

BRIGHTON & HOVE CITY COUNCIL

CABINET

4.00PM 20 JANUARY 2011

COUNCIL CHAMBER, HOVE TOWN HALL

MINUTES

Present: Councillors Mears (Chairman), Alford, Brown, Fallon-Khan, K Norman, Simson, Smith and Young

Also in attendance: Councillors Mitchell (Opposition Spokesperson) and Randall (Opposition Spokesperson)

Other Members present: Councillors Allen, Morgan, A Norman and Watkins

PART ONE

134. PROCEDURAL BUSINESS

134a Declarations of Interest

134a.1 Councillors Brown, Simson and Fallon-Khan declared personal, but non-prejudicial, interests in Item 143(c) a Notice of Motion concerning Private Rented Sector Rents as each were landlords in the private sector.

Note During consideration of Item 143(c) Councillor Randall also declared a personal, but non-prejudicial, interest due to having children renting in the private sector.

134b Exclusion of Press and Public

134b.1 In accordance with section 100A of the Local Government Act 1972 ('the Act'), it was considered whether the press and public should be excluded from the meeting during an item of business on the grounds that it was likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the press or public were present during that item, there would be disclosure to them of confidential information (as defined in section 100A(3) of the Act) or exempt information (as defined in section 100I(1) of the Act).

134b.2 **RESOLVED** – That the press and public be excluded from the meeting during consideration of item 151 onwards.

135. MINUTES OF THE PREVIOUS MEETING

135.1 **RESOLVED** - That the minutes of the meeting held on 9 December 2010 be approved as a correct record.

136. CHAIRMAN'S COMMUNICATIONS

- 136.1 The Chairman welcomed everyone to the first meeting of the New Year and noted that the meeting would be webcast.
- 136.2 The Chairman provided an update on 'Civic Renewal', one of the Administration's top 10 priorities, and explained that plans to further renew and refresh the civic life of the city would be bolstered by a number of anniversaries, including the 150th Anniversary of the Brighton Museum and Art Gallery, events organised by the Pavilion to mark the 200th Anniversary of the Regency Bill, and the 90th Anniversary in October of the 'India Gate'. She announced that no charges would be made to residents for permissions required for street parties held to celebrate the royal wedding.
- 136.3 The Chairman gave an update on another of her top 10 priorities, 'Sustainable Economy', and advised that in order to meet to the financial settlement offered by Government the council would make some bold challenges to ensure that progress could continue and those affected by any impact received support.

She reported that the award of the sports facilities contract to social enterprise 'Freedom Leisure' at the last Cabinet meeting had included initial provision of £125,000 to invest in plant and building items to support reduced energy use and other projects with energy saving measures.

She confirmed the council's commitment to maintaining annual grants funding and the three year discretionary grants at their existing level and commended the work of the Grants Officer. She encouraged all Members to ensure that their residents were aware of the opportunities available.

She noted growing concern from residents, businesses and Members about the increase of multi-national chains on the city's high streets and the impact on smaller businesses. She proposed the idea of a city conference to discuss the issue, jointly identify solutions and re-balance the business mix of the city.

- 136.4 The Chairman reported that the council had successfully maintained a position in the Stonewall Top One Hundred employers for lesbian, gay and bisexual employees and was the second highest placed local authority. She congratulated the LGBT Workers Forum and officers responsible for making the submission.
- 136.5 The Chairman advised that reports from Ticketmaster indicated that the Pavilion ice rink generated the third highest sales in the country over Christmas and thanked the developers, officers and partners involved.
- 136.6 The Chairman reported confirmation of funding to support plans to create an Academy in Portslade. The Government had approved £12.7 million in recognition of the excellent partnership and project delivery work undertaken. The council was one of only four local authorities in the country to receive funding. The consultation phase was underway and Stuart McLaughlin had been selected as Principle.

137. ITEMS RESERVED FOR DISCUSSION

- 137.1 **RESOLVED** – That all the items be reserved for discussion.

138. PETITIONS

138.1 There were none.

139. PUBLIC QUESTIONS

139.1 The Chairman reported that two public questions had been received and published. She explained that due to an administrative error both questions were from the same member of the public and that she had agreed to accept both questions on this occasion.

139.2 Ms Sally Polanski asked the following question:

"In preparations for making £30 million savings in its 2011/12 budget, how is BHCC ensuring that investment in preventative services is protected as much as possible? Significant savings will have to be found in subsequent years so focusing on longer-term change is imperative."

139.3 The Chairman gave the following response:

"The protection of resources for preventative services is extremely important. These services enable us to deliver improved outcomes for the city and tackle issues that most affect people's lives.

We want to ensure our investment by using our Intelligent Commissioning approach to identify key areas requiring resource input. This will help us plan for the longer term.

In the mean time, both Members and officers are aware of the value of preventative services and will take it into account in their decision making. For example, we will ringfence 'Supporting People' funding so that people can lead independent lives. In addition, our 'Turning the Tide' pilot in housing undertakes a range of preventative work with families to ensure a better future."

139.4 Ms Sally Polanski asked the following question:

"We welcome the consultation and equalities impact assessment which has been undertaken in relation to the review of Discretionary Rate Relief. At what stage can we expect to see the Equalities Impact Assessments which are being undertaken in relation to other budget proposals and for the community and voluntary sector to be involved in discussing these?"

139.5 The Chairman gave the following response:

"In terms of budget proposals, all Service Leads are expected to complete Equality Impact Assessment screening to highlight potential issues. Our approach has been to undertake the assessments in a proportionate way and therefore there will be some which have greater potential for impact. These will require higher levels of consultation and engagement.

The Discretionary Rate Relief assessment is a good example of one which has particular impact on community and voluntary sector groups; and therefore consultation was key. The Communities & Equality team publish a schedule of upcoming assessments online so that information is clear and accessible.”

139.4 The Chairman thanked Ms Polanski for attending the meeting and asking her questions.

140. DEPUTATIONS

140.1 There were none.

141. LETTERS FROM COUNCILLORS

141.1 There were none.

142. WRITTEN QUESTIONS FROM COUNCILLORS

142.1 There were none.

143. NOTICES OF MOTION

143.1 The Chairman reported that three Notices of Motion had been referred to the Cabinet from the Full Council meeting on 16 December 2010 under Procedural Rule 8.5.

143A VODAFONE AND BRIGHTON & HOVE CITY COUNCIL

143a.1 The Cabinet considered the following Notice of Motion proposed by Councillor Morgan:

“This Council notes that Vodafone have allegedly been allowed to avoid an estimated £6 billion in tax through basing their financial operations in Luxembourg, despite being a UK based company.

This Council also notes that Brighton and Hove City Council has a substantial contract for mobile phone telecommunications with Vodafone, worth over £125,000 a year.

This Council notes the statement on Vodafone’s own website that: *“The maximisation of shareholder value will generally involve the minimisation of taxation. It will also involve choices as to the jurisdiction in which to locate capital and/or business activity. Such choices will take account of all the business consequences, including the taxation consequences, of operating in that location.”*

This Council notes that the effective tax rate for the largest companies like Vodafone will fall over the next four years from 21% to 17% under measures introduced by the Conservative/Liberal Democrat Coalition Government.

This Council also notes statements by the Chancellor that “we are all in this together”, and believes that this should apply to businesses as well as individuals.

This Council further believes that taxpayers' money paid by this council to private companies should not then leave the UK via tax avoidance, and should instead remain within the UK as part of the taxation system, aiding the financial recovery, protecting public services and paying down the deficit.

This Council asks the Cabinet, within the terms of the relevant contract and the council's own legal duties (including best value and Contract Standing Orders) to:

- review the Council's contract with Vodafone with immediate effect;
- investigate if other not-for-profit telecommunications suppliers such as the Phone Co-op could offer a similar service at a similar price that would ensure taxpayers money does not go into private shareholder profits and out of the UK in terms of unpaid tax."

143a.2 The Chairman invited Councillor Morgan to speak to the motion.

143a.3 Councillor Morgan noted that the Notice of Motion had not been debated at Full Council due to time constraints. He stated that the council should not give taxpayers money to companies that took money out of the economy by seeking to avoid paying tax in the UK, and should instead consider local providers who pay tax which goes towards protecting frontline services for residents.

143a.4 Councillor Alford stated that the Cabinet meeting was not the appropriate forum for targeting businesses; Vodafone operated within the parameters of the law and employed a significant number of people in the UK. He warned that private businesses would begin to feel unwelcome in the city if they continued to be attacked.

143a.5 Councillor Mitchell advised that the Notice of Motion contained sensible proposals that reflected the Administration's policy of supporting local businesses.

143a.6 Councillor Fallon-Khan noted that the Vodafone contract began under the previous Labour Administration and advised that all council contracts were currently being reviewed as part of the Value for Programme and budget setting process.

143a.7 **RESOLVED** – That the Notice of Motion be noted.

143B NATIONAL HEALTH SERVICE - BRIGHTON

143b.1 The Cabinet considered the following Notice of Motion proposed by Councillor Allen:

"This council places on record its appreciation of the role of NHS Brighton and Hove (the Primary Care Trust) as commissioner of health services in the city and as a strategic partner of the council.

In anticipation of the planned abolition of the PCT the council requests that the Cabinet seeks to encourage and support any initiatives aimed at preserving as much as possible of the experience and expertise of the PCT and its staff, thereby reducing the risk that the new GP consortium or consortia will hire in private companies to carry out their commissioning functions."

143b.2 The Chairman invited Councillor Allen to speak to the motion.

- 143b.3 Councillor Allen stated that he was concerned about Government proposals for the future of the NHS and that it was important for the council to formally express its support for the city's first class PCT. He raised further concerns about the potential loss of expertise and local knowledge resulting from increased privatisation and highlighted the need to engage with the transitional consortium and support the leading GPs once they have been identified.
- 143b.4 The Chairman reported that she had met with colleagues at the PCT earlier in the week and that it was clear that councillors from all political groups wanted the city to benefit from the best health service possible.
- 143b.5 Councillor Norman stated that was confident that the new GP consortium would not do anything to jeopardise the quality of health service provision in the city and that it was not necessary to limit ways in which they might choose to commission services. The best channels of communication would be identified to ensure that the council was able to support the consortium with the best interests of residents at the forefront.
- 143b.6 The Chairman noted that 80% of adult social care services were already commissioned and that every effort was made to ensure the best service was provided. She added that the council would encourage a clear and open dialogue about the future of health provision in the city.
- 143b.7 **RESOLVED** – That the Notice of Motion be noted.

143C PRIVATE RENTED SECTOR RENTS

- 143c.1 The Cabinet considered the following Notice of Motion proposed by Councillor Randall:

“This council notes many employees in the public and private sectors in Brighton and Hove are facing very low wage increases, pay freezes or, in some cases, wage cuts as an alternative to unemployment.

It also notes that, according to the council's latest *Housing Costs Update (November 2011)*, private sector rents in the city for homes in the greatest demand – two-bedroom flats and houses – have risen by 22 per cent and 10.9 per cent between September 2009 and June 2010; the rents of studio flats rose by 12.4 per cent during the same period.

It also notes that, with the exception of rooms and studio flats, the local housing allowance is now less than lower quartile rents which could reduce the chances of those on benefits finding an affordable home (*Housing Costs Update, November 2011*).

It also notes that these rent rises have a widespread impact in Brighton and Hove where 22 per cent of all households live in the private rented sector (twice the national average) and where home ownership is beyond the pocket of many of those renting in the city where the average 1 bedroom flat costs more than 5½ times the median household annual income, 3-bedroom houses cost more than 10 times median annual income and deposits of 25 per cent are required (*Housing Costs Update, November 2011*).

Therefore, in circumstances where the combination of Housing Benefit cuts and rent increases will lead to increased hardship and homelessness in the city, this council:

Calls on the Leader of the Council and the Chief Executive to write to the Chancellor of the Exchequer and the Minister for Housing, urging them to set up a commission to examine private rented sector rent capping, regulation, and other measures to reduce the cost of rented homes and to reconsider their Housing Benefit proposals and

As a matter of urgency requests that officers report back to the Cabinet on:

- (i) ways that relevant council departments can work together with other partners, including private sector landlords, to develop plans to understand who will be most affected by the LHA changes and to mitigate the impact of those changes on claimants; and
- (ii) possible protocols to prioritise the use of Discretionary Housing Payments to prevent homelessness.”

143c.2 The Chairman invited Councillor Randall to speak to the motion.

143c.3 Councillor Randall reported that the city’s residents were finding it increasingly difficult to pay private sector rents and that the recent scrutiny panel concerning letting agents had indicated that agents were not concerned with the difficulties faced by tenants. He stated that little progress had been made in building new council homes, and that it was time to look at successful schemes operating in other countries.

143c.4 In response to a query from Councillor Mitchell the Head of Law confirmed that the accepted Labour amendment had been incorporated into the approved Notice of Motion before the Cabinet.

143c.5 The Chairman advised that two reviews into the private rented sector in the last year had taken place in the last year, and that a return to national controls had not been recommended. She made the following comments:

- Local Housing Allowance (LHA) rates were calculated monthly by the independent Rent Service using evidence of actual tenancies that people had entered into to set the rates, which currently covered the full rent on 50% of properties in the area.
- Rental prices for two and three bedroom properties had fallen considerably during 2008 and 2009 due to the recession and since 2001, rent rises had been on average lower than inflation over the same period.
- For private tenants claiming the LHA, the independent rent assessor determined the level of benefit received.
- The Government’s proposed reforms to housing benefit were partly designed to bear down on private sector rent levels to tackle the problem of landlords pushing up rents for housing benefit tenants.
- Private sector rents were regulated through the private rent assessor.

She stated that direct Government regulation of rent levels would have a significant impact on families and individuals, particularly in Brighton and Hove, where the council relied heavily on the private sector to provide housing in the city and landlords could easily choose to pull away from the market.

- 143c.6 Councillor Randall stated that he was not convinced that rent controls would have a negative effect on the supply of housing and that he was not in favour of the Government's proposals in relation to housing benefit.
- 143c.7 The Chairman commented that Councillor Randall had not previously expressed views on the outcomes of the two Government reviews or made any alternative suggestions.
- 143c.8 Councillor Simson explained that agreements with the private rented sector meant that social housing could be made available to people who would otherwise be homeless and that there was a real risk of landlords pulling away if rent caps were introduced.
- 143c.7 **RESOLVED** – That the Notice of Motion be noted.

144. COUNCIL TAX BASE 2011/12

- 144.1 The Cabinet considered a report of the Director of Finance concerning the council tax base calculation for 2011-12.
- 144.2 Councillor Young reported that the council was in the top quartile of comparator local authorities for its collection rate. She advised that the council tax base would remain unchanged for 2011-12; the number of new properties would be offset by an increase in single person discounts and houses occupied solely by students.
- 144.3 Councillor Mitchell advised that an improved collection rate should be coupled with comprehensive debt prevention advice.
- 144.4 Councillor Randall echoed Councillor Mitchell's comments and added that there was a definite need for more purpose built student accommodation in the city in order to release more family housing.
- 144.5 In response to a question from Councillor Randall about the difference between 'empty dwellings' and 'long term empty properties' the Chairman confirmed that officers would provide a written response after the meeting.
- 144.6 The Chairman advised that the council had an excellent collection team and was always mindful of the need for debt prevention measures; for example, the housing team engaged with tenants early to prevent further rent arrears and avoid debt.
- 144.7 **RESOLVED** - That, having considered the information and the reasons set out in the report, the Cabinet accepted the following recommendations:
- (1) That the report for the calculation of the council's tax base for the year 2011/12 be approved.
 - (2) That the Collection Rate be increased by 0.4% to 98.5% generating a net saving of £231,000 in 2011/12 after a budget allocation of £137,000 is made to create a new Debt Prevention Team and £120,000 to cover a reduction in court costs income following the success of an early payment and direct debit campaign with fewer people being taken to court to recover arrears.

- (3) That, in accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992, the amounts calculated by Brighton & Hove City Council as its council tax base for the year 2011/12 be as follows:-
- (a) For Brighton and Hove whole – 94,897.89 (as detailed in appendix 1)
 - (b) For the Royal Crescent Enclosure Committee – 30.40 (as detailed in appendix 2)
 - (c) For the Hanover Crescent Enclosure Committee – 39.59 (as detailed in appendix 3)
 - (d) For the Marine Square Enclosure Committee – 78.37 (as detailed in appendix 4)
 - (e) For the Parish of Rottingdean – 1,540.33 (as detailed in appendix 5)
- (4) That, 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 be its special expenses.

145. RESPONSE TO THE REPORT OF THE SCRUTINY REVIEW ON THE SOCIETAL IMPACT OF THE IN-YEAR GRANT REDUCTIONS

- 146.1 The Cabinet considered a report of the Director of Finance responding to the recommendations of the scrutiny panel on 'The Societal Impact of the In-Year Grant Reductions'.
- 146.2 The Chairman invited Councillor Watkins, Chairman of the scrutiny panel, to present the panel's report.
- 146.3 Councillor Watkins advised that the review had taken place quickly to ensure that recommendations could be put forward in good time and that a significant amount of good practice had been identified. The panel had highlighted the impact of announcements about cuts and closures and advised that more consideration could be given to such matters in future to avoid raising concerns across the city unnecessarily.
- Councillor Watkins stated that he hoped the panel's recommendations would be incorporated into the forthcoming budget and thanked the members of the panel and the officers who gave evidence for their positive approach.
- 146.4 Councillor Mitchell, who was a member of the scrutiny panel, thanked the Cabinet for accepting the panel's recommendations and requested that they be mindful that it had been harder to look in detail at areas where parts of the services had been contracted out to a private provider.
- 146.5 The Chairman thanked Councillor Watkins and the members of the panel for a valuable scrutiny review. She added that the review indicated that it could be helpful to review the role of partners in the scrutiny process.

146.6 Councillor Randall commented that uncertainty about the future continued to cause concern in the voluntary sector.

146.7 **RESOLVED** - That, having considered the information and the reasons set out in the report, the Cabinet accepted the following recommendations:

- (1) That the evidence, findings and recommendations of the Scrutiny Panel on 'The Societal Impact of the In-Year Grant Reductions' (see Appendix 2) be noted.
- (2) That the actions and comments summarised in Appendix 1 to the report, in response to the Panel's recommendations, be agreed.

146. NATIONAL NON-DOMESTIC RATES DISCRETIONARY RATE RELIEF

146.1 The Cabinet considered a report of the Strategic Director, Resources concerning the new National Non-Domestic Rates (NNDR) charitable and not-for-profit rate relief policy.

146.2 In response to a query from Councillor Randall in relation to the effect of the withdrawal of Local Authority Business Growth Incentives (LAGBI) funding, the Director of Finance confirmed that, subject to Full Council approval, it was hoped that the loss of the LAGBI funding would be maintained through the budget.

146.3 **RESOLVED** - That, having considered the information and the reasons set out in the report, the Cabinet accepted the following recommendations:

- (1) That the new NNDR charitable and not-for-profit rate relief policy be endorsed with immediate effect.

147. TRANSFER OF LEARNING DISABILITY PROPERTIES

147.1 The Cabinet considered a report of the Director of Adult Social Services and Leader Commissioner, People concerning the transfer of five properties currently used for the provision of Learning Disability Services from the Primary Care Trust (PCT) to the council.

147.2 In response to a number of queries from Councillor Mitchell the Chairman confirmed that she had required a number of assurances prior to allowing the report to come before the Cabinet, including confirmation of the council's ability to deal with the properties as necessary in order to provide the best service, assurance in relation to the funds available for carrying out maintenance and that the agreement with the PCT will be referred to the GP consortium once established.

147.3 Councillor Randall stated that he was supportive of the principles driving the proposals.

147.4 **RESOLVED** - That, having considered the information and the reasons set out in the report, the Cabinet accepted the following recommendations:

- (1) That transfer of the 5 properties currently used for the provision of Learning Disability Services from the PCT to the council, to be funded by way of a grant

mechanism, be accepted and authority be given for the completion of the required legal agreements.

148. AFFILIATIONS 2011/12

- 148.1 The Cabinet considered a report of the Strategic Director, Resources seeking approval for the council to affiliate to certain organisations during 2011-12.
- 148.2 The Chairman confirmed that it was necessary to give 12 months notice of the council's intention to withdraw from the Local Government Association (LGA) and that, given the significant cost of affiliation, consideration would be given to the benefits of membership during the notice period.
- 148.3 Councillor Mitchell advised that she could not support affiliation to the LGA at the current cost of subscription, but that it remained necessary for local authorities to have a collective voice so the actions of councils across the country would be key to determining the approach in the future. She also welcomed withdrawal from the SESL and continued affiliation to the United Nations Association.
- 148.4 Councillor Randall welcomed the decision to review the value of LGA affiliation, but agreed that there was a need for local authorities to be able to lobby the Government.
- 148.5 The Chairman explained value for money was the key consideration; all types of spending had to be reviewed in order to ensure protection for frontline services.
- 148.6 **RESOLVED** - That, having considered the information and the reasons set out in the report, the Cabinet accepted the following recommendations:
- (1) That the council to affiliates to the following organisations during 2011/12:
 1. The Local Government Association (LGA)
 2. The South East Strategic Leaders (SESL)
 3. The United Nations Association
 - (2) That in regard to the affiliations to the LGA and SESL, officers be requested to write to each organisation giving the Council's notice of its intention to cease affiliation to them with effect from their respective renewal dates in 2012.

PART TWO SUMMARY

149. PART TWO MINUTES OF THE PREVIOUS MEETING

149.1 **RESOLVED** - That the Part Two minutes of the meeting held on 9 December 2010 be approved as a correct record.

150. PART TWO ITEMS

150.1 **RESOLVED** – That item 149, contained in Part Two of the agenda, remains exempt from disclosure to the press and public.

The meeting concluded at 5.15pm

Signed

Chairman

Dated this

day of