





Brighton & Hove
City Council

Policy, Resources & Growth Committee

Title:	Policy, Resources & Growth Committee
Date:	23 March 2017
Time:	4.00pm
Venue	Council Chamber, Hove Town Hall, Norton Road, Hove, BN3 3BQ
Members:	Councillors: Morgan (Chair), Hamilton (Deputy Chair), G Theobald (Opposition Spokesperson), Mac Cafferty (Group Spokesperson), Janio, Mitchell, A Norman, Meadows, Sykes and Wealls
Contact:	Ross Keatley Democratic Services Manager 01273 291064 ross.keatley@brighton-hove.gov.uk

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Democratic Services: Policy, Resources & Growth Committee

Monitoring Officer	Councillor Morgan Chair	Chief Executive	Democratic Services Manager
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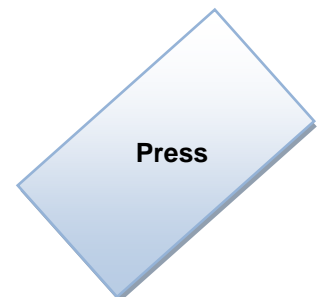
Exec. Director Finance & Resources
Exec. Director Economy, Environment & Culture
Exec. Director Neighbourhoods, Communities & Housing
Exec. Director Families, Children & Learning
Exec. Director Adult Care & Health

Councillor Hamilton Deputy Chair
Councillor Mitchell
Councillor Meadows

Councillor A. Norman
Councillor G. Theobald Opposition Spokesperson
Councillor Wealls
Councillor Janio
Councillor Mac Cafferty Group Spokesperson
Councillor Sykes



Public Speaker	Councillor Speaking
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Public Seating



Public Seating



AGENDA

PROCEDURAL MATTERS

132 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;
- (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.

133 MINUTES

1 - 20

To consider the minutes of the meeting held on 9 February 2017 (copy attached).

Contact Officer: Ross Keatley

Tel: 01273 291064

POLICY, RESOURCES & GROWTH COMMITTEE

134 CHAIR'S COMMUNICATIONS

135 CALL OVER

- (a) Items 138 – 150 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

136 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 as notified for presentation at the meeting by the due of 9 March 2017;
- (b) **Written Questions:** to receive any questions submitted by the due date of 12 noon on the 16 March 2017;
- (c) **Deputations:** to receive any deputations submitted by the due date of 12 noon on the 16 March 2017.

137 MEMBER INVOLVEMENT

21 - 22

To consider the following matters raised by councillors:

- (c) **Letters:** to consider any letters;

Councillor Mac Cafferty – Business Rates (copy attached).

FINANCIAL MATTERS

138 TREASURY MANAGEMENT POLICY STATEMENT 2017/18

23 - 38

Report of the Executive Director for Finance & Resources (copy attached).

Contact Officer: James Hengeveld

Tel: 01273 291242

Ward Affected: All Wards

139 ANNUAL INVESTMENT STRATEGY 2017/18

39 - 56

Report of the Executive Director for Finance & Resources (copy attached).

Contact Officer: James Hengeveld

Tel: 01273 291242

Ward Affected: All Wards

POLICY, RESOURCES & GROWTH COMMITTEE

- 140 2017/18 LOCAL TRANSPORT PLAN CAPITAL PROGRAMME** **57 - 70**
- Report of the Executive Director for Economy, Environment & Culture (copy attached) together with an extract from the proceedings of the Environment, Transport & Sustainability Committee meeting held on 14 March 2017 (to follow).
- Contact Officer: Andrew Renaut* *Tel: 01273 292477*
Ward Affected: All Wards
- 141 EDUCATION CAPITAL RESOURCES AND CAPITAL INVESTMENT PROGRAMME 2016/2017** **71 - 90**
- Report of the Executive Director for Families, Children & Learning together with an extract from the proceedings of the Children, Young People & Skills Committee meeting held on 6 March 2017 (copies attached).
- Contact Officer: Richard Barker* *Tel: 01273 290732*
Ward Affected: All Wards
- 142 PLANNED MAINTENANCE BUDGET ALLOCATION 2017-18 AND PROGRAMME OF WORKS FOR THE COUNCIL'S OPERATIONAL BUILDINGS** **91 - 100**
- Report of the Executive Director for Environment, Development & Culture (copy attached).
- Contact Officer: Angela Dymott, Martin Hilson* *Tel: 01273 291450*
Tel: 01273 291452
Ward Affected: All Wards
- 143 PAY POLICY STATEMENT 2017/18** **101 - 112**
- Report of the Executive for Finance & Resources (copy attached).
- Contact Officer: Matt Naish* *Tel: 01273 295088*
Ward Affected: All Wards
- 144 ESTABLISHMENT OF BRIGHTON AND HOVE COMMUNITY FUND** **113 - 134**
- Report of the Executive Director for Neighbourhoods, Communities & Housing (copy attached) together with an extract from the proceedings of the Neighbourhoods, Communities & Equalities Committee meeting held on 13 March 2017 (to follow).
- Contact Officer: Emma McDermott* *Tel: 01273 296805*
Ward Affected: All Wards

POLICY, RESOURCES & GROWTH COMMITTEE

CONTRACTUAL MATTERS

145 BRIGHTON AND HOVE CITY COUNCIL ROUGH SLEEPERS SOCIAL IMPACT BOND 135 - 162

Report of the Executive Director for Adult Social Care & Health (copy attached).

Contact Officer: Sue Forrest

Tel: 01273 292960

Ward Affected: All Wards

GENERAL MATTERS

146 UPDATE TO THE SCHEME OF DELEGATION 163 - 166

Joint report of the Executive Director for Families, Children & Learning and Executive Lead Officer for Strategy, Governance & Law (copy attached).

Contact Officer: Steve Foster

Tel: 01273 291646

Ward Affected: All Wards

STRATEGIC & POLICY MATTERS

147 PROPOSAL TO CREATE A NEW ECONOMIC STRATEGY FOR BRIGHTON & HOVE 167 - 180

Report of the Executive Director for Economy, Environment & Culture (copy attached).

*Contact Officer: Cheryl Finella,
Elizabeth Cadman*

Tel: 01273 291095

Tel: 01273 291094

Ward Affected: All Wards

REGENERATION & PROPERTY MATTERS

148 BRIGHTON TOWN HALL: CITY HALL AND CIVIC OFFICE PROPOSALS 181 - 196

Report of the Executive Director for Economy, Environment & Culture (copy attached).

Contact Officer: Angela Dymott

Tel: 01273 291450

Ward Affected: All Wards

149 ASSET MANAGEMENT FUND 2017/18 197 - 206

Report of the Executive Director for Economy, Environment & Culture (copy attached).

Contact Officer: Angela Dymott

Tel: 01273 291450

Ward Affected: All Wards

POLICY, RESOURCES & GROWTH COMMITTEE

150 CIRCUS STREET REDEVELOPMENT

207 - 218

Report of the Executive Director for Economy, Environment & Culture (copy attached).

Contact Officer: Alan Buck

Tel: 01273 292287

Ward Affected: Queen's Park

151 ITEMS REFERRED FOR COUNCIL

To consider items to be submitted to the 6 April 2017 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 27 March 2017 (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

REGENERATION & PROPERTY MATTERS

152 CIRCUS STREET REDEVELOPMENT - EXEMPT CATEGORY 3

219 - 222

Part Two report of the Executive Director for Economy, Environment & Culture linked to Item 150 on the main agenda (circulated to Members only).

Contact Officer: Alan Buck

Tel: 01273 292287

Ward Affected: Queen's Park

PROCEDURAL MATTERS

153 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.

POLICY, RESOURCES & GROWTH COMMITTEE

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.

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For further details and general enquiries about this meeting contact Ross Keatley, (01273 291064, email ross.keatley@brighton-hove.gov.uk) or email democratic.services@brighton-hove.gov.uk

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Date of Publication - Wednesday, 15 March 2017

BRIGHTON & HOVE CITY COUNCIL

POLICY, RESOURCES & GROWTH COMMITTEE

4.00pm 9 FEBRUARY 2017

COUNCIL CHAMBER, HOVE TOWN HALL, NORTON ROAD, HOVE, BN3 3BQ

MINUTES

Present: Councillors Morgan (Chair), Hamilton (Deputy Chair), G Theobald (Opposition Spokesperson), Mac Cafferty (Group Spokesperson), Chapman, Janio, Mitchell, A Norman, Sykes and Wealls

PART ONE

116 PROCEDURAL BUSINESS

(a) Declarations of Substitutes

116.1 Councillor Chapman was present in substitution for Councillor Meadows.

(b) Declarations of Interest

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

(c) Exclusion of Press and Public

116.3 There were no Part Two items listed on the agenda.

117 MINUTES

117.1 The Democratic Services Manager referenced paragraphs 101.22 and 101.23, and noted that these paragraphs should be combined and the words 'The Chair noted there were no further matters listed under Public Involvement' deleted.

117.1 **RESOLVED** – That, with the above changes, the Chair be authorised to sign the minutes of the previous meeting held on 19 January 2017 as a correct report.

118 CHAIR'S COMMUNICATIONS

118.1 The Chair noted some reordering of the agenda to take account of the public questions that related to items on the agenda.

119 CALL OVER

119.1 The following items were called for discussion:

- Item 122 – Brighton & Hove Youth Services 2017/18 – Some Further Information
- Item 123 – General Fund Revenue Budget & Council Tax 2017/18
- Item 124 – Capital Resources and Capital Investment Programme 2017/18
- Item 125 – Housing Revenue Account Budget and Investment Programme 2017/18 and Medium Term Financial Strategy
- Item 126 – Targetted Budget Management (TBM) Month 9
- Item 127 – Saltdean Lido Restoration Project
- Item 129 – Review of Constitution
- Item 130 – Proposal to Discontinue Support for the Older People’s Council (OPC)

119.2 The Democratic Services Manager confirmed that the items listed above had been reserved for discussion, and that the following reports of the agenda, with the recommendations therein had been agreed and adopted:

- Item 128 – Orbis Public Law – Update on Proposals for the Establishment of a Shared Legal Service

120 PUBLIC INVOLVEMENT

(a) Petitions

120.1 The Chair noted that the petition referred from Council in relation to the ‘Don’t Cut the Youth Service Funding’ would be considered together with Item 122 – Brighton & Hove Youth Services 2017/18 – Some Further Information.

(b) Written Questions

120.2 The Chair noted there were seven public questions; he asked Lynne Shields to put her question to the Committee.

120.3 Lynne Shields asked: “Please can you inform us how the recommendations of the Fairness Commission are being implemented and what resources are being allocated to ensure that Brighton and Hove is fully accessible by 2020?”

120.4 The Chair replied: ““The Local Authority supports an age friendly city approach to improve the quality of life to improve the quality of life in the city and make the city in which to age. Brighton and Hove Age Friendly City Programme is led by public health in partnership with older people’s organisations. The programme uses the WHO framework to identify how to make the city accessible to and inclusive of older people. Information on what is happening in the city is discussed at quarterly workshops and age friendly approaches and solutions are identified and implemented where possible. Recent topics have included mental health, physical activity, falls prevention, sex and relationships.

“A key priority is to challenge the stigma around aging by presenting a positive profile of older people, their assets, issues and concerns. The programme is led by public

health and is overseen by an Age Friendly City Steering Group with representatives from the public and voluntary sectors and older people. There is no specific budget however Public Health supports that work. This approach is supported by a wide range of key agencies and service providers across the city as well as the older people's engagement forums including the age friendly city forum via Age UK. We've gathered a wide range of information and are discussing our findings with policy makers and service providers to identify new approaches and solutions to help reshape the city's urban environment and services in line with age friendly approaches and principles. I've been given a full briefing on services to date which I will arrange to send to you following the committee."

- 120.5 By way of a supplementary question Lynne Shields asked: "I understand there were 127 recommendations made and that the council has decided an order in which the recommendations will be dealt with. 15 have been identified initially and I think in the report it was actually identified as the first tranche. Is there a timescale built in to when you want to achieve these tranches to move forward?"
- 120.6 The Chair replied: "I would have to ask Councillor Emma Daniel to pick that up either at one of the Neighbourhood, Communities and Equalities committee meetings or directly to you in writing."
- 120.7 The Chair asked John Cook to put his question to the Committee.
- 120.8 John Cook asked: "Please can we be given an assurance that every effort will be made for Tower House to continue as a public asset for all the people in Brighton and Hove and can the public be given an update on discussions with the interested voluntary sector provider?"
- 120.9 The Chair replied: "Since Health and Adult Social Services have stopped providing a day centre service from this building the department has had no further involvement in its future use. Property services are now engaged with the interested voluntary sector provider about its future use."
- 120.10 By way of a supplementary question John Cook asked: "Will the council agree with me that without a community there'd be no politics?"
- 120.11 The Chair replied. "It's a very broad and slightly rhetorical question but that you for coming today and posing it to us"
- 120.12 The Chair asked Colin Vincent to put his question to the Committee.
- 120.13 Colin Vincent asked: "Please can you explain how cutting finances to the adult social care, dementia and adult mental health facilities can possibly be acceptable particularly in relation to the 38,000 older people who reside in Brighton and Hove and in particular having regard to their effects on their welfare and health during this particular situation with all that's happening in the health services locally?"
- 120.14 The Chair replied: "The £4.71 million cuts over the next four years relates to the community care budget meeting all client groups. The direction of travel for our assessment services over the next four years is to focus on prevention, effective

information and signposting, and making the best use of community assets. It's essential that we continue to protect our most vulnerable citizens and this budget has received significant service pressure funding in recognition of this. The saving associated with both Island Lodge and Wayfield Avenue are proposed through a refocusing of these services. Both provide vital short term services in the city for people with dementia and mental health needs and are jointly commissioned with the CCG but are in need of review. The services have changed over recent years as demand and complexity has grown and the commissioning arrangements need to reflect this. The social care precept will be used to ensure providers of social care services are in a position to pay the living way and stabilise the market."

- 120.15 By way of a supplementary question Colin Vincent asked: "Could the council identify how much of the £4.7million cuts in social services affect those services provided directly or indirectly by the council which will impact on the delayed discharge situation at Brighton and Hove and Sussex Acute Hospital?"
- 120.16 The Chair replied. "I'd certainly be happy to have that information sent to you as soon as possible from officers."
- 120.17 The Chair asked Nick Goslett to put his question to the Committee.
- 120.18 Nick Goslett asked: "Please can you explain why no equality impact assessment was undertaken prior to the proposal to cut community transport's grant by £82,000 and why a service valued by older women in this city has been subject to such a swingeing 65% cut with no prior consideration of its impact on these users?"
- 120.19 The Chair replied: "Adult Social Care currently provides funding to community transport to subsidise the door to door shopping service named Easy Link. This is an historical arrangement which previously sat within the sustainable transport budget before being moved to Adult Social Care. The current contract ends on the 30 June 2017. An equality impact assessment was completed and this has since been updated ahead of budget council. When completing the EIA the needs of Adult Social Care clients have been taken into account which would include elderly and disabled people. At present there is work being undertaken with bus operators on increasing access to the commercial and supported bus network with accessible bus stops, talking bus stops, the helping hand scheme and discounts for carers traveling with and without those they care for. We also have good access to accessible licensed taxis within the city and when evidencing how we as a council meet our duties it is important that we look at all the different services we provide work on and not just the provision of one specific service. The council is also currently working with the CCG and University of Brighton to explore the potential for different models of transport services in the city that can support a range of vulnerable people in the future. The council also continues to commission a range of services across the city to reduce social isolation."
- 120.20 By way of a supplementary question Nick Goslett asked: "What consultation was made with Community Transport prior to this proposal?"
- 120.21 The Chair replied. "I will ask officers to provide a full response to you in writing following the meeting"

120.22 The Chair noted that the remaining three public questions would be taken together with the items on the agenda that they related to.

120.23 The Chair noted there were no further items listed under Public Involvement.

121 MEMBER INVOLVEMENT

121.1 The Chair noted there was one Notice of Motion referred from Council on 26 January 2017 in relation to 'Making Vacant Council Buildings Available for Use as Homeless Shelters'.

121.2 **RESOLVED** – That the Committee requests a report be brought to the next meeting of the Committee, addressing the points specifically raised in the Notice of Motion.

121.3 The Chair noted there were no further items listed under Member Involvement.

122 BRIGHTON & HOVE YOUTH SERVICES 2017/18 – SOME FURTHER INFORMATION

122.1 The Chair noted there were two public questions that related to this' he asked Seb Royle to put his question to the Committee.

122.2 Seb Royle asked: "Since you made your decision to cut funding for youth services in the city in late 2016 there has been a consultation created and released for young people to provide their views on the impact of the cuts on our community; how can the people of Brighton and Hove expect that the results of the consultation will be properly taken into account when the decision had clearly been already made month without any prior consultation at all?"

122.2 The Chair replied: "Firstly I would like to point out that no final decision has been made about future funding for the youth service. A proposal was presented to the Policy, Resources and Growth Committee in December 2016. Following this there has been a lot of activity by young people who very clearly expressed their opposition to the proposal. This has included demonstrations, questions at various committees and a petition presented at recent meeting of full council. The latter petition has led to a paper which is being considered at committee today. You may also be aware that the proposed savings to the youth service have now been reduced, this is because we have listened to the views that you and other young people across the city have expressed. Given the large savings the council has to make across all budgets we unfortunately cannot provide services in the way we have previously. I have written directly to the Prime Minister yesterday asking yet again for urgent action to meet the pressures on funding in local government. In relation to the current consultation process I welcome the fact that young people across the city have been engaging with this. There is a short time scale between the closure of the consultation process and the meeting of budget council and council officers will work hard in order to ensure that an analysis of the responses can be quickly shared with all members so that any decision made at budget council is properly informed."

122.3 By way of a supplementary question Seb Royle asked: "Given the clearly illegitimate nature of the consultation and the highly questionable manor in which the decision to

cut youth services has been made will the council postpone making any cut to youth service until a proper and legal consultation has taken place or will this consultation have to be challenged in court?"

- 122.4 The Chair replied. "We will consider the points you've made but the decision will be made at budget council on the 23 February."
- 122.5 The Chair asked Boudicca Pepper to put her question to the Committee.
- 122.6 Boudicca Pepper asked: "You tell us that these cuts are incredibly difficult decisions but they must come from somewhere meanwhile council offices get an £11 million refurbishment and the mayor debates whether to cut youth services wearing a gold necklace around his neck. Many will suggest that this illustrates how the cuts are affecting some members of our community more than others. Would you agree that the burden of these cuts you must make should fall evenly on to everyone in the community and not disproportionately affect those of us already struggling?"
- 122.7 The Chair replied: "Sales of assets can't support annual service costs the way that the council spends money is complex with restrictions around how money can be raised and spent. I hope you are able to stay for the remainder of this committee where this will be laid out in more detail. The mayor fulfils a civic duty and the support provided to organisations across the city is much appreciated and in some cases generates additional funding for the city. The refurbishment of Hove Town Hall was required due to the previous problems with its infrastructure. The funding for it is being obtained by selling off other council buildings such as Kings House and moving from Kings House to Hove Town Hall will save £2 million a year thus preventing further cuts. The sale of council assets help the council to make investments elsewhere but cannot be used to support year on year revenue costs such as running a youth service.

As you'll see from the proposed budget papers there are savings proposals across all areas of the council including a proposal as we have heard that will be discussed in the next item in relation to the older people's council. Please be reassured that all aspects of council services have had to make very hard choices about where to make future savings."

- 122.8 By way of a supplementary question Boudicca Pepper asked: "It's fantastic that you agree that the burden of cuts should not fall heavily on the most disadvantaged members of our community. As part of this commitment to ensuring that the burden of cuts are fairly and evenly shared by the community; will you commit to a review of the executive pay in Brighton & Hove City Council to ensure that no members of the community are given preferential treatment as these vicious cuts are made?"
- 122.9 The Chair replied. "Executive pay was reviewed and reduced during the last administration and there are no plans to undertake that again. I would remind you that youth services savings have been reduced to £700,000 we are looking at further transitional funding and external help being brought in but we will still be spending around £2 million of services for young people as set out in our budget report."
- 122.10 The Committee considered a report of the Executive Director for Families, Children & Learning in relation to Brighton & Hove Youth Services 2017/18 – Some Further

Information. At the Council meeting on 26 January 2017 an amendment was proposed by the Conservative Group and passed by Members. This amendment was to request a report to be brought to the next Policy, Resources & Growth Committee detailing the following in regards to the proposed reductions in youth service funding: service descriptions and client reach which could be provided at a range of funding levels; descriptions and impact assessments of expenditure reductions which were considered as an alternative to the proposed cut and an impact assessment of the funding reduction on the services themselves, and their clients and the increased pressures on other budgets and services should the proposed cut be implemented.

- 122.11 In response to a series of questions from Councillor Mac Cafferty the following responses were provided. The figures on usage of the service showed regulatory of use, and this was consistent with how this had historically been reported; however, assurance was given that infrequent users were still very much part of considerations. Whatever budget decisions were made the Council would continue to prioritise work for individuals that met protected characteristics, in the past additional funds had been put into youth services as individuals that fell into the protected groups had not been as well represented. It was acknowledged that supporting young people in care was expensive, and there was no clear link the work of the youth service prevented children going into care; to reduce pressure on the care system services had been identifying people on the 'edge of care' and working to prevent them entering the care system. The consultation process finished Sunday and it was intended that some analysis of the data would be undertaken by Wednesday 15 February in preparation for Budget Council.
- 122.12 In response to a series of questions from Councillor Wealls the following responses were provided. In relation to the consultation it was vital that the responses were carefully considered to ensure they helped form and shape future service provision. Over 1000 responses had already been received, and the question had been devised with young people, the voluntary sector and the in-house teams. Paper copies had been made available when required, and the in-house teams had entered these as part of the consultation. Ten focus groups had been held, especially with the protected groups, and there had been the opportunity for non-service users that were affected, such as adults and carers, to feed into the consultation.
- 122.13 In response to Councillor Sykes it was explained that it was very difficult to undertake a detailed analysis of the potential equalities impacts; the associated EIA had sought to recognise that there would be an impact, and the Council would ensure that mechanisms were put in place to continue dialogue with protected groups. The EIAs across the wider budget also went some way to ensuring that consideration was made of the cumulative impact of the budget savings.
- 122.14 Councillor Chapman thanked Officers for producing the report so quickly, and noted that whatever budget decisions were made would affect people in the city. There would still be youth service provision, and this type of reduction followed a national trend; the Administration would work with Officers to ensure that the redesign was right for the city.

- 122.15 Councillor Janio noted that he had listened to the debate, but felt the proposals were damaging to voluntary services in the city, he noted that the Administration still had time to reallocate funds to protect the service in the budget.
- 122.16 The Chair responded to Councillor Janio and noted that the level of budget savings were a direct result of decisions made by Central Government, and he noted that many local authorities across the country were finding themselves in a similar position.
- 122.17 Councillor Mitchell noted that the decision to move more of the youth service put of the local authority should have been some years back, before they had formed the administration.
- 122.18 The Chair then put the recommendations to the vote.
- 122.18 **RESOLVED** - That Committee note the content of this report as part of their considerations of the 17/18 budget setting process.

123 GENERAL FUND REVENUE BUDGET & COUNCIL TAX 2017/18

- 123.1 The Committee considered a report of the Executive Director for Finance & Resources in relation to General Fund Revenue Budget & Council Tax 2017/18. The report set out the final proposals for the General Fund Revenue Budget and Council Tax for 2017/18 together with the Service & Financial Plans up to 2019/20. The increase in the council tax level was based on the minority Administration's council tax proposal of 1.99% together with a further 3% increase in respect of the Adult Social Care precept. The report incorporated previous decisions made by the Committee on the council tax base and business rates tax base, and by full Council on the Council Tax Reduction Scheme.
- 123.2 The Chair noted the amendment proposed by the Environment, Transport & Sustainability Committee to the fees and charges that fell within the Committee's remit. He noted that as the proposed amendment related to very minor sum of money, it could be accepted.
- 123.3 In response to a series of questions from Councillor Sykes the following responses were provided. A line by line analysis of budgets had been undertaken since December to reduce the budget savings required by the Youth Services; the figures of £105K related to a number of savings that had been found in other arrears such as back office costs, extra income and amalgamations of some small matters. In relation to Major Projects a service redesign was being undertaken, but this would not impact on the delivery of the various major regeneration programmes in the city. Further savings in the Housing Department were being identified by looking at efficiency savings in contracts. Further savings had been identified in Revenues & Benefits through work to digitalise areas of the service – historically this department had proved to be effective in delivering savings. In relation to contract management an additional £200K of corporate resources had been identified, and the Audit & Standards Committee had identified the need for the organisation to build greater commercial skill in this area to lead to greater efficiencies.

- 123.4 In response to a series of question from Councillor G. Theobald the following responses were provided. The increase in Council Tax was a function of two areas, an increase in the rate, and an increase in the number of properties projected for collection. The funding for schools in the city was purely formula driven. Opting for the 3% precept for adult social care would help the Council to met the budget gap; it was acknowledged that there might eventually be a tipping points for residents in relation to increases; however, collection rate had largely remained the same year on year. There was significant investment going into adult social care to help meet the £6.3M budget, and the precept would be demonstrated that the precept funds would be used to do this.
- 123.5 In response to further questions from Councillor G. Theobald the following responses were provided. In relation to the modernisation fund it was highlighted that not all the fund had been allocated. The corporate rate of inflation was set at 2%, but this took account of a range of factors and averaged out at around this figure. Officers had undertaken work with the city's sports clubs to deliver the savings required in the parks and open spaces strategy. Councillor Hamilton noted that there were no fee increases proposed for sports clubs.
- 123.6 It was agreed that a response would be sent to Councillor Wealls in relation to the No. 37 bus service.
- 123.7 In response to a series of questions from Councillor Mac Cafferty the following responses were provided. Officers were of the view that services in relation to substance misuse reduction could still be delivered through the current contract and the deliver the savings required, whilst preventing people representing. In relation to front desk customers services the general approach was a channel shift to more self-service online, in terms of working with staff there was a training and development programme; Councillor Mac Cafferty asked Officers to carefully consider how this was carried out to take account of digital isolation in the city.
- 123.8 It was agreed that responses would be sent after the meeting to Councillor Mac Cafferty's questions in relation to sexual health services and the Citizen's Advice Bureau.
- 123.9 It was agreed that further information would be sent to Councillors Janio after the meeting in relation to the numbers of employees in the organisation that gave the detail missing from the raw FTE figure.
- 123.10 Councillor Sykes stated that the budget was unnecessary and damaging, he noted that whilst there were no easy options to Green Groups were engaging with Officers to see what amendments that could put forward to rebalance some of the emphasis in the budget.
- 123.11 Councillor Hamilton highlighted the advantages taking accepting greater rises in early years, and noted that this ability could be removed in years to come. He noted that many of the proposals were challenging.

123.12 Councillor Mitchell noted that there was no planned increase in any fees and charges for sports clubs whilst changes to the services were being discussed. She also noted that the rate of inflation for parking was 2%, at the corporate rate of inflation.

123.13 The Chair highlighted that a recent survey had suggested 94% of local authorities were planning to increase council tax this year, and 4/5 were likely or very likely to take up all or some of the adult social care precept.

123.14 The Chair then put the recommendations to the vote. These were carried with 4 in support and 6 abstentions.

123.15 **RESOLVED TO RECOMMEND:**

- 1) That Council agree the Administration's proposed Council Tax increase in the Brighton & Hove element of the council tax, comprising:
 - a) A general Council Tax increase of 1.99%;
 - b) An Adult Social Care precept increase of 3.00%;
 - c) The Council's net General Fund budget requirement for 2017/18 of £203.590m;
 - d) The 2017/18 budget allocations to services as set out in Appendix 1 incorporating 2017/18 savings proposals contained in the 4-Year Integrated Service & Financial Plans;
 - e) The reserves allocations as set out in paragraph 3.26 and table 2;
 - f) The Prudential Indicators as set out in Appendix 8 to this report.
 - g) That disabled bay application fees and individual bays be frozen at current rates.
- 2) That Council note the Equalities Impact Assessments to cover all budget options and their cumulative effect are set out in Appendices 9 and 10.
- 3) That Council approves the authorised borrowing limit for the year commencing 1 April 2017 of £419m.
- 4) That Council approves the annual Minimum Revenue Provision statement as set out in Appendix 7.
- 5) That Council notes the 4-Year Integrated Service & Financial Plans and associated Budget Strategies including savings proposals for later years up to and including 2019/20 at appendix 6.

- 6) That Council approves the strategy for funding the investment in change and flexible use of capital receipts set out in paragraphs 3.63 to 3.66.
- 7) That Council note that supplementary information needed to set the overall council tax will be provided for the budget setting Council as listed in paragraph 4.3.

123.16 **RESOLVED** – That the Committee agrees that officers be authorised to make any necessary technical, presentational or consequential amendments to this report before submission to full Council.

124 CAPITAL RESOURCES AND CAPITAL INVESTMENT PROGRAMME 2017/18

124.1 The Committee considered a report of the Executive Director for Finance & Resources in relation to Capital Resources and Capital Investment Programme 2017/18. The purpose of the report was to inform the Committee of the level of available capital resources in 2017/18 to enable it to propose a Capital Investment Programme for 2017/18 to Budget Council. The capital programme set in the context of the Medium Term Financial Strategy included alongside the General Fund Revenue Budget and Council Tax report elsewhere on this agenda. The proposed programme results in £148.9m investment in Council services next year.

124.2 In response to a series of questions from Councillor Sykes the following responses were given. The Better Care Fund included an element for disabled facilities grants which would be subject to consideration by the Health & Wellbeing Board. The borrowing for Saltdean Lido would be part of the 2018/19 budget. It was agreed that further information on major projects could be circulated to the Committee after the meeting.

124.3 It was agreed that that further information in relation to ‘tackling inequalities’ in housing would be sent to the Committee after the meeting in response to Councillor Wealls question.

124.4 Councillor Janio highlighted that the majority of the capital investment in the city was in Brighton, and made a plea for more Hove related investment in future years.

124.5 The Chair then put the recommendations to the vote; these were carried with 4 in support and 6 abstentions.

124.6 **RESOLVED TO RECOMMEND** – That Council agree:

- 1) The Capital Investment Programme for 2017/18 in appendix 1.
- 2) To note the estimated capital resources in future years as detailed in appendix 1.
- 3) To allocate £0.25m resources in 2017/18 for the Strategic Investment Fund for the purposes set out in paragraph 3.23.
- 4) To note the £2.0m allocation for the Digital First Scheme.

- 5) To allocate £1.0m for the Asset Management Fund.
- 6) The proposed use of council borrowing as set out in paragraph 3.40 and appendix 3.
- 7) To note the use of capital receipts to fund investment in change as part of the governments Flexible Use of Capital Receipts strategy set out in paragraphs 3.26 and recommended in the General Fund Revenue Budget and Council Tax 2017/18 report.

125 HOUSING REVENUE ACCOUNT BUDGET AND INVESTMENT PROGRAMME 2017/18 AND MEDIUM TERM FINANCIAL STRATEGY

- 125.1 The Committee considered a report of the executive Director for Finance & Resources in relation to Housing Revenue Account Budget and Investment Programme 2017/18 and Medium Term Financial Strategy. The report presented the proposed Housing Revenue Account (HRA) revenue and capital budget for 2017/18 as required by the Local Government and Housing Act 1989. Members were required to consider the revenue budget proposals including savings and service pressures as well as changes to rents, fees and charges and also the capital programme. The report also set out the Medium Term Financial Strategy and 30 year financial forecast.
- 125.2 The Chair then put the recommendation to the vote. These were carried with 6 in support and 4 abstentions.
- 125.3 **RESOLVED TO RECOMMEND** – That Council approves the updated HRA revenue budget for 2017/18 as shown in Appendix 1;
- 125.4 **RESOLVED** – That the Committee:
- 1) Approves a rent reduction of 1% in line with government legislation as detailed in paragraph 3.7;
 - 2) Approves service charges and fees as detailed in Appendix 2.
 - 3) approves the capital programme expenditure and financing budget of £39.854 million for 2017/18 and notes the 3 year programme as set out in Appendix 3;
 - 4) Notes the Medium Term Financial Strategy and 30 year financial projections shown in Appendix 4.
 - 5) Note that Appendix 1 ‘HRA Forecast Outturn 2017/18 & Revenue Budget 2017/18’ has been updated since being reported to Housing and New Homes Committee to include an up to date month 9 forecast for 2016/17 (updated from month 7). Also, a further service pressure of £0.045m has been added as explained in paragraph 3.4.

126 TARGETTED BUDGET MANAGEMENT (TBM) MONTH 9

- 126.1 The Committee considered a report of the Executive Director for Finance & Resources in relation to Targetted Budget Management (TBM) Month 9. The Targetted Budget

Monitoring (TBM) report was a key component of the Council's overall performance monitoring and control framework. The report set out an indication of forecast risks as at Month 9 (December) on the Council's revenue and capital budgets for the financial year 2016/17.

- 126.2 In response to questions from Councillor Wealls the following responses were provided. There had been a spike in the level of agency social care provision, though there were currently no agency staff in management positions. There had been a successful recruitment campaign in the last few months leading to the appointment of eight permanent new social workers; the service had added a market supplement to make the positions more competitive and staff had been attracted by the new working model – particularly newly qualified staff. By April it was envisaged that the service would have no agency staff. Nationally there had been a reduction in adoption levels and this had been identified as a court issue.
- 126.3 In response to questions from Councillor G. Theobald the following responses were provided. The Planning service had commenced pre-application charges for major and minor planning applications, a staged approach had been adopted which was reflected in the underachievement detailed in the report. The over-achievement on major work service charges for leaseholders related to the difficulty forecasting the completion of works; charging only took place at the point of completion. It was agreed that a response in relation to the HRA underspend would be provided to the Committee after the meeting.
- 126.4 In response to Councillor Mac Cafferty it was explained that some of the costs in relation to asylum seeking children could be claimed from the Home Office, this largely covered accommodation costs, but not the costs to health partners.
- 126.5 In response to questions from Councillor Sykes the following responses were provided. The community care variance sat across two directorates. The gains in an increased resource position by the end of the year created a higher balance and a higher level of interest added to the underspend. The pressures in the crematory service largely related to a private competitor setting their fees at a level to deliberately undercut the Council; however, work was being undertaken to look at selling the service on a regional level. There was an underspend in the 'Super Connected Cities' budget; however, this would not need to be given back to Central Government as the scheme had drawn down funds when a voucher was awarded.
- 126.6 The Chair then put the recommendations to the vote.
- 126.7 **RESOLVED:**
- 1) That the Committee note the forecast risk position for the General Fund, which indicates an in-year budget pressure of £1.862m. This includes a pressure of £0.603m on the council's share of the NHS managed Section 75 services.

- 2) That the Committee note that total recurrent and one-off risk provisions of £3.000m, less additional restructure and redundancy commitments, are available to mitigate the forecast risk if the risks cannot be completely eliminated by year-end.
- 3) That the Committee note the forecast for the Housing Revenue Account (HRA), which is an underspend of £2.236m.
- 4) That the Committee note the forecast position for the Dedicated Schools Grant which is an underspend of £0.212m.
- 5) That the Committee note the forecast outturn position on the capital programme and approve the variations and reprofiles in Appendix 4 and the new schemes as set out in Appendix 5.

127 SALTDEAN LIDO RESTORATION PROJECT

- 127.1 The Committee considered a report of the Executive Director for Economy, Environment & Culture in relation to Saltdean Lido Restoration Project. Saltdean Lido Community Interest Company (SLCIC) were appointed the Council's preferred bidder in the project to restore the Grade 2* Saltdean Lido and remove the building from the English Heritage "At Risk Register". This report provided an update on the significant progress made by SLCIC to meet the considerable challenge to restore the Lido.
- 127.2 Councillor G. Theobald congratulated the work of the community interest company (CIC), as well as the work of the Ward Councillors and Officers.
- 127.3 In response to Councillor Sykes it was confirmed that the original tender had included the provision of improved library services; however, since the award of it there had been significant increases in the costs to restore the lido, particularly the repairs to the original 1930s building. The CIC had done an excellent job in securing funding through an HLF bid and it was considered necessary for the Council to invest to bring this asset back into use that was currently at risk.
- 127.4 Councillor Janio thanked the work of Officers.
- 127.5 The Chair then put the recommendations to the vote.
- 127.6 **RESOLVED:**
- 1) That Members note the progress made by SLCIC including on Phase 1 of the restoration. The pool is scheduled to be open for public use this summer (as indicated in 3.4)
 - 2) That Members note SLCIC has submitted a Stage 2 Heritage Lottery Fund application for £4.2 million towards the restoration of the main Lido building.
 - 3) That Members note SLCIC has identified the estimated cost of the restoration of the main Lido building to be £9 million. The CIC have applied for Charitable Trust status to assist their funding strategy to meet the total cost.

- 4) That Members approve entry into the conditional Agreement for Lease with SLCIC. The conditions are listed in paragraph 3.12.
- 5) That Members approve entry into the 60 year lease for the Lido when the conditions are satisfied in accordance with the Agreement for Lease.
- 6) That Members note the restoration of Saltdean Lido will require the existing library building to be demolished. However, SLCIC have not been able to identify funding for the library section of the restored building to be built and fitted out, nor the provision of a temporary library during the works.
- 7) That Members approve funding of up to £0.7 million for temporary library provision and a new library in the restored Saltdean Lido and agree to include this commitment in the capital programme 2018/19.
- 8) That Members approve the investment in 2.7 will be funded through borrowing with the financing costs estimated to be £0.040 million per annum, and agree to this commitment being included in the Budget from 2018/19.

128 ORBIS PUBLIC LAW - UPDATE ON PROPOSALS FOR THE ESTABLISHMENT OF A SHARED LEGAL SERVICE

- 128.1 **RESOLVED** - That the Committee notes the progress and the next steps in relation to Orbis Public Law.

129 REVIEW OF THE CONSTITUTION

- 129.1 The Committee considered a report of the Executive Lead Officer for Strategy, Governance & Law in relation to Review of the Constitution. The report proposed changes to the Council's Constitution for approval by the Committee and Council. The issues set out in the report had been considered by the cross party Constitutional Working Group and Leaders Group.
- 129.2 Councillor G. Theobald expressed his concern in relation to paragraph 3.11 in the report which required any Committee making a decision outside the budget policy framework to specify how this would be done – he was concerned this could obstruct elected Members being able to propose amendments at Committees. Officers confirmed that any Member would be well within their rights to ask Officers to assist in finding this information; the responsibility would be with the Committee to ensure the funding was costed to prevent unfunded commitments.
- 129.3 In response to Councillor Sykes it was confirmed that whilst Budget Council made resourcing decisions these could be changed by service Committees within their agreed virement, if a decision was outside the budget 'envelope' this decision would have to be referred to the Policy, Resources & Growth Committee as it had the power to make such budget decisions.
- 129.4 Councillor Janio proposed an amendment to Appendix Three, paragraph 2(c) to insert the words shown below in italics, and read:

- (c) Where any Committee or Sub-Committee, subsequent to approval of the budget at Budget Council, intends to make a change which creates a financial commitment (including removal or deferral of approved savings) which is not provided for within the approved budget and policy framework set by full Council, the Committee shall identify from which funds the relevant commitment shall be met. Alternatively, the Committee or Sub-Committee will propose alternative savings measures to meet the commitment *or refer it to Policy, Resources & Growth Committee for decision*. Any such proposals must be consistent with virement rules set out in the Council's Financial Regulations.

129.5 Councillor G. Theobald formally seconded amendment, and this was then put to the vote and **carried**.

129.6 Councillor A. Norman highlighted the proposed changes to the Audit & Standards Committee's terms of reference; the changes had come from a self-review looking at three main areas: playing a more effective role to create a control environment; supporting greater help from Members and creating more flexible means to focus on issues. All Members on the Committee and the Independent Persons had worked to achieve the aims which had led to more detailed reviews, more training and more internal meetings. Part of this work had been to review the terms of reference to ensure that the Committee acted as a critical friend to the Council, and make it clear that the Committee had a special role to secure value for money by explicitly stating this.

129.7 In response to Councillor G. Theobald it was explained that the currently agreed standards framework was considered to be the minimum that was legally required. The Council was obliged to have arrangements for dealing with complaints, this had to have a degree of objectivity and have independent persons. The Council had reduced the committee burden by combining the work with that of the committee audit functions, whilst most authorities still had a standalone standards committee. It was the view of the Monitoring Officer that it would be difficult to minimise the regime further.

129.8 The Chair then put the amended recommendations to the vote. These were **carried** with 6 in support and 4 against.

129.9 **RESOLVED:**

- 1) That the Committee approves the recommendations set out at paragraphs 3.20 and 3.21 (Scheme of Delegations, including to Field Officers) and notes the information at paragraphs 3.8 and 3.9 (Officer Employment Procedure Rules).
- 2) That the Committee recommends to full Council the proposed changes to the Council's constitution as set out at paragraphs 3.2 to 3.19 in the report and Appendices 1-3 (together with the amendment to paragraph 2(c) in Appendix 3)
- 3) That the Chief Executive and Monitoring Officer be authorised to take all steps necessary or incidental to the implementation of the changes agreed by the Committee or Full Council and that the Monitoring Officer be authorised to amend and re-publish the Council's constitutional documents to incorporate the changes.

- 4) That, subject to resolution 5) below, the changes come into force immediately following approval by PR&G and full Council.
- 5) That the changes referred to in paragraph 3.6 (limiting the time for debates on reports for information) come into force following annual Council and that the changes referred to in paragraphs 3.19 to 3.23 (delegations regarding field offices) come into force as soon as the field officers are appointed.

129.10 **RESOLVED TO RECOMMEND:** That the proposed changes to the Council's constitution recommended in resolution 2) above be approved and adopted.

130 **PROPOSAL TO DISCONTINUE SUPPORT FOR THE OLDER PEOPLE'S COUNCIL (OPC)**

130.1 The Chair asked Penny Morley to put her question to the Committee.

130.2 Penny Morley asked: "Please can the council explain why no consultation prior to the decision at the leaders' meeting was undertaken with the Older People's Council nor any consultation what-so-ever undertaken with older people in the city about the proposed removal of their vote in clear breach of their own stated policy on communication?"

130.3 The Chair replied: "I would like to start by pointing out that we are not talking about disbanding the OPC or disenfranchising older people. The proposals are simply intended to put the OPC on a sustainable, self-sufficient basis. We've made transitional arrangements by delaying the withdrawal of funding by 1 year and as the report points out officers will support and facilitate the OPC accessing alternative sources of funding including support in making an application under the council's annual grants programme as well as outside sources. The OPC was set up under different financial climate and as a responsible local authority we have a duty to review expenditure in the context of the prevailing financial challenges facing the council. The proposals will bring the OPC in line with most other community and voluntary organisations.

On the issue of consultation, we are not talking about closing older people's homes or a reduction in services provided by the council. This related to the OPC itself, therefore there is no legal obligation to consult. Notwithstanding this we did review the position following the receipt of your representations. As a result the officer support that was due to be withdrawn as of the 1 April 2017 will instead be continued for a transitional phase in order to assist the OPC in establishing new arrangements."

130.4 By way of a supplementary question Penny Morley asked: "Your own report identifies that members of the OPC including the chair have been informed of these proposals. How does making a decision without any discussion whatsoever with the people effected prior to the decision at the leader's meeting fulfil your criteria for community engagement and consultation or meet your duties under the Equality Act 2010 given that age is a protected category?"

130.5 The Chair replied. "Your comments are noted. As I've said to you before I made you aware the day after I was made aware that this was a cut that was being brought

forward so I have sort to involve and engage with you and the rest of the OPC in as open and transparent way as I can. I absolutely regret that we are being forced to make but as you see from the budget report later on, it's part of £24 million of savings we have to make through the budget process. We are going to have to make many millions more in cuts over the next two years whilst our social care costs continue to increase. I do very much regret that this is a cut we are being forced to make obviously if we were to engage with you in further consultation I'm sure the outcome would be as expected; that you would not wish us to make this cut. We can provide a written response to your question about the Equality Act 2010"

- 130.6 The Committee considered a report of the Executive Lead Officer for Strategy, Governance & Law in relation to Proposal to Discontinue Support for the Older People's Council (OPC). The report presented a proposal for the Council to discontinue the provision of administrative and financial support for the Brighton & Hove Older People's Council (OPC), this in accordance with a staged process which will provide the OPC with the opportunity to investigate alternative sources of funding, if it wishes to do so. As the OPC was originally established by a Policy & Resources Committee (P&R) decision (in March 2001), any final decision to discontinue support will need to be taken by Policy Resources & Growth Committee (PR&G).
- 130.7 In response to Councillor Mac Cafferty it was explained that the budgeted figures were for full elections, and the Council had to assume the full costs even though this had not been the reality. The OPC would be able to look into the matter of electoral reform themselves during the transitional year. The OPC was not being disbanded, but instead treated like other community bodies in the city and being enabled to become self-supporting. Councillor Mac Cafferty stated his view that the OPC added value to discussion and processes in the Council.
- 130.8 Councillor G. Theobald stated that it was difficult to support expenditure given the scale of the budget savings proposed in the other reports on the agenda, he highlighted that concessions had been made to the OPC to ensure a transitional period.
- 130.9 Councillor A. Norman noted her support for the comments made by Councillor G. Theobald, but also expressed concern if no consultation had been undertaken with the OPC.
- 130.10 The Chair then put the recommendations to the vote. These were carried with 7 in support, 2 against and 1 abstention.
- 130.11 **RESOLVED** - That the Committee agrees the proposal to discontinue BHCC support for the OPC from April 2018, in accordance with the staged process outlined in the report.

131 ITEMS REFERRED FOR COUNCIL

- 131.1 There were no items referred to Council.

The meeting concluded at 7.11pm

Signed

Chair

Dated this

day of

Councillor Warren Morgan – Leader of the Council & Chair of the Policy, Resources & Growth Committee
Brighton & Hove City Council
Hove Town Hall

13 March 2016

RE: Business Rates

Dear Councillor Morgan,

The increase in business rates put forward in the Chancellor of the Exchequer's Spring budget is deeply worrying for Brighton and Hove. The impact of the re-evaluation will be felt the length and breadth of our city, which owes much of its unique character to the thousands of small businesses, social enterprises and retailers that contribute to our local economy and tourism. Brighton Pier faces a 17% rise, the World's End Pub 123%, some restaurants 100% and guest houses and hotels up to 400%. As online businesses and retailers are not affected by these changes, this tax disproportionately hits the many independent retailers and businesses that operate from shop premises, keeping the character of our city vibrant and contributing to the local growth of the economy. I am particularly concerned as to the effect this rate rise will have on independent businesses and social enterprises that add social, as well as economic value. Many of these businesses, such as laundrettes and charities, will not be able to pass on the costs of rate rises to their customers. The rate changes also affect many solar-installed properties, which will unfairly penalise schools in our city that chose to address climate change, such as St Luke's Primary.

I recognise that the Chancellor has offered a discretionary relief fund of £435m. However only £180m will be available this year and given this is to be split across all Councils, Brighton and Hove will be left with very little with which to truly support those who will be most severely affected by these rate hikes. Temporary relief also needs to apply to the broader range of buildings affected, such as pubs and schools as well as retailers. If there is no change in direction, there can be no doubt that these huge changes will force the closure of many of our local businesses and have a huge impact.

Given the profile of SMEs both in my own ward of Brunswick and Adelaide and across Brighton and Hove, I would like to ask the Chair to clarify what will be done to protect small businesses and other non-domestic properties; and to propose that the Council develops a plan for the city outlining how it intends to administer the reform to business rates. This plan should also take due consideration of the particular need to assist non-domestic properties that bring added social value, such as charities, schools and pubs, with new business rate changes. Further, I would also like to propose that the Chair write formally to the Treasury outlining the impact of these

changes on Brighton and Hove, requesting further support and higher rate reliefs, plus more detail on the frequency of re-evaluations so that our local businesses can build resilience and better plan for the period ahead. Rate relief needs to be taken further, but opposition also needs to be strong to protect public services, charities and small businesses.

Kind regards,

A handwritten signature in black ink, appearing to read 'Phélim Mac Cafferty', written in a cursive style.

Councillor Phélim Mac Cafferty
Convenor of the Green Group of Councillors

Subject:	Treasury Management Policy Statement 2017/18		
Date of Meeting:	23 March 2017		
Report of:	Executive Director for Finance & Resources		
Contact Officer:	Name:	James Hengeveld	Tel: 29-1242
	Email:	James.hengeveld@brighton-hove.gov.uk	
Ward(s) affected:	All		

FOR GENERAL RELEASE/ NOT FOR PUBLICATION

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 Part 1 of the Local Government Act 2003, which introduced a new capital finance system with effect from April 2004, requires each local authority, inter alia, to:
- comply with the requirements of 'the Code of Practice for Treasury Management in the Public Services' issued by CIPFA; and
 - comply with investment guidance issued by the Secretary of State
- 1.2 The Code of Practice requires each local authority to set out its strategy on treasury management for the forthcoming year. The purpose of this report is to recommend a Treasury Management Policy Statement (TMPS) and Treasury Management Practices for the financial year commencing 1 April 2017.
- 1.3 At its meeting in March 2016, Policy & Resources Committee approved both the Treasury Management Statement and Treasury Management Practices for 2016/17 and subsequent years. There are no changes recommended to the Statement or Practices.
- 1.4 The investment guidance relates to the Annual Investment Strategy (AIS), which is subject to a separate report to Policy, Resources & Growth Committee and full Council elsewhere on this agenda.

2. RECOMMENDATIONS:

- 2.1 That Policy, Resources & Growth Committee approves the TMPS and Treasury Management Practices which remain unchanged and as approved by Policy & Resources Committee on 17 March 2016.
- 2.2 That Policy, Resources & Growth Committee approve the Borrowing Strategy as set out in Appendix 3 to this report.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The recommended TMPS follows the drafting format within the Code of Practice. The Treasury Management Practices identify the practices and procedures that will be followed to achieve the aims of the TMPS. These practices remain

unchanged from previous years and are considered 'best practice' under the Code.

- 3.2 The Treasury Management Practices are supplemented by a number of "schedules" which have not been reproduced in Appendix 1 as they have not changed for a number of years. These schedules contain specific details of the systems and routines to be employed and the records to be maintained which underpin the treasury management function.
- 3.3 The Borrowing Strategy is largely determined by the borrowing needs of the council and forecasts of future interest rates. An up-to-date economic analysis and the latest interest rate forecasts are presented in Appendix 2 to this report.
- 3.4 The Borrowing Strategy, as set out in Appendix 3, focuses on reconciling the benefit of undertaking low cost long term funding with the short term cost of carrying additional debt in a low investment rate environment.
- 3.5 The treasury management service is subject to detailed audit each year. This includes the testing of the control environment and the management of risk. A reasonable level of assurance was provided during the most recent audit (February 2016) and all recommendations have been implemented. Appendix 4 sets out the current scheme of delegation.
- 3.6 The Council undertakes its capital investment and borrowing strategies in compliance with CIPFA's Prudential Code. Under this code a number of prudential indicators must be set annually by the council prior to the commencement of the financial year. The indicators for 2017/18 were agreed by Budget Council on 23 February 2017.
- 3.7 HRA housing debt and General Fund debt are managed as separate debt pools. The underlying principles of the 2017/18 Strategy are the same for both debt pools. However, where appropriate, the Strategy is amended where the management of each debt pool requires a different approach.

Training & Qualifications

- 3.8 External training courses for the treasury management team will be considered for value and benefit. Records of individual training will be kept in accordance with the procedures introduced by the council for such purposes. Career development and succession arrangements will also be in accordance with council policy on such arrangements.
- 3.9 Details of the qualifications for treasury staff are set out in the job descriptions and person specifications appertaining to each post. Secondments (if any) will be recorded in accordance with council policy on such instances.

Member training on treasury management is seen as an important tool in the scrutiny of the service. A course which gives an overview of treasury management ("An introduction to treasury management") is available. The course explains what treasury management is, the aims and objectives of the service, and an understanding of the key risks, including investment risk.

Use of Advisors

- 3.10 The council currently uses an external cash manager to administer part of its investment portfolio. The current manager, Aberdeen Asset Management, was appointed in March 2006 following a competitive selection process. An options appraisal and a review were triggered following a decline in the performance of

the fund. The Annual Investment Strategy report (elsewhere on this agenda) provides details on the outcome and the current position.

- 3.11 The council uses Capita Asset Services as its external treasury advisors. The advisors are expected to be proactive in analysing information to assist the in-house treasury team to meet its targets on the cost of long-term borrowing and investment returns, and to advise on developments in the sector.
- 3.12 The council recognises that responsibility for decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers. It also recognises that there is value in employing external providers of treasury management services in order to access specialist skills and resources.
- 3.13 The contract with Capita Asset Services was awarded in November 2015 utilising a public sector framework. This contract is for three years to November 2018.
- 3.14 The Capita Group announced in December 2016 it would be selling Capita Asset Services. The future of the division is not currently known but officers have been assured that the service the council receives will not change.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 This report confirms there are no changes to the TMPS approved by the Policy, Resources & Growth Committee last year. The Strategy continues with a strong emphasis on risk management and the impact this may have on the performance of the treasury management service.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 The council's external treasury advisors have been consulted in the drafting of this report. No other consultation was necessary.

6. CONCLUSION

- 6.1 Treasury management is governed by a code that is recognised as "best and proper practice" under the Local Government Act 2003. The code requires local authorities to report annually in advance on their treasury management plan and strategy. This report fulfils this requirement.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 The Financing Costs budget has been prepared on the basis of the borrowing strategy set out in Appendix 3 and the interest rate forecasts and economic forecast set out in Appendix 2.

Finance Officer Consulted: James Hengeveld

Date: 28/02/17

Legal Implications:

- 7.2 This report is made in accordance with Part 1 of the Local Government Act 2003. The statutory framework for the Prudential Code referred to in paragraph 3.6 is regulation 2 of the Local Authority (Capital Finance & Accounting) Regulations 2003.

It is a proper function of Policy, Resources & Growth Committee to approve the council's TMPS and Borrowing Strategy.

Lawyer Consulted:

Victoria Simpson

Date: 28/02/17

Equalities, Sustainability Implications and other significant implications

- 7.3 There are no direct implications arising from this report

SUPPORTING DOCUMENTATION

Appendices:

1. Treasury Management Policy Statement 2017/18 and Treasury Management Practices 2017/18
2. Economic Outlook and Interest Rate prospects
3. Borrowing Strategy and Indicators 2017/18
4. Treasury Management Scheme of Delegation

Documents in Members' Rooms

None

Background Documents

1. Part I of the Local Government Act 2003 and associated regulations
2. Treasury Management in the Public Services – Code of Practice and Cross-Sectoral Guidance Notes' published by CIPFA third edition 2011
3. 'Treasury Management in the Public Services – Guidance notes for local authorities ... ' published by CIPFA fourth edition 2011
4. 'The Prudential Code for Capital Finance in Local Authorities' published by CIPFA third edition 2011
5. Brighton & Hove City Council Anti-Money Laundering Policy approved by full Council on 19 January 2006

Brighton & Hove City Council
Treasury Management Policy Statement 2017/18

There are no changes to the ***Treasury Management Policy Statement 2016/17 and subsequent years*** approved by Policy & Resources Committee in March 2016.

Brighton & Hove City Council
Treasury Management Practices ('TMPs') 2017/18
and subsequent years

The council's treasury management practices identify the practices and procedures that will be followed to achieve the aims of the Treasury Management Policy Statement.

There are no changes to the ***Treasury Management Practices 2016/17 and subsequent years*** approved by Policy & Resources Committee in March 2016.

Brighton & Hove City Council
Economic Overview and Interest Rate prospect 2017/18

A forecast of interest rates over the medium term is set out in Table A below.

Economic Background

The Monetary Policy Committee (MPC) cut the Bank Base Rate from 0.50% to 0.25% on 4 August 2016 in order to counteract what it forecast was going to be a sharp slowdown in growth in the second half of 2016. It also gave a strong steer that it was likely to cut the Bank Base Rate again by the end of the year. However, economic data since August has indicated much stronger growth in the second half of 2016 than originally forecast; also, inflation forecasts have risen substantially as a result of a continuation of the fall in the value of sterling since early August. Consequently, the Bank Base Rate has not been cut in any subsequent MPC meetings, and on current trends, it now appears unlikely that there will be another cut.

During the two-year period 2017-2019, when the UK is negotiating the terms of withdrawal from the EU, it is likely that the MPC will do nothing to dampen growth prospects (i.e. by raising the Bank Base Rate) which is likely to be adversely impacted by the uncertainty of what form the negotiations will eventually take. Accordingly, a first increase to 0.50% is forecast in Quarter 2, 2019, after those negotiations are expected to be concluded.

GDP Growth rates in 2013, 2015 and 2015 (2.2%, 2.9% and 1.8% respectively) were some of the strongest rates among the G7 countries. Data released recently shows that the economy grew faster in Q4 2016 than was previously estimated as a result of a revision of manufacturing data, revising the quarter's growth from 0.6% to 0.7%. The annual result however was revised downwards as a result of a downward revision of data in the first half of the year. GDP for 2016 is now estimated at 2.0% (previous estimate: 2.2%). UK GDP has now seen growth in 13 consecutive quarters.

Borrowing & Investment Rates

The current economic outlook and structure of market interest rates and government debt yields have several key treasury management implications

- The possibility of a resurgence of Eurozone sovereign debt difficulties, particularly Greece and Italy and stress arising from disagreement between EU countries on free movement of people, immigration policy and how to deal with terrorist threat may cause safe haven flow (reducing gilt yields and therefore PWLB rates) or volatility of interest rates;
- Geo-political risks in Europe, the Middle East and Asia may also cause an increase in safe haven flows which would reduce gilt rates and therefore PWLB interest rates;

- A revision of US economic, monetary and foreign policy with the change of administration may impact upon global growth expectations, inflation and is likely to cause investors to re-assess risk which will impact on the price and therefore the yield of treasury instruments such as gilts;
- Other external influences such as the pace of global growth, inflation levels, and the impact of monetary policy on sustainable growth across the globe will cause re-assessment by investors which will impact gilt rates, and therefore PWLB rates.

Investment returns are likely to remain very low during 2017/18 and beyond; Capita Asset Services have provided an expected investment return for new investments invested for a period of less than 3 months (Table A). The Financing Budget for 2017/18 reflects a higher expected investment income on the basis that the weighted average maturity of the council's debt portfolio is expected to be longer than 100 days.

The overall long term expected trend (as seen in table A) is for gilt yields and PWLB rates to rise. However, PWLB rates and gilt yields have been experiencing an exceptional level of volatility that has been highly correlated to geo political issues, sovereign debt crisis and emerging market developments. It is likely that these rates will see high levels of volatility for the foreseeable future.

Officers have already taken advantage of the low points of this rate volatility during 2015/16 and 2016/17 by undertaking £20m of general fund new borrowing to reduce the council's under-borrowing position. There remains a cost of carry to any new borrowing which causes an increase in investments as this will incur a revenue loss between borrowing costs and investment returns. Achieving an appropriate balance between long term benefits compared to the short term cost of carry will be a fundamental consideration for any borrowing decisions undertaken in the next three years.

Table A – Interest Rate forecasts April 2017 to March 2020 (annual averages)

	Bank Rate	Returns on liquid Investments*	Long-term borrowing rates		
			5 year	25 year	50 year
2017/18	0.25%	0.25%	1.63%	2.95%	2.75%
2018/19	0.25%	0.25%	1.75%	3.10%	2.90%
2019/20	0.63%	0.50%	1.95%	3.30%	3.10%

(Source – Capital Asset Services: Interest Rate Forecast, February 2017)

* *Liquid investments are defined as those invested for less than 3 months. The council has budgeted for an average investment return of 0.50% in 2017/18 to account for up to 60% of the investment portfolio being held for up to one year.*

Borrowing Strategy and Indicators 2017/18

The capital expenditure plans of the council are set out in the Capital Programme Report approved by Policy, Resources & Growth Committee on 09 February 2017 and full Council on 23 February 2017. The treasury management function ensures that the council's cash is organised in accordance with the relevant professional codes so that sufficient cash is available to meet the capital expenditure plans. This involves both the organisation of the cash flow and where required, the organisation of appropriate borrowing facilities.

As a response to the economic climate, the Council has been maintaining a strategy of repaying debt and funding its borrowing requirement through utilising cash balances which were supporting the Council's reserves and balances (known as under borrowing). This is a prudent strategy as investment returns are low and counterparty risk is still an issue that needs to be considered.

This strategy was amended in 2015/16 to reduce the council's under-borrowing position; £20 million of new borrowing was undertaken during 2015/16 and 2016/17 as a result of the expected reduction in cash backed resources due to the use of reserves expected to meet one-off costs within the medium term financial strategy. Undertaking this external borrowing has also allowed the council to take advantage of historically low interest rates, reducing the long term cost of the council's debt portfolio. The General Fund's average cost of borrowing as a result (excluding i360) has reduced from 4.82% to 4.46% which creates permanent revenue savings of £86,000.

In August 2016, the Monetary Policy Committee (MPC) reduced the official Bank Base Rate to 0.25%. The Bank Rate is not expected to increase until at least Quarter 2, 2019. This has the impact of reducing the interest rates at which the council can invest its funds, and thereby increases the "cost of carry" (i.e. the cost incurred as a result of the difference between the borrowing rate and the investment rate until the borrowing is utilised). Accordingly, there are current no plans to reduce the under-borrowing position further.

Table 1 – Projected borrowing requirement (excluding PFIs and other long term liabilities) and under borrowing position

	2016/17 £'m	2017/18 £'m	2018/19 £'m	2019/20 £'m
<u>General Fund</u>				
Borrowing Requirement - start of the year	180.0	194.5	195.1	218.4
Increase in borrowing requirement	21.3	9.1	32.4	44.7
Provision to repay debt	(6.8)	(8.5)	(9.1)	(9.4)
Borrowing Requirement - end of the year	194.5	195.1	218.4	253.6
Actual Borrowing	141.9	142.4	173.0	213.3
Under/(over) borrowing position	52.6	52.8	45.4	40.3
<u>Housing Revenue Account</u>				
Borrowing Requirement - start of the year	112.8	124.8	144.5	145.6
Increase in borrowing requirement	15.0	20.2	2.0	
Provision to repay debt	(3.0)	(0.5)	(0.9)	(0.7)
Borrowing Requirement - end of the year	124.8	144.5	145.6	144.9
Actual Borrowing	124.8	144.5	145.6	144.9
Under/(over) borrowing position	0.0	0.0	0.0	0.0

Interest rate risk

The under-borrowing position illustrated in Table 1 above demonstrates the extent to which the council is exposed to interest rate risk. As Appendix 2 outlines, borrowing rates have been historically low over year and expected to rise in the medium term.

Officers will monitor market interest rates and adopt a pragmatic approach to changing circumstances in order to minimise the financial impact any adverse movement on interest rates on the council's debt and investment portfolios;

- Long term borrowing will be postponed where it is felt there is a significant risk of a sharp fall in long term interest rates;
- The borrowing position will be re-appraised and considered where it is felt that there is a significant risk of a sharp rise in long term interest rates with the likely action that new long term borrowing will be raised whilst interest rates are expected to be lower than in subsequent years.

Consideration will be given to the following borrowing options, which will be appraised to seek the most appropriate option at the time:

- Short term borrowing (i.e. repayable for less than a year)
- PWLB variable rate loans for up to 10 years
- PWLB fixed rate loans up to 50 years
- Market loans that offer comparable or better terms to the facilities set out above
- Bond issues by the Municipal Bonds Agency where they offer comparable or better terms than the other options outlined above.

The length and type of borrowing will depend upon factors including prevailing interest rates, interest rate expectations and the maturity profile of the council's existing portfolio.

Policy on Borrowing in advance of need

The council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within the forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure value for money can be demonstrated and that the council can ensure the security of such funds.

Risks associated with any borrowing in advance of activity will be subject to prior appraisal and subsequent reporting through the Treasury Management reporting process.

Debt Rescheduling

Table 2 shows the level of maturing debt over the next three years. The council has a number of loans where the lender may vary the interest rate, after which the council would have the right to repay. Based on the latest interest rate projections (Table A, Appendix 2), it is considered very unlikely that these loans would be repaid early – however, debt that is repaid early will have implications on both the GF and HRA debt portfolios.

	2017/18	2018/19	2019/20
Maturing Debt	£2.0m	£2.7m	£2.4m
Debt subject to early repayment options	£20.0m	£5.0m	£0.0m
Total debt at risk of maturity	£22.0m	£7.7m	£2.4m

As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).

The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil the treasury strategy;
- enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).

Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

All rescheduling will be reported to Policy, Resources & Growth Committee within the normal Treasury Management reporting process and/or Target Budget Management process following its action.

Municipal Bonds Agency

The Municipal Bond Agency are looking to issue their first bond within the next few months. The agency are confident that they are able to issue the debt at interest rates lower than those offered by the Public Works Loan Board (PWLB).

The council will consider borrowing from the agency if the terms offered are in line with the council's borrowing needs.

Borrowing prudential Indicators

The following borrowing indicators were approved as part of the budget report at full Council on 23 February 2017.

Limits to borrow activity

Prudential Indicators D1, D2 and D3 set the limits of external borrowing.

The operational boundary is the point at which external debt is not expected to be exceeded. The Authorised Limits is a control on the maximum level of borrowing, defined as the statutory limit under Section 3 (1) of the Local Government Act 2003. External debt is prohibited beyond the Authorised Limit and any revision to the limit would need approval by full Council.

Prudential indicators (D1) “Authorised limit” and (D2) “Operational boundary” 2017/18 to 2019/20

	2017/18 Estimate		2018/19 Estimate		2019/20 Estimate	
<u>Authorised limit</u>						
- Borrowing	£367m		£408m		£472m	
- Other l/term liabilities	£52m	£419m	£50m	£458m	£48m	£520m
<u>Operational boundary</u>						
- Borrowing	£354m		£395m		£458m	
- Other l/term liabilities	£52m	£406m	£50m	£445m	£48m	£506m

Separately, the council is also limited to a maximum HRA Capital Financing Requirement through the HRA self financing regime. This limit is currently £156.8 million.

Prudential indicators (D3) HRA Limit on indebtedness 2017/18 to 2019/20

	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
HRA limit on indebtedness	£156.8m	£156.8m	£156.8m
HRA Debt	£144.5m	£145.6m	£144.9m
Headroom	£12.3m	£11.2m	£11.9m

Treasury management Indicators

Prudential Indicators E2, E2a and E3 below are intended to manage the risk of adverse movement in interest rates and risk associated with refinancing maturing debt.

Prudential indicator (E2) – Upper limits on net debt interest rate exposure 2017/18 to 2019/20

	2017/18	2018/19	2019/20
Upper limit on fixed interest rate exposure	115%	115%	118%
Upper limit on variable interest rate exposure	46%	46%	47%

The percentages in Indicator E2 are calculated on the net outstanding principal sums (i.e. net of investments). The upper limit of 115% is a consequence of the council maintaining an investment portfolio. Indicator E2a exemplifies the indicator over borrowing and investment.

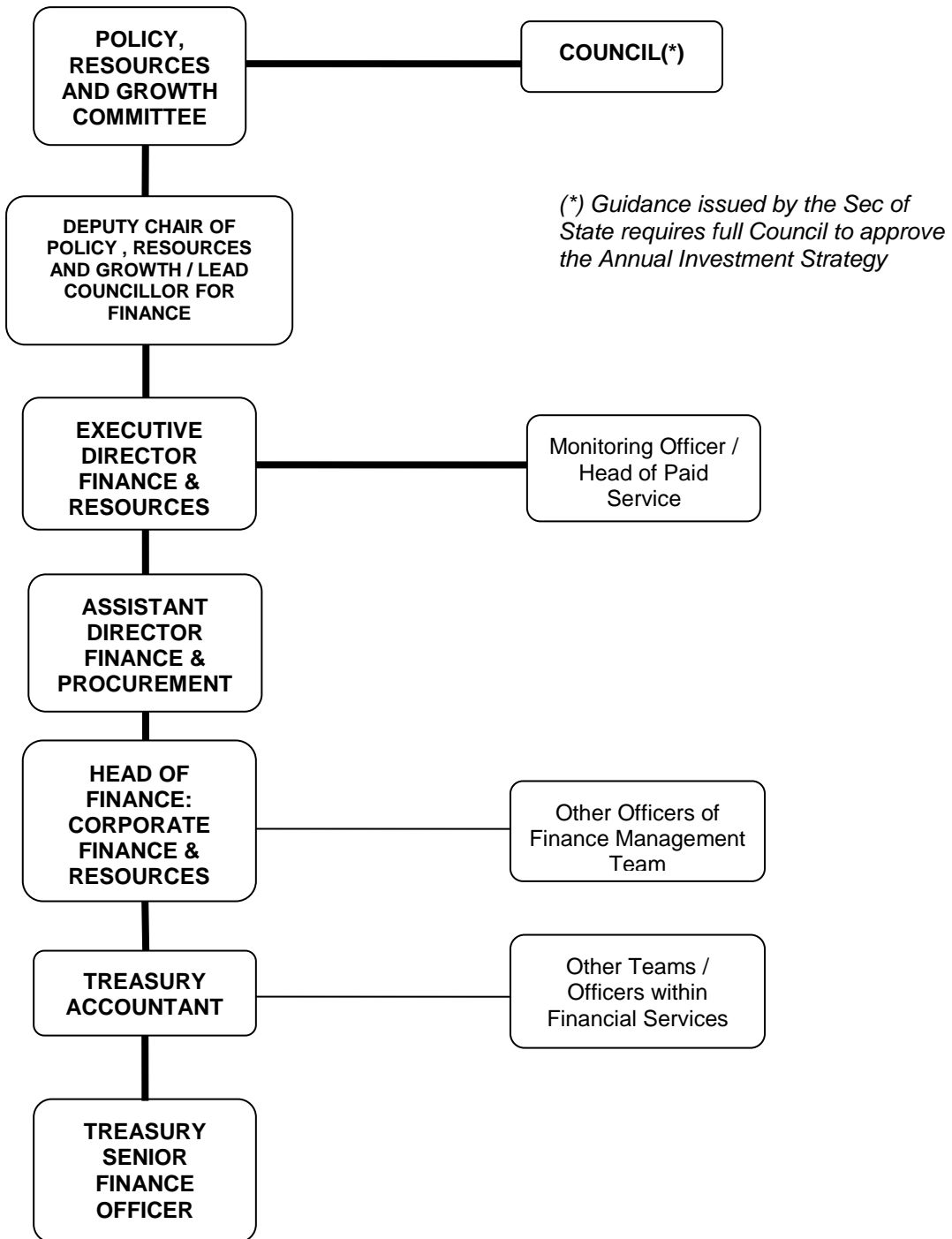
Prudential indicator (E2a) (supplemental) – Upper limits on interest rate exposure 2017/18 to 2019/20

	2017/18	2018/19	2019/20
Upper limit on borrowing – fixed rate exposure	100%	100%	100%
Upper limit on borrowing – variable rate exposure	40%	40%	40%
Upper limit on investments – fixed rate exposure	100%	100%	100%
Upper limit on investments – variable rate exposure	100%	100%	100%

Prudential indicator (E3) – Upper and lower limits on the maturity structure of borrowing 2017/18

	Upper limit	Lower limit
under 12 months	40%	0%
12 months and within 24 months	40%	0%
24 months and within 5 years	50%	0%
5 years and within 10 years	75%	0%
10 years and above	100%	40%

Brighton & Hove City Council
Treasury Management Organisational Chart



The delegation of authority to make executive decisions on, and keep records of, treasury management activity is denoted by the bold line

Subject:	Annual Investment Strategy 2017/18		
Date of Meeting:	23 March 2017 – Policy, Resources & Growth Committee 6 April 2017 - Council		
Report of:	Executive Director, Finance & Resources		
Contact Officer:	Name:	James Hengeveld	Tel: 01273 29-1242
	Email:	james.hengeveld@brighton-hove.gov.uk	
Ward(s) affected:	All		

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 The Local Government Act 2003 introduced a prudential capital finance system whereby levels of borrowing and investments are decided locally.
- 1.2 Guidance issued under the Act requires a local authority to approve an annual investment strategy which prioritises security and liquidity and requires the council to set out its policies on:
- determining the credit-worthiness of its investment counterparties and the frequency at which such determinations are monitored;
 - holding investment instruments other than deposits held in financial institutions or government bodies;
 - determining the maximum periods for which funds may be invested;
 - the minimum level of investments to be held at any one time.

2. RECOMMENDATIONS:

- 2.1 That Policy, Resources & Growth Committee recommend to full Council the approval of the Annual Investment Strategy 2017/18 as set out in Appendix 1 to this report.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The Annual Investment Strategy (AIS) for 2017/18 is set out in Appendix 1 to this report and covers investments made by the in-house treasury team and the council's external cash manager. The council currently uses a cash manager to take advantage of investment opportunities in specialist markets not covered by the in-house team, such as government stock. The AIS gives priority to security and liquidity.
- 3.2 Security is achieved by:

- selecting only those institutions that meet stringent credit rating criteria or, in the case of non-rated UK building societies, have a substantial asset base; and
 - limiting the amount invested with any one institution.
- 3.3 The council uses independent credit rating agencies to assess the creditworthiness of investment counterparties. Aside from some specific exemptions (as set out in 1.3.3 of Appendix 1), the AIS 2017/18 continues with the policy of assessing creditworthiness by applying the lowest rating issued by the three main rating agencies – Fitch, Moody’s and Standard & Poor’s. In the majority of cases the ratings issued by these agencies are aligned but this is not always the case.
- 3.4 Rating criteria are only one factor taken into account in determining investment counterparties. There are other factors such as counterparty Credit Default Swap prices (traded financial derivatives that are essentially “insurance” against a counterparty’s debt. The price trend of these instruments are able to provide some insight as to how the market views the risk of a particular counterparty), credit watches and outlooks published by the ratings agencies, and articles in the financial press will continue to be monitored. Action will be taken where it is felt the risk attached to a particular counterparty has or is likely to deteriorate. Action will include the temporary suspension of the counterparty if considered appropriate.
- 3.5 Liquidity is achieved by limiting the maximum period for investment and matching investment periods to cash flow requirements.

Review of externally managed investments - update

- 3.6 The return on the cash manager funds had been declining, which triggered a review and options appraisal by officers, supported by the council’s treasury advisors. Officers reported findings and intentions, and the next steps of the review to the cross-party Budget Review Group in September 2016. The options appraisal concluded that a formal selection process should be undertaken to ensure that value for money and security are secured from the funds. Officers will be requesting the council’s current treasury advisors, Capita Asset Services, to undertake a selection process for Corporate Bond Funds and Enhanced Cash Funds. The council is able to provide the investment parameters for the selection process, including an “ethical overlay” to ensure potential funds meet the council’s ethical investment policy. The cost of this process will be approximately £2,500 which will be met by the Financing Costs budget, funded by improved investment income expected to arise from the review.
- 3.7 The review also concluded that direct investment into corporate bonds was an appropriate alternative to diversify the council’s portfolio. The Annual Investment Strategy has not been amended at this stage to include corporate bonds as officers are confident that, subject to the amendments recommended in 3.17, the current investment strategy holds sufficient capacity to provide the council with a secure portfolio of investments for 2017/18. Future amendments to the AIS may be undertaken if diversification into corporate bonds is deemed appropriate.
- 3.8 Since the review was undertaken, the cash manager’s return has improved significantly. Officers are closely monitoring the trend of the return of the fund to ascertain whether the improvement is temporary. The selection process will be triggered if officers assess that there is further decline in performance.

Upcoming and potential changes in regulations

Money Market Reforms

- 3.9 The EU is in the process of reforming Money Market Funds (MMFs). MMFs that the council currently invests in are Constant Net Asset Value funds (CNAV), which means the value of each “share” is maintained at a constant value so that no capital gain or loss is incurred. The proposals under EU reform would severely limit or change the market for CNAV funds which would effectively make them obsolete. MMFs are the council’s main source of liquidity, so any amendments to the availability of CNAV funds will require a review and amendment to the council’s Investment Strategy.
- 3.10 These changes are expected to be implemented within two years. Officers will ensure a timely review of the investment strategy is conducted and any amendments will be brought to Council at the earliest opportunity.

MiFID II consultation

- 3.11 The Markets in Financial Instruments Directive II (MiFID II) is a package of EU legislation, introduced in 2014, which regulates both retail and wholesale investment business in the UK. The aim of the MiFID legislation is to strengthen protection for investors. In this case, “investors” includes local authorities and local authority pension funds.
- 3.12 The Financial Conduct Authority (FCA) published consultation on how the directive will be implemented in the UK. Under current legislation, Local Authorities are “professional” investors. This classification enables local authorities to invest in a wide range of financial instruments, allowing diversification of investment portfolios. It also provides access to a large market of willing counterparties to transact with.
- 3.13 Under MiFID II, it is proposed that all local authorities are automatically reclassified as “retail” investors. Authorities will then have the option to “opt-up” to professional investor status as long as specified criteria are satisfied, including a minimum investment portfolio of £15m. There is minimal impact expected for the council as it meets the criteria to “opt-up”. However, many small councils will be unable to opt up, which would limit their ability to access appropriate investment opportunities. The council therefore responded to the consultation in support of smaller councils by suggesting the minimum investment portfolio size was unnecessary.

Changes to the Annual Investment Strategy 2017/18

- 3.14 In 2016/17, officers made a number of changes to the Investment Strategy including:
- an increase of all counterparty limits to provide additional capacity as a result of the investment portfolio increasing;
 - introduction of the specific permitted use of new instruments to including Corporate Bonds, Corporate Bond Funds and Property Funds (see 3.6 for an update of use of these instruments);
 - an increase in the investment limit for Lloyds Bank by £5.0m as our operational bank.

- 3.15 These increased limits have allowed the council to obtain best value within the investment portfolio over the last year and has facilitated a new £5 million investment with Lloyds which is invested directly into helping small local businesses.
- 3.16 Against the backdrop of increasing investment balances (as a result of taking on new borrowing which has not yet been spent) the average investment balances are higher than they have been in previous years. Subsequently, a large proportion of investments are held in Money Market Funds. Investment returns are declining as a result of the reduction in the official Bank Base Rate, and there are fewer opportunities to maximise yield on investments with high quality counterparties as capacity shrinks.
- 3.17 It would not be prudent to increase counterparty limits again, as there would be a risk that the concentration of the council's investment portfolio would narrow further. Instead officers recommend that an additional further UK counterparty (Sumitomo Mitsui Banking Corporation Europe Limited) is added to the council's list of authorised counterparties. This organisation meets the council's investment criteria and is on the treasury advisors recommended counterparty list. In addition, it is very active in the Local Authority investment market. Adding this name to the authorised counterparty list will allow the council further capacity in the investment portfolio which will result in reduction of risk through further diversification of investments as well as allowing reduction in liquidity, which will improve the average investment rate being achieved.
- 3.18 The Treasury Team continue to monitor the ongoing viability of all counterparties as described in paragraph 3.4.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 This report sets out the council's Annual Investment Strategy for the year commencing 1 April 2017. The AIS continues with the strong emphasis on risk management and liquidity, two cornerstones to the draft guidance issued by the Secretary of State, and the impact these have on investment performance.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 The council's external treasury advisors have been consulted in the drafting of this report.

6. CONCLUSION

- 6.1 The 2010 investment guidance requires that local authorities produce an investment strategy to be approved and amended by full Council. This report fulfils that requirement.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 The financial implications arising from the AIS have been included in the Financing Costs budget for 2017/18.

Finance Officer Consulted: James Hengeveld

Date: 28/02/17

Legal Implications:

- 7.2 The legal framework for the council's Annual Investment Strategy is Part 1, chapter 1, of the Local Government Act 2003, and associated statutory guidance.
- 7.3 It is a legal requirement for the Annual Investment Strategy to be approved by full Council. It is the role of the Policy & Resources Committee to formulate the strategy prior to consideration by full Council.

Lawyer Consulted: Victoria Simpson Date: 28/02/17

Equalities Implications:

- 7.4 No equalities impacts have been identified in relation to this report.

Sustainability Implications:

- 7.5 The council's ethical investment statement requests that institutions apply council deposits in a socially responsible manner. Ethical options were considered in the report to 12 July 2012 Policy, Resources & Growth Committee

Any Other Significant Implications:

Risk & Opportunity Management Implications:

- 7.6 The investment guidance issued under the 2003 Act requires the council to assess credit worthiness by reference to an independent rating agency. The AIS 2017/18 will use the ratings assigned by Fitch, Moody's and Standard & Poor's.
- 7.7 The ratings provide an opinion on the relative ability of an institution to meet financial commitments, such as interest, preferred dividends, repayment of principal, insurance claims or counterparty obligations. The council uses credit ratings as an indication of the likelihood of receiving its money back in accordance with the terms of the investment. Other sources of information are also used to supplement that provided by the rating agencies.
- 7.8 The minimum ratings set out in the AIS have the following meaning:

	<u>Generic criteria</u>	<u>Fitch</u>	<u>Moody's</u>	<u>Standard & Poor's</u>
<u>For investment up to 1 year</u>				
Short-term	Good capacity for timely payment of financial commitments. Where the credit risk is particularly good, a "+" is added to the assigned rating by Fitch and S&P	F2	P-2	A-2
<u>For investment in excess of 1 year</u>				
Long-term	Strong capacity for payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.	BBB	Baa	BBB

7.9 Investment risk is managed by selecting only institutions that meet the council's stringent credit rating criteria. Liquidity risk is managed by applying maximum investment periods to institutions.

SUPPORTING DOCUMENTATION

Appendices:

1. Annual Investment Strategy 2017/18 including the counterparty list in schedule 1.

Documents in Members' Rooms

None

Background Documents

1. Guidance issued by the secretary of State under Section 15(1)(a) of the Local Government Act 2003 effective from 1 April 2010
2. The Prudential Code for Capital Finance in Local Authorities published by CIPFA – fully revised third edition 2011

BRIGHTON & HOVE CITY
COUNCIL

ANNUAL INVESTMENT
STRATEGY
2017/18

The Annual Investment Strategy is subject to approval by Policy, Resources & Growth Committee on 23 March 2017 and by full Council on 6 April 2017

Brighton & Hove City Council
Annual Investment Strategy 2017/18

This Strategy complies with guidance issued by the Secretary of State on investments and sets out the council's policy on investment criteria and counterparties. It should be noted that the minimum criteria set out in this document is only one factor taken into account for the investment of council funds. Other factors, such as Government guarantees and support and information available from the financial press and similar publications will also be taken into account when determining investment decisions. Counterparties that satisfy the minimum criteria are not automatically included on the council's approved investment list.

1 Criteria to be used for creating / managing approved counterparty lists / limits

Each counterparty included on the Council's approved lending list must meet the criteria set out below. Without the prior approval of the Council, no investment will be made in an instrument that falls outside the list below.

1.1 Capital security

Table 1 sets out the minimum capital security requirements for an investment to be made.

<u>Table 1 – Minimum capital security requirements</u>	
Banks/building societies with a credit rating	The institution must have a minimum short term rating of good credit quality
Building societies that do not satisfy the minimum rating criteria above	The society must have an asset base in excess of £5 billion
Money market funds / CCLA Public Sector Deposit Fund	The rating of the fund meets the minimum requirement of triple A ('AAA' / Aaa)
Debt Management Account Deposit Facility	The deposit is made in accordance with the rules and regulations relating to such investment as issued by the Debt Management Office from time to time

1.2 Maximum permitted investment by sector

Table 2 sets out the maximum permitted investment for each sector.

<u>Table 2 – Maximum permitted investment by sector</u>	
<u>Sector</u>	<u>Percentage of total investment portfolio at the time the investment made</u>
Banking sector	100%
Building society sector	75%
Local authority sector	100%
Money market funds / CCLA Public Sector Deposit Fund	100%
Debt Management Account Deposit Facility	50%
Maximum amount invested for more than 1 year	25% (excl. funds administered by external cash manager)

1.3 Maximum permitted investment by counterparty

1.3.1 General

With the exception of money market funds, CCLA Public Sector Deposit Fund and the Debt Management Account Deposit Facility, no one counterparty may have more than 25% of the relevant sector maximum at the time the investment is made.

1.3.2 Rated counterparties

Table 3 sets out the exposure limits and maximum periods for deposits based on various credit ratings.

<u>Table 3 – Exposure limits and maximum periods per counterparty (with rating)</u>				
	<u>A rating of at least (lowest of Fitch (F) / Moody's (M) / Standard & Poor's (SP))</u>			
Short-term rating	F = F1+ M = P-1 SP = A-1+	F = F1+ M = P-1 SP = A-1+	F = F1 M = P-1 SP = A-1	F = F2 M = P-2 SP = A-2
Long-term rating	F = AA+ M = Aa1 SP = AA+	F = AA- M = Aa3 SP = AA-	F = A M = A2 SP = A	F = BBB M = Baa SP = BBB
Exposure Limit	£25m	£25m	£15m	£10m
Maximum period – fixed deposits	3 years	2 years	1 year	6 months
Maximum period – negotiable instruments	5 years	5 years	1 year	6 months

In addition, investment in money market funds and open ended investment companies with a rating of 'triple A' (i.e. AAA / Aaa) is permitted up to a value of £10 million per fund.

1.3.3 Exceptions

The methodology for determining exposure limits and maximum periods per counterparty will be determined in all cases by Table 3 with the following exceptions:

- The Royal Bank of Scotland is deemed to have the highest rating irrespective of the actual rating assigned to them as a result of being "part-nationalised". As a result, the limits on the amount advanced and length of investment will be £25 million and 1 year respectively.
- An additional operating limit of £2 million and an additional investment limit of £5m will be provided for the Council's provider of transactional banking services (Lloyds Bank plc). It is unavoidable that the £2.million operational limit may be breached from time to time. Officers ensure this is kept to a minimum.
- The following major UK Banks for which the highest applicable rating will be will be applied in place of the lowest:
 - Barclays Bank plc
 - HSBC Bank plc

- Lloyds Bank plc & Bank of Scotland plc
- Nationwide Building Society
- Santander UK plc
- The Royal Bank of Scotland plc & National Westminster Bank plc

Where there is a significant or sudden deterioration in one or more indicators (such as CDS prices), officers will undertake a review and, where necessary take action. This action may take the form of temporary suspension of a counterparty from the council's approved lending list, or a restriction of the maximum period and investment limits.

1.3.4 Non-rated counterparties

Table 4 sets out the exposure limits and maximum periods for deposits for counterparties that are not rated.

<u>Table 4 – Exposure limits and maximum periods per counterparty / fund (with no rating)</u>		
<u>Counterparty</u>	<u>Exposure Limit</u>	<u>Maximum period</u>
Local authority	£10 million	5 years
Non-rated building society with an asset base in excess of £5bn	£5 million	6 months
Debt Management Account Deposit Facility	Unlimited	6 months

1.3.5 Cash manager

For the purposes of investments made by the Council's external cash manager, the criteria in Table 5 will apply:

<u>Table 5 – Exposure limits and maximum periods per counterparty (Cash manager)</u>		
<u>Instrument</u>	<u>Exposure Limit</u>	<u>Maximum period</u>
Government stock	100% of Fund	10 years
Supra-national with minimum long-term rating of 'AA-' / Aa3 / AA-	100% of Fund	10 years
Regulation collective investment schemes	100% of Fund	n/a
Fixed term investments – minimum short-term rating of 'F1 / P-1 / A-1'	10% of Fund or £2.5m whichever is the greater	1 year
Fixed term investments – minimum long-term rating of 'AA-' / Aa3 / AA-'	10% of Fund or £2.5m whichever is the greater	5 years

In addition to Table 5, the maximum average duration of the fund managed by the cash manager shall not exceed 4 years. All instruments used by the cash manager with a maturity of 3 months or more shall be negotiable.

1.4 Investment classification (regulatory)

The investment guidance issued by the Secretary of State requires the council to identify investments as either ‘specified’ or ‘non-specified’. Table 6 sets out the requirements for each type.

<u>Table 6 – Investment classification</u>		
<u>Requirement</u>	<u>Specified</u>	<u>Non-specified</u>
Currency	Must be in Sterling	Any currency
Maturity period	Up to 12 months	Over 12 months
Credit worth	Counterparty with high credit rating or UK government or local authority	Other

All investments made by the Council are denominated in Sterling and are made only in counterparties as set out in paragraph 1.3 above.

The maximum amount invested in non-specified investments will be 50% of the total value of investments. The use of non-specified investments is limited to:

- (a) investment in non-rated building societies with an asset base in excess of £5bn, or
- (b) investment for longer than 12 months with counterparties that meet the minimum long-term rating detailed in Tables 3 and 5 above.

2 Approved methodology for changing limits and adding / removing counterparties

A counterparty shall be removed from the Council’s list where a change in their credit rating results in a failure to meet the criteria set out above.

A new counterparty may only be added to the list with the written prior approval of the Director of Finance & Resources and only where the counterparty meets the minimum criteria set out above.

A counterparty’s exposure limit will be reviewed (and changed where necessary) following notification of a change in that counterparty’s credit rating or a view expressed by the credit rating agency warrants a change.

A counterparty’s exposure limit will also be reviewed where information contained in the financial press or other similar publications indicates a possible worsening in credit worth of a counterparty. The review may lead to the suspension of any counterparty where it is considered appropriate to do so by the Director of Finance & Resources.

3 Full individual listings of counterparties and counterparty limits

For 2017/18, with the exception of the list of high quality AA rated Non-UK banks within AA rated countries specified below, investment by the in-house treasury team will be restricted financial institutions incorporated within the UK and regulated by the Financial Conduct Authority.

The in-house treasury team is able to invest in the following Non-UK banks:

- Australia & New Zealand Banking Group Limited (Australia)
- Bank Nederlandse Gemeenten (The Netherlands)
- Commonwealth Bank of Australia (Australia)
- DBS Bank Ltd (Singapore)
- Landwirtschaftliche Rentenbank (Germany)
- National Australia Bank (Australia)
- National Bank of Abu Dhabi (Abu Dhabi, UAE)
- Nederlandse Waterschapsbank N. V. (The Netherlands)
- Nordea (Finland)
- NRW. BANK (Germany)
- Overseas Chinese Banking Corporation Limits (Singapore)
- Royal Bank of Canada (Canada)
- Svenska Handelsbanken (Sweden)
- The Bank of New York (BNY) Mellon (USA)
- Toronto Dominion (Canada)
- United Overseas Bank Limited (Singapore)
- Wells Fargo Bank NA (USA)
- Westpac Banking Corporation (Australia)

A full list of counterparties in which the Council will invest surplus funds, together with limits and maximum investment periods is contained in Schedule 1 to this AIS.

There is no pre-determined list for investments made by the cash manager but all counterparties must meet the minimum criteria as set out in Table 5 above.

4 Details of credit rating agencies' services

Credit ratings will be based on those issued periodically by the Fitch Ratings Group, Moody's and Standard & Poor's.

5 Permitted types of investment instrument

All investments must be denominated in Sterling.

The in-house treasury team may invest in fixed term and variable term cash deposits, money market funds and open ended investment companies. The in-house treasury team may only invest in negotiable instruments (including Certificates of Deposit, Enhanced Cash Funds, Property Funds, Bond Funds and Corporate Bonds) where to do so offers additional value in terms of investment return and appropriate and supporting advice has been sought from the council's external treasury advisors on the suitability of such an investment.

The cash manager may invest in government stock, supranational institutions, regulation collective investment funds and fixed term instruments. All investments with a maturity of 3 months or more shall be negotiable.

6 Investment risk

6.1 Assessment of credit risk

Whilst the AIS relies primarily on the application of credit ratings to provide a pool of appropriate counterparties for the in-house treasury team to use, additional operational market information will be applied before making any specific investment decision from the agreed pool of counterparties. This additional market information (for example Credit Default Swaps, negative rating watches/outlooks) will be applied to compare the relative security of differing investment counterparties.

6.2 Investment risk matrix

The weighted average benchmark risk factor for 2017/18 is recommended to be 0.05%, the same as 2016/17. This benchmark is a simple target (not limit) to measure investment risk and so may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that the in-house treasury team will monitor the current and trend position and amend the operational strategy depending on any changes. Any breach of the benchmarks will be reported with supporting reasons in the mid year or end of year reviews.

6.3 Investment advisors

The council appoints treasury advisors through a regular competitive tendering process. One of the services provided by Capita Asset Services is the provision of updated credit ratings and “watches” issued by the three rating agencies. In addition Capita Asset Services are proactive in providing additional market information as set out in paragraph 6.1 above.

6.4 Investment training

The council’s advisors have a wide-ranging programme of training giving council officers access to seminars and printed material. The council’s in-house treasury team is experienced in dealing with investments but where necessary further training and updates will be provided. Appropriate training will be made available to all Members who are involved in the treasury management decision-making process.

6.5 Investment of money borrowed in advance

The council has the flexibility to borrow funds in advance of need (i.e. to fund future debt maturities). The Director of Finance & Resources may do this where, for instance, a sharp rise in interest rates is expected, and so borrowing early at fixed interest rates will be economically beneficial over the life of the loan or meet budgetary constraints.

Borrowing in advance will be undertaken within the constraints set out in the Treasury Management Strategy. The risks associated with such borrowing activity will be subject to appraisal in advance and subsequent reporting through the mid-year or end of year reviews.

6.6 **Investment liquidity**

Liquidity is achieved by limiting the maximum period for investment and by investing to dates where cash flow demands are known or forecast.

7 **Ethical investment statement**

The Council has approved the following ethical investment statement that will apply to all cash investments made by, or on behalf of, the Council

“Brighton & Hove City Council, in making investments through its treasury management function, fully supports the ethos of socially responsible investments. We will actively seek to communicate this support to those institutions we invest in as well as those we are considering investing in by:

- *encouraging those institutions to adopt and publicise policies on socially responsible investments;*
- *requesting those institutions to apply council deposits in a socially responsible manner.”*

Counterparties shall be advised of the above statement each and every time a deposit is placed with them.

8 **Glossary**

Long-term – period in excess of 12 months

Negotiable instrument – an investment where the council can receive back the amount invested earlier than originally agreed (subject to conditions)

Non-specified investment – see Table 6 above

Short-term – period up to and including 12 months

Specified investment – see Table 6 above

Supranational – an organisation that encompasses more than one nation, such as the World Bank

Brighton & Hove City Council**Banks and Other Institutions - In-house Treasury Team
Annual Investment Strategy 2017/18**

Counterparty	Specified/ Non- specified	Short-term			Long-term			Max amount	Max period – fixed deposits
		F = Fitch M = Moody's SP = Standard & Poor's							
		F	M	SP	F	M	SP		
Bank of Scotland / Lloyds Bank	Specified	F1	P-1	A-1	A+	A1	A	£15m	1 year
Barclays Bank plc	Specified	F1	P-1	A-2	A	A1	A-	£15m	1 year
Close Brothers	Specified	F1	P-1		A	Aa3		£15m	1 year
Clydesdale Bank	Specified	F2	P-2	A-2	BBB+	Baa2	BBB+	£10m	6 months
HSBC Bank plc	Specified	F1+	P-1	A-1+	AA-	Aa2	AA-	£25m	2 years
National Westminster Bank / Royal Bank of Scotland	Specified	F2	P-2	A-2	BBB+	A3	BBB+	£25m	1 year
Santander UK plc	Specified	F1	P-1	A-1	A	Aa3	A	£15m	1 year
Standard Chartered Bank	Specified	F1	P-1	A-1	A+	Aa3	A	£15m	1 year
Sumitomo Mitsui Banking Corporation Europe Ltd	Specified	F1	P-1	A-1	A	A1	A	£15m	1 year
Virgin Money plc	Specified	F2			BBB+			£10m	6 months
<u>BUILDING SOCIETIES (+)</u>									
Coventry (3)	Specified	F1	P-1		A	A2		£15m	1 year
Leeds (5)	Specified	F1	P-1		A-	A2		£10m	6 months
Nationwide (1)	Specified	F1	P-1	A-1	A+	Aa3	A	£15m	1 year
Principality (6)	Specified	F2	P-3		BBB+	Baa3		£10m	6 months
Skipton (4)	Specified	F1	P-2		A-	Baa2		£10m	6 months
Yorkshire (2)	Specified	F1	P-2		A-	A3		£10m	6 months
<u>NON-UK BANKS</u>									
Australia & NZ Banking Group (Australia)	Specified	F1+	P-1	A-1+	AA-	Aa2	AA-	£25m	2 years
Commonwealth Bank of Australia (Australia)	Specified	F1+	P-1	A-1+	AA-	Aa2	AA-	£25m	2 years
National Australia Bank Ltd (Australia)	Specified	F1+	P-1	A-1+	AA-	Aa2	AA-	£25m	2 years
Westpac Banking Corporation (Australia)	Specified	F1+	P-1	A-1+	AA-	Aa2	AA-	£25m	2 years
Royal Bank of Canada (Canada)	Specified	F1+	P-1	A-1+	AA	Aa3	AA-	£25m	2 years
Toronto Dominion (Canada)	Specified	F1+	P-1	A-1+	AA-	Aa1	AA-	£25m	2 years
Nordea bank (Finland)	Specified					Aa3		£25m	2 years
Landwirtschaftliche Renenbank (Germany)	Specified	F1+	P-1	A-1+	AAA	Aaa	AAA	£25m	3 years
NRW.BANK (Germany)	Specified	F1+	P-1	A-1+	AAA	Aa1	AA-	£25m	2 years
Bank Nederlandse Gemeenten (The Netherlands)	Specified	F1+	P-1	A-1+	AA+	Aaa	AAA	£25m	3 years

Appendix 1

Continued overleaf...

Counterparty	Specified/ Non- specified	Short-term			Long-term			Max amount	Max period – fixed deposits
		F = Fitch M = Moody's SP = Standard & Poor's							
		F	M	SP	F	M	SP		
Nederlandse Waterschapsbank N. V. (The Netherlands)	Specified		P-1	A-1+		Aaa	AAA	£25m	3 years
DBS Bank Ltd (Singapore)	Specified	F1+	P-1	A-1+	AA-	Aa1	AA-	£25m	2 years
Overseas Chinese Banking Corporation Limits (Singapore)	Specified	F1+	P-1	A-1+	AA-	Aa1	AA-	£25m	2 years
United Overseas Bank Limited (Singapore)	Specified	F1+	P-1	A-1+	AA-	Aa1	AA-	£25m	2 years
Svenska HandelsBanken AB (Sweden)	Specified	F1+	P-1	A-1+	AA	Aa2	AA-	£25m	2 years
National Bank of Abu Dhabi (UAE)	Specified	F1+	P-1	A-1+	AA-	Aa3	AA-	£25m	2 years
Bank of New York Mellon (USA)	Specified	F1+	P-1	A-1+	AA	Aa1	AA-	£25m	2 years
Wells Fargo Bank, NA (USA)	Specified	F1+	P-1	A-1+	AA	Aa1	AA-	£25m	2 years
OTHER									
Other Local Authorities (per Authority)	Specified							£10m	5 year
Debt Management Deposit Facility	Specified							Unlimited	6 months
Money Market Funds (per fund)	Specified							£10m	Liquid
Enhanced Cash Funds (per fund)	Specified							£10m	Liquid

(*) Ratings as advised by Capita Asset Services February 2017

(+) UK Building Societies ranking based on Total Asset size – Source: Building Societies Association February 2017

¹ distinction is a requirement under the investment regulations

Subject:	2017/18 Local Transport Plan Capital Programme		
Date of Meeting:	14 March 2017 – Environment, Transport & Sustainability Committee 23 March 2017 – Policy, Resources & Growth Committee		
Report of:	Executive Director for Economy, Environment & Culture		
Contact Officer:	Name:	Andrew Renaut	Tel: 01273- 292477
	Email:	andrew.renaut@brighton-hove.gov.uk	
Ward(s) affected:	All		

FOR GENERAL RELEASE**1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 The city council secures capital funding for transport schemes through the government's Local Transport Plan [LTP] process. The council approved the use of capital funding for approved and new Transport schemes projects for 2017/18 on 23 February 2017 as part of the overall budget, which included £6.635m worth of new capital investment in Transport from Government sources. Further indicative allocations for the following three years (2018/19 to 2020/21) were also included within the 10-year budget planning approach.
- 1.2 The LTP is a statutory document and the council's fourth LTP [LTP4] was approved by the council in March 2015. The LTP4 consists of a long-term Strategy to 2030, and a short term 4-year Delivery Plan. Maintaining, managing and improving the city's transport and highway infrastructure, which is one of the city's largest assets with an estimated value of nearly £1.7 billion, is an essential part of the council's investment which helps support and provide access to the many activities that are important to the city's residents and local communities and its wider, sub-regional economic role within the Greater Brighton City Region.
- 1.3 The proposed, detailed programme for 2017/18 allocates funding received from the Government for transport and highway purposes across a number of areas including capital renewal (maintenance); capital repairs (potholes); asset management; and integrated transport projects and programmes. The amount of funding is based on government estimates of how much investment is required. The content of the proposed LTP capital programme enables the pro-active allocation of funding to projects or programmes that will deliver long-term benefits to the city and its residents through the renewal of, or construction of new, transport infrastructure which is the responsibility of the council as the Local Highway Authority. It is based on a number of factors, which include taking account of:-

- recent or past decisions made by this or other council committees, often following public consultation, to deliver transport projects and programmes;
- the prioritisation of allocations to projects or programmes identified in investment or action plans which are required to deliver the aims and objectives of approved, council strategies or plans following public consultation;
- decisions made by committees in response to the receipt of petitions, deputations or Notices of Motion;
- requests for improvements from ward councillors or residents which are prioritised according to need or significance, based on committee-approved policies or assessment criteria, if available;
- engagement and discussion with The Connected City's Transport Partnership;
- and technical or statistical data, surveys or evidence which indicate that a significant problem exists and requires capital investment to correct it.

1.4 The proposed LTP capital programme therefore includes commitments to schemes that are already approved, ongoing programmes of works and new projects. The programme focuses on ensuring the highway network is maintained and renewed to a high standard; improving safety; increasing choices for some journeys by providing for, and encouraging, the use of sustainable transport; and creating a more attractive public realm.

1.5 Investment in short-term, reactive repairs are made to the transport network in response to relatively minor problems identified by officers or residents, and these are carried out from within existing revenue budgets, which are allocated separately within each financial year via the delegated authority assigned to the Executive Director of Economy, Environment & Culture.

2. RECOMMENDATIONS:

That the Environment, Transport & Sustainability Committee:

2.1 Recommends to request that Policy, Resources & Growth Committee agrees the 2017/18 Local Transport Plan capital programme budget allocation of £6.635 million to projects and programmes, as set out in Appendix 2 of this report; and

2.2 Notes the indicative allocation of future LTP budgets to projects and programmes for 2018/18 and 2019/20 of at least £5.169 million in each year to fund the Local Transport Plan 4-year Delivery Plan, as set out in paragraph 7.1 of this report.

That the Policy, Resources & Growth Committee:

2.1 Agrees the 2017/18 Local Transport Plan capital programme budget allocation of £6.635 million to projects and programmes, as set out in Appendix 2 of this report; and

2.2 Notes the indicative allocation of future LTP budgets to projects and programmes for 2018/19 and 2019/20 of at least £5.169 million in each year to fund the Local Transport Plan 4-year Delivery Plan, as set out in paragraph 7.1 of this report.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The capital funding secured through the LTP process and invested through its strategies and delivery plans has contributed towards enhancing local neighbourhoods and environments and the strengthening the city's role as a transport hub and centre for economic activity within the wider Greater Brighton City Region. Schemes include those within the city centre, such as Valley Gardens, and the seafront, including rebuilding and regenerating the city's historic 'arches' (which are highway structures supporting the promenade and A259). More localised investment in neighbourhoods has included bus stops, pedestrian crossings, cycle facilities and Rights of Way improvements.
- 3.2 In addition, LTP budgets have been used to help secure and deliver significant levels of capital funding from other sources for many different projects. These include Government funding rounds, and applications to secure funding allocated to the Coast to Capital [CtoC] Local Enterprise Partnership [LEP] as part of the Local Growth Fund. These projects include the BikeShare project and the 3-year Intelligent Transport Systems [ITS] (Phase 1) Package to improve the movement and flow of people and vehicles across and around the city.
- 3.3 The overall 2017/18 capital programme is made up of a number of different funding streams that include three 'new' funding streams this year, in addition to the two traditional LTP block allocations for Maintenance and Integrated Transport. These new funds are:-
- **'Incentive' Funding [IF]** – additional funding allocated to councils that demonstrate: approval of a highway infrastructure asset management strategy; input of stakeholders into the process; collaborative working with construction partners; standard specifications; joint contracts and collaboration with other local authorities (see paragraph 3.11 below);
 - **Pothole Action Fund [PAF]** – for minor road surface repairs, or to prevent potholes forming;
 - **National Productivity Investment Fund [NPIF]** - additional funding which aims to reduce congestion at key locations, upgrade or improve maintenance of local highways assets across England and to improve access to employment, housing and economic generation to boost productivity.
- 3.4 The proposed allocation of funds to schemes (set out in Appendix 2) has been based on two main factors - 1) the progress made on completing or continuing spend on 2015/16 projects and programmes; 2) the agreed contributions or commitments to begin new projects/programmes in 2016/17; and 3) success in securing, or being allocated, additional funding from external sources e.g DfT and LEP (Local Growth Fund) [LGF].
- 3.5 The content of the programme is described briefly below, and is consistent with the principles established within the LTP4 Delivery Plan – maintaining the network, managing movement, and improving streets and infrastructure. When required, all projects will be fully co-ordinated with other council schemes and works by other agencies (gas, water etc) to minimise disruption and ensure efficient use of funds.

CAPITAL RENEWAL (MAINTENANCE) FUNDING

- 3.6 The proposed programme of just over £3.8m for this area of work amounts to about 60% of the total available LTP, IF and PAF capital allocations for 2017/18. This capital funding is focused on maintaining links and routes and reflects the continued and growing need to renew highway infrastructure in order to ensure that it has a longer life and therefore minimises the need for ongoing/short-term repairs to potholes that are funded from reduced revenue budgets. It also broadly reflects the government's estimation of spending in this area, based on its current formula for calculating LTP allocations.
- 3.7 The programme includes almost £1.5m for road re-construction. Priority consideration will continue to be given to repair damage that has occurred to key routes to address the effects of high traffic volumes and recent and continuing extreme winter weather conditions. Sections of roads where the surface requires immediate, major repairs or renewal will be identified based on recent surveys. A further £0.300m will help improve the condition of footways across the city, with a focus on well-used corridors, and £0.250m has been allocated to increase the investment in addressing significant problems associated with damaged highway drainage that causes surface water flooding on roads and pavements. Priority locations will include the Principal (A class) Roads.
- 3.8 Significant works to assess and strengthen highway structures across the city will also continue (requiring almost £2.4m) to ensure they remain in a safe condition and are fit for purpose. The significant amount of investment that is specifically required in order to renew and maintain structures which are a critical, but ageing, part of the seafront's infrastructure accords with the principles of the council's Seafront Investment Plan. The programme includes a local contribution of nearly £2.0m towards the £14.0m junction/strengthening works to the Former West Street Shelter Hall structure which supports the A259 King's Road. Nearly £1.0m of this will be funded using the council's NPIF allocation from the Government, as the project is considered to be a high priority and fulfils the broad criteria associated with this new fund. The majority of the funding required has been secured via a successful bid to the Government's Highways Maintenance Challenge Fund.
- 3.9 The development of funding applications and further schemes for the renewal of the city's seafront structures within the central area, as prioritised by this committee in November 2015, is underway. A bid has therefore been made to the LEP's newly created Feasibility Fund for additional LGF money to help develop designs for further phases.
- 3.10 £0.300m has been allocated to assist in reducing the ongoing maintenance requirements for the £10m-plus worth of street lighting in the city. Surveys and condition assessments identify areas/corridors that require street lighting column replacement. The recently approved 'Invest to Save' initiative will include an ongoing programme to upgrade lighting with more efficient lanterns/lamps to help accelerate reductions in electricity and maintenance costs, and achieve the city's carbon emission targets. Initial works are planned in the east of the city.
- 3.11 A government requirement for all Highway Authorities to identify and account for their infrastructure (often referred to as assets) by preparing a Highway Asset

Management Strategy [HAMS] will be continued during 2017/18. £0.131m has been allocated to fulfil this requirement and the completed HAMS will form the basis of a comprehensive inventory. This will be used to prepare medium and long-term programmes of works to maintain the highway to required standards, based on its current condition. The council's self-assessment of its progress has been submitted to the Government and is considered to warrant a Band 2 grading which will secure additional (incentive) funding for works.

INTEGRATED TRANSPORT FUNDING

Connecting people with destinations, activities and services

- 3.12 Ensuring that transport investment is targeted in locations that will help support the wider needs of the city is critical to helping deliver a broad range of improved service outcomes. These locations can include important local facilities and/or more significant destinations that help draw people and investment to the city from a wider area.
- 3.13 £0.120m worth of proposed investment in 2017/18 will include improving the safety and environment around, and on routes to, schools and increasing the transport options available to reach centres of economic activity and employment can assist in reducing congestion. Measures include those that will assist in encouraging sustainable, travel behaviour change, such as workplace and school travel planning.
- 3.14 Local shopping centres are a focus for many communities/visitors and provide a variety of facilities and services that can help to reduce the need to make a number of separate journeys. Enabling these locations to be more accessible and attractive to everybody and function safely and practically e.g deliveries and servicing, provides the opportunity for them to thrive as part of the local economy. Work to develop proposals for the Boundary Road/Station Road corridor in Portslade will be undertaken beyond 2017/18 as part of the LTP 4-year Delivery Plan, following its prioritisation by committee in November 2015.
- 3.15 Local parks and open spaces provide excellent opportunities for people of all ages to improve their quality of life in terms of relaxation, fresh air or exercise. Improving access to those locations will enable them to be reached safely and sustainably, or address local perceptions of danger or severance, and therefore be used more regularly. Improving Rights of Way [RoW] in line with the statutory RoW Improvement Plan, including those that provide improved links with the South Downs National Park remain a priority.
- 3.16 £0.070m worth of investment is proposed in interchange facilities, where people can transfer between different forms of transport on their journey/visit. This includes the final contribution to help deliver the city's new BikeShare project. A previously approved, but unspent allocation for cycle parking at rail stations, including Hove, Portslade, London Road and Moulsecoomb, will be spent in 2017/18 but is dependent upon more significant progress being made by the lead partner, Southern Rail. More rapid progress is expected to be made on developing proposals for the 'Gateway to the Sea' project, between Brighton Station and the Seafront, which includes the Clock Tower junction.

Improving neighbourhoods

- 3.17 Continued investment is required in targeted road safety engineering schemes to maximise casualty reduction, in line with the positive results achieved recently in reducing the number of people killed or seriously injured. £0.280m is proposed to be invested in locations where driver speeds still exceed speed limits in 20 mph areas; and 'high risk' sites, which will be confirmed after an assessment of collision and injury data that include 2016.
- 3.18 Tackling pollution levels in the city's Air Quality Management Areas remains a high priority and an allocation is proposed to deliver a minor traffic management scheme in Rottingdean Village to help reduce harmful emissions in the High Street. Walking and cycling are the best forms of 'low carbon' transport and the activity involved also provides additional personal health benefits for individuals and can help reduce pollution if they replace some car journeys. Increasing the mobility of local residents with 'dropped' kerbs and level surfaces, alongside clear wayfinding signing for visitors, are important ways to increase the attractiveness and convenience of these types of journeys in the city, especially over short distances. A total of nearly £0.280m is planned to be spent specifically in these areas in 2017/18. Other projects also include investment in measures to enable and increase active and healthy travel.

Managing links and improving routes

- 3.19 Ensuring the efficient movement of people and vehicles across and along key transport corridors helps to keep the city moving. Work will continue on the detailed design and then construction will start (early 2018) on the agreed Valley Gardens (Phases 1 & 2) scheme. Work to develop proposals for the Church Road corridor in Hove remains planned to be undertaken beyond 2017/18.
- 3.20 Continued investment in the use of technology to manage the city's transport network city's will include the final contribution to 3-year, LGF-funded Intelligent Transport Systems [ITS] Package (Phase 1) which will help modernise and optimise traffic signal-controlled junctions and pedestrian crossings and improve driver information. This will include the Old Shoreham Road/Sackville Road/Nevill Road junction. The expansion of the city's electric vehicle charging point network will help respond to the growing demands for this infrastructure by widening choice and also reducing carbon emissions. A further phase on investment is planned but significant progress will be dependent on a further successful bid to the LEP's LGF.

Minor works

- 3.21 Minor investment is required in 2017/18 for some schemes after the main construction works have been completed in 2016/17 e.g safety audits and additional remedial works, and to allow some initial scoping and preliminary work on new schemes. Data collection will also be undertaken to assist in monitoring and assessing the wider effects of some schemes/projects.

Future transport capital programme investment

- 3.22 In approving its 2017/18 budget, the council has also confirmed that it expects to receive capital allocations from the government of approximately £5.169m in both 2018/19 and 2019/20 through the LTP process. These sums will enable the ongoing development and delivery of certain schemes or initiatives within the current 4-year Delivery Plan period, and will be dependent upon future budget decisions made by the council, and the committee is recommended to note them.

OTHER SOURCES OF FUNDING

- 3.23 The LTP process is one of many funding sources that are used to deliver transport schemes. The council has recently been successful with its bid for the Government's Access Fund which will support sustainable and accessible travel projects to help overcome barriers to jobs and economic activity in 2017/18.
- 3.24 Investment in local transport is also secured through the planning process via legal (Section 106) agreements. For example, funds from the redevelopment of the Royal Sussex County Hospital will fund measures in the Eastern Road corridor. Other sums previously secured for making bus stops and pedestrian routes accessible and level will be used in 2017/18 to continue these important work programmes across the city near development sites. Opportunities will also be taken to invest in secure, on-street motorcycle parking where possible.
- 3.25 The council has also successfully secured funding for major and significant transport schemes by bidding for Local Growth Fund [LGF] money, which is administered by the CtoC LEP. This funding will help support the retention and delivery of jobs and housing in the city and the Greater Brighton City Region. In future years, the LTP capital programme will also need to reflect new or successful bids for funding, and any capital funding required to deliver the strategic transport priorities that may emerge through the Government's Devolution process.
- 3.26 Funding has already been secured from 2015/16 onwards for the Valley Gardens project (Phases 1 & 2), BikeShare and the ITS (Phase 1) Package. Future bids have been made for projects that could start between 2017/18 and 2020/21 as those funding opportunities arise, including Valley Gardens (Phase 3) and Seafront Highway Structures.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 The proposed 2017/18 LTP capital programme is consistent with the Strategy and the principles of the Delivery Plan in the approved LTP4, and the proposed allocation of capital investment will help contribute to meeting local transport and wider policy objectives and outcomes.
- 4.2 The programme includes commitments to financial contributions to projects and programmes that have helped secured much larger sums of capital funding from other sources for the council to invest in its transport network. Maintaining these commitments is essential to deliver those projects and should help support the consideration of the council's case for any similar bids in the future.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 There has been no direct engagement or consultation on the proposed, detailed 2017/18 programme. Engagement and consultation took place in 2014/15 prior to the approval of the LTP4 document in March 2015. The ET&S Committee considered and approved a number of new projects and priorities to be progressed as part of the LTP capital programme/Delivery Plan in November 2015, and further bids for LGF from the LEP have been submitted which are consistent with agreed objectives and priorities.
- 5.2 As outlined in paragraph 1.3 of this report, many individual projects and programmes have been, or will be, the subject of consultation with local communities and ward councillors. Alongside the Maintenance programme, the delivery of Integrated Transport will be considered by the council's Highway & Traffic Manager in terms of minimising the potential effects of works on the overall operation and management of the transport network in Brighton & Hove.
- 5.3 Multi-agency working remains key to helping achieve improvements in service outcomes and overall performance across the city through scheme development and transport investment. Improving transport infrastructure and services ensures that the council and its partners can meet the varying needs of the city, especially at a time when achieving sustainable economic, environmental and social outcomes, through value for money investment, are high priorities.

6. CONCLUSION

- 6.1 The decision of the committee to approve the allocation of the 2017/18 LTP capital programme to projects and programmes will provide a clear indication of proposed plans for capital investment in transport using the LTP budget, and other sources of funding such as the LGF. It therefore enable works to be continued or started, which will continue to support the council's, city's and wider stakeholders' objectives.

7. FINANCIAL & OTHER IMPLICATIONS:

- 7.1 The 2017/18 capital programme was approved at Budget Council in February 2017 and this report sets out the proposed use of the £6.635m worth of funding within the Transport capital programme. The 2017/18 LTP capital programme is funded by Department of Transport grants and takes into account additional funding secured.

Funding Source	£'000s		
	2017/18	2018/19	2019/20
LTP Integrated Transport Block	3,059	3,059	3,059
LTP Highway Maintenance Block	2,332	2,110	2,110
Total LTP Grant Funding	5,391	5,169	5,169
Incentive Funding	131	196	
Pothole Action Fund	135	*	*
National Productivity Investment Fund	978	*	*
Total Transport Funding Available	6,635	5,365	5,169

*Allocations not announced/confirmed.

- 7.2 Future years' capital programmes will require Policy, Resources & Growth Committee approval.

Finance Officer Consulted: Rob Allen

Date: 24/02/17

Legal Implications:

- 7.3 The LTP is a statutory requirement and was adopted by Full Council in March 2015. There are no direct legal implications associated with approving the 2017/18 LTP capital programme and noting future indicative allocations, which are consistent with the 4-year Delivery Plan set out within the LTP4. A number of sums reflect contributions to existing or future LGF projects which are (or if successful will be) subject to formal Funding Agreements with the Coast to Capital LEP. Any relevant legal implications will be considered when individual schemes are brought forward for implementation.

Lawyer Consulted: Elizabeth Culbert

Date: 26/02/17

Equalities Implications:

- 7.4 In developing specific projects and programmes within the 2017/18 LTP capital programme, the needs of those people and communities who are identified as having 'protected characteristics' (those against which discrimination is unlawful) as defined by the Equality Act 2010 will be prioritised from the outset, and wherever possible their needs will be incorporated into designs in order to overcome barriers to movement that may be experienced. In doing so, this will ensure that the transport network is made accessible to all, irrespective of any protected characteristic. Improvements to local areas and strategic transport routes will enhance the provision and choice for people, especially those with mobility difficulties, or other disabilities. Road safety schemes improve conditions for vulnerable road users. This type of investment will also help support some of the recommendations of the council's Fairness Commission.

Sustainability Implications:

- 7.5 LTP funding enables the council to meet environmental objectives set out in the LTP4 Strategy and the council's Sustainability Action Plan, such as a shift towards greater use of sustainable transport and reducing carbon emissions.

Any Other Significant Implications:

- 7.6 The 2017/18 LTP capital programme helps deliver the objectives of the LTP as a strategic document for the city, and transport and travel have a significant role in supporting and helping achieve the city's and council's wider objectives across a number of service departments. Additional, wider implications associated with the proposed investment are therefore set out in Appendix 2 of this report.

SUPPORTING DOCUMENTATION

Appendices:

1. Other Significant Implications
2. Proposed 2017/18 and Future Years LTP capital programme allocations

Documents in Members' Rooms

1. None

Background Documents

1. Report to Budget Council – February 2017
2. Report to Environment, Transport & Sustainability Committee (LTP Future Priorities) – November 2015
3. Report to Full Council meeting (Approval of LTP4) – March 2015
4. Brighton & Hove City Council's Fourth Local Transport Plan [LTP4] – March 2015

Other Significant Implications

Crime & Disorder Implications:

- 1.1 There are no direct implications arising from the proposed 2017/18 LTP capital programme. However, the LTP4 has a particular focus on improving road safety and personal security and, wherever possible, its projects and programmes will seek to reflect and deliver the aims of the council's Community Safety and Crime Reduction Strategy 2014-17, especially in helping to deliver measures that improve the physical environment, ensure communities are stronger, and help people feel safer. This can include work to design, improve, manage and maintain public spaces and streets so that people feel safe. The positive use of spaces is encouraged to ensure that crime and antisocial behaviour are discouraged.

Risk and Opportunity Management Implications:

- 1.2 The design of most transport schemes are safety audited to ensure they comply with current design standards. Regular monitoring and reporting throughout the year of the LTP capital programme and its projects will minimise the risk of not fully spending the approved investment programme. Maintenance of the seafront as an asset to the city is identified within the council's Strategic Risk Register because it includes the transport routes and highway structures that form support it. Investment in it therefore forms part of the proposed 2017/18 capital programme. Investment in scheduled maintenance of roads, pavements and cycleways provides safer infrastructure for all users and reduces the need for expensive reactive repairs.

Public Health Implications:

- 1.3 Transport and travel are critical to delivering the city's public health objectives as they contribute significantly to some of today's greatest challenges to public health, including road traffic injuries, physical inactivity, the adverse effect of traffic on social cohesiveness and the impact on outdoor air and noise pollution. Improving people's and communities' health and well-being is a key objective of the LTP4, and the LTP capital programme allows continued investment in transport improvements that provide for and promote active travel, such as walking and cycling. This investment also helps to improve air quality by reducing harmful emissions therefore delivering objectives and actions set out in the council's Air Quality Action Plan, such as providing for electric vehicles and enabling greater use of alternatives to the car for some journeys. Creating less dangerous and more attractive environments, such as road safety and public realm schemes, will improve individual and community health and quality of life.

Corporate / Citywide Implications:

- 1.4 The LTP includes principles and objectives that will help support the city's planned economic growth, social development and environmental enhancement. The annual capital programme plays an important role in delivering the council's Corporate Plan; the City Plan Part 1 policies (especially Policy CP9 on Sustainable Transport) and the schemes/projects identified within its associated Infrastructure Delivery Plan. The LTP will also reflect the current and emerging priorities and policies of the council, city, and other partners and stakeholders as established in other key strategies and policy documents such as the LEP's 2014

Strategic Economic Plan; the Greater Brighton City Region's Devolution Prospectus; the updated Sustainable Community Strategy; and the vision and outcomes set out in the 2014-2019 South Downs National Park Partnership Management Plan.

PROPOSED 2017/18 AND FUTURE YEARS' LTP CAPITAL PROGRAMME ALLOCATIONS

Project/ Scheme	Description (please see Footnote below for explanation of symbols)	2017/18 Proposed Allocation (£'000s)	2018/19 Indicative future allocation	2019/20 Indicative future allocation
CAPITAL RENEWAL/MAINTENANCE SCHEMES				
Maintaining links and routes to improve.....				
Surfaces	Roads #	1420	tbc	tbc
	Pavement/Footways	300	tbc	tbc
Drainage	Replacement of failed gullies/soakaways	250	tbc	tbc
Street Lighting	Replacement of connections and columns – 'Invest to Save' project	300	300	300
Bridges & Structures	A259 King's Road Arches (east of BA i360)	30	0	0
	A259 King's Road Arches (Phase 4) – preliminary investigation and design	200	150	tbc
	Former West Street Shelter Hall (A259)	1000 ⁺	250*	250*
	Marine Parade retaining wall (Duke's Mound)	70	100	0
	Other locations	100	tbc	tbc
Highway Asset Management	Surveys, update inventory and finalise strategy evidence	131	50	50
CAPITAL RENEWAL/MAINTENANCE SUB-TOTAL		3,801	2,110	2,110
NATIONAL PRODUCTIVITY INVESTMENT FUND [NPIF]				
Boosting productivity by.....				
Investing in the Seafront	Former West Street Shelter Hall (A259)	978	tbc	tbc
NPIF SUB-TOTAL		978	tbc	tbc
INTEGRATED TRANSPORT SCHEMES				
Connecting people with.....				
Education, Training & Learning	Safer Routes to Schools	100	tbc	tbc
	School Travel Plan Measures	20	tbc	tbc
SUB-TOTAL		120		
Workplaces & job opportunities	Business Travel Plan Measures - matched funding with businesses***	20	20	20
	Personalised Travel Planning***	20	10	10
SUB-TOTAL		40		
Shopping areas	Boundary Road/Station Road - Portslade	0	tbc	tbc
SUB-TOTAL		0		
Parks, open spaces & the National Park	Rights of Way – incl. access to SDNP	50	tbc	tbc
SUB-TOTAL		50		
Interchanges	Brighton Station Gateway (south)	15	0	0
	BikeShare project**	20	0	0
	Accessible bus-stops	35	tbc	tbc
SUB-TOTAL		70		
Improving neighbourhoods with.....				
Road Safety	20mph limits – speed reduction measures.	80	tbc	tbc
	High risk sites	200	tbc	tbc
SUB-TOTAL		280		
<i>.....continued</i>				

Project/ Scheme	Description <i>(please see Footnote below for explanation of symbols)</i>	2017/18 Proposed Allocation (£'000s)	2018/19 Indicative future allocation	2019/20 Indicative future allocation
Air quality improvement	Rottingdean High Street AQMA	40	0	0
Active travel measures	Pedestrian crossings – freestanding sites	115	tbc	tbc
	Walking network – incl. dropped kerbs and handrails	84	tbc	tbc
	Cycle facilities	40	40	40
	Cycle network***	0	40	40
SUB-TOTAL		279		
Managing links and routes with.....				
Technology & Travel Information	Intelligent Transport Systems [ITS] project-Phase 1**	100	0	0
	Intelligent Transport Systems [ITS] project-Phase 2****	52	100	300
	Electric vehicle charging points	55	55	55
SUB-TOTAL		207		
Strategic/corridor improvements	A270 Elm Grove traffic signals - upgrade	250	0	0
	Valley Gardens – Phases 1 & 2**	160	792	57
	Valley Gardens – Phase 3	200	tbc	tbc
	Church Road, Hove	0	tbc	tbc
SUB-TOTAL		610		
Connecting people and neighbourhoods with, and improving the				
City Centre & Seafrost	'Gateway to the Sea' – engagement and concept design	150	tbc	tbc
SUB-TOTAL		150		
Minor works	Scheme completion & scoping/Monitoring	50	tbc	tbc
SUB-TOTAL		50		
INTEGRATED TRANSPORT SUB-TOTAL		1,856	3,059	3,059
GRAND TOTALS		6,635	5,169	5,169
Funded From				
LTP Integrated Transport Block Grant Allocation		3,059	3,059	3,059
LTP Maintenance Block Grant Allocation		2,332	2,110	2,110
Highway Maintenance Incentive Fund (HAMS)		131	196	308
Pothole Action Fund		135	tbc	tbc
National Productivity Investment Fund [NPIF]		978	tbc	tbc

Footnote

- includes Pothole Action Fund allocation (£135,000).

+ - see NPIF allocation (£978,000) also.

* - committed contribution to successful bid to the DfT's Highways Maintenance Challenge Fund.

** - local contribution, committed to approved LEP Local Growth Fund [LGF] scheme.

*** - committed contribution to successful bid to the DfT-funded 'Unlocking Growth with Active Travel' Access Fund project.

**** - local contribution, committed to support bid for LEP Local Growth Fund [LGF] allocation.

tbc - project/programme will require/receive continued funding to deliver existing/ongoing commitments (sums to be confirmed, or unknown).

NOTES –

In many cases, costs indicated above are preliminary estimates. Expenditure on schemes may need to be increased, reduced or deferred during a financial year as information becomes available. Some works are also subject to network co-ordination with other projects, developers and utility companies, contractor availability and weather conditions.

Subject:	Education Capital Resources and Capital Investment Programme 2016/2017 – Extract from the Proceedings of the Children, Young People & Skills Committee meeting held on 6 March 2017		
Date of Meeting:	23 March 2017		
Report of:	Executive Director for Families, Children & Learning		
Contact Officer:	Name:	Lisa Johnson	Tel: 01273 29-1228
	E-mail:	lisa.johnson@brighton-hove.gov.uk	
Wards Affected:	All		

FOR GENERAL RELEASE

Action Required of Council:

To receive the item referred from the Children Young People & Skills Committee for decision.

Recommendations:

- 1) That the Committee agree the allocation of funding as shown in Appendices 1 and 2 and include this within the council's Capital Investment Programme 2017/18.
- 2) That Committee grant delegated authority to the Assistant Director of Property & Design to procure the capital maintenance and basic need works and enter into contracts within these budgets, as required, in accordance with Contract Standing Orders in respect of the entire Education Capital Programme.

BRIGHTON & HOVE CITY COUNCIL
CHILDREN YOUNG PEOPLE & SKILLS COMMITTEE

4.00pm 6 MARCH 2016

COUNCIL CHAMBER, HOVE TOWN HALL

DRAFT MINUTES

Present:

Councillors: Chapman (Chair), Brown (Opposition Spokesperson), Phillips (Group Spokesperson), Cattell, Daniel, Knight, Miller, O'Quinn, Russell-Moyle and Taylor

Voting Co-Optees: Bernadette Connor, Ann Holt and Martin Jones

Non-Voting Co-Optees: Ben Glazebrook, Josh Cliff

PART ONE

77 EDUCATION CAPITAL RESOURCES AND CAPITAL INVESTMENT PROGRAMME 2016/2017

- 77.1 The Committee considered the report of the Executive Director Families, Children & Learning on 'Education Capital resources and Capital Investment Programme 2017/18'. The report informed the Committee of the level of available capital resources allocated to this service for 2017/2018, and to recommend a Capital Investment Programme for 2017/18. The report was introduced by the Head of School Organisation.
- 77.2 Councillor Phillips noted that in the previous administration funding had been made available for the installation solar panels at schools, and asked how that funding had been used. The Head of School Organisation said he didn't have that information, but would advise after the meeting.
- 77.3 Councillor Brown noted that for a number of years there had been a rolling programme for the removal of asbestos from schools, and asked how near the Authority was to completing that task. The Head of School Organisation said that he would provide clarification outside of the meeting.
- 77.4 Councillor Taylor noted that £5m allocated for provision of secondary school places in 2016-17 had not spent. The Executive Director Families, Children & Learning said that that the money would be carried over until needed for purchasing/building the new secondary school.
- 77.5 Councillor Miller suggested that there was a discrepancy in the figures provided. He noted that the total works amounted to £4,688,321, but the Capital Maintenance 2017/18 was £5,047,510, so there was a difference of around £350,000. In addition, under Basic Needs for 2017/18 there was a capital commitment of £700,000, so in total there was a gap of around £1.1m. The Head of School Organisation said the difference

was that the figure of £4,688,321 included the addition of fees, whereas the other figures were only the cost of the work. It was suggested that a fuller discussion be held with Councillor Miller outside of the meeting, and if there were any discrepancies it would be reported back to the Committee.

- 77.6 Councillor Miller asked if the Committee could be advised on what had been spent last year. The Head of School Organisation said a report could come to the Committee on works delivered if it would be useful. The Chair agreed it would.
- 77.7 Councillor Miller said that it would be useful if information on S106 allocations could be provided for the Committee, and was advised that a report was already scheduled to come to the next meeting. He noted that in Appendix 2 there was no Basic Need spending for 2018/19 and asked why that was. The Head of School Organisation said that no Basic Need spending had been allocated to the authority based on our projection of pupil numbers showing there is less pressure on school places in that year.
- 77.8 Councillor Miller noted that £15m had been allocated for the provision of secondary school places, and asked how that would be spent. The Head of School Organisation said it was funding for the purchase of the new secondary school site.
- 77.9 Mr Glazebrook noted that the 67 Centre was included in the Capital Works programme and asked if there was any thought on the future use given the cuts to the Youth Service. The Head of School Organisation said it was work required for maintaining the building itself rather than its future use.
- 77.10 Ms Holt asked how the new school build would be funded, and was advised that the cost of the school site would be met from the Basic Need allocation.
- 77.11 Ms Holt noted that the report did not include spending on Voluntary Aided schools, and asked who scrutinised the needs and spending for those schools if it wasn't this committee. The Head of School Organisation said that there was a separate funding stream through the Department for Education, rather than through the Local Authority, for Voluntary Aided schools. Ms Holt asked if that information could be provided within future reports to the Committee. The Head of School Organisation agreed to incorporate this in a future report if the committee felt it would be useful. The committee agreed that it did.

77.12 RESOLVED: The Committee agreed:

- (1) That the level of available capital resources totalling £39.947 million for investment relating to education buildings financed from capital grant be noted.
- (2) That Committee agree the allocation of funding as shown in Appendices 1 and 2 and recommend this to Policy & Resources and Growth Committee on 23 March 2017 for inclusion within the council's Capital Investment Programme 2017/18.
- (3) That Committee agree to recommend to Policy & Resources and Growth Committee that they grant delegated authority to the Assistant Director of Property & Design to procure the capital maintenance and basic need works and enter into contracts within these budgets, as required, in accordance with Contract Standing Orders in respect of the entire Education Capital Programme.

Subject:	Education Capital Resources and Capital Investment Programme 2017/2018		
Date of Meeting:	6 March 2017 – Children, Young People & Skills Committee 23 March 2017 – Policy, Resources & Growth Committee		
Report of:	Executive Director for Families, Children & Learning		
Contact Officer:	Name:	Richard Barker	Tel: 29-0732
	Email:	richard.barker@brighton-hove.gov.uk	
Ward(s) affected:	All		

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 In order to determine an overall Capital Programme for Brighton & Hove City Council, each service is asked to consider its capital investment requirements, within the level of allocated resources for 2017/18.
- 1.2 The purpose of the report is to inform the Committee of the level of available capital resources allocated to this service for 2017/18 and to recommend a Capital Investment Programme for 2017/18.
- 1.3 To allocate funding available in the capital programme under Pupil Places and Condition investment for 2017/18.

2. RECOMMENDATIONS:

Children, Young People & Skills Committee

- 2.1 That the Committee note the level of available capital resources totalling £39.947 million for investment relating to education buildings financed from capital grant.
- 2.2 That the Committee agree the allocation of funding as shown in **Appendices 1 and 2** and recommend this to Policy & Resources and Growth Committee on 23rd March 2017 for inclusion within the council's Capital Investment Programme 2017/18.

Policy, Resources & Growth Committee

- 2.3 That the Committee agree the allocation of funding as shown in Appendices 1 and 2 and include this within the council's Capital Investment Programme 2017/18.
- 2.4 That Committee grant delegated authority to the Assistant Director of Property & Design to procure the capital maintenance and basic need works and enter into

contracts within these budgets, as required, in accordance with Contract Standing Orders in respect of the entire Education Capital Programme.

3. CONTEXT/ BACKGROUND INFORMATION

3.1 The Education Capital Programme forms part of the Council's full Capital Investment Programme which was presented to Policy Resources and Growth Committee on 9th February 2017 and Budget Council on 23rd February 2017.

Capital Finance Settlement

3.2 In December 2013, the Government announced a two-year settlement for the education Basic Need capital allocations for 2015/16 and 2016/17. The settlement for Brighton & Hove amounted to £24.679m over the two years.

3.3 On 12 February 2015 the Government announced a further one-year settlement for the education basic need capital allocation for the 2017/18 financial year of £11.445m. This provides for Brighton & Hove a basic need capital allocation of £36.124m over the three year period.

3.4 On 9th February 2015, the Government announced the capital maintenance settlement and Devolved Formula Capital Grant for 2015/16, with indicative allocations for 2016/17 and 2017/18. These figures were updated on February 12th 2016 which has resulted in a very slight increase (£828) in the allocation for capital maintenance and Devolved Formula Capital (£3,375).

3.5 Both basic need and capital maintenance allocations are funded entirely through capital grant.

3.6 The table below shows the allocations of capital grant funding announced for 2017/18 and 2016/17 grant forecast to be re-profiled into 2017/18 including those approvals in the Targeted Budget Management 2016/17 Month 9 report to Policy & Resources on 9th February 2017.

	2016/17 carried forward £m	2017/18 Settlement £m
Capital Maintenance Grant	0.138	4.909
Basic Need Funding	22.920	11.445
Devolved Formula Capital Grant* (To be confirmed)	0	0.535
Sub Totals	23.058	16.889
Total	39.947	

This table only includes funding allocated for building related work. It does not include budgets managed by others.

*Devolved Formula Capital is passed directly to schools and therefore is not available for the Local Authority to spend.

- 3.7 Additional grant funding may be made available throughout the forthcoming financial year and will be reported separately if necessary.

Capital Resources

- 3.8 The level of projected resources must finance all capital payments in 2017/18 including existing approved schemes, new schemes and future year commitments.
- 3.9 In addition to the resources identified above, the Department for Education will allocate funding for expenditure at voluntary aided schools in Brighton & Hove under several programme headings.

Capital Investment Programme

- 3.10 Funding is now allocated under two headings only Capital Maintenance Grant (under which £4.909m, is available for expenditure on improving the condition of the school estate); and Basic Need Funding (under which £11.445m is available for providing additional pupil places in the 2017/18 financial year).
- 3.11 Capital re-profiling is shown in the table in para 3.6 above and any further slippage arising from the 2016/17 capital programme will be incorporated into the 2017/18 programme when the capital accounts are closed in April 2017 and will be funded from existing resources carried forward.
- 3.12 An overall summary of expenditure for 2017/18 is attached at **Appendix 2** and a more detailed explanation of each item is shown below.

Structural Maintenance and other property related priorities

- 3.13 Funding for structural maintenance consists £4.909m from Capital Maintenance Grant from the government. In previous years there was also £0.900m of Capital Expenditure from the Revenue Account (CERA). This funding was historically withheld with the permission of the Schools Forum, to meet some of the costs of structural maintenance.
- 3.14 Owing in changes to the way in which schools are funded Schools Forum no longer has the ability to allow the Local Authority to retain this funding. This has resulted in a reduction of funding for maintenance on school buildings of £0.900m per year going forwards.
- 3.15 The Local Authority has put together a Services to School offer to cover an integrated property function for schools that will allow schools to purchase the necessary property expertise needed to operate a building from the council. It is anticipated that this will allow the LA to recoup some of the lost £0.900m as some schools, but not all, will purchase this package.

- 3.16 It is currently anticipated that £0.300m will be recouped by schools purchasing this service. This funding will be used to augment the funding available for maintenance for school buildings.
- 3.17 Over the next year the council will continue to look for further opportunities to increase the amount of funding available to deliver the asset management function for our school buildings.
- 3.18 The capital maintenance funding will be used to address the most urgent and important items highlighted by the condition surveys of school buildings as well as a number of programmes to address specific safety and improvement priorities as set out in paragraphs 3.22 – 3.28 below.
- 3.19 The Capital Maintenance Grant settlement this year is based on the figures published in February 2016.
- 3.20 A major priority of the Asset Management Plan is to reduce the amount of condition related works required in schools. A rolling programme of works has been prepared which currently shows a backlog of £28.2m. It is recommended that £4.680m (£3.980m from capital maintenance plus £.0700m from Basic Need) from the total funding available is allocated to carry out structural maintenance works in the 2017/18 financial year.
- 3.21 The proposed programme is prioritised using the Department for Education (DfE) condition criteria. The highest level of priority is attached to the renewal or replacement of building elements which fall within Grade D (as being in bad condition, being life-expired and/or in serious risk of imminent failure) and within the 'Priority 1' or 'priority 2' definition:
- Priority 1 Urgent work, which will prevent immediate closure of premises and/or address an immediate high risk to the health & safety of occupants and/or remedy a serious breach of legislation
- Priority 2 Essential work, required within two years, which will prevent serious deterioration of the fabric or services and/or address a medium risk to the health & safety of occupants and/or remedy a less serious breach of legislation.
- 3.22 In the current year the total D1 priority work identified is approximately £2.766m excluding fees (£3.043m including fees). By allocating £3.980m from the Capital Maintenance Grant together with £700k from the Basic need allocation we will be able to address all the D1 and a significant number of D2 priority works.
- 3.23 The extent of the work at each school will be determined by the condition survey and detailed investigation and scoping of the problem to be addressed. There will also be discussion with each school on the timing and scope of the works.
- 3.24 A copy of the proposed structural maintenance programme is attached at **Appendix 1** to this report. This shows the estimated total cost of each programme of work (such as roof replacements, mechanical and electrical works etc.) but not the estimates for each individual element. This is because at the

present time the amounts are pre-tender estimates and it would not make commercial sense to reveal these prior to going out to tender.

- 3.25 Legislation on both the control of legionella and asbestos in buildings has given rise to the need to carry out works on a rolling programme to school buildings to achieve compliance with the new legislation. It is recommended that £0.150m each be allocated to legionella and asbestos work.
- 3.26 It is recommended that £0.150m is allocated for works identified by the Fire Risk Assessments that are the responsibility of the Local Authority.
- 3.27 Issues regarding compliance in relation to ventilation in school kitchens have been raised for a number of years. Inadequate ventilation in a kitchen environment leads to very hot and humid conditions which raise the risk of accidents, hygiene problems and potential poor health of staff. It is recommended that £0.150m is allocated for this purpose.
- 3.28 It is also recommended that £0.100m is allocated to carry on with the rolling programme of surveys of school premises, £0.150m is allocated for advanced design of future projects, and £0.150m is allocated for adaptations to schools to accommodate pupils with special mobility or sensory needs.
- 3.29 The above allocations identified in paragraphs 3.22 – 3.28 will leave approximately £0.068m of the available resources for structural maintenance uncommitted this is considered prudent financial management at the start of the year.
- 3.30 In addition to the Local Authority responsibility for maintenance the schools also retain responsibility and funding for some maintenance items. This funding includes Devolved Formula Capital which the council receives from central government to pass on to schools according to a formula. There is also an element in schools' delegated budgets relating to building maintenance.

Basic Need Funding

- 3.31 Basic need funding is provided to authorities who are experiencing increasing school rolls. The funding is provided to ensure that the Local Authority can meet its statutory obligation to secure a school place for every child that wants one.
- 3.32 The increase in pupil numbers that has been affecting primary places is now starting to impact on secondary numbers. A strategy for meeting this need has been developed with the Cross Party School Organisation Working Group and the Secondary and Continuing Education Partnership consisting of the ten secondary schools, the three colleges and the two universities. Projects to fulfil this strategy are now being worked up through consultation with these groups and will be funded from basic need capital grant, subject to approval through further reports to this Committee and the Policy Resources & Growth Committee.
- 3.33 Owing to factors beyond the control of the Local Authority funding allocated for the provision of secondary school places in 2016-17 of £5.0m was not able to be

spent. This funding has been re-profiled for use in 2017/18 as reported in TBM 9.

- 3.34 It is anticipated at the present time that the LA will need to purchase a site for a new secondary free school. It is also possible that there may be the need to make adaptations to the existing secondary schools in the city. It is recommended that a total of £15.0m is allocated to the provision of secondary places in the 2017/18 financial year.
- 3.35 Further options that arise during the year will be presented to this Committee and Policy, Resources & Growth Committee so that the financial implications can be fully considered.
- 3.36 A review of provision for children and young people with special educational needs and disability is currently underway which could result in changes to special school provision within the city. An allocation of £2.5 million was included in 2016 / 17 financial year together with a similar allocation indicated for 2017 18. However the complexity of aspects of special school re-organisation means that delivery of these projects will take place over a period of time up to 2020. It is now recommended that an allocation of £7.5m is made from the 17/18 Basic Need allocation to meet the cost of any changes to the special school provision. It is likely however that this allocation will actually be spent over the next three financial years as the individual projects come forward.
- 3.37 As part of the SEND review it is likely that some buildings will be declared surplus and could be sold. Subject to completion of a satisfactory business case and agreement by Policy Resources & Growth Committee the funding raised by the sale of these buildings could also be used to meet the costs of changes to the remaining special school buildings.
- 3.38 An allocation of £0.5m was included in last years capital programme to allow the LA to meet any costs arising from projects procured by third parties. This money was not spent and it is recommended that this amount should be carried forward to 17/18 and the sum provisionally allocated for 2017/18 also be rolled forward to 2018/19.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 The only option available would be to not make use of this funding to improve or extend the education property portfolio. This is not recommended as it would limit our ability to maintain, modernise and improve our school buildings property portfolio and to secure sufficient school places.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 There has been no specific consultation regarding the content of this report. When an individual project is developed the necessary consultation is undertaken and reported to the relevant committee.

6. CONCLUSION

- 6.1 The proposed capital Investment programme will enable us to continue to ensure that we secure school places in areas of the city where they are required and to improve the condition of our education property portfolio.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 The report sets out the allocation of capital resources included in the Capital Investment Programme 2017/18 as approved by Budget Council on 23 February 2017 that were announced as part of the capital finance settlement in December 2014 and February 2015. The report also includes re-profiled budgets that were approved at Policy Resources & Growth Committee on 9 February 2017 as part of the Targeted Budget Management 2016/17 Month 9 report. The schedule of investment for basic need includes works associated with the provision of an additional secondary school provision of up to £15.0 million for 2017/18. This is for the purchase of a site for a proposed new secondary free school. Any uncommitted resources will be reported back to this Committee with detailed plans in due course. The revenue implications of any capital investment will be met from existing revenue budgets in 2017/18 and future years' budgets.

Finance Officer Consulted: Rob Allen

Date: 15/02/17

Legal Implications:

- 7.2 There are no direct legal implications arising from this report. Individual projects may give rise to specific issues which will be covered by the individual reports referring to them.

Lawyer Consulted: Serena Kynaston

Date: 08/02/17

Equalities Implications:

- 7.3 There are no equalities implications arising from this programme which would impact disproportionately on any defined groups. New and refurbished buildings will conform with all relevant regulations and be fully accessible.

Sustainability Implications:

- 7.4 There are no direct environmental implications arising from this report. The environmental impacts of individual schemes are reported to Members when the detailed report is submitted to Policy, Resources and Growth Committee for final approval. The detailed planning of projects at educational establishments will take account of the implications of Brighton & Hove's policies in relation to sustainability issues generally.

Any Other Significant Implications:

- 7.5 None

SUPPORTING DOCUMENTATION

Appendices:

1. Structural maintenance programme
2. Summary of allocation of funding streams in Section 3 of this report

Documents in Members' Rooms

1. None

Background Documents

1. None

Crime & Disorder Implications:

- 1.1 The detailed planning of projects will take account of security issues

Risk and Opportunity Management Implications:

- 1.2 There are no risk issues in terms of resources or risks to children as a result of this proposal

Public Health Implications:

- 1.3 There are no public health implications arising from this report

Corporate / Citywide Implications:

- 1.4 The Capital Maintenance Grant identified in this report is evidence of the government's continuing support for the Council's work as a Local Education Authority. The Basic Need Funding is indicative that the DfE understands the issues of primary and secondary places we face in the city.

	CAPITAL MAINTENANCE			BASIC NEED			TOTAL			Scheme Totals
	2016/17	2017/18	2018/19	2016/17	2017/18	2018/19	Previous years	2016/17	2017/18	
CAPITAL RESOURCES										
2016/17	£4,909,255			£12,640,697						
2017/18		£4,909,255			£11,445,000					
2018/19			TBC			£0				
Revenue Contributions	£900,000									
Carried forward from previous years	£609,000	£138,255	£67,510	£11,179,000	£22,919,697	£17,434,697				
TOTAL CAPITAL RESOURCES	£6,418,255	£5,047,510	£67,510	£23,819,697	£34,364,697	£17,434,697				
CAPITAL COMMITMENTS										
Condition related works								£6,280,000	£5,680,000	£11,960,000
Legionella	£150,000	<i>£150,000</i>						£150,000	£150,000	
Asbestos	£150,000	<i>£150,000</i>						£150,000	£150,000	
Fire Risk Assessments	£150,000	<i>£150,000</i>						£150,000	£150,000	
Ventilation in Kitchens	£150,000	<i>£150,000</i>						£150,000	£150,000	
Condition works proposed by committee in March	£5,280,000	<i>£3,980,000</i>			£700,000			£5,280,000	£4,680,000	
Advanced design on future schemes	£150,000	<i>£150,000</i>						£150,000	£150,000	
Surveys (condition gas etc)	£100,000	<i>£100,000</i>						£100,000	£100,000	
Individual Pupil needs	£150,000	<i>£150,000</i>						£150,000	£150,000	
Bulge Classes							£30,000	£190,000	£0	£220,000
Furniture for bulge classes as children move through school				£10,000			£30,000	£10,000	£0	
Goldstone Primary School additional accommodation for 2012 bulge				£30,000				£30,000	£0	
Westdene additional accommodation from 2012 bulge				£150,000				£150,000	£0	
Relocation of mobiles currently on West Blatchington and Brunswick primary school sites					£150,000			£0	£150,000	£150,000
Refurbishment of mobile at Dorothy Stringer School					£80,000			£0	£80,000	£80,000
Additional Form of Entry at St Andrew's C E Primary				£510,000			£1,250,000	£510,000	£0	£1,760,000
Additional Form of Entry at Saltean Primary				£200,000			£1,250,000	£200,000	£0	£1,450,000
<i>Additional secondary provision</i>				<i>£0</i>	<i>£15,000,000</i>			<i>£0</i>	<i>£15,000,000</i>	£15,000,000
<i>Costs arising from projects undertaken by third parties</i>				<i>£0</i>	<i>£500,000</i>	<i>£500,000</i>		<i>£0</i>	<i>£500,000</i>	<i>£500,000</i>
<i>To implement outcomes from the SEND review</i>				<i>£0</i>	<i>£500,000</i>	<i>£7,000,000</i>		<i>£0</i>	<i>£500,000</i>	<i>£7,000,000</i>
TOTAL COMMITMENTS	£6,280,000	£4,980,000	£0	£900,000	£16,930,000	£7,500,000	£2,530,000	£7,180,000	£21,910,000	£7,500,000
Outstanding balance	£138,255	£67,510	£67,510	£22,919,697	£17,434,697	£9,934,697				

Notes

Figures in italics are indicative at the present time

School	Works	Priority Grade	Budget Allocation
Asbestos works			£50,000
Mile Oak Primary School	Phase 2 of removal of asbestos ceilings and renewal of lighting	D1	
Patcham Infant School	Replacement of asbestos ceilings and removal of asbestos fascia's and soffits.	D1	
Drainage Works			£100,000
Benfield Junior School	Drainage renewal	D1	
Bevendean Primary School	Flood prevention works	D1	
Coldean Primary School	Flood prevention works	D1	
Homewood College	Flood prevention feasibility	D1	
Coombe Road School	Drainage improvement	D1	
Electrical Works			£377,500
67 Centre	Rerouting / renewal of electrical cables on south elevation.	D1	
Moulsecomb Primary School	Incoming electrical supply reconfiguration to single supply	D1	
Benfield Primary School	Revenue Safeguarding	D1	
Middle Street	Rewire and replace lighting to Hall	D1	
Blatchington Mill School	Feasibility Block Electrical Installation	D2	
Blatchington Mill School	Electrical Power/Lighting Rewire Block Phase 1	D2	
Fairlight Primary School	Upgrade electrical supply	D2	
General Works			£487,110
67 Centre	Replace rotten timber cladding to east elevation.	D1	
Bevendean Primary School	Repointing repairs to Library walling	D1	
Blatchington Mill School	Replace fire escape to rear (west Block)	D1	
Blatchington Mill School	Replace wall ties to Theatre	D1	
Carden Primary School	Under-pinning works to corridor	D1	
Carlton Hill Primary School	Replace wall ties to west elevation flank walls	D1	
Coldean Primary School	Wall tie replacement/re-pointing	D1	
Downs Junior School	Re-pointing and masonry repairs	D1	
Downs Junior School	Damp-proofing works to boys toilets	D1	
Downs Junior School	Brickwork repairs, damp proofing etc. to resolve H&S issues in house CT house	D1	
Hangleton Primary School	Repointing and wall tie replacement (phase 2)	D1	
Mile Oak Primary School	Re-pointing/wall ties to CT house	D1	
Moulsecomb Primary School	Basement railings, damp penetration & brickwork to basement	D1	
Patcham Junior School	Fascia/barge board renewal & asbestos removal	D1	
Queens Park Primary School	Render brick boundary wall	D1	
Rudyard Kipling Primary School	Repointing/wall tie replacement phase 2 south elevation?	D1	
St Luke's Primary School	Rebuild boundary wall/structural works to canopy	D1	
Stanford Infants	Replace cladding to CT house	D1	
Stanford Junior School	Masonry repairs	D1	
West Hove Junior School	Replace lintels to gable ends of hall (NEW ITEM)	D1	
West Hove Junior School	Cladding/detailing to first floor extension	D1	
Woodingdean Primary School	Repointing/wall ties North elevation, hall & store room	D1	
3 Varndean Cottage	Damp-proofing works to lounge and first floor bedroom	D1	
3 Varndean Cottage	Render repairs/brick stitching	D1	
Homewood College	Replace Kitchen to Caretakers House	D1	
Longhill School	Repair cavity trays to lift shaft	D1	
Middle Street Primary School	Cavity wall tie replacement to S & W elevations	D1	
Portslade Sports Centre	Reinstate damaged railing to fire escape	D1	
Brunswick Primary School	Replace cladding to Junior side	D1	
Hertford Junior School	PVCu cladding repairs (phase 2)	D2	
Jeanne Saunders Centre	Overboard ceilings basement kitchen, store and dormers	D2	
Jeanne Saunders Centre	Window lintel replacements to West Elevation	D2	
Longhill School	Repair spalling concrete to block 3	D2	

Mile Oak Primary School	Crack stitch, lintels and wall tie replacement	D2
Peter Gladwin Primary School	Refurbish CT kitchen	D2
Queens Park Primary School	Damp proofing inc. builder's works	D2
Royal Spa Nursery	Render repairs to monument (phase 3)	D2
Rudyard Kipling Primary School	Repointing/wall tie replacement phase 3	D2
Saltdean Primary School	Caretakers house - renew shiplap cladding	D2
St Luke's Primary School	Damp-proofing works to hall	D2
St Peters Infant School	Partial tanking to coincide with boiler renewal.	D2
Stanford Junior School	Repointing work to rear elevation (phase 3)	D2
West Blatchington Primary School	Repointing and flashing repairs	D2
West Blatchington Primary School	Damp treatment and external wall repairs (Otter Classroom).	D2
Mechanical Works		£1,118,500
Blatchington Mill School	Replace heating distribution for main building. Year 2	D1
Blatchington Mill School	Replace oil boiler/convert to gas	D1
Fairlight Primary School	Replace hot and cold water services distribution	D1
Homewood College	Install heating to classroom (formally	D1
Stanford Junior School	Resolve long dead leg issue	D1
Stanford Junior School	Replace boiler control panel	D1
Surrenden Pool	Improve air quality in pool hall (feasibility study)	D1
Longhill School	B Block replace lift	D1
Balfour Primary School (Infant site)	Replace fan coil units	D2
Balfour Primary School (Junior)	Replace Hall Boiler	D2
Benfield Junior School	Install heat pumps to reception class area	D2
Brunswick School (Junior site)	Replace boilers (Somerhill)	D2
Coldean Primary School	Replace incoming lead water main	D2
Downs View School	Replace main boiler plant	D2
Downs View School	Investigate reports of constant temperature failures on H&C water	D2
Hertford Junior School	Replacement heating, H&C water system	D2
Middle Street Primary School	investigate / feasibility into hot and cold water failures	D2
Moulsecoomb Primary School	Full survey feasibility to heating, hot and cold water distribution systems	D2
Moulsecoomb Primary School	Replace Main Boilers	D2
St Luke's Primary School	Install gas supply	D2
St Luke's Primary School	Replace kitchen boilers & dining block radiators	D2
Kitchen Ventilation		£60,000
Hertford Infant School	Install kitchen ventilation system	D2
Middle Street Primary School	Kitchen ventilation install filter/heater	D2
Resurfacing works		£206,000
Lynchet Close PRU	Resurface Playground	D1
Benfield Junior School	Resurface front carpark & adapt drainage	D1
Carlton Hill Primary School	Resurfacing to paved activity areas	D1
Longhill School	Tarmac repair road near Focus Centre	D1
Balfour Primary School (Junior)	Resurface playground 30P	D1
Brunswick Primary School	Resurface front entrance driveway	D1
Blatchington Mill School	Resurface road adjacent to kitchen	D2
Blatchington Mill School	Resurface access road/path to rear of site	D2
Brunswick Primary School	Resurface Infant playground	D2
Downs View School	Resurface playground	D2
Homewood College	Resurface Playgrounds	D2
Homewood College	Resurface Playgrounds	D2
Toilet Works		£255,000
Blatchington Mill School	Refurbish girls & boys toilets to changing rooms	D1
Coombe Road School	Toilet refurbishment 0/047 & room 0/039	D1
Fairlight Primary School	Toilet refurbishment 1st floor girls/boys first floor	D1
West Hove Junior School	Refurbish boys toilet	D1
Stanford Junior School	Refurbish girls toilets in basement & damp-proofing works	D1
Brunswick Primary School	Boys & Girls year 3 toilet refurbishment	D2

Brunswick Primary School	Girls 1st Floor toilet refurbishment (Davigdor)	D2	
Carlton Hill Primary School	Refurbish boys WC Yr 6	D2	
Fairlight Primary School	Toilet refurbishment 2nd floor girls/boys	D2	
Roofing Works			£1,608,000
Balfour Primary School (Junior)	Replace tiled roofs above classrooms (final phase)	D1	
Bevendean Primary School	Renew flat roof to hall	D1	
Blatchington Mill School	Replace flat roof covering above library & 2no foodtech classrooms	D1	
Carden Primary School	Flat roof replacement above main roof and corridors (final phase)	D1	
Downs Infant School	Recover flat roofs classrooms - two storey section (final phase).	D1	
Downs View School	Replace flat roof coverings (phase 2)	D1	
Hangleton Primary School	Replace flat roof coverings	D1	
Hove Park School	Replace roof above gym/ (Lower site)	D1	
Hove Park School	Replace roofs generally above classrooms (Upper school)	D1	
Middle Street Primary School	Flat roof replace (final phase 5)	D1	
Mile Oak Primary School	Replace flat roof covering to CT House	D1	
Patcham Junior School	Recover pitched roof to main building (final phase)	D1	
Patcham Junior School	Recover flat roof to corridor	D1	
Queens Park Primary School	Recover flat roof above boiler room	D1	
Rudyard Kipling Primary School	Replacement of Roof Lights (9Nr)	D1	
Rudyard Kipling Primary School	Replace flat roof coverings phase 2 - toilet block	D1	
Saltdean Primary School	Renew flat roof above lower hall	D1	
Stanford Infants	Flat roofing works (final phase) and cladding	D1	
Stanford Junior School	Recover high flat roof above staffroom	D1	
Surrenden Pool	Replace rooflights	D1	
West Hove Junior School	Pitched roofing works to main building - Facing Portland Road (phase 3)	D1	
Woodingdean Primary School	Recover flat roofs phase 4 and repair valley gutter above Canteen	D1	
TOTAL			£4,262,110
			Overall D1 Total £2,766,110.00
			Overall D2 Total £1,496,000.00
Inc. fees			£4,688,321

Subject:	Planned Maintenance Budget Allocation 2017-18 and Programme of Works for the Council's Operational Buildings		
Date of Meeting:	23 March 2017		
Report of:	Executive Director for Economy, Environment & Culture		
Contact Officer:	Name:	Angela Dymott Martin Hilson	Tel: 29-1450 29-1452
	Email:	angela.dymott@brighton-hove.gov.uk martin.hilson@brighton-hove.gov.uk	
Ward(s) affected:	All		

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

1.1 To report upon the proposed 2017-18 allocation of essential repair works to civic offices, historic, operational and commercial buildings within the Corporate Planned Maintenance Budget of £2,768,950 and the Social Care Planned Works Budget of £500,000.

1.2 These budgets relate to those buildings where the council has a repairing liability but excludes council housing, highways and educational establishments which have their own budgetary provisions.

2. RECOMMENDATIONS:

2.1 That Policy & Resources Committee–

- (i) approve the annual programme of planned maintenance works as detailed in Appendices 2 and 3, at a total estimated cost of £3,268,950; and
- (ii) grant delegated authority to the Assistant Director of Property & Design to procure the planned maintenance works and enter into contracts within this budget, as required, in accordance with Contract Standing Orders.

3. CONTEXT/ BACKGROUND INFORMATION

Asset Management

3.1 The council's Corporate Property Strategy & Asset Management Plan 2014-2018 (CPS & AMP) sets out the property context for Brighton & Hove, the council's

strategic property objectives, and is available for download from the Council's website.

- 3.2 The Corporate Building Maintenance Strategy 2015-2018 that supports the CPS & AMP, is an appendix of the AMP and sets out a robust strategic framework to deliver the key property objective to optimise the contribution that property makes to the council's priorities and strategic and service objectives. The aim is to ensure that finite maintenance resources are invested through prioritisation and targeted at our key operational assets to meet service delivery needs and maintain the value of our key assets.
- 3.3 Like most local authorities, the council faces a backlog in its required maintenance, extreme budget challenges and our small and limited maintenance budgets are inadequate for the need. Financial controls applied in recent years have meant substantial cuts in what can be achieved with the annual programme, that in turn increases our prioritised volumes of required maintenance. This is further compounded by this planned maintenance budget being squeezed on both sides. Firstly, there is no formalised capital investment programme that sits above this budget to replace life-expired buildings and structures. Secondly, savings in recent years taken from routine servicing budgets has meant less work is able to be funded from those budgets.
- 3.4 We aim to ensure best use of resources, value for money and that funding is properly prioritised. The CPS & AMP and Corporate Building Maintenance Strategy further details the way in which the council manages the required maintenance of its property assets and is the basis used for prioritising and setting this annual programme of works. The Workstyles programme ensures our key administration buildings are refurbished and we dispose of our unsuitable buildings. Under this programme we are minimising major repairs to buildings that are to be disposed, only addressing emergency priorities. This helps to reduce carbon emissions from our estate. This principle is applied to all operational buildings/sites that are being considered for disposal, alternative use and delivery models, redevelopment and major investment. Examples being the King Alfred and the Brighton Centre. With reducing budgets and financial controls on all bar essential maintenance, it is a major challenge to try to ensure that certain buildings and structures do not bring down the appearance and reputation of the City.
- 3.5 This annual planned maintenance budget allocation is prioritised in consultation with Client Officers to address the more critical and essential maintenance works to support service re-design and delivery. It also aims to ensure that statutory compliance works and as many higher risk Health and Safety issues as possible are addressed. Essential maintenance also includes works of a structural nature and those that keep our buildings watertight.
- 3.6 In accordance with the council's 50 year lease agreement with the trustees of the Dome Complex that commenced in 1999, £202,950 has been top-sliced from the budget to contribute to a sinking fund for maintenance liabilities at the Dome. There is an obligation within the lease agreement that the council provides a contribution to a sinking fund each year (that increases by RPI) to maintain the fabric of the building including major items of plant and the budget for this is included in the Corporate Planned Maintenance Budget. It is proposed that the

buildings within the Royal Pavilion and Museums portfolio be leased to a new charitable trust for a period of 25 years from April 2018, with the City Council retaining the freehold of the buildings. The City Council would continue to maintain the buildings on behalf of the new trust. Funding is likely to be ring-fenced within this budget for 2018-19 onwards with the trust financing the additional required level of repairs and maintenance to the properties from the income it generates.

Corporate Landlord Function

- 3.7 The council's property is managed strategically and operated through a mixed economy Corporate Landlord model that centralises the council's property functions to the professional teams in Property & Design. The aim is to make best use of our assets and improve the utilisation, efficiency and effectiveness of our land and buildings. This is supported by the Council's new asset data management software Atrium that centralises all property related information. Further condition surveys are planned to be undertaken in 2017 to ensure a robust assessment of the council's 5-year requirement for planned maintenance.

Procurement of Planned Maintenance

- 3.8 Contract Standing Orders sets out the mechanism for the procurement of works. The Construction Professionals within Property & Design have streamlined the way we procure planned maintenance through a wide range of collaborative processes. Achieving the best use of every pound spent, and reducing risk within the financial restrictions, is largely dependent upon adopting the right form of procurement for each given situation. Larger value projects are procured and delivered through the council's Strategic Construction Partnership. For mid-value projects we have used cross-authority frameworks working in close collaboration with Orbis partners, district and borough councils, housing associations, Health Trusts, Universities, East Sussex Fire and Rescue and Sussex Police. This is likely to increase as we build upon existing partnerships with the Orbis partnership arrangement. Lower value planned maintenance projects that are well defined, simplistic in nature, are procured using traditional competitive tendering to achieve best value through testing competition within the market. Where appropriate for works below £25,000 Property & Design's reactive repairs and minor works framework is utilised.

Procurement of Term Maintenance & Servicing Contracts

- 3.9 This budget includes an allocation to fund routine maintenance and servicing contracts, an integral part of good planned maintenance practice. This includes mechanical and electrical, lifts and water hygiene maintenance. One of the main benefits of the adoption of the Corporate Landlord model is the economy of scale, efficiencies and ease of management through the combination and retendering of several, smaller, similar contracts.

Summary of Annual Programme

- 3.10 The financial allocation to each Client area is listed within appendices 2 and 3. Examples of planned maintenance works in the corporate programme include external repairs and redecoration to the Royal Pavilion, cemetery buildings and Hove Museum. Seafront railings are redecorated on a rolling programme with Hove seafront being the next priority. There are sums to fund further structural propping to Madeira Terrace whilst solutions are being sought. A contribution supports glazing replacement at the Prince Regent Leisure Centre. Stonework repairs are planned for the Old Steine War Memorial. There are various allocations that support the replacement of life expired mechanical and electrical systems across the buildings. Each Client area also has a sum allocated for Health and Safety management works that helps support service providers to progress any prioritised remedial works throughout the course of a year. Examples of areas of work to the adult and children's Social Care portfolio include a variety that address risk reduction to support some of the most vulnerable; such as improving security, resurfacing and redecorations. There are also allocations to fund external repairs and redecorations.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 Failure to maintain our building stock and conform to Health and Safety and other statutory legislation to meet liabilities will increase risks, inhibit service delivery, may lead to a negative perception of the council, reduce the value of the assets and prevent fulfilling the council's priorities, aims and objectives as stated in the CPS & AMP and Corporate Plan.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 Regular consultations take place with all Client Officers of the relevant Directorates and with technical officers.

6. CONCLUSION

- 6.1 To approve the financial allocation to a prioritised annual programme of maintenance works to the operational buildings set out in Appendices 2 and 3 excluding council housing, highways and educational properties which have their own budgetary provisions.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 The council's Planned Maintenance Budget for 2017-18 provides a total of £2.769m for annual planned maintenance expenditure on the council's civic offices, historic, operational (excluding schools, housing, highways and social care) and commercial buildings. Included within this annual budget and overall programme of works are items that will be capitalised and included in the 2017-

18 capital programme. A permanent annual contribution toward the Dome Complex sinking fund of £0.203m has been top sliced from the Corporate Planned Maintenance Budget. The proposed budget allocation to the respective building portfolios reflects the risk prioritisation outlined in the report and is shown in Appendix 2 to this report.

- 7.2 The Planned Maintenance Budget will be met from a combination of revenue budget and capital borrowing (£0.5m). By funding part of the PMB through borrowing the Integrated Service & Financial Plans have been able to release £0.4m of revenue budget from the PMB allocation toward the 2017/18 savings target. Up to £0.1m of the budget is set aside to meet future years borrowing costs. It is projected that £0.036m will be required for 2017/18 financing costs allowing the balance of £0.064m to be held as a contingency for the schedule of works identified in Appendix 2.
- 7.3 The council's capital funded works programme provides an additional £0.5m, for essential repair works to Social Care premises. The proposed budget allocation is shown in Appendix B to this report. This is funded from borrowing with the financing costs met corporately within the general fund revenue budget.
- 7.4 The programme of works set out in the appendices can be funded from within the agreed budget allocations for 2017-18. Emerging compliance risks will be addressed by reprioritising the allocation as required. Risk and priorities will be reassessed and considered in the development of the allocation for 2017-18.

Finance Officer Consulted: Rob Allen

Date: 10/02/17

Legal Implications:

- 7.5 Works of repair set out in this report must comply with relevant lease conditions, health and safety and other applicable legislation. Framework agreements, with individual contracts being called off under the frameworks and partnering agreements are effective contractual tools for delivering construction contracts on time within budget. All forms of procurement outlined in this report must comply with the council's Contract Standing Orders and, where applicable, EU and UK public procurement obligations.

Lawyer Consulted: Isabella Sidoli

Date: 11/01/17

Equalities Implications:

- 7.6 Where applicable, items of maintenance work within the programme will consider the Equality Act 2010 to improve access and general facilities to address the diverse needs of staff and users of the civic offices, operational and commercial buildings.

Sustainability Implications:

- 7.7 Sustainability will be improved through the rationalisation of assets, associated infrastructure and environmental improvements. Energy efficiency measures are incorporated into maintenance works where appropriate.

Any Other Significant Implications:

- 7.8 The maintenance of operational properties is part of the Corporate Property Strategy & Asset Management Plan 2014-2018 to ensure efficient and effective use of assets contributing to the City and the council's strategic priorities.

SUPPORTING DOCUMENTATION

Appendices:

1. Other Implications:
2. Proposed Corporate Planned Maintenance Budget Allocation 2017-18
3. Proposed Social Care Planned Works Budget Allocation 2017-18

Documents in Members' Rooms

None

Background Documents

1. The Corporate Property Strategy & Asset Management Plan 2014-2018
2. The Corporate Building Maintenance Strategy 2015-2018

Crime & Disorder Implications:

- 1.1 There are no direct implications in respect of the prevention of crime and disorder within this report although certain items of work try to minimise vandalism through design and the use of relevant materials.

Risk and Opportunity Management Implications:

- 1.2 The risks and opportunities are dependent on the successful procurement of contractors and robust contract and financial management to ensure that works are completed safely within budget and programme. Corporate risk is reduced through the Corporate Landlord model, ensuring consistency of approach for statutory and other legal requirements.

Public Health Implications:

- 1.3 The allocation includes funding the Water Management, Mechanical, Electrical and Lift statutory compliance and servicing contracts. Failure to have robust processes to manage these risks could lead to significant public health implications e.g. proliferation of Legionella Bacteria, etc. Both the Corporate and Social Care programmes include prioritised works to reduce risk to public health e.g. structural improvements, internal decorations to improve hygiene in Social Care premises, etc.

Corporate / Citywide Implications:

- 1.4 The maintenance and repair of operational properties is part of the Corporate Property Strategy & Asset Management Plan 2014-2018 to ensure efficient and effective use of assets contributing to the City and the council's strategic priorities.

Proposed Corporate Planned Maintenance Budget Allocation 2017-18

Property Type	Examples of works / properties covered	Client Officer	Budget Allocation
Corporate - Building	Asbestos testing & fees	All	£58,500
Corporate - Fabric maintenance contracts, Mechanical and Electrical	Clearance of roofs, gutters, graffiti removal, boilers, legionella control, lifts, electrical testing & maintenance	All – corporate contracts cover all property types - historic, leisure, libraries, Brighton Centre etc.	£800,000
Historic	Royal Pavilion, 4/5 Pavilion Buildings, Brighton & Hove Museums	Tim Thearle	£430,000
Dome	General maintenance	Dome	£202,950
Leisure	Prince Regent, paddling pools, golf clubhouses & Withdean complex	Kerry Taylor	£223,000
Libraries	Various libraries	Sally McMahon	£55,000
Seafront	Seafront repairs & redecoration, Volks Railway & Madeira Terrace	Toni Manuel	£415,500
Amenity	Parks buildings, cemeteries & memorials	Andrew Batchelor	£95,000
Civic	Bartholomew House & Brighton Town Hall	Martin Hedgecock	£160,500
Hollingdean Depot	Hollingdean Depot	Tracy Phipps	£50,000
Commercial	Industrial House & misc. Landlord obligations	Jessica Hamilton	£119,000
Venues	Brighton Centre	Howard Barden	£159,500
TOTAL			£2,768,950

Proposed Social Care Planned Works Budget Allocation 2017-18

Property Type	Examples of works covered	Prioritisation	Budget Allocation
Social Care Premises	Mechanical heating improvements to 55 Drove Road, Wellington House, etc	Condition survey & energy efficiency measures	£129,000
	Internal Refurbishment to Knoll House, Children's Centres, Tudor House, etc.	Statutory & condition survey	£83,000
	External Refurbishment to Children's Centres, Wayfield Avenue, etc.	Condition survey	£263,000
	Fire Precautions – works to be prioritised through fire risk assessments	Statutory	£15,000
	Electrical lighting improvements at Wayfield Avenue.	Condition survey	£10,000
TOTAL:			£500,000

Subject:	Pay Policy Statement 2017/18		
Date of Meeting:	23 March 2017 – Policy, Resources & Growth Committee 6 April 2017 – Council		
Report of:	Executive Director for Finances and Resources		
Contact Officer:	Name:	Matt Naish	Tel: 29-5088
	Email:	matt.naish@brighton-hove.gov.uk	
Ward(s) affected:	All		

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 The Localism Act 2011 requires local authorities to produce a pay policy statement to be approved by Council annually before the start of the financial year to which it relates. The aim is to increase accountability, transparency and fairness in the setting of local pay. These statements must set out the council's policies on a range of issues relating to the pay of its workforce, particularly its senior and lowest paid staff. The provisions in the Act do not seek to determine what decisions on pay should be taken or what policies should be in place, but require councils to be more open about their policies and how decisions are made
- 1.2 This report seeks approval of the Policy, Resources and Growth Committee to recommend to Council the attached pay policy statement for adoption from 1st April 2017.

2. RECOMMENDATIONS:

- 2.1 That Policy, Resources & Growth Committee recommends to Council the adoption of the pay policy statement 2017/18 attached at Appendix 1.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The Localism Act 2011 requires local authorities to produce annual pay policy statements prior to the year to which they relate. The statement for 2017/18 is attached at Appendix 1. The council may amend its statement by resolution of Council if required during the year to which it relates. Schools' staff fall outside the scope of this legislation. Individual governing bodies are responsible for setting and updating their own Schools' Pay Policy each year.

- 3.2 Chief officers, for the purpose of this legislation, are those who report to the Chief Executive and those who report to posts reporting to the Chief Executive i.e. deputy chief officers.
- 3.3 The statement must provide a definition of lowest-paid employees adopted by the council for the purposes of the statement and it must include the council's policies relating to the remuneration of chief officers, payments to chief officers on leaving and the publication of information on the remuneration of chief officers. The Department for Communities and Local Government guidance, 'Openness and Accountability in Local Pay', states that Members should be offered the opportunity to vote before large salary packages are offered in respect of a new appointment. The Secretary of State's guidance considers the appropriate threshold to be £100,000. In Brighton & Hove, the Council has established an Appointment and Remuneration Panel whose advice must be sought in relation to senior salaries. Therefore, it is considered that there are adequate systems in place to ensure value for money.
- 3.4 Supplementary Guidance published in February 2013 recommends greater scrutiny and accountability for decisions made to offer large severance packages. Again the recommended threshold for Member involvement is set at £100,000 and states that all components of such packages e.g. pay in lieu of salary, redundancy payments, pension entitlements, holiday pay and any other fees or allowances are clearly set out. The attached pay policy statement provides that decisions in relation to permanent recruitment or compensation payments above the £100,000 threshold will be referred to the Appointments and Remuneration Panel for consideration and recommendation to the Chief Executive. All other severance packages are considered and agreed by an officer compensation panel comprising the Head of Human Resources, the Monitoring Officer and the s151 Officer (or their delegates). The council's external auditors are also consulted about the value for money of any potential offers to Chief Officers. Compensation packages in excess of £100,000 which relate to the Chief Executive will be referred to Policy, Resources & Growth Committee for approval.

Note: The Council's arrangements in relation to exit payments will operate subject to any requirements imposed by Regulations made pursuant to the Enterprise Act 2016 and the Small Business, Enterprise and Employment Act 2015 and to associated guidance.

- 3.5 The Act does not require specific numerical data on pay and reward to be published as part of a council's pay policy statement. However, the guidance suggests that consideration be given to how the pay policy statement fits with data on pay and reward that councils are already required to publish on their websites, under the Local Government Transparency Code and by the Accounts and Audit (England) Regulations 2011. The data that is published is published in accessible formats according to the guidance contained in the aforementioned publications.
- 3.6 The council publishes pay data annually in accordance with the Local Government Transparency Code. The majority of this information is published as soon as possible after the start of the financial year, however information required to be published in conjunction with the Accounts and Audit (England)

Regulations 2011 is published in June each year in an unaudited format and then the fully audited accounts are published in September each year.

- 3.7 The Act requires authorities to explain what they think the relationship should be between the remuneration of its chief officers and its employees who are not chief officers. The pay multiple is calculated using the median pay of all employees within the scope of the Pay Policy Statement as a multiple of the Chief Executive's salary. This method is in line with the Hutton report on Fair Pay, which is referred to in the 'Openness and Accountability in Local Pay' guidance. Last year the pay multiple was 5.9:1. This is recalculated after the end of the financial year and published on the council's website as part of our pay data. The pay multiple is calculated using the definition contained in the Local Government Transparency Code i.e. the ratio between the highest paid employee and the median salary of the whole of the authority's workforce (excluding school staff).
- 3.8 The pay multiple is unchanged since last year, this is due to the pay for the Chief Executive and all other staff increasing by 1%.
- 3.9 The Voluntary Living Wage for council employees will increase to £8.45 per hour with effect from 1st April 2017.
- 3.10 The pay policy statement provides links to our existing policies on redundancy, retirement and other compensation payments. These policies set out who is responsible for decisions on such payments. It is the council's policy that employees who accept a financial package on voluntary termination of their employment with the council are not re-employed or engaged as a self employed contractor or through an agency for a minimum period of two years.
- 3.11 The pay policy statement excludes all schools based staff including Headteachers.
- 3.12 The pay policy statement, when published on our website, will contain hyperlinks to related information.

Proposed Changes in Legislation relating to Exit Payments

- 3.13 In November 2015 the Government indicated its intention to introduce a cap on exit payments for employees in the public sector. Provision for this was included within the Enterprise Act 2016. Regulations limiting exit payments are still in draft and are to be negotiated between workforce representatives and the DCLG with a planned implementation of July 2017.

The Enterprise Act states that:

- Exit payments in the public sector will be capped at a maximum of £95,000 including pension benefits
- The cap will include all payments in relation to all exits from relevant employments that occur within 28 day period
- The cap will cover a wide range of payments
- There will be a limited number of exempt payments (e.g. death or injury)

- There will be power for full council to waive the cap subject to Treasury directions.

- 3.14 Further, in March 2016 the Government issued draft regulations concerning the recovery of exit payments made to employees who have left the public sector and return to the same within a period of 12 months. The regulations are due to take effect from spring 2017. The Government proposes to set the minimum salary at which the recovery provisions apply at £80,000 per annum.
- 3.15 Relevant council employment policies will be reviewed once the full details and implications are known in relation to the new Regulations concerning exit payments.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 The Pay Policy Statement is a statutory publication and we are therefore obliged to publish it. Consideration has been given to the levels of transparency contained within the report; the conclusion reached is that the detail is in compliance with guidance issued on this subject.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 The purpose of this pay policy statement is to provide transparency on how local decisions on pay are made.

6. CONCLUSION

- 6.1 It is a requirement of the Localism Act 2011 that Members are consulted prior to the publication of the Pay Policy Statement. It is therefore recommended that Policy and Resources Committee approve this report and make the recommendation to full council to approve the Pay Policy Statement 2017/18.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 The annual pay policy statement supports good governance and allows benchmarking comparisons with other local authorities to assess Value for Money. The pay assumptions within the budget for 2017/18 are consistent with this policy including provision for the Living Wage to increase to £8.45 per hour from 1st April 2017.

Finance Officer Consulted: James Hengeveld

Date: 16/02/17

Legal Implications:

- 7.2 The proposed Pay Policy Statement complies with the requirements of s38 of the Localism Act 2011 and has taken into account associated guidance. The

proposed Statement is also consistent with existing Data Protection and Employment legislation. The Repayment of Public Sector Exit Payments Regulations 2016, made under the Enterprise Act 2016, are currently in draft but are due to come into force in Spring 2017. These Regulations will require certain public sector workers to repay some or all of any 'qualifying exit payments' in certain circumstances. The Public Sector Exit Payments Regulations 2016, also still in draft and to be made under the Enterprise Act 2016, propose to set a cap of £95,000 to apply to the majority of public sector exit payments. The Council's employment policies and procedures have been adapted to require any aggregate payments exceeding the £95,000 threshold to be referred to full Council for its consideration, this in anticipation of the headline change. Those same policies and procedures will nonetheless require further review to ensure that they reflect the requirements of the new Regulations and associated guidance.

It is a requirement of the Localism Act that the Pay Policy Statement is approved by Full Council

Lawyer Consulted: Victoria Simpson

Date: 24/1/17

Equalities Implications:

- 7.3 The publication of a pay policy statement increases transparency over pay and promotes fairness.

Sustainability Implications:

- 7.4 None

Any Other Significant Implications:

- 7.5 The pay policy statement provides local taxpayers with information on how the council makes local decisions on pay and thus provides greater openness and transparency to assist the public to assess value for money

SUPPORTING DOCUMENTATION

Appendices:

1. Appendix 1 Pay Policy Statement 2017/18

Documents in Members' Rooms

None

Background Documents

1. The Localism Act 2011
2. Openness and accountability in local pay: Guidance under section 40 of the Localism Act
3. Openness and accountability in local pay: Guidance under section 40 of the Localism Act Supplementary Guidance February 2013
4. Code of Recommended Practice for Local Authorities on Data Transparency
5. Hutton Review of Fair Pay in the Public Sector 2011

Brighton & Hove City Council Pay Policy Statement 2017/18

1 Aim

Brighton & Hove City Council wants to ensure that the City and its residents receive high quality services and excellent value for money. In the context of the significant budget challenges that the council faces, pay levels need to be set at a level that will enable the council to attract and retain high calibre individuals without being overly generous or imprudent with public funds.

To achieve this, the council requires a workforce at all levels that is conscientious, professional and reliable and which has the relevant up-to-date skills and knowledge to deliver high quality services to the residents of and visitors to Brighton and Hove.

The council depends on a high calibre senior management team able to provide leadership and to work in close partnership with other private, public and voluntary agencies across the City. The senior team need to work with partners to assess and understand the level of need across the City and to commission and deliver services. At the same time they need to be able to lead change programmes and reduce costs to deliver better outcomes for customers. An innovative, skilled and experienced workforce is vital to the delivery of our vision and this is at the heart of our pay policy. This principle applies from the lowest to highest paid employee.

Whilst recognising the market rates for pay, and seeking to attract the best talent the council seeks to ensure that pay policies are based on fairness and equality and allow the workforce to live healthy and happy lives. The council has introduced the voluntary 'Living Wage' and is working to reduce the pay gap between the highest and the lowest paid. The pay multiple between the Chief Executive and the median earnings of the rest of the workforce will be published annually on the council's website.

2 Scope

This document complies with our statutory responsibility to produce a pay policy statement annually pursuant to s38(1) of the Localism Act 2011. This policy statement requires approval by full council. The council wishes to ensure that local taxpayers are able to take an informed view on all aspects of the council's remuneration arrangements and the pay policy statement will be published on the council's website.

The statement applies to all employees of the council and 'casual workers', except for those staff based in schools and apprentices throughout the council.

The Council's arrangements in relation to exit payments will operate subject to any requirements imposed by Regulations made pursuant to the Enterprise Act 2016 and the Small Business, Enterprise and Employment Act 2015 and to associated guidance.

3 Definitions

For the purposes of the pay policy statement the following definitions will apply:

- Brighton & Hove City Council defines its lowest paid employees as those who are paid on the lowest spinal column point of our [grading structure](#). This is the voluntary 'Living Wage' and is applied to casual workers as well as employees. A full time post is based on a 37 hour week.
- Chief Officers are defined as those who report directly to the Chief Executive. In Brighton & Hove these are currently the members of the Executive Leadership Team. Those who report to the Executive Leadership Team, for the purpose of this policy statement, are also defined as Chief Officers.

Senior Structure

For the purposes of this pay policy statement the Executive Leadership Team comprises the following posts; Chief Executive, Executive Director Families, Children and Learning (incorporating Director of Children's Services (DCS) role), Executive Director Health and Adult Social Care (incorporating Director of Adult Social Services (DASS) role), Executive Director of Economy, Environment and Culture, Executive Director Finance and Resources, Executive Lead Officer, Strategy, Governance and Law, Executive Director of Neighbourhoods, Communities and Housing.

The Corporate Management Team comprises members of the Executive Leadership Team and Heads of each Service ([Link to structure chart](#)).

National Pay and Conditions

There are a number of national agreements produced through collective bargaining arrangements for different groups of local government staff. The main negotiating bodies relevant to our workforce and their scope are listed below. Brighton & Hove City Council operates these national conditions as amended by local agreements.

The National Joint Council (NJC) for Local Government Services negotiates collective agreements on pay and conditions for local authority employees who are not covered by other specialist negotiating bodies (e.g. teachers).

The Joint Negotiating Committee for Chief Officers of Local Authorities (JNC) covers the pay and conditions for Chief Officers.

The Soulbury Committee negotiates the pay and conditions for advisory staff in local education authorities (LEAs), such as: educational improvement professionals (previously advisers and inspectors) and educational psychologists.

The Joint Negotiating Committee for Youth and Community Workers covers the pay and conditions of youth and community workers.

4 Governance

The Policy, Resources & Growth Committee is responsible for setting policy on pay and conditions of employment within Brighton & Hove City Council. The council has adopted the National Joint Council terms and conditions for local authority staff as amended locally. Chief Officers, including the Chief Executive, are mainly employed on nationally negotiated JNC terms and conditions but their pay is determined locally. A minority of

Chief Officers are employed on NJC terms and conditions, but similarly their pay is determined locally.

The relevant sub-committee, committee or the Chief Executive approves the appointment of staff in accordance with the Officer Employment Procedure Rules. The Council has adequate systems in place through the Appointment and Remuneration Panel to ensure value for money.

The Appointments and Remuneration Panel may also be consulted for its views in connection with the statement of pay policy. ([Link to Constitution](#)). The policy in respect of the remuneration of interims and consultants is set out under paragraph 19 below.

5 Grading Structure

The council uses a recognised, analytical job evaluation scheme to ensure that there is an objective process for determining the relative size of jobs and thus allocating jobs to the appropriate grade. This is used for all posts, apart from those of the Chief Executive and Executive Directors and staff employed on Soulbury and Youth Worker conditions of service. Our current pay and grading structure was implemented during 2010.

6 Progression

All posts, apart from that of the Chief Executive and the Executive Directors are employed on grades containing spinal column points. Employees progress through their grade each year, rising by one incremental point, until reaching the maximum point of the grade. Pay awards for NJC and JNC staff are negotiated nationally. ([NJC and JNC grades](#)) Where a member of staff is the subject of formal disciplinary and capability processes, increments may be withheld.

Employees may be accelerated up the pay grade by a maximum of two spinal column points to recognise exceptional performance. Link to [Additional Payments Policy](#).

7 Remuneration on Appointment

Staff are usually appointed on the minimum spinal column point of the grade. However, where there are difficulties recruiting to a post or where an individual can demonstrate significant valuable previous experience, appointment may be agreed at a higher spinal column point within the grade.

The Chief Executive is required to consult the Council's Appointments and Remuneration Panel on the appropriate starting salary for any new permanent Executive Director appointments or any other proposal to offer a permanent appointment with a salary package of £100,000 or more.

8 Chief Executive

The Chief Executive's salary is set to ensure that it is competitive when compared to roles of similar size and complexity elsewhere and with regard to the challenges, additional hours and working arrangements required to achieve the requirements of the role. The salary is on a single fixed salary point. Nationally negotiated cost of living awards are applied.

The Chief Executive is entitled to receive a fee as set by the Ministry of Justice for acting as the local returning officer for elections. ([Link to actual earnings and earnings forecast for 2016/17](#)).

Full Council is required to approve the appointment of the Chief Executive following the recommendation of such an appointment by the Appointment and Remuneration Panel.

9 Executive Directors

The pay and grading of Executive Directors is determined by the requirements of the role and by reference to the labour market for roles of a similar size and complexity. They are on a single fixed salary point. Nationally negotiated cost of living awards are applied ([Link to actual earnings and earnings forecast for 2016/17](#)).

10 Corporate Management Team (excluding Executive Directors)

The pay structure for posts at this level ensures the council is able to attract and retain staff with the suitable skills and experience to deliver the council's many services. Nationally negotiated cost of living awards are applied.

11 Additional Payments

In order to ensure sufficient flexibility to reward staff who are undertaking additional responsibilities the Council's policy on [Additional Payments](#) provides for Acting Up Allowances or a one-off Honorarium Payment to be made in specific circumstances.

12 Market Supplements

The Council may pay a market supplement, in accordance with the council's market supplement policy, where there are proven shortages of individuals with particular skills and experience.

13 Travel and Expenses

Where authorised to do so, employees are entitled to be reimbursed for mileage they incur whilst discharging their official duties. The rate of [reimbursement](#) will depend on the engine size of a car, other rates are applicable where motorbikes and bicycles are used for this purpose. Employees who have to use public transport to travel for their role are entitled to reclaim the costs of the transport under the council's expenses policies.

14 Working Pattern Allowances

The council introduced a new allowance scheme for those employed on NJC terms and conditions on the 01 October 2013, these allowances reward employees who work outside the council's standard working week, which is Monday to Friday between 6am to 8pm each day. Working outside of these standard times will attract an enhancement to the hourly rate. Details can be found in the in the Employee Rights & Responsibilities document.

15 Annual Leave

Annual leave entitlements vary according to the terms and conditions of employment. [Annual leave entitlements](#) are published on the Council's website.

16 Pension Scheme

Membership of the Local Government Pension Scheme is subject to the rules of the scheme and contribution rates are set by legislation ([Link to Rates on ESCC website](#)). Where individuals are already in receipt of a local government pension they are subject to the rules on abatement of pension within the scheme.

17 Redundancy, Retirement and other Compensation Payments

The council's approach to dismissals on the grounds of redundancy or efficiency of the service and in the case of early retirement can be found in the following policies on our website: [Redundancy, Retirement and other Compensation Payments policy statement](#) and [Retirement at Brighton & Hove](#).

In exceptional circumstances the council will agree to settle a claim or potential dispute upon the termination of employment by way of a compensation payment. This is agreed by an officer panel comprised of the Head of Human Resources, the Monitoring Officer and the Executive Director Finance and Resources (or their delegates). In the case of Chief Officers or in any cases where the proposed payment is £95,000 or more this will be referred to the Appointments and Remuneration Panel for consideration and recommendation to Full Council. The District Auditor is also consulted about any potential offers to Chief Officers. Compensation packages in excess of £95,000 which relate to the Chief Executive will be referred to Policy, Resources & Growth Committee for it to make recommendation to full Council.

Note: This Statement of Pay Policy will operate subject to any requirements regarding exit payments pursuant to the Enterprise Bill and the Small Business, Enterprise and Employment Act 2015 and associated Regulations.

18 Pay Protection

The council implemented a revised [pay protection policy](#) during 2016/7 for **employees who are redeployed by reason of redundancy**. In cases where an employee is redeployed into a lower graded role due to their original role being made redundant the council will protect the employee's former level of normal pay for a year, and at 75% of the employee's former normal pay one year. After which the employee will be paid the rate for the role they've been redeployed into.

An employee will have the amount of their protection re-calculated should their pay details change at any point during the protection period so that their amount of pay does not exceed the pay they received in the role they were made redundant from.

19 Job Evaluation

The council grades all NJC and JNC roles using a job evaluation scheme to ensure roles of equal value are paid equitably. The council's allowance scheme sets out circumstances where individuals are entitled to payments beyond their basic grade.

20 Remuneration of Staff – Contract for Services

Individuals employed on a contract for services will be paid at a rate consistent with the pay of directly employed staff performing a comparable role and will consider where relevant, a premium to take into account any relevant market factors. It is the council's policy to minimise the use of consultants wherever possible and the approval of the Chief Executive is required prior to any commitment to expenditure on consultants in excess of £10,000.

21 Remuneration of Staff – Publication of Information

The council publishes details of [staff earnings](#) in accordance with legal requirements on transparency. Further information is contained in the [Annual Report and Accounts](#) in accordance with the Audit of Accounts legislation.

Subject:	Establishment of Brighton and Hove Community Fund		
Date of Meeting:	13 March 2017 – Neighbourhoods, Communities & Equalities Committee 23 March 2017 – Policy, Resources & Growth Committee		
Report of:	Executive Director for Neighbourhoods, Communities and Housing		
Contact Officer:	Name:	Emma McDermott	Tel: 01273 291577
	Email:	emma.mcdermott@brighton-hove.gov.uk	
Ward(s) affected:	All		

FOR GENERAL RELEASE**1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 With diminishing resources available to the third sector both from statutory organisations such as the city council, Clinical Commissioning Group and from others such as the Big Lottery, the council has reviewed and modernised how it invests in the community and voluntary sector to deliver its aim of :

‘To ensure that the city has an increasingly efficient and more effective Third Sector; one that is ready and able to bid for and deliver public services, that enables citizens and communities to have a strong voice in decision making about public services and supports community resilience and well-being through independent citizen and community activity. That the council’s culture and systems enable a collaborative and productive relationship with the Third Sector making the best use of its flexibility, creativity and added value’.

Part of this modernisation is changing from the council grant making role to one of commissioning and enabling.

- 1.2 Through discussions with the community and voluntary sector, the Members Advisory Group, CCG colleagues, BHCC officers and the Charity Commission, the Communities, Equality and Third Sector (CETS) Team has developed and started to deliver a new Third Sector Investment Programme consisting of the following elements:
- Three year (2017-2020) Communities and Third Sector Commissioning Prospectus,
 - Complemented by an annual BHCC Communities Fund
- 1.3 Alongside these service redesigns the CETS team has been exploring the benefits and risks of transferring some or all of the council held dormant and under-utilised endowment funds to Sussex Community Foundation to form a Brighton and Hove Community Fund. This would establish a strategic partnership

with a key local charity with the principal aim of using the transferred funds to generate and attract additional funding to the city, to enable community and voluntary endeavour that meets the needs of the city. This report explains the purpose of the fund, the benefits and the mechanics of establishing and delivering it.

2. RECOMMENDATIONS:

- 2.1 That NCE committee recommend to Policy, Resources and Growth (PRG) Committee the approval of the closure of the trusts and the transfer of the endowments listed in appendix 1 to Sussex Community Foundation for the purpose of establishing the Brighton and Hove Community Fund as outlined in this report.
- 2.2 That NCE committee recommend to PRG committee that delegated authority be granted to the Executive Director of Neighbourhoods, Communities and Housing to take all steps necessary to action and complete the transfer.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 BHCC acts as a Trustee for a number of Trust Funds, some of which are active in distributing grants while some are dormant or under-utilised. The council absorbs all costs in connection with managing and administering these trust funds.
- 3.2 Nationally there is a well-established model, fully supported by the Charity Commission, by which local authorities' partner with Community Foundations to regenerate these Funds by combining dormant and under-utilised funds into a single 'Community Fund' and transferring them to a Community Foundation.
- 3.3 There are 45 community foundations in the UK, which are members of the UK Community Foundation (UKCF) the national charity for community foundations. Between them they manage over £500 million of endowments and give grants worth £65million every year. The Charity Commission has endorsed community foundations as a vehicle for bringing dormant charitable trusts back into active community benefit. Over £35million of dormant charitable assets have been transferred from local authorities to community foundations across the UK.

4. Brighton and Hove Community Fund (BHCF)

- 4.1 Most of the Trust Funds held by the council originate from legacies left many decades ago. The Trusts range from very small sums of money that haven't been allocated for many years and whose objectives are very out-dated, for example, the Lewis Bequest which has a total value of £72,275 which generated £2,378 income in 2014/15 and has made no expenditure in the last five years; to larger endowments whose objectives have been updated and are actively distributed for example the Hedgcock Bequest Fund as part of the council's annual grants programme.
- 4.2 The proposal is to create a single 'Brighton and Hove Community Fund' to administer the assets of relevant funds (those set out in appendix 2) in a way which embraces the spirit of the original gifts. If agreed, the process will involve

following a formal protocol established with the Charity Commission for England and Wales to facilitate the dissolution of relevant charitable trusts and the transfer of their assets to the BHCF.

- 4.3 It is proposed that the eleven trusts and bequests listed in appendix 2 will be closed down and their assets transferred to the SCF for the benefit of the BHCF. The Charity Commission has already provided their ‘in principle’ support for this proposal and for the future use of the assets in accordance with modernised objective. The objectives of the BHCF would reflect the original intent of the bequest/trust but with more up to date outcomes relevant to the lives of children and young people today and the ambitious of the council’s library service.
- 4.4 The intention is that the BHCF would be established as an umbrella fund in order that additional objectives may be created as additional donors/funding are secured. For example, exploration of the possibility to set up an objective for the support of community and voluntary sector activity to reduce and prevent homelessness, diverting individual giving directly to street community and or rough sleepers. Also, consideration of the Fairness Commission recommendation that:

‘Brighton & Hove Connected should work with Sussex Community Foundation to establish a city endowment fund to support projects that help alleviate poverty in the city’.

- 4.5 The intention is that the BHCF would make grants under the following two objectives:

- Awards to community and voluntary organisations supporting children and young people across Brighton and Hove
- Awards to support aims and objectives of libraries

The BHCF would, at all times and under all circumstances, be used exclusively for the benefit of the community in Brighton and Hove. This restriction would be included in the funding agreement.

Sussex Community Foundation (SCF)

- 4.6 SCF is a Community Foundation¹ and is the only charity in Sussex with proven track record and sufficiently wide-ranging charitable objectives to undertake the full range of activities required to manage these trusts and to ensure maximum

¹ Community Foundations are instruments of civil society designed to pool donations into a coordinated investment and grant making facility dedicated primarily to the social improvement of a given place. They are a global phenomenon with 1700 existing around the world. The six main characteristics of a Community Foundation are:

1. Act as grant-making foundations – e.g. give grants to support development projects
2. Their mission broadly defined (e.g. to improve quality of life in a community)
3. Serve geographically defined communities – a city, state, region, district or province
4. Are supported by a broad range of private as well as public donors and seek philanthropic contributions primarily from inside the community
5. Are governed by multi-sectoral local boards reflecting the community
6. Build capital endowment, which is an important element of sustainability

benefit to the local community for the very long term.

- 4.7 SCF was set up to manage a diverse range of restricted endowment funds, and to match the charitable intentions of the original donors with the needs of the community. The charity’s objects are “the promotion of any charitable purposes for the benefit of the community in the counties of East Sussex, West Sussex and the City of Brighton and Hove”, and it has the power to hold endowment and to make grants for any charitable purpose in the area of benefit. SCF has a unique track record in managing restricted endowment funds and in giving grants to the local community.
- 4.8 Since being set up in 2006, it has grown an endowment of £11.5 million, made up to 50 restricted funds, each with their own charitable purposes and with varying levels of donor involvement. However, 20% of its endowment has come from transfers of dormant or under-utilised charitable trusts. The Foundation has given £10million in grants across Sussex. It has a particularly strong track record of supporting the community in Brighton and Hove, having awarded £2.9million to 435 different charities and community groups in the city (2015).
- 4.9 The total endowment that SCF holds for the benefit of Brighton & Hove is £5,249,862 (including funds that benefit a wider geographic area).

Value of endowment Sept 16	Geography			
Source	B&H Only	Inc B&H	Other	Grand Total
New	£1,045,134	£3,079,782	£5,216,072	£9,340,987
Transfers	£149,952	£974,995	£1,142,851	£2,267,798
Grand Total	£1,195,086	£4,054,776	£6,358,923	£11,608,785

Managing and Growing the Endowment

- 4.10 There will be a number of ways by which SCF will grow the value of endowment for Brighton & Hove. These are as follows:
- a. By donors setting up their own Named Funds alongside the BCHF – with donations of £25,000 and above
 - b. By transfers of dormant or under-utilised trusts (other than those held by BHCC)
 - c. Through smaller legacies bequeathed for the benefit of the City
- 4.11 The new fund is a great opportunity for SCF and the City Council to work together creatively to maximise the long term impact of giving in the City. We will also look to see if other statutory bodies hold endowment funds, work with community benefit funds associated with major developments, and encourage the larger employers in the city to publicly support their local communities.
- 4.12 SCF’s endowments funds are currently managed by two investment managers – CCLA and Sarasin LLP, both of which specialise in managing investment on behalf of charities. SCF trustees receive a quarterly report on the investment performance from both advisors and compare performance of each advisor with an agreed benchmark which reflects the overall market for investment of

charitable funds. The trustees are satisfied that both advisors are working within SCF's ethical stance and are achieving a strong rate of return compared to the charity investment market. All endowment funds transferred to SCF are managed in accordance with the charity's investment policy.

- 4.13 SCF's Ethical Investment Policy has been reviewed by BHCC finance officers who concluded that it seems reasonable and seeks to strike a balance between risks and rate of return.
- 4.14 SCF provides each fund holder with a quarterly statement to include capital value, investment income, capital growth and grants awarded.
- 4.15 The transferred endowment would be invested as part of SCF's larger endowment to maximise investment returns. Also, the majority of the cash currently held at bank by the council and under-utilised would be invested. However, the fee of 2.5% (estimated at £23,600) would need to be deducted from any investment income in the first year and then a 1.5% fee from subsequent years. The investment income will need to increase to offset these costs.
- 4.16 Appendix 2 illustrates how the current trust funds would be grouped in the new Brighton and Hove Community Fund and the anticipated grant fund available.

5. Grant Making through the BHCF

- 5.1 SCF already has a well-established and well-known grant making function. SCF would promote the new fund through its established relationships with CVS infrastructure organisations and networks in the city. For applicants and grant recipients, SCF would provide telephone and email advice regarding application, implementation and monitoring of their projects.
- 5.2 Decision making on bids to the BHCF for the Children & Young People's Fund would include consideration by a grant panel made up of elected members from the political groups of the city council and SCF trustees. This panel would be administered by SCF. Grant applications would be assessed by the SCF grants manager and their recommendations would be presented to the panel for deliberation and final recommendation. The decisions of the panel would have to be ratified by the SCF trustees as SCF would be the accountable body for the fund. The council would hold no decision making authority.
- 5.3 It is anticipated that the relevant elected members currently involved in the children and young people trusts would join the panel. However it would be the prerogative of each political group to confirm their nominee. The intention is that the panel membership would be reported as part of the Annual Council appointments to member groups/outside bodies.
- 5.4 It is proposed that the Members Advisory Group would retain oversight of the delivery of the BHCF and the partnership between the council and SCF as part of its oversight and advisory role with regards to the council's Third Sector Investment Programme.
- 5.5 SCF would take advice from an appropriate Council Officer regarding expenditure from the Libraries Fund. Discussions are taking place about the possibility of using this fund as a focus to raise further donations for libraries.

SCF would receive donations, claim Gift Aid, and work with the appropriate Council Officer to agree how funds would be used each year.

- 5.6 The decision making processes outlined above would be included in the fund agreement between the BHCC and SCF.
- 5.7 A benefit of SCF holding the BHCF is that should an applicant to the BHCF be unsuccessful it can be re-routed to the myriad of other funding streams administered by the SCF.
- 5.8 There would be one deadline each year – January – for delivery in the immediate forthcoming financial year. This would fit with groups annual planning processes. A special arrangement would be made for 2017/18 to accommodate the date of transfer and ensure groups had the opportunity to bid for funding in 2017/18.
- 5.9 With regards to the funding for library activities, SCF will work with a designated officer within the council to ensure the annual income is spent appropriately.
- 5.10 SCF would provide the city council with:
 - Quarterly statement of the account to include the capital value of the Fund, performance of investments, new donations received and grants awarded
 - Annual Fund Report to include case studies and monitoring reports on grants awarded from the fund, activities undertaken to attract new funds for Brighton & Hove, and additional endowment donations received.
 - Appropriate publicity, from time to time, regarding the Fund performance and in particular the individuals and projects it supports
 - Accountability to the public through the Foundation's Accounts & Annual report, Public meetings, website etc.
 - The opportunity for representatives of the Council to attend Foundation events and meetings, as appropriate.

6. Cost of the BHCF

- 6.1 The council would incur no direct costs to the General Fund in establishing the BHCF or in delivering and maintaining the arrangement. The costs as outlined in paragraph 6.2 and 6.3 below will be met from within the income and cash held held at bank (which will be transferred with the endowment). SCF will draft all legal documents required by the Charity Commission, subject to the satisfaction of the City Council's legal team, to transfer and close the Funds and establish the BHCF.
- 6.2 A one-off contribution of 2.5% of the value of transferred assets would be payable to the SCF in the year the funds are transferred (2017/18). This would equate to £23,628 based on 2015 valuation (see appendix 2). This would be for professional advice on closing down trusts and establishing the Community Fund with SCF including establishment of the endowment fund and agreements with investment advisors, establishing grant making procedures and systems, promoting the fund to potential applicants, and launching SCF's strategy to raise additional funds for the city. The costs will predominantly be legal and senior SCF management time.

6.3 The following year (2018/19) and thereafter there is an on-going administration cost of up to 1.5% of the capital value per annum. This would be taken annually on 1st April each year. The fee would be deducted from the combined investment and interest to be decided by the SCF Board to maximise the amount of grant funding available whilst protecting the investment. The annual contribution will cover the cost of managing the investment, grant making including monitoring and reporting to the city council. Based on 2015 valuation this would be in the region of approximately £13,822 (see appendix 2).

7. Cashable and Non-Cashable Benefits of the Partnership

7.1 Cashable Benefits

7.1.1 By entering an agreement with SCF that it will steward the BHCF it will reduce the cost to the council of this administrative burden providing the opportunity to either make a cashable saving or realistically reallocate staff resources to achieving other priority outcomes.

7.1.2 As part of the transfer the SCF will endeavour to grow the fund by at least an additional £1million over ten years. Through its ongoing development work, which will be boosted through the annual administration contribution from BHCF, the SCF routinely makes links with a broad spectrum of potential donors who will be willing to contribute to the fund although this maybe an individualised funding stream under the umbrella of the BHCF. This ability to draw in additional donors to establish funding streams under the banner of BHCF is a one of the key benefits of the transfer and also an activity that the council is not currently resourced deliver.

7.1.3 The Foundation will commit itself to a long-term strategy to raise additional endowment funds for Brighton & Hove without additional cost to the City Council. This strategy will include:

- Allocating staff and trustee time to active fund development in Brighton & Hove
- Holding at least one fund development event in the City each year
- Specific development work with high net worth individuals and companies in the city
- An active programme of work with Professional Advisors in the city in order to attract referrals of legacies, dormant trusts and high net worth individuals

7.2 Non-Cashable Benefits

7.2.1 Through the BHCF the council has the opportunity to invest in the long term sustainability of a local voluntary sector organisation. As the council shrinks in size in terms of staff and budget the SCF provides a sustainable option to modernise and expand grant-making to Brighton and Hove community and voluntary sector organisations and groups, especially grass roots organisations.

7.2.2 Applications to the BHCF that are unsuccessful will have the benefit of being automatically re-routed, if they are eligible, to the other SCF funding streams as well as still being eligible to apply to the council's new Communities Fund.

8. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 8.1 A new Trust Fund – the Brighton and Hove Community Fund - could potentially be created, managed and administered by the city council. This would require continued investment of, the same and most likely more time from predominantly the finance, communities, equality and third sector and legal teams, in particular if it was decided that the endowment should be more actively invested and distributed. The current cost in staff time is approximately £17,500 based on staff resources (across the several teams involved) required to administer all the council's know endowments and bequests including larger ones such as the Brighton Fund and Hedgcock Bequest.
- 8.2 The benefits are that this could be delivered as part of an integrated third sector investment programme alongside the BHCC Communities and Third Sector 2017-2020 commissioning prospectus and BHCC annual Communities Fund. This not only offers a diversity of funding streams but also retains flexibility and control within the council to respond to future budget savings and/or service redesigns.
- 8.3 However this limits the council's opportunity to slim down its own staff body and or release capacity of staff to focus on council's key priorities. Moreover, additional resource would be required to undertake the development work of identifying and securing donors to add or complement the Brighton and Hove Community Fund. The approach proposed helps establish a complementary offer to the council's own third sector investment programme that maximises skills and resources in the council and the Foundation.

9 COMMUNITY ENGAGEMENT & CONSULTATION

- 9.1 The cross party Members Advisory Group (MAG) overseeing the council's discretionary grant programme and the transition to the third sector investment programme has been informed and consulted on the proposal in this paper and requested further evidence from SCF to ensure a robust option is created. The MAG is supportive of the transfer of the endowments listed in appendix 1 as a first phase in developing a working relationship with SCF. This allows us to manage any associated risk with the transfer and offers SCF the time to deliver proof of concept and gear up to the delivery of potential additional objectives under the fund as described in paragraph 4.4.

10. TIMELINE AND CONCLUSION

- 10.1 Assuming approval by PRG Committee to the closure of the trusts and transfer of the funds is forthcoming, based on experience of other local authorities it is anticipated that drawing up the funding agreement between the council and SCF, establishing the new BHCF trust with the Charity Commission and arranging the transfer of the funds and their reinvestment will take approximately 6 months. During this time SCF will be designing, in consultation with the council's Communities, Equality and Third Sector team, a process by which to provide CYP grants in 2017/18.
- 10.2 The CETS team will be responsible for monitoring delivery of the proposal and co-ordinating the possibility of other council held trusts/bequests being transferred in the future. The development of future objectives (referred to in

paragraph 4.4) of the Brighton and Hove Community Fund will be developed by SCF in liaison with the CETS team and other relevant BHCC services, for example, Housing and Community Safety.

11. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 11.1 The proposal has two main financial implications. Firstly the aim to generate more income through investment of these funds in order to maximise the funds available for awarding grants. This is discussed in paragraph 11.2 below. Secondly, the proposal will reduce the staff time taken to administer these funds.
- 11.2 This report recommends transferring the endowments listed in Appendix 2 for which the Council acts as trustee, to the Sussex Community Foundation (SCF) and to establish the Brighton and Hove Community Fund (BHCF). The SCF propose to take a one-off fee in the first year of 2.5% estimated as £23,628 and will charge 1.5% for subsequent years estimated as £13,822. The fees will be taken from the investments earnings, thereby reducing the sum available to fund grants. This will depend on the success of the investment decisions made by SCF. The trust funds to be transferred generated on average £3.4% under the Council. So, in order for this decision to be cost effective, the fund would need to generate at least this sum plus the annual fees amount, equating to a 5.9% return in the first year or 4.8% return in subsequent years as shown in Appendix 2. Therefore if investment returns are lower than this, the money available for grants will be reduced. As the report discusses, the funds will be actively managed and the SCF will aim to generate more investment income to enable more grant funding. The funds will be invested as part of SCF's larger endowment to maximise investment returns. The SCF will also aim to grow the value of the endowment for Brighton and Hove as outlined in paragraph 4.9.
- 11.3 There are inherent risks associated with investing of funds on the stock market. The Council has to adhere to stringent rules on the types of investment it makes, adhering to the prudential code on borrowing and reducing the risk of financial losses. However, the Ethical Investment Policy of SCF has been reviewed and found to strike a balance between risks and rate of return.
- 11.4 A review of the staff time taken to administer all of the current trusts has estimated the cost to be £17,500 relating to small amounts of staff time across a variety of teams. Therefore the cost of administering the endowments listed in Appendix 1 will be a small proportion of this. So transfer of these funds will have the additional benefit of saving some staff time which is critical at a time of shrinking staff resources.

Finance Officer Consulted: Monica Brooks

Date: 15/02/17

Legal Implications:

- 11.5 It is noted that these proposals follow on from the review of the authority's Third Sector investment arrangements agreed by this Committee in July 2015 and informed by detailed CVS consultation and the findings of the Fairness Commission. Combining the trust funds administered by the authority into a

single Community Fund and transferring it to the SCF would involve adopting an established model to modernise the way in which the Council delivers its investment in the community and voluntary sector. While transferring endowment funds to an external partner must necessarily generate risk, the SCF is a fully accredited grant maker and endowment funds manager with a well-established track record.

- 11.6 A formal detailed proposal was submitted to the Charity Commission in October 2015 to ensure that the option outlined here was available to the city council. The Charity Commission has sanctioned the proposals outlined here 'in principle'.
- 11.7 The legal work required to establish the BHCF and to close the current funds and to transfer the assets into the new fund would be undertaken by the SCF, with BHCC's lawyers providing limited input. Although legal resources would be required to review the fund agreement, this proposal is considered likely to reduce the legal input currently needed to maintain the status quo.
- 11.8 It is considered that in order to demonstrate that the Council is discharging its responsibilities as a trustee effectively by endeavouring to achieve best value, efforts will be made to seek a waiver before proceeding with a single provider. The waiver would need to evidence that SCF are the sole provider in the market that have the expertise to deliver the aims of the proposal, giving due regard to value for money and other risks.

Lawyer Consulted:

Victoria Simpson

Date: 07/02/17

Equalities Implications:

- 11.9 An Equality Impact assessment has been completed for this proposal see appendix 3

Sustainability Implications:

- 11.10 The proposal is seeking, at no direct cost to the General Fund, to make better use of currently under-utilised resources, to provide an ongoing funding stream for, in the first instance CVS organisations/groups supporting children and young people and libraries.

Any Other Significant Implications:

- 11.11 In the event of a dispute between the SCF and BHCC to the transfer agreement the matter would be addressed in line with Sussex Community Foundation's Complaints Procedure as currently in force. If this failed to reach a resolution, the City Council or their representative may refer the matter to the Charity Commission.

Crime & Disorder Implications:

- 11.12 None

Risk and Opportunity Management Implications:

- 11.13 In the event of Sussex Community Foundation ceasing to exist, any remaining funds would be transferred to another charitable organisation having similar objects, on the condition that they retain the restrictions outlined in the transfer agreement and ensure that funds are exclusively used to benefit the community in Brighton & Hove.
- 11.14 The eventuality considered in paragraph 7.5.2 is considered to present a low risk given that since being set up in 2006 the SCF has grown an endowment of £11.5million, made up to 50 restricted funds, each with their own charitable purpose and with varying levels of donor involvement. The Foundation has also given £10million in grants across Sussex. It has a particularly strong track record of supporting the community in Brighton and Hove having awarded £2.9million to 435 different charities and community groups in the city.
- 11.15 Presents a significant opportunity to build a stronger partnership with local charity that can and will lever in inward investment to the city for the benefit of local residents, with no cost to the council.

Public Health Implications:

- 11.16 The proposed transfer should have positive benefits to public health in the city through increased funds being available to community activity which benefits young people. It is expected that the young people's fund would support a wide range of projects including those which promote healthy lifestyle choices or improve access to health services for young people.

Corporate / Citywide Implications:

- 11.14 By enabling the establishment of the Brighton and Hove Community Fund the city council is providing a platform for Sussex Community foundation to attract and grow funding for community and voluntary endeavour across the city. There is potential that other public sector organisations holding dormant or under-utilised trusts/bequests might consider transferring to the new Brighton and Hove Community Fund. SCF will be approaching the other public sector bodies on this matter.

SUPPORTING DOCUMENTATION

Appendices:

1. Appendix 1 Trusts in scope and their treatment
2. Appendix 2 Grouping and use of the trusts
3. Appendix 3 Equality Impact Assessment

Appendix 1

Trust Funds in Scope and Proposed Treatment

EDUCATION TRUSTS

The Brighton Educational Trust

- Assets total £138,135
- Income in the financial year ending 31st March 2015 totalled £4,788.
- An active charitable trust which has spent 90% of its income over the past 5 years (at 31.03.14)
- Permanent Endowment exists.
- Objects: Award of Scholarships, Maintenance Allowances, Grants to individuals up to age of 25 outside of support provided under statutory provision.

Proposed treatment:

Section 282 of the Charities Act 2011 to be applied to remove the permanent endowment restriction enabling the assets to transfer to the Brighton and Hove Community Fund with the objects of the existing trust to be maintained but modernised. Trust to be removed from the Charity Commission register.

The Oliver and Johannah Brown Apprenticeship

- Assets total £385,872
- Income in the financial year ending 31st March 2015 totalled £12,969.
- An active charitable trust which has spent 93% of its income over the past 5 years (at 31.03.14)
- Permanent endowment exists.
- Objects: Assist persons with educational costs who are under 25 years of age and resident in Brighton for over 5 years.

Proposed treatment:

Section 282 of the Charities Act 2011 to be applied to remove the permanent endowment restriction enabling the assets to transfer to the Brighton and Hove Community Fund with the objects of the existing trust to be maintained but modernised. Trust to be removed from the Charity Commission register.

Miss Laura Soames Charity for Education of Girls

- Assets total £205,597.
- Income in the financial year ending 31st March 2015 totalled £7,147.
- An active charitable trust, spent 64% of its income in 2014/15.
- Permanent Endowment exists.
- Objects: awards made to female residents of Brighton and Hove under the age of 25 years who require financial assistance to advance their education.

Proposed treatment:

Section 282 of the Charities Act 2011 to be applied to remove the permanent endowment restriction enabling the assets to transfer to the Brighton and Hove Community Fund with the objects of the existing trust to be maintained and modernised. Trust to be removed from the

Charity Commission register.

The Hallett Scholarship – 306361

- Assets total £105,443
- Income in the financial year ending 31st March 2015 totalled £3,487.
- A moribund charitable trust failing to fulfil its objects with only one grant award having been made over the past 5 years
- Permanent endowment exists.
- Objects: To make grant awards to residents of Brighton and Hove, under the age of 25 years who are pursuing a recognised course in pure science

Proposed treatment:

Section 282 of the Charities Act 2011 to be applied to remove the permanent endowment restriction enabling the assets to transfer to the Brighton and Hove Community Fund to support residents of Brighton and Hove under the age of 25 years to further their education. Trust to be removed from the Charity Commission register.

The Joan Richards Prize Fund ICW Varndean School for Girls - 307057

- Assets total £2,195.
- Income in the financial year ending 31st March 2015 totalled £53.
- A moribund charitable trust failing to fulfil its objects.
- There are no governing documents available but permanent endowment is assumed.
- Objects: Prize awards at Varndean School.

Proposed treatment:

Section 282 of the Charities Act 2011 to be applied to remove the permanent endowment restriction enabling the assets to transfer to the Brighton and Hove Community Fund to be used for educational purposes to support students up to 25 years of age. Trust to be removed from the Charity Commission register.

The Margaret Knock Prize for English Literature ICW Dorothy Stringer Secondary School – 307059

- Assets total £2,201.
- Income in the financial year ending 31st March 2015 totalled £47.
- A moribund charitable trust failing to fulfil its objects.
- Permanent Endowment exists.
- Objects: Prize awards at Dorothy Stringer School Brighton.

Section 281 treatment proposed to remove the permanent endowment restriction enabling the assets to transfer to the BHCF to be used for educational purposes to support students up to 25 years of age.

Trust ultimately to be removed from the register.

The Tindall- Robertson Fund - 306429

- Assets total £2,734.
- Income in the financial year ending 31st March 2015 totalled £68.
- An active charitable trust with worthy objects, albeit with minimal impact due to insignificant annual income.
- Permanent Endowment exists
- Objects: Benefit of needy children attending schools in the Brighton and Hove area

Section 281 treatment proposed to remove the permanent endowment restriction enabling the assets to transfer to the BHCF to be used to support needy children.

Trust ultimately to be removed from the register.

Hettie Brooks Prize Fund – 306957

- Assets total £3,659.
- Income in the financial year ending 31st March 2015 totalled £60.
- A moribund charitable trust failing to fulfil its objects
- Permanent endowment exists.
- Objects: Provide a prize award.

Section 281 treatment proposed to remove the permanent endowment restriction enabling the assets to transfer to the BHCF to be used for educational purposes to support young people.

Trust ultimately to be removed from the register.

The Toni Denney Fund – Unregistered Trust Fund

- Assets total £1,869.
- Income in the financial year ending 31st March 2015 totalled £12.
- A moribund charitable trust failing its objects.
- Objects: Arts prizes for students in Comart School.

Council to pass a resolution to close down the charitable trust and transfer the assets to the BHCF to be used for educational purposes to support young people.

All of the above, on transfer to SCF, will be ring-fenced for the purpose of educational support to young people in Brighton and Hove.

LIBRARIES

The two charitable trusts detailed below have common objects which support Libraries in Brighton and Hove.

It would appear that there has been no expenditure from any of these charitable trusts for the past 5 years and it is proposed to close them down, under due process (as described below) on a case by case basis with the assets transferring to the BHCF to be ring fenced to support Libraries. Future expenditure being made in conjunction with and at the discretion of, the officer of the Council, responsible for Libraries.

The Done Bequest – 230149

- Assets total £25,133.
- Income in the financial year ending 31st March 2015 totalled £820.
- A moribund charitable: trust with no expenditure in the past 5 years.
- Objects: For the general purpose of the Brighton Reference Library.

Section 281 treatment proposed to remove the permanent endowment restriction enabling the assets to transfer to the BHCF ring fenced to support public libraries across Brighton and Hove.

Trust ultimately to be removed from the register.

The Lewis Bequest – 228295

- Assets total £72,274
- Income in the financial year ending 31st March 2015 totalled £2,378.
- A moribund charitable trust with no expenditure over the past 5 years.
- There are no governing documents available but permanent endowment is implied within the activities of the trust.
- Objects: To purchase books, magazines and periodicals in foreign languages for study. Also, the maintenance in the public library for the collection.

Section 282 treatment proposed to remove the permanent endowment restriction enabling the assets to transfer to the BHCF to be used to support public libraries across Brighton and Hove.

Trust to ultimately be removed from the register.

Appendix 2: Proposed Grouping of Charitable Trusts

	Existing Trusts	Investments held	Cash held	Total value at 31-3-15	Total Income generated	Total Expenditure	Total Value by theme	Current Rate of return	One off set up fees 2.5%	Return required by SCF in year 1 to break-even	Annual fee 1.5%	Return required by SCF after year 1 to break-even	Return required to deliver £40,000 for grants
1. Education	Proposed New Objects: To promote activities which support young people up to the age of 25 in Brighton & Hove, especially those which promote education, training or personal development and support children and young people in need.												
	The Brighton Educational Trust	£ 128,933	£ 9,202	£ 138,135	£ 4,789	£ 3,175							
	The Oliver & Johanna Brown Apprenticeship	£ 346,786	£ 39,086	£ 385,872	£ 12,969	£ 8,351							
	Miss Laura Soames Charity for Education of Girls	£ 192,553	£ 13,044	£ 205,597	£ 7,148	£ 4,578							
	The Hallet Scholarship	£ 92,910	£ 12,533	£ 105,443	£ 3,487	£ 758							
	The Joan Richards Prize Fund	£ 1,303	£ 892	£ 2,195	£ 53	£ -							
	The Margaret Knock Prize	£ 1,086	£ 1,115	£ 2,201	£ 47	£ -							
	The Tindall-Robertson Fund	£ 1,676	£ 1,058	£ 2,734	£ 68	£ -							
	Hettie Brooks Prize Fund	£ 1,253	£ 2,406	£ 3,659	£ 61	£ -							
	The Toni Denney Fund	£ -	£ 1,869	£ 1,869	£ 12	£ -							
							£ 847,705						
2. Libraries	Proposed New Objects: to support Libraries												
	The Done Bequest	£ 21,793	£ 3,341	£ 25,134	£ 821	£ -							
	The Lewis Bequest	£ 63,288	£ 8,987	£ 72,275	£ 2,378	£ -							
							£ 97,409						
	Totals	£ 851,581	£ 93,533	£ 945,114	£ 31,833	£ 16,862	£ 945,114	3.37%	£ 23,628	5.87%	£ 13,822	4.83%	5.69%

Short Equality Impact and Outcome Assessment (EIA) Template - 2015

EIAs make services better for everyone and support value for money by getting services right first time.

EIAs enable us to consider all the information about a service, policy or strategy from an equalities perspective and then action plan to get the best outcomes for staff and service-users. They analyse how all our work as a council might impact differently on different groups. They help us make good decisions and evidence how we have reached these decisions.

For further support or advice please contact the Communities, Equality and Third Sector Team on ext 2301.

1. Equality Impact and Outcomes Assessment (EIA) Template

First, consider whether you need to complete an EIA, or if there is another way to evidence assessment of impacts, or that an EIA is not needed.

Title of EIA	Establishment of Brighton & Hove Community Fund	ID No.	NCH01
Team/Department	Communities, Equality & Third Sector		
Focus of EIA	Proposal is to transfer some or all of the council held dormant and under-utilised endowment funds to Sussex Community Foundation to form a Brighton and Hove Community Fund. This would establish a strategic partnership with a key local charity with the principal aim of using the transferred funds to generate and attract additional funding to the city, to enable community and voluntary endeavour that meets the needs of the city.		

Assessment of overall impacts and any further recommendations

For clarity all disproportionate impacts on specific groups are highlighted in the single section below.

Overall impacts and notes:

- No disproportionate impacts are identified on groups linked to their protected characteristics.
- The proposal is likely to lead to an increase in funds available to the community and voluntary sector in the city, across groups working with all protected characteristics. The funds being accessed are currently dormant and not of benefit to any groups. Bringing them into use, administered by an organisation with a track record of funding and fair and accessible systems will widen opportunities for all groups to apply for funding.
- Sussex Community Fund has equality and inclusion safeguards built into its existing structures to ensure fair access and these will apply to the new fund.
- Applications to the BHCF that are unsuccessful can be easily directed to other sources of funding within SCF or BHCC Communities Fund.
- Sussex Community Foundation has an active equal opportunities policy. The charity is committed to ensuring that all communities benefit from its grant funding, especially those which are most marginalised or disadvantaged. In order to fulfil these commitments, the foundation monitors its grant making by geography, demography and theme. Grants panels and the grants committee are made aware of applications from Black & Minority Ethnic groups (and those from groups with other protected characteristics) and from areas which have the highest indices of deprivation, or the lowest success rate in previous rounds. Such applications are given priority for funding.
- Sussex Community Foundation has a particularly strong track record of reaching small community groups in Brighton & Hove, including LGBT groups, Black & minority ethnic community groups and those working in the areas of highest deprivation. This is evidenced by the Brighton & Hove Community Health Fund, which was managed by SCF between 2013 and 2017 and reached groups with the following protected characteristics:

Protected characteristics	No of Grants	Total £
Age 50+	22	£26,556
Ethnicity	16	£21,636
Women	13	£15,970
Mental health	23	£30,655
Chronic health problems	11	£13,305
Economic disadvantage	38	£43,237
Learning disability	2	£2,720
Domestic violence	2	£2,550
Pregnancy & maternity	3	£2,950
Men	5	£4,850
Cancer prevention	1	£500
LGBT	7	£8,690

- The grants committee and grants panels are selected from the trustee Board with external co-optees to ensure community representation where appropriate. The Foundation's grant making is overseen by a Grants Strategy Committee which includes external community advisors and is tasked with ensuring that grant making has maximum impact on disadvantage and reaches those communities which are most in need of support.
- SCF keep equalities monitoring information about Board members for internal use. This data is available to BHCC, confidentially, on request. The Board has set up a nominations committee which is responsible for ensuring that the Board has people with the skills, experience, knowledge and background to ensure good governance and success of the charity. This includes ensuring representation of the community across its area of benefit. The Board carries out a thorough trustee skills audit and Board review every three years and the nominations committee is tasked with recruiting trustees to fill any identified gaps. Vacancies on the Board are advertised on the SCF website and newsletters, which go to nearly 2,000 supporters, grant applicants, Councils for Voluntary Service and voluntary sector networks. Where SCF is unable to fill identified gaps by these means, the trustees may advertise through recruitment media or engage a recruitment consultant.

Potential issues	Mitigating actions
<ul style="list-style-type: none"> • None are identified linked to legally protected characteristics. 	<ul style="list-style-type: none"> • None needed.

EIA sign-off: (for the EIA to be final an email must sent from the relevant people agreeing it or this section must be signed)

Lead Equality Impact Assessment officer: Sarah Tighe-Ford

Date: 8th February 2017

Communities, Equality Team and Third Sector officer: Emma McDermott

Date: 12th February 2017

Subject:	Entrenched Rough Sleepers Social Impact Bond Funding Programme		
Date of Meeting:	23 March 2017		
Report of:	Executive Director Adult Social Care & Health		
Contact Officer:	Name:	Sue Forrest	Tel: 20173 292926
	Email:	sue.forrest@brighton-hove.gov.uk	
Ward(s) affected:	All		

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 The Department of Communities and Local Government (“DCLG”) invited funding bids from local authorities interested in commissioning a Social Impact Bond programme to drive innovative approaches to tackling entrenched rough sleeping. This council, in partnership with Hastings Borough Council, Eastbourne Borough Council, Arun District Council and Adur and Worthing Council, submitted a successful bid and was awarded funding in December 2016 of £983,792 to address a cohort of 150 entrenched rough sleepers each individually identified.
- 1.2 This report requests delegated power to progress the tender process and to award a contract for the provision of services to the successful tenderer in that process.

2. RECOMMENDATIONS:

- 2.1 That the Policy, Resources & Growth Committee agrees to delegate authority to the Executive Director Health & Adult Social Care, following consultation with Executive Director Finance & Resources, to procure and enter into a contract to secure effective delivery of a service to reduce numbers of entrenched rough sleepers, in accordance with the requirements of funding made available to the Council by the DCLG. The proposed service will be delivered in partnership with Hastings Borough Council, Eastbourne Borough Council, Arun District Council and Adur and Worthing Council.
- 2.2 That the Policy, Resources & Growth Committee notes that the procurement will be aligned with priorities within the Council’s Rough Sleeping Strategy 2016, the Council’s Housing Strategy 2015, Homelessness Strategy 2014-19, and the Council’s priorities for the integration of social care and health through Better Care.

3. CONTEXT/ BACKGROUND INFORMATION

3.1 Background

In December 2016 Brighton & Hove City Council acted as the lead authority in a bid to the Department of Communities and Local Government (DCLG) for funding for a Social Impact Bond to enable innovative approaches to work with entrenched rough sleepers to be developed. Entrenched rough sleepers are classed as those individuals who have spent a lengthy spell in the homelessness system, which may include recurring periods of 'bouncing' between the streets and un-sustained accommodation

The bid was submitted in partnership with Hastings Borough Council, Eastbourne Borough Council, Arun District Council and Adur and Worthing Council.

3.2 Social Impact Bonds

Social Impact Bonds differ greatly from traditional methods of commissioning support services. The DCLG describe a Social Impact Bond as "a method of funding social policy through a payment-by-results contract where up-front costs are temporarily covered by social investment."

3.3 This model of procurement allows the Local Authority to commission a service for which payment will be made solely against demonstrable pre-agreed and measurable outcomes. Providers have the flexibility to design how the service will be delivered in order to achieve those outcomes.

The DCLG programme provides central Government funding to those local authorities successful in the bidding process to finance a programme based on a social impact bond template directed at services for entrenched rough sleepers. Funding is released on reaching a basket of targeted outcomes in accordance with pre agreed rates. A proportion of the funding award is additionally allocated to administrative costs including legal and procurement costs in establishing the programme.

3.4 The service provider, who will be appointed through a competitive procurement process, is will be responsible for ensuring funding is in place which is sufficient to provide working capital to fund and deliver the results which will enable payment to be made. The Provider may have funding available to enable the work to be undertaken without third party resources but more likely the provider will seek investment from a social investor.

The council will be responsible for monitoring the outcomes achieved by the provider and submitting the application for payment to the DCLG.

3.5 The service will go a significant way to meet the needs and demographics of people who are entrenched in homelessness. This also supports the delivery of the:

- Homelessness Strategy 2014-19
- Rough Sleeping Strategy 2016

3.4 Aims

This service model fits with the council's overall commissioning plan for single homeless people and will ensure that:

- Rough sleeping in the city is reduced and by working in partnership with neighbouring authorities that rough sleeping in the region is also reduced;
- Single homeless people receive personalised multi agency support;
- Outcomes for homeless people are improved and that they are supported to develop the skills for independent living;
- Health outcomes are improved, and deaths are prevented;
- People are supported to recover from homelessness, substance misuse, ill health and mental ill health;
- The number of people experiencing revolving door (repeat) homelessness will reduce;
- The effectiveness of accommodation and support services is improved; and
- Services are aligned with the Integrated Homeless Health Model.

3.5 Current Services:

We currently commission a Rough Sleepers Outreach Service and a small Housing First service in the city for entrenched rough sleepers which supports 10 people.

3.6 Proposal for Tendering

The identification of the Service Provider for the SIB must go through a legal procurement process. The outline of the proposed procurement was approved by the Procurement Advisory Board in January 2017.

An "Early Opportunity" notice has been posted to Procurement Contracts Finder to give interested providers advance notice of the SIB and to allow them time to seek investors and put in place the necessary funding arrangements in preparation for submitting a bid.

It is intended to award a contract or contracts in mid-June, to allow successful providers time to mobilise their service effectively, including any required recruitment prior to the commencement of the service in September 2017.

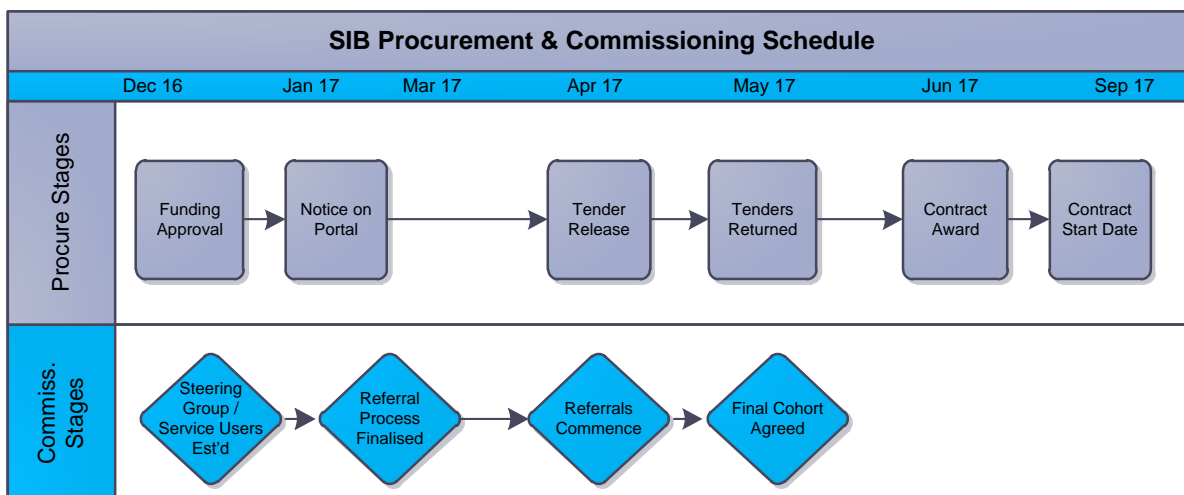
The council's Commissioning Team is working alongside its Local Authority partners to design the governance and referral process for the identification of the cohort of 150 individuals who are to be offered services by the Provider.

3.7 Tender Timetable

An "Early Opportunity" notice has been posted on Contracts Finder to give interested providers advanced notice of the SIB and to allow them time to seek investors in preparation for submitting a bid.

It is proposed that the contract will be awarded in mid-June, to allow successful providers time to mobilise their service effectively, including any required recruitment prior to the commencement of the service in September 2017.

The proposed timetable for the commissioning and procurement of the SIB is as follows:



This complies with the conditions on which the DCLG has awarded funding.

4 Social Investment Bond as an innovative model:

This Social Investment model offers an opportunity to develop innovative practices in the provision of accommodation and support a cohort of the most entrenched rough sleepers in a highly focused and targeted manner. This personalised, asset based model of support which will involve multi agency and integrated working between services is expected to reduce the number of ‘revolving door’ clients (people who move between services without reaching a positive sustainable outcome), .

Innovation in Service Delivery

As part of the new service model a number of developments are already taking place in line with national good practice and locally identified need these include:

- A bespoke IT system to support referrals and client data collection is in development. This will enable Commissioners to closely monitor services, trends, client journeys and identify gaps. It will also enable services to quickly share information and prevent service users having to repeatedly tell their stories to different services.

5 Eligibility for the Social Impact Bond

The eligibility criteria for the Social Impact Bond has been set by the DCLG and is as follows:

- A history of rough sleeping (seen rough sleeping at least 6 times over the last 2 years) or have spent at least 3 years interacting with homelessness services (including hostels).

and

have at least two other complex needs, including, but not necessarily limited to:

- Substance misuse or addiction problems (including New Psychoactive Substances)
- A history of offending (5+ offences in the last five years or 1 offence in the last year) or street based anti-social behaviour
- Mental health problems (including self-reported)
- Long-term health conditions

and

- are currently not being adequately or effectively supported through existing services.

6 Payment By Results

The rates card that will be used has yet to be finalised however this was published with the bid guidance and provides an indication of what the likely rates of payment to the provider will be.

Draft Outcome Rates Card Outcome		Rate
Accommodation	Entering accommodation	£600
3 months any accommodation		£2,500
12 months sustainable accommodation		£5,600
18 months sustainable accommodation		£8,100
24 months sustainable accommodation		£9,900
Better managed needs	General wellbeing assessment x2	£100
MH entry into engagement with services		£200
MH sustained engagement with services		£600
Alcohol misuse entry into engagement with structured treatment		£100
Alcohol sustained engagement with structured treatment		£1,100
Drug misuse entry into engagement with structured treatment		£120
Drug misuse sustained engagement with structured treatment		£2,600
Entry into employment	Improved education/training	£500
Volunteering/self-employed 13 weeks		£400
volunteering/self-employed 26 weeks		£800
Part time work 13 week		£1,900
Part time work 26 week		£3,700
Full time work 13 weeks		£2,400
Full time work 26 weeks		£4,600

8 COMMUNITY ENGAGEMENT & CONSULTATION

- 8.1 Consultation was undertaken with partners, stakeholders and providers prior to the development of the remodelling of supported accommodation to identify service demand, gaps and barriers. This consultation has confirmed the need for a bespoke and personalised approach to working with entrenched rough sleepers.

9. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 9.1 The funding available is dependent on the delivery of a programme meeting the requirements and targets set by the DCLG. Some aspects of the programme are still to be finalised such as determination of the rate card.

A failure to comply with the DCLG requirements may result in the offer of funding being withdrawn and the council (and its partners) not being able to instigate this targeted approach through lack of resources.

10 LEGAL IMPLICATIONS

The *Open Public Services White Paper* (HM Government, 2011) laid out a comprehensive policy framework to promote a fundamental shift in public services. The White Paper identified Social Impact Bonds (SIBs) as an innovative opportunity to access new forms of external finance for the delivery of services. It also promoted greater use of payment by results (PbR) contracts.

SIBs are one product within the growing social investment market. Social investment provides funding to social ventures to expand their services, exploit new opportunities in order to achieve greater social impacts. The first UK SIB was introduced in 2010.

PbR contracts are an integral part of SIB models and mark a shift towards paying providers for the *outcomes* they deliver in markets that have traditionally purchased *activities* measured by *outputs*. PbR contracts have begun to be widely used (outside of SIBs) and are a cornerstone of the Government's '*Open Public Services*' agenda. They are a risk transference tool as commissioners only pay for those results that are evidenced, transferring the risk of paying for 'failure'.

Achieving a balance of risk is critical to the future of the SIB model. Structures for transferring the risk to investors are new and the pricing of risk and return is key for potential providers who must be able to support the delivery of the service

It is anticipated that the service provider will be a voluntary, community or social enterprise organisation with the technical skills, but not the capital reserves, to deliver a contract on a payment for outcomes basis.

The Provider will need to source investors to finance the contract by providing working capital to enable the delivery of services. Investors will assume a large part of the risk that the interventions they fund will be successful. If interventions

succeed, the investors will, in addition to enabling these outcomes, receive a financial return on their investment.

A template contract between public authorities and contractors has been developed and published by the Cabinet Office providing the framework for public authorities, investors, intermediaries and service providers. The use of the standard form is recommended leaving only genuinely project specific elements such as specification and payment mechanism to be developed thereby saving time in the drafting of the project documentation. This has the advantage of the basic contract terms being familiar to the providers and their potential investors.

There are various ways in which such projects may be funded. Template funding documents are not available as central government took the view that it was not appropriate to be prescriptive about the funding arrangements which will be negotiated by the Provider and investor.

It will be essential to ensure that the contract entered into with the Provider, especially in relation to the way in which the results are measured and verified are in the same terms as required to obtain the release of funding from the DCLG.

The process for the procurement of the Provider falls within Schedule 3 of the Public Contracts Regulations 2015 and will therefore be "light touch". A notice will be required in the Official Journal of the European Union advertising the opportunity. The Opportunity will also be advertised on Contract Finder.

10. CONCLUSION

- 10.1 This new Social Impact service model is integral to improving outcomes for rough sleepers and meeting their more complex needs.
- 10.2 The service must commence from September 2017 and is for 4 years.
- 10.3 This report recommends that delegated authority is provided Executive Director of **Health & Adult Social Care** Services to procure and enter into a contract to secure effective delivery of the support services detailed in this report.

11. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 11.1 There are no budgetary implications to this contract, if agreed, as it will be solely funded by the DCLG Grant totalling £0.984m.

Finance Officer Consulted: Sophie Warburton

Date: 14/03/2017

Legal Implications:

- 11.2 The legal implications are set out in the body of the report.

Lawyer Consulted: Judith Fisher
13.03.2017

Name Date:

11.3 Equalities Implications:

An Equalities Impact Assessment has been completed and is under regular review in relation to the tender and remodelling process regarding supported accommodation.

The client group for these services tends to experience multiple exclusions, and have multiple and complex needs and the aim of the newly commissioned service is to ensure better outcomes are delivered for the most vulnerable.

The full Equalities Impact Assessment is available as additional information.

11.4 Sustainability Implications:

Procurement processes are taking into account the sustainability of housing stock and the principles of social value in order to achieve best value for money and sustainability of services.

11.5 Any Other Significant Implications:

Single homeless people and rough sleepers are subject to multiple disadvantages in terms of mental and physical health, substance misuse and worklessness.

Brighton and Hove has the second highest numbers of rough sleepers in England, the estimate in November 2016 was 144 rough sleepers on the streets of the city.

SUPPORTING DOCUMENTATION

Appendices:

1. DCLG Bid application

Documents in Members' Rooms

1. Equalities Impact Assessment for remodelling supported accommodation

Background Documents

- Rough Sleeper & Single Homeless Needs Assessment 2013
- Homeless Health Audit 2014
- Homelessness Strategy 2014-19
- Overview & Scrutiny Report on Homelessness & Rough Sleeping 2014
- Rough Sleeping Strategy 2016



Department for
Communities and
Local Government

Entrenched Rough Sleeping Social Impact Bond Funding

Offering personalised support to
individuals entrenched within the
homelessness system

Funding Bid Application Form

Application Form

This document should be read in conjunction with the Rough Sleeping Programme Bidding Prospectus - available on the GOV.UK website.

We are inviting funding bids from local areas interested in commissioning a Social Impact Bond programme to drive innovative approaches to tackling entrenched rough sleeping. Up to £2 million will be available to each bidder to improve outcomes for entrenched rough sleepers who have spent a lengthy spell in the homelessness system, which may include recurring periods of bouncing between the streets and un-sustained accommodation.

Prospective commissioners will be required to demonstrate that they:

- Can identify need for the Social Impact Bond in their local area.
- Can outline how they will deliver a cohesive programme. ;
- Can show a proposed approach to procuring and monitoring the service through the funding model.
- May be able commit additional funding or resourcing, and have considered the sustainability of the delivery model..

Applications **must be put forward by a lead Local Authority**, but this Local Authority can be a representative of a wider coalition. This coalition could include anybody responsible for commissioning public services, with a duty towards homelessness, and preference will be given to bids which consider co-commissioning.

Where multiple applications cover the same geographic area then only one will be able to be successful. We therefore recommend that authorities work in partnership wherever possible.

Applications will be evaluated as set out in the specification, with those successful notified in December 2016.

Name (each Funding Bid needs a lead, named contact):
Sue Forrest
Local Authority:
Brighton & Hove City Council
Job title, address & contact details (including e-mail address):
<p>Commissioning and Performance Manager Adult Social Care Hove Town Hall Norton Road, Hove BN3 3BQ</p> <p>Sue.forrest@brighton-hove.gov.uk</p>
Are you representing a coalition of commissioners or partners? If yes, list all organisations below:
<p><i>Bidders are reminded to note that we are particularly interested in proposals from across multi-agency partnerships and local authority boundaries, to recognise the importance other local partners play in helping people access the services they need to get back on their feet.</i></p> <p><i>Hastings Borough Council, Eastbourne Borough Council, Arun District Council, Adur and Worthing Council, Brighton and Hove City Council</i></p> <p>The responsible lead officers of the following partners and services have confirmed in writing their support for this bid:</p> <p>Sussex Police Sussex & Kent Probation Service Brighton & Hove City Council:</p> <ul style="list-style-type: none"> • Public Health(Substance Misuse Services and Health Promotion) • Adult Social Care (Single Homeless Services and Assessment) <p>Brighton & Hove Clinical Commissioning Group (Mental Health services) East Sussex County Council (Mental Health & Substance Misuse Commissioners) CGL Sussex (Substance Misuse) Fulfilling Lives, Brighton Housing Trust (BHT) Worthing Churches Homelessness Projects St. Mungo's Stonepillow Adur & Worthing Council</p>
Amount of funding requested, and, where possible, an indicative profile over the four financial years:

A draft outcome rates card is attached to the Bidding Prospectus as Annex A.

Calculations are based on 150 clients x £9 000 median PBR ambitiously assuming the following success rates.

Total funding will be in the region of £1m.

Year 1 60 clients (60% success in accommodation for year 1 payment) £324000 plus BHCC Costs £18215 **TOTAL £342,215**

Year 2 60 clients (50% success in accommodation) £270,000 plus BHCC Costs £3859 **TOTAL £273,859**

Year 3 45 clients (50% success in accommodation) £202,500 plus BHCC Costs £3859 **TOTAL £206,359**

Year 4 35 clients (50% success in accommodation) £157,500 plus BHCC Costs £3859 **TOTAL £161,359**

In the first year of the bid BHCC will require support as the lead partner to implement and establish all processes. To be fulfilled by 0.3 FTE Commissioning Officer Scale M11, 11 hours a week **TOTAL £11,474**

Procurement costs are estimated at **£3,150** (90 hours)

Legal Costs are estimated at **£2,886** (37 hours)

For years 2, 3 and 4 contract management costs of 0.1FTE are requested. 3.5 hours a week **TOTAL £3,859**

Bidders are reminded to note that we are particularly interest in bids from across geographical local authority boundaries, recognising the transient nature of the rough sleeping population and the need to identify a cohort of over 100 individuals.

The partners for this bid are Brighton & Hove City Council, Hastings Council, Eastbourne Council, Adur & Worthing Council and Arun District Council.

Whilst Substance Misuse Services and Mental Health are not joint bidders they have both been consulted and have formally supported this bid. (See attached letters.) The geographical area covered will be within Sussex. The total SIB cohort will be 150 people.

This bid builds on the cross authority work developed through the SHORE (Sussex Homeless Outreach Reconnections and Engagement) partnership originally set up through the DCLG funding, tackling rough sleeping across Sussex and exploring opportunities to expand existing rough sleeper pathways.

SHORE has developed Sussex wide responses in recognition of the transient nature of rough sleepers and the significant numbers who move around within Sussex. This bid is from authorities who have a track record in joint working to tackle homelessness through Sussex wide approaches and are

committed to expanding joint working across a wider range of partners.

Governance and commissioning arrangements for this programme will be managed by BHCC as the lead Local Authority with individual areas setting up or using existing multi agency steering groups. The 4 authorities will formally meet 4 times a year from October 2017 as part of a multi-agency cross authority SIB programme board.

Criteria A – Need for the Social Impact Bond

This section will be scored out of 5, with 5 points awarded for strong proposals with very good evidence of how the proposal meets the criteria; 3 points for good evidence of how the proposal meets the criteria; and 1 point for very limited or no evidence provided on how the proposal meets the criteria.

Outline the size and demographic of the cohort you intend to work with, and explain how this has been calculated, including any evidence which supports the numbers.

You should also identify the need for this intervention in your local area. This should include how the needs of this group of individuals are not being met by existing service provision. [500 words]

- You should demonstrate the current scale of long-term rough sleeping in your application area, and the need that a Social Impact Bond will respond to.
- You should provide supporting evidence of how the needs of this group of individuals are not being met within existing service provision, including health and other services.

Numbers of rough sleepers in Sussex has increased over the last few years. SHORE has identified a cohort of entrenched rough sleepers.

In Brighton & Hove from the estimates in years 2014-16, 26 people were identified as rough sleeping in at least 2 of the last 3 years.

In hostels, there are 60 individuals who are unable to move through the pathway or who are 'revolving door'. There are approximately 45 people in BHCC funded emergency accommodation dispersed across Sussex who are 'revolving door' or entrenched. All of these are known to services for 3 years plus.

There are 5-10 rough sleepers who will not access accommodation.

There are increasing numbers of rough sleepers with complex health and mobility issues who are difficult to accommodate in traditional hostels or are rapidly evicted.

The city has an above average female and LGBT rough sleeping population. Data is captured in CAIERS (a multi-agency list of rough sleepers in the city).

Data is available from; the Primary Care Homeless GP Hub which has over 1000 registered homeless patients, hospital data from the Pathway Project, which sees 300 entrenched Rough Sleepers p.a., Mental Health Homeless services, who are experiencing a month on month rise on referrals of 15%, Substance Misuse Street Outreach Teams, who worked with 27 rough sleepers from November 2015-16.

Local Authority	Rough Sleeper Estimate November 2016	2015/6 Outreach contacts with rough sleepers	2015/6 Streetlink Referrals
Adur & Worthing	25	30	24
Arun	19	17	22
Brighton & Hove	144	1200 (approx. as change of service provider affected data quality)	Change of service provider so incomplete data as not utilised until Sept 2015
Eastbourne	19	83	94
Hastings	26	137	41

In Sussex, outreach services report a significant cohort of entrenched rough sleepers. There are multi-agency Homeless Hubs (Hastings and Eastbourne) which want to improve the service offer to individuals with multiple and complex needs.

Services acknowledge the need to be flexible to the needs of individuals; however they demand that individuals change their behaviour to access services and accommodation. People's needs are not being met at all due to lack of meaningful engagement, or their needs are being partially met by a range of services and lack clear case coordination.

Work in Brighton and Hove looking at rough sleepers who have died (Safeguarding Adults Board) found that 90% were engaged with 5 or more services. Access to SMS and Mental Health Services was hard to maintain for this cohort.

In Arun, entrenched rough sleepers are flagged at the monthly Arun Street Community MARAC and the data is maintained by Arun Community Safety. In Adur and Worthing, they are identified at MARAC and other multiagency meetings.

Work to date with the small Housing First service in Brighton and Hove has shown that a robust case management function delivered via a partnership approach and structured through a multi-agency steering group is effective in engaging ASC, Health, Community Safety and Housing. We will utilise this approach, but also map and pool accommodation and resources boosting the support on offer to engage, prepare and stabilise people before accessing services and accommodation.

Describe the robust method by which individuals will be identified and referred into a SIB cohort, including the roles of any partners. [500 words]

- Information on how you intend to refer individuals should be as detailed as possible, and should identify all partners who will be involved, as well as a detailed timeline.

Referrals

The referral criteria will be refined for this project but is based on the existing Housing First criteria used in Brighton and Hove.

This uses the Resolving Chaos matrix plus the Housing First eligibility criteria. Existing Panels that allocate accommodation or resources/services for single homeless people use eligibility criteria which exclude many of this cohort. We will set up a new steering group for this process.

In each local authority area, partners will identify people who met the criteria using; ECINS, OPAL, Pathways, Mental Health and Substance Misuse Services, MARAC, Safeguarding Boards and High Impact Casework Forums. The lead officer will work with Fulfilling Lives Service User Groups and other services in each area to develop a robust criteria and referral form for this programme to be used all the agencies making referrals, ensuring a comprehensive list. Local connection criteria will not apply.

The Panels will build on pre-existing multi-agency relationships and working arrangements e.g. Brighton & Hove's will have representatives from Housing, Third Sector, Primary Care (Homeless Integrated Health Hub), Mental Health Services, Rough Sleepers Outreach Service, Substance Misuse Services, Community Safety, the Police, Probation, DWP, Pathway Plus (hospital discharge). In other areas partners will reflect the local environment. No partner will be excluded.

Verification

We have Sussex wide rough sleeper data from St Mungo's and similar services to cross reference with referrals. We can also cross reference the list with Revenue and Benefits, DWP and MARAC.

Partners and the DCLG will agree the verification criteria once referrals have been received. Particular effort will be made to include people who are invisible to services, women and LGBT rough sleepers.

A clear shared protocol using a multi-agency approach will be drafted to ensure each authority finalises their list by May 2017. All services will contribute to the list. The data will include accommodation, work and learning status, engagement with existing services e.g. substance misuse, GP and mental health services.

A snapshot of current needs will be logged through the Outcomes Star or another

measure as agreed with the Steering Group and Service Users.

There will be a cross authority steering group with a strategic remit once the cohort has been identified, to ensure services are being responsive to the programme's needs.

Each local authority area will have a local steering group building joint working with representation from Health, Adult Social Care, Community Safety, the Third sector and others.

Criteria B – Strategic Fit and Partnership Working

This will be scored out of 5, with 5 points awarded for strong proposals with very good evidence of how the proposal meets the criteria; 3 points for good evidence of how the proposal meets the criteria; and 1 point for very limited or no evidence provided on how the proposal meets the criteria.

Briefly outline how your proposed approach for the SIB will meet the objectives of this programme, as outlined in the Bidding Prospectus, and how you would work in collaboration with other local authorities and relevant sector partners (e.g. across health and social care) to achieve these goals.

[500 words]

- You should demonstrate how you will provide a multi-agency response through the SIB, to ensure holistic and targeted support is in place to improve outcomes for long-term rough sleepers. Preference will be given to bids from across local partners and / or local authority boundaries.
- You should outline any preferred service delivery approach, for example, Housing First. We are particularly interested in seeing new and innovative models of delivery to improve outcomes for this group.

Our proposal will build partnerships and integrated working within and between local authorities. This will be achieved through a navigator model, increased multi-agency planning, sharing data, and improving the delivery and integration of services. Brighton and Hove will extend the rough sleeper ICT system to all partners. Local groups in each area and the Steering Group will include representatives from Adult Social Care, Health, - including mental health and substance misuse services, and the Third Sector. Proposed invitees have all supported this bid and indicated their willingness to engage with the programme.

The ethos of the service delivery will be based on PIE (led by Brighton and Hove) and MEAM (Adur and Worthing) delivering innovation in strengths based work. We

will build a collaborative partnership across all sectors to tackle the accommodation and support needs of this cohort through locally focused steering groups and the cross authority SIB programme board.

Collaboration will include increased flexibility around emergency or temporary accommodation through Housing Options plus access to hostel beds, and will align with the current commissioning of assessment centres and 'safe places' short term emergency beds. We will make effective use of all forms of accommodation, including via statutory Homelessness and the Care Act, whilst ensuring a good match for the individual.

We will commit to the fullest Housing First model possible and find creative ways to address the lack of supply of accommodation. We will explore where this is the best fit for any individual client.

Practical provision of the model will be explored in each area and on a personalised basis. Supported accommodation pathways and other forms of accommodation will be pooled and utilised to ensure this cohort stabilises in accommodation. Local connection criteria will be suspended to ensure the best outcomes. This is supported by Public Health, Health, Safeguarding Boards and Substance Misuse Services who identify local connection as a risk issue for clients attempting to access services. The Drug Related Death Meeting for BHCC have identified two deaths where better cross agency working and the suspension of local connection criteria for housing may have changed the outcome.

Wrap around support offering a Housing First style fidelity model will aim to reduce rough sleeping activity and ensuring access to local services – health(street triage), mental health (street based assessments). Pre-referral activity will ensure appropriate referrals to services.

We will expand the role of the Hubs and day centres, and street outreach. Service blockages will be fed back to the local and cross authority steering groups.

We are discussing how mental health services can work across Sussex with a mobile homeless population focusing on transitioning people from one service area to another. We have scope to develop and extend cross authority working, sharing practice, evaluating the use of PIE and MEAM.

Outline how you will meet your overall ambition to reduce rough sleeping in your local area. [500 words]

- You should show how the support procured through the SIB will align with other initiatives within the application area, and wider commissioning of services for this group.
- Where you are also bidding into the new £10 million rough sleeping grant funding, or the £20 million Prevention Trailblazer funding, you should highlight this here.

The SIB aligns with the commitment across partners to reduce rough sleeping and the BHCC Rough Sleeper Strategy. The governance of the delivery of this strategy will be used to monitor all our strategic rough sleeper initiatives, including DCLG investments. In response to increasing numbers of rough sleepers, we are trialling the use of 'Safe Places' where rough sleepers can be accommodated on a short term basis for assessment and interventions.

In East and West Sussex, county homelessness strategies are being developed by a wide range of partners to tackle rough sleeping more effectively.

A reduction in entrenched rough sleepers will enable services to focus on moving people new to rough sleeping quickly off the streets and if the Rough Sleeper grant applications are successful in Brighton and Hove and Sussex, harnessing services on a Sussex wide level, mapping and developing the charitable sector in order to increase access to support and community resources. Data shows that rough sleepers move around Sussex (particularly the most entrenched).

Partners will develop joint assessments and Accommodation Plans available to all related services through BThink. Stabilising the 'revolving door' cohort will release resources, enabling services to work in a planned way.

BHCC is aligning commissioning across Health and Social Care and integrating services for homeless people through a newly NHS England commissioned Homeless Health Hub which will host a number of agencies. We are currently commissioning the city's first assessment centre and will pilot the use of assessment beds across the city.

BHCC, East and West Sussex are applying for funding through the Rough Sleeping Grant to use navigators to ensure a clear accommodation offer is made quickly and the Trailblazer bid to enhance the prevention work of Housing Options to respond to people rough sleeping and those at risk of rough sleeping. Joint work with ASC and Health will ensure Care Act and health interventions are responsive and are a key element of Housing Action Plans.

The Eastbourne and Hastings Community Hubs allow for multiple services in health, social care, housing and related voluntary sector services to provide holistic assessment and support planning in a trauma informed environment and are linked to outreach services.

We have used Homeless Link guidance to draft a city wide Accommodation Loss Protocol which we will roll out across the partnership to reduce evictions from hostels and emergency accommodation. This links well with PIE and MEAM and develops innovative practice.

BHCC have developed a Rough Sleeper ICT system for use by all partners who work with rough sleepers (BThink) in the city that will be used for this programme. This provides a greater level of intelligence and collaboration between services and avoids duplication.

This work aligns with the Brighton and Hove Homeless Better Care Programme which is integrating homeless services, and ESBT which is expanding the sharing of information, aligning systems and targeting MDT working around people with high use of A&E, discharges from hospital of homeless people and those with health issues which are not being addressed.

Outline existing knowledge of the service provider market, including prior experience with the market. [200 words]

You will also need to attach evidence showing that at least one service provider is willing to support your bid for funding

We have an extensive provider market in Brighton and Hove and are in close proximity to London. We currently commission over 60 service contracts with 16 different Third Sector providers in the city. Some are local providers others are national providers. We also contract manage contracts on behalf of the Clinical Commissioning Group.

Local providers from the Third Sector, including RSL's are actively involved in local working groups relating to work and learning, reviewing deaths, day and street services, operational integration of services and planned hospital discharges, substance misuse, high impact casework forum, MARAC, Community Safety Forum.

Commissioners across Brighton and Hove, Eastbourne and Hastings have close working relationships with the Fulfilling Lives project and their Service User groups, which has been invaluable in joint working e.g. embedding asset based referrals into supported accommodation services in Brighton and Hove and developing a specialist service for women with multiple and complex needs.

We are undergoing a comprehensive tender of single homeless support and accommodation services, plus young peoples and mental health services. We have good engagement with providers. We consult about service models, service changes.

Hastings and Eastbourne have Hubs with co-location of services, with established working relationships with a wide range of homeless organisations.

Key Third Sector providers for this bid are BHT, St Mungo's, Worthing Churches, Seaview, CGL, Pavilions, Equinox. St Mungo's has the street outreach contracts in Brighton and Hove and East and West Sussex and the Housing First contract in Brighton and Hove. (See attached letters for support for the bid.)

Criteria C – Readiness and Capability

Throughout this section you should outline where additional support may be

required, either in the commissioning or delivering of the SIB. This will be agreed locally once funding decisions have been made.

This will be scored out of 5, with 5 points awarded for strong proposals with very good evidence of how the proposal meets the criteria; 3 points for good evidence of how the proposal meets the criteria; and 1 point for very limited or no evidence provided on how the proposal meets the criteria.

Outline the intended approach for procuring services as part of a Social Impact Bond, including any aspirations towards co-commissioning. Applicants are reminded that all SIBs must start delivery by October 2017 at the latest.

[500 words]

- At this stage you do not need to carry out any procurement activity. However, you should demonstrate how you intend to approach the procurement of the Social Impact Bond locally. This may include indicative timelines and proposed procurement routes, and should also outline any intentions towards co-commissioning.
- We are keen that change and innovation to support this group doesn't wait until the launch of the SIB, and applicants should set out what activity could be provided in the meantime, including any bridging costs that may be required.

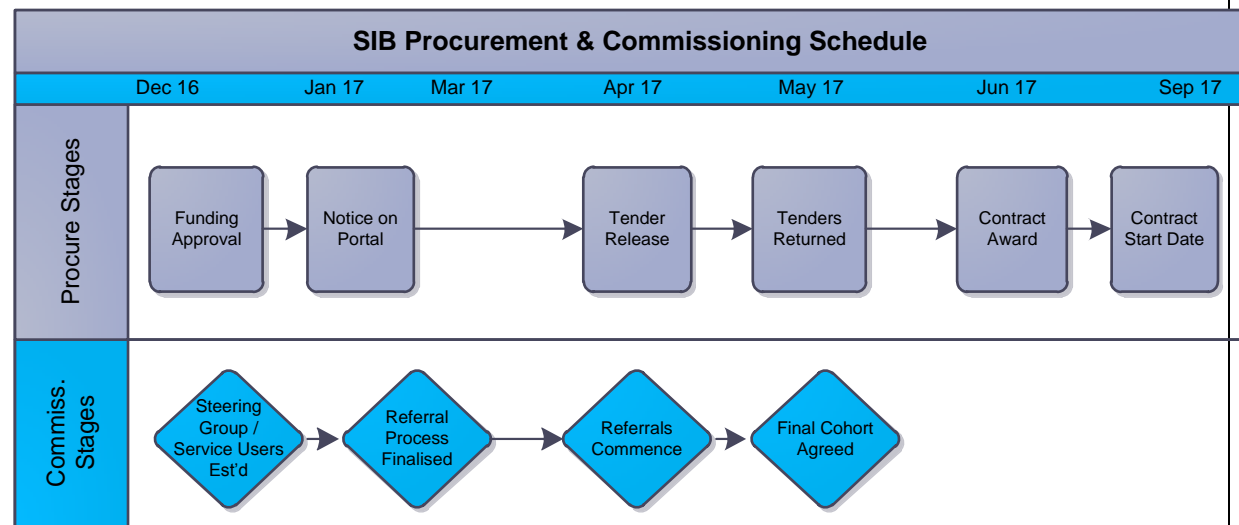
The procurement process would be run in accordance with the Light Touch Regime of the Public Contracts Regulations 2015. A single-stage process will be undertaken, based on the "open" tender model in order to reduce the burden on organisations applying to provide the service. This process will also help expedite the timeline, ensuring the SIB can begin in September 2017. Following DCLG announcement of successful bids in December 2016, an "Early Opportunity" notice will be posted to Contracts Finder in January 2017 to give providers notice to seek investors in preparation for their bids.

A contract notice will be published on Contracts Finder and OJEU (dependant on the value of the funding) in March 2017, with a deadline for response of 28th April 2017. Bidders will be assessed on their previous experience of delivering successful interventions to people in a repeat cycle of homelessness and will be required to provide detail on their plans to implement the service promptly following contract award. Bidders will also be required to provide detail on their proposed investors, to ensure the financial stability of the project going forward. Additional social value will also be assessed, based on the Brighton and Hove Social Value Framework, to ensure all benefits to the local area are captured within the procurement process.

Bids will be assessed by Commissioners from the ASC Housing Related Support team, Housing, Public Health and the CCG. Following evaluation, contracts will be awarded in mid-June, to allow successful providers time to mobilise their service effectively, including any required recruitment. A voluntary standstill period will be observed and Contract Award notices published.

Activity prior to October 2017 will be undertaken by the existing service providers and outreach teams will be to stabilise the very high risk rough sleepers, work with the 'revolving door' clients for preparation to move to more secure accommodation from emergency or supported accommodation. Expand the Multi-Disciplinary Team working around the people with chronic health needs who will be included in the SIB programme with clear health action plans.

Additional support would be welcome in drafting the outputs so they are tight and clearly verifiable with the addition of example draft contracts.



Outline any relevant experience in procuring Payment by Results contracts or Social Impact Bonds. [250 words]

The BHCC procurement team has one PBR contracts in place and are exploring more. The ASC Head of Commissioning has experience of procuring and managing PBR contracts.

As part of integrated working arrangements, the BHCC ASC Commissioner for Single Homeless People has experience of working with the Brighton & Hove Clinical Commissioning Group on drafting and monitoring CQuins in the mental health contracts relating to improving access of primary care services for people in hostels and the use of information sharing ICT across homeless services.

BHCC has procured and manages over 60 contracts for homeless services so has extensive experience in developing and managing outcomes focused service contracts. Verifiable hard outcomes measures are key for PBR and we are exploring how we can develop this.

Our experience of Social Impact Bonds is limited to working with partners in Sussex

who deliver the London Homelessness SIB (St Mungo's) and have local partners who applied to the Fair Chance Fund and have shared their experiences (YMCA Downs Link).

Outline the intended approach for engaging with DCLG and monitoring the Social Impact Bond during the lifetime of the programme. [250 words]

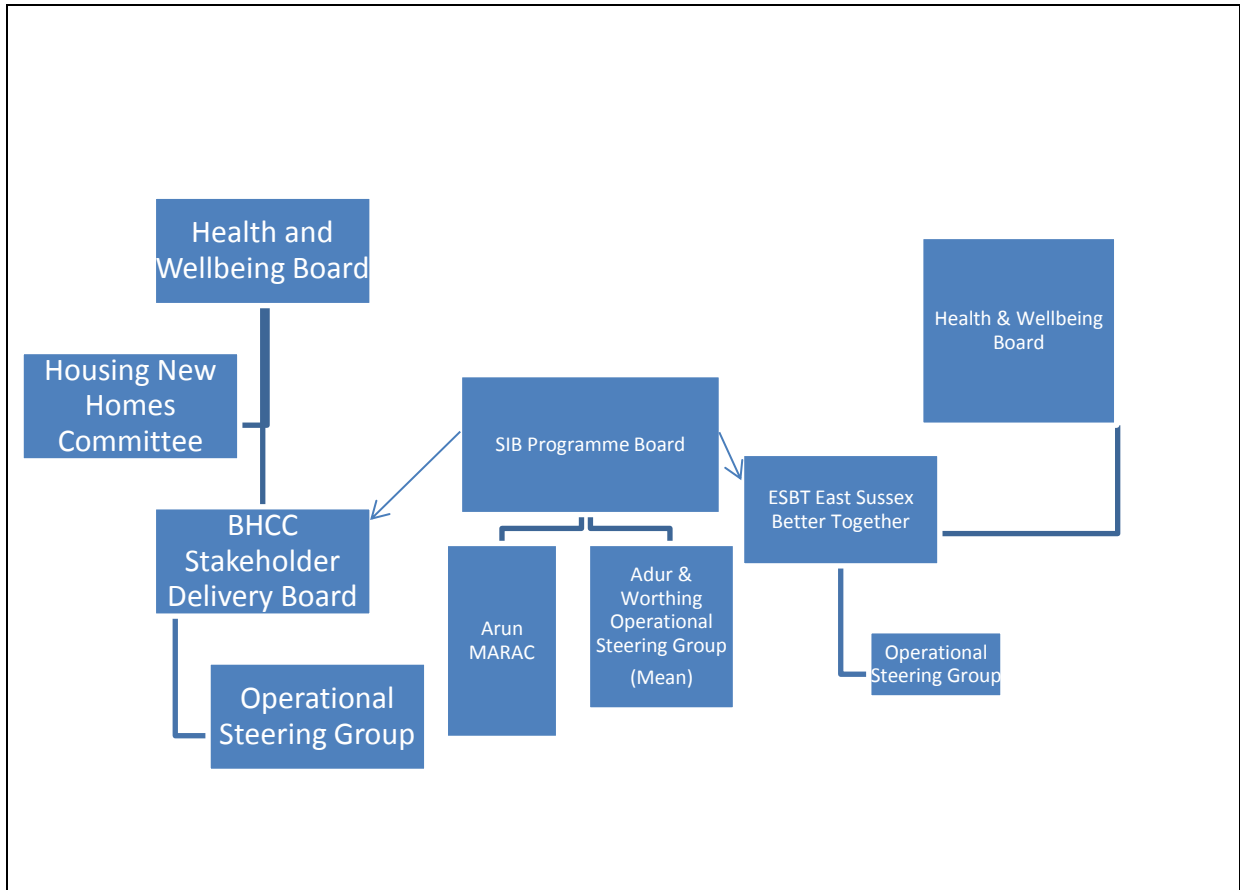
- This could include an indicative governance structure or a project plan.

Commissioners in BHCC will lead and adapt our existing contract management systems, to set up qualitative and quantitative outcomes reporting in line with the DCLG requirements. The programme will use the new rough sleeper ICT system based on CHAIN, but adapted for the partners and this programme.

We will consider co-commissioning opportunities during the development phase with local authorities' partners and other commissioners across Sussex. The bidding partners will agree acceptable verification methodology, agree the monitoring and reporting structure, load agreed cohort onto BThink, agree roll out and scaling up across authorities, and the ongoing monitoring and measuring outcomes and system changes. We will improve and develop more robust data collection and collate effective interventions.

The Sussex wide SHORE group is due to end in April 2017. The authorities involved in the Trailblazer Bid, Rough Sleeper and SIB bids will continue to meet and reconstitute the meeting to meet the grant criteria, share monitoring and have strategic oversight as part of a Programme Board aligned with other Sussex wide initiative to reduce rough sleeping. A key element of this work will be to collate all available data sources and share intelligence to ensure services are all working towards reducing rough sleeping.

Full cost recovery in relation to the set up and contract management costs will be for a 0.3 FTE Commissioning Officer for year 1 of the programme at grade M11 and 0.1 FTE for years 2-4. Plus costs in year 1 relating to legal and procurement resources.



Criteria D – Funding or resourcing for sustainability. [optional]

This will be scored out of 5, with 5 points awarded for strong proposals with very good evidence of how the proposal meets the criteria; 3 points for good evidence of how the proposal meets the criteria; and 1 point for very limited or no evidence provided on how the proposal meets the criteria.

Identify any additional funding to support or extend the Social Impact Bond. [optional - 250 words]

- Any available match funding should be outlined here.
- You should also outline any opportunities for additional local funding to sustain delivery of outcomes longer-term beyond 2020/21, or extend the service to a wider cohort.
- Any funding cited should not include funding for delivering existing statutory services, or any bid into the new £10 million rough sleeping programme. It could however, including pooling of funding with other local authorities or local commissioners such as Clinical & Commissioning Groups.

Local funding to sustain the delivery of outcome beyond 2020/21

East Sussex Better Together and Brighton and Hove Better Care and Single Transformation Plan drives change in services commissioning and delivery. By 2020 this integration will be embedded, positively impacting on outcomes for homeless people.

In East Sussex, strategic governance will sit with the Health and Housing sub group of the East Sussex Better Together (ESBT) & Connecting For You (CFY). Partners within ESBT & CFY are comprised of three clinical commissioning groups.

Adur and Worthing are rolling out MEAM and BHCC are rolling out training and support to develop PIE. This provides resources and learning for all partners.

Brighton & Hove will provide;

- trained Peer Mentors
- Access to Work services
- Floating Support Services
- BThink ICT system
- Contract Management

Fulfilling Lives, across Brighton and Hove, Hastings and Eastbourne works with people with multiple and complex needs. They are an invaluable partner ensuring robust delivery and commissioning of services. They are exploring establishing a Housing First project in East Sussex. We are aligned with their remit and system change agenda. We have excellent engagement with their Service User panels, this supports the work of this programme.

Learning and evaluation will provide information to shape how we commission services for this cohort going forward. This will apply to each partner in this bid and ensure we continue to build a Sussex wide approach to accommodating entrenched rough sleepers.

Provide an initial assessment of how you will consider longer-term sustainability of the programme. [250 words]

- This could include a demonstration of how it will drive a change in how services for rough sleepers are commissioned in that local area.

We will drive change through shared identification of eligible clients, extending joint working/assessment, making service responses more flexible, personalised and responsive.

The integration of Health, Housing and Adult Social Care moves forward in Brighton and Hove and East Sussex and will continue with integrated commissioning with CCG, Adult Social Care, Public Health, Housing with the Single Transformation Plan.

The reduction of rough sleeper numbers is central to the ESBT agenda, recognising the negative impact on health, SMS, community safety, tourism, mental health,

employment and wellbeing.

In Brighton and Hove, this is an opportunity to build on integration developments to date.

Both areas are establishing commissioning structures designed to deliver whole systems change through co-commissioning and co-location of services in East Sussex.

We are aligning our actions as closely as possible with services funded by mainstream, longer term budgets so that evidence of success can be sustained. We are finding that all partners are keen to try out new approaches, especially with entrenched rough sleepers with the highest level of vulnerability and of greatest cost to public services. Strategic alignment will embed sustainability.

Piloting of innovative approaches will demonstrate improved ways of working. We will engage partners and clients in all aspects of service design and delivery, learn from best practice, what works and embed effective Service User involvement.

Integrated commissioning arrangements will address any gaps in service provision highlighted through this programme with learning from MEAM and PIE.

Section E – Additional

The following question will not be assessed as part of the Expressions of Interest phase, but will help shape the final design of the programme.

We anticipate that there might be some flexibility in outcome payment rates based on market engagement during the bidding process. Do you have any comments on the draft rates card?

- A preliminary rates card is attached to the specification as Annex A.

Feedback from Service Providers is that the entering accommodation payment of £600 is too low. Extra resource may be needed to support with personal budgets and tenancy set up etc. and this payment does not reflect this. There is lack of explanation of what accommodation type would be acceptable at this stage, so if any type or accommodation is eligible, the payment could be sufficient.

Nothing in the rates card addresses the lack of supply of accommodation.

Completed forms to be submitted by 5pm 28th November 2016 to:
roughsleeping@communities.gsi.gov.uk

Subject:	Amendment to the Scheme of Delegations		
Date of Meeting:	23 March 2017		
Report of:	Executive Director for Families, Children & Learning Executive Lead Officer for Strategy Governance & Law		
Contact Officer:	Name:	Steve Foster	Tel: 01273 291646
	Email:	steve.foster@brighton-hove.gov.uk	
Ward(s) affected:	All		

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 The Committee is asked to resolve to change the Constitution's Scheme of Delegations to transfer the Print & Sign function currently in the Communications Team, (part of the Strategy Governance and Law Directorate) to the Families, Children and Learning Directorate's Employment and Skills service.
- 1.2 The function is not separately identified in the Scheme but is part of the general Corporate Communications function. The Graphic Design Team is not included in the proposal.
- 1.3 The transfer involves seven members of staff, who will be moved between these Directorates.

2. RECOMMENDATIONS:

- 2.1 That the Committee resolves to amend the council's Scheme of Delegations to transfer the Print & Sign function from the Strategy Governance and Law Directorate to the Families Children and Learning Directorate;
- 2.2 That the transfer takes effect from 1st April 2017 or at the conclusion of the consultation process with staff, whichever is later.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The purpose of the transfer is to facilitate the merger of Print & Sign with the ableandwilling service, to form a new business; provisionally called A&W. Ableandwilling has itself recently transferred to Families Children and Learning as this is a more logical fit for a business focused on employment, training, and delivery of the City Employment and Skills Plan (CESP).
- 3.2 The merger will create a more sustainable business and enhance the ability of the council to support the employment of people with disabilities.
- 3.3 The aim of the merged business is to deliver employment and training opportunities for disabled people in the city. The CESP includes the objective 'No

One Left Behind' with a key focus on those furthest from the labour market, and a Supported Business provides employment that people would not otherwise be able to achieve. Supported Businesses are recognised by the Department for Work and Pensions and form part of the Work Choice programme that assists people with disabilities.

- 3.4 The transferring Print & Sign function prints a wide range of paper products, but can also produce banners, traffic signs and other signage. Around 90% of their work is currently 'in-house' printing – the transfer and merger with ableandwilling will potentially extend their capacity to support disabled staff, take advantage of Supported Business status, and generate income from customers outside the council.
- 3.5 Ableandwilling prints on a wide range of merchandise and substrates. It also embroiders uniforms and other items. It employs 18 staff, 11 of whom have disabilities. Their customer base includes Brighton and Hove City Council, Brighton Marina, City Cabs, Ben Shaws Drinks, Buddies Cafe and the GMB Union. The business also prints for events like Paddle Round the Pier and Brighton Big Ball Run. The product ranges for both businesses are deliberately complementary to each other.
- 3.6 The aim is for fewer, larger orders, from inside the council and from businesses (cost recovery basis), and to bid for 'reserved' contracts with other public authorities based on A&W's status as a Supported Business (these businesses have a special status because of their social objectives).
- 3.9 There is potential to generate additional income from
 - marketing the combined service externally;
 - 'insourcing' printing which is currently given to suppliers;
 - expanding the traffic signage function,
 - acquiring a full colour offset litho press (a separate business case will be developed).
- 3.10 The business will contribute to the council 'leading by example' to deliver the key priority of disabled employment in the CESP. It may also contribute to the council's capacity to work in partnership with the DWP.
- 3.11 A&W will work with the Social Enterprise Network. This is currently producing a new cross border social enterprise strategy and action plan. The Network is connected to the CESP so it is in a good position to champion the interests of Supported Businesses like the new A&W. The new strategy is likely to include a focus on procurement as a route to collaborative growth and diversification. This could help to position A&W within a potential growth sector.
- 3.12 Through the Commissioners Network and the Procurement Advisory Board opportunities can be explored in how contracting and market shaping activity could enhance the potential to tackle the disabled employment gap, and how social enterprises like A&W could be helped to win contracts for wider social benefit right across the public sector, alongside supporting contractors to adopt inclusive employment practices and close their own employment gaps.
- 3.13 A model will be developed for A&W to contribute to the supported apprenticeships and internships target set by CESP, along the lines of the government's Maynard Review.

- 3.14 The council is committed to enabling people to develop skills, and support more disabled people into work, rather than the council directly providing long term employment. A&W will have a role to play as part of this Supported Employment Offer.

A&W presents all its customers with an opportunity to generate social value simply by buying its products.

4 ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.10 The creation of separate standalone companies for ableandwilling or Print & Sign is not considered to be a sustainable solution.
- 4.11 It is not considered appropriate to include the Graphic Design Team as part of the new A&W.

5 COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 A draft of this report has been shared with the unions and informal meetings with them continue to be held regarding this and the future for A&W generally. No changes to pay or conditions are proposed as a result of this report.
- 5.2 The transferring staff will be consulted themselves as soon as proposals for line management arrangements have been finalised.

6. CONCLUSION

- 6.1 The recommendation supports the future growth and sustainability of the new business.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 None as a result of this report.

Legal Implications:

- 7.2 Changes to the Scheme of Delegations to officers are required by the Council's constitution to be approved by PR&G Committee.

Lawyer Consulted: Elizabeth Culbert

Date: 07.03.17

Equalities Implications:

- 7.3 None envisaged in relation to this change in the Scheme of Delegations.

Sustainability Implications:

- 7.4 None arising from this report

Any Other Significant Implications:

7.5 None

SUPPORTING DOCUMENTATION

None.

Crime & Disorder Implications:

1.1 None

Risk and Opportunity Management Implications:

1.2 None

Public Health Implications:

1.3 None

Corporate / Citywide Implications:

1.4 None specifically from this report.

Subject:	Proposal to create a new Economic Strategy for Brighton & Hove		
Date of Meeting:	23 March 2017		
Report of:	Executive Director for Economy, Environment & Culture		
Contact Officer:	Name:	Cheryl Finella	Tel: 291095
		Liz Cadman	291094
	Email:	Cheryl.finella@brighton-hove.gov.uk	
		Liz.cadman@brighton-hove.gov.uk	
Ward(s) affected:	All		

FOR GENERAL RELEASE**1. PURPOSE OF REPORT AND POLICY CONTEXT**

- 1.1 The current Economic Strategy comes to an end in 2018. Since the strategy was published in 2013, there have been multiple factors impacting on the city's economy and, of particular note, is Brexit and its imminent impact on the city and the Government's recently published Green Paper on the Industrial Strategy.
- 1.2 The report sets out the rationale for preparing a new Economic Strategy for Brighton & Hove City and alignment with wider policy developments. It considers the proposed approach and overall indicative timescales for its development.

2. RECOMMENDATIONS:

That the Committee:

- 2.1 Approves the development of a new Economic Strategy (2018-2022) for the city.
- 2.2 Approves the proposed approach and overall indicative timescales to develop the new Economic Strategy. The final draft strategy will be reported to committee and Council for approval.
- 2.3 Agrees that Officers commence delivery of the new Economic Strategy with the commissioning of a background paper on the economic and political context in the city ('The City's Economic Story and Policy Context').

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The current Economic Strategy (2013-2018) was published in 2013 and comes to an end in 2018. It was written shortly after the financial crisis, which the city survived relatively well despite the poor economic climate and slow growth since

2008. Brighton & Hove was the third fastest recovering city in the UK driven by the strong performance of the cultural and tourism offer and the growth of the Creative, Digital and IT sector (CDIT). In addition, the financial and business services sector was strong, although the era of public sector austerity had started.

- 3.2 Since the current strategy was written there have been a multitude of factors affecting the city's economy which have come into place or are in the political pipeline, at a local, regional and national level, as outlined below.
- 3.3 Firstly, in 2014, the Coast to Capital Local Enterprise Partnership published its Strategic Economic Plan (SEP), which formed the basis of negotiations with Government on a Local Growth Deal for the Coast to Capital area.
- 3.4 In the same year, the city and its surrounding area saw the formation of the Greater Brighton Economic Board and the signing of the Greater Brighton City Deal with government. The Board comprises business and political leaders from the city region. Its remit is to oversee a six-year programme of investment in jobs, housing, skills and business, which includes the regeneration of Shoreham and Newhaven Harbours and establishing growth centres at Preston Barracks and New England House in Brighton & Hove. Greater Brighton's economic challenge is to raise its productivity to a level to reflect the area's economic potential.
- 3.5 Last year the Brighton & Hove City Council produced its new City Employment & Skills Plan (2016-20) which identified three priorities – no one left behind, supporting the learn to earn transition and enabling businesses and workers to benefit from growth. The document was supported by the 'Brighton Story' which is a data map of the city's labour market. The development of the new plan came at an important time, with employment and skills under-going major changes e.g. DWP and the Apprenticeship Levy.
- 3.6 The City Plan (adopted in 2016) sets out the overall strategic vision for the future of Brighton & Hove to 2030 and is the council's key planning document. It determines how the council will respond to local priorities, meet the challenges of the future and identify the broad locations, scale and types of development needed together with the supporting infrastructure. City Plan Part Two is under development: it will build on Part One strategic policy framework and identify and allocate additional development sites.

Post-Brexit Economy

- 3.7 Last year the UK voted in favour of leaving the EU but there is a great deal of uncertainty surrounding the impact of Brexit on the UK economy. Many businesses in the city already operate internationally or would like to access export markets, yet the impact of Brexit on trading with the EU is unknown. Possible future restrictions on hiring staff from the EU, combined with a lack of skills being a key concern among our businesses, means some businesses worry where they will get the right staff from. Businesses have a number of grave concerns about the Post-Brexit economy, primarily what our relationship with the EU, our largest trading partner, will look like.

- 3.8 There are opportunities through Brexit for the city to cast its net wider and trade with countries outside of the EU and provide further support to those businesses that are already trading overseas. There is a need to ensure that universities and business support providers develop an offer that can help the city build on its strengths.
- 3.9 A key focus for the Economic Strategy is how we position the city as a place for trade and investment in a post-Brexit UK and it is imperative we review our Economic Strategy now in order to reposition the city and remain competitive. Understanding the new opportunities and challenges facing the city in post-Brexit UK is critical in determining how to boost international trade and maximise the city's economy. In the wake of the EU referendum it is more important than ever that we strengthen the city's links with Europe and globally.
- 3.10 The Centre for Cities, Cities Outlook 2017 report, shows that the EU is the largest market for British cities with 46 per cent of goods and services being exported to EU countries. The EU is the main export market for Brighton & Hove with 53 per cent of the city's exports going to the EU. The report suggests Brighton & Hove's industrial policy should focus upon existing strengths, improving existing infrastructure, improving skills and improving the attractiveness of the city as a place for investment for exporters.

Inclusive Growth

- 3.11 Inequalities between places and people 'create a drag on growth and a drag on public funds'¹. A key principle in the new Economic Strategy therefore will be to support ways to promote inclusive growth in the city to ensure that no one is left behind and make growth work for everyone. The RSA's Inclusive Growth Commission defines inclusive growth as 'broad-based growth that enables the widest range of people and places to contribute to economic success and to benefit from it too. Its purpose is to achieve more prosperity alongside greater equity in opportunities and outcomes'.
- 3.12 The 'How to Guide – Making Growth Work for Everyone' by the RSA Inclusive Growth Commission outlines principles for inclusive growth. They are intended as guiding principles and/or an approach to bring out the level of system change required to create inclusive growth. The process to develop the Economic Strategy will include consideration and, if relevant to the city, taking on-board some of these principles, as outlined below:
- A binding mission – a shared commitment to inclusive growth, how it can be achieved and the roles that government, society and businesses play. This has greatest traction at a place-level where there is a shared sense of identity
 - Measure what counts – identify and measure what we value in the city and want to achieve from inclusive growth e.g. access to quality jobs, housing affordability, travel to work costs etc
 - Understand the system – identify what is having a negative impact on inclusive growth outcomes and design solutions to overcome the barriers. This process will involve engagement with the public, employers, investors, public sector, universities etc

¹ How to Guide – Making Growth Work for Everyone, RSA Inclusive Growth Commission, 2017

- Flexible, aligned resource base – ensure strategic finance of physical and social infrastructure to maximise the value of private, public and third sector investment, which may include a move towards preventative rather than reactive spending
- Entrepreneurial, whole-system leadership – to bring together the political leaders, businesses and civil society to drive change to the system. It requires a clear vision for the city and what actions are needed to achieve the vision. It requires the means and flexibility to respond to dynamic change.

Industrial Strategy

- 3.13 In January, the Government released its Green Paper, 'Building Our Industrial Strategy', to build a strategy that improves living standards and economic growth by increasing productivity and driving sustainable growth across the whole country.
- 3.14 Encouraging trade and inward investment is a key focus of the Industrial Strategy and it sets out the Government's investment of £400 million in a new Digital Infrastructure Investment Fund to boost commercial finance for broadband providers.
- 3.15 The Green Paper focuses on localism with skills and infrastructure spending and recognises that local needs differ. It promises £170m to boost technical education by funding new colleges and eradicating courses seen by business as low quality. These will be replaced with fewer higher quality courses designed to fit the needs of employers in the surrounding area.
- 3.16 The new Economic Strategy will seek to support the opportunities and solutions outlined in the Green Paper.

Development of a New Economic Strategy (2018-2022)

- 3.17 A new Economic Strategy is needed that reflects a significantly different economic and political environment in the city, since the 2013-2018 Economic Strategy was produced. It is therefore proposed a new Economic Strategy is written to reflect these changes and thereby enable the city to be in a stronger position to respond to new challenges and opportunities.
- 3.18 It is proposed a new Economic Strategy will be commissioned and funded by Brighton & Hove City Council and developed in partnership with Brighton & Hove Economic Partnership.
- 3.19 The new strategy will cover five-years from 2018 to 2022. It will include a vision for the city's economy and an implementation plan that will build upon the city's economic strengths and its role within the Greater Brighton City Region. It will help support the delivery of the *Economy & Jobs* priority of the City Council's Corporate Plan 2015-19.
- 3.20 Brighton & Hove sits at the heart of the Greater Brighton City Region and the Coast to Capital area and although the strategy will be written for the city, it will

take into consideration and align with the strategic priorities identified for these wider geographies.

Greater Brighton Economic Board

- 3.21 The review of the next Economic Strategy will align with work streams already taking place through the Greater Brighton Economic Board including the Greater Brighton Smart Growth Strategy, which is being developed, and the Greater Brighton Trade and Investment Strategy.
- 3.22 Greater Brighton Economic Board is looking to develop a regional innovation and growth strategy informed by Smart Specialisation – ‘Greater Brighton Smart Growth Strategy’. The guiding idea behind Smart Specialisation is regional policy should intelligently spend money in areas with the biggest impact, informed by robust high-quality evidence and consulting widely to intelligently choose these high impact areas.
- 3.23 The Department for International Trade (DIT) gave a presentation to the Greater Brighton Economic Board (GBEB) in January 2017 regarding inward investment. The GBEB is working with the Brighton & Hove Economic Partnership to develop an inward investment strategy – the Greater Brighton Trade and Investment Strategy. The strategy would also help businesses to export which is particularly important in the post-Brexit environment. It will focus on the following areas:
- Gather intelligence to gain a greater understanding of companies in the City Region
 - Cultivate better and more targeted engagement with the DIT, building upon their work with the Brighton & Hove Economic Partnership
 - Develop a clear ‘offer’ in terms of the City Region as a place to locate and grow
 - Support businesses to shift the way they operate in a post-Brexit world, tackling their barriers to export through more integrated delivery between the DIT and the wider business support offer.

Civic Office

- 3.24 The council is developing designs and a financial business case to refurbish and modernise Brighton Town Hall to become a multi-sector hub for business growth, international trade, inward investment activity and destination marketing to position the city as ‘open for business’.
- 3.25 The Economic Strategy will align with and support the delivery of potential uses for the space, to include:
- International relations and inward investment – the opportunity for the Town Hall to provide a focus upon activity which seeks to promote investment into the city, support businesses to export and develop our external relations nationally and internationally
 - Economic Growth – an opportunity to bring together functions that seek to drive inclusive economic growth working in partnership with the Brighton & Hove Chamber of Commerce and Brighton & Hove Economic

Partnership. This would include a refocused Economic Growth Unit and International Relations function for the city council

- VisitBrighton Office – marketing Brighton & Hove and the surrounding area as a destination to domestic and overseas visitors
- Better! Brighton & Hove Think Tank – to identify, analyse and propose solutions to major problems in the city, to encourage the adoption of solutions and identity and support the realisation of opportunities in the city
- A refocused Civic Office and Lord Lieutenancy with an agreed programme of activities that aims to support economic growth and inward investment
- Managed workspace for SMEs with a business support programme.

Timetable & Process

3.26 It is proposed that the new Economic Strategy will be developed over the next 12 months. The indicative timetable is set out in the table below.

3.27 It is proposed to initially commission a background paper ('The City's Economic Story and Policy Context'). It will set the scene for the economic and political environment in the city and scope the areas for consideration to inform the tender specification for the new Economic Strategy. The briefing document to commission a background paper is in Annex 1. This forms part of the first stage in the development of the new strategy.

Stage	Date	Action
Stage 1	By April 2017	Approval to proceed with the commissioning of a new Economic Strategy by Brighton & Hove City Council and the Economic Partnership Draft brief and commission a background paper 'The City's Economic Story and Policy Context' to inform the Economic Strategy tender specification
Stage 2	Qtr1 2017/18	Appoint consultants to develop a new Economic Strategy
Stage 3	Qtrs 2 and 3 2017/18	Engagement & Consultation to develop a draft strategy
Stage 4	Qtr 4 2017/18	Draft strategy to committee
Stage 5	Qtr 1 2018/19	Final strategy for Brighton & Hove City Council and Economic Partnership sign off

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

4.1 No alternative options were considered. It is considered imperative to prepare a new Economic Strategy now for the city to reposition itself and remain competitive, particularly in light of Brexit and the new opportunities and challenges facing the economy.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 The new strategy will be developed in partnership with Brighton & Hove Economic Partnership. There will be an extensive period of consultation with businesses, public and third sector stakeholders, central government, the Coast to Capital Local Enterprise Partnership and the Greater Brighton Economic Board. The appointed consultants will be required to engage extensively with stakeholders in the City Region.
- 5.2 A presentation outlining the proposal to develop a new Economic Strategy was discussed at the Brighton & Hove Economic Partnership on 7th March 2017. The Partnership endorsed the proposal to commence the development of a new strategy.

6. CONCLUSION

- 6.1 The current Economic Strategy (2013-2018) comes to an end next year and combined with a multitude of factors affecting the city's economy (see Section 3), this has informed the decision for a new strategy.
- 6.2 A new Economic Strategy is needed that reflects a significantly different economic and political context for improving the economic prospects in the city, since the last strategy was produced.
- 6.3 A clearly articulated vision that is owned by city stakeholders and accompanied by a clear strategy will ensure that the city is better able to respond to changes in the economy and exploit opportunities as they arise.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 The costs associated with the production of the Economic Strategy will be met from the 2017/18 Economic Development initiatives budget. The financial implications of the final strategy will be included in future committee reports. The consultants should be appointed in accordance with the Council's Contract Standing Orders and Financial Regulations.

Finance Officer Consulted: Gemma Jackson

Date: 15/02/2017

Legal Implications:

- 7.2 There are no immediate legal implications arising from this report.

Lawyer Consulted: Alice Rowland

Date: 16/02/2017

Equalities Implications:

- 7.3 The Project Manager will liaise with the Equalities Team at the council to identify any equalities implications concerning the strategy or its outcomes. The new Economic Strategy will be accompanied by an Equalities Impact Assessment which will consider whether there are any negative impacts arising from the strategy and will seek to mitigate them.

Sustainability Implications:

- 7.4 The new Economic Strategy will contribute to Brighton & Hove becoming a 'sustainable city' in accordance with the Environmental Sustainability priority of the City Council's Corporate Plan 2015-19, and the City Sustainability Action Plan. In seeking to deliver growth in a sustainable way that meets the city council's carbon reduction targets, the Economic Strategy will take into account the recommendations of the Sustainable Community Strategy, the Biosphere Management Plan and the Climate Change Strategy.

Any Other Significant Implications:

Crime & Disorder Implications:

- 7.5 Studies have repeatedly linked unemployment to rising crime and the deterioration of health. Improving the economic prospects of the city's residents through the development of a new Economic Strategy may contribute to reducing crime and anti-social behaviour.

Corporate / Citywide Implications:

- 7.6 The new strategy will support the delivery of the *Economy & Jobs* priority of the City Council's Corporate Plan 2015-19. It is expected that the creation of a new Economic Strategy will have a positive impact on the economic performance of the city in terms of support for existing and new businesses, support for job creation and training and investment in commercial premises.

Risk and Opportunity Management Implications:

- 7.7 There are no risk and opportunity management implications arising from this report.

Public Health Implications:

- 7.8 The 2015 Public Health report focuses on equalities impacts and the information from this document will help inform strategies to address equalities in the delivery of the new Economic Strategy. The strategy will aim to have a positive impact on the residents in the city by improving the economy.

DRAFT brief to inform the new Economic Strategy tender specification**1. THE BRIEF AND PURPOSE**

This brief is for the preparation of a background paper 'The City's Economic Story and Policy Context' which will provide a review of economic data, the policy landscape and the city's economic story and set out a clear and coherent narrative of the issues facing the city. This paper forms Stage 1 for the development of the Economic Strategy (see Section 3, Timetable & Process).

The purpose of the background paper is to inform the development of the tender specification for a new Economic Strategy (2018-2022) for Brighton & Hove City. There is considerable information and intelligence that has already been collected on various key sectors and issues. The background paper needs to pull together these existing strands and use available data and information to create a coherent narrative that reflects where the city's economy is today.

2. CONTEXT/ BACKGROUND INFORMATION

The current Strategy was published in 2013 and was written shortly after the financial crisis. The city survived relatively well despite the poor economic climate and slow growth since 2008. Brighton & Hove was the third fastest recovering city in the UK driven by the strong performance of the cultural and tourism offer and the growth of the CDIT sector. In addition, the financial and business services sector was strong, although the era of public sector austerity had started.

Since the strategy was written there have been a multitude of factors affecting the city's economy which have come into place or are in the political pipeline, at a local, regional and nationally level, as outlined below.

Firstly, in 2014, the Coast to Capital Local Enterprise Partnership published its Strategic Economic Plan (SEP), which formed the basis of negotiations with Government on a Local Growth Deal for the Coast to Capital area. Coast to Capital sought £559m funding from central government as part of the Local Growth Fund over six years. In return Coast to Capital has committed to a projected £2.8bn private sector funding to support the Growth Deal proposals, investment of £550m of public sector funding from local authorities, higher education and others, forecasts the creation of 60,000 jobs (over next 10 years), along with 27,000 homes and 970,000 sqm of new employment floorspace.

In the same year, the city and its surrounding area saw the formation of the Greater Brighton Economic Board. The Board comprises business and political leaders from the city region. Its remit is to oversee a six-year programme of investment in jobs, housing, skills and business, which includes the regeneration of Shoreham and Newhaven Harbours and establishing growth centres at Preston Barracks and New England House in Brighton & Hove. Greater Brighton's economic challenge is to raise its productivity to a level to reflect the area's economic potential.

Last year the Brighton & Hove City Council produced its new City Employment & Skills Plan (2016-20) which identified three priorities – no one left behind, supporting the learn to earn transition and enabling businesses and workers to benefit from growth. The document was supported by the ‘Brighton Story’ which is a data map of the city’s labour market. The development of the new plan came at an important time, with employment and skills under-going major changes e.g. DWP and the Apprenticeship Levy.

The City Plan (adopted in 2016) sets out the overall strategic vision for the future of Brighton & Hove to 2030 and is the council’s key planning document. It determines how the council will respond to local priorities, meet the challenges of the future and identify the broad locations, scale and types of development needed together with the supporting infrastructure.

Last year the UK voted in favour of leaving the EU but there is a great deal of uncertainty surrounding the impact of Brexit on the UK economy. Many businesses in the city already operate internationally or would like to access export markets, yet the impact of Brexit on trading with the EU is unknown. Possible future restrictions on hiring staff from the EU, combined with a lack of skills being a key concern among our businesses, means some businesses worry where they will get the right staff from. Businesses have a number of grave concerns about the post-Brexit economy, primarily what our relationship with the EU, our largest trading partner, will look like.

There are opportunities through Brexit for the UK to cast its net wider and trade with countries outside of the EU and provide further support to those businesses that are already trading overseas. There is a need to ensure that universities and business support providers develop an offer that can help the city build on its strengths.

In January, the Government released its Green Paper, ‘Building Our Industrial Strategy’, to build a strategy that improves living standards and economic growth by increasing productivity and driving growth across the whole country. The Green Paper promises £170m to boost technical education by funding new colleges and eradicating courses seen by business as low quality. These will be replaced with fewer higher quality courses designed to fit the needs of employers in the surrounding area. The Green Paper focuses on localism with skills and infrastructure spending and recognises that local needs differ.

The benefits of economic growth should be shared by all. There is a recognition that economic growth has not always delivered economic benefits and to those who are most vulnerable in society. This strategy will seek to develop creative and innovative approaches to growth that will create opportunities for all segments of the population and distribute the dividends of increased prosperity fairly across society.

These factors have informed the decision to prepare a new Economic Strategy to better reflect the changed business climate, emerging national policy and the impact of Brexit.

The task is to produce a clearly articulated vision that is owned by city stakeholders and accompanied by a clear strategy that will ensure that the city is better able to respond to changes in the economy and exploit opportunities as they arise.

3. OUTPUT

This brief sits within Stage 1 in the development of a new Economic Strategy. It scopes the preparation of a background paper, to be entitled 'The City's Economic Story and Policy Context' which should be no more than eight pages of A4'.

The background paper needs to do the following:

- review the range of local, regional and national policies, strategies, investment programmes and initiatives - both current and in development
- set the economic context for the city
- set the political context for the city
- scope the nature of the challenges and opportunities for the city
- scope the areas for consideration and set the scene to inform the tender specification for the new Economic Strategy for Brighton & Hove City (2018-2022).

It will need to provide a review of economic data, policies and strategies that impact on the city to include, but not limited to, those listed below:

- Government policy (current and in development) e.g. industrial strategy
- Any policy discourse in relation to UK legislation and EU legislation and its impact on business and the economy
- The Coast to Capital LEP's emerging Strategic Economic Plan
- The City Plan prepared by Brighton & Hove City Council
- The Economic Strategy for Brighton & Hove City 2013-2018
- The City Employment & Skills Plan for Brighton & Hove 2016-2020
- Greater Brighton City Region - strategic priorities and investment programmes
- Visit Brighton's emerging Tourism Strategy
- University of Brighton and University of Sussex strategic plans and reports e.g. sector strengths, SMART specialisation
- Think-tank reports on the future of the UK economy
- Reports by PwC / KPMG / CEDOS - sector reviews and UK financial health
- Centre for Cities reports - Brighton & Hove economy.

Other issues for inclusion in the background paper are:

- The fact that LEP are reviewing their Strategic Economic Plan
- The Greater Brighton Economic Board (GBEB) are continuing to develop proposals to drive economic growth through their devolution discussions with Government
- That GBEB have commissioned work on the development of the Smart Growth Strategy
- Working with GBEB on development of a new approach towards inward investment, trade and export.

4. PROCESS AND TIMESCALES

The process and overall timescales for developing a new Economic Strategy are as follows:

Stage 1	By April 2017	Draft brief and commission a background paper 'The City's Economic Story and Policy Context' Approval to proceed with the commissioning of a new Economic Strategy by Brighton & Hove City Council and the Economic Partnership. Commission consultants to produce the background paper.
Stage 2	Qtr1 2017/18	Appoint consultants to develop a new Economic Strategy The strategy will be commissioned and funded by Brighton & Hove City Council and developed in partnership with Brighton & Hove Economic Partnership. The strategy will cover five-years from 2018 to 2022 and include a vision for the city's economy and an implementation plan that will build upon the city's economic strengths and its role within the Greater Brighton City Region.
Stage 3	Qtrs 2 and 3 2017/18	Engagement & Consultation to develop a draft strategy The new strategy will be developed following an extensive period of consultation with businesses, public and third sector stakeholders, central government, the Coast to Capital Local Enterprise Partnership and the Greater Brighton Economic Board. Brighton & Hove sits at the heart of the Greater Brighton City Region and the Coast to Capital area and although the strategy will be written for the city, it will take into consideration and align with the strategic priorities identified for these wider geographies.
Stage 4	Qtr 4 2017/18	Draft strategy to committee and the Economic Partnership.
Stage 5	Qtr 1 2018/19	Final strategy for Council and Economic Partnership sign off.

5. CONTRACT VALUE

The contract value for Stage 1 is estimated to be £15,000 excluding VAT payable on completion of the Stage 1 report.

SUPPORTING DOCUMENTATION

1. Economic Strategy - Brighton & Hove 2013-2018
2. Brighton & Hove City Plan Part One
3. City Employment & Skills Plan – Brighton & Hove 2016-2020

Subject:	Brighton Town Hall: City Hall and Civic Office Proposals		
Date of Meeting:	23 March 2017		
Report of:	Executive Director for Economy, Environment & Culture		
Contact Officer:	Name:	Angela Dymott	Tel: 01273 291450
		Ben Miles	01273 290336
	Email:	Angela.dymott@brighton-hove.gov.uk , Ben.Miles@brighton-hove.gov.uk	
Ward(s) affected:	All		

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 Brighton Town Hall is a landmark of the city. It is centrally located, adjacent to the Customer Service Centre in Bartholomew Square, and accommodates important life events such as wedding ceremonies and the registration of births, deaths and marriages. It is a building of political significance, hosting full council meetings and coordinating electoral events. However, the building is an under occupied and substantial grade two listed structure with ever increasing required maintenance needs.
- 1.2 The report sets out options for continued use of the building, addressing the issues of under-occupancy and increasing maintenance costs. It considers proposals that support growing business and inward investment through the development of a new civic hub, positioning the city internationally.

2. RECOMMENDATIONS:

That Policy, Resources & Growth Committee:

- 2.1 Agrees that Officers continue to develop the Civic Office proposals, including piloting a programme of civic events hosted by the mayor's office, linked to attracting inward investment and supporting key business-related campaigns or policy initiatives.
- 2.2 Agrees that Officers further develop designs and a financial business case to refurbish and modernise Brighton Town Hall to become a multi-sector hub for business growth, international trade, inward investment activity, and destination marketing to position the City as 'open for business', and that the full business case will return to a future Policy, Resource and Growth committee for consideration.

- 2.3 Agrees that Officers design a role and a recruitment process for a number of ‘city ambassadors’: a small pool of council-recognised people drawn from the business sector. Proposals around the ambassador role will developed in consultation with the Leaders Group with a view to the first appointments being made in the 2017/18 municipal year.

3. CONTEXT/ BACKGROUND INFORMATION

Creating a new City Hall – a Civic Hub for the City

- 3.1 An analysis of future options for Brighton Town Hall is detailed in section 4. The preferred option would be to redevelop Brighton Town Hall to create a new City Hall - a civic hub which ensures the council retains ownership of Brighton Town Hall. The building will be redeveloped to make better use of the space, reduce increasing maintenance costs, and support a new civic hub model. The amount of office space required by the council will be reduced in line with Workstyles principles and the needs of the mayoral function. Space no longer required by the council will be made available for commercial use, supporting local business and inward investment.
- 3.2 Potential uses for within a new Civic Hub could include:
- ***A redesigned Economic Growth Unit*** – an opportunity to bring together current functions that seek to drive inclusive economic growth into the new Civic Hub, working in partnership with the Chamber of Commerce and Brighton & Hove Economic Partnership.
 - ***A new Trade, Investment & International relations function*** – the opportunity for the City Hall to provide a focus for activity which seeks to promote investment into the City, support businesses to export, and develop our external relations nationally and internationally. Working with the Economic Growth Unit to build and sustain business confidence, city region profile and enhance the relevance of the City Council
 - ***City Hall as the city’s focal point for trade mission and business events.*** The City Hall would become a hub for business and trade promotion to the advantage of UK based businesses in the city region, of value to UK government, and of interest to potential business participants and sponsors. The programmed events would aim to elevate the city’s international reputation and brand as a place that has an international business orientation, is socially inclusive and attractive to talented people and investors from across the globe in order to improve the well-being of all its residents
 - ***City Hall as the focal point for the City’s destination marketing function.*** The VisitBrighton Office provides destination marketing and convention bureau services for the City, marketing Brighton & Hove and the surrounding area as a destination to domestic and overseas visitors, and selling the City as a destination for conferences, meeting & events. Visit Brighton’s expertise can also be applied to market the city to investors and trading partners.

- ***The Better Brighton & Hove Think Tank in City Hall*** located in Brighton Town Hall. The Think Tank brings together academics from Brighton University and Sussex University and policy experts from Brighton and Hove City Council and other local organisations. Its objectives are:
 - To identify, analyse and propose solutions to major problems in Brighton and Hove
 - To work to encourage the adoption of these solutions to improve the city and
 - To identify and support the realisation of opportunities for the city
 - ***Making best use of the Civic office, working with the Lord Lieutenancy,*** through an agreed programme of activities that aims to support economic growth and inward investment
 - ***Continued space for marriage ceremonies***
 - ***Managed commercial workspace for SMEs*** with business support programme, corporate training facilities and modern conference facilities to maximise use of the council chamber.
 - ***A new 'high end' restaurant and café*** on the Ground floor as part of opening up the new City Hall to ensure that it is more widely used as a Civic Hub.
- 3.3 Over time there may be opportunities to explore collaborations and co-location with other agencies that promote the City economy, such as offering workspace or hot-desks within Brighton City Hall to partners such as Coast to Capital LEP, Department for International Trade, Department for Business, Enterprise and Industrial Strategy, or the Greater Brighton Economic Board.
- 3.4 The first floor of Brighton City Hall could be transformed into accommodation that supports a new Civic Hub. This would include the new mayoral function, lord lieutenant's function, corporate training facilities which could be commercially rented, modern conference facilities which could also be rented, and some commercial office space to be leased.
- 3.5 The ground floor of Brighton Town Hall could be redeveloped into a restaurant and venue for marriage ceremonies or civic receptions. The restaurant could also be used to host dignitaries and entrepreneurs as part of a redefined mayoral function.
- 3.6 The second floor of Brighton Town Hall could be retained as council office space, modernised through Workstyles principles. These offices could be used to accommodate some of the services displaced from other areas of the building. Other services would need to relocate, and their destination would be determined by profiling each service and determining the most appropriate location for them in remaining office stock.
- 3.7 The council chamber would be retained for full council meetings, but should be opened for wider use, for example university lecture space, or public lectures, which would generate additional income.

- 3.8 A set of indicative floor plans (at para 4.3.8) contained in this report show how these different facilities might be accommodated in the building. All of these facilities have potential to generate income for the council.

A refocused Civic Office

- 3.9 A modernised Civic Office could include:

- The development of a revised profile for the Mayoralty that emphasises the role that the mayor can play in supporting the city's economic growth through welcoming international delegations and hosting events that showcase the city as open for business
- An agreed programme of mayoral activities through the municipal year that balances community engagements with events that support economic growth and inward investment
- An agreed annual programme of events hosted by the civic office in partnership with business which seek to promote trade and investment in the city and consider key city challenges
- The appointment of City Ambassadors – drawing upon a small pool of council-recognised influential and articulate people drawn from the business sector, to support and facilitate visits, missions and delegations to the city and take part in pro-active inward investment campaigns
- Closer alignment of the work of the Lord Lieutenancy with activity which promotes the city economy and positions the city as 'open for business'

City Ambassadors

- 3.10 The role of City Ambassador is new and evolving, reframing the relationship between public and private. It is reflected in the government's Industrial Strategy Green Paper (see para 3.13 below), and also in exploratory work at the Local Government Association.
- 3.11 The role aims to provide an opportunity for nominated individuals to represent and promote the interests of the city, this to supplement and add to the work being done by members and officers of the Council. Ambassadors would also be identified based on their expertise and knowledge of their own business sector, for example Arts & Culture; Creative, Digital & IT; Energy and Environmental Technologies; Advanced Engineering; Health and Life Sciences; Tourism and Retail; Languages or Education; Food & Drink; Financial Services; Transport
- 3.12 Ambassadors would aim to:
- help attract inward investment - this may include a role in overseas delegations or missions, representing the interests of the city as a whole;
 - engage at regional or national level to represent the interests of their sector and the city/ city region;
 - voice the needs of the sector and influence the city's strategic development e.g. planning, skills, property, finance, Chamber of Commerce, Economic Partnership;
 - create common ground where companies of different sizes can share information and knowledge in the interests of the sector as a whole;
 - create a sense of purpose and direction in the sector to identify and face the challenges of the next few years;

- 3.13 This is a voluntary role which does not involve exercising Council powers. The demand on ambassadors time is not expected to be onerous, but the role might include:
- Occasional attendance at events regionally, nationally or internationally, to represent the city and the sector, to attract investment or influence strategic decision making.
 - Generating ideas for events or promotions here or elsewhere that will improve trade or investment in the sector or the city-region's economy (53% of the city's trade is with the EU);
 - To facilitate collaboration and discussion to take advantage of opportunities, or to address barriers to sectoral growth;
 - To act as a sounding board for the sector – responding to enquiries and representing a collective view on your sector's behalf.
 - To represent the views and interests of their sector at events or meetings where the voice of their sector in the local economy needs to be heard clearly and consistently.
- 3.14 Ambassadors would also develop strong relationships with the Coast to Capital LEP and with the Economic Partnership, and could potentially have a 'city-region' remit. Ambassadors would need to be transparent about potential conflicts of interest and to ensure that transparency is achieved it would be necessary to have some processes in place to achieve this.
- 3.15 There would be some cost implications for the council in administrative support and covering Ambassadors' expenses, which would need to be covered from existing resources. These proposals are evolving and the next steps are likely involve 'soft testing' the role. It is proposed that officers continue to develop the role in consultation with Leaders Group with a view to appointing to recommending that a small number of Ambassadors are appointed as a pilot during the 2017/18 municipal year.

Positioning the City in a changing national and global environment

- 3.16 This report addresses the challenge in the Government's Industrial Strategy Green Paper, that "Competitor economies often have better developed sectoral institutions and stronger local institutions than the UK". There are roles for LEP's and city-regions, but the Green Paper also specifically refers to the local authority as a co-ordinating 'Local Leadership Institution'.
- 3.17 The proposals in this report align with the Green Paper, in particular its chapter on 'Creating the right institutions to bring together sectors and places'. This includes:
- A regional/local role for the Department of International Trade:
 - A review of the location of government agencies and arms-length bodies (including cultural institutions) to support local clusters or private sector growth;
 - A review of whether there is more that can be done to leverage government and research council laboratories to drive local growth;

- Collaboration with and between universities, e.g. for commercialisation, and potentially via the formation of joint investment funds;
- The Green paper also suggests central/local government collaboration “to review how to bring more business expertise into local governance, and improve links between councils and the private sector. An example might be the creation of a modern “Alderman” type of role within local government”. The ‘City Ambassador’ role outlined in para 3.10 above reflects this thinking.
- A ‘balanced scorecard’ approach to maximise the impact of procurement activity.

3.18 The Green Paper as a whole indicates a new broad political consensus for an Industrial Strategy, aimed at growth but also at living standards and low-carbon opportunities. There are also useful chapters on, for example, innovation; trade and inward investment; affordable energy and clean growth; and supporting business. These are all functions within the remit of the proposed Civic Office and Economic growth Unit in the new City Hall.

4 ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

Do nothing

4.1 Doing nothing, or maintaining the ‘status quo’, would result in an increased annual maintenance costs as the building deteriorates. Planned maintenance works to Brighton Town Hall, other civic, operational and historic buildings is funded through the Corporate Planned Maintenance budget. Like most local authorities, the council faces a backlog in its required maintenance, extreme budget challenges and our small and limited maintenance budgets are inadequate for the need. Financial controls applied in recent years have meant substantial cuts in what can be achieved with the annual programme, that in turn increases our prioritised volumes of required maintenance. There is no provision to increase this as part of the medium term financial strategy. The planned maintenance budget allocation for Brighton Town Hall was £99,600 in 2016-17.

4.2 To reduce the required maintenance need, the building requires planned maintenance works to improve its condition regardless of the future use of the building. Cost consultants value essential works to maintain the external fabric, roof and drains of the building at £2.12m over 5 years. This excludes any internal works and, most significantly, nothing to the mechanical, electrical and water systems within the building all of which are aged.

Commercial use of Brighton Town Hall

4.3 In November 2015 a report was presented to the Leadership Group outlining options for the sale and long-term lease of Brighton Town Hall. The property was valued at a high level and dependent on use between £1.5 million and £3 million, and the report recommended that the disposal of the building be through a long term lease (100-125 years) rather than through a market sale, in order to minimise associated risk and liability issues. Proposals to dispose of the building were rejected by Leaders Group on the grounds that the building is an important part of the city’s political landscape with potential income generation options being preferred.

- 4.4 Various uses for the building were explored with advice from the property market. This included boutique hotels, a spa, a members' clubs, and serviced apartments. The report concluded that these were unlikely to be a suitable use of the building, or yield lower returns than the option of a café restaurant outlined in option 3.
- 4.5 The option of retaining the basement and ground floor of the building for civic use was also explored, but dismissed as the value of the building lies within the street frontage and more ornate spaces on the ground floor.
- 4.6 Given the need to retain some civic office space, and a desire to retain ownership of the building for ceremonial, promotional and political purposes, proposals to sell Brighton Town hall or release it on a long-term lease were rejected by Leadership Group in November 2015.

Brighton Town Hall as a Civic Hub

- 4.7 The preferred option would be to redevelop Brighton Town Hall as a civic hub to ensure the council retains ownership of Brighton Town Hall. The building will be redeveloped to make better use of the space, reduce increasing maintenance costs, and support a new civic hub model. The amount of office space required by the council will be reduced in line with Workstyles principles and the needs of a new mayoral function. Space no longer required by the council will be made available for commercial use, supporting local business and inward investment.
- 4.8 A modernised Civic Office could include:
- The development of a revised profile for the Mayoralty
 - An agreed programme of mayoral activities through the municipal year that balances community engagements with events that support economic growth and inward investment
 - An agreed annual programme of events hosted by the civic office in partnership with business which seek to promote trade and investment in the city and consider key city challenges
 - The appointment of City Ambassadors – drawing upon a small pool of council-recognised influential and articulate people drawn from the business sector, to support and facilitate visits, missions and delegations to the city and take part in pro-active inward investment campaigns
 - Closer alignment of the work of the Lord Lieutenancy with activity which promotes the city economy and positions the city as 'open for business'
- 4.9 Council officers will work with the *A Better Brighton & Hove* think-tank to inform proposals for the building. The high level financial analysis contained in this report is based on an initial scoping exercise and marketing advice from *Fleurets*. Proposals are indicative only and further design detail will be required as part of a full financial business case, to include stakeholder consultation and developing markets.
- 4.10 The initial feasibility floorplans below indicate the potential for each floor in Brighton Town Hall, paying consideration to the limitations associated with a Grade two listed building.

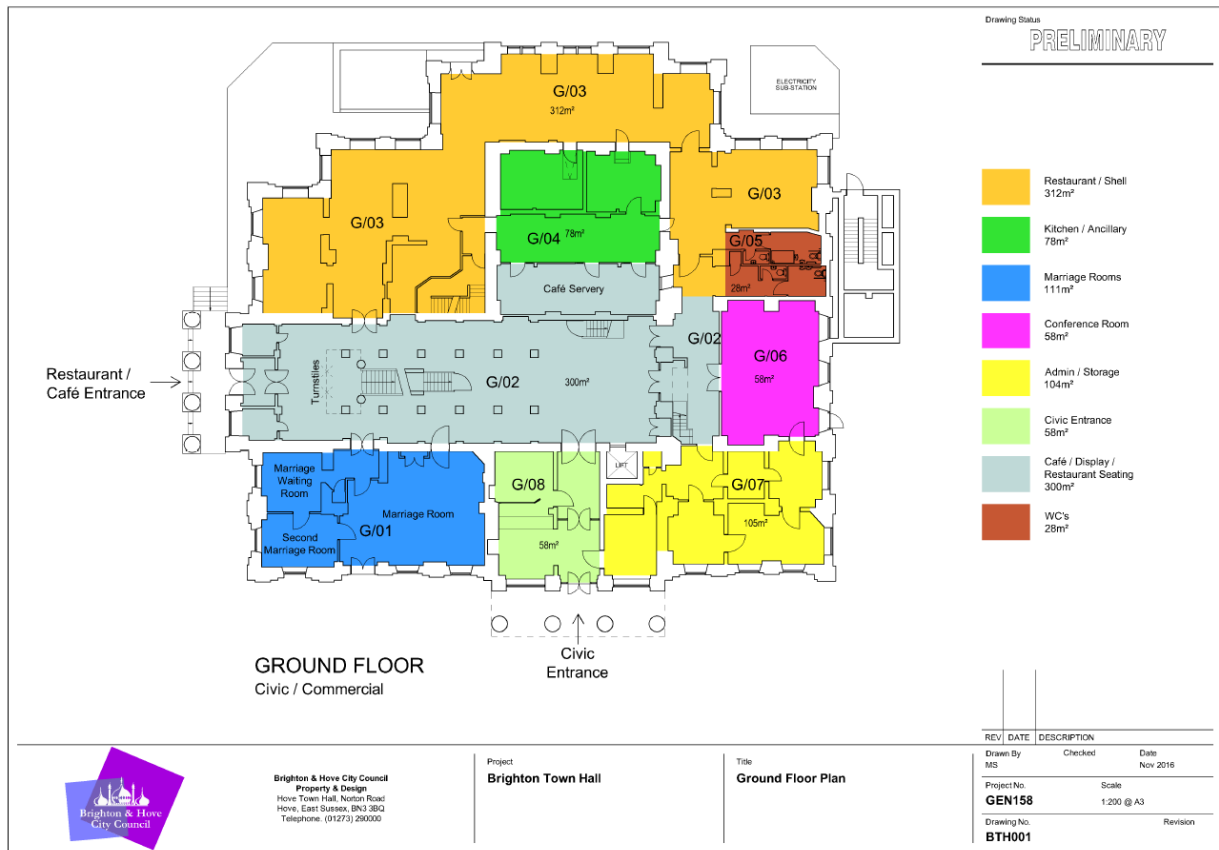
4.11 Teams currently based in Brighton Town Hall are:

- Training Rooms (Revs & Bens/Care First/Workforce Development)
- Visit Brighton
- Revs & Bens
- Registrars
- Electoral Services
- ICT Installs
- Post/Reception
- Unison Office
- Mayor's Office
- Local Land Charges
- Audit
- The Police Museum

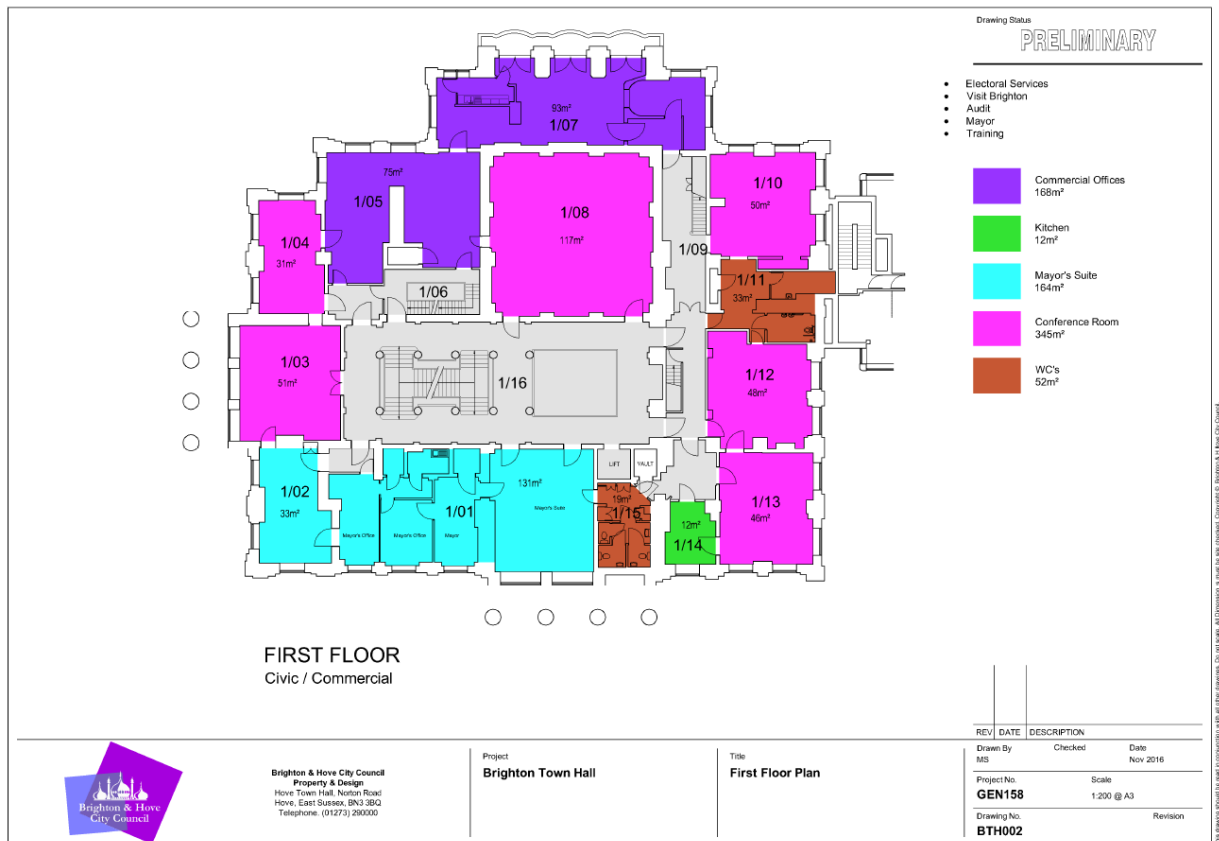
4.12 Displacing some of these services would have an impact on the council's remaining office buildings. The council has reduced its office space by 57% through the Workstyles programme. Further reducing this by releasing parts of BTH as commercial space would put pressure on the occupancy rates of remaining stock. It may be that investment is required to increase capacity in one of the council's remaining buildings e.g. the Housing Centre in Moulsecoomb.

4.13 Occupancy studies are currently being completed on the council's operational buildings, to understand whether there is capacity in any of these buildings to accommodate some services currently based at Brighton Town Hall.

4.14 The floorplans below are indicative of ways which the building could be used. They are conceptual only and other options for the use of the space will need to be fully explored through the development of a full business case.



[Note. Plan above is indicative for illustrative purposes]

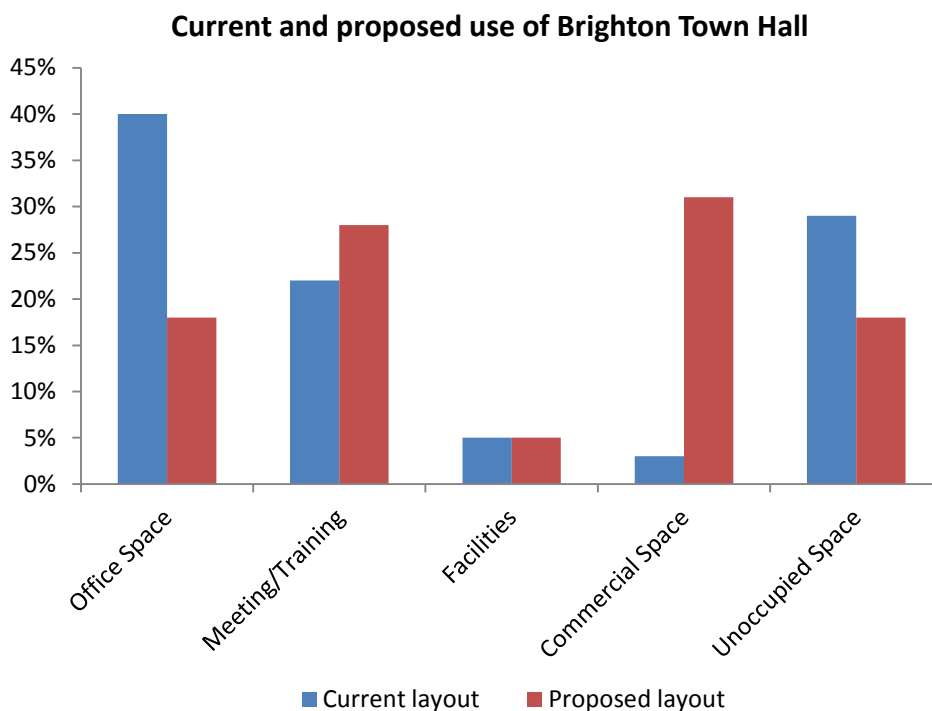


[Note. Plan above is indicative for illustrative purposes]



[Note. Plan above is indicative for illustrative purposes]

4.15 The graph below shows the overall change of use of the building under redevelopment proposals. It is clear that the proposals will reduce the amount of council office space and unoccupied space significantly, at the same time increasing the amount of commercial space significantly. The number of meeting rooms would increase from seven to 12.



*Unoccupied space includes stairwells, foyers, and unoccupied offices

- 4.16 The figures and floorplans outlined above consider the ground, first and second floors of Brighton Town Hall only. The basement currently houses the Police Museum, which would be retained, and a significant amount of ICT infrastructure and storage, together with staff cycle and shower facilities which are used by staff in Bartholomew House. Whilst planned maintenance will improve this floor's condition, it is not considered that this space is suitable for commercial use. Similarly, the third floor has issues with access and fire escape routes. The budget for refurbishment will improve the condition of this floor, but market research suggests the space will not be suitable for commercial leases, therefore these floors have been excluded from the proposals.
- 4.17 The cost consultants have provided an estimate of the anticipated scope of the refurbishment of Brighton Town Hall, including the £2.12m external fabric works, at £7.24m. This option delivers the benefit of making better use of the building, giving it a sustainable future and supporting a new civic hub.

The graph below shows a high level time line for the redevelopment of Brighton Town Hall into a Civic Hub

Task	2017/18				2018/19				2019/20			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Full Business Case	■	■										
Committee Approval			■									
Planning				■								
Building Decant					■	■						
Building Redevelopment							■	■	■	■		
Building Repopulated											■	
Civic Hub Opens												■

5 COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 Engagement and consultation has been had with internal teams in the council and external bodies as listed:

- The LEP
- Chamber of Commerce
- The Brighton & Hove Economic Partnership
- Better! Brighton & Hove think-tank
- The Universities

The response to each of these consultations has been positive with endorsement for further developing the proposals. Heads of services and teams currently based in Brighton Town Hall, and those that may be moved into Brighton Town Hall under the workstyles programme have been briefed on the proposals and asked to consider any issues in relation to relocating to or from the building. These will be managed through a project risk register and governed through the Workstyles programme board.

- 5.2 Formal consultation will be undertaken with any affected staff and unions in accordance with the Council's policies, if a service redesign or restructure is required for any of the functions that are within scope of the City Hall proposals.

6. CONCLUSION

- 6.1 Without capital investment, and with an inadequate planned maintenance budget, the cost of required maintenance for Brighton Town Hall will increase over time as the building deteriorates. Essential planned maintenance work to the external fabric, roof and drains of the building alone is estimated at over £2,0m over 5 years. Even if this were affordable this significant investment alone would do nothing to address works internally, nor the building's mechanical, electrical and water systems. Furthermore this investment alone would neither provide a solution towards the underuse of the building nor support the development of a civic hub, which has the potential to generate significant income for the City Council.
- 6.2 Additional capital investment is needed to ensure that the interior of the building is redeveloped into a facility that is in keeping with the expectations of a modern city hall. The funding will include investment in ICT infrastructure, and project support for the programme of works and relocation of staff. In line with the council's Corporate Asset Strategy & Asset Management Plan (AMP) redesign of the building and the application of Workstyles principles will ensure that better occupancy of the building is achieved, as well as better use of space.
- 6.3 The inclusion of carefully considered commercial ventures in the building will complement proposals for a new civic hub, which supports business and encourages inward investment. These commercial spaces will not only generate income for the council, but will contribute to the rejuvenation of Bartholomew Square and surrounding area.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 Initial surveys and site evaluations estimate that a capital investment of £8.0m - £10.0m would be required to transform Brighton Town Hall into a new City Hall and Civic Hub. The estimates include costs to refurbish the interior of the building, planned maintenance works, mechanical and electrical services, preliminaries, overheads and profit, design development, ICT infrastructure, project resource costs associated with relocating staff, professional fees and specialist surveys. A contingency of 10% is also included.
- 7.2 High level funding options for the capital investment include capital borrowing, potential contributions from corporate funds and the possibility of grant funding from sources such as the Heritage Lottery Fund.
- 7.3 Rental income of between £0.350m to £0.600m pa is estimated (see paragraphs 7.9 to 7.11) for leasing out space within the Brighton Town Hall Civic Hall. This

could provide funding to meet between £5.0m to £8.8m of capital borrowing with the financing costs being met over a 25-year period.

- 7.4 Previous Workstyles phases have had annual contributions from the Asset Management Fund of £0.750m pa for a three-year period (£2.250m in total). A separate report to this Committee for the Asset Management Fund is on this agenda. Other corporate funding options that could be considered includes contributions from the Modernisation Fund and the Planned Maintenance budgets to assist with liabilities that may ordinarily be met through these routes.
- 7.5 Workstyles Phase 3 project at Hove Town Hall is being finalised and any potential underspend of that budget will be reported to this Committee in the TBM Outturn Report. Any potential underspend could be set aside to assist with the project resourcing costs associated with Workstyles 4.
- 7.6 There is the potential to receive Heritage Lottery Funding (HLF) and further work and testing will be undertaken to establish the possibility of this grant funding. Recent successful bids to HLF include the Rochdale Town Hall project.
- 7.7 Potential income from the building would take two forms: Commercial leases, and day rates for the hire of meeting rooms and training rooms. In addition, the programme would support the following savings and efficiencies:
- Assisting with enabling the Council's Integrated Service and Financial Plans for the services affected by Phase 4,
 - Property Services savings at BTH i.e. reduced Business Rates liability for the Council's corporate landlord budget (passed on to commercial operators), reduced running costs due to more efficient heating, lighting etc.
 - Savings to maintenance programme in the short to medium term with expected investment into much needed repairs and replacement of new roof, cladding, boilers etc estimated at £2.0m over the next 5 years.
 - Staff efficiency / productivity savings enabled by the application of Workstyles principles.
- 7.8 Further detailed analysis will be undertaken to establish the level of potential savings identified above. This will be included in a detailed business case. And subject to sensitivity testing. Potential savings could assist with the Council's future year's budget savings target, set aside to meet potential capital borrowing costs for the capital investment required or ringfenced for reinvestment back into the running costs such as ongoing maintenance for Brighton Town Hall.
- 7.9 Income can potentially be achieved through commercially leasing the ground floor to separate café and restaurant operators. Additional commercial leases for managed office space are achievable elsewhere in the building, but the exact size and value of these leases is dependent on negotiations taking place within the Supporting Business programme. Potential rental income could be set aside to meet borrowing costs associated with any capital investment, subject to the development of a full business case.

- 7.10 Benchmarking of local meeting room and training facility providers indicates a typical rate of £10 - £30 per room, per hour, depending on size of room and quality of infrastructure.
- 7.11 Given existing internal need, it would not be possible to rent out all of the meeting rooms all of the time. The following table shows potential annual income for each floor, depending on how often the rooms are hired out to external customers. A cost of £22,000 pa has been deducted from each value in order to account for administration costs associated with managing a diary of bookings. The actual income generated would depend on the council's internal need and the market demand at any given time. Further market testing will be required and assumptions will need to be worked into a detailed business case.

Area	Occupancy		
	25%	50%	75%
First Floor	£45,200	£112,400	£179,600
Second Floor	£33,200	£88,400	£143,600
Total	£100,400	£222,800	£345,200

- 7.12 In principle, the total potential annual income for the building ranges from £350,000 to £600,000 (office space and restaurant/café rental income, and meeting room hire). Based upon the minimum estimated income of £350,000 pa being achieved, a payback period on a capital investment of between £8m - £10m would be 22 to 28 years. Assuming the maximum income of £600,000 is achieved, a payback period on a capital investment of between £8m - £10m would be 13 to 17 years.
- 7.13 A detailed business case will be prepared and reported back to this Committee if required. The business case will include detailed analysis of capital costs, ICT and project resourcing costs and ongoing revenue implications including income streams and potential revenue savings. Funding options will be explored including the possibility of receiving grant funding from the Heritage Lottery Fund and other sources.

Finance Officer Consulted: Name: Rob Allen

Date: 25/01/17

7.14 Legal Implications:

The redevelopment and repurposing of Brighton Town Hall will necessitate the drawing up of legal agreements, while legal input will be provided to ensure that any commercial activity the Council engages in is rendered compliant. It is envisaged that this will be met from existing resources, although this will be kept under review.

If the Council elects to nominate and to provide support to 'City Ambassadors' – a voluntary role, without formal powers – then this (as well as any changes in the role of Mayor) should be reflected in changes to the Council's constitution. Legal input will also be necessary to ensure that appropriate governance arrangements are set up to support and regulate this new role. Again this will be kept under review as proposals are developed.

Lawyer Consulted:

Name: Victoria Simpson

Date: 22/02/17

Equalities Implications:

- 7.15 All services that need to relocate as part of a Workstyles programme are required to complete an Equalities Impact Assessment. This allows managers to identify any additional support that might be required by their staff. Workstyles project managers will support managers with the implementation of any reasonable adjustments that are required as a result of the EIA.
- 7.16 The proposed redevelopment of Brighton Town Hall includes funds to improve access, AV facilities, and fire escape routes within the building.

Sustainability Implications:

- 7.17 There are opportunities to improve the fuel-efficiency of the building through better insulation, modern heating systems and airflow systems. Potential for EU funding bids to support innovative power solutions are currently being explored and will form a part of the full business case should the recommendations in this report be agreed.

Crime & Disorder Implications:

- 7.18 Security of any Premises affected by redevelopment proposals will be assessed and budgeted for through the development of a full business case. Additional security risks identified will be managed through the project board and programme board governance arrangements.

Risk and Opportunity Management Implications:

- 7.19 Risk workshops will be completed for the project and for each service affected by proposals, alongside Equalities Impact Assessments. High-level risks and mitigation proposals will be included in the full business case should recommendations in this report be agreed. Risks will be managed through the project and programme's governance structure, escalated to Corporate Modernisation Delivery Board as required.

Corporate / Citywide Implications:

- 7.20 Services currently located at Brighton Town Hall will be affected by redevelopment proposals. Occupancy assessments of other council buildings will inform where staff are decanted to for the duration of the works, in order to minimise impact on service delivery and customer service.

Subject:	Asset Management Fund 2017/18		
Date of Meeting:	23 March 2017		
Report of:	Director Economy Environment and Culture		
Contact Officer:	Name:	Angela Dymott	Tel: 01273 291450
		Nigel McCutcheon	01273 291453
	Email:	Angela.Dymott@brighton-hove.gov.uk	
		Nigel.McCutcheon@brighton-hove.gov.uk	
Ward(s) affected:	All		

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 This report seeks approval for the £1 million of the 2017/18 Asset Management Fund allocation

2. RECOMMENDATIONS:

- 2.1 That Policy & Resources & Growth Committee approve the Asset Management Fund bids for 2017/18 totalling £1 million, as detailed in paragraph 3.3 of this report.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The Asset Management Fund (AMF) 2017/18 is a capital fund to support property improvements, property related Health & Safety requirements and access improvements under the Equality Act 2010. It forms part of the Capital Strategy 2017/18 along with the Strategic Investment Fund (SIF) of £0.25 million and the ICT Strategy Fund (Digital First) of £2 million. The AMF 2017/18 consists of a budget of £1 million funded from capital receipts.

- 3.2 The AMF is managed and administered by Property & Design and relates to property related works or improvements to council properties that address three key areas:

- 1) Property related improvements (not covered by other funding streams.)
- 2) Property related provisions under the Equality Act 2010
- 3) Property related Health & Safety legislation

3.3 The proposed overall 2017/18 AMF allocation is as follows:

Description	AMF	Match
1. General Property Improvements	Funding £	Funding £
1a Workstyles Phase 4—Brighton Town Hall Subject to approval. This is detailed in a separate report to this Committee.	0.750	To be confirmed
1b Provision of a new pedestrian safety bridge at Hollingdean Depot	0.050	0.050
Sub total general property improvements	0.800	
2. Equality Act Improvements		
2a Rolling programme of access improvements to corporate buildings	0.040	
3. Property Related Health & Safety Legislation		
3a Asbestos Management	0.058	
3b Legionella Management	0.030	
3c Fire Risk Assessment Works	0.062	
3d Safety Railings Kings Road / Saunders Park Paddling Pools	0.010	0.007
Sub total Equality Act & property related Health & Safety	0.200	
TOTAL OVERALL	1.000	0.057

4 ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

4.1 Failure to improve the council's core office accommodation, address property related access obligations under the Equality Act 2010 and property related Health & Safety legislation would increase council risks and liabilities, inhibit service delivery, may lead to a negative perception of the council, reduce the value of our assets and prevent fulfilling the council's priorities, aims and objectives as stated in the Corporate Property Strategy and Asset Management Plan 2014-2018 and the corporate priorities in the council's Corporate Plan.

5 COMMUNITY ENGAGEMENT & CONSULTATION

5.1 The Workstyles project will involve extensive internal and external consultations on customer and service delivery requirements, flexible working supported by appropriate technology and service re-design.

6. CONCLUSION

6.1 This report seeks to approve the AMF financial allocation for 2017-18 and the recommended bids as detailed at paragraph 3.3 and Appendix 1 for property improvements, access requirements under the Equality Act 2010 and property related Health & Safety requirements for 2017-2018

7. FINANCIAL & OTHER IMPLICATIONS:

7.1 Financial Implications:

The Capital Resources & Capital Investment Programme 2017/18 report presented to Budget Council on 23 February 2017 recommended the allocation of £1.0 capital resources to support the Asset Management Fund 2017/18. These allocations will be incorporated into the Council's Capital Investment Programme 2017/18 to support the schemes identified within the table at paragraph 3.3. The AMF will make a contribution toward the Workstyles Phase 4 project and a separate report is included within this Committee on this scheme. Workstyles 4 will be subject to a detailed business case being presented at a later date to this committee and is dependent upon additional capital funding to be identified. The general property improvements at Hollingdean Depot and safety railings at Kings Road / Saunders Park pool requires some match funding and these are met from service budgets. Any additional revenue and running costs associated with these investments will be met from existing revenue budgets.

Finance Officer Consulted: Rob Allen

Date: 10/02/17

7.2 Legal Implications:

The proposed works fulfil legislative requirements under Health & Safety law including in relation to fire safety and the control of Legionella. The access improvement works proposed will assist the council in meeting its obligations under The Equality Act 2010.

Lawyer Consulted: Elizabeth Culbert

Date: 09022017

7.3 Equalities Implications

The provision of on-going access works under the rolling programme will assist in the council in meeting requirements under the Equalities Act 2010.

Alterations to Brighton Town Hall will comply with current Building Regulations Part M and will improve access to the North entrance

7.4 Sustainability Implications:

Works to Brighton Town Hall will include replacing the old boilers with new efficient gas fired units, adding additional insulation to hot water pipework and upgrading out of date toilet facilities to reduce water consumption.

7.4 Any Other Significant Implications:

None

SUPPORTING DOCUMENTATION

Appendices:

- 1) Other Implications
- 2) Details of Recommendations

Appendix 1: Other Implications

Crime & Disorder Implications:

- 1.1 None

Risk and Opportunity Management Implications:

- 1.2 There will be a Workstyles Phase 4 risk register; Building works are covered under the CDM (Construction & Design Management) Regulations 2015 and other statutory requirements where applicable. There will also be a separate building works risk register.

Public Health Implications:

- 1.3 Works to council properties to ensure the water management of the council's property portfolio is meeting the requirements of the Approved Code of Practice ensures public health requirements are met with regard to Legionella and asbestos management.

Corporate / Citywide Implications:

- 1.4 The works at Brighton Town Hall will make more efficient use of civic accommodation in line with the corporate modernisation agenda and Workstyles project and the Corporate Property Strategy and Asset Management Plan.

Appendix 2: Details of Bids

1) General Property Improvements

1a Workstyles Phase 4: £750,000

Following the successful completion of Phase 3 of Workstyles, there are several areas of the Council which remain untouched by the programme which creates an inequality for staff, as some are able to work flexibly, while others are limited by the pre-Workstyles approach.

For a fully flexible organisation, it is important that these remaining services and buildings are supported by Workstyles. More savings (both revenue and capital) can be achieved by delivering Workstyles to these remaining areas. Addressing these inequalities and applying Workstyles principles to the council's remaining buildings will be the focus of the fourth phase of the programme. The proposed projects are:

Lead Project 1 – Brighton Town Hall: A full business case will be required. Details of this are in the Policy, Resources & Growth report 23rd March 2017 Brighton Town Hall: City Hall and Civic Office Proposals

£750,000 is required per year for three years (2017/18, 2018/19 and 2019/20) to be allocated from the Asset Management Fund (AMF) to support the business case and redevelopment of Brighton Town Hall.

Lead Project 2 – Moulsecoomb Hub: A full business case will be required. This project is aligned with the Communities and Neighbourhoods work, and will be informed by the alternative neighbourhood delivery model currently being developed. There will be a review of council-owned property in the area, with possible surplus sites for redevelopment identified. The work also forms part of the One Public Estate portfolio and project management resource from Workstyles will feed into that governance structure.

Project 3 – Housing Centre: A full business case will be required to determine the best use of the building and improve capacity to ensure value for money on existing lease. The building may be used as decant space for either of the lead projects.)

Project 4 – Children's Centres: Project already established

Project 5 – Orbis Due Diligence: Project already established

Project 6 – Workstyles Aftercare: Project already established

Project 7 – Woodingdean Cottages: A full business case will be required to explore options for the future of the sites

Project 8 – Hollingdean Depot: A full business case will be required to explore options to ensure that best use is made of the site. This project has links with Project 9.

Project 9 – The Stanmer Programme: Programme management and alignment for three projects already established i.e Traditional Agricultural Buildings, Stanmer Depot, & Stanmer Park (HLFbid)

Project 10- Remaining Satellite Offices

- Mantel House (to explore options for the building, including decant space for the two lead projects).
- Montague House (to explore options for the redevelopment of the site alongside ASC service redesign).
- Phoenix House (to support relocation of staff in order to vacate the building and terminate the lease).
- 62/63 Old Steine & 3 Palace Place (working with the CCG and STP to assess the feasibility of a central doctor's surgery for the city)

1b Provision of a permanent footbridge at Hollingdean depot: £50,000

Following the construction of the new Vehicle Maintenance Workshop at Hollingdean depot, the existing life expired concrete bridges linking the main depot 'yard' to the canteen and mess facilities had to be removed and a temporary scaffold footbridge erected.

This bid will fund a permanent structure which will replace the current scaffold bridge, which is on hire, to provide access over the lower vehicle access road which is approximately 5 metres below the main level of the depot.

This funding will provide a permanent bridge and will be part funded by £50,000 from the Planned Maintenance Budget

2) Equality Act Improvements: £40,000

Work is proposed to the following buildings:

Preston Manor: Replace portable ramps and form new external accessible route from Preston Park to the upper terrace and lower lawns

Moulsecoomb Hub: Replace steep fire exit ramp

Portslade Town Hall: Provide two permanent induction loops

3) Property Related Health & Safety Legislation

3a Asbestos Management: £58,000

This allocation meets three requirements:

- 1) £17,000 contribution to the annual cost of the asbestos section of the proposed comprehensive Property Management and Performance data base, Atrium
- 2) £16,000 allocation contributing towards a centralised corporate fund to meet the actions as detailed in the corporate asbestos surveys. This fund is used to manage the risk and prevent exposure and the spread of Asbestos Containing Material and is prioritised in the Corporate Asbestos Register.
- 3) £25,000 contribution to remove asbestos from the old boiler room and rear duct to the east of the old boiler room in the Royal Pavilion

3b Legionella Works (L8): £30,000

On-going works are required to council properties to ensure the water management of the council's property portfolio is meeting the requirements of the Approved Code of Practice – HES-L8 to prevent the occurrence of legionella in installed equipment and water systems. Works are planned to be carried out to Civic, Social Care and Schools buildings as identified by the Council's Compliance Manager. Works include removal of pipe 'dead legs', temperature calibrations, measures to keep water at prescribed temperatures and provision of secondary returns to avoid stagnation.

Examples of buildings which have been identified as needing work include Balfour Primary School, The Brighton Centre, Downs View Link College, and Downs View Special school

3c Fire Risk Assessment Works: £62,000

This bid will contribute towards a prioritised rolling programme of works to council properties following Fire Risk Assessments of council properties. Various works have been identified and this bid will allow the highest priority works to be completed in accordance with the Regulatory Reform (Fire Safety) Order 2005.

Buildings requiring works include Hove Museum, Moulsecoomb Hub North and various schools such as Blatchington Mill, Fairlight, Elm Grove and Downs Junior

3d Safety Railings at Saunders Park and Kings Road Paddling Pools: £10,000

Safety railings are required to enable the two paddling pools at Saunders Park and Kings Road to be barriered and locked in the open season to enable maintenance works to be carried out and to restrict access.

Subject:	Circus Street Redevelopment		
Date of Meeting:	23 March 2017		
Report of:	Executive Director for Economy Environment & Culture		
Contact Officer:	Name:	Alan Buck	Tel: 01273 293451
	Email:	alan.buck@brighton-hove.gov.uk	
Ward(s) affected:	Queens Park		

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 The report informs the committee of changes to the Circus Street project, following the decision by the University of Brighton (“the University”) to seek a withdrawal from the current Development Agreement (between the council, the university and Cathedral (Brighton) (“Cathedral”). The University wishes to reconsider its development options for its proposed academic site in the light of its current landholdings, recent estates investments and as part of a wider strategic assessment of its future development needs.
- 1.2 The report requests authority for the council to agree an appropriate land deal between the three parties and a revised Development Agreement between the Council and Cathedral that will enable construction work to commence at the beginning of May, to bring forward all elements of the mixed use development (aside from the academic building) while enabling the university to reconsider its future university-related development options for the academic site.

2. RECOMMENDATIONS:

- 2.1 That the committee agrees to a Deed of Variation to the existing Development Agreement that will enable the University to withdraw as a development partner.
- 2.2 That the land transfers as per the existing Development Agreement remain unchanged. The University Annex site to be transferred to the council’s ownership, appropriated by Cathedral for demolition and construction as per the current planning permission, and the land allocated for the university’s proposed academic building to be transferred from the council to the university, for future development by the university.
- 2.3 That delegated authority is granted to the Executive Director Economy, Environment & Culture and the Executive Lead Officer, Strategy Governance and Law to agree and/or sign any necessary legal documentation to enable the necessary land transactions to take place and for the Development Agreement to go unconditional.

3. CONTEXT/ BACKGROUND INFORMATION

- 3.1 The Circus Street regeneration project is a longstanding strategic objective for the council. It involves a comprehensive mixed use development on three sites: the former Municipal Wholesale Market and Carlton Hill Car Park (both owned by the council) and the University's Annex Building (owned by the university).
- 3.2 The project has been through various changes over the years since 2005 when Cathedral (now part of U+I plc) was successful in being appointed by the council and the University, following the production of a development brief and a procurement exercise for a development partner. The land was appropriated for planning purposes in 2008, a revised financial offer from Cathedral was agreed in 2010 (following the economic recession that commenced in 2008), a design approved in 2013 (to RIBA Stage D), planning permission granted (subject to a Section 106 agreement) in 2014 and the Section 106 signed-off in 2015.
- 3.3 The planning permission is for a high density mixed use development comprising housing, student accommodation, offices, commercial/retail units, an academic building for the University and a Dance Studio.
- 3.4 Over the last two years the developer has been working to reach a position whereby it can finalise and let the construction contract. A high rate of construction cost inflation has made it difficult for Cathedral to reach a position whereby viability can be achieved, despite considerable work by its team in identifying best-value supply-chains and undertaking value engineering to reduce costs without compromising quality.
- 3.5 In September 2016 Cathedral advised the council and the University that, despite its best endeavours in working with its contractors, it had been unable to secure a viable build price. It therefore intended to retender the construction contract, as it was confident that the work already undertaken to reduce costs and identify supply-chains for construction materials, coupled with a changed market situation, would yield a successful outcome.
- 3.6 Shortly after Cathedral revealed its decision to retender, the University advised the partners of its intentions to reconsider the nature of its proposed academic building (that had been intended to provide its new library facility and academic floorspace). This was partly the result of the various delays in realising the project since its inception in 2005 (with the world economic situation following the 2008 'crash' being a major contributory factor), the development of revised plans thereafter and the consequent need for the University to invest in alternative premises to meet its ongoing operational needs. At this point in time, therefore, the University has made the decision to put its plans for Circus Street on hold, pending a review of its wider estates strategy.

- 3.7 While the University considers its potential future development options for the academic site, it is working co-operatively with the council and Cathedral to ensure that construction on the remainder of the long-awaited mixed use development can commence. While it intends to withdraw from the Development Agreement, the University has advised that it will continue to require the academic site as a landholding to meet future needs. This will provide it with the option to bring forward its academic building at a future date, although at this point in time it is not known whether its future needs would accord with the same details as the building that has received planning permission, or whether permission for a revised planning permission would be sought. In the meantime, re-phasing the academic building from the start to the end of the build programme would enable other elements of the current planning permission to proceed (subject to the agreement of the Local Planning Authority).
- 3.8 The three parties are therefore continuing to work towards a land deal as per the existing Development Agreement, with the net end-result (following construction of all elements bar the academic building) that the developer obtains a 250 year lease on the majority of the site (with the council as freeholder) the council obtains the freehold of the Dance Space (granting a lease to South East Dance) and the University obtains the freehold of the site identified for the academic building.
- 3.9 A plan showing the overall land transfers between the three parties is shown at Appendix 1. Appendix 2 highlights the land to be sold by the council to the University, while Appendix 3 highlights the land to be sold by the University to the council.
- 3.10 Pending the future development of the academic site for a University-related use, it is intended that the site be occupied by the developer and used as a construction compound during the build programme, following which it would be landscaped and managed by them as open space for the benefit of the wider development (under license from the University).
- 3.11 The three parties have been working to secure an outcome whereby the Development Agreement can become unconditional by 24 April 2017. It is important to achieve this deadline to enable the developer to finalise the letting of its construction contract and for construction work to commence at the start of May. The developer has advised that this commencement date is crucial for it to meet its obligations to student housing provider Kaplan, for the accommodation to be completed in time for occupation in September 2019 (the start of the academic year).
- 3.12 In order to provide the council with sufficient confidence that the construction will proceed once the Development Agreement is unconditional, Cathedral will need to have evidenced before today's committee decision a range of information confirming their pre-contract agreement with their contractor (Henry Construction), that the contract price is acceptable to the U+I Board, that the contractor can mobilise the contract to start on site within a timescale that fits the above programme, that finance is in place from their funder and that Kaplan are comfortable with the programme in terms of delivery of the student accommodation to meet their deadline requirement.

- 3.13 In order to reach agreement on the financial and legal issues around the necessary land transfers relating to the existing University Annex site (from the council to the University) and the site allocated for a new University building (from the council to the University) the two parties have had separate valuations undertaken to a jointly agreed brief. From the council's perspective, it is important to ensure that it addresses its statutory obligations in respect of land disposals. Further information concerning the results of the valuation exercise is given in the Legal Implications section of this report (paragraph 7.6 below) and a Part 2 report to this agenda.

4. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 The recommendations to this report have been worded to facilitate the University's withdrawal from the Development Agreement, for the land transfers as per the current Development to continue to take place, for the University to consider its future options on the academic site and for the Development Agreement to go unconditional on 24 April 2017– a necessary pre-requisite for construction to commence in May of this year. Any alternative recommendations would almost certainly prevent the above process from being achieved within the challenging deadline.
- 4.2 Should un-conditionality not be achieved by the above deadline and construction fail to commence in May, the council would have the opportunity to consider further options for the future of the site in the light of the knowledge that the University, the council and the developer are bound by the terms of the current Development Agreement only until this August, after which time any partner would be free to serve notice on another of their intention to withdraw from the agreement. This option would not secure the long-awaited redevelopment of the site under this scheme.

5. COMMUNITY ENGAGEMENT & CONSULTATION

- 5.1 Cathedral and the council undertake regular consultation and information-sharing with the community living and working in close proximity to the development site via newsletters, regular attendance at meetings of the Tarner Area Partnership, local information boards etc. Community engagement and consultation will intensify in the run-up to and over the course of the construction period, in order to ensure clear dissemination of information and ensure that problems are minimised and issues are appropriately addressed wherever possible.

6. CONCLUSION

- 6.1 Approval of the recommendation to this report will put in place the necessary arrangements for the council to enter into appropriate agreements with Cathedral and the University that will enable construction to commence on the long-awaited Circus Street regeneration programme.

7. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 7.1 The proposed variation to the Development Agreement (DA) maintains the requirement for Cathedral to pay the council £1.7 million as compensation for the loss of the Carlton Hill car park. This payment would be secured when the DA goes 'unconditional'. While, at the time of writing, the final valuation report has not been received, it is anticipated from discussion with the valuer that the land transfers between the council and the University are of broadly equal value and therefore no capital receipt or payment is anticipated. However this transfer will be subject to Stamp Duty Land Tax (SDLT) for each transaction based on the valuation of the respective sites and paid by council and the university. The cost of SDLT to the council for this transaction will be met from the £1.7 million compensation payment.
- 7.2 The council has secured Local Growth Fund grant from Coast to Capital Local Enterprise Partnership of £2.7m toward the capital cost of this project and the money has been earmarked toward these capital costs as and when they are incurred.
- 7.3 The development will generate additional Council Tax and Business Rates revenue, and potentially New Homes Bonus for the council. Once the development is underway these new income streams can be built into future income forecasts for the Medium Term Financial Plan.

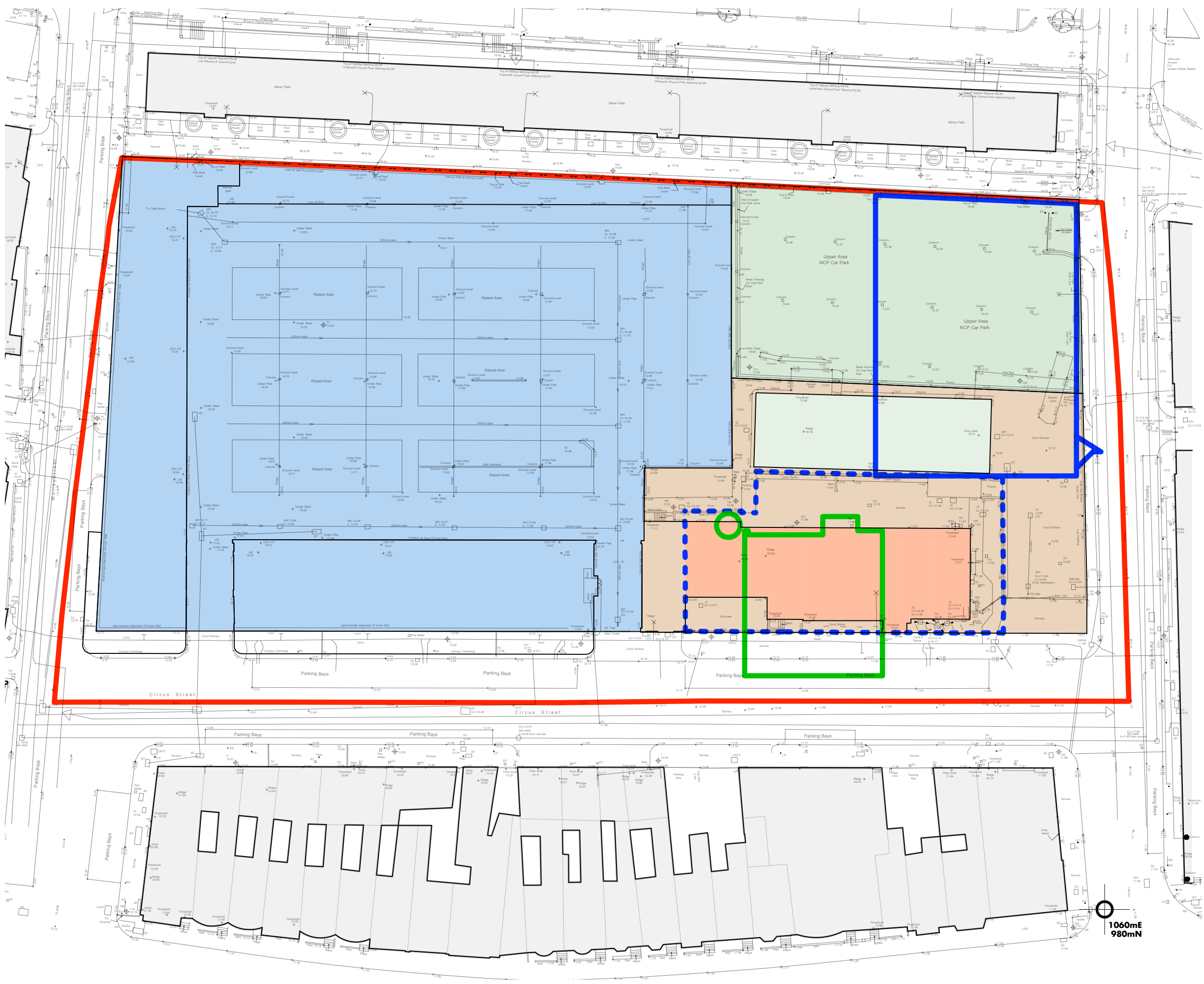
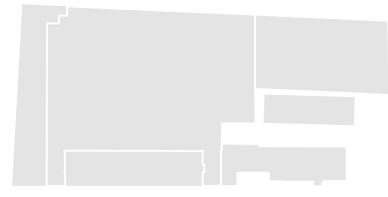
Finance Officer Consulted: Name James Hengeveld Date: 10/03/17

Legal Implications:

- 7.4 The proposed changes necessitate entering into a Deed of Release to acknowledge that the University is no longer a part to the Development Agreement, a Conditional Sale Agreement to obligate the parties to undertake the land swap, a Deed of Variation to vary the Development Agreement and a Memorandum (which provides BHCC's approval to Cathedral's funder and other associated matters).
- 7.5 The relevant land has been appropriated for planning purposes. The council is therefore obliged under s233 of the Town and Country Planning Act 1990 to secure best value for its disposal. The valuations confirm that the University's Annex site and the Council's land (which was previously allocated for the university's proposed academic building) are of essentially equal value. The obligation under S233 is therefore satisfied. The valuation has also confirmed that the overall land deal meets our obligation to secure best value. The valuations are described in Part 2.

The legal implications are further dealt with in the Part 2 report.

Lawyer Consulted: Name Alice Rowland Date: 17/02/17



- key
- application site boundary
 - university of brighton previous ownership
 - university of brighton proposed ownership
 - south east dance building
 - old municipal market (part 1, part 2 storey)
 - woodstore concrete structure (1 storey with car park above)
 - woodstore lightweight structure (1 storey)
 - university annexe masonry building (4 storey + basements)
 - external yard

00 • demolition tender package issue
 revision • description

06.03.15 • lh • lh
 issue date • drawn • check

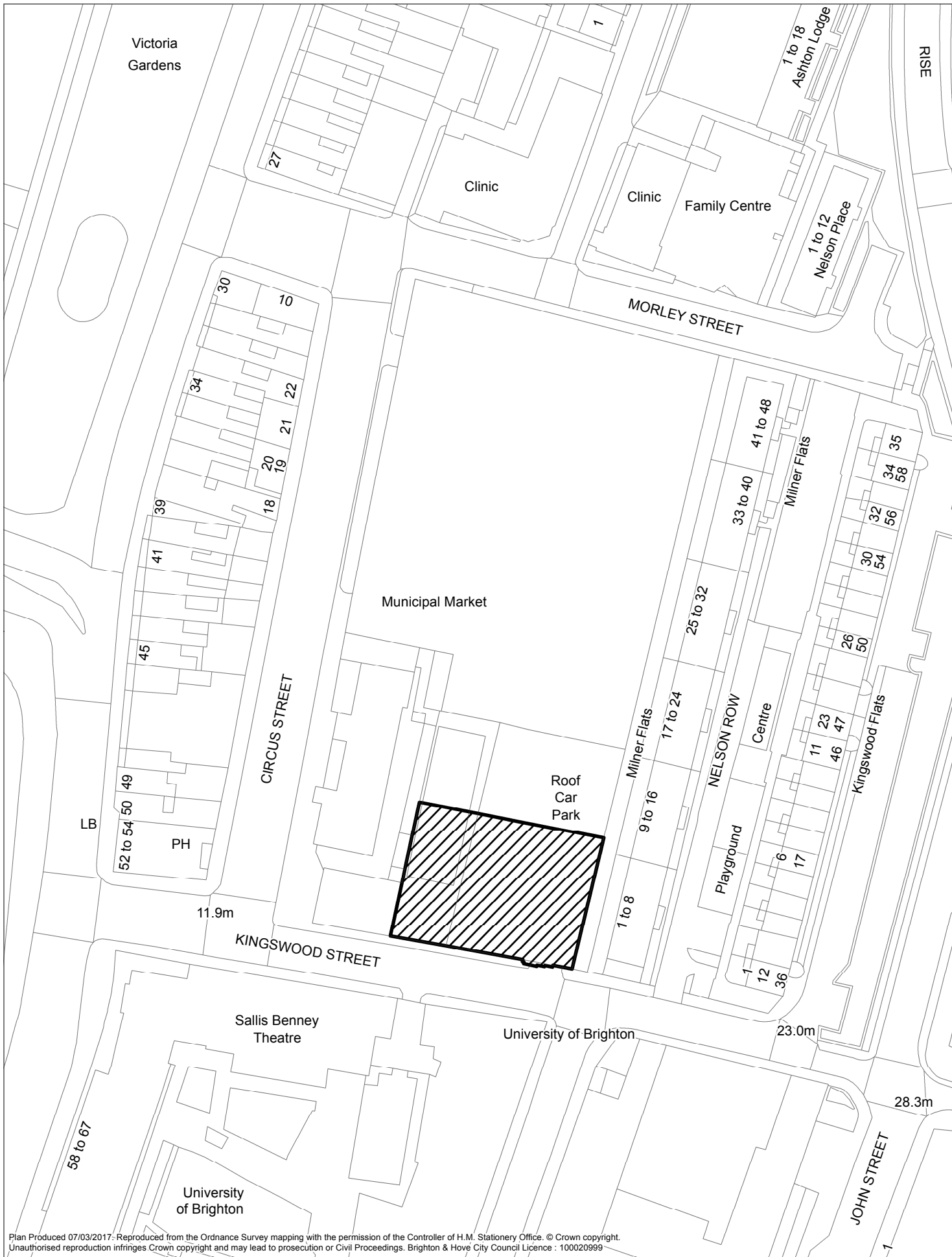
shedkm	stage 03
project	1405 Brighton
building	Masterplan
client	Cathedral (Brighton) Ltd
drawing number	
scale	1:100@A1 / 1:200@A3
drawn	lh

Ownership Plan 2

0m 5m

All dimensions are to be checked on site prior to commencing works on site. Any discrepancy found between information given on this drawing and that given elsewhere or recorded on site shall be notified immediately to the project architect in writing.

1060mE
980mN

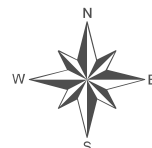


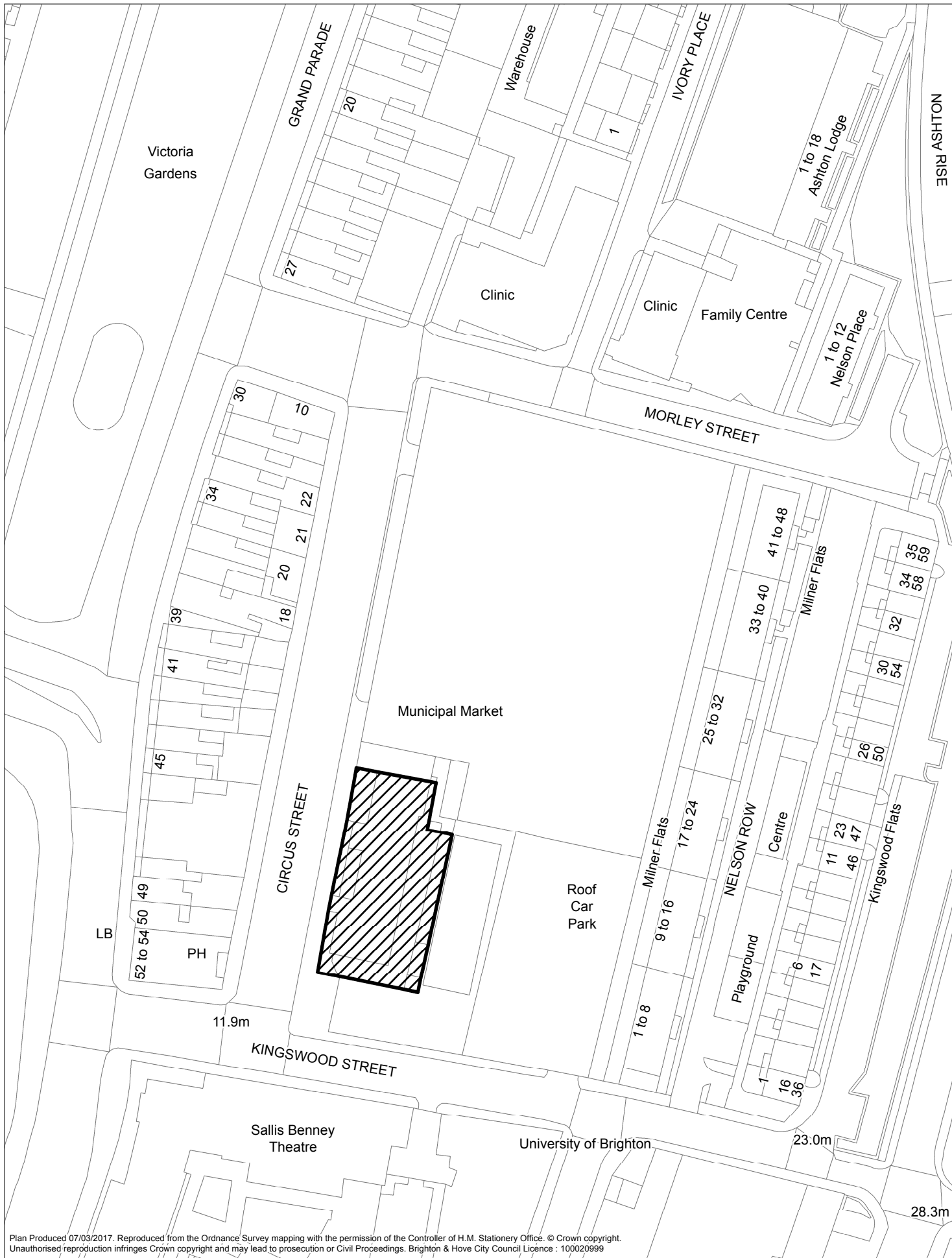
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Land to be Transferred From BHCC to University of Brighton

Scale 1:1,000

215

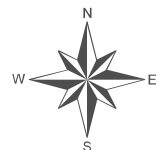




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Scale 1:1,000



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