





Brighton & Hove
City Council

Policy, Resources & Growth Committee

Title:	Policy, Resources & Growth Committee
Date:	8 February 2018
Time:	4.00pm
Venue	Council Chamber, Hove Town Hall
Members:	Councillors: Morgan (Chair), Hamilton (Deputy Chair), Janio (Opposition Spokesperson), Mac Cafferty (Group Spokesperson), Bell, Mitchell, Peltzer Dunn, Sykes, Wealls and Yates
Contact:	Lisa Johnson Democratic Services Manager 01273 291228 lisa.johnson@brighton-hove.gov.uk

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Democratic Services: Policy, Resources & Growth Committee

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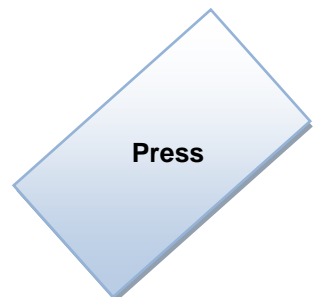
Exec. Director Finance & Resources
Exec. Director Economy, Environment & Culture
Exec. Director Neighbourhoods, Communities & Housing
Exec. Director Families, Children & Learning
Exec. Director Adult Care & Health

Councillor Hamilton Deputy Chair
Councillor Mitchell
Councillor Yates

Councillor Peltzer Dunn
Councillor Wealls
Councillor Bell
Councillor Janio Opposition Spokesperson
Councillor Mac Cafferty Group Spokesperson
Councillor Sykes



Public Speaker	Councillor Speaking
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Public Seating



Public Seating



AGENDA

PROCEDURAL MATTERS

95 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.

96 MINUTES

To consider the minutes of the meeting held on 25 January 2018 (copy to follow).

Contact Officer: John Peel
Ward Affected: All Wards

Tel: 01273 291058

POLICY, RESOURCES & GROWTH COMMITTEE

97 CHAIR'S COMMUNICATIONS

98 CALL OVER

- (a) Items (101 – 103 and 105) 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

99 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 date of the 2nd February, 2018;
- (b) **Written Questions:** to receive any questions submitted by the due date of 12 noon on the 2 February 2018;
- (c) **Deputations:** to receive any deputations submitted by the due date of 12 noon on the 2 February 2018.

100 MEMBER INVOLVEMENT

To consider the following matters raised by councillors:

- (a) **Petitions:** to receive any petitions submitted to the full Council or at the meeting itself;
- (b) **Written Questions:** to consider any written questions;
- (c) **Letters:** to consider any letters;
- (d) **Notices of Motion:** to consider any Notices of Motion referred from Council or submitted directly to the Committee.

FINANCIAL MATTERS

101 TARGETED BUDGET MANAGEMENT (TBM) 2016/17: MONTH 9

1 - 64

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

Contact Officer: Jeff Coates

Tel: 01273 292364

Ward Affected: All Wards

102 GENERAL FUND REVENUE BUDGET, COUNCIL TAX AND CAPITAL INVESTMENT PROGRAMME 2018/19

65 - 260

Report of the Executive Director for Finance & Resources (copy

POLICY, RESOURCES & GROWTH COMMITTEE

attached).

Contact Officer: Nigel Manvell,
James Hengeveld
Ward Affected: All Wards

Tel: 01273 293104
Tel: 01273 291242

103 HRA BUDGET INVESTMENT PROGRAMME 2018/19 AND MEDIUM TERM FINANCIAL STRATEGY **261 - 298**

Joint report of the Executive Director for Finance & Resources and the Executive Director of Neighbourhoods, Communities & Housing (copy attached).

Contact Officer: Monica Brooks
Ward Affected: All Wards

Tel: 01273 292279

GENERAL MATTERS

104 ITEMS REFERRED FOR COUNCIL

To consider items to be submitted to the [Insert Date] 2013 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 [Insert Date] 2013 (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

PROCEDURAL MATTERS

105 PART TWO MINUTES - EXEMPT CATEGORY 3

To consider the Part Two minutes of the meeting held on the 25th January, 2018 (to be circulated to Members only).

Contact Officer: John Peel
Ward Affected: St Peter's & North Laine

Tel: 01273 291058

106 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 John Peel, (01273 291228, email lisa.johnson@brighton-hove.gov.uk) or email democratic.services@brighton-hove.gov.uk

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Date of Publication - Wednesday, 31 January 2018

Subject:	Targeted Budget Management (TBM) 2017/18: Month 9		
Date of Meeting:	8 February 2018		
Report of:	Executive Director, Finance & Resources		
Contact Officer:	Name:	Nigel Manvell	Tel: 01273 293104
	Email:	nigel.manvell@brighton-hove.gov.uk	
Ward(s) affected:	All		

FOR GENERAL RELEASE

1 SUMMARY AND POLICY CONTEXT:

- 1.1 The Targeted Budget Monitoring (TBM) report is a key component of the council's overall performance monitoring and control framework. This report sets out an indication of forecast risks as at Month 9 (December) on the council's revenue and capital budgets for the financial year 2017/18.
- 1.2 As set out in the General Fund Revenue Budget 2017/18 report to Budget Council, £14.7m was provided for in the budget to meet identified service pressures across social care and homelessness services. This sum substantially covered identified demand led pressures. As a result, maintaining a risk provision at £1.5m, as in previous years, was considered adequate to meet potential demand risks and/or difficulties in delivering savings targets. The report highlighted that with predicted demand-led pressures funded, the focus in 2017/18 would be on strengthening budget accountability, managing demand effectively and localising risk management in services wherever possible, rather than reliance being placed on corporate mitigations or controls.
- 1.3 The forecast risk for 2017/18 as at December is £0.428m on the General Fund. This includes a forecast overspend of £0.233m on the council's share of the NHS managed Section 75 services. Taking into account the remaining available risk provision of £1.384m, this therefore leaves a balance of £0.956m one-off resources available to support the 2018/19 budget position.
- 1.4 The report also indicates that a significant element of the substantial savings package in 2017/18 of £21.367m is on track with £17.554m either achieved or anticipated to be achieved. Savings at risk (£4.320m) are included in the overall service forecasts and Appendix 2 describes how these have been mitigated where possible. The potential ongoing impact of any savings at risk has also been taken into account in developing the 2018/19 budget proposals elsewhere on this committee's agenda.

2 RECOMMENDATIONS:

- 2.1 That the Committee note the forecast risk position for the General Fund, which indicates an in-year pressure of £0.428m. This includes a forecast overspend of £0.233m on the council's share of the NHS managed Section 75 services.

- 2.2 That the Committee note that total risk provisions of £1.384m remain available to mitigate the forecast General Fund risk if the risks cannot be completely eliminated by year-end.
- 2.3 That the Committee approve the establishment of two reserves as set out in paragraphs 6.2 and 6.3.
- 2.4 That the Committee note the forecast for the ring-fenced Housing Revenue Account (HRA), which is an underspend of £0.430m.
- 2.5 That the Committee note the forecast risk position for the ring-fenced Dedicated Schools Grant which is an underspend of £0.261m.
- 2.6 That the Committee note the forecast outturn position on the capital programme and approve the variations and slippage in Appendix 5 and the new schemes and future years' variation in Appendix 6.

3 RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

Targeted Budget Management (TBM) Reporting Framework

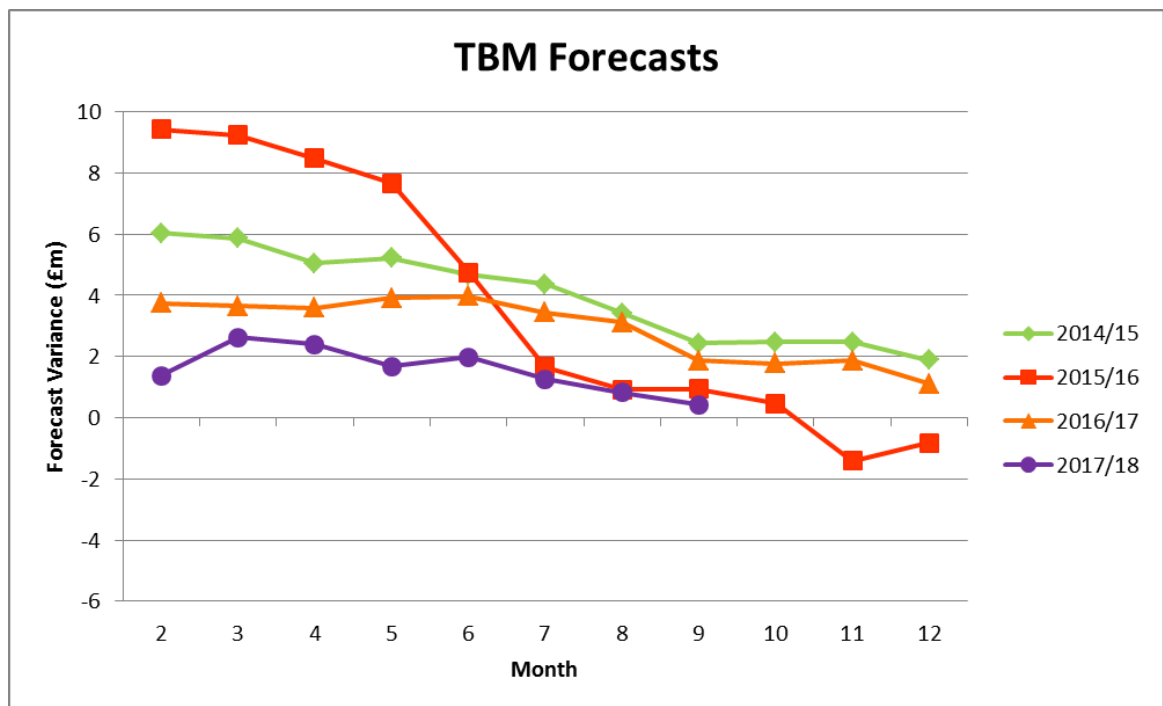
- 3.1 The TBM framework focuses on identifying and managing financial risks on a regular basis throughout the year. This is applied at all levels of the organisation from Budget Managers through to Policy, Resources & Growth Committee. Services monitor their TBM position on a monthly or quarterly basis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

General Fund Revenue Budget Performance (Appendix 2)

- 3.3 The table below shows the provisional outturn for Council controlled revenue budgets within the General Fund. These are budgets under the direct control and management of the Executive Leadership Team. More detailed explanation of the variances can be found in Appendix 3.

Forecast Variance Month 7 £'000	Directorate	2017/18 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
2,491	Families, Children & Learning	83,766	86,375	2,609	3.1%
145	Health & Adult Social Care	49,948	50,252	304	0.6%
(320)	Economy, Environment & Culture	29,095	27,885	(1,210)	-4.2%
(80)	Neighbourhood, Communities & Housing	15,702	15,622	(80)	-0.5%
(572)	Finance & Resources	18,390	18,089	(301)	-1.6%
0	Strategy, Governance & Law	4,966	4,816	(150)	-3.0%
1,664	Sub Total	201,867	203,039	1,172	0.6%
(394)	Corporate Budgets	10,192	9,448	(744)	-7.3%
1,270	Total General Fund	212,059	212,487	428	0.2%

3.4 The General Fund includes general council services, corporate budgets and central support services. Corporate budgets include centrally held provisions and budgets (e.g. insurance) as well as some cross-cutting value for money savings targets. Note that General Fund services are accounted for separately to the Housing Revenue Account (Council Housing). Note also that although part of the General Fund, financial information for the Dedicated Schools Grant is shown separately as this is ring-fenced to education provision (i.e. Schools). The chart below shows the monthly forecast variances for 2017/18 and the previous three years for comparative purposes.

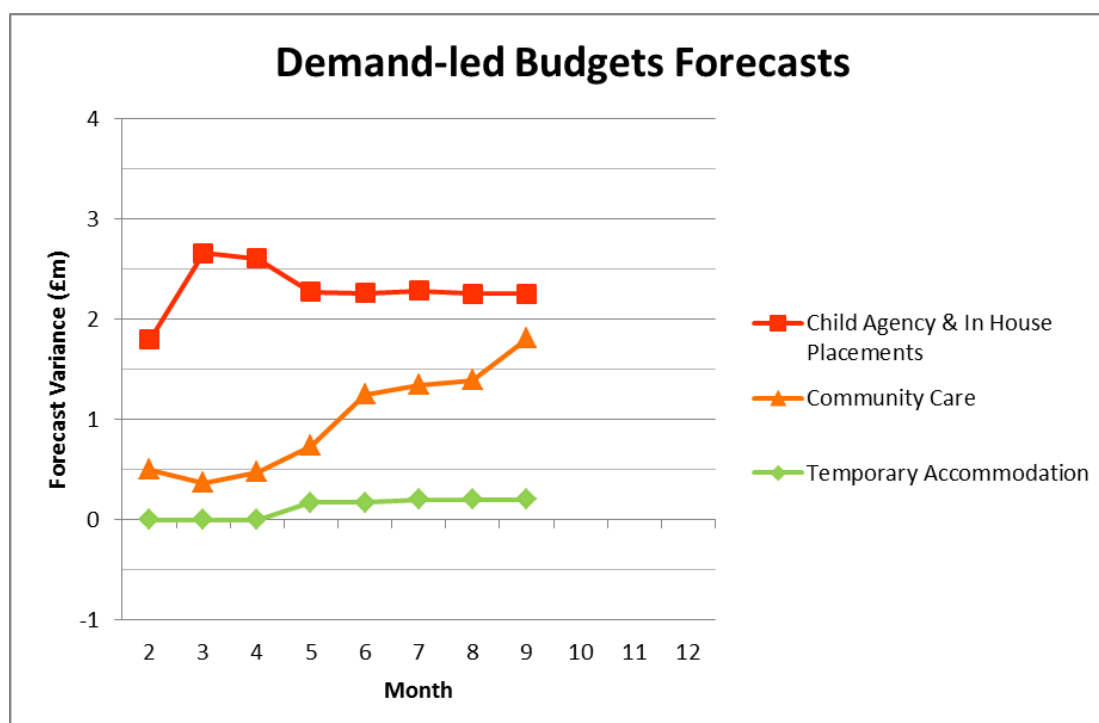


Demand-led Budgets

- 3.5 There are a number of budgets that carry potentially higher financial risks and therefore could have a material impact on the council's overall financial position. These are budgets of corporate significance where demand or activity is difficult to predict and where relatively small changes in demand can have significant implications for the council's budget strategy. These can include income related budgets. These therefore undergo more frequent and detailed analysis.

Forecast Variance Month 7 £'000	Demand-led Budget	2017/18 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
2,252	Child Agency & In House Placements	20,886	23,139	2,253	10.8%
1,391	Community Care	55,206	57,012	1,806	3.3%
200	Temporary Accommodation	2,647	2,847	200	7.6%
3,843	Total Demand-led Budget	78,739	82,998	4,259	5.4%

The chart below shows the monthly forecast variances on the demand-led budgets for 2017/18.



Summary of the position at Month 9

Clearly, the main pressures identified at Month 9 are across the Families, Children & Learning directorate but pressures in other directorates are being contained as summarised below:

- 3.6 **Families, Children & Learning:** The initial forecast budget risk across Families, Children and Learning was £3.024m primarily resulting from increased demand pressures on services for Children in Care, particularly adolescents with very

complex needs and adults with learning disabilities. Some of the social work cost pressures have continued through from last year. Subsequently the directorate put together a financial recovery plan to address the financial risks and contain costs wherever possible however there still remain significant financial pressures on services for Children in Care and adults with learning disabilities. In addition, there are a number of significant financial risks across: supported employment; respite services for children with disabilities; legal fees, supporting families with no recourse to public funds and day services for adults with learning disabilities. These are being closely monitored but have had an adverse impact on the Families, Children and Learning Directorate 2017/18 budget position.

The forecast reflects 3 clients who have been classed as no longer eligible for Continuing Health Care funding due to a change of health need. This could be an increasing trend due to the savings targets within the CCG and, by the nature of this type of funding, these clients are often high cost.

Recently there has been a substantial number of children being successfully placed with adoptive families. Where children are adopted through a third party (inter-agency adoption) a standard fee of £0.027m is applied. This has resulted in a significant pressure on this budget. However, it is estimated that in recent cases the lifetime saving to the council of these children not being in foster care would amount to £0.163m per child based on current placement costs.

There is also a new budget pressure within Learning Disability Provider services. The rate of pay for staff sleep-ins (night duty in care homes) has increased to keep the overall pay for these staff in line with minimum wage legislation. In addition, advice has been received that these payments should be backdated for 6 years, resulting in a significant in-year budget pressure in 2017/18.

The current projected position has identified potential cost pressures of £0.980m on services for adults with learning disabilities, £0.323m on legal fees and £2.309m on placement budgets. Together with other underspending budgets of £0.434m, explaining the forecast risk of £3.178m as at Month 9. After taking into account the Financial recovery measures of £0.489m, the net position currently shows an overspend of £2.689m. Further actions will continue in an attempt to reduce this level of projected overspend and ensure that any ongoing impact is minimised.

3.7 Adults Services: The service is facing significant challenges in 2017/18 in mitigating the risks arising from increasing demands from client needs, supporting more people to be discharged from hospital when they are ready and maintaining the provider market. This is alongside delivering a significant budget savings programme and developing integration plans through the Better Care Fund.

- A forecast overspend of £0.304m is forecast at Month 9 after the implementation of a number of initiatives to improve the financial stability of the directorate in previous years, which have helped to contain the forecast risk. The recovery measures focused on attempting to manage demands on and costs of community care placements across Assessment Services and making the most efficient use of available funds.

- There was a focus nationally on improving rates of hospital discharge in preparation for winter leading to increasing financial pressure. There are also continued potential forecast risks concerning increased complexity of need, pressures on the in-house older people resource centres and Deprivation of Liberty Safeguards (DoLS) assessment cases. Service pressure funding and improved Better Care funding have partly mitigated the risk for this financial year.
- The forecast includes the fee uplifts agreed at Health & Wellbeing Board on 31st January 2017 across care in the community and residential care. In order to manage the local market and address the significant under-supply of providers in the city who will accept publicly funded residents, fee increases were agreed.
- At this stage, £0.938m of the total approved budget savings of £4.873m are being forecast as unachievable in this financial year.
- Service pressure funding of over £3m, including the Adult Social Care precept, has been applied in 2017/18 and used to fund budget pressures resulting from the increased demands and complexity, DoLS, the national living wage and fee rates.

The funding of all care packages is scrutinised for Value for Money, ensuring that eligible needs are met in a cost-effective manner which will not always meet people's aspirations. This forms a key part of the savings implementation plan. Adult Services are also using benchmarking information to support the driving down of unit costs but are faced with increased complexity and demand (demographic) growth which is also a national picture. Through regional and other social care networks the service has been looking at best practice in delivering cost effective services in order to influence future direction - this includes demand management strategies and identifying opportunities through Housing provision.

3.8 Housing Services and Temporary Accommodation: Temporary Accommodation (TA) overspent by £1.062m in 2016/17. This was driven by a combination of external factors including a large decant programme, a shortage of alternative contracted accommodation and high replacement housing costs. In 2017/18 the temporary accommodation budget has been supported by additional funding to address the budget pressures. The service has also been given substantial budget savings to deliver.

The latest forecast position for 2017/18, if no action is taken, is that Temporary Accommodation will overspend by £0.200m. The main reason for the overspend is higher than budgeted repairs and voids costs. This is the result of a greater volume of households moving on to permanent housing which creates more voids and higher than budgeted associated costs.

Ongoing spending pressures are expected to be mitigated by a) new build properties becoming available, b) voids being managed differently with a focus on performance to reduce void times, and c) mainstream early intervention and sustainment to minimise placements into TA. If these measures do not mitigate the overspend, there is a contingency sum built into the Flexible Homelessness

Support grant that can be used as a last resort. So the overall forecast for temporary accommodation is to break-even.

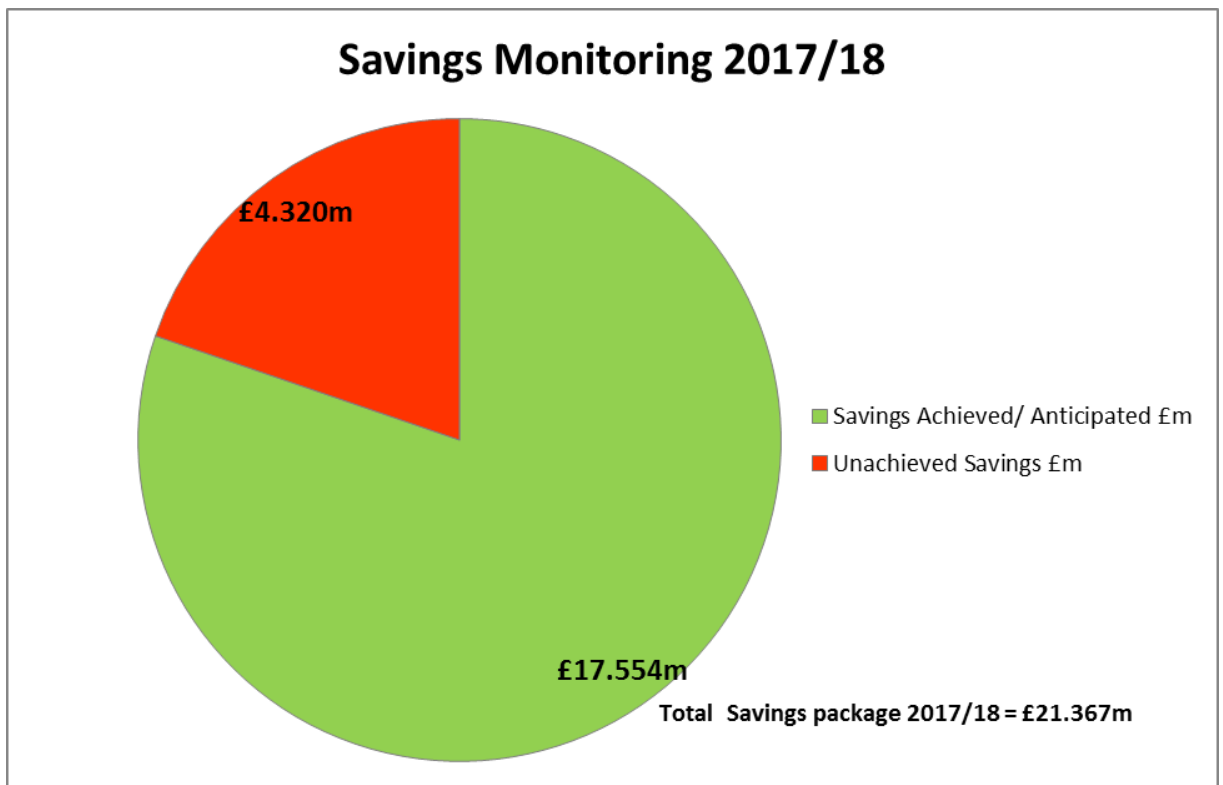
Housing Benefit for households in temporary accommodation changed this year so that the £60pw management element has been replaced by the Flexible Homelessness Support Grant. The forecast number of households in temporary accommodation requires £4.500m of this grant to enable the service to break-even. An additional allocation of £0.200m is required to cover unmet savings in the short term, in order to allow lead in time for the delivery of the Trailblazer project and the transformation of the service.

Following the introduction of the new housing allocation policy, both the costs and volumes of spot purchasing of emergency accommodation have already significantly reduced. The forecast assumes that the £1.300m trailblazer project should start to deliver initial reductions in accommodation volumes by the end of 2017/18 and then substantial reduction in households in temporary accommodation by the end of 2018/19. As part of the Autumn 2018 Budget, the government has announced that Universal Credit will not continue to be rolled out to working age households in temporary accommodation and from 1 April 2018 the roll out so far will be reversed. However this does still represent a risk for the service due, for example, to the potential negative impact on households in private sector rented accommodation.

There remain other substantial risks and challenges to the Temporary Accommodation service, for example, a high cost/low availability local housing market, and the introduction of the Homelessness Reduction Act from April 2018 which places more duties upon the local authority. However, these risks will be closely monitored.

Monitoring Savings

- 3.9 The savings package approved by full Council to support the revenue budget position in 2017/18 was £21.367m following directly on from a similar-sized savings package in 2016/17. This is very significant and follows 6 years of substantial packages totalling nearly £119m that have been essential to enable unavoidable cost and demand increases to be funded.
- 3.10 Appendix 3 provides a summary of savings in each directorate and indicates in total what is anticipated/achieved or is at risk. Appendix 4 summarises the position across all directorates and presents the entire savings programme. The graph below provides a summary of the position as at Month 7. This shows that delivery is broadly on track with £4.320m (20%) currently at risk. Mitigation of these risks is included in the development of services' financial recovery actions.



Note: Savings Achieved/Anticipated includes an overachievement of savings of £0.507m

Housing Revenue Account Performance (Appendix 3)

- 3.11 The Housing Revenue Account is a separate ring-fenced account which covers income and expenditure related to the management and operation of the council's housing stock. Expenditure is funded by Council Tenants' rents, Housing Benefit (for those on low incomes whose rent is rebated) and service charges. The forecast outturn is currently an underspend of £0.430m and more details are provided in Appendix 3.

Dedicated Schools Grant Performance (Appendix 3)

- 3.12 The Dedicated Schools Grant (DSG) is a ring-fenced grant which can only be used to fund expenditure on the schools budget. The schools budget includes elements for a range of services provided on an authority-wide basis including early years education provided by the Private, Voluntary and Independent (PVI) sector, and the Individual Schools Budget (ISB) which is divided into a budget share for each maintained school. The forecast outturn is an underspend of £0.261m and more details are provided in Appendix 3. Under the Schools Finance Regulations any underspend must be carried forward to support the schools budget in future years.

NHS Managed S75 Partnership Performance (Appendix 3)

- 3.13 The NHS Trust-managed Section 75 Services represent those services for which local NHS Trusts act as the Host Provider under Section 75 Agreements. Services are managed by Sussex Partnership Foundation Trust (SPFT) and include health and social care services for Adult Mental Health and Memory and Cognitive Support Services.

3.14 This partnership is subject to separate annual risk-sharing arrangements and the monitoring of financial performance is the responsibility of the respective host NHS Trust provider. Risk-sharing arrangements result in financial implications for the council where a partnership is underspent or overspent at year-end and hence the performance of the partnership is included within the forecast outturn for the Health & Adult Social Care directorate. An overspend of £0.233m is currently forecast and more details are provided in Appendix 3.

Capital Programme Performance and Changes

3.15 The table below provides a summary of capital programme performance by Directorate and shows that there is a forecast underspend of £2.410m at this stage. More details are provided in Appendix 5.

2017/18 Forecast Variance £'000	Capital Budgets	2017/18 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
0	Families, Children & Learning	6,771	6,771	0	0.0%
0	Health & Adult Social Care	268	268	0	0.0%
0	Economy, Environment & Culture	41,744	41,744	0	0.0%
0	Neighbourhood, Comms & Housing	5,766	5,766	0	0.0%
(2,790)	Housing Revenue Account	40,025	37,615	(2,410)	-6.0%
0	Finance & Resources	871	871	0	0.0%
0	Strategy, Governance & Law	6	6	0	0.0%
0	Corporate Services	0	0	0	0.0%
(2,790)	Total Capital	95,451	93,041	(2,410)	-2.5%

(Note: Summary may include minor rounding differences compared with Appendix 5)

3.16 Appendix 5 shows the changes to the budget which are included in the budget figures above. Policy, Resources & Growth Committee's approval for these changes is required under the council's Financial Regulations. The following table shows the movement in the capital budget since approval at Month 7 Policy, Resources & Growth Committee.

	2017/18 Budget £'000
Summary of Capital Budget Movement	
Budget approved at TBM month 7	102,710
Reported at other Policy, Resources & Growth Committees for inclusion in 2017/18.	220
New schemes to be approved for 2017/18 in this report	178
Variations to Budget (to be approved – see Appendix 5)	826
Reprofiling of Budget (to be approved – see Appendix 5)	(8,468)
Slippage	(15)
Total Capital	95,451

Implications for the Medium Term Financial Strategy (MTFS)

- 3.17 The council's MTFS sets out resource assumptions and projections over a longer term. It is periodically updated including a major annual update which is included in the annual revenue budget report to Policy, Resources & Growth Committee and Full Council. This section highlights any potential implications for the current MTFS arising from in-year TBM monitoring above and details any changes to financial risks together with any impact on associated risk provisions, reserves and contingencies. Details of Capital Receipts and Collection Fund performance are also given below because of their potential impact on future resources.

Capital Receipts Performance

- 3.18 Capital receipts are used to support the capital programme. Any changes to the level of receipts during the year will impact on future years' capital programmes and may impact on the level of future investment for corporate funds and projects such as the Strategic Investment Fund, Asset Management Fund and Digital First. The planned profile of capital receipts for 2017/18, as at Month 9, is £32.630m including the receipt associated with the disposal of Kings House which is ring-fenced to support Workstyles and supporting the implementation of Integrated Service & Financial Plans. To date there have been receipts of £28.309m in relation to the disposal of Kings House, the Circus Street redevelopment, 3 Greenways Cottage plus some minor lease extensions at the Marina and improvement grant repayments. The capital receipts performance will be monitored over the coming months against capital commitments.
- 3.19 The forecast for the 'right to buy sales' in 2017/18 (after allowable costs, repayment of housing debt and forecast receipt to central government) is that an estimated 50 homes will be sold with a maximum useable receipt of £0.500m to fund the corporate capital programme and net retained receipts of £4.610m available to re-invest in new homes. To date 41 homes have been sold in 2017/18.

Collection Fund Performance

- 3.20 The collection fund is a separate account for transactions in relation to council tax and business rates. Any deficit or surplus forecast on the collection fund relating to council tax is distributed between the council, Sussex Police and Crime Commissioner and East Sussex Fire Authority, whereas any forecast deficit or surplus relating to business rates is shared between the council, East Sussex Fire Authority and the government.
- 3.21 The council tax collection fund surplus has increased by (£0.122m) since Month 7 with a forecast year-end surplus of (£2.437m) which incorporates a brought forward surplus of (£1.029m). This includes a reduction of (£1.500m) in the amount set aside for bad debt provision to reflect the collection rate on the tax base being amended up from 98.33% to 99%. Other changes are a greater than forecast reduction in Council Tax Reduction awards (£0.310m), higher than forecast increase in Severely Mentally Impaired (SMI) exemptions of £0.270m and other exemptions £0.100m. The council's share of the overall forecast council tax surplus is (£2.091m).

- 3.22 The business rates collection fund is forecast to be in deficit by £3.448m at year-end and the council's share of this is £1.690m, however, changes to the tariff payment (£0.394m) and section 31 (S31) grants (£0.832m) will fund £1.226m of the deficit leaving £0.464m to be funded by the council. The deficit has arisen from a combination of factors including the adjustment to the tariff payment not fully equalising out the loss in business rates income from revaluation changes and backdated awards of empty property reliefs.
- 3.23 The council's share of the combined collection funds is a surplus of (£1.627m) and this is included in the estimated budget resources for 2018/19.

4 ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 4.1 The provisional outturn position on the General Fund is an overspend of £0.428m. This includes a forecast overspend of £0.233m on the council's share of the NHS managed Section 75 services. Risk provisions of £1.384m remain available to offset the position and would currently result in surplus one-of resources of £0.956m at year-end. Any overspend at the year-end would need to be funded from general reserves which would then need to be replenished to ensure that the working balance did not remain below £9.000m. Any underspend would release one off resources that can be used to aid budget planning for 2018/19.

5 COMMUNITY ENGAGEMENT & CONSULTATION

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

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

- 6.1 Although the forecast position continues to be an improvement on last year, there are underlying trends on expenditure for Children in Care and Learning Disability services that need to be monitored closely to minimise impact on next year's position. There is evidence of national pressures on Children's Social Care, however, the growth in costs locally continues to be higher than all but the most deprived council areas and is above the significant service pressure funding provided for in the budget. While the forecast risk at Month 9 remains manageable in the context of available risk provisions, it is important that these cost pressures are addressed and mitigated as far as possible.
- 6.2 Turning to another matter, approval is requested (in accordance with sections B.3.1 and B.3.5 of Standard Financial Procedures) for the establishment of two reserves. The first request relates to creation of a reserve of £0.045m from the Housing Related Support budget within Integrated Commissioning. This is to provide private rented sector accommodation for clients under a deposit guarantee scheme. Deposits from successful placements will need to be carried forward as it may be a number of years before the guarantee payment is required. A reserve is the most efficient way to manage this process. The TBM forecast assumes that this approval is granted from the available budget provision.
- 6.3 The second request relates to a new capital scheme request for a 3G football pitch at Hove Park as set out in Appendix 6. It is proposed to establish a reserve

into which service charge income for the use of the pitch will be paid into the reserve in order to build up funds for the renewal of the pitch at the end of its useful life.

7 FINANCIAL AND OTHER IMPLICATIONS

Financial Implications:

- 7.1 The financial implications are covered in the main body of the report. Financial performance is kept under review on a monthly basis by the Cross-Party Budget Review Group and the management and treatment of forecast risks is considered by the Audit & Standards Committee.

Finance Officer Consulted: Jeff Coates

Date: 22/01/2018

Legal Implications:

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

Lawyer Consulted: Elizabeth Culbert

Date: 22/01/2018

Equalities Implications:

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

Sustainability Implications:

- 7.4 Although there are no direct sustainability implications arising from this report, the council's financial position is an important aspect of its ability to meet Corporate Plan and Medium Term Financial Strategy priorities. The achievement of a break-even position or better is therefore important in the context of ensuring that there are no adverse impacts on future financial years from performance in 2017/18.

Risk and Opportunity Management Implications:

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

SUPPORTING DOCUMENTATION

Appendices:

1. Revenue Budget RAG Rating
2. Revenue Budget Movement
3. Revenue Budget Performance
4. Summary of 2017/18 Savings Progress
5. Capital Programme Performance
6. New Capital Schemes & Future Years Variation

Documents in Members' Rooms:

None.

Background Documents

None.

Appendix 1 – Revenue Budget RAG Ratings

RAG Rating Key:	RAG for Service Areas	RAG for Directorates ⁽¹⁾	RAG for General Fund
Red	Forecast overspend of 5% or more or £0.100m whichever is lower	Forecast overspend of 5% or more or £0.250m whichever is lower	Forecast overspend of 0.5% or more or £1.000m whichever is lower
Amber	Forecast overspend of less than 5% of budget or £0.100m, whichever is lower.	Forecast overspend of less than 5% of budget or £0.250m, whichever is lower.	Forecast overspend of less than 0.5% of budget or £1.000m, whichever is lower.
Green	Breakeven or forecast underspend	Breakeven or forecast underspend	Breakeven or forecast underspend

Service	2017/18 Budget Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %	RAG Rating Month 9
Director of Families, Children & Learning	162	(205)	-126.5%	Green
Health, SEN & Disability Services	36,198	950	2.6%	Red
Education & Skills	7,054	26	0.4%	Amber
Children's Safeguarding & Care	38,844	1,901	4.9%	Red
Quality Assurance & Performance	1,508	(63)	-4.2%	Green
Total Families, Children & Learning	83,766	2,609	3.1%	Red
Adult Social Care	32,436	167	0.5%	Red
Integrated Commissioning	3,645	(96)	-2.6%	Green
S75 Sussex Partnership Foundation Trust (SPFT)	12,757	233	1.8%	Red
Public Health	1,110	0	0.0%	Green
Total Health & Adult Social Care	49,948	304	0.6%	Red
Transport	(7,084)	(1,641)	-23.2%	Green
City Environmental Management	27,977	377	1.3%	Red
City Development & Regeneration	2,807	22	0.8%	Amber
Culture	4,422	(144)	-3.3%	Green
Property	973	176	18.1%	Red
Total Economy, Environment & Culture	29,095	(1,210)	-4.2%	Green
Housing General Fund	5,275	0	0.0%	Amber
Libraries	4,899	0	0.0%	Green
Communities, Equalities & Third Sector	2,721	0	0.0%	Green
Regulatory Services	1,516	(80)	-5.3%	Green
Community Safety	1,290	(0)	0.0%	Green
Digital First	1	0	0.0%	Green
Total Neighbourhood, Communities & Housing	15,702	(80)	-0.5%	Green
Finance (incl. Procurement, Business Operations, Revenues Benefits)	9,888	(35)	-0.4%	Green
Housing Benefit Subsidy	(835)	(294)	-35.2%	Green
HR & Organisational Development	2,908	(42)	-1.4%	Green
ICT	6,429	70	1.1%	Amber
Total Finance & Resources	18,390	(301)	-1.6%	Green

Appendix 1 – Revenue Budget RAG Ratings

Service	2017/18 Budget Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %	RAG Rating Month 9
Corporate Policy	742	(10)	-1.3%	Green
Legal Services	1,314	(70)	-5.3%	Green
Democratic & Civic Office Services	1,720	(14)	-0.8%	Green
Life Events	(219)	(29)	-13.2%	Green
Performance, Improvement & Programmes	697	(15)	-2.2%	Green
Communications	712	(12)	-1.7%	Green
Total Strategy, Governance & Law	4,966	(150)	-3.0%	Green
Sub Total	201,867	1,172	0.6%	
Bulk Insurance Premia	0	0	0.0%	Green
Concessionary Fares	10,947	(140)	-1.3%	Green
Capital Financing Costs	6,700	(222)	-3.3%	Green
Levies & Precepts	205	0	0.0%	Green
Unallocated Contingency & Risk Provisions	2,603	0	0.0%	Green
Unringfenced Grants	(15,648)	(392)	-2.5%	Green
Other Corporate Items	5,385	10	0.2%	Amber
Total Corporately-held Budgets	10,192	(744)	-7.3%	Green
Total General Fund	212,059	428	0.2%	Amber

Individual Schools Budget (ISB)	124,633	0	0.0%	Green
Early Years Block (inc delegated to Schools)	12,500	(531)	-4.2%	Green
High Needs Block (exc delegated to Schools)	19,367	302	1.6%	Red
Exceptions and Growth Fund	3,849	(32)	-0.8%	Green
Grant Income	(159,764)	0	0.0%	Green
Total Dedicated Schools Grant (DSG)	585	(261)	-44.6%	Green

Capital Financing	32,267	(50)	-0.2%	Green
Head of Housing HRA	3,541	0	0.0%	Green
Head of City Development & Regeneration	349	(50)	-14.3%	Green
Housing Strategy	751	(80)	-10.7%	Green
Income Involvement Improvement	(46,204)	(250)	-0.5%	Green
Property & Investment	7,615	0	0.0%	Amber
Tenancy Services	1,681	(0)	0.0%	Green
Total Housing Revenue Account	0	(430)	0.0%	Green

(¹) In the above tables the Dedicated Schools Grant and Housing Revenue Account are treated as Directorates for the purposes of RAG rating.

Appendix 2 – Revenue Budget Movement Since Month 7

Service	Forecast Variance Month 7 £'000	Forecast Variance Month 9 £'000	Movement £'000	Explanation of Main Movements
Director of Families, Children & Learning	(98)	(105)	(7)	
Health, SEN & Disability Services	1,012	1,050	38	Learning Disability Adults
Education & Skills	104	74	(30)	Apprenticeship Team
Children's Safeguarding & Care	2,154	2,222	68	Adoption Payments offset by underspends in staffing costs
Quality Assurance & Performance	(75)	(63)	12	
Further Financial Recovery Measures	(606)	(569)	37	Mainly due to financial recovery measures being achieved and being included in the overall forecast position.
Total Families, Children & Learning	2,491	2,609	118	
Adult Social Care	127	167	40	Due to savings being unachievable
Integrated Commissioning	(52)	(96)	(44)	Temporary staff vacancies
S75 Sussex Partnership Foundation Trust (SPFT)	190	233	43	Due to savings being unachievable
Public Health	0	0	0	
Further Financial Recovery Measures	(120)	0	120	
Total Health & Adult Social Care	145	304	159	
Transport	(749)	(1,641)	(892)	<ul style="list-style-type: none"> • A forecast underspend on bank charges within Parking Services due to reduced card processing costs with a new contract. • The parking income forecasts, especially permit fees, have increased due to higher demand than anticipated for the new parking schemes and part of this will contribute towards the associated capital costs for the new schemes in order to reduce borrowing costs in future years. • An increase in Highways license income, principally Hoarding Income reflecting more large development schemes in the City.

Appendix 2 – Revenue Budget Movement Since Month 7

Service	Forecast Variance Month 7 £'000	Forecast Variance Month 9 £'000	Movement £'000	Explanation of Main Movements
City Environmental Management	182	377	195	<ul style="list-style-type: none"> • Higher staff costs • Increased Agency Costs • Increased forecast vehicle costs • Unachieved external income in Fleet Management
City Development & Regeneration	156	22	(134)	<ul style="list-style-type: none"> • Revised income forecasts for planning fees due to a 20% increase from 17th January 2018 of fees set by central government. • Also the implementation of financial recovery measures within Planning and Building Control such as reduced spend on training, legal fees for public enquiries, agency staff and vacancy controls.
Culture	(91)	(144)	(53)	
Property	182	176	(6)	
Further Financial Recovery Measures	0	0	0	
Total Economy, Environment & Culture	(320)	(1,210)	(890)	
Housing General Fund	200	200	0	
Libraries	0	0	0	
Communities, Equalities & Third Sector	0	0	0	
Regulatory Services	(80)	(80)	0	
Community Safety	0	(0)	0	
Digital First	0	0	0	
Further Financial Recovery Measures	(200)	(200)	0	
Total Neighbourhood, Communities & Housing	(80)	(80)	0	
Finance	(82)	(35)	47	Mainly shortfall in Revenues & Benefits court cost income.
Housing Benefit Subsidy	(514)	(294)	220	Reduced surplus for the main subsidy budgets mostly due to reduced recovery of benefit overpayments, and also increased costs of specific benefits paid to vulnerable tenants which are not subsidised at 100%.
HR & Organisational Development	(76)	(42)	34	Decrease in income from recruitment recharges due to

Appendix 2 – Revenue Budget Movement Since Month 7

Service	Forecast Variance Month 7 £'000	Forecast Variance Month 9 £'000	Movement £'000	Explanation of Main Movements
				decline in recruitment activity.
ICT	100	70	(30)	Review of costs and funding sources has led to a reduction in overall forecast.
Further Financial Recovery Measures	0	0	0	
Total Finance & Resources	(572)	(301)	271	
Corporate Policy	(10)	(10)	0	
Legal Services	(59)	(70)	(11)	Further income achievement.
Democratic & Civic Office Services	(15)	(14)	1	
Life Events	111	(29)	(140)	The recent review of the Elections Budget has revealed more funding than required for Individual Electoral Registration and lower than anticipated casual staffing costs.
Performance, Improvement & Programmes	(15)	(15)	0	
Communications	(12)	(12)	0	
Further Financial Recovery Measures	0	0	0	
Total Strategy, Governance & Law	0	(150)	(150)	
Bulk Insurance Premia	0	0	0	
Concessionary Fares	(140)	(140)	0	
Capital Financing Costs	(146)	(222)	(76)	Further increase from higher investment balances.
Levies & Precepts	0	0	0	
Unallocated Contingency & Risk Provisions	0	0	0	
Unringfenced Grants	(20)	(392)	(372)	Additional S31 grant in respect of the Small Business Rates Relief threshold changes.
Other Corporate Items	(88)	10	98	£0.128m less (£0.030m) reduction in levy payment for 2017/18.
Further Financial Recovery Measures	0	0	0	
Total Corporate Budgets	(394)	(744)	(350)	
Total General Fund	1,270	428	(842)	

Families, Children & Learning

Revenue Budget Summary

Forecast Variance Month 7 £'000	Service	2017/18 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %	2016/17 Savings Proposed £'000	Savings Achieved/ Anticipated £'000	Savings At Risk £'000
(98)	Director of Families, Children & Learning	162	57	(105)	-64.8%	0	0	0
1,012	Health, SEN & Disability Services	36,198	37,248	1,050	2.9%	1,731	1,066	769
104	Education & Skills	7,054	7,128	74	1.0%	1,710	1,919	0
2,154	Children's Safeguarding & Care	38,844	41,066	2,222	5.7%	2,039	527	1,678
(75)	Quality Assurance & Performance	1,508	1,445	(63)	-4.2%	0	0	0
3,097	Total Families, Children & Learning	83,766	86,944	3,178	3.8%	5,480	3,512	2,447
(606)	Further Financial Recovery Measures (see below)	-	(569)	(569)	-	-	-	-
2,491	Residual Risk After Financial Recovery Measures	83,766	86,375	2,609	3.1%	5,480	3,512	2,447

Explanation of Key Variances (Note: FTE/WTE = Full/Whole Time Equivalent)

Key Variances £'000	Service Area	Variance or Financial Recovery Measure Description
Further Directorate Financial Recovery Measures		
(569)	Further Financial Recovery Measures projection	The directorate has developed an over-arching Financial Recovery Plan to address the pressures detailed below across the various service headings. A number of these measures have already been incorporated in the projections, below but some have yet to fully materialise. The remaining Financial Recovery Plan includes the following measures:
		• Review of high cost placements.
		• Health contributions for complex placements.
		• Directorate recruitment control.
		• Negotiate backdated discounts for long term fostering placements.
		• Use of modernisation funding of £0.250m to support service development initiatives.

Appendix 3 – Revenue Budget Performance

Key Variances		
£'000	Service Area	Variance or Financial Recovery Measure Description
Director of Families, Children & Learning		
(105)	Director	Mainly due to greater achievement of payment by results income for Troubled Families than originally anticipated in the budget.
Health, SEN & Disability Services		
246	In-house residential and respite services	Increasing use of overtime and agency staff providing residential and respite care for disabled children with complex needs. These services are contributing to the reduced spending on Disability Agency Placements.
706	Demand Led - Learning Disability Adults - Community Care	There has been an increase in the level of clients presenting with greater complexity of need in recent months. This has resulted in an increase in the average unit costs for Learning Disability Care packages. The overspend predominantly relates to Supported Accommodation and Day Services which have shown a significant increase in activity since April 2015. Following a CCG review of clients' health needs some have been assessed as no longer being eligible for continuing health care funding.
148	Learning Disability Adults - In house day centre	Unachieved saving of £0.225m from previous years offset by underspends elsewhere in this service.
(50)	Other	
Education & Skills		
(112)	Early Years Youth & Family Support	This is comprised of council nurseries, children's centres, youth provision and the Integrated Team for Families. There is an overspend on the council nurseries budgets caused by pressures as a result of the cost of maternity cover and staff sickness, apprentices not yet working in ratio, costs of agency staff to maintain statutory ratios, protected pay for staff who changed grades during the restructure, and a reduction in numbers attending in some nurseries. However there are significant underspends in the budgets for children's centres and the integrated team for families as a result of vacancies held this year to contribute to managing the overall directorate position. The budget for the youth service is forecast to be slightly underspent.
45	Home To School Transport	The overspend is due to additional recoument travel costs and increased costs in 16-19 year-old travel.
202	Supported Employment	Due to underachievement of income targets in Able and Willing. The service is currently being reviewed with a view to improving the overall position next financial year

Appendix 3 – Revenue Budget Performance

Key Variances		
£'000	Service Area	Variance or Financial Recovery Measure Description
(61)	Other	
Children's Safeguarding & Care		
1,612	Demand-Led - Residential Agency Placements	The projected number of residential placements (38.58 FTE) is broken down as 35.00 FTE social care residential placements (children's homes), 3.58 FTE schools placements and 0.00 FTE family assessment placements. The budget allowed for 25.60 FTE social care residential care placements, 3.50 FTE schools placements and 0.30 FTE family assessment placements. The average unit cost of these placements is lower than the budgeted level for both residential and boarding school placements. However, the number of children placed is 9.18 FTE above the budgeted level resulting in the overspend of £1.612m.
708	Demand-Led - Independent Foster Agency (IFA) Placements	The number of children placed in Independent Foster Agency placements has decreased in recent years. During 2016/17 there were 132.14 FTE (compared with 158.06 FTE for 2015/16). The current projected number of placements in 2017/18 is 118.62 FTE, a reduction of 10.2%. The budget for IFA placements included significant levels of savings and was set at 101.00 FTE. The numbers being higher than the budget by 17.62 FTE results in a projected overspend of £0.708m.
(160)	Demand-Led - Secure Accommodation	It is estimated that during 2017/18 there will be 1.10 FTE secure (welfare) placements and 0.53 FTE secure (justice) placements. The budget allowed for 1.45 FTE welfare and 1.15 FTE justice placements during the year. There are currently no children in a secure (welfare) placement and one in a secure (criminal) placement resulting in a projected underspend of £0.160m.
672	Demand-Led - Semi-independent/Supported placements	The number of semi-independent and supported living placements is projected to be 33.35 FTE and this is 4.35 FTE above the budgeted level. However, the average unit cost of these placements has increased considerably recently and is now £248.74 per week higher than the budget and this results in an overspend of £0.672m.
(829)	Demand-Led - In-House Fostering	As at the 31st December 2017 there were 150 children placed with 'in-house' foster carers and 151.81 FTE for the year. The budget, based on an increasing trend over the last few years and the drive to increase recruitment of in-house carers, was set at 180.00 FTE placements. This has resulted in the current projected underspend of £0.829m.

Appendix 3 – Revenue Budget Performance

Key Variances	Service Area	Variance or Financial Recovery Measure Description
150	Demand-Led - Family & Friends placements, Child Arrangement Orders and Special Guardianship Orders	The budget allows for 282.00 FTE placements of these types. It is currently anticipated that there will be 306.37 FTE children in these placements during 2017/18 and this results in the overspend of £0.150m.
(8)	Demand-Led - Care Leavers	The projected number of care leaver placements in 2017/18 is 105.31 FTE. The budget allows for 93.90 FTE placements. The increase in numbers of unaccompanied asylum seeking children in recent years has resulted in a rise in the number of ex-asylum seeking care leavers. This has now passed the threshold to be eligible for the grant and it is anticipated that £0.107m grant funding will be received in 2017/18. This together with lower than anticipated unit costs has off-set the increasing numbers and results in the underspend of £0.008m.
164	Demand-Led Unaccompanied Asylum Seeking Children (UASC) Grant	The numbers of unaccompanied asylum seeking children has increased considerably in the last 12 months. The costs of looking after these children is funded by a grant from the Home Office, however a number of asylum seekers have now left care (see above) and there has been an increase in other, non accommodation costs resulting in the overspend of £0.164m.
(141)	Social Work teams	Use of agency social workers continued into 2017/18 but at a significantly lower level than 2016/17. Spend to date is £0.414m. The Social Work agency budget is £0.136m and was reduced by £0.092m as one-off funding in 2016/17 is not available in 2017/18. Currently there are no agency social workers employed and it is anticipated that this position will be maintained to the year end. This will result in a full year spend of £0.425m and a projected overspend against the agency budget of £0.289m. The underspend currently projected against permanent staffing budgets is £0.401m and non staff costs are anticipated to underspend by £0.025m. It should be noted that a contributory factor to the overall underspend in social work cost is the notification as to the full level of Teaching Practice income (£0.065m) and (£0.040m) Trailblazer funding and the allocation of some Care Leaver staff to the UASC budget. There is an additional underspend of £0.004m against the Emergency Duty Service contract.

Appendix 3 – Revenue Budget Performance

Key Variances		
£'000	Service Area	Variance or Financial Recovery Measure Description
323	Legal Fees	<p>High levels of legal costs continue throughout 2017/18. At Month 9 an overspend in the region of £0.323m is anticipated. The number of care proceedings has increased significantly in recent years. The overspend relates predominantly to the high costs of court and counsel fees attributable to these cases. The following measures are being initiated with the aim of better controlling spend against these areas:</p> <ul style="list-style-type: none"> • Review of all budget codes to identify any areas for savings in short and long term and establish oversight of large budget commitments and monitoring; • Establish policy of approval levels for expenditure; • Increasing staff hours to provide more in house advocacy capacity; • Streamlining work processes with the expectation that lawyers undertake own advocacy on a minimum of 10 hearings each per year; • Review of level of Counsel instructed when outsourcing is required; • Case supervision of lawyers prior to hearings to ensure that evidence is scheduled on time and level of evidence required for care plans is met; • Training for Pod Managers re evidential threshold and filing process to support social workers in meeting evidential and court timescales; • Expert reports – Head of Service to agree all expert reports commissioned; • Legal services to push back other party requests for expert assessments; • Any expert assessment requested that is not supported as evidentially required by legal services to be raised with Assistant Director for decision. <p>It should be noted that spend in 2017/18 is relatively consistent with levels experienced in 2016/17 equating roughly to 100 cases with an average of five court hearings per case.</p>
133	Adoption Payments	<p>A number of additional inter-agency adoption placements are due to be agreed in January and February. There is a one-off cost when children are placed with adoptive families that have been recruited by other agencies, however, long term savings are accrued to the fostering budget in subsequent years.</p>
(118)	Fostering and Adoption Teams	<p>Following the restructure of the Fostering and Family & Friends teams an underspend of £0.118m has accrued from vacant posts being held in the interim.</p>

Appendix 3 – Revenue Budget Performance

Key Variances		
£'000	Service Area	Variance or Financial Recovery Measure Description
(126)	Youth Offending Service	A number of vacant posts are being held by the Head of Service pending the forthcoming review and restructure of the YOS and Extended Adolescent Service. Additionally, there has been turnover against the Operational Manager post and further underspend is projected against a number of non-staffing budgets in 2017-18.
(111)	Specialist Assessment & Domestic Violence	Staff turnover, maternity leave and a permanent reduction in the number of Psychiatric assessments chargeable to this budget have generated a projected underspend of £0.111m.
(47)	Other	
Quality Assurance & Performance		
(63)	Independent Reviewing Officer Team	Early achievement of 2018/19 budget savings and staff turnover.

Health & Adult Social Care (HASC)

Revenue Budget Summary

Forecast Variance Month 7 £'000	Service	2017/18 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %	2016/17 Savings Proposed £'000	Savings Achieved/ Anticipated £'000	Savings At Risk £'000
127	Adult Social Care	32,436	32,603	167	0.5%	2,285	1,467	818
(52)	Integrated Commissioning	3,645	3,549	(96)	-2.6%	147	147	0
190	S75 Sussex Partnership Foundation Trust (SPFT)	12,757	12,990	233	1.8%	293	173	120
0	Public Health	1,110	1,110	0	0.0%	2,148	2,148	0
265	Total Health & Adult Social Care	49,948	50,252	304	0.6%	4,873	3,935	938
(120)	Further Financial Recovery Measures (see below)	-	0	0	-	-	-	-
145	Residual Risk After Financial Recovery Measures	49,948	50,252	304	0.6%	4,873	3,935	938

Explanation of Key Variances (Note: FTE/WTE = Full/Whole Time Equivalent)

Key Variances £'000	Service Area	Variance or Financial Recovery Measure Description
Adult Social Care		
(26)	Demand-Led Community Care - No Recourse to Public Funds	The average unit cost is slightly lower than the budgeted unit cost and the number of clients being supported is less than budgeted resulting in the underspend of £0.026m.
745	Demand-Led Community Care - Physical & Sensory Support	There are increasing numbers of 'new' older people being discharged from hospital requiring social care services for the first time, as well as increased community demand. This additional financial pressure is being partly met by the Improved Better Care fund for 2017/18.
148	Demand-Led Community Care - Substance Misuse	There are relatively small numbers of clients within this service and this is in line with the expected demand. The average unit cost is higher than the budgeted unit cost resulting in the overspend of £0.148m.

Appendix 3 – Revenue Budget Performance

Key Variances		
£'000	Service Area	Variance or Financial Recovery Measure Description
82	In house residential provision - Older people	This is due to increased agency spend within the in house residential units.
2	Hostel Accommodation	There has been a delay in the transfer of a Hostel to a new building which has resulted in pressures on rent costs and Housing Benefit income.
(610)	Assessment teams	This is due to a number of vacancies across the Assessment teams.
(255)	In house home care provision	The homecare service has experienced severe difficulty with recruiting to vacant posts. Due to this, the service has been in a position where it has had to close some care runs while recruitment takes place. A new redesigned recruitment advertising process is imminent and will assist with recruitment.
Integrated Commissioning		
(127)	Commissioning Support Team	Due to temporary vacancies within the Commissioning teams
70	Night Shelter	As a result of the extension of the opening of a Night Shelter between February and March 2018, this has resulted in an overspend of £0.070m.
S75 Sussex Partnership Foundation Trust (SPFT)		
178	Demand-Led - Memory Cognition Support	There are higher numbers of care packages than are funded in the budget; the unit costs are also higher than had been anticipated resulting in the overspend of £0.180m. This is due to a current lack of affordable residential and nursing home placements within the city.
69	Demand-Led - Mental Health Support	There is an increasing need and complexity within this client group and this results in the overspend of £0.042m.
(14)	Demand-Led - Staff teams	

Economy, Environment & Culture

Revenue Budget Summary

Forecast Variance Month 7 £'000	Service	2017/18 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %	2016/17 Savings Proposed £'000	Savings Achieved/ Anticipated £'000	Savings At Risk £'000
(749)	Transport	(7,084)	(8,725)	(1,641)	-23.2%	1,238	1,238	0
182	City Environmental Management	27,977	28,354	377	1.3%	1,025	875	150
156	City Development & Regeneration	2,807	2,829	22	0.8%	420	420	0
(91)	Culture	4,422	4,278	(144)	-3.3%	335	335	0
182	Property	973	1,149	176	18.1%	1,668	1,668	0
(320)	Total Economy, Environment & Culture	29,095	27,885	(1,210)	-4.2%	4,686	4,536	150
0	Further Financial Recovery Measures (see below)	-	0	0	-	-	-	-
(320)	Residual Risk After Financial Recovery Measures	29,095	27,885	(1,210)	-4.2%	4,686	4,536	150

Explanation of Key Variances

Key Variances £'000	Service Area	Variance or Financial Recovery Measure Description
(1,563)	Parking Services	<p>Although a significant forecast underspend this reflects the volatility of related activity data and the difficulty of accurately estimating trends, particularly for new parking schemes and for changes such as the switch from coin machines to card and phone app payments. The main reasons for the variation are as follows:</p> <ul style="list-style-type: none"> Forecast over-achievement of permit fee income of £0.884m and pay & display fee income of £0.164m based on latest data for 5 new parking schemes starting in October 2017 and one new scheme starting in March 2018 which was recently brought forward at committee. Additional income has also been received from Areas M & N by changing under-utilised shared bays. Area C (Queens Park) and the seafront in particular have

Appendix 3 – Revenue Budget Performance

Key Variances £'000	Service Area	Variance or Financial Recovery Measure Description
		<p>also been continuing to exceed income expectations. The former may be due to a number of residents purchasing resident and visitor permits following the introduction of the larger schemes around the Hanover area (less unrestricted roads).</p> <ul style="list-style-type: none"> • Extra income of £0.347m has been received from contractors for 'parking suspensions' due to a number of major developments in the city. • An underspend on bank charges and contract costs of £0.456m due to reduced card processing transaction fees as the result of a new contract which started during the 2017/18 financial year. Data for the various transactions processed under this contract has only recently been collated and the average cost per transaction has reduced significantly under the new contract. • An underspend of £0.275m on unsupported borrowing costs due to lower costs of the delayed Pay & Display machine replacement programme and repayment of borrowing in 2016/17. The cost per transaction has reduced significantly under the new contract. Proposed direct revenue funding of the capital costs of the 5 new parking schemes of £0.560m will produce a further saving on unsupported borrowing costs in 2018/19 of approximately £0.125m. • Other net variances totalling an overspend of £0.086m. <p>Parking income is monitored on a monthly basis as there are a number of variable factors that can impact on parking activity. Minor variations in demand can result in significant financial implications.</p>
(158)	Traffic Management	<ul style="list-style-type: none"> • An overachievement of income from skips & scaffold, tables and chairs, hoardings and A boards of £0.203m. The hoarding income (£0.173m) reflecting increased development activity in the City. • An overachievement of income of £0.048m from Section 74 fines from street-works and £0.019m from Trench Inspection Fees. • These are offset by Safety Maintenance - Traffic Signals costs forecast to exceed budget by £0.119m but will be mitigated with reduced use of contractors and recharging costs.
80	Other Variances	

Appendix 3 – Revenue Budget Performance

Key Variances £'000	Service Area	Variance or Financial Recovery Measure Description
City Environmental Management		
485	Cityclean Operations	A forecast overspend of £0.302m on vehicle costs and an overspend on staff costs of £0.352m due to an additional bank holiday during the year, high summer demand including special events and agency staff cover due to high sickness levels. This is partially offset by an over-achievement of income from bin sales, additional income from the seafront contract and an underspend on supplies and services.
(67)	Fleet & Maintenance	<ul style="list-style-type: none"> • A forecast over-achievement of income from vehicles repairs and maintenance (£0.143m) offsets a corresponding pressure in Cityclean Operations. • An overspend on materials of £0.172m. • Delays in generating income from external work of £0.347m. • Lower staff costs (£0.113m). • Reduced unsupported borrowing costs (£0.364m).
(41)	Other variances	
City Development & Regeneration		
127	Applications	<ul style="list-style-type: none"> • A forecast underachievement of Building Control income of £0.055m. • An overspend of £0.040m due to legal advice and anticipated Public Inquiry costs in particular from appeals. • Other minor variances of £0.032m.
(68)	Customer Services	<ul style="list-style-type: none"> • Reduced spend on agency staff. • Increased underspend on payroll.
(37)	Other Variances	
Culture		
(97)	Venues	<ul style="list-style-type: none"> • A forecast underspend on staff costs of £0.014m. • An overachievement of income of £0.083m.
(68)	Tourism	<ul style="list-style-type: none"> • A forecast over-achievement of income from conferences and advertising of £0.068m.

Appendix 3 – Revenue Budget Performance

Key Variances £'000	Service Area	Variance or Financial Recovery Measure Description
21	Other Variances	
Property		
330	Rents	<ul style="list-style-type: none"> • There is still a much reduced forecast shortfall in expected rental income mainly associated with the Contracted Property Portfolio (CPP), New England House and although there are some improvements for rental income at Hove Town Hall the building has just been revalued, resulting in a much increased National Non Domestic Rates (NNDR) bill. • Also included within this variance is the £0.050m saving applied to the CPP budget. The CPP budget pressure is the variance between the year-on-year inflated rental income figure compared to the forecast provided by the council's property advisors Cluttons. The rent forecast is subject to close monthly monitoring and will be adjusted as new information is received through the year.
(154)	Property Services	<ul style="list-style-type: none"> • Property Services has identified pressures of £0.070m following the loss of a security contract and additional security provision at some sites. • These are currently offset against various predicted underspends including Corporate Landlord utilities and responsive repairs (£0.224m).

Neighbourhood, Communities & Housing

Revenue Budget Summary

Forecast Variance Month 7 £'000	Service	2017/18 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %	2016/17 Savings Proposed £'000	Savings Achieved/ Anticipated £'000	Savings At Risk £'000
200	Housing General Fund	5,275	5,475	200	3.8%	1,689	1,466	223
0	Libraries	4,899	4,899	0	0.0%	142	142	0
0	Communities, Equalities & Third Sector	2,721	2,721	0	0.0%	480	420	60
(80)	Regulatory Services	1,516	1,436	(80)	-5.3%	220	220	0
0	Community Safety	1,290	1,290	(0)	0.0%	71	71	0
0	Digital First	1	1	0	0.0%	0	0	0
120	Total Neighbourhood, Communities & Housing	15,702	15,822	120	-1.5%	2,602	2,319	283
(200)	Further Financial Recovery Measures (see below)	-	(200)	(200)	-	-	-	-
(80)	Residual Risk After Financial Recovery Measures	15,702	15,622	(80)	-0.5%	2,602	2,319	283

Explanation of Key Variances

Key Variances £'000	Service Area	Variance or Financial Recovery Measure Description
Further Directorate Financial Recovery Measures		
(200)	Further Financial Recovery Measures projection	The directorate has developed a Financial Recovery Plan to address the pressure. There are a range of pressures including the higher than budgeted repairs and voids costs and higher than forecast spot purchasing levels. Spot purchasing is expected to reduce as the Trailblazer project becomes fully operational and, for example, new build dwellings become available in January. The higher levels of void and repairs costs should reduce as a result of new processes being implemented. If these measures are unsuccessful, the Flexible Homelessness Support Grant (which has a built in contingency) can be used as a last resort to mitigate this in-year overspend.

Appendix 3 – Revenue Budget Performance

Key Variances		
£'000	Service Area	Variance or Financial Recovery Measure Description
Housing General Fund		
200	Temporary Accommodation	There is a forecast net overspend due to a range of pressures. This is driven by higher than forecast volumes of spot purchasing in the last few months and the ongoing pressure of voids and repairs costs (the result of more households moving into permanent accommodation via the new allocations policy). Since month 5, Universal Credit has been partly introduced for working age housing benefits claimants in Brighton and Hove. It is too early to quantify the financial impact on temporary accommodation but new processes are being implemented in order to monitor this.
(110)	Housing Options	There is a forecast underspend due to high staff turnover and difficulty in filling vacancies.
110	Seaside Community Homes	There is a forecast overspend driven substantially by the insurance costs which have in the past been covered by underspends on voids and maintenance budgets.
Regulatory Services		
(80)	Environmental Health and Licensing	This forecast underspend is the result of posts which have been held vacant ahead of a directorate restructure/service reconfiguration. There are further potential underspends which members are recommended to invest in other services.

Finance & Resources

Revenue Budget Summary

Forecast Variance Month 7 £'000	Service	2017/18 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %	2016/17 Savings Proposed £'000	Savings Achieved/ Anticipated £'000	Savings At Risk £'000
(82)	Finance	9,888	9,853	(35)	-0.4%	1,102	1,102	0
(514)	Housing Benefit Subsidy	(835)	(1,129)	(294)	-35.2%	120	120	0
(76)	HR & Organisational Development	2,908	2,866	(42)	-1.4%	354	304	50
100	ICT	6,429	6,499	70	1.1%	657	319	338
(572)	Total Finance & Resources	18,390	18,089	(301)	-1.6%	2,233	1,845	388
0	Further Financial Recovery Measures (see below)	-		0	-	-	-	-
(572)	Residual Risk After Financial Recovery Measures	18,390	18,089	(301)	-1.6%	2,233	1,845	388

Explanation of Key Variances

Key Variances £'000	Service Area	Variance or Financial Recovery Measure Description
60	Revenues & Benefits - shortfall in court costs income	There is a forecast shortfall in court costs income of £0.215m arising from Enforcement Officer vacancies. Additional grant income offsets this by £0.110m, and further staff vacancies account for another £0.060m. There are overspends on non-staffing budgets of £0.015m.
(95)	Finance Services	Management of vacancies £0.080m,; minor underspends within Audit of £0.015m.

Appendix 3 – Revenue Budget Performance

Key Variances		
£'000	Service Area	Variance or Financial Recovery Measure Description
Housing Benefit Subsidy		
(294)		There is an expected surplus of £0.225m in the recovery of overpaid council tax benefits, based on receipts to date. On the main subsidy budgets there is currently a forecast surplus of £0.059m which is a reduction of £0.241m from the previous forecast due to lower recovery of overpayments (especially of rent rebates) and increased costs relating to a specific type of benefit payment to vulnerable tenants which is not subsidised at 100%.
HR & Organisational Development		
(42)		The service is forecasting an underspend of £0.042m at Month 9 due to an expected overachievement of income from internal recharges for recruitment. However, the underspend has reduced from last month due to a significant reduction in recruitment activity. There is an on-going pressure from union facilities time, but this is expected to be covered through vacancies.
ICT		
70		There are budget pressures in some areas particularly around ICT contracts, the Microsoft Enterprise contract and an increased schools ICT income target. A detailed review of costs and potential mitigations has been carried out and has identified funding to minimise this pressure, including appropriate use of the ICT reserve, and capitalisation of appropriate costs.

Strategy, Governance & Law

Revenue Budget Summary

Forecast Variance Month 7 £'000	Service	2017/18 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %	2016/17 Savings Proposed £'000	Savings Achieved/ Anticipated £'000	Savings At Risk £'000
(10)	Corporate Policy	742	732	(10)	-1.3%	60	60	0
(59)	Legal Services	1,314	1,244	(70)	-5.3%	120	120	0
(15)	Democratic & Civic Office Services	1,720	1,706	(14)	-0.8%	87	87	0
111	Life Events	(219)	(248)	(29)	-13.2%	251	237	14
(15)	Performance, Improvement & Programmes	697	682	(15)	-2.2%	113	113	0
(12)	Communications	712	700	(12)	-1.7%	76	76	0
0	Total Strategy, Governance & Law	4,966	4,816	(150)	-3.0%	707	693	14
0	Further Financial Recovery Measures (see below)	-		0	-	-	-	-
0	Residual Risk After Financial Recovery Measures	4,966	4,816	(150)	-3.0%	707	693	14

Explanation of Key Variances

Key Variances £'000	Service Area	Variance or Financial Recovery Measure Description
Corporate Policy		
(10)	Policy & Partnerships	Underspends due to vacancies.
Legal Services		
(70)	Legal Services	Overachievement of income for services provided to other bodies.
Democratic & Civic Office Services		
(14)		Various small underspends.

Appendix 3 – Revenue Budget Performance

Key Variances £'000	Service Area	Variance or Financial Recovery Measure Description
Life Events		
112	Bereavement Services	<p>£0.247m income shortfall due to falling numbers of burials and cremations, and also a drop in business undertaken for the ESCC Coroner so far this financial year. This is partially offset by vacancy management savings of £0.072m and various other underspends of £0.063m.</p> <p>The Life Events Budget Review Group (attended by Service Management and Finance and HR Business Partners) has already implemented a training programme for Bereavement managers and staff to deal with issues raised by an internal review and will continue to discuss the on-going service redesign which is hoped amongst other things to improve marketing of the service and increase customer numbers.</p>
(40)	Local Land Charges	Expected over-achievement of Land charges fees.
(101)	Elections	Caused by surplus of Individual Electoral Registration (IER) funding and expected underspend in casual staff costs.
Performance, Improvement & Programmes		
(15)	Performance Team	Minor underspends.
Communications		
(12)	Communications	Vacancy savings of £0.060m offset by supplies and services overspends of £0.048m.

Corporately-held Budgets

Revenue Budget Summary

Forecast Variance Month 7 £'000	Service	2017/18 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %	2016/17 Savings Proposed £'000	Savings Achieved/ Anticipated £'000	Savings At Risk £'000
0	Bulk Insurance Premia	0	0	0	0.0%	0	0	0
(140)	Concessionary Fares	10,947	10,807	(140)	-1.3%	250	250	0
(146)	Capital Financing Costs	6,700	6,478	(222)	-3.3%	0	0	0
0	Levies & Precepts	205	205	0	0.0%	0	0	0
0	Unallocated Contingency & Risk Provisions	2,603	2,603	0	0.0%	0	0	0
(20)	Unringfenced Grants	(15,648)	(16,040)	(392)	-2.5%	0	0	0
(88)	Other Corporate Items	5,385	5,395	10	0.2%	195	123	100
(394)	Total Corporately-held Budgets	10,192	9,448	(744)	-7.3%	445	373	100

Explanation of Key Variances

Key Variances £'000	Service Area	Variance or Financial Recovery Measure Description
Concessionary Fares		
(140)	Concessionary Fares	Forecast trip numbers and reimbursements are lower than previously anticipated.
Capital Financing Costs		
(222)	Investment Income	A combination of increases in cash balances and increases in short term investment rates as a result of an increase in the Bank Base Rate.
Unringfenced Grants		
(372)	Section 31 grant for Small Business Rate Relief	The basis of allocation for Section 31 grant on small business rates relief threshold changes was announced in December and this results in an additional allocation to that allowed for at the time the budget was set.
Other Corporate Items		

Appendix 3 – Revenue Budget Performance

Key Variances		
£'000	Service Area	Variance or Financial Recovery Measure Description
128	Vacancy management savings	There is a £0.128m overspend due to underachievement of vacancy management savings across administrative and personal assistant services. As this is not service specific it is shown under corporately-held budgets.
(30)	Business rates levy payment	A reduction in the tariff payment for business rates has resulted in the levy rate reducing.

Housing Revenue Account (HRA)

Revenue Budget Summary

Forecast Variance Month 7 £'000	Service	2017/18 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %	2016/17 Savings Proposed £'000	Savings Achieved/ Anticipated £'000	Savings At Risk £'000
(50)	Capital Financing	32,267	32,217	(50)	-0.2%	0	0	0
0	Head of Housing HRA	3,541	3,541	0	0.0%	106	106	0
(35)	Head of City Development & Regeneration	349	299	(50)	-14.3%	0	0	0
0	Housing Strategy	751	671	(80)	-10.7%	0	0	0
(340)	Income Involvement Improvement	(46,204)	(46,454)	(250)	-0.5%	181	181	0
0	Property & Investment	7,615	7,615	0	0.0%	570	570	0
0	Tenancy Services	1,681	1,681	(0)	0.0%	75	75	0
(425)	Total Housing Revenue Account	0	(430)	(430)	0.0%	932	932	0

Explanation of Key Variances

Key Variances £'000	Service Area	Variance or Financial Recovery Measure Description
Capital Financing		
(50)	Right to Buy Administration	Estimated administration costs income from Right to Buy sales.
Head of City Development & Regeneration		
(50)	Staffing and supplies and services costs	Reduced employee costs due to a staff secondment.
Housing Strategy		
(80)	Transfer Incentive Scheme	Lower than budgeted spending on this scheme.

Appendix 3 – Revenue Budget Performance

Key Variances £'000	Service Area	Variance or Financial Recovery Measure Description
Income Involvement Improvement		
(175)	Contribution to bad debt provision	Later than planned implementation of Universal Credit means that this budget is forecast to be underspent in 2017/18.
(175)	Employees costs	The forecast underspend is due to staffing vacancies, mainly within the income management and customer services teams Recruitment is on-going and posts are forecast to be filled before the end of the financial year.
100	Rents & Service Charges	Projected income is slightly less than budget assumptions. This is offset by other underspends.
Property & Investment		
300	Responsive Repairs and Empty Property works	At Month 2, budget of £0.600m was transferred to provide increased investment in the HRA capital programme. This was in recognition of the spend on responsive repairs being consistently lower than budgeted. Whilst spend is still lower than the original budget allocated, the forecast costs for both responsive repairs and empty property works have increased. The average job value is unchanged. The permanent reduction in budget for 2018/19 has been reviewed and amended to reflect this.
(185)	Supplies and Services	Lower than budgeted spending on service contracts (for example, the gas servicing contract).
(115)	Employees costs	Forecast underspend, pending agreement of options around the timing of the re-procurement of the repairs contract.

Appendix 3 – Revenue Budget Performance

Dedicated Schools Grant (DSG)

Revenue Budget Summary

Forecast Variance Month 7 £'000	Service	2017/18 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
0	Individual Schools Budget (ISB)	124,633	124,633	0	0.0%
(430)	Early Years Block (including delegated to Schools) <i>(This includes Private Voluntary & Independent (PVI) Early Years 3 & 4 year old funding for the 15 hours free entitlement to early years education)</i>	12,500	11,969	(531)	-4.2%
313	High Needs Block (excluding delegated to Schools)	19,367	19,669	302	1.6%
(37)	Exceptions and Growth Fund	3,849	3,817	(32)	-0.8%
0	Grant Income	(159,764)	(159,764)	0	0.0%
(154)	Total Dedicated Schools Grant (DSG)	585	324	(261)	-44.6%

Explanation of Key Variances

Key Variances £'000	Service Area	Variance or Financial Recovery Measure Description
Early Years Block (including delegated to Schools)		
(650)	Payments for 2,3 & 4 year olds	Underspend is based on the Autumn Term census. All of the underspend will need to be carried forward to 2018/19 as the DfE will recoup the funding based on the January 2018 census.

Appendix 3 – Revenue Budget Performance

Key Variances		
£'000	Service Area	Variance or Financial Recovery Measure Description
110	Additional Support Funding for 2,3 & 4 year olds	Significant increase in the number of children receiving additional support funding in the Summer term and impact of increased free entitlement available to working parents from September 2017. Continuing to review the assessment process for additional support funding and subsequent impact on top up funding in mainstream schools.
9	Other	Balance of variances on other cost centres.
High Needs Block (excluding delegated to Schools)		
160	High Needs top-up for Special Schools	Additional support packages for several pupils to avoid more expensive agency placements.
130	High Needs top-up for mainstream Schools	Additional costs for Primary of £0.123m and Secondary of £0.008m. Continuing to review assessment process for additional support funding and subsequent impact on top up funding in mainstream schools.
123	Inclusion Support Service	Loss of exception funding previously received for the Behaviour & Inclusive Learning Team (BILT). Vacancy control measures are in place to attempt to mitigate this risk.
(64)	FE Colleges High Needs payments	Changes in legislation leading to increased costs.
(47)	Other	Balance of variances on other cost centres.
Exceptions and Growth Fund		
31	Historic pension costs	Historic pension liabilities.
(13)	Other	Balance of variances on other cost centres.
(50)	Access to Education	Increase in fines income.

Savings Monitoring 2017/18

General Fund

Directorate	2017/18 Savings Proposed £'000	Savings Achieved/ Anticipated £'000	Savings At Risk £'000
Families, Children & Learning	5,480	3,512	2,447
Health & Adult Social Care	4,873	3,935	938
Economy, Environment & Culture	4,686	4,536	150
Neighbourhood, Communities & Housing	2,602	2,319	283
Finance & Resources	2,233	1,845	388
Strategy, Governance & Law	707	693	14
Corporate Budgets	445	373	100
Total Directorate Savings	21,026	17,213	4,320
Tax Base Savings	341	341	0
Total General Fund Savings	21,367	17,554	4,320

Housing Revenue Account

Directorate	2017/18 Savings Proposed £'000	Savings Achieved/ Anticipated £'000	Savings At Risk £'000
Housing Revenue Account	932	932	0
Total HRA Savings	932	932	0

Families, Children & Learning – Capital Budget Summary

Forecast Variance Month 7 £'000	Service	2017/18 TBM 7 Budget £'000	Reported at other Committees £'000	New Schemes in Appendix 6 £'000	Variation, Slippage/ reprofile £'000	2017/18 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
0	Children's Safeguarding & Care	40	0	0	0	40	40	0	0.0%
0	Health & Disability Services	66	0	0	0	66	66	0	0.0%
0	Education & Skills	8,460	0	0	(1,973)	6,487	6,487	0	0.0%
0	Schools	178	0	0	0	178	178	0	0.0%
0	Stronger Families Youth & Communities	0	0	0	0	0	0	0	0.0%
0	Total Families, Children & Learning	8,744	0	0	(1,973)	6,771	6,771	0	0.0%

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

Detail Type	£'000	Project	Description	Mitigation Strategy
Education & Skills				
Reprofile	(1,364)	Basic Need	Reprofile of budget is required as still awaiting detailed instructions with regards to starting on the work identified in the SEND review. Other work priorities have also been identified for next year.	

Appendix 5 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
Reprofile	(890)	Capital Maintenance	A large electrical project, which has taken some time to specify and tender, is currently with Orbis Legal team to seal a contract; there is therefore a limited amount of expenditure expected in this year. There are a number of other electrical and mechanical projects which have yet to progress to tender and as a result no expenditure will take place in this financial year.	
Reprofile	(360)	Universal Free School Meals	The capital works planned works for summer 2017 works have been completed however the budget was not utilised as expected and therefore a substantial amount remains as the window for undertaking major kitchen works/projects has passed for this financial year. The summer break (6 weeks) is the only real opportunity to complete major works, as kitchens/dining rooms are in operation throughout the year. The outcome of the SEND review is still awaited to understand the impact on school kitchen premises and any other works required – it is unlikely that the full remaining budget will be spent during 18/19.	
Variation	737	Capital Maintenance	In the two reports to Children & Young People's Committee on 06/03/17 and Policy, Resources & Growth committee on 23/03/17, £0.700m was identified as a contribution to Capital Maintenance in case there was very limited Capital Expenditure from Revenue Account (CERA) buy-back from schools. A further £0.037m was contributed from Property for fire risk works carried out.	
Variation	(96)	Basic Need	Budget contribution towards Capital Maintenance for CERA.	

Health & Adult Social Care – Capital Budget Summary

Forecast Variance Month 7 £'000	Service	2017/18 TBM 7 Budget £'000	Reported at other Committees £'000	New Schemes in Appendix 6 £'000	Variation, Slippage/ reprofile £'000	2017/18 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
0	Adult Social Care	266	0	0	0	266	266	0	0.0%
0	Integrated Commissioning	2	0	0	0	2	2	0	0.0%
0	Provider Services	0	0	0	0	0	0	0	0.0%
0	Public Health	0	0	0	0	0	0	0	0.0%
0	Total Health & Adult Social Care	268	0	0	0	268	268	0	0.0%

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

Detail Type	£'000	Project	Description	Mitigation Strategy
Health & Adult Social Care				
No changes to report for Month 9				

Appendix 5 – Capital Programme Performance

Economy, Environment & Culture (excluding Housing Revenue Account) – Capital Budget Summary

Forecast Variance Month 7 £'000	Service	2017/18 TBM 7 Budget £'000	Reported at other Committees £'000	New Schemes in Appendix 6 £'000	Variation, Slippage/ reprofile £'000	2017/18 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
0	City Development & Regen	6,956	0	0	35	6,991	6,991	0	0.0%
0	City Environmental Management	9,073	220	177	(3,218)	6,252	6,252	0	0.0%
0	Culture	12,448	0	0	0	12,448	12,448	0	0.0%
0	Planning & Building Control	0	0	0	0	0	0	0	0.0%
0	Property	2,215	0	0	(435)	1,780	1,780	0	0.0%
0	Transport	14,113	0	0	160	14,273	14,273	0	0.0%
0	Total Economy, Environment & Culture	44,805	220	177	(3,458)	41,744	41,744	0	0.0%

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

Detail Type	£'000	Project	Description	Mitigation Strategy
City Development & Regeneration				
Variation	35	Preston Barracks Site	Variation to budget of less than £0.100m.	
City Environmental Management				
Reported at Other Committees	220	Saltdean Lidon CIC	See report submitted to Policy, Resources & Growth Committee 30 th November 2017.	

Appendix 5 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
Reprofile	(2,551)	Procurement of Vehicles	Vehicles due for purchase in 2017/18 were given longer supply lead times than expected (extended by 10-12 weeks). This will result in vehicles scheduled for 2017/18 being delivered in early 2018/19. In addition, the vehicle replacement schedule has also been spread into 2018/19.	
Reprofile	(678)	Prince Regent – replacement of mechanical equipment	The highly involved Air Handling Unit (AHU) project at the Prince Regent Swimming Complex has been delayed due to: <ul style="list-style-type: none"> • Other works of a more urgent nature taking priority this year (i.e. the Health & Safety glazing works). • Significant changes (in terms of a reduction in resource) to the consultancy company/business who are managing the project on our behalf. 	
Variation	11	Procurement of Vehicles	Contribution from Adults Social Care for purchase of a new car.	
Property				
Reprofile	(189)	Stanmer Park Agricultural Buildings	An initial budget was allocated to support the implementation and design costs associated with the Stanmer Park buildings. Work associated with concept design has been completed and the detailed design works and construction are expected to commence in 2018/19.	
Reprofile	(110)	Barts House cladding and window replacement	Delays caused through finding a suitable replacement window, for which planning to be submitted shortly.	
Reprofile	(115)	Various	Reprofiles of budget for less than £0.100m: <ul style="list-style-type: none"> • Statutory DDA Access Works (£0.080m) • Legionella Works (£0.025m) • Safety Railings (£0.010m) 	

Appendix 5 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
Variation	(21)	Various	Variations to budget for less than £0.100m: <ul style="list-style-type: none"> • Mechanical boiler replacements (£0.062m) • Corporate Fire Risk Assessments (£0.037m) • Misc. Internal Refurbishments £0.032m • External Improvement Works £0.030m • Preston Manor External repair £0.009m • Brighton Centre chiller units £0.007m 	
Transport				
Variation	160	Controlled Parking Schemes	Increase to capital budget for the cost of consultation, Traffic Regulation Orders, signing and lining for a new parking scheme in the West Hove area which has been brought forward to this financial year. The capital costs associated with the creation and extension of parking schemes are normally funded by unsupported borrowing, with appropriate repayments made over a seven year period funded from the revenue income generated.	

Appendix 5 – Capital Programme Performance

Neighbourhood, Communities & Housing (excluding Housing Revenue Account) – Capital Budget Summary

Forecast Variance Month 7 £'000	Service	2017/18 TBM 7 Budget £'000	Reported at other Committees £'000	New Schemes in Appendix 6 £'000	Variation, Slippage/ reprofile £'000	2017/18 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
0	Comms Equalities & 3 rd Sector	0	0	0	0	0	0	0	0.0%
0	Community Safety	0	0	0	0	0	0	0	0.0%
0	Housing - GF	2,563	0	0	(15)	2,548	2,548	0	0.0%
0	Libraries	65	0	0	0	65	65	0	0.0%
0	Digital First	3,148	0	0	0	3,148	3,148	0	0.0%
0	Regulatory Services	5	0	0	0	5	5	0	0.0%
0	Total Neighbourhood, Comms & Housing	5,781	0	0	(15)	5,766	5,766	0	0.0%

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

Detail Type	£'000	Project	Description	Mitigation Strategy
Housing – GF				
Slippage	(15)	Travellers Site	Budget slippage of less than £0.100m.	

Housing Revenue Account – Capital Budget Summary

Forecast Variance Month 7 £'000	Service	2017/18 TBM 7 Budget £'000	Reported at other Committees £'000	New Schemes in Appendix 6 £'000	Variation, Slippage/ reprofile £'000	2017/18 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
(484)	City Development & Regen	13,579	0	0	(610)	12,969	12,969	0	0.0%
(2,306)	Housing - HRA	28,656	0	0	(1,600)	27,056	24,646	(2,410)	-8.9%
(2,790)	Total Housing Revenue Account	42,235	0	0	(2,210)	40,025	37,615	(2,410)	-6.0%

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

Detail Type	£'000	Project	Description	Mitigation Strategy
City Development & Regen				
Reprofile	(610)	Guinness Garage Sites	Reprofile of budget at Kensington Street.	No action required - scheme construction to continue into 2018/19.
Overspend	48	Brooke Mead	Variance less than £0.100m.	No action required; overspend is only 0.4% of budget and is off-set by delay damages.
Overspend	252	Findon Road	Projected overspend at Findon Road development as a result of strengthening fire safety measures.	No action required; overspend is only 1.8% of budget.
Underspend	(300)	Wellsbourne	Projected underspend for 2017/18 budget.	No action required.
Housing HRA				
Reprofile	(1,600)	Various	Reprofile of budget to 2018/19: <ul style="list-style-type: none"> Home Purchase Scheme (£1.500m) Home Energy & Efficiency (£0.100m) 	

Appendix 5 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
Underspend	(874)	Cyclical Decorations	Due to some delivery issues there is a large underspend against this year's budget.	New processes have now been implemented to prevent underspends of this size in future years.
Underspend	(351)	Lifts	Removal of contingency funding for the replacement of a possible 2 further lifts.	
Underspend	(273)	Other Mechanical & Electrical Service Contracts	Programme review has resulted in a lower funding requirement for 2017/18.	
Underspend	(254)	Door Entry Systems & CCTV <i>(including Main Entrance Doors)</i>	Programme review has resulted in a lower funding requirement for 2017/18.	
Underspend	(196)	Condensation & Damp Works	Major works investment has resulted in a reduced projected spend against this budget.	
Underspend	(168)	Structural Repairs	Projected savings against the 2017/18 major projects budget.	
Underspend	(145)	Hidden Homes	Some of the planned conversions are not expected to be completed this financial year.	There is sufficient budget allocated in 2018/19, so no reprofile is required.
Underspend	(138)	Roofing	Projected savings against the 2017/18 major projects budget.	
Overspend	109	Minor Capital Works	Projected overspend against 2017/18 budget.	Offset by other underspends across the HRA capital programme.
Underspend	(120)	Various	Variances of less than £0.100m across various schemes: - <ul style="list-style-type: none"> • Windows (£0.063m) • Asbestos (£0.063m) • Communal/Domestic Rewire (£0.060m) 	

Appendix 5 – Capital Programme Performance

Detail Type	£'000	Project	Description	Mitigation Strategy
			<ul style="list-style-type: none"> • Insulation (£0.045m) • Doors (£0.032m) • BHCC Projects (£0.014m) • Shelter Housing Conversions £0.065m • Pre Lease Conversion Works £0.034m • Capital Works Assessment £0.032m • Future Proofing Assets £0.017m • Feasibility & Design £0.009m 	

Appendix 5 – Capital Programme Performance

Finance & Resources - Capital Budget Summary

Forecast Variance Month 7 £'000	Service	2017/18 TBM 7 Budget £'000	Reported at other Committees £'000	New Schemes in Appendix 6 £'000	Variation, Slippage/ reprofile £'000	2017/18 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
0	Finance	0	0	0	0	0	0	0	0.0%
0	HR Organisation al Develop	0	0	0	0	0	0	0	0.0%
0	ICT	871	0	0	0	871	871	0	0.0%
0	Total Finance & Resources	871	0	0	0	871	871	0	0.0%

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

Detail Type	£'000	Project	Description	Mitigation Strategy
Finance & Resources				
No changes to report for Month 9				

Strategy Governance & Law - Capital Budget Summary

Forecast Variance Month 7 £'000	Service	2017/18 TBM 7 Budget £'000	Reported at other Committees £'000	New Schemes in Appendix 6 £'000	Variation, Slippage/ reprofile £'000	2017/18 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
0	Comms	0	0	0	0	0	0	0	0.0%
0	Legal Services	0	0	0	0	0	0	0	0.0%
0	Life Events	6	0	0	0	6	6	0	0.0%
0	Perf Improvement & Programmes	0	0	0	0	0	0	0	0.0%
0	Corporate Policy	0	0	0	0	0	0	0	0.0%
0	Total Strategy Governance & Law	6	0	0	0	6	6	0	0.0%

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

Detail Type	£'000	Project	Description	Mitigation Strategy
Strategy Governance & Law				
No changes to report for Month 9				

Note: There are currently no capital budgets to report on for Corporate Services.

New schemes to be added to the Capital Programme in 2017/18 to be approved

New Capital Project Approval Request				
Unit:	Sport and Leisure			
Project title:	3G Pitch - Hove Park			
Total Project Cost (All Years):	£177,470			
Purpose, benefits and risks:				
<p>The purpose of the project is to provide local residents with upgraded and modern facilities which will offer increased opportunities to participate in sport. There are a lack of 3G pitch facilities in the city, which was identified in the Sports Facilities Plan (2012-2022) and Playing Pitch Strategy. It is likely that the project will increase the value of the asset, increase the extent to which the asset can be used, and will provide additional revenue due to the service improvement and potential operating model that can be explored.</p>				
Capital expenditure profile (£'000):				
Year	2017/18	2018/19	2019/20	TOTAL
External Contribution (inc S106)	177			177
Total estimated costs and fees	177			177
Financial implications:				
<p>Once completed it is anticipated that expressions of interest will be sought for the operation of the 3G pitch. BHCC would look to appoint an external operator/leaseholder to run the facility on behalf of the council. Approval is required to establish a reserve into which the service charge income (expected to be around £0.015m per year) will be paid. This will then be used to finance the renewal of the pitch at the end of its estimated useful life which is expected to be 10 years. There will be no direct financial implications for BHCC as all ongoing costs would sit with the new leaseholder. The capital costs will be funded by Section 106 contributions.</p>				

Appendix 6 – New Capital Schemes & Future Years Variation

New Capital Project Approval Request				
Unit:	Housing Revenue Account - Tenancy Services			
Project title:	Estates Service - Fleet Replacement			
Total Project Cost (All Years):	£280,000			
Purpose, benefits and risks:				
<p>The current fleet of vehicles (14 vans & 2 bulk trucks) are in excess of 5 years old and need to be replaced to ensure the Estates Team can meet their service commitments to council tenants.</p> <p>The purchase of replacement vehicles is considered to be the most cost effective option.</p>				
Capital expenditure profile (£'000):				
Year	2017/18	2018/19	2019/20	TOTAL
Capital Reserves	0	222		222
Capital Receipts from the sale of assets	0	58		58
Total estimated costs and fees	0	280		280
Financial implications:				
<p>This project will be funded by a contribution from reserves of £0.222m and an estimated £0.058m from the proceeds of current vehicles.</p> <p>Running costs will continue to be met from within existing budget allocations.</p>				

Appendix 6 – New Capital Schemes & Future Years Variation

Capital Project Budget Variation Request				
Unit:	Property			
Project title:	GP Surgery - 62/63 Old Steine & 3 Palace Place			
Total Project Cost (All Years):	£2.247m			
Purpose, benefits and risks:				
<p>The original budget estimate was produced in 2016 using average 'rates per square metre' and without a detailed specification or a full client brief.</p> <p>Following protracted discussions with the GPs, the latest budget estimate is based on a detailed brief and specification which has resulted in an increased scope of the work required to convert the building.</p>				
Capital expenditure profile (£'000):				
Year	2017/18	2018/19	2019/20	TOTAL
External Contribution (NHS EITF)	100	713	0	813
Borrowing	0	1,434	0	1,434
Total estimated costs and fees	100	2,147	0	2,247
Financial implications:				
<p>An additional loan of £0.584m is required through council borrowing to meet the cost of the revised brief and specification. The financing costs associated with the additional borrowing will be recovered from NHS CCG over the life of the lease and therefore will have no impact on the council's revenue budget.</p>				

Appendix 6 – New Capital Schemes & Future Years Variation

Capital Project Budget Variation Request				
Unit:	Transport			
Project title:	A259/West Street Shelter Hall - BS5618			
Total Project Cost (All Years):	£19.214m (including Variation request of £7.000m)			
Purpose, benefits and risks:				
<p>The project has experienced a number of significant engineering and geotechnical challenges due to unstable ground conditions that has necessitated both major temporary and permanent engineering solutions to ensure the stability of the primary A259 coast road. The council is effectively trying to rebuild a bridge whilst keeping it open. There have also been a greater number than anticipated of historic buried structures (sea walls) and in addition the statutory undertakers have required the installation of additional utilities infrastructure. There have also been significant challenges in trying to build a new structure over a strategic main sewer which runs through the site. There have also been a number of significant design changes to ensure the final building meets, BHCC Estates, Planning, Conservation and Historic England's requirements. The opportunity has also been taken by the council to create a higher specification land mark building over two floors to maximise future income and create a centrepiece flagship venue, which will encourage and enable other planned major developments to be brought forward, such as the Waterfront Development. The former (Listed) kiosk was also unable to be salvaged and had to be completely rebuilt in accordance with strict historical and conservation parameters, which has incurred additional cost and delays. A progress update report on the Shelter Hall project will be presented to Environment, Transport & Sustainability Committee in March 2018.</p>				
Capital expenditure profile (£'000):				
Year	2017/18	2018/19	2019/20	TOTAL
Government Grant (National Productivity Investment Fund)	978	0	0	978
Government Grant (DfT Highways Maintenance Challenge Fund)	2,321	0	0	2,321
Government Grant (DfT LTP)	1,000	1,500	1,500	4,000
Government Grant (DfT LTP) forward funding	0	0	1,000	1,000
Capital Receipts	0	1,000	0	1,000
Unsupported Borrowing	0	1,000	1,000	2,000

Appendix 6 – New Capital Schemes & Future Years Variation

Total estimated costs and fees	4,299	3,500	3,500	11,299
Financial implications:				
<p>Note, the actual spending on this project up to 31 March 2017 was £7.915m which is not shown in the table above. The future costs of the scheme including the current year are estimated at £11.299m. This is an increased programme cost of £7.000m which is requested as a variation to the programme and is intended to be funded from the resources detailed below following a competitive tendering exercise:</p> <ul style="list-style-type: none"> • £1.500m of Local Transport Plan (LTP) capital funding in years 2018/19 and 2019/20, as well as £1.000m of forward funding from future years' allocations. The forward funding will be funded temporality from reserves and would be replenished from the 2020/21 LTP grant allocation. Indicative DfT LTP grant allocations have been provided up to the 2020/21 financial year, giving assurance of the availability of funding. • The November 2017 Policy, Resources & Growth Committee included options to support capital investment in the city including a proposed allocation of £1.000m of unallocated capital resources to support this project. This proposal is contained in the final budget report elsewhere on this committee agenda and has been assumed in the funding profile above. • It is proposed to use £2.000m of unsupported borrowing; the annual repayments will be met from the anticipated rental income from premises being created by this project based on prudent estimates of rental income and repayment timescale. 				

Subject:	General Fund Revenue Budget, Council Tax and Capital Investment Programme 2018/19		
Date of Meeting:	8 February 2018		
Report of:	Executive Director of Finance & Resources		
Contact Officers:	Name:	Nigel Manvell James Hengeveld	Tel: 01273 293104 01273 291242
	Email:	nigel.manvell@brighton-hove.gov.uk james.hengeveld@brighton-hove.gov.uk	
Ward(s) affected:	All		

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

- 1.1 This report sets out the final proposals for the General Fund Revenue Budget, Capital Programme and Council Tax for 2018/19 together with the Integrated Service & Financial Plans (ISFPs) for 2019/20 and a 10-year capital strategy. The increase in the council tax level is based on the Administration's council tax proposal of 2.99% together with a further 3.00% increase in respect of the Adult Social Care precept.
- 1.2 The link between capital investment and the revenue budget is stronger than ever, particularly in relation to the continuing and extended use of capital receipt flexibilities to support investment in programmes that will deliver revenue savings. This year, the capital investment programme has been incorporated with revenue budget proposals and this report therefore also informs Policy, Resources & Growth Committee of the level of available capital resources to enable the committee to propose a Capital Investment Programme to Budget Council. The capital programme is also set in the context of the Medium Term Financial Strategy and council priorities and the proposed programme results in £188.1m investment in council services in 2018/19.
- 1.3 The revenue budget proposals for 2018/19 clearly pose a continuing challenge given a savings requirement of over £12m following two successive years of savings requirements in excess of £20m. In total, the savings over the previous 4 years have exceeded £80m with further savings of approximately £23m to be found over the next 2 years before the next Comprehensive Spending Review is announced by government. Savings on this scale inevitably become progressively more difficult to identify and achieve and come with the potential for greater impacts on services.
- 1.4 Increasing demands and reducing government grant funding continue to be the principal drivers of the revenue budget gaps in 2018/19 and beyond. To address the gaps, service leads have explored what can be redesigned and what can or should be delivered with or by other providers. Options have been considered in the context of future affordability and sustainability, the potential for cost reductions and efficiencies, the potential to manage demands more effectively, or the possibility of generating greater income. The Budget, Investment & Efficiency Strategy continues to focus on modernising services and on supporting council priorities through getting basic services right, protecting provision for vulnerable people, and investing to support economic growth and regeneration.

1.5 The report incorporates previous decisions made by Policy, Resources & Growth Committee on the council tax base and business rates tax base, and by full Council on the Council Tax Reduction Scheme.

2. RECOMMENDATIONS:

2.1 That Policy, Resources & Growth Committee recommends to Council:

2.1.1 The Administration's proposed Council Tax increase in the Brighton & Hove element of the council tax, comprising:

- (i) A general Council Tax increase of 2.99%;
- (ii) An Adult Social Care precept increase of 3.00%;
- (iii) The council's net General Fund budget requirement for 2018/19 of £208.824m;
- (iv) The 2018/19 budget allocations to services as set out in Appendix 1 incorporating 2018/19 savings proposals contained in the 4-Year Integrated Service & Financial Plans;
- (v) The reserves allocations as set out in paragraph 3.21 and table 3;
- (vi) The Prudential Indicators as set out in Appendix 10 to this report.

2.1.2 That Council note the Equalities Impact Assessments to cover all relevant budget options and their cumulative effect as set out in Appendices 11 and 12.

2.1.3 That Council approves the authorised borrowing limit for the year commencing 1 April 2018 of £436m.

2.1.4 That Council approves the annual Minimum Revenue Provision statement as set out in Appendix 9.

2.1.5 That Council notes the 4-Year Integrated Service & Financial Plans proposals for 2019/20 at Appendix 6.

2.1.6 That Council notes the updated Medium Term Financial Strategy at Appendix 4.

2.1.7 That Council approves the strategy for funding the investment in change and flexible use of capital receipts set out in paragraph 6.10.

2.1.8 That Council notes the Capital resources and proposed borrowing included in Appendix 7.

2.1.9 That Council approve the Capital Investment Programme for 2018/19 included at Appendix 8 and incorporating allocations to strategic funds detailed in paragraph 6.9.

2.1.10 That Council note that supplementary information needed to set the overall council tax will be provided for the budget setting Council meeting as listed in paragraph 11.3.

2.2 That Policy, Resources & Growth Committee agrees that officers be authorised to make any necessary technical, presentational or consequential amendments to this report before submission to full Council.

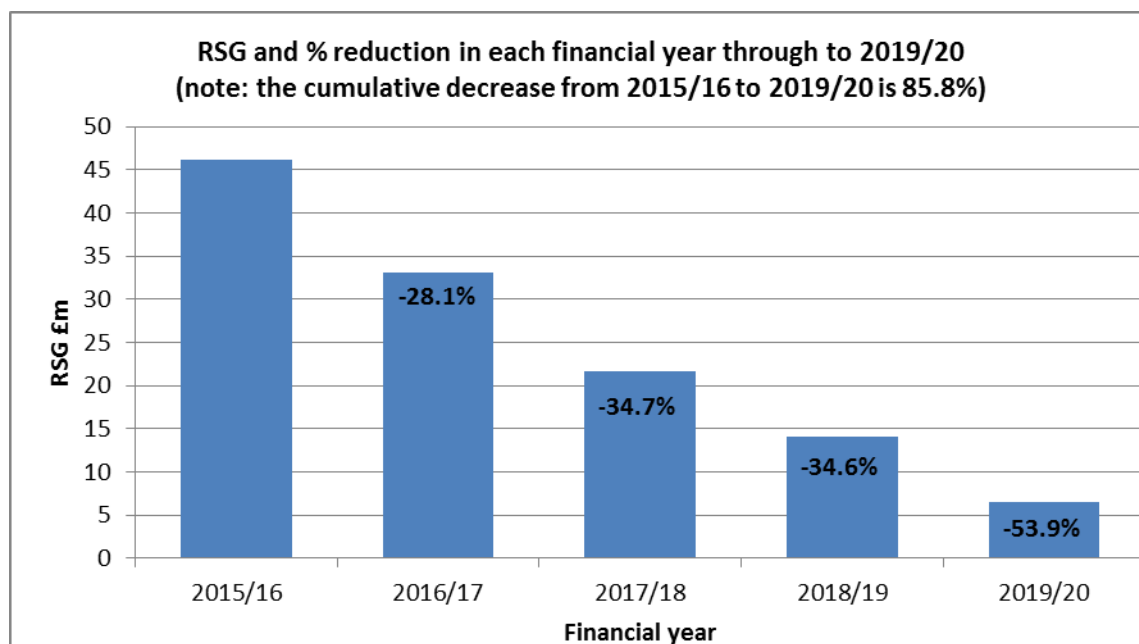
3. PROJECTED RESOURCES AVAILABLE IN 2018/19

Local Government Finance Settlement

- 3.1 The provisional Local Government Finance Settlement (LGFS) was announced on 19 December 2017 and confirmed the council's Revenue Support Grant (RSG) for 2018/19 at £14.144m in line with the 4 year offer announced in December 2015. The final LGFS is not due to be announced until early February 2018 and therefore any change from the provisional settlement will need to be reflected in the supplementary report to Budget Council.
- 3.2 The table below shows the provisional 2018/19 funding assessment for the council compared to 2017/18 along with the national percentage change.

Table 1: Funding Analysis	Final 2017/18 £m	Provisional 2018/19 £m	Increase / (Decrease) £m	Change %
Revenue Support Grant (RSG)	21.618	14.144	-7.474	-34.6%
Government assumed business rates income retained by the council	55.224	56.884	1,660	3.0%
Settlement Funding Assessment (SFA)	76.843	71.027	-5.816	-7.6%
<i>National SFA Change</i>				-5.4%

- 3.3 The government-assumed level of business rates retained locally is used in the grant calculation and is different from the actual business rates forecast to be collected locally which is shown later in this report.
- 3.4 The provisional LGFS also provided indicative estimates of RSG through to 2019/20 and the graph below shows the reductions over the 4 year offer period:



- 3.5 At the same time as announcing the provisional LGFS, the government issued a technical consultation on the Fair Funding Review with a deadline for responses of 12 March 2018. This review is seeking views on factors that drive local government spending with an aim of providing a more transparent and understandable link between local circumstances and local resources. The current methodology was introduced over 10 years ago and has not been updated since the Business Rates Retention (BRR) system was introduced in 2013/14. The intention is to implement a new methodology in 2020/21.
- 3.6 Alongside the implementation of the outcome from the Fair Funding Review, the government will aim for local authorities to retain 75% of business rates from 2020/21. This will be through incorporating existing grants such as the Public Health Grant and Revenue Support Grant.

Adult Social Care (ASC) Precepts and Better Care Funding (BCF)

- 3.7 The local government settlement for 2016/17 included flexibility for authorities with social care responsibilities to raise council tax by up to 2% per annum above the referendum threshold. The settlement for 2017/18 included a further flexibility of bringing forward the precept increase to a maximum of 3% but maintaining an overall precept of 6% over the remaining three year period to 2019/20. This flexibility was to address, in part, the rising costs of this service and councils raising additional revenue through this precept must therefore demonstrate that the additional resources are being applied to Adult Social Care. Due to the significant cost and demand pressures in Adult Social Care, the Medium Term Financial Strategy (MTFS) assumed the maximum allowable ASC precept of 3% in 2017/18 and 2018/19, with 0% in 2019/20.
- 3.8 In addition to the precept, the government confirmed within its 4 year settlement offer £1.5 billion additional funding for authorities to spend on Adult Social Care by 2019/20 to be provided through an Improved Better Care Fund. This additional money is planned to be passed directly to authorities through a separate grant that takes into account a council's ability to raise resources through council tax. The indicative allocations to this council remain at £3.2m in 2018/19 and £6.2m in 2019/20. This Improved Better Care Funding is separate from the original Better Care Funding that is pooled with local health partners. However, both will support integrated working through the Caring Together initiative for Brighton and Hove.
- 3.9 After the 2017/18 budget was approved by Council in February, government also made a further Spring Budget announcement adding to the Improved Better Care Fund resources for 2017/18 to 2019/20. This added funding is one-off, reducing each year, and is paid to local authorities but must be added to the existing Better Care Fund pool and its deployment must be jointly agreed with the Clinical Commissioning Group. The allocations for this authority are £5.093m in 2017/18, £3.483m in 2018/19 and £1.733m in 2019/20, reducing to zero thereafter. A key risk with this one-off funding is that using these resources to support ongoing expenditure could therefore create a budget gap by 2020/21 if the funding were not replaced by alternative resources.
- 3.10 The table below summarises the resources and taxation options available to support of Adult Social Care pressures:

Table 2: ASC Resources and Taxation Option	2017/18	2018/19	2019/20
ASC Precept	3% £3.650m	3% £3.901m	0% -
ASC Support Grant (one-off)	£1.234m	-	-
Improved BCF	-	£3.188m	£6.220m
Additional improved BCF (one-off)	£5.093m	£3.483m	£1.733m

Referendum Threshold

- 3.11 As part of the December 2017 provisional Local Government Finance Settlement the government announced that councils could increase council tax by an additional 1% in each of the next 2 financial years. Therefore, the threshold at which an increase in council tax requires confirmation from a local referendum, including the 3% additional flexibility for Adult Social Care, will be 6%. Any proposal to increase council tax by 6% or above would need to be accompanied by an agreed substitute budget. This would need to be implemented if the increase were voted down by the electorate.

Forecast Business Rate Retention income for 2018/19

- 3.12 Details of the likely business rate retention income forecasts were set out in the report to the January meeting of the Policy, Resources & Growth Committee. The estimate of resources has increased by £0.024m due to an amended tariff payment (as informed by the Valuation Office Agency) and therefore the council is forecast to receive £61.385m from its local share of business rates and section 31 compensation grants in 2018/19.

Council Tax Increase and Taxbase

- 3.13 The Council Tax taxbase report was agreed by this committee in January 2018. Assuming a Council Tax increase of 5.99% and taking into account changes to the taxbase, the total projected increase in council tax income in 2018/19 is £10.1m. Total Council Tax is estimated at £137.857m.

Other Government Grants

- 3.14 The grant allocations for 2018/19 have been included in Appendix 2 together with the 2017/18 allocations for comparison. This appendix includes both capital and revenue grants. Some grant allocations for next year have not yet been announced and where these are critical to the setting of the 2018/19 budget, forecasts have been included.
- 3.15 There are some changes to grants in 2018/19 and beyond as follows:
- The reduction in Public Health Grant in 2018/19 of 2.6% has been confirmed, reducing the grant by £0.530m.
 - Housing Benefit Administration grant has reduced by £0.157m to £1.097m, a further reduction of 12.0%.
 - Loss of Education Services Transitional grant of £0.863m meaning the council no longer receives any grant towards the cost of these services.

New Homes Bonus (NHB)

- 3.16 The government introduced a threshold whereby 0.4% growth in housing stock per annum must be achieved before any NHB grant is awarded for any year. In addition to this, the reward period has been reduced from 5 years to 4 years from 2018/19. The actual growth in housing stock fell short of the 0.4% threshold during 2017/18 and therefore there is no award of NHB in 2018/19. The total NHB grant forecast for 2018/19 is £2.991m, a reduction of £1.628m. As the award is a rolling 4 year period the amount of grant due to fall out in 2019/20 is £1.166m and therefore the council will need to achieve at least this level of NHB grant to avoid impacting on the 2019/20 budget position. Progress on growth in housing stock will be updated in budget monitoring reports during 2018/19.

Fees and Charges

- 3.17 The council's Corporate Fees & Charges Policy requires that all fees and charges are reviewed at least annually and should normally be increased by either the corporate rate of inflation (2%)¹, statutory increases, or actual increases in the costs of providing a service. Increasingly, linked to the council's approach to securing value for money in the provision of services, services are benchmarking non-statutory fees and charges with other providers and councils to ensure that charges are comparable and competitive within the local context, and can maximise income to protect essential services wherever feasible.
- 3.18 Wherever possible, non-statutory increases above the standard rate of inflation and changes to concessions or subsidies are normally considered by the relevant service committee in advance of budget proposals. Increases in fees and charges above the standard inflation rate are included within the ISFPs at Appendix 6.

Reserves and One-off Funding

- 3.19 The working balance is planned to be maintained at £9m over the period of the Medium Term Financial Strategy. The review of reserves and the working balance is included at Appendix 3 and indicates where reserves are recommended for release to support the budget. The working balance is recommended to continue at a minimum of £9m to meet general risks applicable to a unitary authority. However, the proposed change to managing financial risk set out in the July budget report provides a financial risk safety net of £1.5m to replace recurrent risk provisions and this will therefore increase the working balance to £10.5m in 2018/19. There are no unallocated general reserves as these were either included as part of the budget for 2017/18, or allocated in the Targeted Budget Management (TBM) Month 2 budget monitoring report.
- 3.20 The following table shows the projected general reserves position and one-off resources assuming spending is in line with the latest projections for 2017/18 shown in the TBM month 9 report. The table includes the release of specific reserves and other one-off resources to support the 2018/19 budget with allocations identified in paragraph 3.21

¹ See paragraph 4.9 for an explanation of the corporate rate of inflation

Table 3: Unallocated General Reserves & one-off resources	£m
Revenue Budget position 2017/18:	
Forecast overspend on services at Month 9 (TBM)	-0.428
Available 2017/18 Risk Provisions	+1.384
Projected Net Resources available at year-end 2017/18	+0.956
In-year Collection Fund² position 2017/18:	
Brought forward 2016/17 additional council tax collection fund surplus	+0.882
Brought forward 2016/17 additional business rate collection fund deficit	-0.052
Estimated 2017/18 council tax collection fund surplus (Month 9)	+1.209
Estimated business rates retention collection fund 2017/18 deficit (Month 9) after allowing for related Section 31 compensation grants and a reduced Tariff payment	-0.412
Release of Reserves (see appendix 3)	+0.249
Total Available One-Off Resources	+2.832
Proposed Allocation of One-Off Resources 2018/19:	
Creation of new one-off financial risk safety net for 2018/19	-1.500
Welfare Reform support in 2018/19 (replacement reserve)	-0.400
Delay of Public Health substance misuse savings until 2019/20	-0.350
Earmarked resources for cost of 2019 local elections	-0.270
Allocation to support rough sleeping initiatives	-0.165
Potential planning appeals costs (Ovingdean)	-0.150
One-off funding to smooth the impact of teachers' pay increases	-0.100
East Sussex Credit Union Loan (switch from capital to revenue)	-0.100
Year 2 of Poverty Proofing the School Day	-0.075
Additional one-off costs in CityClean due to the timing of bank holidays	-0.065
Balance (Deficit)	-0.343
Anticipated further improvement in the TBM position by year-end	+0.343
Net resources (Balanced)	0

3.21 The table above includes the following one-off resource allocations:

² Collection Funds are separate accounts where taxation received from the Council Tax and Business Rates are allocated and compared to the expected tax yield for the year.

- **Creation of a new one-off Financial Risk Safety Net for 2018/19:**

This is detailed in paragraph 3.19 above. The risk provision in 2018/19 is being converted from a recurrent (budget) provision to a one-off risk provision to be added to the working balance.
- **Welfare Reform Support in 2018/19 (replacement reserve):**

This allocation provides an important resource for continuation of a range advisory and signposting services as well as hardship and other discretionary social fund support as the council continues to assist vulnerable families and households through the implementation of national Welfare Reforms, particularly those impacted by the benefit cap.
- **Delay of Public Health Substance Misuse Savings until 2019/20:**

The Public Health Grant reduced significantly last year and will reduce by a further 2.6% in 2018/19. Many of the preventative and support services provided from this grant relate to commissioned and contracted services. Potential savings on a major area of spend, Substance Misuse, cannot be realised until the contract is due for review in 2019/20. This provides temporary funding cover during 2018/19.
- **Earmarked Resources for the cost of 2019 Local Elections:**

Council elections are due in May 2019 but the majority of the cost of preparation will fall in late 2018/19. The council's policy is to fund elections at the time they occur from one-off resources rather than create recurrent budget provision.
- **Allocation to support Rough Sleeping Initiatives:**

Homelessness is growing across the country and the evidence of increasing incidence locally is clear. Alongside other ongoing initiatives, this funding will provide resources to ensure enhanced support during the winter months including extended night shelter support.
- **Potential Planning Appeals Costs (Ovingdean)**

A public inquiry into a planning decision relating to a site in Ovingdean is due to commence in April 2018. The council's costs relating to this inquiry are not yet known but resources have been identified to cover these one-off costs. The costs relate to providing witnesses and a barrister to support the decision of Planning Committee and the potential award of costs against the council for the appellant's barrister and witnesses.

One-off funding to smooth the Impact of Teachers Pay Increases:

Please see paragraph 8.3 for details.
- **East Sussex Credit Union Loan (switch from capital to revenue):**

The draft budget report (to 30 November 2017 Policy, Resources & Growth Committee) highlighted proposed capital investment of £0.100m to support the work of the Credit Union and enable them to offer products and support to people having difficulty switching to Universal Credit. Further investigation indicates that this will need to be by way of revenue grant funding rather than via loan capital. This allocation represents the switch from capital to revenue.
- **Year 2 of Poverty Proofing the School Day:**

Resources of £0.150m over 2 years were approved by members in November 2016 to ensure that all schools were supported to develop action plans, tailored to

each school, to address any stigmatising policies or practices. This one-off resource provides for the second year of the initiative.

- **Additional one-off costs in CityClean due to the timing of Bank Holidays:**

In some years Easter falls early and creates additional bank holidays within one financial year. This resource ensures CityClean has sufficient budget to manage the cost of Resident Satisfaction Guarantee payments (bank holiday collections) when this occurs. A corresponding reduction in budget occurs the following year.

- **Anticipated further Improvement in the TBM position by Year-end:**

In order to achieve a balanced one-off resource position the council's revenue outturn position (TBM) will need to improve by a further £0.343m by year-end; it is currently forecast to be £0.428m overspent which is taken into account in the table above. Evidence from at least the last 3 years indicates that this is achievable (last year the improvement between TBM month 9 and year-end was £0.812m). It is therefore proposed to allocate this assumed improvement in resources in the budget rather than end the year with an underspend and then allocate this in an unplanned way.

4. BUDGET ESTIMATES

Latest position in 2017/18

- 4.1 The Month 9 Targeted Budget Management (TBM) report elsewhere on the agenda shows a projected overspend of £0.428m of which £0.233m is the estimated share of the projected overspend of NHS controlled s75 partnership services. After allowing for risk provisions, there is a net underspend of £0.956m on the council's overall position as shown in Table 3 above. This is a significant improvement since the month 7 position was presented to Policy, Resources & Growth Committee. This is mainly driven by significant improvements to forecasts within the Economy, Environment and Culture directorate and across corporately-held budgets.

2018/19 Adjusted Base Budget

- 4.2 It should be noted that internal transfers and other adjustments can result in changes to the starting position for the 2018/19 base budget. Internal Transfers relate to changes in responsibility between services and/or corporately-held budgets. For 2018/19 the main transfers relate to the realignment of insurance budgets.

2018/19 Budget Estimates

Analysis of Budget Changes between 2017/18 and 2018/19

- 4.3 The table below shows how the budget has changed since 2017/18. The table shows that resources will be £5.235m or 2.57% higher than in 2017/18. The council is experiencing significantly increased costs, particularly in Adults and Children's Social Care of nearly £10m over and above normal pay and inflation increases.
- 4.4 The council's Revenue Support Grant has reduced by a further £7.5m in 2018/19 on top of the £42m reductions over the last 3 years. The proposed Council Tax increase and changes in the Council Tax taxbase alongside increased income from retained Business Rates provides an additional £12.7m, giving a net increase in resources of £5.2m. The net increase in funding of Adults and Children's Services is £6.6m.

Table 4: Analysis of budget changes	£m
Revised 2017/18 base budget	203.589
Pay and Inflation	4.688
Commitments & Reinvestment (net position)	0.034
Demographic and cost service pressures in Adult Social Care and Adults Learning Disabilities (partially funded by the ASC precept)	6.152
Demographic and cost service pressures in Children's Social Care	3.116
Demographic and cost service pressures for all other services	2.566
Funding pressures from reductions in unringfenced grants	1.050
Savings package 2018/19	(12.371)
Proposed Base Budget 2018/19	208.824

4.5 Appendix 1 shows a detailed breakdown of the proposed budgets and budget changes for each service.

Changes from the Draft Budget Proposals

4.6 The draft budget proposals were submitted to the 30 November 2017 meeting of the Policy, Resources & Growth Committee. At that time a remaining budget gap of £1.262m for 2018/19 was reported. The proposals submitted in this report update the draft budget for revised budget projections, assumptions and inflationary estimates and for changes in resources arising from a final review of the taxbases (for the January committee reports) and from the provisional Local Government Finance Settlement, in particular, the option this provided to increase Council Tax by a further 1% without a referendum.

4.7 This report also reflects changes to savings proposals within the ISFPs (Appendix 6) and identifies new or additional investments in priorities following ongoing consultation and engagement in respect of all aspects of the draft budget proposals. In summary, the main changes are:

- Increased Service pressures within Adults and Children's Services, community safety and community grants of £0.536m;
- Net increases in expenditure projections of £0.412m including the additional impact of the proposed 2-year national pay award;
- Increased savings proposals of £0.578m;
- Increased resources from the taxbases of £0.792m;
- Increased resources from a proposed additional 1% council Tax increase of £1.300m;
- Investment in new priorities emerging through consultation and engagement on the draft budget proposals of £0.460m as set out in paragraph 4.8 below.

New Priorities for Investment

4.8 Through ongoing conversations, consultation and engagement and following publication of the draft budget proposals, a number of priority areas for investment have emerged and it is proposed to commit resources to support these investments

subject to approval of proposed taxation increases. The priorities for investment are shown in the table below.

Table 5: New Priorities for Investment	£m
<p>Short breaks and day support for young people with learning disabilities: Additional out-of-school respite provision for disabled children and young people delivered through the 3 new SEND³ integrated hubs providing support in the early evenings and as appropriate at weekends. The details will be determined in consultation with PaCC (the Parents and Carers Group).</p>	0.090
<p>Independent visitors for Children in Care: The Independent Visitor service co-ordinates a team of 54 volunteers who visit, befriend and advise children who are in care or who are care leavers. The volunteers will normally visit twice a month and they in turn receive support from 2 part-time coordinators. There are currently 16 children who have expressed a wish for a visitor but have not yet been allocated one. This investment will ensure that up to 20 additional visitors will be trained and allocated to support young people.</p>	0.020
<p>Additional mental & emotional support for Young People: The School Wellbeing Service (previously the Community CAMHS Team) are working successfully across the secondary school sector to support schools to better meet the needs of young people with emotional wellbeing and mental health needs. This has already led to a reduction in referrals to the service. It is proposed to work with the Further Education sector in the city to extend this work to the 16-19 age group.</p>	0.070
<p>Neighbourhood Youth Work: It is proposed to provide increased investment in the community and voluntary sector to deliver youth work. This is likely to be delivered through the organisations commissioned by the council in October 2017. The recently established Cross Party Youth Group, which includes young people, will be asked to develop proposals for how this investment should be allocated to improve outcomes for young people across the city.</p>	0.090
<p>Skills & employment support for Young People with SEND: The council's Youth Employability Service (YES) has been highly successful in ensuring that young people who leave secondary school access education, employment and training and levels of NEET (Not in Education, Employment or Training) are one of the lowest in the country. However, for young people with additional needs, in particular those with special educational needs or a disability and young people who are in care, the percentage who are NEET is higher and some young people who transition successfully are unable to sustain their training or employment. Consultation will be undertaken with the community & voluntary sector regarding the potential for YES to target this group of young people in order to increase the percentage who are able to access sustainable employment.</p>	0.090
<p>Youth Bus: Following the recent re-design of the internal youth service the current youth bus is now under-used. There have been discussions with CVS providers and they have expressed interest in making greater use of the bus to deliver their</p>	0.010

³ SEND: Children with Special Educational Needs and Disabilities

neighbourhood youth services. It is proposed therefore that a small contract be offered to run the bus. This investment would support the administration and maintenance of the Youth Bus.	
<p>Support for Unaccompanied Asylum Seekers:</p> <p>In the last 2 years Brighton and Hove has experienced a significant increase in the number of unaccompanied asylum seeking young people living in the city. Many of these young people will have experienced very significant trauma and most experience high levels of anxiety as they come to settle in an unfamiliar place. Early support to address their emotional needs, links to community activities and for some interventions to address their trauma helps them to better settle down in the city, thrive and become active members of their community. This will provide for the development of support programmes to meet their needs.</p>	0.050
<p>Substance Misuse:</p> <p>Following improved integration of support from Families Children & Learning and Public Health through a single adolescent strategy to meet the needs of young people, this investment will support young people who are already struggling with substance misuse or who are at risk of this.</p>	0.040
Total	0.460

Pay and general inflation assumptions

- 4.9 Council services often experience different cost increases (inflation) than national inflation measures such as RPI. This is particularly relevant for third party contracts for social care where increasing standards, the living wage, and greater regulation are driving up costs. However, there are also many other areas of expenditure where inflation is higher than consumer inflation. These costs, and the costs of pay awards, account for the majority of the inflation provision included within the budget. The council averages out these cost increases and applies a standard 'corporate rate of inflation' to most budgets.
- 4.10 Fees and charges income is assumed to increase in line with the standard corporate rate otherwise income would not keep pace with costs and there would be a growing gap in resources over time. The use of a standard rate for both costs and income therefore avoids creating greater budget gaps. In considering whether increases to existing fees and charges can provide increased resources, the standard corporate rate of inflation must therefore be met first before assuming any contribution to savings.
- 4.11 The provision for inflation averages out at approximately 2% and this is the 'corporate rate of inflation' applied to budgets in 2018/19. Fees and charges are also assumed to increase by this rate with the exception of parking Penalty Charge Notices and Local Housing Allowance (LHA) which are fixed by statute. Increases in costs above the applied corporate rate of inflation are expected to be managed within service budgets unless the increase is significant and specifically identified as a service pressure. An exception to this is the recent 2-year national pay award proposal which will see higher percentage increases applied to lower pay grades. Not recognising this impact would adversely impact on services where a large proportion of staff are on lower grades as outlined below.
- 4.12 The National Employers for local government (LGE) recently announced a 2 year pay offer for those employees on National Joint Committee (NJC) pay conditions;

this excludes senior officers pay, teachers pay and those on Soulbury grades. The core increase is 2% per year but with additional increases for scale points up to point 19 in 2018/19 and a further 'bottom loaded' increase in 2019/20 whilst introducing a new range of scale points. The pay offer has not yet been agreed however the General Fund pay costs for 2018/19 have now been based on this offer and a 2% increase for non- NJC pay scales. The core 2% increase has been included with the standard inflation provision and was anticipated in the draft budget projections, however, the higher pay awards for lower scale points will result in an additional cost of £0.461m to the General Fund in 2018/19 and this has now been included as a commitment. Similarly, the Medium Term Financial Strategy had assumed a 1% pay increase in 2019/20 and therefore the pay offer will have a more significant impact on the 2019/20 projections which have now been updated.

- 4.13 The East Sussex Pension Fund carried out its latest triennial review in 2016 which has determined the employer's contribution rates from 2017/18 to 2019/20. The contribution rates have been presented on a different basis to previous valuations based on a percentage salary on-cost of 17.1% and a lump sum element to cover historic liabilities. For 2018/19 the on-cost rate of 17.1% remains the same but there is a step increase in the lump sum element. For the general fund this is an increase of £0.549m and is included within commitments.

Risk Provisions included in the 2018/19 budget

- 4.14 In 2018/19 the budget will not include recurrent risk provisions, instead the council's working balance of £9m will be supplemented by a one-off £1.5m financial risk safety net. This reflects the changing financial landscape and structure of the council's budget, in particular the improving council tax base, income from fees and charges, and additional funding through the Improved Better Care Fund and Adult Social Care precepts. This is in line with the recommendations of the Chief Finance Officer as set out in Section 12 of this report and as proposed in the draft budget report to the November 2017 Policy, Resources & Growth Committee.

Commitments and Reinvestment

- 4.15 A summary of the main commitments and reinvestment in services in addition to the one-off allocations from reserves is shown below:

Table 6: Commitments and Reinvestment	Amount (£m)
Reduction in New Homes Bonus	1.628
One-off allocations held within the budget included in Table 3	1.445
Actuarial increase in the employer's pension contributions	0.549
Increased national pay award cost above 2% (on lower scale points)	0.461
New priorities for Investment	0.460
Increase in the Financing Costs budget	0.220
Reinvestment of Royal Pavilion & Museums savings back into the service (as approved by Policy, Resources & Growth Committee)	0.120
Increase in Section 31 grant funding to compensate for government changes to Business Rates	(1.451)
Removal (i.e. saving) of the recurrent risk provision	(1.500)
Net increase in Improved Better Care Funding after allowing for the removal of the one-off Adult Social Care Support Grant 2017/18	(1.954)

Investing in Services: Funding for Demand, Cost & Income Pressures

- 4.16 The proposed savings in this budget have been identified and developed to enable substantial re-investment into service areas where there are predicted increases in demands for services or known cost increases.
- 4.17 The table below sets out the proposed service pressure re-investments based on predicted demand and costs and take into account the underlying pressures experienced in the current financial year up to month 9, in particular for Adults and Children's social care. The total cost, income and demand pressures above standard inflation are now estimated to be £12.884m as follows:

Service Area	£m	Comment
Children's Social Care	3.116	To support increasing demand and costs of Children in Care placements
Adults with Learning Disabilities	2.512	To support increased costs in community care and provision for sleep-in costs
Adult Social Care (Demand)	2.713	Provision for changes in demand for physical, memory & cognition, and mental Health services. Other pressures including reductions in income, and significantly increased demand for the Community Equipment Service.
Adult Social Care (Costs)	0.927	Increased costs due to the impact of Living Wage increases on contracted services.
Reductions in unringfenced grants	1.050	Principally, protection of education services against the loss of Education Services Grant (£0.863m) transitional funding.
Public Health	0.651	Reduction in ringfenced grant and impact of one-off savings in 2017/18.
Business Rates (on council-owned properties)	0.347	Recognition of increased business rates costs from revaluations and loss of transitional relief for council-owned car parks and corporate landlord buildings.
Community Grants (Third Sector Investment)	0.288	To provide sustainable, permanent budget provision for the sector in lieu of the one-off 2017/18 allocations agreed by Budget Council in Feb 2017 and PR&G Committee in July 2017.
Commercial rents	0.200	Recognition of underlying pressures on rental incomes as lease reviews and renewals have not kept up with inflation.
Bereavement Services	0.200	Reduction in income from cremation and burial fees (reflecting reducing death rates).
Children's Centre Services	0.170	Provision against increased pressure across Children's Centre Services, including increased entitlements.

Community Safety	0.156	Specialist support to tackle growing criminal exploitation of young people (County Lines) and provide resources to co-ordinate multi-agency activity.
Waste disposal (PFI)	0.125	Increased costs of the contract from higher waste tonnages (due to increasing properties and population).
Communal Refuse Collection	0.120	Full-year effect of previously approved additional posts to support meeting collection targets and service standards.
Support Costs (HR and Legal Services)	0.116	Increased demand for services including supporting new governance arrangements, alternative models of service delivery, and health and social care integration as well as ongoing maintenance costs of the iCase Information system
Cemeteries Maintenance	0.100	Provision of permanent funding to meet service requirements and ensure sustainable maintenance of grounds.
Trade Union Facilities time	0.050	Pressure recognising increased support for new delivery models (e.g. Orbis, Royal Pavilion & Museums Trust, Learning Disability changes, etc.), impact of modernisation, and generally increased level of organisational change and restructuring.
Members allowances	0.043	The recommendation of the Independent Remuneration Panel (IRP), supported by this committee and full Council, means that the 2017/18 savings target to reduce the cost of allowances cannot be met.
Total Service Pressures	12.884	

Note: The Housing Revenue Account (HRA) budget on this agenda includes a proposal to make a contribution of £0.170m from the HRA to Children's Centre Services. If this is approved, this will increase the resources available to the General Fund and all groups would be able to bring proposals for the application of this additional resource to Budget Council.

5. BUDGET, INVESTMENT & EFFICIENCY STRATEGY

- 5.1 The council is in the second year of its current 4-year plan which will see savings of over £40m being achieved by the end of 2017/18. The remaining 2 years (2018/19 and 2019/20) will continue to be challenging as demands and costs across social care escalate in common with the national picture. Although estimated additional recurrent funding of £7.089m is available through the Improved Better Care Fund and the Adult Social Care precept, these are negated by the reduction in the Revenue Support Grant of £7.474m. One-off Improved Better Care resources have also been provided to help local authorities move toward greater integration with Health and to manage the pressures on hospital discharge.

- 5.2 Taking all funding sources, inflationary cost pressures and demand projections into account, a 2-year budget gap of £22.971m is predicted across 2018/19 and 2019/20 requiring savings at this level to legally balance the budget and provide for re-investment in services. Specifically, the 2018/19 budget to be approved by Council in February is estimated to require savings of £12.371m to achieve balance.
- 5.3 Over £80m savings have been delivered over the last 4 years to balance the budget. Identifying further savings opportunities becomes increasingly challenging while also avoiding adverse impacts on services that many vulnerable residents rely on for support. Pressures on social care are growing nationally and locally but the council must also find the money to continue to provide good quality public services such as refuse collection and recycling and continue to support the city's important community & voluntary sector.
- 5.4 The development of the draft budget has focused on 3 guiding principles that support the council's priorities. As far as possible, the proposed Budget, Investment & Efficiency Strategy seeks to:
- ❖ **Get basic services right and invest in making the city an enjoyable place to live and work;**
 - ❖ **Protect provision for vulnerable people as the city's population grows and the cost of care rises;**
 - ❖ **Support and invest in economic growth and regeneration that benefits everyone.**
- 5.5 To achieve this, the Local Authority will make every effort to continue to reduce costs and make economies in order to protect vital services. Similarly, fees and charges will be set at levels that are reasonable but which will also enable the council to fund vital services that support vulnerable people, contribute to the visitor and business economies and ensure the city and its environment are safe and well run. There are difficult choices to be made and the budget will necessarily contain some risk and avoid over-prudence in order to protect critical service areas that, if reduced, would lead to potential harm and/or higher long term costs.
- 5.6 The proposed 2018/19 budget will provide investment in:

GETTING BASIC SERVICES RIGHT:
To support delivery of the proposals the council has adopted a number of approaches that will help it to keep costs down while investing in the provision of modern, efficient and accessible services that promote neighbourhoods and regeneration as follows:
<ul style="list-style-type: none"> ● Modernisation Programme: The council is investing in the modernisation of its services and is exploring different models of service delivery to improve efficiency, value for money, and outcomes for residents. Areas where modernisation is helping to reduce or contain costs or improve services include: <ul style="list-style-type: none"> ○ Communities and Neighbourhood programmes: These programmes put communities at the heart of service delivery, make effective use of local resources and support the delivery of savings. The communities and neighbourhood programmes are part of a joined-up approach to improving resident and customer experience of council services, including more digital access, more co-ordinated responses to residents' issues and more

community collaboration to develop solutions and resources.
<ul style="list-style-type: none"> ○ The Digital First investment programme which is a £5.300m scheme aimed at improving the council's on-line services and accessibility across a wide range of services used by large numbers of residents, visitors, businesses and service users;
<ul style="list-style-type: none"> ○ The Orbis Shared Service Partnership with East Sussex and Surrey County Councils which is bringing together support functions such as Finance, Human Resources, IT & Digital Services, Property, Procurement and Audit to create economies of scale and provide added resilience and sustainability as cost reductions are made;
<ul style="list-style-type: none"> ○ New delivery models for some of our services, for example, the Royal Pavilion & Museums charitable trust, roll-out of the Libraries Extra service model and continuing to explore options for future management of our parks and open spaces.
<ul style="list-style-type: none"> ○ Modernisation through the 4-Year Integrated Service & Financial Plans and other initiatives such as those above requires substantial one-off funding of £25m over the 4 year period to achieve delivery within a reasonable timeframe. The details of the capital funding and the associated use of the government's capital flexibilities are set out in the Capital Programme section below (see paragraph 6.13).
<ul style="list-style-type: none"> ● Self-financing: For many services that the council provides, fees and charges can be reasonably levied on the users of those services. Some charges are set by statute or are prescribed but many are subject to local decision. The council keeps its fees and charges under regular review and where appropriate will look to move services toward a self-financing model, particularly where they are discretionary. This will also include benchmarking fees and charges to ensure they are reasonable and are recovering costs and contributing to overheads.
<ul style="list-style-type: none"> ● Income Generation: The council is also exploring innovative business opportunities for generating income such as developing new commercial services.
<ul style="list-style-type: none"> ● Procurement and Contract Management: The council will invest additional one-off resources of £1.200m over 3 years to drive value in the £300m+ spent on services provided by third party suppliers and providers by improving its management of contracts and contractors and seeking economies through re-procurement of goods and services. Minimum cashable savings of £0.500m are projected in 2018/19 and 2019/20 but it should be noted that the work undertaken will also result in cost avoidance.
<ul style="list-style-type: none"> ● Management Spans & Accountability (MSA): The council recognises that effective management of services is critical to ensure that they are well-run, have good operational plans and can plan ahead for changes and improvements. Managers ensure that services manage within budget, are organised to meet performance targets and standards, and continue to seek improved value for money and customer satisfaction. The council has used its MSA programme to test its management levels and ensure that its management resource is reasonable, with sensible spans of control⁴ and the minimum safe number of management layers. All service improvements and redesigns, including those

⁴ Span of Control refers to the number of employees reporting directly to each manager.

within the Orbis Partnership, continue to consider management and administrative costs and there are further savings proposed in 2018/19 which will see the deletion of approximately 22 full time equivalent management grade posts saving approximately £1.5m.

PROTECTING PROVISION FOR VULNERABLE PEOPLE:

- **Service Pressures across social care:** The proposed budget will provide substantial ‘Service Pressure’ funding to protect services for vulnerable people so that they can meet the increasingly complex needs of a growing demographic and support the health and social care system as follows:
 - £3.640m for Adult Social Care services;
 - £2.512m for Adult Learning Disability services;
 - £3.116m for Children’s Social Care placements.

- **Protecting Services:** The proposed budget will provide funding and support for many services enabling them to be protected on a sustainable basis, including:
 - Children’s Centres
 - Early Years Nurseries
 - Support for Care Leavers
 - Youth Services
 - Support for Carers
 - Community & Voluntary Sector services through protection of the Third Sector Investment Programme
 - Library buildings and services
 - Supported Bus and School Routes

- **Welfare Support and Advice:** It is proposed to provide further support for vulnerable people and families on low incomes by:
 - Continuing to provide discretionary funds to help those suffering temporary hardships;
 - Providing Council Tax discounts for Care Leavers;
 - Providing substantial resources of £0.400m to support around 600 families expected to be affected by Welfare Reforms including help to move to sustainable tenancies, provision of benefit advice and support services, and a Local Discretionary Social Fund;
 - Continuing to support the Community Banking Partnership and the local East Sussex Credit Union to provide accessible banking services and money advice, particularly in relation to Universal Credit roll-out;
 - Funding the holding of the Council Tax Reduction Scheme minimum contribution rate at the current level for working age people and providing discretionary funds for those in temporary hardship.

- **Continue to focus on tackling homelessness:**

- A night shelter has been put in place for this Winter, and £0.165m one-off funding will be provided to support Rough Sleeping initiatives next year and again in 2019/20;
- Preventive homelessness initiatives are being mainstreamed through the application of the successful £1.300m bid for Trailblazer funding;
- Preparing for the requirements of the Homeless Reduction Act;

<ul style="list-style-type: none"> ○ Providing new council-owned temporary accommodation facilities.
<ul style="list-style-type: none"> ● Health & Social Care Integration: The council will continue to engage fully with the Brighton & Hove Caring Together initiative including developing integrated commissioning with the Brighton & Hove Clinical Commissioning Group (CCG), working jointly on delivery of the Better Care Programme to minimise hospital discharge delays, and understanding the implications of the Sustainability & Transformation Partnership plans for the area.
<ul style="list-style-type: none"> ● Social Care costs: The council will be investing in improvements to its commissioning, brokerage and risk management of children and adults social care placements. This is to ensure that the services are effectively managing the costs of social care and are doing everything possible to make sure that they are paying appropriate prices for care whilst delivering high quality services and that there are robust systems in place for ensuring appropriate scrutiny and review of care placements at appropriate intervals. This is anticipated to generate cost avoidance savings of approximately £1m in 2019/20 once these improvements have been tested and embedded in the service. A significant invest-to-save opportunity will also be explored for the creation of council accommodation to support independent living for individuals with learning disabilities, thereby replacing more expensive care placements.
<ul style="list-style-type: none"> ● Public Health: Reductions in the Public Health grant will be managed by recommissioning and redesigning contracted services to achieve positive preventive outcomes.
<ul style="list-style-type: none"> ● Community Safety: Specialist support to tackle criminal exploitation of young people will be provided through £0.156m investment in a co-ordinated multi-agency approach. Professionals across the city are becoming increasingly concerned about young people being drawn into criminal exploitation and in particular drug related 'County Lines' co-ordinated by largely London based gangs. A wider adolescent and exploitation strategy is being developed to address this including appointment of a specialist co-ordinator for this area of work who would train other peers locally and provide training and support for schools. An internal post will also provide co-ordination across council services and provide links to modern slavery initiatives and be a key point of contact with neighbourhood services.
<p>SUPPORT AND INVEST IN ECONOMIC GROWTH AND REGENERATION:</p>
<ul style="list-style-type: none"> ● Regeneration Programme: This is aimed at growing the economy through the Greater Brighton Economic Partnership and long term capital investment opportunities through major regeneration programmes which will renew and strengthen the infrastructure of the city. There are various strands to the programme including: <ul style="list-style-type: none"> ○ Drawing in private sector investment to create jobs and ensure that economic gains are fairly distributed; ○ Maintaining a resilient Planning Service to safeguard development and play an important role in the delivery of the regeneration projects; ○ Implementing and jointly financing with Hyde Housing the Housing Joint Venture to deliver 1,000 affordable homes; ○ Making the most of our city-wide commercial asset portfolio to generate long term revenues for the council to protect essential public services.

5.7 More details of capital investments to support the Regeneration Programme are set out in Section 6 below.

5.8 The budget strategy aims to support equalities and will be underpinned by equality impact assessments and meaningful engagement and consultation with people, partners and other stakeholders affected by changes to services.

6. CAPITAL INVESTMENT PROGRAMME

Capital Programme Resources

6.1 The revenue budget will be supported by substantial capital investment made possible by reducing the use of administrative buildings and releasing other land and property for major regeneration and housing projects. These have provided additional capital receipts that the council can apply to regeneration and priority capital investments but can also be applied to revenue costs, using the government's capital flexibility rules, provided these costs support achievement of ongoing efficiencies, revenue savings or cost avoidance.

6.2 Overall, the capital investment programme is funded through a combination of government grants, borrowing, capital receipts and reserves, external contributions and revenue contributions. Full details of capital resources are provided in Appendix 7.

6.3 As normal, a 10-year capital programme has been developed and included in the Medium Term Financial Strategy. This attempts to show the projected resources and capital investment commitments over the longer term and demonstrates that a fully funded capital investment programme is possible with the estimated level of capital receipts, capital grants and other resources available, together with the use of prudential borrowing. The projected capital programme and resources for the next 10 years are included in the table in Appendix 8.

6.4 The capital investment programme includes a wide range of investment but can broadly be categorised as follows:

- **Major Capital Investment Programmes** (often supported by government grant)
- **Investment in Modernisation Programmes** (utilising allowable capital receipt flexibilities)
- **Other Investments in support of Council Priorities** (utilising other available receipts and resources)

Each of these investment areas are described below.

Major Capital Investment Programmes

6.5 **Pupil Places:** The council is facing demands for new pupil places in particular parts of the city, and previously the government's allocation of Education Basic Need funding was not keeping pace with these demands. The government announced 3-year allocations up to 2017/18 for new pupil Basic Need of £12.039m for 2015/16, £12.641m for 2016/17 and £11.445m for 2017/18. The government has announced Basic Need for 2018/19 and 2019/20 and the council will receive a nil funding allocation in both years. A detailed Education Capital Resources and Capital Investment Programme report will be presented to Policy, Resources & Growth Committee in March 2018.

Housing: The Housing Revenue Account (HRA) Capital Programme 2018/19 - 2020/21, also being presented to this Committee, includes investment proposals that aim to create a long-term sustainable asset base that best meets the needs of residents and the City as a whole. The HRA capital strategy focuses on meeting council priorities through building new homes and improving the quality, safety and sustainability of the existing housing stock. The HRA capital strategy aims to ensure that investments reach beyond the housing service and contribute to regeneration, tackling inequality, creating training and employment opportunities and improving sustainability.

The Council has entered into a Living Wage Joint Venture with Hyde Housing to deliver up to 1,000 new lower cost rental and sale homes. The business plan includes up to £120m investment with the council providing half (£60m) of that funding through borrowing and capital receipts with no net cost to the council and all net costs being met through the Joint Venture business plan.

6.6 **Sustainable Transport:** The council secures capital funding for transport schemes through the government's Local Transport Plan (LTP) process. The LTP provides support for the council's strategic transport objectives and the city's Sustainable Community Strategy. LTP funding has been announced for 2018/19 at £5.169m with indicative allocations for the following 2 years of £5.169m per annum. A Local Highways Maintenance Challenge Fund is also available for local authorities to bid against for major maintenance projects and the council has been successful in obtaining £8.915m funding for the West Street Shelter Hall structure. In addition, a further £7m is proposed to be allocated to support the Shelter Hall project through a combination of borrowing, unallocated capital receipts and an allocation from LTP funding. The Street Lighting Invest- to-Save project has also been included within the Capital Investment Programme and includes £6.5 m of investment over the next 2 years from a combination of borrowing and LTP contributions. A detailed Local Transport Plan report will be presented to Policy, Resources & Growth Committee in March 2018.

6.7 **Royal Pavilion and Stanmer Estates:** The council has developed ways of providing major capital investment in the city by working with partners, for example, the Heritage Lottery Fund (HLF), Arts Council England (ACE) and the Coast to Capital Local Enterprise Partnership (C2C LEP). Recent bids include Arts Council, LEP funding and HLF funding totalling £12.922m towards the £20.697m phase 1 capital works for the Royal Pavilion Estates Regeneration project. Other resources for this project include external fundraising and match funding from the council and Brighton Dome & Festival Ltd. Further bids to HLF will be prepared and submitted for subsequent phases of the works including phase 2 which was reported to this committee in November 2017.

A development grant from the HLF of £3.790m (Parks for People grant) has also been awarded to develop detailed plans to support the Stanmer Estate Restoration Project proposals. It is proposed to supplement the funding of these schemes with available capital receipts as detailed in paragraph 6.12 below.

6.8 **Local Growth Fund:** In addition to the successful Royal Pavilion phase 1 bid, Local Growth Fund has been awarded from the Coast to Capital Local Enterprise Partnership (LEP) to support investment for Valley Gardens Phases 1 & 2 at £8.0m, Intelligent Transport System at £1.8m, Brighton & Hove Bike Share Scheme at £1.160m, Digital Catapult and immersive tech hub at New England House totalling £0.303m, Preston Barracks Central Research Laboratory at £7.7m and the Circus

Street Development at £2.7m. There are also in-principle awards of £6m for Valley Gardens phase 3 and £12m towards the Brighton Waterfront development.

- 6.9 **Strategic Funds:** The council sets aside resources for a number of strategic funds that enable it to underpin other strategies including regeneration schemes, Asset Management Plans and its ICT Strategy and Infrastructure. The planned allocations to strategic funds are as follows:

Strategic Investment Fund (SIF) - it is proposed to allocate £0.250m to the Strategic Investment Fund each year. The council has ongoing commitments to major projects that require financial support to enable and expedite their progression. This support takes the form of legal fees and specialist advisors for finance, design, architectural, transport, engineering and other external specialists.

IT&D Fund - it is proposed to allocate £0.500m resources per annum to the Information Technology & Digital (IT&D) Fund to finance the cost of improvements in ICT infrastructure necessary to support basic services and ensure that investments in Digital First, enhanced security (GDPR) and modernisation (e.g. the Orbis Partnership) are not undermined by underinvestment in hardware, networks, voice and data technology and data centre capability.

Asset Management Fund (AMF) - it is proposed to allocate £1.0m resources per annum to the Asset Management Fund. The AMF includes expenditure on a range of properties covering, fire safety, health & safety, Equalities Act 2010 responsibilities and general improvements. The AMF will also support contribution towards future Workstyles projects.

Allocations from the IT&D fund and AMF will be subject to further reports to this committee as normal.

Investment in Modernisation Programmes

- 6.10 The implementation of the 4 year Integrated Service & Financial Plans and Modernisation Programme requires significant investment and therefore capital receipts have been earmarked to support implementation within reasonable timeframes over the period. This makes use of the government's capital flexibilities provided as part of the 4-year settlement offer and subsequent 3 year extension (to March 2022) announced as part of the provisional local government settlement. This flexibility enables capital funding to be used to provide resources to support efficiency savings and cost avoidance initiatives. In summary, resources of £25m are anticipated to be required over the period as follows:

- **4-Year Integrated Service & Financial Plans (ISFPs):** it was anticipated that £7.8m would be required to support implementation of specific service changes, recommissioning and redesigns (including Orbis) identified in the ISFPs. For 2018/19 investment requirements are estimated to be £3.2m. This resource is held in a reserve and only released through approval of business cases by the Corporate Modernisation Delivery Board. Examples of invest-to-save schemes that support income generation, maximising economies, or improving services and that cut across a wide variety of council services include:
 - Extending Adult Social Care mobile working;
 - Increased procurement and contract management expertise;
 - Improving IT and customer services across Life Event services;
 - Remote working and improved customer services for Planning services;

- Information and signposting resources for Adult Social Care;
- Aligning the Orbis Partnership IT infrastructure;
- Investment in commercial opportunities in CityClean.
- **Digital First:** Originally, £6m was identified to support this important investment to improve the council’s web presence and the accessibility and efficiency of on-line services. This was reduced to £5.3m by Budget Council in February 2017 with £0.7m being transferred to supplement a priority business case for increased Procurement & Contract Management resources and expertise (see below).
- **Modernisation Resources:** effective implementation requires good project management support and the co-ordination, tracking and planning of a wide range of activities from legal support to consultation and engagement activities. Business Process review and analysis skills are also required as well as augmentation of the council’s Procurement and Contract Management team to help drive out savings. As noted above, £0.7m was diverted from the Digital First Programme to support the latter, bringing investment in Procurement & Contract Management up to £1.2m over the 4 years. Overall, it is anticipated that £5.9m will be required over the 4-year period to support modernisation.
- **Managing staffing changes:** managing changes in the level of staffing is integral to the delivery of the service and financial plans over the 4 year period. This is being managed through a mixture of normal turnover, redeployments and voluntary severance. The estimated total resources required is £6.1m will need to be set aside in the Restructure & Redundancy reserve over the 4 year period to manage change and transfers.

With the exception of Digital First which was approved separately, the above indicative allocations are updated from those agreed at Budget Council in February 2017.

Other Capital Investments in support of Council Priorities

6.11 The July Policy, Resources & Growth (PR&G) Committee identified additional available resources of £7.5m but there is also an expected additional receipt from the Preston Barracks development of a minimum of £3.7m which has been earmarked for potential regeneration schemes. In the meantime, modernisation funding commitments have been reviewed and the following allocations have been approved or are subject to approval elsewhere on this agenda:

Table 8: Updated Capital Approvals and Commitments	£m
Replacement of the Social Care IT System (October 2017 PR&G Committee)	2.500
Allocation to support implementation of the General Data Protection Regulations (GDPR) (November 2017 PR&G Committee)	0.644
Loan to Saltdean Lido (November 2017 PR&G Committee)	0.220
Allocation to Stanmer depot relocation (January 2018 PR&G Committee)	0.400
Support the increased costs of the Shelter Hall works (February 2018 PR&G Committee agenda – subject to approval)	1.000
IT&D Fund: reinstate the IT&D fund from 2018/19 instead of 2019/20 to support ongoing improvements as detailed in paragraph 6.9 above	0.500
Revised Modernisation Fund commitments	0.556
Total Updated Allocations	5.820

6.12 This leaves £5.380m available for allocation, including £3.700m to be earmarked for regeneration schemes, which it is proposed to allocate as follows:

Table 9: Other Capital Investments in Support of Council Priorities	
Getting the basics right:	
Parks Investment Fund: (£0.200m)	It is proposed to provide resources for park area improvements to support improved neighbourhoods and wellbeing.
Citywide Street Investment: (£0.750m):	Investment in street scene improvements including a further roll-out of the successful Big Belly Bins and provision for repairs and replacements e.g. broken bins, paving, etc. which will contribute to an improved look and feel to the city and support the visitor economy.
Hove Station Footbridge: (£0.500m)	This is a potential investment requirement that needs further exploration but the need for improvement of the footbridge is long overdue and may require support from council resources. The improvement would benefit the station area and the city.
Building security: (£0.200m)	The council has identified an immediate need to invest in improved building security which will reduce security costs in the longer term.
Social Enterprise (£0.030m)	A modest investment is proposed to support development of local social enterprises where priorities align with the council's. This will be through provision of a recycled loan facility including over £0.5m provided by partners.
Regeneration Investment in an Economy that Benefits All:	
Madeira Terraces (min. £1m)	An appropriate level of match-funding support to the Heritage Lottery Fund bid and crowd-funding initiative is proposed to support this important renovation that will benefit residents and the visitor economy.
Royal Pavilion Estate (phase 2) (min. £1m)	This capital project is dependent on various funding streams but a capital injection from the council is likely to be required and will support the current business case for the transfer of operations to a charitable trust.
Brighton Town Hall: (min. £1.5m)	This supports investment in an innovative scheme previously reported to the committee. The overall scheme cost may be between £8m to £10m. The proposed investment from capital receipts would reduce the borrowing requirement and make for a more robust and deliverable business case based on current projected rentals and revenues. However, the full business case is still subject to confirmation.
Economic development & regeneration project support: (£0.200m)	Additional project resources are proposed to support the high number of current and planned projects to ensure these can be implemented at pace for the benefit of the city economy.

Flexible Use of Capital Receipts to support Investment for ISFP's

- 6.13 As part of the December 2015 Spending Review, the Secretary of State for Communities and Local Government made an offer to councils to take up a 4-year funding settlement for the period 2016/17 to 2019/20. To accept this offer, an 'Efficiency Plan' was required to be prepared and published by 14 October 2016. The Policy, Resources & Growth committee approved the Efficiency Plan on the 13 October 2016.
- 6.14 The Efficiency Plan included the council's strategy to use the flexible use of capital receipts to support the investment in change and the expenditure detailed in paragraph 6.10. This, alongside the detailed savings proposals within the ISFP's at Appendix 6, is expected to meet the definition of qualifying expenditure and provide sufficient detail to demonstrate transparency and accountability.
- 6.15 The key criteria to use when deciding whether expenditure can be funded by the capital receipts flexibility is that it is forecast to generate ongoing savings to an authority's net service expenditure and that all the planned investment in change meets this criteria. The Capital Programme presented to this committee in February 2016 included committing surplus capital receipts from the Workstyles programme to support the investment in modernisation detailed above. Note that the government have extended the period of flexibility by a further 3 years to March 2022.

New Requirement for a Capital Strategy

- 6.16 Following the release of revised Treasury and Prudential Codes by CIPFA⁵ in December 2017, the council is required to produce an annual Capital Strategy. This document is intended to give a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future sustainability. This is to ensure that the overall strategy, governance procedures and risk appetite are transparent and fully understood by elected members.
- 6.17 CIPFA's Treasury & Capital Management Panel released a statement in December 2017 advising that authorities may implement their Capital Strategies in full for 2019/20 considering the lead in time that may be required. Additionally, the Department of Communities & Local Government has consulted with local authorities on proposed changes to the Investment Guidance and Minimum Revenue Provision (MRP) Guidance. The consultation has closed but the outcome of the consultation has not yet been shared with local authorities. Proposed changes to the guidance may have an impact on the content and presentation of the council's Capital Strategy. As a result, officers are expecting to present a full Capital Strategy alongside the 2019/20 Budget Report, with an interim 2018/19 strategy expected to be presented alongside the Treasury Management Mid-Year report in December 2018.

7. ANNUAL MINIMUM REVENUE PROVISION (MRP) STATEMENT AND PRUDENTIAL INDICATORS

- 7.1 The council is required by law to prepare an annual statement on the amount of debt that will be repaid in the following year. The statement for 2018/19 is set out in Appendix 9.

⁵ CIPFA Chartered Institute of Public Finance & Accountancy

- 7.2 The prudential capital finance system introduced in 2004 requires the council to set a number of indicators for affordability, prudence and sustainability. The recommended indicators are set out in Appendix 10. Members should note that the indicator for the authorised limit is a statutory limit required to be determined by full Council under section 3(1) of the Local Government Act 2003.

8. SCHOOLS FUNDING

School Balances

- 8.1 Schools with Licensed Deficit agreements continuing into 2017/18 total £1.021m. These schools currently show a projected overspend of £0.938m, an improvement of £0.083m. Schools requiring new licensed deficits in 2017/18 total £1.143m. These schools currently show a projected overspend of £1.093m, an improvement of £0.050m. Other schools are overspending by £0.108m. This makes a total of projected deficits of £2.139m.
- 8.2 Early indications are that the level of schools' surpluses will fall from £2.895m at 31/03/17 to £1.800m at 31/03/18. This projection would result in an overall overspend on schools of approximately £0.339m (£2.139m deficits less £1.800m surpluses) at 31/03/18, which would need to be covered from reserves in the short term.

Teachers' Pay and Non-Teaching Pay Award

- 8.3 It is proposed to allocate £0.100m of one-off funding in 2018/19 to smooth the introduction of a 2% pay increase for teachers on salary points M2-M5. This will be allocated to maintained schools based on the number of teachers on these scale points on the 1 September 2017.
- 8.4 The national employer's proposed pay award for non-teaching (NJC) staff (see paragraph 4.12 above) will have a significant impact on schools as the proposed award at lower scale points is significantly above the 2% inflation estimate assumed by the council. This will place additional pressure on schools, which have many non-teaching staff on lower scale points, with an estimated average cost of approximately 3.5% on the schools' pay bill.

Schools Budgets

- 8.5 The Department for Education (DfE) has introduced National Funding Formulae (NFF) for each of the schools, high needs and central school services areas in 2018/19. These formulae will be used to calculate the blocks within the Dedicated Schools Grant (DSG) that are allocated to local authorities and will sit alongside the Early Years national funding formula which was introduced in 2017/18. While it remains the Government's intention that a school's budget should be set on the basis of a single national formula, in 2018/19 and 2019/20, local authorities will continue to determine final funding allocations for schools through a local formula.
- 8.6 In 2018/19 and 2019/20, the national funding formula will set notional allocations for each school, which will be aggregated and used to calculate the total schools block received by each authority. The Government has confirmed that nationally there will be an additional £1.3 billion for schools and high needs across 2018/19 and 2019/20. This will mean that, in 2018/19, all local authorities will receive some increase over the amount they planned to spend on schools and high needs through the DSG in 2017/18. These increases are reflected in the allocations published by Government. At local level this equates to around a 1.1% increase in the Schools Block baseline in 2018/19, and a further 0.6% increase in 2019/20.

- 8.7 For 2018/19 the Schools Forum has agreed that the mainstream funding formula should continue to largely operate using the same approach applied in the current year. This means that the main factors and unit rates of funding used in the formula will be unchanged and that the additional funding being applied will be allocated through basic entitlement (primary and secondary age weighted pupil units). As in previous years, academies and free schools are included in the DSG allocation to ensure all schools, academies and free schools are funded on the same basis using the authority's funding formula. DfE then recoup the funding attributable to academies and free schools and pay this directly to the establishments. The 'looked after children' factor has been removed from the local funding formula in 2018/19 to avoid double funding. DfE is increasing the pupil premium plus funding rates for 2018/19 rather than including a looked after children factor in the national funding formula. The funding previously allocated to schools through this factor in the local formula in 2017/18 has been removed from the 2018/19 baseline for the purpose of the calculation of the minimum funding guarantee.
- 8.8 The proportion of funding being allocated through the deprivation and low attainment factors in the formula has reduced when compared to 2017/18. This is because the 2018/19 formula datasets have shown a reduction in both the number of pupils eligible for free school meals, and the number of pupils falling into the low attainment category. Deprivation funding has reduced from £11.39m in 2017/18 to £10.86m in 2018/19. This means that the total proportion of funding being allocated through the deprivation factor is 8.2% and is still above the 2017/18 national average of 7.7%. The total funding through the low attainment factor has also dropped, from £7.78m in 2017/18 to £7.51m in 2018/19. This equates to 5.7% of total funding being allocated through the low attainment factor, and is significantly above the 2017/18 national average of 4.3%.
- 8.9 The reduction in funding being allocated through these factors has resulted in an increased allocation through basic entitlement (age weighted pupil units). In overall terms the basic per pupil (AWPU) funding has increased by £76 from 2017/18 to 2018/19. This is as a result of additional funding applied at national level as well as a reduction in funding allocations locally through the deprivation and low attainment factors. Historically Brighton and Hove has been above average in terms of the funding allocated through these factors. The authority will maintain the existing unit values for deprivation and low attainment in 2018/19 so as to minimise turbulence. For 2019/20 these areas of allocation will be reviewed and consideration will be given to increasing the unit values of funding for deprivation and low attainment to move towards the NFF average. It should also be noted that the Minimum Funding Guarantee (MFG) mechanism may provide protection to schools that lose funding as a result of reductions in these factors.

9. STAFFING IMPLICATIONS

- 9.1 At this stage in the budget process it is difficult to determine exactly how many staff may be affected by the proposals. A broad estimate is that in 2018/19 80 to 90 full time equivalent (FTE) posts may be removed from the council's staffing structure as a result of the savings proposals set out in Appendix 6. However, actual numbers will be dependent on the detailed options proposed and on the results of formal consultation where required. Some of these posts are already vacant and some will become vacant through normal turnover.
- 9.2 The 4-year integrated service and financial plans provide further information about reductions in posts up to 2020 and currently indicate that approximately 125 FTE

posts will be removed from the staffing structure over the 2 years. This figure is likely to alter as service plans become clearer for subsequent years and remaining budget gaps are addressed. This information is now being used to plan for reductions in the workforce to mitigate the impact on staff and focus redeployment, outplacement and voluntary severance activity. A redeployment co-ordinator provides a focused resource to support those at risk of redundancy. Information on the establishment will provide opportunities to identify potential vacancies for redeployment in addition to considering those posts that have been put forward for recruitment.

9.3 In addition to the posts mentioned above, the transfer of some services to alternative models of delivery may result in the TUPE transfer of some staff to other organisations. The proposals over the next 2 years currently include the transfer of approximately 130 FTE posts, although this is largely dependent on the implementation of plans for the Royal Pavilion & Museums. Close working with future providers of services will ensure that staff are fully engaged and consulted with as they move into other organisations.

9.4 It is planned to support staff at risk of redundancy through:

- Providing appropriate support to staff throughout the change process to enable them to maximise any opportunities available;
- Controlling recruitment and ensuring there is a clear business case for any recruitment activity;
- Managing redeployment at a corporate level and maximising the opportunities for movement across the organisation;
- Managing the use of temporary or agency resources via regular reports to Directorate Management Teams.

These measures will remain in place as work with trade unions and staff continues.

9.5 Whilst the focus will be on redeployment of staff, every effort will be made to reduce the impact of the proposals, including offering voluntary severance where appropriate to staff affected by budget proposals on a case by case basis. This targeted voluntary approach to releasing staff in areas undergoing change will be managed to support service redesigns, whilst ensuring that the organisation retains the skills that will be needed into the future.

10. MEDIUM TERM FINANCIAL STRATEGY AND RISK ASSESSMENT

10.1 The Medium Term Financial Strategy (MTFS) planning assumptions, resource and expenditure estimates are included within Appendix 4. The key changes reflected within the MTFS beyond 2018/19 are the increased assumption for pay awards and the increase in Council Tax from 1.99% to 2.99% in 2019/20.

10.2 The MTFS does not reflect the proposed changes to retaining 75% Business Rates or any assumptions regarding the forthcoming Fair Funding Review and therefore the impacts are assumed to be cost neutral at this stage. The MTFS will be updated if the final Local Government Finance Settlement for 2018/19 changes any planning assumptions.

11. COUNCIL TAX SETTING

11.1 The Administration is proposing a council tax increase of 5.99% including the 3% flexibility for Adult Social Care. A council tax increase of 5.99% results in a Band D

council tax of £1,549.04 for the council's element, an increase of £87.57 from 2017/18; of this increase £43.84 relates to the Adult Social Care Precept.

- 11.2 In order to propose an overall Council Tax for the city, the Council Tax set by the precepting authorities needs to be known and this information will be included in the Supplementary Budget Report to Budget Council.

Supplementary Budget Report to Budget Council

- 11.3 Not all the budget and council tax information needed to set the budget and council tax is available at present. Therefore, additional information will need to be provided for Budget Council; this will include:-

- The final confirmed Local Government Finance Settlement 2018/19.
- Any other grants that are announced before Budget Council.
- The agreed Council Tax set by East Sussex Fire Authority and Sussex Police and Crime Commissioner.
- The statutory Council Tax calculations required under the 1992 Local Government Finance Act.
- The full budget and Council Tax resolution for Budget Council.

12. REPORT OF THE CHIEF FINANCE OFFICER (SECTION 151) UNDER SECTION 25 OF THE LOCAL GOVERNMENT ACT 2003

- 12.1 Section 25 of the Local Government Act 2003 requires the Chief Finance Officer (Section 151 Officer) of a local authority to report on the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides. This report has to be considered by Policy, Resources & Growth Committee and the full Council as part of the budget approval and council tax setting process. The budget reports on this agenda are focused on the General Fund Revenue Budget 2018/19 and the Capital Programme. It also considers key medium term issues faced by the council and provides an updated Medium Term Financial Strategy and 4-year plans that significantly address predicted budget gaps.

Robustness of Estimates

- 12.2 There is inevitably an element of judgement in drawing up budget estimates of expenditure and income which are made at a point in time and may change as circumstances change. This statement about the robustness of estimates cannot give a complete guarantee about the budget but provides the council with reasonable assurance that the budget has been based on the best information and assumptions available at the time and has considered identifiable risks. Given the experience of recent years, greater attention has been paid to demand-led budget predictions.
- 12.3 In setting the budget for 2018/19, current expenditure trends and service demands have been considered by the Executive Leadership Team and Corporate Management Team working closely with finance professionals. The budget takes into account trends and issues identified in the TBM Month 9 (December) budget monitoring report and further projections of future demand and cost.
- 12.4 For 2018/19 additional provision of £12.9m has been provided to meet identified service pressures across adults and children's social care and other priority areas

together with funding for the loss of grants (mainly Public Health and Education Services Transitional Grant). This funding meets predicted demand-led service pressures at the time of setting the budget and therefore the current level of risk provision of £1.5m is considered adequate. However, unlike previous years, the risk provision for 2018/19 is proposed to be provided on a one-off basis rather than as a recurrent budget provision on the basis that:

- (i) The authority continues to demonstrate its track record of managing within or close to budget despite challenging targets. At month 9 this year, the forecast overspend continues to reduce and now stands at £0.428m and is expected to reduce sufficiently to enable the one-off resources to be balanced;
- (ii) The authority continues to demonstrate that the substantial majority of its savings programmes are achieved. In 2017/18, approximately £17.5m of the £21.4m target will be achieved with other corrective action taken to replace under-achieved savings. Children's Social Care and Learning Disability Services remain areas of concern but there are clear plans to improve the management of costs in these areas through improved commissioning, contracting, market management, placement reviews and assessment processes;
- (iii) As noted above, the 2018/19 budget provides funding and reinvestment to meet identified demand-led service pressures and other cost pressures;
- (iv) Although there are risks in relation to Section 75 partnership arrangements and other funding agreements with health, including the Better Care Fund, the authority has a good relationship with the Clinical Commissioning Group and a good track record of jointly managing and mitigating risks;
- (v) The authority has provided adequate reserves and provisions against other known and identified risks;
- (vi) The authority has set aside appropriate one-off and discretionary resources and funding to mitigate the multifarious impacts of Welfare Reforms.

12.5 Together with the one-off risk provision of £1.5m, the council is also recommended to maintain a minimum working balance of £9m as well as other earmarked reserves to manage any short term pressures, unmanageable risks or further unachievable savings. If utilised, this would need a clear and immediate plan for replenishment in the following year. The council will need to monitor the implementation of savings proposals closely as the prospect of significant budget gaps in future years means that non-achievement of savings may store up greater difficulties for the years ahead.

Adequacy of Reserves

12.6 The recommendation on the prudent level of General Fund working balance has been based on the robustness of estimates information and a risk assessment of the budget provided at Appendix 5.

12.7 As indicated above, current analysis of authority-level risks indicates that a working balance at a level of £10.500m, including the one-off risk provision, is prudent having taken into account all known and foreseeable risks in relation to the 2018/19 budget. This represents 5% of the council's net revenue budget excluding schools, or about 4 weeks Council Tax revenue. The variables in the business rates retention system are now better understood and, although forecasting remains relatively intricate, are not expected to put the council at serious risk.

- 12.8 All specific reserves have been reviewed in detail to ensure they are set at an appropriate level as set out in Appendix 3. The council's earmarked reserves fulfil specific legal or financial requirements, for example the Insurance Fund Reserve, and are not therefore available to support the annual revenue position.

Assurance Statement of the Council's Section 151 Officer

- 12.9 In relation to the 2018/19 General Fund revenue budget, the Section 151 Officer has examined the budget proposals and considers that, whilst the spending and service delivery proposals are increasingly challenging, they are nevertheless achievable with strong governance and accountability at all levels. The 2017/18 financial position indicates that the council is able to manage its financial risks without over-reliance on risk provisions. The council will continue its focus on strengthening budget accountability, managing demand effectively, and localising risk management in services rather than reliance being placed on corporate solutions or unilateral controls.
- 12.10 In terms of the adequacy of reserves, the Section 151 Officer considers a working balance of £10.500m for 2018/19 to be adequate, taking into account other available reserves and the council's track record in budget management.

13. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 13.1 The budget process allows all eligible political parties to put forward viable alternative budget and council tax proposals to Budget Council on 22 February 2018. Budget Council has the opportunity to debate both the proposals recommended by Policy, Resources & Growth Committee at the same time as any viable alternative proposals. However, all budget amendments must have been "signed off" by finance officers no later than 12 noon on Thursday 15 February 2018.

14. COMMUNITY ENGAGEMENT AND CONSULTATION

- 14.1 Local Government budgets and finances are complex and therefore the council attempts to provide a range of information through its web pages to aid understanding and encourage residents and others to share their views, primarily via the council's web site or via social media. The council's **#BHBudget** Twitter feed provides links to news stories about the budget as well as an updated Budget Animation video. Local media coverage also provides a commentary on some aspects of the budget.
- 14.2 Frequently asked questions and common themes emerging throughout the development of the budget have been monitored and responded to in our 'Behind the Budget' web page: <http://www.brighton-hove.gov.uk/content/council-and-democracy/council-finance/behind-budget>.

The frequently asked questions and themes include:

- Council Tax [alone] should pay for council services?
- How about using [i.e. raising] parking charges further?
- [Why not] Cut pay instead of services?
- Why fund the i360 if there's not enough money?
- [Why not] Make students pay Council Tax?
- [Why not] Just cut councillors and/or their allowances?
- [Why not] Charge wealthier people more Council Tax?

- Extra Business Rates will solve the problem [won't they]?

14.3 Consultation and feedback in relation to the 2018/19 budget proposals is also promoted and invited from all quarters through a range of engagement processes including:

- Meetings with the Older People's Council where changes are explored, particularly impacts on Adult Social Care and Health.
- Ongoing discussions with key City Partners in developing proposals including discussions about associated Equality Impact Assessments. Feedback has been provided directly to services and members as appropriate.
- The Schools Forum, attended by representatives of all school phases, where a report on the potential areas of interest and potential impact of the General Fund budget proposals were discussed at a meeting on 16 January 2018. This is a public, minuted meeting and agenda and minutes are available on the council's website.
- Meetings with Trades Unions branch secretaries and Departmental Consultative Groups (DCGs) which provided an opportunity for consultation with Trades Unions' representatives across all council services.
- Invitations to representatives of the business community to discuss budget proposals and changes to business rates and reliefs.

15. CONCLUSION:

15.1 The council is under a statutory duty to set its budget and the Council Tax before 11 March each year. The options and recommendations to Budget Council contained within this report together with the recommendations to follow in the supplementary report to full Council, should enable the council to meet its statutory duty.

16. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

16.1 These are contained within the main body of the report.

Finance Officer Consulted: James Hengeveld

Date: 31/01/18

Legal Implications:

16.2 Policy, Resources & Growth Committee is responsible for formulating revenue and capital budget proposals for adoption by the Council. Power to adopt the budget and capital programme is vested in full Council.

16.3 For these purposes, the "budget" includes the allocation of financial resources to different services and projects, proposed contingency funds, and setting the council tax.

16.4 Section 52ZB of the Local Government Finance Act 1992 requires a billing authority to determine whether its relevant basic amount of council tax is "excessive". If the amount is excessive, the billing authority is required to hold a referendum, with a view to applying an alternative amount if the excessive amount is rejected in a referendum.

- 16.5 The determination of whether a relevant basic amount of council tax is excessive must be made in accordance with principles determined by the Secretary of State. The Department for Communities and Local Government (DCLG) has stated that for the 2018/19 financial year, an increase of 6% or more - including the Adult Social Care precept of 3% - will be regarded as excessive. Therefore, local authorities opting for an increase of 6% or more (including the Adult Social Care Precept) will be required to hold a referendum.
- 16.6 Policy, Resources & Growth Committee has delegated power to formulate the council's capital investment programme, and to recommend its adoption by full Council as part of the overall budget setting process.

Lawyer Consulted: Elizabeth Culbert

Date: 30/01/18

Equalities Implications:

- 16.7 The process for assessing the equalities implications of the budget changes for 2017/18 and an assessment of the cumulative impact is shown in Appendix 11. All the Equalities Impact Assessments are included at Appendix 12.

Sustainability Implications:

- 16.8 A carbon budget has been set for 2018/19. This shows the level of spend on energy and the estimated carbon emissions across each carbon budget area and includes a planned 4% reduction on the 2017/18 budget level.
- 16.9 Carbon budgets aim to provide the organisation with a framework of accountability for reducing carbon emissions from our buildings, street lights and fleet. They were first introduced in 2012/13 and supported by action plans that set out how carbon budgets are to be achieved and these plans are reviewed and challenged once a year. The council spends around £6.3m each year heating and lighting its buildings, lighting our neighbourhoods and travelling around the city to deliver key services.
- 16.10 The council's 2016/17 Carbon Reduction Commitment (CRC) footprint accounted for 12,190 tonnes of CO² from council buildings for which the council surrendered £0.190m worth of CRC allowances at £15.60 per tonne. This is a reduction of 1105 tonnes on the 2015/16 CRC footprint of 13,295 tonnes of CO²
- 16.11 Half-hourly electricity and gas prices increased by an average of 8.2% and 3.8% respectively in October 2017. Non-half hourly electricity supplies were fixed for three years from April 2016 with an average price increase of 1% on the previous 36 month contract.
- 16.12 The council's carbon budget data update is detailed in Appendix 13 and profiles spend and CO² carbon footprint for 2016/17 across the council and sets out the target until 2018/19.

SUPPORTING DOCUMENTATION

Appendices:

1. Movements in Budget Allocations 2017/18 to 2018/19
2. Summary of special and specific grant allocations for revenue and capital
3. Review of the council's reserves including the planned use of reserves
4. Updated Medium Term Financial Strategy
5. Assessment of Risks
6. 4 Year Integrated Service & Financial Plans (ISFPs)
7. Capital Resources
8. Capital Investment Programme
9. Minimum Revenue Provision (MRP) Statement
10. Prudential Indicators 2018/19 to 2020/21
11. Equalities Impact Assessment – Cumulative Impact Statement
12. Equalities Impact Assessment – Individual Assessments
13. Carbon Budget for 2018/19

Documents in Members' Rooms

1. None

Background Documents

1. Budget files held within Finance
2. Consultation papers

2018/19 REVENUE BUDGET - Budget changes from 2017/18 to 2018/19

	2017/18 Adjusted Base £'000	Inflation £'000	Service Pressures £'000	Commitments and reinvestment £'000	VFM & Other Savings £'000	2018/19 Original Budget £'000	Change over adjusted base £'000	Change over adjusted base %
Families, Children & Learning	82,939	1,798	5,798	639	(4,308)	86,866	3,927	4.73
Health & Adult Social Care	49,207	1,263	4,291	568	(3,416)	51,913	2,706	5.50
Economy, Environment & Culture	26,465	587	892	520	(2,170)	26,294	(171)	(0.65)
Neighbourhoods, Communities & Housing	14,787	391	444	(12)	(653)	14,957	170	1.15
Finance & Resources	17,648	319	96	495	(874)	17,684	36	0.20
Strategy, Governance & Law	4,664	79	313	93	(225)	4,924	260	5.57
Total Directorate Spending	195,710	4,437	11,834	2,303	(11,646)	202,638	6,928	3.54
Concessionary Fares	10,946	221	-	(10)	(200)	10,957	11	0.10
Insurance	3,192	-	-	(59)	-	3,133	(59)	(1.85)
Financing Costs	6,700	-	-	220	-	6,920	220	3.28
Corporate VFM Savings	(128)	(1)	-	-	(500)	(629)	(501)	391.41
Contingency and Risk Provisions	1,667	54	-	(1,366)	-	355	(1,312)	(78.70)
Unringfenced grants income	(15,648)	-	1,050	(1,598)	-	(16,196)	(548)	3.50
Levies to External Bodies	203	4	-	(8)	-	199	(4)	(1.97)
Other Corporate Budgets	1,510	(27)	-	599	(25)	2,057	547	36.23
NET REVENUE EXPENDITURE	204,152	4,688	12,884	81	(12,371)	209,434	5,282	2.59
Contributions to/ from(-) reserves	(563)	-	-	(47)	-	(610)	(47)	8.35
BUDGET REQUIREMENT	203,589	4,688	12,884	34	(12,371)	208,824	5,235	2.57
Funded by								
Revenue Support Grant	21,618					14,144	(7,474)	(34.57)
Business Rates Local Share	56,877					57,258	381	0.67
Tariff Payment	(1,500)					(745)	755	(50.33)
Business Rates Levy payment	(122)					(91)	31	(25.28)
Business Rates Collection Fund surplus/(deficit)	(1,684)					(1,690)	(6)	0.36
Council Tax Collection Fund surplus/(deficit)	654					2,091	1,437	219.72
Council Tax	127,746					137,857	10,111	7.91
Total	203,589				-	208,824	5,235	2.57

Summary of special and specific grant allocations for 2017/18 and 2018/19

Description	2017/18 £m	2018/19 £m	Notes
Dedicated Schools Grant (DfE)	159.764	<i>Estimated</i> 162.392	Exact amount depends on pupil numbers. The amounts are shown after recoupment for academies and free schools
Pupil Premium (DfE)	8.812	<i>Estimated</i> 9.115	Exact amount depends on number of eligible pupils. Excludes academies and free schools
Post 16 Funding (EFA)	4.004	<i>Estimated</i> 4.004	Awaiting announcement from Education Funding Agency. This funding is for schools with 6th form provision
Education Services Grant (DfE)	0.863	0	Ended during 2017/18
Troubled Families (DCLG)	<i>Estimated</i> 1.016 <i>Based on claims</i>	<i>Estimated</i> 1.100 <i>Based on claims</i>	This is based on attachment fees for the number of qualifying families and on payments by result
Primary School Sport Funding (DfE)	0.517	<i>Estimated</i> 1.032	Exact amount depends on pupil numbers
Youth Justice Grant (Youth Justice Board)	0.258	<i>Estimated</i> 0.258	Not announced yet for 2018/19
Adult Safeguarded Learning (Skills Funding Agency)	0.321	<i>Estimated</i> 0.321	Not announced yet for 2018/19
SEN Implementation Grant (DfE)	0.162	0.132	
SEN Reform one-off grant (DFE)	0.106	0.000	One-off grant in 2017/18
School Improvement monitoring and brokering grant (DFE)	0.130	<i>Not known</i>	Not announced yet for 2018/19
Extended Rights To Free Transport (DfE)	0.047	0.053	Indicative minimum allocation
Staying Put Implementation Grant (DfE)	0.271	<i>Not known</i>	Not announced yet for 2018/19
Universal Infant Free School Meals (DfE)	2.435	<i>Estimated</i> 2.355	Estimate based on census figures throughout the school year with confirmation expected in July 2018
Asylum Seekers	<i>Estimated</i> 1.181 <i>Based on claims</i>	<i>Estimated</i> 1.181 <i>Based on claims</i>	
Public Health (Health)	20.619	20.089	Indicative allocation for 2019/20 is £19.559m
Local Reform And Community Voices Grant (Health)	0.170	<i>Estimated</i> 0.153	Not announced yet for 2018/19. Includes allocations for the Independent Complaints Advocacy Service, additional allocations for Deprivation of Liberty Safeguards, and additional allocations for Local Healthwatch
Independent Living Fund Grant (CLG)	0.601	<i>Estimated</i> 0.582	Not announced yet for 2018/19
War Pensions Scheme disregard grant (Health)	0.033	Not Known	New from 2017/18 and was announced in July 2017
Renaissance In The Regions (ACE)	0.698	0.698	
Renaissance – Museum Development (ACE)	0.552	0.512	
Bikeability Cycle Training Grant (DfT)	<i>Estimated</i> 0.039 <i>Based on claims</i>	<i>Estimated</i> 0.039 <i>Based on claims</i>	
Access fund for Sustainable Travel (DfT)	0.497	0.493	Access fund for Sustainable Travel is a three year grant of £1.485m starting in 2017/18

Appendix 2

Description	2017/18 £m	2018/19 £m	Notes
Bus Services Operator Grant (DfT)	0.173	<i>Estimated</i> 0.173	Not announced yet for 2018/19
Lead Local Flood Authorities (DCLG)	0.027	0.029	Allocation for 2019/20 is £0.030m
Housing Benefit Subsidy (DWP)	<i>Estimated</i> 146.471 <i>based on claims</i>	<i>Estimated</i> 139.148 <i>based on claims</i>	This will be subject to caseload changes and transfers to Universal Credit
Flexible Homelessness Support (CLG)	6.106	6.378	
Homelessness Prevention Grant (Trailblazer) (CLG)	0.636	0.580	
Homelessness Reduction Act grant (CLG)	0.174	0.159	Allocation for 2019/20 is £0.168m
Rough Sleepers Grant (CLG)	0.163	<i>Estimated</i> 0.163	Not announced yet for 2018/19
Community Housing Fund (CLG)	0.150	0.315	Grant for both years paid in 2016/17
Housing Benefit Administration Grant (DWP)	1.254	<i>Estimated</i> 1.097	Confirmation expected by end of January 2018
Discretionary Housing Payments (DWP)	1.132	<i>Estimated</i> 1.132	Not announced yet for 2018/19. Assists people with housing costs where they have difficulty paying rent after receipt of housing benefit
Local Council Tax Support Administration Subsidy (CLG)	0.365	0.325	Provisional allocation – final allocation to be given Apr / May 2018
Schools PFI	2.390	2.390	Same amount p.a.
Libraries PFI	1.505	1.505	Same amount p.a.
Waste PFI	1.498	1.498	Same amount p.a.
Individual Electoral Registration (IER) grant (Cabinet Office)	0.099	<i>Estimated</i> 0.099	Not announced yet for 2018/19
Consolidated Payment Grant (Home Office/Identity & Passport Service)	0.004	0.004	
Adult Social Care Support Grant	1.234	0.000	One-off grant in 2017/18
Improved better care fund	0.000	3.188	Allocation for 2019/20 is £6.220m
Additional improved better care fund	5.093	3.483	Allocation for 2019/20 is £1.733m
Transition Grant (CLG)	0.047	0.000	Ended 2017/18
<i>New Homes Bonus – Yr 3 (CLG)</i>	<i>0.970</i>	<i>0.000</i>	<i>Started in 2013/14 (reduced to 5 years)</i>
<i>New Homes Bonus – Yr 4 (CLG)</i>	<i>0.680</i>	<i>0.000</i>	<i>Started in 2014/15 (reduced to 4 years)</i>
<i>New Homes Bonus – Yr 5 (CLG)</i>	<i>1.166</i>	<i>1.166</i>	<i>Started in 2015/16 (reduced to 4 years)</i>
<i>New Homes Bonus- Yr 6 (CLG)</i>	<i>1.177</i>	<i>1.177</i>	<i>Started in 2016/17 (reduced to 4 years)</i>
<i>New Homes Bonus- Yr 7 (CLG)</i>	<i>0.627</i>	<i>0.627</i>	<i>Started in 2017/18 (4 years) – new 0.4% threshold introduced</i>
<i>New Homes Bonus- Yr 8 (CLG)</i>		<i>0.023</i>	<i>Started in 2018/19 (4 years) – growth below 0.4% threshold – affordable homes payment only</i>
New Homes Bonus Sub Total	4.620	2.993	
New Homes Bonus Returned Funding Adjustment Grant (CLG)	0.133	0.000	
<i>Business Rate Multiplier Cap (S31 grant) (CLG)</i>	<i>Estimated</i> 0.706	<i>Estimated</i> 1.193	<i>Grant to compensate for the RPI increase in 2014/15 & 2015/16 being capped at 2% in each year and 2018/19 being capped at 3%</i>
<i>Small Business Rate Relief Doubling and Threshold changes (S31 Grant) (CLG)</i>	<i>Estimated</i> 3.629	<i>Estimated</i> 3.732	<i>The doubling of Small Business Rate Relief (SBRR) from 50% to 100% has been made permanent and new thresholds were introduced from 1 April 2017</i>

Description	2017/18 £m	2018/19 £m	Notes
Small Business Rate Relief on First Property (S31 Grant) (CLG)	Estimated 0.022	Estimated 0.013	If ratepayers receiving SBRR take on an additional property that would disqualify them from receiving relief they will continue to receive current relief for 12 months
Discretionary Scheme (S31 Grant) (CLG)	Estimated 0.557	Estimated 0.273	Introduced at the Spring 2017 budget – a four year discretionary fund to support businesses facing steepest increases as a result of the 2017 revaluation
Supporting Small Businesses (S31 Grant) (CLG)	Estimated 0.070	Estimated 0.070	Introduced at the Spring 2017 budget – relief for ratepayers facing large increases as a result of loss of SBRR or rural rate relief
Pub Relief (S31 Grant) (CLG)	Estimated 0.100	Estimated 0.100	Introduced at the Spring 2017 budget – eligible pubs get £1,000 discount
S31 Business Rate Grants Sub-total	Estimated 5.084	Estimated 5.381	The grant will be based on actual relief due at 31 st March in each year
CAPITAL GRANTS			
Education Basic Need	11.445	Nil	Nil allocations for BHCC announced for 2018/19 and 2019/20.
Education Capital Maintenance	4.909	Estimated 4.800	DfE announced that similar formula calculations will be used to determine 2018/19 allocations. Expected March 2018.
Schools Devolved Capital	0.535	Estimated 0.500	Capital grants devolved to schools budgets. Expected announcement March 2018.
Highways Maintenance Block Allocation (LTP)	2.332	2.110	Indicative announcements for similar amounts announced to 2020/21.
Integrated Transport Block Allocation (LTP)	3.059	3.059	Indicative announcements for similar amounts announced to 2020/21.
Pothole Action Fund	0.135	0.00	None announced to date.
National Productivity Investment Fund	0.978	0.00	To reduce congestion and improve access to employment, housing and economic generation.
Incentive Funding	0.131	0.196	To assist with transport asset management
Better Care Funding	1.743	Estimated 1.500	To support Disabled Facilities Grant and Adult Social Care. Confirmation due April to May 2018.

Review of Reserves

Adequacy of Reserves – working balance

The working balance is recommended to be maintained at £9m over the next 4 years of the Medium Term Financial Strategy together with a one off risk provision for 2018/19 of £1.5m. Determining the appropriate level of working balance requires a professional judgement based on local circumstances including the overall budget size, risks, robustness of budget estimates, major initiatives being undertaken including large savings programmes, budget assumptions, levels of other earmarked reserves and provisions, and the council's track record in budget management. The consequences of not keeping a minimum prudent level of balances can be serious and in the event of a major problem or a series of events, the council would run a serious risk of a deficit or of being forced to cut spending during the year in a damaging and arbitrary way.

The current level of balances has been based on the robustness of estimates information and the Corporate Risk Register. In addition, the other strategic, operational and financial risks taken into account when considering the minimum level of the working balance include:

- (i) The complexity and degree of uncertainty associated with planned economy and efficiency measures and/or service changes and the likelihood of achieving them in full;
- (ii) The level of balances required to complement resources potentially available under the Bellwin Scheme for Emergency Financial Assistance to Local Authorities in the event of a major emergency;
- (iii) Risks of rising demand, increasing costs and/or falling income due to economic conditions or potential legislative changes;
- (iv) The risk of major legal challenges, both current and in the future;
- (v) Risks in the financial inter-relationship between NHS partners and the council;
- (vi) The need to retain a general contingency to provide against unforeseen circumstances that may arise, for example, delays in council tax billing which could arise from a major systems or power outage;
- (vii) The need to retain reserves for general day-to-day cash flow needs.

In addition, the cash flow risk for unitary authorities is significant given the full range of services provided. Taking all of these factors into account, a £9.0m working balance is considered appropriate, representing about 4 weeks of council tax revenue.

Schools' Balances

Schools' balances, while consolidated into the council's overall accounts, are a matter for Governing Bodies. Nevertheless, under the council's Scheme for Financing Schools the council has a duty to scrutinise whether any school holds surplus balances. The council's Scheme for Financing Schools is in line with the requirements of the Secretary of State for Education and the arrangements in place are considered adequate. It should be noted that many schools' finances are under pressure and that the total 'licensed budget deficits', which allows schools to manage a budget deficit over a 2-year period, currently exceed the

Scheme for Financing Schools guideline of 40% of Schools' Balances. It is currently forecast that there will be a total debit balance of £0.339m at 31st March 2018 – see paragraph 8.2 of main report. This situation will be kept under review by the S151 Chief Finance Officer but may require further consideration if schools' management of deficits falls behind approved plans. Schools PFI reserves will be a first call to provide financial smoothing of approved plans.

Estimated Earmarked General Fund Revenue Reserves

Processes are in place to regularly review the council's earmarked revenue reserves. Details of the review of reserves are included in the table below.

	Estimated Balance as at 01/04/18 £'000	Planned Use 2018/19 £'000	Estimated Balance as at 01/04/19 £'000	Review Arrangements	Conclusion
General Fund Reserves					
Capital Receipts Reserve	31,231	-14,845	16,386	Ongoing review as part of TBM monitoring process.	Committed to fund the Capital Investment programme including HRA Capital Programme and support for the four year Service and Financial Plans.
Capital Reserves	406	-373	33	Following closure of the accounts.	Balance will be used to fund ongoing corporate commitments.
Developer Contributions Unapplied (S106 Capital)	638	-100	538	Reviewed throughout the year to reflect agreed liabilities and new agreements.	Retain for specified purpose.
Library PFI Reserve	856	169	1,025	Following closure of the accounts.	Use for funding the project over the lifetime of the PFI scheme.
Waste PFI Project Reserve	3,497	285	3,782	Following closure of the accounts.	Use for funding the project over the life time of the PFI. This reserve will be used to provide short term cash-flow funding to support the Housing Joint Venture. The reserve will be replenished in time to meet existing Waste PFI commitments.

	Estimated Balance as at 01/04/18 £'000	Planned Use 2018/19 £'000	Estimated Balance as at 01/04/19 £'000	Review Arrangements	Conclusion
Section 106 Receipts (Revenue)	246	-50	196	Reviewed throughout the year to reflect agreed liabilities and new agreements.	Retain for specified purpose.
Section 106 Interest	390	30	420	Reviewed throughout the year to reflect agreed liabilities and new agreements.	Retain for specified purpose.
Brighton Centre Redevelopment Reserve	2,891	-200	2,691	Following closure of the accounts.	Future contributions to this reserve are planned to coincide with the sale of Patcham Court Farm. Planned expenditure relates to supporting progress of the project. Interest is accrued on balances held.
Customer Access & Accommodation Strategies & The Link Network Upgrade Reserve	318	-318	0	Following closure of the accounts.	Balance being held as contingency for the Link programme as included in the business case.
Museum Objects Acquisitions Reserve	63	0	63	Following closure of the accounts.	Retain for specified purpose, which includes the agreed wider use to support the transfer of museum objects and records to the Keep.
Concessionary Bus Passes	40	10	50	Following closure of the accounts.	Retain for specified purpose - to smooth out annual purchase of concessionary passes.

	Estimated Balance as at 01/04/18 £'000	Planned Use 2018/19 £'000	Estimated Balance as at 01/04/19 £'000	Review Arrangements	Conclusion
ICT Investment Reserve	159	-159	0	Following closure of the accounts.	Retain balance to support the Digital First programme until 2018/19. Multi-function Device lease payments are also funded by some of this reserve as 1 st year payment was set aside when the contract was reduced from 5 years to 4 years (but at same cost).
Winter Maintenance	470	0	470	Following closure of the accounts.	Held to fund exceptional costs of harsh weather.
Dome Planned Maintenance	325	0	325	Following closure of the accounts.	Retain - subject to lease agreement with Brighton Dome & Festival Society.
James Green Foundation	100	0	100	Following closure of the accounts.	Retain for specified purpose - to fund the Burmese collection.
Surface Water Management Reserve (SWAMP)	768	-202	566	Following closure of the accounts.	Retain to support planned SWAMP works. Major drawdown expected to commence in 2018/19 and continue further in 2019/20.
Welfare and Local Government Funding Reform Reserve	224	-224	0	Following closure of the accounts.	Retain to support the council's response to Welfare Reform and reduction in budget for Local Discretionary Social Fund.
Sports Facilities Reserve	224	-224	0	Following closure of the accounts.	To contribute to the £0.700m cost of the AHU project at Prince Regent Swimming complex to be delivered in 2018.
Licensing - other reserve	170	0	170	Following closure of the accounts.	Retain for specified purpose - to fund potential future deficits or repayment to licensees.
Taxi Licensing	76	0	76	Following closure of the accounts.	Retain for specified purpose - to fund potential future deficits or repayment to licensees.

	Estimated Balance as at 01/04/18 £'000	Planned Use 2018/19 £'000	Estimated Balance as at 01/04/19 £'000	Review Arrangements	Conclusion
New license fees for sex establishments	150	0	150	Following closure of the accounts.	Retain for specified purpose - to fund potential future deficits or repayment to licensees.
East Brighton Parking Surplus	10	-10	0	Following closure of the accounts.	Retain to support expenditure on East Brighton Park. Projected spend in 2018/19 of £0.010m on the Park and parking infrastructure.
Preston Park Parking Surplus	140	-40	100	Following closure of the accounts.	Retain to support expenditure on Preston Park. Projected spend of £0.040m in 2018/19 on park infrastructure.
New England House Refurbishment Reserve	150	0	150	Following closure of the accounts.	Balance of £0.150m held to provide match funding for New England House redevelopment.
Road Works Permit Scheme	262	-262	0	Review as part of scheme fees review. Review is due in 2018/19	Scheme must be cost neutral over time and therefore balance is held to offset scheme costs and the impact of changes to permits. The review in 2018/19 is for the consideration of scheme cost neutrality after completion of the third year of the scheme.
i360 Reserve	3,535	1,391	4,926	Following closure of the accounts.	Balance is ring fenced for reinvestment in the wider development of the seafront and its infrastructure
Sustainable Temporary Accommodation Reserve	116	-50	66	Reviewed during the year as part of budget monitoring process.	Held for dilapidation costs for leased temporary accommodation. Level to be kept under review.
Hoses in Multiple Occupation (HMO) Licensing Fees Reserve	307	0	307	Following closure of the accounts.	Retain to support annual inspections of HMO licenses.

	Estimated Balance as at 01/04/18 £'000	Planned Use 2018/19 £'000	Estimated Balance as at 01/04/19 £'000	Review Arrangements	Conclusion
Damage Deposit Guarantee Scheme	331	0	331	Reviewed during the year as part of budget monitoring process	Retained for specific purpose but required level will continue to be reviewed.
Business Rates S31 adjustment reserve	1,019	-1,019	0	As part of closure of the accounts.	Retain for specified purpose.
City Deal New England House Dev Reserve	4,900	0	4,900	Following closure of the accounts.	Expected to be utilised in 2019/20 depending on outcome of project negotiations.
General Fund Working Balance/General Reserves	9,123	1,377	10,500	Reviewed against the register of financial risks, taking into account the requirements of the Local Government Act 2003.	A minimum working balance of £9.000m is recommended by the Chief Finance Officer in accordance with the requirements of Section 25 of the Local Government Act 2003. The current balance is £9.123m and therefore £0.123m can be released. For 2018/19 this is supplemented by £1.500m risk provision.
Investment Properties (Dilapidations)	245	-145	100	Following closure of the accounts.	Retain for specific purpose. Dilapidations are anticipated to be agreed over the next 2 years
Insurance Reserve General	5,561	0	5,561	The Insurance Fund is subject to a bi-annual health check by the actuaries. The next health check is due to by the end of January 2019.	The level of the Insurance Fund will be adjusted in line with the recommendations of the actuary.
Total General Fund Reserves	68,941	-14,959	53,982		

	Estimated Balance as at 01/04/18 £'000	Planned Use 2018/19 £'000	Estimated Balance as at 01/04/19 £'000	Review Arrangements	Conclusion
HRA Reserves					
HRA Working Balance	7,504	-1,150	6,354	Following closure of the accounts.	A minimum working balance of £3m is recommended by the Chief Finance Officer in accordance with the requirements of Section 25 of the Local Government Act 2003. Any residual balance can be used to support the HRA long term business plan.
Estate Development Budget (EDB) Reserves	339	-170	169	Following closure of the accounts.	Retain for estates development. Annual amount is approved to fund the EDB. The programme is a rolling programme with new schemes approved annually.
HRA Auto Meter Readers Reserve	45	0	45	Following closure of the accounts.	Maintain to fund installation of automatic meter readers.
Renewable Energy Reserve	219	-50	169	Following closure of the accounts.	Maintain for specified purpose.
Restructure & Redundancy Reserve	388	0	388	Following closure of the accounts.	Retained to fund possible future redundancies.
Total HRA Reserves	8,495	-1,370	7,125		
Schools / DSG Reserves					
Schools PFI Project Reserve	1,300	-120	1,180	Following closure of the accounts.	Use for funding the project over the lifetime of the PFI scheme.
Schools LMS Balances	-339	0	-339	Following closure of the accounts.	Balances are held by school governing bodies.
Portslade Adult Learning	20	0	20	Annually	Balance used at the discretion of the facility
Total Schools / DSG Reserves	981	-120	861		
TOTAL RESERVES	78,417	-16,449	61,968		

	Estimated Balance as at 01/04/18 £'000	Planned Use 2018/19 £'000	Estimated Balance as at 01/04/19 £'000	Review Arrangements	Conclusion
General Fund Provisions					
Hostel Accommodation Dilapidations	23	-23	0	Following closure of the accounts.	Held for dilapidation costs for West Pier Hostel following retendering of service.
Cemetery Replacement	2	0	2	Following closure of the accounts.	Retain for maintenance and replacement as required.
Cemetery Maintenance of Graves in Perpetuity	48	0	48	Following closure of the accounts.	Retain for maintenance and replacement as required.
Cemetery Maintenance of Monuments	15	0	15	Following closure of the accounts.	Retain for maintenance and replacement as required.
Workstyles Dilapidations	126	0	126	Following closure of the accounts.	Balance no longer required. Release £0.126m
Business Rates Appeal Provision	4,037	3,015	7,052	As part of closure of the accounts.	Retain for specified purpose to meet back-dated costs of successful business rates appeals.
Total General Fund Provisions	4,251	2,992	7,243		
TOTAL ALL FUNDS	82,668	-13,457	69,211		

Summary of amounts released from Reserves to support one-off resources

Description	£'000
General Fund working Balance	123
Workstyles Dilapidations	126
Total Released	249

MEDIUM TERM FINANCIAL STRATEGY TABLES

Core Planning Assumptions

The table below sets out the core planning assumptions included in the MTFS projections:-

Summary of MTFS assumptions	2018/19	2019/20	2020/21	2021/22
Pay inflation and pay related matters:				
- Provision for pay award	2.4%	2.6%	2.0%	2.0%
- Overall pension contribution rate	20.5%	21.0%	21.5%	22.0%
General inflation:				
- Inflation on non pay expenditure	0.0% - 2.0%	2.0%	2.0%	2.0%
- Inflation on waste PFI	3.5%	3.5%	3.5%	3.5%
- Inflation on income	2.0%	2.0%	2.0%	2.0%
- Inflation on parking income	2.0%	2.0%	2.0%	2.0%
- Inflation on penalty charge notices	0.0%	0.0%	0.0%	0.0%
Resources:				
Change in Settlement Funding Assessment	-7.4%	-7.9%	0.0%	0.0%
Change to Revenue Support Grant (RSG)	-34.6%	-53.9%	0.0%	0.0%
Business Rates				
- Business rates poundage inflation uplift	3.0%	3.1%	2.0%	2.0%
Public Health grant	-2.6%	-2.6%	0.0%	0.0%
Adult Social Care precept	3.00%	0.00%	0.00%	0.00%
Assumed council tax threshold increase (excluding Adult Social Care precept)	2.99%	2.99%	1.99%	1.99%
Council Tax Base	1.82%	0.75%	0.75%	0.75%

Summary of MTFs projections

The table below sets out the savings /budget gap taking into account the anticipated expenditure over the MTFs period and the funding resources available:-

Summary of General Fund budget projections	2018/19	2019/20	2020/21	2021/22
	£m	£m	£m	£m
Sub-total Net Budget Requirement B/Fwd	203.589	208.824	207.730	212.978
Pay and Inflation	4.688	5.891	5.207	5.303
Commitments - impact of previous decisions	-0.143	-4.589	1.216	0.910
Change in S31 Business Rates compensation grants	-1.451	-0.141	0.000	0.000
Change in New Homes Bonus	1.628	0.143	0.000	0.000
Demographic and cost service pressures in Adult Social Care and Adults Learning Disabilities (partially funded by the ASC precept in 2018/19)	6.152	3.032		
Demographic and cost service pressures for all other services	5.682			
Service pressures - demographic and cost – not allocated to service areas		5.000	5.000	5.000
Service pressures - specific grants	1.050	0.170	0.155	0.140
Savings in 4 year Service and Financial Plans	-12.371	-9.591	0.000	0.000
Budget Gap	0.000	-1.009	-6.330	-5.980
Budget Requirement C/Fwd	208.824	207.730	212.978	218.351
Funded by:				
Revenue Support Grant	14.144	6.523	6.523	6.523
Tariff Payment	-0.745	-1.164	-1.187	-1.211
Locally retained Business Rates	57.258	59.417	60.757	62.127
Business Rates Levy payment	-0.091	-0.095	-0.097	-0.099
Business Rates Collection Fund Deficit	-1.690	0.000	0.000	0.000
Council Tax Collection Fund Surplus	2.091	0.000	0.000	0.000
Council Tax - Adult Social Care precept (annual change)	3.901	0.000	0.000	0.000
Council Tax - General increase	133.956	143.049	146.982	151.011
Total Funding	208.824	207.730	212.978	218.351

For the financial years 2020/21 and 2021/22, the move to 75% local retained business rates has not been reflected at this stage as the impact of transferring certain grant funding to Business Rates income is not known and therefore the table above assumes this is cost neutral.

The budget gap over these 2 years is £12.310m however: -

- Revenue Support Grant is assumed to be maintained at the 2019/20 level, if this funding source was to end then the budget gap over these 2 years would increase by £6.523m.
- The improved Better Care Fund is assumed to continue at 2019/20 levels of £7.953m. (includes £1.733m announced as part of the Spring 2017 budget).

If both the above funding sources were at risk, the budget gap over the 2 years would be between £12.310m and £26.786m.

ASSESSMENT OF MEDIUM TERM RISKS

The Medium Term Financial Strategy (MTFS) of a large corporation with many demand-led services and complex and uncertain funding streams will always contain a significant degree of risk. While the government's 4-year settlement offer should have provided additional certainty, in practice this is not the case as there are significant elements of funding, particularly the Improved Better Care Fund that are uncertain in the future and that continue to make long term financial planning very challenging. There are also uncertainties relating to the forthcoming Fair Funding Review and government proposals relating to the potential retention of up to 75% of Business Rates locally. In general, other factors that can have a material effect on the medium term financial position of an authority include:

- The lack of certainty in future resource levels;
- Changes in function & funding;
- Changes in how some services are funded;
- Changes in the economy including the impact on business rates income;
- Changes in employer costs e.g. pension or national insurance changes;
- The level of future successful appeals against the business rating list;
- Impact of levels of house building on both council tax and new homes bonus;
- Achievement of performance targets for performance related funding;
- Ability to manage identified demand-led service pressures;
- Decisions on council tax and council tax reduction;
- Democratic support for change including partnership working and integration.

Risks to the MTFS arise from both external and internal factors. External risks include, for example, Government policy decisions that can have an adverse impact on the council. External risks are generally the most difficult to manage or plan for.

Internal risks can also arise for a number of reasons, such as cost overruns, changing priorities or ineffective systems of demand management. They may also be influenced by external factors. It is vital to have adequate mechanisms to manage internal risks if financial stability is to be achieved. There are a number of ways in which the effects of risks can be managed and these are set out in the following risk table. Furthermore, the City Council's MTFS aims to minimise the impact of some of the major financial risks and the impact on investment in support of the council's priorities.

However, the forecasts within the MTFS are based on prudential assumptions that reflect the most likely position based on current knowledge and therefore there are also opportunities where any of the forecasts are found to overstate actual expenditure or under-estimate actual income.

Risk	Likelihood of occurrence (L)	Impact (I)	Risk (L) X (I)	Possible Impact on Financial Strategy	Mitigation / Management
Potential Risks affecting 2018/19 onwards					
Council tax base is lower than anticipated e.g. lower number of new properties / more student exempt properties / more discounts awarded / higher caseload for CTR discounts, resulting in a deficit on the collection fund	3	3 0.1% reduction in council tax = £0.130m	9	Would require reductions in budgets (increased savings) for the following year	Close monitoring of the collection fund and checking validity of exemptions and discounts particularly new property developments, student numbers, CTR discounts and empty discounts. Through major projects, working with further education establishments to encourage development of more dedicated student accommodation. Trends in recent years have been positive and there is no indication for this to change in 2018/19.
Collection of council tax for CTR claimants falls due to its impact on household budgets alongside other Welfare Reform impacts, resulting in a deficit on the collection fund	3	2 0.1% reduction in council tax collection = £0.130m	6	Would require reductions in the budget (increased savings) for the following year	Close monitoring of the collection fund, including council tax payers under the CTR scheme. Additional debt collection resources were provided at the start of the CTR scheme and collection rates have been adjusted for further CTR scheme changes to reflect harder to collect debt. Collection rates in recent years have been maintained at target levels. Appropriate communication, advice (linked to Welfare Reform advice services), discretionary funds and collection strategies have been agreed to minimise impact.

Risk	Likelihood of occurrence (L)	Impact (I)	Risk (L) X (I)	Possible Impact on Financial Strategy	Mitigation / Management
Services fail to operate within set budgets due to increased service demand or weak systems of demand management	3	4 1% gross expenditure on demand led budgets = £1.2m	12	Departmental service pressures that can only be met through additional resources, such as the one-off risk provision, or unplanned savings having to be made elsewhere. Possible need for emergency spending and/or recruitment controls with potential impacts on service delivery and quality. Reduction in reserves / working balance. Value for Money qualification of accounts by not securing economy, efficiency and effectiveness in the use of resources.	Close monitoring and analysis of demanded budgets and overall budget through TBM budget monitoring. Identify action plans to mitigate cost pressures. Use of the full Adult Social Care precept to help to mitigate increased costs. Health & Social Care system management activity prioritised through the Caring Together and Better Care Fund integration programmes; new (trailblazer) strategy for addressing Homelessness and continued efforts to embed adolescent and care leaver strategies across agencies.
Services fail to operate within set budgets due to: <ul style="list-style-type: none"> • Unachievable income • Price variations • Exceptional legal costs 	3	4 1% of fees and charges income = £1.3m	12	Departmental cost or income pressures that can only be met through additional resources, such as the one-off risk provision, or savings being made elsewhere in the budget. Possible need for emergency spending and/or recruitment controls with potential impacts on service delivery and quality. Reduction in reserves / working balance. Value for money qualification of accounts by not securing economy, efficiency and effectiveness in the use of resources	Monitor income budgets through TBM and the Corporate Modernisation Board governance arrangements for income and debt collection. Identify action plans to mitigate unachievable income, price variation and exceptional legal costs. In-year review of charging policy and revised charges approved where absolutely necessary. Support for improved contract management and procurement is planned for 2017/18. Internal Audit review of services where performance issues or financial concerns are identified.

Risk	Likelihood of occurrence (L)	Impact (I)	Risk (L) X (I)	Possible Impact on Financial Strategy	Mitigation / Management
<p>Services fail to operate within set budgets due to unachievable savings arising from:</p> <ul style="list-style-type: none"> - Over-estimate of the savings potential; - Industrial relations issues; - Withdrawal of political support; - Higher than estimated costs to implement the savings opportunity. 	3	3 1% of GF savings = £0.120m	9	<p>Departmental service pressures that can only be met through additional resources, such as the one-off risk provision, or savings being made elsewhere in the budget. Possible need for emergency spending and/or recruitment controls with potential impacts on service delivery and quality. Reduction in reserves / working balance.</p>	<p>Monitor savings through TBM and identify action plans to mitigate the unachievable savings. Potentially refer back to members for decisions on alternative savings proposals where these are significant.</p>
PFI Waste tonnages higher than projected resulting in additional disposal costs	2	4 1% increase in tonnage per annum = £1.0m p.a. over life of PFI contract	8	<p>Would increase the waste disposal budget and compensating savings would need to be identified elsewhere in the budget.</p>	<p>Provision (contingency) for higher tonnages made in assessment of waste PFI reserve. Monitor and identify specific areas of growth and undertake waste minimisation and further recycling measures. Trends are monitored and reflected in the MTFS for future years.</p>
The uncertainties within the housing market, changes in housing benefit and welfare reform create spending pressures within the budget e.g. homelessness	4	3 10% increase in net temporary accommodation budget = £0.3m	12	<p>Would create additional pressures in the Housing Strategy and potentially other related budgets which would need to find compensating savings.</p>	<p>Continue to assess and monitor the potential impact of changes to the housing benefit system / welfare reform and plan and respond to government consultations accordingly. A range of additional discretionary funds continue to be set aside to be directed to the most appropriate area as needed. There are a number of supporting strategies linked to the corporate plan priorities including the Homelessness, Financial Inclusion and Welfare Reform strategies. An additional one-off resource (£0.400m) is proposed in 2018/19 to provide continued welfare reform support & advice.</p>

Risk	Likelihood of occurrence (L)	Impact (I)	Risk (L) X (I)	Possible Impact on Financial Strategy	Mitigation / Management
Increased insurance premiums as a result of national or international storm damage claims over the longer term	3	2 30% increase = £0.16m	6	Would require compensating savings to be identified in 2018/19 and future years.	Consider options such as retendering and further self-insurance to minimise potential cost increases. Continued emphasis on risk management to help prevent future claims.
Long term borrowing rates higher than anticipated	2	2 0.1% higher = £0.02m for £20m borrowing	4	Would increase borrowing costs budget over the long-term. Would hinder business cases involving borrowing and make invest-to-save schemes less financially attractive	Closely monitor long term borrowing rates and future borrowing requirements to help identify the best time to borrow, supported by independent advisors. Trigger rates have been incorporated into decision making for new borrowing to ensure the council benefits from low interest rates in a fluctuating market. Under-borrowing (using available cash balances) remains a viable short term strategy.
Major civil incident occurs e.g. storm, flooding, riot	2	3 Estimated "Bellwin" threshold = £0.4m	6	Budget overspend / reduction in reserves / working balance. Pressures on other budgets. The council would have to meet the costs of uninsured risks in addition to the "Bellwin" threshold.	Ensure adequate levels of reserves and working balance to cover threshold expenditure. Ensure appropriate insurance cover is in place and that the Insurance Fund is sufficient to cover uninsured risks.
Severe winter weather places additional spending pressures on winter maintenance and other budgets across the council	3	3 Depends on severity of weather event and length of cold snap	9	Need to use reserves or one-off risk provisions. Plan to replenish reserves in future years would be required.	Advance planning to minimise possible disruption.
Cost overruns occur on schemes in the agreed capital programme	2	3 1% cost overrun on total programme = £1.5m	6	Reserves or other capital resources redirected to fund overspend. Unable to meet capital investment needs.	Effective cost control and expenditure monitoring. Flexibility within or across programmes to re-profile expenditure if necessary. Flexing Capital Financing Strategy or HRA self-financing strategy as appropriate.
Capital receipts lower than anticipated	3	4 10% reduction in receipts = £1.7m	12	Fewer resources available for transport programme, workstyles, modernisation, Digital First, 4-year Service & Financial Plans, and/or other strategic funds	Flexible capital programme that allows plans to be reduced or re-profiled. Alternative site disposal plans are capable of being accelerated if necessary.

Risk	Likelihood of occurrence (L)	Impact (I)	Risk (L) X (I)	Possible Impact on Financial Strategy	Mitigation / Management
Income from business rates is lower than expected due to successful rating appeals / higher levels of relief awarded / redevelopment of existing sites gives temporary reduction / collection performance declines	3	3 1% of forecast retained business rates income = £0.6m	9	Would require an increased budget gap to be addressed in the following financial year.	Make appropriate provisions in resource forecasts. Respond to CLG consultations on business rates changes. Detailed monitoring of business rates yield and collection to ensure it reflects the latest known position. Corporate approach to economic development and city regeneration.
The council fails to reduce its carbon footprint resulting in higher than anticipated energy costs and need to purchase more allowances than anticipated under the CRC scheme	2	2 Allowances budget = £0.2m	4	Would reduce resources within budgets creating the need to find additional savings.	Continue developing council carbon budgets for services and report / monitor alongside financial budget. Programme of investment to reduce carbon footprint across the council.
Further risks affecting 2019/20 onwards					
Transfer to 75% retained business rates by the end of parliament results in a net loss of resources from combined impact of: <ul style="list-style-type: none"> Reduced grant funding including the RSG New responsibilities transferred to authorities Increased business rates income Downward changes in business rates tax base have bigger impact than the current 49% exposure 	3	4	12	Transfer is expected to involve major transfers of functions and funding (e.g. Public Health and RSG) of approximately £30m and therefore creates significant uncertainty over resource levels. Would require an increased budget gap to be addressed in the following financial year/s.	Engage fully in upcoming and future government consultations to ensure there is early warning of any adverse consequences
Business Rates revaluation appeals result in a loss in business rates income from successful appeals	5	4 1% of forecast retained business rates income = £0.6m	20	Would require an increased budget gap to be addressed. Limited protection from safety net is afforded at 7.5% below baseline funding.	Respond to any government consultation on changes to the distribution mechanism. Liaison with VOA to ensure good access to data. Monitor the impact of appeals throughout the remaining revaluation period.
Pay assumptions for 2018/19 onwards are lower than agreed pay awards and other pay related costs	3	3 0.5% change in pay award = £0.6m	9	Impact on budget gap if pay provisions are insufficient to meet increased ongoing costs arising from transformation, pay awards and/or impact of the National Living Wage.	Monitor progress on 2-year pay award negotiations (not yet accepted by Trade Unions) and wider national settlements. Main pay award not expected to alter significantly and changes should be at the margins (in terms of cost).

Risk	Likelihood of occurrence (L)	Impact (I)	Risk (L) X (I)	Possible Impact on Financial Strategy	Mitigation / Management
Cash reductions in remaining unringfenced government grants in 2019/20 and beyond are above levels included in future years' budgets (either directly or via 75% BRR)	4	4 5% reduction in unringfenced government grants = £0.5m	16	Would require an increased budget gap to be addressed in the following financial year	Provisions for reductions are made in MTFS resource forecasts. Develop strategies to identify priorities and mitigate impact of reductions.
Reduction in Dedicated Schools Grant following review of existing formula and introduction of a national formula funding model for distribution between schools	4	4 1% of DSG = £1.6m	16	Additional pressure on schools' budgets. If overall deficits exceed schools' combined balances, may impact on General Fund reserves.	Respond to consultation papers and lobby Government on impact. Early discussions with Schools Forum on potential impact. Detailed monitoring of schools' budgets including 'licenced deficit' recovery plans.
Forecast resources from 2019/20 onwards lower than forecast in the MTFS	3	4 1% reduction in Settlement Funding Assessment = £0.65m	12	Would require an increased budget gap to be addressed in the following financial year/s.	RSG indicative allocations announced up to 2019/20 providing more certainty subject to the other risks identified. Lobby LGA over future spending totals, particularly long term funding of social care. Lobby for greater overall share of funding assessment (SFA) and respond in detail to the consultation on the Fair Funding Review.
Government changes to business rates (e.g. cap on multiplier, enhanced or new reliefs) are not fully funded through ongoing section 31 compensation grants	3	4 Estimated value of Section 31 grant = £4.9m	12	Would require an increased budget gap to be addressed in the following financial year/s.	Lobby CLG to ensure any new measures impacting on business rates income are fully funded.
Energy and fuel prices increase above budgeted provision	3	2 10% increase to the general fund = £0.35m	6	Would reduce resources within budgets creating the need to find compensating savings. However, higher electricity prices would mean that the share of electricity income from the Energy From Waste plant will increase to offset some of the cost increase.	Reduce consumption and implement measures to generate energy. Monitor energy/fuel market contracts closely and consider alternative procurement routes if necessary. Risk provisions and service pressures provide some cover for higher inflation.

Risk	Likelihood of occurrence (L)	Impact (I)	Risk (L) X (I)	Possible Impact on Financial Strategy	Mitigation / Management
Investment interest rates lower than anticipated	2	3 0.1% lower = £0.07m	6	Would need more reserves to cover any shortfall in the investment interest budget.	Keep investment strategy under constant review. Work with Treasury Advisers to maximise return within agreed risk parameters. Seeks decisions from members for changes to risk appetite, counterparties or investment strategy if market availability moves outside of current parameters.

Key: Likelihood: 1 – Almost impossible, 2 – Unlikely, 3 – Possible, 4 – Likely, 5 – Almost certain.
Impact: 1 – Insignificant, 2 – Minor, 3 – Moderate, 4 – Major, 5 – Catastrophic or fantastic.
Risk (L x I): 1-3 Low, 4-7 Moderate, 8-14 Significant, 15-25 High.

Other potential risks

- Financial risks concerning the transfer of service delivery to alternative delivery models (ADMs), Trusts, outsourced providers and joining up of services through shared services or other partnerships which will need to be managed through good business case development, robust legal and financial agreements and effective governance arrangements.
- School Balances are at a historically low level and many schools currently have Licensed Deficits which they are required to turn around within 2 years. It is possible that combined deficits may exceed future schools balances and this will require support from the council's General Fund reserve until deficits are repaid.

Opportunities

- Business Rates Retention scheme – Retaining 49% of business rates growth above the baseline funding level and up to 75% from 2020/21.
- New Homes – Entitlement to New Homes Bonus Grant and increase in council tax resources.
- Improving the local economy – Potential to reduce Council Tax Reduction caseload and increase business rates and council tax resources.

4-Year Integrated Service & Financial Plans Proposals for 2018/19 to 2019/20

The 4-Year Integrated Service & Financial Plans (ISFPs) in this appendix provide the following information for each service area:

- Service Area: Services are grouped under major divisions of service and then by Service Section. A brief description of the service area is also provided.
- Gross Budget (2017/18) – this is provided for contextual (scale) information only and is the current total expenditure for the service including staffing, transport and premises related costs, supplies and services, contract or provider costs, grants and other transfer payments;
- Net Budget (2017/18) – also provided for contextual information, this is the current Gross Budget less any income from fees and charges, specific government grants, rents, or external/partner funding (e.g. health service funding);
- Budget FTE (2017/18) – further contextual information indicating the current Full Time Equivalent (FTE) staffing budget for the relevant service area;
- Rationale for Strategy – provides a brief description of the service's main objectives and the strategic approach adopted for improving value for money or reducing spending over the 4 year period;
- Service & Financial Proposals – a brief description of the measures that will be undertaken to achieve savings over the 4 years; often with more detail provided for 2018/19;
- Delivery Risk and Impact on Outcomes – identification of potential risks to delivery and/or the level of saving achievable and a summary of the potential impact of the service strategy on outcomes for customers, service users, clients, partners and other stakeholders as appropriate;
- Saving 2017/18 – for information only, this identifies savings already delivered or being delivered in the current financial year i.e. Year 2 of the 4 Year Plan;
- Savings 2018/19 to 2019/20 – proposed amounts to be saved over the remaining 2 years of the 4 Year Plan. The Council will only formally approve the proposals for 2018/19 (highlighted) for which there is a statutory requirement to set and approve a budget and Council Tax.

Summary of Integrated Service & Financial Plans 2018/19 to 2019/20

Department	Savings 2018/19	Posts Deleted 2018/19	TUPE 2018/19	Savings 2019/20	Posts Deleted 2019/20	TUPE 2019/20	Savings 2018/19 to 2019/20	Posts Deleted 2018/19 to 2019/20	TUPE 2018/19 to 2019/20
	£'000	FTE	FTE	£'000	FTE	FTE	£'000	FTE	FTE
Director of Families, Children & Learning	15	1.0	-	-	-	-	15	1.0	-
Health & Disability Services	1,245	11.2	-	890	4.0	-	2,135	15.2	-
Education & Skills	276	4.0	-	172	2.0	-	448	6.0	-
Children's Safeguarding & Care	2,722	12.5	-	1,544	-	-	4,266	12.5	-
Children's Safeguarding & Quality Assurance	50	0.7	-	55	1.0	-	105	1.7	-
Total Families, Children & Learning	4,308	29.4	-	2,661	7.0	-	6,969	36.4	-
Adult Social Care	2,130	25.5	13.0	1,380	-	-	3,510	25.5	13.0
S75 SPFT	340	-	-	255	-	-	595	-	-
Integrated Commissioning	120	-	-	70	-	-	190	-	-
Public Health	826	-	-	479	4.6	-	1,305	4.6	-
Total Health & Adult Social Care	3,416	25.5	13.0	2,184	4.6	-	5,600	30.1	13.0
Transport	1,043	-	-	491	-	-	1,534	-	-
City Environmental Management	511	-	-	436	-	-	947	-	-
City Development & Regeneration	221	1.5	-	133	1.5	-	354	3.0	-
Culture	121	-	118.5	81	-	-	202	-	118.5
Property	274	1.0	-	324	-	-	598	1.0	-
Economy, Environment & Culture	2,170	2.5	118.5	1,465	1.5	-	3,635	4.0	118.5
Director of NCH	-	-	-	-	-	-	-	-	-
Housing General Fund	364	1.0	-	93	2.4	-	457	3.4	-
Libraries	85	-	-	202	4.9	-	287	4.9	-
Communities, Equalities & Third Sector	35	1.0	-	135	-	-	170	1.0	-
Regulatory Services	129	3.0	-	70	2.0	-	199	5.0	-
Community Safety	40	-	-	31	0.5	-	71	0.5	-
Neighbourhoods, Communities & Housing	653	5.0	-	531	9.8	-	1,184	14.8	-

APPENDIX 6

Department	Savings 2018/19	Posts Deleted 2018/19	TUPE 2018/19	Savings 2019/20	Posts Deleted 2019/20	TUPE 2019/20	Savings 2018/19 to 2019/20	Posts Deleted 2018/19 to 2019/20	TUPE 2018/19 to 2019/20
	£'000	FTE	FTE	£'000	FTE	FTE	£'000	FTE	FTE
Finance	97	2.0	-	81	2.0	-	178	4.0	-
Audit	35	-	-	-	-	-	35	-	-
Revenues & Benefits	137	8.0	-	269	10.0	-	406	18.0	-
Procurement	41	-	-	27	-	-	68	-	-
Human Resources & Operational Development	198	4.0	-	153	-	-	351	4.0	-
ICT	294	2.0	-	188	-	-	482	2.0	-
Business Operations	72	3.0	-	101	-	-	173	3.0	-
Finance & Resources (Excluding Tax Base Savings)	874	19.0	-	819	12.0	-	1,693	31.0	-
Corporate Policy	20	-	-	10	-	-	30	-	-
Democratic & Civic Office Services	32	4.0	-	29	-	-	61	4.0	-
Legal Services	59	0.4	-	40	-	-	99	0.4	-
Life Events	20	-	-	20	-	-	40	-	-
Performance, Improvement & Programmes	48	2.0	-	26	0.5	-	74	2.5	-
Communications	46	1.0	-	31	-	-	77	1.0	-
Strategy, Governance & Law	225	7.4	-	156	0.5	-	381	7.9	-
Corporate Services	725	-	-	1,525	-	-	2,250	-	-
Total Service Areas	12,371	88.8	131.5	9,341	35.4	-	21,712	124.2	131.5
Revenues & Benefits Tax Base Savings	307	-	-	250	-	-	557	-	-
Total General Fund	12,678	88.8	131.5	9,591	35.4	-	22,269	124.2	131.5

Families, Children & Learning Directorate

Services and Responsibilities

Families, Children and Learning brings together different services for children and young people from birth up to the age of 25, together with services for adults focused on skills & employment and learning disabilities. Much of the education and special educational needs provision is funded through the ring-fenced Dedicated Schools Grant (DSG). Although this budget strategy is focused on General Fund spend there are also parallel proposals in relation to the DSG as there is a significant pressure on the budget following the extension of support for young people with Special Educational Needs & Disabilities (SEND) up to the age of 25 and also parallel pressures on school budgets.

The main area of General Fund spend relates to the placement costs for children and young people in care and adults with learning disabilities (LD). The LD budget transferred across on 1 November 2016 in order to ensure improved pathways between children and adult services. It is a large net budget of just over £30m and includes a supported employment budget, part of which supports a team supporting adults with learning disabilities which work closely with colleagues in the Education & Skills branch. There are significant pressures on this budget and it is currently overspending in relation to placement costs within the Community Care budget arising from residents requiring more support. Following a procurement exercise, 4 council run supported living establishments for adults with learning difficulties transferred to the Grace Eyre Foundation, a well-respected local charity in June 2017.

In relation to children, the number of children with child protection plans and being brought into care nationally continues to increase. Over the last 12 months however, the numbers in Brighton & Hove have been reducing. This has led to cost savings, but is at risk if there is a high profile safeguarding case either nationally or locally. In addition, both locally and nationally there has been an increase in the number of adolescents requiring intensive support, including high cost residential placements. In part this is related to the greater focus on meeting the needs of young people who are vulnerable to exploitation. There is currently a significant issue regarding foster placement sufficiency, which is having an adverse impact. This is a national issue resulting from the significant rise in the number of children in care and the impact locally is that when placements are required, the lack of options mean than placements are made on the basis of availability rather than need. This can result in children being placed in more expensive provision.

Our vision is for a directorate that is ambitious and works more closely with partners. We want all of the city's families and children to be happy, healthy and safe, fulfilling their potential. Over the last few years, services have been redesigned in order to improve efficiency and reduce costs and this will continue in future years with proposals to stop doing some things, redesign some services and reduce the demand for more intensive and expensive services. Inevitably, this requires difficult decisions in balancing untargeted, non-statutory support with preventative, statutory and safeguarding provision.

There are 3 key branches in the directorate together with a performance and safeguarding service that ensures that we meet our duties and provides quality assurance. The key branches are as follows:

Education and Skills £7.051m

This service area includes:

- Early Years and Family Support (including Children's Centres)
- School Organisation
- Education Standards and Achievement
- Skills, Employment and Youth
- Virtual School for children in care
- Able & Willing Supported Employment Service and the Print & Sign service

Health SEN and Disability Services £35.773m

This service area includes:

- Educational Psychology, School Wellbeing Service, Behaviour and Learning Support Services
- Special Educational Needs
- Social work and early help support for children with a disability
- Residential, short break and respite provision for children with a disability
- Assessment, social work, behaviour support and health services for adults with learning disabilities
- Council residential and day activities services for adults with learning disabilities

Safeguarding and Care £38.475m

This service area includes:

- Fostering and Adoption Services
- Children in Need and Child Protection
- Children in Care and Leaving Care services
- Adolescence and Youth Offending Services
- Front Door for Families which includes MASH (Multi Agency Safeguarding Hub)
- Early Parenting Assessment Programme & Looking Forward project
- Contact Service
- RuOK? – substance misuse service for adolescents
- Functional Family Therapy

Users of Family Children & Learning Services

The directorate provides a range of different services from universal to those targeted at small groups of people with very high levels of need and/or where we are required to fulfil a statutory duty. Some of the key groups of users we interact with are as follows*:

32,376 children attend city schools; (May 2017 Census)

8456 parents/Carers applied for school places between September 2016 and August 2017

12,703 contacts relating to 6,705 children were received by the Multi Agency Safeguarding Hub/Front Door for Families this year, of these 2,894 relating to 1,509 children were safeguarding concerns that required follow up work;

5,498 children have been identified as having a special educational need or disability (May 2017 census);

3,947 children are eligible for free school meals; (May 2017 Census)

3,654 children with additional needs are supported by the Inclusion Support Service;

1,671 children attended a council Children's Centre in the last quarter;

1,893 children are open to our social work service, of these, at September 2017, 372 are on a child protection plan and 424 have been brought into the care of the Council;

989 children have an Education Health & Care plan (or statement of Special Educational Needs) (May 2017 Census);

1,429 families have been identified locally through the national Troubled Families Programme;

560 children attend a council nursery

398 children receive supported bus travel to school and a further 470 children receive free bus passes;

519 young people were supported by the Youth Employability Service;

175 children are electively home educated in September 2017;

118 homeless families were supported by the directorate;

132 foster care families are supported by the directorate (September 17);

95 families who have an adopted child were supported and last year;

33 children moved out of care into adoption (year ending September 17)

A further 244 children are supported through a special guardianship order.

- * Please note these figures are a mixture of snapshots in time or usage over a set period and are shared with the intention of being illustrative.

Families, Children & Learning

ISFP Summary

Department	Gross budget 2017/18	Net budget 2017/18	Posts 2017/18	Savings 2017/18	Savings 2018/19	Savings 2019/20
	£'000	£'000	FTE	£'000	£'000	£'000
Director of Families, Children & Learning	1,451	162	6.2	-	15	-
Health & Disability Services	43,503	35,773	297.6	1,681	1,245	890
Education & Skills	12,813	7,051	265.5	1,775	276	172
Children's Safeguarding & Care	40,771	38,475	340.4	2,039	2,722	1,544
Children's Safeguarding & Quality Assurance	1,539	1,477	30.9	-	50	55
Total Families, Children & Learning	100,077	82,938	940.5	5,495	4,308	2,661

ISFP Detail

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
FAMILIES, CHILDREN & LEARNING										
DIRECTOR OF FAMILIES, CHILDREN & LEARNING										
Director of Families, Children and Learning	Salary and directorate support costs for the Director and support staff	343	112	5.6	Savings of £0.100m were achieved in 2016/17 through a reduction in senior management.	Savings in 2018/19 will be a result of a reduction in administrative support (currently a vacancy)	May impact on management capacity		15	

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
	Troubled Families	1,108	50	0.6	This is a largely grant funded programme The current programme is seeking to work with a total of 784 families who meet the central government's criteria for being 'troubled families'. Savings were achieved in 2017/18 therefore no further savings are proposed for 2018/19.					
Director of Families, Children & Learning Total		1,451	162	6.2				-	15	-
HEALTH & DISABILITY SERVICES										
Services for children with disabilities	Residential, respite and short breaks.	1,752	1,225	47.8	The LA will continue to meet its full statutory duty towards children with SEN and disabilities and remains committed to working with parents, young people and all in partnership. The aim is to find efficiencies while extending the access of families to short breaks and respite through effective re-organisation and a reduction in agency spend (see below). The new integrated special school hubs will offer an extended range of short breaks outside of school hours more efficiently with increased access for more families. We will also be offering through the hubs a better offer of support to help families cope at home where children have	Review of use of in-house provision and respite to extend the range of options for parents with more emphasis on extended day, evening and weekend activities. Overnight respite would still be available for those in most need and where children require shared care. Further review of contracts with the Community and Voluntary Sector for respite and short breaks to see how they could extend their reach while making greater efficiencies. While every effort will be made to make savings through efficient service redesign within current staffing, there may be a loss of posts for care staff. Given the difficulties in recruitment however this is likely to be achieved by redeployment rather than job losses.	Opportunities will be impacted. Potential impact on respite provision See EIA 1	86	100	140

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
Services for children with disabilities	Social work	773	773	19.1	exceptionally complex needs and challenging behaviours, thus strengthening the resilience of families and reducing the need for overnight respite and children coming into care. In terms of remit for Children's Disability Service (CDS), there are close to 300 families receiving	Reduction in management capacity across the Children's Disability Service and the Adults Learning Disability Service following re-structure to provide one integrated service. Bringing together adult and children's services provides an opportunity to rationalise management across both services and to streamline provision.	Delivery Risk: May impact on management capacity at pressure points but priority will be on statutory duties. See EIA 1 and S1.	100	50	200
Services for children with disabilities	Direct payments	857	409	-	services via the social work and early help service. Around 130 families receive	Direct Payments provide cost effective bespoke solutions for families needing support				
Services for children with disabilities	Family support services	323	260	4.7	direct payments to enable them to purchase care packages and around 30 at any one time receive	Family support services provide early help and intervention that can prevent escalation of need				
Services for children with disabilities	Contracted services, adaptations, management	1,105	1,048	9.1	overnight respite at one of our two children's homes or through specialist foster care. We are reviewing the way short breaks and respite are delivered to offer a different model that provides a much wider offer with new more affordable short break and respite options included so that resources are distributed more equitably and preventatively, whilst ensuring the families in greatest need continue to have access to shared care arrangements as now.	Considerable savings have already been made in these areas overall. We will however be seeking some further small efficiencies on contracted services which will contribute to the overall savings for short breaks and respite		-	-	-

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
Agency disability	Independent and non maintained children's homes, special schools and boarding school placements	1,186	832	-	The direction of travel in both Children' and Adults Learning Disability Services is to enable families to stay together within the City as far as possible by ensuring a comprehensive range of quality integrated services across education, health and care/ respite to meet needs locally. This in turn prevents the need for expensive independent provision at a distance from the City. The strategy also aims to empower families by a shift in provision towards Direct Payments so that they can purchase what they need in terms of support, with help and advice provided for them to do this.	The reorganisation of special school provision into new specialist hubs will offer integrated education, health, care, respite and extended day services on-site with closer working with the children's homes at Drove Road and Tudor House. This will provide a quality alternative to private and residential provision that keeps families together and reduces the cost of expensive out of City alternatives and taxi transport.	Delivery Risk: Reliance on positive impact of the new practice model changes and anticipated downward trend on agency placements. Impact on Outcomes: Impact on children and families will be mitigated by a considered restructure of residential provision and a rebalancing of budgets and to increase funding for Direct Payments. Greater provision of full time residential education and care will help keep families together. See EIA 1	510	150	60
Special educational needs	Special Educational Needs	929	248	19.0	This area is subject to increasing pressures as the age range for eligible young people has extended from 2-19 to 0-25 following the 2014 Children and Families Act. No further savings proposed in 2018/19.					
Inclusion Support Service	Inclusion Support Service. Including Educational Psychology Service and Child &	1,420	287	30.9	This is a new integrated service that has been developed from what were previously separate support services for children with special educational needs, including emotional health needs. The main funding	The proposal is to develop a greater traded function which schools believe offers them value for money.	Potential risk of schools not buying back into traded service		50	

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
	Adolescent Mental Health Services (CAMHS)				comes from the Dedicated Schools Grant. Currently only the service for children with literacy needs/dyslexia is traded with schools but there is scope for this to be a larger element. There is a budget saving of £50K from the General Fund in 2018/19 in a service with a total budget of over £3M (including DSG funding). This saving could be achieved by the loss of the equivalent of 1 teacher or 1-2 other professional specialist posts. However the potential loss of schools' 'exception funding' (currently subject to consultation with schools) and significant savings to be found in the High Needs Block of the DSG means the service will need to expand its traded element with schools from 2018/19 onwards. If schools are unwilling to purchase the traded element, there is a risk to current staffing levels as yet to be determined.					
Community Care (Adults) including: - Community Support - Day Care - Direct	Learning Disabilities	26,875	23,758	-	Savings in 2018/19 will be achieved by a continuation of the successful 'Move On' project. This project has been reviewing service users with a view to promoting independence as	Review high cost clients receiving multiple services who have not been reviewed in the previous two years. Taking a more holistic approach to the commissioning of care homes.	Delivery Risk: Limited availability of suitable accommodation in the City, high unit cost and continued increase in the numbers of clients with eligible need. These	650	745	440

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
Payments - Home Care - Shared Lives - Supported Accommodation - Residential Care - Nursing Care					close to the City and local community as possible. The project also reviews care packages to see if they are still needed and being delivered in the best and more efficient way. In addition further efficiencies will be sought from all council run provision. We are developing a more personalised approach to our clients, including close working with housing colleagues. Additional support has been provided to carry out re-assessments of the support needs of our clients. In terms of context there are currently 833 adults with learning disabilities receiving support from the community learning disability team, ranging from direct payments through to full residential care.	The savings achieved from an anticipated reduction in the number of clients in higher cost provision will however be less than the additional funding made available for this budget to respond to the increased unit costs of provision. This is currently estimated to be approximately £2m and so the overall budget will increase	demands equate to additional costs of £3.223m for 2017/18. Savings can only be achieved by accessing local accommodation. Impact on Outcomes: Concentrating on key statutory duties and those clients who present the highest risk to themselves and to the Community, ensuring needs are met in the most cost effective manner. See EIA 2			
Assessment & Support and Intervention Team (Adults)	Learning Disabilities Assessment Teams (including Management, Assessment and Admin)	998	900	26.5	This is the social work assessment team and is required to ensure the safety and wellbeing of adults with LD and to carry out reviews of provision in line with statutory requirements			31	-	-
Learning Disabilities - Community Support (Adults)	Community Support Service	203	166	6.2	This early help service works to prevent need escalating and thus avoid unnecessary costs arising			30	-	-

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
Learning Disabilities - Day Services (Adults)	Learning Disabilities Day Options	731	710	29.4	Part of the Learning Disability Strategy - includes increased Personal Budgets, and re-providing support. The direction of travel for adult social care directly provided service is to focus these on people with the most complex needs.	Continue to support people to move on to alternative day activities on an individual basis where their needs can be met in different ways.	Planned individualised transitions to alternative options using advocacy where required. Continued engagement with family carers. Potential staff reductions once service users numbers have reduced. Any reprovision costs to be closely monitored so they do not put pressures on to the Community Care budget. See EIA 3 and S2.		50	50
Learning Disabilities - Residential (Adults)	In house Residential and Supported Living	5,447	4,309	85.0	High cost and most local authorities do not provide services in-house. The direction of travel for adult social care directly provided service is to focus these on people with the most complex needs.	Consideration is being given to the outsourcing of the two of the remaining supported living services during 2018. Further efficiencies will be found within the budget areas of the Residential & Supported Living Services including building maintenance. Additionally we will seek to change the registration of one of the residential services to enable the people who live there more choice and control over their lives.	Complexity of re-procurement process. Regulatory body may not approve change of registration. Buildings may require unforeseen works. See EIA 4a.		100	-
Learning Disabilities - Residential (Adults)	Respite Services	770	714	18.1	Part of Learning Disabilities strategy which will focus the service on complex, short term, hospital avoidance/ step down cases and provide a service of last resort.	Respite services enable families to stay together and reduce the demand on care placements.		-	-	-

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
Learning Disabilities - Shared Lives (Adults)	Shared Lives Service	Budget included above	Budget included above		Good value for money compared to residential care or Voluntary Sector/delivers savings to Community Care budget.	Shared Lives is a cost effective high quality solution where adults with LD can live semi-independently within a family setting		-	-	-
Learning Disabilities - Supported Accommodation (Adults)	Registered Supported Living (8 Services)	Budget included above	Budget included above		Savings for 2018/19 in this area are part of those outlined in the 'In House and Supported Living' proposals above.	Costs in these services are mainly for care packages identified to meet the needs of service users		223	-	-
Other	Learning Disabilities Operational Provider Management (Including Denmark Villas Management)	134	134	2.0	A significant saving has been made in this area in 2017/18			51		-
Health & Disability Services Total		43,503	35,773	297.6				1,681	1,245	890
EDUCATION & SKILLS										
Schools PFI	PFI budget for 3 schools	2,410	-	-	No change proposed. Tied to long term PFI contract.	Tied to long term PFI contract				
Access to Education	Access to education team including council functions and process regarding school attendance and exclusion, missing education, employment licences, EOTAS (elective home	161	-	4.1	This is also part funded by the DSG. Savings were achieved last year. Given the pressures on the team including admissions, attendance support and work to ensure that children continue to receive a full time education, there are no proposed savings here	The service is to be protected as part of a wider strategy to support the education of vulnerable pupils including the supporting of statutory functions.		61	-	-

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
	education and medical needs).									
Standards & Achievement	Core school intervention team, commissioned school partnership advisers (this funding previously was part of the Education Services Grant - please see below). Note: Income of £76k from services to schools has been netted off within the gross budget.	380	380	3.0	This covers a range of statutory functions, although in recent years central government grant funding has reduced significantly. Brighton & Hove have a high percentage of schools judged by Ofsted to be Good and Outstanding so therefore the need for interventions has reduced.	To deliver service differently. Money has been allocated to fund a Partnership Adviser for Leadership and Governance.	Delivery Risk: Low risk. Impact on Outcomes: Customer satisfaction will be monitored closely.	69	13	33
Governor Support	This service provides challenge and support to governors to full fill our statutory role as a LA. It also provides a high quality traded service which has a high percentage buy back from	51	39	3.3	This service provides challenge and support to governors to fulfil our statutory role as a LA. It also provides a high quality traded service which has a high percentage buy back from schools.	Savings through efficiencies and increasing trading of the service. Much of the service is funded through a buy-back arrangement with schools.	Delivery Risk: Low risk.	10	13	

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
	schools. Note: Income of £100k from services to schools has been netted off within the gross budget.									
Poverty Proofing School Day		75	75	-	The budget is to carry out the Poverty Proofing the School Day audits for schools across the city as part of the Fairness Commission recommendation 49. It funds the licence with Children North East and the costs of the team of researchers who go into schools to carry it out and write the reports.					
School Improvement Monitoring Grant		123	-	-	This new grant has been allocated to local authorities to support them to broker additional school improvement provision, and intervene. The funding is to be used to increase and enhance the direct support needed for schools causing concern such as pupil premium reviews that support Ofsted and the governments focus on narrowing the gap. This enhances current provision in LAs that has only allowed us to monitor and intervene in the most extreme circumstances. The new	This grant is short term and not permanent. We do not yet know if this funding will exist in 2018/19. This is grant funding with conditions that it has to be used for statutory school improvement services.				

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
					grant puts greater emphasis on early intervention and school support to reduce risk of failure.					
School Organisation, Admissions & Home to School Transport	This includes our staff and support to deliver on our statutory school organisation and admissions role and management and leadership of school meals, home to school transport and all other statutory school organisation functions. Transport between home and school for children who live beyond the statutory walking distance. The appropriate school is the nearest maintained school to the child's home	2,490	2,437	11.4	Greater efficiency to improve value for money. Underlying pressure on the home to school transport budget requires further work on independent travel, and rigorous implementation of policy. Planned work on reducing spend on supported buses is also underway. As of September 2017 there are 354 children and young people who receive direct transport support and a further 421 young people who receive bus passes. In addition this budget contributes to the wider supported bus transport subsidy	Significant savings have been achieved in previous years in transport and overall cost compares well with other Councils. A further small saving is planned for 2018/19. Although we have statutory duties in relation to home to school transport, how we provide support is not prescribed.	Transport is a demand led budget that continues to be under significant pressure due to the Councils statutory transport responsibilities. See EIA 4b.	-	70	39

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
	that is suitable to their age, educational needs and has a place available. Note: Income of £110k from services to schools has been netted off within the gross budget.									
Music & arts study support	Provision of music and arts opportunities	340	-	3.1	This is no longer a Council run service following transfer to the Dome.			7		
Other Services/ Management	The Virtual School.	16	16	-	The Virtual School is largely funded through the DSG and the pupil premium for children in care. The school supports all children who are of school age and are in the care system, including those educated outside of the LA area. The team work to ensure that any barriers to educational achievement are removed.	Large savings were taken in 2017/18 - this supports statutory provision to promote the education of children in care		20		
Other Services/ Management	Branch Leadership & Management	143	85	3.0	Leadership of education and skills branch					
Other Services/ Management	Redundancy & Asset management	(12)	(160)		Statutory duties of the local authority funded through the DSG.	Funded by DSG with the support of Schools Forum.				
Other Services/ Management	Education and Traded services support				No further changes are proposed. This is the budget for the Assistant Director, the officer responsible for traded services (which is			20		

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
					fully funded by the service level agreements) and administrative support					
Youth Services	The Council run Youth Participation Team deliver citywide youth participation and advocacy which supports wider engagement but also targets more vulnerable groups of young people. The Youth Grants Programme funds voluntary sector providers to run neighbourhood and equality youth services in targeted areas across the city.	823	512	13.7	Statutory duty to ensure there is a suitable offer to young people and statutory advocacy team. The services support participation and positive changes for young people either individually or as a community, targeting the highest areas of deprivation. The aim is to improve the social inclusion of young people, support young people into employment and to reduce antisocial behaviour, particularly in communities with council house tenancies. The service is also funded from the Housing Revenue Account. No savings are proposed for 2018/19 here.	Large savings were taken in 2017/18.		505	-	
Early Years - Children's Centres	City-wide service co-located with health visiting which aims to improve outcomes for	1,491	1,459	41.1	The service was reviewed in 2015/16 and funding reduced from April 2016. The Fairness Commission recommended that the Council should prioritise support for Children's	No longer funding finance post (already achieved). Reducing the number of children centre groups (group review taking place in the autumn).	Delivery Risk: Low risk. Impact on Outcomes: Minimal impact. See EIA 5	100	60	

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
	children under 5. Seven designated Children's Centre's and delivery points across the city.				Centres. Between April to June 2017 28 children attended Children's Centres, 300 children received targeted interventions and 50 adults volunteered.					
Early Years Nurseries	Subsidy for the Council run nurseries (Acorn, Bright Start, Cherry Tree, Jump Start, Roundabout and Sun Valley) and Tarnerland Nursery School. The nurseries provide free childcare places for 2, 3 and 4 year olds and childcare that parents pay for.	1,374	306	89.5	Statutory duties to secure sufficient free early education for 4, 3 and low income 2 year olds. Statutory duty to secure sufficient childcare for working parents. The Government introduced a tax-free childcare scheme from April 2017 worth up to £2,000 per child each year and £4,000 for disabled children and extended the entitlement to free childcare from 15 to 30 hours for 3 and 4 year olds with working parents from September 2017. Government funding for 30 hours is less than the rate that parent pay so will reduce income. 500 children attend council run nurseries.	The nurseries are under pressure from rising costs and reducing income (from the Dedicated Schools Grant) but do not receive any service pressure funding and therefore no saving is possible in 2018/19.			-	-
Early Years - Childcare	Support for nurseries, childminders, out of school childcare, childcare workforce training, and management & admin of	528	303	8.1	Statutory duties to secure advice and support for childcare providers and sufficient childcare provision. To encourage childcare providers to increase the number of apprentices and access apprenticeship funding for qualifications.	Reducing funding for childcare training. Running cost savings.	Delivery Risk: Low risk. Impact on Outcomes: Minimal impact.	60	20	20

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
	free early years entitlement for 2/3/4 year olds									
Early Help - Integrated Team for Families (ITF) and Parenting Service	The ITF & Parenting Service work with families with children of all ages who have multiple complex needs that generally fall just below the social work threshold, including Family Coaching, specific interventions and group work programmes. The Parenting Service delivers evidence based group and 1-1 parenting interventions.	677	677	33.0	The Integrated Team for Families and Parenting Team is part of the Council's contribution to the national Troubled Families initiative which aims to deliver coordinated and tailored support to families experiencing multiple and complex problems to reduce demand pressures on costly reactive services. The service was restructured in 2017 with the number of ITF teams reduced from four to two and a reduction in the number of Family Coaches. The service is also funded from Troubled Families Budget (£530,000) with part of the funding based on Performance by Results. The Troubled Families Initiative is due to end in 2020 and funding is expected to decrease in 2019/20.	Reduction of two Family Coach posts (already achieved as part of the restructure in spring 2017)	Delivery risk: low risk. Impact on outcomes: Less capacity to support families experiencing multiple complex needs and increased demand for social work services. See EIA 6	340	80	80
Skills & Employment	Skills & Employment Team. This team supports community learning, as provided by	1,002	647	21.0	These teams provide a range of skills and employment support to both young people but also adults. The Youth Employability Service has been very successful in	Efficiencies to be found across services in Employment and Skills	If not managed well there might be a potential increase to the number of young people not in education, employment or training.	30	20	

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
	The Friends Centre which is funded via Skills Funding Agency (SFA). This team also includes: <ul style="list-style-type: none"> - Apprenticeship team - Youth Employability Service - Post-16 Learning & Skills 				ensuring that the number of young people not in education, employment and training in Brighton & Hove is relatively low. This means that young people have a good start on their employment journey. The apprenticeship team is focussed on ensuring that council services (including schools) maximise the number of apprenticeship take-ups of all ages so that the Council is able to access funds that were removed from it through the apprenticeship levy.					
Learning Disabilities - Employment Support (Adults)	Employment Support Services including Able & Willing The Supported Employment Team offers time-limited employment advice, coaching and support to people who have disabilities and long-term health conditions with the intention of supporting	749	333	23.1	A non-statutory service, and there is a need to focus on supporting more people into work. This is a budget that has historically overspent and is projected to overspend this year. Work is currently taking place to reduce this overspend. This involves a merger with our print and sign service and a more commercial approach to product lines. If current work takes place it is anticipated that the historic overspend is dealt with, but no additional savings are likely to be achieved next year.	This is a budget that has historically overspent and is projected to overspend this year. Work is currently taking place to reduce this overspend. This involves a merger with our print and sign service and a more commercial approach to product lines. If current work takes place it is anticipated that the historic overspend is dealt with, but no additional savings are likely to be achieved next year.		50	-	-

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
	them into the workplace. Able and willing is Brighton's only Supported Business. It employs around 14 staff, of which 50%+ have some form of disability									
Print & Sign	Print & Sign Unit	(8)	(58)	8.0	This service is entirely funded by work it carries out.			15		
Education & Skills Total		12,813	7,051	265.5				1,775	276	172
CHILDREN'S SAFEGUARDING & CARE										
Fostering & Adoption	Payments to in-house carers for fostered and adopted children.	7,471	7,471	-	Review of staffing structures and adoption support to ensure efficiencies, together with increase in number of adoption assessments creating an income stream	Maintain budget as investment in this area is better value for money than foster agency placements.				
Fostering & Adoption	Staffing teams assessing and supporting foster carers and potential adopters. Allowances paid to Adopters	4,207	4,007	67.5		Service redesign aimed at reducing any overlapping areas between Adoption and Fostering. Review of adoption services in light of proposed national changes.	Delivery Risk: Redesigned service may not assess sufficient new carers and adopters. Higher cost foster agency placements would then persist. Impact on Outcomes: More 'in-house' carers and new adopters should provide better stability and outcomes for children and young people. See EIA 7	167	220	

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
Social Work & Legal	Social work staffing teams.	8,837	8,836	181.5	<p>A new model of social work practice was introduced in October 2015 to provide continuity for families and improve support for social workers. By responding in a more purposeful and relational way, the theory of change was that the number of children at risk of significant harm would reduce, resulting in a reduction in higher levels of intervention. Demand for social work services have reduced compared with October 2015. As at 02.10.17</p> <ul style="list-style-type: none"> • Number of open clients has reduced by 7.7% • Number of child protection plans has reduced by 7.9% • Number of children in care has reduced by 8.7% <p>These reductions have taken place within a national context of increasing demand and Brighton & Hove remain above the national average for rates of children subject to child protection plans and children in care. Internal quality assurance activity, the 2015 Ofsted inspection and 2016 LGA Peer Review indicate that thresholds for accessing safeguarding services are appropriate.</p>	<p>The key indicators of demand for social work services have reduced in Brighton & Hove since October 2015. The use of agency social workers has reduced from over 20% in October 2015 and to zero by October 2017. Staff turnover rates have also improved. Reducing demand on services has enabled a reduction in social work staffing in line with our stated service and budgetary proposals.</p>	<p>Delivery Risk: Increased demand and referral rates, as a result of unforeseen national or social contextual issues, may put at risk social work staffing efficiencies. The improvements in practice and outcomes associated with the model of practice, including reduced expenditure on staff, are reliant on caseloads allowing meaningful relationship-based practice. Current caseloads are in line with national averages and have allowed a response to budgetary demands at the same time as maintaining an efficient and effective service.</p> <p>Impact on Outcomes: Improved practice model should continue to prevent children needing care and contribute to improved outcomes for young people. See EIA 8</p>	75	590	-

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
					Reducing demand has enabled a reduction of social work staffing by the equivalent of 1.5 pods.					
Social Work & Legal	Expenditure incurred under section 17 & 18 of the 1989 Children Act, including housing for homeless families.	659	659	-	This budget ensures that the Council is able to fulfil its statutory duties to support families at risk. Pressures continue to be high so no change in investment planned.	This is a budget that is under pressure in terms of demand and cost but does not receive any service pressure funding. As such no saving is possible in 2018/19				
Social Work & Legal	Legal costs relating to assessment and court fees.	1,060	1,060	-	No changes proposed as courts are making increasing demand on care applications	This is a budget that is under pressure in terms of demand and cost but does not receive any service pressure funding. As such no saving is possible in 2018/19				
Contact Service	Family contact for children in care (CiC) and children in need (CIN)	826	826	21.3	The service provides co-ordinating, supporting and supervising court ordered parental and family contact with children in care and children in need. A thorough review has achieved initial savings via a redesign.	Core staffing will be retained but a review of delivery of contact service to reduce costs of sessional workers and their transportation costs will be undertaken. Until this is completed the savings for 2019/20 have not yet been confirmed	Delivery Risk: Low risk. Impact on Outcomes: No impact anticipated.	106	20	130
Care Leavers	Services for 18-24 year olds leaving care, including staying put and ex-asylum seekers.	2,805	2,487	9.0	No change in investment planned given need for continued support for young people leaving care and increase in responsibilities up to age 25.	No savings possible given need for continued support for young people leaving care and increase in responsibilities up to age 25.				
Agency Placements	Residential, fostering and secure placements for	11,652	10,522	4.0	Project to increase the number of in house foster placements and reduce reliance on more expensive	Relationship based social work practice and the specialist adolescence service is contributing to diverting	Delivery Risk: This is a high cost service where the failure of effective prevention and demand	1,511	1,777	1,414

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
	looked after children provided by external agencies				independent provider provision is ongoing. Provision of high quality, value for money provision though contracted services with external providers supported by the children's services framework contract arrangements and preferred provider guidelines.	children from the care system, and for those already in care, a stepping down to in house and/or less expensive placements. The overall number of children in care has continued to reduce locally (in the context of a national increase) and close scrutiny of placement costs, together with an increase in in-house foster carers is contributing to a reduction in unit costs. Work streams: Increasing number of in house foster carers and those able to provide support to more complex children; Increasing and extending preferred provider options for the Local Authority in partnership across the South East; Developing specific arrangements with a provider around residential placements; Working with East Sussex and the DfE to further develop ESCC secure establishment; Developing in house capacity with regards Supported Lodgings - an area of increasing demand and unit costs.	management will not only impact on the achievement of cost reduction but is likely to be of corporate financial significance to the council's challenging medium term financial position. The proposals set out here assume that other pressures on this budget will be met across the overall budget. A small number of adolescents with very significant needs continue to provide pressure on these budgets combined with a national shortage of placements. Impact on Outcomes: Improved practice model should prevent children needing care and contribute to improved outcomes for young people. Demand management has implications for managing risk effectively to meet safeguarding requirements and statutory duties.			
Adolescent Service	Support and supervision to young people involved in the Criminal	2,169	1,620	40.7	Redesign of services to align with the adolescent strategy.	Redesign of service provides an opportunity to review staffing resources to align to include new responsibilities for teenage pregnancy and sexual	Delivery Risk: If the adolescent service does not succeed, offending activity may remain higher and require continued	30	40	

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
	Justice System and preventative work for children and young people at risk of becoming involved in offending.					health plus annual, reductions in income from the Youth Justice Board and to continue the success of the preventative strategy in reducing demand.	high cost support. Impact on Outcomes: Minimal impact as cost reduction should mirror reducing demand (offending) linked to the adolescent strategy. See EIA S3.			
Family Support Services	Family group conferences and intensive intervention initiatives	409	379	5.7	No changes proposed as maintaining investment in this preventive service area is critical for effective demand management. Family Group Conferencing is used to identify alternative means to meet the needs of families who are facing difficulties and so avoid the need for a child to be brought into care.	No savings possible given need for effective demand management into more expensive statutory provision e.g. placement in care.				
Specialist Assessment	Clermont Family Assessment Centre	470	470	8.8	Redesign of service provision in response to the model of practice will reduce demand for interventions and assessments from the Clermont.	These savings are achieved by a review of service provision	Delivery Risk: Low risk. See EIA 10		75	
Specialist Assessment	Therapeutic Services	69	1	-	This is funded externally	External funding				
Specialist Support	Living Without Violence	137	137	1.8	Review of LWV programme and associated management costs			50		
Children's Safeguarding & Care Total		40,771	38,475	340.4				2,039	2,722	1,544

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000	18				£'000	£'000	£'000
CHILDREN'S SAFEGUARDING & QUALITY ASSURANCE										
Children's Safeguarding & Quality Assurance	Specific child protection services, the Local Safeguarding Children's Board and independent reviewing officers. Note: Income of £44k from services to schools has been netted off within the gross budget.	1,539	1,477	30.9	LSCB management and admin is a statutory multi-agency funded safeguarding function. Child protection services and independent Reviewing Officers are statutory services with high case loads and increasing demands.	Reducing and managing demand under the new practice model should enable a modest reduction of staffing resource over the medium term.	Delivery Risk: Continuing high demand and referral rates would put at risk this potential staffing efficiency. Impact on Outcomes: No impact expected. Statutory requirement.		50	55
Children's Safeguarding & Quality Assurance Total		1,539	1,477	30.9				-	50	55
Families, Children & Learning Total		100,077	82,938	940.5				5,495	4,308	2,661

Health and Adult Social Care Directorate

Services and Responsibilities

The directorate is responsible for discharging the council's statutory responsibilities in relation to the provision of Adult Social Care to meet eligible need, legal duties to keep people safe from harm, safeguarding people whose liberty may be deprived and delivering our Public Health duties and functions. The Directorate provides a range of support to adults within the city and their carers. These include residential/nursing care, support packages for those with complex needs and universal, preventative support aimed at keeping people well and independent for longer.

In 2016/17, Adult Social Care managed the following activity:

- 5,034 new requests for social care support;
- 1,458 of these new requests resulted in provision of long term funded care services. Others received short term support e.g. re-ablement or end of life care, signposting to community services or ongoing low level support e.g. issuing equipment;
- 2,056 carers supported;
- 2,085 Deprivation of Liberty Safeguards applications (these numbers continue to increase; 998 applications received in the first 6 months of 2017/18);
- 772 Safeguarding enquiries were carried out.

During this period we provided long term funded care services for 3,601 adults. This support was provided in the following ways:

- 1,809 adults received domiciliary care in the community, this figure does not include those people referred into Homefirst, a pilot Discharge to Assess programme initiated midway through 2016/17 jointly funded with the CCG focussed upon getting patients home from hospital as soon as they are medically stable, which is subject to separate evaluation;
- 1,276 adults received residential or nursing support (529 nursing care placements and 747 residential care placements). The numbers of residential and nursing placements increased between 2015/16 and 2016/17 but the numbers have since plateaued as the service continues to support people to stay in their own home with a consistent reduction in permanent residential placements now coming through as an emerging trend.
- 516 adults were in receipt of care services funded via a Direct Payment;
- 252 adults received day care support.

Health & Adult Social Care

ISFP Summary

Department	Gross budget 2017/18	Net budget 2017/18	Posts 2017/18	Savings 2017/18	Savings 2018/19	Savings 2019/20
	£'000	£'000	FTE	£'000	£'000	£'000
Adult Social Care	49,268	28,398	500.2	2,285	2,130	1,380
S75 SPFT	20,778	12,687	45.7	293	340	255
Integrated Commissioning	8,900	8,165	38.0	147	120	70
Public Health	21,201	(19)	55.9	2,148	826	479
Total Health & Adult Social Care	100,147	49,231	639.8	4,873	3,416	2,184

ISFP Detail

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
HEALTH & ADULT SOCIAL CARE										
ADULT SOCIAL CARE										
Community Care budget funding packages of care to meet statutory responsibilities across adult care groups apart from Learning Disability and mental Health. Services include; community support, home care,	Physical Support & Sensory Support	27,004	15,348	-	Continue with the agreed Direction of Travel for Adult Social Care focusing upon reducing demand through a number of approaches: increasing access to advice and information, development of asset based social work maximising community support mechanisms, Integration with health colleagues, both commissioning and front line delivery, to provide a better joined up service to customers/patients	Support delivery of preventative approaches to reduce flow of new care packages, ensure all new care packages secure value for money, prioritise reviews and target higher cost packages to explore more effective means of delivery, integration with health to focus upon admission avoidance and discharge to assess at home.	Delivery Risk: Primary risk is that the number of people with eligible needs continues to increase and those with existing services become frailer thus requiring increased packages which would impact on achievement of the full saving. Development of preventative strategies will help to generate long term benefits; however, risk of not achieving full target savings within the period. Market maturity and sustainability following a period of time with modest increases may impact upon	1,425	1,704	766

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
supported accommodation, residential and nursing care.							success of savings being fully realised. With Care Act responsibilities to the market we must manage risk/potential for legal challenge. Impact on Outcomes: Concentrating on key statutory duties and those clients who present the highest risk to themselves and to the Community. See EIA 11.			
Assessment & Support and Intervention Team (SIT). Social Work teams delivering statutory duties under the Care Act to assess eligible needs, intervene where people are at risk to themselves, others or the community. Deliver statutory duties under the Mental Capacity Act, Safeguarding Vulnerable Adults, Deprivation of Liberty	- Assistant Director - Community Short Term Social Work Teams - Social Work Team - Information Signposting Triage - Financial Assessments and Care Matching Team - Community Rapid Response Team - Hospital Discharge Service Acute - Planned Response Service - Hospital Assessment & Reablement	9,230	6,974	213.7	The agreed Direction of Travel highlighted the need to maintain our qualified workforce to deliver on financial savings and meet statutory duties. The unqualified workforce was reduced in 2016/17 and an offer has been made to remaining unqualified staff to undertake a professional qualification. Proposed staff reduction will come from vacancies within the wider workforce not qualified staff and safeguarding duties will continue to receive highest priority. Approach rationale to reduce demand and support more efficient working practices.	Development of Asset Based practice to reduce demand. Supported self assessment and signposting of customers by effective use of the on-line portal to divert traffic. Implement technological solutions to financial assessments. Support staff with digital solutions to streamline work processes. HASC staff have been aligned with GP clusters providing improved opportunity for early intervention and diverting people from publicly funded services.	Delivery Risk: Ability to develop within the required timeframe an integrated approach with partner organisations to deliver services. Access to and the provision of effective ICT systems and infrastructure are key to the achievement of savings. Impact on Outcomes: The aim is to increase personalisation and put people in control which should result in more positive outcomes. EIA requirement subject to individual service proposal.	339	100	-

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
Safeguards (DoL's)	- Carers Development Team - Independent Living - Carelink									
	Community Equipment Service	2,334	257	-	Effective demand management will be required to manage within existing resources. This is funded through the Better Care Fund and will be part of the CCG review of funding.	This service is under significant demand pressures and received significant funding through the Better Care Fund, therefore it is not possible to identify savings.		-	-	-
Hostel Accommodation	Hostel Accommodation 107 beds budgeted for in 2017/18	2,326	1,103	42.3	Significant savings were taken from this budget in 2016/17. There is an ongoing review of hostel accommodation within the City which will be completed in 2017/18. As a result of this no savings have been identified at this stage.	Part of the ongoing review of hostel accommodation includes looking to transfer the service at New stein Mews to an external provider to secure effective future provision.		-	-	-
Memory & Cognition Support - Day Services	Wayfield Avenue Day Services. 23 budgeted capacity for 2017/18	293	165	9.1	Service provides value for money and reduces the need for residential care services.	This service is a cost effective way of supporting vulnerable people, reducing demand pressures on other budgets.		-	-	-
Memory & Cognition Support - Residential	Ireland Lodge Residential Wayfield Ave Residential. 47 budgeted capacity for 2017/18	2,271	859	76.6	Provision to be retained as no suitable alternative is available. The Clinical Commissioning Group (CCG) provides funding for both of these services.	No immediate proposals. Currently working with Commissioners on future service models. Savings were taken in previous years.	Delivery Risk: Support from the CCG is integral to the successful review and continuous delivery of these services.	121	-	-
Physical Support - Home Care	Community Short Term Services &	2,982	2,781	74.6	With a focus on admission avoidance and ensuring flow from the acute hospital,	Cost of service has been reduced and provides increased value for money.	Delivery Risk: Low risk. We will retain a 'service of last resort'	400	326	614

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
	Independence at Home (Including Early Supported Stroke Discharge and Apportionment of Assessment Duties Budget capacity for 2017/18 assumes a max of 65 people in service at any time through 12 month period				ensuring people are maintained in community settings, complete a review of the pathways that are supported by Homefirst, bedded provision in Resource Centres and our Home Care offer. Working closely with the CCG, Sussex Community Foundation Trust, applying genuine integration principles we will facilitate a more streamlined pathway delivering a reduced need for both the number and size of ongoing packages of care and placements leading to a reconfiguration	Future role of in-house provision to be reviewed. Move towards embedding the Home First pathway which will reduce future demand on Independence at Home service and bedded units.	Impact on Outcomes: No adverse impact expected, this should only improve patient /service user outcomes. See EIA 12.			
Physical Support - Residential	Craven Vale Residential Knoll House Residential Budget capacity for 2017/18 assumes a maximum of 21 people in service at any time through 12 month period.	2,828	911	83.9	of the current level of bedded provision and Home Based Care.	See above	Risk on delivery if alternative provision is not available. Requires modelling of remaining beds on basis of future rather than past activity. See EIA 12.	-		
Adult Social Care Total		49,268	28,398	500.2				2,285	2,130	1,380

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000	18				£'000	£'000	£'000
S75 SPFT										
Community Care budget funding packages of care, support, residential/nursing care for people suffering a cognitive impairment (mainly dementia in older people); services will include Community Support, Home Care, direct payments, supported accommodation, residential/nursing care and specialist placements	Memory & Cognition Support Approach based upon approximately 472 persons in the city with a dementia diagnosis	11,677	5,105	-	Improving value for money by learning the lessons of effective models elsewhere that can maintain people at home longer and further reduce reliance on more traditional statutory services. Improving control of the care home market and provide increased community solutions. Continue with the agreed Direction of Travel for Adult Social Care: increased emphasis on effective information, advice and signposting to reduce demand. Continued development of a strength/asset based social work approach to lessen reliance on publicly funded services. Integration of front line teams with health and other partners to create efficiencies	Lower cost (i.e. reduced funding requirement) for new placements and through targeted reviews of current placements, making use of community assets to reduce reliance on high cost services.	Delivery Risk: Primary risk is that eligible need continues to grow which would impact on achievement of full saving. Managing the demand for and cost of provision is key. Availability and affordability of supported living options and nursing home care in the City remains a risk. Impact on Outcomes: Increase provision of block contract beds within the City. New provision of Extra Care Housing in the City for clients with dementia will provide an alternative to residential care for some. See EIA 13.	94	141	188
Community Care budget funding packages of care, support, residential/nursing care for people suffering a functional mental illness	Mental Health Support 359 budgeted capacity for 2017/18	6,106	4,728	-	As per direction of travel, model of increased personalisation to reduce reliance on public funded services. Improving value for money by learning the lessons of effective models elsewhere that can maintain people at home longer and further reduce reliance on more traditional statutory	Lower cost (i.e. reduced funding requirement) for new placements and through targeted reviews of current placements, making use of community assets to reduce reliance on high cost services. Involves continued review of cost of placements, reductions in waiver use, and reviews of S117 placements to reduce	Delivery Risk: Managing demand and costs of provision is key to achieving reducing funding requirements. Re-admission to hospital and not meeting complex needs in an appropriate manner could result if the model is not implemented effectively. See EIA 14.	199	199	67

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
services will include Community Support, Home Care, direct payments, supported accommodation, residential/nursing care and specialist placements					services. Increased use of supported accommodation will reduce the reliance on residential and nursing care.	costs and/or increase client contributions.				
Assessment & Support and Intervention Team (SIT). Social Work teams delivering statutory duties under the Care Act to assess eligible needs, intervene where people are at risk to themselves, others or the community. Deliver statutory duties under the Mental Capacity Act, Mental Health Act Safeguarding	Section 75 Staffing teams Including: Mental Health Homeless Team Assessment Treatment Service Living Well with Dementia Service Adult Mental Health Practitioners (AMHP) Crisis Resolution Home Treatment Team (CRHTT) Mental Health Management	2,995	2,854	45.7	No further reductions to front line staff are planned as per the Direction of Travel as this would affect the ability to deliver the statutory duties and savings identified above.					

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
Vulnerable Adults, Deprivation of Liberty Safeguards (DoL's)										
S75 SPFT Total		20,778	12,687	45.7				293	340	255
INTEGRATED COMMISSIONING										
Commissioning & Contracts	Support to Carers	326	265	-	Contracts have been reviewed and savings delivered	Re-procurement of the Carers Hub.	Delivery Risk: No risk. This saving has been achieved through new carers contract	-	-	-
Commissioning & Contracts	Adults Commissioning & Performance Team Executive Director Adult Services Safeguarding Team	1,972	1,370	38.0	It is anticipated that joint commissioning will deliver efficiencies moving forward. The commissioning function is supporting the delivery of savings across Health and Adult Social Care, however with shadow arrangements not stating until April 2018 no savings have been identified for 2018/19.	Integrated commissioning and contract management with CCG/ BHCC. The commissioning function is contributing to the delivery of savings within Health & Adult Social Care.		-	-	70
Commissioning & Contracts	Integrated Commissioning including: Mental Health and Sensory Preventive Contracts Independent Mental Health Advocacy Home Care Provider Support incl. DPS & ECMS systems	1,118	1,059	-	The development of future commissioning strategies remains ongoing with intended completion for 2018/19.	Impact of joint commissioning and contract management will generate efficiencies moving forward. 2018/19 savings will be achieved through the procurement of ECMS (Electronic Call Monitoring system) and the savings associated with the new model and system. Additional savings will be achieved through contract reviews over the next 18 months.	Delivery Risk: Successful recommissioning of the service within the timescales. Impact on Outcomes: No impact expected.	128	120	-

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
Commissioning & Contracts	Self Directed Support	146	146	-	Retendering of the contract is due and efficiencies identified as part of the re-procurement process.	Public Health & Adult Social Care (ASC) fund a coordination contract for preventive services across the city. Self Directed Support is also funded by ASC & Children's Services. Efficiencies might be identified when the retendering process is completed.		19	-	-
Commissioning & Contracts	Learning Disability Development Fund	98	98	-	There is a need for good engagement as a result of special educational needs and Learning Disability strategy.	Funding is being used to deliver efficiencies within the learning disability budget.		-	-	-
Housing Related Support	Housing Related Support & Homelessness Prevention Contracts	5,240	5,227	-	Considerable savings have been taken out of this budget and services have been recommissioned, ensuring value for money within the current service provision. These recommissioned services are supporting the delivery of the rough sleepers strategy.	Significant funding reductions in previous years, services have recently been recommissioned and there are increasing demands.		-	-	-
Integrated Commissioning Total		8,900	8,165	38.0				147	120	70
PUBLIC HEALTH										
Public Health	Ring-fenced Public Health Grant	-	(20,619)	n/a	Known reductions in Ring-fenced grant allocations will be dealt with via service pressure funding					

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
Substance Misuse	Substance Misuse services inpatient detox beds	5,491	5,397	0.0	Recently undertaken procurement exercise and new Community Substance Misuse contract began 1st April 2015. Further negotiations took place during the first year with the lead provider to reduce the contract value in return for a longer term saving.	The £28k savings are the final reductions in funding for in-patient detoxification treatment; however the core funding for in patient beds remains unchanged from 2017/18. Plans for any further reduction in the Community Substance Misuse Service budget are still being finalised.	Delivery Risk: None Impact on Outcomes: None	600	28	20
Sexual Health	Commissioning of sexually transmitted infection (STI) prevention and treatment, contraception, HIV prevention and advice services.	4,879	4,879	1.0	A service re-design was undertaken in 2014 and a new 3-year contract for integrated sexual health services (ISHS) began in April 2015. Current contractual obligations for the ISHS end March 2018. Further savings will be achieved from this budget in 2018/19 through negotiation or re-procurement	The integrated sexual health service and chlamydia screening programme budgets will be reduced by £600k in total through negotiation with current provider or re-procurement.	Delivery Risk: There is uncertainty on the future of the NHSE commissioned level 2 sexual health service at Brighton Station Health Centre beyond April 2019. If the service closes this will place significant additional demand and cost pressure on the integrated sexual health service, estimated at £400k pa. Impact on Outcomes: Reduced funding of Integrated Sexual Health Service may lead to a reduction in the overall number of patients treated if alternative approaches cannot meet needs. See EIA 15.	112	600	105
Children 5-19 Public Health Programmes	This covers predominantly adolescent prevention services.	5,307	5,217	6.4	Review and redesign of Integrated health commissioned services for young people	Ongoing discussions with children's services on the redesign and reprovision of these services and the associated savings (55k). Responsibility for funding the schools wellbeing service	Delivery Risk: ongoing discussions with children, families and learning directorate about the reductions. Impact on Outcomes; generally small reductions	798	71	15

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
						transferring from public health to the CCG. (16k).	which should have limited impact if picked up in the new service provision. See EIA 16.			
Health Improvement	Commissioning and Delivery of Healthy Weight Programme and a range of general prevention and health promotion services.	5,524	5,107	48.5	Where possible, services will be re-procured to maintain service delivery at a lower cost. Additional savings will be made by reducing programme spend.	The weight management service is currently being re-procured with a reduction in contract value of £50k from April 2018. Additional savings of £27k from a change in approach to supporting breakfast clubs. The contract for the weight management clinic for children with complex needs funded by public health is ending; there are ongoing discussions with the CCG and other agencies around future pathway for this clinical service (£29k). Savings of £6k from hospital smoking service through change of data analysis to in-house provision. Following a review of options a reduction in funding for the free swimming programme is proposed (£15k).	Impact on Outcomes: The re-procurement of service will aim to minimise the overall negative impact on outcomes. Risk of reduction in take up of services by people in more disadvantaged groups. See EIA 16.	638	127	339
General Public Health	Commissioning and delivery of the health improvement programme.				Additional departmental savings of 10k will be brought forward.			-	-	-
Public Health Total		21,201	(19)	55.9				2,148	826	479
Health & Adult Social Care Total		100,147	49,231	639.8				4,873	3,416	2,184

Economy, Environment & Culture Directorate

Services and Responsibilities

The Economy, Environment & Culture directorate provides services that aim to maintain an attractive, sustainable and well run city for residents, business and visitors. The directorate includes the following services:

- **City Development & Regeneration** – Leading the council's work with Greater Brighton and city partners to develop a strong and prosperous and sustainable economy. Delivering major regeneration and projects, Planning and Building Control services, and developing new affordable homes through the Living Wage Joint Venture and New Homes for Neighbourhoods Programme.
- **City Transport** – Maintaining, managing and improving the city's transport network & highways infrastructure, including the delivery of major infrastructure projects working closely with Department for Transport and Coast to Capital Local Enterprise Partnership (LEP). Effectively regulating traffic management and parking services to deliver reductions in congestion and improvements in air quality, management of surface water flooding, sea defences and coastal structures
- **City Environment** – Delivering a modern commercial approach to recycling, waste and street cleaning services with a focus on getting basic service delivery right, income generating opportunities, rethinking the management of parks and opens spaces, including the delivery of the Stanmer Park Masterplan, sport and leisure facilities, outdoor events and seafront management.
- **Property Services** – Leading the council's property strategy, commissioning and delivery of corporate and commercial property services with an emphasis upon an investment strategy that delivers new revenue streams from our assets and keeping the council's operational assets safe and fit for purpose. The council's property and land portfolio includes operational assets such as council offices, town halls, heritage, schools and leisure centre assets and commercial properties and agricultural farmlands.
- **Cultural Services** - Leading the future of the city's unique arts, cultural and tourism offer and expanding this for a wider city region. Establishing a new Cultural Trust for the Royal Pavilion and Museums and progressing the Brighton Waterfront Project to secure a new conference centre and venue for the City. The Royal Pavilion and Museums (RPM) comprises five sites open to the public and eight other historical sites/ monuments. Our tourism and visitor services include the management of the Brighton Centre and our 'Visit Brighton' destination marketing services.

Strategy and Key Proposals

Over the past year, services in the Economy, Environment & Culture directorate have delivered £4.7m (15.0% of net budget) savings. The Integrated Service & Financial Plan proposals for 2018/19 to 2019/20 set out savings proposals of £3.635m (13.7% of net budget), of which over half, £2.170m (8.2% of net budget), are within 2018/19. These will be achieved through a mixture of commercial approaches to generating income, establishing alternative delivery models, service redesigns and transformations, changes to commissioning, and other proposals.

The budget strategy focuses upon improving the efficiency of services to maintain the city's infrastructure and environment, whilst working increasingly with partners, communities and businesses to find alternative ways to share environmental responsibilities, generate new income streams, reduce costs, and become financially more self-sufficient.

The directorate provides strong civic leadership and place making to enable investment and economic growth and city infrastructure which is clear about the benefits to local people, working with Coast to Capital LEP and Greater Brighton city region and South East 7 (SE7) partners to attract external investment, increase economic resilience, improve transport connectivity and local access to jobs, apprenticeships and housing.

Long term capital investment to renew and strengthen the infrastructure of the city will continue, to ensure effective management of the highways network and improve air quality, along with the delivery of major regeneration projects to bring about quality new business space and affordable housing whilst generating income from land and property assets and increasing business rate and council tax returns.

The directorate also plays an important role in supporting the arts, culture and heritage sectors of the city. The jobs in the cultural, creative and tourism sectors collectively make up nearly a third of the city's employment and the council owns much of the city's essential heritage and cultural infrastructure.

Our property services will continue the Corporate Landlord approach to make best use of the council's operational and commercial portfolios through redevelopment and regeneration opportunities. It continues to evolve the commercial portfolio through a rebalancing strategy and provide an increasing return on rental streams in the long term and support the council's modernisation programme enabling service re-designs and ensuring capital receipts are maximised in support of the council's capital investment programme and Medium Term Financial Strategy.

Economy, Environment & Culture

ISFP Summary

Department	Gross budget 2017/18	Net budget 2017/18	Posts 2017/18	Savings 2017/18	Savings 2018/19	Savings 2019/20
	£'000	£'000	FTE	£'000	£'000	£'000
Transport	24,684	(8,208)	157.1	1,238	1,043	491
City Environmental Management	32,100	27,066	487.4	1,025	511	436
City Development & Regeneration	4,878	2,514	101.4	420	221	133
Culture	12,651	4,101	186.0	335	121	81
Property	14,148	1,036	102.3	1,668	274	324
Economy, Environment & Culture	88,461	26,509	1,034.2	4,686	2,170	1,465

ISFP Detail

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/ 18	2018/ 19	2019/ 20
		£'000	£'000					£'000	£'000	£'000
ECONOMY, ENVIRONMENT & CULTURE										
TRANSPORT										
Head of Transport and Policy	Head of Transport and Policy	360	360	4.0	Non statutory but important to retain provision as the service provides essential resource to support and manage Transport Division, deliver the Local Transport Plan and other major capital projects, including service delivery, research, securing external funding, public engagement, data monitoring and analysis.	Implement Service Redesign proposals confirmed December 2016 which took into account Management Spans and Accountability principles for designing the structure. Includes one off vacancy management savings of £0.070m for 2017/18 whilst redesign recruitment underway and an increased in year (one year only) saving of £70k above target was achieved in 2017/18 whilst the service redesign was implemented and staffing levels	Delivery Risk: Reduction in resources may impact on income collection and supporting capital schemes.	150	(70)	

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
						normalised via recruitment etc. A full complement of staff will be in place for 2018/19 and therefore this funding needs to be reinstated and the one off saving returned to the budget line from 2018/19 onwards.				
Highways	Highways Inspection and Licensing	736	342	19.6	This is a statutory function, managing objects and obstructions on the public highway including skips, scaffolding, hoardings, tables and chairs, abandoned vehicles & bicycles. Management of these objects generates significant levels of income as well as providing a highly respected, efficient, service.	Closer integration with Streetworks permits to streamline processes and improve efficiency, a new ICT system was introduced in November 2016 to enable customers to licence objects via mobile phone, PC or other device, making the process easier and faster, reducing paper based procedures and office based staff time; Staffing savings are included in service redesign above.	Delivery Risk: Any further reduction in resources may impact on income collection and supporting capital schemes as such no further savings are proposed for this budget.			
Highways	Lighting and Illuminations	2,780	2,698	4.0	Seafront festoon lighting & amenity lighting of public realm supports the visitor economy. Business Case for Invest to Save to PR&G C'ttee December 2016 generates savings in electricity and maintenance costs through modernisation of equipment from 2018 onwards.	Invest to save proposals will generate savings from 2018 onwards as the investment in low energy/efficient lanterns and columns will deliver reduced electricity and maintenance costs. Seafront festoon lighting maintenance costs of £0.050m will continue to be funded through receipts from BA i360 that are ringfenced for the seafront.	Delivery Risk: Continued deterioration of equipment without future investment. Impact on Outcomes: Community safety & resilience is supported by effective street lighting.	52	152	252

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
Highways	Network Management and Winter Maintenance	3,390	2,558	14.8	This is a contractual obligation and a statutory duty. If the authority can demonstrate that it has a maintenance regime, which includes routine inspections and repairs, then it has taken reasonable care. Under the Section 58 defence it is recognised that the authority is carrying out the right functions to look after the condition of the highway correctly. The inspection & maintenance regime mitigates against circa £5 million insurance claims to the council.	Spending on reactive maintenance is being reduced by 12% over the four year period. For Winter Maintenance need to encourage community resilience.	See EIA 17.	94	44	44
Highways	Traffic Signals and Systems	995	966	3.1	These budgets represent the installation and maintenance of Real Time Information at bus stops, traffic signals, Variable Message Signs, CCTV and traffic signals. There is a statutory duty to maintain this infrastructure. Cost per traffic signal site is in the mid-range quartiles of authorities sampled.	Maintenance is already at a minimum and to achieve further savings traffic signals would need to be decommissioned. Savings were delivered in 2016/17				
Highways Engineering	Highways Engineering	934	934	8.0	Statutory duty to maintain highway structures, coastal structures and to mitigate floods. Includes statutory inspections which are essential for safety. Draws in DFT funding to support Highway assets and funding from other	An increased focus on preventative maintenance could lead to a larger proportional reduction in reactive maintenance producing long term savings for the council				

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
					agencies to bid for seawall and groyne projects. Staff costs are wholly recharged to capital.					
Parking Services	Civil Parking Enforcement (On-Street Parking) 1. Off-Street & Leased Car Parking. 2. Parking Infrastructure and Maintenance	12,631	(18,002)	70.2	Staff resources create & amend resident parking zones; maintain on street & off street pay parking payment systems and undertake extensive enforcement, monitoring and audit processes.	To ensure we continue to meet Traffic Management, Congestion and Air Quality objectives we are revising specific permit and car park charges to manage demand and support resident access to parking spaces in the City Centre, as well as across the wider City as agreed at Environment Transport & Sustainability Committee in January 2018, This includes an increase for high emission vehicles. Further proposals include savings from borrowing, investment in Blue Badge Fraud Prevention and further fees secured from developers occupying the Public Highway.	Delivery Risk: Any funding required for future off street car park refurbishment would need to be part of a business case based on future income or using any potential increased surplus in future years. Impact on Outcomes: Improved resident satisfaction. See EIA 18.	679	602	195
						More efficient banking service contracts with reduced transaction charges.		-	195	-
Transport Planning & Road Safety	Transport Planning and Policy. Road Safety and Education.	1,517	828	28.4	Traffic Management and Road Safety service costs are low compared to other authorities and includes resources and staff costs for physical measures, campaigns, presentations & community events aimed at our priority road user	Increase in commercial income through new advertising opportunities and reduced funding allocation to the Sussex Safer Roads Partnership. Savings delivered in 2016/27 and 2017/18 with no further savings in 2018/19.	Delivery Risk: Poor take-up of customers for speed awareness courses or advertising space would impact on delivery of this saving.	93	-	-

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
					groups. Delivers Local Transport Plan, other key capital projects and statutory functions such as Road Safety Investigation and subsequent measures. There are 22 school crossing patrol sites.					
Transport Planning & Road Safety	Public Transport	1,341	1,108	5.0	Need for budget to commit to contracts for supported bus network after 2017 tender process	Saving will come from other budget lines within Public Transport namely marketing budgets and funds previously allocated to the repayment of unsupported borrowing which is now no longer needed. In addition an increase in income is expected from Bus Shelter Advertising which will enable the target of £120k to be met.	Failure to achieve projected advertising receipts from bus shelters could impact on the delivery of savings	170	120	
Transport Total		24,684	(8,208)	157.1				1,238	1,043	491
CITY ENVIRONMENTAL MANAGEMENT										
Sports Facilities	Sports Facilities Contracts, non-contract facilities and golf courses contract	1,221	837	4.0	10-year contract let in 2011 which generated a saving of £1.5m per annum and enabled funding for re-investment to keep existing facilities open. Some savings are possible from energy costs and client responsibilities in the Sports Facilities Contract. However, the existing sports facilities contract ends in March 2021 and the facilities within the contract (potentially	Savings are proposed from client responsibilities for the King Alfred Leisure Centre which has received significant investment in recent years (e.g. refurbished pool changing rooms) to enable continued operation.	Delivery Risk: Low risk provided there is not a significant failure within the existing facilities which is an on-going risk of ageing facilities. Impact on Outcomes: There should be a minimal impact on the service provided in the existing sports facilities, but significant capital investment (including a new King Alfred) is needed to increase the quality of	90	76	41

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
					including a new King Alfred) together with market conditions at that time will determine the financial impact upon the council. Similar for the golf courses contract which is due for re-tender in 2019/20.		provision to modern standards.			
Seafront Services	Seafront Properties, Volks Railway and Seafront Services	1,064	(1,144)	23.4	Essential service to ensure the management of the seafront, which is a prime asset of the city and key contributor to the city's tourism economy. Maximise income and continue with existing service due to the health and safety risks of the seafront operation.	Development of Seafront Investment Plan. Opportunities created by new developments such as the new seafront arches and high occupancy rates of existing premises have increased income from the seafront property portfolio.	Delivery Risk: Poor condition of seafront infrastructure (e.g. closure of Madeira Terraces and Shelter Hall) can negatively impact upon income from properties. Tourism market conditions can influence the number of visitors to the seafront. Overall, low risk providing there is an on-going programme of investment in the seafront.	10	85	10
Outdoor Events	Outdoor Events	249	(12)	3.0	Facilitates the delivery of the city's outdoor events programme, with over 300 events annually. Outdoor Events have a significant economic benefit to the city.	Savings have been previously delivered in 2016/17 and 2017/18 by reviewing event contracts to reduce expenditure by the council and increase income. The position has currently been reached where the events income target is difficult to achieve and therefore no further savings are proposed.	Delivery Risk: Risk that the condition of Madeira Drive may result in a loss of events and subsequent income. The events programme is constantly changing with a subsequent risk to the levels of income generated. Impact on Outcomes: Expected minimal impact provided events programme can be maintained with significant income generating events.	50	-	-

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
City Clean & Parks Management	City Clean & City Parks Management and Projects, Strategy & Administration	1,454	1,353	34.9	Reducing spend on supplies and services budgets as the overall service reduces in size.	An 8% reduction in supplies and services budgets for 2018/19 across the service. Note that a 13.7% reduction was applied in 2016/17 and 6% for 2017/18. There will be further reductions to be applied in 19/20.	Delivery Risk: Low risk in early years but there is a risk that demand and expectations exceed budget. Impact on Outcomes: Low impact; as service reduces, the requirement for consumables will reduce.	75	100	75
					Service redesigns have enabled efficiencies and cost reductions within City Clean and City Parks services.	Vacancy control and a review of the Management and Administration spans of control across the service in accordance with Management Spans & Accountability (MSA) principles. Large savings were delivered in 2016/17 and 2017/18 with no further savings for 2018/19.	Delivery Risk: Redesigned service will need to manage demand. Primary risk that vacancies do not occur as expected or demand exceeds resources. Impact on Outcomes: Low impact if service redesign effective.	150		
City Clean	Refuse Collection, Recycling Collection, Street Cleansing and Fleet & Vehicle Management	10,526	9,694	294.7	The following services are statutory - Refuse, recycling and street cleaning, which must maintain financial and operational performance to ensure service delivery	Savings represent net income (i.e. after any additional costs) from increased income generating schemes such as commercial waste collection service, textiles collection and potential advertising on big belly bins.	Delivery Risk: Risk that future income targets are lower than estimated. Impact on Outcomes: Low impact if service redesign effective.	400	100	60
City Clean	Public Conveniences	716	702	-	Public conveniences are not a statutory service but are linked to the support of the visitor economy.	Re-procurement of the cleaning and maintenance contract to deliver contract savings for 2017/18 and 2018/19. There are no proposals to close any additional sites through this retender. Potential to generate income in future years.	Delivery Risk: Charging to be approved by Committee. Impact on Outcomes: Improved outcomes/service through charging (better financial viability).	100	75	50

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
City Parks	City Parks	2,538	2,274	102.1	Cost of service per household is £38.85 which compares the average cost of £30.76. 7 Green Flag standard parks. The small team develops strategies that will shape the future of park & open space usage across the City - e.g. Open Space Strategy, Play Pitch / Play Area Strategy / HLF Funding Bids & S106 developments.	New delivery models for parks services through the implementation of the Open Spaces Strategy. Savings delivered in 2016/17 and 2017/18 through merger with Sport and Leisure functions.	Delivery Risk: Options appraisal to be developed with full business case for preferred options with two year lead in. Proposal would significantly reduce capacity to deliver key park projects including Stanmer, Open Space Strategy and S106 projects. Impact on Outcomes: Expected improved outcomes for parks and open spaces.	50	-	200
City Parks	Conservation and Arboriculture	905	893	22.3	Retain Conservation and Arboriculture services focusing on volunteering, engagement, public rights of way work and inspection and maintenance of trees in the city. Brighton has a rare tree collection. There are an estimated 12,000 street trees, for which some maintenance work is sub-contracted out.	Savings of £0.102m were included for 2016/17 as part of last years budget setting. No further savings are proposed	Delivery Risk: None Impact on Outcomes: None			
City Parks	Sports & Recreation Bookings & Allotments	60	(282)	3.0	Adopt a commercial approach promoting self managed sport and recreation facilities by users alongside full cost recovery. This covers bowling clubs, tennis courts, football, cricket pitches and allotments.	A review of sport and recreation subsidies through consultation. The Council currently provides a high level of subsidy to non statutory sport and recreational services, the delivery model for which is in need of modernising to reflect national best practice where clubs, groups and associations are becoming less reliant on Councils.	Delivery Risk: Business case development is at different stages for each sport and different parts of the city. Consultation with sports groups taking place. NB: A proportion of this saving maybe delivered through savings in property budgets. Impact on Outcomes: No impact on outcomes if the strategy is successful.	100	75	

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
Waste PFI	Refuse and Recycling Disposal	13,367	12,751	-	Service is at average cost per head of population compared with CIPFA nearest neighbours. Note: BHCC costs include construction and operation of Private Finance Initiative (PFI) facilities.	Savings were delivered in 2016/17. A review of the economic and performance assumptions in the PFI financial model will not generate any savings for 2018/19.	Delivery Risk: None			
City Env Management Total		32,100	27,066	487.4				1,025	511	436
CITY DEVELOPMENT & REGENERATION										
Assistant Director Development & Regeneration	Asset Management	194	194	2.0	Merger Planning & Building Control with the City Regeneration Service took place in 2016/17 to create efficiencies in service provision particularly in areas such as sustainability advice and strategic planning policy for regeneration.	The merger of Planning & Building Control with the City Regeneration Service in 2016 resulted in management savings (a reduction of 2 FTE managers), No further savings proposed for 2018/19.	Delivery Risk: No risk.			
Economic Development, International & Sustainability	Economic Development, International Team, Sustainability - Biosphere Delivery	849	687	13.7	The Economic Growth function within Development & Regeneration consists of Economic Development, International and Sustainability services. The Economic Development Service is the only council service that is focused on helping business to survive and thrive and the initiatives budget is significantly smaller than neighbouring authorities (e.g. BHCC ED £0.090m / WSCC £0.600m). The Service was restructured in	A 10% cut in the initiatives budget has been delivered through stronger collaboration with partners. The deletion of a vacant programme support officer post and more flexibly support across the regeneration units resulted in savings being delivered in 2016/17 and 2017/18.	Delivery Risk: A 10% reduction in the initiatives budget is low risk. Reduced support capacity may lead to less focus upon some sustainability and economic development work. Impact on Outcomes: If costs for delivery are shared there may be a reduction in the outcomes for projects locally.	45		

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
					2015/16 to better reflect service priorities and is now more streamlined and focused on new operating practices that will help to bring a more robust management and reporting structure to the team's activities. It is recommended to retain this service.					
Major Projects and Regeneration	Major Projects and Regeneration	283	283	6.6	Retain the current team of four project managers delivering the City Regeneration programme of 13 major regeneration projects. Benchmarking with Bristol, a comparable city with similar regeneration goals and focus on sustainable regeneration, has shown that Bristol direct spend on major projects is considerably higher.	As well as investing in the future of Brighton & Hove and delivering economic growth for the City, new income is generated through completion of regeneration schemes through new business rates, council tax revenue and New Homes Bonus (N.B relates to projects that are additional to assumptions in MTFS). By way of an example, Circus Street has started on site, and Preston Barracks was granted consent at the end of September 2017.	Delivery Risk: With several major regeneration projects progressing and significant capital funding allocated for projects through the City Deal and Growth Deal there is a risk to delivering a large scale complex regeneration programme with a small team of 4 project managers. Reduced support capacity may lead to less focus upon some sustainability and economic development work.	165	67	45
Head of City Planning	Planning	832	832	20.6	Retention of this high profile service is recommended. There is a political and reputational impact to performance issues associated with planning. A modernisation programme is underway with a focus upon improving performance and customer service. Merger	Efficiency savings proposed through cost recovery including a process currently being undertaken to review charging of pre-application advice, introduce new charges, recover viability assessment payments more effectively and streamlining the process for agreeing planning performance	Delivery Risk: Savings in 2018/19 and 2019/20 will need to be funding through efficiencies and staff savings (admin and planning). The risk is the tension between making savings by deleting posts across the latter two year period and providing an efficient service and making additional income by	93	45	45

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
					of Planning with the City Regeneration Team took place in 2016/17 to create efficiencies in service provision particularly in management and areas such as sustainability advice, strategic planning policy' and regeneration resulting in a net reduction of 2 fte managers.	agreements. There are also further efficiencies still to be delivered through improvements to the new ICT system that was put in place in September 2016. BPI recommendations are due to be implemented by March 2018 (starting now)	generating work and improving customer service. Impact on Outcomes: loss of resilience to take on additional work and grow income. This can be mitigated by removing the need to delete posts by generating more income. Report to TD&C Committee in September.			
Development Planning	Building Control	773	(76)	17.9	Retain this service as it recovers costs where possible through charging.	Ongoing service design improvements, including reducing the use of consultants for regulation of sports grounds and directly employing expertise. Develop a sustainable BC service in context of a number of Senior Surveyors nearing retirement, recruitment challenges and replacement of seniors with new Assistant / Trainee staff. This will support good succession planning while providing for the training and development needs of the service and achieving the efficiency savings. There will be a commitment to comprehensively review fees in 2018/19.	Delivery Risk: ICT support is essential to deliver robust mobile working solutions to assist in delivery of service. Negotiations to bring consultancy expertise in house are key. Impact on Outcomes: No impact on outcomes - service will be maintained but at a lower cost. These savings are assured.	26	10	10

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
Development Planning	Planning Control Applications	1,215	(117)	27.1	A modernisation programme has been undertaken to improve performance and customer service. A Business Process Improvement review was completed in July 2017 and implemented with the aim of delivering efficiencies in the administration of planning applications. The service is recovering more of its costs through the introduction of pre-application charging, Planning Performance Agreements and other charges.	Amendment to previously identified saving for 2018/19 to reduce the saving from £124k to £70k; and to remove saving that was identified for 2019/20 (£59k). This will allow savings to be made from increased income and staff efficiencies and allow a large proportion of the fee income arising from national fees increase of 20% (that are estimated to equate to £220k per annum) to be invested in developing a sustainable planning service.	The Chief Financial Officer was required to sign a legal agreement by the DCLG to ensure the additional fees generated must be invested in the Planning Service.	59	70	-
Planning Policy and Major Projects	Planning Policy and Major Projects	732	711	13.5	Retaining this statutory service. Comparison with private sector rates indicates that use of the council's in house specialists (such as Heritage Team) represents a saving. Development of City Plan Part 2 will include a gradual reduction in the use of consultants as the City Plan part 2 progressively reaches adoption.	Develop opportunities to charge for staff expertise including Heritage and planning projects (probably co-ordinated through the sub-regional Strategic Planning partnership). Income raised by advice given as part of pre-app advice process and PPAs, heritage and policy advice. The service is also at the end of a process to realise additional savings in consultancy budgets, with in-house expertise being prioritised over purchasing consultancy advice. In addition income raised through Design Panel of approximately £9k pa.	Delivery Risk: Risk that the market does not buy these services and capacity for staff to deliver income whilst carrying out substantive work. Savings to consultancy budget in 2018/19 - additional savings to budget will prejudice the need for additional studies that may need to be undertaken in 2018/19 (this is less likely to be the case in 2019/20 when City Plan Part 2 due to be adopted) Impact on Outcomes: Negligible impact if re-prioritisation of work is successful. None, if plans are adopted according to	32	29	33

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
							plan. Income can be added from pre-app advice, PPA work and Design Panel.			
City Dev & Regen Total		4,878	2,514	101.4				420	221	133
CULTURE										
Royal Pavilion & Museums	Management of 5 sites open to public, 8 other sites of historical importance, off site store. Lead Museum Service for SE Museum Development	7,061	1,526	135.1	The Royal Pavilion & Museums are a nationally significant museums service with an international profile through the Royal Pavilion and Brighton Museum. The Socio-economic impact of the Pavilion was c£28m to the city in 2012 and the iconic impact was calculated to be c£60m in 2006 in a University of Brighton study. In addition to its contribution to the tourist economy it contributes to a range of social and educational outcomes for residents and visitors to the city. The strategy is to future-proof the service for social and economic benefit, community engagement and health & wellbeing through a new delivery model outside of council direct management. This will maximise commercial opportunities, earned income, tax benefits such as gift aid, tax rebates and fundraising.	1. Modernisation Programme. A new delivery model outside of council direct management will maximise earned income, tax benefits such as gift aid, tax rebates and fundraising. 2. Continuing to reduce staffing costs and assessing vacant posts as they arise. 3. Re-assessing the use of casual staffing to reduce costs through for example requiring non-front of house staff to cover for absenteeism. 4. New income from hiring of spaces not previously actively hired and additional function income. Reinvested back into Royal Pavilion as part of the Budget Update Report for 2017/18	Delivery Risk: Options for moving to a new delivery model require securing a permanent funding stream from the council and any delays in the project will impact on how savings are delivered and projects and programmes to which the RPM is committed. Impact on service delivery and ability to continue to meet accreditation standards are important to avoid impacts on grant funding. Accreditation standards include care and documentation of collections which with staff reductions could risk achievement of targets set. Core budget reduction can impact on ability to raise external funds. Staffing reductions and loss of museum professional staff may put projects and national and international reputation at risk. Impact on Outcomes: Reduced capacity can impact on delivery of services and public expectations. Ability to	190	121	81

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
							deliver on grant funded projects and needs to be managed effectively to avoid impacting on the quality of the service offer. Potential risk that Arts Council will not fund RPM from 2018 onwards with drop in Local Authority funding of funding bodies not granting funds as the council contribution becomes less. However, this is a national situation. 2018-20 savings of £0.121m & £0.081m will be achieved through Business Rate reduction on move to Trust which has a net saving effect through loss of Business Rate income to the council.			
Partnership Arrangements	Contribution to Brighton Dome & Festival Ltd (BDFL) Trust in line with agreement, Archive service for the city through the Keep in accordance with agreement with ESCC and Sussex University	1,706	1,706	-	Contractual grant agreement with BDFL which includes an inflationary uplift each year with no break clause. The delivery of the Corn Exchange and Studio Theatre capital redevelopment relies on this continued level of support. Contribution to the Keep (modern archive facility) to ensure the continued safeguarding of the City's archives to meet the national archive standards for which there is a 3-year commitment to the same level of funding.	No savings possible but continue to review opportunities for increasing commercial revenue and reducing costs.	Impact on Outcomes: None expected.	(90)	-	

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
Venues (Including Conferences)	Venues (incl Conferences)	1,939	(711)	38.5	The Brighton Centre is an important driver to the economy of the City. The Visitbrighton Convention Bureau will continue to deliver significant levels of Business Tourism to the City. The £1.247m 'Subvention' budget is ring-fenced to support conferences at the Brighton Centre (i.e. to support the visitor economy) and maintaining this budget is part of the Waterfront financial plan delivering strategic priorities. The primary strategy is to continue to ensure operational costs are as low as feasible while continuing to improve income generation.	To strategically manage and maximise the commercial potential of the diary. Savings delivered upfront in first 2 years with £180k delivered in 2016/17 and £155k in 2017/18 therefore no further savings identified for 2018/19.	Delivery Risk: Low risk. However, these savings remove the potential for the budget funding future borrowing costs of the Waterfront development which will now be included in the Medium Term Financial Strategy (MTFS). Impact on Outcomes: No impact on outcomes expected.	155	-	-

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
Tourism	Marketing & Visitor Services	1,945	1,580	12.4	Full business case and option appraisal has been completed reviewing remaining in-house, outsourcing or shared service models. Recommendation is to retain the service because this option would achieve the savings targets identified in the 4 year savings plans, continue to provide the city and visitors with an impartial service, build on the good relationships with businesses across the city and allow a joined up approach with other council services.	Savings of £0.110m has been delivered from the operating costs budget for 2016/17 and service redesign delivered a saving of £0.080m for 2017/18. No further savings identified for 2018/19 as the 4 year savings target was delivered in the first two years.	Delivery Risk: Reduced capacity to deliver 'Visit Brighton' visitor services could lead to the council being perceived as not promoting and facilitating business in the City. The Visit Brighton network of member businesses helps to foster the relationship between the council and businesses within the city. The visitor economy is estimated at £815m and supports over 21,500 jobs. Any reduction in tourism services could negatively impact on these figures and the wider economy of the city. Impact on Outcomes: There is an inherent risk of increasing the cost of the VisitBrighton Partnership with a large % increase in year 1, which could have an adverse effect on partners re-joining the Partnership scheme.	80	-	-
Culture Total		12,651	4,101	186.0				335	121	81
PROPERTY										
Property & Design	AD Property & Design	incl. below	incl. below	1.0	Reduction of existing Supplies and Services budgets.	Reduce budgets for non-essential spend. Savings delivered in 2017/18 none for 2018/19	Delivery Risk: None. Impact on Outcomes:	11	-	-

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
Customer Services	Customer Service Centres (CSC), Reception/ Switchboard & Security	295	86	18.5	A new concierge model of service delivery. The overall rationale is that the 'meet & greet' and initial enquiry facility provided by the Customer Service Advisors can be removed as a result of services who currently use the CSC taking an end-to-end approach to working with customers which removes the need for CSC staff to act as the first point of contact. The proposals have been informed by the CSC Business Process Improvement (BPI) review.	A changed model of delivery has been implemented. 'Channel shift' (e.g. from face-to-face contact to on-line) is expected to reduce the number of people using services face to face and the development of neighbourhood services and hubs will provide other access points.	Delivery Risk: Knowledge and skills of concierge staff will be critical to effective delivery. Space to accommodate duty staff at Hove Town Hall CSC will be necessary. Impact on Outcomes: Design of end-to-end processes and effective channel shift should minimise any impact on customer satisfaction. BPI process undertaken during 2016 to minimise adverse impacts.	405	75	40
Facilities & Building Services	Printing, Scanning, Post & Couriers Cleaning, Waste & Security Premises & Helpdesk Building M&E Services	4,337	3,674	32.9	Post & Courier: stop manual post service. Introduce e-post to improve value for money and generate income. Also undertake service redesign. Print & Scan: Service redesign to consolidate all corporate print services and generate income. Facilities & Premises: Value for money assured through economies of scale of the 'Corporate Landlord' model and regular re-procurement of outsourced services. Maintenance: careful prioritisation and monitoring of reactive maintenance requests.	Continue Corporate Landlord (CL) trading approach with further restructure following on from the imminent service redesign incorporating proposed changes to the Customer Service Centre (CSC) delivery model. Explore future service options through Orbis shared service partnership. Extend CL model to non-CL corporate clients. Savings delivered in both 2016/17 and 2017/18 with no further savings for 2018/19.	Delivery Risk: Understanding of our exact support service overhead costs to trade competitively. Risk is that the customer service delivery model changes are not implemented affecting the significant amount of this saving Impact on Outcomes: Reduction in maintenance spend & deterioration or closure of premises unless aligned to a comprehensive and agreed disposal plan.	192	-	-

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
Building Surveying & Maintenance	Building Surveying Services	1,989	977	15.0	Value for Money (VfM) Benchmarking is proposed - reputational and political risks associated with not correctly prioritising available funding. Continue Corporate Landlord commercial trading approach and service redesign. Retain in-house and extend traded service through Orbis and/or the Greater Brighton region to increase external fee income.	Reduction in building maintenance spend by prioritising work in accordance with the Building Maintenance Strategy and Asset Management Plan.	Delivery Risk: From 2020/21 there would be no budget for new borrowing leaving the Planned Maintenance Budget short by £0.500m compared to this year. This could impact on future maintenance commitments and the council would need to review corporate resources/priorities in 2020/21 to augment the planned maintenance budget if that is the priority. There is a risk that the maintenance backlog would build up to an unsustainable level impacting on the appearance and reputation of the City. Impact on Outcomes: Impact could be a reduction in maintenance spend & deterioration or closure of premises unless aligned to a comprehensive and agreed disposal plan.	455	25	25
Architecture & Design	Architecture & Design Services	880	(198)	8.4	VfM Benchmarking. The team is 100% self financing through fees earned. The fee charges are benchmarked against the private sector to ensure VfM. The fees earned not only pay for the salaries of the team but contribute to the budget of Property & Design as a whole. This function supports	Continue Corporate Landlord commercial trading approach and service redesign. Retain in-house and extend traded services through Orbis and/or the Greater Brighton region to increase external fee income.	Delivery Risk: Failure to secure additional commissions resulting in reduced fee income. Understanding our exact support service overhead costs to trade effectively. Impact on Outcomes: No impact on outcomes is expected.	60	30	30

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
					delivery of new school places and new housing in the city which is a strategic fit with Corporate Plan priorities.					
Workstyles	Workstyles Programme Management	-	-	5.3	Value for money assured through close monitoring of the 'Workstyles' (office rationalisation and modernisation) business case. This is a spend to save programme to ensure best use of our assets and has a political dimension.	Retain in-house until the completion of the Workstyles programme. Income generation at Hove Town Hall for letting of offices to be fully let by 2018/19.	Delivery Risk: Programme risks are manageable and are set out in publicly available committee reports and within the Workstyles business case. Impact on Outcomes: Potential impacts are detailed in publicly available Workstyles committee reports and the business case.	302	28	
Education Property Management	Education Property Management	1,060	1,008	6.0	Value for money assessed through the provision of sufficient school places in the city and management of the schools investment programme. The provision of school places within the city has a political dimension. The team perform statutory duties required for education asset management, school places, DfE returns etc. Proposals is to retain the service in-house and explore future service options through the Orbis shared service partnership.	The DfE have awarded BHCC £4.9m per year over a 3 year period commencing in 2015/16. Increase 'Services to Schools' traded offer to include maintenance programme management.	Delivery Risk: If the DfE Capital allocation is reduced this could impact on the capitalisation costs available however the programme would be concurrently reduced requiring less potential management Impact on Outcomes: No impact on outcomes is expected.	34	14	14

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
Asset Management	Asset Management	170	170	7.0	VfM Benchmarking. This function has a political dimension through our corporate property strategy & asset management plan with potential impact across all directorates. Explore future service options through Orbis.	Retain in-house with service redesign to avoid duplication and to achieve a greater degree of self-service functions. Potential for greater integration with Orbis partners for some functions.Reduced maintenance costs to Environment property arising from prioritisation of funding and reduction in maintenance obligations.	Delivery Risk: Disposals programme is reliant on political and service department buy-in to achieve savings targets. Need assessment to consider impact upon the capacity of the team to deliver on priorities. Impact on Outcomes: Reduction in maintenance spend & deterioration or closure of premises unless aligned to a comprehensive and agreed disposal plan.	50	77	40
Energy & Water Management	Energy & Water Management	1,608	1,539	2.8	VfM Benchmarking. This function fulfils a statutory function in compliance with Carbon Reduction Commitment (CRC), Display Energy Certificates (DEC) & (Energy Performance Certificate (EPC) schemes.	Continue Corporate Landlord trading approach with a small in-house team and an extension of traded services potentially within Orbis and / or the Greater Brighton region. Revised focus of service on key tasks - statutory, bill validation & 'Services to Schools'. Savings delivered in both 2016/17 and 2017/18 with no further savings for 2018/19.	Delivery Risk: May impact on ability to trade with other public sector partners to achieve increased income levels within existing team resources. Understanding our exact support service overhead costs to trade effectively will be essential. Impact on Outcomes: Reduction in staff posts will impact on the team's ability to provide strategic support in the future above their core tasks. Pressures may remain on the utility budget during exceptional winters in respect of heating fuel.	49	-	-

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
Estates Management	Urban Investment Portfolio Management Rural Investment Portfolio Management In-House Estates Management	3,809	(6,220)	5.4	Value for money assured through regular outsourced re-procurement of the urban and rural portfolios day to day management consultancy services. This function has an important strategic dimension and involvement in sensitive and confidential land and property commercial transactions.	Retain out-sourced services overseen by the small in-house team. Re-balance urban portfolio to derive sustainable income streams. Explore future service opportunities through Orbis / Greater Brighton. Continue CL trading approach with small in-house team. Reduction in NNDR (business rate) budgets and service charge budgets as properties are disposed of.	Delivery Risk: External economic and local market conditions may impact on anticipated rental income and our ability to rebalance the portfolio. Delivery risk for the end of the out-sourced contracts and OJEU (European procurement) lead-in period. Ability to trade with other public sector partners. Impact on Outcomes: External market conditions may impact on our ability to generate the required additional income. Need for existing services in leased-in buildings to be relocated prior to lease end.	110	25	175
Property Total		14,148	1,036	102.3				1,668	274	324
Economy, Env & Culture Total		88,461	26,509	1,034.2				4,686	2,170	1,465

Neighbourhood, Communities & Housing (NCH)

Services and Responsibilities

The NCH Directorate covers the following areas:

- Housing (council housing, Housing Strategy, Private Sector Housing, Temporary Accommodation and Homelessness, Travellers)
- Libraries
- Regulatory Services (Environmental Health, Licensing, Trading Standards and Emergency Planning)
- Communities, Equalities & Third Sector
- Community Safety

The directorate focuses on the issues affecting neighbourhoods, communities and housing aiming to be a landlord of choice, develop closer and better relationship with communities, drive improvement in customer satisfaction and develop the council's working with public service partners. This includes delivering a step change in partnership working with the third sector and enhancements in volunteering opportunities. The directorate has responsibility for:

- Delivering landlord services to council housing residents and maintaining the council's housing stock;
- Improving conditions in the private rented sector and delivering adaptations to help people live independently in their homes;
- Providing advice and support to prevent homelessness, and temporary accommodation for statutory homeless households;
- Delivering statutory library services across the city and Developing libraries as neighbourhood hubs;
- Closer engagement with local communities in the co-production of neighbourhood focused enforcement services;
- Leading the council's 'Prevent' agenda;
- Delivering volunteering opportunities where possible across common platforms with other public service providers;
- Improving customer satisfaction, complaints resolution and neighbourhood well-being across council services;
- Deepening the understanding across all services of city demographics and the practical measures to address communities of interest and neighbourhoods in need.

Users of NCH Services

A selection of service user statistics and other service statistics are provided below for contextual information:

- Landlord to approximately 11,500 council tenants and 2,500 leaseholders
- Council tenant overall satisfaction rating of 81% and customer service satisfaction rating of 85% (independent STAR survey 2016); 57,000 telephone calls a year
- Annual tenant rents and service charges of £58m per year; capital programme of around £23m a year; let approx. 550 homes and agree 150 mutual exchanges a year, almost £10m investment in new homes in 2016; average of 93 repairs every calendar day
- Housing Options teams see approximately 4,000 homeless cases per year, of which around 1,000 result in a statutory homeless application 420 were accepted as statutory homeless this year. 15,000 phone calls and 9,000 contacts in the customer service centre; 1,000 referrals for supported accommodation that require assessment and recording on waiting list.
- Temporary accommodation– 1,950 households in temporary accommodation of which 1,500 are managed in house. Turnover of around 500 lets pa – almost equivalent to the whole council housing stock.
- Homemove – the Housing Register has reduced from over 26,000 down to 18,431 and the service still has a significant number to re-assess against the new policy, which will hopefully reduce this further. Housing continues to receive a high number of applications and reviews against people removed from the register.
- Currently license 3,352 Houses in Multiple Occupation (HMOs) across the city;
- Adaptations team receive at least 40 referrals per month, investing £2.2m (HRA and GF) in 405 major housing adaptations (2016/17);

APPENDIX 6

- Community Safety, Anti-Social Behaviour and hate crime – 621 reports and enquiries dealt with in 2015/16. The Casework Team dealt with 1,375 witness and victim engagements, and 352 perpetrator engagements;
- Domestic violence and abuse: 1,462 referrals for domestic violence and abuse, 200 referrals for sexual violence;
- Three year investment programme in the community and voluntary sector supporting circa 140 groups annually and 40 with three year strategic grant.
- Over 1.4 million visits to libraries last year (2016/17), and over 1 million library items were lent out to borrowers.
- Over 1.2 million website user sessions on Libraries pages on the website, and there were 214,333 online transactions in libraries in 2016/17
- Libraries services achieved 93% satisfaction score from last year's customer survey.
- 1250 licensed premises in the city.
- Trading standards aim to save over £30,000 per annum for vulnerable consumers and small businesses in the City
- 1,112 pest control treatments and 1,673 revisits to these jobs;
- 2,411 noise complaints including both domestic and commercial requiring investigation;
- 147 work place accidents investigated;
- 298 investigations in relation to poor working conditions;
- 1,415 food premises due for inspection this year.

Neighbourhoods, Communities & Housing

ISFP Summary

Department	Gross budget 2017/18	Net budget 2017/18	Posts 2017/18	Savings 2017/18	Savings 2018/19	Savings 2019/20
	£'000	£'000	FTE	£'000	£'000	£'000
Director of NCH	141	124	1.0	-	-	-
Housing General Fund	22,727	4,948	111.9	1,689	364	93
Libraries	5,210	4,757	70.3	142	85	202
Communities, Equalities & Third Sector	2,470	2,232	9.4	480	35	135
Regulatory Services	2,525	1,512	71.2	220	129	70
Community Safety	2,623	1,217	15.0	71	40	31
Neighbourhoods, Communities & Housing	35,696	14,790	278.8	2,602	653	531

ISFP Detail

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000	18				£'000	£'000	£'000
NEIGHBOURHOOD, COMMUNITIES & HOUSING										
DIRECTOR										
Director	Director NCH	141	124	1.0						
HOUSING GENERAL FUND										
Housing Services	Whole of Housing General Fund service				This proposal is a target saving of £0.506m (full year effect from 2018/19) through service redesigns across housing services, potentially aligning with provision in other directorates. This reflects the need to continuously drive efficient practices and processes to protect investment in direct provision such as	A further saving of £0.036m in 2018/19 as part of the wider redesign of services within the NCH Directorate. The proposal for 2017/18 is a target saving of £0.470m (full year effect) which has yet to be fully identified through service redesigns within the housing services.	Delivery Risk: Plans to date have identified £0.172m of savings. The balance of savings will be met by any in-year underspends and by using the flexible homelessness support grant in the short term in order to allow lead-in time for the delivery of the Trailblazer project and the transformation of the service. Impact on Outcomes: Capacity	395	36	

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
					Temporary Accommodation.		may be impacted across the service, particularly in the short term as service redesign and changes are implemented and embedded.			
Housing Services	Homelessness -Housing Options and Homemove - supporting vulnerable households	1,298	1,258	36.7	Housing Options advice is a statutory duty meeting priorities of reducing homelessness. Outsourcing has been unsuccessful elsewhere. Medium cost - benchmarked independently. Although staff costs are high there is also a very high number of assessments completed relative to the number of households in the city (3 times our comparator group) so the unit costs per assessment are below median. Any further reduction of the Housing Options service may adversely impact on our ability to prevent homelessness. This service includes the Homemove Team who administer the Housing Register.	No savings for 2018/19 due to the level of savings made in 2017/18 and the need to deliver the new Homeless Reduction Act 2016 duties. 2017/18 Saving of £0.346m to increase work on prevention and reduce TA numbers by 100. Service redesigned to generate staffing efficiencies - of a further 1fte per annum over the next 2 years. Resources are being focused on homelessness prevention, integrating options and Homemove to remove duplication whilst improving customer service and delivering a more holistic joined up service.	Not applicable as no further savings are proposed for this service area	346		36
Housing Services	Homelessness -Housing Options and Homemove - supporting vulnerable households				As above	18/19 - Housing Options team are undertaking homelessness reviews for Lewes & Eastbourne, Worthing & Adur and Hastings and aim to increase income by £0.010m. For 2019/20, the saving relates to a reduction of 0.4FTE in the Homemove	It is anticipated that additional income can be achieved in 2018/19 but there is a risk as the new Homeless Reduction Act will likely result in more challenges to develop case law and there may not be capacity to undertake reviews for other local authorities if the		10	11

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
						service once the new allocations policy has bedded in.	team is working at max capacity undertaking our own reviews			
Housing Strategy & Development	Housing Strategy & Development - enabling & delivering increased housing supply & quality.	158	108	7.4	Enabling development of new housing supply, including 65 affordable homes (2016/17), 131 projected 2017/18 and further 573 in the pipeline with planning permission; Working across the City and sub-region (Greater Brighton) to accelerate delivery of new homes; Bringing over 150 long term empty homes back into use annually (159 in 2016/17)and therefore contributing to the generation of New Homes Bonus and inward investment. Improving the use of all housing resources through integration across housing services to deliver HRA investment, asset management and stock review in support of wider Housing Strategy priorities.	2018/19: No savings due to the £0.110m made in 2016/17 and 2017/18. The savings for housing strategy and development were front loaded and equate to approximately 40% of the pre 2016/17 budget. 2017/18 : Service redesign to create one Housing service is now complete and therefore savings in 2017/18 already achieved during 2016/17.	Delivery Risk: Resources not aligned to key areas of work risks failure to focus investment and service delivery on Housing Strategy priorities. Impact on Outcomes: Improved outcomes for Housing Commissioning / Client side through integration of strategy, development , HRA asset management and stock review.	62		
Private Sector Housing (PSH)	Private Sector Housing & Integrated Housing Adaptations Service - improving housing quality in private rented homes,	1,071	484	29.4	Retain statutory service: Council & Greater Brighton (Devolution Prospectus) priority raising standards in the Private Rented Sector and conditions in HMOs. Currently license 3,352 HMO's and respond to 100 requests for assistance per month. PSH service is	2018/19: no savings due to £0.153m made in 2016/17 and 2017/18 which related to :a) Adaptations Service redesign reducing 1.5 fte's staffing to reflect focus on early intervention and preventative measures and ensure best use of existing adapted and accessible housing stock, b)	Delivery Risk: Medium Risk: Over and above delivery of 2016/17 savings, 1 fte staffing reduction achieved in anticipation of 2017/18 savings. Remaining staff reduction through turnover / redesign as the service is realigned to early intervention, prevention and best use of	49		

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
	enabling accessibility & supporting independent living across all tenures.				largely self funding through licence fees ring-fenced to administration of the current schemes. Integrated Housing Adaptations Service: Care Act assessment and administration of mandatory Disabled Facilities Grant (DFG). Working across all tenures receiving approximately 50 referrals per month, invested £2.4m in 405 major housing adaptations (2016/17). Commissions new adapted homes and ensures best use of existing adapted/accessible housing. Promotes independent living demonstrated to deliver significant cost benefits.	maximise value for money through review of Adaptations Framework schedule of rates to reduce costs overall & maximising the volume of private sector grant assisted work through the Framework and c) where appropriate, further integration with HRA programmes. Also aim to increase income from Registered Providers and HRA funding for non-statutory service for tenants.	pan-housing investment and resources. Main risks are: rising demand for adaptations; budget pressures as a result of not being allocated Better Care capital in line with Gov't allocation via DFG; managing demand and expectations whilst reinforcing a preventative approach, reducing the volume and capital expenditure on reactive adaptations in both council and private sector housing. Impact on Outcomes: Service redesign focussed on prevention and alternative investment options to reduce pressures on Better Care Budget.			
Temporary Accommodation & Allocations	Temporary Accommodation	19,494	2,468	33.4	External benchmarking shows that the costs are low. Statutory duty except for those households where accommodation is provided for Adult Social Care (ASC) teams and children's services. The budget provides both emergency and short term temporary accommodation through private sector leases, a framework of qualified providers and nightly spot purchases. Procurement approach being sought to access accommodation	Savings in 2018/19 include the potential development of new in-house units through commissioning a council housing stock review to deliver conversions of existing under-used or unused buildings or spaces into Temporary Accommodation and thereby saving an estimated £0.200m on more expensive spot purchase accommodation. Efficiencies in managing temporary accommodation will enable us to deliver savings of £68k in 2018/19 .	Impact on Outcomes: No impact on outcomes anticipated. This saving is predicated on new homes being available for TA at Oxford Street and Stonehurst Court, both of which are currently being refurbished (estimated 22 new homes). Currently Oxford Street plans have been delayed due to structural issues. Therefore £0.100m of this saving is at risk of delay and therefore there is a risk of a short term annual overspend in 2018/19 of £0.100m.	816	268	6

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
					outside the city and the South East in areas where costs are lower.					
Travellers	Travellers	565	506	5.0	No benchmarking information available. New site and reinstatement of transit site should reduce the number of unauthorised encampments (UAEs) and associated costs, provide opportunities to increase income from the site and reduce maintenance costs on refurbish site. Savings from 2018/19 are from increased income from the sites and reductions in staff.	2018/19 savings are from increased income from the sites and reductions in staffing of 1 FTE. During 2016/17 and 2017/18 efficiency savings have been made from reducing waste removal costs and reduced legal fees for unauthorised encampments as a result of increased provision.	Delivery Risk: UAEs and movement of travellers are unpredictable and while a range of measures can be put in place to deter them there is no guarantee that they will reduce. Impact on Outcomes: If UAEs fail to reduce as predicted we could see a delay in evictions as we will not have sufficient staff to process court applications. However we would not consider the risk of this to be high.	21	50	40
Housing General Fund Total		22,727	4,948	111.9				1,689	364	93
LIBRARIES										
Libraries	Library PFI	2,515	2,515	-	Delivering a significant element of the statutory service, the Private Finance Initiative (PFI) contract has demonstrated value for money and is contracted to 2029. The PFI contract is partly covered by a government grant of £1.5m p.a. that is part of the council's settlement funding. The actual net expenditure on the PFI is £1.078m. The libraries modernisation programme has set out a road map for changes over 15 years. Book fund reductions will also be	2018/19 proposals: To reduce facilities management costs by £30k as part of the review of the Jubilee Library PFI. 2019/20 proposals: To modify the commercial offer in Jubilee to achieve £50k of additional income; and to reduce book fund spending by a further £30k reflecting changing libraries' use. In previous two years there has been a reduction in book fund (£150k reduction, delivering £67k of savings as	Delivery Risk: Government consultants have advised that there are limited savings to be found from PFI contracts of this type. If level of savings were set too high, this would have a detrimental effect on service delivery. The 2019/20 proposals are dependent on the success of changes to the commercial offer at Jubilee Library. Impact on Outcomes: Reduction in book fund of around 26% over the 4 years will have a limited impact on	50	30	80

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
					made, reflecting building changes, usage changes and the move to more digital services.	rest off-set reductions in traditional income) reflecting changing libraries' use.	the range and number of books and other resources that the service can provide. Borrowing items is highest single demand from the public, so this could have a negative impact on customer satisfaction. The move toward, and accessibility of digital services will be important to mitigate impact. Potential impact on quality of the Jubilee building maintenance as result of FM cost reduction. See EIA 20.			
Libraries	Hove Library	incl. in other lines	incl. in other lines	incl. in other lines	Current building is expensive to run, with high staffing and running costs, and needing extensive and ongoing maintenance and repairs. Following the rejection of the proposed move of Hove Library to Hove Museum, a new strategy for Hove Library is being developed.	2018/19 proposals: To achieve an additional £45k in income as a result of letting parts of Hove Library building to external users. As a result of the PR&G Committee decision in July 2016 to change the agreed Libraries Plan proposals to relocate Hove Library, the anticipated savings need to be found through a reconfiguration of Hove Library spaces to increase income generation potential and reduce running costs. This includes proposal to close Hove Library on Sundays to reduce staff and operational costs.	Delivery Risk: 2018/19: Still awaiting confirmation that café provider will be taking on Hove Library provision. Delivering savings in the Carnegie building location is much harder than the original Libraries Plan proposals to relocate the service. Risk that projected income targets and savings targets will not be achieved in this location. Impact on Outcomes: The PR&G Committee decision to change the agreed Libraries Plan proposals to relocate Hove Library, could have an impact on the rest of the library network unless mitigating actions are taken to reduce the high costs of running library services in	60	45	27

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
						<p>2019/20 proposals: To reduce running costs of Hove Library through further efficiencies to deliver £27k of savings.</p> <p>Previous two years of savings were staffing and management cost savings as result of restructure, delivering £92k, plus an additional £37k from closing Hove Library on Sundays.</p>	<p>Hove Library. Reduction in size of dedicated library space in order to generate income will change the nature of library services available in this building. However, a library will remain open in this preferred location, albeit 6 days per week, with access to a fuller range of resources via Jubilee Library, which we know many Hove users already visit. Closure on Sunday potentially reduces the income generating proposals already in the existing savings plans and reduces libraries performance as Hove opening hours reduced by 12% See EIA 20.</p>			
Libraries	Staffing and operational costs	2,695	2,695	70.3	<p>Staffing is essential for the delivery of Library Services but there are opportunities to reduce the cost of services through modernisation and rationalisation, increasing self-service and the 'Libraries Extra' initiative.</p>	<p>2018/19 proposals: No further savings from staffing or operational changes proposed for this year. The radical nature of the modernisation changes last year with the introduction of Libraries Extra and a major restructure, need time to settle down before any further changes are made.</p> <p>2019/20 proposals: Following a review of how the major changes of 2016, the proposal is to implement further changes to the operation and staffing of</p>	<p>Delivery Risk: First stage of savings plan has been successfully achieved. Further staffing changes will be dependent on further staff consultation and community engagement activity.</p> <p>Impact on Outcomes: Extending public access in terms of hours available to access Library facilities is an important addition to the service while enabling a lower cost of delivery. Remodelling the network of libraries in 2019/20 will impact on areas differently. The reduction in operating costs means an</p>	22	-	75

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
						<p>libraries to deliver a further £75k savings.</p> <p>Previous two years of savings totalling £235k were a result of the Modernisation programme - includes redesign of service delivery to focus on increased self-service, enabling reduced staff and management costs with an opportunity for increased use of volunteers.</p>	increase in unstaffed provision in community libraries.			
Libraries	Income Generation	<i>incl above</i>	(453)	-	<p>Limited scope for income generation as Libraries are a statutory service with restrictions on what can be charged for. Traditional income (fines, AV hire, reservations) is reducing. Focus will be on raising additional resources for added value services to deliver improved value for money, and increased commercial activity.</p>	<p>2018/19 proposals: Continuing the diversification of funding programme in libraries to achieve an additional £10k. Funding diversity includes: commercial income, commissioning income, grant funding, and fundraising. Collecting charges more efficiently and increasing commercial income. Raising more through donations and attracting grant income. Need to find additional 15k to cover loss of traditional income, plus 10k inflation target, before achieving extra 10k, so in reality increase in income of 35k needed over previous year's targets in order to achieve £10k.</p> <p>2019/20 proposals: Continue with diversification of funding programme to achieve an additional £20k.</p>	<p>Delivery Risk: Dependent on library visitor trends and market conditions. An important risk is the rapid decline in traditional income streams (£15k p.a.) and automatic inflationary increase in targets (£10k p.a.) which is creating a service pressure every year before any additional income can be generated.</p> <p>Impact on Outcomes: Very high level of dependency on income generation. Potentially the income generation could be in conflict with service delivery, and could also put libraries in competition with other departments. Using external expertise to develop fund-raising and commercial skills of staff. See EIA 20.</p>	10	10	20

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
						Previous two years savings delivered £20k if increased income as a result of changes to income targets and bibliographical services changes. Please note that for every £10 of savings, libraries need to increase by £35k of additional income to off-set reductions in traditional income and inflation targets.				
Libraries Total		5,210	4,757	70.3				142	85	202
COMMUNITIES, EQUALITIES & THIRD SECTOR										
Communities	Communities and Third Sector Development staffing and operational budget	239	239	6.0	Create a single, streamlined and integrated resource to support community and neighbourhood working and fostering collaborative and independent action by residents, building social capital and resilience, inc. implementing the volunteering policy.	2018/19: This is equivalent to 1 FTE 2017/18: The Director restructure is currently in progress.	Delivery Risk: Will impact on ability to support community engagement and equalities work including meeting statutory requirements. This saving is currently at risk as it has been agreed with NCH Exec Director to hold off the restructure until the outcome of the directorate restructure is complete. Impact on Outcomes: Effective integration should improve engagement and equalities work around some protected characteristics however will reduce the overall capacity to engage with communities and equalities groups and support other council services to do so effectively. Likely to have an impact on meeting our statutory duties re: Equalities Act	127	35	-

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
Communities	Communities and Third Sector Development Commission	1,736	1,498	-	Current contracts run until 31st March 2017. Provides infrastructure support to community and voluntary sector organisations to improve their efficiency, effectiveness and reduce dependency on council funding/contracts. Supports third sector organisations to develop and transform in response to the increasing demand on their services from reduced public sector provision. Community development provision is required to be maintained to continue to grow and foster community resilience and self-help in communities. This is likely to be an area of growth again as public service provision reduces and greater reliance on self-help in communities. Key element of delivering greater resilience through new ways of working. NB deferred 165k saving from 2016/17 will automatically be removed.	No savings proposed for 2018/19 due to the high level of savings in 2017/18. New third sector investment programme 2017-2020 agreed by NC&E Committee July 2016 included proposed reductions to the programme. Published for bids in September. Deadline 1st November and awards early January 2017. Further £0.370m reduction of investment in strategic outcomes delivered by third sector. Budget Council amendments meant that savings were reduced to £0.322m in 2017/18.		322		135
Communities	Equality & Cohesion	217	217	3.4	The service ensures that the council meets its legislative duties under the 2010 Equality Act and achieves the highest standards under the LGA peers assessment Equality Framework for Local Government, and	2018/19 no savings proposed. This will be covered by the directorate wide restructure.		-	-	-

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
					supports the duties of the Neighbourhoods, Communities & Equalities Committee. No significant savings are possible as continued external visibility of the council's commitment to equality is essential.					
Communities	Healthwatch and NHS ICAS contract	278	278	-	To meet the legislative duty for each Local Authority area to have an independent health and social care watchdog. A review of the contract will be undertaken.	No savings proposed for 2018/19 as services have been recommissioned for 2017/18-2019/20; with a 10% reduction in contract value from 2017/18.	Delivery Risk: There is potential for a reduced service to investigate and scrutinise health and social care provision in the city. The re-commissioned service must avoid the risk of not meeting legislative requirements. Impact on Outcomes: No impact on outcomes expected.	31	-	-
Communities, Equalities & Third Sector Total		2,470	2,232	9.4				480	35	135

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000	18				£'000	£'000	£'000
REGULATORY SERVICES										
Environmental Health & Licensing	Environmental Health & Licensing	1,439	527	38.4	The service will continue to operate at statutory level in accordance with relevant regulations.	<p>2018/19: Realignment of food safety enforcement resources proposed as part of the NCH restructure will require backfilling to ensure compliance with the requirements of the Food Safety Code of Practice. The saving previously detailed as part of the four year plan would not be able to be realised and savings would have to be identified elsewhere in Regulatory Services.</p> <p>2017/18 Rationalisation of management structure across the service reducing by 1fte staff.,</p>	<p>Impact on Outcomes: Possible Impact of FSA 'Regulating Our Future' if/when introduced.</p> <p>Potential risk of not performing to meet statutory duties or meet duty to investigate all complaints. Added reputational risk.</p> <p>Impact on Outcomes: Possible Impact of FSA 'Regulating Our Future' if/when introduced.</p> <p>See EIA 21.</p>	60	50	
	Environmental Protection	475	467	18.1	The service will continue to operate at statutory level in accordance with relevant regulations.	<p>The proposal is the equivalent of removing 1 FTE post in 2018/19 and 1 FTE post in 2019/20. Note however, these savings will not necessarily be from Environmental Protection as posts across Regulatory Services have generic job descriptions and this facilitates cross team working to manage demands for the service while also providing additional service resilience (e.g. cover for leave, sickness, etc.). The proposed restructure of NCH directorate therefore provides opportunities for Regulatory Services to generate this</p>	<p>Medium risk as the directorate/service restructure is currently at the consultation phase.</p> <p>Delivery of the Neighbourhoods Enforcement and Inspection Programme will identify where duplication is occurring and where work can be delivered more effectively by the new Field Officer role.</p> <p>See EIA 21.</p>	36	39	50

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
						saving by reviewing current service needs and more effectively matching resources to identified demands.				
	Pest Control	123	39	3.3	Plans for Pest Control to be self-financing in 3 years is ongoing.	The proposal is to generate £0.020m extra income in 2018/19 and 2019/20	Impact : Will improve environmental sustainability and health and wellbeing. Amber until increased income delivered. See EIA 21.	20	20	20
Trading Standards	Trading Standards	366	357	9.8	Operating at statutory level. A regulatory service supporting the local economy, protecting consumers and businesses through a programme of inspections, investigations and advice to ensure a fair and safe trading environment in the city.	1 FTE staffing in 2018/19 and also savings from a review of supplies and services.	Delivery Risk: Reduction in consumer protection advice. Political support and risks to local economy. Impact on Outcomes: Will reduce service level and priority will only be given to work where the team has a statutory duty to undertake regulation. With a high number of SME businesses in the City contributing to the local economy, priority will be given to supporting these where possible but it is likely that the level of support previously provided will not be sustained. See EIA 21.	44	20	-
Civil Contingencies	Civil Contingencies	122	122	1.6	The Civil Contingencies Act 2004 places a statutory duty on councils to have documented and tested Business Continuity Plans (BCPs). This has been the subject of an internal audit during July 2016 and the	2018/19: No savings proposed for this service due to savings made in 2017/18 of 1fte staffing resulting from the implementation of a service redesign plus a reduction in supplies and services, and utilising skills and services	Delivery Risk: Failure to deliver the savings and findings of the business continuity internal audit will result in financial risk, possible injury and loss of life, and possible legal challenge, and reputational risk.	60	-	-

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
					findings of this audit need to be implemented.	already based in Regulatory Services.	Impact on Outcomes: Reduction in service required, including a review of where duplication is occurring and where the service can be delivered more effectively and efficiently. Some of this work can be delivered by existing skills in Regulatory Services, including health and safety and risk assessment and management, business continuity, and audit and performance management. The modernisation programme will help to ensure that better resilience and risk management is integrated across services. Including development of sustainable processes and procedures both in the Emergency Planning and Resilience Service but also across services.			
Regulatory Services Total		2,525	1,512	71.2				220	129	70
COMMUNITY SAFETY										
Community Safety	Reducing Violence against Women and Girls. (VAWG)	2,077	751	3.0	Incidents of violence against women and girls reported are still increasing, services have been recommissioned to be more efficient and effective.	2018/19: No savings proposed due to significant increase in demand. Commissioned Services to be reviewed alongside the Living Without Violence specialist support within FCL.	Delivery Risk: Efficiencies are expected but no further budget reductions above those included within Families Children and Learning at this stage.	-	-	-
Community Safety	Crime & Disorder Partnership Management	288	208	5.0	Core functions and facilities to run community safety service. Addressing community safety, preventing and reducing	2018/19: No savings proposed as £0.138m already saved in 2016/17 and 2017/18. Savings in this service area were front-loaded.	Delivery Risk: Statutory function, failure to comply would bring council in breach of law. Reduced capacity in LGBT post will potentially	71		7

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
					<p>crime and disorder reduce the number of perpetrators and victims in the city across a range of crimes including those which cause the most harm and increase service pressure in other areas.</p>	<p>In 2017/18, reduced premises costs through applying workstyles principles to main council buildings. Reduced contribution to police drugs operation. Reduced capacity to work with LGBT community by reduction of 0.5fte. Stop communities against drug work - part time post £0.025m</p>	<p>reduce LGBT community trust and confidence. Reduction in legal support could lead to more contested cases. Stopping communities against drugs work may risk that drug use and litter increases, communities will become less resilient to drug use in neighbourhoods. Reduced funding by 50% to police drug operation - risk is that dealers will be less disrupted. Impact and mitigation for both proposals is that the part time post only has limited capacity at the moment so there will be some effect but CityClean may take up some needle find work.</p> <p>Impact on Outcomes: Reducing core services for community safety will mean less robust oversight of crime and disorder for the city. This may lead to increases in crime and vulnerability to crime and disorder locally. Performance in this area is measured through the Community Safety Partnership. There will be less capacity to assess performance and take action accordingly. This will lead to greater pressure on services dealing with the consequences of crime and disorder.</p>			

APPENDIX 6

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
Community Safety	Casework Team	258	258	7.0	Community Safety has legacy payments to Legal Services that are not replicated by other teams accessing legal advice. Community Safety has previously contributed to Op Reduction a police test purchase operation that identifies drugs dealers and makes arrests. This is a core function of the police.	2018/19 : proposals to cease payment to Legal Services £0.020m and cease payment to Police £0.020m.	Delivery Risk: Legal support may be limited for enforcement action in relation to ASB and Hate. Police may have reduced capability for drugs test purchase operation to disrupt drug dealers. Impact on Outcomes: Legal action do deal with perpetrators of ASB and Hate may be limited resulting in more victims being harmed. If police reduce drugs test purchase operation there may be fewer drugs arrests which could result in more criminality in relation to drugs supply.		40	24
Community Safety Total		2,623	1,217	15.0				71	40	31
Neighbourhoods, Communities & Housing Total		35,555	14,666	278.8				2,602	653	531

Finance & Resources (F&R)

Services and Responsibilities

The Directorate covers the following areas:

- Finance:
 - Supports over 250 budget managers and 68 schools
 - Manages over £100m cash balances and investments and over £0.5 billion money market transactions annually
 - Procures and negotiates over £1.8 billion insurance cover through premiums (£1.6m pa)
 - Provides contracted financial services to South Downs National Park and trusts
- Procurement:
 - Supports procurement of goods and services of circa £300m
 - Supports circa 250 contract managers together with Legal Services
 - Manages and authorises waivers of Contract Standing Orders
- Revenues & Benefits:
 - Collection and recovery of £127m Council Tax (and Council Tax Reduction Scheme)
 - Collection and recovery of £113m Business Rate income
 - Processing of Housing Benefit claims (£145m) and managing the transfer to Universal Credit
 - Collection and recovery of Housing Benefit Overpayments (circa £4.5m pa)
 - Provision of Enforcement Agent services for taxation and parking
- Human Resources & Organisational Development:
 - HR Services to around 750 team leaders, supervisors and managers and circa 4,500 council staff
 - HR Services to schools covering circa 5,000 staff
 - Coaching, development and advice services to around 750 team leaders, supervisors and managers
 - Health & Safety advice and support to around 750 team leaders, supervisors and managers
- ICT:
 - Provision of equipment, services and helpdesk to circa 4,000 staff and schools
 - Provision of data protection services for email, applications and devices
 - Database management and maintenance of major corporate information systems
 - Management and procurement of voice, data storage, telephony, Citrix (remote access) and other contracts
- Internal Audit:
 - Provision of over 1,000 audit days for circa 50 internal audit reviews
 - Investigation of potential housing tenancy, contract and financial irregularity frauds
- Business Operations:
 - Collection and recovery of circa £58m Adult Social and Sundry Debts (Business and Personal)
 - Management of Deferred Payment Arrangements and other legal charges (£3m)
 - Payroll services to the council, schools and South Downs National Park (over 17,000 unique staff payments and circa 123,000 payslips)
 - Processing over 200,000 payments to the council's suppliers and providers
 - Provision of banking, purchasing card and urgent payment services

The directorate operates at both a service and corporate level providing essential business support to front-line services while also supporting the council to meet statutory obligations, maintain strong governance, and develop effective strategies across each function.

Its key strategic objectives are as follows:

- Ensure that sustainable corporate services are in place whilst delivering significant savings as a result of joining the Orbis partnership.
- Support the council through a period of complex change, and in particular the modernisation agenda using its network of Finance, HR and ICT business partners.
- Improve transactional processes through the establishment of the new Business Operations hub in Brighton & Hove.
- Challenge and reduce the cost of goods and services through strong procurement practice, and support the improvement of contract management across the council.
- Develop and deliver the council's People Plan to improve the council's development and support offer to current and future employees.
- Achieve key tax collection targets while navigating and supporting residents through welfare reform.
- Improve ICT infrastructure and tooling, and support the delivery of Digital First objectives.
- Continue to develop Audit's innovative approach to risk management.

Strategy and Key Proposals

During the 4-year period from 2016/17 to 2019/20 the directorate will reduce its net budget by over 20%. The Integrated Service & Financial Plan sets out how this can be achieved. Key proposals involve the integration of Brighton & Hove managers into the wider Orbis partnership with East Sussex and Surrey County Councils, the establishment of centres of expertise across the partnership, and further optimisation of processes including through the new Business Operations function.

Orbis will engage with the key customers in the 3 authorities to develop services that meet customer requirements while recognising that the authorities have joined the partnership in order to achieve greater savings through change and innovation while maintaining service resilience.

Finance & Resources

ISFP Summary

Department	Gross budget 2017/18	Net budget 2017/18	Posts 2017/18	Savings 2017/18	Savings 2018/19	Savings 2019/20
	£'000	£'000	FTE	£'000	£'000	£'000
Finance	2,120	1,981	52.1	301	97	81
Audit	594	522	9.3	92	35	-
Revenues & Benefits	11,903	3,734	194.7	630	137	269
Revenues & Benefits Tax Base Savings	-	-	-	341	307	250
Procurement	504	463	13.7	49	41	27
Human Resources & Operational Development	2,580	2,583	70.5	342	198	153
ICT	6,700	6,426	132.0	657	294	188
Business Operations	2,070	1,695	66.5	162	72	101
Finance & Resources (Excluding Tax Base Savings)	26,471	17,404	538.8	2,233	874	819
Finance & Resources	26,471	17,404	538.8	2,574	1,181	1,069
Corporately-held Budgets	29,440	7,422	-	445	725	1,525

ISFP Detail

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/ 18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/ 18	2018/ 19	2019/ 20
		£'000	£'000					£'000	£'000	£'000
FINANCE & RESOURCES										
FINANCE										
CFO	CFO	192	192	2.0	Budget for Executive Director Finance & Resources and office support. Includes the S151 statutory Chief Financial Officer role retained by the authority under the Orbis partnership.	No further savings proposed beyond 2017/18.	Delivery Risk: None. Impact on Outcomes: No impact on outcomes anticipated.	10	-	-

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
Financial Services	Financial Management & Advice. Note: Income of £157k from services to schools has been netted off within the gross budget.	1,907	1,768	46.1	Intention was to align costs with the predicted reduction in size of the organisation, however, taxation and income generation resources mean this has not materialised. Service is therefore focusing on managing demand, providing value added services and ensuring that services comply with corporate processes to improve efficiency. In 2018/19 and beyond, further opportunities for cost reduction will be sought through joint working within the Orbis Partnership.	Ongoing redesign and re-prioritisation of the service will be undertaken including some processing changes and continuing to move the service to a different customer service model in tandem with the move toward an Orbis shared service operating model. Potential 'centres of expertise' will be created within Orbis to achieve efficiencies through economies of scale.	Delivery Risk: Provided effective financial controls can be put in place and non-compliance is minimised (through enforcement if necessary), risks may be kept to a minimum.	141	30	58
	Financial Accounts				Production of financial statements is statutory but the government is continually bringing forward statutory deadlines for completion. This in turn drives the need for automation and more efficient production.	Financial Statement production has the potential to be highly automated and the focus will be on continuing to drive efficiency in this area, including a potential option to adopt the CIPFA financial statement automated service.	Delivery Risk: Liaising with external auditors will be key to minimising risk to effective production and adverse auditor opinion on the accounts. There is also added resilience through partnership across Orbis.	50	40	23
	Strategic, Corporate & Treasury Services				These are strategic advisory services that are important to retain and align closely with strategic planning processes (e.g. budget setting, investment strategy, MTFs production, etc.). Service will be part of the shared service partnership with Orbis.	Potential 'centres of expertise' are being explored across Orbis to determine whether cost reductions are possible through integrated treasury management services, financial planning and corporate finance services, and taxation (VAT) services.	Delivery Risk: Key risk is resilience of the function as the importance of strategic financial planning and advice increases with the complexity of the financial situation.		27	

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
Insurance	Insurance	21	21	4.0	A small but effective unit where costs will continue to be reviewed to ensure VFM. Service will be part of the shared service partnership with Orbis.	In 2017/18 this service was wholly funded from the Insurance budget as it is a genuine cost of insurance including defence against claims, negotiating premiums, and managing risk/cover. The service is now a net nil budget.	Delivery Risk: None	100		
Finance Total		2,120	1,981	52.1				301	97	81
AUDIT										
Internal Audit	Internal audit	594	522	9.3	<p>IA is a statutory service providing assurance on the internal control environment and support to service managers. Corporate Fraud is a non-statutory service that reduces the council's costs by preventing and detecting fraud.</p> <p>The service will operate a pooled budget across Surrey CC, ESCC and BHCC from April 2018 with further integration of services which will create efficiencies in terms of how we provide services.</p> <p>The service is also seeking to obtain external paying customers and recoup costs from existing services, where appropriate.</p>	<p>To be delivered through service restructure across Orbis and review of the bought in components of the service (again across Orbis).</p> <p>Reduce number of audit and Corporate Fraud days delivered.</p> <p>Continue to charge HRA for counter fraud work (currently £60k per annum).</p> <p>Obtain new external customers.</p>	<p>Delivery Risk: Unforeseen delays in restructure process. HRA does not continue funding of counter fraud work.</p> <p>Impact on Outcomes: Reduction in number and scope of audits. Reduced assurance and support for corporate management and services on internal control and the prevention of fraud & corruption. Increased risk of loss, error and fraud within the council.</p> <p>See EIA S4.</p>	92	35	
Audit Total		594	522	9.3				92	35	-

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
REVENUES & BENEFITS										
Revenues & Benefits	Administration of Housing Benefits and Council Tax Reduction awards - staffing costs budget	6,235	4,757	183.1	The Benefits function is statutory but the combination of a reducing caseload and efficiencies give the opportunity for savings to be made. The most significant factor in downsizing is the planned introduction of universal credit which will transfer caseload to the DWP. The stated savings take the reduction in grant directly related to this work transfer into account. This service is being considered as part of the Support Function Review.	The service continues to review its processes to maximise its use of resources. The reduction in workload, and the nature of the workload being transferred to the DWP provides opportunity to reduce cost while maintaining service standards. The original 4-year proposal made in 2016/17 has been amended to reflect the delay in the implementation of Universal Credit. It is now proposed that 31 posts will be deleted across the 4 year period.	Delivery Risk 2019/20: The saving forecast is predicated on the introduction of Universal Credit to the DWP forecast timescales. Changes in this forecast has meant a revision of the level of achievable savings and this may change again if there are further amendments to this forecast. There is subsidy risk if performance levels drop. There is also a risk of a skills shortage which may lead to recruitment and cost issues. Impact on Outcomes: No impact on outcomes provided customer service standards can be maintained.	280	-	116
	Administration of Housing Benefits and Council Tax Reduction awards - supplies, service and support costs.				As above.	No proposals in 2018/19 but in 2019/20 there will be associated reductions in some supplies & serviced and support costs as the service downsizes. This is a combination of indirect employee costs, postal costs print costs and publicity and marketing costs.	Delivery Risk 2019/20: The saving forecast is predicated on the introduction of Universal Credit to the DWP forecast timescales and accuracy. Changes in this delivery may mean a reprofiling of savings. Impact on Outcomes: No impact on outcomes anticipated.	21	-	43
	Administration of Housing Benefits and Council Tax Reduction awards - service charges.				To support the budget position by ending unnecessary payments from the General Fund to the HRA fund.	Saving taken in 2016/17 - no further saving possible.				

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
	Administration of Housing Benefits, Council Tax Reduction, Council Tax and Business Rates - computer systems & document management system administration				1. Negotiated reduction in main systems contracts 2. Negotiate systems contract reductions in light of the reduced benefit caseload. 3. Negotiate reduction in on line benefit form contract 4. Reduce associated supplies and services costs.	For 2016/17 the service delivered savings in reduced contract. Further to that saving the service has identified further savings for 2017/18 in terms of reduced associated supplies and service costs.	Delivery Risk: None	11		-
					Reduction in support resources in light of the reduced benefit caseload.	Deleted one post in 2017/18 and a further post reduction is deliverable but not until 2019/20 (total 2 FTE).	Delivery Risk 2019/20: There is a risk that the transition generates an increase in documents per case which may mean the scanning and indexing workload does not reduce as predicted. Impact on Outcomes: No impact on outcomes anticipated.	25	-	25
						Revenues & Benefits have a programme of digital changes to the service that are being delivered within the Digital First framework. As these changes are embedded that will begin to deliver savings. The success of the savings is, in part, dependent on managing customer channel shift to self-help services online.	There are three aspects to the delivery of digital savings . The first is reductions in cases, mostly postage and printing as e-documents are introduced. Second are savings related to automation as data from on-line forms automatically populates database records. The third is channel shift where self help means less resource is required for face to face and telephone contact.	Delivery Risk: If the channel shift is not on timetable then there will be a resource pressure that may have a detrimental effect on income collect or benefit subsidy. Impact on Outcomes: No impact on outcomes provided customer services can be maintained and the change co-ordinated with other services. See EIA 22 and S5.	27	82

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
	Administration of Council Tax collection				Service redesign	Service redesign was undertaken in 2017/18 to compliment the delivery of digital programme. No further savings are possible until this model has been proven to work effectively i.e. by maintaining or improving collection rates.	Delivery Risk: None	100		
					The collection of council tax is statutory and administration savings have to be fully considered to ensure they do not impact on collection efficiency. However some savings have been identified. This service is being considered as part of the Support Function Review.	The saving is a combination of savings due to channel shift, moving the council tax leaflet to online only, reducing postal costs because of on line and text facilities etc. and some direct supplies and service savings on underspending budgets.	Delivery Risk: These savings are considered low risk in the context of collection provided the digital roll out stays on track. Impact on Outcomes: No impact on outcomes anticipated.	1	10	10
Revenues & Benefits	Local Discretionary Social Fund and Welfare Reform	-	-	11.6	Temporary funded service from the Welfare Reform Reserve in 2017/18.	Currently reviewing proposals for further one-off continuance in the light of Universal Credit and other welfare reform impacts.				
Revenues & Benefits - Discretionary Awards	The administration of the Discretionary Housing Payments and the Council Tax Reduction Discretionary scheme	1,188	55	-	To reduce the permanent element of the discretionary set aside to support the local Council Tax Reduction Scheme to proportionate levels.	It is proposed to reduce the commitment to this fund over the next 3 years as it is not fully utilised. It was well funded initially as a prudent mitigation against the pressures of reducing the funding to the main scheme.	Delivery Risk: There is risk in reducing any discretionary scheme set to support the vulnerable but with revised parameters and sensitive collection strategies it is believed that this risk can be reasonably mitigated. A downturn in economic conditions may impact further. Impact on Outcomes: No impact on outcomes are expected based on current trends.	45	45	

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
	Collection of Benefit Overpayments	4,480	(1,078)		- Recovery of Housing Benefit overpayments.	Increase the rate of recovery on historic benefit overpayment arrangements so that they are in line with the current maximum recovery amounts. This was proposed on a one-off basis in 2017/18 due to uncertainty about the current system of Housing Benefit subsidy and the transfer to Universal Credit. The volatility of this activity means that recurrent saving is high risk but further one-off savings may be possible.	Delivery Risk: None	120		
Revenues & Benefits Total		11,903	3,734	194.7				630	137	269
REVENUES & BENEFITS (TAX BASE SAVINGS)										
Revenues & Benefits - Tax Base Savings	Council Tax base - Council Tax Reduction scheme				The central government grant for the Local Council Tax Reduction Scheme is reducing year on year and placing additional financial pressure on the council. It is proposed to introduce a revised local scheme to reduce some of this pressure and offset the expected extra expenditure that will fall onto the scheme when Government welfare reforms begin to impact from 2016.	There are no proposals to consult on further changes to the CTR scheme in 2018/19, however the savings target for this financial year can be met from the impact of further reductions in the CTR caseload that is anticipated to continue into 2018/19. Options for 2019/20 will be reviewed in the summer 2018 and consultation would be required if changes to the current CTR scheme are required.	Delivery Risk: It is anticipated that further alterations will need to be made by the council in 2019/20. There is risk that the cumulative effect of the welfare reforms will impact customers propensity to pay council tax and that estimates factoring this in may prove to be inaccurate. Economic conditions will clearly be an important factor. Impact on Outcomes: Minimal impact anticipated subject to economic conditions and management of welfare reform impacts.	250	250	250
Revenues & Benefits - Tax Base Savings	Council Tax base - collection				The service is continuing on its improvement programme and it is anticipated that this	The service had been set a stretch target of 0.05% improvement in	Delivery Risk: Council Tax collection may be affected by welfare reform impact or	57	57	

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
					will ultimately result in improved council tax collection performance.	ultimate collection each year. From 2018/19 the ultimate collection rate has been set at 99% and this has been reflected in tax base assumptions and therefore no further savings are included beyond 2018/19.	economic conditions differently than forecast. Impact on Outcomes: As the measure takes several years to fruition it is difficult to be certain of the outcome.			
Revenues & Benefits - Tax Base Savings	Business Rates - discretionary rate relief				The collection of Business Rates is statutory. The focus on performance improvement relates to increasing the tax base, which while financially beneficial to the authority, falls outside of the revenue budget. This service is being considered as part of the Support Function Review.	Local Authorities can award Discretionary Rate Relief (DRR) of up to 20% on properties already subject to a mandatory 80% relief because they are wholly or mainly used for charitable purposes. Registered Community Amateur Sports Clubs are similarly eligible. The council can also grant 100% discretionary relief for a property if it is occupied by an organisation that is not established or conducted for profit. The proposal is to be more stringent in these awards to minimise expenditure.	Delivery Risk: The risks associated in this proposal although not financially high are complex and need to be considered in the light of revised corporate priorities during the 4 year budget saving process. The proposal is for the second year to allow for appropriate consideration and consultation. Impact on Outcomes: No impact on outcomes anticipated.	24		
					Additional increase to the tax base outside of the Revenues Budget.	Further review of the criteria for Discretionary Rate Relief with a view to reducing the amount of the overall award was achieved in 2017/18. 2017 Rate Revaluation means that further review is not recommended until the new system has settled.	Delivery Risk: The risks are as per above but as the discretionary fund decreases the impact widens. The beneficiaries of the discretionary scheme are mostly charitable organisations	10		
Revs & Bens (Tax Base) Total		-	-	-				341	307	250

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
PROCUREMENT										
Procurement Services	Procurement	504	463	13.7	The Procurement and Contract Management function will be invested in over the period to help drive out savings across all significant contracts and renewals. The funding of the service will therefore be provided through capital flexibilities as part of the council's Efficiency Plan and in response to the actions identified in the 2016/17 Annual Governance Statement. This also reflects best practice studies that indicate that effective contract management can reduce contract costs by between 2% and 5%.	The savings against this service identified in the original 4-year savings plans will be met by one-off capital flexibilities. As noted, this investment was in response to actions identified in the Annual Governance Statement and as an invest-to-save to help drive out further economies through improved contract management and re-procurement.	Delivery Risk: None	49	41	27
Procurement Total		504	463	13.7				49	41	27
HUMAN RESOURCES & ORGANISATIONAL DEVELOPMENT										
HROD	HROD provides a full range of strategic and operational HR services to the Council and schools. The service includes business partnering, workforce and organisational development, health and	2,580	2,583	70.5	Orbis is a partnership formed between BHCC, Surrey CC and East Sussex CC which was formed to: <ul style="list-style-type: none"> • deliver efficiencies through increased standardisation and removal of duplication in processes and procedures • maintain capacity and capability with fewer staff • pool resources, expertise and knowledge to identify best practice approaches that best meet the need of our customers 	The integration of HROD into the existing Orbis partnership will allow BHCC to deliver the required ISFP savings for 2018/19 of £198K. These savings will come from integrating the management of some functional areas in HR across the partnership, delete vacant posts and streamline some activities in areas such as policy development. The HROD service will operate a pooled budget across Surrey CC, ESCC and BHCC from	Key risks relate to the implementation of the change required that could impact on business as usual service for the authorities, any changes in the founding partner authorities objectives with regard to integration and ensuring the full benefits of the business case for integration are realised. These have been mitigated by ensuring that integration in 2018/19 focuses on the management structures and the overall model for delivery, with time during	342	198	153

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
	safety services, HR advisory services, policy and projects. Note: Income of £502k from services to schools has been netted off within the gross budget.				<ul style="list-style-type: none"> • create greater operational resilience • deliver greater value for money, placing customers at the heart of everything that we do • improve accessibility of services to the customer through a self-sufficiency approach 	April 2018. Transformation plans will drive further integration of services to create further efficiencies/resilience in terms of how we provide services such as advice, training and policy across the partnership to deliver ISFP savings for 2019/20. There will also be opportunities to drive more efficient customer access through a help desk service both within HR, and in terms of moving first line queries to the Orbis Business Operations help desk.	2018/19 to plan for further integration of services to customers. See EIA S6.			
HR & OD Total		2,580	2,583	70.5				342	198	153
ICT										
ICT Management Team	Senior ICT Management of Department	6,700	6,426	132.0	Service is non-statutory with a mixed supply market available from commercial and public providers. Integration into Orbis Shared Service is the agreed approach, with savings only possible through early integration of services both technically and through resourcing. Integration needs to happen in 2017/18 to achieve both early savings and maintain resilience of service despite significant demand pressure.	Reductions in senior managers through integration into Orbis, with early reduction in 2017/18 prior to budget pooling through deleting vacant post and early management integration with some redistribution of management accountabilities to remaining heads of service.	Delivery Risk: Capability and capacity to support change and operational risk in BHCC will be weakened, reduced ability to meet demand from services for modernisation and efficiency gains. Impact on Outcomes: Loss of Senior Management posts increases pressure on middle management and remaining senior managers while Orbis integration happens. Initial slow pace of Orbis integration creates risk. See EIA S7.	83	98	63

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
Infrastructure Engineering	Wide Area Network (WAN), Local Area Network (LAN), Security, Server & Storage hosting, Virtualisation				As above	WAN is already shared service with ESCC, some further cost reductions in overheads through reduced client function costs and shared Data Centre (DC) connectivity costs with ESFRS and through site reductions achievable. Cost reductions through technical & contract consolidation and shared staff services. ICT service redesign has already reduced staffing costs. Savings are through vacancy management and Orbis integration. Note that savings areas and levels between ICT sections may vary as Orbis integration co-design work takes place.	Delivery Risk: High without Shared Service as cannot achieve economies of scale and reduced staff numbers will directly reduce service levels. Impact on Outcomes: Assumes vacancy churn rate of 5% and downturn in certain project related work following Workstyles & ICT Infrastructure Programme. See risk section for further details of risk that downturn in work will not now happen. See EIA S7.		21	
Customer Experience	Service Desk, Customer Solutions & Problem Management (& printing)				As above	Following the ICT Service Redesign, vacancy management including holding or deleting posts and part posts, will be used to reduce costs in-year through 2017/18 ahead of integrating services in 2018/19. Further savings from 2018/19 onwards will come through Orbis integration. Note that savings areas and levels between ICT sections may vary as Orbis integration co-design work takes place, but will include reduction in held vacancies and integration of management and teams.	Delivery Risk: High without Shared Service as cannot achieve economies of scale and reduced staff numbers will directly reduce service levels. Impact on Outcomes: Assumes retirements and vacancy churn rate of 5%. See EIA S7.	100	70	

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
Business Solutions	Social Care, Education, Housing				As above	Further savings are not possible until 2019/20 to enable the new structure to stabilise and demonstrate proof of concept.	Delivery Risk: As above Impact on Outcomes: Assumes vacancy churn rate of 5% including flexible retirement and removal of vacancy.	79		30
Digital & Data	Digital, Data and Location Systems Support				As above	Cost reductions over time through technical & contract consolidation and shared services. Significant growth in demand through Digital First and other digital service requirements mean there are only limited savings in first two years. Savings from 19/20 following integration into Orbis. Note that savings areas and levels between ICT sections may vary as Orbis integration co-design work takes place, but will include reduction in held vacancies and integration of management and teams.	Delivery Risk: Medium	47		30
Platform Engineering	Platform Engineering				As above	Service area remains under-resourced with demand increasing through both Digital First and Information Governance demands. No early scope for savings. Note that savings areas and levels between ICT sections may vary as Orbis integration co-design work takes place, but will include reduction in held vacancies and integration of management and teams.				
Information Governance	Records Management, Information &				As above	As above	Delivery Risk: High, increasing cybersecurity threats pose significant risk			

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
	Cyber Security, and Data Protection									
Business Alignment	Business Engagement, Analysis				As above	Following the ICT Service Redesign, vacancy management including holding or deleting posts and part posts will be used to reduce costs in-year through 2017/18 ahead of integrating services in 2018/19. In addition, targeting of resource to Digital First will increase income. Further savings from 2018/19 onwards will come through Orbis integration. Note that savings areas and levels between ICT sections may vary as Orbis integration co-design work takes place, but will include reduction in held vacancies and integration of management and teams.	Delivery Risk: Medium Impact on Outcomes: Increase in income from investment and reduction in business analysis capacity , reduced ability to assess new change work outside of investments, mitigation is through shared resource spread across Orbis and assumes vacancy churn rate of 5%. See EIA S7.	55	43	
Change Portfolio	ICT Consultancy & PMO				As above	Saving opportunity taken in 2017/18 but no further savings are recommended due to the high demands on this service.	Delivery Risk: Medium Impact on Outcomes: Impact through reduced core ICT project management capacity, mitigation is through shared resource spread across Orbis and assumes vacancy churn rate of 5%	55		

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
Enterprise Architecture	Architecture & Solution Design				As above	Service area remains under-resourced with demand increasing through Digital First, Orbis Integration and ASC & Health integration agenda demands. No early scope for savings. Note that savings areas and levels between ICT sections may vary as Orbis integration co-design work takes place, but will include reduction in held vacancies and integration of management and teams.	Delivery Risk: Medium			
ICT Schools & Traded Services	ICT Schools & Traded Services. Note: Income of £1.010m from services to schools has been netted off within the gross budget.				Service is cost neutral or surplus generating. Aim would be to achieve full cost recovery of support costs and year on year small income increases.	Following the ICT Service Redesign, vacancy management including holding or deleting posts and part posts will be used to reduce costs in-year through 2017/18 ahead of integrating services in 2018/19. Continued growth in trading income while consolidating offers through shared service. Opportunities through new markets (geographical and market sector). Potential inclusion in service redesign reducing costs and simplifying for alignment to shared service, while increasing income.	Delivery Risk: High as market is increasingly competitive and schools funding is now very challenging. Joining Orbis removes one area of competition and provides complementary skills and capacity, however schools more likely to reduce optional spend. Impact on Outcomes: More aggressive stance seeking income, risks relationships with some schools, putting overall income stream at risk. Includes significant focus on nursery and independent sector which has been slowed to date to allow for combined Services to Schools offer, also assumed vacancy churn rate of 5%. See EIA S7.	113	62	65

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
Managed On Behalf Of	Contracts & Contract/ Budget Management				As above	Shared Service may present opportunities for further reduction of costs through economies of scale. However, substantial savings taken in 2016/17 and 2017/18 mean that further savings are not recommended in the short term.	Delivery Risk: High, risk that lack of commercial skills and capacity will lead to financial risks on contracts Impact on Outcomes: Contract consolidation across multiple technology areas. But demand for services may outstrip ability to drive savings within contracts, Reduction in contract management and supplier management, mitigation is through shared services within Orbis and stronger skillsets in management. Also impact on staff by reduction in desk telephony in favour of existing mobiles. Risk that resistance to change leads to problems in removing landline numbers.	125	-	-
ICT Total		6,700	6,426	132.0				657	294	188
BUSINESS OPERATIONS										
Business Operations	Across Business Operations	2,070	1,695	66.5	Reductions arising through re-organisation and redesign of this new Orbis service including management delayering and business process and customer improvement	Efficiencies will be sought through automation, review of and improvement in transaction processes, introduction of new technology and potential alignment with Orbis Business Operations partners	Delivery risk: Due to the level of savings already taken out of transactional services in previous years, the saving is dependant on moving to a customer self service model, minimising non compliance on processes and introduction of new technology whilst ensure effective controls remain in place. Savings are also dependent on aligning services with Orbis partners. Business Operations budgets also need to be disaggregated		72	101

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
							from Finance and HR where cost pressures of up to £100k (e.g. systems support & licences) will also need to be accommodated. See EIA S8.			
	Corporate Financial Services				Transactional services (e.g. payment of suppliers, systems, and income collection) will need to benchmark at below average cost or better and compare favourably to outsourced models.	Significant efficiencies were delivered in 2016/17 and 2017/18 prior to joining the Orbis partnership and the creation of the new Business Operations service (see above) through automation, BPI and redesign of services.	Delivery Risk: None	125		
	Corporate Financial Services				As above	An additional 2017/18 only saving on the transactional (accounts payable) service to contribute to closing the council's budget gap.	Delivery Risk: None	25		
	HR Operations. Note: Income of £494k from services to schools has been netted off within the gross budget.				Reductions arising from vacancy slowdown and reducing size of organisation.	2017/18 reorganisation/ redesign of service. The size of the organisation has not changed significantly (in staffing terms) and therefore further cost reduction opportunities are currently limited.	Delivery Risk: None	12		
Business Operations Total		2,070	1,695	66.5				162	72	101
CORPORATELY HELD BUDGETS										
Concessionary Bus Fares	Concessionary Bus Fares Scheme	11,047	11,047	-	Statutory reimbursement based on national formula and maintain discretionary elements of the scheme (9am - 9.30am and 11pm to 3.59am weekdays).	Maintain option of fixed deal where this provides Value for Money to minimise impact of growth in trips and increasing cost. Lower inflation and lower growth in trips means the planned budget can be reduced.	Delivery Risk: Fixed deals can provide certainty for both parties. Without this there are significant financial risks.	250	200	-

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
Financing Costs	Debt and investment interest	5,155	3,449		- Service is provided through a combination of professional advisors and in house treasury management	The service proactively reviews debt portfolios to explore opportunities to bring down average debt costs however no significant opportunities are anticipated in 2018/19.	Delivery Risk: Adverse interest rate changes could impact on the budget.			
Financing Costs	Minimum Revenue Provision (MRP)	7,915	3,251		- Service is provided through a combination of professional advisors and in house treasury management	The MRP statement and strategy was amended in 2016/17 to reprofile MRP costs in 2015/16 and these changes are reflected in the projected budgets to 2019/20.	Delivery Risk: None			
Contingency & Risk Provisions	Risk Provisions & other contingency items	2,719	2,719		- Level set annually at budget council.	Level set annually at budget council.				
Corporate Pension Costs	Corporate Pension Costs	2,317	2,317		- Statutory requirement to pay for historic retirement decisions of former employees that included added years.	Review liabilities annually to take account of reducing former employees who received this benefit.	Delivery Risk: Annual inflationary increases to pensions are more than the reduction in liabilities.	95	25	25
Carbon Reduction Commitment (CRC)	Carbon Reduction Commitment expenditure	210	210		- Statutory requirement to purchase allowances for carbon emissions	Phase 2 of the CRC ends in 2018/19. Use pre purchased allowances over the next 3 years alongside the recurrent budget. No further saving possible.	Delivery Risk: Allowances increase by more than inflation and carbon emissions do not reduce.	-	-	-
Corporate VFM Savings	Procurement and Contract Management	-	-		- Corporate investment in procurement and contract management expertise, training, analysis and litigation support.	Generate savings across services through improved procurement and contract management including improved contract specifications and performance indicators, pursuit of penalties and/or litigation for non-performance and increased support for	Delivery Risk: Potential savings areas have been identified and should be achievable. The key challenge is to ensure that any savings become cashable in 2018/19 (i.e. enable budget savings to be taken) rather than enabling a better quality or higher volume of service which, while		500	500

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
						contract managers across the authority to help them negotiate better value from procurements.	not undesirable, do not necessarily result in savings or cost avoidance for future years.			
Bearing down on social care costs	FCL / HASC	-	-	-	The council needs to continue to work hard to control the cost of social care placements and the associated controls in order to ensure that other services remain affordable.	A number of measures, such as robust reviews of care packages and more extensive brokerage have been identified that will allow for tighter control over the cost of social care placements. Some are already implemented, and the remainder will be in 2018/19.	Delivery risk: Social care markets are fragile, and as such the proposed measures may simply offset incremental costs rather than achieve cashable savings.			1,000
Levies & Precepts	Levies & Precepts including: Sussex Inshore Fisheries & Conservation Area, Environment Agency and Enclosure Committees	205	205	-	Statutory requirement for external organisations to raise a levy / precept on the authority.	Set by external organisations.		-	-	-
Unringfenced Grants	Unringfenced grants incl: S31 Business Rates Retention Scheme, New Homes Bonus, Education Services, PFI Grants & Housing Benefit Admin Grants.	-	(15,648)	-	Set by government	S31 Business Rates Retention (BRR) Scheme grants offset against the BRR Scheme income. The majority of the remaining grants are likely to be reduced and pressure funding has been allocated.		-	-	-

APPENDIX 6

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
	CORPORATE SAVING	(128)	(128)		- Complementary to the Management Spans & Accountability (MSA) principles used to challenge management costs, a similar approach to reviewing administrative and personal assistant support to management will be undertaken.	In 2017/18 a review of executive and personal assistant support to Chief Officers, Corporate Management Team and potentially lower management tiers will be undertaken to ensure optimum use of current technologies, review working practices, pool resources and achieve staffing reductions. A target of £0.100m on estimated staffing of over £0.6m is considered achievable.	Delivery Risk: The key risk is clearly that senior managers spend time on administrative tasks rather than on higher value work. Impact on Outcomes: No impact on service expected.	100		
Corporately-held Total		29,440	7,422	-				445	725	1,525
Finance & Resources Total		55,911	24,826	539				3,019	1,906	2,594

Strategy, Governance & Law

Services and Responsibilities

Strategy, Governance & Law's purpose and mission is to help the council in setting its strategy and priorities, enabling delivery of those priorities and monitoring performance. It also supports the democratic process in terms of elections and decision-making. It has a significant element of delivering front line services through Life Events (registrars, bereavement services and local land charges). The different services comprised in the directorate are:

Legal Services (net budget £1.3m) - this service provides legal advice and representation across all of the Council's functions as well as the Monitoring Officer function. The team includes the Safeguarding Team, which supports adult and children's safeguarding functions, an area where there is a significant increase nationally in Court proceedings. The Services has established a shared services Partnership, Orbis Public Law, with East Sussex, Surrey and West Sussex County Councils. The aim of the Partnership is to give greater resilience, economies of scale and an opportunity to trade more widely, enabling the support of priority services and objectives.

Democratic and Civic Office Services (net budget £1.7m – including Members Allowances) - this service provides support to Members generally, is responsible for the co-ordination and administration of the democratic decision-making process, Member training & development, administering of School Appeals and the Members' allowances scheme. It also includes responsibility for the Civic Office, (including the Mayor and the Lord Lieutenant) and as a service has compared favourably with others through CIPFA benchmarking data.

Policy & Partnerships (net budget £0.329m) - this includes the Policy, Partnerships and Scrutiny teams. The partnership service is part funded by partners in the City and supports Brighton & Hove Connected as well as a number of initiatives in co-ordination with partners in the city.

Life Events (gross expenditure of £3.3m and income of £3.48m) – this includes Electoral Services, Local Land Charges, Registration and Bereavement Services. As the net budget figures indicate, it is largely funded from income generated from fees and charges. The service has delivered significant savings over previous years, when it experienced some real challenges, including a snap General Election, staffing changes at a senior level in the Electoral Services Team, and competition from alternative providers, influencing fees and charges pricing structures.

Performance, Improvement & Programme Management (net budget £0.697m) - the role of this team is to drive change management, risk management and performance improvement across the organisation to minimise adverse impact of financial challenges on customers. It also has responsibility for ensuring objective resolution of customer dissatisfaction and taking strategic lead in improving customer experience through effective customer insight. The Customer Feedback team processes approx. 1500 complaints and 1000 compliments per year. The performance team drives the corporate and directorate planning and monitoring processes. There are currently 6 Directorate Plans, 30 Service Plans and 76 Corporate Key Performance Indicators. There are currently 16 strategic and 27 directorate risks.

A number of modernisation projects and programmes across the organisation in all directorates are managed from the Programme Management Office which is funded largely from one-off modernisation funding. There are currently approx. 25 corporate and 25 directorate projects/programmes. The Business Improvement team is also funded through this one-off resource with a focus on conducting reviews to manage customer demand and deliver efficiencies. The team conducts approx. 18 reviews per year.

Corporate Communications (net Budget: £0.640m) – The Communications Team connects the council and its services with the city. By using expert, specialist skills across a range of disciplines, the team communicates news and information that improves engagement and enhances and protects reputation with stakeholders. From crafting engaging content, to project managing campaigns that help change behaviours, the Communications Team provides a fully integrated service that combines:

- Marketing – helping turn complex messages into impactful content that reaches target audiences.
- Media relations – turning information into compelling news stories across newspapers, TV radio and online media and setting the story straight when misrepresented.
- Branding – managing the council's identity so that our 700+ services are clearly recognised.

- Internal communications – keeping staff and councilors connected to what’s going on across the council and why.
- Digital communications – broadcasting online, building a strong presence in a city that thrives on digital media.
- Graphic design – creating powerful, visual, branded content that stands out.

Strategy, Governance & Law

ISFP Summary

Department	Gross budget 2017/18	Net budget 2017/18	Posts 2017/18	Savings 2017/18	Savings 2018/19	Savings 2019/20
	£'000	£'000	FTE	£'000	£'000	£'000
Corporate Policy	658	595	4.7	60	20	10
Democratic & Civic Office Services	1,771	1,698	19.8	87	32	29
Legal Services	1,628	1,313	49.4	120	59	40
Life Events	3,266	(180)	48.1	251	20	20
Performance, Improvement & Programmes	1,353	697	35.4	113	48	26
Communications	673	640	16.5	61	46	31
Strategy, Governance & Law	9,349	4,763	173.9	692	225	156

ISFP Detail

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
STRATEGY, GOVERNANCE & LAW										
CORPORATE POLICY										
Chief Executive	Chief Executive	266	266	2.0	This budget supports the salary and work of the Chief Executive Officer, his PA and the running costs of his office.	This budget was reduced to a minimum in 2015/16 with a major reduction in the staffing and associated support to the Chief Executive. There is no scope for further savings.		-	-	-
Corporate Policy (Policy development, Brighton & Hove Strategic Partnership, Overview & Scrutiny team)	Policy & Partnerships	392	329	2.7	This provides policy, scrutiny and partnership support to the Council to ensure efficient and effective long term strategic planning and joint working with city partners.	Savings through restructure & reducing non-staffing budget & reducing initiatives budget. This service has seen a significant reduction in capacity last year (£0.104m)	Delivery Risk: None anticipated. Impact on Outcomes: Medium/high impact as less resource to do proactive work to improve effectiveness and efficiency of the organisation.	60	20	10
Corporate Policy Total		658	595	4.7				60	20	10

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000	18				£'000	£'000	£'000
DEMOCRATIC & CIVIC OFFICE SERVICES										
Democratic Services	Democratic Services	551	498	15.0	This will focus on achieving savings that have minimum impact on the support available.	Savings through service redesign, use of information technology, rationalising supplies and services and a reduction in the offer available to support Members and officers by focusing on priority areas.	Delivery Risk: The savings, especially those relating to printing, are dependent on the necessary investment and support from ICT (e.g. tablets for electronic agenda access.) Support for non-decision-making meetings may have to be withdrawn, with greater pressure on staff and less support to members. Impact on Outcomes: There may be some cost-displacement to other services from reduced support to meetings. Less development support for members and a reduction in the overall support to members. See EIA 23	30	32	29
Leadership & Civic Support	Civic Mayors Office/ Mayors Allowances/ Political Admin Support	163	143	4.8	Service redesign to be undertaken.	The redesign of the service to ensure that an effective support function can be delivered to the Leadership and Civic offices has been completed and costs relating to the staffing for these services to maintain continuity of provision and will be reviewed for future year potential savings as part of the budgetary process	Delivery Risk: Costs may re-emerge if service continuity is not secured. Impact on Outcomes: No impact on outcomes expected.			
Members' Allowances	Members' Allowances	1,057	1,057	-	This is designed to achieve savings but in a way that aligns with the democratic governance arrangements.	This involves taking savings from national insurance contributions which are no longer needed together with freezing Members allowances	Delivery Risk: These changes require recommendation by the Independent Review Panel and agreement by Full Council. If recommendation is	57	-	-

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000	18				£'000	£'000	£'000
						for the forthcoming year. £33k Joint Amendment (£43k savings from Members Allowances less £10k for part year effect) For 2018/19. The Independent Remuneration Panel has reviewed the current Members Allowances Scheme and its report is due to be considered at PR&G on the 30th November and full Council on the 14th December and is recommending that no change to the Scheme be implemented	no change or Council rejects it, it will be difficult to deliver the budget. Impact on Outcomes: Less room for flexibility.			
Democratic & Civic Office Services Total		1,771	1,698	19.8				87	32	29
LEGAL SERVICES										
Legal Services	Legal Services (Note: income of £0.047m from services to schools has been netted off with gross budget).	1,486	1,171	33.1	The proposed savings will protect legal support for core, high risk priority services. In 2017-2018 the savings involved a substantial reduction in capacity with corresponding reduction in the support available. An element of charging for non core services was introduced for example a buy back offer for legal advice to schools). In 2018 Legal Services will manage the proposed savings through maximising income and increasing resilience through Orbis Public Law . A careful balancing act will be needed to ensure the exposure to risk is	The projected savings for 2018 will be achieved from a combination of a reduction in staffing and increase in external income. The strategy for Orbis Public Law is to achieve greater resilience, economies of scale and an opportunity to trade, enabling the support of priority services and objectives.	Delivery Risk: The move to develop and implement Orbis Public Law will be a period of change which may impact on service provision. The number of organisational initiatives relating to service changes/reductions also increases the likelihood of legal challenge, increasing the demand for legal advice. Orbis Public Law requires savings levels to be agreed between authorities. Impact on Outcomes: The proposed savings for 2018 (when taken in addition to the more significant 2017-2018 savings) may mean the	120	59	40

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
					commensurate with the benefit of the savings and with the risk of increased external spend if demand for work cannot be managed internally.		service is required to focus on reactive legal input rather than enabling and preventative advice and support. The Legal Service will need to manage demand through re-defining with clients what is deliverable within the resources available.			
Safeguarding & Advice (Children & Adults)	Safeguarding & Advice (Children & Adults)	142	142	16.3	This is a critical service funded largely directly by the clients (Children and Adults). It is therefore not proposed to reduce the budget beyond the proportion attributable to the core funding of the service and where there is less impact.	It is proposed to review the provision of the service as part of the Orbis Public Law initiative. Savings realised must be consistent with the need to ensure support for the safeguarding function. This will include looking at opportunities for efficiencies e.g. an in-house advocacy service. A commercial approach will be taken where possible for example undertaking paid for DoLS work for the CCG. The number of childcare proceedings rose by almost 50% in 2017/18 and this reflects the ongoing national picture. To reduce the funding in this area would impact on the ability of the Council to issue and progress care proceedings in line with our statutory responsibilities.	Delivery Risk: Any significant reduction in resources will impact on the council's ability to discharge its safeguarding obligations at a time where there is a national trend of significant increase in care proceedings. This risk applies to all options but may be mitigated with Orbis Public Law as it increases resilience, in particular through considering the use of in-house advocates more widely. Impact on Outcomes: There will be some impact on the legal capacity as demand has continued to increase. The numbers of proceedings issued have significantly increased for both adults and children's.	-		
Legal Services Total		1,628	1,313	49.4				120	59	40
LIFE EVENTS										
Life Events	Crematorium	424	(859)	-	Regularly review cremation fees and charges using benchmarking from other Local authorities, taking	Regular fee and charge increases in line with local area and business requirements, and reviews of	Delivery Risk: Cremation no's need to be maintained. Can be affected by competitor activity and mortality rates.	-	-	-

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
					account of all unit costs.	unit costs. For 2017/18 it is proposed to maintain cremation fees and charges at current rates, and accept a cost of living increase of around 2% for the new financial year, but not go any higher. There are existing pressures on income targets for the no's of cremations being booked at Woodvale. No savings are proposed in 2018/19 due to uncertainties in levels of business for the Bereavement Services Team at Woodvale	Impact on Outcomes: No impact expected. Option of fee and charge increases are a risk, as this can be contentious.			
Life Events	Welfare Funerals	60	13		- Review of provision of welfare funeral services to operate in a different way and explore reducing staff costs and operating costs. Potential use of external company for searches for next of kin may reduce need for public health funeral.	Changes to delivery of welfare services - involving outside company considerations. No savings proposed currently for this business area. The new Bereavement Services staffing structure will allow for a review of this element of the service, including an evaluation of affordable funeral options, as well as different delivery models, moving forward.	Delivery Risk: Changes to service delivery are potentially high risk and need to be explored further - including reputational risk with stakeholders. Impact on Outcomes: There will be a review of Welfare Funeral services that will include options to assist those experiencing funeral poverty, by introducing affordable funeral packages / options. Customer engagement with FDS necessary.	10	-	-
Life Events	Coroners Transfer Service	483	483	7.0	Consider review of service and tender to a Funeral Director service instead of using in-house staff team from mortuary.	Review of service to work in a different way and consider external Funeral Director service to provide CTS service. This is common practice across other local	Delivery Risk: Obtaining contract with reputable FD who meets Coroner's requirements. Impact on Outcomes: Potential for changes but short-term	5	-	-

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
						authority services. No savings proposed as HM Senior Coroner for Brighton & Hove requires in-house provision of service. Other service delivery options need to be evaluated / considered, and any change agreed with our Senior Coroner	cost likely as there will be pay protection compensation issues to cover, prior to setting up new arrangements. Not as straightforward as simply procuring a new contract with a FD.			
Life Events	Memorialisation	65	(56)	1.0	Introduction of new products and development of existing products.	Increase in sales through product review to increase range of products and promote existing products.	Delivery Risk: Ineffective skills development could impact on savings. Impact on Outcomes: No impact on service expected.	5	15	15
Life Events	Bereavement Management, Cemeteries and Mortuary	981	392	9.0	To increase work / shift patterns to enable increased service delivery.	Service redesign to increase service delivery. Removal of senior officer post and assistant through Management Spans & Accountability Review (MSA Review). Consider extending working day to enable more cremations and offer more funeral services. This will entail additional shift work patterns. Bereavement Services - In 2017/18 5% increase on burials only – not increasing cremation fees due to competitor and threat to levels of business. Increased income of £0.014m. For 2018/19 No savings proposed because of uncertainties in relation to levels of business. Currently there are less cremations and	Delivery Risk: Risks are not attaining market share we aspire to attain. Unable to invest to reach aspired service levels. Dependent on the same level of business as we currently have for burials. Impact on Outcomes: Significant impact after none expected in year 1. Redesign is unlikely to deliver savings in terms of staffing reduction but provides opportunity for increased business. Review of working practices may present some opportunities, but not fully assessed.	19	-	-

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
						funeral services being booked at Woodvale. The new service redesign introduces better engagement with local funeral directors and other stakeholders, to highlight quality service provision, and encourage and promote Woodvale as the first choice for local funeral directors and residents of our city. No increases in fees and charges are proposed for the coming year, to mitigate against the risk of further reductions in business levels				
Life Events	Registrars	603	(267)	17.8	Fees and charge review and regular increases backed up by benchmarking info' from other local authorities, taking account of all unit costs.	Registration services - Increase in fees and charges in line with local area and business requirements, and review of unit costs to generate £0.040m more income. This would be an increase in fees and charges for service for a 3 rd year running above cost of living.	Delivery Risk: Business volumes need to be maintained. Reliant on customer demand. Elements of statutory fees but opportunities exist for other fees. Requires PR&G Committee approval of fees. Impact on Outcomes: No impact on service expected.	40	5	5
						Redesign option and closure of search room – signpost to digital certificate service. Reduction is in staffing levels - potential saving of £0.022m.		22		
						Combination of service enhancements including birth registration packages and wedding ceremony packages saving £0.020m. Existing business packaged differently. Additional work to be carried out to quantify exactly, but		20		

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000					£'000	£'000	£'000
						opportunities are there. Deliverable if enhancements and packages are marketed appropriately. Training for staff required.				
Life Events	Elections and Land Charges	650	114	13.3	TBC	<p>For 2017/18 Local Land Charges- An increase in the search fees by £5, to £120 generating £0.023m. In addition the Green amendment 2 increased LLC fee income by £0.100m for 2017/18 only</p> <p>For 2018/19 no savings proposed. Fee increases for property searches last year, have resulted in reductions in no's of property searches, and any proposed increases would risk further risk current business levels</p>	<p>Delivery Risk: There is a risk that more people may switch to personal search.</p> <p>Impact on Outcomes: No impact on service expected.</p>	123	-	-
						Electoral Services - 2017/18 A number of small operational changes could enable a saving on significant postal charges for a process the service are able to avoid saving £0.007m. For 2018/19 no savings proposed. The Electoral Services budget will be reviewed during Business Improvement work scheduled for early 2018, with a view to informing and recommending a service redesign.		7		
Life Events Total		3,266	(180)	48.1				251	20	20

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000	£'000				£'000	£'000	
PERFORMANCE, IMPROVEMENT & PROGRAMMES										
Performance, Improvement & Programmes (Permanent Budget)	Performance, Programme Management Office, Business Process Improvement, Risk, Customer Experience	697	697	17.8	Responding to customer complaints includes statutory duties. Critical to drive customer satisfaction, efficiency and continuous improvement within the organisation.	2018/19 and 2019/20 - Reduce corporate support for driving customer satisfaction, efficiency and continuous improvement.	Delivery Risk 2018/19 and 2019/20: This will result in reduction in our ability to respond to customer feedback and improve customer experience. Also, this will result in adverse impact on corporate oversight of performance and risk resulting in potentially missed opportunities to identify areas not performing well early on and delayed management action to address poor performance. Costs may re-emerge if need for change capacity becomes essential. Impact on Outcomes: Medium/high for 2019/20 as less resource to do proactive work to improve effectiveness and efficiency in the best interest of customers and reduced corporate assurance and governance. Reduced capacity to do cross-cutting work and drive innovation. See EIA S9.	113	48	26
Programme Management Office (Temporary funding from internal modernisation fund)	Programme Management Office - building capacity across the organisation by delivering training and developing	656	-	17.6	Critical to drive modernisation initiatives particularly cross-cutting across the organisation to enable efficiency savings and at the same time improving customer experience.	This team is funded from one-off modernisation funding so unable to contribute to the revenue savings. The one-off funding is to be protected as part of a wider strategy to drive modernisation in the council which is a key enabler for achieving budget savings				

Service Area					Service & Financial Strategy			Savings		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017/18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	2017/18	2018/19	2019/20
		£'000	£'000	18				£'000	£'000	£'000
	toolkits & quality assurance on behalf of the modernisation boards									
Performance, Improvement & Programmes Total		1,353	697	35.4				113	48	26
COMMUNICATIONS										
Communications	Communications	694	677	13.9	The budget has been thoroughly reviewed and savings have been found from product and supplies codes which are no longer required. The structure of the team has also been reviewed and there will be the deletion of one post and small restructure in the Digital Communications arm of the team.	Continuation of Business Partnering Service for the council offering multi-skilled communication team members to support services across the council.	Delivery Risk: Funding would be required on a project basis in later years for service demands that are over and above the core service offer. Impact on Outcomes: Potential for improved service to the organisation, improved customer satisfaction, and development of multi skilled staffing.	61	46	31
Communications	Graphic Design Team (Note: income of £0.133m from other council services has been netted off within gross budget).	(21)	(37)	2.6	In-house service currently recovers direct costs through recharges but not all overheads. The aim is to increase the proportion of external business.	Aim is to cover all costs including overheads through income generation. Consideration could also be given to moving to an external commissioning model in the longer term. Savings to this team can only be made by the further deletion of posts. This would mean the council having to use external designers to cope with demand which would mean an increase in design costs to other teams across the council.	Delivery Risk: Resource capacity within team may be an issue and the market for external business is untested which may reduce income opportunities. Impact on Outcomes: No impact on service expected.	-	-	-
Communications Total		673	640	16.5				61	46	31
Strategy, Governance & Law Total		9,349	4,763	173.9				692	225	156

Capital Resources 2018/19

A fully financed Capital Investment Programme is proposed for 2018/19 assuming that existing approved capital projects spend in-line with approved budgets and certain net usable receipts of just under £15.3m in total are achieved. Table 1 below shows how the programme can be financed in 2018/19. The position for the years 2019/20 onwards is less certain until future Government allocations are confirmed. All Government support is allocated through capital grants and all grants are unringfenced with the exception of Devolved Schools Capital Grant which must be allocated to schools.

TABLE 1: Capital Resources	2018/19 £ million
Capital Grants:	
- Capital grant announcements in previous years and profiled for spend in 2018/19	40.759
- New capital grants	12.165
Total Government Support	52.924
Capital Receipts Reserve	33.464
Capital Reserves	1.523
Specific Reserves	1.316
External Contributions	10.078
Direct Revenue Funding – Housing Revenue Account	25.555
Direct Revenue Funding – Service Departments	0.455
Council Borrowing	62.750
Total Capital Resources	188.065

Capital Grants

The Government distributes capital grants towards the financing of certain capital expenditure. In 2018/19, it is anticipated that the council will receive new capital grants of £12.165m as summarised in table 2 below, and £40.759m from grants already announced where the spending of these grants is now profiled in 2018/19.

It is possible that other capital grants may be received during the year and these will be reported through TBM budget monitoring reports to Policy, Resources & Growth Committee as and when they are announced.

The new capital grants are in two main areas.

- Education funding of £4.800m (estimated) for investment in the maintenance of educational buildings and Children’s Centres in the city.
- Transport funding of £5.365m to include the transport related schemes and highways maintenance

TABLE 2: New Grants announced for 2018/19	£ million
Education Basic Need	Nil
Education Capital Maintenance*	4.800
Schools Devolved Capital*	0.500
Highways Maintenance Block Allocation (LTP)	2.110
Integrated Transport Block Allocation (LTP)	3.059
Incentive Funding – transport	0.196
Better Care Funding*	1.500
Total	12.165

* Funding to be confirmed with government

Capital Receipts

The funding of the capital investment programme assumes estimated net capital receipts of £15.3m in 2018/19. This includes receipts associated with the disposal of surplus buildings for reinvestment into the Stanmer regeneration project and from the sale of Preston Barracks where the use of these receipts is planned for future years. Progress will be closely monitored throughout the year for all receipts and reported through the regular TBM budget monitoring reports. In future years receipts associated with the Brighton Waterfront will be required to be reinvested back into that scheme. Failure to achieve some of these receipts will require the capital allocations for future years to be reviewed.

The net receipts from ‘right to buy’ sales are split between funding for strategic funds delivering regeneration including affordable housing opportunities, and investment directly in housing. The forecast receipts for Brighton & Hove City Council are set at an assumed level of £0.500m per annum. Any surplus above £0.500m will be set aside to reinvest in replacement homes.

Capital Reserves

The level of reserves relates purely to unspent resources carried forward from previous years and have already been earmarked for specific schemes. The council monitors these resources over a rolling period by continually updating projections and comparing these against the level of commitments within the approved Capital Investment Programme.

Specific Reserves

Specific reserves will be used to support schemes directly related to the purpose of the reserve or to support corporate priorities. Specific reserves relate to the refurbishment and maintenance of properties managed by the Brighton and Hove Seaside Community Homes with the costs being met in accordance with the housing agreement. A contribution from the Brighton Centre Redevelopment Reserve will also support bringing forward the Waterfront project. The sports facilities reserve will support maintenance requirements at Prince Regent.

External Contributions

The council will receive new external contributions totalling £10.078m in 2018/19 associated with donations, partner and private contributions as well as Heritage Lottery funding for the Royal Pavilion Estate and Stanmer Park redevelopment. There will also be contributions from the NHS capital fund toward the new GP Surgery at Palace Place.

Direct Revenue Funding

The General Fund and Housing Revenue Account budget proposals include direct revenue funding of £26.010m. A summary of the allocations by service is shown in the table below.

TABLE 3: Direct Revenue Funding 2018/19	£ million
Sports & Leisure for Prince Regent	0.310
Transport – Street Lighting	0.145
Total General Fund Services	0.455
Housing Revenue Account	25.555
Grand Total	26.010

Council Borrowing under the Prudential Code

Council borrowing under the Prudential Code can be undertaken only when it can be demonstrated that it is affordable, for example where the investment leads to greater efficiency in future service provision and generates revenue savings or reductions in budgeted spend. For 2018/19 it is proposed that the council will undertake borrowing of £62.250m to finance capital expenditure plans as detailed in table 4.

TABLE 4: Council Borrowing in 2018/19	£ million
Housing Revenue Account – 18/19 new borrowing	6.130
Housing Revenue Account – 17/18 reprofiled schemes	13.559
Housing Joint Venture	30.526
Replacement programme vehicles & plant	3.243
Street Lighting invest to save scheme	2.805
Social Care & corporate buildings maintenance	0.500
Planned maintenance for corporate buildings	0.550
Royal Pavilion Estate Regeneration	0.743
West Street Shelter Hall	1.000
Stanmer Park traditional agricultural buildings	1.400
Stanmer Depot and Animal Welfare Kennel (to be approved)	0.160
New GP Surgery at Palace Place	1.434
Library at Saltdean Lido	0.700
Total for Capital Programme	62.750

The borrowings in the above table are briefly described below:

- As part of the HRA business plan, borrowing will be used to support the delivery of new council housing and estate regeneration and funding of £13.559m was profiled from 2017/18 for investment in new build, conversions and cladding at various sites with a further £6.130m planned in 2018/19. The financing costs have been identified to be met from the HRA capital financing revenue budget.
- The Joint Venture Housing Delivery proposal is for the council to contribute borrowing of up to £60m alongside investment from Hyde Housing for the delivery of 1,000 affordable homes. The estimated profile of borrowing in 2018/19 is £30.526m with no net cost to the council and all costs being met through the Joint Venture business plan.
- The provision of £3.243m is for replacement of vehicles during the year. This includes replacement refuse collection street cleansing vehicles for Cityclean, potential replacement of miscellaneous waste and parks vehicles during the year and parking equipment if this proves to be the most cost-effective route for procurement. These assets may be currently provided through operational leases and paid for through the relevant service revenue budget.
- The Street Lighting invest to save proposal was presented to Policy, Resources & Growth Committee on 8 December 2016 and plans to use borrowing to implement the application of new energy efficient LED lighting technologies as well as the application of the latest British and European Road Lighting Standards and control systems. This will generate energy and

carbon reduction savings. Net revenue savings from the street lighting and electricity budget will contribute to the cost of borrowing.

- As a result of condition surveys on Social Care operational buildings an annual programme of planned works has been incorporated into the capital programme to ensure the buildings meet current standards and are fit for purpose.
- Borrowing to support the Planned Maintenance Budget has been introduced to support the ongoing maintenance pressures for corporate and civic buildings. The revenue costs for the borrowing have been addressed within the Integrated Service & Financial Plans.
- Royal Pavilion Estate regeneration project includes council borrowing to be financed from the Brighton Dome & Festival Limited to support the project. The project also receives funding from the Arts Council, Heritage Lottery Fund, Local Enterprise Partnership and external contributions.
- The Targeted Budget Management Month 9 monitoring report on this agenda includes details of the variation to the West Street Shelter Hall scheme. A borrowing allocation of £2.0m is required to meet the additional costs associated with the project with £1.0m required in 2018/19. The annual repayments will be met from rental income from commercial premises being created.
- The redevelopment of the traditional agricultural buildings at Stanmer Park is proposed to be funded from a combination of capital receipts and borrowing with income generated from rentals set aside to meet borrowing costs.
- The Stanmer Park depot relocation and animal welfare facility projects are being revisited to ensure that efficiencies and value for money are being achieved. The original proposal for the animal welfare facility estimated £0.160m of borrowing to be repaid over 10 years from existing budgets. Revised projections will be reported back to this committee.
- New GP Surgery at 62/63 Old Steine and Palace Place have already been approved at Policy, Resources & Growth Committee. The financing costs will be recovered from the NHS CCG over the life of the lease and will therefore have no impact on the council's revenue budget.
- Contribution to the replacement library at Saltdean Lido. The funding costs have been incorporated into the financing costs budget in 2018/19.

Capital Investment Programme

Capital Scheme	Profiled Payments 2018/19 £000	Profiled Payments 2019/20 £000	Profiled Payments 2020/21 £000	Profiled Payments 2021/22 £000	Profiled Payments 2022/23 £000	Profiled Payments 2023/24 £000	Profiled Payments 2024/25 £000	Profiled Payments 2025/26 £000	Profiled Payments 2026/27 £000	Profiled Payments 2027/28 £000
SUMMARY										
Approved Schemes										
Families, Children & Learning	34,273	0	0	0	0	0	0	0	0	0
Health & Adult Social Care	2,500	0	0	0	0	0	0	0	0	0
Economy, Environment & Culture	28,260	11,959	835	0	0	0	0	0	0	0
Housing GF	32,499	25,526	10,552	741	770	801	833	866	800	800
Housing HRA	17,421	0	0	0	0	0	0	0	0	0
Strategy, Governance & Law	0	0	0	0	0	0	0	0	0	0
Finance & Resources	0	0	0	0	0	0	0	0	0	0
New Schemes										
Families, Children & Learning	5,300	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500
Health & Adult Social Care	500	500	500	500	500	500	500	500	500	500
Economy, Environment & Culture	22,144	44,002	47,919	85,000	49,000	7,000	7,000	7,000	7,000	7,000
Housing GF	1,350	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Housing HRA	36,624	31,894	32,624	25,696	35,339	27,795	23,825	32,771	25,615	26,261
Strategy, Governance & Law	0	0	0	0	0	0	0	0	0	0
Finance & Resources	7,194	3,750	750	750	750	750	750	750	750	750
Total	188,065	122,131	97,680	117,187	90,859	41,346	37,408	46,387	39,165	39,811
Funded by:										
Government Grants - Single Pot	44,062	8,269	8,269	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Government Grants - Ringfenced	8,862	14,040	4,500	5,000	2,000	2,000	2,000	2,000	2,000	2,000
Capital Receipts	25,992	8,300	1,750	16,750	1,750	1,750	1,750	1,750	1,750	1,750
Capital Receipts HRA	7,472	2,999	4,609	0	0	0	0	0	0	0
Capital Reserves	373	33	0	0	0	0	0	0	0	0
HRA Capital Reserves	1,150	0	0	0	12,400	6,288	1,136	4,983	0	0
Specific Reserves	1,316	6,635	862	741	770	801	833	866	800	800
External Contributions	10,078	6,444	12,600	12,000	0	0	0	0	0	0
Direct Revenue Funding	455	35	0	500	500	500	500	500	500	500
Revenue Contribution to capital HRA	25,555	24,043	26,254	25,696	22,939	21,507	22,689	27,788	25,615	26,261
Council Borrowing	62,750	51,333	38,836	48,500	42,500	500	500	500	500	500
Total	188,065	122,131	97,680	117,187	90,859	41,346	37,408	46,387	39,165	39,811

Capital Scheme	Profiled Payments 2018/19 £000	Profiled Payments 2019/20 £000	Profiled Payments 2020/21 £000	Profiled Payments 2021/22 £000	Profiled Payments 2022/23 £000	Profiled Payments 2023/24 £000	Profiled Payments 2024/25 £000	Profiled Payments 2025/26 £000	Profiled Payments 2026/27 £000	Profiled Payments 2027/28 £000
<u>FAMILIES, CHILDREN & LEARNING</u>										
<u>Approved Schemes</u>										
<u>Education & Skills</u>										
Basic Need - New Pupil Places (previous years)	32,956									
Education Capital Maintenance (17/18)	957									
<u>Schools</u>										
Universal Free School Meals	360									
<u>New Schemes</u>										
Basic Need - New Pupil Places *	nil	nil								
Education Capital Maintenance**	4,800	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Devolved Formula Capital**	500	500	500	500	500	500	500	500	500	500
Total Families, Children & Learning	39,573	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500	3,500

*Nil contributions for New Pupil Places confirmed for 18/19 and 19/20.

**Estimated funding to be confirmed for years 2018/19 onwards.

APPENDIX 8

Capital Scheme	Profiled Payments 2018/19 £000	Profiled Payments 2019/20 £000	Profiled Payments 2020/21 £000	Profiled Payments 2021/22 £000	Profiled Payments 2022/23 £000	Profiled Payments 2023/24 £000	Profiled Payments 2024/25 £000	Profiled Payments 2025/26 £000	Profiled Payments 2026/27 £000	Profiled Payments 2027/28/ £000
<u>HEALTH & ADULT SOCIAL CARE</u>										
<u>Approved Schemes</u> Care First System replacement	2,500									
<u>New Schemes</u> Better Care funding to be allocated*	500	500	500	500	500	500	500	500	500	500
Total Health & Adult Social Care	3,000	500	500	500	500	500	500	500	500	500

*Estimated funding to be confirmed

Capital Scheme	Profiled Payments 2018/19 £000	Profiled Payments 2019/20 £000	Profiled Payments 2020/21 £000	Profiled Payments 2021/22 £000	Profiled Payments 2022/23 £000	Profiled Payments 2023/24 £000	Profiled Payments 2024/25 £000	Profiled Payments 2025/26 £000	Profiled Payments 2026/27 £000	Profiled Payments 2027/28 £000
<u>ECONOMY, ENVIRONMENT & CULTURE</u>										
<u>Approved Schemes</u>										
<u>City Environment Management</u>										
Procurement of vehicles	3,243	1,160	835							
Public conveniences	400	50								
Prince Regent mechanical equipment	698									
Replacement library at Saltdean Lido	700									
<u>Transport</u>										
Valley Gardens Phase 1 & 2	4,465	3,597								
Incentive Transport Funding	196									
West Street Shelter Hall	3,500	3,500								
Street lighting	3,250	3,250								
<u>City Development & Regeneration</u>										
Waterfront Development	200	200								
Preston Barracks Central Research Lab	2,438									
<u>Culture</u>										
Royal Pavilion Estate	6,528	202								
<u>Property Services</u>										
Property maintenance	495									
GP Surgery, Palace Place	2,147									
Continued	28,260	11,959	835							

APPENDIX 8

Capital Scheme	Profiled Payments 2018/19 £000	Profiled Payments 2019/20 £000	Profiled Payments 2020/21 £000	Profiled Payments 2021/22 £000	Profiled Payments 2022/23 £000	Profiled Payments 2023/24 £000	Profiled Payments 2024/25 £000	Profiled Payments 2025/26 £000	Profiled Payments 2026/27 £000	Profiled Payments 2027/28 £000
Continued										
<u>ECONOMY, ENVIRONMENT & CULTURE</u>										
<u>New Schemes</u>										
<u>City Environment Management</u>										
Stanmer Park Development HLF	6,756									
Stanmer Depot & Animal Welfare Facility	960									
Parks investment fund	200									
Citywide street Investment	750									
<u>Transport</u>										
Local Transport Plan*	2,737	2,312	5,169	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Valley Gardens Phase 3		500	2,500	3,000						
Coast Protection Works– Environment Agency		8,000	6,000							
Hove Station Footbridge	500									
<u>City Development & Regeneration</u>										
Brighton Waterfront			16,000	75,000	42,000					
King Alfred Development		8,000								
Seafront infrastructure, Madeira Terrace		2,440								
Immersive Tech Hub – New England House	60									
Development of local social enterprise	30									
Economic regeneration project support	200									
<u>Culture</u>										
Royal Pavilion Estate (phases 2 to 3)		7,000	4,000							
<u>Property Services</u>										
Planned maintenance of operational buildings	500	500	500	500	500	500	500	500	500	500
Planned maintenance of social care buildings	500	500	500	500	500	500	500	500	500	500
Asset Management Fund	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Commercial building reinvestment	2,026									
New England House development		12,250	12,250							
Stanmer traditional agricultural buildings	4,975									
Workstyles Phase 4 – Brighton Town Hall	750	1,500								
Building security	200									
Total Economy, Environment & Culture	50,404	55,961	48,754	85,000	49,000	7,000	7,000	7,000	7,000	7,000

*LTP assumed capital grant from 2021/22

APPENDIX 8

Capital Scheme	Profiled Payments 2018/19 £000	Profiled Payments 2019/20 £000	Profiled Payments 2020/21 £000	Profiled Payments 2021/22 £000	Profiled Payments 2022/23 £000	Profiled Payments 2023/24 £000	Profiled Payments 2024/25 £000	Profiled Payments 2025/26 £000	Profiled Payments 2026/27 £000	Profiled Payments 2027/28 £000
<u>NEIGHBOURHOOD, COMMUNITIES & HOUSING (General Fund)</u>										
<u>Approved Schemes</u>										
<u>Housing General Fund</u>										
Brighton & Hove Seaside Community Homes maintenance & refurbishment	658	685	712	741	770	801	833	866	800	800
Travellers site	15									
Digital First	1,300									
Housing Delivery Option – Joint Venture	30,526	24,841	9,840							
<u>Identified Schemes Not Yet Approved</u>										
Disabled Facilities Grant (Better Care Funding)*	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Hove Library reinvestment	350									
Total Neighbourhood, Communities & Housing (GF)	33,849	26,526	11,552	1,741	1,770	1,801	1,833	1,866	1,800	1,800

*Estimated funding to be confirmed

Capital Scheme	Profiled Payments 2018/19 £000	Profiled Payments 2019/20 £000	Profiled Payments 2020/21 £000	Profiled Payments 2021/22 £000	Profiled Payments 2022/23 £000	Profiled Payments 2023/24 £000	Profiled Payments 2024/25 £000	Profiled Payments 2025/26 £000	Profiled Payments 2026/27 £000	Profiled Payments 2027/28 £000
<u>NEIGHBOURHOOD, COMMUNITIES & HOUSING (HRA)</u>										
<u>Approved Schemes</u>										
Buildings (Improving Housing Quality)	4,017									
Brighton & Hove Standard Works	-									
Sustainability & Carbon Reduction	550									
Tackling Inequality	2,978									
Building New Council Homes	9,776									
IT&D Budget	100									
<u>Identified Schemes Not Yet Approved</u>				25,696	35,339	27,795	23,825	32,771	25,615	26,261
Buildings (Improving Housing Quality)	14,263	13,856	14,080							
Brighton & Hove Standard Works	5,707	4,569	5,139							
Sustainability & Carbon Reductions	2,270	3,103	3,103							
Tackling Inequality	3,741	4,286	4,222							
Building New Council Homes *	9,313	6,000	6,000							
IT&D Budget	1,050	80	80							
Estate Fleet Replacement	280	-	-							
Total Neighbourhood, Communities & Housing (HRA)	54,045	31,894	32,624	25,696	35,339	27,795	23,825	32,771	25,615	26,261

* New Build Homes capital programme budget will be updates as schemes are approved by Housing Committee, with funding of the New Homes from a mixture of grant, borrowing and the use of surplus receipts.

Capital Scheme	Profiled Payments 2018/19 £000	Profiled Payments 2019/20 £000	Profiled Payments 2020/21 £000	Profiled Payments 2021/22 £000	Profiled Payments 2022/23 £000	Profiled Payments 2023/24 £000	Profiled Payments 2024/25 £000	Profiled Payments 2025/26 £000	Profiled Payments 2026/27 £000	Profiled Payments 2027/28 £000
<u>FINANCE & RESOURCES</u>										
<u>Approved Schemes</u>										
None										
<u>New Schemes</u>										
IT&D Fund	500	500	500	500	500	500	500	500	500	500
Strategic Investment Fund	250	250	250	250	250	250	250	250	250	250
Investment in 4 year savings plans (ISFPs)	5,800	3,000								
General Data Protection Regulations (GDPR)	644									
Total Finance & Resources	7,194	3,750	750	750	750	750	750	750	750	750

Annual Minimum Revenue Provision (MRP) Statement

Statutory guidance issued by the government in February 2008 requires the council to prepare an annual statement regarding the amount of debt that will be repaid in the following year.

The following statement is recommended for approval for 2018/19:

For 2018/19 the following provision will be made in the revenue account:

- For all debt where the government has provided revenue support (supported capital expenditure), the council will provide MRP at a rate of 2% on a straight line basis, excluding any Housing Revenue Account (HRA) debt.
- For debt where the government provides no revenue support:
 - Where the debt relates to an asset, the council will set aside a sum equivalent to repaying debt over the life of that asset either in equal annual instalments or on an annuity basis, the method determined as the most financially beneficial to the council over the life of the asset;
 - Where the debt relates to expenditure which is subject to a capitalisation direction issued by the Government the council will set aside a sum equivalent to repaying debt over a period consistent with the nature of the expenditure under the annuity basis;
 - In the case of assets under construction, MRP will be delayed until the relevant asset becomes operational;
 - Where the debt relates to capital loans to a third party, the council will make MRP payments consistent with the repayment of loan instalments from the third party.
 - Where the debt relates to the Living Wage Joint Venture, the council will set aside in equal instalments, a sum equivalent to repaying the debt by the end of year 40 within the 60 year strategic business plan. Set aside will commence, at the latest, in the year in which net surpluses are modelled for each individual tranche of borrowing.
- In the case of finance leases and on-balance sheet PFI contracts the MRP requirement will be regarded as met by a charge equal to the element of the lease payment or unitary charge that is applied to write down the balance sheet liability in the year.

Brighton & Hove City Council – Prudential Indicators 2018/19 to 2020/21

The Council's capital expenditure plans are the key driver of treasury management activity. The output of capital expenditure plans is reflected in the prudential indicators which are designed to assist members' overview.

The following prudential indicators are recommended for the council.

Capital Expenditure

Appendix 8 of this report sets out the recommended capital investment plans for the council over the next ten years. Indicator A1 summarises the recommendations for the next three years. Indicator A2 sets out the estimates of the capital financing requirement over the same period.

A1 Prudential indicator – Estimates of total capital expenditure 2018/19 to 2020/21

	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
	£'000	£'000	£'000
Total non-HRA	134,020	90,237	65,056
Total HRA	54,045	31,894	32,624
Total programme	188,065	122,131	97,680

In considering the capital investment plan the council has had regard to a number of key issues, namely:

- Affordability; e.g. implications for council tax/housing rents;
- prudence and sustainability; e.g. implications for external borrowing;
- value for money; e.g. option appraisal;
- stewardship of assets; e.g. asset management planning;
- service objectives; e.g. strategic planning for the authority;
- practicality; e.g. achievability of the forward plan.

A2 Prudential indicator – Estimates of capital financing requirement 2018/19 to 2020/21

	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
	£'000	£'000	£'000
Non-HRA	233,209	228,101	223,624
HRA	146,062	150,083	151,013
Total	379,271	378,184	374,637

The Capital Financing Requirement (CFR) is the total historic outstanding capital expenditure that has not yet been paid for from either revenue or capital resources. It is essentially a measure of the council's indebtedness and so its underlying need to borrow. Any capital expenditure which has not been funded through grants, capital receipts, reserves or revenue contribution will increase the council's need to borrow and thus increase the CFR.

The CFR does not increase indefinitely as the Minimum Revenue Provision (MRP) is a statutory annual revenue charge which broadly reduces the indebtedness in line with the useful lives of the assets paid for by borrowing.

The estimates are based on the financing options included in the capital investment report. The estimates will not commit the council to particular methods of funding – the actual funding of capital expenditure will be determined after the end of the relevant financial year.

Prudential indicators for Affordability

Prudential indicators are required to assess the affordability of the authority's capital expenditure plans. These provide an indication of the impact of the capital investment plans on the council's overall finances.

Indicator B identifies the trend on the cost of capital against the net revenue stream. The estimates of financing costs in Indicator B1 include current commitments and the capital investment proposals within this budget report.

B Prudential indicator – Estimates of the ratio of financing costs to net revenue stream 2018/19 to 2020/21

	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
	£'000	£'000	£'000
Non-HRA	8.7%	8.3%	7.4%
HRA	10.9%	11.4%	11.0%

Prudential indicators for Prudence

A key indicator of prudence is that the Council's gross debt does not, except in the short term, exceed the total of the council's need to borrow. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes. Under the Code the underlying need to borrow for a capital purpose is measured by the capital financing requirement.

Indicator C compares the estimated gross debt (i.e. including PFIs and other long term liabilities) with the estimated capital financing requirement as at 31 March each year.

C Prudential indicator – Gross debt (including PFI liabilities) and the capital financing requirement 2018/19 to 2020/21

	31-Mar-19 Estimate	31-Mar-20 Estimate	31-Mar-21 Estimate
	£'000	£'000	£'000
External Debt	303,106	313,499	316,404
PFI Liabilities	47,005	44,376	43,667
Gross debt (incl PFI liabilities)	350,111	357,875	360,071
Capital financing requirement	379,271	378,184	374,637
Under borrowing (£'000)	29,160	20,309	14,566
Under borrowing (%)	8%	5%	4%

Prudential indicators for External Debt

A number of prudential indicators are required in relation to external debt. The key indicators are setting limits on the council's borrowing activities.

D1 illustrates the council's Operational Boundary expectations. This is a limit beyond which external debt is not normally expected to exceed. The operational boundary represents a key management tool for in-year monitoring by the Executive Director of Finance & Resources and allows flexibility for major projects incorporated within Appendix 8.

D2 sets out the Authorised Limit. This represents the maximum level of borrowing. This represents a limit beyond which external debt is prohibited. This limit is required to be set and amended by full Council. **In taking its decisions on the budget report the council is asked to note that the authorised limit determined for 2018/19 in the above table is a statutory limit required to be determined by full Council under section 3(1) of the Local Government Act 2003.**

D1 Prudential indicator – Operational boundary 2018/19 to 2020/21

	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
	£'000	£'000	£'000
Borrowing	373,000	414,000	444,000
Other long term liabilities	50,000	48,000	45,000
Total	423,000	462,000	489,000

D2 Prudential indicator – Authorised limit 2018/19 to 2020/21

	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
	£'000	£'000	£'000
Borrowing	386,000	428,000	458,000
Other long term liabilities	50,000	48,000	45,000
Total	436,000	476,000	503,000

The borrowing limits in D1 & D2 are consistent with the council's current commitments, existing plans and the proposals in the budget report for capital expenditure and financing, and with its approved treasury management policy statement and practices. The Executive Director of Finance & Resources confirms that they are based on the estimate of prudent but not worst case scenario, with in addition sufficient headroom over and above this to allow for operational management, for example unusual cash movements. Risk analysis and risk management strategies have been taken into account, as have plans for capital expenditure, estimates of the capital financing requirement and estimates of cash flow requirements for all purposes.

The authorised limit and operational boundary separately identify borrowing from other long-term liabilities. The council is recommended to delegate authority to the Executive Director of Finance & Resources, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long term liabilities, in accordance with option appraisal and best value for money for the authority. Any such changes made will be reported to the council at its next meeting following the change.

D3 HRA limit on indebtedness 2018/19 to 2020/21

	2018/19 Estimate	2019/20 Estimate	2020/21 Estimate
	£'000	£'000	£'000
HRA limit on indebtedness	156,840	156,840	156,840
HRA capital financing requirement (C2)	146,062	150,083	151,013
HRA Headroom	10,778	6,757	5,827

Under the reform of housing finance implemented from 1st April 2012 the Government has published the *Limits on Indebtedness Determination 2012* which sets out the maximum amount of housing debt that the council may have outstanding at any one time. For the purposes of D3 housing debt is deemed to equal the HRA capital financing requirement.

E Prudential indicators for Treasury Management

A number of prudential indicators are required in respect of treasury management. The indicators are based on the council's treasury management strategy and take into account the pre-existing structure of the council's borrowing and investment portfolios.

E1 Prudential indicators – Upper limits on interest rate exposure 2018/19 to 2020/21

	2018/19	2019/20	2020/21
Upper limit on fixed interest rate exposure	108%	108%	109%
Upper limit on variable interest rate exposure	43%	43%	43%

The above percentages are calculated on the net outstanding principal sums (i.e. net of investments). The upper limit of 108% is a consequence of the council maintaining a limited investment portfolio.

Indicator E2a exemplifies the indicator over borrowing and investment.

E1a Prudential indicators (supplemental) – Upper limits on interest rate exposure 2018/19 to 2020/21

	2018/19	2019/20	2020/21
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%

Indicator E1a is supplemental to Indicator E1 and shows separately the maximum limits for both borrowing and investments. The indicator is not a requirement of the prudential code but it does show more clearly the interest rate exposure limits within which borrowing and investments will be managed. The effect of the limits is that the Executive Director of Finance & Resources will manage fixed interest rate exposure within the range 60% to 100% for borrowing and within the range 0% to 100% for investments.

E2 Prudential indicator – Upper and lower limits on the maturity structure of borrowing 2018/19

	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%

The limits in Indicator E3 represent the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate at the start of the period.

E3 Prudential indicator – Principle sums invested for periods longer than 365 days

	2018/19	2019/20	2020/21
	£000	£000	£000
Limit	27,000	27,000	27,000

Council Carbon Budgets for 2018/19

Carbon Budget	Budget Lead	2015/16 Carbon Footprint (tonnes CO ₂) *	2016/17 Carbon Footprint (tonnes COe ²) *	2016/17 Spend (net £) *	2017/18 Carbon Footprint Budget Target (tonnes COe ²) **	2018/19 Carbon Footprint Budget Target (tonnes COe ²) ***
1) Total corporate emissions (gas, electricity & oil)*	Angela Dymott	8,242	7,435	£1,676,679	7,138	6,852
2) Landlord housing emissions (incl. gas & electricity)*	Tracy John	5,464	4,880	£907,127	4,685	4,498
3) Total school emissions (incl. gas, electricity & oil)*	Angela Dymott	9,508	8,624	£1,787,052	8,279	7,948
4) Fleet fuel emissions	Adrian Ash	2,318	2,288	£808,279	2,196	2,108
5) Street lighting emissions (electricity)	Mark Prior	4,459	4,011	£1,116,211	3,851	3,697

Caveats

* Gas and oil data has been normalised using degree day analysis to factor out the variations in outside air temperature.

** Based on a 4% reduction on our 2016/17 performance. Performance against the 2017/18 budget will be calculated in July 2018.

*** Based on a 4% reduction on our 2017/18 target (2018/19 actual data will be available in July 2019).

Context to performance:

Corporate: There has been an overall reduction of around 10% in Carbon emission across the council's corporate portfolio. The refurbishment of Hove Town Hall which included the removal of inefficient oil boilers, installation of new gas boilers, and the introduction of new energy efficient lighting has produced emission reductions of around 30%, when compared to 2013/14 pre-refurbishment emissions. In 2016/17 the solar panels installed on our corporate portfolio yielded around 35,000 kWh of electricity, this would have also reduced carbon emissions by around 15 tonnes. Over 350 Automatic Meter Reading devices have been installed across the corporate portfolio, the profiles of usage are monitored to identify pattern of waste electricity & gas consumption. The council are also in the very early stages of developing an energy plan, including looking at potential approaches for community energy generation on school buildings and looking at a Special Purpose Vehicle to deliver energy efficiency, renewables and decentralised energy across the whole council portfolio.

Schools: Emissions from both electricity and gas consumption in the 2016/17 year has shown a reduction of around 9% across the school portfolio. Annual planned maintenance for school buildings aims to address energy emissions with improvements to insulation and further Oil-to-Gas Boiler conversions planned for 2018/19. There are over 300 Automatic Meter Reading devices installed across the school portfolio. The Energy & Water team liaise with school premises managers with the aim of eradicating waste heating emissions due to boiler timer/controls issues. Resource Futures have continued to supply environmental education support to schools.

Housing: Carbon Emissions from communal electricity & gas supplies reduced by over 10% in 2016/17. Feasibility studies commissioned by planning and housing services continue to investigate the potential for district energy networks covering several housing developments. 2016 saw the development of the HRA Energy Strategy and the Affordable Warmth & Fuel Poverty Strategy (the latter in partnership with Public Health). Solar photovoltaic arrays have been installed on common way services for a number of flat blocks. Solar Thermal has been used where feasible on communal boiler replacements at older people's accommodation. Long term cyclical programmes & major works for communal boilers, elevators and insulation/cladding improvements continue and will help us to meet carbon reduction targets. New housing developments adhere to the code for sustainable homes and all major refurbishments include thermal upgrades in compliance with Building Regulations.

Fleet Fuel: Total fleet emissions have reduced slightly due to a reduction in diesel consumption.

Street Lighting: More than 3200 lighting columns have now upgraded and fitted with new LED lamps, with plans to upgrade an additional 18,000 over the next three years. This is expected to eventually reduce energy consumption by an average of 50%.

Subject:	Housing Revenue Account Budget and Capital Investment Programme 2018/19 and Medium Term Financial Strategy		
Date of Meeting:	8 February 2018 22 February- Council 17 January 2018- Housing & New Homes Committee		
Report of:	Executive Director for Finance & Resources Executive Director for Neighbourhoods, Communities & Housing		
Contact Officer:	Name:	Monica Brooks Martin Reid	Tel: 01273 292279 01273 293321
	Email:	Monica.brooks@brighton-hove.gov.uk Martin.Reid@brighton-hove.gov.uk	
Ward(s) affected:	All		

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

- 1.1 This report presents the proposed Housing Revenue Account (HRA) revenue and capital budget for 2018/19 as required by the Local Government and Housing Act 1989. Members are 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. This report also sets out the Medium Term Financial Strategy and 30 year financial forecast.
- 1.2 The HRA contains the income and expenditure relating to the council's social landlord duties of approximately 11,590 properties and 2,870 leasehold properties. The income and expenditure relating to these properties, including rent rebates, is accounted for separately from the council's other services and activities which form part of the council's General Fund.

2 RECOMMENDATIONS:

- 2.1 That the Committee:
- (a) Approves and recommends to full Council the updated HRA revenue budget for 2018/19 as shown in Appendix 2;
 - (b) approves and recommends to full Council the capital programme expenditure and financing budget of £36.344m for 2018/19 and notes the 3 year programme as set out in Appendix 4;
 - (c) notes the HRA forecast outturn for 2017/18 in Appendix 1 of a 0.430m underspend as at month 9; (Note that this forecast has been updated

since Housing and New Homes Committee to take account of the most recent information available)

- (d) notes the Medium Term Financial Strategy and 30 year financial projections shown in Appendix 5;
- (e) notes the Integrated Service and Financial Plan (savings proposals) in Appendix 6

2.2 That the full Council:

- (a) approves the updated HRA revenue budget for 2018/19 as shown in Appendix 2;
- (b) approves the capital programme expenditure and financing budget of £36.344m for 2018/19 and notes the 3 year programme as set out in Appendix 4;

3 HRA BUDGET STRATEGY

3.1 The HRA Budget aims to balance the priorities of both the council and council housing residents within the context of the Housing Strategy 2015, and the Corporate Plan 2015-2019 which set out the overall direction for the council over the 4 year period. The council's purpose and ambition as a local authority for the city is to provide strong civic leadership alongside value for money, quality public services that aim to protect the vulnerable and reduce inequality. The Housing Strategy priorities included in developing the HRA Revenue Budget and Capital Programme are:

Priority 1: Improving Housing Supply

- Provide more council housing, through the New Homes for Neighbourhoods programme, and use Right To Buy (RTB) receipts to fund new housing;
- Support the Housing and Budget Strategies through ongoing council housing stock reviews to deliver conversions of existing under-used or unused buildings or spaces into Temporary Accommodation;
- Commission new adapted homes and ensure best use of existing adapted / accessible housing in order to promote independent living demonstrated to deliver significant cost benefits;
- Support households wanting to downsize to increase supply of available family housing;
- Purchase of homes by the HRA, both through the right of first refusal on ex council properties and on the open market (subject to business cases) to meet identified needs;
- Early intervention for families struggling with accommodation including money advice and tenancy support.

Priority 2: Improving Housing Quality

- Continue to promote the highest possible building, space and environmental standards in all new council homes being built to high

- sustainability levels;
- Continue to improve council housing sustainability standards and maintain 100% achievement of the council's housing stock meeting the Decent Homes Standard and invest in other priorities that promote the health and wellbeing of our residents
- To continue to meet our landlord obligations with regards to health and safety, including continuing to review and enhance fire safety measures for residents;
- Continue to review the energy efficiency performance of our housing stock, our approaches for future improvement and support for initiatives to reduce fuel poverty.

Priority 3: Improving Housing Support

- Ensure that as services are reviewed, they are accessible and safe for all;
- Improve front facing customer services at Council Housing Offices;
- Continued investment in specialist tenancy management and support services to support vulnerable council housing residents and work with Community Safety to resolve housing issues and harassment in a timely manner;
- Ensure that adaptations are done at the right time to support people to stay in their homes when they want to;
- Support people to 'downsize' when they choose and provide a range of options for them, including accessible tools to support decision making;
- Better links between seniors housing schemes and surrounding communities;
- Ensure new housing development includes community spaces, where resources allow.

HRA Asset Management Strategy

- 3.2 The HRA Asset Management Strategy acts as a link between Housing Strategy priorities and investment programmes. In 2016 the HRA Asset Management Strategy was agreed following extensive consultation and work with residents.
- 3.3 The key priority objectives of the strategy are to:
 - Invest in homes and neighbourhoods to provide safe, good quality housing and support services;
 - Support new housing supply;
 - Ensure financial viability within the Tenancy Strategy.
- 3.4 The proposed Capital Investment Programme supports all 3 of these objectives. For example, one of the key aims of the provisional investment programme is to continue to achieve full compliance with the Brighton & Hove Standard. This standard, developed with residents, helps to ensure that homes are safe, fit for use, have reasonably modern facilities, and supports occupiers to keep warm.
- 3.5 In September 2017, an Asset Management Strategy Review was reported to Housing & New Homes Committee specifically in relation to health and safety. The report developed upon the Asset Management Strategy by seeking to

embed further improved policies to provide a framework to ensure continued improvement in compliance and safety in homes and better access to information for residents. This report also gives an update on the proposals to retro fit sprinklers (subject to consultation with residents) in high rise blocks in the City as an enhanced fire safety measure. Committee agreed to approve the Asset Management Strategy Review in principle, subject to consideration of the detailed Capital Programme in January 2018, which is shown at Appendix 4.

HRA REVENUE BUDGET PROPOSALS 2018/19

- 3.6 The HRA is a ring-fenced account which covers the management and maintenance of council owned housing stock. This must be in balance, meaning that the authority must show in its financial planning that HRA income meets expenditure and that the HRA is consequently viable.
- 3.7 Although the HRA is not subject to the same funding constraints as the General Fund it still follows the principles of value for money and equally seeks to improve efficiency and achieve cost economies wherever possible. Benchmarking of both service quality and cost with comparator organisations is used extensively to identify opportunities for better efficiency and service delivery.
- 3.8 The HRA budget for 2018/19 is shown in Appendix 2 with the main budget variations, proposed savings, service pressures and other changes. Savings of £0.655m have been identified and include a number of efficiencies such as further savings from the procurement of the gas servicing contract, a reduction in responsive repairs expenditure and a reduction in employee costs as detailed in Appendix 2 (note 2) and Appendix 6.
- 3.9 The budget also provides funding of £0.847m for the following service pressures (detailed in Appendix 2, note 3):
 - increased resources to strengthen the contract management function (client side) in relation to the repairs and maintenance contract. This includes 1 Full Time Equivalent (FTE) Contract Manager and 1 FTE Leaseholder Support post;
 - an increase in resources to form a project team in respect of the preparation for the re-procurement of the repairs and improvement contract,
 - increased resources (3 FTE posts) in support of continued compliance with and enhancement of health & safety measures in our housing stock including a proposed programme of retro-fitting sprinklers to high rise blocks;
 - further resources (3 FTE posts) for the re-housing team due to the extra workloads partly as a result of new build properties becoming available;
 - resources for the Income Management Team to undertake focused preventative work relating to the introduction of Universal Credit. The level of resources for this is anticipated to be 3 FTE posts over a period of 3 to 5 years, but this will be reviewed once the new benefits system is embedded;

- a contribution to Children's Centre Services to ensure sustainability of this valuable service to council tenants;
- The net effect of a reduction in rental income as a result of government guidance to reduce rents by 1% offset by new lets at target rents.

- 3.10 The net revenue budget results in a surplus of £25.555m which is shown as 'Direct Revenue Funding' (within expenditure) at Appendix 2, which will be used to support the capital programme.
- 3.11 Rents are calculated in accordance with government guidelines. Rent restructuring rules still apply and Target Rents for each property are calculated based on the relative property values, bedroom size and local earnings. Target Rents will apply to the granting of all new tenancies.
- 3.12 For a number of years government guidance in relation to annual rent increases was that increases should be limited to Retail Prices Index (RPI) + ½% + £2 per week in order to provide some protection to tenants whose actual rents were increasing to reach the calculated Target Rent. From April 2015 government guidance revised annual increases to Consumer Price Index (CPI) + 1%. This change removed the flexibility of social landlords to increase social rents each year by an additional £2 where rents are below target, resulting in lower annual rental increases over the long term.
- 3.13 In addition, from April 2016, the Welfare Reform and Work Act 2016 requires rents to be reduced by 1% per annum for 4 years, commencing from 2016/17. For 2018/19 this represents an average reduction of £0.84 per week, reducing the average weekly rent to £83.60 per week.
- 3.14 However, tenants will see rent increases again from 2020 as on 4 October 2017 the Department for Communities & Local Government (DCLG) announced that "increases to social housing rents will be limited to the Consumer Price Index (CPI) plus 1% for 5 years from 2020".
- 3.15 Rents are not calculated to take into account any service charges and only include charges associated with the occupation of a dwelling, such as maintenance of the building and general housing management services. Service charges are therefore calculated to reflect additional services which may not be provided to every tenant or which may be connected with communal facilities rather than to a particular occupation of a house or flat. Different tenants may receive different types of services reflecting their housing circumstances. All current service charges are reviewed annually to ensure full cost recovery and also to identify any service efficiencies which can be offset against inflationary increases, to keep increases to a minimum. The proposed fees and service charges for 2018/19 are set out in Appendix 3.
- 3.16 The projected level of HRA reserves at 31 March 2017 is also shown in Appendix 2 note 5.

HRA CAPITAL PROGRAMME 2018/19

- 3.17 The Housing Capital Programme seeks to provide substantial investment in the council's housing stock and improve the quality of homes. The implementation of the proposed programme will take account of all relevant best practice guidelines and has been informed by the priorities agreed in the HRA Asset

Management Strategy and the Asset Strategy Review report to Housing & New Homes Committee 20 September 2017. The proposed programme for 2018/19 and the funding arrangements totalling £36.344m are shown in Appendix 4. This programme does not include any re-profiling identified from the 2017/18 targeted budget monitoring.

- 3.18 The Capital Programme is a key part of implementing the main aims of the long-term asset management approach, which aims to maximise investment in homes and support reductions in responsive repairs need whilst providing safe, good quality housing and support services, and also supporting new housing supply and financial viability for the HRA. Other assets, such as car parks and garages, receive investment to ensure both health and safety compliance and best use of these assets. The programme for 2018/19 includes £1.050m investment in a new housing management IT system as recommended to Policy, Resources & Growth Committee by Housing & New Homes Committee in June 2017.
- 3.19 The council is committed to having robust arrangements in place to help ensure the health and safety of all of those using and visiting the council's assets to a reasonable level. This is a key responsibility, and as such, through the capital programme proposals it is ensured that the investment required is maintained and made available ahead of other investment decisions. This includes good practice procedures and resources to support the management of asbestos, fire risk, legionella, gas and electrical equipment, amongst others. We continue to work proactively with partners, including East Sussex Fire & Rescue Service, to ensure we review our Asset Management Strategy and capital programme to reflect and embed emerging advice and best practice to enable continued improvement in overall health and safety in our homes. As a result of our most recent Asset Management Strategy Review (reported to committee in September 2017) the Capital programme includes proposals for increased HRA funding for enhanced works to reduce fire risk. This budget will also help support the proposed projects to install sprinklers in high rise blocks (subject to consultation with residents), as set out in previous committee reports.
- 3.20 The Capital Programme targets investments that will ensure that the HRA maintains, and improves, where possible, the quality of housing. The programme will support the delivery of the following commitments:
- To maintain 100% achievement of properties meeting the government's Decent Homes Standard and the local Brighton & Hove Standard over the medium term.
 - To ensure that all homes are as suitable as practicable for the needs of their occupants, in line with council policy. For example, there is a substantial investment commitment to providing adaptations and to reducing overcrowding in the programme.
 - To ensure homes are energy efficient and that we continue to improve the energy performance of our housing stock, including through modern heating systems to reduce carbon emissions and resident's fuel costs.
 - Following resident feedback and analysis of responsive repairs, continued funding for both replacement door entry systems and entrance doors to blocks of flats has taken place. The programmes help ensure secure and reliable entry for residents.

- To continue working closely with residents to help increase levels of resident satisfaction with the quality of their home and to support the ongoing reduction in the level of responsive repair need.
- 3.21 Additionally, based on feedback from residents on their priorities, the programme continues the commitment to invest in external and common way repairs and decorations across the city and the modernisation of passenger lifts serving blocks of flats, subject to resident consultation and analysis of information to establish if replacement works are necessary. This programme has been very effective in helping many residents to be able to rely on their lifts to be safe and reliable. All lift project proposals are continually evaluated on a case-by-case basis to ensure value for money continues to be delivered through this programme, and that replacement works are reasonably required.
- 3.22 The proposed capital programme for 2018/19 includes a budget of £0.178m for the Estates Development Budget (EDB). The current budget strategy uses EDB capital reserves to support this further over 2 years, augmenting this budget to a total of £0.348m for 2018/19 and £0.354m for 2019/20. A reserves table is shown in Appendix 2, note 5.
- 3.23 Helping residents to live in well-insulated, efficiently heated, healthy homes remains a key long-term commitment, which is supported through the capital programme. Past progress on achieving this has been consistently good, with national Standard Assessment Procedure (SAP) energy rating performance monitoring being used to benchmark these. Key investments that contribute to these include installing high efficiency boilers, heating controls, efficient doors, windows, insulation and renewable or community energy schemes, where appropriate.
- 3.24 As outlined above, the Housing Asset Management Strategy acts as a link between the Housing Strategy and Investment Programmes including a priority of supporting new housing supply. We will continue to focus on the key Housing Strategy priorities to increase the numbers and make best use of affordable homes, including the following HRA Budget related measures:
- Housing Allocation Policy framework ensuring best use of existing council and Registered Provider resources through nomination of affordable housing to priority households.
 - The 'New Homes for Neighbourhoods' estate regeneration programme to deliver new affordable homes in the city
 - Improving supply through best use of existing HRA assets including the conversions / hidden homes programme.
 - Housing Market Intervention, direct delivery and other housing delivery options through a wholly owned housing company.
 - Ongoing work related to Greater Brighton proposals to accelerate delivery of new homes, including seeking freedoms and flexibilities around the HRA borrowing cap and use of RTB receipts.
 - The recently approved HRA Home Purchase Policy.

HRA MEDIUM TERM & 30 YEAR FINANCIAL FORECASTS

- 3.25 The introduction of self-financing in 2012 provided additional resources from the retention of all rental income and, through greater control locally, enabled

longer term planning to improve the management and maintenance of council homes.

- 3.26 The medium term and 30 year financial forecasts are provided in Appendix 5 along with the business planning assumptions used for income and expenditure.
- 3.27 Essentially, although the financial plan shows that the HRA has healthy financial indicators to borrow to source funding for regeneration and development, it is restricted by the current self-financing cap (or limit) on the amount of HRA borrowing permissible for capital investment by each local authority. This limit is currently set at £156.8m for Brighton & Hove. The current 30 year forecast assumes £5m for new build schemes in 2018/19, and £6m per annum in the 10 years thereafter. However, this means that the outstanding debt breaches the cap in 2020/21 by £0.076m and again in 2022/23 where the borrowing level is breached by £0.846m. Revenue reserves have been maintained in the business plan at £6.3m so there would be sufficient resources to fund the gap if required.
- 3.28 On a positive note, in the recent government budget announcements, Chancellor Philip Hammond promised to lift the HRA borrowing cap in areas of high housing demand. At this stage, it is unclear if this will include the city of Brighton & Hove. Clarification from the DCLG is expected in the new year.
- 3.29 In addition to the debt cap, the reduction in rental income of 1% per annum up to and including rents for 2019/20 will also restrict resources available. Therefore alternative options and delivery mechanisms for new build and regeneration funding outside the HRA are being developed in the form of a wholly owned company and the Joint Venture with Hyde Housing Association as agreed by Policy, Resources & Growth Committee alongside a review of priorities included in the financial plan.
- 3.30 However, as mentioned above, the DCLG has recently announced an increase to social housing rents limited to the Consumer Price Index (CPI) plus 1% for 5 years from 2020. Assuming other factors remain stable, this will help to sustain the HRA in the medium term. The 30 year business plan shown at Appendix 5 assumes rent increases of CPI plus 1% for 3 years from 2020 and then CPI. This is to allow for the risk of adjustment to this policy as a result of any changes to government and the economic indicators for the UK.
- 3.31 As a result of the review carried out by government, a decision was reached to not proceed with the Pay-to-Stay policy included in the Housing and Planning Act 2016. However, there are still some uncertainties due to other government legislation which may have a significant impact on the long term health of the financial plan, such as:
- The Housing & Planning Act 2016 included a requirement for local authorities with social housing to pay a levy to the government which is directly linked to the high value voids within the HRA. This levy would then be redistributed to Housing Associations. There is still a lot of uncertainty around this and so the possible impact has not been factored into the budget or 30 year business plan.
 - The Welfare Reform and Work Act 2016 continues to be implemented with the reduction of the benefit cap to £20,000 per annum during 2016/17, the

single room rates extended to people under 35, the roll out of Universal Credit in 2017 and the reduction in tax credits implemented from October 2017. All these reforms are expected to affect many tenants' ability to pay their rent, but it is difficult at this stage to accurately predict to what extent this will impact on HRA resources. The budget proposes an extra 3 FTE staff during 2018/19 to undertake proactive work with tenants likely to be affected by explaining how the new benefit will operate and assisting them with setting up bank accounts and accessing support for getting online.

- Any additional investment requirements arising from any legislative or regulatory changes following post Grenfell Tower tragedy reviews.

3.32 The 30 year financial plan will continue to be updated in 2018 to reflect the 2018/19 budget proposals. This will enable a review of future opportunities for additional investment in existing housing stock and building new homes, and also how the housing debt could be structured to accommodate these plans or possibilities.

4 ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

4.1 The budget process allows all parties to engage in the scrutiny of budget proposals and put forward viable alternative budget proposals to Budget Council on 22 February 2018. Budget Council has the opportunity to debate both the proposals recommended by Policy, Resources & Growth Committee at the same time as any viable alternative proposals.

4.2 The Welfare Reform and Work Act 2016 details a statutory requirement to set the rents at 1% less than the previous year for 2018/19. There are financial restrictions placed upon local authorities who do not follow this statutory requirement. The government annually sets a limit rent, set to include the 1% reduction, which is used to determine how much housing benefit subsidy is received from the Department for Work and Pensions. Rises above the limit rent would reduce the amount of subsidy receivable by the council.

5 COMMUNITY ENGAGEMENT & CONSULTATION

5.1 Involvement of our residents in service delivery and priorities is a key focus for Housing. Ongoing consultation with tenants and leaseholders takes place throughout the year in a number of forums and settings.

5.2 All Area Panel representatives and chairs have been sent a letter explaining the budget proposals. This summarised the various components including the details of the proposed savings and how the savings would be reinvested back into the service. It also included information on the 1% rent reduction and advice on contact details if further information or clarification was sought.

5.3 Residents and leaseholders helped develop and shape the Asset Management Strategy through a series of discussion events and the strategy was taken to Area Panels. As such, tenant views form a key part of the strategic direction of future services and investment.

5.4 All leaseholders have been, or will be, consulted about individual contracts carried out as part of the programme in full compliance with the Commonhold and Leasehold Reform Act 2002.

- 5.5 The HRA budget task and finish group, made up of the Chair and opposition spokespersons of the Housing & New Homes Committee, residents from Service Improvement Groups and officers, met last year to work up future budget consultation arrangements. The group decided that, to inform the 2019/2020 budget, a range of residents views would be gathered on areas including energy efficiency, social isolation, support for vulnerable tenants, maintaining older stock, increasing social housing provision, and the appearance of estates.

6 CONCLUSION

- 6.1 The Local Government and Housing Act 1989 requires each local authority to formulate proposals relating to income from rent and charges, expenditure on repairs, maintenance, supervision and management, capital expenditure and any other prescribed matters in respect of the HRA. In formulating these proposals using best estimates and assumptions, the Authority must set a balanced account. This budget report provides a capital programme, breakeven revenue budget and recommends rent proposals in line with current government guidance.
- 6.2 This report also provides the latest medium and long term forecasts for the HRA. However there are a number of uncertainties due to impending government legislation, which mean that the current forecasts should be treated with caution.

7 FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

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

Finance Officer Consulted: Monica Brooks

Date: 08/12/17

- 7.2 Legal Implications:

In its role as a landlord, the Council has statutory and contractual obligations to maintain the structure of, and installations in, its housing stock. It also has a number of duties in relation to health and safety, such as the provision of adequate fire safety precautions and the proper treatment of asbestos. The measures outlined in the report will assist the council in fulfilling those obligations.

The Housing Revenue Account (HRA) is regulated by the Local Government and Housing Act 1989. The report sets out the Act's requirements for that account. The HRA is primarily a landlord account, containing income and expenditure arising from the council's housing functions. Most of the expenditure proposed by the report is clearly related to the council's housing functions, and is therefore properly accounted for in the HRA. Department of Environment Circular 8/95 gives advice about the operation of that account, in relation to other items which are not so clearly linked to the housing function. In relation to amenities which benefit the wider community, such as play and other recreational areas, community centres and play schemes, the Circular advises that in each case it is for the local authority to form its own judgment on

whether provision should be charged to the HRA or General Fund. Last year, budget council determined that the HRA should contribute £250,000 to Youth Services. This year the council is asked to approve expenditure of £170,000 as a contribution to Children's Centres. Whilst this expenditure is not directly linked to the council's housing functions, it probably falls within the discretion afforded by the Circular, given the locations and focus of the service.

Lawyer Consulted: Liz Woodley

Date:05/01/2018

Equalities Implications:

- 7.3 The HRA budget funds services to people with special needs resulting from age, vulnerability or health. All capital programme projects undertaken include full consideration of various equality issues and specifically the implications of the Equality Act. To ensure that the equality impact of budget proposals are fully considered as part of the decision making process, equality impact assessments have been developed on specific areas where required.

Sustainability Implications:

- 7.4 The HRA budget will fund a range of measures that will benefit and sustain the local environment. This capital programme supports the affordable warmth and fuel poverty strategy brought forward from Public Health. Housing is a key contributor to the Carbon Emissions reduction commitment and will help to reduce the number of residents affected by fuel poverty and rising energy costs.
- 7.5 Project briefs are issued on all capital projects and require due consideration of sustainability issues, including energy conservation and procurement of materials from managed and sustainable sources.

Any other Significant Implications:

- 7.6 Financial risks have been assessed throughout the development of the council's HRA annual budget and 30 year financial model. A number of key sensitivities and scenarios are modelled to ensure that the service understands the business impact of decision making and include areas such as:
- Impacts of the government's Housing & Planning Act and Welfare Reform legislation;
 - Potential impact of any post Grenfell tragedy review of building regulations and / or standards;
 - Inflationary risk where expenditure inflation is greater than income, particularly with the current reduction in rental income over the four years;
 - Managing interest rate fluctuations and the debt portfolio;
 - Long term capital and maintenance responsibilities compared with available resources;
 - Balancing regeneration and redevelopment needs with tenants' priorities.

SUPPORTING DOCUMENTATION

Appendices:

1. HRA Revenue Forecast Outturn 2017/18 (Month 7)
2. HRA Budget 2018/19
3. Fees and Service Charges 2018/19
4. Capital Programme and Funding 2018/19 – 2020/21
5. HRA Medium Term Financial Strategy & 30 Year Financial Forecast
6. Integrated Service & Financial Plan (Detailed Savings Proposals)

Documents in Members' Rooms

None

Background Documents

None

Appendix 1 - Forecast Outturn 2017/18 at month 9

2018/19 HRA Revenue & Capital Budget

	2017/18 Forecast Outturn £'000
SUBJECTIVE ANALYSIS	
Expenditure	
Employees	8,458
Premises - Repairs	9,252
Premises - Other	2,524
Transport	124
Contribution to Bad Debt Provision	221
Supplies & Services	2,221
Third Party Payments	130
Support Services	2,560
Direct Revenue Funding	26,306
Capital Financing Costs	5,955
Total Expenditure	57,751
Income	
Rents Dwellings	(50,249)
Rents Car Parking / Garages	(913)
Commercial Rents	(530)
Service Charges	(6,224)
Other Recharges & Income	(265)
Total Income	(58,181)
DEFICIT / (SURPLUS)	(430)
OBJECTIVE ANALYSIS	
Capital Financing	32,217
Head of Housing & Strategy	4,212
Head of Regeneration	299
Income, Inclusion & Improvement	(46,454)
Property & Investment	7,615
Tenancy Services	1,681
DEFICIT / (SURPLUS)	(430)

Appendix 1 - Forecast Outturn 2017/18 at month 9

HRA Forecast Outturn as at Month 9 Key Variances	£'000
Employee costs - The forecast underspend is due to staffing vacancies, mainly within the income management and customer services teams. Recruitment is on-going and posts are expected to be filled before the end of the financial year.	(225)
Rents & Service Charges – Projected income is slightly less than budget assumptions	100
Financing Costs - Estimated administration costs relating to Right to Buy sales.	(50)
Transfer Incentive Scheme – Lower than budgeted spending on this scheme	(80)
Later than planned implementation of Universal Credit means that the contribution to the bad debt provision is forecast to underspend.	(175)
Repairs - Estimated spend is lower than the original budget allocated however the forecast costs for both responsive repairs and empty property works have increased at month 9 (TBM).	300
Lower than budgeted spending on Mechanical & Engineering (M&E) service contracts.	(185)
Repairs - Underspend pending agreement of options around the timing of the procurement programme.	(115)
TBM Month 9 Variance	(430)

Appendix 2 – HRA Revenue Budget 2018/19

	2017/18	Budget Changes				2018/19
	Adjusted budget	Inflation	Savings	Service Pressures	Other Changes	Original Budget
See Note		1	2	3	4	
	£'000	£'000	£'000	£'000	£'000	£'000
SUBJECTIVE ANALYSIS						
Expenditure						
Employees (Data Table A)	8,679	201	(105)	364	150	9,289
Premises - Repairs	9,827	150	(550)	0	0	9,427
Premises - Other	2,580	23	0	0	0	2,603
Transport	133	1	0	0	(4)	130
Contribution to Bad Debt Provision	442	0	0	0	0	442
Supplies & Services	2,390	18	0	0	(28)	2,380
Third Party Payments	134	3	0	0	0	137
Support Services (Data Table B)	2,591	0	0	170	(1)	2,760
Direct Revenue Funding	25,579	0	0	0	(24)	25,555
Capital Financing Costs	6,005	0	0	0	571	6,576
Total Expenditure	58,360	396	(655)	534	664	59,299
Income						
Rents Dwellings	(50,349)	0	0	313	(148)	(50,184)
Rents Car Parking / Garages	(913)	0	0	0	(4)	(917)
Commercial Rents	(530)	0	0	0	0	(530)
Service Charges	(6,250)	0	0	0	(1,196)	(7,446)
Other Recharges & Income	(318)	(3)	0	0	99	(222)
Total Income	(58,360)	(3)	0	313	(1,249)	(59,299)
DEFICIT / (SURPLUS)	0	393	(655)	847	(585)	0
OBJECTIVE ANALYSIS						
Capital Financing	31,585	0	0	0	547	32,132
Head of Housing & Strategy	4,335	14	0	170	93	4,612
Head of Regeneration	281	5	0	0	(1)	285
Income, Inclusion & Improvement	(46,404)	49	(32)	610	(179)	(45,956)
Property & Investment	8,322	186	(582)	180	(1,051)	7,055
Tenancy Services	1,881	139	(41)	(113)	6	1,872
DEFICIT / (SURPLUS)	0	393	(655)	847	(585)	0

Appendix 2 – HRA Revenue Budget 2018/19 Cont'd

Note 1: Inflation

Standard inflation of 2% has been applied to Direct Employees with 1% for Premises, Transport and Supplies & Services. Adjustments are made to specific areas based on known inflation above or below the standard applied. Most income budgets are zero-based (that is they are recalculated each year rather than changing incrementally) and therefore budgets are estimated based on known increases in costs or inflation.

Note 2: Savings

Savings	£'000
Staff turnover (i.e. savings arising from the recruitment period for appointing to vacancies arising from staff turnover based on current operational experience)	(105)
Reduction in gas servicing contract costs	(150)
Reduction in Repairs & Maintenance costs for 2018/19	(400)
Total Savings	(655)

Note 3: Service Pressures

Service Pressures	£'000
Strengthening the BHCC client side for contract management together with new Health & Safety posts (Note, £0.080m is also funded through the capital programme)	80
Short term additional resources for the re-procurement of the new repairs contract (2 years)	100
Increase in Rehousing team establishment to manage increased lets from new homes and mutual exchanges	100
Increased staffing resources for Universal Credit focussed preventative work (3-5 years)	84
HRA contribution to Children's Centre Services to ensure sustainability	170
Impact of the statutory 1% rent reduction net of new lets at 'target rents'	313
Total Service Pressures	847

Appendix 2 – HRA Revenue Budget 2018/19 cont'd

Note 4: Other Changes

Other Changes	£'000
Increase in existing employees costs for annual increments, staff establishment amendments and pension changes	150
Decrease in Direct Revenue Funding for the capital investment programme including hidden homes and home purchase	(24)
Increase in Capital Financing costs (mainly arising from the New Homes for Neighbourhoods programme)	571
Net change in rental income from new homes net of sales	(148)
Estimated increase in service charge and major works income from leaseholders (note, 2018/19 contains a particularly large number of works coming to conclusion)	(1,077)
Increase in service charge income across all charges (to match costs/service pressures)	(119)
Increase in Support Service charges and other recharges	54
Other minor changes	8
Total Other Changes	(585)

Note 5: Projected Reserves

Description	Balance at 1 April 2017 £'000	Projected Balance at 31 March 2018 £'000	Projected Balance at 31 March 2019 £'000	Use
Revenue Reserves - Working Balance	3,000	3,000	3,000	Minimum working balance requirement
Useable revenue reserves	5,159	4,504	3,354	Available for use
Estate Development Budget (EDB) reserves	599	339	169	Earmarked allocation for EDB over 2 years
Restructure Redundancy Reserve	388	388	388	Earmarked reserve
HRA - Renewable Energy Projects	269	219	169	Capital programme funding
HRA - Auto Meter Reads Reserve	45	45	45	Available to fund costs of AMR's
Total	9,460	8,495	7,125	

Appendix 2 – HRA Revenue Budget 2018/19 cont'd

Data Table A - Employee Full Time Equivalent (FTE) Reconciliation

The table below shows the actual movements in FTE's in 2017/18 and includes FTE numbers for proposed service pressures.

	FTE
Original FTE 2017/18 pre adjustment	272.2
Correction to baseline FTE	3.2
Original FTE 2017/18 (revised)	275.4
Changes in year 17/18	
Property & Investment	1.0
Adjusted budget 2018/19 FTEs	276.4
Changes for 2018/19	
Property & Investment	5.0
Sheltered Housing	(0.3)
Additional staffing to support Universal Credit	3.0
Tenancy Services – Re-housing Team	3.0
Proposed 2018/19 FTEs	287.1

Appendix 2 – HRA Revenue Budget 2018/19 cont'd

Data Table B - Support Service and Other Charges Analysis

The table below provides a breakdown of the support service charges for 2018/19 as shown in Appendix 2 and compares this to 2017/18.

Charging Service	Budget 2017/18 £'000	Budget 2018/19 £'000 (draft)
Support functions:		
Communications	30	25
Finance (incl. Corporate Procurement, Internal Audit and Business Operations)	365	379
Tenancy Fraud	61	62
Human Resources	216	165
ICT	646	650
Property	130	124
Legal	280	291
Democratic	234	234
Director	16	17
Other charges:		
Disabled Adaptations	113	115
Youth Service	250	250
Children's Centre Services	-	170
Discretionary Community Grants	148	145
Apprenticeship levy	31	31
Homing in and Area Panels	28	29
Energy Efficiency Support	25	26
Noise pollution	-	16
Other charges	19	31
Total	2,592	2,760

Appendix 3 - Tenant Service Charges

All fees and service charges are reviewed annually to ensure full cost recovery (where appropriate) and also to identify any service efficiencies that can be offset against inflationary increases to keep increases to a minimum. Proposed fees and service charges for 2018/19 are detailed below.

Service Charges/Fees Eligible for Housing Benefit

Service Charge/Fee	Properties Charged (No.)	Approx. not eligible for Housing Benefit (No.)	2017-18 Average Weekly Charge £	2018-19 Average Weekly Charge £	Average Increase/Decrease £	Average Increase/Decrease %	Comments
Communal Cleaning	5,251	1,820	£2.80	£2.87	£0.07	2.5%	The increase is mainly due to pay and price inflation.
Door Entry Servicing and Maintenance	4,274	1,365	£0.48	£0.48	£0.00	0.0%	No change is proposed for 2018/19.
Electricity - Communal Ways	5,273	1,736	£0.75	£0.72	-£0.03	-4.0%	The change is mainly the result of lower electricity prices.
Grounds Maintenance	5,556	1,660	£0.68	£0.70	£0.02	2.9%	The increase is the annual inflation increase on the contract with City Parks.
Lift Servicing and Maintenance	2,402	597	£0.79	£0.91	£0.12	15.2%	The current charge does not cover the costs of providing lifts (servicing and repairs) so it is proposed the charge is increased to recover costs.
Seniors Housing - Common Ways	851	122	£9.46	£8.64	-£0.82	-8.7%	This is mainly the result of lower energy costs.
Seniors Housing - Intensive Management	837	111	£20.12	£21.04	£0.92	4.6%	The increase is mainly due to increased staff costs.
Seniors Housing – Laundry	805	106	£1.65	£1.65	£0.00	0.0%	No change is proposed for 2018/19.

Service Charge/Fee	Properties Charged (No.)	Approx. not eligible for Housing Benefit (No.)	2017-18 Average Weekly Charge £	2018-19 Average Weekly Charge £	Average Increase/Decrease £	Average Increase/Decrease %	Comments
TV Aerials	5,590	1,703	£0.76	£0.78	£0.02	2.6%	The increase is simply the annual increase in the maintenance contract.
Video Entry Servicing and Maintenance	27	3	£0.96	£0.96	£0.00	0.0%	No change is proposed for 2018/19
Service Charges and fees Not Eligible for Housing Benefit							
Communal Heating - Electricity	79	N/A	£10.32	£9.72	-£0.60	-5.8%	The charge is based on the estimated consumption for 2018/19 and the current charges for electricity.
Communal Heating - Gas	1,085	N/A	£6.02	£5.58	-£0.44	-7.3%	The charge is based on the estimated consumption for 2018/19 and the current charges for gas.
Garages and Car Parking	2,762	N/A	£8.85	£9.03	£0.18	2.0%	The increase is the forecast inflation increase of +2%.
Mobility Scooter and Cycle Storage	35	N/A	£2.50	£2.50	£0.00	0.0%	No increase for 2018/19. Low volume so low budget impact.
Seniors Housing - Guest Rooms	N/A	N/A	£15.00	£15.50	£0.50	3.3%	This is the proposed increase for 2018/19 in line with inflationary pressures.
Water Charges	138	N/A	£3.95	£4.00	£0.05	1.3%	The increase is mainly the forecast inflation increase of +2%.

Appendix 4 - HRA Capital Programme and Funding 2018/19 - 2020/21

EXPENDITURE	Original Budget 2017/18	Proposed Budget 2018/19	Provisional Budget 2019/20	Provisional Budget 2020/21	Description
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	
Improving Housing Quality					
Door Entry Systems & CCTV	939	687	643	733	A long-term programme to replace door entry systems across the city, where needed, as many are nearing the end of their serviceable life, with spare parts difficult to source. This programme is constantly reviewed, alongside the communal main entrance door programme to ensure value for money
Water Tanks, Ventilation, Lighting & Lightning Protection & Fire Alarms	730	806	640	741	Projects help to ensure safety and welfare for residents through a replacement and improvement programme.
Lifts	1,077	784	1,403	1,094	The lift replacement and upgrade programme is a long-term commitment to BHCC residents. The majority of lifts have now been replaced since its inception and the programme is under ongoing review to ensure it continues to provide good value for money.
Fire Safety & Asbestos Management	696	1,972	2,053	2,030	Effectively managing the risks of both fire and asbestos materials is an ongoing need. This also assumes a 5-year sprinkler programme.
Minor Capital Works	402	401	321	381	Investment in smaller capital repairs across the HRA stock as well as investing in car parks and garages.
Roofing	1,245	1,602	1,412	1,269	Helps to extend the life of assets, improves insulation and reduces responsive repairs. For 2018/19 some £0.300m of this budget is allocated to major re-roofing projects.

EXPENDITURE	Original Budget 2017/18	Proposed Budget 2018/19	Provisional Budget 2019/20	Provisional Budget 2020/21	Description
Condensation & Damp Works	498	431	385	444	Welfare of BHCC residents is assisted by tackling the causes of mould growth.
Major Structural works	3,590	4,488	4,964	5,119	To maintain the structural and general external integrity of properties. The budget for 2018/19 includes for major works at high rise flats, including Albion Hill and Tyson Place/St Johns Mount.
Major Empty Property works	124	123	128	127	Extensive refurbishment of empty homes prior to re-letting.
Cyclical Decorations	3,314	2,856	1,797	2,031	External and common way repairs and decorations across the city help reduce ongoing costs and keep properties well maintained.
Future capital projects	74	112	112	112	Specialist and other surveys to support future programmes.
Brighton & Hove Standard Works					
Dwelling Doors	373	407	308	317	Replacing doors to properties with secure and efficient design helps residents feel safer. This programme includes the provision of fire-rated doors to dwellings where required.
Kitchens & Bathrooms	1,930	1,911	1,604	1,713	This budget helps to ensure homes comply with the Brighton & Hove Standard.
Rewiring - Domestic/ Communal	1,831	1,787	1,373	1,713	Safe and reliable electrical installations and efficient lighting are supported from this.
Windows	1,370	1,602	1,283	1,396	Window replacement programmes improve energy efficiency, warmth and reduce ongoing repair costs.
Sustainability & Carbon Reduction					
Domestic/Communal Heating Improvements	2,087	2,158	2,988	2,989	Efficient and modern replacement heating systems reduce carbon emissions and

EXPENDITURE	Original Budget 2017/18	Proposed Budget 2018/19	Provisional Budget 2019/20	Provisional Budget 2020/21	Description
					resident's fuel costs.
Insulation improvements	63	62	64	63	Improving insulation levels in the roof and other parts of buildings reduces mould growth and heating costs.
Home Energy Efficiency & Renewables	51	51	51	51	Many homes now benefit from solar panels and this programme will help take opportunities to spread this further.
Tackling Inequality					
Estate Development Budget (EDB)	181	348	354	183	Residents are able to prioritise smaller projects through this continuing and well supported budget. Assumes full utilisation of EDB earmarked reserves over 2 years
Fencing	62	62	64	63	
Disabled Aids & Adaptations	1,150	1,150	1,150	1,150	By supporting required adaptations to homes, residents can continue to enjoy their homes for longer.
Conversions & Extensions	560	632	386	495	Tackling overcrowding across the city to ensure good quality housing.
Conversions of existing bed-sits	460	0	0	0	Improving dwellings' layout in several seniors housing schemes to meet modern standards. This programme has now been completed as there are no further properties considered appropriate/cost effective to hold void for conversion.
Converting spaces in existing buildings	609	549	331	330	A programme to deliver new homes by converting existing redundant spaces. The programme has delivered 5 new homes to date.
Purchase properties	-	1,000	2,000	2,000	Report to H&NH Committee for a small programme to purchase former council properties/other similar properties. The £1m budget for 2018/19, will be

EXPENDITURE	Original Budget 2017/18	Proposed Budget 2018/19	Provisional Budget 2019/20	Provisional Budget 2020/21	Description
					supplemented with any reprofile (budgets carried forward) from the 2017/18 budget of £2m.
Housing ICT Budget	80	1,050	80	80	New Housing Management system.
Stonehurst Court conversion	1,045	0	0	0	Reported at H&NH Committee Jan 2017.
Oxford Street conversion	1,120	0	0	0	Reported at H&NH Committee Jan 2017. Budget reprofiled to 2018/19.
Total Investment in existing Housing Stock	25,661	27,031	25,894	26,624	
Building New Council Homes					
Kite Place	5,000	0	0	0	Scheme completed 2017/18.
Selsfield Drive	2,617	3,258	0	0	Due for completion June 2018.
Hobby Place	6,076	0	0	0	Scheme due for completion 2017/18.
Further New Build – New Schemes (*)		5,000	6,000	6,000	Any new schemes will be reported through H&NH Committee and PR&G - to be funded by borrowing and RTB receipts.
Further New Build – Design competition	500	1,000	0	0	£1.5m already approved and reprofiled to the capital programme for 2018/19.
Feasibility	0	55	0	0	
Total Building New Council Homes	14,193	9,313	6,000	6,000	
Total Programme *	39,854	36,344	31,894	32,624	
Programme Funded by:					
Revenue Contribution to Capital	25,579	25,555	24,043	26,151	Funding from revenue surpluses.
FUNDING:					
Borrowing	7,073	6,130	5,083	3,874	Borrowing required mainly for new build development.
HRA reserves	1,300	1,050			Useable revenue and capital reserves.
EDB earmarked reserve		170	169		
Capital Receipts	5,597	3,259	2,499	2,499	Retained RTB receipts for New Build.

EXPENDITURE	Original Budget 2017/18	Proposed Budget 2018/19	Provisional Budget 2019/20	Provisional Budget 2020/21	Description
ESFRS contribution	125				Funding due from East Sussex Fire and Rescue Service, 50% contribution towards sprinklers budget.
Energy Grants/Feed-in Tariffs (FITs)	180	180	100	100	Funding received to support sustainability and carbon projects.
Total Funding *	39,854	36,344	31,894	32,624	

* The Capital Programme includes potential Further New Build Schemes estimated at £5m in 2018/19. These schemes have not been drawn up in detail and would all be subject to Housing & New Homes Committee approval (including determination of rent levels) and approval of Policy, Resources & Growth Committee before proceeding. Each scheme will become a separate Capital Programme item and the Capital Programme for 2018/19 will therefore change in accordance with the final approved scheme values. This will also affect the funding and financing of each scheme.

Right to Buy (RTB) Receipts Monitoring

In June 2012, the council signed an agreement to retain RTB Receipts, which can be used to fund up to 30% of a new build development. The agreement requires these amounts to be spent within 3 years of receipt, otherwise the council will be required to repay them to the Government with interest at a rate of 4% above the base rate on a day to day basis compounded with three monthly rests.

The following table sets out current and planned usage, showing that all receipts are assumed to be spent: -

Financial Year	RTB Receipts £'000	New Build Expenditure Required £'000	New Homes for Neighbourhoods (NHFN) Forecast Expenditure £'000	(Under) / Over achieved £'000
Pre 2015/16	-	-	1,788	1,788
2015/16	609	2,030	6,684	4,654
2016/17	4,575	15,250	19,332	4,082
2017/18	7,136	23,787	31,250	7,463
2018/19	12,567	41,890	45,544	3,654
2019/20	17,178	57,260	57,259	0
2020/21 up to Q2	19,638	65,460	65,461	0

Appendix 5 - HRA MEDIUM TERM FINANCIAL STRATEGY AND 30 YEAR FINANCIAL FORECAST

Medium Term Financial Strategy

The Medium Term Financial revenue position provides a cumulative surplus of £75.749m that can be used to support the delivery of the Capital Programme during this period. The projected surplus for the HRA reduces in 2019/20 due to the assumed 1% reduction in rents. However, for 2020/21, rental income increases, which is consistent with the recent government announcement that rents can increase by CPI plus 1% from 2020/21. This increases the level of surpluses for the HRA.

HRA Medium Term Financial Strategy

	2018/19	2019/20	2020/21
	£'000	£'000	£'000
Expenditure			
Management & Service Costs	16,702	17,024	17,310
Repairs and Maintenance	9,389	9,615	10,129
Other Costs	1,076	1,094	1,120
Borrowing costs	6,577	6,886	6,988
Total Expenditure	33,744	34,619	35,547
Income			
Rental Income	(50,184)	(49,804)	(51,372)
Service Charges (Tenants)	(3,400)	(3,481)	(3,539)
Other Income	(5,715)	(5,377)	(6,787)
Total Income	(59,299)	(58,662)	(61,698)
Transfer (To) / From reserves	-		
Surplus/Revenue Contribution to Capital	(25,555)	(24,043)	(26,151)

30 YEAR FINANCIAL FORECAST

The introduction of self-financing provided local authorities with the opportunity to develop longer term planning to improve the management and maintenance of council homes. The government's self-financing valuation agreed at April 2012 was based on using the rent restructuring formula with increases set at RPI + ½% + £2 per week and was set at a level to provide a balanced business plan over the next 30 years.

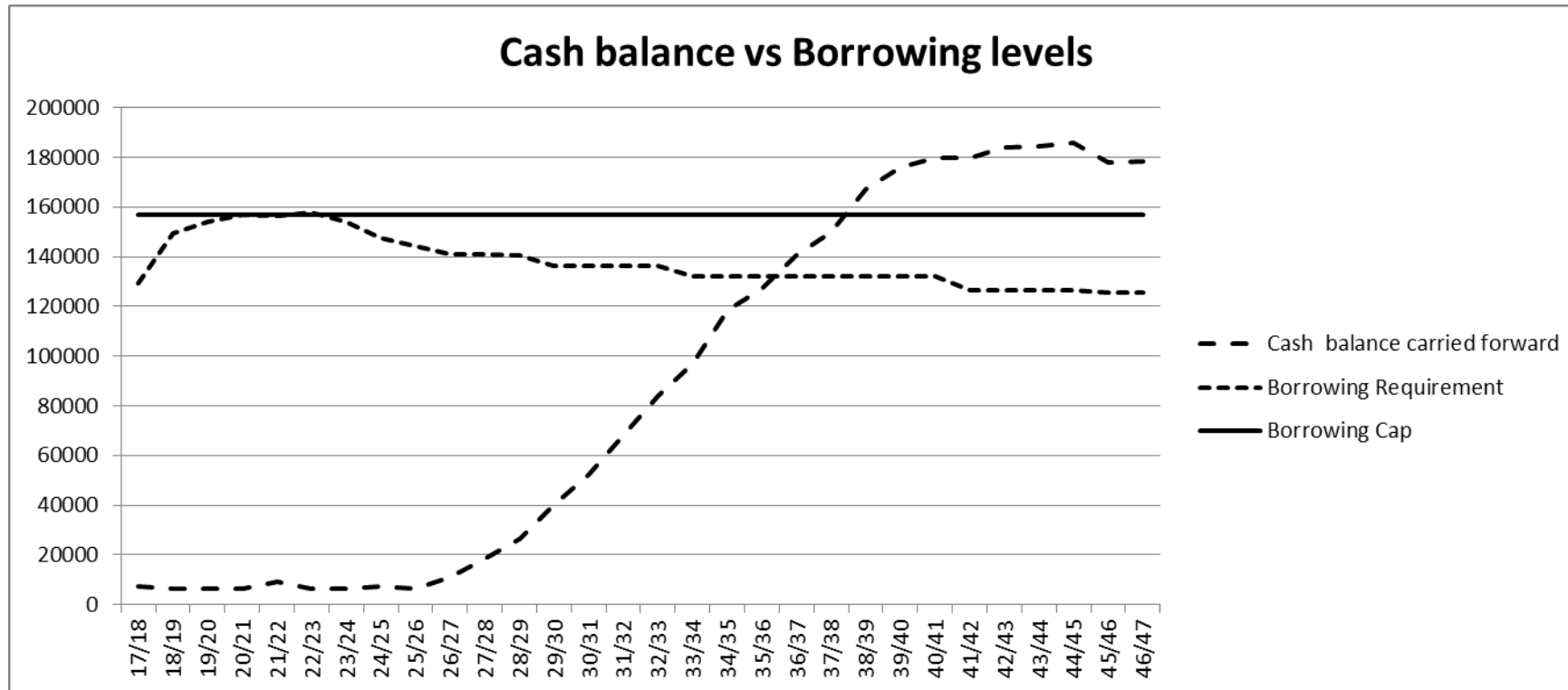
Since then the government has imposed two changes to the rent calculation which have both resulted in significant reductions in future rental income. From April 2015, government guidance revised annual increases to Consumer Price Index (CPI) + 1%. This change removed the flexibility of social landlords to increase social rents each year by an additional £2 where rents were below target, resulting in lower annual rental increases over the long term. Then from April 2016, the Welfare Reform and Work Act 2016 introduced that rents should be reduced by 1% per annum for four years commencing in 2016/17.

However, in October 2017 the government announced that "increases to social housing rents will be limited to the Consumer Price Index (CPI) plus 1% for 5 years from 2020". The current financial plan projections shown below continue to provide a balanced business plan and show surpluses of £178.662m over 30 years, which allows for regeneration and new investment within the HRA. This surplus has increased since last year's plan due to the assumptions made for new rental streams from more new build properties. The current plan projections should also be viewed with caution due to the uncertainties around certain government legislation not yet modelled in the plan. As a result of the review carried out by government, a decision was reached to not proceed with the Pay to Stay policy included in the Housing and Planning Act 2016. However, there are still some uncertainties due to other government legislation which may have a significant impact on the long term health of the financial plan, such as:

- Housing & Planning Act 2016 – This act includes a requirement to pay a levy to central government based on the number of void high value homes the HRA has. There is a lot of uncertainty surrounding this policy and it now seems unlikely this will be implemented in this parliament. Therefore this has not been built into the 30 year plan.
- Welfare Reform – The roll out of Universal Credit, reduction in tax credits, single room rates for under 35's in social housing and reduction in benefit cap to £20,000 per annum will all impact on tenant's ability to pay their rent. The assumptions used for bad debts and voids may need increasing resulting in a loss of projected income.
- Uncertainty of future rent policy. Even though there has been an announcement to allow increases in rents of CPI plus 1 % for five years after 2020, any changes in government could overturn this.

30 Year Financial Forecast

	Years 1-5	Years 6-10	Years 11-20	Years 21-30	Total
	£'000	£'000	£'000	£'000	
Expenditure					
Management & Service Costs	84,808	92,379	207,287	239,172	623,646
Repairs and Maintenance	48,363	55,855	136,073	173,715	414,006
Other Costs	5,319	5,540	12,172	13,924	36,955
Borrowing costs	33,454	56,910	60,018	55,150	205,532
Total Expenditure	171,944	210,684	415,550	481,961	1,280,139
Income					
Rental Income	254,669	287,312	671,349	792,641	2,005,971
Service Charges (Tenants)	17,323	18,900	42,772	50,323	129,318
Other Income	28,166	27,611	56,619	73,787	186,183
Total Income	300,158	333,823	770,740	916,751	2,321,472
Net Revenue Income	128,214	123,139	355,190	434,790	1,041,333
Capital Expenditure					
Capital investment programme	132,157	115,346	218,671	402,607	868,781
New Build projects	49,058	30,000	12,000	-	91,058
Total Expenditure	181,215	145,346	230,671	402,607	959,839
Funded By:					
Other Capital Income	17,979	11,500	5,000	5,000	39,479
Borrowing	36,681	12,849	-	-	49,530
Direct Revenue Funding	128,214	123,139	355,190	434,790	1,041,333
Total Funding	182,874	147,488	360,190	439,790	1,130,342
Opening HRA reserves	8,159	9,818	11,960	141,479	8,159
(To) / From Reserves	1,659	2,142	129,519	37,183	170,503
Cash surplus at year 30	9,818	11,960	141,479	178,662	178,662



30 YEAR Forecast – Assumptions

The 30 year financial forecast has been developed based on the following assumptions

- A general inflation of CPI assumed as an average of 2% for years 3 to 30.
- Revenue repairs and maintenance costs are assumed to increase by 2.5% per year throughout the plan.

- The forecast currently includes approved schemes and an assumption that an additional 272 new homes will be built in the next 10 years. This amounts to an estimate of £5m for new build schemes in 2018/19, and £60m in the 10 years thereafter. There is no allowance for any future regeneration schemes.
- Rents are assumed to decrease by 1% per annum for 2018/19 and 2019/20 and then increase at CPI +1% for three years after. Longer term rent increases of CPI have been assumed. This has increased the overall forecast surplus over the 30 years to £178.662m.

The 30 year financial plan will continue to be updated to reflect the impact of the changes resulting from government legislation and the 2018/19 budget proposals. This will enable a review of future opportunities for additional investment in existing housing stock and building new homes both within the HRA and through alternative delivery models.

Appendix 6 – Integrated Service & Financial Plan (detailed savings proposals)

Service Area					Service & Financial Strategy			Savings Detail		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017-18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	Savings 2017/18	Savings 2018/19	Savings 2019/20
		£'000	£'000					£'000	£'000	£'000
Housing Revenue Account										
HRA employees Costs	Included in budget and FTE figures below			See below	To improve budgeting in order to plan expenditure effectively and avoid large variances at the year end.	To include an element of staff turnover allowance in some of the staffing budgets in Housing Management in order to allow for the historic high turnover of staff in some areas which has led to underspends.	If turnover is less than expected, then savings may not be fully realised although this is unlikely. This saving proposal should not have any effect on the landlord service as staffing numbers will be unchanged.		105	
HRA Employees costs									105	
Capital Financing	Capital Financing	31,948	31,916	-	Capital financing costs are calculated based on existing borrowing and any new borrowing anticipated during the financial year.	Capital financing charges will be reported to Housing & New Homes Committee (Jan 2017) and Policy, Resources & Growth Committee (Feb 2017).	N/A			
AD Housing Management, Service Wide Savings from Reviews, Support Service Charges	Central services Housing HRA (includes central support services and homemove service).	3,861	3,861	14.5	To ensure that the use of HRA resources is maximised against strategic priorities.	No savings planned in this area which largely relates to support services. These are calculated centrally by finance so any reductions will be built into the HRA budget. All support service costs to the HRA are reviewed to ensure value for money for	Delivery Risk: Efficiency savings may not be achieved due to the increase on service demand from the Housing Reduction Act (from April 2018) and the implementation of Universal Credit.	106		45

Service Area					Service & Financial Strategy			Savings Detail		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017-18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	Savings 2017/18	Savings 2018/19	Savings 2019/20
		£'000	£'000					£'000	£'000	£'000
						the landlord service. 2019/20: reduction by 1.6 FTE in the Homemove team, as a result of the new allocation policy bedding in.	Impact on Outcomes: Negligible impact if service redesigns are effective.			
Estates Regeneration	Head of City Development & Regeneration	264	264	4.5	Key political priority to deliver new council homes and this team is responsible for the delivery of the new homes for neighbourhoods programme.	No savings proposed as service redesign achieved in 2016/17 and this is a high priority area to build new homes for vulnerable people.	Impact on Outcomes: Improved outcomes from new homes in the city.			
Income Inclusion Improvement, Rents & Service Charges	Income Involvement Improvement	4,207	(49,449)	70.7	To ensure that the use of HRA resources is maximised against strategic priorities.	No savings planned for 2018/19 as £348k savings were delivered across Tenancy Services and Income Involvement and Improvement from service redesigns and reduction in posts in 2016/17. These new services are still bedding in but will deliver further efficiencies in future years. Work will commence to make savings for 2019/20. This is a continual programme of service reviews with the aim	N/A	181	-	125

Service Area					Service & Financial Strategy			Savings Detail		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017-18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	Savings 2017/18	Savings 2018/19	Savings 2019/20
		£'000	£'000					£'000	£'000	£'000
						of achieving cost savings across the Income. inclusion and improvement budgets. Each review will follow 'lean thinking' principles. Savings for 2017/18 from supplies and services of £0.080m. Introduction of service charge for door entry systems estimated at £0.101m to ensure cost recovery for this service.				
Property & Investment Management including Repairs & Servicing Contracts	Property & Investment	12,183	11,557	44.0	To improve housing quality by continuing to improve sustainability standards, maintain decent homes and health, safety and wellbeing. To do this through the effective management and procurement of repairs, maintenance, improvement works and service contracts.	For 2018/19 further savings on gas service contract following procurement of this contract (£0.150m). A further review of savings that can be made from responsive repairs and other procurement opportunities (£0.400m).	Delivery Risk: Low risk - already achieved as reported in budget monitoring (TBM). Based on continued proactive investment in improving stock. This will be kept under review. Impact on Outcomes: Improved outcomes from efficiency and effectiveness.	820	550	
Tenancy Services	Tenancy Services	6,706	1,851	141.7	To ensure that the use of HRA resources is maximised against	No savings planned for 2018/19 as £348k savings were	N/A	75		125

Service Area					Service & Financial Strategy			Savings Detail		
Section	Service Area	Gross budget 2017/18	Net budget 2017/18	FTEs 2017-18	Rationale for Strategy	Service & Financial Proposals	Delivery Risk & Impact on Outcomes	Savings 2017/18	Savings 2018/19	Savings 2019/20
		£'000	£'000					£'000	£'000	£'000
					strategic priorities.	delivered across Tenancy Services and Income Involvement and Improvement from service redesigns and reduction in posts in 2016/17. These new services are still bedding in but will deliver further efficiencies in future years. Work will commence to make savings for 2019/20. This is a continual programme of service reviews with the aim of achieving cost savings across the Income, Inclusion and Improvement budgets. Each review will follow 'lean thinking' principles. For 2017/18 Reduction in supplies and services including utilities (£0.030m), under-utilised Decorations scheme (£0.020m) and reviews of small contracts and services (£0.025m).				
HRA Total		59,169	-	275.4			1,182	655	295	