

Council Budget Strategy

4-Year Service & Financial Plans 2016/17 to 2019/20

Direction of Travel and Context

Over the next 4 years Brighton & Hove City Council will need to tackle a stern funding and public service challenge as it undertakes further reductions in its General Fund expenditure to meet substantial predicted budget gaps. The budget gaps are driven by reducing government grant support, increasing demand for services and inflationary cost pressures, particularly across social care. Coupled with demographic pressures, local public service expectations and relatively low levels of financial reserves, it is conceivable that the council's financial position could become critical unless there is robust and effective planning, strong democratic and executive leadership and accountability, and disciplined financial management.

The proposals set out in the detailed schedules enumerate General Fund savings proposals totalling over £19 million in 2016/17 and nearly £60m over 4 years. To manage this level of savings requirement will require both one-off investment, strengthened accountability and reporting, and a clear strategy for managing identified risks.

Determining the level of savings and resource allocation to apply to each service area has been a complex process involving fundamental review and challenge of all services as described in the main report. However, the over-arching principles used in determining resource allocations are as follows:

- Providing relative protection of social care budgets, particularly Adult Social Care, recognising the high levels of underlying and predicted demands and cost increases in 2016/17;
- Recognising that those areas providing 'universal services' (i.e. services available to all residents, sometimes age related, without assessment of individual need) have greater flexibility around the provision of these services, including whether or not to continue to provide them directly or at all. In this respect, Children's Services have a greater proportion of universal services (e.g. Children's Centres) than Adult Social Care which is almost wholly personal social care provided through assessment of individual need;
- A recognition that some areas have greater income generating capabilities than others, for example Assistant Chief Executive services which covers museums and event venues. These services can be expected to move further toward becoming self-sustaining.

The resulting change in resource base for each service is summarised as follows:

Service Directorates	2015/16 Net Budget £'000	2016/17 Proposed Net Budget £'000	Increase/Decrease Over 2015/16 %	High Level Rationale for the relative levels of service funding allocations
Adult Services	77,909	78,199	+0.37	Predicted high demand and complexity of need plus new Care Act and Living Wage pressures together with existing underlying pressures and unachievable prior year savings. Medium to high cost services with limited 'universal services'.
Children's Services	54,827	52,791	-3.71	Higher levels of growth provided for in previous years, partially through availability of Dedicated Schools Grant (DSG) resources. High cost social care services with greater universal service flexibilities.
Public Health	4,226	4,012	-5.06	Reduction in ring-fenced service.
Environment, Development & Housing	30,675	28,764	-6.23	Mainly universal services with significant income generating opportunities (e.g. commercial waste and other revenues). Some demand-led budgets (homelessness) but these are of a smaller scale than social care.
Assistant Chief Executive Services	14,865	13,697	-7.86	Mainly non-statutory and/or universal services (e.g. Cultural Services, Museums, Brighton Centre & Libraries) with significant flexibility and considerable income generating opportunities.
Finance & Resources and Law	28,817	27,515	-4.52	Mainly staffing budgets except some ICT budgets and Corporate Landlord property budgets. High levels of savings taken in previous years. Service pressure funding has been limited to ICT investment only.
Total Services	211,319	204,978	-3.00	

Strategic Approach

Previously the council has not planned over the longer term, electing instead to plan on a 12 month horizon including budget savings proposals and changes to fees and charges. This approach has drawn significantly on the use of one-off resources and reserves to ensure that the council budget balanced and that lead-in times (part-year effect savings) could be accommodated. This approach is no longer viable and the council does not have sufficient reserves to manage its finances in this way and must plan for delivery of savings well in advance of each financial year. Moreover, this approach has inhibited the ability or propensity of services to re-design on a long-term sustainable footing that fully takes into account the prospect of a significant reduction in the council's resources through reducing government grant funding, rising demographic pressures and changing customer and client service expectations.

The council's budget strategy is also strongly influenced by government funding and announcements. The Greater Brighton devolution prospectus therefore affords an opportunity to influence the government's funding and fiscal policy with respect to the city's public finances and provide the city with important financial freedoms and flexibilities that could help the city's long term financial sustainability.

The 4 year Service & Financial Planning exercise has been anchored in service directorates to ensure that the savings proposals and ideas are specific, deliverable, consistent with service strategies and business plans, and also reflect management accountabilities. However, common themes and threads that are cross-cutting for both the council and also public service providers across the city have also been identified and considered in the development of proposals. Cross-cutting themes identified to date include:

- Demand management
- Devolution & city governance
- Neighbourhood management and engagement
- Management Spans & Accountability reviews
- 'Commercial' and self-financing approaches
- Customer First in a Digital Age
- Integrated Health and Social Care services and funding (Better Care)
- Modernisation and 'enabling' programmes
- Homelessness, public health & mental health intervention
- Consolidation of prevention work
- Re-framing Public Health budget priorities
- The review of Support Functions delivery

The Fairness Commission

As the budget strategy takes shapes it will be important to update the Fairness Commission and take soundings from it on its findings and potential implications to further inform longer term budget planning and investment.