon Reduction
Tackling Inequality
Building New Council Homes

The proposed expenditure is detailed below.

4 FUNDING THE 2014/15 CAPITAL PROGRAMME

- 4.1 The 3 year programme is funded from a variety of sources including revenue surpluses, general reserves, borrowing, capital receipts from leasing properties to Seaside Community Homes and Right to Buy sales and grants. The proposed programme for 2014/15 and the funding arrangements are outlined below. This programme does not include any re-profiling identified from the 2014/15 targeted budget monitoring.

| | Budget 2014/15 £'000 |
|--|-------------------------------------|
| EXPENDITURE | |
| Improving Housing Quality | 7,839 |
| Brighton & Hove Standard Works | 4,675 |
| Sustainability & Carbon Reduction | 7,447 |
| Tackling Inequality | 3,915 |
| Building New Council Homes | 5,000 |
| Total Programme | 28,876 |
| FUNDING | |
| Revenue Contribution to Capital | 22,124 |
| Borrowing | 1,200 |
| HRA reserves | 1,033 |
| Capital Receipts (incl BHSCH, net RTB receipts) | 3,189 |
| HCA Grant (Brooke Mead) | 1,200 |
| Other Grants | 130 |
| Total Funding | 28,876 |
| Projected Capital Reserves at 31 March 2015 | (2,400) |

- 4.2 The majority of the capital programme is funded from the rental income (after meeting revenue costs) of £22.124 million, supported by borrowing of £1.200 million for which the capital financing costs are included in the revenue budget.
- 4.3 The programme includes grant funding from the Homes and Communities Agency (HCA) of £1.200 million towards the development of Brooke Mead extra care housing (a further £1.200 million will be available in 2015/16 for Brooke Mead) . In addition, the funding includes £0.130 million from the national sustainability scheme, run by utility companies, called the Community Energy Saving Programme (CESP). The funding is generated from work that brings about carbon use reductions in the housing stock.
- 4.4 The programme assumes that there will be capital receipts available during 2014/15 from the leasing of properties to Brighton & Hove Seaside Community Homes. Investment will be used to maintain our homes to the Brighton & Hove Standard and potentially fund other strategic housing priorities.
- 4.5 In June 2012, the council signed an agreement to retain any net additional 'right to buy' (RTB) receipts for investment in new affordable homes. The 2014/15 budget includes the use of £0.600 million retained RTB receipts towards building new homes. The balance of retained RTB receipts will be held in reserves until 2015/16 and then used to offset against the costs of building new council homes programmed in that year. Capital reserves at 31 March 2015 are projected at £2.400 million which reflects the estimated retained RTB receipts.

5. CAPITAL PROGRAMME 2014-2017

- 5.1 The investment programme for 2014/15 is £28.876 million and is detailed in Appendix 1, along with the provisional programme for the following two years.
- 5.2 The 3 year Capital Investment Plans provide the council with the certainty to plan, build and let accommodation to meet both general and specialist housing needs across the city. This 3 year plan takes its lead largely from that consulted on and agreed last year. It is critical to delivering our Housing Strategy objectives and outcomes. During 2014/15 we will be reviewing the Housing Strategy and identifying opportunities for new and future investment, respecting existing capital programme commitments.
- 5.3 Consultation with our tenants, leaseholders and investment stakeholders will continue to inform the shape of the Housing Strategy and its implementation through improvement programmes and investment in individual schemes. The programme will also be published on the council's website. Resident engagement and consultation on the implementation of the agreed plans will be supported through existing arrangements with our delivery partners including Mears.

a.) Improving Housing Quality

- 5.4 Health & safety works remain the key basic requirement for ensuring the wellbeing of all residents, visitors and those working on housing assets. This area of works includes door entry systems, close circuit television (CCTV), water tanks, lifts, ventilation shafts, dry risers, fire alarms, asbestos management, roofing, lighting, structural building work, preventative damp work, cyclical maintenance and decorations programme.
- 5.5 The 3 year programme includes substantial investment in lift replacements and modernisation, including considerable improvements to energy performance. This

budget was increased to reflect tenants' support to accelerate where practical the lift replacement programme. The increased funding reflected in this programme is enabling the new lifts to be installed across the city within 7 years, rather than the original plan to complete programme within 10 years. Over the next year, replacement and upgrading will focus on installing new lifts at Hereford Court, Theobald House, Thornsedale, Philip Court, Sanders House, Nettleton Court and beginning the 2-year programme at Leach Court, subject to any leasehold requirements, where they apply. Energy performance on the new lifts is improved by both more efficient motors, and controls, such as low energy 'standby' modes when not in use.

- 5.6 Fire Safety and Asbestos management budgets throughout the period reflect the need to retain good levels of risk management in these key areas. In many cases, such as the door replacement programme, highly secure and fire compliant doors are being fitted, which also reduce drafts and improve energy efficiency for residents.
- 5.7 The Minor Capital works budget includes a provision for programmed works identified by residents where their homes and buildings require large or complex repairs, also a sum for surveys and preparatory works.
- 5.8 The budget includes a specific programme for tackling condensation and mould growth. This essential work deals with a potential health hazard, and work to prevent effects of condensation and damp have been integrated into the cyclical area-based investment programmes. Fire Safety and Asbestos management budgets throughout the 3-year period reflect the need to support our good track record of risk reduction in these key areas. Other budgets for ensuring water safety and the security of residents, for example through modern, well maintained door entry systems, make up our ongoing planned investment in safety and security in this area.

b.) Brighton & Hove Standard Works

- 5.9 The capital programme reflects the ongoing need to maintain dwellings at the Brighton Homes Standard (which incorporates and expands on the requirements of the Decent Homes standard). Works to improve homes including ensuring that internal elements such as kitchens, bathrooms, central heating systems and rewiring homes, as well as external elements such as doors and windows, all meet the benchmark standards. Additionally, basic health and wellbeing requirements are assessed, and the required safety levels met. Although, with decency on target to be achieved by December 2013, with an associated reduction in some capital budgets, significant investment will still be required to ensure that sustainable standards agreed with residents are maintained to help prevent and treat those properties falling out of the standard, and for further investment in areas that provide comfort and security and improve energy efficiency. For example upgrading insulation and installing high efficiency boilers.
- 5.10 A large scale electrical wiring programme to upgrade and improve communal lighting and controls, is now well underway, with provisional programmes published on the website.

c.) Sustainability & Carbon Reduction

- 5.11 Tackling inequality and creating a more sustainable city are key priorities in the Council's Corporate Plan aligned to One Planet Living commitments. The Council is committed to improving the energy efficiency of the City's housing, reducing the cost of living at a time when energy prices continue to rise. The aim is to help households to access affordable energy efficiency measures, in particular people on low

incomes. This will assist in tackling fuel poverty and contribute to reducing the City's carbon dioxide (CO₂) emissions. In addition, the Council is committed to contributing to the development of the One Planet approach to ensure Brighton & Hove will improve energy security, become more resilient to shortages and price increases in energy and other resources and take opportunities for growth in environmental sector jobs.

- 5.12 The Council has a strong track record of significant investment to increase the energy efficiency of the City's council housing stock. The Housing Investment Capital Programme 2013-2016 (approved by February 2013 Policy & Resources Committee) included a budget of £1.555 million for the installation of Solar Photovoltaic Arrays (Solar PV), estimated to achieve over 240 installations. The investment programme for 2014 -2017 continues to provide for the annual installation of Solar PV and we are committed to updating our business modelling to inform a review of proposals for installing Solar PV to the all the potential council (HRA) assets.
- 5.13 One of the key strategic priorities outlined in the City-wide Housing Strategy 2009-14 is to improve housing quality; to make sure that residents are able to live in decent homes suitable to their needs. Our strategic goals under this priority include, reducing fuel poverty, minimising CO₂ emissions and improving tenants' homes, ensuring they are of high quality and well maintained.
- 5.14 Brighton & Hove faces a number of challenges in increasing the energy efficiency of its housing stock:
- Homes contribute the most significant source of carbon dioxide in the City at 42% of Brighton & Hove's measured carbon footprint, or 514,000 tonnes per year, compared to 31% nationally;
 - Domestic emissions in the City (including Council homes) account for around 57% of the city's total emissions from buildings;
 - Fuel poverty was estimated to be 12.2% in 2011 in Brighton & Hove, higher than the South East average;
 - The Joint Strategic Needs Assessment identifies the relationship between poor housing and poor health outcomes, in particular fuel poverty and poor thermal comfort. Director of Public Health Annual Report has identified good quality housing as important for building wellbeing and resilience and housing in the City as an area representing a particular vulnerability.
- 5.15 Where considering the energy efficiency of the city's housing stock there are also wider national energy challenges that need to be reflected, including:
- Rising energy costs - prices expected to double by 2030;
 - Rising energy demand - expected to double by 2050 due to electrification of transport and population growth;
 - De-carbonisation - 5% renewable energy within 8 years, 30% by 2030; 80% all energy 'de-carbonised' by 2050;
 - Energy security - UK has only 14 days power reserves compared to France and Germany with >80 days, a 5% drop in imports could lead to 'sustained blackouts within weeks'.

- 5.16 Identifying funding and investment opportunities for home energy efficiency improvements to maintain the high standards of the previous programmes is a challenge we must face. With less central government funding available we are looking to access alternative funding streams to finance energy efficiency programmes, these include:
- The 'Green Deal' and Energy Company Obligation;
 - Feed In Tariffs – (Feed-in Tariffs (FITs) that became available in Great Britain on 1st April 2010. Under this scheme energy suppliers have to make regular payments to householders and communities who generate their own electricity from renewable or low carbon sources such as solar electricity panels (PV) or wind turbines).
- 5.17 As at the end of December 2012 the average SAP rating (using rdSAP09) across the council housing stock was 61.9.
- 5.18 Against the background of rising fuel costs, it is imperative that we reduce energy wastage by ensuring homes have modern heating systems and are well insulated to minimise the number of households suffering from fuel poverty. £9.3 million is included over the next three years to replace and upgrade a number of the communally heated systems alongside individual domestic replacements and improvements. Where practicable, renewable energy is being incorporated within these projects, for example, in 2013/14 the 2 sheltered schemes received a communal solar hot water system along with new high efficiency boilers. It is intended to undertake more of these types of project, subject to feasibility surveys that are now being undertaken.
- 5.19 Insulated over cladding provides an additional protective layer to our buildings this has a number of benefits including energy efficiency. The programme also includes survey and installation of cavity wall insulation and loft insulation top ups to 270mm, where construction types and location allow it. In addition it is proposed to fund the completion of ongoing major projects at Essex Place and Phase 2 of the improvements at the Bristol Estate.

d.) Tackling Inequality

- 5.20 The capital programme has been proposed with the inclusion of the following discretionary items of spend:

Estate Development Budget (EDB)

- 5.21 The Estate Development Budget is included at £0.540 million per annum. Working collectively with our residents and Mears, officers wish to explore ways of returning even greater value for money and levels of customer satisfaction. EDB bids will be integrated into larger planned programmes of works, where it makes sense to do so, in order to achieve greater economies of scale and therefore get more for EDB money.

Improving adaptability and accessibility

- 5.22 The housing adaptations budget was increased last year by £0.300 million per annum to £1.150 million to reflect the growing need for minor, sensory and major housing adaptations as a result of an ageing population, applicants with disabilities particularly children living longer with more complex needs and to help residents continue to access and live comfortably in their own home rather than in residential care settings. In addition the budget helps ensure we make the best use of other capital investment programmes e.g Decent Homes and below the Conversion & Extension project, to joint work & co-fund the relevant works where there is a

disability need These projects are delivered by working together with Occupational Therapy professionals, The budget proposals for 2014/15 to 2016/17 are to continue at the same level of funding at £1.150 million per annum.

Conversion and Extension of Existing Dwellings

- 5.23 The 3 year capital programme includes a budget of £4.3 million over the next 3 years for loft conversions and extensions to help alleviate overcrowding and to facilitate any required adaptation works, in some of our family homes. These projects have already helped to reduce the number of overcrowded families, and provide good quality family homes that meet the specific needs of vulnerable residents. We have identified many overcrowded families whose homes would benefit from adaptations, special needs or lifetime homes requirements that are integrated with the investment works where possible. These projects help local families to be in a position to plan for the future by being based in a suitable location for the long-term. This budget will provide up to 20 extensions per annum, depending on the size and complexity of each project. Additionally, this budget will assist with current plans, some of which are at an early stage, to undertake a limited number of property conversions. These conversions would help provide some additional modern units to help deliver strategic priorities. This may include additional general needs, sheltered, or specialist accommodation as necessary on a case-by-case basis.

Fencing

- 5.24 This budget provides for a strategic approach to improving boundary fencing across the city. Fencing has been identified by residents as an area where greater resources should be allocated based on safety and security needs and a policy is being developed with partners and residents to reflect this.

Cycling Facilities

- 5.25 This proposed budget supports sustainable lifestyles by allowing communities to identify and install improved cycling infrastructure, such as secure, dry storage facilities and lighting.

e.) Building new council housing

- 5.26 The Housing Investment 2012-2020: Strategy & Implementation Plan report approved by Housing Committee on 26 September 2012 outlined proposals for future redevelopment and new build opportunities on HRA land. This included developing the final feasibility, design and build of 29 new housing units on garage and car parking sites. A contract was awarded to the Guinness Partnership in November 2013 for the delivery of four of these sites (estimated 27 units which will be handed back to the council for management) and a strategy is under development for the delivery of new housing on the remaining sites. The current capital programme includes funding for the development of these schemes, with a £1.000 million provision for building costs during 2014/15 and a further £3.900 million in the provisional 2015/16 programme.
- 5.27 Following Housing Committee approval on 13 November, Policy & Resources approved a budget up to a maximum of £8.3 million for the development of extra care housing at Brooke Mead. The costs are indicative at this stage with estimated expenditure profiled as £3.0 million in 2014/15 and £5.3 million in 2016/17. The development costs modelled, (based on 44/45 units) are indicative at the time of writing this report and therefore if there are any significant variations to the proposed capital scheme and funding these would be reported back to Policy & Resources committee in accordance with council's standard financial procedures.

- 5.28 The programme includes £1.0 million estimate for the commencement of the development on the infill sites Manor Place (17 units) and Preston Road (4 units), with a further £2.3 million over the following 2 years. Housing Committee on 13 November gave approval for delegated authority to the Executive Director of Environment, Housing & Development in consultation with the Director of Finance and Resources to award the contract following completion of procurement of delivery partner/s for the development of new housing at the sites above.

6. CONSULTATION

- 6.1 Both the Asset Management Panel (AMP) and Repairs and Maintenance Monitoring Group (RMMG) have successfully and effectively worked with BHCC staff and Mears to ensure that there is a thorough and transparent management of the programmes, and improvements to them. Both RMMG and AMP are represented on the Core Group, and are also to have representatives on the Partnership (operational) group and technical forum groups. All these groups will continue to work closely with BHCC and Mears as a partnership to ensure that contract expectations and requirements are met, and exceeded where possible.
- 6.2 The information on the strategy and commitments of the 3-year capital programme for the period 2012-2015 was presented to residents in early 2012, and details circulated widely, including being available on our website. The 2014-2017 3-year plan seeks to build on these solid foundations and deliver the long-term commitments that were made in these programmes, in a transparent manner, whilst reflecting any new priorities that have emerged in consultation with residents, such as speeding up the lift replacement programme. As more details emerge, further details will be reported as appropriate, to allow further discussion of the investment strategy and programme.
- 6.3 All leaseholders have been, or will be, consulted about individual contracts carried out as part of the programme in full compliance with the Commonhold and Leasehold Reform Act 2002.
- 6.4 It is important to note that every project cannot be foreseen within our planning strategy and where ad-hoc projects are needed to be carried out this will be done through existing and new processes and procedures that incorporate effective communication and engagement with all residents in the properties concerned, regardless of their individual tenure. All appropriate resident groups are to be fully included in this consultation.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 Financial Implications are included in the main body of the report

Finance Officer Consulted: Susie Allen Date: 9th December 2013

Legal Implications

- 7.2 In its role as landlord, the Council has statutory and contractual obligations to maintain the structure of and installations in its housing stock. The proposals contained within this report will assist the Council in fulfilling those obligations. All contracts over £50,000 must be under seal and comply with the Council's Contract Standing Orders and Financial Regulations, and with EU legislation, where relevant. The Council must take the Human Rights Act into account when making decisions but it is not considered that any individual's Human Rights Act rights would be adversely affected by the recommendations in the report.

Equalities Implications:

- 7.3 All projects carried out include full consideration of various equality issues and specifically the implications of the Equality Act.

Sustainability Implications:

- 7.4 This programme supports the One Planet Council targets and Sustainable Action Plan. Housing is a key contributor to the Carbon Emissions reductions commitments and will help to reduce the number of residents affected by fuel poverty and rising energy costs.

Project briefs are issued on all projects and require due consideration of sustainability issues, including energy conservation and procurement of materials from managed and sustainable sources.

Crime & Disorder Implications:

- 7.5 All contracts are entered into with a requirement for site security. Specific projects, directly address security and prevention of crime and anti-social behaviour.

Risk & Opportunity Management Implications:

- 7.6 The prime risks associated with this report are those associated with major construction projects. Full account of risk is taken through compliance, in all works, with the Construction Design & Management Regulations, which amongst other measures, require preparation of project specific Health & Safety Plans.

Corporate / Citywide Implications:

- 7.7 The Housing Capital Programme reaches to all parts of the city. It seeks to provide substantial improvement to the Council's housing stock and improve quality of residents' lives in their homes. The implementation of the proposed programme will take account of all relevant best practice guidelines and be developed to provide ever improving performance targets.

8. EVALUATION OF ANY ALTERNATIVE OPTION(S):

- 8.1 No alternative options were considered.

9. REASONS FOR REPORT RECOMMENDATIONS

- 9.1 The Local Government and Housing Act 1989 requires each Local Authority to formulate proposals relating to capital expenditure in respect of the HRA. The council's constitution and financial regulations require that capital budgets are approved through the Committee system.

SUPPORTING DOCUMENTATION

Appendices:

1. HRA Capital Programme for 2014-17

Documents in Members' Rooms

None

Background Documents

1. Draft Asset Management Strategy 2013

HRA Capital Programme 2014 – 17

| EXPENDITURE | Budget 2014/15 | Provisional Budget 2015/16 | Provisional Budget 2016/17 |
|--|---------------------------|---|---|
| | £'000 | £'000 | £'000 |
| Improving Housing Quality | | | |
| Door Entry Systems & CCTV | 251 | 247 | 249 |
| Water Tanks, Ventilation & Fire Alarms | 292 | 288 | 290 |
| Lifts | 2,349 | 2,215 | 2,230 |
| Fire Safety & Asbestos Management | 465 | 467 | 424 |
| Minor Capital Works | 349 | 345 | 341 |
| Roofing | 1,453 | 1,344 | 1,353 |
| Condensation & Damp Works | 465 | 351 | 330 |
| Structural works | 471 | 631 | 930 |
| Cyclical Decorations | 1,744 | 1,636 | 1,765 |
| Brighton & Hove Standard Works | | | |
| Dwelling Doors | 430 | 409 | 390 |
| Kitchens & bathrooms | 1,628 | 1,636 | 1,647 |
| Rewiring - Domestic/ Communal | 1,105 | 1,052 | 941 |
| Windows | 1,512 | 1,402 | 1,353 |
| Sustainability & Carbon Reduction | | | |
| Solar PV Citywide project | 514 | 721 | 520 |
| Domestic/Communal Heating Improvements | 2,468 | 3,606 | 3,475 |
| Insulation improvements (incl overcladding) | 4,465 | 5,234 | 4,272 |
| Tackling Inequality | | | |
| Estate Development Budget | 540 | 540 | 540 |
| Disabled Aids & Adaptations | 1,150 | 1,150 | 1,150 |
| Conversions & Extensions | 2,035 | 1,402 | 1,412 |
| Fencing | 58 | 58 | 58 |
| Cycling Facilities | 52 | 52 | 52 |
| Housing ICT Budget | 80 | 100 | 100 |
| Stock | 23,876 | 24,886 | 23,822 |
| Building New Council Homes | | | |
| New Build - Garage sites | 1,000 | 3,900 | 0 |
| Brookemead extra care | 3,000 | 5,300 | 0 |
| Infill sites | 1,000 | 1,300 | 1,000 |
| Total Building New Council Homes | 5,000 | 10,500 | 1,000 |
| Total Programme | 28,876 | 35,386 | 24,822 |

| | | | |
|--------------------------|---|---|---------------------|
| Subject: | Targeted Budget Management (TBM) 2013/14 Month 9 | | |
| Date of Meeting: | 13 February 2014 | | |
| Report of: | Executive Director of Finance & Resources | | |
| Contact Officer: | Name: | Jeff Coates | Tel: 29-2364 |
| | Email: | Jeff.coates@brighton-hove.gov.uk | |
| Ward(s) affected: | All | | |

FOR GENERAL RELEASE

1 PURPOSE OF REPORT AND POLICY CONTEXT:

- 1.1 The Targeted Budget Monitoring (TBM) report is a key component of the council's overall performance monitoring and control framework. This report sets out the forecast outturn position as at Month 9 on the council's revenue and capital budgets for the financial year 2013/14.
- 1.2 Early forecasts for the year indicated significant potential pressures and forecast overspending. There have been some changes to the forecasts and further improvements across many budget areas, including Adult Social Care and Section 75 services, with the position improving by over £0.500m since month 7. The underlying overspend on council controlled budgets as at Month 7 is £1.320m overspent which has been reduced to £0.753m through releasing all of the remaining General Fund risk provision of £0.567m.

2 RECOMMENDATIONS:

- 2.1 That the Committee note the total forecast outturn position for the General Fund, which is an overspend of £0.939m. This consists of £0.753m on council controlled budgets and £0.186m on the council's share of the NHS managed Section 75 services.
- 2.2 That the Committee note the forecast outturn for the Housing Revenue Account (HRA), which is an underspend of £0.309m.
- 2.3 That the Committee note the forecast outturn position for the Dedicated Schools Grant which is an underspend of £1.014m.
- 2.4 That the Committee note the forecast outturn position on the capital programme.
- 2.5 That the Committee approve the following changes to the capital programme.
 - i) The variations and reprofiles in Appendix 3 and the new schemes as set out in Appendix 4.

3 CONTEXT / BACKGROUND INFORMATION

Targeted Budget Management (TBM) Reporting Framework

- 3.1 The TBM framework focuses on identifying and managing financial risks on a regular basis throughout the year. This is applied at all levels of the organisation from Budget Managers through to Policy & Resources Committee. Services monitor their TBM position on a monthly or quarterly basis depending on the size, complexity or risks apparent within a budget area. TBM therefore operates on a risk-based approach, paying particular attention to mitigation of growing cost pressures, demands or overspending together with more regular monitoring of high risk 'corporate critical' areas as detailed below.
- 3.2 The TBM report is normally split into 8 sections as follows:
- i) General Fund Revenue Budget Performance
 - ii) Housing Revenue Account (HRA) Performance
 - iii) Dedicated Schools Grant (DSG) Performance
 - iv) NHS Controlled S75 Partnership Performance
 - v) Capital Investment Programme Performance
 - vi) Capital Programme Changes
 - vii) Implications for the Medium Term Financial Strategy (MTFS)
 - viii) Comments of the Director of Finance (statutory S151 officer)

General Fund Revenue Budget Performance (Appendix 1)

- 3.3 The table below shows the provisional outturn for Council controlled revenue budgets within the General Fund. More detailed explanation of the variances can be found in Appendix 1.

| Month 7 Forecast Variance £'000 | Directorate | 2013/14 Budget Month 9 £'000 | Forecast Outturn Month 9 £'000 | Forecast Variance Month 9 £'000 | Forecast Variance Month 9 % |
|--|------------------------------------|---------------------------------------|---|--|--------------------------------------|
| (1,939) | Children's Services | 59,214 | 57,487 | (1,727) | -2.9% |
| 3,189 | Adult Services | 63,080 | 65,428 | 2,348 | 3.7% |
| 500 | Environment, Development & Housing | 45,469 | 45,706 | 237 | 0.5% |
| 144 | Assistant Chief Executive | 12,964 | 13,187 | 223 | 1.7% |
| 7 | Public Health | 1,816 | 1,826 | 10 | 0.6% |
| (824) | Finance, Resources & Law | 38,590 | 37,614 | (976) | -2.5% |
| 1,077 | Sub Total | 221,133 | 221,248 | 115 | 0.1% |
| 685 | Corporate Budgets | 9,785 | 10,423 | 638 | 6.5% |
| 1,762 | Total Council Controlled Budgets | 230,918 | 231,671 | 753 | 0.3% |

- 3.4 The General Fund includes general council services, corporate budgets and central support services. Corporate budgets include centrally held provisions and budgets (e.g. insurance) as well as some cross-cutting value for money savings targets. General Fund services are accounted for separately to the Housing Revenue Account (Council Housing). Although part of the General Fund, financial information for the Dedicated Schools Grant is shown separately as this is ring-fenced to education provision (i.e. Schools).

Corporate Critical Budgets

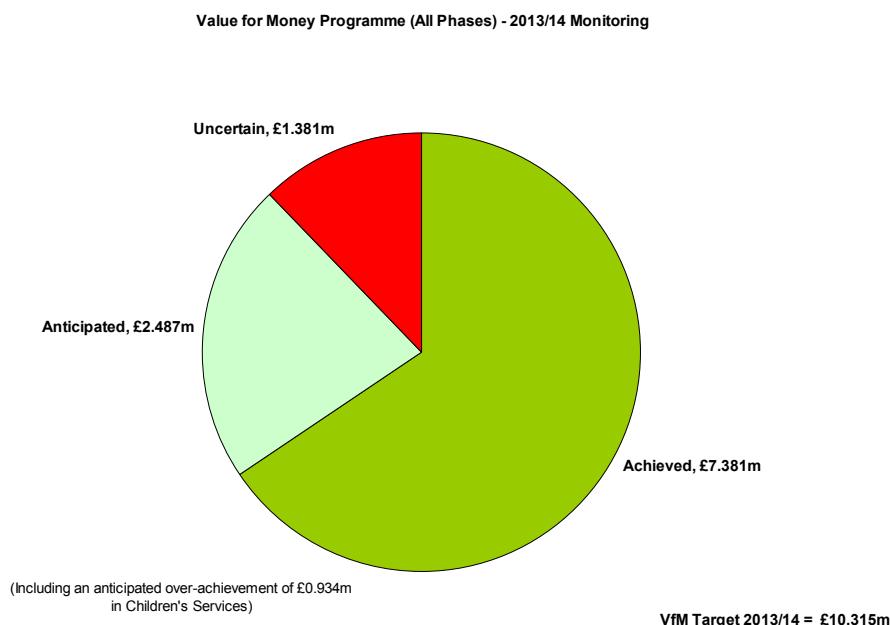
- 3.5 There are a number of budgets that carry potentially higher financial risks and therefore could have a material impact on the council's overall financial position. These are significant budgets where demand or activity is difficult to predict and where relatively small changes in demand can have significant implications for the council's budget strategy. These therefore undergo more frequent and detailed analysis.
- 3.6 They are based on current activity levels and commitments but these can fluctuate significantly over the year. Mitigating recovery actions can change the financial outlook substantially, even for small changes in activity levels but the opposite also applies, hence the reason for closer scrutiny of these areas.

| Month 7 Forecast Variance £'000 | Corporate Critical | 2012/13 Budget Month 9 £'000 | Provisional Outturn Month 9 £'000 | Provisional Variance Month 9 £'000 | Provisional Variance Month 9 % |
|--|----------------------------|---------------------------------------|--|---|---|
| (1,144) | Child Agency & In House | 19,471 | 18,413 | (1,058) | -5.4% |
| 1,965 | Community Care | 41,438 | 43,313 | 1,875 | 4.5% |
| (43) | Sustainable Transport | (15,762) | (15,846) | (84) | -0.5% |
| (273) | Temporary Accommodation | 1,402 | 1,145 | (257) | -18.3% |
| (100) | Housing Benefits | (569) | (569) | - | 0.0% |
| 405 | Total Council Controlled | 45,980 | 46,456 | 476 | 1.0% |

Value for Money (VfM) Programme (Appendix 2)

- 3.7 TBM reports also provide updates on the council's Value for Money programme. The VfM programme contains a number of large, complex projects which include additional temporary resources (e.g. Project Managers) to ensure they are properly planned and implemented. Projects can have significant financial and non-financial targets attached to them and their successful implementation is therefore important to the overall financial health of the authority.
- 3.8 Some VfM projects carry significant risks and may need specialist advice or skills that can be in short supply or they may need to navigate complex procurement or legal processes. Therefore, each month the TBM report quantifies progress in terms of those savings that have been achieved, those that are anticipated to be achieved (i.e. low risk) and those that remain uncertain (i.e. higher risk). Those that are uncertain are given greatest attention and details of mitigating actions are given wherever possible.

3.9 At this stage there are two key areas of risk regarding Accelerated Service Redesign which was supported by a Voluntary Severance Scheme, and category spend on IT hardware and software outside of the ICT service. Accelerated Service Redesign has so far underachieved by £1.126m (£1.295m full year) while there is a pressure of £0.229m on IT category spend. Further information about the risks and actions relating to uncertain savings is given in Appendix 2.



Housing Revenue Account Performance (Appendix 1)

3.10 The Housing Revenue Account is a separate ring-fenced account which covers income and expenditure related to the management and operation of the council's housing stock. Expenditure is generally funded by Council Tenants' rents. The forecast outturn on the HRA is summarised in the table below. More detail is provided in Appendix 1.

| Month 7 Forecast Variance £'000 | HRA | 2013/14 Budget Month 9 £'000 | Forecast Outturn Month 9 £'000 | Forecast Variance Month 9 £'000 | Forecast Variance Month 9 % |
|--|-------------|---------------------------------------|---|--|--------------------------------------|
| (272) | Expenditure | 56,290 | 55,962 | (328) | -0.6% |
| 35 | Income | (56,290) | (56,271) | 19 | 0.0% |
| (237) | Total | - | (309) | (309) | |

Dedicated Schools Grant Performance (Appendix 1)

3.11 The Dedicated Schools Grant (DSG) is a ring-fenced grant which can only be used to fund expenditure on the schools budget. The schools budget includes elements for a range of services provided on an authority-wide basis including

early years education provided by the Private, Voluntary and Independent (PVI) sector, and the Individual Schools Budget (ISB) which is divided into a budget share for each maintained school. The current forecast is an underspend of £1.014m and more details are provided in Appendix 1. Under the Schools Finance Regulations any underspend must be carried forward to support the schools budget in future years.

NHS Managed S75 Partnership Performance (Appendix 1)

- 3.12 The NHS Trust-managed Section 75 Services represent those services for which local NHS Trusts act as the Host Provider under Section 75 Agreements. Services are managed by Sussex Partnership Foundation Trust (SPFT) and Sussex Community NHS Trust (SCT) and include health and social care services for Adult Mental Health, Older People Mental Health, Substance Misuse, AIDS/HIV, Intermediate Care and Community Equipment.
- 3.13 These partnerships are subject to separate annual risk-sharing arrangements and the monitoring of financial performance is the responsibility of the respective host NHS Trust provider. Risk-sharing arrangements can result in financial implications for the council should a partnership be underspent or overspent at year-end and hence the performance of the partnerships is reported as a memorandum item under TBM throughout the year.

| Month 7 Forecast Variance £'000 | | 2013/14 Budget Month 9 £'000 | Forecast Outturn Month 9 £'000 | Forecast Variance Month 9 £'000 | Forecast Variance Month 9 % |
|--|--|---------------------------------------|---|--|--------------------------------------|
| 283 | Section 75 NHS Trust managed S75 Services | 12,070 | 12,256 | 186 | 1.5% |

Capital Programme Performance and Changes

- 3.14 The table below provides a summary of capital programme performance by Directorate and shows that there is an overall underspend of £0.627m.

| Month 7 Forecast Variance £'000 | | 2013/14 Budget Month 9 £'000 | Forecast Outturn Month 9 £'000 | Forecast Variance Month 9 £'000 | Forecast Outturn Month 9 % |
|--|--|---------------------------------------|---|--|-------------------------------------|
| 0 | Children's Services | 22,880 | 22,880 | 0 | 0.0% |
| 0 | Adult Services | 2,328 | 2,328 | 0 | 0.0% |
| 0 | Environment, Development & Housing – General Fund | 20,641 | 20,641 | 0 | 0.0% |
| (107) | Environment, Development & Housing - HRA | 29,805 | 29,370 | (435) | -1.5% |
| (160) | Assistant Chief Executive | 8,134 | 7,974 | (160) | -2.0% |
| 0 | Finance, Resources & Law | 9,542 | 9,510 | (32) | -0.3% |
| (267) | Total Capital | 93,330 | 92,703 | (627) | -0.7% |

- 3.15 Appendix 3 shows the changes to the budget and Appendix 4 provides details of new schemes to be added to the capital programme which are included in the budget figures above. Policy & Resources Committee's approval for these changes is required under the council's Financial Regulations. The following table shows the movement in the capital budget since approval in the Month 7 report.

| Capital Budget Movement | 2013/14 Budget £'000 |
|--|-------------------------------------|
| Summary | |
| Budget approved at Month 7 | 100,066 |
| Reported at this Committee since Month 7 | (4,056) |
| New Schemes (to be approved) | 704 |
| Variations (to be approved) | 1,075 |
| Reprofiles (to be approved) | (4,078) |
| Slippage (to be approved) | (381) |
| Total Capital | 93,330 |

- 3.16 Appendix 3 also details any slippage into next year. In total, project managers have forecast that £0.381m of the capital budget may slip into the next financial year and this equates to 0.41% of the budget.

Implications for the Medium Term Financial Strategy (MTFS)

- 3.17 The council's MTFS sets out resource assumptions and projections over a longer term. It is periodically updated including a major annual update which is included in the annual revenue budget report to Policy & Resources Committee and Full Council. This section highlights any potential implications for the current MTFS arising from in-year TBM monitoring above and details any changes to financial risks together with any impact on associated risk provisions, reserves and contingencies. Details of Capital Receipts and Collection Fund performance are also given below because of their potential impact on future resources.
- 3.18 Details of risk provisions currently held are given in the Corporate Budgets section of Appendix 1. Given the level of forecast risk on the General Fund, the remaining risk provision of £0.567m will be used to partially mitigate the position. The forecast outturn will be reflected in the associated budget report also on this Policy & Resources Committee agenda.

Capital Receipts Performance

- 3.19 Capital receipts are used to support the capital programme. Any changes to the anticipated level of receipts during the year will impact on future years' capital programmes and may impact on the level of future investment for corporate funds and projects such as the Strategic Investment Fund, Asset Management Fund, ICT Fund and the Workstyles VFM projects. For 2013/14 £10.123m capital receipts have been received to date including the completed disposal of Amex

House, the disposal of the Ice Rink at Queens Square and the sale of the Council's civic car number plate. These receipts are already assumed within the planned resources expected to be available to fund the current capital programme.

- 3.20 The forecast for the 'right to buy' sales 2013/14 (after allowable costs, repayment of housing debt and forecast receipt to central government) is that an estimated 60 homes will be sold with a maximum useable receipt of £0.428m to fund the corporate capital programme and net retained receipt of £2.975m available to re-invest in replacement homes. To date, 55 homes have been sold in 2013/14.

Collection Fund Performance

- 3.21 The collection fund is a separate account for transactions in relation to council tax and business rates. Any deficit or surplus forecast on the collection fund relating to council tax is distributed between the council, Sussex Police and East Sussex Fire Authority whereas any forecast deficit or surplus relating to business rates is shared between, the council, government and East Sussex Fire Authority.
- 3.22 The projected collection fund surplus position at 31st March 2014 on council tax has increased to (£2.210m) and the council's share of this is (£1.887m). This includes the brought forward surplus from 2012/13 of (£0.497m) and the majority of the remaining surplus relates to a lower than budgeted caseload on council tax reduction discounts (£1.196m) and increased liability from new properties (£0.612m).
- 3.23 The mid year forecast on business rates using data at the 30th September shows a higher level of business rates for 2013/14 due to the impact of appeals being lower than forecast in January 2013. There is no direct financial impact to the council from this for 2013/14 as the council is still forecast to be at the safety net and therefore the council's share of the increased business rates of £1.974m will be offset pound for pound by a reduced safety net grant.

4 ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 The provisional outturn position on council controlled budgets is an overspend of £0.753m. In addition, the council's share of the forecast overspend on NHS managed Section 75 services is £0.186m. Any underspend at year-end would release one off resources that can be used to aid budget planning for 2014/15. Any overspend will need to be funded from available general reserves which may need to be replenished if the working balance falls below the approved level of £9.000m.

5 COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 No specific consultation has been undertaken in relation to this report.

6 CONCLUSION AND COMMENTS OF THE DIRECTOR OF FINANCE (S151 OFFICER)

- 6.1 The underlying position at month 9 has improved considerably since month 7 due primarily to improvements in Adult Social Care and Environment, Development & Housing. At this stage of the year, the use of remaining one-off risk provisions of £0.567m is now appropriate to partially mitigate the position.
- 6.2 Executive Directors will continue to keep the position under close scrutiny and will take appropriate action to reduce spending, manage vacancies and agency expenditure, and develop financial recovery plans where necessary to improve the position as far as possible by the year-end.
- 6.3 For 2014/15, the budget proposals include consideration of current projections which is reflected in risk assessments and provisions, and provision of service pressure funding. The pressures on the Adult Social Care budget have been reviewed further since draft budget proposals for 2014/15 were presented to Policy & Resources Committee on 5th December. Although the current forecast has improved, projections indicate that pressures are likely to be persistent and higher than initially estimated and the revised budget proposals therefore provide for further service pressure funding of £1m; a total of £2.5m. Full details of risk provisions and service pressure funding are provided in the accompanying General Fund Revenue Budget report on this agenda.

7 FINANCIAL AND OTHER IMPLICATIONS

Financial Implications:

- 7.1 The financial implications are covered in the main body of the report.

Finance Officer Consulted: Jeff Coates Date: 20/01/14

Legal Implications:

- 7.2 Decisions taken in relation to the budget must enable the council to observe its legal duty to achieve best value by securing continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. The council must also comply with its general fiduciary duties to its Council Tax payers by acting with financial prudence, and bear in mind the reserve powers of the Secretary of State under the Local Government Act 1999 to limit Council Tax & precepts.

Lawyer Consulted: Oliver Dixon Date: 20/01/14

Equalities Implications:

- 7.3 There are no direct equalities implications arising from this report.

Sustainability Implications:

- 7.4 There are no direct sustainability implications arising from this report.

Risk and Opportunity Management Implications:

- 7.5 The Council's revenue budget and Medium Term Financial Strategy contain risk provisions to accommodate emergency spending, even out cash flow movements and/or meet exceptional items. The council maintains a recommended minimum working balance of £9.000m to mitigate these risks. The council also maintains other general and earmarked reserves and contingencies to cover specific project or contractual risks and commitments.

SUPPORTING DOCUMENTATION

Appendices:

1. Revenue Budget Performance
2. Value for Money Programme Performance
3. Capital Programme Performance
4. New Capital Schemes

Documents in Members' Rooms:

None.

Background Documents

None.

Children’s Services - Revenue Budget Summary

| Month 7 Forecast Variance £'000 | Service | 2013/14 Budget Month 9 £'000 | Forecast Outturn Month 9 £'000 | Forecast Variance Month 9 £'000 | Forecast Variance Month 9 % |
|--|--|---------------------------------------|---|--|--------------------------------------|
| 0 | Director of Children's Services | 177 | 177 | 0 | 0.0% |
| (64) | Education & Inclusion | 6,240 | 6,142 | (98) | -1.6% |
| (983) | Children's Health, Safeguarding and Care | 33,464 | 32,612 | (852) | -2.5% |
| (892) | Stronger Families, Youth & Communities | 19,333 | 18,556 | (777) | -4.0% |
| (1,939) | Total Revenue - Children | 59,214 | 57,487 | (1,727) | -2.9% |

Explanation of Key Variances

| Key Variances £'000 | Service | Description (Note: FTE/WTE = Full/Whole Time Equivalent) | Mitigation Strategy (Overspends only) |
|----------------------------------|--------------------------|---|---|
| Education & Inclusion | | | |
| (172) | Home to School Transport | There is an underspend of £0.172m which shows a small reduction in numbers since last month. The number of pupils transported to/from school for July was 421, September 449, October 465, November 463, December 472 and January 469. A detailed analysis has been undertaken with the budget holder for each area of the budget and these will continue to be monitored monthly. | The underspend relates to continued value for money savings. These savings are incorporated into in the 2014/15 budget proposals. |
| 100 | Adult Social Care moves | As part of the Connaught provision it has been agreed that Children’s Services will contribute £0.100m towards the costs relating to Adult Social Care moves. | This is a one-off spend reducing potential overspends in Adult services. |
| (26) | Other | Minor underspend variances. | |

Appendix 1 – Revenue Budget Performance

| Key Variances £'000 | Service | Description (Note: FTE/WTE = Full/Whole Time Equivalent) | Mitigation Strategy (Overspends only) |
|---|---|---|--|
| Children's Health, Safeguarding & Care | | | |
| (357) | Social Work Teams | The Social Work Teams are currently projected to underspend by £0.357m in 2013/14 due to a number of vacant posts. | The savings proposals for 2014/15 include reducing the costs of the institutional care pathway based on the expected activity levels. |
| 127 | Care Leavers | Following the completion of work to streamline and simplify the financial monitoring in this area, in preparation for the new partnership arrangements with the Housing directorate, the projected spending on children leaving care has been adjusted downwards. Based on the spend on individual children it is estimated that the care leavers' budgets will be overspent by £0.127m . This is broken down as an overspend of £0.209m for standard care leavers and an underspend of £0.082m for ex-asylum seekers. It is anticipated that the new arrangements with Housing, due to start next April will reduce the overall spending on this service. | Costs will be monitored closely over the year and efforts made to reduce costs or identify mitigating savings to bring this budget back in balance where possible. There is an ongoing project to look at cost reductions through better partnership working between Children's and Housing services. Increased activity in care leavers is linked to reductions in Looked After Children so spend in this area is supporting the VFM savings below. |
| (76) | Adoption Payments | The government have instituted a number of changes and new requirements for the adoption service. Linked to this, a new Adoption Reform grant has been made available partly to fund increases in fees for inter-agency adoptions and partly to facilitate the required changes in processes. It is not yet known what net impact this will have on inter-agency adoption costs and therefore no budget variance has been included at this stage. The £0.076m underspend relates to regular adoption support payments and allowances which are currently running slightly below budgeted levels. | |
| (361) | Corporate Critical-In House Foster Payments | Part of the VFM budget strategy is to switch the emphasis of fostering placements from IFA to in-house carers. The budgets are based on an increased number of in-house placements with a corresponding reduction in IFA numbers. This has not progressed as quickly as anticipated resulting in the overspend | Continuing the implementing a tiered approach to the procurement of placements reducing the proportion of high cost placements |

Appendix 1 – Revenue Budget Performance

| Key Variances £'000 | Service | Description (Note: FTE/WTE = Full/Whole Time Equivalent) | Mitigation Strategy (Overspends only) |
|---|---|--|---|
| | | in IFAs (above) and an underspend of £0.361m in in-house placements. | |
| (290) | Contact Service | The underspend of £0.290m in this service is predominantly due to the use of sessional and agency staff being considerably less than anticipated in the budget. | |
| 105 | Data Retrieval | There is a potential budget pressure of £0.105m relating to work being commissioned to improve data retrieval systems within Children's services. | There are mitigating underspends across Children's Services and every effort will be made to keep the cost of this work to a minimum. |
| Stronger Families, Youth & Communities | | | |
| (697) | Corporate Critical - Children's Agency Placements | <p>The current projected number of residential placements (27.59FTE) is broken down as 23.52FTE social care residential placements (children's homes), 3.65 FTE schools placements, 0.41 FTE family assessment placements and 0.00 FTE substance misuse rehabilitation placements. The budget allows for 22.20 FTE social care residential care placements, 6.00 FTE schools placements, 1.50 FTE family assessment placements and 0.60 FTE substance misuse rehab placements. The number of projected children's home placements is slightly higher than the budget although 1.14 FTE of these are in 'semi independence' with a considerably reduced unit cost. Other residential placement types have been low compared with historic averages, although numbers have increased in recent months. Overall the number of placements is currently 2.71 FTE below the budgeted level, and this combined with the unit cost savings described above result in an estimated underspend of £0.614m.</p> <p>The numbers of children placed in independent foster agency (IFA) placements began to fall during 2012/13 and that trend appears to be continuing in 2013/14, although numbers have ceased to fall in recent weeks. Currently there are 167.21 projected FTE placements. Although this represents a reduction</p> | <p>Although underspending in total, there are areas of pressure within Children's Agency Placement budgets. In particular, the Children's Services Value for Money (VFM) project is effectively addressing the level of activity and spend in IFAs. The plan focuses on strengthening preventive services and streamlining social care processes including:</p> <ul style="list-style-type: none"> • implementing a tiered approach to the procurement of placements for looked after children, reducing the proportion of high cost placements • improving the commissioning and procurement of expert assessments in care proceedings, strengthening arrangements for early permanence planning and increasing the numbers of in house foster placements able to provide tier 1 care. • strengthening early intervention |

Appendix 1 – Revenue Budget Performance

| Key Variances £'000 | Service | Description (Note: FTE/WTE = Full/Whole Time Equivalent) | Mitigation Strategy (Overspends only) |
|------------------------|---------|--|--|
| | | <p>of 10.0% on last year, the budget strategy included a target for switching the emphasis from IFA to in-house carers which has not been achieved. On that basis budget for IFA placements is 154.00 FTE which is currently being exceeded by 13.21 FTE placements resulting in an anticipated overspend of £0.116m.</p> <p>The current projected number of disability placements is 17.41 FTE with an average unit cost of £1,748.68. The number of placements is 3.91 FTE above the budgeted level. The average weekly cost of these placements is £469.59 lower than the budgeted level and the combination of these two factors together with a projected underspend of £0.037m on respite placements, results in an underspend of £0.011m.</p> <p>It is currently anticipated that there will be 1.03 FTE secure (welfare) placements and 1.64 FTE secure (justice) placements in 2013/14. The budget allows for 1.25 FTE welfare and 0.75 FTE justice placements during the year. There are currently two children in a secure (welfare) placement and one in a secure (criminal) placement resulting in a projected underspend of £0.188m</p> | <p>and preventive services and commissioning a transformation change programme to support the re-structuring of social work services.</p> <p>For 2014/15, the current position indicates increased risk due to an increase of 5 placements late in the financial year. The position is being monitored closely and may result in early pressure on the budget but is not expected to impact on the overall achievement of budget proposals and savings for next year which currently include service pressure funding of £1.5m. The success of the Early Help strategy will be crucial to the ongoing management of this budget,</p> |
| (80) | Other | Minor underspend variances | |

Appendix 1 – Revenue Budget Performance

Adult Services – Revenue Budget Summary

| Month 7 Forecast Variance £'000 | Service | 2013/14 Budget Month 9 £'000 | Forecast Outturn Month 9 £'000 | Forecast Variance Month 9 £'000 | Forecast Variance Month 9 % |
|--|---------------------------|---------------------------------------|---|--|--------------------------------------|
| 1,893 | Adults Assessment | 47,833 | 49,313 | 1,480 | 3.1% |
| 1,300 | Adults Provider | 14,762 | 15,856 | 1,094 | 7.4% |
| (4) | Commissioning & Contracts | 485 | 259 | (226) | -46.6% |
| 3,189 | Total Revenue - Adult | 63,080 | 65,428 | 2,348 | 3.7% |

Explanation of Key Variances

| Key Variances £'000 | Service | Description (Note: FTE/WTE = Full/Whole Time Equivalent) | Mitigation Strategy (Overspends only) |
|---------------------------|---|--|---|
| | | The key variances across Adult Social Care are as detailed below: | Further plans are being developed and mitigating action is being taken to reduce these forecast overspends. |
| Adults Assessment | | | |
| see below | Assessment Services | Assessment Services is showing an overspend of £1.480m (3.1% of net budget) at Month 9, which is an improvement of approximately £0.400m from Month 7. The overspend is broken down as follows: - | |
| 1,390 | Corporate Critical - Community Care Budget (Older People) | The pressure on the Older People community care budget relates to the Supported Living and Extra Care Housing savings target of £1.640m jointly commissioned with Housing which is now not expected to be delivered in year. The target includes options around Sheltered Housing, Shared Lives and other accommodation. These options are complex and there are significant service, legal, financial and commissioning considerations to work through for each option that will require a greater lead-in time than originally anticipated. Currently, | Corporate strategic work is ongoing to deliver the extra care units required and explore/develop the other options-this includes the proposal for Brookmead, which is unlikely to deliver cost savings until 2014/15 or beyond. Placements are also being managed to contain the potential overspend in |

Appendix 1 – Revenue Budget Performance

| Key Variances £'000 | Service | Description (Note: FTE/WTE = Full/Whole Time Equivalent) | Mitigation Strategy (Overspends only) |
|------------------------|--|--|--|
| | | there is a significant risk that units and/or alternative options will not be deliverable in time to achieve the savings target for 2013/14. | <p>2013/14.</p> <p>As mentioned in the main report, available corporate risk provision is being used to mitigate the council's overall position which is primarily due to the pressures detailed here and under Adults Provider services.</p> <p>The pressures on the Adult Social Care budget have been reviewed further since draft budget proposals for 2014/15 were presented to Policy & Resources Committee on 5th December. Current projections indicate that pressures are likely to be higher than initially estimated and revised budget proposals therefore provide for further service pressure funding of £1m; a total of £2.5m.</p> |
| (26) | Corporate Critical - Community Care Budget (Learning Disabilities) | Learning Disabilities are reporting an underspend of £0.026m at Month 9, which is a slight decrease from Month 7. A pressure of £0.070m relates to day services where double running will be necessary until the savings in provider services can be achieved. As highlighted previously, it should be noted that the potential impact from Ordinary Residence 'OR' claims against the budget is £0.766m full year effect, of which £0.187m is included in the forecast. All OR applications need to be reassessed by B&H and are prioritised against risk, therefore there can be a delay in acceptance. Although the majority of applications are legally justifiable, some are disputed successfully. | The risk in relation to OR claims has been taken into account in the decision referred to above to increase the service pressure funding in 2014/15, |
| 565 | Corporate | Under 65's are currently showing an overspend of £0.565m (a | Continuing to explore alternative |

Appendix 1 – Revenue Budget Performance

| Key Variances £'000 | Service | Description (Note: FTE/WTE = Full/Whole Time Equivalent) | Mitigation Strategy (Overspends only) |
|--------------------------------|--|--|--|
| | Critical - Community Care Budget (Under 65's) | decrease of £0.150m from Month 7 following realignment of Financial Recovery Plan targets between this budget and Older People). The underlying pressure is largely due to the full-year effect of the increased complexity (e.g. Acquired Brain Injury) in small numbers of high cost placements against homecare and direct payments. Actual whole time equivalent client numbers are 131 more than budgeted (increase of 19%). | models of provision and funding. |
| (54) | Corporate Critical - Community Care Budget (HIV) | The underspend is a continuation of the activity and spending levels experienced over the last 2 financial years. Consideration needs to be given to realigning budget, given the pressures on other areas described above. | |
| (395) | Support & Intervention Teams | The forecast underspend now includes one-off release of Winter Pressure funding carried forward from 2012-13 of £0.353m and vacancy management savings identified across the service to help the overall TBM position across Assessment. | |
| Adults Provider | | | |
| 1,094 | Adults Provider | <p>The forecast overspend includes an assessed risk of £0.840m against the achievement of savings targets totalling £1.640m (2013/14 targets and unachieved targets in 2012/13). Achievement of the savings is dependent on the commissioning review of day options, the corporate VFM programme on transport, the review of options for different service models led by a corporate working group, and the Learning Disabilities accommodation review, all of which are underway.</p> <p>The forecast overspend also includes additional pressures on Adults Provider budgets due to increased staffing in the Resource Centres for Older People (£0.448m) which has been partly offset by one off and recurrent Department of Health Social Care funding (£0.262m), projected shortfalls on Residents' Contributions (£0.048m) and other minor</p> | <p>The services are working to implement the changes required to deliver the savings and to identify further opportunities to make efficiencies across all the services. There is an ongoing workstream to ensure that all appropriate funding streams are maximised. However, this is unlikely to address the potential overspend of £1.094m.</p> <p>See above in relation to 2014/15 service pressure funding assumptions.</p> |

Appendix 1 – Revenue Budget Performance

| Key Variances £'000 | Service | Description (Note: FTE/WTE = Full/Whole Time Equivalent) | Mitigation Strategy (Overspends only) |
|--------------------------------------|---------------------------|---|--|
| | | underspends of £0.020m. | |
| Commissioning & Contracts | | | |
| (226) | Commissioning & Contracts | A detailed review of all areas of spending across the service has identified savings against contracts with voluntary organisations and vacancy management savings. | |

Environment, Development & Housing - Revenue Budget Summary

| Month 7 Forecast Variance £'000 | Service | 2013/14 Budget Month 9 £'000 | Forecast Outturn Month 9 £'000 | Forecast Variance Month 9 £'000 | Forecast Variance Month 9 % |
|---------------------------------|--|------------------------------|--------------------------------|---------------------------------|-----------------------------|
| 257 | Transport | (3,983) | (3,799) | 184 | -4.6% |
| 178 | City Infrastructure | 27,994 | 27,994 | 0 | 0.0% |
| 20 | City Regeneration | 1,197 | 1,230 | 33 | 2.8% |
| 37 | Planning & Public Protection | 4,515 | 4,542 | 27 | 0.6% |
| 492 | Total Non Housing Services | 29,723 | 29,967 | 244 | 0.8% |
| 8 | Housing | 15,746 | 15,739 | (7) | 0.0% |
| 500 | Total Revenue - Environment, Development & Housing | 45,469 | 45,706 | 237 | 0.5% |

Explanation of Key Variances:

| Key Variances £'000 | Service | Description | Mitigation Strategy (Overspends only) |
|---------------------|---|---|--|
| Transport | | | |
| (84) | Corporate Critical – Parking Operations | <p>Overall the corporate critical parking budget is forecast to underspend by £0.084m. The main components of this are:</p> <ul style="list-style-type: none"> London Road car park is expected to achieve additional income of £0.177m largely as a result of letting an additional 220 season ticket spaces to a large local business. Surplus permit income of £0.147m. This has been caused by increased demand for permits, partially trader permits where | Actual income is monitored and reported on a monthly basis as part of the TBM process. Therefore any significant variations to the forecast are reported and acted upon regularly. |

Appendix 1 – Revenue Budget Performance

| Key Variances £'000 | Service | Description | Mitigation Strategy (Overspends only) |
|------------------------|----------|--|--|
| | | <p>removal of the waiting list has increased demand and also a general migration from on-street parking to permits.</p> <ul style="list-style-type: none"> • An expected £0.105m surplus on leased car park income. • On-street parking income received to date and the forecast tariff model indicates a potential under achievement of income by approximately £0.009m. There has been an improvement in the forecast due to in part to the impact of free parking in December being less than anticipated. • There is a forecast under-achievement of income of approximately £0.361m relating to other off street car parks. It is possible that changes in prices have resulted in greater movement to on street parking. • There is a forecast under-achievement of £0.165m relating to Penalty Charge Notice (PCN) income. • There is a forecast underspend of £0.106m on unsupported borrowing costs relating to pay & display machines which have now been fully paid for. • A forecast underspend of £0.045m on the cash collection contract. • Other minor underspends of £0.039m. | <p>The budget proposals for 2014/15 do not assume any increase in parking income,</p> |
| 140 | Highways | <p>An overspend of £0.100m is anticipated on the safety maintenance reactive budget as a result of increased repairs following damage due to the recent storm and adverse weather. In addition there are smaller forecast pressures totalling £0.047m which include cost of external specialists</p> | <p>The service will continue to identify potential salary variances and cost recovery to fund the highlighted pressures.</p> |

Appendix 1 – Revenue Budget Performance

| Key Variances £'000 | Service | Description | Mitigation Strategy (Overspends only) |
|----------------------------|--|---|---|
| | | <p>to undertake street work inspections (£0.020m) and legal and counsel costs (£0.015m).</p> <p>There is also a pressure of approximately £0.069m on staff and agency costs. This has decreased since Month 7 partly due to changes in staff provision of the out of hours services where the cost of temporary cover is less than the original budgeted cost. The employee costs overspend is offset by additional income generated through inspection work and licences – total income being £0.076m greater than budgeted.</p> | |
| 128 | Highways Engineering | <p>The £0.128m variance relates to Highways Engineers' costs rechargeable to capital. The expected value of works rechargeable to capital is less than the budgeted recovery target. The current forecast has been based on a high level analysis of the expected works during the year.</p> | <p>No reasonable mitigations have been identified and this has been factored into assumptions for service pressure funding requirements for 2014/15.</p> <p>To manage this pressure in future, £0.100m service pressure funding has been provided for in the 2014/15 budget proposals to recognise the reduced ability of the service to recover costs through recharging to capital schemes.</p> |
| City Infrastructure | | | |
| (161) | City Infrastructure Management & Admin | <p>A review of the budgets has identified various potential underspends in relation to vacancy management, supplies and services and partnership contributions from other local authorities for management and administration support in the year.</p> | |
| 95 | CityClean | <p>An overspend of £0.114m has been reported within the City Clean Operations section. The majority of this relates to the impact of industrial action, which has an estimated cost to the service of</p> | <p>The use of agency staff across the street cleansing service will be reviewed as a potential to reducing the variance across the remainder of the year.</p> |

Appendix 1 – Revenue Budget Performance

| Key Variances £'000 | Service | Description | Mitigation Strategy (Overspends only) |
|--------------------------|----------------------|---|--|
| | | <p>approximately £0.078m. Other variances relate to additional costs expected due to provisions for new rounds bedding in and service redesign.</p> <p>There is an expected underspend within the Contracts and Projects team of approximately £0.021m. This largely relates to variances in staff budgets and expected underspend on the cost of maintenance and cleaning of public conveniences. Various sites have been temporarily shut due to major development or have transferred to external management. This variance has not previously been reported in the TBM process due to the full year implications being unclear.</p> | |
| 66 | City Parks | <p>There is a forecasted £0.065m under-achievement of income at Roedean and Rottingdean golf courses. The leases have come to an end and the sites have been re-marketed. Roedean has been re-let but the rent has reduced reflecting the economic downturn.</p> | <p>Rottingdean has been marketed twice but a suitable tenant is still being sought.</p> <p>To manage this pressure in future, £0.250m service pressure funding has been provided for in the 2014/15 budget proposals to recognise a number of income pressures across services including £0.050m for City Parks.</p> |
| City Regeneration | | | |
| 18 | Economic Development | <p>Two variances have been identified within this budget:</p> <ul style="list-style-type: none"> • Unbudgeted funding for contributions to the Key Cities partnership totalling £0.008m. • £0.010m of costs associated to the Building Futures project originally anticipated to be recoverable from the grant funding. | <p>The Key Cities contribution has been factored into assumptions for service pressure funding requirements for 2014/15.</p> <p>It is not considered appropriate to reduce expenditure elsewhere within the budget as this will impact on the committed initiative programmes.</p> |
| 15 | Sustainability | Pressure of £0.015m relates to an unrecoverable | This pressure has been factored into |

Appendix 1 – Revenue Budget Performance

| Key Variances £'000 | Service | Description | Mitigation Strategy (Overspends only) |
|---|----------------------|---|---|
| | | income budget to cover the cost of staff time. | assumptions for service pressure funding requirements for 2014/15. |
| Planning & Public Protection | | | |
| (10) | Development Planning | <p>There is a forecast overspend of £0.063m within Development Management which largely relates to employee costs of covering various long term sickness and maternity absences. The income forecast is expected to be close to budget for the year. This is based on the anticipated number of applications and includes an assessment of the likelihood of receiving income from major applications.</p> <p>A further £0.017m pressure has been identified within the Building Control service. This is a forecast net position of the service, after considering underspending on the salary budget and underachievement on income.</p> <p>These variances are offset to an extent by a shorter than expected 'Examination in Public' into the City Plan reducing the forecast spend by £0.080m.</p> | <p>Work to improve income forecasting, supported by the finance team, means that income forecasts are now considerably more accurate.</p> <p>It is not considered appropriate to reduce employee expenditure as this would have an impact on the ability of the service to generate income.</p> <p>There are underlying income pressures in this service and to manage this pressure in future, £0.250m service pressure funding has been provided for in the 2014/15 budget proposals to recognise a number of income pressures across services including £0.100m for planning and licensing income pressures.</p> |
| 37 | Public Protection | <p>A £0.078m forecast overspend reflects the anticipated variance on licensing income budgets where there is little scope to generate additional income, and variances on the employee budget.</p> <p>This is partly offset by a salary underspend of £0.041m within the Trading Standard service where vacancies are currently being managed.</p> | <p>Forecasts will be reviewed monthly to determine if additional income and cost reductions can offset the pressure. The possibility of recovering potential costs of site investigation at Saltdean is being explored.</p> |
| Housing | | | |
| (257) | Corporate | There is a projected improvement on Housing | Current projections indicate potential service |

Appendix 1 – Revenue Budget Performance

| Key Variances £'000 | Service | Description | Mitigation Strategy (Overspends only) |
|------------------------|--|---|--|
| | Critical Temporary Accommodation & Allocations | Benefit collection based on current income levels. Costs related to the 'spot purchase' of Bed & Breakfast have been managed down below budget. Welfare reforms have not had as much impact as anticipated in 2013/14. That said, it remains prudent to closely monitor the impact of Welfare Reforms (including Universal Credit) and to anticipate a need for bad debt provision in 2014/15 arising from default on rent payment and eviction of tenants in receipt of benefit who are currently in private rented sector accommodation. | pressures of up to £0.640m in 2014/15 in relation to increasing numbers of 'acceptances' and rising costs of accommodation. This has been provided for in the 2014/15 budget proposals. |
| 134 | Travellers | There is minimal change in the forecast from Month 7. There is a £0.041m overspend on the Horsdean site due to major works including plumbing and drainage, essential health and safety works, back-dated utility bills, increased security costs and income loss due to the site being closed. The projected overspend reflects the decision not to install a new CCTV system at Horsdean in 2013/14 and the reduced waste removal costs at Horsdean by introducing City Clean service at the site. There have also been lower than expected legal costs. There is a £0.053m overspend on unauthorised encampments due to fly tipping waste removal costs and increased costs for the removal and storage of vehicles. | The financial recovery process in place has helped to significantly reduce the projected overspend. Efficiencies are being found from office costs, site running costs and a negotiated reduction in security rates. We are exploring other ways we could prevent expenditure on unauthorised encampments. This is a very reactive service and we are limited in our ability to control expenditure but will be making every effort. To manage this pressure in future, £0.100m service pressure funding has been provided for in the 2014/15 budget proposals to recognise increasing costs in this service. |
| 19 | Supported Accommodation | The £0.019m pressure is due mainly to staffing costs. | We will look to find efficiency services from elsewhere to mitigate this pressure. |
| 97 | Other Housing | A review of the capitalisation of legitimate staff costs against the remaining private sector renewal / disabled facilities grant capital schemes has identified that £0.030m of revenue cost will be capitalised in 2013/14, therefore reducing the | We will look to find efficiency services from elsewhere to mitigate this pressure. |

Appendix 1 – Revenue Budget Performance

| Key Variances £'000 | Service | Description | Mitigation Strategy (Overspends only) |
|--------------------------------|----------------|--|--|
| | | pressure to £0.140m. There are offsetting underspends in Housing Options due to reduced staffing costs, including vacant posts and reduced costs relating to sickness absence. | |

Assistant Chief Executive - Revenue Budget Summary

| Month 7 Forecast Variance £'000 | Service | 2013/14 Budget Month 9 £'000 | Forecast Outturn Month 9 £'000 | Forecast Variance Month 9 £'000 | Forecast Variance Month 9 % |
|--|---|---------------------------------------|---|--|--------------------------------------|
| 3 | Communications | 791 | 794 | 3 | 0.4% |
| 0 | Royal Pavilion, Arts & Museums | 3,773 | 3,773 | 0 | 0.0% |
| 152 | Tourism & Venues | 1,599 | 1,830 | 231 | 14.4% |
| (11) | Policy, Civic, Performance & Communities | 5,910 | 5,899 | (11) | -0.2% |
| 0 | Sport & Leisure | 891 | 891 | 0 | 0.0% |
| 144 | Total Revenue - Assistant Chief Executive | 12,964 | 13,187 | 223 | 1.7% |

Explanation of Key Variances

| Key Variances £'000 | Service | Description | Mitigation Strategy (Overspends only) |
|---|-----------------------------------|--|---|
| Communications | | | |
| 3 | Communications | Minor overspend. | |
| Royal Pavilion, Arts & Museums | | | |
| 0 | Royal Pavilion, Arts & Museums | Break-even position reported at Month 9. | |
| 231 | Tourism & Venues | Tourism & Venues are reporting a pressure of £0.231m at Month 9, which is an increase of £0.079m from Month 7 (due to revised income forecast from bookings) and is broken down as follows: - Venues had an overspend of £0.422m last financial year due mainly to reduced bookings for entertainments. As a result of the action taken to help secure further bookings and maximise future | The Service is reviewing all areas of expenditure and has introduced a spending freeze to reduce costs as much as possible to offset the income shortfall |

Appendix 1 – Revenue Budget Performance

| Key Variances £'000 | Service | Description | Mitigation Strategy (Overspends only) |
|---|--|--|---------------------------------------|
| | | business opportunities the overall pressure reported this financial year is much improved (£0.194m at Month 9). There is a pressure of £0.037m against Tourism relating to an overspend on staffing costs and reduced advertising receipts against Marketing. | |
| Policy, Civic ,Performance & Communities | | | |
| (11) | Policy, Civic, Performance & Communities | Minor underspend reported at Month 9. | |
| Sport & Leisure | | | |
| 0 | Sport & Leisure | Sport & Leisure are reporting a break-even position at Month 9. However there is a risk in respect of liabilities for Saltdean Lido until a lease is granted to an external operator. This is nearing completion | |

Public Health – Revenue Budget Summary

| Month 7 Forecast Variance £'000 | Service | 2013/14 Budget Month 9 £'000 | Forecast Outturn Month 9 £'000 | Forecast Variance Month 9 £'000 | Forecast Variance Month 9 % |
|--|-------------------------------|---------------------------------------|---|--|--------------------------------------|
| 0 | Public Health | 158 | 158 | 0 | 0.0% |
| 0 | Community Safety | 1,481 | 1,481 | 0 | 0.0% |
| 7 | Civil Contingencies | 177 | 187 | 10 | 5.6% |
| 7 | Total Revenue - Public Health | 1,816 | 1,826 | 10 | 0.6% |

| Key Variances £'000 | Service | Description | Mitigation Strategy (Overspends only) |
|----------------------------|---------------------|--|--|
| Public Health | | | |
| 0 | Public Health | This is a ring-fenced grant of £18.2m from the Department of Health, which is being provided to give local authorities the funding needed to discharge their new public health responsibilities. The expectation is that funds will be utilised in-year, but if at the end of the financial year there is any underspend this can be carried over, as part of a public health reserve, into the next financial year. In utilising those funds next year, the grant conditions will still need to be complied with. | |
| Community Safety | | | |
| 0 | Community Safety | Community Safety is forecasting a break-even position at Month 9. | |
| Civil Contingencies | | | |
| 10 | Civil Contingencies | There is a small pressure being reported due to slightly increased staff costs | Non-pay budget areas will be closely reviewed and savings generated where possible to cover identified pressure. |

Appendix 1 – Revenue Budget Performance

Resources & Finance and Law - Revenue Budget Summary

| Month 7 Forecast Variance £'000 | Service | 2013/14 Budget Month 9 £'000 | Forecast Outturn Month 9 £'000 | Forecast Variance Month 9 £'000 | Forecast Variance Month 9 % |
|--|-------------------------------------|---------------------------------------|---|--|--------------------------------------|
| (476) | City Services | 13,690 | 13,184 | (506) | -3.7% |
| (100) | Housing Benefit Subsidy | (569) | (569) | 0 | 0.0% |
| 0 | HR & Organisational Development | 4,371 | 4,351 | (20) | -0.5% |
| 250 | ICT | 6,865 | 7,090 | 225 | 3.3% |
| (342) | Property & Design | 4,476 | 4,014 | (462) | -10.3% |
| (125) | Finance | 6,449 | 6,310 | (139) | -2.2% |
| (31) | Legal & Democratic Services | 3,308 | 3,234 | (74) | -2.2% |
| (824) | Total Revenue - Resources & Finance | 38,590 | 37,614 | (976) | -2.5% |

Explanation of Key Variances

| Key Variances £'000 | Service | Description | Mitigation Strategy (Overspends only) |
|---------------------------|---------------|--|---|
| City Services | | | |
| (506) | City Services | Revenues and Benefits are forecasting an underspend of £0.689m, an increase of £0.021m compared to the previous month. This is the first year of budgeting for the new welfare reforms, and the delays and complexities of the schemes have been difficult to project. The underspends have been mostly from payments from the Local Discretionary Social Fund (£0.371m), Council Tax Relief (£0.226m), and other discretionary discounts and payments | To reflect actual expenditure in 2013/14, it is proposed to reduce the recurrent Council Tax Reduction Discretionary Fund from £200k per annum to £100k per annum in 2014/15 which is still in excess of the current level of awards. |

Appendix 1 – Revenue Budget Performance

| Key Variances £'000 | Service | Description | Mitigation Strategy (Overspends only) |
|------------------------|---------|---|---|
| | | <p>(£0.140m) due to initial take up being lower than anticipated. However, these lower than expected costs have helped shape the budget planning process for 2014/15. Elsewhere in the service, there are higher than expected staff costs of £0.062m, partly offset by net minor underspends of £0.014m.</p> <p>The 2013/14 included challenging new income targets for life Events which it is working hard to meet in full. This month the overall expected pressure has risen to £0.183m (following several months of modest improvement), due mostly to a further reduction in anticipated income within the Registrar's service. This service is now projecting a pressure of £0.124m, though there are plans in place to address this.</p> <p>Income pressures from the Crematorium, mostly due to the impact of major works from the Mercury Abatement scheme, are forecast at £0.117m. However, vacancy management is likely to offset this by £0.075m and one-off resources of £0.045m have also been made available to address the pressure. Furthermore, the works are due to complete in early 2014 when the capacity of the service is expected to return to normal. Elsewhere in Bereavement Services, plot sales at the Woodland Valley Burial Site have been less than expected,</p> | <p>A financial recovery plan for Life Events has been drawn up within the service. However it is to be noted that whilst it is hoped that the projections for Life Events will improve again during the remainder of this financial year, the full effect of the recovery plan may not be seen until 2014/15.</p> |

Appendix 1 – Revenue Budget Performance

| Key Variances £'000 | Service | Description | Mitigation Strategy (Overspends only) |
|--|--|--|---|
| | | resulting in a shortfall there of £0.050m. | |
| Housing Benefit Subsidy | | | |
| 0 | Corporate Critical - Housing Benefit Subsidy | The Housing Benefit Subsidy budget is expected to achieve a breakeven position. This is a deterioration of £0.100m compared to Month 7. The main reason for this is that the overall position on the recovery of overpaid benefit is worse than previously forecast. | |
| HR & Organisational Development | | | |
| (20) | HR & Organisational Development | Human Resources and Organisational Development identified a pressure of £0.124m following an analysis of the service's budget to realign staff estimates and income. This pressure has now been fully addressed for 2013/14 through a range of measures including holding vacancies, business process improvement efficiencies and reductions in the numbers attending forecast training and professional qualifications for 2013/14. It is anticipated that the HR & OD service will have £0.020m underspend for 2013/14. | |
| ICT | | | |
| 225 | ICT | The forecast at Month 9 is an overspend of £0.225m made up of: <ul style="list-style-type: none"> Pressures on our VFM savings targets (Microsoft Enterprise agreement and telephony) as well as an overspend on our contracts budget due to ongoing security issues (£0.140m). Additional staffing costs arising from information security compliance urgent | The service is developing a financial recovery plan in the context of planning the delivery of the ICT Investment Plan and meeting new demands for increased information security following the government's recent announcement of a 'zero tolerance' approach. There will be ongoing costs of the tighter security regime which will be factored into the service pressure assumptions for 2014/15. |

Appendix 1 – Revenue Budget Performance

| Key Variances £'000 | Service | Description | Mitigation Strategy (Overspends only) |
|--|-----------------------------|---|--|
| | | temporary contractors (£0.015m). <ul style="list-style-type: none"> Improvements to the internet feed to enhance internet performance in order to protect core business use (£0.035m). Review of storage area network due to additional demands on storage and backup relating to security compliance work (£0.035m). | There is a more detailed report on the ICT strategy and financial implications elsewhere on this agenda. |
| Property & Design | | | |
| (462) | Property & Design | The commercial rent forecasts are being maintained with income collection performing well despite the uncertain economic climate for rental properties on the high street. | Additional income from the commercial portfolio is incorporated into the budget proposals. |
| Finance | | | |
| (139) | Finance | The overall underspend results partially from vacancies and partially from lower than anticipated implementation costs for service developments relating to banking, income and e-Budgeting. | |
| Legal & Democratic Services | | | |
| (74) | Legal & Democratic Services | The Forecast under spend in Legal Services has increased by £0.043m to £0.074m since Month 7, due to improving income generation/collection and vacancy control. | |

Appendix 1 – Revenue Budget Performance

Corporate Budgets - Revenue Budget Summary

| Month 7 Forecast Variance £'000 | Service | 2013/14 Budget Month 9 £'000 | Forecast Outturn Month 9 £'000 | Forecast Variance Month 9 £'000 | Forecast Variance Month 9 % |
|--|-----------------------------------|---------------------------------------|---|--|--------------------------------------|
| (150) | Bulk Insurance Premia | 3,167 | 2,917 | (250) | -7.9% |
| 54 | Concessionary Fares | 10,144 | 10,198 | 54 | 0.5% |
| (25) | Capital Financing Costs | 9,330 | 9,330 | 0 | 0.0% |
| 0 | Levies & Precepts | 158 | 158 | 0 | 0.0% |
| 1,355 | Corporate VfM Savings | (1,126) | 229 | 1,355 | 120.3% |
| (587) | Risk Provisions | 3,030 | 2,463 | (567) | -18.7% |
| 38 | Other Corporate Items | (14,918) | (14,872) | 46 | 0.3% |
| 685 | Total Revenue - Corporate Budgets | 9,785 | 10,423 | 638 | 6.5% |

Explanation of Key Variances

| Key Variances £'000 | Service | Description | Mitigation Strategy (Overspends only) |
|------------------------------|-----------------------|---|--|
| Bulk Insurance Premia | | | |
| (250) | Bulk Insurance Premia | The underspend relates to a lower level of insurance claims expected to be paid during this year. | A saving (reduced commitment) of £0.100m has been built into the budget for next year to reflect lower payments on claims based on current trends. |
| Concessionary Fares | | | |
| 54 | Concessionary Fares | There is a projected overspend of £0.054m on concessionary bus fares. Of this, £0.029m relates to increased journey numbers and higher than estimated average fares on services between Brighton and destinations in Mid-Sussex, as well as the impact of an improved service from the end of May on a route to / from Crawley. The | Underspends on other corporate budgets, notably bulk insurance premia, will be used to mitigate this pressure. For 2014/15, the overall budget for reimbursing local bus operators for the cost of free travel for pensioners and the disabled is forecast to increase by 4.6% to £10.6m next year. |

Appendix 1 – Revenue Budget Performance

| Key Variances £'000 | Service | Description | Mitigation Strategy (Overspends only) |
|--------------------------------|-------------------------------|--|---|
| | | remaining £0.025m overspend relates to supported bus routes within the city boundaries where there has been a significant increase in journey numbers and slightly higher than anticipated average fares from April. In comparison with earlier years the increased journey numbers are likely to be linked to the good weather experienced over the summer. | Additional (committed) funding of £0.270m is provided for in the 2014/15 budget proposals to manage this impact. More information is provided in the General Fund Revenue Budget report on this agenda. |
| Capital Financing Costs | | | |
| 0 | Capital Financing Costs | The council will not undertake new external borrowing during 2013/14 to fund schemes such as the Keep and the work styles programme but has instead funded these schemes temporarily from internal reserves. This has resulted in reduced costs but this is offset by low investment rates and currently the budget is forecast to break-even. | |
| Corporate VFM Projects | | | |
| 1,355 | Corporate VFM Projects | The overspend relates to the level of uncertain savings resulting from Accelerated Service Redesign (voluntary severance (VSS) scheme) process and IT category spend outside of the ICT service. Details are provided in Appendix 2 (VFM Programme). | Please see Appendix 2 for information. |
| Risk Provisions | | | |
| (567) | Risk Provisions & contingency | The risk provision budget includes the following main items: <ul style="list-style-type: none"> Pay and Pension provisions of £1.934m. All remaining funds will be transferred to reserves to support future restructures or anticipated increases in | Risk provisions have been reviewed and, where possible, released to support the 2014/15 budget. The General Fund Revenue Budget report on this agenda provides more information. |

Appendix 1 – Revenue Budget Performance

| Key Variances £'000 | Service | Description | Mitigation Strategy (Overspends only) |
|------------------------------|-----------------------|--|---------------------------------------|
| | | <p>pension contribution costs.</p> <ul style="list-style-type: none"> • Risk provisions of £0.587m of which £0.020m is potentially required to fund the cost of clearing the seafront after the recent storms. • Contingency and other items of £0.509m, mostly relating to Welfare Reform. <p>The remaining risk provision of £0.567m has been utilised to partially mitigate the forecast outturn overspend. The remaining overspend must be taken into account when setting the 2014/15 budget.</p> | |
| Other Corporate Items | | | |
| 46 | Other Corporate Items | Variances on unringfenced grants. | |

Appendix 1 – Revenue Budget Performance

Housing Revenue Account - Revenue Budget Summary

| Month 7 Forecast Variance £'000 | Housing Revenue Account | 2013/14 Budget Month 9 £'000 | Forecast Outturn Month 9 £'000 | Forecast Variance Month 9 £'000 | Forecast Variance Month 9 % |
|--|---------------------------------|---------------------------------------|---|--|--------------------------------------|
| 14 | Employees | 8,594 | 8,536 | (58) | -0.7% |
| 4 | Premises – Repair | 11,029 | 11,058 | 29 | 0.3% |
| (171) | Premises – Other | 3,363 | 3,170 | (193) | -5.7% |
| 23 | Transport & Supplies | 2,211 | 2,248 | 37 | 1.7% |
| 92 | Support Services | 2,024 | 2,136 | 112 | 5.5% |
| (3) | Third Party Payments | 147 | 144 | (3) | -2.0% |
| 0 | Revenue contribution to capital | 20,774 | 20,774 | - | 0.0% |
| (231) | Capital Financing Costs | 8,148 | 7,896 | (252) | -3.1% |
| (272) | Net Expenditure | 56,290 | 55,962 | (328) | -0.6% |
| | | | | | |
| 17 | Dwelling Rents (net) | (49,236) | (49,219) | 17 | 0.0% |
| (64) | Other rent | (1,269) | (1,333) | (64) | -5.0% |
| 95 | Service Charges | (4,932) | (4,837) | 95 | 1.9% |
| (15) | Supporting People | (465) | (480) | (15) | -3.2% |
| 2 | Other recharges & interest | (388) | (402) | (14) | -3.6% |
| 35 | Net Income | (56,290) | (56,271) | 19 | 0.0% |
| (237) | Total | - | (309) | (309) | |

Explanation of Key Variances

| Key Variances £'000 | Service | Description | Mitigation Strategy (Overspends only) |
|--------------------------------|-------------------------|--|---|
| Housing Revenue Account | | | |
| (58) | Employees | The expenditure for employees is forecast to underspend by £0.058m. This is mainly due to vacancy underspends across the Housing Management Service. | |
| 29 | Premises - Repairs | The main variations forecast within the Premises Repairs area include forecast underspends for Responsive Repairs of £0.072m and Empty Property Repairs of £0.085m as a result of cost efficiencies achieved with the Repairs Partnership. These underspends are offset by increased expenditure of £0.200m for Fire Safety surveys. | This is currently being managed within the service by underspends elsewhere in the HRA. |
| (193) | Premises- other | The forecast expenditure for gas and electricity has reduced by £0.183m due to lower contract inflationary increases and less usage than originally budgeted for. | |
| 37 | Transport & Supplies | Additional costs of £0.020m for supporting regeneration at Kingswood and Milner, working with families of multiple deprivation. Additional surveyors' fees of £0.020m in relation to Mutual Exchanges. | This is currently being managed within the service by underspends elsewhere in the HRA. |
| 112 | Support Services | Additional Legal (£0.090m) and Human Resources (£0.030m) support is required by Housing Services due to additional work requirements resulting from welfare reform, capital programme major projects and review of various Housing management services. This has been offset by a small underspend in the charge for the community alarm service | This is currently being managed within the service by underspends elsewhere in the HRA. |
| (252) | Capital Financing Costs | This forecast underspend is due to a reduction in interest costs payable as a result of lower levels of borrowing than originally budgeted for. | |

Appendix 1 – Revenue Budget Performance

| Key Variances £'000 | Service | Description | Mitigation Strategy (Overspends only) |
|--------------------------------|--------------------|--|---|
| (64) | Rents- Other | This over achievement of income relates to an increase in car park income from private users and an over achievement of income for commercial rents due to rents being revised after the original budget was set. | |
| 95 | Service Charges | There is a reduction in the service charges to leaseholders income of approximately £0.070m which relates to the actual cost of services for 2012/13 (recently billed) being lower than estimated. It has previously been reported that TV Aerial income is forecast to be £0.024m less than budgeted as a result of charges to a further group of tenants not being applied at 1 st April 2013. This is due to a dispute over whether installations have been completed as expected. | This is currently being managed within the service by underspends elsewhere in the HRA. Leaseholder Service charges budgets are reviewed annually as part of the budget setting process to incorporate changes to services and forecast spends. |

Dedicated Schools Grant - Revenue Budget Summary

| Month 7 Forecast Variance £'000 | Dedicated Schools Grant (DSG) | 2013/14 Budget Month 9 £'000 | Forecast Outturn Month 9 £'000 | Forecast Variance Month 9 £'000 | Forecast Variance Month 9 % |
|--|--|---------------------------------------|---|--|--------------------------------------|
| 0 | Individual Schools Budget (ISB) <i>(This does not include the £7.114m school balances brought forward from 2012/13)</i> | 124,167 | 124,167 | 0 | 0.0% |
| (15) | Early Years Block (excluding delegated to Schools) including; Private Voluntary & Independent (PVI) <i>(Early Years 3 & 4 year old funding for the 15 hours free entitlement to early years education)</i> | 11,867 | 11,802 | (65) | -0.5% |
| 40 | High Needs Block (excluding delegated to Schools); <i>(This includes the £1.089m underspend brought forward from 2012/13)</i> | 13,261 | 12,980 | (281) | -2.1% |
| (654) | Exceptions and Growth Fund | 4,604 | 3,936 | (668) | -14.5% |
| 0 | Grant Income | (152,810) | (152,810) | 0 | 0.0% |
| (629) | Net DSG Budget | 1,089 | 75 | (1,014) | -93.1% |

Explanation of Key Variances

| Key Variances £'000 | Service | Description (Note: FTE/WTE = Full/Whole Time Equivalent) | Mitigation Strategy (Overspends only) |
|---------------------------|---------------------------|---|---------------------------------------|
| Early Years Block | | | |
| (65) | Funding for Two Year Olds | This relates to a lower than anticipated take up of early years free entitlement for 2-year olds. | |
| High Needs Block | | | |
| 94 | Sick Children | Estimated overspend in the budget for educating children who are unable to attend school due to illness and are taught in hospital. | |
| (200) | Educational Agency | Costs in children's education agency placements being | |

Appendix 1 – Revenue Budget Performance

| Key Variances £'000 | Service | Description (Note: FTE/WTE = Full/Whole Time Equivalent) | Mitigation Strategy (Overspends only) |
|-------------------------------------|--|--|---------------------------------------|
| | Placements | less than anticipated due to a lower than budgeted number of placements. | |
| (39) | Education of Looked After Children | Average unit costs are lower than originally budgeted. | |
| (60) | Unspent balance brought forward from 2012/13 | Currently unspent in 2013/14. | |
| (76) | Various | Other minor underspends. | |
| Exceptions & Growth Fund | | | |
| | | The total underspend of £0.668m in this area relates to items specifically approved by the Schools Forum and is therefore not available for general DSG spending. | |
| (350) | Early Years | This relates to increasing the capacity of providers and must be spent on this subsequently in 2014/15. | |
| (159) | Exceptions | This central budget is held to meet historical commitments, for example, schools' equal pay and combined services costs, together with other statutory items paid on behalf of schools. The allocation of the Exceptions budget is approved by the Schools Forum. This small underspend relates to the currently unallocated exceptions budgets. | |
| (130) | Carbon Reduction Commitment (CRC) | £0.130m relates to the CRC underspend in 2013/14. | |
| (90) | Admissions & Transport | Staff and other savings. | |
| 61 | Various | Other minor overspends. | |

NHS Trust Managed S75 Budgets - Revenue Budget Summary

| Month 7 Forecast Variance £'000 | S75 Partnership | 2013/14 Budget Month 9 £'000 | Forecast Outturn Month 9 £'000 | Forecast Variance Month 9 £'000 | Forecast Variance Month 9 % |
|--|--|---------------------------------------|---|--|--------------------------------------|
| 220 | Sussex Partnership Foundation NHS Trust (SPFT) | 11,429 | 11,568 | 139 | 1.2% |
| 63 | Sussex Community NHS Trust (SCT) | 641 | 688 | 47 | 7.3% |
| 283 | Total Revenue - S75 | 12,070 | 12,256 | 186 | 1.5% |

Explanation of Key Variances

| Key Variances £'000 | Service | Description (Note WTE = Whole Time Equivalent) | Mitigation Strategy (Overspends only) |
|--|---------|--|--|
| Sussex Partnership Foundation NHS Trust | | | |
| 139 | SPFT | Sussex Partnership NHS Foundation Trust are reporting an overspend of £0.278m at Month 9 (a decrease of £0.162m from Month 7). The overspend reflects pressures from a lack of affordable residential and nursing placements across the board, potentially leading to increased use of high cost placements and waivers within Older People Mental Health. There continues to be a pressure from an increase in need and complexity in Adult Mental Health and forensic services within residential and supported accommodation. Overall activity shows that there are 72 whole time equivalent clients more than budgeted (increase of 9%). In line with the agreed risk-share arrangements for 2013/14 any overspend will be shared 50/50 between SPFT and BHCC and this has been reflected in the overspend of £0.139m reported here. | Ongoing scrutiny at Panel and identifying appropriate funding streams. The BHT Start project has been extended. Move on activity to remain a key element of work for Transitions team and Recovery services. |
| Sussex Community NHS Trust | | | |
| 47 | SCT | The pressure of £0.047m against the Integrated Community Equipment Store (ICES) budget, reflects the continued increased demand for equipment and is a continuation of the trends seen in last financial year. This is a slightly reduced pressure than reported at Month 7. | Options on service models were reported to Adult Care & Health Committee in September. |

Value for Money Programme Performance

| Projects | Savings Target £m | Achieved £m | Anticipated £m | Uncertain £m | Achieved % |
|---|------------------------------|------------------------|---------------------------|-------------------------|-----------------------|
| Adult Social Care | 2.284 | 1.305 | 0.979 | 0.000 | 57.1% |
| Children's Services | 2.660 | 2.696 | 0.898 | 0.000 | 101.4% |
| ICT | 0.410 | | 0.181 | 0.229 | 0.0% |
| Procurement * | 1.396 | 1.047 | 0.349 | 0.000 | 75.0% |
| Workstyles | 0.440 | 0.440 | 0.000 | 0.000 | 100.0% |
| Business Process Improvement * | 0.320 | 0.240 | 0.080 | 0.000 | 75.0% |
| Accelerated Service Redesign (VS Scheme) | 2.500 | 1.374 | | 1.126 | 55.0% |
| Additional Management Savings 2012/13 (FYE) | 0.175 | 0.149 | 0.000 | 0.026 | 85.1% |
| Client Transport | 0.130 | 0.130 | 0.000 | 0.000 | 100.0% |
| Total All VfM Projects | 10.315 | 7.381 | 2.487 | 1.381 | 71.6% |

* These savings are retained by the service areas in which they occur.

Explanation of 'Uncertain' VfM Savings:

| Key Variances £'000 | Description | Mitigation Strategy for Uncertain Savings |
|-------------------------------------|--|--|
| Accelerated Service Redesign | | |
| 1,126 | Accelerated Service Redesign required services to identify opportunities to accommodate staffing reductions through applications to a Voluntary Severance Scheme (VSS). The savings target of £3m (full year) was known to be challenging and at the conclusion of the process there is a forecast shortfall. All VSS applicants have been considered and decisions agreed through a corporate panel set up to oversee the process - 98% of accepted applicants have signed | Directorates have been requested to revisit service redesign proposals and have been given indicative targets to meet in order to address the shortfall. However, the saving is unlikely to be achieved in full in this financial year, which will require the use of risk provisions built into the approved budget in recognition of the level of risk inherent in achieving this saving and other complex or higher risk savings. The forward position is more critical given the substantial savings requirement next year and |

| Key Variances £'000 | Description | Mitigation Strategy for Uncertain Savings |
|--|--|---|
| | agreements. The process included an appeals procedure which has been completed and therefore it is not anticipated that any further savings will be generated directly through the VSS process which is closed. | every effort will be made to ensure this does not impact further on 2014/15. |
| ICT | | |
| 229 | A review of spending across all IT hardware and software categories in all services outside of the ICT service identified that spending has not always been consistent with corporate ICT strategy and also that potential procurement economies could be achieved. A full analysis of spend (and budgets) has now been undertaken across the council and a potential method of allocation identified. However, it has become clear that the method of allocation needs to be more sophisticated and will need to align with opportunities for cost reduction, which generally means understanding when IT contracts and licences are next up for renewal or review. | A more detailed piece of work is now being undertaken to gather information about patterns and timing of IT spend across services and the timing of potential reviews and renewals to determine whether this saving can be achieved without a detrimental impact on services. |
| Additional Management Savings 2012/13 | | |
| 26 | There is a small shortfall against the £0.400m Additional Management Savings 2012/13 of which the full-year effect of £0.175m is due to be achieved in 2013/14. The achieved savings of £0.374m resulted from two senior management restructures implemented by the Interim Chief Executive and subsequently completed and refined by the newly appointed permanent Chief Executive. The restructures resulted in a considerable number of changes which were originally estimated to meet the savings target in full but, which after all posts and costs are now in place and known, has resulted in a small shortfall, mainly due to variances in estimated on-costs. | As these restructures are now closed and the new structure was implemented in April 2013, this small shortfall will be met from unallocated contingency. |

Children's Services – Capital Budget Summary

| Forecast Outturn Month 7 £'000 | Service | 2013/14 TBM 7 Budget £'000 | Reported at other Meetings £'000 | New Schemes (Appendix 4) £'000 | Variation, Slippage / reprofile £'000 | 2013/14 Budget Month 9 £'000 | Provisional Outturn Month 9 £'000 | Provisional Variance Month 9 £'000 | Provisional Variance Month 9 % |
|-----------------------------------|----------------------------------|-------------------------------|-------------------------------------|-----------------------------------|--|---------------------------------|--------------------------------------|---------------------------------------|-----------------------------------|
| 0 | Child Health Safeguard and Care | 687 | 0 | 0 | (40) | 647 | 647 | 0 | 0.0% |
| 0 | Education and Inclusion | 14,509 | 0 | 0 | (700) | 13,809 | 13,809 | 0 | 0.0% |
| 0 | Schools | 8,454 | 0 | 0 | (30) | 8,424 | 8,424 | 0 | 0.0% |
| 0 | Total Children's Services | 23,650 | 0 | 0 | (770) | 22,880 | 22,880 | 0 | 0.0% |

Details of Variation requests and explanations of significant Forecast Variances, Slippage or Reprofiles are given below:

| Detail Type | £'000 | Project | Description | Mitigation Strategy |
|--|-------|-----------------------------|---|---------------------|
| Child Health Safeguard and Care | | | | |
| Budget Slippage | (40) | Contact Supervision Centres | This budget is for the rebuilding of part of the Hillview Contact Centre. The initial survey suggested that substantially more funds may be required so the Council are looking into other options. This process is still ongoing and will not be completed by the end of this financial year. | |
| Education and Inclusion | | | | |
| Budget Reprofile | (500) | New Pupil Places | Large elements of funding allocated to Local Authorities for Education and Inclusion spend can be formula based or in response to bids. Once funding is secured projects are designed, developed and construction started on site. However, cashflows for schemes rarely follow in year allocations. This has been the case with St Peter's Primary, St Nicolas CE Primary and Brackenbury Primary (formerly Portslade Infant) Schools. The main building works at St Peter's and St Nicolas have completed and expenditure processed this year. The extension and alteration project at Brackenbury Primary School | |

Appendix 3 – Capital Programme Performance

| Detail Type | £'000 | Project | Description | Mitigation Strategy |
|------------------|-------|-----------------------------|--|---------------------|
| | | | <p>will complete in 2014/15 requiring an element of budget carry forward to meet the outstanding commitment.</p> <p>West Hove Juniors at Holland Road (Hove Police Station site) has started on site following the purchase of the site. This project is due for completion in July 2014 with significant expenditure in 2014/15.</p> <p>The major extension and alteration project at Aldrington CE Primary School started on site at the end of October. This project is due for completion in August 2014 with significant expenditure in 2014/15.</p> <p>The design stage for the expansion at Connaught Infant School has started. While there will be some modest expenditure this year, the main building work is not due to start until April 2014. These works for 2014/15 are included in the 2014/15 Capital Budget report.</p> <p>Since TBM 7 the construction company is now indicating that the projected spend profiles for Brackenbury Primary and Aldrington Primary have slowed down. As a result less money is anticipated to be spent in this financial year. Therefore, we are revising our forecast spend to £8,250m in 2013/14 for New Pupil Places with the balance carried forward to 2014/15 to assist in meeting our outstanding commitments next year.</p> <p>There has been some recent correspondence regarding the additional funding we have secured for the Connaught Infant project. We currently have sufficient budget to meet any modest expenditure incurred this year. This additional budget should be added to New Primary Places in 2014/15.</p> | |
| Budget Reprofile | (200) | Capital Maintenance 2013-14 | <p>At TBM 7 we forecast a spend of £2,900m for this year's Capital Maintenance and highlighted some problems with a number of major mechanical replacement projects. The degree of design work for these projects has been quite considerable and has needed to take account of work in future years. It has also proved difficult to carry out work during term time in a number of schools and this is delaying the delivery of these works. The presence of asbestos has also required removal/cleaning work prior to starting the main replacement project. We have been working to find ways of resolving these problems with schools. In one instance temporary accommodation is being installed to enable us to relocate classes while we work in areas of the school. Therefore, this year's planned expenditure will continue into the next financial</p> | |

Appendix 3 – Capital Programme Performance

| Detail Type | £'000 | Project | Description | Mitigation Strategy |
|--------------------|--------------|--------------------------------|---|----------------------------|
| | | | year. Budget will need to be carried forward to meet the outstanding commitment. The forecast spend for Capital Maintenance is now £2,700m. | |
| Schools | | | | |
| Budget Variation | (30) | Elm Grove Reception Playground | Elm Grove have used their allocation within the Devolved Formula Capital (DFC) to fund the Reception Playground works so will not be using the £0.030m from unsupported borrowing | |

Adult Services – Capital Budget Summary

| Forecast Outturn Month 7 £'000 | Service | 2013/14 TBM 7 Budget £'000 | Reported at other Meetings £'000 | New Schemes (Appendix 4) £'000 | Variation, Slippage / reprofile £'000 | 2013/14 Budget Month 9 £'000 | Provisional Outturn Month 9 £'000 | Provisional Variance Month 9 £'000 | Provisional Variance Month 9 % |
|---|---------------------------------|-------------------------------------|---|---|--|---------------------------------------|--|---|---|
| 0 | Adults Assessment | 424 | 0 | 0 | 0 | 424 | 424 | 0 | 0.0% |
| 0 | Adults Provider | 723 | 0 | 0 | 0 | 723 | 723 | 0 | 0.0% |
| 0 | Commissioning and Contracts | 1,181 | 0 | 0 | 0 | 1,181 | 1,181 | 0 | 0.0% |
| 0 | Total Adult Services | 2,328 | 0 | 0 | 0 | 2,328 | 2,328 | 0 | 0.0% |

Details of Variation requests and explanations of significant Forecast Variances, Slippage or Reprofiles are given below:

| Detail Type | £'000 | Project | Description | Mitigation Strategy |
|-----------------------|-------|---------|-------------|------------------------|
| Adult Services | | | | |
| No Change | | | | |

Environment, Development & Housing (General Fund) – Capital Budget Summary

| Forecast Outturn Month 7 £'000 | Service | 2013/14 TBM 7 Budget £'000 | Reported at other Meetings £'000 | New Schemes (Appendix 4) £'000 | Variation, Slippage/ reprofile £'000 | 2013/14 Budget Month 9 £'000 | Provisional Outturn Month 9 £'000 | Provisional Variance Month 9 £'000 | Provisional Variance Month 9 % |
|---|--|-------------------------------------|---|---|---|---------------------------------------|--|---|---|
| 0 | City Infrastructure | 4,127 | 0 | 35 | 1,212 | 5,374 | 5,374 | 0 | 0.0% |
| 0 | City Regeneration | 608 | 0 | 0 | 0 | 608 | 608 | 0 | 0.0% |
| 0 | Planning & Public Protection | 18 | 0 | 0 | 0 | 18 | 18 | 0 | 0.0% |
| 0 | Transport | 10,387 | 280 | 0 | 0 | 10,667 | 10,667 | 0 | 0.0% |
| 0 | Housing | 5,085 | 0 | 0 | (1,111) | 3,974 | 3,974 | 0 | 0.0% |
| 0 | Total Environment, Development & Housing GF | 20,225 | 280 | 35 | (101) | 20,641 | 20,641 | 0 | 0.0% |

Details of Variation requests and explanations of significant Forecast Variances, Slippage or Reprofiles are given below:

| Detail Type | £'000 | Project | Description | Mitigation Strategy |
|----------------------------|-------|--|---|------------------------|
| City Infrastructure | | | | |
| Budget Variance | 1,212 | Replacement of vehicles | In the 2013/14 capital budget (approved at Full Council in February) there was an amount of £2.400m for vehicle replacement. This amount was included subject to further information on vehicles being provided. Now that the vehicle numbers and types have been agreed the council are able to go to tender. Unfortunately, some of the vehicles are on a long lead time and will be included in the next financial year. A total of £1.212m will be needed in 2013/14 with 1.188m to be carried forward to next year and is included in the Budget report for 2014/15. | |
| Transport | | | | |
| Reported at this | 280 | Access to the South Downs National Park | Agreed at Policy & Resources Committee on 5 th December 2013 | |

Appendix 3 – Capital Programme Performance

| Detail Type | £'000 | Project | Description | Mitigation Strategy |
|------------------|-------|---------------------------|---|---------------------|
| Committee | | – Ditchling Road | | |
| Housing | | | | |
| Budget Reprofile | (234) | Housing Renewal | <p>There are 3 reasons for the request of a re-profile into 2014/15:</p> <p>Some works remain committed in the system for decent homes grants and assistance. Although approved by the council, the completion of the work is dependent on the applicant proceeding and appointing contractors to complete works. The anticipated progress against these commitments has not been made by the applicants. Re-profiling of the budget to 2014/15 will allow these approved works to proceed and allow the council to review all commitments if, ultimately, the applicant does not wish to proceed.</p> <p>A re-profile of this budget will allow a top up of Disabled Facilities Grant (DFG) budget for 2014/15. Over the last few years the housing renewal capital budget has been used to top up DFG grant to approximately £1.1m.</p> <p>Also, the re-profile will enable the Council to maintain the relationship with Parity Trust, allowing the continued offer of recyclable affordable loans to residents for decent homes work.</p> | |
| Budget Reprofile | (189) | Disabled Facilities Grant | <p>Although approved by the council, the completion of these works is dependent on the applicant proceeding and the appointed contractor completing works.</p> <p>Due to the long lead in periods for some private sector grant aided major adaptations the Council has significant commitments against this budget.</p> <p>In 2013/14 the Council was able to 'top up' the DFG central Government allocation with private sector housing capital under discretionary powers, this top up of £0.150m was added to the grant of £0.728m and a carry over of £0.222m from 2012-13 to achieve the total budget of £1.1m.</p> | |

Appendix 3 – Capital Programme Performance

| Detail Type | £'000 | Project | Description | Mitigation Strategy |
|------------------|-------|--------------------------------------|---|---------------------|
| | | | No additional private sector housing capital funding has been identified for 2014-15, however an amount is proposed for carry forward from this year to provide a top up for DFG in 2014-15. The proposal to carry forward capital from this year enables the service to protect and prioritise the delivery of private sector housing adaptations next year. The funding for this project comes in the form of grant which can be carried forward. | |
| Budget Reprofile | (68) | Major Adaptations | <p>This budget enables the Council to meet statutory duties arising under the Chronically Sick & Disabled Persons Act where major adaptations fall outside the scope of disabled facilities grant assistance, where the cost of works exceed the grant limit or where the client has an assessed contribution and claims hardship. The budget is linked to Disabled Facilities Grant spend, where, once approved by the Council, the completion of works is dependent on the applicant proceeding and the appointed contractor completing the works.</p> <p>Due to the long lead in periods for some private sector grant aided major adaptations, the Council has significant commitments against this budget. The proposed carry forward from this year enables us to protect & prioritise the delivery of private sector housing adaptations next year</p> | |
| Budget Reprofile | (620) | Empty Properties Round 1 and Round 2 | <p>The spend is reliant on take up of empty property loan funding by the owners of empty properties in the city, so far, despite significant promotion of the scheme and a level of interest shown, homeowners have not proceeded to the point of taking the funding on offer. Feedback from empty property owners indicates that rising market rents mean that the conditions of the grant funding from the Homes Community Agency (HCA) have made the offer less attractive in the city.</p> <p>This has impaired the ability to compete in the marketplace with grants / loans and to align the properties to the council leasing scheme when brought back into use. In recent months we have reduced the interest rate on loan repayments to 0% and have been negotiating with the</p> | |

Appendix 3 – Capital Programme Performance

| Detail Type | £'000 | Project | Description | Mitigation Strategy |
|-------------|-------|---------|--|---------------------|
| | | | HCA to change these conditions. Progress has been made in recent weeks to make the conditions more attractive and it is expected owners of empty properties will proceed in the coming months however the Council does not expect significant works to be complete, or payments to be made within this financial year. | |

Appendix 3 – Capital Programme Performance

Environment, Development & Housing (Housing Revenue Account) – Capital Budget Summary

| Forecast Outturn Month 7 £'000 | Service | 2013/14 TBM 7 Budget £'000 | Reported at other Meetings £'000 | New Schemes (Appendix 4) £'000 | Variation, Slippage / reprofile £'000 | 2013/14 Budget Month 9 £'000 | Provisional Outturn Month 9 £'000 | Provisional Variance Month 9 £'000 | Provisional Variance Month 9 % |
|-----------------------------------|---|-------------------------------|-------------------------------------|-----------------------------------|--|---------------------------------|--------------------------------------|---------------------------------------|--------------------------------|
| 0 | City Regeneration | 1,600 | 0 | 0 | (1,210) | 390 | 390 | 0 | 0.0% |
| (107) | Housing | 29,546 | 0 | 669 | (800) | 29,415 | 28,980 | (435) | -1.5% |
| (107) | Total Environment, Development and Housing HRA | 31,146 | 0 | 669 | (2,010) | 29,805 | 29,370 | (435) | -1.5% |

Details of Variation requests and explanations of significant Forecast Variances, Slippage or Reprofiles are given below:

| Detail Type | £'000 | Project | Description | Mitigation Strategy |
|--------------------------|-------|--|---|--|
| City Regeneration | | | | |
| Budget Reprofile | (303) | Feasibility and Design | A programme of feasibility studies for a range of sites is underway with some studies being recently completed, others currently being undertaken and further studies to be commissioned over the coming months. Payments are therefore spread over 2013/14-2014/15. | |
| Budget Reprofile | (907) | Redevelopment of HRA vacant garage sites | The contract for the development of four garage sites has been awarded and work will start in this financial year. Payments will be made at key project stages with only minor costs in 2013/14. The schemes are on target for completion by the end of 2015 and a strategy is also being developed for the sites not included in the recent procurement. | |
| Housing | | | | |
| Budget Reprofile | (287) | Roofing | Savings identified in the major works projects mean that work can start on roofing renewal works at Chates Farm | Repairs costs, should they arise will be funded from |

Appendix 3 – Capital Programme Performance

| Detail Type | £'000 | Project | Description | Mitigation Strategy |
|------------------|-------|--------------------------|---|---|
| | | | Court and be funded in 2013/14. Works are due to start with a budgeted spend of £0.390m, however the projected spend for this financial year will be £0.103m. A reprofile of funds are required to complete the works in 2014/15. | revenue budgets and have been included in the current forecast. |
| Budget Reprofile | (192) | Cladding | The programme of works on the Essex Place Capital Investment programme has been extended due to legal issues delaying the start of this project. A reprofile of funds are required to complete the scheme in 2014/2015. | Prices for this project have been set with an agreed maximum price so a delay will not cause any price increases. |
| Budget Reprofile | (127) | Portslade Police Station | There has been a delay on works starting at the Portslade Police Station. Further consultation is required before works can start on site and therefore a reprofile of funds are required to complete works in 2014/15. | |
| Budget Reprofile | (87) | Water Tanks | For the Bristol Estate tank replacement, data logging over several weeks to gauge size of replacement tank in needed. This unexpected two part consultation is required and the existing contract does not cover this type of work (additional 30 day consultation required). | Ongoing maintenance and water quality checks continue and is funded from revenue budgets |
| Variation | (107) | TV Aerials | As stated in TBM7, working closely with the contractor, the cost to complete the programme of installations has been reduced by £(0.107)m. However, the underspend needs to be reinvested into other elements of the capital programme. | |
| Underspend | (90) | Roofing | Savings have been identified as the major works projects have progressed and these funds will be used to finance overspends in other areas. | |
| Underspend | (300) | External decorations | Works at Park Royal are no longer proceeding due to the Enfranchisement by leaseholders. | |
| Underspend | (63) | Communal Gas | Savings have been identified as the major works projects have progressed and these funds will be used to finance overspends in other areas. | |
| Overspend | 63 | Domestic Rewire | This budget is expected to overspend this financial year as a result of extra works being identified to meet the | |

Appendix 3 – Capital Programme Performance

| Detail Type | £'000 | Project | Description | Mitigation Strategy |
|-------------|-------|-----------------------|--|---------------------|
| | | | decent homes standard. | |
| Overspend | 103 | Condensation and damp | Further works are being identified as part of the citywide programme to reduce condensation and damp. This overspend will be funded by underspend elsewhere within the HRA Capital Programme. | |
| Underspend | (90) | Empty Properties | There is an underspend in this budget due to unallocated funds. This is a reactive budget and therefore money is spent when properties become vacant. The number of vacated properties has been lower than expected. All work which was programmed has been completed. | |
| Underspend | (58) | Various | There are various underspends of under £0.050m including Car Parks and Garages £(0.045)m, City College Partnership £(0.010)m and others £(0.003)m | |

Assistant Chief Executive - Capital Budget Summary

| Forecast Outturn Month 7 £'000 | Service | 2013/14 TBM 7 Budget £'000 | Reported at other Meetings £'000 | New Schemes (Appendix 4) £'000 | Variation, Slippage / reprofile £'000 | 2013/14 Budget Month 9 £'000 | Provisional Outturn Month 9 £'000 | Provisional Variance Month 9 £'000 | Provisional Variance Month 9 % |
|---|--|-------------------------------------|---|---|--|---------------------------------------|--|---|---|
| 0 | Corporate Policy Performance & Communities | 92 | 0 | 0 | (82) | 10 | 10 | 0 | 0.0% |
| (0) | Royal Pavilion Arts & Museums | 4,702 | 0 | 0 | 0 | 4,702 | 4,702 | 0 | 0.0% |
| (160) | Sports & Leisure | 3,422 | 0 | 0 | 0 | 3,422 | 3,262 | (160) | -4.7% |
| 0 | Tourism & Venues | 4,512 | (4,336) | 0 | (176) | 0 | 0 | 0 | 0.0% |
| (160) | Total Assistant Chief Executive | 12,728 | (4,336) | 0 | (258) | 8,134 | 7,974 | (160) | -2.0% |

Details of Variation requests and explanations of significant Forecast Variances, Slippage or Reprofiles are given below:

| Detail Type | £'000 | Project | Description | Mitigation Strategy |
|---|-------|--------------------------------------|---|------------------------|
| Corporate Policy Performance & Communities | | | | |
| Reprofile | (82) | Voluntary & Community Projects | This funding is from the sale of the Mayor's car license plate and is to be used for "Investment in voluntary & community organisations "(P&R, Feb 2012). The intention is to use the money as a contribution towards the cost of the community and voluntary sector refurbishment of the ground floor of Community Base, Queens Road, Brighton to create a one stop shop Third Sector advice centre. Work was due to happen in 2013/14 however it was delayed because of uncertainty around National Lottery Funding. The Council is working with Community Base and partners to progress this important piece of work. Note that this re-profile purely relates to the funding from the sale of the Mayor's licence plate which is a contribution to the overall cost of the works. | |
| Tourism & Venues | | | | |

Appendix 3 – Capital Programme Performance

| Detail Type | £'000 | Project | Description | Mitigation Strategy |
|--------------------|--------------|----------------------------|---|----------------------------|
| Reprofile | (4,336) | i360 Project | The i360 Project will not be commencing in 2013/14 and this part of the overall budget needs to be re-profiled. | |
| Slippage | (176) | Brighton Centre Box Office | There has been an unanticipated delay in the procurement process and the scheme needs to slip to 2014/15. This will not have an effect in the approved saving included in the 2014/15 revenue budget. | |

Finance, Resources and Law - Capital Budget Summary

| Forecast Outturn Month 7 £'000 | Service | 2013/14 TBM 7 Budget £'000 | Reported at other Meetings £'000 | New Schemes (Appendix 4) £'000 | Variation, Slippage / reprofile £'000 | 2013/14 Budget Month 9 £'000 | Provisional Outturn Month 9 £'000 | Provisional Variance Month 9 £'000 | Provisional Variance Month 9 % |
|---|---|-------------------------------------|---|---|--|---------------------------------------|--|---|---|
| 0 | City Services | 2,393 | 0 | 0 | (282) | 2,111 | 2,079 | (32) | -1.5% |
| 0 | HR Organisational Development | 208 | 0 | 0 | (165) | 43 | 43 | 0 | 0.0% |
| 0 | ICT | 1,826 | 0 | 0 | 0 | 1,826 | 1,826 | 0 | 0.0% |
| 0 | Property & Design | 5,535 | 0 | 0 | 0 | 5,535 | 5,535 | 0 | 0.0% |
| 0 | Finance | 27 | 0 | 0 | 0 | 27 | 27 | 0 | 0.0% |
| 0 | Total Finance, Resources and Law | 9,989 | 0 | 0 | (447) | 9,542 | 9,510 | (32) | -0.3% |

Details of Variation requests and explanations of significant Forecast Variances, Slippage or Reprofiles are given below:

| Detail Type | £'000 | Project | Description | Mitigation Strategy |
|----------------------|-------|---|--|------------------------|
| City Services | | | | |
| Budget Reprofile | (70) | Woodvale Cremators for Mercury Abatement | The main reasons for the slippage into 2014/2015 are due to 1) the mortuary generator of £0.032m included in the capital project but this will be moved during the early part of 2014 2) the roofing works of £0.038m ring-fenced for a small roofing works project to the crematory, waiting room store and lodge rooflight. This work will be carried out when the weather is more suitable. | |

Appendix 3 – Capital Programme Performance

| Detail Type | £'000 | Project | Description | Mitigation Strategy |
|--------------------------------------|-------|----------------------------------|---|---------------------|
| | | | The total estimate to be carried forward to 2014 /2015 from the overall budget, will be around £0.070m. Final accounts are being reviewed at the moment. The project timetable has not been affected by this slippage, and the business is now operating a full service. There are no financial implications of the project slippage. | |
| Budget Reprofile | (212) | Woodingdean Library | This project commenced in May 2013 later than anticipated due to finalising planning issues and the developers needing to finalise legal agreement with the medical practice. Further delays were caused by the response time of the national utilities companies and late discovery of some external asbestos. Demolition commenced in June with building handover currently projected to be the third week of April 2014 with the new Library currently projected to open in June 2014. We would therefore request the carry over of a proportion of the capital project to 2014/15. | |
| Underspend | (32) | Replacement of Coroner's vehicle | An underspend is being reported on the replacement of Coroner's vehicle. | |
| HR Organisational Development | | | | |
| Budget Slippage | (165) | | <p>Planned expenditure has been delayed by ICT's work on Code of Connections. This has delayed the progressing with the upgrade of key HR software as it is dependent on ICT completing the assessment for this software. CoCo assessment was prioritised for current systems over new software.</p> <p>The project is likely to be completed in 2014/15 rather than 2013/14. Anticipated service improvements on recruitment and management information have been delayed. The capital costs have not increased but revenue savings for 2014-15 are dependant on progress with this project.</p> | |

| New Capital Project Approval Request | | | | |
|--|-----------------------------------|---------|---------|-------|
| Service: | Housing (Housing Revenue Account) | | | |
| Project title: | Pre Lease Refurbishment | | | |
| Total Project Cost (All Years) | £669,000 | | | |
| Purpose, benefits and risks: | | | | |
| <p>The project will refurbish the properties, identified in Batch 8, prior to leasing to Brighton and Hove Seaside Community Homes. Refurbishment of these properties prior to leasing will enable to BHSCCH to let the properties earlier, therefore reducing costs to the HRA associated with empty properties and reducing the risk to Brighton and Hove City Council (general fund) from funding any rental shortfall.</p> | | | | |
| Capital expenditure profile (£'000): | | | | |
| Year | 2013/14 | 2014/15 | 2015/16 | TOTAL |
| Refurbishment Fee | 669 | 0 | 0 | 669 |
| Total estimated costs and fees | 669 | 0 | 0 | 669 |
| Financial implications: | | | | |
| <p>The cost of property refurbishments will be met through a capital receipt from Seaside Homes as set out in management agreement between BHCC and Seaside Homes.</p> | | | | |

| New Capital Project Approval Request | | | | |
|--|----------------------------------|---------|---------|-------|
| Service: | City Infrastructure – City Parks | | | |
| Project title: | Woodingdean Allotments | | | |
| Total Project Cost (All Years): | £35,000 | | | |
| Purpose, benefits and risks: | | | | |
| <p>There is a shortage of allotments within the City, currently there are 1,628 people on the waiting list, the Council has had two approaches to reducing the number of people waiting for a plot, firstly to split plots which has had a significant impact on the waiting list and secondly to create more allotments. The Council has publicly committed to providing two new sites one at Lion's Gate as part of a planning gain [the developer has now gone out of business, planners and legal are trying to ensure that the allotment site is still provided]. The second site, which is subject to planning permission, is a paddock off of the Falmer Rd near Woodingdean currently on a short term lease. The funding is required to convert the site from a horse paddock to an allotment site, and includes the construction of an access carriage ways and to lay plot division paths.</p> | | | | |
| Capital expenditure profile (£'000): | | | | |
| Year | 2013/14 | 2014/15 | 2015/16 | TOTAL |
| Revenue Contributions | 35 | | | 35 |
| Total estimated costs and fees | 35 | | | 35 |
| Financial implications: | | | | |
| <p>This project will be funded from one-off revenue funds made available from a carry forward of unused income. Allotment rents do not cover the cost of the allotment service, so in order to run this new site within existing budgets no mains water will be supplied and plot holders will be dependant on rainwater collected on site to water their crops.</p> | | | | |

Subject: Procurement of Corporate Banking Services
Date of Meeting: 13 February 2014
Report of: Executive Director of Finance & Resources
Contact Officer: Name: Debbie Sargent Tel: 29-1379
E-mail: debbie.sargent@brighton-hove.gcsx.gov.uk
Wards Affected: All

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT:

- 1.1. The report seeks approval to procure the contract for the provision of corporate banking services for Brighton & Hove City Council following the recently announced withdrawal of the current provider from the local authority sector.
- 1.2. The Council's Financial Inclusion Strategy was adopted at Policy and Resources Committee in April 2013. The procurement of a new corporate banking service offers opportunities to further enhance the aims of the strategy by procuring a banking provider that engages with the Council's new Basic Banking Forum and Charter and works in partnership to promote financial inclusion for vulnerable residents.

2. RECOMMENDATIONS:

That the Policy & Resources Committee:

- 2.1. Authorises the procurement of the corporate banking services contract, following the timeline and evaluation criteria set out in the report with a contract term of 5 years from 1 April 2015 to 31 March 2020 with an option to extend for a further 2 year period to 2022.
- 2.2. Grants delegated authority to the Executive Director Finance & Resources to:
 - 2.2.1. award the contract for 5 years following the recommendations of the evaluation panel and the results of the tendering process; and
 - 2.2.2. extend the contract for 2 years subject to satisfactory performance of the provider in respect of the initial 5 year period.

3. CONTEXT/BACKGROUND INFORMATION:

- 3.1. Since 1997 Brighton & Hove City Council has contracted with the Co-operative Bank to provide an effective, efficient and innovative banking service ensuring the safe and secure custody, collection, payment and movement of Council funds.
- 3.2. The current contract with the Co-operative Bank is due to expire in March 2015 having been awarded through competitive tender in 2010 for a period of three years

with the subsequent take-up of an optional two year extension. The value of the current contract is approximately £231,000 per annum.

- 3.3. The Co-operative Bank informed the Council that, following a review of their core business, a decision had been made to cease providing services to the local authority sector and that it would not seek to renew, extend or retender existing contracts. The Bank has further advised that, should the Council seek to terminate the existing contract early, it would fully support the Council in any retendering process and would not invoke early termination clauses within the existing contract.
- 3.4. There are currently 80 local authorities using the Co-operative Bank with contracts due to expire either on or before April 2015. These authorities will be equally affected by this decision and therefore it would be beneficial to the Council to start the retendering process earlier than anticipated to secure wider interest across the bank network, secure competitive tariffs and allow for an appropriate implementation period.
- 3.5. Currently, 7 local authorities within the South Coast region will also be affected by the Co-operative Bank's announcement. These authorities have been invited to join the Council's procurement process to share resources, processes, documents and best practice.
- 3.6. The current contract commenced on 1 April 2010 and will expire on 31 March 2015. Following the announcement by the Co-operative Bank that it was withdrawing banking services from the local authority market, the Council has been exploring the best path to ensure a smooth transition to a new provider along with ensuring that a cost effective, efficient, innovative and inclusive service that meets the Council's business, customer and service needs is in place by April 2015.
- 3.7. Although the Council has no choice but to re-procure its banking services, there are options regarding the approach and timing of the retender process. Three options were considered, as discussed in section 4, with option 3 (for the Council to undertake an early retender process) being the preferred retender route.
- 3.8. In accordance with option 3, the proposed timeframe for appointing a new provider from April 2015 is set out in the below table:

| Activity | Date |
|--|-------------------------------|
| Identification of most appropriate procurement route | Completed January 2014 |
| Issue of tender documents | 21 February 2014 |
| Tenders returned | 16 April 2014 |
| Technical & Financial Evaluation | 22 April 2014 – 25 April 2014 |
| Presentations | 28 April 2014 – 1 May 2014 |
| Clarification Period | 05 May 2014 – 16 May 2014 |
| Contract Award | 1 September 2014 |
| Contract Commencement | 1 April 2015 |

- 3.9. The timeframe is of necessity extremely tight given the number of authorities affected by the Co-operative Bank's announcement and to ensure maximum implementation time to effectively manage the complex transfer of the wide range of business requirements and banking processes required by a unitary authority.

- 3.10. Returned tenders will be evaluated on a number of key service requirements aimed at meeting the Council's current and future business and community needs; these will be weighted based on price and quality. Quality of banking services, including proven technical and service experience in the local authority sector, is important to ensure compliant, secure, efficient and effective services. It is proposed that the weighted element for quality will be 50% and will be split (i.e. sub-weighted) across technical ability, previous experience, flexibility and ethical/environmental polices.
- 3.11. Price will be evaluated against volumes and values in 2012/13, and tenderers will be asked to submit additional prices for an increase/decrease in volumes by 10%. The proposed weighted element for price will be 50%. The price weighting for the banking services procurement is lower than might be expected due to the weighting applied to the quality and flexibility of services provided which, if not of a high standard, can have major financial, security, customer service and regulatory implications for the council. In addition, the quality criteria recognises the importance of support for the council's environmental and ethical objectives. However, it should be noted that ethical standards in this contract are not related to and do not have any bearing on treasury management and investment decisions under the Council's Annual Investment Strategy.
- 3.12. The proposed weighting for the award of the contract is as follows:

| Criteria | | Weighting |
|-------------------------------|-------|------------------|
| Price | | 50% |
| Quality (sub-criteria): | | |
| Technical Ability | 25.0% | |
| Previous Experience | 7.5% | |
| Flexibility | 7.5% | |
| Environmental | 5.0% | |
| Ethical | 5.0% | |
| Total Quality Criteria | | 50% |

- 3.13. The recommended process and timeframes comply with OJEU tender guidelines. Service requirements are included in Appendix 1.
- 3.14. It is intended that a subsequent report will be submitted to this committee in July 2014 with an update on the outcome of the procurement exercise and recommendations relating to the award of the contract to a new provider of banking services with effect from 1 April 2015.
- 3.15. The Council's Financial Inclusion Strategy includes a range of actions to support access to basic banking for all residents in the city. In order to take this forward a new Basic Banking Forum has been established which brings together representatives from the city's High Street Banks. The Forum has agreed to joint signature of a Basic Banking Charter which, as a voluntary agreement, provides a

framework of access to banking for all Brighton & Hove residents. The Charter is due for launch at the end of Spring 2014 and therefore will be available in time for the completion of the procurement process. We would seek to encourage our new banking provider to be an active and leading member of this work.

Potential Collaboration with other local authorities

- 3.16. Given the number of neighbouring authorities also affected by the Co-operative Bank's withdrawal, there may be potential benefits in a more collaborative procurement process for the new banking service. Initial meetings held by officers from the Council and neighbouring authorities suggest more favourable tariffs could be achieved through such collaboration along with the opportunity to share current and new practices and initiatives during the contract implementation period.
- 3.17. The timeframe for appointing a new banking provider has been discussed and shared with other local authorities, including East Sussex district and borough councils along with Mid Sussex, Adur and Worthing Councils. Further discussions are due to be held in February 2014.
- 3.18. The local authorities have been advised that the Council would take a lead role in the procurement process, have been provided with the Council's draft service requirements, and have been asked to identify any additional requirements to be included.
- 3.19. If a more collaborative approach is adopted, each authority joining the procurement process would have one representative to undertake the evaluation process. The Council would have three representatives ensuring that the successful provider fully meets the Council's service and business requirements. Authorities within any joint collaboration would be asked to 'sign up' to the Council's Invitation to Tender (with their own specific requirements included), evaluation process, and overall timetable.
- 3.20. Historically, bank contracts are priced on transaction volumes. Therefore if a more collaborative procurement were adopted, it would increase volumes and potentially reduce prices. This pricing structure will also mean that the inclusion of additional requirements for collaborating authorities would not be detrimental to the Council's overall contract provision or price.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTION(S):

- 4.1. The Council requires the services of a banking provider in order to carry out its financial affairs. The decision of the Co-operative Bank to withdraw its services from the local authority market leaves the Council with no alternative option but to re-procure its banking services.
- 4.2. In relation to the options for the procurement process, consideration has been given to the following options:
 1. Terminating the current contract with the Co-Operative Bank 6 months early and commencing a new contract with a new provider in September 2014. However, the timeframe required to achieve this would result in a very short implementation period which carries significant risks to the Council given the complexity of business needs for a unitary authority.
 2. Joining another authority that had already started the tender process to seek an alternative provider. This was discounted as the Committee's approval would have been required before key documentation was prepared or agreed,

therefore placing the Council at risk of committing to a contract that did not fully meet the Council's needs and was not endorsed by members.

3. Undertaking an early procurement process, ensuring that the market can be fully explored and that maximum implementation time is provided to ensure a safe and successful transition to the new provider. This includes exploring with neighbouring authorities the potential for a more collaborative procurement process led by this Council.

It is considered that option 3 will provide the Council with the most suitable contract and provider and allow for the most appropriate implementation time periods for both the Council and any other local authorities that wish to take advantage of a more collaborative procurement process.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1. Key service users have been consulted across the Council in drawing up the service specification.
- 5.2. Other authorities in the region (as mentioned above) have also been consulted in relation to potential collaborative procurement.

6. CONCLUSION

- 6.1. Following withdrawal of the Co-operative Bank from the local authority sector, the early retender of the banking services contract is recommended to enable effective implementation and transfer. The process should be led by the Council to ensure best fit to our requirements but other authorities will be invited to join a collaborative procurement process, which would have potential benefits to all parties to the contract. The recommendations are therefore made to minimise the significant impact of changing banking providers and to secure the most cost efficient tariffs and services within the new contract.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1. The value of the current contract is £231,000 per annum. Given the long standing relationship the Council has experienced with the Co-operative Bank, it is possible that a new contract could attract higher transaction rates and therefore an increased contract price. However, it is anticipated that the approach to retendering recommended in this report will keep any increase to a minimum by undertaking an effective, well planned tender process with the further potential to include increased transactional volumes if a more collaborative procurement process is followed.

Finance Officer Consulted: James Hengeveld Date: 13/01/2014

Legal Implications:

- 7.2. The Policy & Resources Committee is the appropriate decision-making body in respect of the recommendations at paragraph 2 above, given that the value of the corporate banking services contract is likely to have corporate financial implications.
- 7.3. Further, the Council's Contract Standing Orders require that authority to enter into a contract valued at £500,000 or more be obtained from the relevant committee,

which in this instance is the Policy & Resources Committee due to the subject matter of the contract.

- 7.4. The value of the proposed contract means that the UK Public Contracts Regulations will apply in full to the procurement of the new contract. Relevant details will need to be advertised in OJEU. Tenders will be scored on the criteria of quality and price as part of the evaluation process.
- 7.5. If the intention is to seek a more collaborative procurement process with at least one other local authority, the most appropriate procurement model should be chosen which achieves the desired outcomes. To underpin the collaborative approach, the implementation of a cost/benefit analysis is recommended so that the Council is clear that the benefits of such an approach outweigh any disadvantages and any risks are minimised.
- 7.6. If the Council leads the procurement on behalf of other participating local authorities, a transactional banking processing and reporting model should be implemented that is common to each council but it should also recognise that some minor variations may be required to suit certain individual local authority requirements. If a framework agreement is identified as the most appropriate model, then the contract cannot be longer than 4 years in total. It is likely that separate contracts (call-off or otherwise) would be required between each council and the preferred tenderer.

Lawyer Consulted: Johann Wyllly

Date: 10 January 2014

Equalities Implications:

- 7.7. The specification for the tender and associated tender questions will contain requirements relating to financial inclusion and areas such as affordable credit and supporting people to manage money. Additionally, the tender has a dedicated Inclusion and Diversity section which confirms compliance with the Equality Act 2010 and requests information on policies relating to this area.

Sustainability Implications:

- 7.8. It is proposed that 15% of the Quality Weighting will be attributed to Ethical and Environmental questions. Bidders will be asked to identify the key areas relating to sustainability that the delivery of the banking service will impact on and to propose methods for reducing any negative impacts. Ethical concerns such as arms trading, human rights and corporate responsibility will be directly addressed in tender questions and bidders will be expected to commit to paying a Living Wage.

Crime & Disorder Implications:

- 7.9. As part of the compliance checking for this tender, bidders will be asked questions relating to gross misconduct and history of litigation. As part of the evaluation, assessors will expect to be provided details on robust processes for dealing with fraud and associated crimes.

SUPPORTING DOCUMENTATION

Appendices:

Appendix 1 - Service Requirements Criteria

Documents in Members' Rooms:

None

Background Documents:

None

| Service Requirements Criteria |
|--|
| Technical Ability |
| <i>Transactions/ Bank Account Management</i> |
| The Contractor(s) must be an institution authorised under the Banking Act 1987. |
| The Council requires the facility to make deposits within a reasonable distance of schools or satellite offices; Satellite offices and Schools addresses are listed in appendix 1. |
| The Council requires the facility to make cash withdrawals up to £300 per week, via cheque drawn on their local school or imprest bank account, within a reasonable distance of schools or satellite offices. |
| The Council requires deposits and cash withdrawal facilities outside of the City boundaries. The contractor(s) must have the ability to make agency agreements with other banks where facilities are not available. |
| The Council requires access to the Pay Point network and operates its own Individual Identification Number for this purpose. |
| The Council requires income to be collectable via bar codes through the local post office network. |
| The Council requires a minimum overdraft facility of £2million (net limit) and £30 million (gross limit). |
| The Council's schools operate their own bank accounts which the contractor(s) must facilitate. |
| The contractor(s) must be able to make and receive transactions through CHAPS. |
| The contractor must have the facility to order foreign currency, drafts and bank transfers. |
| The Council requires all bank accounts within its corporate umbrella to be pooled daily for treasury management purposes. |
| The Council is seeking a maximum clearance period on credits of two working days at the following facilities: <ul style="list-style-type: none"> - account holding branch - bullion centre - other branches - local deposit facility - other banks - Pay Point facility - Post Office via Bar Code |
| <i>Electronic Banking</i> |
| The Council operate automated bank reconciliation and management via downloadable data files, the contractor must be able to provide data file transfers for; <ol style="list-style-type: none"> 1. standard "one transaction equals one line" files for specific bank accounts including date; originator name, originator account number, customer reference, value and customer narrative; 2. specific defined file for treasury management interface into specific software; 3. ad hoc user writable and definable files as required. |

Service Requirements Criteria

The contractor(s) must have adequate on-line banking facilities that encompass:

- account management and functionality with at least;
 - individual account view
 - global account view
 - full search facilities on bank accounts, transactions, users and dates.
- ability to define and assign;
 - individual users functionality
 - individual bank accounts to specific users
 - appropriate approvers
 - monetary limits
 - individual account access.

The Council's schools require the facility to interface data files produced from locally managed software into the online banking software to generate three day delayed faster payments.

The Council operates bank accounts on behalf of clients; the contractor(s) must have electronic banking software that has functionality to provide access to client, school, and imprest bank accounts, globally, individually and with individual user profiles.

The Council completes bank account management online. The contractor(s) must have the following capability online:

- cheque management
- foreign transfers
- faster payments
- CHAPS payments
- document retrieval
- BACS recalls
- BACS trace

The contractor(s) must have software failure contingency and disaster recovery plans along with their business continuity arrangements.

Merchant Services

The contractor(s) must be able to support the Council's debit and credit card transactions through individual e-commerce, PDQ and Chip and PIN merchant numbers.

The contractor(s) must be able to support multi bank account merchant ID's for gross settlement to Council, Schools and Client's bank accounts.

The contractor must have PDQ machines available in terms of static and hands free.

The Council requires access to merchant data online.

The Council has a separate arrangement to accept American Express across all merchant IDs; The PDQ machines and e-commerce merchant ID's belonging to the contractor(s) must accept American Express cards.

BACS

The contractor(s) must be able to sponsor the Council in connection with BACS arrangements to facilitate direct credits and direct debits for the Council, Schools and clients using paperless and AUDDIS procedures.

The Council requires access to view and download BACS data files such as ADDACS, ARUCS, ARUDD, AUDDIS, AWACS, DDICA, Arrival, Live and Withdrawal reports at both individual and centralised

Service Requirements Criteria

administration level.

The Council requires the ability to submit BACS files Monday to Friday 8.00am to 5.00pm.

The Council is exploring becoming a BACS bureau to facilitate payments for local organisations and/or academies – it is expected that the Contractor would be willing and able to support this venture.

Purchasing Cards

The Council requires ability to issue and manage purchasing cards with individual transaction and card limits.

The Council requires automated interface files between on-line purchasing card data and general ledger.

The Council requires the ability to view, review and approve purchasing card transactions on-line.

The Council requires the ability to suspend, withdraw and amend code information within the purchasing card scheme.

Stationery

The contractor(s) must provide coin bags and note sleeves in connection with the banking of cash, with a simple and prompt ordering and delivery service for this stationery.

The contractor(s) must provide standard cheque book and deposit books.

The contractor(s) must support the Council's own cheque and deposit book printing option where applicable.

Service

The Council require prompt response times for the following query resolutions along with a suitable system for logging, monitoring and documenting these queries;

- BACS trace
- retrieval of copy documentation
- notification of banking discrepancy
- general query resolution
- missing deposits
- resolution of value discrepancy
- audit queries

The contractor must provide a service desk with adequate operating hours, contact methods and response times.

The contract must have service level agreements that are monitored on a regular basis.

The contractor(s) must be able to facilitate the following activities in a timely manner:

- opening new accounts
- closing accounts
- on-line bank access or cancellation
- new encashment facilities
- new deposit facilities
- new merchant numbers
- new PDQ machines
- terminate PDQ machines
- new purchasing/credit card

Service Requirements Criteria*Implementation*

The Council requires a smooth implementation process should the Council be switching between service providers.

Previous Experience

The contractor(s) must be a direct member of the UK clearing bank system.

The Council's account holding branch must be within the City.

Flexibility

The Council requires a dedicated person to be responsible for the delivery of services covered.

Tenderers are requested to provide all service requirements as specified in the tender document during normal working hours (9am – 5pm).

The Council would like to be kept up to date with new initiatives and products from the contractor(s).

Ethical/Environmental

The Council has the creation of a more sustainable city as one of its corporate priorities. The Council is therefore keen to promote environmental, social and economic sustainability.

The Council has a strong ethical policy and is interested in suppliers' policies on arms trading, corporate responsibility and global trade, genetic modification, human rights, environmental impact, social enterprise and animal welfare.

The Council promotes the living wage strategy, and is therefore keen to ensure that contractor(s) have a similar policy in place.

The Council has adopted a financial inclusion strategy which aims to tackle the various ways in which people in the city might experience financial exclusion. The Council is therefore seeking to engage a contractor that actively promotes financial inclusion and works with us to achieve this. .

The Council has established a Basic Banking Forum to focus on the practical ways the Council and banking sector can work together to enable access to full transactional banking services for all. The Council would require the contractor to be an active, leading member of the forum which meets on a quarterly basis.

| | | | |
|--------------------------|--|--|---------------------|
| Subject: | ICT Strategy & Resourcing update | | |
| Date of Meeting: | February 13th 2014 | | |
| Report of: | Executive Director, Finance & Resources | | |
| Contact Officer: | Name: | Mark Watson | Tel: 29-1585 |
| | Email: | mark.watson@brighton-hove.gov.uk | |
| Ward(s) affected: | All | | |

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 The report provides an update on progress in delivering the ICT Strategy 2011-2016 which was approved by Cabinet on 13 October 2011 and the ICT Capital Investment Plan which was approved by Policy & Resources Committee on 21 March 2013. It sets out the current budget context for ICT investment and the ICT service, linked to the General Fund Revenue Budget and Capital Budget reports elsewhere on this agenda. This follows a request for further information made by Policy & Resources Committee at its meeting on 5th December 2013.
- 1.2 The ICT Strategy underpins the Corporate Plan priority of Modernising the Council. In particular it supports:
- **high performing services** that are delivered effectively using information that is reliable, high quality, joined up and easily accessible;
 - **customer access** by improving web services, enabling online transactions and greater self-service and improving access to information;
 - **modern workstyles** enabling staff to work in a flexible environment and increasing the efficiency and mobility of the workforce;
 - **collaboration** by removing the technical barriers to sharing information and with other departments partners and the public; and
 - **sustainability** by introducing technologies that reduce environmental impact.

2. RECOMMENDATIONS:

- 2.1 That progress in delivering the ICT Strategy 2011-2016 be noted.
- 2.2 That the resourcing consequences of that strategy be considered as part of the Council's budget setting processes.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 A 2013 summary update of the 2011-2016 ICT Strategy has been produced and is attached at Appendix 1. There are no substantive changes in approach set out but the update reflects the revised Corporate Plan and the progress made since

the original document was written. Over this period there has been closer collaboration with South East 7 partner authorities and a dramatic tightening of the government's security requirements and this provides a changed context.

3.2 Policy & Resources Committee on 21 March 2013 agreed capital and revenue investment of £5.930m over a 3 year period and this was built into the Council's budget plans at this time. That report set out the investment requirements in order to move away from short term tactical investment decisions and to secure better value for money through long term planning. It explained that failure to invest at this critical point would not only place the already stretched current infrastructure and core technologies at risk (with the consequent impact on day to day service delivery) but also undermine the council's future ability to grow and meet increasing demand for technologies that deliver services safely and securely, while protecting the integrity of personal and sensitive information. This would lead to unacceptable levels of risk to the authority in terms of:

- Information security (robustness against malicious attack which is becoming increasingly sophisticated);
- Business continuity and customer service (threats to availability of services as the architecture ages);
- Actual or opportunity cost (slow, unresponsive, legacy architecture that won't allow the authority to maximise benefits and savings from its investment in modernisation e.g. the Workstyles Programme and may reduce staff productivity).

3.3 Over the last 12 months those risks have escalated and the business impact has been felt by staff, members and customers – this is recognised within the council's Strategic Risk Register 2013/14 with

- Risk No 18 – Effective use of technology and
- Risk No 10 – Information Governance Management.

The mitigating controls for both include delivery of the ICT Strategy, ICT Investment Plan and prioritisation of the ICT security work to support PSN Code of Connection compliance.

3.4 Progress has been good as set out below, in implementing the significant package of investment in that plan, alongside already agreed investment in the council's network and further investment as part of the Digital Customer Experience and Workstyles programmes. However some re-profiling of the planned investments has taken place:

Sussex Public Services Network (PSN) – The LINK

3.5 The Council is dependent on data networks to deliver information systems and communication services to over 240 sites including schools. Services such as internet, email and telephony are essential to the delivery of Council services. The contract between the Council and Virgin Media Business (VMB) for the provision of voice and data services expired in August 2013. On the 14th July 2011, Cabinet authorised the procurement of a shared Wide Area data network through the Sussex "LINK" Partnership. Procuring data services with partners has helped to contain the costs and the costs of the procurement itself are

estimated as a saving of £0.200m. The LINK PSN procurement was undertaken alongside a concurrent process by Surrey CC. Through close collaboration the LINK has been able to reuse learning and content from Surrey CC and previous procurements by Kent CC and Hampshire CC.

- 3.6 At the time of writing 80 sites had migrated onto the new network and the time and costs of the rollout, although slower than target, are within the boundaries and contingencies of the original plan.
- 3.7 Over recent weeks the council's internet speed has come under severe pressure for a number of reasons, including the introduction of new firewalls for security compliance and growing demand for web streaming services particularly by schools. The new network will help to alleviate this, including action being taken to separate the schools network from the rest of the council's services.

Voice and Local Area Network

- 3.8 The Council is heavily dependent on telephony for the effective delivery of services. The Council has a mixture of older, higher cost analogue and newer, cheaper digital services. The objective is to move all telephony to flexible and cheaper single digital solution. This will support flexibility for staff and support the Workstyles programme. For example, staff can sign into their own phone extension on any phone. This is dependent on upgrading the Local Area Network (LAN).
- 3.9 The investment in this migration has been delayed for two reasons;
- firstly the LAN, over which the telephony service is delivered, has to be redesigned to resolve the current slow performance and to meet new security standards and
 - secondly, PSN CoCo security compliance work has had to take priority.

This has meant that Value for Money savings of £93k relating to telephony costs have not yet been achieved and are currently contributing to the ICT Department TBM Forecast overspend.

- 3.10 The LAN improvement work is aiming for completion at the end of Summer 2014, which will make significant improvements to the current speed problems. It is intended that the migration to a full digital telephony service will be completed across the remaining sites by early 2015.

Data Centres

- 3.11 The agreed investment in data centres recognises that the authority's computer rooms and equipment are reaching end of life. This follows an independent technical assessment of the rooms which concluded that they are not fit for purpose and in their current state present a significant risk to service delivery. This is probably the most complex part of the council's investment strategy because of their importance to business continuity and the evaluation of options is ongoing using specialist data centre consultants.

3.12 Market exploration has been undertaken including ;

- New on-site options
- buying from national frameworks,
- buying a shared service from Surrey CC's newly purpose built data centres
- buying a private sector service either directly from the local or national markets or
- buying via another authority, for example using West Sussex CC's contract with Capita.

Key factors that need to be taken into account in determining the council's future requirements for data centre services include; complex security requirements, the impact of the Workstyles programme and the requirement for 24/7 integrated adult social care services with the NHS. The capital and revenue investments will fund the implementation and transition to a recommended option. It is likely that the running costs of the new option will be higher and this will impact on the Medium Term Financial Forecast. A report with recommendations for the future of our data centres will be presented to this committee in March 2014.

Desktop & Operating Systems

- 3.13 Pressure on licensing costs across the council is anticipated to continue to grow as demand increases for more complex and sophisticated products and the need for collaboration leads to more users needing to access multiple systems. It is important to note that licensing costs are driven by headcount not by full time equivalent staffing numbers and so as the workforce becomes increasingly flexible, mobile and focussed on partnership working, so licensing costs are likely to continue to increase.
- 3.14 The council currently uses Microsoft Windows XP as its operating system and Office 2003. These have been successfully exploited for their full lifespan, but Microsoft support and updates will cease in April 2014 so they must be replaced in full. Timescales are very tight and roll out of Windows 7 and Microsoft 2010 is in progress. In order for this to be implemented successfully, there must be extensive testing to ensure compatibility with the council's existing desktop and server estate and around 300 applications.
- 3.15 The investment programme and Workstyles programme had already factored in the need to purchase a significant number of new desktops and laptops. The new annual Microsoft subscription licensing costs will be significantly higher than the current budget and therefore an ongoing new service pressure of £250,000 has been included in the General Fund Revenue Budget Strategy.
- 3.16 Consideration has been given to moving to Open Source desktop and office software to avoid this increase in costs. This is assessed to be unachievable at this time for the following reasons:
- There are significant compatibility issues with major desktop applications in use across the authority and unknown support issues

- The initial security guidance from Cabinet Office/CESG has only recently been issued and is yet untested in large deployments.

This will be re-reviewed in line with the planned Microsoft Enterprise Subscription Agreement contract end date in 2016.

- 3.17 In order to support the Workstyles programme the council has invested in Citrix which enables users to work from a variety of council locations. The number of users needing Citrix licenses in the first two phases of the Workstyles programme was originally underestimated so costs have increased and a service pressure of £60,000 has been included in the General Fund Revenue Budget Strategy. There has also not been the expected fall in Microsoft licensing costs leading to a £20,000 pressure on the ICT Value for Money savings. Revised calculations for Citrix were included in the business case for Workstyles Phase 3 for new users. This was agreed by Policy & Resources committee in September 2013.

Information Management & Governance

- 3.18 The approved ICT Strategy sets out that Information Management is an essential discipline in the good governance of any organisation. Good information management practice mitigates risk of information loss, ensures legal and regulatory compliance and enables the full exploitation of the information to deliver improved customer experience and efficient service delivery.
- 3.19 The key strategic drivers which depend on sound information management practice include:
- NHS and Social Care integration driven by the Care Bill. This will require greater information sharing, 24/7 support for access to information and the development of technologies and infrastructure that allow the information sharing to take place within the legal and regulatory framework,
 - Workstyles and the development of fit for purpose Electronic Document and Records Management (EDRM), populated with information that is accessible to the right people at the right time, is of high quality, reliable and relevant,
 - the further role out of the corporate Customer Experience Management system, to support the Digital Customer Experience programme.
- 3.20 There has been significant progress over the last year; the governance framework has been established with the implementation of the Information Management Board, chaired by the Executive Director, Finance and Resources, a policy framework was approved at this Committee in July 2013, an Information Governance training programme has been developed and rolled out to priority staff and half of the organisation is now using Electronic Document & Records Management (EDRM) through Workstyles.

- 3.21 In common with many local authorities, over the next year the council will undertake an Information Audit. This will provide the basis for more efficient management of information, reduce the risk of compliance issues, reduce duplication, the cost of storage and create the basis for building the Customer Record. To confidently and safely share information with partners the council must demonstrate strong assurance of the controls it has to outside monitoring agencies and to those partners themselves.

Application Rationalisation

- 3.22 Spend analysis following the iMPOWER Value for Money report of 2009 showed that approximately 80% of the ICT spend is with a very small group of suppliers. The rest is spread across a large number of small low cost suppliers. The cost of migration and business disruption for each of the applications provided by those small suppliers is often disproportionately large compared to the saving achievable. Furthermore, there may be nothing as yet to migrate to. The high level expectations set by the iMPOWER report, in practice, have proved to be unachievable across the authority resulting in a service pressure of £222,000.
- 3.23 However, there has been targeted effort to contain and reduce costs with the major suppliers. Significant work has also been done alongside the Workstyles programme and continues to be done through the Windows 7 rollout, on reducing duplicated desktop software, for example numerous different photo editing software packages are being scaled back to one.
- 3.24 The investments undertaken in support of the Digital Customer Experience and the planned investments in Enterprise Content Management and Records Management will also cut the number of small applications and data stores. This will continue to reduce duplication, improve governance and contain costs.

Security & Compliance

- 3.25 As outlined in the Audit and Standards committee report, it is vital that the Council maintains the security of its information and services. The Council is custodian for an enormous amount of very sensitive information, including that of the most vulnerable individuals within our society. The Council also has legal and compliance obligations as a public service provider.
- 3.26 Earlier investments to support previous Codes of Connection and the Information Commissioner's Office Undertaking have resulted in contract costs which have not hitherto been corporately recognised within ICT's budget. This has resulted in pressure on the ICT Contracts budget which has up to now, partially been offset through vacancy management and cost reductions elsewhere and shows in the overspend position in ICT's budget forecast.
- 3.27 Public Service Network Code of Connection (PSN CoCo) compliance for 2013 has now been achieved. The majority of the investments made over the last 12 months, were planned within the ICT Investment, but had to be brought forward due to the much accelerated timescales for compliance set by the Cabinet Office. For example investments in some replacement network switches, increased firewall protection and the rollout of two factor authentication.

- 3.28 This has also meant that the revenue consequences of these investments have been felt much earlier than expected. Examples include the implementation of Patch Management and Protective Monitoring software which has created a revenue pressure of £22,600 as part of the 2014/15 service pressure proposals.
- 3.29 There have been some additional costs through the speed at which the investments had to be made and the pace of change. These have largely been in costs associated with bringing in the external expertise and temporary capacity required to implement the changes at pace and are reflected as a £50,000 contribution to the overspend position in ICT's budget forecast.
- 3.30 The other critical consequence has been that many business led projects could not be adequately resourced to protect capacity for PSN CoCo. It was possible to maintain progress on LINK network change due to its critical path and work in support of the Digital Customer Experience and website as this drew from a different pool of skills.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 The scope of work by ICT is very substantial and this report is not designed to cover all aspects, in particular it does not cover in detail:
- the Citywide Metro Wifi concession which was the subject of a report to Policy & Resources Committee on 29th November 2012.
 - any future investment requirements for major applications - for example OHMS (the housing management system), CareFirst (the social care system), Pier (the HR/Payroll system), Authority Financials (the finance system) and others. However it should be noted that there is a likely necessity to change the existing National Non-Domestic Rates system over the coming year. This will be a vital change to protect the council's Business Rates income and may require resource.
- 4.2 As set out in the approved ICT strategy, a mixed model of sourcing and provision of services has been adopted. In common with the Government's approach led by Government Procurement Service (GPS) and Government Digital Service (GDS), it does not propose adopting a single supplier model.
- 4.3 Rather it advocates a mixture of "buy and build".
- "Buying" is most likely where there is a well developed but affordable commodity type supply market (for example Networking and potentially Data Centres). These are sometimes referred to as Service Towers in the Government's Service Integration and Management (SIAM) approach.
 - "Building" where the focus is on creating innovative, digital services which impact citizens and the public (for example the gov.uk website).
- 4.4 This is considered to be the most agile route to take advantage of new technologies and to respond to changing requirements whether service led, organisational or owing to national drivers. However it does require a high level of skills in ICT procurement and contract management to assess, test and

manage the available options. Reliance will therefore continue to be placed on specialist advisors, as well as close collaboration across the SE7.

- 4.5 The results of benchmarking activity show that in line with several other measures, ICT spend as a % of revenue spend and spend per user are both significantly below the average for Unitary authorities. It is clear that the council's costs of ICT are unsustainably low and ongoing revenue and capital investment is required irrespective of the sourcing and provision model. The council's original VFM programme assumed a percentage of savings could be made on ICT contracts through better procurement. While this was not an unreasonable assumption it did not take into account the fact that the baseline spend was very low in the first place.
- 4.6 There has therefore been an ongoing and growing mismatch between actual contractual spend and available budget which needs to be resolved. The ICT service had been managing this pressure through holding vacancies offsetting the overspend as far as possible but this has been putting the service at risk given the scale of investment and change required. The underlying problem of underfunding of contracts therefore needs to be resolved as part of the budget setting process and £175,000 has been included to take account of this.

5 COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 There has been no specific community engagement or consultation on this report as it is an update only. However the report includes information on partnership working, in particular with SE7 local authorities.

6. CONCLUSION

- 6.1 It is requested that the progress of implementing the approved ICT Strategy and the ICT Investment fund be noted.
- 6.2 That the budget position, resource requirements and context for ICT security and investment is noted within the budget setting process.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 The Capital Investment Programme and General Fund Revenue Budget agreed at Policy and Resources Committee on 14 February 2013 and at Budget Council on 28 February 2013 to support an ICT Investment Plan 2013-16 for capital contributions of £1.0m in 2013/14 and £2.0m pa for 2014/15 and 2015/16 alongside up to £1.0m revenue to support modernisation of ICT across the authority. This funding has been factored into the Council's Capital Investment Programme and ICT revenue budget. ..
- 7.2 Policy and Resources agreed on 14th June 2012 to allocate £1.0m to support the costs associated with implementing the Sussex Public Services Network (The Link) with a further contribution of £0.5m from reserves in 2013/14. Budget Council in February 2013 approved the allocation of £0.25m recurrent funding to support the increased ongoing costs of the Link..

- 7.3 The Workstyles Phase 3 programme agreed at Policy and Resources on 12th September 2013 included up to £2.0m investment to support delivery of Citrix, data centre moves, cabling and new ICT equipment for that particular phase of moves. Savings generated from the project would support the ongoing costs associated with that investment. The additional service pressures associated with the Citrix licenses in the first two phases of the Workstyles programme of £60,000 has been included in the General Fund Revenue Budget and Council Tax 2014/15 report elsewhere on this agenda.
- 7.4 The General Fund Revenue Budget & Council Tax 2014/15 elsewhere on this agenda has included ongoing revenue support in total of £0.75m to meet the ICT pressures identified within this report.
- 7.5 Progress on the delivery of the strategy will be monitored through the Targeted Budget Management (TBM) process and will be reported through the TBM reports to Policy and Resources Committee.

Finance Officer Consulted: Rob Allen

Date: 08/01/14

Legal Implications:

- 7.6 The report is for noting only and comes to Policy and Resources in its role of formulating budget proposals for recommendation to full Council

Lawyer Consulted:

Name Oliver Dixon

Date: 03/02/2014

Equalities Implications:

- 7.7 Service and or customer service impacts will be addressed by relevant services where identified and an Equalities Impact Assessment (EIA) will be considered as appropriate.

Sustainability Implications:

- 7.8 These investments are enabling a work programme that supports a number of initiatives (such as mobile & flexible working and consolidated infrastructure) which in themselves support the wider corporate commitment to sustainability and the reduction of carbon emissions.
- 7.9 Introducing more modern ICT hardware will reduce the energy required by the council to run both its infrastructure and desktop hardware. A key outcome of the planned Data Centre work will be a reduction in carbon emissions.

Any Other Significant Implications:

Risk

- 7.10 It is noted that the above report includes mitigations affecting Strategic Risk Register Risk No 18 – Effective use of technology and Risk No 10 – Information Governance Management.

- 7.11 There are further risks to the delivery of ICT Strategy and ICT Investments through the complexity and inter-dependency of the investments and the pace at which they have to be delivered. These increase the likelihood of making mistakes and allow less contingency for unplanned consequences. These require mitigation through appropriate resource capacity and capability to keep oversight and governance of the complexity.

SUPPORTING DOCUMENTATION

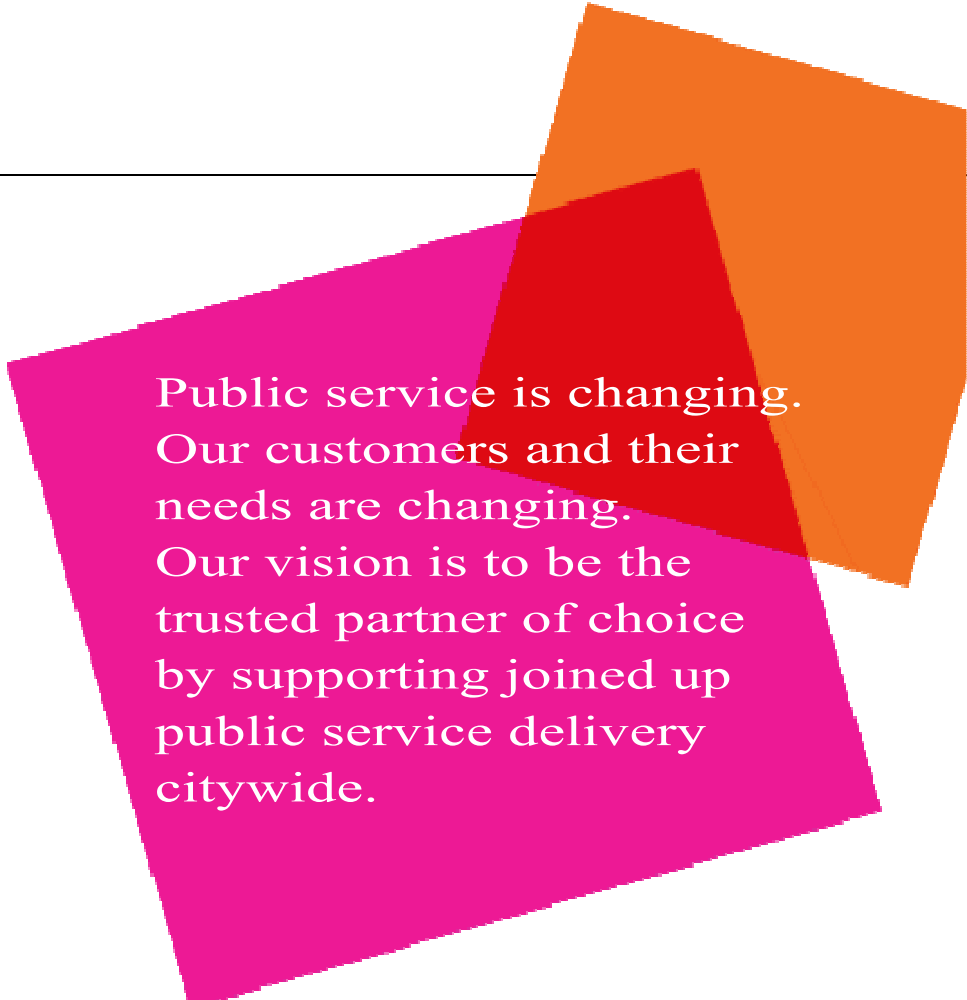
Appendices:

1. ICT Strategy 2014 Update



Contents

| | |
|-----------------------------|-----------|
| Introduction | 3 |
| Executive summary | 4 |
| Demand | 5 |
| Organisational context | |
| Organisational success | |
| Organisational capabilities | |
| ICT contribution to success | |
| Supply | 8 |
| ICT processes and service | |
| Enterprise architecture | |
| People | |
| Sourcing | |
| Control | 16 |
| ICT principles | |
| ICT governance | |
| ICT financial management | |
| ICT metrics | |
| Risks | 20 |
| Appendices | 21 |



Public service is changing.
Our customers and their
needs are changing.
Our vision is to be the
trusted partner of choice
by supporting joined up
public service delivery
citywide.

Introduction

Why we're here again

It's been three years since we started working on a new strategy for ICT. With the rapid pace of change that we have come to expect in local government, it's perhaps inevitable that things have moved on so significantly in that time.

So, as we approach the mid point of this strategy, it seems a good time to review the original document and publish a mid-point refresh.

I think it's worth pointing out that the fundamental vision and goals have not changed. However, the organisational context and our own concepts and ideas have crystallised. Consequently, we hope that we've now been able to express our vision a little more clearly and concisely.

The key message

One thing that hasn't changed, but has actually become even more evident than three years ago, is that the use of technology is absolutely critical to an organisation's ability to achieve its aims and ambitions. As such, technology is at the centre of almost every aspect of council life.

This intrinsic link between IT and business operations means that future investment in technology is one of the fundamental means of addressing the financial challenges we face. However, I am

determined that we avoid the pitfall of making sporadic, tactical changes which at best only deliver small benefits to localised business areas (but may actually result in greater long term cost for the organisation). Instead we must apply technology in a well planned and strategic manner. It's also clear that we must be fully committed to ICT resourcing, whether this means ensuring that the workforce has the skills to use what is available or that business specialists are given the time and skills to lead on IT for their service area. It also means that there needs to be sufficient back office resource for delivering change projects and managing ongoing ICT services. It's not an easy case to make when budget pressures drive us towards reducing the very resources needed to support the investments we are making.

In the end though, it's only through this committed, coordinated and strategic approach that we will be able to extract the maximum business benefit from our IT investment and ultimately continue to make a positive difference to the city.

Mark Watson, Chief Technology Officer

Executive Summary

This strategy provides the direction for ICT investment over a five year period. It demonstrates our intent to achieve closer alignment with organisational ambitions and in particular the business needs that drive ICT.

It is clear that adoption of more modern, efficient work practices will continue to lead much of ICT's activity, but the need to open our information out to residents, community groups and partner agencies will also begin to take shape during the life of this strategy. These demands which, on the face of it, appear to represent continuation of technical delivery are actually unprecedented in scale and complexity and will require some radical changes to the way in which ICT is managed and delivered.

Central to ICT's approach to meeting this demand will be the development of a conceptual technical blueprint, know as the Enterprise Architecture. Working towards a strategic and cohesive target architecture in this way will:

- reduce the ongoing cost of ownership through rationalisation and standardisation
- increase technical flexibility to meet changing business need
- ensure continued compliance with increasingly complex national security standards
- position us to take advantage of emerging methods of information delivery (mobile, cloud, shared services, etc).

Increasing organisational demand will also require us to focus on capabilities that offer best value, such as information management, business change management, technical design and service management. We will also continue developing our role as trusted strategic partner.

To support these changes and ensure coherence we will redesign ICT change, risk and operational governance controls. To complement this, it is essential that we encourage more rigour in the areas of financial and prioritisation governance within the business.

Finally, ICT financial management must be adapted and developed. Investment in technology will be aligned to the Enterprise Architecture and must be able to demonstrate a real return on that investment. ICT is also committed to gaining a far greater understanding of the true cost of providing services to the organisation. This will help us to demonstrate our value as well as encourage a more demand driven, customer centric approach to the delivery of ICT.

Demand

Organisational Context

Brighton & Hove is a vibrant and distinctive place to live, work and visit. We know that residents are happy living here, businesses want to locate here and increasingly visitors flock to the city.

However, the demands and expectations of our customers are continuing to rise while the delivery of services is becoming more and more challenging. Reducing resources and changes to the way that local government is delivered mean that we will have to work smarter and more efficiently to maintain our reputation. This goal is reflected in the first of our stated ambitions - **High performing authority, a fantastic and distinctive place to live, work and visit.**

Although the city's economy has fared relatively well despite the economic problems of the last five years, it is clear that we must work ever more closely with our neighbours in order to continue to grow. In particular we will continue to develop and exploit the benefits arising from our work as part of Coast to Capital, the Local Enterprise Partnership, and the South East Seven. We will also welcome new and profitable relationships with others. This is addressed in the organisations second ambition - **A leader of the city region.**

Our growing population, rising social care costs and changes to the way we receive funding mean that more has to be done with less. This is not only about how we spend our resources but also about

the flexibility of the organisation, reducing bureaucracy and supporting staff in getting things done. The Council is responding to this challenge in the third ambition - **Demonstrably making best use of all resources. Seeking to become a self-sustaining organisation serving its customers well.**

Organisational Success

The organisations ability to deliver its three stated ambitions will be driven by the Council's priorities for the period up to 2015. The first three of these priorities are outward looking:

- **Tackling inequality** through promoting enterprise and learning, reducing crime and improving safety, improving health and well-being, improving housing and affordability and providing quality advice and information services
- **Creating a more sustainable city** through promoting enterprise and learning, living within environmental limits and enhancing the environment and providing sustainable transport
- **Engaging people who live and work in the city** through our support for the Sustainable Community Strategy priority of 'strengthening communities and involving people'.

Organisational Capabilities

The fourth priority of **Modernising the Council** reflects the need for the organisation to build on existing capabilities and develop new ways of working that will help deliver sustained improvements. It brings together existing transformation programmes and reflects the aims of the People Plan.

In order to achieve these priorities, the organisation will need to become expert in:

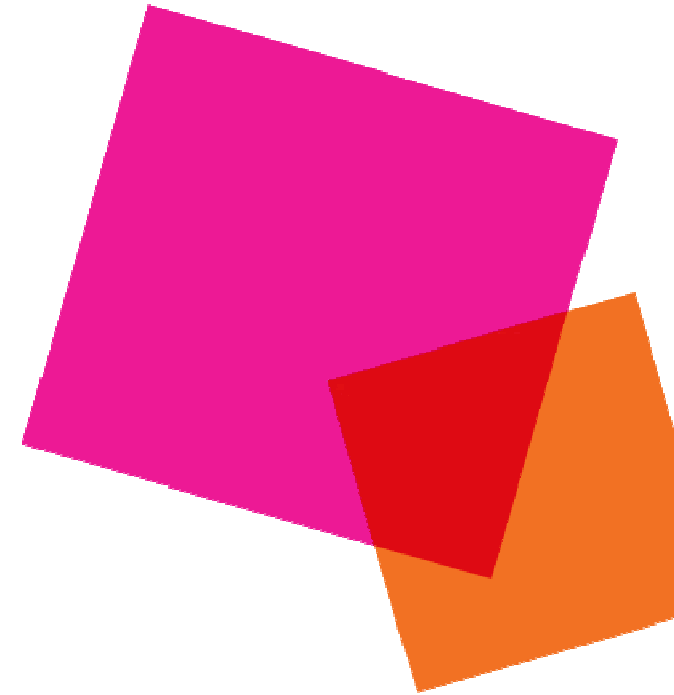


ICT Contribution to Organisational Success

ICT has a clear and significant role in contributing to organisational success. The following table links key organisational needs with the corresponding ICT contribution:

| Organisational requirement | ICT contribution |
|---|---|
| <p>High performing services</p> <p>Deliver services effectively and efficiently using information that is reliable, high quality, joined up and easily accessible.</p> | <p>Source, develop and support more intuitive systems and tools that help rather than hinder frontline staff.</p> <p>Introduce technologies which combine to give a single view of the customer.</p> <p>Establish the policies and procedures to ensure that information is managed within the legal and regulatory framework.</p> <p>Introduce standards for information management which ensure that good quality information is available at the right time to the right person.</p> |
| <p>Customer Access</p> <p>Improve employee efficiency and customer experience by enabling self service options and improving access to knowledge and services.</p> | <p>Replace outdated technologies in order to improve web services and enable online transactions, personalisation and self-service.</p> |

| Organisational requirement | ICT contribution |
|--|---|
| <p>Modern work styles</p> <p>Enable staff to work in a flexible environment and increase the efficiency of the field workforce.</p> | <p>Introduce technologies that allow the workforce to access ICT services from any location.</p> <p>Introduce mobile services to those who need them.</p> |
| <p>Collaboration</p> <p>Remove the technical barriers to sharing information and working collaboratively with other departments, partners and the public.</p> | <p>Design technical solutions allowing safe and secure third party and public access to information.</p> <p>Establish the policies and procedures to ensure that information is shared within the legal and regulatory framework.</p> |
| <p>Sustainability</p> <p>Introduce solutions and technologies which reduce environmental impact.</p> | <p>Promote the use of technologies that reduce the organisation's carbon footprint.</p> <p>Where possible, use local providers to support sustainable economic development.</p> |



Supply

ICT Processes and Services

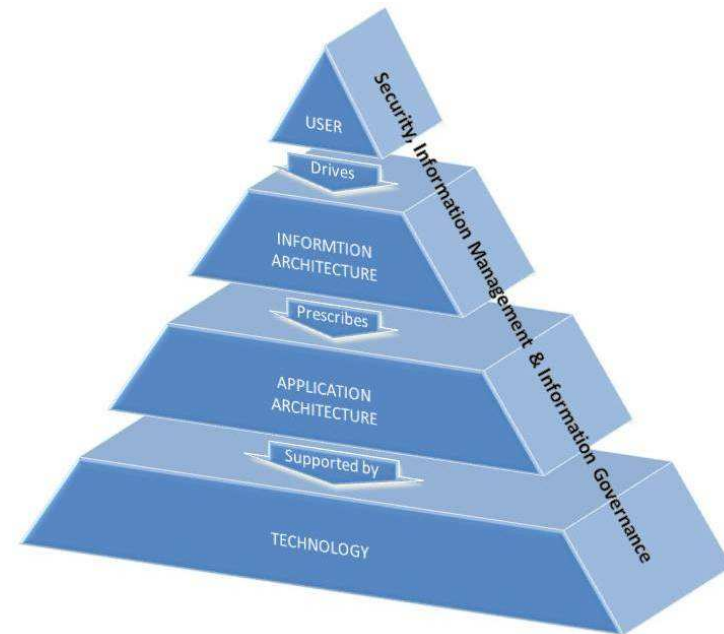
The following table shows the services that are currently provided by ICT:

| Category | Services | |
|------------------------------|-------------------------|--------------------------------|
| Technical services | Access to Intranet | Messaging |
| | Access to Internet | Network provision |
| | BACS administration | Office moves |
| | Core desktop | Print and copy |
| | File Storage | Telephony |
| | Hosting | |
| Professional services | ICT investigations | Hardware disposals |
| | Business analysis | ICT consultancy |
| | Disaster recovery | Information management |
| | Change delivery | Paper document storage |
| | Data Protection | Security breach investigations |
| | Freedom of Information | Technical project management |
| Application services | Application installs | Remote access for suppliers |
| | Application support | Reporting |
| | Database administration | Training |
| | Data services | |
| | | |

ICT processes are based on ITIL v3 which provides a best practice framework for delivering ICT services.

Enterprise Architecture

The following section describes how four key components (the user experience, information, application and technology) are organised into a conceptual blueprint known as the Enterprise Architecture.



User experience

Our long term aim is to deliver a user experience that is:

- **Standardised**
- **Role based**
- **Configurable**
- **Accessible**

We intend to develop an intuitive interface which can be accessed from anywhere with an internet connection. The components or modules which make up the interface will be personalised depending on user role. For example, a care worker may select components which display current cases or recent discussions with colleagues, while a resident may select a geographic view of local planning requests, or alerts on outstanding council payments.

This configurable yet standardised approach has the potential to greatly reduce overall support, management and training costs in the back office. For our customers it will improve the user experience and improve public perception of the organisation and the city.



Information architecture

Until now, there has been no overwhelming requirement for a corporate approach to Information Management. This has led to:

- vastly different approaches to information management across the organisation
- a proliferation of local ‘line of business’ and bespoke applications
- large volumes of paper files
- multiple information stores with significant duplication.

These factors combine to create a high cost and high risk information architecture. To mitigate these risks and help the organisation realise its strategic ambitions, information will need to be recognised as an asset that requires strategic management along with other key resources such as people, finance and physical assets.

ICT will work with all departments to:

- develop a map of the organisation’s information asset so that it is clearly understood what can be shared and what can be published
- develop management practices to ensure information is well managed at every point of its lifecycle, from creation and collection through to usage and eventual archive and destruction

- develop a coordinated approach to information governance to ensure that information is used and stored to the appropriate security standards.

Information Architecture Operating Principles

1. Information is stored and used securely

The storage and use of information is lawful and protects confidentiality, privacy and intellectual property. Information and data is made available to those who need it subject to appropriate safeguarding to ensure security.

2. Information is captured once and reused

Information is treated as an asset. Information assets are re-used wherever it leads to improved data quality, a single version of the truth, reduced cost and increased sustainability.

3. Information is fit for purpose

High quality information and records management practices are used to ensure that information assets are reliable and relevant. Information lineage, relationships and sources are recorded and made visible to enhance the quality of information.

4. Information is managed using common standards

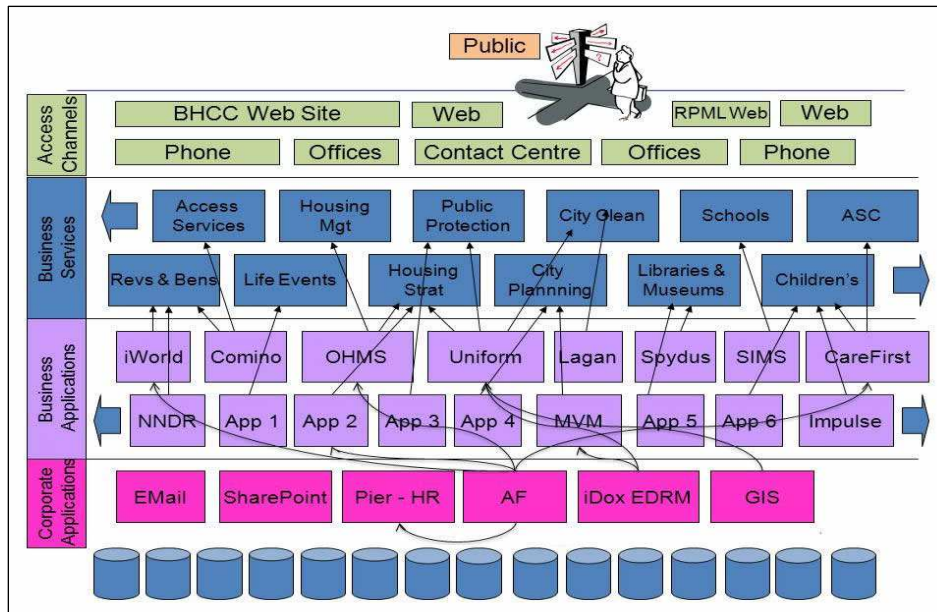
Information is described using a common and widely understood terminology so that it can be stored and found easily.

5. Information is designed for use

Information is easily available to those that need it, when and where they need it. Access complies with required standards, policies and agreements. Information design authority is vested in the Chief Information Officer / Head of ICT.

Application architecture

The diagram below shows the current application and information architecture which reflects the organisation's traditional siloed structure grown organically over many years. This has created an environment with more than 300 applications, massive duplication of systems and data, applications which impose business processes and non-standard disparate information structures.



This approach is both costly to maintain and is a barrier to interoperability and information sharing as well as carrying a high level of risk for the business and their customers.

To overcome these issues, we will redesign the application architecture around a set of core platforms:

Public Web platform

- technologies used for the delivery of applications and information across the web

Customer experience platform

- a collection of tools that support customer contact across multiple channels (web, phone, face to face)

Business process platform

- a set of services to automate transactional processes

Enterprise content platform

- a set of integrated technologies that allows content to be re-used to meet new requirements

Intelligence platform

- combined tools to aid the analysis of data in support of frontline worker and management decision making

Ultimately, we will deliver a simpler architecture that will:

- Reduce the ongoing cost of ownership and development by rationalising and re-using systems and applications
- Reduce duplication in systems and data to improve data quality
- Enable information sharing and delivery of business intelligence to improve workforce efficiency and enhance collaboration
- Improve customer experience through personalised access to services
- Increase technical flexibility which enables quicker business change.

Technical architecture

Sporadic investment in the organisations technical environment has resulted in an infrastructure which is complex, fragile and costly to manage and change.

During the life of this strategy, ICT will ensure that mechanisms are put in place to ensure a more consistent, steady flow of funding in order to maintain a fit for purpose technical infrastructure. Key areas of investment in the coming years are:

Communications networks

The current network infrastructure is reaching end of life and will be replaced. The Wide Area Network (WAN) will be replaced through the joint procurement of a Public Sector Network (PSN) with East Sussex County Council. In addition we will redesign the Local Area Network (LAN). These changes will:

- Significantly improve speed of access for our users
- Enable continued compliance with increasingly complex technical security standards set by national government
- Allow for controlled access by partners and suppliers
- Allow for new methods of information delivery (SaaS, Cloud, PaaS, shared services etc) where appropriate.

We will also expand the implementation of IP telephony across the entire organisation. This approach will increase standardisation, reduce maintenance overheads and support the workstyle approaches developed through the modernisation programme.

Storage

The data storage facilities are no longer fit for purpose and will be decommissioned and replaced with an off-premises, commoditised service. This approach will provide more flexibility in our infrastructure and increase both cost and carbon efficiencies.

Device & desktop

Within the life of this strategy we will upgrade both operating system and core office tools. This will provide an opportunity to adopt a more coherent approach to strategic desktop design which aligns with a device strategy based on the roles and needs of our end users.

We will continue to exploit the desktop assets we have and seek to extend their life by operating them as thin clients in flexible working environments. We are also committed to providing secure devices suitable for field workers throughout the corporate modernisation programme.

Identity Management

We will implement an approach to identity management which:

- Allows role based access to the network for our workforce
- Provides managed access to appropriate information for our partners and suppliers
- Ensures that our customers can safely and confidently transact with us through digital channels.

Technology & Application Architecture Operating Principles

1. Strategic change

Major investment in technology is based on clear corporate strategic requirements. Localised investment is consistent with the corporate approach, demonstrates an understanding of long term objectives and shows a clear return on investment.

2. Simplified architectural design

Technical complexity and diversity is removed to provide the best opportunity for interoperability, sustainability and consistency at the best possible value.

3. Flexibility

Technology is sufficiently flexible to allow for business change without adding undue cost.

4. Maximise applications and technologies

Existing applications and technologies are utilised to extract the full business benefit. Where possible, they are re-used or redeveloped to meet similar business requirements. Where duplication exists, we work with the business to rationalise our architecture.

5. Financially sustainable solutions

Where possible, highly bespoke systems and technologies are avoided in favour of solutions that are easily supportable, have longevity and add organisation wide value.

6. Accessibility

Hardware and software components will only be adopted by the organisation where design is shown to allow equality of access to information and functionality.

People

It is our belief that ICT can add most value to the organisation as a trusted strategic partner. In contrast to external IT suppliers, we can bring an independent view of technology and offer advice based on need rather than profit.

The first step towards adopting the role of strategic partner was to restructure the ICT service in order to build capacity for increased business support and engagement. This was completed in July 2010.

To build on these improvements we will increase capacity and/or capability in a number of key areas. These include:

- **Information management**
Information management, records management, data management
- **Business change management**
Business/systems analysis, relationship management, project and programme management
- **Technical design**
Technical architecture, solutions design, solutions development, testing, service design, release management, capacity and availability management

- **Service management**

Business reporting, supplier management, service management, contract management, financial management

We will adopt a pragmatic approach to building these new capabilities. Where possible we will seek to develop or re-skill current staff. If this is not feasible we may seek to recruit to some roles on a permanent basis. However, where appropriate, we will consider using external expertise for short periods in order to develop standards and working practices and transfer those new skills and competencies to our permanent staff.

In focusing ICT capabilities in areas where we are able to offer best value to the organisation, it is possible that we will transition one or more services to an alternative method of supply. However, shared services, typically with other local authorities, or commercially supplied service will only be considered where it can be demonstrated that whole 'end-to-end' services can be delivered more efficiently without compromising security.

Sourcing

ICT will adopt the following set of sourcing principles to ensure consistency, fairness and strategic fit. The application of these principles will be managed through ICT Governance and be subject to performance measures.

Manage cost

- We will seek to adopt the most appropriate and best value method of supplying all ICT services
- Where possible we will ensure suppliers use open standards
- We will engage with communities of interest, such as the local development community and local businesses
- We will continue to consolidate current supplier numbers to a more strategic and manageable level.

Add value

- We will support business IT procurement activities to ensure specifications reflect real need and meet corporate standards.

Sustainability

- We will encourage partners and suppliers to consider the environmental impact of their products and services
- Where appropriate we will use local providers to support sustainable economic development.

Ensure flexibility and scalability

- We will always have an exit strategy when entering contractual agreements
- Contracts will enable us to scale supply in accordance with demand
- Suppliers must be willing and able to support integration with our enterprise architecture.

Legal

- Procurement will always be conducted in accordance with the relevant UK and EU legislation
- In order to minimise the overall cost of procurement, we will seek to extend current contracts or use existing framework agreements before considering full OJEU tenders
- We will work with legal services to ensure that technology contracts have terms and conditions that enable legal compliance.

Control

ICT Principles

To support the delivery of our strategy, we will adopt a number of operating principles:

Customer service and business alignment

- We will place customer need at the centre of all our activity
- We will be clear and transparent
- We will provide services accessible to all
- We will use customer feedback to influence strategy and direct service design and delivery.

Provide value for money

- We will invest in services and technology that seek to ensure business benefit and operational cost effectiveness
- We will adopt common information, application and technology standards which will lay the foundations for a more interoperable and agile environment.

Operate Safely

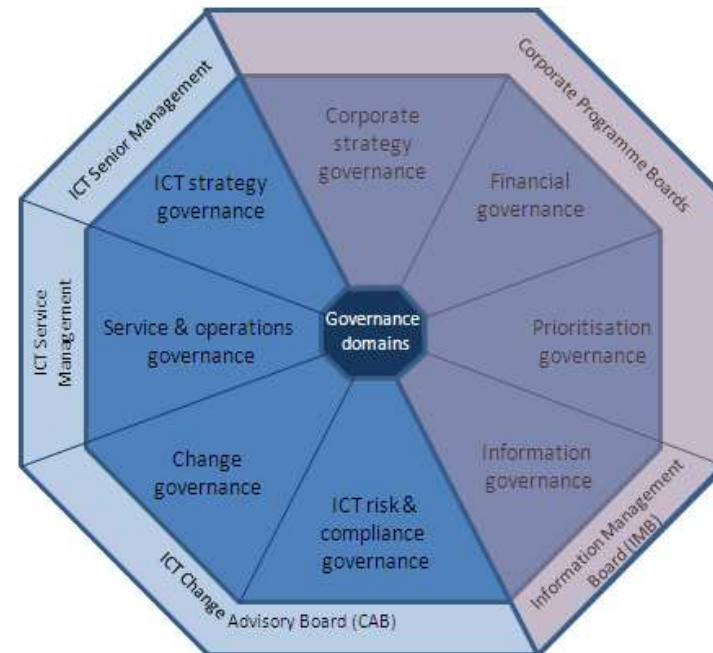
- We will meet national compliance standards for information governance and information management
- We will manage risk using the standard corporate approach.

Operate Sustainably

- We will make decisions which take into account environmental impact and aim to support sustainable economic development.

ICT Governance

Spend on technology is one of the most significant areas of investment for any organisation. Governance around this investment exists in order to protect against risk and ensure that the expected return is achieved. There are four specific areas of governance which are managed by ICT, and four in which the corporate centre must lead.



Governance managed by ICT

Service and operational governance help ensure that existing services are fit for purpose and continue to meet the needs of the user. This will be achieved by providing detailed service designs which are agreed with business users and a more transparent approach to operational risk management. Changes to services and operations will be agreed via the Change Advisory Board (CAB).

Change governance helps ensure an approved change is made in a rational and predictable manner in order to reduce any possible negative impact on the wider user community.

Strong change governance will be achieved through establishing a robust set of enterprise architecture standards and operating principles which are applied through the existing CAB process. Additionally, ICT will continue to apply project management methodologies and seek to increase the level of effective business sponsor involvement, project definition and risk management.

Risk and compliance governance is critical in ensuring that the information held by the organisation is adequately protected. This will be achieved through improving the approach to technical security and also ensuring that risk and compliance governance is a fundamental part of change and service management.

Underpinning these three areas of governance is **ICT strategy governance** which aims to ensure ICT and business alignment through strong business engagement and regular strategic review.

Governance requiring a corporate lead

Prioritisation governance ensures that work with highest business benefit becomes the focus of the limited ICT resources.

Financial governance ensures that predicted business benefits or returns on investment are accurate and achievable. Financial governance should also ensure that change work is fully financed and is able to meet project and ongoing costs. In order to facilitate this process, clear and transparent costs will be provided by ICT.

Information governance, in conjunction with ICT risk and compliance governance, ensures that the organisation is able to protect and exploit its information asset. This will be achieved through building awareness, encouraging business prioritisation and ownership and improving information management practices.

Underpinning these three areas of corporate governance is **corporate strategy governance** which ensures that an organisational direction with desired outcomes is clear and widely understood throughout the authority.

ICT Financial Management

The current financial climate has the potential to be both an opportunity and a threat for ICT. The opportunity lies in changing the organisational culture to one in which business improvements using technology are viewed strategically and are understood in terms of tangible business benefits. Conversely, the threat lies in the temptation to control IT spend through indiscriminate cuts which undermine long term organisational efficiency.

The demand for greater rigour in ICT financial management is perfectly valid, and is one that is being tackled. However, it is important to be mindful that the short term gains from arbitrary cost cutting, either in existing services or ICT change work, come with a high level of risk.

Firstly, the day to day running of ICT operations is inextricably linked to business operations, so significant cuts present real risk for front line services. These range from the inconvenience of less responsive and more frequently unavailable systems to the more serious consequences of a failure to meet national compliance standards set by government.

Secondly, by reducing ICT capacity and capability to carry out change work, we are effectively removing the organisation's ability to make co-ordinated business improvements using technology. As a

result, departments will increasingly seek to develop direct relationships with line of business suppliers who can offer moderate short-term efficiencies but are unable to leverage the significant efficiencies of a strategic corporate approach to technology. Furthermore, a continuation of this siloed approach to technology will build in enormous additional long-term management costs.

ICT strongly advocate an alternative approach to attempting to control spend in this way.

First and foremost it is critical that ICT get a better grip on the true cost of providing services to the organisation. In order to do this, ICT will initiate a project to gain a detailed knowledge of the 'whole-life' cost of those services outlined on page 8. This level of understanding will be open to scrutiny by all service users and will encourage ICT to adopt a more demand driven, competitive and customer centric approach to service management.

Understanding costs at this level of detail will also enable ICT to clearly demonstrate where it is able to provide best value to the organisation. Services which are not adding value will be stopped or transitioned to other methods of supply, such as shared services or fully commissioned services.

This approach to costing ICT services will also be required should ICT be in a position to seek commercial opportunities by providing services outside of BHCC.

ICT also advocates improving the corporate approach to financing ICT change. However, while ICT clearly has a role in providing advice and guidance on technical change, financial governance and prioritisation governance, as shown in the previous section, should largely reside outside of ICT. Nevertheless, these disciplines are critical in order for the organisation to focus limited resources in the areas of greatest return.

ICT will further support a more robust approach to organisational investment in technology by continuing to supply technical project management. However, the value of this resource is maximised when supported by strong project sponsorship from the business and an open and honest approach to achieving a return on investment and benefits realisation.

ICT Metrics

The proposed approach to financial management will provide ICT with greater control and understanding of the cost of ICT. This will clearly form the basis of an important performance measure. However, the introduction of a balanced scorecard approach will add context and perspective to a pure financial measure.

To achieve this, ICT will present a range of measures which demonstrate:

User orientation: our ability to deliver service to a high level of customer satisfaction

Business contribution: our success in delivering products and services which are aligned to strategy, provide value for money and meet long term need

Operational excellence: our ability to run efficient services based on effective processes and high quality service management practices

Future orientation: our success in maintaining a fit for purpose technical environment, services and workforce which is able to meet future challenges.

Risk

| Business Risk | Description and impact | Mitigation |
|--|--|---|
| Cultural Change | Technology changes will only achieve maximum benefits when they are implemented alongside cultural, policy and process change. There is a significant risk that change will continue to be predominantly made in isolation and the full benefits will be missed. | Support the development of organisational change governance which ensures that the cultural, policy and process changes are embedded as an integral part of any change. |
| Financial Investment | ICT's role as an enabler of organisational efficiencies and savings may not be recognised. As a consequence, indiscriminate cost cutting could result in ICT being unable to make the investment needed to keep the existing technical environment fit for purpose and to deliver the transformations outlined in the strategy. | Ensure that ICT is able to demonstrate value and that the strategy is clearly aligned with the desired outcomes for the organisation. |
| Corporate & Departmental Governance | There is a significant risk that the organisation will not define and implement strategic criteria for the selection and prioritisation of corporate investments. A continuation of a tactical, departmental approach to change initiatives will result in more extravagant investments which fail to achieve their stated benefits and contribute little to corporate objectives. | Support the development of prioritisation and investment governance within the business and document the target architectural design to support strategic investment. |
| ICT Risk | Description and impact | Mitigation |
| Capacity | The organisational imperative to increase operational efficiency has led to an unprecedented level of demand on ICT. Alongside the need to maintain and support a growing technical estate this is putting increasing pressure on reducing resources. Attempting to introduce a programme of strategic change into this environment carries a high level of risk and may lead to a degrading or inconsistent level of service. | Implement strategies to free up business as usual resources (supplier partnership arrangements, service desk channel shift, licence management system) and introduce a new financial model which allows capacity to flex with demand. |
| Complexity | Many of the concepts and solutions that will comprise the Enterprise Architecture are complex and challenging to implement. This is particularly the case given the diversity of the organisation and the limited resources available to make the changes. As a result of this complexity there is a significant risk that analysis and planning will consume time and resource and hinder progress on delivery. | Design a strategic architecture balanced against the need to take some pragmatic, tactical decisions which allow us to deliver against more immediate demand. |
| Cultural Change | The successful implementation of this strategy will require a significant shift in the method of service delivery and potentially the actual services that are being delivered. In addition to changing technologies, we will need to develop a deeper understanding of business demand and a contextualising of technology's value. There is a risk that some of the ICT workforce will find it difficult to adjust to this degree of change. | Implement the Way We Work programme to assist managers and staff through the change process. |

Document is Restricted

