



# BRIGHTON & HOVE CITY

## BUDGET COUNCIL MEETING

Date: **27 February 2020**

Time: **4.30pm**

Venue **Council Chamber, Hove Town Hall**

Members: **Councillors:** Phillips (Chair), Robins (Deputy Chair), Simson, Allcock, Appich, Atkinson, Bagaeen, Barnett, Bell, Brennan, Brown, Childs, Clare, Davis, Deane, Druitt, Ebel, Evans, Fishleigh, Fowler, Gibson, Grimshaw, Hamilton, Heley, Henry, Hill, Hills, Hugh-Jones, Janio, Knight, Lewry, Littman, Lloyd, Mac Cafferty, Mears, McNair, Miller, Moonan, Nemeth, Nield, O'Quinn, Osborne, Peltzer Dunn, Pissaridou, Platts, Powell, Rainey, Shanks, C Theobald, Wares, West, Wilkinson, Williams and Yates

Contact: **Mark Wall**  
Head of Democratic Services  
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# AGENDA

## PART ONE

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### 74 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 Monitoring Officer or Democratic Services Officer preferably before the meeting.

### 75 MAYOR'S COMMUNICATIONS.

To receive communications from the Mayor.

### REPORTS FOR DECISION

### 76 ADOPTION OF SPECIAL PROCEDURES FOR BUDGET COUNCIL 7 - 12

The Mayor will move the suspension of Standing Orders and the adoption of the Special Procedures.

A further procedural note to assist Members with the running of the meeting will be circulated with the addendum papers.

*Contact Officer: Abraham Ghebre-Ghiorghis Tel: 01273 291500*  
*Ward Affected: All Wards*

### 77 GENERAL FUND REVENUE BUDGET, CAPITAL & TREASURY MANAGEMENT STRATEGY 2020/21 13 - 246

Extract from the proceedings of the Policy & Resources Committee meeting held on the 13 February 2020; together with a report of the Acting Chief Finance Officer.

*Contact Officer: Nigel Manvell Tel: 01273 293104*  
*Ward Affected: All Wards*

**78 SUPPLEMENTARY FINANCIAL INFORMATION FOR BUDGET COUNCIL 27.02.20 247 - 254**

Report of the Acting Chief Finance Officer.

Contact Officer: Heather Bentley

Tel: 01273 291244

Ward Affected: All Wards

**79 HOUSING REVENUE ACCOUNT BUDGET AND CAPITAL INVESTMENT PROGRAMME 2020/21 AND MEDIUM TERM FINANCIAL STRATEGY 255 - 292**

Extract from the proceedings of the Policy & Resources Committee meeting held on the 13 February 2020; together with a Joint report of the Executive Director for Finance & Resources and Interim Executive Director for Housing, Neighbourhoods & Communities.

Contact Officer: Monica Brooks, Craig Garoghan Tel: 01273 292279  
, Tel: 01273  
291262

Ward Affected: All Wards

**80 CLOSE OF MEETING**

The Mayor will move a closure motion under Procedure Rule 17 to terminate the meeting 4 hours after the beginning of the meeting (excluding any breaks/adjournments).

Note:

1. *The Mayor will put the motion to the vote and if it is carried will then:-*
  - (a) *Call on the Member who had moved the item under discussion to give their right of reply, before then putting the matter to the vote, taking into account the need to put any amendments that have been moved to the vote first;*
  - (b) *Each remaining item on the agenda that has not been dealt with will then be taken in the order they appear on the agenda and put to the vote without debate.*

*The Member responsible for moving each item will be given the opportunity by the Mayor to withdraw the item or to have it voted on. If there are any amendments that have been submitted, these will be taken and voted on first in the order that they were received.*
  - (c) *Following completion of the outstanding items, the Mayor will then close the meeting.*
2. *If the motion moved by the Mayor is **not carried** the meeting will continue in the normal way, with each item being moved and debated and voted on.*

3. *Any Member will still have the opportunity to move a closure motion should they so wish. If such a motion is moved and seconded, then the same procedure as outlined above will be followed.*


*Once all the remaining items have been dealt with the Mayor will close the meeting.*

## **PROCEDURAL INFORMATION**

### **NOTE:**

- (i) A Guidance Note on Setting a Lawful Budget has been included with the agenda papers for Members' information.
- (ii) An order of events diagram has also been included with the agenda papers for Members' information.
- (ii) A procedural note will be included with the addendum papers which will be circulated prior to the meeting for Members' information and reference during the budget debate.

Date of Publication - Wednesday, 19 February 2020



Chief Executive  
Hove Town Hall  
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### **FURTHER INFORMATION**

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

27 February 2020

Brighton &amp; Hove City Council

**Procedural Note for Items 77 - 79 :****Setting a Lawful Budget for 2020/21****Introduction**

Under section 30 (6) of the Local Government Act 1992 the Council has a duty to set the Council tax before the 11 March 2020. A failure to set the tax then does not in itself invalidate the tax demands but it has other adverse consequences including the potential loss of income to the Council. In practical terms this means the Council needs to reach a final position to meet billing deadline requirements before the 2 March 2020.

The legal obligations for setting the budget mean in practical terms that:

- Members should not put forward proposals that would mean setting an unlawful budget and need to take officer advice in particular from legal and finance to ensure that their proposals are in order;
- Although the Council corporately sets the budget the Council acts through Members collectively, each and every Member is therefore jointly and severally responsible for the setting of the budget; and
- Wherever possible Members are expected to facilitate rather than frustrate the setting of a lawful budget.
- The Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014 impose an obligation on the Council to amend standing orders to require the vote of Members on the budget to be recorded. The votes on the amendments and the substantive budget will be conducted by electronic/recorded voting and the individual votes will be reflected in the minutes.

Please also note that the formal council tax resolution will incorporate the following recommendations:

That Council notes:

- 1) That for the avoidance of doubt, all amendments considered and approved by the Council represent resourcing decisions only. Where possible, the necessary lead-in time to undertake statutory and/or other appropriate consultation with staff and/or service users, together with appropriate one-off resources, has been identified in support of each amendment. However, even where this has not been possible this does not absolve the Council from undertaking statutory or other appropriate consultation before proposals can be implemented;
- 2) The Equalities Impact Assessments to cover all budget options and their cumulative effect as set out in Appendices 6 and 7;

## **Budget Council 27 February 2020**

To help Members at Council on 27 February 2020 the procedure to be followed in respect of the Budget debate, (subject to Council approval) is set out below:-

**74. Declarations of Interest.**

**75. Mayor's urgent communications:**

**76. Adoption of Special Procedures**

The Council will be asked to agree that Council Procedural Rules be suspended in accordance with Council Procedural Rule 1.7 to the extent that it is necessary to enable the business of the meeting to be dealt with as set out in agenda items 77 – 79 below.

**77. General Fund Revenue Budget, Capital & Treasury Management Strategy 2020/21**

**78. Supplementary Financial Information for Budget Council 27.02.20**

**79. Housing Revenue Account (HRA) Budget & Capital Investment Programme 2020/21 and Medium-Term Financial Strategy**

### **A. The Administration's Budget Proposal based on a 3.99% Council Tax Increase incorporating a 2% Precept Ring-fenced for Adult Social Care:**

- (i)** The **Mayor** will invite **Councillor Platts** and **Councillor Yates** to move and second the Administration's Budget based on a 3.99% Council Tax increase incorporating a 2% precept for Adult Social Care.

Councillor Platts will have unlimited time and Councillor Yates will have 5 minutes within which to move and second the budget proposals, and to refer to the prevailing financial conditions in relation to the budget.

### **B. The Green Group's Response and Amendments 1 - 6:**

- (ii)** The **Mayor** will invite **Councillor Gibson** and **Councillor Mac Cafferty** to move and second the Green Group's six amendments to the budget proposals.

Councillor Gibson will have unlimited time and Councillor Mac Cafferty will have 5 minutes within which to move and second the amendments and to refer to the prevailing financial conditions in relation to the budget.



*[The Acting Chief Finance Officer / Monitoring Officer shall have discretion at any stage to remind Members of the proposed substantive budget motion and its implications following acceptance of any amendments.]*

## **C. The Conservative Group's Response and Amendments 1 - 6:**

- (iii) The **Mayor** will invite **Councillor Miller**, and **Councillor Bell** to move and second the Conservative Group's amendments to the budget proposals.

Councillor Miller will have unlimited time and Councillor Bell will have 5 minutes within which to move and second the amendments and refer to the prevailing financial conditions in relation to the budget.

*[The Acting Chief Finance Officer / Monitoring Officer shall have discretion at any stage to remind Members of the proposed substantive budget motion and its implications following acceptance of any amendments.]*

## **D. Council Debate:**

- (iv) The **Mayor** will then allow Councillors to debate the 2020/21 Budget proposals for the General Fund Revenue Budget, Capital & Treasury Management Strategy 2020/2, Supplementary Financial Information 27.02.20 and the Housing Revenue Account Budget & Investment Programme 2020/21 and Medium-Term Financial Strategy; based on a Council Tax increase of 3.99% (items 77 - 79), and the amendments (as detailed in the addendum papers).

**NOTE: Speakers are limited to three minutes each unless otherwise specified or extensions granted.**

*[The Acting Chief Finance Officer / Monitoring Officer shall have discretion at any stage to remind Members of the proposed substantive budget motion and its implications following acceptance of any amendments.]*

## **E. Administration's Right of Reply:**

- (v) At the conclusion of the debate the **Mayor** will invite **Councillor Allcock** to give a final right of reply on behalf of the Administration and he will have up to 5 minutes in which to respond.

Following this,

- (i) The Mayor will request that the main screen is lowered so that the outcome of the voting can be shown (Note: This will mean a delay of approximately 45 seconds).

- (ii) There will be a slight delay between each vote to enable the results of the previous item to be recorded into the system for the minutes once they have been shown on the screens.

## **F. Voting on the amendments:**

- (vi) The Mayor will then put the amendments to the vote (up to a maximum of 6 separate votes) in the following order:
  - (i) The Green Group's amendments (total of 6)
  - (ii) The Conservative Group's amendments (total of 6);

*Following the conclusion of the voting on the amendments The Acting Chief Finance Officer will confirm how the individual amendments that have been carried affect the council tax proposal as necessary.*

*There may be a need for a short adjournment to allow for the preparation of the council tax resolutions to reflect the budget proposals as amended / if amended to be printed and circulated prior to the substantive vote.*

## **G. Substantive Votes:**

- (vii) The **Mayor** will put the substantive motions (as amended) (if amended) relating to the General Fund Revenue Budget, Council Tax & Capital Investment Programme 2020/21 to the vote as follows:

### **1. Budget 3.99% with a 2% Precept for Adult Social Care**

- 1.1 *The Acting Chief Finance Officer will clarify the amendments that have been agreed and how they affect the budget proposal which will then be put to the vote.*
- 1.2 **Item 77** General Fund Revenue Budget, Capital & Treasury Management Strategy 2020/21 based on a budget and council tax increase of 3.99% (incorporating a 2% precept for Adult Social Care); recommendations (1) to (7); as detailed in the extract from the Policy & Resources Committee;  
**together with;**
  - Item 78** Supplementary Financial Information for Budget Council 27.02.20 recommendation (2.1); and the council tax resolution on pages 253 - 254 of the agenda;
- 1.3 **Note:** *Should the budget of 3.99% be approved, then the Mayor will move to Item 79 on the agenda.*
- 1.4 If the vote on the Budget is carried the Mayor will then put the Housing Revenue Account Budget and Capital Investment Programme 2020/21 and Medium-Term Financial Strategy to the vote as detailed in **(2)** below.

1.5 If the vote on the budget is lost, then the Acting Chief Finance Officer and/or the Monitoring Officer will outline the Council's position and consult the Mayor.

1.6 **Note:** There may then be a need for an adjournment.

**Followed by:**

(viii) The Mayor will put the substantive motions (as amended) (if amended) relating to the Housing Revenue Account Budget & Investment Programme 2020/21 and the Medium-Term Financial Strategy to the vote as follows:

## 2. Housing Revenue Account Budget & Capital Investment Programme 2020/21 and Medium-Term Financial Strategy

2.1. *The Acting Chief Finance Officer will clarify the position should the amendment have been agreed and how it affects the budget proposal which will then be put to the vote.*

2.2. **Item 79** Housing Revenue Account Budget & Capital Investment Programme 2020/21 and Medium-Term Financial Strategy recommendations (1 - 3) as detailed in the extract from the Policy & Resources Committee and appendices 2 and 4 to the report.

## H. Close of Meeting:

(ix) The Mayor will then close the meeting.

**Note:** The Mayor may adjourn the meeting at any time.

Abraham Ghebre-Ghiorghis  
Executive Lead Officer for Strategy,  
Governance & Law  
(Monitoring Officer)

Nigel Manvell  
Acting Chief Finance Officer



|                         |  |  |                          |
|-------------------------|--|--|--------------------------|
| <b>Subject:</b>         | <b>General Fund Revenue Budget, Capital &amp; Treasury Management Strategy 2020/21 – Extract from the proceedings of the Policy &amp; Resources Committee meeting held on the 13 February 2020</b> |  |                          |
| <b>Date of Meeting:</b> | <b>27 February 2020</b>  |  |                          |
| <b>Report of:</b>       | <b>Executive Lead Officer for Strategy, Governance &amp; Law</b>   |  |                          |
| <b>Contact Officer:</b> | <b>Name:</b>   | <b>Lisa Johnson</b>  | <b>Tel:</b> 01273 291228 |
|                         | <b>E-mail:</b>   | <a href="mailto:lisa.johnson@brighton-hove.gov.uk">lisa.johnson@brighton-hove.gov.uk</a> |                          |
| <b>Wards Affected:</b>  | All  |  |                          |

**FOR GENERAL RELEASE*****Action Required of Council:***

To receive the report of the Acting Chief Finance Officer and to approve the recommendations of the Policy & Resources Committee.

**Recommendations:**

- (1) That the proposed budget and Council Tax increase on the Brighton & Hove element of the council tax be approved, comprising:
  - A general Council Tax increase of 1.99%;
  - An Adult Social Care Precept increase of 2%;
  - The council's net General Fund budget requirement for 2020/21 of £215.606m;
  - The 2020/21 budget allocations to services as set out in the Budget book at Appendix 1 incorporating 2020/21 savings proposals;
  - The reserves allocations as set out in paragraph 3.16 and table 3;
- (2) That the updated Medium-Term Financial Strategy included in the Budget Book at Appendix 1 to the report be noted;
- (3) That the Capital Strategy for 2020/21 at Appendix 2 be approved, comprising:
  - The strategy for funding the investment in change, including the flexible use of capital receipts as set out in section 6;
  - The capital resources and proposed borrowing included at Annex A of the Capital Strategy;
  - The Capital Investment Programme for 2020/21 of £166.669m included within the Budget book at Appendix 1 and incorporating allocations to strategic funds.

- (4) That the Equalities Impact Assessments to cover all relevant budget options and their cumulative effect as set out in Appendices 6 and 7 to the report be noted;
- (5) That it be noted that the budget decision is an indicative resourcing decision to be taken in the context of the explanation in the Legal Implications paragraph 14.3 of the report;
- (6) That the Treasury Management Strategy Statement as set out in Appendix 3 be approved, comprising:
  - The Annual Investment Strategy
  - The Prudential and Treasury Indicators
  - The Minimum Revenue Provision policy
  - The authorised borrowing limit for the year commencing 1 April 2020 of £465m.
- (7) That that supplementary information needed to set the overall council tax provided for the budget setting Council meeting as listed in paragraph 9.3 of the report and at Item 78 be noted.

**BRIGHTON & HOVE CITY COUNCIL**  
**POLICY & RESOURCES COMMITTEE**

**4.00pm 13 FEBRUARY 2020**

**HOVE TOWN HALL - COUNCIL CHAMBER**

**MINUTES**

**Present:** Councillor Platts (Chair), Yates (Deputy Chair), Mac Cafferty (Opposition Spokesperson), Bell (Group Spokesperson), Allcock, Clare, Gibson, Moonan, Shanks and Simson.

**PART ONE**

**127 GENERAL FUND REVENUE BUDGET, CAPITAL & TREASURY MANAGEMENT STRATEGY 2020/21**

- 127.1 The Chair said that as Item 127 and Item 130 both related to the budget that they would be discussed at the same time.
- 127.2 The Committee considered the report of the Acting Chief Finance Officer which set out the General Fund Revenue Budget proposals for 2020/21 and the Treasury Management Strategy and Capital Investment Strategy for 2020/21, and the report of the Executive Director Housing Communities & Neighbourhoods which presented the proposed Housing Revenue Account (HRA) revenue and capital budget for 2020/21. The Acting Chief Finance Officer and the Executive Director Housing, Communities & Neighbourhoods introduced the two reports.
- 127.3 The Chair said that there were six amendments to the report from the Green Group and noted that Amendment 5 also related to Item 133. There was another proposed amendment to Item 133, and so if amendment 5 were agreed it would be conditional on the amendment to Item 133 also being agreed.
- 127.4 The Chair asked Councillor Gibson to propose the amendments.
- 127.5 Councillor Gibson said that the first amendment was investing to save, and the cost of employing specialist managers would be funded from savings made. Experience suggested that every £1 spent could generate savings of £4.50.

**Amendment 1**

*Amend the General Fund budget to reflect the change below:*

- Retain two specialist contract management posts, at a cost of £0.090m
- These posts are planned to be self-funding from the savings they generate by focussing on procurement and contract management primarily within Health and

Adult Social Care, city clean, transport and highways and housing mechanical and electrical.

127.6 Councillor Gibson said the second amendment sought to provide a capital budget for the purchase of supported housing subject to a business case.

Amendment 2

*Amend the General Fund budget to reflect the change below:*

- Increase borrowing by £3m to provide additional General Fund capital funding in 2020/21, at an estimated financing cost of £0.117m; over 50 years;
- Based on a viable business case, use the £3m General Fund (GF) capital funding to purchase accommodation for use as supported housing delivery, reducing spend on leasing with other landlords and thereby a) reducing the financial pressure on the GF ASC budget and b) enabling funding of the financing costs from GF savings.

127.7 Councillor Gibson said that the third amendment was to remove the subsidy to Councillor's parking at Norton Road and The Lanes car parks, and the savings be used to fund short breaks for carers of disabled children.

Amendment 3

*Amend the General Fund budget to reflect the changes below:*

- Remove the subsidy to Councillors' parking at car parks at Norton Road, Hove and The Lanes, Brighton, releasing £0.033m in recurrent funding;
- If this proposed change is accepted by the Independent Remuneration Panel (IRP) and approved by Council, apply the £0.033m funding to provide short breaks for carers of disabled children.

127.8 Councillor Gibson said that the Winter Maintenance Reserve, which currently stood at £650k, had rarely been spent and the fourth amendment said that the provision in that reserve should be reduced. The savings could be spent on providing support for homeless people, cycle storage and to tackle fuel poverty.

Amendment 4

*Amend the General Fund budget to reflect the changes below:*

- In the light of failure to spend the Winter Maintenance Reserve in previous years, reduce the provision by £0.296m
- Allocate the £0.276m released over 2 years, to provide funding for 12 additional Housing First Placements for homeless people in 2020/21 and 2021/22
- Allocate £0.010m to fund secure covered cycle storage feasibility and demand assessment
- Allocate £0.010m for a Warmer Homes feasibility study, to explore options for a funded, council-led programme (especially insulation) to tackle fuel poverty



127.9 Councillor Gibson said that the fifth amendment was to increase parking charges and that money could be spent on creating a Sustainable Urban Drainage officer, a Biodiversity officer and a Tree officer.

Amendment 5

*The following is conditional on the Green Group amendment to Item 133 being agreed:*

If the amendment to Item 133 regarding the increase to car park fees is agreed, it would raise an estimated £0.123m recurrent income. Of this:

- Use £0.052m to create a SUDs (Sustainable Urban Drainage) officer post
- Use £0.047m to create a biodiversity officer post
- Use £0.024m to create 0.5 FTE Tree Officer post to facilitate tree planting in parks.

127.10 Councillor Gibson said that the sixth amendment was to provide three legal officer posts to assist with the home purchase programme, to pursue landlords who had failed to achieve the Energy Performance Certificate and to support additional work arising from the Homes (Fitness for Human Habitation) Act 201

Amendment 6

1. By capitalising the legal costs from the HRA capital programme for related capital schemes, restore a legal officer post at a cost of £0.060m pa to meet the extra demands of the expanded HRA home purchase programme in 2020/21 and housing supply ambitions to achieve 800 additional council homes by 2023.
2. Use in-house legal team to pursue action against landlords who have failed to achieve an Energy Performance Certificate (EPC) rating E by April 2020 by creating a legal post within the service at an estimated cost of £0.060m pa  
  
The related fine income resulting from this action will be reflected in the General Fund Housing Service, estimated to be £0.060m. This income will release general fund resources of £0.060m to fund the additional post in Legal Services.
3. Use £0.060m HRA revenue funding to restore a legal officer post, to support additional work arising as a result of the 'Homes (Fitness for Human Habitation) Act 2018. This will be funded in 2020/21 from a contribution from the HRA working balance and then funded on an ongoing basis as part of future budgets.

127.11 Councillor Mac Cafferty seconded all the amendments.

127.12 Councillor Yates said that since this committee last looked at the budget proposals there had been a significant number of changes. The Council had received £404k less in Adult Social Care funding than expected, and that had only been partly balanced off due to the review of the East Sussex Pension Scheme which had reduced our outgoings by £125k a year. Some of the saving plans in the Corporate Plan had been reviewed in light of the Council's political position in services it wanted to deliver, and that had resulted in changes to a number of services. There had been a partial removal of £61k of savings against officers working in the Equalities Team, the complete

removal of the saving in Violence Against Women and Girls services, and the reduction of £500k to some of the savings which were applied to services for those living with adult learning disabilities had been addressed. There were also large investments, with £7m going to adult social care and children's social care and £1m for city environmental management. There were also smaller pockets of money with £10k going to a viability study into the future of Madeira Terraces, £5k to look at a park and ride scheme, £20k to look at community wealth building, £200k to address the Council's commitment to achieve carbon neutrality, £50k to deal with winter weekend shelter, £50k to improve public sector housing, £100k to address the acute pressure from income from our golf courses and £40k to address the attainment gap for children who were disadvantaged.

With regard to the amendments he said that the Labour Group would support them all with the exception of Amendment 3 and suggested that it would be more appropriate for that to be proposed at Full Council rather than this committee. The car park subsidy was part of the Members Allowance Scheme which was considered by the Independent Remuneration Panel (IRP), and had previously been signed off by Full Council and therefore they should consider whether that part of the scheme was removed rather than this committee.

127.13 Councillor Shanks referred to Adult Social Care and was concerned with the £1.55m to cover reductions in the CCG contributions. The Chief Executive said the Authority had been making strong representations to the CCG to get clarity on what the financial position will be next year, and to seek to minimise any budget reductions to ensure that they were prioritising in accordance with the city's Health and Wellbeing Strategy. There had been some success in getting clarity for the next financial year and that had helped to finance officers to anticipate that we will be in a better position than expected. Councillor Shanks asked if the Council made money on garden and commercial waste and whether schools used the service. The Executive Director Economy Environment & Culture said that the commercial waste collection had been generating income, but they hadn't met the targets and so there was a shortfall. The service was beginning to grow and was generating income. Some schools did use the service but was unsure which ones and so said that a written answer would be provided after the meeting. Councillor Shanks referred to Youth Employment Service and felt that the EIA on this wasn't clear on what potential problems there could be and noted that £102k was being taken out of the service and two services were being brought together which she felt did not necessarily go together. The Executive Director Children Families & Learning said that the proposed savings were due to the merging of the two services. Any savings would be from co-location and management costs rather than a reduction in provision. A formal consultation on that was currently being undertaken and so the outcome of that would impact on potential savings.

127.14 Councillor Mac Cafferty noted cuts to the legal service and said as most of the lawyers at the Council were women, it would have a greater impact on females and so was surprised that that had not raised in the EIA. The Executive Lead Strategy Governance & Law agreed that Legal Services was disproportionately female but said that most of the staff who would be affected by the cuts were more likely to be male.

127.15 Councillor Gibson noted that reserves for new rent support was showing in the HRA report but were not showing in the General Fund Budget report, asked for reassurance that the reserves were still there. Officers advised that the reserve was not shown in

the General Fund report as the reserve would be created during the next financial year and spent during the next financial year and so there was nothing to show. However, it was shown in the HRA report so that Members could see that the intention was there to create it.

127.16 Councillor Clare noted that there would be £5k investment for a Park & Ride and asked how that would be spent. Councillor Yates said it would be for a viability study and would need to be considered by either the ETS Committee or the Climate Assembly.

127.17 The Chair referred to the Amendment 3 and asked the Green Group whether they wished for it to be considered at this meeting or whether they would prefer it go to Full Council. Councillor Gibson confirmed that they would like it to be considered at this meeting.

127.18 The Committee voted on each amendment and decided as follows:

- Amendment 1 – Agreed
- Amendment 2 – Agreed
- Amendment 3 – Not agreed
- Amendment 4 – Agreed
- Amendment 5 – Agreed
- Amendment 6 – Agreed

127.19 **RESOLVED TO RECOMMEND:**

- (1) The Administration’s proposed budget and Council Tax increase on the Brighton & Hove element of the council tax, comprising:
  - A general Council Tax increase of 1.99%;
  - An Adult Social Care Precept increase of 2%;
  - The council’s net General Fund budget requirement for 2020/21 of £215.606m;
  - The 2020/21 budget allocations to services as set out in the Budget book at Appendix 1 incorporating 2020/21 savings proposals;
  - The reserves allocations as set out in paragraph 3.16 and table 3;
- (2) That Council notes the updated Medium-Term Financial Strategy included in the Budget Book at Appendix 1.
- (3) That Council approves the Capital Strategy for 2020/21 at Appendix 2 comprising:
  - The strategy for funding the investment in change, including the flexible use of capital receipts as set out in section 6;
  - The capital resources and proposed borrowing included at Annex A of the Capital Strategy;

- The Capital Investment Programme for 2020/21 of £166.669m included within the Budget book at Appendix 1 and incorporating allocations to strategic funds.
- (4) That Council notes the Equalities Impact Assessments to cover all relevant budget options and their cumulative effect as set out in Appendices 6 and 7.
- (5) That Council further notes the budget decision is an indicative resourcing decision to be taken in the context of the explanation in the Legal Implications paragraph 14.3.
- (6) That Council approves the Treasury Management Strategy Statement as set out in Appendix 3 comprising:
- The Annual Investment Strategy
  - The Prudential and Treasury Indicators
  - The Minimum Revenue Provision policy
  - The authorised borrowing limit for the year commencing 1 April 2020 of £465m.
- (7) That Council notes that supplementary information needed to set the overall council tax will be provided for the budget setting Council meeting as listed in paragraph 9.3.

127.20 **RESOLVED:** That the Acting Chief Finance Officer be authorised to make any necessary technical, presentational or consequential amendments to this report before submission to full Council.

|                       |                              |
|-----------------------|------------------------------|
| <b>Budget Council</b> | <b>Agenda Item 77</b>        |
| 27 February 2020      | Brighton & Hove City Council |

|                          |  |  |                          |
|--------------------------|--|--|--------------------------|
| <b>Subject:</b>          | <b>General Fund Revenue Budget, Council Tax and Capital Strategy 2020/21</b> |  |                          |
| <b>Date of Meeting:</b>  | <b>27 February 2020</b><br>13 February 2020 – Policy & Resources Committee   |  |                          |
| <b>Report of:</b>        | <b>Acting Chief Finance Officer</b>  |  |                          |
| <b>Contact Officer:</b>  | <b>Name:</b>   | <b>James Hengeveld</b>   | <b>Tel: 01273 291242</b> |
|                          | <b>Email:</b>  | <a href="mailto:james.hengeveld@brighton-hove.gov.uk">james.hengeveld@brighton-hove.gov.uk</a> |                          |
| <b>Ward(s) affected:</b> | <b>All</b>   |  |                          |

## FOR GENERAL RELEASE

### 1 PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 This comprehensive report contains not only the General Fund Revenue Budget proposals for 2020/21 but also sets out the proposed Treasury Management Strategy and Capital Investment Strategy for 2020/21.
- 1.2 The July Budget report to this committee proposed that savings be identified for the 4-year period to 2023/24, however since that report was considered, the government announced a Spending Review for one year only instead of the expected multi-year announcement. In addition, the expected implementation of the government's Fair Funding Review and changes to the Business Rates Retention scheme have been delayed until at least 2021/22. This means that projections beyond 2020/21 are highly uncertain and therefore the budget proposals concentrate on delivering a balanced budget for 2020/21. However, medium term financial projections have been included in the report but can only work on the assumption that funding will be rolled-forward for 2021/22 to 2024/25 until further information is available.
- 1.3 The revenue budget proposals have been updated since the draft budget report, considered by Policy & Resources Committee on 5 December 2019, and reflect:
- the provisional Local Government Financial Settlement announcement;
  - updated projections and estimates, particularly for demand-led services such as social care;
  - revisions to the Council Tax and Business Rates tax bases as reported to the January Policy & Resources Committee;
  - changes to savings and investment proposals as detailed in the report.
- 1.4 The General Fund Revenue Budget proposals for 2020/21 include:
- a proposed increase of 3.99% on Council Tax including a 2% Adult Social Care precept, which, together with tax base<sup>1</sup> changes across the city, including business rates, will generate £8.564m;

<sup>1</sup> Tax base changes are driven by changes in the number or valuation of houses (for Council Tax) and changes in the number or rateable value of business premises (for Business Rates).

- provision for pay and price inflation, grant losses, and unavoidable contractual and financing commitments of £9.732m;
  - a new social care grant of £4.715m from the government spending review;
  - a savings programme of £9.272m to provide funding toward investment to support Corporate Plan commitments and other service pressures;
  - investments to support Corporate Plan commitments and outcomes, cost increases and demand-driven service pressures of £12.967m;
  - provision of a financial risk safety net of £0.750m.
- 1.5 The budget proposals are supported by Equality Impact Assessments where appropriate which must be considered by Members alongside the detailed budget proposals.
- 1.6 The proposed Capital Investment Programme for 2020/21 is set out in the Capital Strategy and includes a total programme of investments of £166.669m.

## **2 RECOMMENDATIONS:**

- 2.1 That Policy & Resources Committee recommends to Council:
- 2.1.1 The Administration's proposed budget and Council Tax increase on the Brighton & Hove element of the council tax, comprising:
- i) A general Council Tax increase of 1.99%;
  - ii) An Adult Social Care Precept increase of 2%;
  - iii) The council's net General Fund budget requirement for 2020/21 of £215.606m;
  - iv) The 2020/21 budget allocations to services as set out in the Budget book at Appendix 1 incorporating 2020/21 savings proposals;
  - v) The reserves allocations as set out in paragraph 3.16 and table 3;
- 2.1.2 That Council notes the updated Medium Term Financial Strategy included in the Budget Book at Appendix 1.
- 2.1.3 That Council approves the Capital Strategy for 2020/21 at Appendix 2 comprising:
- i) The strategy for funding the investment in change, including the flexible use of capital receipts as set out in section 6;
  - ii) The capital resources and proposed borrowing included at Annex A of the Capital Strategy;
  - iii) The Capital Investment Programme for 2020/21 of £166.669m included within the Budget book at Appendix 1 and incorporating allocations to strategic funds.
- 2.1.4 That Council notes the Equalities Impact Assessments to cover all relevant budget options and their cumulative effect as set out in Appendices 6 and 7.
- 2.1.5 That Council further notes the budget decision is an indicative resourcing decision to be taken in the context of the explanation in the Legal Implications paragraph 14.3.
- 2.1.6 That Council approves the Treasury Management Strategy Statement as set out in Appendix 3 comprising:
- i) The Annual Investment Strategy
  - ii) The Prudential and Treasury Indicators
  - iii) The Minimum Revenue Provision policy

iv) The authorised borrowing limit for the year commencing 1 April 2020 of £465m.

2.1.7 That Council notes that supplementary information needed to set the overall council tax will be provided for the budget setting Council meeting as listed in paragraph 9.3.

2.2 That Policy & Resources Committee agrees that the Acting Chief Finance Officer be authorised to make any necessary technical, presentational or consequential amendments to this report before submission to full Council.

### 3 RESOURCES AND LOCAL GOVERNMENT FINANCE SETTLEMENT FOR 2020/21

#### Local Government Finance Settlement and Tax base Forecasts

3.1 The final Local Government Finance Settlement (LGFS) is due to be announced in early February 2020 and will confirm the council's Revenue Support Grant (RSG) for 2020/21.

3.2 The table below shows the 2020/21 funding assessment for the council compared to 2019/20 along with the national percentage change.

| <b>Table 1: Funding Analysis</b>                                 | <b>Final<br/>2019/20<br/>£m</b> | <b>Provisional<br/>2020/21<br/>£m</b> | <b>Increase /<br/>(Decrease)<br/>£m</b> | <b>Change<br/>%</b> |
|--|---------------------------------|---------------------------------------|---|---------------------|
| Revenue Support Grant (RSG)                                      | 6.523                           | 6.630                                 | 0.107                                   | 1.6%                |
| Government assumed business rates income retained by the council | 58.187                          | 59.135                                | 0.948                                   | 1.6%                |
| Settlement Funding Assessment (SFA)                              | 64.710                          | 65.765                                | 1.055                                   | 1.6%                |
| <i>National SFA Change</i>                                       |                                 |                                       |   | 1.5%                |

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 shown in the Budget Book at Appendix 1.

3.4 In December 2018 the government issued consultations on the Fair Funding Review and reforms to the Business Rates Retention system, both with a deadline for responses of February 2019. These proposed changes to local government funding were intended to be introduced in 2020/21 but have been deferred to at least 2021/22.

3.5 The provisional Local Government Finance Settlement included the continuation of the New Homes Bonus scheme (NHB) for a further year. However the councils increase in new properties up to September 2019 did not meet the minimum threshold and there was no new award for growth although an allocation of £0.031m was made relating to new affordable homes in the city. As NHB is allocated for a 4 year period the council's allocation from 4 years ago of £1.177m fell away resulting in a net reduction of £1.146m.

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

3.6 The Chancellor of the Exchequer presented a one year Spending Review on 4 September 2019. This included an announcement of an additional £1 billion Social Care funding nationally for 2020/21, a continuation of one-off improved Better Care

Funding (BCF) and allowing a further 2% Adult social Care precept. These announcements were confirmed in the provisional Local Government Financial Settlement.

- 3.7 All additional funding for Adult Social Care has been directed towards supporting the demand and cost pressures within the service. The table below summarises the resources available to support of Adult Social Care pressures in 2020/21:

| <b>Table 2: ASC Resources</b>                     | <b>2019/20</b> | <b>2020/21</b> |
|---|----------------|----------------|
| <b>Funding from taxation:</b>                     |                |                |
| ASC Precept                                       | 0%<br>-        | 2%<br>£2.900m  |
| <b>Funding from grants:</b>                       |                |                |
| Improved BCF (incl. Winter Pressure funding)      | £9.181m        | £9.181m        |
| Adults and Children's Social Care Grant (one-off) | £2.100m        | £2.100m        |
| New Adult Social Care Grant                       | -              | £4.715m        |

### **Referendum Threshold**

- 3.8 The provisional Local Government Finance Settlement confirmed that the threshold at which an increase in council tax requires confirmation from a local referendum will be 4% including a 2% Adult Social Care precept. Any proposal to increase council tax by 4% or more would therefore need to be accompanied by an agreed substitute budget, which would need to be implemented if the increase were voted down by the electorate.

### **Forecast Business Rate Retention and Council Tax income for 2020/21**

- 3.9 Details of the expected business rate retention income forecasts were set out in the report to the January 2020 meeting of the Policy & Resources Committee. The council is forecast to receive £67.077m from its locally retained share of business rates and Section 31 compensation grants in 2020/21. This is an increase of £2.090m compared with 2019/20.
- 3.10 The Council Tax taxbase report was also agreed by this committee in January 2020. Assuming a Council Tax increase of 3.99% and taking into account changes to the taxbase, the total projected Council Tax income in 2020/21 is £150.547m. This is an increase of £6.868m compared with 2019/20.

### **Other Government Grants**

- 3.11 The grant allocations for 2020/21 have been included within the Budget Book at Appendix 1. Some grant allocations for next year have not yet been announced and where these are critical to the setting of the 2020/21 budget, an estimate has been included.

### **Fees and Charges**

- 3.12 The council's Corporate Fees & Charges Policy requires that all fees and charges are reviewed at least annually and should normally be increased by a minimum of either the corporate standard inflation rate (currently 2%), 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.



- 3.13 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 reflected in the Budget Book at Appendix 1.

#### **Reserves Position and one-off funding**

- 3.14 As set out in section 10 of the report, the council's General Fund working balance is recommended to continue at a minimum of £9m to meet general risks applicable to a unitary authority. This represents about 3 weeks Council Tax revenues.
- 3.15 The following table shows the projected general reserves position and one-off resources assuming spending is in line with the latest projections for 2019/20 as shown in the Targeted Budget Monitoring (TBM) month 9 report. The table includes the release of specific reserves, the net collection fund surplus and other one-off resources to offset the projected overspend and proposed allocations.

| <b>Table 3 – One-off Resources, Liabilities and Proposed Allocations</b>                        | <b>£m</b> | <b>£m</b>     |
|---|-----------|---------------|
| Unallocated general reserves  | 0.167     |               |
| Winter Shelter (Option 1) provision 2019/20   | -0.035    |               |
| Planned contribution to 2023 local elections  | -0.100    |               |
| <b>Balance of General Reserves available</b>  |           | <b>+0.032</b> |
| <b>Revenue Budget position 2019/20 (TBM):</b>   |           |               |
| Forecast outturn overspend Month 9  | -3.355    |               |
| Available 2019/20 financial risk safety net   | +0.805    |               |
| Projected TBM outturn improvement (based on forecast trends)                                    | +0.884    |               |
| <b>Projected Net Position at Outturn 2019/20</b>  |           | <b>-1.666</b> |
| <b>Collection Funds<sup>2</sup> position 2019/20:</b>   |           |               |
| Estimated 2019/20 Council Tax collection fund deficit   | -1.346    |               |
| Estimated 2019/20 Business Rates collection fund Surplus  | +2.137    |               |
| S31 grants to compensate for increased Business Rate reliefs                                    | +0.156    |               |
| <b>Projected Collection Funds position</b>  |           | <b>+0.947</b> |
| <b>Other One-off Resources</b>  |           |               |
| Release of revenue funded modernisation reserves through switching funding to capital resources | +1.137    |               |
| <b>Total Other One-off Resources</b>  |           | <b>+1.137</b> |
| <b>Projected One-off Resources available at start of 2020/21</b>                                |           | <b>+0.450</b> |
| <b>Proposed One-off Allocations 2020/21:</b>  |           |               |
| Approved allocation to Council Tax Reduction Discretionary Fund                                 | -0.190    |               |
| Approved allocation to the support the Welfare Framework  | -0.260    |               |
| <b>Balance of One-off Resources</b>   |           | <b>0.000</b>  |

- 3.16 More information on the allocations from one-off resources in the table above is provided below:

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

- Winter Shelter (Option 1) provision of £0.035m supports the recommended additional services for winter 2019/20 as reported to Policy & Resources Committee on 13 February 2020.
- A planned contribution to the 2023 local elections of £0.100m is provided for in order to build up budget provision in advance of the next local elections and avoid the entirety of costs (circa £0.400m) falling in any one financial year.
- Provision of £0.190m for the Council Tax Reduction Discretionary Fund to provide support for those in temporary hardship. This is on the evidence that discretionary funds are expected to be fully utilised in 2019/20 and reflects this committee's resolution to increase this fund at its December 2019 meeting;
- Support for the impacts of Welfare Reform in 2020/21: The allocation of £0.260m will provide for continuation of a range of 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 changes such as the benefit cap.

3.17 In order to balance one-off resources, the table above includes the assumption that the in-year financial position will improve by a further £0.884m by the year-end. This is a prudential assumption based on a combination of:

- previous years' experience of managing forecast overspend risk;
- the anticipated effect of ongoing spending and recruitment restrictions across all non-essential, non-statutory services; and
- the underlying downward trend in the forecast position since month 5 (August).

#### **4 INVESTMENTS TO SUPPORT CORPORATE PLAN COMMITMENTS AND SERVICE PRESSURES**

4.1 The government's announcement of a one-year Spending Review leaves considerable uncertainty over local government funding beyond 2020/21 and therefore presents difficulties in planning for investment in longer term priorities and commitments. In this context, a new council Corporate Plan 'A fairer city, a sustainable future' clearly sets out the council's ambitions and commitments over the next 3 years and therefore a key challenge will be to ensure the funding and resources available to the council are used to best effect and redirected to support Corporate Plan commitments wherever possible while ensuring that critical and statutory services are maintained.

4.2 Achieving this will require innovative financing solutions, a continued drive to modernise the council and identify 'invest to save' opportunities to keep improving value for money across services as well as exploring all avenues for generating income or attracting external, community or partnership investment.

4.3 The Corporate Plan identifies that there are three key areas of concern for many residents and therefore prioritises:

- making the city carbon neutral by 2030;
- improving access to good quality housing and reducing homelessness and rough sleeping; and
- building community wealth so that local people and organisations benefit from prosperity in the city.

- 4.4 In support of these priorities and aiming for a fairer, sustainable city, the Corporate Plan identifies six outcomes that are supported by a range commitments and actions. The six outcomes are:
- A growing and learning city
  - A sustainable city
  - A healthy and caring city
  - A city to call home
  - A city working for all
  - A stronger city
- 4.5 The investments necessary to support these outcomes will be developed over the medium term starting in 2020/21. However, many of these outcomes can be achieved through changing policy approaches, working in collaboration with public and third sector partners and using the council's influence as a community leader to engage businesses, residents and visitors in supporting these outcomes.
- 4.6 The proposed General Fund budget presented in this report has been tested against a set of principles outlined in the draft budget report to December Policy & Resources Committee and designed to ensure that both investments and savings align as far as possible with the Corporate Plan. However, it is recognised that the funding situation in local government, following 10 years of grant reductions of over £110m, means that there are still likely to be difficult choices to make to balance the budget.
- 4.7 A major investment area for the Corporate Plan relates to housing and homelessness including plans to deliver new build, affordable housing through the self-financing Housing Revenue Account (HRA) and other innovative General Fund schemes including the Housing Joint Venture. These plans are well advanced and are set out in detail in the Corporate Plan and the HRA Revenue and Capital Budget also reported to the February Policy & Resources Committee and Budget Council. A range of additional General Fund investments have also been identified to support the outcome of 'A City to Call Home' and these are set out below.
- 4.8 Other Corporate Plan investments are also set out in the table below under the relevant outcome to indicate how the General Fund budget supports their achievement. Significant investment relates to Children's Safeguarding & Care and Adult Social Care services to meet growing demands across the city and ensure that extensive services supporting the outcomes under 'A growing & learning city' and 'A healthy and caring city' are maintained and can meet new demands.
- 4.9 In total there are investments of £11.272m to support the Corporate Plan outcomes, which are enabled by proposed local taxation increases, including the Adult Social Care precept, and a substantial package of savings focused on delivering services at a lower cost through redesign and technological changes, or alternatively generating more income, particularly from non-statutory services. There are also additional investments of £1.695m to maintain and update the council's IT software estate and maintain important support functions that underpin delivery of front line services or contribute to delivery of savings programmes. The table below summaries the investments planned for 2020/21 against the Corporate Plan outcomes:

**Table 4: Investment to support Corporate Plan Priorities and Other Service Pressures 2020/21**

| <b>Service Area/Outcome</b>          | <b>£m</b> | <b>Description</b>   |
|--------------------------------------|-----------|--|
| <b>Corporate Plan Investments:</b>   |           |  |
| <b>A Growing &amp; Learning City</b> |           |  |
| Children's Safeguarding and Care     | 1.045     | To support increasing demand and costs of Looked After Children to ensure the council can continue to provide extensive services for children in care and provide for their safeguarding and well-being.   |
| Education and Skills                 | 0.020     | Investment to continue the Providing Access to Childcare Programme (PACE) by providing replacement for expiring European funding. PACE supports parents to take up free childcare for their children and supports them to return to work through a personal development plan and one-to-one support. |
| Education and Skills                 | 0.020     | To continue and expand the Raising Achievement in Early Literacy Programme (REAL) which aims to improve children's early literacy skills before they start school by working with and training parents to increase opportunities for learning in the home.   |
| <b>A Healthy &amp; Caring City</b>   |           |  |
| Adults Learning Disability Services  | 2.140     | To support increased demand for and costs of community care packages and thereby enable people to live as independently as possible, particularly as they transition to adult care settings.   |
| Adult Social Care                    | 2.310     | To meet increased demand for and costs of physical, memory & cognition, and mental Health services to ensure assessed needs can continue to be met and support people to maintain independence.  |
| Adult social Care                    | 1.550     | Investment to cover reductions in Clinical Commissioning Group partner contributions (due to pressures on local NHS budgets) to ensure the council can maintain commissioned services that support vulnerable people, in particular Section 117 Mental Health aftercare services.                    |
| Adult and Children's social care     | 0.780     | Investment to reinstate budgets previously reduced in respect of part of the planned 'sustainable social care' savings that cannot be safely delivered and to therefore protect the provision of social care services.   |
| <b>A Sustainable City</b>            |           |  |
| Carbon Neutral                       | 0.200     | A range of investments to support feasibility studies and research, communication campaigns, partnership collaboration and financing costs of capital investment (SCRIF) to support climate change and carbon reduction policy development, initiatives and actions.                                 |
| City Environmental Management        | 0.840     | Investment to meet the increased cost of communal bin collection rounds alongside fleet management, replacement and financing costs to ensure a modern refuse and recycling  |

|   |       |   |
|---|-------|---|
|   |       | service is maintained and well-placed to support increased recycling over the Corporate Plan period.  |
| City Environmental Management             | 0.250 | Provision to cover income pressures on commercial operations including garden and commercial waste to ensure that this does not impact on service provision and enables these services to continue to grow and support recycling and effective commercial waste management.   |
| Sports and Leisure                        | 0.100 | Investment to address income pressures from the two council-owned golf courses enabling support for a new model of provision including rewilding and improved biodiversity of one of the courses and a sustainable long term business model for the other course.   |
| City Environmental Management             | 0.070 | Provision to cover cleaning cost pressures for public conveniences to ensure improved cleanliness and operation of public conveniences and maintain the City's attractiveness for residents and visitors alike.   |
| City Environmental Management             | 0.030 | Investment in trees, pavilions and roads throughout the parks estate to improve the parks' environment and contribute to carbon reduction.  |
| City Development and Regeneration         | 0.010 | One-off investment to undertake a detailed viability study for potential future options for the Madeira Terraces.   |
| Sustainable Transport                     | 0.005 | One-off investment to provide for a detailed viability study for potential extension of Park and Ride schemes around the city.  |
| <b>A City to Call Home</b>                |       |   |
| Private Rented Sector Housing Enforcement | 0.150 | New investment for 2020/21 following agreement of a new Enforcement Policy at Housing Committee on 13 November 2019. This is an additional investment for staffing resources (Private Sector Housing technical officers) required to fulfil the new Enforcement Policy due to be implemented in April 2020. It relates to Housing Act enforcement outside of existing self-funding licensing activity and will contribute to improve private rented sector housing standards. |
| Housing Welfare Services                  | 0.260 | Permanent investment to replace one-off funding agreed at Budget Council in February 2019. The funding contributes towards 7 FTE staff in the Housing Service to provide support to vulnerable residents in emergency and temporary accommodation.  |
| 365-day Night Shelter Service             | 0.250 | Permanent investment to replace one-off funding agreed at Budget Council in February 2019. Funding contributes towards a 15 bed Night Shelter for rough sleepers and 29 units of supported accommodation. The service is externally commissioned (at St Patrick's) and is managed by the HASC commissioning team.   |
| Short Term & Emergency Temporary          | 0.300 | New investment for 2020/21 to support an estimated 100 properties being re-procured during 2020/21 to provide an enhanced service offer, over and above the current level of service. This  |

|  |       |   |
|--|-------|---|
| Accommodation  |       | includes the provision of improved facilities, services (e.g. laundry facilities, wi-fi, etc) and an enhanced caretaker role.   |
| Housing & Temporary Accommodation (TA)   | 0.300 | Investment to meet the increased cost of and demand for Temporary Accommodation provision, particularly as the service transitions to a new model of provision, and cover for the Seaside Homes contractual rent guarantee which is in lieu of previously capped Local Housing Allowance rates. |
| Housing Benefits   | 0.150 | Provision for the increased cost and number of vulnerable tenants in supported accommodation where housing benefit is not fully funded by government, enabling continued support for the Welfare Framework through the Revenues & Benefits team.  |
| Winter Shelter   | 0.050 | Investment to provide a weekend Winter Shelter service through November to March, open 7pm to 7am on Saturdays and Sundays for all rough sleepers.  |
| <b>A City Working for All</b>  |       |   |
| Building Community Wealth  | 0.020 | Initiatives funding to support development of policy and practice and engagement with businesses and partners across the city to enhance the local economy, improve social value in procurement and establish a circular economy framework.   |
| Royal Pavilion Estate  | 0.100 | Investment to meet financing costs arising from the additional cost of capital works following insolvency of the main construction contractor to enable this important visitor attraction to be completed to a high standard and support the visitor economy.                                   |
| Life Events  | 0.265 | Provision to alleviate income pressures caused by a reduction in demand for Statutory Certificates following the government's imposed fee increases and the cessation of the nationality checking service, enabling essential life event services to be maintained.                             |
| Sports & Leisure Outdoor Events  | 0.057 | 2-year investment to support hosting of the Women's European Football Championships in 2021 expected to generate additional visitors and economic activity for the city.  |
| <b>11.272</b>  |       | <b>Total Corporate Plan Investments</b>   |
| <b>Other Corporate Service Pressures</b>   |       |   |
| The investments below are not directly linked to Corporate Plan commitments but are essential to maintain and update the council's IT software estate and maintain important support functions that underpin delivery of front line services and enable the council to deliver greater cost economies and/or avoid unnecessary additional costs: |       |   |
| Information Technology & Digital   | 0.500 | Contractual licensing commitments including the Microsoft Enterprise Agreement to maintain the council's software estate and ensure secure and robust software is available to all services.  |
| Information Governance   | 0.342 | Unavoidable increased costs of responding to the substantial increase in demand for Subject Access Requests (SAR's) and to meet statutory compliance requirements.  |
| Procurement & Contract   | 0.171 | Permanent provision to replace one-off Modernisation Funding provided over the previous 3   |

|                            |               |   |
|----------------------------|---------------|---|
| Management Support         |               | years to maintain support for achieving savings, cost avoidance and/or recovery for sub-standard contract performance from re-procurement and contract management activity. |
| Customer Services          | 0.170         | Provision of recurrent funding to support the current model of service requiring enhanced security cover of council public and staff access points.                         |
| Other identified pressures | 0.512         | Other unavoidable above-inflation contractual and service cost increases across a range of priority services.   |
|                            | <b>1.695</b>  | <b>Total Corporate Service Pressures</b>  |
|                            |               |   |
|                            | <b>12.967</b> | <b>Total All Investments</b>  |

## Grant Funding Pressures:

- 4.10 In addition to the above investments and service pressures, a small number of grant funding pressures were identified in the draft budget relating to anticipated grant losses. These have now been confirmed in the provisional Local Government Financial Settlement but may be subject to change when the final settlement is received. Provision is made for these unringfenced grant reductions to maintain overall funding and determine the savings requirement to balance the budget.

| <b>Service Area</b>                  | <b>£m</b>    | <b>Description</b>   |
|--------------------------------------|--------------|--|
| Unringfenced grants                  | 0.932        | Loss of Business rates levy funding and other changes to unringfenced grants |
| New Homes Bonus Grant                | 1.146        | Net reduction in grant allocation  |
| <b>Total Grant Funding Pressures</b> | <b>2.078</b> |  |

## 5 SAVINGS PROPOSALS 2020/21

- 5.1 Taxation and precept increases together with additional resources provided by the Spending Review are not sufficient to balance the budget due to other grant reductions, the need to provide cover for pay and price inflation, and the need to provide investment to support Corporate Plan priorities and outcomes including funding to manage demographic pressures, above-inflation cost increases and other increases in demands across critical statutory services. To balance the budget therefore requires a substantial savings programme as in previous years. In this respect, savings of £9.272m have been identified for consideration in 2020/21 as detailed in Appendix 1.
- 5.2 Over the previous four years, the council has focused on identifying and delivering savings through its Modernisation Programme supported by significant capital investment. This was enabled by generating capital receipts from the sale of surplus assets to create an invest-to-save budget using the government's capital receipt flexibilities, which allowed capital receipts to be applied to revenue saving projects and programmes.
- 5.3 It is proposed that investment in Modernisation Programmes continues over the next 4 years as there are not only substantial savings and efficiencies to deliver in 2020/21 but savings will be required over the following 3 years to enable investment in Corporate Plan priorities and outcomes, and to meet growing demands for statutory services. The council also aims to improve value for money and continue modernising services as a matter of course because this ensures the best use of its resources and contributes to improved customer and digital services.
- 5.4 At present the government have only extended capital receipt flexibilities to 2021/22 however this could change. Regardless of this, there are other methods of funding invest-to-save programmes including unsupported borrowing where there is a good business case for doing so. Availability of capital receipts for modernisation is also anticipated to be at a much lower level over the next four years due to high demand for other priority capital investments and fewer assets available or suitable for disposal.
- 5.5 Given the lower projected level of savings in 2020/21 and potentially over the following 3 years, a proportionately smaller Modernisation Programme of £15



million is proposed over the 4-year period which will provide essential enabling investment as follows:

- **Budget Plans (Invest-to-save):** Based on the experience of the previous 4 years, £2.0m is estimated to be required to support implementation of specific savings and efficiency programmes including service redesigns, recommissioning and process improvements. Investment requirements are currently being reviewed and finalised and will be refreshed each year. This resource will be held in a reserve and only released through review of business cases by the officer Corporate Modernisation Delivery Board. Committee approvals will also be sought where required by Financial Regulations and the council's constitution.
- **Customer Digital:** £3.5m is anticipated to be required over the next 3 years to support ongoing investment in digital infrastructure and applications and to support continued development of the council's digital services and integration of data across systems and services to improve the accessibility, efficiency and ease-of-use of on-line services. The investment is set at a lower level than in the previous four years as the underpinning work to develop the necessary technology platforms has been completed.
- **Modernisation Enablers:** £4.3m is estimated to be required to support ongoing change and modernisation programmes over the 4-year period. This includes everything from an effective project management support team, business improvement analysts, workstyles property team support, investment in 'Our People Promise' including staff development and skills programmes, together with additional specialist support where required. This investment has been scaled down to reflect the lower level of expected budget gaps over the next 4 years.
- **Managing staffing changes:** efficiency programmes and a continual drive for improved value for money will often result in changes in the level or mix of staffing and skills required across the council. Changing staffing levels or skills will often need financial consideration in order to effect voluntary severance for roles or posts no longer required or needing to be replaced with different roles or skills. Estimated resources of £2.0m are required to meet severance costs to manage change.
- **IT Modernisation Investment:** Investment in IT equipment, software, systems and services (e.g. voice and data) is important to enable the organisation to remain secure, resilient and efficient. Historically, the organisation has suffered from long periods of under-investment which has had to be addressed over the last 4 years through approval of large IT Capital Schemes including Windows 10 roll-out, replacement of the Housing and Social Care systems, General Data Protection Regulation upgrades, etc. Minimum IT Modernisation Investment of £3.2m is included here in an attempt to avoid a similar build-up of IT 'investment backlog' by supplementing existing budgets and enabling the council to keep up with necessary infrastructure changes.

5.6 The indicative Modernisation Fund will be kept under review as budget plans develop and spend-to-save opportunities and investment requirements emerge in more detail over the planning period. The indicative profile of Modernisation Fund requirements is shown in the table below.

| Programme Area                | 2020/21      | 2021/22      | 2022/23      | 2023/24      | Total         |
|-------------------------------|--------------|--------------|--------------|--------------|---------------|
|                               | £m           | £m           | £m           | £m           | £m            |
| Customer Digital              | 1.750        | 1.000        | 0.750        | 0            | <b>3.500</b>  |
| Modernisation enablers        | 1.510        | 0.920        | 0.930        | 0.940        | <b>4.300</b>  |
| Invest to Save (4-Year Plans) | 0.650        | 0.550        | 0.450        | 0.350        | <b>2.000</b>  |
| Managing staffing changes     | 0.700        | 0.500        | 0.400        | 0.400        | <b>2.000</b>  |
| IT Modernisation Investment   | 0.800        | 0.800        | 0.800        | 0.800        | <b>3.200</b>  |
| <b>Total</b>                  | <b>5.410</b> | <b>3.770</b> | <b>3.330</b> | <b>2.490</b> | <b>15.000</b> |

5.7 In 2020/21 the Modernisation Programme will support and enable the proposed savings of £9.272m. The broad categories of modernisation and savings activities are as follows:

| Category                                  | Rationale  | Amount (£m)  |
|---|--|--------------|
| Service Delivery Model Changes            | Improving value for money can often be achieved through service redesign and remodelling or through re-commissioning or re-providing services in more effective ways based on best practice models and research.   | 1.449        |
| Efficiency & Other VFM savings            | Services can and should strive for cost efficient service delivery that provides good value for money. This means continually exploring opportunities including skills development, process redesign and utilising new technologies or digital investment to improve services and/or reduce operational costs.   | 4.399        |
| Income Optimisation & Enterprise Strategy | The council continues to explore innovative business opportunities for generating income such as developing new chargeable services, benchmarking fees & charges to alternatives, or vying for public sector service contracts where practicable. Savings through effective procurement and contract management are also important.  | 2.819        |
| Collaboration                             | The Orbis Shared Service with Surrey and East Sussex County Councils aims to achieve cost reductions across support functions through scale economies, sharing best practice and investing in improved and integrated processes and teams. Other collaboration opportunities, including procurements, are also explored where these can help to share or reduce overall costs. | 0.605        |
| <b>Total Savings 2020/21</b>              |  | <b>9.272</b> |

## Changes from the Draft Budget Proposals

- 5.8 The draft budget proposals were submitted to the 5 December 2019 meeting of the Policy & Resources Committee. At that time a remaining budget flexibility of £0.307m 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 tax bases (as reported to the January Policy & Resources Committee) and from the Local Government Finance Settlement.
- 5.9 This report also reflects changes to savings proposals within the Budget Book at Appendix 1 and identifies new or additional investments in priorities following ongoing consultation and engagement in respect of all aspects of the draft budget proposals.
- 5.10 In summary, the main changes are:
- An overall reduction in resources of £0.404m confirmed by the Local Government Financial Settlement (LGFS) consisting of:
    - the allocation from the national £1bn additional Adult Social Care grant funding being £0.404m lower than projected due to the adoption of a less favourable distribution methodology;
    - a slightly higher than projected award for the New Homes Bonus Grant of £0.031m; and
    - a slightly lower than projected Revenue Support Grant award due a movement in the rate of inflation of £0.031m.
  - A reduction in the net recurrent resources from the final determination of the Council Tax and Business Rate tax bases for 2020/21 of £0.017m;
  - The Triennial Review of the East Sussex Pension Fund has resulted in a reduction in employer pension contributions in 2020/21 of (£0.825m) compared with previous planning assumptions;
  - Discussions with the Brighton & Hove Clinical Commissioning Group have confirmed that 2019/20 funding will be rolled-forward for 2020/21. This releases £0.500m contingency held against expected funding reductions in 2020/21. This has been applied to reduce the savings proposal on Adult Learning Disability services from £1.970m to £1.470m to provide a more achievable proposal including providing additional lead-in time for consultation and engagement with all interested parties.
  - Increased investment to meet service pressures of £0.363m consisting of:
    - A revised estimate of the additional staffing required to ensure compliance with statutory response requirements for Subject Access Requests (SARS) of £0.092m;
    - Permanent provision of £0.171m to replace one-off Modernisation Funding over the previous 3 years to ensure continued support for achieving efficiencies and savings from new tenders, re-procurements and contract management activity;
    - Provision for additional financing costs of £0.100m to ensure completion of the Royal Pavilion Estate works arising from the additional cost of capital works following insolvency of the main construction contractor.

- Additional investments of £0.360m in support of Corporate Plan priorities and outcomes including support for Carbon Neutral initiatives, additional resources for Private Rented Sector enforcement, weekend winter shelter provision for rough sleepers, and investments to improve children’s literacy and facilitate access to childcare as detailed in Table 4 above;
- Additional one-off investments of £0.015m to undertake detailed viability studies for the future options for the Madeira Terraces and potential Park and Ride schemes around the city. These are also included in Table 4 above.
- Reversal of the proposed saving of £0.035m on the Violence Against Women & Girls (VAWG) commissioned service due to continuing high levels of referrals;
- Reduction of the proposed saving on the Communities, Equalities & Third Sector team by £0.061m to ensure a more achievable proposal that will not impact on priorities for supporting a diverse and welcoming city, supporting those most affected by austerity, and upholding the council’s legal obligations under the Public Sector Equality Duty;
- Exclusion of Doctors from proposed permit increases, reducing the proposed savings across Parking Services by £0.010m;
- Other net improvements to commitments and estimates of (£0.133m).

Overall, the changes since the draft budget report allow a balanced budget to be presented.

### **Staffing Implications (General Fund Services)**

- 5.11 It is estimated that in 2020/21, approximately 52 posts are expected to be removed from the council’s staffing structure as a result of the savings proposals set out in Appendix 1. However, actual numbers will be dependent on the detailed options proposed and on the results of formal consultation where required. As previously experienced, it is likely that the majority of these posts are already being held vacant and some will become vacant through normal turnover.
- 5.12 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 (DMT’s).
- 5.13 These measures will remain in place as work with trade unions and staff continues.
- 5.14 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 for the future.

## 6 CAPITAL STRATEGY 2020/21

- 6.1 The revised Prudential Framework requires local authorities to produce an a Capital Strategy which is to be presented and approved by members each year. The purpose of the Capital Strategy is to provide a single place for transparency and accountability of local authority non-financial investments and its capital investment programme, including any commercial investments in commercial property or loans to third parties.
- 6.2 The aim of the Capital Strategy is to ensure members are fully conversant with the risks of non-financial investments and are aware of how the risks are proportional to the council's core service activity. The document will include:
- The proposed Capital Investment Programme including Modernisation Programme resourcing;
  - The Governance & Risk Framework;
  - Potential and pending non-financial investments;
  - An overview of the council's Risk Exposure.

### Major Capital Investment Programmes

- 6.3 **Education:** The government announced the allocation for 2020/21 for new pupil Basic Need of £2.879m. Allocations for future years will be subject to the outcome of the Spending Review, which is expected to follow later in 2020. Education Capital Maintenance funding of £4.8m is anticipated annually and is subject to confirmation. A detailed Education Capital Programme report is expected to be presented to Policy & Resources Committee in March 2020.
- 6.4 **Housing:** The Housing Revenue Account (HRA) Capital Programme elsewhere on this agenda includes investment proposals that aim to create a long-term sustainable asset base that underpins the Corporate Plan outcomes under 'A City to Call Home' and 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 includes substantial investment of £58.383m in the housing stock and new homes in 2020/21 and aims to ensure that investments reach beyond the housing service and contribute to regeneration, tackling inequality, creating training and employment opportunities and improving sustainability.
- 6.5 The council has also entered into a Living Wage Joint Venture with Hyde Housing to deliver up to 1,000 new lower cost rental and sale homes. The original business plan includes up to £120m investment with the council providing half 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 yet to be confirmed but indicative figures for 2020/21 of £5.169m have been announced for the Integrated Transport and Maintenance Block allocations. Further transport allocations from the Pothole Action Fund (£0.189m ) and the Highways Maintenance Incentive Fund (£0.400m) are also forecast to be received in 2020/21. The Street Lighting invest-to-save project has also been included within the Capital Investment Programme and includes over £4.1m of investment over 2 years from a combination of borrowing and LTP

contributions. A detailed Local Transport Plan report is expected to be presented to Policy & Resources Committee in March 2020.

- 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 £22.945m 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 phases 2 and 3.
- 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. This has been supplemented with capital receipt funding to support the works which are due to complete in the summer of 2020.
- 6.8 **Madeira Terraces:** a total of £2.440m capital investment has been identified to support restoration of the Madeira Terraces including work on the first three crowdfunded arches at the western end of the terrace. The council is currently in the process of appointing the design team whilst exploring further funding options for more extensive restoration.
- 6.9 **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 (C2C LEP) to support investment for Valley Gardens Phases 1 & 2 at £8.0m and £6.0m for Valley Gardens phase 3. There is also a confirmed award of £12.111m towards the Black Rock Enabling Works / Brighton Waterfront development plus £0.833m toward the Brighton Research and Innovation Fibre Ring
- 6.10 **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 IT&D Strategy and infrastructure. The planned allocations to strategic funds are as follows:
- 6.11 Strategic Investment Fund (SIF) - it is proposed to continue 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 project management, legal fees and specialist advisors for finance, design, architectural, transport, engineering and other external specialists.
- 6.12 Information Technology & Digital (IT&D) Fund - it is proposed to continue to allocate £0.500m resources per annum to the IT&D Fund which provides a minimum level of investment to continually maintain the council's IT infrastructure, networks, security and equipment. This is augmented with additional capital investment in years where major infrastructure investment is required. In this respect, significant investment is required in 2020/21 for Customer Digital, the desktop and laptop replacement programme and further IT&D modernisation investment. This requires investment of £3.3m, which can be financed from capital receipts and low cost PWLB borrowing and will increase financing costs from 2021/22 as reflected in the Medium Term Financial Strategy.
- 6.13 Asset Management Fund (AMF) - it is proposed to continue 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. Allocations from the AMF will be subject to a further report to Policy & Resources Committee in March 2020.

## 7 BUDGET BOOK AND MEDIUM TERM FINANCIAL STRATEGY 2019/20

7.1 The 2020/21 Budget Book at Appendix 1 aims to support understanding and transparency of the council's budget by providing:

- Information at sub-divisional levels to aid understanding of the wide range of services and teams in each service directorate;
- Analysis of spending and income by category (subjective analysis);
- Staffing information for each service;
- Analysis of budget movements between years;
- Analysis of savings, investments and service pressure funding by category;
- Information on capital investments.

7.2 The Medium Term Financial Strategy (MTFS) planning assumptions, resource and expenditure estimates are also included within the Budget Book at Appendix 1. The MTFS does not reflect government's proposed changes for 75% Business Rates Retention or any assumptions regarding the Fair Funding Review and therefore the impacts are assumed to be cost neutral at this stage. The government's Spending Review only covered 2020/21 and therefore assumptions for 2021/22 are based largely on rolled-forward funding at this time.

7.3 The MTFS has been revised to reflect the latest cost, income and demand pressures and the proposed 3.99% council tax increase, including a 2% Adult Social Care precept. The Table below summarises how the budget is expected to change from 2019/20:

| <b>Table 7: Analysis of budget changes</b>                     | <b>£m</b>      |
|--|----------------|
| <b>Revised 2019/20 base budget</b>                             | <b>206.144</b> |
| Pay and Inflation  | 5.579          |
| Commitments (net change)                                       | 2.967          |
| Increased Adult Social Care grant funding                      | -4.715         |
| Increased Section 31 Business Rates compensation grant funding | -0.390         |
| Service Investments and Service Pressure Funding               | 12.967         |
| Grant Funding Pressures  | 2.078          |
| Change in contributions from reserves                          | 0.248          |
| Savings package 2020/21  | -9.272         |
| <b>Proposed Base Budget 2020/21</b>                            | <b>215.606</b> |

## 8 TREASURY MANAGEMENT AND ANNUAL INVESTMENT STRATEGY

8.1 The Treasury Management Strategy Statement (TMSS) and Annual Investment Strategy (AIS) are now incorporated in the budget report to ensure that inter-related

financial decisions and strategies can be considered together. The council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the Treasury Management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed (liquidity) and that surplus monies are only invested into counterparties and instruments commensurate with the council's risk appetite.

- 8.2 Another important function of the Treasury Management service is the funding of the council's capital plans. The capital plans provide a guide to the council's borrowing need, which is essentially the longer term cash flow plan, to ensure the council can meet its approved capital spending obligations.
- 8.3 The recommended TMSS at Appendix 3 follows the drafting format recommended in the Treasury Management Code of Practice. The Treasury Management Practices and schedules identify the practices and procedures that will be followed to achieve the aims of the TMSS and that underpin the council's Treasury Management function. These practices remain unchanged from previous years and are considered 'best practice' under the Code.
- 8.4 The Annual Investment Strategy (AIS) for 2020/21 is also incorporated within Appendix 3 to this report. The AIS gives priority to security and liquidity.
- 8.5 Security is achieved by:
- selecting only those institutions that meet stringent credit rating criteria or, in the case of non-rated UK building societies, have a substantial asset base; and
  - limiting exposure risk by limiting the amount invested with any one institution.
- 8.6 Liquidity is achieved by limiting the maximum period for investment and matching investment periods to cash flow requirements.
- 8.7 There are no changes to the strategy from 2019/20.

## **9 COUNCIL TAX SETTING**

- 9.1 The Administration is proposing a council tax increase of 3.99% which includes a 2% Adult Social Care precept allowed by government within the local government finance settlement. A council tax increase of 3.99% results in a Band D council tax of £1,659.11 for the council's element, an increase of £63.66 from 2019/20; of this increase £31.90 relates to the Adult Social Care precept.
- 9.2 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***

- 9.3 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 Local Government Finance Settlement 2020/21
  - 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.

## **10 REPORT OF THE CHIEF FINANCIAL OFFICER (SECTION 151) UNDER SECTION 25 OF THE LOCAL GOVERNMENT ACT 2003**

10.1 Section 25 of the Local Government Act 2003 requires the Chief Financial 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 the Policy & Resources Committee and the full Council as part of the budget approval and council tax setting process.

### ***Robustness of Estimates***

10.2 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, particularly in relation to demand-led budget predictions, and has considered identifiable risks.

10.3 For 2020/21, funding of £12.967m has been provided to support Corporate Plan priorities and outcomes including meeting growing demands across Adults Social Care and Children's Safeguarding & Care services as well as other priority areas experiencing unavoidable cost pressures. This level of investment substantially mitigates predicted demand-led service pressures at the time of setting the budget. This considerably lessens potential forecast risks in 2020/21 but cannot completely remove all risks and therefore services will need to continue to contribute to the mitigation of residual risk through management of non-statutory, non demand-led budget areas as normal. This minimises the level of any risk provisions required over and above the council's current working balance. In addition:

- The authority continues to demonstrate its long track record of managing within or close to budget despite the very challenging financial climate. At month 9 this year, the forecast overspend has been managed down to £0.884m and it is expected that break-even can be achieved by year-end. The authority's track record demonstrates that it can manage risk across demand-led statutory services of between 2% and 3% of the total net budget through effective management of non-statutory budgets and services;
- The authority continues to enable and achieve substantial savings through its Modernisation Programmes which have enabled re-investment to support priority areas, meet cost pressures and growth in demand for statutory services, and address remaining budget gaps;
- Although there are risks in relation to Section 75 partnership arrangements and pressures on Clinical Commissioning Group (NHS) budgets, including the Better Care Fund, the authority continues to work closely with the Clinical Commissioning Group to jointly manage and mitigate risks as far as practicable;
- The authority has maintained adequate reserves and provisions against other known and identified risks and has made no unplanned drawdown of its reserves or balances;
- The authority has set aside appropriate one-off, discretionary resources and funding to mitigate the impacts of Welfare Reforms including a Council Tax Reduction Scheme discretionary fund and Welfare Framework fund.

- 10.4 Based on financial performance over the previous 4 years and taking into account identified risks as set out in Appendix 5, a financial risk provision of £0.750m is recommended, striking a balance between the pressing demands for funding and providing resources to mitigate identified risks. The council is also recommended to maintain its minimum working balance of £9.000m as well as other earmarked reserves to manage any short term pressures. The two risk provisions are described below:
- **Financial risk safety net provision:** Provision of £0.750m is recommended to cover general financial performance risks including achievement of savings and forecast risks, and would be a first call if 2019/20 financial performance results in a year-end overspend. Assuming that 2019/20 achieves break-even or better, the risk provision would be available, as intended, to help to mitigate risks arising in 2020/21 such as higher than expected demand for statutory services, non-achievement of planned savings or lower income from fees and charges than budgeted, etc. Note that financial performance, including achievement of savings, is monitored through the Targeted Budget Management (TBM) process.
  - **General Fund Working Balance:** The working balance must last the lifetime of the authority and the level is recommended to remain at £9.000m which is approximately 4% of the General Fund and represents around 3 weeks' council tax income. The working balance must mitigate general legal and financial risks including appeals and challenges, as well as potential billing failures, civil contingencies and other emergencies.

#### ***Adequacy of Reserves***

- 10.5 The recommendation on the prudent level of the General Fund working balance has been based on the robustness of estimates information and a risk assessment of the budget provided at Appendix 5.
- 10.6 As indicated above, current analysis of authority-level risks indicates that a working balance at a level of £9.000m is prudent having taken into account all known and foreseeable risks in relation to the 2020/21 budget.
- 10.7 All specific reserves have been reviewed in detail to ensure they are set at an appropriate level as set out in Appendix 4. 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***

- 10.8 In relation to the 2020/21 General Fund revenue budget, the Section 151 Officer has examined the budget proposals and considers that, whilst the spending and service delivery proposals continue to be challenging, they are nevertheless achievable with effective governance and accountability at all levels. The 2019/20 financial position, although very challenging, indicates that the council is continuing to manage its financial risks.
- 10.9 In terms of the adequacy of reserves, the Section 151 Officer considers a working balance of £9.000m for 2020/21 to be adequate, taking into account other available reserves and the council's track record in budget management.

## Schools Funding and Balances

### School Balances

- 10.10 The level of school balances as at 31/03/19 was £4.225m, an increase of £2.222m from £2.003m as at 31/03/18. The £4.225m balance is split across phases as follows:-

| <b>Phase</b>                              | <b>2018/19<br/>£'000</b> | <b>Percentage<br/>of budget<br/>2018/19</b> | <b>2017/18<br/>£'000</b> | <b>Percentage<br/>of budget<br/>2017/18</b> |
|---|--------------------------|---|--------------------------|---|
| Nursery                                   | 64                       | 8.25%                                       | 53                       | 8.43%                                       |
| Primary                                   | 3,812                    | 5.15%                                       | 2,512                    | 3.48%                                       |
| Secondary                                 | (11)                     | (0.02%)                                     | (484)                    | (0.93%)                                     |
| Special and Alternative Provision<br>(AP) | 360                      | 4.24%                                       | (78)                     | (0.71%)                                     |
| <b>Total</b>                              | <b>4,225</b>             | <b>3.14%</b>                                | <b>2,003</b>             | <b>1.47%</b>                                |

Note – Special includes the Connected Hub and Pupil Referral Unit (PRU)

- 10.11 There are a total of 11 schools (out of 64) with deficit balances, a decrease from 15 as at the end of 2017/18. The split of deficit balances across phases is 6 Primary, 4 Secondary and 1 Special. School budget plans for 2019/20 have incorporated these deficits.

### Schools Funding

- 10.12 The Department for Education published final Schools Block datasets and allocations for 2020/21 on the 19 December 2019.
- 10.13 During Autumn 2019 a number of proposals were made concerning the operation of the funding formula for 2020/21. These proposals were subject to consideration by the Schools Forum and Schools Block Working Group. These changes are summarised below and follow the principle of moving towards the National Funding Formula (NFF) on a gradual basis:
- increase the unit values of core formula factors by 3.9% with any additional increase being applied to the low attainment factor
  - include a mandatory factor to ensure that minimum funding per pupil levels (excluding premises factors) are set at £3,750 for primary schools and £5,000 for secondary schools
  - increase the basic entitlement (age weighted pupil unit) factor by the balance of funding available after applying increases to other factors
  - retain a lump sum of £130,000 per school
  - incrementally extend the use of the ever-6 free school meals and the income deprivation affecting children index (IDACI) factors as previously agreed by Forum
  - apply a minimum funding guarantee of +0.50% per pupil
  - seek to maintain the current funding ratio between primary and secondary

- 10.14 Following the publication of the October 2019 census dataset by Department for Education in December 2019 it became apparent that the number of children eligible for deprivation funding had increased (particularly in the Free School Meals category) whilst the number of children attracting low attainment funding had reduced. The impact of this (assuming the LA maintained the unit rates proposed at December Forum) would have been to increase the proportion of funding being allocated through deprivation but reduce the proportion through low attainment. Therefore, it was agreed at the January Forum that the unit values for deprivation would be decreased and the unit values for attainment increased.
- 10.15 The introduction of the new mandatory factor to ensure that minimum funding per pupil (MFPP) levels (excluding premises factors) are set at £3,750 for primary schools and £5,000 for secondary schools has a significant impact on the distribution of funding to schools. The introduction of this factor means that the schools who have historically received the lowest levels of funding on a per-pupil basis will receive an additional allocation within their budget share to boost their funding levels to the minimum thresholds. This will particularly apply to schools that receive relatively low amounts of funding through the deprivation and low attainment formula factors. These schools are likely to receive higher per pupil increases than most other schools in 2020/21.
- 10.16 LAs will continue to set a Minimum Funding Guarantee (MFG) in local formulae, which in 2020/21 must be between +0.50% and +1.84% per pupil. This is a change and will allow LAs to mirror the real terms protection in the NFF, which is the Government's expectation. For 2020/21, Brighton and Hove will apply the MFG at a rate of +0.50%. The rationale for adopting this approach is twofold:
- an MFG of +0.50% continues to offer a degree of protection to schools that are not otherwise gaining funding on a per pupil basis. However, the LA also believes that schools, who are gaining through characteristics identified in the formula, should receive a fair proportion of their gains – a higher level of MFG will mean that the scaling back of formula gains would increase
  - an MFG protection of greater than +0.50% would effectively 'lock in' more historical funding
- 10.17 The application of the formula on the basis outlined means that the primary / secondary funding ratio is now 1:1.29. This is a very small change from the 2019/20 ratio of 1:1.30, and has moved due to the additional funding allocated to primary schools to achieve the requirements of the minimum funding per pupil thresholds.

## **11 ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS**

- 11.1 The budget process allows all parties to engage in the examination of budget proposals and to put forward viable alternative budget and council tax proposals to Budget Council on 27 February 2020. Budget Council has the opportunity to debate the proposals put forward by this Committee at the same time as any viable alternative proposals.
- 11.2 Any alternative proposal will need prior assessment by the Section 151 Chief Finance Officer and will not normally be allowed where an estimate is not considered to be robust for one of the following reasons:
- i) The risk of not achieving the saving is assessed to be high;
  - ii) There is insufficient evidence or information to assess the potential saving;
  - iii) The alternative proposal is adding to or bringing forward an existing saving without further information as to how this can be achieved;

- iv) The alternative proposal requires one-off investment or loan financing that cannot be supported;
- v) The alternative proposal is beyond the powers and duties of the local authority.

## **12 COMMUNITY ENGAGEMENT & CONSULTATION**

- 12.1 General information and advice about the council's budget will continue to be provided through the council's web site which answers common questions ('Behind the Budget'), provides information about spending on services and where the money comes from as well as links to key financial statements and committee reports.
- 12.2 The council has also widely publicised its online social media inviting residents and stakeholders to give us their views and ideas on Twitter via #BHBudget. Social media continues to be a key, low cost, mechanism for engaging with residents and other stakeholders. Key proposals from the budget are publicised, along with information about council services, and questions and comments invited from residents over the period leading to the February Policy & Resources Committee and Budget Council meetings.
- 12.3 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: <https://www.brighton-hove.gov.uk/content/council-and-democracy/council-finance/behind-budget>
- 12.4 The frequently asked questions and themes include:
  - Doesn't Council Tax [alone] pay for all council services?
  - How about using [i.e. raising] parking charges further?
  - [Why not] Cut pay instead of services?
  - [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]?
- 12.5 Consultation and feedback in relation to the 2020/21 budget proposals is also promoted and invited from all quarters through a range of engagement processes including:
  - 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 2019. 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 provides an opportunity for consultation with Trades Unions' representatives across all council services and ensures they are aware of areas where their members may need support.

- Invitations to representatives of the business community to discuss budget proposals and changes to business rates and reliefs.

### **13 CONCLUSION**

13.1 The council is under a statutory duty to set its budget and council tax before 11 March each year. This report sets out the budget assumptions to be used as the basis for Council Tax calculations in order to meet the statutory duty. Only revenue and capital proposals for 2020/21 and associated council tax decisions require formal approval in February 2020. The full details of 2020/21 revenue and capital budgets are set out in the appended Budget Book. The Medium Term Financial Strategy and capital investments starting after 2020/21 are for noting only.

### **14 FINANCIAL & OTHER IMPLICATIONS:**

#### Financial Implications:

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

*Finance Officer Consulted: James Hengeveld*

*Date: 31/01/20*

#### Legal Implications:

- 14.2 Whilst the Policy & Resources Committee is being asked to recommend, and subsequently the Council asked to agree, the revenue budget and capital strategy, the budget decision is a resourcing decision and does not necessarily constitute final approval of what policies will be implemented or what sums of money will be saved under the service proposals.
- 14.3 Any decisions taken as part of the budget setting process are subject to compliance with relevant legal requirements, where appropriate, before implementation. The revenue budget and capital strategy recommendations in the report do not commit the council to implement any specific savings proposal. When specific decisions on budget reductions are necessary, focussed consultations and the full equality implications of doing one thing rather than another will be considered in appropriate detail. If it is considered necessary, in light of equality or other considerations, it will be open to those taking the decisions to spend more on one activity and less on another within the overall resources available to the council.
- 14.4 For these purposes, the “budget” includes the allocation of financial resources to different services and projects, proposed contingency funds, and setting the council tax.
- 14.5 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.
- 14.6 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 Ministry for Housing, Communities & Local Government (MHCLG) has stated that for the 2020/21 financial year, an increase of 4% or more, including the Adult Social Care precept, will be regarded as excessive. Therefore, local authorities opting for an increase of 4% or more (including the Adult Social Care Precept) will be required to hold a referendum.

- 14.7 Policy & Resources Committee has delegated power to formulate the council's revenue budget proposals, Capital Strategy, including the capital investment programme, and the Treasury Management Strategy Statement, including the Annual Investment Strategy, and to recommend their adoption by full Council as part of the overall budget setting process.

*Lawyer Consulted: Elizabeth Culbert*

*Date: 31/01/20*

Equalities Implications:

- 14.8 In Brighton & Hove City Council a budget Equality Impact Assessment (EIA) process has been used to identify the potential disproportionate impacts of proposals on groups/individuals covered by legislation (the 'protected characteristics' in the Equality Act 2010) and actions to mitigate these negative impacts or to promote positive impacts. This is a key part of meeting the requirements of the Act and demonstrating that the council is doing so. The potential impacts identified, and how far proposed actions mitigate them, must be given due regard by decision-makers at each stage of the budget-setting process. However, as noted under legal implications above, in setting the budget, members are making resourcing decisions which remain subject to compliance with all necessary legal and statutory consultation requirements.
- 14.9 All proposals with a potential equalities impact on service-users or staff in 2020/21 have had an EIA completed (provided in Members' rooms and on-line), and this is cross-referenced within the savings proposals in Appendix 1. Staffing EIAs are also being used in the formal consultation process on proposed staffing changes.

Sustainability Implications:

- 14.10 The new Corporate Plan, 'A fairer city, a sustainable future', outlines the commitment to a Climate Assembly to develop a wide range of carbon reduction initiatives aimed at achieving a carbon neutral city by 2030 alongside improving recycling and sustainable travel planning. The budget has been set in the context of the government's one-year Spending Review and identifies capital and revenue investments to support the Corporate Plan outcomes for 'A sustainable city', however, further investments will need to be considered and developed as part of the Medium Term Financial Strategy when the government announces its longer term spending plans.

Any Other Significant Implications:

Risk and Opportunity Management Implications:

- 14.11 The budget proposals include recommended risk provisions to manage a range of general and specific risks, including maintaining the working balance at £9m. The level of risk provisions clearly needs to strike a balance between putting scarce resources to one side at a time when vulnerable people's reliance on essential public services is continuing to grow, as evidenced by demands across Adult Social Care and Homelessness services.
- 14.12 To this end, the budget report includes the Chief Finance Officer's formal assessment of the robustness of estimates in the budget and the adequacy of reserves and provisions, including an assessment of the need for any additional risk provisions. This is set out in section 10 of the report.

## **SUPPORTING DOCUMENTATION**

### **Appendices:**

1. Budget Book 2020/21
2. Capital Strategy 2020/21
3. Treasury Management Strategy Statement 2020/21
4. Review of Reserves
5. Assessment of Risks
6. Equalities Impact Assessment – Cumulative Impact Statement
7. Equalities Impact Assessment – Individual Assessments

### **Background Documents**

1. Budget files held within Finance
2. Consultation papers



**Brighton & Hove City Council**

**Budget Book 2020/21**

**&**

**Medium Term Financial Strategy**

**2020/21 to 2024/25**



**Brighton & Hove  
City Council**

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| Revenue Budget Summary                   |                                       |                |                  |                   |                             |                            |  |
|--|---------------------------------------|----------------|------------------|-------------------|-----------------------------|----------------------------|--|
| 2019/20 Net Expenditure / (Income)<br>£m | Service Area                          | 2020/21 Budget |                  |                   |                             |                            | 2020/21 Budgeted Contracted Staff<br>FTE |
|  |                                       | Expenditure    | Income           | Budget Allocation | Capital Charges & Recharges | Net Expenditure / (Income) |  |
|  |                                       | £m             | £m               | £m                | £m                          | £m                         |  |
| 107.093                                  | Families, Children & Learning         | 109.416        | (17.707)         | <b>91.709</b>     | 21.055                      | <b>112.764</b>             | 887.7                                    |
| 62.246                                   | Health & Adult Social Care            | 121.056        | (56.872)         | <b>64.184</b>     | 4.331                       | <b>68.515</b>              | 639.8                                    |
| 64.626                                   | Economy, Environment & Culture        | 107.514        | (68.909)         | <b>38.605</b>     | 26.364                      | <b>64.969</b>              | 1,047.5                                  |
| 18.681                                   | Housing, Neighbourhoods & Communities | 38.142         | (22.105)         | <b>16.037</b>     | 3.550                       | <b>19.587</b>              | 261.9                                    |
| 7.219                                    | Finance & Resources                   | 125.513        | (106.549)        | <b>18.964</b>     | (12.168)                    | <b>6.796</b>               | 475.5                                    |
| 0.767                                    | Strategy, Governance & Law            | 9.395          | (4.208)          | <b>5.187</b>      | (4.101)                     | <b>1.086</b>               | 150.9                                    |
| <b>260.632</b>                           | <b>Service Areas Total</b>            | <b>511.037</b> | <b>(276.351)</b> | <b>234.686</b>    | <b>39.031</b>               | <b>273.717</b>             | <b>3,463.3</b>                           |
| (57.049)                                 | Centrally Managed Budgets             | 15.241         | (30.299)         | <b>(15.058)</b>   | (43.053)                    | <b>(58.111)</b>            | 0.0                                      |
| <b>203.583</b>                           | <b>General Fund Total</b>             | <b>526.278</b> | <b>(306.650)</b> | <b>219.628</b>    | <b>(4.022)</b>              | <b>215.606</b>             | <b>3,463.3</b>                           |
| -  | Dedicated Schools Grant Funded (DSG)  | 194.319        | (195.519)        | <b>(1.200)</b>    | 1.200                       | -                          | 115.0                                    |
| -  | Housing Revenue Account (HRA)         | 59.430         | (62.252)         | <b>(2.822)</b>    | 2.822                       | -                          | 487.7                                    |
| <b>203.583</b>                           | <b>BHCC Revenue Total</b>             | <b>780.026</b> | <b>(564.420)</b> | <b>215.606</b>    | -                           | <b>215.606</b>             | <b>4,066.0</b>                           |

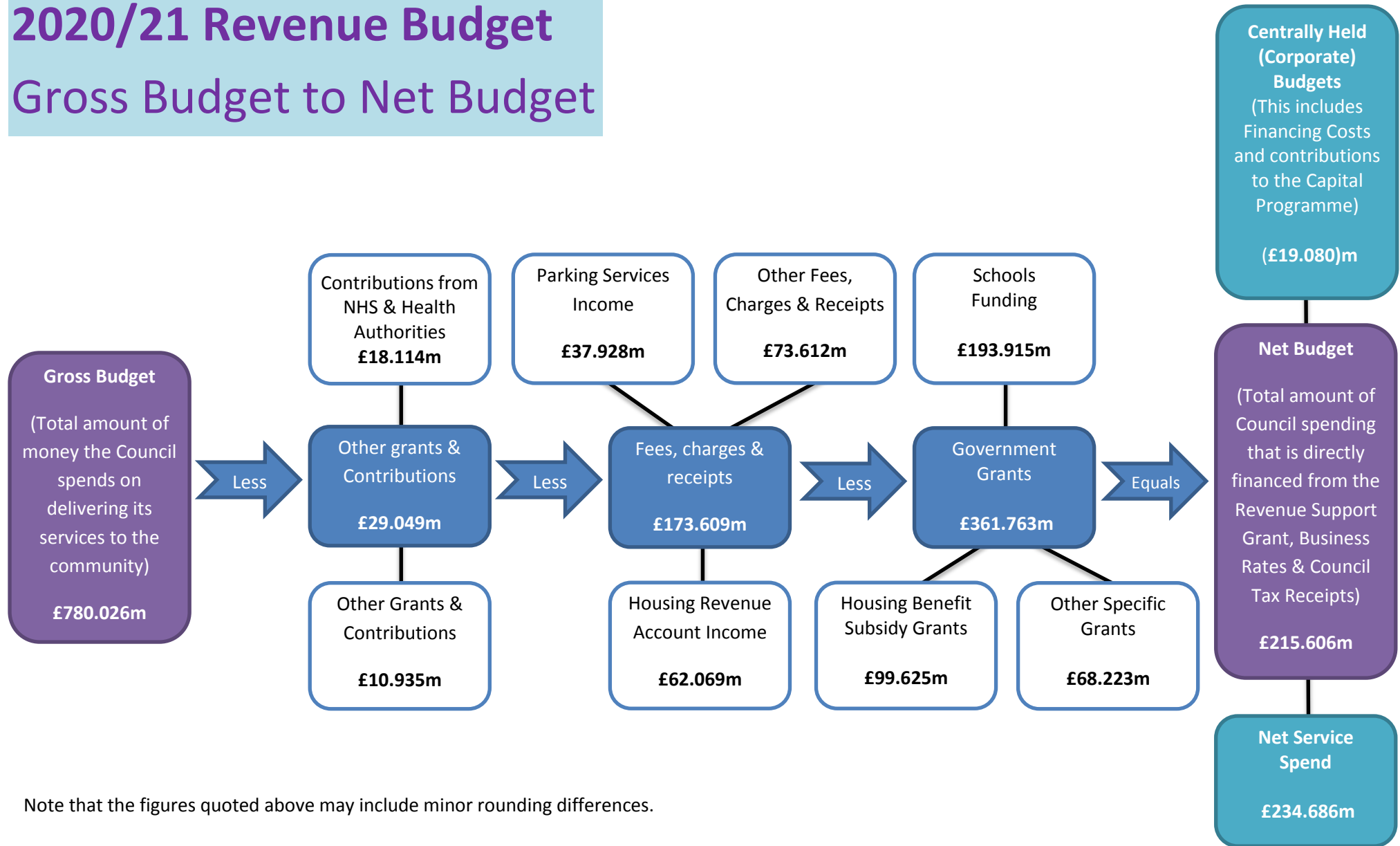
| 2020/21 Revenue Budget Breakdown      |                            |                         |                         |   |                    |                         |                    |                               |                                   |                                  |
|---------------------------------------|----------------------------|-------------------------|-------------------------|---|--------------------|-------------------------|--------------------|-------------------------------|-----------------------------------|----------------------------------|
| Service Description                   | Employee Expenditure<br>£m | Other Expenditure<br>£m | Total Expenditure<br>£m | Income From Fees, Charges & Rents<br>£m | Other Income<br>£m | Government Grants<br>£m | Total Income<br>£m | Total Budget Allocation<br>£m | Capital Charges & Recharges<br>£m | Net Expenditure / (Income)<br>£m |
| Families, Children & Learning         | 40.004                     | 69.412                  | <b>109.416</b>          | (4.660)                                 | (5.700)            | (7.347)                 | <b>(17.707)</b>    | <b>91.709</b>                 | 21.055                            | <b>112.764</b>                   |
| Health & Adult Social Care            | 24.719                     | 96.337                  | <b>121.056</b>          | (16.006)                                | (17.218)           | (23.648)                | <b>(56.872)</b>    | <b>64.184</b>                 | 4.331                             | <b>68.515</b>                    |
| Economy, Environment & Culture        | 37.752                     | 69.762                  | <b>107.514</b>          | (66.273)                                | (1.868)            | (0.768)                 | <b>(68.909)</b>    | <b>38.605</b>                 | 26.364                            | <b>64.969</b>                    |
| Neighbourhoods, Communities & Housing | 10.477                     | 27.665                  | <b>38.142</b>           | (14.406)                                | (1.817)            | (5.882)                 | <b>(22.105)</b>    | <b>16.037</b>                 | 3.550                             | <b>19.587</b>                    |
| Finance & Resources                   | 6.292                      | 119.221                 | <b>125.513</b>          | (4.863)                                 | (0.738)            | (100.949)               | <b>(106.549)</b>   | <b>18.964</b>                 | (12.168)                          | <b>6.796</b>                     |
| Strategy, Governance & Law            | 7.760                      | 1.635                   | <b>9.395</b>            | (3.728)                                 | (0.417)            | (0.063)                 | <b>(4.208)</b>     | <b>5.187</b>                  | (4.101)                           | <b>1.086</b>                     |
| <b>Service Areas Total</b>            | <b>127.004</b>             | <b>384.033</b>          | <b>511.037</b>          | <b>(109.936)</b>                        | <b>(27.758)</b>    | <b>(138.658)</b>        | <b>(276.351)</b>   | <b>234.686</b>                | <b>39.031</b>                     | <b>273.717</b>                   |
| Centrally Managed Budgets             | 2.806                      | 12.434                  | <b>15.241</b>           | -                                       | (1.109)            | (29.190)                | <b>(30.299)</b>    | <b>(15.058)</b>               | (43.053)                          | <b>(58.111)</b>                  |
| <b>General Fund Total</b>             | <b>129.810</b>             | <b>396.467</b>          | <b>526.278</b>          | <b>(109.936)</b>                        | <b>(28.866)</b>    | <b>(167.848)</b>        | <b>(306.650)</b>   | <b>219.628</b>                | <b>(4.022)</b>                    | <b>215.606</b>                   |
| Dedicated Schools Grant Funded (DSG)  | 137.135                    | 57.184                  | <b>194.319</b>          | (1.604)                                 | -                  | (193.915)               | <b>(195.519)</b>   | <b>(1.200)</b>                | 1.200                             | -                                |
| Housing Revenue Account (HRA)         | 15.670                     | 43.760                  | <b>59.430</b>           | (62.069)                                | (0.183)            | -                       | <b>(62.252)</b>    | <b>(2.822)</b>                | 2.822                             | -                                |
| <b>BHCC Revenue Total</b>             | <b>282.615</b>             | <b>497.411</b>          | <b>780.026</b>          | <b>(173.609)</b>                        | <b>(29.049)</b>    | <b>(361.763)</b>        | <b>(564.420)</b>   | <b>215.606</b>                | -                                 | <b>215.606</b>                   |

## Budget changes from 2019/20 to 2020/21

|  | 2019/20<br>Revised<br>Base<br>£m | Internal<br>Transfers<br>£m | Reversals<br>of One Off<br>Allocations<br>£m | Inflation<br>£m | Service<br>Pressures<br>£m | Commitments<br>&<br>Reinvestment<br>£m | VFM &<br>Other<br>Savings<br>£m | 2020/21<br>Original<br>Budget<br>£m | Change Over<br>Revised Base<br>£m | Change Over<br>Revised<br>Base<br>% |
|--|----------------------------------|-----------------------------|--|-----------------|----------------------------|--|---------------------------------|-------------------------------------|-----------------------------------|-------------------------------------|
| Families, Children & Learning                    | 88.941                           | 0.994                       | (0.073)                                      | 1.897           | 3.225                      | 0.065                                  | (3.340)                         | 91.709                              | 2.768                             | 3.11                                |
| Health & Adult Social Care                       | 57.977                           | 0.593                       | (0.242)                                      | 1.518           | 4.160                      | 0.178                                  | -                               | 64.184                              | 6.207                             | 10.71                               |
| Economy, Environment & Culture                   | 36.415                           | 3.026                       | (0.420)                                      | 0.804           | 1.800                      | 0.457                                  | (3.477)                         | 38.605                              | 2.190                             | 6.01                                |
| Housing, Neighbourhoods & Communities            | 15.218                           | 0.295                       | (0.260)                                      | 0.566           | 1.150                      | (0.059)                                | (0.873)                         | 16.037                              | 0.819                             | 5.38                                |
| Finance & Resources                              | 19.915                           | (1.966)                     | (0.396)                                      | 0.389           | 1.218                      | 0.756                                  | (0.952)                         | 18.964                              | (0.951)                           | (4.78)                              |
| Strategy, Governance & Law                       | 4.938                            | 0.287                       | (0.370)                                      | 0.092           | 0.369                      | 0.161                                  | (0.290)                         | 5.187                               | 0.249                             | 5.04                                |
| <b>Total Directorate Spending</b>                | <b>223.404</b>                   | <b>3.229</b>                | <b>(1.761)</b>                               | <b>5.266</b>    | <b>11.922</b>              | <b>1.558</b>                           | <b>(8.932)</b>                  | <b>234.686</b>                      | <b>11.282</b>                     | <b>5.05</b>                         |
| Insurance  | 3.069                            | -                           | -  | 0.038           | -                          | -                                      | -                               | 3.107                               | 0.038                             | 1.24                                |
| Financing Costs                                  | 5.663                            | 0.366                       | -  | -               | 0.100                      | 1.105                                  | (0.250)                         | 6.984                               | 1.321                             | 23.33                               |
| Corporate VFM Savings                            | (1.000)                          | -                           | -  | (0.020)         | 0.780                      | 0.240                                  | (0.090)                         | (0.090)                             | 0.910                             | (91.00)                             |
| Contingency and Risk Provisions                  | 0.528                            | 0.002                       | -  | 0.345           | 0.220                      | 0.451                                  | -                               | 1.546                               | 1.018                             | 192.80                              |
| Unringfenced grants income                       | (26.318)                         | -                           | 0.210  | -               | 2.023                      | (5.105)                                | -                               | (29.190)                            | (2.872)                           | 10.91                               |
| Levies to External Bodies                        | 0.207                            | -                           | -  | 0.004           | -                          | -                                      | -                               | 0.211                               | 0.004                             | 1.93                                |
| Other Corporate Budgets                          | 2.321                            | (3.595)                     | 0.019  | (0.054)         | -                          | (0.387)                                | -                               | (1.696)                             | (4.017)                           | (173.07)                            |
| <b>NET REVENUE EXPENDITURE</b>                   | <b>207.874</b>                   | <b>0.002</b>                | <b>(1.532)</b>                               | <b>5.579</b>    | <b>15.045</b>              | <b>(2.138)</b>                         | <b>(9.272)</b>                  | <b>215.558</b>                      | <b>7.684</b>                      | <b>3.70</b>                         |
| Contributions to/ from(-) reserves               | (4.291)                          | (0.002)                     | 4.093  | -               | -                          | 0.248                                  | -                               | 0.048                               | 4.339                             | (101.12)                            |
| <b>BUDGET REQUIREMENT</b>                        | <b>203.583</b>                   | <b>-</b>                    | <b>2.561</b>                                 | <b>5.579</b>    | <b>15.045</b>              | <b>(1.890)</b>                         | <b>(9.272)</b>                  | <b>215.606</b>                      | <b>12.023</b>                     | <b>5.91</b>                         |
| <b>Funded By:</b>                                |                                  |                             |  |                 |                            |  |                                 |                                     |                                   |                                     |
| Revenue Support Grant                            | 6.523                            |                             |  |                 |                            |  |                                 | 6.630                               | 0.107                             | 1.64                                |
| Business Rates Local Share                       | 57.244                           |                             |  |                 |                            |  |                                 | 58.906                              | 1.662                             | 2.90                                |
| Tariff Payment                                   | (1.165)                          |                             |  |                 |                            |  |                                 | (1.184)                             | (0.019)                           | 1.63                                |
| Business Rates Levy payment                      | (0.137)                          |                             |  |                 |                            |  |                                 | (0.084)                             | 0.053                             | (38.69)                             |
| Business Rates Collection Fund surplus/(deficit) | (2.084)                          |                             |  |                 |                            |  |                                 | 2.137                               | 4.221                             | (202.54)                            |
| Council Tax Collection Fund surplus/(deficit)    | (0.477)                          |                             |  |                 |                            |  |                                 | (1.346)                             | (0.869)                           | 182.18                              |
| Council Tax                                      | 143.679                          |                             |  |                 |                            |  |                                 | 150.547                             | 6.868                             | 4.78                                |
| <b>Total</b>                                     | <b>203.583</b>                   |                             |  |                 |                            |  |                                 | <b>215.606</b>                      | <b>12.023</b>                     | <b>5.91</b>                         |

# 2020/21 Revenue Budget

## Gross Budget to Net Budget



| <b>Specific Government Grants 2020/21</b>              |  |                                  |
|--|--|----------------------------------|
| <b>Department</b>                                      | <b>Grant</b>                                     | <b>Budget<br/>2020/21<br/>£m</b> |
| <b>Families, Children &amp; Learning</b>               |  |                                  |
| Education & Skills                                     | DfE - Other Grants                               | (0.059)                          |
| Education & Skills                                     | MHCLG - Troubled Families                        | (1.200)                          |
| Education & Skills                                     | DfE - LA PFI Revenue Payments                    | (2.390)                          |
| Education & Skills                                     | DfE - ESFA Adult Safeguarded Learning            | (0.560)                          |
| Education & Skills                                     | DfE - ESFA School Improvement Monitoring Grant   | (0.231)                          |
| Health, SEN & Disability Services                      | MHCLG - Independent Living Fund Grant            | (0.241)                          |
| Children's Safeguarding & Care                         | HO - Controlling Migration Fund                  | (0.093)                          |
| Children's Safeguarding & Care                         | DHSC - Asylum Seekers                            | (1.996)                          |
| Children's Safeguarding & Care                         | DfE - Other Grants                               | (0.039)                          |
| Children's Safeguarding & Care                         | DfE - Staying Put Implementation Grant           | (0.282)                          |
| Children's Safeguarding & Care                         | MoJ - Youth Justice Board General Funding        | (0.257)                          |
| <b>Families, Children &amp; Learning Total</b>         |  | <b>(7.347)</b>                   |
| <b>Health &amp; Adult Social Care</b>                  |  |                                  |
| Adult Social Care                                      | MHCLG - Independent Living Fund Grant            | (0.312)                          |
| Adult Social Care                                      | MHCLG - Improved Better Care Fund                | (0.897)                          |
| Integrated Commissioning                               | MHCLG - Improved Better Care Fund                | (0.836)                          |
| Integrated Commissioning                               | MHCLG - Rough Sleepers Grant                     | (2.044)                          |
| Public Health  | DHSC - Ring-fenced Public Health Grant           | (19.559)                         |
| <b>Health &amp; Adult Social Care Total</b>            |  | <b>(23.648)</b>                  |
| <b>Economy, Environment &amp; Culture</b>              |  |                                  |
| City Environmental Management                          | DEFRA - Natural England Higher Level Stewardship | (0.060)                          |
| Transport  | DfT - Cycle Training Grant                       | (0.040)                          |
| Transport  | DfT - Access Fund for Sustainable Travel         | (0.495)                          |
| Transport  | DfT - Bus Service Operators Grant                | (0.173)                          |
| <b>Economy, Environment &amp; Culture Total</b>        |  | <b>(0.768)</b>                   |
| <b>Housing, Neighbourhoods &amp; Communities</b>       |  |                                  |
| Housing General Fund                                   | MHCLG Flexible Homelessness Support Grant        | (5.481)                          |
| Housing General Fund                                   | MHCLG - Homelessness Reduction Act: New Burdens  | (0.401)                          |
| <b>Housing, Neighbourhoods &amp; Communities Total</b> |  | <b>(5.882)</b>                   |
| <b>Finance &amp; Resources</b>                         |  |                                  |

| <b>Specific Government Grants 2020/21</b>         |  |                                  |
|---|--|----------------------------------|
| <b>Department</b>                                 | <b>Grant</b>                                   | <b>Budget<br/>2020/21<br/>£m</b> |
| HR & Organisational Development (Mobo)            | DfE - Other Grants                             | (0.040)                          |
| Revenues & Benefits (Mobo)                        | DWP Discretionary Housing Payment              | (1.153)                          |
| Revenues & Benefits (Mobo)                        | DWP Housing Benefit Non-Subsidy Grants         | (0.131)                          |
| Revenues & Benefits (Mobo)                        | DWP Housing Benefit Rent Rebate Subsidy        | (34.747)                         |
| Revenues & Benefits (Mobo)                        | DWP Housing Benefit Rent Allowance Subsidy     | (64.878)                         |
| <b>Finance &amp; Resources Total</b>              |  | <b>(100.949)</b>                 |
| <b>Strategy, Governance &amp; Law</b>             |  |                                  |
| Life Events                                       | CO - Individual Electoral Registration funding | (0.059)                          |
| Life Events                                       | Office of National Statistics Grant            | (0.004)                          |
| <b>Strategy, Governance &amp; Law Total</b>       |  | <b>(0.063)</b>                   |
| <b>Centrally Managed Budgets</b>                  |  |                                  |
| Centrally Managed Budgets                         | DfE - Extended Rights To Free Travel           | (0.051)                          |
| Centrally Managed Budgets                         | DHSC - Local Reform Community Voice Grant      | (0.158)                          |
| Centrally Managed Budgets                         | DWP - Housing Benefit Admin Grant              | (1.012)                          |
| Centrally Managed Budgets                         | MHCLG - PFI Grant                              | (3.003)                          |
| Centrally Managed Budgets                         | MHCLG - New Homes Bonus Scheme Grant           | (0.972)                          |
| Centrally Managed Budgets                         | MHCLG - Business Rates Retention S31 grants    | (9.434)                          |
| Centrally Managed Budgets                         | MHCLG - Council Tax Support Admin Subsidy      | (0.270)                          |
| Centrally Managed Budgets                         | MHCLG - Lead Local Flood Authority Grant       | (0.027)                          |
| Centrally Managed Budgets                         | MHCLG - Social Care Grant                      | (6.815)                          |
| Centrally Managed Budgets                         | MHCLG - Improved Better Care Fund              | (7.448)                          |
| <b>Centrally Managed Budgets Total</b>            |  | <b>(29.190)</b>                  |
| <b>General Fund Total</b>                         |  | <b>(167.848)</b>                 |
| <b>Dedicated Schools Grant Funded (DSG)</b>       |  |                                  |
| Dedicated Schools Grant Funded (DSG)              | DfE - Dedicated Schools Grant                  | (170.631)                        |
| Dedicated Schools Grant Funded (DSG)              | DfE - Other Grants                             | (0.040)                          |
| Dedicated Schools Grant Funded (DSG)              | DfE - Universal Infant Free School Meals       | (2.009)                          |
| Dedicated Schools Grant Funded (DSG)              | DfE - Funding for 6th Form Students            | (3.046)                          |
| Dedicated Schools Grant Funded (DSG)              | DfE - Pupil Premium Grant                      | (9.024)                          |
| Dedicated Schools Grant Funded (DSG)              | DfE - Teachers Pay Grant                       | (1.740)                          |
| Dedicated Schools Grant Funded (DSG)              | DfE - Teachers Pension Grant                   | (7.425)                          |
| <b>Dedicated Schools Grant Funded (DSG) Total</b> |  | <b>(193.915)</b>                 |
| <b>BHCC Total</b>                                 |  | <b>(361.763)</b>                 |



| <b>Investment to support Corporate Plan Commitments and Service Pressures 2020/21</b> |                                    |  |
|---|------------------------------------|--|
| <b>Service Area/Outcome</b>   | <b>2020/21 Service Pressure £m</b> | <b>Description</b>   |
| <b>Corporate Plan Investments:</b>  |                                    |  |
| <b><i>A Growing &amp; Learning City</i></b>   |                                    |  |
| Children's Safeguarding and Care  | 1.045                              | To support increasing demand and costs of Looked After Children to ensure the council can continue to provide extensive services for children in care and provide for their safeguarding and well-being.   |
| Education and Skills  | 0.020                              | Investment to continue the Providing Access to Childcare Programme (PACE) by providing replacement for expiring European funding. PACE supports parents to take up free childcare for their children and supports them to return to work through a personal development plan and one-to-one support. |
| Education and Skills  | 0.020                              | To continue and expand the Raising Achievement in Early Literacy Programme (REAL) which aims to improve children's early literacy skills before they start school by working with and training parents to increase opportunities for learning in the home.   |
| <b><i>A Healthy &amp; Caring City</i></b>   |                                    |  |
| Adults Learning Disability Services   | 2.140                              | To support increased demand for and costs of community care packages and thereby enable people to live as independently as possible, particularly as they transition to adult care settings.   |
| Adult Social Care   | 2.310                              | To meet increased demand for and costs of physical, memory & cognition, and mental Health services to ensure assessed needs can continue to be met and support people to maintain independence.  |
| Adult social Care   | 1.550                              | Investment to cover reductions in Clinical Commissioning Group partner contributions (due to pressures on local NHS budgets) to ensure the council can maintain commissioned services that support vulnerable people, in particular Section 117 Mental Health aftercare services.                    |
| Adult and Children's social care  | 0.780                              | Investment to reinstate budgets previously reduced in respect of part of the planned 'sustainable social care' savings that cannot be safely delivered and to therefore protect the provision of social care services.   |
| <b><i>A Sustainable City</i></b>  |                                    |  |
| Carbon Neutral  | 0.200                              | A range of investments to support feasibility studies and research, communication campaigns, partnership collaboration and financing costs of capital investment (SCRIF) to support climate change and carbon reduction policy development, initiatives and actions.                                 |
| City Environmental Management   | 0.840                              | Investment to meet the increased cost of communal bin collection rounds alongside fleet management, replacement and financing costs to ensure a modern refuse and recycling service is maintained and well-placed to support increased recycling over the Corporate Plan period.                     |
| City Environmental Management   | 0.250                              | Provision to cover income pressures on commercial operations including garden and commercial waste to ensure that this does not impact on service provision and enables these services to continue to grow and support recycling and effective commercial waste management.                          |
| Sports and Leisure  | 0.100                              | Investment to address income pressures from the two council-owned golf courses enabling support for a new model of provision including rewilding and improved biodiversity of one of the courses and a sustainable long term business model for the other course.                                    |
| City Environmental Management   | 0.070                              | Provision to cover cleaning cost pressures for public conveniences to ensure improved cleanliness and operation of public  |

## Investment to support Corporate Plan Commitments and Service Pressures 2020/21

| Service Area/Outcome                           | 2020/21 Service Pressure £m | Description   |
|--|-----------------------------|---|
|  |                             | conveniences and maintain the City's attractiveness for residents and visitors alike.   |
| City Environmental Management                  | 0.030                       | Investment in trees, pavilions and roads throughout the parks estate to improve the parks' environment and contribute to carbon reduction.  |
| City Development and Regeneration              | 0.010                       | One-off investment to undertake a detailed viability study for potential future options for the Madeira Terraces.   |
| Sustainable Transport                          | 0.005                       | One-off investment to provide for a detailed viability study for potential extension of Park and Ride schemes around the city.  |
| <b><i>A City to Call Home</i></b>              |                             |   |
| Private Rented Sector Housing Enforcement      | 0.150                       | New investment for 2020/21 following agreement of a new Enforcement Policy at Housing Committee on 13 November 2019. This is an additional investment for staffing resources (Private Sector Housing technical officers) required to fulfil the new Enforcement Policy due to be implemented in April 2020. It relates to Housing Act enforcement outside of existing self-funding licensing activity and will contribute to improve private rented sector housing standards. |
| Housing Welfare Services                       | 0.260                       | Permanent investment to replace one-off funding agreed at Budget Council in February 2019. The funding contributes towards 7 FTE staff in the Housing Service to provide support to vulnerable residents in emergency and temporary accommodation.  |
| 365-day Night Shelter Service                  | 0.250                       | Permanent investment to replace one-off funding agreed at Budget Council in February 2019. Funding contributes towards a 15 bed Night Shelter for rough sleepers and 29 units of supported accommodation. The service is externally commissioned (at St Patrick's) and is managed by the HASC commissioning team.   |
| Short Term & Emergency Temporary Accommodation | 0.300                       | New investment for 2020/21 to support an estimated 100 properties being re-procured during 2020/21 to provide an enhanced service offer, over and above the current level of service. This includes the provision of improved facilities, services (e.g. laundry facilities, wi-fi, etc) and an enhanced caretaker role.  |
| Housing & Temporary Accommodation (TA)         | 0.300                       | Investment to meet the increased cost of and demand for Temporary Accommodation provision, particularly as the service transitions to a new model of provision, and cover for the Seaside Homes contractual rent guarantee which is in lieu of previously capped Local Housing Allowance rates.   |
| Housing Benefits                               | 0.150                       | Provision for the increased cost and number of vulnerable tenants in supported accommodation where housing benefit is not fully funded by government, enabling continued support for the Welfare Framework through the Revenues & Benefits team.  |
| Winter Shelter                                 | 0.050                       | Investment to provide a weekend Winter Shelter service through November to March, open 7pm to 7am on Saturdays and Sundays for all rough sleepers.  |
| <b><i>A City Working for All</i></b>           |                             |   |
| Building Community Wealth                      | 0.020                       | Initiatives funding to support development of policy and practice and engagement with businesses and partners across the city to enhance the local economy, improve social value in procurement and establish a circular economy framework.   |
| Royal Pavilion Estate                          | 0.100                       | Investment to meet financing costs arising from the additional cost of capital works following insolvency of the main construction contractor to enable this important visitor attraction to be completed to a high standard and support the visitor economy.   |
| Life Events                                    | 0.265                       | Provision to alleviate income pressures caused by a reduction in demand for Statutory Certificates following the government's imposed fee increases and the cessation of the nationality checking service, enabling essential life event services to be maintained.   |

| <b>Investment to support Corporate Plan Commitments and Service Pressures 2020/21</b>  |                                    |  |
|--|------------------------------------|--|
| <b>Service Area/Outcome</b>  | <b>2020/21 Service Pressure £m</b> | <b>Description</b>   |
| Sports & Leisure Outdoor Events  | 0.057                              | 2-year investment to support hosting of the Women's European Football Championships in 2021 expected to generate additional visitors and economic activity for the city.   |
| <b>Total Corporate Plan Investments</b>  | <b>11.272</b>                      |  |
| <b>Other Corporate Service Pressures:</b>  |                                    |  |
| The investments below are not directly linked to Corporate Plan commitments but are essential to maintain and update the council's IT software estate and maintain important support functions that underpin delivery of front line services and enable the council to deliver greater cost economies and/or avoid unnecessary additional costs: |                                    |  |
| Information Technology & Digital   | 0.500                              | Contractual licensing commitments including the Microsoft Enterprise Agreement to maintain the council's software estate and ensure secure and robust software is available to all services.   |
| Information Governance   | 0.342                              | Unavoidable increased costs of responding to the substantial increase in demand for Subject Access Requests (SAR's) and to meet statutory compliance requirements.   |
| Procurement & Contract Management Support  | 0.171                              | Permanent provision to replace one-off Modernisation Funding provided over the previous 3 years to maintain support for achieving savings, cost avoidance and/or recovery for sub-standard contract performance from reprocurement and contract management activity. |
| Customer Services  | 0.170                              | Provision of recurrent funding to support the current model of service requiring enhanced security cover of council public and staff access points.  |
| Other identified pressures   | 0.512                              | Other unavoidable above-inflation contractual and service cost increases across a range of priority services.  |
| <b>Total Corporate Service Pressures</b>   | <b>1.695</b>                       |  |
| <b>Grant Funding Pressures:</b>  |                                    |  |
| Unringfenced grants  | 0.932                              | Loss of Business rates levy funding and other changes to unringfenced grants   |
| New Homes Bonus Grant  | 1.146                              | Net reduction in grant allocation  |
| <b>Total Grant Funding Pressures</b>   | <b>2.078</b>                       |  |
| <b>Total All Investments</b>   | <b>15.045</b>                      |  |

## Summary Of Directorate Budget Plans

| Service Area   | Total Savings<br>2020/21<br>£m | Total Posts<br>Deleted<br>2020/21<br>FTE | Savings Categorisation 2020/21                  |   |                     |  |
|--|--------------------------------|--|---|---|---------------------|--|
|  |                                |  | VFM: Service<br>Delivery Model<br>Changes<br>£m | VFM: Efficiency<br>& Other VFM<br>Savings<br>£m | Collaboration<br>£m | Income<br>Optimisation &<br>Enterprise<br>Strategy<br>£m |
|  |                                |  | £m  | £m  | £m                  | £m   |
| Director of Families, Children & Learning              | -                              | 0.0                                      | -   | -   | -                   | -  |
| Health, SEN & Disability Services                      | 1.630                          | 0.0                                      | 0.090   | 1.470   | -                   | 0.070  |
| Education & Skills                                     | 0.235                          | 5.4                                      | 0.066   | 0.169   | -                   | -  |
| Childrens Safeguarding & Care                          | 1.437                          | 2.5                                      | 0.165   | 1.272   | -                   | -  |
| Quality Assurance & Performance                        | 0.038                          | 0.0                                      | -   | 0.038   | -                   | -  |
| <b>Families, Children &amp; Learning Total</b>         | <b>3.340</b>                   | <b>7.9</b>                               | <b>0.321</b>                                    | <b>2.949</b>                                    | <b>-</b>            | <b>0.070</b>   |
| Adult Social Care                                      | -                              | 0.0                                      | -   | -   | -                   | -  |
| S75 Sussex Partnership Foundation Trust (SPFT)         | -                              | 0.0                                      | -   | -   | -                   | -  |
| Integrated Commissioning                               | -                              | 0.0                                      | -   | -   | -                   | -  |
| Public Health  | -                              | 0.0                                      | -   | -   | -                   | -  |
| <b>Health &amp; Adult Social Care Total</b>            | <b>-</b>                       | <b>0.0</b>                               | <b>-</b>  | <b>-</b>  | <b>-</b>            | <b>-</b>   |
| Transport  | 2.419                          | 1.0                                      | -   | 0.336   | -                   | 2.083  |
| City Environmental Management                          | 0.225                          | 0.0                                      | -   | 0.125   | -                   | 0.100  |
| City Development & Regeneration                        | 0.155                          | 2.5                                      | -   | 0.105   | -                   | 0.050  |
| Culture, Tourism & Sport                               | 0.260                          | 0.0                                      | 0.094   | 0.100   | 0.018               | 0.048  |
| Property   | 0.418                          | 5.0                                      | 0.131   | 0.167   | 0.010               | 0.110  |
| <b>Economy, Environment &amp; Culture Total</b>        | <b>3.477</b>                   | <b>8.5</b>                               | <b>0.225</b>                                    | <b>0.833</b>                                    | <b>0.028</b>        | <b>2.391</b>   |
| Housing General Fund                                   | 0.500                          | 0.0                                      | 0.250   | 0.050   | 0.100               | 0.100  |
| Libraries  | 0.089                          | 0.0                                      | -   | 0.089   | -                   | -  |
| Communities, Equalities & Third Sector                 | 0.114                          | 3.0                                      | 0.103   | 0.011   | -                   | -  |
| Safer Communities                                      | 0.170                          | 3.5                                      | 0.170   | -   | -                   | -  |
| <b>Housing, Neighbourhoods &amp; Communities Total</b> | <b>0.873</b>                   | <b>6.5</b>                               | <b>0.523</b>                                    | <b>0.150</b>                                    | <b>0.100</b>        | <b>0.100</b>   |
| Finance (Mobo)   | -                              | 0.0                                      | -   | -   | -                   | -  |
| HR & Organisational Development (Mobo)                 | -                              | 0.0                                      | -   | -   | -                   | -  |
| Information Technology & Digital (Mobo)                | 0.225                          | 0.0                                      | -   | 0.225   | -                   | -  |
| Procurement (Mobo)                                     | -                              | 0.0                                      | -   | -   | -                   | -  |
| Business Operations (Mobo)                             | -                              | 0.0                                      | -   | -   | -                   | -  |
| Revenues & Benefits (Mobo)                             | 0.250                          | 8.5                                      | 0.250   | -   | -                   | -  |
| Contribution to Orbis Partnership                      | 0.477                          | 9.0                                      | -   | -   | 0.477               | -  |

## Summary Of Directorate Budget Plans

| Service Area                                | Total Savings<br>2020/21<br>£m | Total Posts<br>Deleted<br>2020/21<br>FTE | Savings Categorisation 2020/21                  |   |                     |  |
|---|--------------------------------|--|---|---|---------------------|--|
|   |                                |  | VFM: Service<br>Delivery Model<br>Changes<br>£m | VFM: Efficiency<br>& Other VFM<br>Savings<br>£m | Collaboration<br>£m | Income<br>Optimisation &<br>Enterprise<br>Strategy<br>£m |
|   |                                |  | £m  | £m  | £m                  | £m   |
| <b>Finance &amp; Resources Total</b>        | <b>0.952</b>                   | <b>17.5</b>                              | <b>0.250</b>                                    | <b>0.225</b>                                    | <b>0.477</b>        | <b>-</b>   |
| Corporate Policy                            | 0.027                          | 0.0                                      | 0.027   | -   | -                   | -  |
| Legal Services                              | 0.103                          | 2.4                                      | -   | 0.103   | -                   | -  |
| Democratic & Civic Office Services          | 0.059                          | 1.4                                      | 0.059   | -   | -                   | -  |
| Life Events                                 | 0.008                          | 0.0                                      | -   | -   | -                   | 0.008  |
| Performance, Improvement & Programmes       | 0.049                          | 6.0                                      | -   | 0.049   | -                   | -  |
| Communications                              | 0.044                          | 2.6                                      | 0.044   | -   | -                   | -  |
| <b>Strategy, Governance &amp; Law Total</b> | <b>0.290</b>                   | <b>12.4</b>                              | <b>0.130</b>                                    | <b>0.152</b>                                    | <b>-</b>            | <b>0.008</b>   |
| <b>Centrally Managed Budgets Total</b>      | <b>0.340</b>                   | <b>0.0</b>                               | <b>-</b>  | <b>0.090</b>                                    | <b>-</b>            | <b>0.250</b>   |
| <b>Grand Total</b>                          | <b>9.272</b>                   | <b>52.8</b>                              | <b>1.449</b>                                    | <b>4.399</b>                                    | <b>0.605</b>        | <b>2.819</b>   |

## Summary of Capital Investment Programme 2020/21 to 2024/25

|   | 2020/21<br>£m  | 2021/22<br>£m  | 2022/23<br>£m  | 2023/24<br>£m  | 2024/25<br>£m |
|---|----------------|----------------|----------------|----------------|---------------|
| <b>Approved Schemes</b>                 |                |                |                |                |               |
| Health & Adult Social Care              | -              | -              | -              | -              | -             |
| Families, Children & Learning           | 30.333         | -              | -              | -              | -             |
| Economy, Environment & Culture          | 34.271         | 15.392         | 1.850          | 1.850          | 1.850         |
| Housing, Neighbourhoods & Communities   | 13.606         | 19.273         | 22.187         | 13.104         | 0.955         |
| Housing Revenue Account                 | 18.263         | 2.119          | -              | -              | -             |
| Strategy, Governance & Law              | -              | -              | -              | -              | -             |
| Finance & Resources                     | 0.312          | 0.312          | -              | -              | -             |
| <b>New Schemes to be Approved</b>       |                |                |                |                |               |
| Health & Adult Social Care              | 0.500          | 0.500          | 0.500          | 0.500          | 0.500         |
| Families, Children & Learning           | 8.810          | 5.923          | 5.923          | 5.923          | 5.923         |
| Economy, Environment & Culture          | 9.058          | 18.185         | 39.800         | 84.400         | 57.000        |
| Housing, Neighbourhoods & Communities   | 4.000          | 1.000          | 1.000          | 1.000          | 1.000         |
| Housing Revenue Account                 | 40.120         | 98.391         | 92.444         | -              | -             |
| Strategy, Governance & Law              | -              | -              | -              | -              | -             |
| Finance & Resources                     | 7.396          | 4.770          | 4.330          | 3.490          | 1.000         |
| <b>Total Schemes</b>                    | <b>166.669</b> | <b>165.865</b> | <b>168.034</b> | <b>110.267</b> | <b>68.228</b> |
| <b>Funded by:</b>                       |                |                |                |                |               |
| Government Grants - Single Pot          | 43.999         | 9.845          | 9.800          | 9.800          | 9.800         |
| Government Grants - Ringfenced          | 14.592         | 21.986         | 18.815         | 6.300          | 5.500         |
| Capital Receipts - GF                   | 14.573         | 8.142          | 0.480          | 0.490          | 0.500         |
| Capital Receipts - HRA                  | 6.621          | 12.275         | 5.707          | -              | -             |
| Capital Reserves - GF                   | 0.726          | -              | -              | -              | -             |
| Capital Reserves - HRA                  | 0.570          | 3.550          | 0.550          | -              | -             |
| Specific Reserves                       | 2.430          | 3.045          | 5.320          | 1.150          | 1.150         |
| External Contributions                  | 6.543          | 4.235          | 2.600          | 6.900          | 5.600         |
| Direct Revenue Funding                  | 0.813          | 0.663          | 0.623          | 0.623          | 0.623         |
| Revenue Contribution to Capital - HRA   | 19.806         | 22.466         | 23.637         | -              | -             |
| Council Borrowing                       | 55.996         | 78.658         | 95.902         | 81.004         | 43.805        |
| <b>Total Funding</b>                    | <b>166.669</b> | <b>164.865</b> | <b>163.434</b> | <b>106.267</b> | <b>66.978</b> |
| <b>General Fund - Funding Shortfall</b> | <b>-</b>       | <b>1.000</b>   | <b>4.600</b>   | <b>4.000</b>   | <b>1.250</b>  |

# Families, Children & Learning Directorate

## Services and Responsibilities

The Families, Children and Learning Directorate brings together different services for children and young people from birth up to the age of 25, with services for both adults with learning disabilities and skills & employment. 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). While spend on children's placements is under good control, through a combination of better management of placement costs and an overall reduction in the number of children in care, there are significant pressures on the community care budget for adults with learning difficulties and this budget is currently overspending. Actions are in place to address this.

Nationally the number of children with child protection plans and children being brought into care continues to increase. Over the last two years however, the numbers in Brighton & Hove have been reducing. This has led to cost savings but these are at risk if there is a high profile child 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 national issue regarding foster placement sufficiency, resulting from the significant rise in the number of children in care. The impact locally is that when placements are required, the lack of options means than placements can sometimes be 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 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. Inevitably, this requires difficult decisions in balancing untargeted, non-statutory support with preventative, statutory and safeguarding provision.

Our future plans to move us from being good to being great include:

- Ensuring all children we work with consistently receive a high-quality service that builds on strengths in families and improves outcomes;
- Providing children in care with consistently high quality, well supported placements;
- Helping more families receive community and wider family support at the earliest opportunity;
- Making sure we listen to the views of the people we work with, and where appropriate act on their suggestions for improving services;
- Enabling more adult service users with learning disabilities to live more independently;
- Reviewing all our residential units, care homes and day activities provision to improve choice, control and experiences for the people who use them;
- Improving education outcomes for disadvantaged and SEN pupils, and creating more post-16 opportunities;

- Improving school attendance;
- Improving transition arrangements for children moving into adult orientated services, including young people with learning disabilities.

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 £7.396m**

This service area includes:

- Early Years, Youth and Family Support (including Children's Centres)
- School Organisation and Access to Education
- Education Standards and Achievement
- Skills and Employment
- Virtual School for children in care and those previously in care
- Stronger Families (Troubled Families programme)
- Ethnic Minority Achievement Service and Traveller Education Service

#### **Health SEN and Disability Services £42.111m**

This service area includes:

- Inclusion Support Services for Schools
- 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 £40.693m**

This service area includes:

- Fostering, Family Placement and Adoption Services
- Children in Need and Child Protection social work services including Partners in Change support
- 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
- Contact and Family Group Conference Services



## Users of Families, 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\*:

- 32,286 children attend city's school (2018-19)
- 14,259 contacts relating to 7,916 children were received by the Multi Agency Safeguarding Hub/Front Door for Families this year, of these 3,239 relating to 2,897 children were safeguarding concerns that required follow up work;
- Approximately 7,500 Parents/Carers applied for school places (2018-19);
- 5,471 children receive SEND support in maintained schools (including 1,102 children who have an Education Health & Care plan) (2018-19);
- 707 adults with learning disabilities (2018-19);
- 4,237 children are eligible for free school meals (2018-19);
- 3,906 children attend our children's centres and nurseries (2018-19);
- 1,375 receive family support (including the national Troubled Families programme) (2018-19);
- 1,866 children are supported by social work to be safe (2018-19);
- 325 children are on a child protection plan (as at April 2019);
- We act as Corporate Parent to 391 children in care and 308 care leavers aged between the ages of 18 and 25 (2018-19);
- We help support 37 unaccompanied asylum seeking children (2018-19);
- 223 pupils in Brighton and Hove are educated at home (as at 31/03/2019);
- There are 139 in-house Foster Care Households at 31st March 2019 including 6 Supported Lodging Households;
- 30 children have been adopted in the last 12 months;
- 708 Adults with a Learning Disability in receipt of Adult Social Care at 31st March 2019.

\* 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 Budget Summary      |  |                |                  |                      |                                   |                                  |   |
|---|--|----------------|------------------|----------------------|-----------------------------------|----------------------------------|---|
| 2019/20<br>Net<br>Expenditure<br>/ (Income)<br>£m | Service Area   | 2020/21 Budget |                  |                      |                                   |                                  | 2020/21<br>Budgeted<br>Contracted<br>Staff<br>FTE |
|   |  | Expenditure    | Income           | Budget<br>Allocation | Capital<br>Charges &<br>Recharges | Net<br>Expenditure<br>/ (Income) |   |
|   |  | £m             | £m               | £m                   | £m                                | £m                               |   |
| 0.733   | Director of Families, Children & Learning                      | 0.325          | (0.223)          | <b>0.102</b>         | 0.669                             | <b>0.771</b>                     | 4.6   |
| 41.968  | Health, SEN & Disability Services                              | 49.777         | (7.666)          | <b>42.111</b>        | 2.189                             | <b>44.300</b>                    | 294.1   |
| 20.093  | Education & Skills   | 13.925         | (6.529)          | <b>7.396</b>         | 15.217                            | <b>22.613</b>                    | 251.8   |
| 42.755  | Childrens Safeguarding & Care                                  | 43.888         | (3.195)          | <b>40.693</b>        | 2.762                             | <b>43.455</b>                    | 309.3   |
| 1.544   | Quality Assurance & Performance                                | 1.500          | (0.093)          | <b>1.407</b>         | 0.218                             | <b>1.625</b>                     | 27.9  |
| <b>107.093</b>                                    | <b>Families, Children &amp; Learning Total (Excluding DSG)</b> | <b>109.416</b> | <b>(17.707)</b>  | <b>91.709</b>        | <b>21.055</b>                     | <b>112.764</b>                   | <b>887.7</b>                                      |
| -   | Dedicated Schools Grant Funded (DSG)                           | 194.319        | (195.519)        | <b>(1.200)</b>       | 1.200                             | -                                | 115.0   |
| <b>107.093</b>                                    | <b>Families, Children &amp; Learning Total (Including DSG)</b> | <b>303.735</b> | <b>(213.226)</b> | <b>90.509</b>        | <b>22.255</b>                     | <b>112.764</b>                   | <b>1,002.7</b>                                    |

| Families, Children & Learning 2020/21 Revenue Budget Breakdown |                               |                            |                            |   |                       |                            |                       |                                     |   |  |
|--|-------------------------------|----------------------------|----------------------------|---|-----------------------|----------------------------|-----------------------|-------------------------------------|---|--|
| Service Description  | Employee<br>Expenditure<br>£m | Other<br>Expenditure<br>£m | Total<br>Expenditure<br>£m | Income<br>From<br>Fees,<br>Charges &<br>Rents<br>£m | Other<br>Income<br>£m | Government<br>Grants<br>£m | Total<br>Income<br>£m | Total<br>Budget<br>Allocation<br>£m | Capital<br>Charges &<br>Recharges<br>£m | Net<br>Expenditure<br>/ (Income)<br>£m |
| <b>Director of Families, Children &amp; Learning</b>           |                               |                            |                            |   |                       |                            |                       |                                     |   |  |
| Children's Services Central Costs                              | 0.304                         | 0.021                      | <b>0.325</b>               | -   | (0.223)               | -                          | <b>(0.223)</b>        | <b>0.102</b>                        | 0.669                                   | <b>0.771</b>                           |
| <b>Director of Families, Children &amp; Learning Total</b>     | <b>0.304</b>                  | <b>0.021</b>               | <b>0.325</b>               | -   | <b>(0.223)</b>        | -                          | <b>(0.223)</b>        | <b>0.102</b>                        | <b>0.669</b>                            | <b>0.771</b>                           |
| <b>Health, SEN &amp; Disability Services</b>                   |                               |                            |                            |   |                       |                            |                       |                                     |   |  |
| Adult Learning Disability Services                             | 6.623                         | 34.507                     | <b>41.131</b>              | (3.069)   | (1.326)               | (0.241)                    | <b>(4.636)</b>        | <b>36.495</b>                       | 1.518                                   | <b>38.013</b>                          |
| Children in Care   | 2.046                         | 1.685                      | <b>3.730</b>               | -   | (0.372)               | -                          | <b>(0.372)</b>        | <b>3.358</b>                        | 0.361                                   | <b>3.719</b>                           |
| Children's Social Care Services                                | 1.143                         | 1.485                      | <b>2.628</b>               | (0.005)   | (0.565)               | -                          | <b>(0.570)</b>        | <b>2.058</b>                        | 0.155                                   | <b>2.213</b>                           |
| Special Educational Needs                                      | 2.481                         | (0.193)                    | <b>2.288</b>               | -   | (2.089)               | -                          | <b>(2.089)</b>        | <b>0.199</b>                        | 0.155                                   | <b>0.355</b>                           |
| <b>Health, SEN &amp; Disability Services Total</b>             | <b>12.293</b>                 | <b>37.484</b>              | <b>49.777</b>              | <b>(3.074)</b>                                      | <b>(4.351)</b>        | <b>(0.241)</b>             | <b>(7.666)</b>        | <b>42.111</b>                       | <b>2.189</b>                            | <b>44.300</b>                          |
| <b>Education &amp; Skills</b>                                  |                               |                            |                            |   |                       |                            |                       |                                     |   |  |
| Children in Care   | 0.054                         | 0.016                      | <b>0.071</b>               | -   | -                     | -                          | -                     | <b>0.071</b>                        | 0.011                                   | <b>0.081</b>                           |
| Early Years and Early Help                                     | 5.597                         | (0.154)                    | <b>5.443</b>               | (1.186)   | (0.086)               | (1.200)                    | <b>(2.472)</b>        | <b>2.971</b>                        | 1.570                                   | <b>4.541</b>                           |
| Other Education Services                                       | 0.882                         | 4.887                      | <b>5.769</b>               | (0.114)   | (0.239)               | (2.679)                    | <b>(3.032)</b>        | <b>2.737</b>                        | 13.216                                  | <b>15.953</b>                          |
| Schools Skills & Learning                                      | 1.490                         | 0.223                      | <b>1.713</b>               | (0.194)   | -                     | (0.560)                    | <b>(0.755)</b>        | <b>0.958</b>                        | 0.198                                   | <b>1.155</b>                           |
| Services for Young People                                      | 0.346                         | 0.585                      | <b>0.931</b>               | (0.021)   | (0.250)               | -                          | <b>(0.271)</b>        | <b>0.660</b>                        | 0.222                                   | <b>0.882</b>                           |
| <b>Education &amp; Skills Total</b>                            | <b>8.369</b>                  | <b>5.556</b>               | <b>13.925</b>              | <b>(1.516)</b>                                      | <b>(0.575)</b>        | <b>(4.439)</b>             | <b>(6.529)</b>        | <b>7.396</b>                        | <b>15.217</b>                           | <b>22.613</b>                          |

### Families, Children & Learning 2020/21 Revenue Budget Breakdown

| Service Description                              | Employee Expenditure<br>£m | Other Expenditure<br>£m | Total Expenditure<br>£m | Income From Fees, Charges & Rents<br>£m | Other Income<br>£m | Government Grants<br>£m | Total Income<br>£m | Total Budget Allocation<br>£m | Capital Charges & Recharges<br>£m | Net Expenditure / (Income)<br>£m |
|--|----------------------------|-------------------------|-------------------------|---|--------------------|-------------------------|--------------------|-------------------------------|-----------------------------------|----------------------------------|
| <b>Childrens Safeguarding &amp; Care</b>         |                            |                         |                         |   |                    |                         |                    |                               |                                   |                                  |
| Children in Care                                 | 4.280                      | 24.363                  | <b>28.643</b>           | (0.034)                                 | (0.127)            | (2.410)                 | <b>(2.571)</b>     | <b>26.072</b>                 | 0.865                             | <b>26.937</b>                    |
| Children's Social Care Services                  | 13.005                     | 2.020                   | <b>15.025</b>           | (0.036)                                 | (0.300)            | (0.257)                 | <b>(0.593)</b>     | <b>14.431</b>                 | 1.868                             | <b>16.299</b>                    |
| Early Years and Early Help                       | 0.207                      | 0.013                   | <b>0.221</b>            | -                                       | (0.031)            | -                       | <b>(0.031)</b>     | <b>0.189</b>                  | 0.030                             | <b>0.219</b>                     |
| <b>Childrens Safeguarding &amp; Care Total</b>   | <b>17.492</b>              | <b>26.397</b>           | <b>43.888</b>           | <b>(0.070)</b>                          | <b>(0.458)</b>     | <b>(2.667)</b>          | <b>(3.195)</b>     | <b>40.693</b>                 | <b>2.762</b>                      | <b>43.455</b>                    |
| <b>Quality Assurance &amp; Performance</b>       |                            |                         |                         |   |                    |                         |                    |                               |                                   |                                  |
| Children's Social Care Services                  | 1.422                      | (0.117)                 | <b>1.306</b>            | -                                       | -                  | -                       | -                  | <b>1.306</b>                  | 0.188                             | <b>1.493</b>                     |
| Children's Services Central Costs                | 0.123                      | 0.071                   | <b>0.194</b>            | -                                       | (0.093)            | -                       | <b>(0.093)</b>     | <b>0.101</b>                  | 0.031                             | <b>0.132</b>                     |
| <b>Quality Assurance &amp; Performance Total</b> | <b>1.546</b>               | <b>(0.046)</b>          | <b>1.500</b>            | -                                       | <b>(0.093)</b>     | -                       | <b>(0.093)</b>     | <b>1.407</b>                  | <b>0.218</b>                      | <b>1.625</b>                     |
| <b>Families Children &amp; Learning Total</b>    | <b>40.004</b>              | <b>69.412</b>           | <b>109.416</b>          | <b>(4.660)</b>                          | <b>(5.700)</b>     | <b>(7.347)</b>          | <b>(17.707)</b>    | <b>91.709</b>                 | <b>21.055</b>                     | <b>112.764</b>                   |

### Dedicated Schools Grant (DSG) 2020/21 Revenue Budget Breakdown

| Service Description                        | Employee Expenditure<br>£m | Other Expenditure<br>£m | Total Expenditure<br>£m | Income From Fees, Charges & Rents<br>£m | Other Income<br>£m | Government Grants<br>£m | Total Income<br>£m | Total Budget Allocation<br>£m | Capital Charges & Recharges<br>£m | Net Expenditure / (Income)<br>£m |
|--|----------------------------|-------------------------|-------------------------|---|--------------------|-------------------------|--------------------|-------------------------------|-----------------------------------|----------------------------------|
| Children's Social Care Services            | -                          | 0.043                   | <b>0.043</b>            | -                                       | -                  | -                       | -                  | <b>0.043</b>                  | 0.000                             | <b>0.043</b>                     |
| Dedicated Schools Grant                    | -                          | -                       | -                       | -                                       | -                  | (170.631)               | <b>(170.631)</b>   | <b>(170.631)</b>              | -                                 | <b>(170.631)</b>                 |
| Early Years and Early Help                 | 0.411                      | 14.589                  | <b>15.000</b>           | (0.003)                                 | -                  | (0.040)                 | <b>(0.043)</b>     | <b>14.957</b>                 | 0.075                             | <b>15.032</b>                    |
| Other Education Services                   | 0.199                      | 0.073                   | <b>0.272</b>            | (0.110)                                 | -                  | -                       | <b>(0.110)</b>     | <b>0.162</b>                  | 0.038                             | <b>0.199</b>                     |
| Schools                                    | 133.193                    | 24.339                  | <b>157.531</b>          | (1.439)                                 | -                  | (22.644)                | <b>(24.083)</b>    | <b>133.448</b>                | 0.630                             | <b>134.078</b>                   |
| Special Educational Needs                  | 3.333                      | 18.141                  | <b>21.473</b>           | (0.052)                                 | -                  | (0.600)                 | <b>(0.652)</b>     | <b>20.822</b>                 | 0.457                             | <b>21.279</b>                    |
| <b>Dedicated Schools Grant (DSG) Total</b> | <b>137.135</b>             | <b>57.184</b>           | <b>194.319</b>          | <b>(1.604)</b>                          | -                  | <b>(193.915)</b>        | <b>(195.519)</b>   | <b>(1.200)</b>                | <b>1.200</b>                      | -                                |

| Families, Children & Learning Directorate Budget Plan  |   |                    |
|--|---|--------------------|
| Section  | Summary of Budget Proposals, Strategy and Risks   | Savings<br>2020/21 |
|  |   | £m                 |
| <b>Health, SEN &amp; Disability Services</b>   |   |                    |
| Services for children with disabilities - Residential, respite and short breaks.   | 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. See EIA1.   | 0.020              |
| Services for children with disabilities - Contracted services, adaptations, management   | Possible re-negotiation / re-tendering / bringing in-house Children's Disability Service contracts. Calculated at 10% of current contract value. This is linked to more bespoke commissioning relating to the Health, SEN and Disability branch.  | 0.070              |
| Inclusion Support Service - Inclusion Support Service. Including Educational Psychology Service and Child & Adolescent Mental Health Services (CAMHS)  | Full traded service established with schools. Buyback in 2020/21 will be on a full-year basis and this should facilitate savings in core budget provision. Failure to achieve full buyback may impact on service levels leading to a possible review of staffing.   | 0.070              |
| Community Care (Adults) including: <ul style="list-style-type: none"> <li>• Community Support</li> <li>• Day Care</li> <li>• Direct Payments</li> <li>• Home Care</li> <li>• Shared Lives</li> <li>• Supported Accommodation</li> <li>• Residential Care</li> <li>• Nursing Care</li> </ul><br>Learning Disabilities | <p>Savings in 2020/21 are proposed through a number of targeted strategies.</p> <p>The 'Move On' project has been very successful in supporting adults with LD to move on from high cost placements into new living arrangements which have enabled them to experience greater independence and control over their lives. It is anticipated that a further saving could be achieved using this strategy whilst maintaining positive outcomes for service users.</p> <p>Review of the funding source of transport arrangements for clients aged between 18 to 25 attending education provision</p> <p>Seek appropriate funding for clients from external agencies such as Health, particularly through CHC funding.</p> <p>Review of existing block contracts for recently outsourced services, in particular through a review of client needs where over provision currently exists, and better utilisation of voids.</p> <p>Better planning of arrangements for new service users, in particular clients transitioning from Children's social care. The recently established 14-25 social work pod within the service will seek to provide a greater focus on this high cost area.</p> <p>Use of internal dedicated resource to re-assess direct payment levels.</p><br><p>Utilisation of voids in external contracts.</p><br><p>There are some risks in these strategies - to reduce fees or restrict fee increases paid to providers there may be a risk of providers terminating contracts, and closure of services. To reduce level of support within individual care packages the council would be at risk of not fulfilling statutory duties, experiencing</p> | 1.470              |

| Families, Children & Learning Directorate Budget Plan   |   |                    |
|---|---|--------------------|
| Section   | Summary of Budget Proposals, Strategy and Risks   | Savings<br>2020/21 |
|   |   | £m                 |
|   | <p>a breakdown of packages and putting a greater pressure on carers.</p> <p>In addition to the savings identified the Council has identified budget pressures based on the anticipated increase in costs for current and future clients. See EIA2.</p>  |                    |
| <b>Health, SEN &amp; Disability Services Total</b>  |   | <b>1.630</b>       |
| <b>Education &amp; Skills</b>   |   |                    |
| Standards & Achievement - Core school intervention team, commissioned school partnership advisers.  | <p>Service provides a range of statutory functions including school improvement, intervening if a school is failing or at risk of failure, assessment, RE and PSHCE. Key focus promoting high standards (particularly for disadvantaged), includes facilitating and leading the education partnership; supporting Head appointment, liaison with Ofsted and working with partnerships and individual schools to maintain and improve standards. Team intervenes when schools are at risk of failure (schools causing concern). The saving is predicated on assumption that Brighton &amp; Hove maintain a high percentage of schools judged by Ofsted to be Good and Outstanding as this minimises need for interventions. Currently 1 inadequate and 5 RI schools.</p> <p>Saving will reduce financial support and intervention to schools causing concern who are currently not RI or inadequate. This is currently a manageable risk</p> <p>Risks:</p> <ul style="list-style-type: none"> <li>• Insufficient intervention means more schools moved to RI or Inadequate (and academisation forced) (medium)</li> <li>• Negative effect on all educational outcomes as school Improvement activity is reduced in schools because schools prioritise funding on day to day operations (low)</li> <li>• Statutory functions in RE or PSHCE or assessment monitoring cannot take place to meet requirement. Equalities that may not take place in same way which exposes the council to reputational risk. (low)</li> <li>• City Education Partnership fails due to lack of capacity to lead (low)</li> <li>• If it is perceived that the whole package of support to schools is reducing, schools may look more to academy chains as an alternative (low)</li> </ul> | 0.025              |
| Governor Support - This service provides challenge and support to governors to fulfil the statutory role as a LA. It also provides a high quality traded service which has a high percentage buy back from schools. | <p>Savings to be achieved by increasing cost of Governor service and NQT SLA and selling service to out of authority schools. Selling more out of authority unlikely and already at a max without having more resource to work further afield.</p> <p>Risk:</p>   | 0.029              |

## Families, Children & Learning Directorate Budget Plan

| Section  | Summary of Budget Proposals, Strategy and Risks  | Savings<br>2020/21<br>£m |
|--|--|--------------------------|
|  | <ul style="list-style-type: none"> <li>Impact upon ability to provide statutory parts of Governance duties including appointment and induction</li> <li>Adverse impact on school and ability to provide Head Teacher training, induction of new Heads, website checks.</li> <li>Increase in cost of NQT service (by c.30%) runs risk of customers in and out of authority seeking service from another authority or institution - high risk. (There are competitors who could provide service cheaper);</li> <li>Increase in cost of Governor service (by c. 20%). Risk that service would not be brought by schools or be sought from another authority or institution. Could result in school improvement concern.</li> </ul>  |                          |
| Branch Leadership and Management   | Additional reduction in admin support for education and skills branch  | 0.008                    |
| Early Years Nurseries - Subsidy for the Council run nurseries (Acorn, Bright Start, Cherry Tree, Jump Start, Roundabout and Pavilion) and Tarnerland Nursery School. The nurseries provide free childcare places for 2, 3 and 4 year olds and childcare that parents pay for. 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 Council receives a low level of funding from the Government for free childcare and often has to subsidise the costs of the nurseries. The council has been able to move provision of one its nurseries to an alternative location which has resulted in a reduced overall subsidy requirement.   | 0.034                    |
| Early Years Childcare - Support for nurseries, childminders, out of school childcare, childcare workforce training, and management and administration of free early years entitlement for 2/3/4 year olds. Statutory duty to secure sufficient childcare places and information, advice and training to childcare providers.   | <p>To charge for in depth quality improvement support (£5k) for providers judged good or better by Ofsted with low numbers of disadvantaged children. The risk is that providers will choose not to pay for this support.</p> <p>To start charging childcare providers for safeguarding training (£7k). This risk is that fewer providers will attend training and knowledge of safeguarding will reduce. All other courses are already charged for.</p> <p>To use a different source of funding (the Dedicated Schools Grant) to support quality improvement for early years providers with less than good Ofsted inspections (£20k). See EIA3.</p>   | 0.032                    |
| Skills & Employment<br>This team supports: <ul style="list-style-type: none"> <li>Youth Employability Service</li> <li>Supported Employment Team</li> <li>Able &amp; Willing Placements Scheme</li> </ul>  | The Youth Employability Service (YES) has been very successful in 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. In January 2019, The Children and Young People and Skills Committee agreed that the future delivery model of Able & Willing be changed to a rolling work placement programme matching suitable placements within council services for candidates who are disabled. The council's Supported Employment Team (SET) work with local people who have disabilities, including learning disabilities, helping them seek and maintain employment. Although there | 0.102                    |

| Families, Children & Learning Directorate Budget Plan  |  |                    |
|--|--|--------------------|
| Section  | Summary of Budget Proposals, Strategy and Risks  | Savings<br>2020/21 |
|  |  | £m                 |
|  | is no statutory requirement to deliver the SET services, there is an ongoing administration commitment to support those furthest from the labour market into work. At budget council in February 2018 an additional pot of funding was allocated to support those aged 18-24 into work. The team provides support to the employee, the employer and work colleagues through training, job coaching and advice. The SET work much closer with the YES to deliver the council's objective to target young people with SEND, in order to increase the percentage who are able to access sustainable employment. It is proposed that savings will be identified through a redesign of these services, with specific focus on rationalising the management arrangements across the 2 services. Delivery risk - low. See EIA4 and Staffing EIA S1. |                    |
| Print & Sign Unit  | This service is entirely funded by work it carries out on a cost recovery basis. There is a small saving derived from staff changes and increased work. Delivery risk - low  | 0.005              |
| <b>Education &amp; Skills Total</b>  |  | <b>0.235</b>       |
| <b>Children's Safeguarding &amp; Care</b>  |  |                    |
| Fostering & Adoption - Staffing teams assessing and supporting foster carers and potential adopters. Allowances paid to Adopters | Reduction in need for inter-agency adoption placements given reducing demand (arising from model of social work practice and reducing numbers of children in care). Delivery risk: Increase in numbers of children requiring adoptive placements will result in need for increase in use of inter agency placements.   | 0.130              |
| Social Work & Legal - Social work staffing teams.  | Review of administration of Child Protection conferences to an IT&D based approach will result in Business Support savings.<br>Delivery Risk - minimal   | 0.090              |
| Social Work & Legal - Expenditure incurred under section 17 & 18 of the 1989 Children Act.                                       | Budget ensures that the Council is able to fulfil its statutory duties to support families in need. Effective budget management (achieved by devolving budgets) has resulted in an underspend on Section 17 budget line. Delivery Risk - Reduction in Section 17 spending will reduce ability to support families resulting in possible escalation of need. This is offset by current underspend across Section 17 budgets.  | 0.130              |
| Social Work & Legal - Legal costs relating to assessment and court fees.   | Modest savings proposed given reduction in care applications Delivery Risk - minimal given reduction in care applications  | 0.075              |
| Contact Service - Family contact for children in care (CiC) and children in need (CIN)   | The service co-ordinates, supports and supervises court ordered parental and family contact with children in care and children in need. Service redesign has resulted in significant savings in previous years.<br><br>Review of sessional worker use and their transportation costs should result in modest savings.<br><br>Delivery Risk - minimal given reducing numbers of Children in Care.   | 0.030              |
| Agency Placements - Residential, fostering and secure placements for looked after children                                       | Project to increase the number of in house foster placements and reduce reliance on more expensive independent provider provision is ongoing.  | 0.907              |

**Families, Children & Learning Directorate Budget Plan**

| Section  | Summary of Budget Proposals, Strategy and Risks  | Savings<br>2020/21<br>£m |
|--|--|--------------------------|
| <p>provided by external agencies</p>   | <p>Provision of high quality, value for money provision through contracted services with external providers supported by the children's services framework contract arrangements and preferred provider guidelines. In addition to the savings proposed there is pressure funding of £475k in 20-21 to cover future anticipated increased costs for existing clients.</p> <p>Relationship based social work practice and the specialist adolescence service is contributing to diverting 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.</p> <p>Work streams:<br/>                     Increasing number of in house foster carers and those able to provide support to more complex children;<br/>                     Increasing and extending preferred provider options for the Local Authority in partnership across the South East;<br/>                     Developing in house capacity with regards Supported Lodgings and unaccompanied asylum seeking children (UASC) - an area of increasing demand and unit costs.</p> <p>Review of SGO allowances and reducing by child benefit amounts to bring payments in line with East &amp; West Sussex will result in savings. Delivery Risk: This is a high cost service where the failure of effective prevention and demand 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.</p> <p>Impact on Outcomes: Improved practice model prevents children needing care and contributes to improved outcomes for young people. Demand management has implications for managing risk effectively to meet safeguarding requirements and statutory duties. See EIA 5.</p> |                          |
| <p>Partners in Change Hub &amp; specialist assessments - Lead practitioners and adult workers supporting social workers to manage risk effectively within families; specialist assessments to support social</p> | <p>Review of domestic abuse perpetrator programme to move from group work delivery model to relationship based individual work supported by PIC Hub. Review of Looking Forward project overall and reduction in seconded post from Oasis. Delivery risk - low. Changes will fit with model of social work practice. See EIA6.</p>  | <p>0.075</p>             |



| Families, Children & Learning Directorate Budget Plan   |  |                    |
|---|--|--------------------|
| Section   | Summary of Budget Proposals, Strategy and Risks  | Savings<br>2020/21 |
|   |  | £m                 |
| work decision making.   |  |                    |
| <b>Children's Safeguarding &amp; Care Total</b>   |  | <b>1.437</b>       |
| <b>Quality Assurance &amp; Performance</b>  |  |                    |
| Children's Safeguarding & Quality Assurance - Specific child protection services, the Brighton & Hove Safeguarding Children's Partnership (BHSCP) and independent reviewing officers. | BHSCP 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. Increase in funding from safeguarding partners will result in BHCC contribution to Safeguarding Children's Partnership to be made. | 0.038              |
| <b>Quality Assurance &amp; Performance Total</b>  |  | <b>0.038</b>       |
| <b>Families, Children &amp; Learning Total</b>  |  | <b>3.340</b>       |

| Families, Children & Learning Capital Investment Programme 2020/21 to 2024/25 |                                    |                                    |                                    |                                    |                                    |
|---|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
|   | Profiled Payments<br>2020/21<br>£m | Profiled Payments<br>2021/22<br>£m | Profiled Payments<br>2022/23<br>£m | Profiled Payments<br>2023/24<br>£m | Profiled Payments<br>2024/25<br>£m |
| <b>Approved Schemes</b>   |                                    |                                    |                                    |                                    |                                    |
| Basic Need - New Pupil Places *   | 28.436                             | -                                  | -                                  | -                                  | -                                  |
| Education Capital Maintenance   | 1.418                              | -                                  | -                                  | -                                  | -                                  |
| Healthy Pupils Grant - Surrenden Pool   | 0.479                              | -                                  | -                                  | -                                  | -                                  |
| <b>New Schemes to be Approved</b>   |                                    |                                    |                                    |                                    |                                    |
| Basic Need - New Pupil Places *   | 2.879                              | -                                  | -                                  | -                                  | -                                  |
| Education - Capital Maintenance **  | 4.800                              | 4.800                              | 4.800                              | 4.800                              | 4.800                              |
| Devolved Formula Capital **   | 0.508                              | 0.500                              | 0.500                              | 0.500                              | 0.500                              |
| Structural Maintenance  | 0.623                              | 0.623                              | 0.623                              | 0.623                              | 0.623                              |
| <b>Families, Children &amp; Learning</b>                                      | <b>39.143</b>                      | <b>5.923</b>                       | <b>5.923</b>                       | <b>5.923</b>                       | <b>5.923</b>                       |

\* Basic Need profile of spend will be reported in the Education Capital Report in March 2020

\*\* Estimated Funding to be confirmed

# Health and Adult Social Care Directorate

## Services and Responsibilities

The Health and Adult Social Care Directorate consist of Public Health and Adult Social Care. Our vision is for everyone in Brighton & Hove to have the best opportunity to live a healthy, happy and fulfilling life, by ensuring that they are starting well, living well, ageing well and dying well and this is set out in our Health and Wellbeing strategy. To achieve this we need Brighton & Hove to be a city where health is everyone's business, so we work with partners to influence the social, economic and environmental factors that create our health and wellbeing, as well working with communities, and providing information and support to enable residents to adopt healthy lifestyles and reduce health inequalities across the city.

As a Directorate our mission is to promote and improve health and wellbeing while supporting people to live independent and fulfilling lives.

We believe in enabling people to live a life, not just experience a service. The Directorate will establish a new Target Operating Model which will underpin our new way of working. We will do this by focusing on what people can do, not what they can't do, building on their individual strengths, networks and utilising community assets before we look to put in place more traditional services.

To enable us to do this we will continue to work collaboratively and effectively with other Council Directorates, the NHS, the Police, care providers, community, voluntary and social enterprises, and other partners.

The Directorate's primary responsibilities include:

- Comply with Care Act and other relevant legislation;
- Promoting preventative approaches to maintain health & wellbeing including our statutory public health requirements;
- Deliver public health advice to the NHS and its partners;
- Producing the Joint Strategic Needs Assessment to inform commissioning and operational activity;
- Providing information, advice and advocacy;
- Carrying out individual care needs assessments;
- Safeguarding adults at risk of abuse, neglect and avoidable harm;
- Commissioning services to meet current and future demand ensuring that these are financially sustainable for providers and the Council;
- Providing and/or arranging services to improve health and wellbeing, including for adults with eligible care and support needs.

Our main area of spend relates to the provision of care for those people who have been assessed as eligible for social care support (Community Care). This covers a vast array of services and includes such areas as Residential and Nursing Care and Home Care. The rising cost of services and the cost pressures experienced by many of our providers mean that ensuring we have the right services at a sustainable price remains challenging. The increasing demand and complexity of people's needs requiring social care support is also adding to these pressures.

Despite the financial pressures in relation to higher levels of health needs, increasing demand and reducing resources we must continue to deliver our statutory responsibilities.

While there are a range of service areas across the Directorate that contribute to the delivery of our strategy and associated plans, there are three main budget areas and these are detailed below:

**1) Public Health £0.052m (Funded by grant - gross budget £20.256m)**

This service area includes:

- Substance Misuse
- Sexual Health
- Children 0-19 Public Health programmes
- Health Improvement

**2) Adult Social Care Services (incl S75 SPFT) £52.741m**

This service area includes:

- Assessment, Social Work, Occupational Therapy and community care for adults requiring physical support, mental health support and memory & cognition support
- Community Short Term services
- Telecare and equipment services

**3) Commissioning, Contracts and Performance £11.391m**

This service area includes:

- Commissioning & Performance teams
- Housing related support contracts
- Carer support

**Users of Health and Adult Social Care Services**

The directorate provides a range of different services from preventative services to those where we are required to fulfil a statutory duty. Some of the key services we provide are as follows.

In 2018/19, Adult Social Care managed the following activity:

**4,540** New requests for social care support;

**1,267** Of these new requests resulted in provision of long term funded care services. Others received short term support e.g. reablement or end of life care, signposting to community services or ongoing low level support e.g. issuing equipment;

**5,174** Clients issued with equipment;

**4,701** Clients currently receiving telecare;

- 1,100** Clients received a short term service to maximise independence;
- 1,928** Carers supported;
- 1,834** Deprivation of Liberty Safeguards applications;
- 854** Safeguarding enquiries were carried out;
- 1,181** Mental Health Act assessments referrals.

During this period we provided long term funded care services for **3,472** adults. This support was provided in the following ways:

- 1,705** Adults received domiciliary care in the community, this figure does not include those people referred into Homefirst, a Discharge to Assess programme initiated midway through 16/17. This is jointly funded with the CCG focussed upon getting patients home from hospital as soon as they are medically stable. This pathway enables a period of rest and recovery, with support, before longer term needs are considered. This is subject to separate evaluation;
- 1,333** Adults received residential or nursing support (**720** nursing care placements and **613** residential care placements);
- 434** Adults were in receipt of care services funded via a Direct Payment.

In 2018/19, thousands of residents benefitted from services commissioned, provided or supported by Public Health, for example:

- Approximately **3,000** residents benefitted from our Active for Life, health walks, health trainer and health check services and more than **10,000** people attended events promoting healthy lifestyles;
- **32,404** attendances were made at local sexual health services by residents of Brighton and Hove;
- **2,553** residents were receiving treatment for substance misuse (March 2019);
- The Healthy Child Programme provides five mandated health checks for 0 – 5 year olds and three school nurse led health interventions for 5 – 16 year olds, such as **2,050** new baby face to face reviews by 14 days.

| Health & Adult Social Care Budget Summary         |  |                |                 |                      |                                   |                                  |   |
|---|--|----------------|-----------------|----------------------|-----------------------------------|----------------------------------|---|
| 2019/20<br>Net<br>Expenditure<br>/ (Income)<br>£m | Service Area                                   | 2020/21 Budget |                 |                      |                                   |                                  | 2020/21<br>Budgeted<br>Contracted<br>Staff<br>FTE |
|   |  | Expenditure    | Income          | Budget<br>Allocation | Capital<br>Charges &<br>Recharges | Net<br>Expenditure<br>/ (Income) |   |
|   |  | £m             | £m              | £m                   | £m                                | £m                               |   |
| 36.914  | Adult Social Care                              | 57.810         | (23.423)        | <b>34.387</b>        | 4.957                             | <b>39.344</b>                    | 483.8   |
| 17.354  | S75 Sussex Partnership Foundation Trust (SPFT) | 27.072         | (8.718)         | <b>18.354</b>        | 1.282                             | <b>19.636</b>                    | 55.2  |
| 7.905   | Integrated Commissioning                       | 15.918         | (4.527)         | <b>11.391</b>        | (1.990)                           | <b>9.401</b>                     | 52.3  |
| 0.074   | Public Health                                  | 20.256         | (20.204)        | <b>0.052</b>         | 0.082                             | <b>0.134</b>                     | 48.5  |
| <b>62.246</b>                                     | <b>Health &amp; Adult Social Care Total</b>    | <b>121.056</b> | <b>(56.872)</b> | <b>64.184</b>        | <b>4.331</b>                      | <b>68.515</b>                    | <b>639.8</b>                                      |

## Health & Adult Social Care 2020/21 Revenue Budget Breakdown

| Service Description                                   | Employee Expenditure<br>£m | Other Expenditure<br>£m | Total Expenditure<br>£m | Income From Fees, Charges & Rents<br>£m | Other Income<br>£m | Government Grants<br>£m | Total Income<br>£m | Total Budget Allocation<br>£m | Capital Charges & Recharges<br>£m | Net Expenditure / (Income)<br>£m |
|---|----------------------------|-------------------------|-------------------------|---|--------------------|-------------------------|--------------------|-------------------------------|-----------------------------------|----------------------------------|
| <b>Adult Social Care</b>                              |                            |                         |                         |   |                    |                         |                    |                               |                                   |                                  |
| Assistive Equipment & Technology                      | 1.155                      | 2.594                   | 3.749                   | (0.612)                                 | (2.624)            | -                       | (3.237)            | 0.513                         | 0.221                             | 0.734                            |
| Clients with Memory/Cognition Support                 | 2.916                      | 0.218                   | 3.134                   | (0.568)                                 | (1.029)            | -                       | (1.598)            | 1.537                         | 0.896                             | 2.433                            |
| Clients with Physical Support                         | 3.252                      | 36.045                  | 39.297                  | (9.549)                                 | (5.575)            | (1.209)                 | (16.333)           | 22.965                        | 1.782                             | 24.746                           |
| Clients with Sensory Support                          | -                          | 0.559                   | 0.559                   | (0.086)                                 | -                  | -                       | (0.086)            | 0.473                         | 0.127                             | 0.600                            |
| Clients with Substance Misuse Support                 | -                          | 0.337                   | 0.337                   | (0.020)                                 | -                  | -                       | (0.020)            | 0.317                         | 0.039                             | 0.355                            |
| Social Care Activities                                | 8.663                      | 0.439                   | 9.101                   | (0.037)                                 | (1.246)            | -                       | (1.282)            | 7.819                         | 1.578                             | 9.397                            |
| Supported Accommodation                               | 1.171                      | 0.462                   | 1.633                   | (0.788)                                 | (0.080)            | -                       | (0.868)            | 0.764                         | 0.314                             | 1.078                            |
| <b>Adult Social Care Total</b>                        | <b>17.156</b>              | <b>40.654</b>           | <b>57.810</b>           | <b>(11.660)</b>                         | <b>(10.554)</b>    | <b>(1.209)</b>          | <b>(23.423)</b>    | <b>34.387</b>                 | <b>4.957</b>                      | <b>39.344</b>                    |
| <b>S75 Sussex Partnership Foundation Trust (SPFT)</b> |                            |                         |                         |   |                    |                         |                    |                               |                                   |                                  |
| Clients with Memory/Cognition Support                 | -                          | 13.653                  | 13.653                  | (3.820)                                 | (2.468)            | -                       | (6.288)            | 7.364                         | 0.390                             | 7.754                            |
| Clients with Mental Health Support                    | -                          | 9.851                   | 9.851                   | (0.505)                                 | (1.707)            | -                       | (2.212)            | 7.640                         | 0.378                             | 8.018                            |
| Social Care Activities                                | 2.619                      | 0.949                   | 3.568                   | -                                       | (0.218)            | -                       | (0.218)            | 3.350                         | 0.514                             | 3.864                            |
| <b>S75 SPFT Total</b>                                 | <b>2.619</b>               | <b>24.453</b>           | <b>27.072</b>           | <b>(4.325)</b>                          | <b>(4.393)</b>     | <b>-</b>                | <b>(8.718)</b>     | <b>18.354</b>                 | <b>1.282</b>                      | <b>19.636</b>                    |
| <b>Integrated Commissioning</b>                       |                            |                         |                         |   |                    |                         |                    |                               |                                   |                                  |
| Clients with Physical Support                         | -                          | 0.006                   | 0.006                   | -                                       | -                  | -                       | -                  | 0.006                         | 0.025                             | 0.031                            |
| Commissioning & Service Delivery                      | 2.487                      | 2.930                   | 5.416                   | (0.011)                                 | (0.211)            | (0.836)                 | (1.058)            | 4.359                         | (2.525)                           | 1.834                            |
| Housing Related (Supporting People)                   | -                          | 7.810                   | 7.810                   | -                                       | (0.012)            | (2.044)                 | (2.056)            | 5.754                         | 0.201                             | 5.955                            |
| Information & Early Intervention                      | 0.091                      | 1.862                   | 1.953                   | -                                       | (0.882)            | -                       | (0.882)            | 1.070                         | 0.276                             | 1.346                            |
| Support To Carers                                     | -                          | 0.732                   | 0.732                   | -                                       | (0.530)            | -                       | (0.530)            | 0.202                         | 0.033                             | 0.235                            |
| <b>Integrated Commissioning Total</b>                 | <b>2.577</b>               | <b>13.340</b>           | <b>15.918</b>           | <b>(0.011)</b>                          | <b>(1.636)</b>     | <b>(2.880)</b>          | <b>(4.527)</b>     | <b>11.391</b>                 | <b>(1.990)</b>                    | <b>9.401</b>                     |
| <b>Public Health</b>                                  |                            |                         |                         |   |                    |                         |                    |                               |                                   |                                  |
| Children's Public Health Programmes (0-5)             | -                          | 3.788                   | 3.788                   | -                                       | (0.090)            | -                       | (0.090)            | 3.698                         | 0.028                             | 3.726                            |
| Children's Public Health Programmes (5-19)            | 0.245                      | 1.559                   | 1.804                   | -                                       | (0.212)            | -                       | (0.212)            | 1.592                         | 0.028                             | 1.620                            |
| Commissioning   | 0.177                      | 0.300                   | 0.477                   | -                                       | (0.001)            | (19.559)                | (19.560)           | (19.083)                      | (0.452)                           | (19.536)                         |
| Miscellaneous Public Health Services                  | 1.240                      | 1.723                   | 2.963                   | (0.005)                                 | (0.239)            | -                       | (0.244)            | 2.719                         | 0.083                             | 2.802                            |
| NHS Health Check Programmes                           | 0.000                      | 0.300                   | 0.300                   | -                                       | -                  | -                       | -                  | 0.300                         | 0.083                             | 0.383                            |
| Obesity   | -                          | 0.400                   | 0.400                   | -                                       | -                  | -                       | -                  | 0.400                         | 0.028                             | 0.428                            |
| Physical Activity                                     | 0.289                      | 0.221                   | 0.511                   | (0.005)                                 | -                  | -                       | (0.005)            | 0.506                         | 0.062                             | 0.567                            |
| Public Health Advice                                  | 0.185                      | 0.008                   | 0.192                   | -                                       | -                  | -                       | -                  | 0.192                         | 0.028                             | 0.220                            |
| Sexual Health Services                                | 0.070                      | 4.072                   | 4.142                   | -                                       | -                  | -                       | -                  | 4.142                         | 0.083                             | 4.225                            |
| Substance Misuse                                      | 0.161                      | 5.519                   | 5.681                   | -                                       | (0.094)            | -                       | (0.094)            | 5.587                         | 0.111                             | 5.698                            |
| <b>Public Health Total</b>                            | <b>2.366</b>               | <b>17.890</b>           | <b>20.256</b>           | <b>(0.010)</b>                          | <b>(0.635)</b>     | <b>(19.559)</b>         | <b>(20.204)</b>    | <b>0.052</b>                  | <b>0.082</b>                      | <b>0.134</b>                     |
| <b>Health &amp; Adult Social Care Total</b>           | <b>24.719</b>              | <b>96.337</b>           | <b>121.056</b>          | <b>(16.006)</b>                         | <b>(17.218)</b>    | <b>(23.648)</b>         | <b>(56.872)</b>    | <b>64.184</b>                 | <b>4.331</b>                      | <b>68.515</b>                    |

### Health & Adult Social Care Directorate Budget Plan

Note, the Health & Social Care directorate does not have any planned savings programmes for 2020/21. However, the service will continue to work with health and social care commissioners to look at optimum ways for managing demands across the system and will continue to work with in-house and external provider services to achieve ongoing improvements and efficiencies wherever possible. These ongoing processes will help the service to manage and mitigate, as far as possible, the substantially growing demands and costs within the system caused by increasing levels and complexity of need.

| <b>Health &amp; Adult Social Care Capital Investment Programme 2020/21 to 2024/25</b> |   |   |   |   |   |
|---|---|---|---|---|---|
|   | <b>Profiled Payments<br/>2020/21<br/>£m</b> | <b>Profiled Payments<br/>2021/22<br/>£m</b> | <b>Profiled Payments<br/>2022/23<br/>£m</b> | <b>Profiled Payments<br/>2023/24<br/>£m</b> | <b>Profiled Payments<br/>2024/25<br/>£m</b> |
| <b>Approved Schemes</b>   |   |   |   |   |   |
| None  | -   | -   | -   | -   | -   |
| <b>New Schemes to be Approved</b>   |   |   |   |   |   |
| Better Care Funding Grant *   | 0.500                                       | 0.500                                       | 0.500                                       | 0.500                                       | 0.500                                       |
| <b>Health &amp; Adult Social Care</b>   | <b>0.500</b>                                | <b>0.500</b>                                | <b>0.500</b>                                | <b>0.500</b>                                | <b>0.500</b>                                |

\* Estimated Funding to be confirmed

# 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.
- **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 Environmental Management** – Delivering recycling, refuse and street cleaning services to improve the cleanliness of the city, including the delivery of our commercial waste service, garden waste service, and graffiti strategy. Management of our city’s parks and open spaces, including the delivery of the Stanmer Park Masterplan.
- **Property** – Leading the council’s property strategy and the delivery of corporate and commercial property services with an emphasis upon an investment strategy that delivers new revenue streams from our assets, whilst keeping the council’s assets safe and fit for purpose, and contributing to housing delivery, the carbon neutral agenda and community wealth. The council’s property and land portfolio includes operational assets such as council offices, town halls, heritage, schools and leisure centre assets, commercial properties and agricultural farmlands.
- **Culture, Tourism & Sport** – 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. Managing our seafront, tourism and visitor services include 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 approximately £1.9m of savings (Approx. 5% of net budget). The Integrated Service & Financial Plan proposals for 2020/21 set out savings proposals of £3.477m (Approx. 9% of net budget). 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. A significant focus in 2020/21 will be upon leading delivering and oversight of the emerging 2030 Carbon Neutral programme for the City.

The directorate provides strong civic leadership and place making to secure investment in sustainable economic growth and city infrastructure which is clear about the benefits to local people, working with Coast to Capital LEP, the Greater Brighton city region and South East 7 (SE7) partners to attract external investment, increase economic resilience, improve sustainability, 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 with a focus upon delivering sites for affordable housing and supporting community wealth. 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 Budget Summary     |   |                |                 |                      |                                   |                                  |   |
|---|---|----------------|-----------------|----------------------|-----------------------------------|----------------------------------|---|
| 2019/20<br>Net<br>Expenditure<br>/ (Income)<br>£m | Service Area                                    | 2020/21 Budget |                 |                      |                                   |                                  | 2020/21<br>Budgeted<br>Contracted<br>Staff<br>FTE |
|   |   | Expenditure    | Income          | Budget<br>Allocation | Capital<br>Charges &<br>Recharges | Net<br>Expenditure<br>/ (Income) |   |
|   |   | £m             | £m              | £m                   | £m                                | £m                               |   |
| 14.116  | Transport                                       | 38.909         | (40.494)        | (1.585)              | 13.204                            | 11.619                           | 177.0   |
| 35.241  | City Environmental Management                   | 34.500         | (2.387)         | 32.113               | 5.449                             | 37.562                           | 466.1   |
| 3.181   | City Development & Regeneration                 | 5.664          | (2.951)         | 2.713                | 0.786                             | 3.499                            | 93.3  |
| 15.066  | Culture, Tourism & Sport                        | 16.241         | (12.453)        | 3.788                | 11.950                            | 15.738                           | 207.3   |
| (2.978)   | Property  | 12.200         | (10.624)        | 1.576                | (5.026)                           | (3.450)                          | 103.8   |
| 64.626  | <b>Economy, Environment &amp; Culture Total</b> | <b>107.514</b> | <b>(68.909)</b> | <b>38.605</b>        | <b>26.364</b>                     | <b>64.969</b>                    | <b>1,047.5</b>                                    |



## Economy, Environment & Culture 2020/21 Revenue Budget Breakdown

| Service Description                        | Employee Expenditure<br>£m | Other Expenditure<br>£m | Total Expenditure<br>£m | Income From Fees, Charges & Rents<br>£m | Other Income<br>£m | Government Grants<br>£m | Total Income<br>£m | Total Budget Allocation<br>£m | Capital Charges & Recharges<br>£m | Net Expenditure / (Income)<br>£m |
|--|----------------------------|-------------------------|-------------------------|---|--------------------|-------------------------|--------------------|-------------------------------|-----------------------------------|----------------------------------|
| <b>Transport</b>                           |                            |                         |                         |   |                    |                         |                    |                               |                                   |                                  |
| Concessionary Bus Fares                    | -                          | 10.681                  | 10.681                  | (0.019)                                 | -                  | -                       | (0.019)            | 10.662                        | 0.045                             | 10.707                           |
| Highway & Traffic Management               | 0.465                      | 1.001                   | 1.466                   | (0.633)                                 | -                  | -                       | (0.633)            | 0.833                         | 1.985                             | 2.818                            |
| Highway Assets & Maintenance               | 0.832                      | 2.566                   | 3.398                   | -                                       | -                  | -                       | -                  | 3.398                         | 4.056                             | 7.454                            |
| Parking Operations                         | 3.338                      | 12.527                  | 15.865                  | (37.909)                                | -                  | -                       | (37.909)           | (22.044)                      | 2.771                             | (19.273)                         |
| Public Transport                           | 0.181                      | 1.341                   | 1.522                   | (0.461)                                 | (0.016)            | (0.173)                 | (0.650)            | 0.872                         | 0.063                             | 0.935                            |
| Road Safety                                | 0.498                      | (0.024)                 | 0.473                   | (0.022)                                 | -                  | (0.040)                 | (0.061)            | 0.412                         | 0.566                             | 0.978                            |
| Road Works Permit Scheme                   | 0.480                      | 0.075                   | 0.555                   | (0.684)                                 | -                  | -                       | (0.684)            | (0.128)                       | 0.106                             | (0.022)                          |
| Street Lighting & Illuminations            | 0.134                      | 2.336                   | 2.470                   | (0.034)                                 | -                  | -                       | (0.034)            | 2.436                         | 0.535                             | 2.971                            |
| Transport Projects                         | 0.357                      | 0.776                   | 1.133                   | -                                       | -                  | (0.495)                 | (0.495)            | 0.638                         | 3.444                             | 4.082                            |
| Winter Maintenance                         | 0.049                      | 0.274                   | 0.323                   | -                                       | -                  | -                       | -                  | 0.323                         | 0.008                             | 0.331                            |
| Head of Transport, Policy and Strategy     | 0.837                      | 0.184                   | 1.021                   | (0.010)                                 | -                  | -                       | (0.010)            | 1.011                         | (0.374)                           | 0.637                            |
| <b>Transport Total</b>                     | <b>7.170</b>               | <b>31.739</b>           | <b>38.909</b>           | <b>(39.771)</b>                         | <b>(0.016)</b>     | <b>(0.708)</b>          | <b>(40.494)</b>    | <b>(1.585)</b>                | <b>13.204</b>                     | <b>11.619</b>                    |
| <b>City Environmental Management</b>       |                            |                         |                         |   |                    |                         |                    |                               |                                   |                                  |
| City Clean - Refuse & Recycling            | 5.399                      | 0.326                   | 5.726                   | (1.019)                                 | -                  | -                       | (1.019)            | 4.706                         | 2.131                             | 6.838                            |
| City Clean - Street Cleansing              | 4.541                      | 0.209                   | 4.750                   | (0.013)                                 | -                  | -                       | (0.013)            | 4.736                         | 0.603                             | 5.339                            |
| City Parks                                 | 3.762                      | 0.276                   | 4.037                   | (0.348)                                 | (0.030)            | (0.060)                 | (0.438)            | 3.599                         | 1.678                             | 5.277                            |
| Public Conveniences                        | -                          | 0.774                   | 0.774                   | (0.015)                                 | -                  | -                       | (0.015)            | 0.758                         | 0.160                             | 0.919                            |
| Vehicle Fleet & Maintenance                | 0.733                      | 2.573                   | 3.306                   | (0.071)                                 | -                  | -                       | (0.071)            | 3.235                         | 0.365                             | 3.600                            |
| Head of City Environmental Management      | 0.131                      | 0.018                   | 0.149                   | -                                       | -                  | -                       | -                  | 0.149                         | (0.001)                           | 0.148                            |
| Strategy & Projects                        | 0.760                      | 0.235                   | 0.995                   | (0.154)                                 | -                  | -                       | (0.154)            | 0.841                         | (0.459)                           | 0.382                            |
| Waste Disposal                             | -                          | 14.764                  | 14.764                  | (0.616)                                 | (0.059)            | -                       | (0.676)            | 14.088                        | 0.971                             | 15.059                           |
| <b>City Environmental Management Total</b> | <b>15.325</b>              | <b>19.175</b>           | <b>34.500</b>           | <b>(2.237)</b>                          | <b>(0.089)</b>     | <b>(0.060)</b>          | <b>(2.387)</b>     | <b>32.113</b>                 | <b>5.449</b>                      | <b>37.562</b>                    |
| <b>City Development &amp; Regeneration</b> |                            |                         |                         |   |                    |                         |                    |                               |                                   |                                  |
| Building Control                           | 0.773                      | 0.056                   | 0.829                   | (0.849)                                 | -                  | -                       | (0.849)            | (0.020)                       | 0.175                             | 0.155                            |
| Business Development & Customer Services   | 0.521                      | 0.010                   | 0.531                   | -                                       | -                  | -                       | -                  | 0.531                         | 0.141                             | 0.672                            |
| Development Planning                       | 1.597                      | 0.091                   | 1.687                   | (1.849)                                 | -                  | -                       | (1.849)            | (0.162)                       | 0.307                             | 0.145                            |
| Economic Development                       | 0.441                      | 0.213                   | 0.654                   | -                                       | (0.142)            | -                       | (0.142)            | 0.512                         | (0.040)                           | 0.472                            |
| Economy, Environment & Culture Management  | 0.179                      | 0.005                   | 0.183                   | -                                       | -                  | -                       | -                  | 0.183                         | (0.183)                           | -                                |
| Head Of Planning                           | 0.110                      | 0.029                   | 0.138                   | -                                       | -                  | -                       | -                  | 0.138                         | (0.138)                           | -                                |
| International Team                         | 0.115                      | 0.015                   | 0.130                   | -                                       | -                  | -                       | -                  | 0.130                         | 0.036                             | 0.166                            |
| Major Projects & Regeneration              | 0.366                      | 0.020                   | 0.386                   | -                                       | (0.067)            | -                       | (0.067)            | 0.318                         | 0.340                             | 0.658                            |
| Sustainability                             | 0.239                      | 0.192                   | 0.431                   | -                                       | (0.020)            | -                       | (0.020)            | 0.411                         | 0.045                             | 0.456                            |
| Planning Policy, Projects and Heritage     | 0.576                      | 0.119                   | 0.695                   | (0.023)                                 | -                  | -                       | (0.023)            | 0.671                         | 0.102                             | 0.773                            |

## Economy, Environment & Culture 2020/21 Revenue Budget Breakdown

| Service Description                              | Employee Expenditure<br>£m | Other Expenditure<br>£m | Total Expenditure<br>£m | Income From Fees, Charges & Rents<br>£m | Other Income<br>£m | Government Grants<br>£m | Total Income<br>£m | Total Budget Allocation<br>£m | Capital Charges & Recharges<br>£m | Net Expenditure / (Income)<br>£m |
|--|----------------------------|-------------------------|-------------------------|---|--------------------|-------------------------|--------------------|-------------------------------|-----------------------------------|----------------------------------|
| <b>City Development &amp; Regeneration Total</b> | <b>4.914</b>               | <b>0.750</b>            | <b>5.664</b>            | <b>(2.721)</b>                          | <b>(0.229)</b>     | <b>-</b>                | <b>(2.951)</b>     | <b>2.713</b>                  | <b>0.786</b>                      | <b>3.499</b>                     |
| <b>Culture, Tourism &amp; Sport</b>              |                            |                         |                         |   |                    |                         |                    |                               |                                   |                                  |
| Royal Pavilion & Museums                         | 4.956                      | 2.496                   | <b>7.452</b>            | (4.444)                                 | (1.345)            | -                       | <b>(5.790)</b>     | <b>1.662</b>                  | 2.120                             | <b>3.782</b>                     |
| Seafront Services                                | 0.621                      | 0.359                   | <b>0.980</b>            | (2.486)                                 | -                  | -                       | <b>(2.486)</b>     | <b>(1.506)</b>                | 1.303                             | <b>(0.203)</b>                   |
| Sports Facilities                                | 0.224                      | 0.921                   | <b>1.145</b>            | (0.342)                                 | -                  | -                       | <b>(0.342)</b>     | <b>0.803</b>                  | 3.040                             | <b>3.843</b>                     |
| Tourism & Marketing                              | 0.368                      | 1.652                   | <b>2.020</b>            | (0.225)                                 | (0.153)            | -                       | <b>(0.378)</b>     | <b>1.642</b>                  | 0.068                             | <b>1.710</b>                     |
| Venues   | 2.083                      | 0.081                   | <b>2.164</b>            | (2.895)                                 | -                  | -                       | <b>(2.895)</b>     | <b>(0.730)</b>                | 4.251                             | <b>3.520</b>                     |
| Volks Railway                                    | 0.278                      | 0.055                   | <b>0.333</b>            | (0.257)                                 | -                  | -                       | <b>(0.257)</b>     | <b>0.076</b>                  | 0.127                             | <b>0.202</b>                     |
| Arts (including Partnership Arrangements)        | 0.095                      | 1.783                   | <b>1.878</b>            | -                                       | -                  | -                       | -                  | <b>1.878</b>                  | 0.890                             | <b>2.768</b>                     |
| Outdoor Events                                   | 0.117                      | 0.152                   | <b>0.269</b>            | (0.305)                                 | -                  | -                       | <b>(0.305)</b>     | <b>(0.036)</b>                | 0.151                             | <b>0.115</b>                     |
| <b>Culture, Tourism &amp; Sport Total</b>        | <b>8.742</b>               | <b>7.499</b>            | <b>16.241</b>           | <b>(10.955)</b>                         | <b>(1.498)</b>     | <b>-</b>                | <b>(12.453)</b>    | <b>3.788</b>                  | <b>11.950</b>                     | <b>15.738</b>                    |
| <b>Property</b>                                  |                            |                         |                         |   |                    |                         |                    |                               |                                   |                                  |
| Architecture & Design                            | (0.774)                    | 0.159                   | <b>(0.615)</b>          | (0.020)                                 | -                  | -                       | <b>(0.020)</b>     | <b>(0.636)</b>                | 0.238                             | <b>(0.398)</b>                   |
| Education Property Management                    | -                          | 0.737                   | <b>0.737</b>            | (0.019)                                 | (0.035)            | -                       | <b>(0.054)</b>     | <b>0.683</b>                  | 0.023                             | <b>0.706</b>                     |
| Energy & Water Management                        | 0.101                      | 0.007                   | <b>0.108</b>            | -                                       | -                  | -                       | -                  | <b>0.108</b>                  | (0.106)                           | <b>0.002</b>                     |
| Estates Management                               | 0.405                      | 0.933                   | <b>1.338</b>            | (9.830)                                 | -                  | -                       | <b>(9.830)</b>     | <b>(8.491)</b>                | 4.292                             | <b>(4.199)</b>                   |
| Facilities & Premises                            | 1.454                      | 8.664                   | <b>10.119</b>           | (0.720)                                 | -                  | -                       | <b>(0.720)</b>     | <b>9.399</b>                  | (8.905)                           | <b>0.494</b>                     |
| Asset Management                                 | 0.414                      | 0.098                   | <b>0.513</b>            | -                                       | -                  | -                       | -                  | <b>0.513</b>                  | (0.568)                           | <b>(0.056)</b>                   |
| <b>Property Total</b>                            | <b>1.601</b>               | <b>10.600</b>           | <b>12.200</b>           | <b>(10.589)</b>                         | <b>(0.035)</b>     | <b>-</b>                | <b>(10.624)</b>    | <b>1.576</b>                  | <b>(5.026)</b>                    | <b>(3.450)</b>                   |
| <b>Economy, Environment &amp; Culture Total</b>  | <b>37.752</b>              | <b>69.762</b>           | <b>107.514</b>          | <b>(66.273)</b>                         | <b>(1.868)</b>     | <b>(0.768)</b>          | <b>(68.909)</b>    | <b>38.605</b>                 | <b>26.364</b>                     | <b>64.969</b>                    |

| Economy, Environment & Culture Directorate Budget Plan  |  |                    |
|---|--|--------------------|
| Section   | Summary of Budget Proposals, Strategy and Risks  | Savings<br>2020/21 |
|   |  | £m                 |
| <b>Transport</b>  |  |                    |
| Concessionary Bus Fares   | It is anticipated the Council will save £300,000 per annum through the agreement of a new 3 Year Fixed Deal or reimbursement with Bus Operators that will continue to provide existing Concessionary Travel arrangements, whilst also expanding the scheme for disabled pass holders. See EIA 7. | 0.300              |
| Transport, Policy and Strategy  | Increase in development income through planning fees and performance agreements towards the cost of staff activity relating onsite to inspections.   | 0.010              |
| Parking Services - New Parking Schemes  | Three new schemes in 2020/21 (Coombe Road Area, South Portslade Area and Surrenden Area) subject to current consultation. The saving is net of associated additional costs such as staffing, administration, correspondence and appeals/challenges. See EIA 8.                                   | 0.800              |
| Parking Services - Overachievement in 2019-20   | Continued achievement at 2019-20 levels (Primarily due to seasonal variation in Bus Lane PCN enforcement).   | 0.600              |
| Parking Services - Raising Charges to gain 4% increase income (Raising parking fees & charges by an average 5.4% to make 4% allowing for demand loss and associated costs of implementation as well as VAT for off-street charges). This is beyond the average 2.7% to make 2% inflationary increase (£600k) which is already required and includes proposals such as initial first and subsequent resident permit increases for full & light touch schemes, initial increase to traders permits and on-street tariff increases. Improving air quality is a key traffic management objective in Brighton & Hove. As part of a range of measures to improve air quality, such as the introduction of a Low Emission Zone, parking charges can help to encourage less polluting travel options and reduce emissions.<br><br>A further key traffic management objective is to reduce congestion. Fees are set to manage demand for parking and reduce time taken driving around to find a space by increasing turnover of spaces particularly in high demand areas | Raising price of resident full scheme permit to £150 – Keeping quarterly prices (£45) the same to reduce costs to those who find the upfront annual costs more difficult. See EIA 8.   | 0.225              |
|   | Applying surcharges to 2nd and additional resident permits in full schemes (£80) and light touch schemes (£70). Quarterly (£20) and 6 monthly (£35) surcharges will also apply. See EIA 8.   | 0.027              |
|   | Increases to Business permits to £400 yearly and £115 quarterly. See EIA 8.  | 0.035              |
|   | Increasing Traders Permits (Annually to £780, Quarterly to £250). See EIA 8.   | 0.030              |
|   | Increase price of resident visitor permits in Zone B & D (event day schemes) to £3.50 to bring them in line with light touch parking schemes and charge £50 for annual guest permits. See EIA 8.   | 0.015              |
|   | Increasing selected tariffs in Black Rock car park, King Alfred car park, Norton Road car park and other off street car parks. See EIA 8.  | 0.188              |
|   | Increase tariffs at Regency Square car park. See EIA 8.  | 0.122              |
|   | Increase tariffs at Rottingdean off street car parks. See EIA 8.   | 0.006              |
|   | Increase allocation of business permits from 2 to 4. Business permits are issued where it can be demonstrated that there is a business need to park a vehicle in a specific Controlled Parking Zone. See EIA 8.  | 0.025              |

| <b>Economy, Environment &amp; Culture Directorate Budget Plan</b> |   |                        |
|---|---|------------------------|
| <b>Section</b>  | <b>Summary of Budget Proposals, Strategy and Risks</b>  | <b>Savings 2020/21</b> |
|   |   | <b>£m</b>              |
| Transport Projects and Engineering - Lighting & Illuminations     | £10k saving from staff restructure which has already been implemented.  | 0.010                  |
| Transport Projects and Engineering - Head of Transport Projects   | Reduction in consultancy budget.  | 0.018                  |
| Transport Projects and Engineering - Public Transport             | Removal of marketing budget.  | 0.008                  |
| <b>Transport Total</b>  |   | <b>2.419</b>           |
| <b>City Environmental Management</b>                              |   |                        |
| City Clean  | Commercial income from expansion of the garden waste scheme and new trade waste business.   | 0.050                  |
| City Parks  | Full cost recovery for providing a grounds maintenance service to council tenants through increasing the service charge to reflect actual costs.  | 0.050                  |
| Waste Disposal  | Likely savings from Waste PFI contract variation.   | 0.125                  |
| <b>City Environmental Management Total</b>                        |   | <b>0.225</b>           |
| <b>City Development &amp; Regeneration</b>                        |   |                        |
| Business Development and Customer Services                        | The service is currently undertaking a service review which aims to improve service delivery and efficiency. There is an expected saving from the deletion of vacant posts.   | 0.032                  |
| Development Planning - Building Control                           | Increase building control fees by over 10%. Fees can only be for the delivery of the service and cannot cross-subsidise.  | 0.050                  |
| Economic Development  | Savings to be delivered by a reshape of the Economic Development Service  | 0.050                  |
|   | Reduction in Initiatives Budget.  | 0.010                  |
| Sustainability & International                                    | Restructure of service to offer up a saving of 0.5 x M11 FTE International Officer post (lower than full 0.5 as there is existing service pressure that absent post relieves) - this would make the overall restructure of the service harder to successfully complete. | 0.013                  |
| <b>City Development &amp; Regeneration Total</b>                  |   | <b>0.155</b>           |
| <b>Culture, Tourism &amp; Sport</b>                               |   |                        |
| Royal Pavilion and Museums - The Keep                             | Sustainability Plan for the Keep being delivered in partnership with East Sussex County Council and University of Sussex.   | 0.025                  |
| Sport and Leisure   | Reduce expenditure on responsive repairs to building and plant. The risk is that reactive maintenance will take longer to complete with more areas temporarily cordoned off/shut for longer. Also, could potentially lead to increased cost from the delay.             | 0.020                  |
| Outdoor Events  | Increase fees and charges for events.   | 0.028                  |
| Seafront Services   | Shelter Hall - anticipated turnover top up rent from letting the rotunda.   | 0.015                  |

| Economy, Environment & Culture Directorate Budget Plan      |   |                    |
|---|---|--------------------|
| Section   | Summary of Budget Proposals, Strategy and Risks   | Savings<br>2020/21 |
|   |   | £m                 |
| Sports Facilities   | Reduce expenditure on client responsibilities of sports facilities contracts. The risk is a delay in undertaking client responsibilities could have a detrimental impact on the quality of the sports facilities. Also, there could be a negative impact on the client/contract partnership with the external operator with a consequent negative impact on the quality of the sports facilities.   | 0.040              |
| Marketing (incl. Visit Brighton)                            | Reduction in marketing budgets (£10k) and other supplies & services budgets (£1k). £1.285m of the conferences net budget relates to Internal Subvention Costs.  | 0.011              |
| Venues - Brighton Centre                                    | Purchase of a new Compactor Unit to reduce the cost of skip hire.   | 0.009              |
| Venues - Brighton Centre                                    | Remove annual financing costs of Brighton Centre stage by repaying debt in 2019-20.   | 0.018              |
| Venues - Brighton Centre                                    | Reduction in maintenance budget from £80k to £65k (18.75%) and reduction in utilities budgets £14k due to energy efficiency measures. Any reduction in the maintenance budget will result in repairs taking longer as the remaining budget will need to be prioritised. E.g. lifts, toilets & lights being out of action and routine damage not being repaired during busy periods. This will reflect badly on the business to both existing and prospective customers and could affect income budgets in future years. | 0.029              |
| Venues - Brighton Centre                                    | Reduction in casual staffing budgets. Dependent on Customer numbers for each event.   | 0.023              |
| Venues - Brighton Centre                                    | Reduction in overtime budgets. Reduces ability to cover sickness absences.  | 0.016              |
| Venues - Brighton Centre                                    | Increased income from reletting of ticketing contract. Dependent on levels of ticket sales from Entertainments.   | 0.005              |
| Venues - Brighton Centre                                    | Reduction in training budget from £8k to £5k.   | 0.003              |
| Venues - Brighton Centre                                    | Reduction in marketing budgets for Entertainments & Conferences.  | 0.006              |
| Venues - Brighton Centre                                    | Reduction in budget for software & internet costs.  | 0.004              |
| Venues - Brighton Centre                                    | Reduction in supplies & services budgets.   | 0.008              |
| <b>Culture, Tourism &amp; Sport Total</b>                   |   | <b>0.260</b>       |
| <b>Property</b>   |   |                    |
| Facilities & Building Services - Post & Couriers            | Close the Brighton Town Hall post room and distribute all post from Hove Town Hall. Anticipated saving will be met from vacancies.  | 0.030              |
| Facilities & Building Services - Cleaning, Waste & Security | Combine the Salto building access contracts for both corporate and housing properties.  | 0.010              |
| Facilities & Building Services - Building M&E Services      | Recruit 2x Mechanical & Electrical engineers in-house to avoid the need to employ external consultants. This is subject to successful recruitment of suitably qualified technical staff which has recently proved problematic due to pay scales. In-house professional staff reduce risks and are better value for money.   | 0.050              |
| Facilities & Building Services - Reactive Maintenance       | Expand the in-house maintenance operative service by recruiting more staff to avoid paying external contractors with higher hourly rate charges. This is subject to successful recruitment of suitably qualified & experienced staff.   | 0.050              |

| <b>Economy, Environment &amp; Culture Directorate Budget Plan</b>   |  |                            |
|---|--|----------------------------|
| <b>Section</b>  | <b>Summary of Budget Proposals, Strategy and Risks</b>   | <b>Savings<br/>2020/21</b> |
|   |  | <b>£m</b>                  |
| Building Surveying Services   | Increase in fee income by employing more professional staff for work that would otherwise be undertaken by external consultants.   | 0.015                      |
| Architecture & Design   | Increase in fee income by employing more professional staff for work that would otherwise be undertaken by external consultants.   | 0.015                      |
| Workstyles Programme Management   | Improvements to the Barts House Customer Service Centre (CSC) with reduced maintenance & security expenditure following review of security arrangements, staff entrances and CSC re-design.  | 0.030                      |
| Education Property Management   | Deletion of currently vacant post.   | 0.032                      |
| Asset Management  | Restructure of Property & Design services to form a combined strategic Estate & Asset management property team, transferring other asset management functions to the relevant property teams & achieving operational benefits identified as part of the 2019 Property & Design Service Review. See Staffing EIA S2.  | 0.069                      |
| Utilities - Corporate Landlord  | Savings resulting from the corporate solar photovoltaic programme are only expected to provide small net savings in the first few years with larger savings occurring in years 5+. However, these early year savings are likely to be negated by (a) the general market energy price increases applied to the remainder of the portfolio, (b) the potential surcharge for the future purchase of 'green' energy and (c) the possibility of using the early years saving to reinvest in the energy efficiency investment programme through part-funding additional staff resources to manage the programme. | 0.012                      |
| Urban Investment Portfolio Management   | Release of surplus New England House service charge following review of budget.  | 0.040                      |
| Urban Investment Portfolio Management<br>Rural Investment Portfolio Management<br>In-House Estates Management | Savings resulting from the reprocurement of the Estate Management Consultancy Service Contract.  | 0.035                      |
| Urban Investment Portfolio Management   | Increase in rental income from Phoenix House through letting of void units. No capital investment required.  | 0.030                      |
| <b>Property Total</b>   |  | <b>0.418</b>               |
| <b>Economy, Environment &amp; Culture Total</b>   |  | <b>3.477</b>               |

| <b>Economy, Environment &amp; Culture Capital Investment Programme 2020/21 to 2024/25</b> |   |   |   |   |   |
|---|---|---|---|---|---|
|   | <b>Profiled<br/>Payments<br/>2020/21<br/>£m</b> | <b>Profiled<br/>Payments<br/>2021/22<br/>£m</b> | <b>Profiled<br/>Payments<br/>2022/23<br/>£m</b> | <b>Profiled<br/>Payments<br/>2023/24<br/>£m</b> | <b>Profiled<br/>Payments<br/>2024/25<br/>£m</b> |
| <b>Approved Schemes</b>   |   |   |   |   |   |
| <b><i>City Environmental Management</i></b>   |   |   |   |   |   |
| Fleet Replacement   | 1.500   | 1.500   | 1.500   | 1.500   | 1.500   |
| Stanmer Park Restoration Fund HLF   | 4.000   | -   | -   | -   | -   |
| Investment in City Parks  | 0.180   | -   | -   | -   | -   |
| Citywide Play Area Improvement Contract   | 0.234   | 0.156   | -   | -   | -   |
| <b><i>Transport</i></b>   |   |   |   |   |   |
| Street Lighting Maintenance   | 2.092   | 2.022   | -   | -   | -   |
| Valley Gardens Phases 1 & 2   | 3.305   | -   | -   | -   | -   |
| Valley Gardens Phase 3  | 1.177   | 5.250   | -   | -   | -   |
| Ultra Low Emissions Taxi Infrastructure Scheme  | 0.234   | -   | -   | -   | -   |
| London Road Car Park Works  | 0.270   | -   | -   | -   | -   |
| <b><i>City Development &amp; Regeneration</i></b>   |   |   |   |   |   |
| Waterfront Redevelopment  | 0.350   | 0.350   | 0.350   | 0.350   | 0.350   |
| Madeira Terraces Regeneration Design Works  | 0.500   | -   | -   | -   | -   |
| Madeira Terraces Regeneration Implementation Works  | -   | 1.450   | -   | -   | -   |
| Madeira Terraces Crowd Funding Contribution   | -   | 0.436   | -   | -   | -   |
| Black Rock Enabling Works   | 5.578   | 4.228   | -   | -   | -   |
| Brighton Research & Innovation Fibre Ring   | 0.851   | -   | -   | -   | -   |
| <b><i>Culture, Tourism &amp; Sport</i></b>  |   |   |   |   |   |
| Royal Pavilion Estate Phase 1   | 11.073  | -   | -   | -   | -   |
| Prince Regent - Replacement Mechanical Equipment  | 0.700   | -   | -   | -   | -   |
| Saltdean Lido Replacement Library   | 0.700   | -   | -   | -   | -   |
| <b><i>Property</i></b>  |   |   |   |   |   |
| Statutory DDA Access Works Fund   | 0.069   | -   | -   | -   | -   |
| Madeira Terrace Structural Repairs  | 0.031   | -   | -   | -   | -   |
| Stanmer Park Agricultural Buildings   | 0.110   | -   | -   | -   | -   |
| Barts House Cladding & Window Replacement   | 0.375   | -   | -   | -   | -   |
| Workstyles Phase 4  | 0.500   | -   | -   | -   | -   |
| Brighton Town Hall - PMB contribution to refurbishment                                    | 0.060   | -   | -   | -   | -   |
| Phoenix House   | 0.332   | -   | -   | -   | -   |
| Barts House Mechanical Ventilation - AMF  | 0.050   | -   | -   | -   | -   |

| <b>Economy, Environment &amp; Culture Capital Investment Programme 2020/21 to 2024/25</b> |   |   |   |   |   |
|---|---|---|---|---|---|
|   | <b>Profiled Payments<br/>2020/21<br/>£m</b> | <b>Profiled Payments<br/>2021/22<br/>£m</b> | <b>Profiled Payments<br/>2022/23<br/>£m</b> | <b>Profiled Payments<br/>2023/24<br/>£m</b> | <b>Profiled Payments<br/>2024/25<br/>£m</b> |
| <b>New Schemes to be Approved</b>   |   |   |   |   |   |
| <b><i>City Environmental Management</i></b>   |   |   |   |   |   |
| None  | -   | -   | -   | -   | -   |
| <b><i>Transport</i></b>   |   |   |   |   |   |
| Local Transport Plan *  | 4.458                                       | 4.700                                       | 5.000                                       | 5.000                                       | 5.000                                       |
| Coast Protection Works  | 1.000                                       | 0.600                                       | 4.600                                       | 12.300                                      | 10.000                                      |
| <b><i>City Development &amp; Regeneration</i></b>   |   |   |   |   |   |
| Brighton Waterfront   | -   | -   | 20.000                                      | 40.000                                      | 40.000                                      |
| <b><i>Culture, Tourism &amp; Sport</i></b>  |   |   |   |   |   |
| Royal Pavilion Estate Phases 2 & 3  | -   | 6.500                                       | 4.000                                       | -   | -   |
| <b><i>Property</i></b>  |   |   |   |   |   |
| New England House   | 0.100                                       | 0.100                                       | 4.200                                       | 25.100                                      | -   |
| Stanmer Park Traditional Agricultural Buildings   | 0.500                                       | 4.285                                       | -   | -   | -   |
| Planned Maintenance of operational Buildings  | 0.500                                       | 0.500                                       | 0.500                                       | 0.500                                       | 0.500                                       |
| Planned Maintenance of Social Services Buildings  | 0.500                                       | 0.500                                       | 0.500                                       | 0.500                                       | 0.500                                       |
| Asset Management Fund   | 1.000                                       | 1.000                                       | 1.000                                       | 1.000                                       | 1.000                                       |
| Solar Panels for Corporate Buildings  | 0.500                                       | -   | -   | -   | -   |
| Sustainability & Carbon Reductions Investment Fund  | 0.500                                       | -   | -   | -   | -   |
| <b>Economy, Environment &amp; Culture</b>   | <b>43.329</b>                               | <b>33.577</b>                               | <b>41.650</b>                               | <b>86.250</b>                               | <b>58.850</b>                               |

\* Estimated Funding to be confirmed from 2021/22



# Housing, Neighbourhoods & Communities Directorate

## Services and Responsibilities

The HNC Directorate covers the following areas:

- Housing (council housing, Housing Strategy, Private Sector Housing, Temporary Accommodation and Homelessness, Travellers);
- Libraries and information services;
- Safer Communities (Environmental Health, Licensing, Trading Standards Emergency Planning, Prevent ASB and Casework team and Domestic Violence services, Field Officers);
- Communities, Equalities & Third Sector.

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. In addition to the General Fund much of the housing related tenancy functions are funded by the ring-fenced Housing Revenue Account.

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;
- From 1 April 2020 the Council will also be directly delivering the council housing repairs service which has been delivered by Mears for the last 10 years. This is funded by the Housing Revenue Account.

## Users of HNC Services

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

### Housing

- Landlord to approximately 11,500 council tenants and 2,900 leaseholders;
- Council tenant overall satisfaction rating of 76% and customer service satisfaction rating of 85% (independent STAR survey 2019);

- Annual HRA rents and service charges of £62m per year; capital programme of around £24m a year improving homes; let approx. 550 homes and agree 150 mutual exchanges a year, proposed investment of £180m investment in new homes over the next three years to 2022/23; average of 85 repairs every calendar day;
- Housing Options teams see approximately 4,000 homeless households per year, of which we have reduced the statutory homeless applications from 1041 to 316 as a result of prevention work and reduced those where we have accepted a full housing duty from 487 to 235. This has been achieved by preventing more homelessness and therefore the service is on target to prevent in excess of 800 households from being homeless this year. This reduced the pressure significantly on temporary accommodation;
- 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– 1,733 households in temporary accommodation which is a reduction of 200 on the previous year of which 1,500 are managed in house. Turnover of around 500 lets pa – almost equivalent to turnover for the whole of council housing stock;
- Homemove - the Housing Register has reduced from over 26,000 down to just under 9,000 following the change in policy and re-assessments as a result;
- Currently license 3,423 Houses in Multiple Occupation (HMOs) across the city;
- Adaptations team receive 50+ new referrals per month, in 2019/20 investing a total of £2.8m (HRA £1.1m, General Fund £1.7m) in delivering an estimated 329 major housing adaptations and 17 discretionary grants under the new DFG Housing policy offering a wider range of housing assistance aimed at reducing accidents, relieving fuel poverty and reducing delayed transfers of care.

### **Libraries**

- Jubilee Library is the fifth most popular library in the country with 932,994 visits a year (2016-17 CIPFA data);
- Over 1.3 million people visit our libraries every year, including nearly 30,000 during Libraries Extra hours;
- Lend over 1 million items a year;
- 93% of users tell us our library services are excellent or good;
- Network of 14 libraries across the city;
- Over 1.4 million visits to libraries last year (2018-19), and nearly 1 million library items were loaned or borrowed, with 67% of transactions being self service;
- 1.65 million website user sessions on libraries web pages, and 64% of all joining, reservations and renewals took place online in 2018-19.

### **Safer Communities**

- Over 96% of the 3,200 food businesses in the city rated 3 or above on the national Food Hygiene Rating Scheme thanks to the work of the Food Safety Team;
- The new Field Officer team taking dealt with more than 950 jobs in the three months following the launch in December;
- Community Safety Casework Team, Anti-Social Behaviour and hate incidents – 821 initial reports and enquiries dealt with in 2018/19. The Casework Team dealt with 330 victims supported;
- 155 perpetrators engaged with;
- 88 restorative intervention offers and 75 restorative interventions undertaken;
- 137 multi-agency case conferences attended;
- Domestic violence and abuse: 1,877 referrals for domestic violence and abuse, 206 referrals for sexual violence;
- 1,400 licensed premises in the city. 580 Hackney Carriage and 498 private hire vehicles licensed and 278 gambling premises licensed;
- Trading standards aim to save over £0.030m per annum for vulnerable consumers and small businesses in the City;
- 2,376 noise complaints including both domestic and commercial requiring investigation;

- 800 programmed inspections carried out so far in 2019/20 of our 1,500 food premises. 390 inspections of new business. 44 FHRs businesses paid for rescores generating £6,644 income;
- 149 service requests dealt with and 103 accident notifications dealt with by the Health and Safety officers;
- 106 stray dogs dealt with, 116 dangerous dog attacks investigated and 16 Animal Licences issued;
- 1,623 pest control treatments and 1,388 revisits to these jobs;
- £0.068m income generated from pest control treatments.

### Communities, Equalities & Third Sector

- £2.2m invested in the voluntary sector per year through the Third Sector Commission, supporting 35,959 people in its first year and leveraging in £6.27m, ensuring equality is at the heart of how the council operates;
- 102 community groups received an annual grant from the council's Communities Fund totalling investment of £0.364m;
- 14 refugee families resettled to the city since December 2015 through the council's commitment to the UK refugees resettlement schemes;
- Developed action plans for seven neighbourhoods;
- Helped 1,736 people volunteer across 12 council services.

| Housing, Neighbourhoods & Communities Budget Summary |  |                |                 |                      |                                   |                                  |   |
|--|--|----------------|-----------------|----------------------|-----------------------------------|----------------------------------|---|
| 2019/20<br>Net<br>Expenditure<br>/ (Income)<br>£m    | Service Area   | 2020/21 Budget |                 |                      |                                   |                                  | 2020/21<br>Budgeted<br>Contracted<br>Staff<br>FTE |
|  |  | Expenditure    | Income          | Budget<br>Allocation | Capital<br>Charges &<br>Recharges | Net<br>Expenditure<br>/ (Income) |   |
|  |  | £m             | £m              | £m                   | £m                                | £m                               |   |
| 6.048  | Housing General Fund   | 25.186         | (19.090)        | <b>6.096</b>         | 0.958                             | <b>7.054</b>                     | 118.5   |
| 6.227  | Libraries  | 5.299          | (0.529)         | <b>4.770</b>         | 1.858                             | <b>6.628</b>                     | 61.7  |
| 2.913  | Communities, Equalities & 3rd Sector                                   | 2.937          | (0.244)         | <b>2.693</b>         | 0.179                             | <b>2.872</b>                     | 8.3   |
| 3.493  | Safer Communities  | 4.720          | (2.242)         | <b>2.478</b>         | 0.555                             | <b>3.033</b>                     | 73.4  |
| <b>18.681</b>  | <b>Housing, Neighbourhoods &amp; Communities Total (Excluding HRA)</b> | <b>38.142</b>  | <b>(22.105)</b> | <b>16.037</b>        | <b>3.550</b>                      | <b>19.587</b>                    | <b>261.9</b>                                      |
| -  | Housing Revenue Account (HRA)  | 59.430         | (62.252)        | <b>(2.822)</b>       | 2.822                             | -                                | 487.7   |
| <b>18.681</b>  | <b>Housing, Neighbourhoods &amp; Communities Total (Including HRA)</b> | <b>97.572</b>  | <b>(84.357)</b> | <b>13.215</b>        | <b>6.372</b>                      | <b>19.587</b>                    | <b>749.6</b>                                      |

## Housing, Neighbourhoods & Communities (General Fund) 2020/21 Revenue Budget Breakdown

| Service Description                                     | Employee Expenditure<br>£m | Other Expenditure<br>£m | Total Expenditure<br>£m | Income From Fees, Charges & Rents<br>£m | Other Income<br>£m | Government Grants<br>£m | Total Income<br>£m | Total Budget Allocation<br>£m | Capital Charges & Recharges<br>£m | Net Expenditure / (Income)<br>£m |
|---|----------------------------|-------------------------|-------------------------|---|--------------------|-------------------------|--------------------|-------------------------------|-----------------------------------|----------------------------------|
| <b>Housing General Fund</b>                             |                            |                         |                         |   |                    |                         |                    |                               |                                   |                                  |
| Housing Management & Support                            | 0.136                      | 0.006                   | <b>0.142</b>            | -                                       | (0.068)            | -                       | <b>(0.068)</b>     | <b>0.075</b>                  | (0.073)                           | <b>0.001</b>                     |
| Housing Options & Homelessness                          | 1.913                      | 0.067                   | <b>1.980</b>            | (0.028)                                 | -                  | (0.401)                 | <b>(0.429)</b>     | <b>1.551</b>                  | 0.191                             | <b>1.742</b>                     |
| Housing Strategy & Enabling                             | 0.245                      | 0.007                   | <b>0.251</b>            | -                                       | (0.050)            | -                       | <b>(0.050)</b>     | <b>0.201</b>                  | 0.036                             | <b>0.237</b>                     |
| Private Sector Housing                                  | 1.214                      | 0.034                   | <b>1.248</b>            | (0.523)                                 | (0.145)            | -                       | <b>(0.668)</b>     | <b>0.580</b>                  | 0.208                             | <b>0.788</b>                     |
| Temporary Accommodation                                 | 1.392                      | 19.644                  | <b>21.037</b>           | (12.278)                                | (0.032)            | (5.481)                 | <b>(17.791)</b>    | <b>3.246</b>                  | 0.514                             | <b>3.760</b>                     |
| Travellers Services                                     | 0.200                      | 0.327                   | <b>0.528</b>            | (0.085)                                 | -                  | -                       | <b>(0.085)</b>     | <b>0.443</b>                  | 0.083                             | <b>0.526</b>                     |
| <b>Housing General Fund Total</b>                       | <b>5.101</b>               | <b>20.085</b>           | <b>25.186</b>           | <b>(12.914)</b>                         | <b>(0.294)</b>     | <b>(5.882)</b>          | <b>(19.090)</b>    | <b>6.096</b>                  | <b>0.958</b>                      | <b>7.054</b>                     |
| <b>Libraries</b>  |                            |                         |                         |   |                    |                         |                    |                               |                                   |                                  |
| Libraries & Information Services                        | 2.154                      | 3.145                   | <b>5.299</b>            | (0.502)                                 | (0.027)            | -                       | <b>(0.529)</b>     | <b>4.770</b>                  | 1.858                             | <b>6.628</b>                     |
| <b>Libraries Total</b>                                  | <b>2.154</b>               | <b>3.145</b>            | <b>5.299</b>            | <b>(0.502)</b>                          | <b>(0.027)</b>     | <b>-</b>                | <b>(0.529)</b>     | <b>4.770</b>                  | <b>1.858</b>                      | <b>6.628</b>                     |
| <b>Communities, Equalities &amp; Third Sector</b>       |                            |                         |                         |   |                    |                         |                    |                               |                                   |                                  |
| Communities   | 0.420                      | 2.426                   | <b>2.846</b>            | -                                       | (0.195)            | -                       | <b>(0.195)</b>     | <b>2.651</b>                  | 0.163                             | <b>2.814</b>                     |
| Community Safety  | 0.091                      | -                       | <b>0.091</b>            | -                                       | (0.049)            | -                       | <b>(0.049)</b>     | <b>0.042</b>                  | 0.016                             | <b>0.058</b>                     |
| <b>Communities, Equalities &amp; Third Sector Total</b> | <b>0.511</b>               | <b>2.426</b>            | <b>2.937</b>            | <b>-</b>                                | <b>(0.244)</b>     | <b>-</b>                | <b>(0.244)</b>     | <b>2.693</b>                  | <b>0.179</b>                      | <b>2.872</b>                     |
| <b>Safer Communities</b>                                |                            |                         |                         |   |                    |                         |                    |                               |                                   |                                  |
| Animal Welfare  | 0.071                      | 0.055                   | <b>0.126</b>            | (0.013)                                 | -                  | -                       | <b>(0.013)</b>     | <b>0.113</b>                  | 0.014                             | <b>0.127</b>                     |
| Civil Contingencies                                     | 0.100                      | 0.012                   | <b>0.112</b>            | -                                       | -                  | -                       | -                  | <b>0.112</b>                  | 0.026                             | <b>0.138</b>                     |
| Community Safety  | 0.453                      | 1.831                   | <b>2.284</b>            | -                                       | (1.147)            | -                       | <b>(1.147)</b>     | <b>1.137</b>                  | 0.096                             | <b>1.233</b>                     |
| Environmental Health                                    | 1.022                      | 0.009                   | <b>1.030</b>            | (0.020)                                 | (0.064)            | -                       | <b>(0.084)</b>     | <b>0.946</b>                  | 0.180                             | <b>1.126</b>                     |
| Licensing   | 0.560                      | 0.051                   | <b>0.611</b>            | (0.864)                                 | -                  | -                       | <b>(0.864)</b>     | <b>(0.253)</b>                | 0.172                             | <b>(0.081)</b>                   |
| Pest Control  | 0.105                      | 0.015                   | <b>0.121</b>            | (0.085)                                 | (0.040)            | -                       | <b>(0.125)</b>     | <b>(0.005)</b>                | 0.013                             | <b>0.008</b>                     |
| Trading Standards                                       | 0.400                      | 0.037                   | <b>0.437</b>            | (0.009)                                 | -                  | -                       | <b>(0.009)</b>     | <b>0.428</b>                  | 0.055                             | <b>0.483</b>                     |
| <b>Safer Communities Total</b>                          | <b>2.710</b>               | <b>2.010</b>            | <b>4.720</b>            | <b>(0.991)</b>                          | <b>(1.251)</b>     | <b>-</b>                | <b>(2.242)</b>     | <b>2.478</b>                  | <b>0.555</b>                      | <b>3.033</b>                     |
| <b>Housing, Neighbourhoods &amp; Communities Total</b>  | <b>10.477</b>              | <b>27.665</b>           | <b>38.142</b>           | <b>(14.406)</b>                         | <b>(1.817)</b>     | <b>(5.882)</b>          | <b>(22.105)</b>    | <b>16.037</b>                 | <b>3.550</b>                      | <b>19.587</b>                    |

| Housing Revenue Account (HRA) 2020/21 Revenue Budget Breakdown |                            |                         |                         |   |                    |                         |                    |                               |                                   |                                  |
|--|----------------------------|-------------------------|-------------------------|---|--------------------|-------------------------|--------------------|-------------------------------|-----------------------------------|----------------------------------|
| Service Description  | Employee Expenditure<br>£m | Other Expenditure<br>£m | Total Expenditure<br>£m | Income From Fees, Charges & Rents<br>£m | Other Income<br>£m | Government Grants<br>£m | Total Income<br>£m | Total Budget Allocation<br>£m | Capital Charges & Recharges<br>£m | Net Expenditure / (Income)<br>£m |
| Estate Regeneration  | 0.319                      | 0.033                   | 0.352                   | -                                       | -                  | -                       | -                  | 0.352                         | -                                 | 0.352                            |
| Housing Management & Support                                   | 1.382                      | 30.562                  | 31.945                  | -                                       | (0.151)            | -                       | (0.151)            | 31.794                        | 2.822                             | 34.616                           |
| Housing Strategy (HRA)   | 0.479                      | 0.312                   | 0.792                   | (0.461)                                 | -                  | -                       | (0.461)            | 0.331                         | -                                 | 0.331                            |
| Income Involvement & Improvement                               | 2.106                      | 1.310                   | 3.416                   | (50.839)                                | (0.032)            | -                       | (50.871)           | (47.455)                      | -                                 | (47.455)                         |
| Property & Investment  | 7.041                      | 8.446                   | 15.486                  | (5.565)                                 | -                  | -                       | (5.565)            | 9.921                         | -                                 | 9.921                            |
| Tenancy Services   | 4.342                      | 3.097                   | 7.439                   | (5.204)                                 | -                  | -                       | (5.204)            | 2.235                         | -                                 | 2.235                            |
| <b>Housing Revenue Account (HRA) Total</b>                     | <b>15.670</b>              | <b>43.760</b>           | <b>59.430</b>           | <b>(62.069)</b>                         | <b>(0.183)</b>     | <b>-</b>                | <b>(62.252)</b>    | <b>(2.822)</b>                | <b>2.822</b>                      | <b>-</b>                         |

| Housing, Neighbourhoods & Communities Directorate Budget Plan   |  |                          |
|---|--|--------------------------|
| Section   | Summary of Budget Proposals, Strategy and Risks  | Savings<br>2020/21<br>£m |
| <b>Housing General Fund</b>   |  |                          |
| Housing Strategy & Development - enabling & delivering increased housing supply & quality.  | In line with the Housing Committee Work Plan to enable delivery of 800 additional council homes and 700 new affordable homes. The budget saving proposal in the General Fund is to accurately reflect the work on supporting the supply of new affordable housing to contribute to this through the HRA.   | 0.050                    |
| Private Sector Housing & Integrated Housing Adaptations Service - improving housing quality in private rented homes, enabling accessibility & supporting independent living across all tenures. | <p>Improving the conditions in the Private Rented Sector reflecting the priorities in the Housing Committee Work Plan 2019-2023. The Private Sector Housing service is largely self funding through licence fees ring-fenced to administration of the current schemes.</p> <p>Integrated cross tenure Housing Adaptations Service including the assessment and delivery of major housing adaptations through the mandatory Disabled Facilities Grant (DFG) and the HRA Capital Programme. In addition, the service commissions new adapted homes and ensures best use of existing adapted/accessible housing. This service promotes vulnerable households to live independently in their own home and has been demonstrated to deliver significant cost benefits to Social Care and Health.</p> <p>This proposed saving arises from further capitalisation of salaries now that capital grant has increased over the last few years.</p> | 0.050                    |
| Temporary Accommodation & Allocations   | An increase in prevention of homelessness will reduce the numbers of households that need TA   | 0.150                    |

| Housing, Neighbourhoods & Communities Directorate Budget Plan                               |   |                    |
|---|---|--------------------|
| Section   | Summary of Budget Proposals, Strategy and Risks   | Savings<br>2020/21 |
|   |   | £m                 |
|   | <p>provision. Increasing prevention, enabling people to remain in their homes or be supported to move to alternative settled accommodation reduces households in TA by 150 by end of 2019/20 and further reductions in 2020/21.</p> <p>Delivery can be achieved but there are risks if demand for TA increases and or we are unable to meet target to discharge duty to suitable accommodation in the private rented sector. More work is currently taking place to scrutinise both the use of different forms of temporary accommodation and the unit costs of such accommodation.</p> |                    |
| Temporary Accommodation & Allocations   | <p>Improvement of void turnaround times. Implement the outcomes of the business process review of TA and HRA void turnaround function to improve resilience and reduce rent loss.</p> <p>Void loss improvement is a challenge as is reliant on other partners.</p>  | 0.100              |
| Temporary Accommodation & Allocations   | Improvement of rent collection. The current rent collection process is the subject of a business process review to maximise rent collection from households in TA.  | 0.100              |
| Travellers  | <p>Additional income from both transit and permanent sites and a reduction in legal and rubbish clearance costs due to fewer unauthorised encampments.</p> <p>Risk: If there are more unauthorised encampments than the current trend, costs will increase</p>  | 0.050              |
| <b>Housing General Fund Total</b>   |   | <b>0.500</b>       |
| <b>Libraries</b>  |   |                    |
| Staffing and operational costs  | <p>In the last five years, Libraries have saved £805k through a strategic approach to modernising library services. Opening hours have doubled, and staffing has been reduced by 30.6% (27.2 FTE), yet no service points have been closed.</p> <p>Libraries have completed a zero based budget review of operational costs and income to offer an additional net saving of £31k.</p>  | 0.031              |
| Staffing and operational costs  | Net saving possible from a budget amendment last year, which reversed £121k of staff savings offered up in 2019/20, - through prudent use of the amendment money only £63k was needed to address the issues raised during the restructure consultation, so net saving of £58k is possible.  | 0.058              |
| <b>Libraries Total</b>  |   | <b>0.089</b>       |
| <b>Communities, Equalities and Third Sector</b>   |   |                    |
| Communities, Equalities and Third Sector (CETS) Development staffing and operational budget | A service redesign and staff consultation across the Communities, Equalities and Third Sector structure will be carried out to release the proposed staff saving with due regard to the council's priorities for  | 0.073              |

| Housing, Neighbourhoods & Communities Directorate Budget Plan                               |  |                    |
|---|--|--------------------|
| Section   | Summary of Budget Proposals, Strategy and Risks  | Savings<br>2020/21 |
|   |  | £m                 |
|   | supporting a diverse and welcoming city, those most affected by austerity and community wealth building as well as ensuring the council meets its legal obligations under the Public Sector Equality Duty. The function consists of the following posts: Head of Service, Senior Support Assistant, Third Sector Manager, Communities Fund Manager, Contracts and Monitoring Officer, Community Engagement Manager, Community Engagement Officers (8), Community Engagement Administrator (1), Equality Managers (2), LGBT Manager, Refugee and Migrant Manager. See Staffing EIA S3.  |                    |
| Communities, Equalities and Third Sector (CETS) Development staffing and operational budget | (Initiatives budget) Reduced work on equalities and communities projects in response to community and member drivers for example race advocacy worker, Signlive British Sign Language (BSL) video relay trial in Barts customer service centre, period poverty, modern slavery. However as there are no ongoing legal commitments through this fund a saving is possible. Clear communication will be needed to members and the communities. External funding will have to be sought for any future projects - this is not always open to the council and thus may place a potential burden on the Community & Voluntary Sector (CVS). | 0.020              |
| Communities Fund  | 3% General Fund budget reduction on programme. As an annual programme there is opportunity to reduce the budget ahead of the start of the new year's programme 2020/21. The fund predominantly supports grass root volunteer led organisations being both a starter fund for new/small groups and building resilience for medium sized groups supplementing their own fundraising and volunteer time, and acting as a validation to other funders. See EIA 9.  | 0.010              |
| Healthwatch   | Contractual commitment to meet the legislative duty for each Local Authority area to have an independent health and social care watchdog.<br>Reduction in budget to match contract value (services were recommissioned for 2017/18-2019/20; with a 10% reduction in contract value from 2017/18).  | 0.011              |
| <b>Communities, Equalities &amp; Third Sector Total</b>                                     |  | <b>0.114</b>       |
| <b>Safer Communities</b>  |  |                    |
| Environmental Health & Licensing  | Offer of voluntary severance followed by service redesign. See Staffing EIA S4.  | 0.033              |
| Environmental Health & Licensing  | Delete part time Senior Environmental Health Officer (M10) £24k which is currently vacant. Additional savings to be found through limited voluntary severance and service redesign. See Staffing EIA S4.   | 0.046              |
| Environmental Protection  | Reduction in hours from a Technical Officer post (effective from July 2019). See staffing EIA S4.  | 0.015              |
| Trading Standards   | Offer of limited voluntary severance followed by service redesign. See Staffing EIA S4.  | 0.024              |
| Community Safety - Casework Team  | Deletion of vacant post within Community Safety team. See Staffing EIA S4.   | 0.052              |
| <b>Safer Communities Total</b>  |  | <b>0.170</b>       |
| <b>Housing, Neighbourhoods &amp; Communities Total</b>                                      |  | <b>0.873</b>       |

| <b>Housing, Neighbourhoods &amp; Communities (GF) Capital Investment Programme 2020/21 to 2024/25</b> |   |   |   |   |   |
|---|---|---|---|---|---|
|   | <b>Profiled Payments<br/>2020/21<br/>£m</b> | <b>Profiled Payments<br/>2021/22<br/>£m</b> | <b>Profiled Payments<br/>2022/23<br/>£m</b> | <b>Profiled Payments<br/>2023/24<br/>£m</b> | <b>Profiled Payments<br/>2024/25<br/>£m</b> |
| <b>Approved Schemes</b>   |   |   |   |   |   |
| Housing Delivery - Joint Venture  | 12.605                                      | 18.532                                      | 21.417                                      | 12.304                                      | 0.155                                       |
| Brighton & Hove Seaside Community Homes maintenance & refurbishment                                   | 0.712                                       | 0.741                                       | 0.770                                       | 0.800                                       | 0.800                                       |
| Libraries Self Service Renewal  | 0.250                                       | -   | -   | -   | -   |
| Hove Library works  | 0.039                                       | -   | -   | -   | -   |
| <b>New Schemes to be Approved</b>   |   |   |   |   |   |
| Disabled Facilities Grant (Better Care Funding) *   | 1.000                                       | 1.000                                       | 1.000                                       | 1.000                                       | 1.000                                       |
| Accommodation for Supported Housing Delivery  | 3.000                                       | -   | -   | -   | -   |
| <b>Housing, Neighbourhoods &amp; Communities (GF)</b>   | <b>17.606</b>                               | <b>20.273</b>                               | <b>23.187</b>                               | <b>14.104</b>                               | <b>1.955</b>                                |

\* Estimated Funding to be confirmed

| <b>Housing Revenue Account Capital Investment Programme 2020/21 to 2024/25</b> |   |   |   |   |   |
|--|---|---|---|---|---|
|  | <b>Profiled Payments<br/>2020/21<br/>£m</b> | <b>Profiled Payments<br/>2021/22<br/>£m</b> | <b>Profiled Payments<br/>2022/23<br/>£m</b> | <b>Profiled Payments<br/>2023/24<br/>£m</b> | <b>Profiled Payments<br/>2024/25<br/>£m</b> |
| <b>Approved Schemes</b>  |   |   |   |   |   |
| Improving Housing Quality  | 1.400                                       | -   | -   | -   | -   |
| Brighton & Hove Standard Works   | -   | -   | -   | -   | -   |
| Sustainability & Carbon Reduction  | 0.225                                       | -   | -   | -   | -   |
| Tackling Inequality  | -   | -   | -   | -   | -   |
| Delivery of New Council Homes  | 16.638                                      | 2.119                                       | -   | -   | -   |
| <b>New Schemes to be Approved</b>  |   |   |   |   |   |
| Improving Housing Quality  | 10.352                                      | 17.235                                      | 14.063                                      | -   | -   |
| Brighton & Hove Standard Works   | 3.952                                       | 5.159                                       | 4.523                                       | -   | -   |
| Sustainability & Carbon Reduction  | 3.668                                       | 2.352                                       | 2.306                                       | -   | -   |
| Tackling Inequality  | 2.014                                       | 1.988                                       | 1.990                                       | -   | -   |
| Delivery of New Council Homes  | 20.134                                      | 71.657                                      | 69.562                                      | -   | -   |
| <b>Housing Revenue Account</b>   | <b>58.383</b>                               | <b>100.510</b>                              | <b>92.444</b>                               | <b>-</b>                                    | <b>-</b>                                    |



# Finance & Resources Directorate

## Services and Responsibilities

The Directorate covers the following areas and delivers services through its participation in the Orbis Partnership, along with East Sussex and Surrey County Councils.

- Orbis Finance:
  - Oversees the delivery of the council's Medium Term Financial Strategy (MTFS) and annual budget process
  - Delivers the Targeted Budget Management process in order to monitor and balance budgets on an ongoing basis
  - Supports over 250 budget managers and 68 schools
  - Provides Treasury Management for over £100m cash balances and investments and over £0.5 billion money market transactions annually
  - Produces annual Financial Statements and manages the external audit process
  - Procures and negotiates over £1.8 billion insurance cover through premiums (£1.6m pa)
  - Provides contracted financial services to South Downs National Park and other trusts
  - Provides over 1,000 audit days for circa 50 internal audit reviews
  - Investigates potential housing tenancy, contract and financial irregularity frauds

*(Note: Surrey County Council retains the majority of its Finance function as a sovereign function outside of Orbis)*
- Orbis Procurement:
  - Supports procurement of goods and services to the value of approximately £300m
  - Supports and trains circa 250 contract managers together with Legal Services
  - Supports a risk-based strategy to maximise savings from contracts and re-tenders
  - Manages and authorises waivers of Contract Standing Orders
  - Supports the Member Procurement Advisory Board to scrutinise significant procurements
- Orbis Human Resources & Organisational Development:
  - Delivery of 'Our People Promise' which includes the council's development offer for staff, and aims to help improve the council's performance
  - Provides HR Services to:
    - 750 team leaders, supervisors and managers
    - circa 4,500 council staff
    - almost 5,000 staff in the City's schools
  - Coaching, development and advice services to around 750 team leaders, supervisors and managers
  - Health & Safety advice and support for all council services

*(Note: Surrey County Council retains Human Resources & Organisational Development as a sovereign function outside of Orbis)*

- Orbis IT & Digital:
  - Supports the development and improvement of council services through the provision of technology (including mobile) and business advice
  - 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 centres, data storage, telephony, Citrix (remote access) and other contracts
  - Support for development of the council's customer digital service offer
  
- Orbis Business Operations:
  - Collection and recovery of Adult Social Care and Sundry Debts (Business and Personal) (Accounts Receivable)
  - Payroll services to the council, schools and South Downs National Park
  - Processing over 200,000 payments to the council's suppliers and providers (Accounts Payable)
  - Provision of banking, purchasing card and urgent payment services
  - All Revenues & Benefits services including:
    - Collection and recovery of £177m Council Tax (and Council Tax Reduction Scheme)
    - Collection and recovery of £137m Business Rate income
    - Processing of Housing Benefit claims and managing the transfer to Universal Credit
    - Collection and recovery of Housing Benefit Overpayments
    - Provision of Enforcement Agent services
    - Support for the council's Welfare Framework and Welfare Rights

Orbis 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 and resilient corporate services are in place through participation in the Orbis partnership, enabling delivery of significant savings across the partnership.
- Support the council through complex changes, and in particular the modernisation agenda using its network of Orbis Finance, Procurement, HR and IT & D business partners.
- Improve efficiency and economy through integration or collaboration wherever possible, particularly across process driven areas such as Orbis Business Operations.
- Challenge and reduce the cost of goods and services through strong, collaborative procurement practice, and support the improvement of contract management across the council.
- Help BHCC to develop and deliver 'Our People Promise' 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 reforms.
- Improve BHCC's IT & D infrastructure, tooling and networks (including the provision of mobile phones and laptops) and support the delivery of Customer Digital objectives.
- Continue to develop Internal Audit's innovative approach to risk management.

## Strategy and Key Proposals

During the 4-year period from 2016/17 to 2019/20 the directorate reduced its net budget by over 20% including as part of the Orbis Partnership from 2018/19. The budget plan for 2020/21 continues this direction of travel and sets out reachable targets for further efficiencies. Key proposals involve further restructuring of staffing and optimisation of processes across Business Operations function as well as further economies in IT&D and Procurement as these services look for further alignment opportunities.

Orbis will engage with the key customers to develop further services that meet customer requirements, while recognising that the authorities have joined the partnership in order to achieve back-office savings. This will include consideration of potential major information system replacement with Orbis partners as all partners' corporate systems are now ageing and/or expected to fall out of contract within the next 5 years.

Note that the directorate is responsible for a number of budgets referred to as MOBO (Managed on Behalf of) budgets. These are budgets managed by Orbis services on behalf of BHCC (and the other partners) but are not formally part of the partnership arrangements.

| Finance & Resources Budget Summary                |  |                |                  |                      |                                   |                                  |   |
|---|--|----------------|------------------|----------------------|-----------------------------------|----------------------------------|---|
| 2019/20<br>Net<br>Expenditure<br>/ (Income)<br>£m | Service Area   | 2020/21 Budget |                  |                      |                                   |                                  | 2020/21<br>Budgeted<br>Contracted<br>Staff<br>FTE |
|   |  | Expenditure    | Income           | Budget<br>Allocation | Capital<br>Charges &<br>Recharges | Net<br>Expenditure<br>/ (Income) |   |
|   |  | £m             | £m               | £m                   | £m                                | £m                               |   |
| 0.061   | Finance (Mobo)   | 0.327          | (0.055)          | <b>0.272</b>         | (0.341)                           | <b>(0.069)</b>                   | 0.0   |
| 0.969   | HR & Organisational Development (Mobo)                                     | 0.759          | (0.134)          | <b>0.625</b>         | (0.414)                           | <b>0.211</b>                     | 11.8  |
| 0.590   | Information Technology & Digital (Mobo)                                    | 3.077          | (0.173)          | <b>2.904</b>         | (2.807)                           | <b>0.097</b>                     | 2.3   |
| 0.001   | Procurement (Mobo)   | (0.163)        | -                | <b>(0.163)</b>       | 0.424                             | <b>0.261</b>                     | 0.0   |
| (0.010)   | Business Operations (Mobo)   | (0.190)        | -                | <b>(0.190)</b>       | 0.190                             | <b>0.000</b>                     | 4.0   |
| 5.747   | Revenues & Benefits (Mobo)   | 110.795        | (106.188)        | <b>4.607</b>         | 1.261                             | <b>5.868</b>                     | 154.3   |
| (0.140)   | Contribution to Orbis Partnership  | 10.909         | -                | <b>10.909</b>        | (10.482)                          | <b>0.427</b>                     | 303.1   |
| <b>7.219</b>                                      | <b>Finance &amp; Resources Total (Excluding Centrally Managed Budgets)</b> | <b>125.513</b> | <b>(106.549)</b> | <b>18.964</b>        | <b>(12.168)</b>                   | <b>6.796</b>                     | <b>475.5</b>                                      |
| (57.049)  | Centrally Managed Budgets  | 15.241         | (30.299)         | <b>(15.058)</b>      | (43.053)                          | <b>(58.111)</b>                  | 0.0   |
| <b>(49.830)</b>                                   | <b>Finance &amp; Resources Total (Including Centrally Managed Budgets)</b> | <b>140.754</b> | <b>(136.848)</b> | <b>3.906</b>         | <b>(55.221)</b>                   | <b>(51.315)</b>                  | <b>475.5</b>                                      |

## Finance & Resources 2020/21 Revenue Budget Breakdown

| Service Description                                      | Employee Expenditure<br>£m | Other Expenditure<br>£m | Total Expenditure<br>£m | Income From Fees, Charges & Rents<br>£m | Other Income<br>£m | Government Grants<br>£m | Total Income<br>£m | Total Budget Allocation<br>£m | Capital Charges & Recharges<br>£m | Net Expenditure / (Income)<br>£m |
|--|----------------------------|-------------------------|-------------------------|---|--------------------|-------------------------|--------------------|-------------------------------|-----------------------------------|----------------------------------|
| <b>Finance (Mobo)</b>                                    |                            |                         |                         |   |                    |                         |                    |                               |                                   |                                  |
| Audit & Business Risk                                    | 0.002                      | 0.008                   | <b>0.010</b>            | -                                       | (0.001)            | -                       | <b>(0.001)</b>     | <b>0.009</b>                  | (0.010)                           | <b>(0.001)</b>                   |
| Financial Services                                       | 0.195                      | 0.122                   | <b>0.317</b>            | -                                       | (0.054)            | -                       | <b>(0.054)</b>     | <b>0.263</b>                  | (0.330)                           | <b>(0.067)</b>                   |
| <b>Finance (Mobo) Total</b>                              | <b>0.197</b>               | <b>0.130</b>            | <b>0.327</b>            | -                                       | <b>(0.055)</b>     | -                       | <b>(0.055)</b>     | <b>0.272</b>                  | <b>(0.341)</b>                    | <b>(0.069)</b>                   |
| <b>HR &amp; Organisational Development (Mobo)</b>        |                            |                         |                         |   |                    |                         |                    |                               |                                   |                                  |
| Business Partnering & Workforce Development              | 0.905                      | 0.004                   | <b>0.909</b>            | (0.033)                                 | -                  | (0.040)                 | <b>(0.073)</b>     | <b>0.836</b>                  | -                                 | <b>0.836</b>                     |
| Health, Safety & Wellbeing                               | (0.172)                    | 0.000                   | <b>(0.172)</b>          | -                                       | -                  | -                       | -                  | <b>(0.172)</b>                | -                                 | <b>(0.172)</b>                   |
| HR Strategy, Policy & Projects                           | 0.001                      | 0.020                   | <b>0.022</b>            | (0.039)                                 | (0.021)            | -                       | <b>(0.061)</b>     | <b>(0.039)</b>                | (0.414)                           | <b>(0.453)</b>                   |
| <b>HR &amp; Organisational Development (Mobo) Total</b>  | <b>0.734</b>               | <b>0.025</b>            | <b>0.759</b>            | <b>(0.073)</b>                          | <b>(0.021)</b>     | <b>(0.040)</b>          | <b>(0.134)</b>     | <b>0.625</b>                  | <b>(0.414)</b>                    | <b>0.211</b>                     |
| <b>Information Technology &amp; Digital (Mobo)</b>       |                            |                         |                         |   |                    |                         |                    |                               |                                   |                                  |
| IT & D Services  | 0.028                      | 3.049                   | <b>3.077</b>            | (0.031)                                 | (0.142)            | -                       | <b>(0.173)</b>     | <b>2.904</b>                  | (2.807)                           | <b>0.097</b>                     |
| <b>Information Technology &amp; Digital (Mobo) Total</b> | <b>0.028</b>               | <b>3.049</b>            | <b>3.077</b>            | <b>(0.031)</b>                          | <b>(0.142)</b>     | -                       | <b>(0.173)</b>     | <b>2.904</b>                  | <b>(2.807)</b>                    | <b>0.097</b>                     |
| <b>Procurement (Mobo)</b>                                |                            |                         |                         |   |                    |                         |                    |                               |                                   |                                  |
| Corporate Procurement                                    | (0.124)                    | (0.039)                 | <b>(0.163)</b>          | -                                       | -                  | -                       | -                  | <b>(0.163)</b>                | 0.424                             | <b>0.261</b>                     |
| <b>Procurement (Mobo) Total</b>                          | <b>(0.124)</b>             | <b>(0.039)</b>          | <b>(0.163)</b>          | -                                       | -                  | -                       | -                  | <b>(0.163)</b>                | <b>0.424</b>                      | <b>0.261</b>                     |
| <b>Business Operations (Mobo)</b>                        |                            |                         |                         |   |                    |                         |                    |                               |                                   |                                  |
| Business Operations                                      | (0.167)                    | (0.023)                 | <b>(0.190)</b>          | -                                       | -                  | -                       | -                  | <b>(0.190)</b>                | 0.190                             | <b>0.000</b>                     |
| <b>Business Operations (Mobo) Total</b>                  | <b>(0.167)</b>             | <b>(0.023)</b>          | <b>(0.190)</b>          | -                                       | -                  | -                       | -                  | <b>(0.190)</b>                | <b>0.190</b>                      | <b>0.000</b>                     |
| <b>Revenues &amp; Benefits (Mobo)</b>                    |                            |                         |                         |   |                    |                         |                    |                               |                                   |                                  |
| Housing Benefit Transfer Payments                        | -                          | 102.651                 | <b>102.651</b>          | (3.777)                                 | -                  | (99.625)                | <b>(103.402)</b>   | <b>(0.751)</b>                | 0.255                             | <b>(0.496)</b>                   |
| Revenues & Benefits                                      | 5.624                      | 2.520                   | <b>8.144</b>            | (0.982)                                 | (0.520)            | (1.284)                 | <b>(2.786)</b>     | <b>5.358</b>                  | 1.006                             | <b>6.364</b>                     |
| <b>Revenues &amp; Benefits (Mobo) Total</b>              | <b>5.624</b>               | <b>105.171</b>          | <b>110.795</b>          | <b>(4.759)</b>                          | <b>(0.520)</b>     | <b>(100.909)</b>        | <b>(106.188)</b>   | <b>4.607</b>                  | <b>1.261</b>                      | <b>5.868</b>                     |
| <b>Contribution to Orbis Partnership</b>                 |                            |                         |                         |   |                    |                         |                    |                               |                                   |                                  |
| Contribution to ORBIS Services                           | -                          | 10.909                  | <b>10.909</b>           | -                                       | -                  | -                       | -                  | <b>10.909</b>                 | (10.482)                          | <b>0.427</b>                     |
| <b>Contribution to Orbis Partnership Total</b>           | -                          | <b>10.909</b>           | <b>10.909</b>           | -                                       | -                  | -                       | -                  | <b>10.909</b>                 | <b>(10.482)</b>                   | <b>0.427</b>                     |
| <b>Finance &amp; Resources Total</b>                     | <b>6.292</b>               | <b>119.221</b>          | <b>125.513</b>          | <b>(4.863)</b>                          | <b>(0.738)</b>     | <b>(100.949)</b>        | <b>(106.549)</b>   | <b>18.964</b>                 | <b>(12.168)</b>                   | <b>6.796</b>                     |

### Centrally Managed Budgets 2020/21 Revenue Budget Breakdown

| Service Description                    | Employee Expenditure<br>£m | Other Expenditure<br>£m | Total Expenditure<br>£m | Income From Fees, Charges & Rents<br>£m | Other Income<br>£m | Government Grants<br>£m | Total Income<br>£m | Total Budget Allocation<br>£m | Capital Charges & Recharges<br>£m | Net Expenditure / (Income)<br>£m |
|--|----------------------------|-------------------------|-------------------------|---|--------------------|-------------------------|--------------------|-------------------------------|-----------------------------------|----------------------------------|
| Capital Charges                        | -                          | -                       | -                       | -                                       | -                  | -                       | -                  | -                             | (44.649)                          | (44.649)                         |
| Contingency                            | -                          | 1.546                   | 1.546                   | -                                       | -                  | -                       | -                  | 1.546                         | -                                 | 1.546                            |
| Financing Costs                        | -                          | 8.138                   | 8.138                   | -                                       | (1.154)            | -                       | (1.154)            | 6.984                         | -                                 | 6.984                            |
| Insurance Premiums                     | 0.480                      | 2.627                   | 3.107                   | -                                       | -                  | -                       | -                  | 3.107                         | (3.108)                           | (0.001)                          |
| Levies & Precepts                      | -                          | 0.211                   | 0.211                   | -                                       | -                  | -                       | -                  | 0.211                         | -                                 | 0.211                            |
| Other Corporate Services               | 2.326                      | (0.088)                 | 2.238                   | -                                       | 0.046              | -                       | 0.046              | 2.284                         | 4.703                             | 6.987                            |
| Unringfenced Grants                    | -                          | -                       | -                       | -                                       | -                  | (29.190)                | (29.190)           | (29.190)                      | -                                 | (29.190)                         |
| <b>Centrally Managed Budgets Total</b> | <b>2.806</b>               | <b>12.434</b>           | <b>15.241</b>           | <b>-</b>                                | <b>(1.109)</b>     | <b>(29.190)</b>         | <b>(30.299)</b>    | <b>(15.058)</b>               | <b>(43.053)</b>                   | <b>(58.111)</b>                  |

### Finance & Resources Directorate Budget Plan

| Section   | Summary of Budget Proposals, Strategy and Risks  | Savings<br>2020/21<br>£m |
|---|--|--------------------------|
| <b>Information Technology &amp; Digital (Mobo)</b>  |  |                          |
| Information Technology & Digital (Mobo)   | <p>Management of these sovereign contracts and licenses by the Orbis Shared Service on behalf of BHCC presents opportunities for reduction of costs through economies of scale. The current roll out of Windows 10 and replacement laptops and desktop computers is being funded through the capital programme. It is proposed to incorporate a 5 year replacement programme into capital investment plans which will release the majority of the revenue budget provision. Delivery Risk: Potential risk that limited availability of commercial skills and capacity will lead to financial risks on contracts.</p> <p>Impact on Outcomes: Demand for services may outstrip ability to drive savings within contracts. Contract/supplier management capacity is an issue that the Orbis partnership may help to mitigate.</p> | 0.225                    |
| <b>Information Technology &amp; Digital (Mobo) Total</b>                                    |  | <b>0.225</b>             |
| <b>Revenues &amp; Benefits (Mobo)</b>   |  |                          |
| Administration of Housing Benefits and Council Tax Reduction awards - staffing costs budget | The savings are realised from the ongoing programme of downsizing the Housing Benefit element of Revenues and Benefits as cases move to Universal Credit. The reduction in staff resource is proportional to the reduction in workload taking into account the increased demand for Universal Credit related welfare support and the introduction of improved digital services and automation.   | 0.250                    |
| <b>Revenues &amp; Benefits (Mobo) Total</b>   |  | <b>0.250</b>             |

| Finance & Resources Directorate Budget Plan   |  |                    |
|---|--|--------------------|
| Section   | Summary of Budget Proposals, Strategy and Risks  | Savings<br>2020/21 |
|   |  | £m                 |
| <b>Contribution to Orbis Partnership</b>  |  |                    |
| <p>This service area represents Orbis partnership services including Finance, HROD, Procurement, IT&amp;D and Business Operations.</p> <p>The Revenues &amp; Benefits Service is also part of the partnership but is regarded as a 'Managed on Behalf of' (Mobo) budget and therefore remains a sovereign BHCC budget and service under the current arrangements.</p> | <p>In 2016, the Policy, Resources &amp; Growth Committee approved the council's strategy to join the Orbis Partnership. The key aims were to ensure that corporate services could continue to be delivered through the achievement of sufficient scale whilst maintaining the status of Brighton &amp; Hove terms and conditions for staff. The council became the third founding member of the Partnership in May 2017 and budgets were fully integrated from April 2018.</p> <p>Following the agreement earlier in 2019 for Surrey County Council to withdraw a number of services from Orbis and for Property Services to be withdrawn by all three partners, revised savings targets need to be applied to reflect these changes. Agreement to savings levels still need to be approved by the Orbis Board however the assumption for 2020/21 is £477k across Business Operations, IT&amp;D and Finance.</p> | 0.477              |
| <b>Contribution to Orbis Partnership Total</b>  |  | <b>0.477</b>       |
| <b>Finance &amp; Resources Total</b>  |  | <b>0.952</b>       |

| Corporately Held Budgets Directorate Budget Plan |  |                    |
|--|--|--------------------|
| Section  | Summary of Budget Proposals, Strategy and Risks  | Savings<br>2020/21 |
|  |  | £m                 |
| <b>Centrally Managed Budgets</b>                 |  |                    |
| Financing Costs - Debt and investment interest   | 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. A combination of higher cash balances, reduced cost of new borrowing and the planned use of Short Dated Bond funds for an element of investments is expected to release £250k in 2020/21 | 0.250              |
| Unallocated VFM Savings                          | Proposed savings target to be delivered through contract management and reprocurement as agreed at Policy & Resources committee on 13/02/2020.   | 0.090              |
| <b>Centrally Managed Budgets Total</b>           |  | <b>0.340</b>       |

| <b>Finance &amp; Resources Capital Investment Programme 2020/21 to 2024/25</b> |   |   |   |   |   |
|--|---|---|---|---|---|
|  | <b>Profiled Payments<br/>2020/21<br/>£m</b> | <b>Profiled Payments<br/>2021/22<br/>£m</b> | <b>Profiled Payments<br/>2022/23<br/>£m</b> | <b>Profiled Payments<br/>2023/24<br/>£m</b> | <b>Profiled Payments<br/>2024/25<br/>£m</b> |
| <b>Approved Schemes</b>  |   |   |   |   |   |
| Field Officers Funding   | 0.312                                       | 0.312                                       | -   | -   | -   |
| <b>New Schemes to be Approved</b>  |   |   |   |   |   |
| Modernisation Fund   | 5.896                                       | 3.770                                       | 3.330                                       | 2.490                                       | -   |
| IT&D Fund  | 1.000                                       | 0.500                                       | 0.500                                       | 0.500                                       | 0.500                                       |
| Strategic Investment Fund  | 0.250                                       | 0.250                                       | 0.250                                       | 0.250                                       | 0.250                                       |
| Desktop & Laptop Replacement Programme   | 0.250                                       | 0.250                                       | 0.250                                       | 0.250                                       | 0.250                                       |
| <b>Finance &amp; Resources</b>   | <b>7.708</b>                                | <b>5.082</b>                                | <b>4.330</b>                                | <b>3.490</b>                                | <b>1.000</b>                                |

# Strategy, Governance & Law Directorate

## 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 £1.540m)

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 team provides advice to other public bodies and generates approximately £500k per annum in external income. The Service has established a shared services Partnership, Orbis Public Law, with East Sussex and West Sussex County Councils. The aim of the Partnership is to give greater resilience and economies of scale, enabling the support of priority services and objectives.

### Democratic and Civic Office Services (net budget £1.730m – 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 £0.624m)

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 (net budget £0.068m – consisting of gross expenditure of £3.513m and income of £3.445m)

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, and has experienced some real challenges, including snap General Elections, staffing changes at a senior level in the Electoral Services and Registration Teams, and competition from alternative providers, influencing fees and charges pricing structures. Recently there has been a Competition and Markets Authority (CMA) review of costs of funerals nationally, which whilst not concluded, may impact on LAs abilities to set fees.

### Performance, Improvement & Programme Management (net budget £0.626m)

The role of this service is to drive continuous improvement and efficiency across the organisation to minimise the adverse impact of financial challenges on customers, avoid costly mistakes and better protect council reputation. 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. 2,000 Stage 1 complaints and 1,000 compliments, investigates approx. 200 Stage 2 complaints and assists the Ombudsman with approx. 100 cases. The performance team drives the corporate and directorate planning and monitoring processes. There are currently 6 Directorate Plans, 24 Service Plans and 69 Corporate Key Performance Indicators. The Risk Management Lead drives regular risk



reviews, there are currently 7 city wide, 16 strategic, 27 directorate risks. The service is also responsible for production of the statutory Annual Governance Statement evidencing effectiveness of corporate governance. A number of modernisation projects and programmes across the organisation in all directorates are managed from the Corporate Programme Management Office which is funded largely from one-off modernisation funding. There are currently approx. 20 corporate and 34 directorate projects/programmes.

### **Corporate Communications (net Budget £0.599m)**

Vision Statement: Connecting the council and the city.

Mission Statement: To provide accessible, engaging, responsive information, ensure opinions are actively sought, easy to give and demonstrably listened to, and create unity and pride amongst staff.

Communications is a centralised service at Brighton & Hove City Council and sits in the Strategy, Governance & Law directorate. The Communications Team can provide advice to all councillors and staff on communications. The team also advises on the appropriateness and legality of any proposed proactive and reactive publicity, if necessary, seeking further advice from the council's Legal Team.

From crafting engaging content, to project managing campaigns that help change behaviors, Brighton & Hove City Council's Communications Team provides a fully integrated service that covers:

- Campaigns, marketing, public relations, film-making and copywriting. Turning complex messages into impactful content that reaches target audiences through innovative Campaign Plans clearly aligned to service, policy or corporate objectives;
- Internal communications; organisational culture and public affairs – building and supporting a network of ambassadors who can amplify our messages from the inside, out;
- Media relations. Supporting staff and councillors by acting as a central hub for proactive and reactive media relations relating to the council's corporate activities. Generating compelling news stories across newspapers, TV and radio, providing responses to media enquiries, managing requests for interviews, statements and comments and putting the story straight when misrepresented;
- Graphic design and branding. Managing the council's identity so that our 700+ services are clearly recognised, creating powerful, visual, branded content that stands out;
- Consultation and engagement. Designing interactive and creative processes which gather a true understanding of peoples' needs, enabling services to work towards solutions based on those needs;
- Digital communications. Communicating online; building a strong presence in a city that thrives on digital media. Using social media platforms as an appropriate and effective way to connect with communities, promote online services, gather real-time insights and respond to comments and complaints. The internet has transformed every aspect of life including public services. The Communications Team aims to build on and further improve the value of the council's website, improving customer access and satisfaction;
- Emergency and crisis communications. Supporting the council and the city in the immediate aftermath of a significant incident and in the recovery stages.

## Strategy, Governance & Law Budget Summary

| 2019/20 Net Expenditure / (Income)<br>£m | Service Area                                | 2020/21 Budget |                |                   |                             |                            | 2020/21 Budgeted Contracted Staff<br>FTE |
|--|---|----------------|----------------|-------------------|-----------------------------|----------------------------|--|
|  |   | Expenditure    | Income         | Budget Allocation | Capital Charges & Recharges | Net Expenditure / (Income) |  |
|  |   | £m             | £m             | £m                | £m                          | £m                         |  |
| 0.038                                    | Corporate Policy                            | 0.770          | (0.146)        | <b>0.624</b>      | (0.598)                     | <b>0.027</b>               | 6.5                                      |
| (0.055)                                  | Legal Services                              | 2.054          | (0.514)        | <b>1.540</b>      | (1.483)                     | <b>0.057</b>               | 49.0                                     |
| 0.003                                    | Democratic & Civic Office Services          | 1.817          | (0.087)        | <b>1.730</b>      | (1.723)                     | <b>0.008</b>               | 14.4                                     |
| 0.803                                    | Life Events                                 | 3.513          | (3.445)        | <b>0.068</b>      | 0.839                       | <b>0.907</b>               | 48.2                                     |
| (0.045)                                  | Performance, Improvement & Programmes       | 0.626          | -              | <b>0.626</b>      | (0.583)                     | <b>0.043</b>               | 19.4                                     |
| 0.022                                    | Communications                              | 0.615          | (0.016)        | <b>0.599</b>      | (0.554)                     | <b>0.046</b>               | 13.4                                     |
| <b>0.767</b>                             | <b>Strategy, Governance &amp; Law Total</b> | <b>9.395</b>   | <b>(4.208)</b> | <b>5.187</b>      | <b>(4.101)</b>              | <b>1.086</b>               | <b>150.9</b>                             |

## Strategy, Governance & Law 2020/21 Revenue Budget Breakdown

| Service Description                                 | Employee Expenditure<br>£m | Other Expenditure<br>£m | Total Expenditure<br>£m | Income From Fees, Charges & Rents<br>£m | Other Income<br>£m | Government Grants<br>£m | Total Income<br>£m | Total Budget Allocation<br>£m | Capital Charges & Recharges<br>£m | Net Expenditure / (Income)<br>£m |
|---|----------------------------|-------------------------|-------------------------|---|--------------------|-------------------------|--------------------|-------------------------------|-----------------------------------|----------------------------------|
| <b>Corporate Policy</b>                             |                            |                         |                         |   |                    |                         |                    |                               |                                   |                                  |
| Chief Executives Office                             | 0.274                      | 0.013                   | <b>0.288</b>            | -                                       | -                  | -                       | -                  | <b>0.288</b>                  | (0.307)                           | <b>(0.019)</b>                   |
| Democratic Services                                 | 0.054                      | -                       | <b>0.054</b>            | -                                       | -                  | -                       | -                  | <b>0.054</b>                  | (0.051)                           | <b>0.003</b>                     |
| Policy, Partnerships & Scrutiny                     | 0.342                      | 0.087                   | <b>0.428</b>            | -                                       | (0.146)            | -                       | <b>(0.146)</b>     | <b>0.282</b>                  | (0.240)                           | <b>0.042</b>                     |
| <b>Corporate Policy Total</b>                       | <b>0.670</b>               | <b>0.100</b>            | <b>0.770</b>            | -                                       | <b>(0.146)</b>     | -                       | <b>(0.146)</b>     | <b>0.624</b>                  | <b>(0.598)</b>                    | <b>0.027</b>                     |
| <b>Legal Services</b>                               |                            |                         |                         |   |                    |                         |                    |                               |                                   |                                  |
| Legal Services                                      | 2.090                      | (0.036)                 | <b>2.054</b>            | (0.350)                                 | (0.164)            | -                       | <b>(0.514)</b>     | <b>1.540</b>                  | (1.483)                           | <b>0.057</b>                     |
| <b>Legal Services Total</b>                         | <b>2.090</b>               | <b>(0.036)</b>          | <b>2.054</b>            | <b>(0.350)</b>                          | <b>(0.164)</b>     | -                       | <b>(0.514)</b>     | <b>1.540</b>                  | <b>(1.483)</b>                    | <b>0.057</b>                     |
| <b>Democratic &amp; Civic Office Services</b>       |                            |                         |                         |   |                    |                         |                    |                               |                                   |                                  |
| Democratic Services                                 | 0.335                      | 0.151                   | <b>0.487</b>            | -                                       | (0.067)            | -                       | <b>(0.067)</b>     | <b>0.420</b>                  | (0.395)                           | <b>0.025</b>                     |
| Mayor's Office                                      | 0.147                      | 0.029                   | <b>0.176</b>            | -                                       | (0.020)            | -                       | <b>(0.020)</b>     | <b>0.156</b>                  | (0.163)                           | <b>(0.007)</b>                   |
| Members Allowances & Training                       | 0.958                      | 0.057                   | <b>1.014</b>            | -                                       | -                  | -                       | -                  | <b>1.014</b>                  | (1.014)                           | -                                |
| Political Administration Support                    | 0.140                      | 0.001                   | <b>0.140</b>            | -                                       | -                  | -                       | -                  | <b>0.140</b>                  | (0.151)                           | <b>(0.010)</b>                   |
| <b>Democratic &amp; Civic Office Services Total</b> | <b>1.579</b>               | <b>0.238</b>            | <b>1.817</b>            | -                                       | <b>(0.087)</b>     | -                       | <b>(0.087)</b>     | <b>1.730</b>                  | <b>(1.723)</b>                    | <b>0.008</b>                     |
| <b>Life Events</b>                                  |                            |                         |                         |   |                    |                         |                    |                               |                                   |                                  |
| Bereavement Services                                | 1.024                      | 1.127                   | <b>2.151</b>            | (1.920)                                 | -                  | -                       | <b>(1.920)</b>     | <b>0.231</b>                  | 0.571                             | <b>0.803</b>                     |
| Electoral Services                                  | 0.397                      | 0.204                   | <b>0.600</b>            | (0.005)                                 | -                  | (0.059)                 | <b>(0.064)</b>     | <b>0.536</b>                  | 0.057                             | <b>0.593</b>                     |
| Land Charges  | 0.094                      | 0.012                   | <b>0.106</b>            | (0.565)                                 | -                  | -                       | <b>(0.565)</b>     | <b>(0.459)</b>                | 0.020                             | <b>(0.438)</b>                   |
| Registrars  | 0.613                      | 0.043                   | <b>0.656</b>            | (0.892)                                 | (0.001)            | (0.004)                 | <b>(0.897)</b>     | <b>(0.241)</b>                | 0.190                             | <b>(0.051)</b>                   |

### Strategy, Governance & Law 2020/21 Revenue Budget Breakdown

| Service Description                                    | Employee Expenditure<br>£m | Other Expenditure<br>£m | Total Expenditure<br>£m | Income From Fees, Charges & Rents<br>£m | Other Income<br>£m | Government Grants<br>£m | Total Income<br>£m | Total Budget Allocation<br>£m | Capital Charges & Recharges<br>£m | Net Expenditure / (Income)<br>£m |
|--|----------------------------|-------------------------|-------------------------|---|--------------------|-------------------------|--------------------|-------------------------------|-----------------------------------|----------------------------------|
| <b>Life Events Total</b>                               | <b>2.128</b>               | <b>1.386</b>            | <b>3.513</b>            | <b>(3.381)</b>                          | <b>(0.001)</b>     | <b>(0.063)</b>          | <b>(3.445)</b>     | <b>0.068</b>                  | <b>0.839</b>                      | <b>0.907</b>                     |
| <b>Performance, Improvement &amp; Programmes</b>       |                            |                         |                         |   |                    |                         |                    |                               |                                   |                                  |
| Performance  | 0.266                      | 0.029                   | <b>0.295</b>            | -                                       | -                  | -                       | -                  | <b>0.295</b>                  | (0.280)                           | <b>0.015</b>                     |
| Programme Management                                   | 0.018                      | 0.002                   | <b>0.020</b>            | -                                       | -                  | -                       | -                  | <b>0.020</b>                  | -                                 | <b>0.020</b>                     |
| Standards & Complaints                                 | 0.304                      | 0.008                   | <b>0.311</b>            | -                                       | -                  | -                       | -                  | <b>0.311</b>                  | (0.303)                           | <b>0.009</b>                     |
| <b>Performance, Improvement &amp; Programmes Total</b> | <b>0.588</b>               | <b>0.038</b>            | <b>0.626</b>            | -                                       | -                  | -                       | -                  | <b>0.626</b>                  | <b>(0.583)</b>                    | <b>0.043</b>                     |
| <b>Communications</b>                                  |                            |                         |                         |   |                    |                         |                    |                               |                                   |                                  |
| Communications   | 0.706                      | (0.091)                 | <b>0.615</b>            | 0.003                                   | (0.019)            | -                       | <b>(0.016)</b>     | <b>0.599</b>                  | (0.554)                           | <b>0.046</b>                     |
| <b>Communications Total</b>                            | <b>0.706</b>               | <b>(0.091)</b>          | <b>0.615</b>            | <b>0.003</b>                            | <b>(0.019)</b>     | -                       | <b>(0.016)</b>     | <b>0.599</b>                  | <b>(0.554)</b>                    | <b>0.046</b>                     |
| <b>Strategy, Governance &amp; Law Total</b>            | <b>7.760</b>               | <b>1.635</b>            | <b>9.395</b>            | <b>(3.728)</b>                          | <b>(0.417)</b>     | <b>(0.063)</b>          | <b>(4.208)</b>     | <b>5.187</b>                  | <b>(4.101)</b>                    | <b>1.086</b>                     |

### Strategy, Governance & Law Directorate Budget Plan

| Section   | Summary of Budget Proposals, Strategy and Risks  | Savings<br>2020/21 |
|---|--|--------------------|
|   |  | £m                 |
| <b>Corporate Policy</b>                                     |  |                    |
| Policy, Partnership & Scrutiny including Leadership Support | Savings over the period can be achieved by forgoing the small initiatives budget we hold - Risk - Initiatives and activities which are paid by PPS on behalf of organisations will stop - can include City Tracker, 2030 events, Community Wealth building, Citizens assembly etc.   | 0.027              |
| <b>Corporate Policy Total</b>                               |  | <b>0.027</b>       |
| <b>Legal Services</b>                                       |  |                    |
| Legal Services  | Reduction in 2.4 posts across Legal Services Commercial and Litigation Teams. This will reduce the support available in these areas to the Council and may impact on the ability of the service to manage complex matters in house and the speed of delivery of advice. Of the 2.4 FTE reduction, 0.8 FTE will be managed through implementation of new systems and shared resilience with other authority partners. | 0.103              |
| <b>Legal Services Total</b>                                 |  | <b>0.103</b>       |
| <b>Democratic &amp; Civic Office Services</b>               |  |                    |
| Democratic Services   | From a review, a revised structure to reduce the overall number of posts down to 7.8 FTE. This will impact on the level of support to the committee process and require a change in working processes to ensure that all meetings can be effectively managed and statutory deadlines maintained. There will be   | 0.047              |

| Strategy, Governance & Law Directorate Budget Plan   |   |                    |
|--|---|--------------------|
| Section  | Summary of Budget Proposals, Strategy and Risks   | Savings<br>2020/21 |
|  |   | £m                 |
|  | a need for the use of electronic agendas to be fully embraced by elected Members and the adoption of the i-casework system for councillors' casework. See EIA 10 and Staffing EIA S5.   |                    |
| Civic Office   | A reduction in working hours to enable phased retirement will enable the savings target to be met; but will impact on the level of support available to the Civic Office and the Mayor. See EIA 10 and Staffing EIA S5.   | 0.012              |
| <b>Democratic &amp; Civic Office Services Total</b>  |   | <b>0.059</b>       |
| <b>Life Events</b>   |   |                    |
| Bereavement Services   | A review of fees and charges across Bereavement Services, proposing increases in some charges, freezes to some charges where we believe there will be a business risk if the fee for the service went up, and accepting general inflationary increases as part of the corporate policy, on other charges. This modest savings figure needs to be looked at in the context of pressures funding for Life Events and 2% inflation increase on all income targets. All decisions will be based on maximising income for the LA, whilst maintaining the our excellent customer service standards. | 0.008              |
| <b>Life Events Total</b>   |   | <b>0.008</b>       |
| <b>Performance, Improvement &amp; Programmes</b>   |   |                    |
| Customer Experience and Customer Feedback, Corporate Performance, Risk Management and Corporate Governance | Following a review, a reduction of 1 post within Corporate Performance Team. This will significantly reduce the support for the organisation in terms of performance management (unable to support DMT Key Performance Indicators, service planning and much reduced personalised support for directorates). In addition, reduction in non-staffing costs. See Staffing EIA S6.   | 0.049              |
| <b>Performance, Improvement &amp; Programmes Total</b>   |   | <b>0.049</b>       |
| <b>Communications</b>  |   |                    |
| Communications   | To meet this budget saving the service will undergo a service redesign in order to reduce the overall establishment. The redesign will aim to improve service agility, management spans of control and provide better career progression for staff. Staff and Trade Unions will be fully consulted in the New Year  | 0.044              |
| <b>Communications Total</b>  |   | <b>0.044</b>       |
| <b>Strategy, Governance &amp; Law Total</b>  |   | <b>0.290</b>       |

| <b>Strategy, Governance &amp; Law Capital Investment Programme 2020/21 to 2024/25</b> |   |   |   |   |   |
|---|---|---|---|---|---|
|   | <b>Profiled Payments<br/>2020/21<br/>£m</b> | <b>Profiled Payments<br/>2021/22<br/>£m</b> | <b>Profiled Payments<br/>2022/23<br/>£m</b> | <b>Profiled Payments<br/>2023/24<br/>£m</b> | <b>Profiled Payments<br/>2024/25<br/>£m</b> |
| <b>Approved Schemes</b>   |   |   |   |   |   |
| None  | -   | -   | -   | -   | -   |
| <b>New Schemes to be Approved</b>   |   |   |   |   |   |
| None  | -   | -   | -   | -   | -   |
| <b>Strategy, Governance &amp; Law</b>   | -   | -   | -   | -   | -   |

# Summary of Reserves & Provisions

| Reserves & Provisions   |  |                           |  |
|---|--|---------------------------|--|
| Description   | Estimated Balance as at 01/04/20<br>£m | Planned Use 2020/21<br>£m | Estimated Balance as at 31/03/21<br>£m |
| <b>General Fund Reserves</b>  |  |                           |  |
| General Fund Working Balance/General Reserves                                 | 9.000                                  | -                         | 9.000                                  |
| Capital Receipts Reserve  | 12.304                                 | (12.304)                  | -                                      |
| Library PFI Reserve   | 0.818                                  | (0.001)                   | 0.817                                  |
| Waste PFI Project Reserve   | 5.721                                  | 0.980                     | 6.701                                  |
| Finance Costs Reserve   | 0.120                                  | (0.120)                   | -                                      |
| Section 106 Receipts (Revenue)  | 0.490                                  | (0.163)                   | 0.327                                  |
| Section 106 Interest  | 0.559                                  | 0.208                     | 0.767                                  |
| Developer Contributions Unapplied (S106 Capital)                              | 0.648                                  | (0.216)                   | 0.432                                  |
| Brighton Centre Redevelopment Reserve   | 2.495                                  | (0.350)                   | 2.145                                  |
| Customer Access & Accommodation Strategies & The Link Network Upgrade Reserve | 0.109                                  | (0.060)                   | 0.049                                  |
| Concessionary Bus Passes  | 0.074                                  | (0.074)                   | -                                      |
| One Planet Living Implementation  | 0.014                                  | (0.014)                   | -                                      |
| ICT Investment Reserve  | 0.172                                  | (0.072)                   | 0.100                                  |
| Environmental Enforcement Reserve   | 0.070                                  | (0.020)                   | 0.050                                  |
| Winter Maintenance  | 0.651                                  | (0.308)                   | 0.343                                  |
| Outdoor Events  | 0.076                                  | 0.012                     | 0.088                                  |
| Dome Planned Maintenance  | 0.427                                  | -                         | 0.427                                  |
| Hove Park 3G Pitch Renewal  | 0.015                                  | -                         | 0.015                                  |
| Surface Water Management Reserve  | 0.862                                  | (0.300)                   | 0.562                                  |
| BikeShare Scheme Reinvestment Reserve   | 0.128                                  | (0.048)                   | 0.080                                  |
| Community Equipment Reserve   | 0.021                                  | (0.021)                   | -                                      |
| Welfare and Local Government Funding Reform Reserve (Renamed)                 | 0.029                                  | -                         | 0.029                                  |
| Sports Facilities Reserve   | 0.227                                  | (0.227)                   | -                                      |
| Licensing - other reserve   | 0.078                                  | (0.016)                   | 0.062                                  |
| Taxi Licensing  | 0.081                                  | (0.010)                   | 0.071                                  |
| East Brighton Parking Surplus   | 0.009                                  | (0.009)                   | -                                      |
| Preston Park Parking Surplus  | 0.098                                  | (0.035)                   | 0.063                                  |
| Road Works Permit Scheme  | 0.033                                  | -                         | 0.033                                  |
| i360 Reserve  | 4.989                                  | -                         | 4.989                                  |

| <b>Reserves &amp; Provisions</b>        |  |                               |  |
|---|--|-------------------------------|--|
| <b>Description</b>                      | <b>Estimated Balance as at 01/04/20 £m</b> | <b>Planned Use 2020/21 £m</b> | <b>Estimated Balance as at 31/03/21 £m</b> |
| HMO Licensing Fees Reserve              | 0.352                                      | (0.050)                       | 0.302                                      |
| HMO Additional Licensing Fees           | 0.398                                      | (0.150)                       | 0.248                                      |
| Phoenix House Sinking Fund              | 0.060                                      | -                             | 0.060                                      |
| Damage Deposit Guarantee Scheme         | 0.298                                      | -                             | 0.298                                      |
| Cemeteries Maintenance Reserve          | 0.054                                      | (0.015)                       | 0.039                                      |
| PRS Rent Deposit Scheme                 | 0.041                                      | (0.001)                       | 0.040                                      |
| Travellers Site Capital Reserve         | 0.054                                      | (0.035)                       | 0.019                                      |
| Seaside Homes Reserve                   | 0.055                                      | -                             | 0.055                                      |
| City Deal New England House Dev Reserve | 4.900                                      | (0.500)                       | 4.400                                      |
| Investment Properties (Dilapidations)   | 0.245                                      | (0.245)                       | -  |
| Restructure Redundancy Reserve          | 0.100                                      | -                             | 0.100                                      |
| Insurance Reserve General               | 5.196                                      | -                             | 5.196                                      |
| <b>Total General Fund Reserves</b>      | <b>52.071</b>                              | <b>(14.164)</b>               | <b>37.907</b>                              |
| <b>HRA Reserves</b>                     |  |                               |  |
| HRA Working Balance                     | 5.130                                      | (0.060)                       | 5.070                                      |
| Capital Reserves                        | 1.000                                      | 1.900                         | 2.900                                      |
| EDB Reserves                            | 0.142                                      | (0.107)                       | 0.035                                      |
| Renewable Energy Reserve                | 0.144                                      | (0.050)                       | 0.094                                      |
| Rent Support Reserve                    | 0.800                                      | (0.800)                       | -  |
| Restructure Redundancy Reserve          | 0.388                                      | -                             | 0.388                                      |
| <b>Total HRA Reserves</b>               | <b>7.604</b>                               | <b>0.883</b>                  | <b>8.487</b>                               |
| <b>Schools / DSG Reserves</b>           |  |                               |  |
| Schools PFI Project Reserve             | 1.128                                      | (0.100)                       | 1.028                                      |
| Schools LMS Balances                    | 3.000                                      | -                             | 3.000                                      |
| Portslade Adult Learning                | 0.020                                      | -                             | 0.020                                      |
| <b>Total Schools / DSG Reserves</b>     | <b>4.148</b>                               | <b>(0.100)</b>                | <b>4.048</b>                               |
| <b>TOTAL RESERVES</b>                   | <b>63.823</b>                              | <b>(13.381)</b>               | <b>50.442</b>                              |
| <b>General Fund Provisions</b>          |  |                               |  |
| Hostel Accommodation Dilapidations      | 0.023                                      | (0.023)                       | -  |
| Voluntary Severance Provision           | 0.475                                      | -                             | 0.475                                      |
| <b>Total General Fund Provisions</b>    | <b>0.498</b>                               | <b>(0.023)</b>                | <b>0.475</b>                               |
| <b>TOTAL ALL FUNDS</b>                  | <b>64.321</b>                              | <b>(13.404)</b>               | <b>50.917</b>                              |

# Medium Term Financial Strategy 2020/21 to 2024/25

The 2020/21 budget includes £9.272m of savings to deliver a balanced budget. The Budget Gaps for future years can only ever be a best estimate as resources, demands or budget forecast trends can change significantly with time.

## **Resource Assumptions:**

The government announced a one year Spending Review for 2020/21 only and therefore details of national funding allocations for future years will not be announced until later this calendar year when a longer term spending review is expected. The government's Fair Funding Review and potential move to 75% retained Business Rates was planned for introduction in 2020/21 but has been deferred and is expected to be implemented from 2021/22. In addition, there is the potential for a reset of locally retained business rates which could result in up to £7.0m loss of resources although any reset is expected to release resources nationally that could be returned to local government through other grant allocations or the Fair Funding review. These changes will amend the future years' projections but as yet there is no certainty or reasonable estimate that can be provided for the impact they might have, which could be negative or positive. The MTFS therefore makes no assumptions at this stage but will be updated when the government confirms the financial impacts of local government funding changes.

Revenue Support Grant (RSG) is assumed to be maintained at the 2020/21 level although it is expected to be rolled into the 75% retained Business Rates. If this funding source were to end, then the budget gap would increase by £6.630m from 2021/22.

The improved Better Care Fund (iBCF) and Adults and Children's social care grants shown in table 2 of the main report are assumed to continue at the 2020/21 level of £15.996m. Given the high profile of social care pressures nationally, the assumption is made that the 2020 Comprehensive Spending Review will continue this level of funding in some shape or form.

## **Inflation and Other Cost Estimates:**

A pay award for 2020/21 has yet to be agreed and a provision of 2.3% is included in this budget with pay assumptions for future years ranging from 2.2% to 2.0%. The budget projections assume the council continues with the Living Wage Foundation's minimum wage.

The triennial review of the East Sussex Pension Scheme for the period 2020/21 to 2022/23 was completed in December 2019. The existing contribution rate is a blend of a fixed contribution percentage and a lump sum payment equivalent to 21%. The latest review amends this to a simple fixed rate contribution of 20.8% in 2020/21 and reduces by 0.5% for each of the following years.

There is provision for general price inflation ranges between 0% and 2% depending on the type of budgeted expenditure with the exception of the Waste PFI where a prudent 3.5% increase has been assumed until 2022/23. Increases in costs above assumed inflation levels will be managed through services' budget strategies unless the increase is significant and is identified as a corporate budget pressure.

The New Homes Bonus (NHB) scheme is expected to be revised or replaced and is likely to include harder targets to achieve. The planning assumption is the legacy payments relating to awards over the last 3 years will continue until they expire. No new funding through this route is assumed.



### Investments to support corporate plan commitments and service pressures

Investments to support the Corporate Plan, growth in demand and increases in costs across Children's and Adults Social Care services and Housing along with financial pressures in other services including City Environmental Management mean that investment of £15.045m is required to invest in and protect priority services in 2020/21.

Investment levels in services from 2021/22 have been included for the key projected demographic and cost increases or income reductions but these will be kept under review. These projections include £1.0m pa from 2021/22 to support strategic priorities included within the Corporate Plan.

### Predicted Budget Gaps (Savings Requirements):

In 2021/22, the budget gap is estimated at £9.300m but this would increase to £22.930m if RSG and the locally retained business rates are reset without replacement funding.

The early indication therefore is that Budget Gaps (i.e. further savings requirements) totalling £30.800m are predicted over the MTFS period 2021/22 to 2024/25.

## 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                   |             |             |             |             |             |
|---|-------------|-------------|-------------|-------------|-------------|
|   | 2020/21     | 2021/22     | 2022/23     | 2023/24     | 2024/25     |
| <b>Pay inflation and pay related matters:</b> |             |             |             |             |             |
| - Provision for pay award                     | 2.30%       | 2.20%       | 2.20%       | 2.00%       | 2.00%       |
| - Employers pension contribution rate change  | -0.20%      | -0.50%      | -0.50%      | 0.00%       | 0.00%       |
| <b>General inflation:</b>                     |             |             |             |             |             |
| - Inflation on non pay expenditure            | 1.0% - 2.0% | 1.0% - 2.0% | 1.0% - 2.0% | 1.0% - 2.0% | 1.0% - 2.0% |
| - Inflation on waste PFI                      | 3.50%       | 3.50%       | 3.50%       | 2.00%       | 2.00%       |
| - Inflation on income                         | 2.00%       | 2.00%       | 2.00%       | 2.00%       | 2.00%       |
| - Inflation on parking income                 | 2.00%       | 2.00%       | 2.00%       | 2.00%       | 2.00%       |
| - Inflation on penalty charge notices         | 0.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       |
| <b>Resources:</b>                             |             |             |             |             |             |
| Change in Settlement Funding Assessment       | 1.63%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       |
| Change to Revenue Support Grant (RSG)         | 1.63%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       |
| Business rates poundage inflation uplift      | 2.00%       | 2.00%       | 2.00%       | 2.00%       | 2.00%       |
| Assumed council tax threshold increase        | 1.99%       | 1.99%       | 1.99%       | 1.99%       | 1.99%       |
| Adult Social Care Precept                     | 2.00%       | 0.00%       | 0.00%       | 0.00%       | 0.00%       |
| Council Tax Base                              | 0.76%       | 0.75%       | 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   |                |                |                |                |                |
|--|----------------|----------------|----------------|----------------|----------------|
|  | 2020/21        | 2021/22        | 2022/23        | 2023/24        | 2024/25        |
|  | £m             | £m             | £m             | £m             | £m             |
| <b>Sub-total Net Budget Requirement B/Fwd</b>  | <b>206.144</b> | <b>215.606</b> | <b>220.258</b> | <b>225.867</b> | <b>231.616</b> |
| Pay and Inflation  | 5.579          | 5.696          | 5.775          | 5.890          | 6.058          |
| Change in employer pension contributions   | (0.255)        | (0.490)        | (0.500)        | -              | -              |
| Increased Social care funding through grants   | (4.715)        | -              | -              | -              | -              |
| Commitments - impact of previous decisions   | 3.222          | 0.236          | 0.883          | 0.009          | -              |
| Change in S31 Business Rates compensation grants   | (0.390)        | (0.190)        | (0.193)        | (0.197)        | (0.200)        |
| Change in New Homes Bonus  | 1.146          | 0.627          | 0.027          | 0.287          | 0.031          |
| New investment, demographic and cost service pressures in Adult Social Care and Adults Learning Disabilities | 7.080          | 4.000          | 4.000          | 4.000          | 4.000          |
| Demographic and cost service pressures for Looked After Children and Care Leavers                            | 1.045          | 0.750          | 0.750          | 0.750          | 0.750          |
| New Investment in modernisation and IT & D   | 0.500          | 0.500          | 0.500          | 0.500          | 0.500          |
| New investment in Environment and Sustainability   | 1.505          | -              | -              | -              | -              |
| New investment in Housing, temporary accommodation and Housing Welfare                                       | 1.160          | -              | -              | -              | -              |
| New investment, Demographic and cost service pressures for all other services                                | 1.677          | 0.600          | 0.500          | 0.500          | 0.500          |
| New Investment in corporate priorities   | -              | 1.000          | 1.000          | 1.000          | 1.000          |
| Home to School Transport   | -              | 0.750          | -              | -              | -              |
| Land Charges income pressure   | -              | 0.500          | -              | -              | -              |
| Service pressures - specific grants  | 0.932          | 0.140          | 0.125          | 0.110          | 0.095          |
| Savings in budget plans  | (9.272)        | -              | -              | -              | -              |
| Change in contribution to/from reserves  | 0.248          | (0.167)        | 0.142          | -              | -              |
| Budget Gap (Savings Requirement)   | -              | (9.300)        | (7.400)        | (7.100)        | (7.000)        |
| <b>Budget Requirement C/Fwd</b>  | <b>215.606</b> | <b>220.258</b> | <b>225.867</b> | <b>231.616</b> | <b>237.350</b> |
| <b>Funded by:</b>  |                |                |                |                |                |
| Revenue Support Grant  | 6.630          | 6.630          | 6.630          | 6.630          | 6.630          |
| Locally retained Business Rates  | 57.638         | 58.936         | 60.269         | 61.632         | 62.865         |
| Business Rates Collection Fund Surplus   | 2.137          | -              | -              | -              | -              |
| Council Tax Collection Fund Deficit  | (1.346)        | -              | -              | -              | -              |
| Council Tax - Adult Social Care Precept  | 2.894          | -              | -              | -              | -              |
| Council Tax - General increase   | 147.653        | 154.692        | 158.968        | 163.354        | 167.855        |
| <b>Total Funding</b>   | <b>215.606</b> | <b>220.258</b> | <b>225.867</b> | <b>231.616</b> | <b>237.350</b> |

# Glossary of Terms

**Budget Allocation** - This is the financial limit for each service unit's budget excluding charges for support services and capital financing.

**Budget Requirement** - Total expenditure (after deduction of income) that the Council can finance from Revenue Support Grant, Business Rates and Council Tax.

**Business Rates** - Business rates are taxes to help pay for local services. They're charged on most non-domestic properties including shops, pubs, offices and factories.

**Business Rates Local Share** - The council is responsible for collecting business rates income in Brighton and Hove. Under the Business Rates Retention Scheme, the council is allowed to retain 49% of the business rates income it collects. Of the remainder 50% is paid over to central government and 1% to East Sussex Fire Authority.

**Business Rates Tariff Payment** - A payment to Government to reflect the level of business rates retained locally that is above the baseline funding level calculated by a Government funding formula.

**Capital Charges & Recharges** - Includes depreciation (cost of fixed assets consumed during the year) and support services charges in respect of administrative and professional services and office accommodation charged to a particular service. These charges are outside of a service unit's budget allocation.

**Capital Investment Programme** - Spending which produces an asset, enhances or improves an asset, or extends the useful life of an asset e.g. the cost of building a school or purchasing a vehicle.

**Capital Receipts** - Income received from the sale of capital assets.

**Contingency** - The council's contingency budget includes provision for costs which are likely to occur but for which the estimated cost cannot be adequately foreseen at the time of setting the budget.

**Council Tax** - The main source of local taxation to local authorities and is levied on households within its area by the billing authority.

**Council Tax Base** - Represents the amount that would be raised by setting a £1 council tax on a Band D property. The budget to be funded by council tax is divided by the tax base to determine the amount of council tax to be levied. Band D is a property valuation band commonly used to specify the average council tax.

**Council Tax Reduction Scheme** - The Council Tax Reduction scheme is a local scheme that replaced the national Council Tax Benefit on the 1st April 2013. Council Tax Reduction is support for those on low incomes with the cost of their Council Tax. If Council Tax payers are eligible for support their council tax bills are reduced.

**Dedicated Schools Grant (DSG)** - The Dedicated Schools Grant is payable to local authorities by the Department for Education. It is a ring fenced specific grant and must be used in support of the Schools Budget as defined in the School Finance (England) Regulations 2008. It can be used for no other purpose.

**Direct Revenue Funding** - Resources provided from the revenue budget to finance the cost of capital projects.

**Financing Costs** - Capital expenditure is financed by loans, Government grants, external contributions, direct revenue funding, and capital receipts. The revenue budget bears the cost of direct revenue funding, together with interest and the provision for repayments of these loans.

**General Fund** - This is the main revenue fund of the council. The day-to-day transactions are conducted through this fund, other than sums to be paid into the Collection Fund or a trust fund.

**Government Grants** - Contributions by central Government towards either the revenue or capital cost of services.

**Housing Revenue Account (HRA)** - The Local Government and Housing Act 1989 requires each local housing authority to keep a Housing Revenue Account within its General Fund to account for income and expenditure on council houses and flats.

**Levies** - Other public bodies may levy the council by making a demand on the council tax requirement. The two organisations that levy the city council are the Environment Agency and Sussex Inshore Fisheries and & Conservation Area.

**Medium Term Financial Strategy (MTFS)** - This is the Council's financial projections and spending plans for future years for both the capital and revenue budget. The current MTFS provides financial projections to 2024/25.

**New Homes Bonus** - A government grant which is aimed at encouraging local authorities to increase the number of homes in their area.

**Reserves & Provisions** - Reserves are set aside to finance future expenditure for purposes falling outside the definition of provisions. Provisions are made for liabilities of uncertain timing or amount.

**Revenue Expenditure** - The day to day spending on running and providing services e.g. salaries and wages or the running costs of a building such as heating and lighting.

**Revenue Support Grant** - A general government grant to support the General Fund expenditure.

**Ringfenced** - This term is used for the Government controls to prevent discretionary transfers between the Housing Revenue Account and other accounts of the General Fund. It is also used to refer to grants which are awarded to the council on the condition that they are spent on a particular area or project.

**S75** - Agreements, regarding the pooling of resources, made under Section 75 of the Health Act 2006 between the City Council and National Health Service partners. The City Council has in place a Section 75 agreement for the provision of adult social care services.

**Third Sector** - A collective term for charities, voluntary and community organisations, and social enterprises.

**Transfer Payments** - Payments made to individuals for which no service or goods are exchanged – examples include housing benefit payments or carers' allowances.

**Value for Money (VFM)** - A council-wide programme for ensuring our services can demonstrate economy, efficiency and effectiveness in the provision of services, particularly when compared with similar providers or authorities.



## Capital Strategy 2020/21 to 2024/25

### 1. Background

- 1.1. CIPFA's Prudential Code for Capital Finance in Local Authorities and MHCLG's Investment Guidance were both revised in 2017/18, requiring all local authorities to prepare an additional report, a capital strategy report, which should demonstrate that the authority:
  - takes capital expenditure and investment decisions in line with service objectives;
  - takes account of stewardship, value for money, prudence and affordability;
  - sets out the long term context in which capital expenditure and investment decisions are made;
  - gives due consideration to both risk and reward and the impact on the achievement of priority outcomes.
- 1.2. The aim of the Capital Strategy is to ensure that all members on the full Council understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.
- 1.3. This Capital Strategy is reported separately from the Treasury Management Strategy Statement which ensures the separation of the core treasury function under security, liquidity and yield principles, and the policy and commercial investments usually driven by expenditure on assets.
- 1.4. CIPFA have updated the definition of investments within the Treasury Management Code to now include "non-treasury", or commercial investments. These non-treasury investments are held primarily for financial returns, such as investment property portfolios. This strategy covers any non-treasury investments that the organisation holds or is planning to invest in. Treasury (or "financial") investments and associated risks are covered under the council's Annual Investment Strategy, which forms part of Appendix 3 to General Fund budget report.
- 1.5. Under the Prudential Code and Treasury Management Code, the council is required to set parameters around the council's borrowing and treasury activity, including an authorised borrowing limit for each year which cannot be breached. These parameters are set out in the prudential indicators within Annex C, Appendix 3 to this report. These indicators ensure that any borrowing undertaken is prudent, affordable and sustainable.
- 1.6. Additionally, when funding capital expenditure through borrowing, the council is required to set aside a sum from revenue each year to repay the debt, known as the Minimum Revenue Provision (MRP). The policy for making the annual MRP should be prepared in line with the MRP guidance published by MHCLG. The council's MRP policy for 2020/21 is consistent with the guidance and included in Appendix 3 (section 3) for approval.

### 2. Governance & Risk Frameworks

- 2.1. The council's Financial Regulations set out the framework of control, responsibility and accountability for the proper administration of the council's financial affairs. Under the Financial Regulations, the Chief Finance Officer is responsible for ensuring a capital programme is prepared and considered by Policy & Resources Committee and approved by full Council annually.

- 2.2. Further to this, the council's Standard Financial Procedures define the key controls around the management of the council's financial affairs, including the capital programme. The key controls for the capital programme are:
- Specific approval by full Council for the programme of capital expenditure, in conjunction with the annual revenue budget process, outlining the phasing of expenditure and the sources of funding;
  - A scheme and estimate, including options appraisal, project plan, progress targets and associated revenue expenditure are prepared for each capital project;
  - No capital scheme to proceed unless necessary approvals have been obtained;
  - Proposals for improvements and alterations to buildings must be approved by the appropriate Chief Officer in consultation with the Assistant Director Property & Design;
  - Major rolling programmes of capital expenditure will require a detailed report to be submitted to Policy & Resources Committee covering all the schemes within each programme of works. This will include, but not be limited to, the programmes for the housing stock, Education, Asset Management Fund, Corporate Planned Maintenance (PMB), Information Technology & Digital (IT&D) Fund, Strategic Investment Funds and the Local Transport Plan. These may be reported separately or as part of a Targeted Budget Management report;
  - The development and implementation of an Asset Management Plan;
  - A nominated, accountable budget holder for each scheme and/or component of the programme;
  - Monitoring of progress on capital schemes and comparison with approved budget and remedial action taken to address overspends, reporting monthly to Chief Officers and at least quarterly to the Policy & Resources Committee;
  - Compliance with the council's Corporate Procurement Strategy and Contract Standing Orders.
- 2.3. Since June 2016 a Corporate Risk and Assurance Framework (CRAF) has provided a structured approach to help Members and senior managers discharge their responsibility for the management of key risks with potential to affect achievement of the council's priorities and expected outcomes. The CRAF requires the council to be proactive and have arrangements in place through its senior officers for robust arrangements for managing its business. Specifically the CRAF is designed to:
- help the council avoid costly mistakes, better protect our reputation and contribute to keeping the council safe;
  - set out for stakeholders, including members, how the council complies with best practice (the International Standard for Corporate Governance) and, as such, the CRAF forms an appendix within the council's statutory Annual Governance Statement.

### **Management of Risk**

- 2.4. The council provides a number of critical services and its core purpose is to meet its statutory duties for the benefit of the citizens of the City. The council's key priority is to protect the delivery of these services. Therefore the council needs to take a measured approach to balancing the risks of any capital investment decisions with

the resources available for delivering key services against the benefits accruing from the investment.

2.5. The council's Risk Management Process is managed by:

- (i) assigning accountability to key officers to enable review, and challenge processes and assurances;
- (ii) using a "three lines of defence" model to map out how we gain assurance over our activities, processes and risks. This is reported as the Corporate Risk Assurance Framework (CRAF) appendix with the Annual Governance Statement 2019/20. An example is given below on using the three lines of defence to structure and categorise assurances for procurement.

An organisation might identify procurement and contract management as a key risk. The assurance map would then set out the sources of assurance that enable senior management and members to satisfy themselves that this risk is being managed. Under the three lines of defence, these assurances are categorised as follows:

**First line:** controls and processes followed by service managers who own and manage risks. In this case, these would be the controls and processes followed by contract managers who are responsible for procuring contracts and for contract management.

**Second line:** controls and processes operated by managers responsible for overseeing risks. These typically monitor the first line of defence operated by managers and in this case might include risk management and procurement compliance functions.

**Third line:** functions providing independent assurance. This is a key role for Internal Audit and is sometimes considered to include external inspectorates.

- (iii) monitoring and tracking delivery of the assurances throughout the year to help strengthen the risk management and control environment through the Risk Reporting Timetable (RRT). The RRT schedules in reviews of risk at Directorate Management Teams, who prepare reports that are progressed and escalated and which ultimately result in quarterly update reports being presented to the Executive Leadership Team (ELT). These then go onto the Audit & Standards Committee on a quarterly basis within the Strategic Risk focus agenda item which provides updates on changes to the Strategic Risk Register.

As part of this item the Committee also focus on at least two, but normally four or five, Strategic Risks where Risk Owners (officer members of the ELT) attend to answer Members' questions on whether the right type of assurance activity is being targeted at the right area or risks and whether this is efficient. From 2020 The Strategic Risk Register will be annually reported in full to the Policy & Resources Committee alongside the corporate Performance Report (first date will be 17 June 2020).

2.6. Risks specific to the delivery of the capital programme and Capital Strategy are managed by a range of processes and groups:

- Financial risks (e.g. overspending, slippage and re-profiling) are managed through the council's Targeted Budget Management (TBM) process which is reported at least quarterly to P&R committee.
- The progress of major infrastructure projects is monitored through the officer led Strategic Investment Board and the member led Strategic Delivery Board.
- Any significant changes to the direction, or financial or legal risks of any major scheme are reported back to P&R committee.

### 3. Capital Strategy

3.1. Capital resources are available to the council for investment in assets. They play an important role in helping to achieve the council's Corporate Plan priorities. This section sets out the strategy and plans for capital expenditure. The council's Capital Strategy outlines the process for the prioritisation and evaluation of capital investment projects. A summary of these priorities is detailed as follows and aims to:

- seek to protect as far as possible capital grant funding for education, housing transport and the public realm investment;
- pool all remaining non ring-fenced capital resources and allocate these to priority areas for investment;
- allocate approximately £0.250m per annum to 'major projects' investment through a Strategic Investment Fund. These projects support the economy through regeneration of key sites which can often lever in housing development;
- allocate £0.500m per annum towards the Information Technology & Digital Fund to address the funding of central network support and improvements to the IT&D infrastructure identified in the IT&D Investment Strategy;
- allocate £1.000m per annum to the Asset Management Fund to support essential property improvements, minimise backlog maintenance, improve sustainability and energy efficiency of buildings where possible, and reduce longer term maintenance costs;
- similarly, allocate £1.000m per annum through borrowing to support investment in planned maintenance in Operational and Social Care buildings;
- generate capital receipts from the disposal of surplus or under-performing assets and to deploy the proceeds from the sale of capital assets:
  - for reinvestment in the capital investment programme, or;
  - for modernisation of council services including using the government's 'capital receipt flexibilities' that allows revenue costs to be capitalised and funded from capital receipts where this generates efficiencies, or;
  - for repayment of debt or for investment, for example, to offset any loss of rental income in the revenue budget, or;
  - for reinvestment from under-performing assets back into more commercially viable assets as part of the rationalisation of the commercial property portfolio.
- divide the net receipts from 'right to buy' sales of council housing between funding for corporate strategic priorities, delivering regeneration, including affordable housing opportunities, and investment directly in housing. The Right to Buy Regulations mean that the maximum that the council can currently retain for corporate investment is £0.500m per annum;



- use unsupported borrowing for:
  - service improvements where a business case has been developed and approved, and can demonstrate that the investment will provide value for money and that the additional financing costs are reflected in the revenue budget;
  - purchase of vehicles and plant where an options appraisal demonstrates borrowing provides the best value for money and the financing costs are reflected in the revenue budget;
  - investment to support Corporate Plan priorities where the financial impact of any decision is treated as a commitment in future years' budgets and is affordable;
  - restructuring the funding of the approved capital programme when this provides a more efficient use of capital and revenue resources.
- explore all funding options including partnerships and one-off bidding processes. The council can bid for capital investment through funding streams such as the Heritage Lottery Fund, Arts Council and the Coast to Capital Local Enterprise Partnership (C2C LEP). Other Government initiatives that may be considered include the Highways Maintenance Challenge Fund and the Housing Infrastructure Fund. The council can use its land to facilitate private sector or partnership based investments.

3.2. The financial resources used to fund the 2020/21 capital expenditure programme of £166.669m are included at Annex A and the 5 year capital projections are incorporated in the Budget Book at Appendix 1.

### ***Housing Revenue Account (HRA)***

- 3.3. The HRA Capital Strategy focuses on meeting Corporate Plan and Housing Strategy priorities. The strategy aims to ensure that every pound invested reaches beyond the housing service and contributes to regeneration, tackling inequality, creating training and employment opportunities and improving sustainability. Two of the main priorities for the HRA are improving housing supply and investing in homes and neighbourhoods to provide safe and good quality housing.
- 3.4. In October 2018, the Minister for Housing, Communities & Local Government issued a determination – The Limits on Indebtedness (Revocation) Determination 2018. This came into force on 29 October 2018 and removes the restrictions on borrowing for the HRA. The removal of the 'debt cap' will enable the potential for substantial growth in the number of homes that can be built or purchased within the HRA and continued investment in the existing housing stock. However, the HRA remains subject to the Prudential Framework and as such all new HRA borrowing decisions will need to be affordable, prudent and sustainable and therefore will be subject to business cases and viability tests.
- 3.5. Since 2012 the HRA has operated on 'self-financing' principles and the capital programme is funded from a variety of HRA sources including revenue surpluses (rental incomes), borrowing, capital receipts, reserves and other grants. These resources are part of the HRA ring-fenced account to be spent on council owned stock. Further detail on the priorities and proposed investments can be found in the 'HRA Budget and Capital Investment Programme 2020/21 and Medium Term Financial Strategy' report.

#### **4. Capital Investment Plans 2020/21 to 2024/25**

- 4.1. All capital expenditure plans are approved in accordance with the council's Standard Financial Procedures by full Council with detailed proposals and any changes approved by P&R Committee through either separate project reports or as part of regular Targeted Budget Management (TBM) reports.
- 4.2. The capital investment plans for 2020/21 to 2024/25 are included within the Budget Book at Appendix 1 and a summary of the investment plans is provided in section 6 of the main report.

#### **5. Approach to Commercial Investments**

- 5.1. The council's primary non-treasury (or commercial) investments relate to its commercial property portfolio, details of which are covered in Section 6. The council will explore other opportunities to increase revenue to support core council services, or enable developments that support the delivery of council priorities.
- 5.2. The council uses its property assets, both operational and investment, to enable a number of major infrastructure projects to deliver key assets for the city such as the King Alfred Leisure Centre and the Waterfront project to replace the Brighton Centre; or to support regeneration and in turn increase council tax and business rates receipts such as the Circus Street, Preston Barracks and New England House schemes.
- 5.3. In addition, the council is able to provide third party loans and financial guarantees in order to enable external projects which support the council's Corporate Plan priorities and outcomes. The current portfolio and risks of these types of arrangements are outlined in sections 7 and 8.
- 5.4. All commercial investment opportunities are subject to a due diligence process, including business case appraisal, risk assessment and sensitivity analysis and assessment of legality including state aid compliance.
- 5.5. All proposals are approved by Policy & Resources Committee and the delivery of major schemes is overseen by both the member-led Strategic Delivery Board and the officer-led Strategic Investment Board.
- 5.6. The council's approach to fees and charges includes a commercial view where there is a competitive market and encourages managers to explore new income streams to enable the council to become more self-sufficient.

#### **6. Investment Property Portfolio**

- 6.1. The council has a portfolio of commercial property assets valued at £279.9m generating an annual income of £11.3m which is therefore an important income source supporting council services. These figures are based upon the value as at December 2018. The council maintains a Corporate Property Strategy and Asset Management Plan which links the council's property holdings to its corporate priorities and strategic goals. The key aims outlined in these documents are to maximise income whilst supporting improved service delivery. Its corporate property objectives include "*to optimise the value received from non-operational urban and agricultural commercial portfolios*". One of the strategies to achieve this objective is the re-balance of the urban portfolio through a programme of disposals for under-performing assets and investment in primary assets generating a healthy income to support service delivery.

6.2. The council's urban commercial portfolio has performed well in recent years, with low levels of voids, arrears and bad debt. However, the strong performance of the portfolio belies the inherent risks within it, which include:

- An unbalanced portfolio with an over-reliance on one market sector;
- An over-reliance on retail, which is experiencing significant change and a downturn in performance due to external factors;
- A high level of tertiary properties with low covenant tenants who are at higher risk of failure;
- An older and aging portfolio with high levels of obsolescence and repair requirements as well as investment needs to meet statutory compliance;
- A high level of secondary and tertiary properties with limited prospect of rental growth.

6.3. There would be an inevitable increase in voids and bad debt, low income growth and even a potential decline in income in some areas as well as an increased capital investment requirement from the council if the portfolio were not rebalanced.

6.4. The table below shows the current composition of the commercial property portfolio according to both property value and income. The table demonstrates that the retail sector (including Primary, Secondary, Tertiary and Neighbourhood Shops) comprises over 46% of the income stream from commercial property.

| Portfolio                                   |                                      | Income<br>£'000 | Income<br>as a % of<br>total<br>income | Property<br>Value<br>£'000 | Value as<br>% of total<br>Value | Average<br>Yield of<br>portfolio |
|---|--------------------------------------|-----------------|--|----------------------------|---------------------------------|----------------------------------|
| Agricultural                                | All                                  | 820             | 7.52%                                  | 52,528                     | 26.01%                          | 1.56%                            |
| Seafront                                    | Commercial property<br>& concessions | 1,757           | 16.10%                                 | 21,930                     | 10.86%                          | 9.04%                            |
|   | Beach chalets                        | 87              | 0.80%                                  |                            |                                 |                                  |
|   | Beach huts                           | 138             | 1.26%                                  |                            |                                 |                                  |
| Commercial<br>property<br>managed by<br>GVA | Prime Shops                          | 2,635           | 24.15%                                 | 42,793                     | 21.19%                          | 6.16%                            |
|   | Secondary Shops                      | 1,552           | 14.23%                                 | 24,896                     | 12.33%                          | 6.24%                            |
|   | Tertiary Shops                       | 624             | 5.72%                                  | 7,531                      | 3.73%                           | 8.29%                            |
|   | Neighbourhood<br>Shops               | 268             | 2.45%                                  | 3,933                      | 1.95%                           | 6.81%                            |
|   | Offices                              | 757             | 6.93%                                  | 12,471                     | 6.17%                           | 6.07%                            |
|   | Industrial                           | 730             | 6.69%                                  | 13,822                     | 6.84%                           | 5.28%                            |
|   | Leisure                              | 321             | 2.94%                                  | 9,350                      | 4.63%                           | 3.43%                            |
|   | Miscellaneous                        | 188             | 1.73%                                  | 2,583                      | 1.28%                           | 7.29%                            |
|   | Mixed Use (St James<br>Mansions)     | 44              | 0.40%                                  | 943                        | 0.47%                           | 4.63%                            |
|   | Residential                          | 18              | 0.16%                                  | 563                        | 0.28%                           | 3.12%                            |
|   | New England House                    | 942             | 8.63%                                  | 8,253                      | 4.09%                           | 11.41%                           |
| Car Parking/Garages                         | 31                                   | 0.28%           | 392                                    | 0.19%                      | 7.81%                           |                                  |
| <b>Total</b>                                |                                      | <b>10,912</b>   | <b>100%</b>                            | <b>201,988</b>             | <b>100%</b>                     | <b>5.40%</b>                     |

*Note – the table excludes a number of sites managed “in-house” such as community centres, car parks and legacy sites belonging to the council. The total*

*value of the “in-house” part of the portfolio is £77.9m, providing £0.4m of rental income. The values are based upon figures as at December 2018.*

- 6.5. The council’s Corporate Property Strategy and Asset Management Plan is being reviewed and redrafted for presentation to Members for consideration and ratification. In addition, it is proposed that an Investment Strategy be presented to Members recommending the adoption of a more detailed strategy and a framework within which the non-operational urban commercial portfolio can be rebalanced. The rebalancing of the portfolio will ensure a more secure income stream, improved prospects for rental growth and reduced risk of capital expenditure by the council.
- 6.6. In advance of the adoption of an Investment Strategy, opportunities for asset purchases and disposals which seek to compliment the portfolio and mitigate risk are identified on a case-by-case basis. The council holds contracts with Avison Young to manage its urban portfolio and Savills to manage its agricultural portfolio. A key provision within these contracts is for the providers to work with the in-house property team to identify appropriate assets for purchase and disposal.
- 6.7. Any opportunities explored that result in an expected asset disposal or purchase are presented and approved by Policy & Resources Committee in accordance with the council’s Scheme of Delegation, and executed in accordance with the council’s Financial Regulations.

### **7. Loans to External Bodies**

- 7.1. The council has the ability to provide capital loans to external bodies and organisations for the purpose of supporting activities undertaken that are aligned to the council’s Local Plan and/or service objectives. For example, a loan may be given to support a project which generates economic growth in Brighton and Hove.

#### ***Governance***

- 7.2. The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 direct that a loan to an external organisation to fund any expenditure that would be treated as capital expenditure if it were incurred by the local authority must be treated as capital. As a result, all loans to external parties are subject to the governance requirements of all capital expenditure incurred by the council, as described in section 2.
- 7.3. Any loan to external organisations must be compliant with rules regarding the provision of State Aid. Advice from legal and finance officers is sought in each instance to ensure loans are state aid compliant.

#### ***Decision making & procedure***

- 7.4. Loans to external organisations are undertaken on a case-by-case basis and are subject to a thorough due diligence process to ensure:
  - the business plan receives adequate scrutiny by both finance, legal and service officers in order to evaluate the level of risk;
  - the loan is state aid compliant;
  - the recipient of the loan can afford the repayments.
- 7.5. As all external loans are classed as capital expenditure, Policy & Resources Committee is ultimately responsible for agreeing the loan as part of the capital programme and will receive a report outlining the relative risks, benefits and financial and legal implications in each instance.

- 7.6. The council has an obligation to review all outstanding loans to external bodies as under accounting requirements it is required to review the risk of non-repayment of all outstanding debt and make a provision for impairment where there is a probability that part or all of a loan will be irrecoverable.
- 7.7. No overall parameters have been set on the total loan value that can be provided to external bodies which are assessed and agreed on a case-by-case basis.

**Current portfolio**

- 7.8. The council has the following loans to external bodies outstanding as at 31 December 2019:

| Organisation             | Loan Value at 31 Dec 2019 | Purpose of loan & link to council priorities / service objectives   | Meeting at which loan approved   |
|--------------------------|---------------------------|---|--|
| The i360 Company         | £38,196,000               | To build the i360 observation tower, unlocking economic regeneration on the seafront and increasing business rate income.   | (1) Special Policy & Resources Committee, 6 March 2014.<br>(2) Special PR&G Committee, 28 June 2018.<br>(3) PR&G Committee, 6 December 2018. |
| East Sussex Credit Union | £250,000                  | To increase the reserves base for the organisation to increase affordable lending to local people and businesses, and to increase the provision of crisis loans to Brighton and Hove residents. | PR&G Committee, 21 January 2016 and then extended to 2026 by PR&G Committee on 11 October 2018.  |
| Housing Joint Venture    | £1,471,000                | Joint venture partnership with Hyde Housing Association for the delivery of 1000 affordable homes within the City   | PR&G Committee, 12 October 2017  |
| Saltdean Lido            | £220,000                  | To support the bid for Heritage Lottery Funding for the renovation of the Saltdean Lido (a listed asset owned by the council).  | PR&G Committee, 30 November 2017.  |

- 7.9. The loan to the i360 company represents substantial risk as reported to Policy & Resources committee in December 2019. The current performance of the i360 is insufficient to make full loan repayments in accordance with the agreement. The committee agreed to restructure the loan to provide the best financial outcome to the City Council.
- 7.10. The Saltdean Lido CIC has successfully secured a bid for Heritage Lottery Fund (HLF) grant for the restoration of the building. The terms of the HLF funding requires Saltdean Lido to secure match funding for the grant to be agreed and released.

## 8. Financial and other Guarantees

8.1. The council has provided guarantees against the underlying performance of the following arrangements:

- ***Brighton & Hove Seaside Community Homes (BHSC)***

The council has provided a rent guarantee to underwrite the rental income where Local Housing Allowance rates do not keep pace with inflation. The amount provided to 31 March 2019 under this rent guarantee was £1.9m. The contract stipulates that the rent guarantee will be returned to the council when BHSC achieves a level of surpluses as defined by the contract and business plan. £0.5m has been received to reduce this debt down to £1.4m.

- ***Royal Pavilion Estate redevelopment phase 1***

Grant funding bids for the scheme included a target for fundraising to match-fund any grant received. To allow the scheme to progress, the council has underwritten the fundraising target which has allowed the release of grant. The total fundraising target was originally £5.5m. At its meeting in December 2018, the former Policy Resources & Growth committee agreed to earmark £3.0m and an additional £5.0m was approved at October 2019 Policy & Resources Committee. Both of these sums were identified to cover this risk, contingency and cost over-runs on the project.

## 9. Other schemes

The primary objectives of the following schemes are not for financial return purposes, but to support meeting the council's strategic priorities for the city. However, each project is expected to create net revenue income for the council and have therefore been included for completeness.

The King Alfred development project has not been included as the council's investment is to secure a replacement leisure centre, owned by the council. This is part of the council's core services.

### ***Housing Joint Venture***

- 9.1. The council has entered into a living wage joint venture with Hyde Housing Association for the delivery of 1000 affordable homes for the city. The business plan and legal arrangements were agreed by the former Policy, Resources & Growth committee at its meeting of 12 October 2017 and included a projected investment by the council of £59.7m, net of receipts from shared ownership sales.
- 9.2. Each tranche of development under the joint venture is required to undergo a due diligence procedure which includes an individual viability test provided by suitably qualified consultants, and scrutiny by an independent project monitor who reports to the joint venture board on the financial robustness and deliverability of each proposal.
- 9.3. The risks inherent within the joint venture are cost overruns, rent levels below expectations and the value and number of shared ownership homes being lower than expected. These risks are all considered within the due diligence process.

***New England House refurbishment & redevelopment***

- 9.4. The council has ambitious plans to increase the amount of business space and refurbish New England House, an asset wholly owned by the council within the commercial property portfolio. The primary purpose of the project is to protect and grow business space in the city centre.
- 9.5. The project has secured grant funding of £4.9m and a capital receipt of £6.25m through the sale of an adjacent site. These resources will need to be supplemented to cover the full cost of development and it is anticipated that increased rental income will support this. The proposal is currently under development, and a business plan will be presented to Policy & Resources Committee in due course. This report will include the risks and benefits of the project.

***Brighton Waterfront project***

- 9.6. The council is in partnership with Aberdeen Standard Investments (ASI) to deliver a replacement Brighton Centre arena and regeneration and expansion of the Churchill Square shopping centre. The high level business plan relies on increased revenue from business rates and lease payments from a venue operator to cover the financing costs of the capital investment in the new arena.

**10. Proportionality & Summary of Risk Exposure**

- 10.1. Often, commercial/non-treasury investments are entered into on a case-by-case basis approved individually. The Capital Strategy provides an opportunity to demonstrate the totality and proportionality of the council's non-financial investments in one place. The table below shows the annual elements that represent financial risk from current non-financial investments as a proportion of the General Fund's net revenue budget.

| <b>Commercial/Non-Treasury Investments</b> | <b>£m</b>               | <b>% of General Fund</b> |
|--|-------------------------|--------------------------|
| PWLB repayment amount relating to the i360 | £1.844m                 | 0.86%                    |
| Income from commercial properties          | £11.304m                | 5.24%                    |
| <b>Total financial risk</b>                | <b>£13.148m</b>         | <b>6.10%</b>             |
| <b><i>Net Revenue Budget</i></b>           | <b><i>£215.606m</i></b> | <b><i>100%</i></b>       |

- 10.2. The council's underlying need to borrow is portrayed by its Capital Financing Requirement (CFR). The CFR increases each year by capital expenditure that is not funded by new or existing resources (i.e. results in borrowing). The CFR reduces each year by the MRP set aside to repay borrowing as described in paragraph 1.6.
- 10.3. Any commercial investments funded by borrowing will increase the council's CFR. The table below demonstrates the proportion of the General Fund CFR (excluding PFI liabilities) outstanding at 31 March 19 (and forecast to be outstanding at 31 March 2020) that relates to commercial investments. That is, this represents the outstanding debt relating to the council's commercial activity where MRP has not yet been applied.

|                               | As at 31/03/19 | Forecast to 31/03/20 |
|-------------------------------|----------------|----------------------|
| General Assets CFR            | 79%            | 77%                  |
| i360                          | 19%            | 17%                  |
| Phoenix House                 | 2%             | 2%                   |
| Lyndean House                 | 0%             | 3%                   |
| Housing Joint Venture         | 0%             | 1%                   |
| <b>Total General Fund CFR</b> | <b>100%</b>    | <b>100%</b>          |

## 11. Knowledge & Skills

- 11.1. The council's Section 151 Officer has delegated responsibility for the council's treasury and capital activities. This requires the post holder to be a qualified accountant. The Section 151 Officer is a CIPFA qualified accountant who follows an ongoing programme of Continuous Professional Development (CPD).
- 11.2. The council's treasury and capital strategies are produced and maintained by a team of officers who are professionally qualified accountants and who have extensive local authority experience. The council has a contract with Link Asset Services for the provision of specialist advice regarding its treasury investment and borrowing activity and for technical advice. Officers involved in treasury management ensure their knowledge is updated through Continuous Professional Development (CPD).
- 11.3. All of the council's commercial projects have project teams made up of officers from relevant professional disciplines from across the council. These project teams access external specialist advice regarding commercial projects where required.
- 11.4. The council's investment property portfolios are managed by Savills (agricultural) and Avison Young (Commercial), two of the UK's leading property companies. They administer their contracts for Estates Management Services through the provision of a dedicated team of chartered surveyors who have extensive property knowledge and expertise as well as experience of acting for local authority clients. Each local team is supported by a range of "head office" specialist services within their own organisation, including market experts, planning consultants, H&S/FM services, accountancy, agency and so on, ensuring the council has access to a wide range of services to meet all of our property requirements.
- 11.5. Training is available for members who are responsible for decision making and scrutiny of treasury decisions to ensure their skills and knowledge are kept up to date for their involvement in this area.

## 12. S151 Officer Assurance Statement

- 12.1. This Capital Strategy is compiled in line with the requirements of the 2018 CIPFA Prudential Code and the 2018 Treasury Management Code.
- 12.2. The Section 151 Officer has reviewed the strategy against best practice advice from CIPFA and expert advisers and considers the strategy to be prudential, sustainable and affordable within the risk framework of the council and has ensured that it is fully integrated with the council's Medium Term Financial Strategy, Treasury Management Strategy Statement and Capital Strategy.

### List of Annexes:

Annex A – Capital Resources 2020/21



Annex B - List of current non-treasury investments

Annex C - List of planned non-treasury investments

## Capital Resources 2020/21

A fully financed Capital Investment Programme is proposed for 2020/21 assuming that existing approved capital projects spend in-line with approved budgets and certain net usable receipts of £7.3m in total are achieved. Table 1 below shows how the programme can be financed in 2020/21. The position for the years 2021/22 onward 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.

| <b>TABLE 1: Capital Resources</b>   | <b>2020/21<br/>£ million</b> |
|---|------------------------------|
| Capital Grants:   |                              |
| - Capital grant announcements in previous years and profiled for spend in 2020/21 | 42.966                       |
| - New capital grants  | 15.625                       |
| <b>Total Government Support</b>   | <b>58.591</b>                |
| Capital Receipts Reserve  | 21.194                       |
| Capital Reserves  | 1.296                        |
| Specific Reserves   | 2.430                        |
| External Contributions  | 6.543                        |
| Direct Revenue Funding – Housing Revenue Account                                  | 19.806                       |
| Direct Revenue Funding – Service Departments                                      | 0.813                        |
| Council Borrowing   | 55.996                       |
| <b>Total Capital Resources</b>  | <b>166.669</b>               |

## Capital Grants

The Government distributes capital grants towards the financing of certain capital expenditure. In 2020/21, it is anticipated that the council will receive new capital grants of £15.625m as summarised in Table 2 below, and £42.966m from grants already announced where the spending of these grants is now profiled in 2020/21.

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 Committee as and when they are announced.

The new capital grants are in three main areas:

- Education Basic Need for new pupil places of £2.879m;
- Education funding of £4.800m (estimated and due to be announced) for investment in the maintenance of educational buildings and Children’s Centres in the city;

- Transport funding of £5.169m (indicative allocation due to be confirmed) to include transport related schemes and highways maintenance.

| <b>TABLE 2: New Grants announced for 2020/21</b> | <b>£ million</b> |
|--|------------------|
| Education Basic Need                             | 2.879            |
| Education Capital Maintenance *                  | 4.800            |
| Schools Devolved Capital *                       | 0.508            |
| Highways Maintenance Block Allocation (LTP) *    | 2.110            |
| Integrated Transport Block Allocation (LTP) *    | 3.059            |
| Pothole Action Fund *                            | 0.189            |
| Highways Maintenance Incentive Fund *            | 0.400            |
| Better Care Funding *                            | 1.500            |
| Energy Grants for HRA                            | 0.180            |
| <b>Total</b>                                     | <b>15.625</b>    |

\* Funding to be confirmed by government

### Capital Receipts

The funding of the capital investment programme assumes estimated net capital receipts of £7.3m in 2020/21. This includes receipts associated with the disposal of surplus buildings for reinvestment into the Stanmer Regeneration Project, receipts associated with the Joint Venture, a lease re-gear at West Street and some surplus properties identified for disposal. These receipts are planned for investment in future years' capital programmes. Progress will be closely monitored throughout the year for all receipts and reported through the regular TBM budget monitoring reports. 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 which 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 New England House (NEH) Redevelopment Reserve will also support bringing forward the NEH Redevelopment project. The Brighton Centre Redevelopment Reserve will continue to support the plans for the Waterfront development. The Sports Development Reserve will contribute toward mechanical works at the Prince Regent. Finally the Earmarked Rent Reserve will support delivery of the HRA Capital Investment programme.

### External Contributions

The council will receive new external contributions totalling £6.543m in 2020/21 associated with donations, partner and private contributions for the Royal Pavilion Estate, Stanmer Park redevelopment, the Environment Agency for flood defence and commuted sums associated with the Home Purchase Policy for the HRA.

### Direct Revenue Funding

The General Fund and Housing Revenue Account budget proposals include direct revenue funding of £20.619m. A summary of the allocations by service is shown in the table below.

| <b>TABLE 3: Direct Revenue Funding 2020/21</b> | <b>£ million</b> |
|--|------------------|
| Structural maintenance for schools             | 0.623            |
| Property Services planned maintenance          | 0.110            |
| Cityparks play area improvements               | 0.040            |
| Prince Regent mechanical repairs               | 0.040            |
| <b>Total General Fund Services</b>             | <b>0.813</b>     |
| Housing Revenue Account                        | 19.806           |
| <b>Grand Total</b>                             | <b>20.619</b>    |

### 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 2020/21 it is proposed that the council will undertake borrowing of £55.996m to finance capital expenditure plans as detailed in table 4.

| <b>TABLE 4: Council Borrowing in 2020/21</b>         | <b>£ million</b> |
|--|------------------|
| Housing Revenue Account – 2020/21 new borrowing      | 12.135           |
| Housing Revenue Account – 2019/20 reprofiled schemes | 14.097           |
| Housing Joint Venture                                | 9.925            |
| Replacement programme vehicles                       | 1.500            |
| Street lighting invest to save scheme                | 1.792            |
| London Road car park                                 | 0.270            |

## Appendix 2

|   |               |
|---|---------------|
| Planned maintenance for Corporate and Social Care buildings                 | 1.000         |
| Planned maintenance for corporate buildings 2019/20 reprofiled              | 0.320         |
| Investment in Phoenix House   | 0.332         |
| Solar panels for corporate buildings  | 0.500         |
| Royal Pavilion Estate Regeneration  | 8.704         |
| Library at Saltdean Lido  | 0.700         |
| Brighton Research and Innovation Fibre Ring                                 | 0.283         |
| Sustainability and Carbon Reduction Investment Fund (SCRIF)                 | 0.500         |
| IT&D Investment for desktop and laptop replacement programme                | 0.250         |
| IT&D Fund   | 0.500         |
| Accommodation for Supported Housing Delivery                                | 3.000         |
| Borrowing to release capital receipts for investment in modernising service | 0.188         |
| <b>Total for Capital Programme</b>  | <b>55.996</b> |

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 £14.097m was profiled from 2019/20 for investment in new build, conversions and repairs at various sites with a further £12.135m planned in 2020/21. 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 £59.7m alongside investment from Hyde Housing for the delivery of 1,000 affordable homes. The estimated profile of borrowing in 2020/21 following some reprofiling this month is £9.925m with no net cost to the council and all costs being met through the Joint Venture business plan.
- A provision of £1.500m is for replacement of vehicles during the year. This includes replacement refuse collection and street cleansing vehicles for Cityclean and the potential replacement of miscellaneous waste and parks vehicles during the year 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 the former 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.
- London Road Car Park is suffering from major concrete defects that require urgent attention. The condition of the defects will have an effect on the running of the car park and may also lead to potential health and safety risks. The financing costs will be met from parking services budgets.

- Borrowing to support the Planned Maintenance Budget has been introduced to support the ongoing maintenance pressures for Social Care operational buildings, corporate and civic buildings. The revenue costs for the borrowing have been addressed within the Medium Term Financial Strategy. The borrowing includes some reprofiled schemes from 2019/20.
- Phoenix House was purchased by the council last financial year and an additional borrowing requirement was identified for some maintenance works that have been identified to ensure the rental streams are maximised. The purchase price of Phoenix House was renegotiated downwards following a detailed survey of the building in recognition of investment requirements.
- Investment in solar panels for corporate buildings – there are a range of opportunities for solar panel installations that will generate revenue savings for the council and support Corporate Plan carbon neutral targets. The individual schemes will be based on business cases and approved via in-year TBM reports
- A variation of £5.0m borrowing to the Royal Pavilion Estate regeneration project was reported to Policy & Resources Committee in October 2019 to cover a combination of cost increases and to provide contingency for any potential fundraising shortfall. The additional repayment costs would be met from existing revenue budgets. Funding had already been identified from borrowing as part of the project costs and forms part of the total borrowing for the year.
- The contribution to the replacement library at Saltdean Lido was approved at Policy Resources & Growth Committee in February 2017 and has been reprofiled into 2020/21. The financing costs of this investment are reflected in the Medium Term Financial Strategy. There is a further £1.6m approved for the Saltdean Lido renovation project within the 2019/20 Capital Investment Programme, however, the timing of this expenditure is subject to a revised project programme.
- The Brighton Research and Innovation Fibre Ring will connect key public sites in the city with the Brighton Digital Exchange at New England House. Local Growth Funding from the Coast to Capital LEP has been secured and match funding is required from both the council and Wired Sussex partners. The borrowing costs are expected to be met from annual savings and potential income generation.
- The Sustainability and Carbon Reduction Investment Fund (SCRIF) provided funding to departments on a bidding basis for projects that met a number of council sustainability priorities. Bids for this funding are approved through the SCRIF Members Oversight Group. A further allocation of £0.5m is proposed for 2020/21 from borrowing with the financing costs being incorporated in the 2020/21 budget.
- Additional IT&D investment has been identified specifically for an annual desktop and laptop replacement programme. The financing costs of this investment are reflected in the Medium Term Financial Strategy.
- Additional £0.500m of borrowing for 2020/21 to support the additional investment needs of the IT&D fund for this financial year. The financing costs are reflected in the 2020/21 budget.
- Borrowing of up to £3.0m to enable the purchase of new accommodation for use as supported housing delivery, reducing spend on leasing with other landlords and thereby reducing the financial pressure on the Adult Social Care budget. This will be subject to a viable business case being presented to the Housing Committee and Policy and Resources Committee. The financing costs are to be met from revenue savings associated with the business case.

- Borrowing to release capital receipts for investment in modernising services – revenue costs can be capitalised and funded through capital receipts where the costs are delivering efficiencies and potential future year savings. This is through the government approved capitalisation direction. A sum of £0.188m was identified last year to accommodate this and the financing costs of this investment is reflected in the Medium Term Financial Strategy.

## ANNEX B

**List of current non-treasury Investments**

This list is reviewed on an on-going basis by finance officers to ensure risks are monitored and updates are escalated through the Strategic Delivery Board and Strategic Investment Board where required:

| <b>Investment Type</b>         | <b>Scheme Name</b>                      | <b>Value</b> |
|--------------------------------|---|--------------|
| Investment Property Portfolio  | Urban & Agriculture Property Portfolios | £279.897m*   |
| Loan to external body          | i360 Company                            | £38.196m     |
| Loan to external body          | Saltdean Lido                           | £0.220m      |
| Loan to external body          | East Sussex Credit Union                | £0.250m      |
| Financial Guarantee            | Brighton & Hove Seaside Community Homes | £1.400m**    |
| Financial Guarantee            | Royal Pavilion Estate fundraising       | £3.000m**    |
| Housing Property Joint Venture | Brighton & Hove                         | £59.700m***  |

\* Value as at 31 December 2018

\*\* Estimated value of debtor at 31 March 2020

\*\*\* Estimated value of total expected investment



**List of planned non-treasury Investments**

This list is reviewed on an on-going basis by finance officers to ensure risks are monitored and updates are escalated through the Strategic Delivery Board and Strategic Investment Board where required:

| <b>Investment Type</b>                      | <b>Scheme Name</b>              | <b>Value</b> |
|---|---------------------------------|--------------|
| Investment in commercial property portfolio | New England House refurbishment | £29.500m     |
| Investment in replacement Brighton Centre   | Waterfront Project              | £132.700m    |



## TREASURY MANAGEMENT POLICY AND STRATEGY 2020/21

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## 1. INTRODUCTION

### 1.1 Background

The council is required to operate a balanced budget, which broadly means that cash raised and received during the year will meet cash expenditure. Part of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Cash can often be set aside (e.g. reserves) or received ahead of when it is required, for example government capital grant funding, and therefore surplus monies are invested in counterparties or instruments commensurate with the council's risk appetite, and always prioritising adequate liquidity before considering investment return.

The second main function of the treasury management service is the funding of the council's capital plans. These capital plans provide a guide to the borrowing need of the council, essentially the longer-term cash flow planning, to ensure that the council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans, or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn down may be restructured to meet council risk or cost objectives.

The contribution that the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity and the ability to meet spending commitments as they fall due, either on day-to-day revenue spending or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from holding reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a direct loss to the General Fund.

Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities (arising usually from capital expenditure), and are separate from the day to day treasury management activities.

CIPFA defines treasury management as:

*“The management of the local authority’s borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”*

### 1.2 Reporting Requirements

#### 1.2.1 Capital Strategy

The CIPFA 2017 Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy report, to provide the following:

- a high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
- an overview of how the associated risks are managed;
- the implications for future financial sustainability.

The aim of the Capital Strategy is to ensure that all members on the full Council understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

This Capital Strategy is reported separately from the Treasury Management Strategy Statement; non-treasury investments will be reported through the former. This ensures the separation of the core treasury function under security, liquidity and yield principles, and the policy-driven and commercial investments usually driven by expenditure on an asset.

### **1.2.2 Treasury Management reporting**

The Council is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.

- a. Prudential and treasury indicators, and treasury strategy** (this report) - The first, and most important report, is forward looking and covers:
  - the capital investment plans, (including prudential indicators);
  - a Minimum Revenue Provision (MRP) policy, (how residual capital expenditure is charged to revenue over time);
  - the Treasury Management Strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
  - an Annual Investment Strategy, (the parameters on how investments are to be managed).
- b. A mid-year treasury management report** – This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision.
- c. An annual treasury management report** – This is a backward looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

*This Council delegates responsibility for implementation and monitoring of treasury management to the Policy & Resources Committee (P&R) and responsibility for the execution and administration of treasury management decisions to the Section 151 Officer. P&R therefore receives the mid-year report in December and the annual report in July each year.*

The above reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Policy & Resources Committee.

### **1.3 Treasury Management Strategy for 2020/21**

The strategy for 2020/21 covers two main areas:

#### **Capital issues:**

- the capital expenditure plans (section 2) and the associated prudential indicators (Annex C);
- the minimum revenue provision (MRP) policy (Section 3).

#### **Treasury management issues:**

- the current treasury position (section 1.5);

- treasury indicators which limit the treasury risk and activities of the council (Annex C);
- prospects for interest rates (Annex B);
- the borrowing strategy (section 2);
- policy on borrowing in advance of need (section 2.3);
- debt rescheduling (section 2.4);
- the investment strategy (section 4);
- creditworthiness policy (section 4.4); and
- the policy on the use of external service providers (section 5.3).

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, MHCLG MRP Guidance, the CIPFA Treasury Management Code and MHCLG Investment Guidance.

#### 1.4 Treasury Management Policy Statement

The policies and objectives of the council's treasury management activities are as follows:

- This council defines its treasury management activities as:  
*'The management of the authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks'.*
- This council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the council, and any financial instruments entered into to manage these risks.
- This council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance management techniques, within the context of effective risk management.

#### 1.5 Current Treasury Portfolio Position

A summary of the council's borrowing & investment portfolios as at 31 December 2019 and forecast at the end of the financial year is shown in **Table 1** below:

| Table 1                              | Actual at 31 December 2019 |                |              | Forecast to 31 March 2020 |                |              |
|--------------------------------------|----------------------------|----------------|--------------|---------------------------|----------------|--------------|
|                                      | £'000                      | % of portfolio | Average Rate | £'000                     | % of portfolio | Average Rate |
| <b>Investments</b>                   |                            |                |              |                           |                |              |
| UK Banks                             | 60,000                     | 36%            | 1.10%        | 47,500                    | 33%            | 1.07%        |
| Non-UK Banks                         | 9,500                      | 6%             | 1.17%        | 7,000                     | 5%             | 1.19%        |
| Building Societies                   | 0                          | 0              | 0            | 0                         | 0              | 0            |
| Local Authorities                    | 54,500                     | 33%            | 0.96%        | 49,500                    | 34%            | 1.02%        |
| Money Market Funds                   | 31,894                     | 19%            | 0.72%        | 20,000                    | 14%            | 0.72%        |
| Aberdeen Ultra Short Dated Bond Fund | 10,076                     | 6%             | 0.99%*       | 10,000                    | 7%             | 1.00%        |

|   |                |             |              |                |             |              |
|---|----------------|-------------|--------------|----------------|-------------|--------------|
| Royal London Short Dated Credit Fund                | 0              | 0           | 0            | 2,500          | 2%          | 3.00%        |
| Royal London Investment Grade Short Dated Bond Fund | 0              | 0           | 0            | 7,500          | 5%          | 2.00%        |
| <b>Total Investments</b>                            | <b>165,970</b> | <b>100%</b> | <b>0.98%</b> | <b>144,000</b> | <b>100%</b> | <b>1.09%</b> |
| <b>Borrowing</b>                                    |                |             |              |                |             |              |
| PWLB loans  | 218,520        | 83%         | 3.76%        | 233,940        | 84%         | 3.69%        |
| Market loans  | 45,000         | 17%         | 4.45%        | 45,000         | 16%         | 4.45%        |
| Local Authorities                                   | 0              | 0           | 0            | 0              | 0           | 0            |
| <b>Total external Borrowing</b>                     | <b>263,520</b> | <b>100%</b> | <b>3.88%</b> | <b>278,940</b> | <b>100%</b> | <b>3.82%</b> |

*\*Annual gross yield to 31 December 2019*

## 2. BORROWING STRATEGY

The capital expenditure plans of the council are set out in the Budget book (Appendix 1 to this report). The treasury management function ensures that the council's cash is organised in accordance with the relevant professional codes so that sufficient cash is available to meet the capital expenditure plans.

Any capital investment that is not funded from new and/or existing resources (e.g. capital grants, receipts from asset sales, revenue contributions or earmarked reserves) increases the council's need to borrow, represented by the council's Capital Financing Requirement (CFR). However, external borrowing does not have to take place immediately to finance its related capital expenditure: the council can utilise cash being held for other purposes (such as earmarked reserves and working capital balances) to temporarily defer the need for external borrowing. This is known as 'internal borrowing' or 'under-borrowing'.

The council's primary objective is to strike an appropriate balance between securing cost certainty and securing low interest rates.

The council operates a two-pool approach for borrowing following the HRA Self Financing regime introduced in March 2012.

On 9 October 2019, the government announced an unexpected increase the Public Works Loan Board (PWLB) interest rate for all new loans after 9:30am on the same date. The increase added 1% (100bps) to the cost of borrowing. Loans to local authorities through the PWLB are based on a margin above the gilt rates; during 2019 gilt rates have been at historically low levels meaning the cost of borrowing for councils has been very low. As a result, councils have been locking into these cheap rates and the government has seen a significant increase in borrowing leading to the concern that the total national PWLB debt would breach its self-imposed government limit. In response to this concern the government has:

- Increased the overall limit of PWLB debt from £85bn to £95bn;
- Increased the cost of borrowing by 1%.

The interest rates through the PWLB during 2019 have been much lower than the prudent assumptions used in evaluating council business cases for capital investment in projects such as the Housing Joint Venture or Madeira Terraces and therefore do not put these projects at risk although the step increase does mean there is less contingency/flexibility.

As a result of the government's announcement to increase rates, other market lenders are now more competitive and will potentially offer better rates than the PWLB, although it is expected market lenders are likely to price using PWLB rates as a reference. Therefore the cost of borrowing for the council will be more expensive than before the rate change from the PWLB. The council has already been contacted by market lenders with competitive lending offers.

### **2.1 General Fund Borrowing Position and Strategy**

The General Fund has been carrying an internal borrowing position (i.e. where the General Fund borrows cash from its own reserves) since 2008 as a response to the financial crisis. In response to a combination of an expectation of increasing interest rate forecasts, the reduction of certain reserves and historically low PWLB borrowing rates, the General Fund has entered into planned borrowing of £27.5m from the PWLB to reduce the internal borrowing position over the last three years. The most recent occurrence of this borrowing was undertaken in August 2019, where a £7.5m loan was undertaken for a period of 50 years at a historical low rate of 1.67%. Additionally, £10m of PWLB borrowing was undertaken by the General Fund in March 2019 as part of a debt restructure to replace RBS loans.

Table 2 below demonstrates that the General Fund has a borrowing need of £24m to support the 2019/20 capital programme. No further external borrowing is expected for 2019/20. Any borrowing need will initially be met from internal resources and officers will be exploring external sources of borrowing for the borrowing requirement from 2020/21 onwards.

#### **General Fund Borrowing Strategy for 2020/21**

The General Fund (GF) capital programme 2020/21 to 2022/23 forecasts a total of £249m capital investment, £145m of which will be met from existing or new resources. The increase in the GF borrowing need over this period is therefore £104m as shown in **Table 2** below.

| <b>2019/20 Projected</b> | <b>Table 2 – Borrowing Requirement</b>          | <b>2020/21 Estimate</b> | <b>2021/22 Estimate</b> | <b>2022/23 Estimate</b> | <b>Total</b> |
|--------------------------|---|-------------------------|-------------------------|-------------------------|--------------|
| <b>£m</b>                |   | <b>£m</b>               | <b>£m</b>               | <b>£m</b>               | <b>£m</b>    |
| 80                       | GF Capital Expenditure                          | 108                     | 65                      | 76                      | 249          |
| (56)                     | <b>Financed by:</b><br>New & existing resources | (79)                    | (40)                    | (26)                    | (145)        |
| <b>24</b>                | <b>GF Borrowing Need</b>                        | <b>29</b>               | <b>25</b>               | <b>50</b>               | <b>104</b>   |

Of the £104m borrowing need shown, £29m is for projects that are awaiting approval or detailed analysis. Therefore, the timing of borrowing is uncertain, and borrowing decisions for these projects will form part of the viability and due diligence process.

For the remaining borrowing need, the strategy will initially focus on meeting this borrowing need from internal borrowing i.e. avoiding external borrowing by utilising the council's own surplus cash flows. Modelling of the movement of reserves and the council's capital expenditure plans demonstrates that the General Fund's long term reserves can support a level of approximately £50m of internal borrowing in the medium term. This will mitigate the increase in the cost of borrowing and reduce counterparty risk within the council's investment portfolio by reducing the portfolio size.

However, borrowing rates from the PWLB were increased by HM treasury by 1% during the autumn. Therefore, the internal borrowing position needs to be carefully and



continually reviewed to avoid incurring higher borrowing costs in the future at a time when the authority may not be able to avoid new borrowing to finance capital expenditure or refinance maturing debt.

There will remain a cost of carry (the difference between borrowing costs and investment rates) to any new long term borrowing that causes a temporary increase in cash balances which will, most likely, lead to a cost to revenue.

## **2.2 Housing Revenue Account (HRA) Borrowing Position and Strategy**

The Housing Revenue Account (HRA) carries a fully funded borrowing position (i.e. the HRA does not borrow from its own reserves, but instead undertakes borrowing for its entire borrowing requirement). Over the last three years, the HRA has entered into a total of £16.5m of external borrowing and £4.5m of borrowing from the General Fund to support the HRA Capital Programme. The most recent of this borrowing was undertaken in August 2019, where a £2.5m loan was undertaken for a period of 50 years at a historical low rate of 1.67%. Additionally, £16m of PWLB borrowing was undertaken by the HRA in March 2019 as part of a debt restructure to replace RBS loans.

### **HRA Borrowing Strategy for 2020/21**

The HRA Capital Programme 2020/21 to 2022/23 forecasts a total £251m of capital investment over the next three years with £119m met from existing or new resources. The increase in the HRA's borrowing need over this period is therefore £132m as shown in **Table 3** below. It is expected that this borrowing need will be met from a combination of borrowing externally and from the General Fund. The extent to which the HRA can borrow from the General Fund is dependent on the level of liquid resources the General Fund has available to lend to the HRA and additionally will depend on the view of interest rate prospects:

- If it is considered that there is a significant risk of reducing long term interest rates, long term borrowing should be postponed;
- If it is considered that there is a significant risk of sharply increasing long term interest rates, long term borrowing should be considered.

| <b>2019/20<br/>Projected</b> | <b>Table 3 – HRA Borrowing<br/>Requirement</b>  | <b>2020/21<br/>Estimate</b> | <b>2021/22<br/>Estimate</b> | <b>2022/23<br/>Estimate</b> | <b>Total</b> |
|------------------------------|---|-----------------------------|-----------------------------|-----------------------------|--------------|
| <b>£m</b>                    |   | <b>£m</b>                   | <b>£m</b>                   | <b>£m</b>                   | <b>£m</b>    |
| 54                           | HRA Capital Expenditure                         | 58                          | 101                         | 92                          | 251          |
| (37)                         | <b>Financed by:</b><br>New & existing resources | (32)                        | (46)                        | (41)                        | (119)        |
| <b>17</b>                    | <b>HRA Borrowing Need</b>                       | <b>26</b>                   | <b>55</b>                   | <b>12</b>                   | <b>132</b>   |

**Table 4** below shows the actual expected external debt compared to the capital financing requirement over the next 3 years for both the General Fund and the HRA. This demonstrates that the HRA CFR is expected to be fully funded to 2022/23, and the General Fund is expected to maintain an underborrowed position:

| 2019/20<br>Estimate            | Table 4                         | 2020/21<br>Estimate | 2021/22<br>Estimate | 2022/23<br>Estimate |
|--------------------------------|---------------------------------|---------------------|---------------------|---------------------|
| £m                             |                                 | £m                  | £m                  | £m                  |
| <b>General Fund</b>            |                                 |                     |                     |                     |
| 134                            | GF Debt at 1 April              | 140                 | 175                 | 194                 |
| 6                              | Expected change in Debt         | 35                  | 19                  | 42                  |
| <b>140</b>                     | <b>GF Debt at 31 March</b>      | <b>175</b>          | <b>194</b>          | <b>236</b>          |
| 183                            | GF CFR* at 1 April              | 201                 | 224                 | 242                 |
| 24                             | Borrowing need (Table 2)        | 29                  | 25                  | 50                  |
| (6)                            | MRP                             | (6)                 | (7)                 | (7)                 |
| <b>201</b>                     | <b>GF CFR* at 31 March</b>      | <b>224</b>          | <b>242</b>          | <b>285</b>          |
| <b>61</b>                      | <b>Under / (Over) borrowing</b> | <b>49</b>           | <b>48</b>           | <b>49</b>           |
| <b>30.3%</b>                   | <b>% Underborrowed</b>          | <b>21.9%</b>        | <b>19.8%</b>        | <b>17.2%</b>        |
| <b>Housing Revenue Account</b> |                                 |                     |                     |                     |
| 127                            | HRA Debt at 1 April**           | 144                 | 170                 | 224                 |
| 17                             | Expected change in Debt         | 26                  | 54                  | 45                  |
| <b>144</b>                     | <b>HRA Debt at 31 March</b>     | <b>170</b>          | <b>224</b>          | <b>269</b>          |
| 127                            | HRA CFR at 1 April              | 144                 | 170                 | 224                 |
| 17                             | Borrowing need (Table 3)        | 26                  | 55                  | 51                  |
| (0)                            | MRP                             | (0)                 | (1)                 | (6)                 |
| <b>144</b>                     | <b>HRA CFR at 31 March</b>      | <b>170</b>          | <b>224</b>          | <b>269</b>          |
| <b>-</b>                       | <b>Under / (Over) borrowing</b> | <b>-</b>            | <b>-</b>            | <b>-</b>            |

\* GF CFR in Table 4 is the underlying need to borrow and excludes PFI and lease arrangements, which are included in the CFR figure in the Prudential Indicators in Annex C.

\*\* Includes both external debt and sums borrowed from the General Fund (£4.679m as at 1 April 2019).

### 2.3 Policy on Borrowing in Advance of Need

The council will not borrow purely in order to profit from investment of sums borrowed in advance of need. Any decision to borrow in advance will be within approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated and that the council can ensure the security of such funds. Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting.

### 2.4 Debt Rescheduling

Officers continue to regularly review opportunities for debt rescheduling but there has been a considerable widening of the difference between new borrowing and repayment rates, which has resulted in much fewer opportunities to realise any savings or benefits from rescheduling PWLB debt.

The reasons for any rescheduling to take place will include:

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

The strategy is to continue to seek opportunity to reduce the overall level of the council's debt where prudent to do so, thus providing in future years cost reduction in terms of lower debt repayment costs, and potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt. All rescheduling will be agreed by the S151 Officer.

## 2.5 Interest Rate Risk & Continual Review

The council's total borrowing need of £236m is identified in **Tables 2 & 4**. This borrowing need, together with the debt at risk of maturity shown in **Table 5** is the extent to which the council is subject to interest rate risk over the next three years.

| Table 5                                  | 2020/21   | 2021/22   | 2022/23   |
|--|-----------|-----------|-----------|
|  | £m        | £m        | £m        |
| Maturing Debt                            | 2         | 2         | 12        |
| Debt Subject to early repayments options | 15        | 20        | 20        |
| <b>Total debt at risk of maturity</b>    | <b>17</b> | <b>22</b> | <b>32</b> |

Officers continue to review the need to borrow taking into consideration the potential increases in borrowing costs, the need to finance new capital expenditure, the need to refinance maturing debt, and the cost of carry that might incur a revenue loss between borrowing costs and investment returns.

Against this background and the risks within the economic forecast, caution needs to be exercised. The Chief Finance Officer will therefore continue to monitor interest rates in financial markets and adopt a proactive approach to changing circumstances as follows:

- if it was considered that there was a significant risk of a forthcoming sharp fall in long and short term rates (e.g. due to a marked increase in the risk of relapse into recession or increasing risk of deflation), then long term borrowings will be postponed and potential rescheduling from fixed rate funding into short term borrowing will be considered;
- if it was considered that there was a significant risk of a much sharper rise in long and short term rates than that currently forecast, for example, arising from an acceleration in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that borrowing would be undertaken and fixed rate funding drawn on whilst interest rates are still lower than they will be in the next few years.

## 3. MINIMUM REVENUE PROVISION POLICY STATEMENT

The council is required to pay off an element of the accumulated General Fund capital spend each year (the Capital Financing Requirement - CFR) through a revenue charge (the minimum revenue provision - MRP). Ministry of Housing, Communities & Local Government (MHCLG) regulations require the full Council to approve an MRP Statement in advance of each year. A variety of options are available to councils, so long as the principle of any option selected ensures a prudent provision to redeem its debt liability over a period which is commensurate with that over which the capital expenditure is estimated to provide benefits (i.e. estimated useful life of the asset being financed).

The Council is recommended to approve the following MRP Statement for 2020/21:

**For all debt where the government has provided revenue support (supported capital expenditure), the MRP policy will be:**

- Provision on a straight line basis over 50 years.

**For all debt where the government does not provide revenue support:**

- Where the debt relates to an asset, the council will set aside a sum equivalent to repaying the debt over the life of the asset either in equal instalments or on an annuity basis over a maximum life of 50 years. The method to be adopted will be determined according to which is 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 the debt over a period consistent with the nature of the expenditure on an 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 repayments of principal will be set aside as capital receipts to finance the initial capital advance in lieu of making a MRP.

**Where the debt relates to the Living Wage Joint Venture:**

- The council will set aside, in equal instalments, a sum which is equivalent to repaying the debt at the end of year 40 within the 60 year business plan. Set aside will commence, at the latest, in the year in which net surpluses are modelled for each individual tranche of borrowing.

**For on-balance sheet PFI schemes and leases, the MRP policy will be:**

- Asset Life Method (annuity method) - The MRP will be calculated according to the flow of benefits from the asset, and where the principal repayments increase over the life of the asset. Any related MRP will be equivalent to the “capital repayment element” of the annual charge payable.

There is the option to charge more than the prudent provision of MRP each year through a Voluntary Revenue Provision (VRP).

#### **4. ANNUAL INVESTMENT STRATEGY**

The MHCLG and CIPFA have extended the meaning of ‘investments’ to include both financial and non-financial investments. This report deals with financial investments. Non-financial investments are covered in the Capital Strategy (Appendix 2).

The council’s investment policy has regard to the following:

- MHCLG’s Guidance on Local Government Investments (the “Guidance”);
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 (the “Code”);
- CIPFA Treasury Management Guidance Notes 2018.

***The council's investment priorities will be the security of capital first, portfolio liquidity second and then yield (return).***

#### **4.1 Annual Investment Strategy for 2020/21**

Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

- If it is predicted that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments on short term or variable terms.
- Conversely, if it is predicted that Bank Rate is likely to fall within that time period, consideration will be given to locking in the higher rates currently obtainable, for longer periods.

Currently, Bank Rate is forecast to increase steadily but slowly over the next few years to reach 1.25% by Quarter 1, 2022. Bank Rate forecasts for financial year ends (March) are:

| <b>Year</b> | <b>2019/20</b> | <b>2020/21</b> | <b>2021/22</b> | <b>2022/23</b> |
|-------------|----------------|----------------|----------------|----------------|
| Bank Rate   | 0.75%          | 0.75%          | 1.00%          | 1.25%          |

Link Asset Service's (LAS) view on the prospect for interest rates, including their forecast for short term investment rates is appended at Annex B.

The primary principle governing the council's investment criteria is the security of its investments, but return on investment is also important. After this main principle, the council will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in and the criteria for choosing investment counterparties with adequate security, and monitoring their security;
- It has sufficient liquidity in its investments.

#### **Approach for 2020/21**

Following a review of the expected cash balances over the next 5-10 years, officers have looked at opportunities to invest in longer dated investments to make more effective use of the cash supporting longer term reserves. Two actions have been taken in the last two months to achieve this:

- £15m of loans to other local authorities with an investment length of between 1.5 and 5 years have been entered into. This provides additional yield whilst improving the security of the investment portfolio;
- Following a selection process supported by the council's treasury advisors, £10.0m will be invested across two short dated bond funds managed by Royal London Asset management.

The combined investment rate of the above Local Authority and Royal London investments is expected to be 1.91% for 2020/21. The current investment rate being achieved is 0.98%.

## Changes from 2019/20 Strategy

There have been no changes proposed to the 2020/21 Annual Investment Strategy. The strategy proposed therefore reflects the strategy currently in place.

### 4.2 Investment Policy – Management of risk

Treasury management risks and how these risks are managed and mitigated are identified in the council's Treasury Management Practices and related procedures, details of which are held within the council's Treasury Management Team. The main risks to the council's treasury activities are:

- liquidity risk (inadequate cash resources);
- market or interest rate risk (fluctuations in interest rate levels and thereby in the value of investments);
- inflation risks (exposure to inflation);
- credit and counterparty risk (security of investments);
- re-financing risks (impact of debt maturing in future years); and
- legal and regulatory risk (i.e. non-compliance with statutory and regulatory requirements, risk of fraud).

The guidance from MHCLG and CIPFA places a high priority on the management of risk. This authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means:

- i) Minimum acceptable credit criteria are applied in order to generate a list of high creditworthy counterparties. This also enables diversification and thus avoids a concentration of risk. The key ratings used to monitor counterparties are the short term and long-term ratings.
- ii) Other information: ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the council will engage with its advisors to monitor market pricing such as "credit default swaps" (CDS) and overlay that information on credit ratings.
- iii) Other information sources used will include the financial press, share prices and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
- iv) Where there is a significant or sudden deterioration in one or more indicators (such as CDS prices), officers will undertake a review and, where necessary take action. This action may take the form of temporary suspension of a counterparty from the council's approved lending list, or a restriction of the maximum period and investment limits.
- v) This authority has defined the list of types of investment instruments that the treasury management team are authorised to use.
  - a. **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year. The limits and permitted instruments for specified investments are listed within Table 6.

- b. **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use. The limits and permitted instruments for non-specified investments are listed within Table 7.
- vi) Lending limits (amounts and maturity) for each counterparty will be set through applying the credit criteria matrix (within Table 7).
- vii) This authority will set limits for the amount of its investments:
  - a. which are invested for longer than 365 days, detailed in the Treasury Indicators in Annex C;
  - b. which are invested in any one sector (paragraph 4.5);
  - c. which are invested in any one counterparty within its relevant sector (paragraph 4.5).
- viii) Investments in Non-UK Banks will only be placed with counterparties from countries with a specified minimum sovereign rating of AA (paragraph 4.3).
- ix) Investments in UK banks will only be placed with counterparties with a minimum credit rating of BBB.
- x) This authority has engaged external consultants, (see paragraph 5.3), to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.
- xi) All investments will be denominated in sterling.
- xii) As a result of the change in accounting standards for 2018/19 under International Financial Reporting Standard IFRS 9, this authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018 MHCLG concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for 5 years commencing from 1/4/18).

However, this authority will also pursue value for money in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance (see paragraph 4.7). Regular monitoring of investment performance will be carried out during the year.

### **4.3 Sovereign Credit Ratings**

For 2020/21 it is recommended to maintain the policy of lending to sovereign nations and their banks which hold at least an AA credit rating. The list of countries that qualify using this credit criteria (as at the date of this report) are shown below:

- AAA** Australia, Canada, Denmark, Germany, Luxembourg, Netherlands, Norway, Singapore, Sweden & Switzerland
- AA+** Finland & United States,
- AA** France, United Arab Emirates, France, Hong Kong & UK

#### 4.4 Creditworthiness Policy

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

**Table 6** below summarises the types of specified investment counterparties available to the council, and the maximum amount and maturity periods placed on each of these. A full list of the council's counterparties and the current limits for 2020/21 are appended at Annex A.

When assessing credit ratings to ascertain limits for each counterparty, the lowest short and long term ratings from each of the three ratings agencies is applied. For simplicity, the ratings for Standard & Poor's are used in the tables below.

#### Criteria for Specified Investments

| Table 6  | Country/<br>Domicile                        | Minimum Capital<br>Requirements                                    | Min.<br>Credit<br>Criteria<br>(L/term /<br>S/term) | Max.<br>Amount | Max.<br>maturity<br>period |
|--|---|--|--|----------------|----------------------------|
| Debt Management and Deposit Facilities (DMADF) | UK  | N/A  | N/A  | unlimited      | 6 months                   |
| UK Local Authorities                           | UK  | N/A  | UK Sovereign Rating                                | £10m per LA    | 12 months                  |
| UK Banks – part nationalised*                  | UK  | UK government must own majority shareholding                       | N/A  | £25m           | 12 months                  |
| UK Banks & credit rated Building Societies     | UK  | Must meet minimum credit criteria                                  | AA- / A-1+   | £25m           | 12 months                  |
|  |   |  | A / A-1  | £15m           | 12 months                  |
|  |   |  | BBB / A-2  | £10m           | 6 months                   |
| Banks – Non-UK                                 | Those with sovereign rating of at least AA* | Must meet minimum credit criteria                                  | AA- / A-1+   | £25m           | 12 months                  |
| Non-rated Building Societies                   | UK  | Must have an asset base of at least £5bn at the time of investment | N/A  | £5m            | 6 months                   |
| Money Market Funds (CNAV and LVNAV)            | UK/Ireland/ EU domiciled                    | Must meet minimum credit criteria                                  | AAA  | £15m per fund  | Liquid                     |
| Ultra Short Dated Bond Funds                   | UK/Ireland/EU domiciled                     | Must meet minimum credit criteria                                  | AA   | £15m per fund  | Liquid                     |



\*See Paragraph 4.3 for full list of countries that meet these criteria

### Lending to the council's operational banking service provider

An additional operating limit of £2m and an additional investment limit of £5m will be provided for the council's provider of transactional banking services (currently Lloyds Bank plc). It is unavoidable that the £2m operational limit will be breached from time to time however, officers will endeavour to keep this to an absolute minimum.

### UK banks – ring fencing

The largest UK banks, (those with more than £25bn of retail / Small and Medium-sized Enterprise (SME) deposits), were required, by UK law, to separate core retail banking services from their investment and international banking activities by 1st January 2019. This is known as “ring-fencing”. Whilst smaller banks with less than £25bn in deposits are exempt, they can choose to opt up. Several banks are very close to the threshold already and so may come into scope in the future regardless.

Ring-fencing is a regulatory initiative created in response to the global financial crisis. It mandates the separation of retail and SME deposits from investment banking in order to improve the resilience and resolvability of banks by changing their structure. In general, simpler activities offered from within a ring-fenced bank (RFB) will be focused on lower risk, day-to-day core transactions, whilst more complex and “riskier” activities are required to be housed in a separate entity, a non-ring-fenced bank (NRFB). This is intended to ensure that an entity's core activities are not adversely affected by the acts or omissions of other members of its group.

While the structure of the banks included within this process may have changed, the fundamentals of credit assessment have not. The council will continue to assess the new-formed entities in the same way that it does others and those with sufficiently high ratings (and any other metrics considered) will be considered for investment purposes. The list of approved counterparties in Annex A differentiates the limits for both ring fenced and non-ring fenced banks.

### Part-Nationalised Banks

The council can lend up to £25m for up to 12 months to any bank in which the UK Government holds a majority shareholding regardless of the credit rating due to the implied government support of those entities. The Royal Bank of Scotland PLC & National Westminster Bank PLC are the two entities currently treated as part nationalised.

### Non-Specified investments

These are any other types of investment that are not defined as specified. All such investments will be sterling denominated, with maturities up to a maximum of 1 year, meeting the minimum ‘high’ rating criteria where applicable:

| Table 7                 | Instrument Type        | Minimum credit criteria (L/term / S/term) | Maximum investments | Period  |
|-------------------------|------------------------|---|---------------------|---------|
| UK Local Authorities    | N/A                    | N/A                                       | £10m per LA         | 5 years |
| UK Banks & Non UK Banks | Fixed Deposits         | AA+ / A-1+                                | £25m                | 3 years |
|                         |                        | AA- / A-1+                                | £25m                | 2 years |
|                         | Negotiable Instruments | AA- / A-1+                                | £25m                | 5 years |

|                        |                         |   |              |        |
|------------------------|-------------------------|---|--------------|--------|
| Short Dated Bond Funds | UK/Ireland/EU domiciled | Short Dated bond funds are not rated. A selection process will evaluate relative risks & returns. Security of the council's money and fund volatility will be key measures of suitability | 15m per fund | Liquid |
|------------------------|-------------------------|---|--------------|--------|

A full list of counterparties that meet the council's criteria for both specified and non-specified investments are listed in Annex A.

#### 4.5 Other Limits

In order to mitigate concentration risk, there are a number of other limits imposed within the investment strategy. **Table 8** sets out the maximum permitted investment for each sector at the time of investment:

| Table 8 – Other Limits                           |                        |
|--|------------------------|
| Sector   | Max total of portfolio |
| Banking sector                                   | 100%                   |
| Building Society Sector                          | 75%                    |
| Local Authority Sector                           | 100%                   |
| Money Market Funds (MMF)                         | 100%                   |
| Short Dated & Ultra Short Dated Bond Funds       | 50%                    |
| Debt Management Account Deposit Facility (DMADF) | 100%                   |

In addition to these limits:

- no more than 25% of the portfolio can be invested for more than 1 year; and
- with the exception of MMF & the DMADF, no one counterparty may have more than 25% of the relevant sector maximum at the time the investment is made.

#### 4.6 Approved Methodology for adding and removing counterparties

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

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

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

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

#### **4.7 Investment Risk Benchmarking**

The weighted average benchmark risk factor for 2020/21 is recommended to be 0.05%. This is unchanged from 2019/20. This is a measure of the percentage of the portfolio deemed to be at risk of loss by reference to the maturity date, value of investment, and credit rating of the individual investments within the portfolio compared to the historic default data for those credit ratings.

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

This matrix will only cover internally managed investments, excluding externally managed cash that has been subject to an individual selection process.

For any investment where there is a direct and legal offset against an existing financial liability, the investment will be assumed to have a benchmark risk of 0.00%.

### **5. OTHER TREASURY MATTERS**

#### **5.1 Banking Services**

Lloyds Bank plc currently provides banking services for the council.

#### **5.2 Training**

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. Training was last provided for members of the Audit & Standards Committee and Policy & Resources Committee on 8 October 2019 and further training will be arranged as required.

The training needs of treasury management officers are periodically reviewed and training arranged as required.

#### **5.3 Policy on the use of External Service Providers**

The council uses Link Asset Services as its external treasury management advisors.

The council recognises that responsibility for treasury management decisions remains with the council at all times and will ensure that undue reliance is not placed upon our external service providers. It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subject to regular review.

#### **5.4 Lending to Third Parties**

The council has the power to lend monies to third parties subject to a number of criteria. These are not treasury type investments, rather they are policy investments. Any activity will only take place after relevant due diligence has been undertaken, as described in the Capital Strategy (Appendix 2 to this report).

## 5.5 Updates to Accounting Requirements

### ▪ IFRS 9 – local authority override – English local authorities

The MHCLG enacted a statutory over-ride from 1 April 2018 for a five year period until 31 March 2023 following the introduction of IFRS 9 and the requirement for any capital gains or losses on marketable funds to be chargeable in year. This has the effect of allowing any capital losses on funds to be held on the balance sheet until 31 March 2023, allowing councils to initiate an orderly withdrawal of funds if required.

### ▪ IFRS 16 – Leasing

The CIPFA Code of Practice and Guidance notes for 2020/21 will incorporate the requirement to account for all leases onto the council's balance sheet. This has the following impact to this paper:

- The MRP Policy sets out how MRP will be applied for leases bought onto the balance sheet;
- The Council's Capital Financing Requirement authorised limit and operational boundary for 2020/21 onwards has been increased to reflect the estimated effect of this change. These limits can be amended during 2020/21, and brought to full Council to amend with the TMSS Mid Year report if the limits need to be increased following some more detailed work on the leases to be bought onto the balance sheet.

## ANNEX A - Approved List of Counterparties 2020/21

| Counterparty                                    | Specified /Non-specified | Short-term                             |     |      | Long-term |      |      | Lending Limit | Fixed deposit duration limit (months) |
|---|--------------------------|--|-----|------|-----------|------|------|---------------|---------------------------------------|
|   |                          | F=Fitch M=Moody's SP=Standard & Poor's |     |      |           |      |      |               |                                       |
|   |                          | F                                      | M   | SP   | F         | M    | SP   |               |                                       |
| <b>(1) UK Banks</b>                             |                          |  |     |      |           |      |      |               |                                       |
| Lloyds Banking Group:                           |                          |  |     |      |           |      |      |               |                                       |
| Bank of Scotland PLC (RFB)                      | Specified                | F1                                     | P-1 | A-1  | A+        | Aa3  | A+   | £20m          | 12                                    |
| Lloyds Bank PLC (RFB)                           | Specified                | F1                                     | P-1 | A-1  | A+        | Aa3  | A+   | £20m          | 12                                    |
| Lloyds Bank Corporate Markets PLC (NRFB)        | Specified                | F1                                     | P-1 | A-1  | A         | A1   | A    | £15m          | 12                                    |
| Total Max. exposure to Lloyds Banking Group     |                          |  |     |      |           |      |      | £20m          | 12                                    |
| Barclays Banking Group:                         |                          |  |     |      |           |      |      |               |                                       |
| Barclays Bank PLC (NRFB)                        | Specified                | F1                                     | P-1 | A-1  | A+        | A2   | A    | £15m          | 12                                    |
| Barclays Bank UK PLC (RFB)                      | Specified                | F1                                     | P-1 | A-1  | A+        | A1   | A    | £15m          | 12                                    |
| Total Max. exposure to Barclays Banking Group** |                          |  |     |      |           |      |      | £15m          | 12                                    |
| HSBC Group:                                     |                          |  |     |      |           |      |      |               |                                       |
| HSBC Bank PLC (NRFB)                            | Specified                | F1+                                    | P-1 | A-1+ | A+        | Aa3  | AA-  | £15m          | 12                                    |
| HSBC UK Bank PLC (RFB)                          | Specified                | F1+                                    |     | A-1+ | A+        |      | AA-  | £15m          | 12                                    |
| Total Max. exposure to HSBC Group**             |                          |  |     |      |           |      |      | £15m          | 12                                    |
| RBS/Natwest Group:                              |                          |  |     |      |           |      |      |               |                                       |
| Natwest Markets PLC (NRFB)                      | Specified                | F1                                     | P-2 | A-2  | A         | Baa2 | A-   | £10m          | 6                                     |
| National Westminster Bank PLC (RFB)             | Specified                | F1                                     | P-1 | A-1  | A+        | A1   | A    | £25m          | 12                                    |
| The Royal Bank of Scotland PLC (RFB)            | Specified                | F1                                     | P-1 | A-1  | A+        | A1   | A-   | £25m          | 12                                    |
| Total Max. exposure to RBS/Natwest Group**      |                          |  |     |      |           |      |      | £25m          | 12                                    |
| Close Brothers Ltd                              | Specified                | F1                                     | P-1 |      | A         | Aa3  |      | £15m          | 12                                    |
| Clydesdale Bank PLC                             | Specified                | F2                                     | P-2 | A-2  | A-        | Baa1 | BBB+ | £10m          | 6                                     |
| Goldman Sachs International Bank                | Specified                | F1                                     | P-1 | A-1  | A         | A1   | A+   | £15m          | 12                                    |
| Handelsbanken PLC                               | Both                     | F1+                                    |     | A-1+ | AA        |      | AA-  | £25m          | 24                                    |
| Santander UK PLC                                | Specified                | F1                                     | P-1 | A-1  | A+        | Aa3  | A    | £15m          | 12                                    |
| Standard Chartered Bank                         | Specified                | F1                                     | P-1 | A-1  | A+        | A1   | A    | £15m          | 12                                    |
| Sumitomo Mitsui Banking Corporation Europe Ltd  | Specified                | F1                                     | P-1 | A-1  | A         | A1   | A    | £15m          | 12                                    |
| <b>(2) Building Societies<sup>+</sup></b>       |                          |  |     |      |           |      |      |               |                                       |
| Coventry (2)                                    | Specified                | F1                                     | P-1 |      | A-        | A2   |      | £10m          | 6                                     |
| Leeds (5)                                       | Specified                | F1                                     | P-2 |      | A-        | A3   |      | £10m          | 6                                     |
| Nationwide (1)                                  | Specified                | F1                                     | P-1 | A-1  | A         | Aa3  | A    | £15m          | 12                                    |
| Principality (6)                                | Specified                | F2                                     | P-2 |      | BBB+      | Baa2 |      | £10m          | 6                                     |
| Skipton (4)                                     | Specified                | F1                                     | P-2 |      | A-        | Baa1 |      | £10m          | 6                                     |

## Appendix 3

| Counterparty  | Specified /Non-specified | Short-term  |     |      | Long-term |     |     | Lending Limit | Fixed deposit duration limit (months) |
|---|--------------------------|---|-----|------|-----------|-----|-----|---------------|---------------------------------------|
|   |                          | <i>F=Fitch M=Moody's SP=Standard &amp; Poor's</i> |     |      |           |     |     |               |                                       |
|   |                          | F   | M   | SP   | F         | M   | SP  |               |                                       |
| Yorkshire (3)   | Specified                | F1  | P-2 |      | A-        | A3  |     | £10m          | 6                                     |
| <b>(3) Non-UK Banks</b>                                 |                          |   |     |      |           |     |     |               |                                       |
| Australia & NZ Banking Group (Australia)                | Both                     | F1+   | P-1 | A-1+ | AA-       | Aa3 | AA- | £25m          | 24                                    |
| Commonwealth Bank of Australia (Australia)              | Both                     | F1+   | P-1 | A-1+ | AA-       | Aa3 | AA- | £25m          | 24                                    |
| National Australia Bank Ltd (Australia)                 | Both                     | F1+   | P-1 | A-1+ | AA-       | Aa3 | AA- | £25m          | 24                                    |
| Westpac Banking Corporation (Australia)                 | Both                     | F1+   | P-1 | A-1+ | AA-       | Aa3 | AA- | £25m          | 24                                    |
| Toronto Dominion (Canada)                               | Both                     | F1+   | P-1 | A-1+ | AA-       | Aa1 | AA- | £25m          | 24                                    |
| Nordea Bank Abp (Finland)                               | Both                     | F1+   | P-1 | A-1+ | AA-       | Aa3 | AA- | £25m          | 24                                    |
| Landwirtschaftliche Renenbank (Germany)                 | Both                     | F1+   | P-1 | A-1+ | AAA       | Aaa | AAA | £25m          | 36                                    |
| NRW.BANK (Germany)                                      | Both                     | F1+   | P-1 | A-1+ | AAA       | Aa1 | AA  | £25m          | 24                                    |
| Bank Nederlandse Gemeenten (The Netherlands)            | Both                     | F1+   | P-1 | A-1+ | AA+       | Aaa | AAA | £25m          | 36                                    |
| Nederlandse Waterschapsbank N. V. (The Netherlands)     | Both                     |   | P-1 | A-1+ |           | Aaa | AAA | £25m          | 36                                    |
| DBS Bank Ltd (Singapore)                                | Both                     | F1+   | P-1 | A-1+ | AA-       | Aa1 | AA- | £25m          | 24                                    |
| Overseas Chinese Banking Corporation Limits (Singapore) | Both                     | F1+   | P-1 | A-1+ | AA-       | Aa1 | AA- | £25m          | 24                                    |
| United Overseas Bank Limited (Singapore)                | Both                     | F1+   | P-1 | A-1+ | AA-       | Aa1 | AA- | £25m          | 24                                    |
| Svenska HandelsBanken AB (Sweden)                       | Both                     | F1+   | P-1 | A-1+ | AA        | Aa2 | AA- | £25m          | 24                                    |
| First Abu Dhabi Bank PJSC                               | Both                     | F1+   | P-1 | A-1+ | AA-       | Aa3 | AA- | £25m          | 24                                    |
| Bank of New York Mellon (USA)                           | Both                     | F1+   | P-1 | A-1+ | AA        | Aa1 | AA- | £25m          | 24                                    |

\* Ratings as advised by Link Asset Services 24 January 2020

+ UK Building Societies ranking based on Total Asset size – Source: Building Societies Association Jan 2020

\*\* Where there are multiple counterparties within a banking group, exposure to the overall group will be the largest limit, but exposure to individual counterparties within the group will be based on the individual counterparty limit. Eg, exposure to Lloyds Banking Group can be up to £20m, but max exposure to Lloyds Bank Corporate Markets PLC will be £15m.

## ANNEX B - ECONOMIC OVERVIEW

### Provided by Link Asset Services on 4 February 2020

**UK. Brexit.** 2019 was a year of upheaval on the political front culminating in a new Conservative Government gaining a large overall majority in the **general election** on 12 December on a mandate of leaving the EU on 31 January. However, there will still be much market uncertainty as the detail of a comprehensive trade deal will need to be negotiated by the current end of the transition period in December 2020, which the Prime Minister has pledged he will not extend. Should this prove to be an unrealistically short timetable for such major negotiations that leaves open three possibilities; a partial agreement on many areas of agreement and then continuing negotiations to deal with the residual areas, the need for the target date to be put back, probably two years, or, a no deal Brexit in December 2020.

**GDP growth** took a big hit from both the political and Brexit uncertainty during 2019; quarter three 2019 surprised on the upside by coming in at +0.4% (+1.1% year-on-year). However, the peak of Brexit uncertainty during the final quarter appears to have suppressed quarterly growth to probably around zero. The forward-looking surveys in January have indicated that there could be a significant recovery of growth now that much uncertainty has gone. Nevertheless, economic growth may only come in at about 1% in 2020, pending the final outcome of negotiations on a trade deal. Provided there is a satisfactory resolution of those negotiations, which are in both the EU's and UK's interest, then growth should strengthen further in 2021.

At its 30 January meeting, the Monetary Policy Committee held Bank Rate unchanged at 0.75%. The vote continued to be split 7-2, with two votes for a cut to 0.50%. The financial markets had been predicting a 50:50 chance of a rate cut at the time of the meeting. Admittedly, there had been plenty of downbeat UK economic news in December and January which showed that all the political uncertainty leading up to the general election, together with uncertainty over where Brexit would be going after the election, had depressed economic growth in quarter 4. In addition, three members of the MPC had made speeches in January which were distinctly on the dovish side, flagging up their concerns over weak growth and low inflation; as there were two other members of the MPC who voted for a rate cut in November, five would be a majority at the January MPC meeting if those three followed through on their concerns.

However, that downbeat news was backward looking; more recent economic statistics and forward-looking business surveys, have all pointed in the direction of a robust bounce in economic activity and a recovery of confidence after the decisive result of the general election removed political and immediate Brexit uncertainty. In addition, the September spending round increases in expenditure will be kicking in in April 2020 while the Budget in March is widely expected to include a substantial fiscal boost by further increases in expenditure, especially on infrastructure. However, the MPC's forecasts for growth that were cut from 1.2% to 0.8% for 2020, and from 1.8% to 1.4% for 2021, could not include any allowance for the March Budget. Overall, the MPC clearly decided to focus on the more recent forward-looking news than the earlier downbeat news.

The quarterly Monetary Policy Report did, though, flag up that there was still a risk of a Bank Rate cut; "Policy may need to reinforce the expected recovery in UK GDP growth should the more positive signals from recent indicators of global and domestic activity not

be sustained or should indicators of domestic prices remain relatively weak." Obviously, if trade negotiations with the EU failed to make satisfactory progress, this could dampen confidence and growth. On the other hand, there was also a warning in the other direction, that if growth were to pick up strongly, as suggested by recent business surveys, then "some modest tightening" of policy might be needed further ahead. It was therefore notable that the Bank had dropped its phrase that tightening would be "limited and gradual", a long-standing piece of forward guidance; this gives the MPC more room to raise Bank Rate more quickly if growth was to surge and, in turn, lead to a surge in inflation above the 2% target rate.

As for **inflation** itself, CPI has been hovering around the Bank of England's target of 2% during 2019, but fell again in both October and November to a three-year low of 1.5% and then even further to 1.3% in December. It is likely to remain close to or under 2% over the next two years and so, it does not pose any immediate concern to the MPC at the current time. However, if there was a hard or no deal Brexit, inflation could rise towards 4%, primarily because of imported inflation on the back of a weakening pound.

With regard to the **labour market**, growth in numbers employed has been quite resilient through 2019 until the three months to September, where it fell by 58,000. However, there was an encouraging pick up again in the three months to October to growth of 24,000 and then a marked increase of 208,000 in the three months to November. The unemployment rate held steady at a 44-year low of 3.8% on the Independent Labour Organisation measure. Wage inflation has been steadily falling from a high point of 3.9% in July to 3.4% in November (3-month average regular pay, excluding bonuses). This meant that in real terms, (i.e. wage rates higher than CPI inflation), earnings grew by about 2.1%. As the UK economy is very much services sector driven, an increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months. The other message from the fall in wage growth is that employers are beginning to find it easier to hire suitable staff, indicating that supply pressure in the labour market is easing.

**Coronavirus.** The recent Coronavirus outbreak could cause disruption to the economies of affected nations. The Chinese economy is now very much bigger than it was at the time of the SARS outbreak in 2003 and far more integrated into world supply chains. However, a temporary dip in Chinese growth could lead to a catch up of lost production in following quarters with minimal net overall effect over a period of a year. However, it's unknown quite how big an impact the virus may have around the world; if the efforts of the WHO and the Chinese authorities to contain the virus are successful this is likely to minimise economic impact.

**WORLD GROWTH.** Until recent years, world growth has been boosted by increasing **globalisation** i.e. countries specialising in producing goods and commodities in which they have an economic advantage and which they then trade with the rest of the world. This has boosted worldwide productivity and growth, and, by lowering costs, has also depressed inflation. However, the rise of China as an economic superpower over the last thirty years, which now accounts for nearly 20% of total world GDP, has unbalanced the world economy.

The trade war between the US and China is a major concern to financial markets due to the synchronised general weakening of growth in the major economies of the world, compounded by fears that there could even be a recession looming up in the US, though



this is probably overblown. These concerns resulted in government bond yields in the developed world falling significantly during 2019. If there were a major worldwide downturn in growth, central banks in most of the major economies will have limited ammunition available, in terms of monetary policy measures, when rates are already very low in most countries (apart from the US). There are also concerns about how much distortion of financial markets has already occurred with the current levels of quantitative easing purchases of debt by central banks and the use of negative central bank rates in some countries.

### Prospects for interest rates

The council has appointed Link Asset Services (LAS) as its treasury advisor and part of their service is to assist the council in formulating a view on interest rates. The following table gives LAS's central view

| Link Asset Services Interest Rate View |        |        |        |        |        |        |        |        |        |        |        |        |        |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|  | Mar-20 | Jun-20 | Sep-20 | Dec-20 | Mar-21 | Jun-21 | Sep-21 | Dec-21 | Mar-22 | Jun-22 | Sep-22 | Dec-22 | Mar-23 |
| Bank Rate View                         | 0.75   | 0.75   | 0.75   | 0.75   | 0.75   | 1.00   | 1.00   | 1.00   | 1.00   | 1.25   | 1.25   | 1.25   | 1.25   |
| 3 Month LIBID                          | 0.70   | 0.70   | 0.80   | 0.80   | 0.90   | 1.00   | 1.00   | 1.10   | 1.20   | 1.30   | 1.30   | 1.30   | 1.30   |
| 6 Month LIBID                          | 0.80   | 0.80   | 0.90   | 1.00   | 1.00   | 1.10   | 1.20   | 1.30   | 1.40   | 1.50   | 1.50   | 1.50   | 1.50   |
| 12 Month LIBID                         | 0.90   | 0.90   | 1.00   | 1.10   | 1.20   | 1.30   | 1.40   | 1.50   | 1.60   | 1.70   | 1.70   | 1.70   | 1.70   |
| 5yr PWLB Rate                          | 2.30   | 2.30   | 2.40   | 2.40   | 2.50   | 2.60   | 2.70   | 2.80   | 2.90   | 2.90   | 3.00   | 3.00   | 3.10   |
| 10yr PWLB Rate                         | 2.50   | 2.50   | 2.60   | 2.60   | 2.70   | 2.80   | 2.90   | 3.00   | 3.10   | 3.10   | 3.20   | 3.20   | 3.30   |
| 25yr PWLB Rate                         | 3.00   | 3.00   | 3.10   | 3.20   | 3.30   | 3.40   | 3.50   | 3.60   | 3.70   | 3.80   | 3.80   | 3.90   | 3.90   |
| 50yr PWLB Rate                         | 2.90   | 2.90   | 3.00   | 3.10   | 3.20   | 3.30   | 3.40   | 3.50   | 3.60   | 3.70   | 3.70   | 3.80   | 3.80   |

The above forecasts have been based on an assumption that there is an agreed deal on Brexit, including agreement on the terms of trade between the UK and EU, at some point in time. The result of the general election has removed much uncertainty around this major assumption. However, it does not remove uncertainty around whether agreement can be reached with the EU on a comprehensive trade deal within the short time to December 2020, as the prime minister has pledged.

2019 was a weak year for UK economic growth as political and Brexit uncertainty depressed confidence. It was therefore of little surprise that the Monetary Policy Committee (MPC) left Bank Rate unchanged at 0.75% during the year. However, during January 2020, financial markets were predicting a 50:50 chance of a cut in Bank Rate at the time of the 30 January MPC meeting. Admittedly, there had been plenty of downbeat UK economic news in December and January which showed that all the political uncertainty leading up to the general election, together with uncertainty over where Brexit would be going after that election, had depressed economic growth in quarter 4 of 2019. However, that downbeat news was backward looking; more recent economic statistics and forward looking business surveys, all pointed in the direction of a robust bounce in economic activity and a recovery of confidence after the decisive result of the general election removed political and Brexit uncertainty. The MPC clearly decided to focus on the more recent forward-looking news, rather than the earlier downbeat news, and so left Bank Rate unchanged.

Provided that the forward-looking surveys are borne out in practice in the coming months, and the March Budget delivers with a fiscal boost, then it is expected that Bank Rate will be left unchanged until after the December trade deal deadline. However, the MPC is on alert that if the surveys prove optimistic and/or the Budget disappoints, then they may still take action and cut Bank Rate in order to stimulate growth.

### Investment and borrowing rates

- Investment returns are likely to remain low during 2020/21 with little increase in the following two years. However, if major progress were made with an agreed Brexit, then there is upside potential for earnings.
- Borrowing interest rates were on a major falling trend during the first half of 2019/20 but then jumped up by 100 bps on 9/10/2019. The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years. However, the unexpected increase of 100 bps in PWLB rates requires a re-think of local authority treasury management strategy and risk management. As Link Asset Services' long-term forecast for Bank Rate is 2.25%, and all PWLB certainty rates are close to or above 2.25%, there is little value in borrowing from the PWLB at present. Accordingly, the council will reassess its risk appetite in terms of either seeking cheaper alternative sources of borrowing or switching to short term borrowing in the money markets until such time as the Government might possibly reconsider the margins charged over gilt yields. Longer term borrowing could also be undertaken for the purpose of certainty, where that is desirable, or for flattening the profile of a heavily unbalanced maturity profile.
- While this authority will not be able to avoid borrowing to finance new capital expenditure and to replace maturing debt, there will be a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new short or medium-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

**ANNEX C - PRUDENTIAL AND TREASURY INDICATORS 2020/21 to 2022/23**

The council's capital expenditure plans are a key driver of treasury management activities. The output of the capital expenditure plans are reflected in prudential indicators. Local authorities are required to 'have regard to' the Prudential Code and to set Prudential Indicators for the next three years to ensure that the council's capital investment plans are affordable, prudent and sustainable. The Code sets out the indicators that must be used but does not suggest limits or ratios as these are for the authority to set itself.

The Prudential Indicators for 2020/21 to 2022/23 are set out in **Table A** below:

| <b>Table A</b>  | <b>2020/21<br/>Estimate</b> | <b>2021/22<br/>Estimate</b> | <b>2022/23<br/>Estimate</b> |
|---|-----------------------------|-----------------------------|-----------------------------|
| <b>General Fund (GF) Prudential Indicators</b>  |                             |                             |                             |
| <b>GF Capital Expenditure £m (gross)</b><br>General Fund capital expenditure plans  | £108m                       | £65m                        | £76m                        |
| <b>GF Capital Financing Requirement £m*</b><br>Measures the underlying need to borrow for capital purposes (including PFI & Leases)   | £279m                       | £297m                       | £336m                       |
| <b>GF Ratio of financing costs to net revenue stream**</b><br>Identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against net revenue stream  | 5.30%                       | 5.46%                       | 5.32%                       |
| <b>Housing Revenue Account (HRA) Prudential Indicators</b>  |                             |                             |                             |
| <b>HRA Capital Expenditure £m (gross)</b><br>HRA capital expenditure plans  | £58m                        | £101m                       | £92m                        |
| <b>HRA Capital Financing Requirement £m*</b><br>Measures the underlying need to borrow for capital purposes   | £170m                       | £224m                       | £269m                       |
| <b>HRA Ratio of financing costs to net revenue stream**</b><br>Identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against net revenue stream | 10.41%                      | 11.51%                      | 20.89%                      |

\* From 2020/21, the CFR includes an estimate for leases that will be bought onto the balance sheet under a change in leasing accounting regulations.

\*\* the ratio of financing costs to net revenue stream illustrates the percentage of the Council's net revenue budget being used to finance the council's borrowing. This includes interest costs relating to the council's borrowing portfolio and MRP, net of the investment income from the council's investment portfolio.

The Treasury Management Code requires that Local Authorities set a number of indicators for treasury performance in addition to the Prudential Indicators which fall under the Prudential Code. The Treasury Indicators for 2020/21 to 2022/23 are set out in **Tables B & C** below. These have been calculated and determined by Officers in compliance with the Treasury Management Code of Practice:

| <b>Table B</b>   | <b>2020/21<br/>Estimate</b> | <b>2021/22<br/>Estimate</b> | <b>2022/23<br/>Estimate</b> |
|--|-----------------------------|-----------------------------|-----------------------------|
| <b>Authorised Limit for External Debt £m*</b><br>The council is expected to set a maximum authorised limit for external debt. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by Full Council.                   | £469m                       | £540m                       | £625m                       |
| <b>Operational boundary for external debt £m*</b><br>The council is required to set an operational boundary for external debt. This is the limit which external debt is not normally expected to exceed. This indicator may be breached temporarily for operational reasons. | £459m                       | £530m                       | £615m                       |
| <b>Principal Sums invested for longer than 365 days</b>  | £30m                        | £30m                        | £30m                        |

*\*From 2020/21 The Authorised Limit and Operational Boundary includes an estimate for leases that will be bought onto the balance sheet under a change in leasing accounting regulations.*

| <b>Table C</b>   |       |       |
|--|-------|-------|
| <b>Maturity Structure of fixed interest rate borrowing*</b>  |       |       |
| The council needs to set upper and lower limits with respect to the maturity structure of its borrowing. |       |       |
|  | Lower | Upper |
| Under 12 months  | 0%    | 40%   |
| 12 months to 2 years   | 0%    | 40%   |
| 2 years to 5 years   | 0%    | 50%   |
| 5 years to 10 years  | 0%    | 75%   |
| Over 10 years  | 40%   | 100%  |

## ANNEX D - SCHEME OF DELEGATION

### 1. Full Council

- Approval of Annual Investment Strategy, Treasury Management Strategy Statement, Capital Strategy, Treasury Management Policy Statement;
- Approval of the Minimum Revenue Provision Policy;
- Approval of the Prudential and Treasury indicators, including the Affordable borrowing limits;
- Approval of the annual revenue budget for financing costs.

The requirements are all contained within this appendix (TMSS incorporating the AIS) and Appendix 2 (Capital Strategy) of this report.

- Any changes to the Annual Investment Strategy during the year require approval by full Council.
- Full Council are able to delegate the implementation and monitoring of the treasury management function. This function is delegated to the Policy & Resources Committee.

### 2. Policy & Resources Committee

- Approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- Budget development, consideration and approval;
- Approval of the division of responsibilities;
- Receiving and reviewing regular monitoring reports and acting on recommendations.

P&R receive the following reports in order to fulfil these requirements:

- A **Mid-Year Review Report** – an update on progress of the treasury and investment strategy against budget and the treasury & prudential indicators for the first six months of the year. Any amendments to the indicators or investment strategy require P&R committee to recommend that full Council approve the changes.
- **End of Year Review report** – an update regarding the actual outturn of the treasury position provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.
- **Quarterly TBM reports** - includes the revenue impact of the financing cost budget.

P&R Committee is the body held responsible for the scrutiny of the actual performance of the treasury activities against the strategy.

### 3. Role of the Section 151 Officer

The Section 151 (responsible) Officer is responsible for:

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;
- submitting regular treasury management policy reports;

- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.

There are further responsibilities for the S151 Officer identified within the 2017 Code in respect of non-financial investments. They are identified and listed in the Capital Strategy where relevant.

## Review of Reserves

### ***Adequacy of Reserves – working balance***

The working balance is recommended to be maintained at £9m over the next 5 years of the Medium Term Financial Strategy. 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 3½ 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.

### ***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.

## Appendix 4

|  | Estimated Balance as at 01/04/20<br>£'000 | Planned Use 2020/21<br>£'000 | Estimated Balance as at 31/03/21<br>£'000 | Review Arrangements  | Conclusion  |
|--|---|------------------------------|---|--|---|
| <b>General Fund Reserves</b>   |   |                              |   |  |   |
| General Fund Working Balance/General Reserves                              | 9,000                                     | 0                            | 9,000                                     | 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. In addition a further £1.677m is being held as a one-off risk provision taking into account known and foreseeable risks in the 2019/20 budget. |
| Capital Receipts Reserve   | 12,304                                    | -12,304                      | 0   | Ongoing review as part of TBM process.   | Committed to fund the Capital Investment programme including HRA Capital Programme and support for the four year Service and Financial Plans.   |
| Library PFI Reserve  | 818                                       | -1                           | 817                                       | Following closure of accounts.   | Use for funding the project over the lifetime of the PFI scheme.  |
| Waste PFI Project Reserve  | 5,721                                     | 980                          | 6,701                                     | Following closure of accounts.   | Use for funding the project over the life time of the PFI. This reserve will be used to provide short term cashflow funding to support the Housing Joint Venture. This reserve will be replenished in time to meet existing Waste PFI commitments.  |
| Finance Costs Reserve  | 120                                       | -120                         | 0   | Following closure of accounts.   | Held to smooth fluctuations in the financing costs budget.  |
| Modernisation Fund and 4 Year Integrated Service & Financial Plan Reserves | 0   | 0                            | 0   | Following closure of accounts.   | <b>Balance of £1.137m transferred to Working Balance in 2019/20 to offset TBM Outturn overspend.</b>  |



## Appendix 4

|   | Estimated Balance as at 01/04/20<br>£'000 | Planned Use 2020/21<br>£'000 | Estimated Balance as at 31/03/21<br>£'000 | Review Arrangements  | Conclusion  |
|---|---|------------------------------|---|--|---|
| Section 106 Receipts (Revenue)  | 490                                       | -163                         | 327                                       | Reviewed throughout the year to reflect agreed liabilities and new agreements. | Retain for specified purpose.   |
| Section 106 Interest  | 559                                       | 208                          | 767                                       | Reviewed throughout the year to reflect agreed liabilities and new agreements. | Retain for specified purpose.   |
| Developer Contributions Unapplied (S106 Capital)                              | 648                                       | -216                         | 432                                       | Reviewed throughout the year to reflect agreed liabilities and new agreements. | Retain for specified purpose.   |
| Brighton Centre Redevelopment Reserve   | 2,495                                     | -350                         | 2,145                                     | Following closure of accounts.   | Held to support future expenditure on the Brighton waterfront project from 2022/23 onwards. Interest is accrued on balances held. This reserve will be used in the short term if there remains any unfunded overspend from the 2019/20 outturn. |
| Customer Access & Accommodation Strategies & The Link Network Upgrade Reserve | 109                                       | -60                          | 49  | Following closure of accounts.   | Balance being held as contingency for the Link programme as included in the business case.  |
| Concessionary Bus Passes  | 74  | -74                          | 0   | Following closure of accounts.   | Retain for specified purpose - to smooth out annual purchase of concessionary passes.   |
| One Planet Living Implementation  | 14  | -14                          | 0   | Following closure of accounts.   | Plans by the International & Sustainability Programme team to support the programme.  |
| ICT Investment Reserve  | 172                                       | -72                          | 100                                       | Following closure of accounts.   | Held to support planned IT&D expenditure over the next two years.   |

## Appendix 4

|   | Estimated Balance as at 01/04/20<br>£'000 | Planned Use 2020/21<br>£'000 | Estimated Balance as at 31/03/21<br>£'000 | Review Arrangements            | Conclusion   |
|---|---|------------------------------|---|--------------------------------|--|
| Environmental Enforcement Reserve                             | 70  | -20                          | 50  | Following closure of accounts. | Initial costs for bringing the service in-house in 19/20 as agreed at Dec18 ETS committee  |
| Winter Maintenance  | 651                                       | -308                         | 343                                       | Following closure of accounts. | Held to fund exceptional costs of extreme weather.   |
| Outdoor Events  | 76  | 12                           | 88  | Following closure of accounts. | Retain to hold funds for the 2021 UEFA women's Football Championships where Brighton & Hove is a host city.                          |
| Dome Planned Maintenance                                      | 427                                       | 0                            | 427                                       | Following closure of accounts. | Retain - subject to lease agreement with Brighton Dome & Festival Society.   |
| Hove Park 3G Pitch Renewal                                    | 15  | 0                            | 15  | Following closure of accounts. | Held to replace pitch at the end of its useful life.   |
| Surface Water Management Reserve                              | 862                                       | -300                         | 562                                       | Following closure of accounts. | Retain to support planned SWAMP related works.   |
| BikeShare Scheme Reinvestment Reserve                         | 128                                       | -48                          | 80  | Following closure of accounts. | Retain to hold income share to the council from the Bike Share scheme to support future expansion and innovation of the scheme.      |
| Community Equipment Reserve                                   | 21  | -21                          | 0   | Following closure of accounts. | Risk reserve held to manage any pressures within adult social care services that can't be managed through the Better Care programme. |
| Welfare and Local Government Funding Reform Reserve (Renamed) | 29  | 0                            | 29  | Following closure of accounts. | Retain to support the council's response to Welfare Reform and reduction in budget for Local Discretionary Social Fund.              |
| Sports Facilities Reserve                                     | 227                                       | -227                         | 0   | Following closure of accounts. | To contribute to the capital project at Prince Regent Swimming complex to be delivered in 2020.                                      |

## Appendix 4

|                                 | Estimated Balance as at 01/04/20<br>£'000 | Planned Use 2020/21<br>£'000 | Estimated Balance as at 31/03/21<br>£'000 | Review Arrangements  | Conclusion   |
|---------------------------------|---|------------------------------|---|--|--|
| Licensing - other reserve       | 78  | -16                          | 62  | Following closure of accounts.   | Retain for specified purpose - to fund potential future deficits or repayment to licensees.  |
| Taxi Licensing                  | 81  | -10                          | 71  | Following closure of accounts.   | Retain for specified purpose - to fund potential future deficits or repayment to licensees.  |
| East Brighton Parking Surplus   | 9   | -9                           | 0   | Following closure of accounts.   | Retain to support expenditure on East Brighton Park. Projected to be spent in 2019/20 on the Park and parking infrastructure.                  |
| Preston Park Parking Surplus    | 98  | -35                          | 63  | Following closure of accounts.   | Retain to support expenditure on Preston Park. Projected to be spent in 2019/20 on park infrastructure.  |
| Road Works Permit Scheme        | 33  | 0                            | 33  | Following closure of accounts.   | To separately account for permit income so that any surplus can be carried forward to future years to fund relevant expenditure.               |
| i360 Reserve                    | 4,989                                     | 0                            | 4,989                                     | Following closure of accounts and Policy Resources and Growth Committee in June 2019 | £1.0m is ring fenced for reinvestment in Madeira Drive with all remaining resources held until the i360 is in a sustainable financial position |
| HMO Licensing Fees Reserve      | 352                                       | -50                          | 302                                       | Following closure of accounts.   | Retain to support annual inspections of HMO licenses   |
| HMO Additional Licensing Fees   | 398                                       | -150                         | 248                                       | Following closure of accounts.   | Retain to support Additional licensing work over the period of the license to 2023   |
| Phoenix House Sinking Fund      | 60  | 0                            | 60  | Following closure of accounts.   | Retain for maintenance requirements at Phoenix House.  |
| Damage Deposit Guarantee Scheme | 298                                       | 0                            | 298                                       | Reviewed during the year as part of budget monitoring process                        | Retained for specific purpose but required level will continue to be reviewed.   |

## Appendix 4

|   | Estimated Balance as at 01/04/20<br>£'000 | Planned Use 2020/21<br>£'000 | Estimated Balance as at 31/03/21<br>£'000 | Review Arrangements  | Conclusion  |
|---|---|------------------------------|---|--|---|
| Cemeteries Maintenance Reserve          | 54  | -15                          | 39  | Following closure of accounts.   | Retain for maintenance of cemeteries, tree clearance etc  |
| PRS Rent Deposit Scheme                 | 41  | -1                           | 40  | Following closure of accounts.   | Retained for specific purpose but required level will continue to be reviewed.  |
| Travellers Site Capital Reserve         | 54  | -35                          | 19  | Following closure of accounts.   | Contribution each year to reserves for future major works costs of the Travellers site to pay for capital works to the site such as works to shower blocks. |
| Seaside Homes Reserve                   | 55  | 0                            | 55  | Following closure of accounts.   | Retained in case of changes to the current arrangements and any associated costs.   |
| City Deal New England House Dev Reserve | 4,900                                     | -500                         | 4,400                                     | Following closure of accounts.   | Report to Strategic Delivery Board in Sept 2019 forecasts spend to commence in 2022/23 on major refurbishment works   |
| Investment Properties (Dilapidations)   | 245                                       | -245                         | 0   | Following closure of accounts.   | Proposed to invest in improvements to existing stock and support rental security / improve rental streams.  |
| Restructure Redundancy Reserve          | 100                                       | 0                            | 100                                       | As part of closure of accounts.  | Restructure & Redundancy costs are funded within the capital programme as part of the capitalisation direction.   |
| Insurance Reserve General               | 5,196                                     | 0                            | 5,196                                     | The Insurance Fund is subject to a bi-annual health check by the actuaries. The last health check was completed in March 2019. | The level of the Insurance Fund will be adjusted in line with the recommendations of the actuary as part of the 2018/19 outturn report.                     |
| <b>Total General Fund Reserves</b>      | <b>52,071</b>                             | <b>-14,164</b>               | <b>37,907</b>                             |  |   |

## Appendix 4

|                                     | Estimated Balance as at 01/04/20<br>£'000 | Planned Use 2020/21<br>£'000 | Estimated Balance as at 31/03/21<br>£'000 | Review Arrangements            | Conclusion   |
|-------------------------------------|---|------------------------------|---|--------------------------------|--|
| <b>HRA Reserves</b>                 |   |                              |   |                                |  |
| HRA Working Balance                 | 5,130                                     | -60                          | 5,070                                     | Following closure of 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 is to pay for any extra H&S costs post Grenfell and risk around new repairs service. |
| Capital Reserves                    | 1,000                                     | 1,900                        | 2,900                                     | Following closure of accounts. | Held to fund the Housing Capital Programme in 2021/22  |
| EDB Reserves                        | 142                                       | -107                         | 35  | Following closure of accounts. | Retain for estates development. Annual amount is approved to fund EDB; the programme is a rolling programme with new schemes approved annually.  |
| Renewable Energy Reserve            | 144                                       | -50                          | 94  | Following closure of accounts. | Maintain for specified purpose.  |
| Rent Support Reserve                | 800                                       | -800                         | 0   | Following closure of accounts. | To support the delivery of new council homes at a lower rent in 2020/21  |
| Restructure Redundancy Reserve      | 388                                       | 0                            | 388                                       | Following closure of accounts. | Transfer to HRA General reserves in 2020/21  |
| <b>Total HRA Reserves</b>           | <b>7,604</b>                              | <b>883</b>                   | <b>8,487</b>                              |                                |  |
| <b>Schools / DSG Reserves</b>       |   |                              |   |                                |  |
| Schools PFI Project Reserve         | 1,128                                     | -100                         | 1,028                                     | Following closure of accounts. | Use for funding the project over the lifetime of the PFI scheme.   |
| Schools LMS Balances                | 3,000                                     | 0                            | 3,000                                     | Following closure of accounts. | Balances are held by school governing bodies.  |
| Portslade Adult Learning            | 20  | 0                            | 20  | Annually                       | Balance used at the discretion of the facility   |
| <b>Total Schools / DSG Reserves</b> | <b>4,148</b>                              | <b>-100</b>                  | <b>4,048</b>                              |                                |  |
| <b>TOTAL RESERVES</b>               | <b>63,823</b>                             | <b>-13,381</b>               | <b>50,442</b>                             |                                |  |

## Appendix 4

|                                      | Estimated Balance as at 01/04/20<br>£'000 | Planned Use 2020/21<br>£'000 | Estimated Balance as at 31/03/21<br>£'000 | Review Arrangements            | Conclusion   |
|--------------------------------------|---|------------------------------|---|--------------------------------|--|
| <b>General Fund Provisions</b>       |   |                              |   |                                |  |
| Hostel Accommodation Dilapidations   | 23  | -23                          | 0   | Following closure of accounts. | Held for dilapidation costs for West Pier Hostel following retendering of service. |
| Voluntary Severance Provision        | 475                                       | 0                            | 475                                       | Following closure of accounts. | To fund cost of potential redundancies from 2020/21 Budget plans.                  |
| <b>Total General Fund Provisions</b> | <b>498</b>                                | <b>-23</b>                   | <b>475</b>                                |                                |  |

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

| Description  | £'000        |
|--|--------------|
| General Fund Working Balance (paragraph 3.15)                              | 167          |
| Modernisation Fund and 4 Year Integrated Service & Financial Plan Reserves | 1,137        |
| <b>Total</b>   | <b>1,304</b> |

## ASSESSMENT OF MEDIUM TERM RISKS

The Medium Term Financial Strategy (MTFS) of a large organisation with many demand-led services, and complex and uncertain funding streams will always contain a significant and varying degree of risk. The government announced a one-year spending review in September 2019, and a one-year local government finance settlement in December 2019 which is reflected in the budget for 2020/21. These short term announcements mean funding for local government services in the medium term remains uncertain and presents potentially significant financial risks.

The last 4-year settlement provided some additional certainty for resources, however, in practice there were significant elements of funding such as the Improved Better Care Fund that remained uncertain over the 4-year period, making long term financial planning very challenging. Therefore, even if a multi-year settlement for local government is announced in the future, this could be subject to substantial revision. 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 and/or funding;
- Changes in the economy including the impact on business rates income;
- Similarly, impacts on the levels of house building which affects both Council Tax and New Homes Bonus or its successor;
- The level of future successful appeals against the business rating list;
- Changes in employer costs e.g. pension or national insurance changes;
- Achievement of performance targets for performance related grant or partnership funding;
- Delivery and achievement of savings and modernisation programmes;
- Ability to manage identified demand-led service pressures;
- Decisions on council tax and the council tax reduction scheme;
- 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 financial 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 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 (L) | Impact (I)  | Risk = (L) x (I) | Possible Impact on Financial Strategy   | Mitigation / Management  |
|--|----------------|---|------------------|---|--|
| <b>Potential Risks affecting 2020/21 onwards</b>   |                |   |                  |   |  |
| Council Tax base is lower than anticipated e.g. lower number of new properties / more student exempt properties / more SMI exemptions / more discounts awarded / higher caseload for CTRS discounts, resulting in a deficit on the collection fund | 3              | 3<br>0.1% reduction in council tax = £0.150m            | 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, CTRS discounts and empty property discounts. Through major projects, working with further education establishments to encourage development of more dedicated student accommodation.  |
| Collection of council tax for CTRS claimants falls due to its impact on household budgets alongside other Welfare Reform impacts, resulting in a deficit on the collection fund  | 3              | 2<br>0.1% reduction in council tax collection = £0.150m | 6                | Would require reductions in the budget (increased savings) for the following year | Close monitoring of the collection fund, including claimants under the CTR scheme. Additional debt collection resources were provided at the start of the CTR scheme and collection rates were adjusted for further CTR scheme changes to reflect harder to collect debt. Collection rates in recent years have been maintained at target levels. Appropriate communications, advice (linked to Welfare Reform advice services), discretionary funds (£0.200m for 2020/21) and collection strategies have been agreed to |



| Risk   | Likelihood (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 demands or weak systems of demand management  | 3              | 4<br>1% gross expenditure on demand led budgets = £1.3m | 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. | minimise impact.<br>Close monitoring and analysis of demand-led budgets and overall budget through budget monitoring (TBM). Identify action plans to mitigate cost pressures. Health & Social Care system management activity prioritised through the Better Care Fund and integrated commissioning. Strategy Corporate Plan investments for addressing Homelessness. 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"> <li>• Unachievable income</li> <li>• Price variations</li> <li>• Exceptional legal costs</li> </ul> | 3              | 4<br>1% of fees and charges income = £1.1m              | 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.  | Monitor income budgets through TBM and the Corporate Modernisation Delivery Board governance arrangements for the Corporate Debt programme. 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.  |

| Risk  | Likelihood (L) | Impact (I)   | Risk = (L) x (I) | Possible Impact on Financial Strategy   | Mitigation / Management   |
|---|----------------|--|------------------|---|---|
|   |                |  |                  | Value for money qualification of accounts by not securing economy, efficiency and effectiveness in the use of resources   | Ongoing support for improved contract management and procurement.<br>Internal Audit review of services where performance issues or financial concerns are identified.   |
| <p>Services fail to operate within set budgets due to unachievable savings arising from:</p> <ul style="list-style-type: none"> <li>- Over-estimate of the savings potential;</li> <li>- Industrial relations issues;</li> <li>- Withdrawal of political support;</li> <li>- Higher than estimated costs to implement the savings opportunity.</li> </ul> | 3              | 3<br>1% of GF savings = £0.1m  | 9                | 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.<br>Reduction in reserves / working balance. | Monitor savings through TBM and identify action plans to mitigate the unachievable savings.<br>Potentially refer back to members for decisions on alternative savings proposals where these are significant or cannot be mitigated elsewhere. |
| PFI Waste tonnages higher than projected resulting in additional disposal costs   | 2              | 4<br>1% increase in tonnage per annum = £1.3m p.a. over life of PFI contract | 8                | Would increase the waste disposal budget and compensating savings would need to be identified elsewhere in the budget.  | Provision (contingency) for higher tonnages made in the assessment of the waste PFI reserve.<br>Monitor and identify specific areas of growth and undertake waste minimisation and further recycling measures.<br>Trends are monitored and    |

| <b>Risk</b>  | <b>Likelihood (L)</b> | <b>Impact (I)</b>  | <b>Risk = (L) x (I)</b> | <b>Possible Impact on Financial Strategy</b>   | <b>Mitigation / Management</b>   |
|--|-----------------------|--|-------------------------|--|--|
|  |                       |  |                         |  | reflected in the MTFS for future years.  |
| The uncertainties within the housing market, changes in housing benefit and welfare reform create spending pressures within the budget e.g. homelessness | 4                     | 3<br>10% increase in net temporary accommodation budget = £0.31m | 12                      | Would create additional pressures in the Housing Strategy and potentially other related budgets which would need to find compensating savings. | 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 (£0.260m) is proposed in 2020/21 to provide continued welfare reform support & advice. |
| Increased insurance premiums as a result of national or international storm damage claims over the longer term   | 3                     | 2<br>30% increase = £0.21m                                       | 6                       | Would require compensating savings to be identified in 2020/21 and future years.   | Currently undertaking an Orbis wide retendering to minimise potential cost increases. Continued emphasis on risk management to help prevent future claims.   |
| Long term borrowing rates higher than anticipated  | 2                     | 2<br>0.1% higher = £0.02m for £20m borrowing                     | 4                       | Would increase borrowing costs budget over the long-term.<br>Would hinder business cases   | Closely monitor long term borrowing rates and future borrowing requirements to help identify the best time to borrow,  |

| <b>Risk</b>   | <b>Likelihood (L)</b> | <b>Impact (I)</b>                                | <b>Risk = (L) x (I)</b> | <b>Possible Impact on Financial Strategy</b>  | <b>Mitigation / Management</b>   |
|---|-----------------------|--|-------------------------|---|--|
|   |                       |  |                         | involving borrowing and make invest-to-save schemes less financially attractive   | 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<br>Estimated<br>"Bellwin"<br>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<br>Depends on severity of weather event        | 9                       | Need to use reserves or one-off risk provisions.  | Advance planning to minimise possible disruption. Plan to replenish reserves in future years would be required.  |
| Cost overruns occur on schemes in the agreed capital programme  | 3                     | 2<br>1% cost overrun on total programme = £1.7m  | 6                       | Reserves or other capital resources redirected to fund overspend. Unable to meet capital investment needs. Increased borrowing requirement.   | 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                     | 3<br>10% reduction in receipts = £0.7m           | 9                       | Fewer resources available for regeneration programmes, Workstyles, Modernisation,   | Flexible capital programme that allows plans to be reduced or re-profiled.   |

| Risk  | Likelihood (L) | Impact (I)   | Risk = (L) x (I) | Possible Impact on Financial Strategy  | Mitigation / Management  |
|---|----------------|--|------------------|--|--|
|   |                |  |                  | and Digital and IT infrastructure,   | Alternative site disposal plans are capable of being accelerated if necessary. Borrowing is an option for invest-to-save schemes.  |
| 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<br>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 MHCLG 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. |
| <b>Further risks affecting 2021/22 onwards</b>  |                |  |                  |  |  |
| Potential transfer to 75% retained business rates results in a net loss of resources from combined impact of: <ul style="list-style-type: none"> <li>Reduced grant funding including the RSG;</li> <li>New responsibilities transferred to authorities;</li> <li>Increased business rates income;</li> <li>Downward changes in business rates tax base have bigger impact than the current</li> </ul> | 3              | 4<br>1% reduction in Settlement Funding Assessment = £0.7m | 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  |

| <b>Risk</b>   | <b>Likelihood (L)</b> | <b>Impact (I)</b>  | <b>Risk = (L) x (I)</b> | <b>Possible Impact on Financial Strategy</b>   | <b>Mitigation / Management</b>  |
|---|-----------------------|--|-------------------------|--|---|
| 49% exposure  |                       |  |                         |  |   |
| The Governments Fair Funding Review results in lower Relative Needs leading to reduced government resources : - <ul style="list-style-type: none"> <li>• Reduced grant funding</li> <li>• Higher Business Rates tariff payment</li> </ul> | 3                     | 4<br>1% reduction in Settlement Funding Assessment = £0.7m   | 12                      | Would require an increased budget gap to be addressed in the following financial year/s.   | Engage fully in government consultations. Ensure core data used to determine relative needs is accurate and up to date  |
| Business Rates revaluation appeals result in losses of business rate income in excess of the provision for appeals.   | 3                     | 4<br>1% of forecast retained business rates income = £0.6m   | 12                      | 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. Continued liaison with VOA to ensure good access to data. Monitor the impact of appeals throughout the remaining revaluation period. |
| MTFS pay assumptions for 2021/22 onwards are lower than agreed pay awards and other pay related costs   | 3                     | 3<br>0.5% change in pay award = £0.6m for the general fund   | 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 pay award negotiations and wider national settlements.  |
| Cash reductions in remaining unringfenced government grants in 2021/22 and beyond are above levels included in future years' budgets (either directly or via 75% BRR)   | 4                     | 4<br>5% reduction in unringfenced government grants = £0.83m | 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   | 2                     | 2<br>1% of DSG = £1.7m                                       | 4                       | Additional pressure on schools' budgets. However the government has  | Detailed monitoring of schools' budgets including 'licenced deficit' recovery plans.  |

| <b>Risk</b>  | <b>Likelihood (L)</b> | <b>Impact (I)</b>  | <b>Risk = (L) x (I)</b> | <b>Possible Impact on Financial Strategy</b>  | <b>Mitigation / Management</b>  |
|--|-----------------------|--|-------------------------|---|---|
| national formula funding model for distribution between schools  |                       |  |                         | promised £14.3bn additional funding for schools over the next 3 years.  |   |
| Forecast resources from 2021/22 onwards lower than forecast in the MTFS  | 3                     | 4<br>1% reduction in Settlement Funding Assessment = £0.7m | 12                      | Would require an increased budget gap to be addressed in the following financial year/s.  | Lobby LGA and government over future spending totals, particularly long term funding of social care.<br>Lobby for greater overall share of funding assessment (SFA) and respond in detail to the consultation on the Fair Funding Review and 75% BRR in particular. |
| Government changes to business rates (e.g. cap on multiplier, enhanced or new reliefs) are not fully funded through ongoing section 31 compensation grants | 2                     | 4<br>Estimated value of Section 31 grant = £9.5m           | 6                       | Would require an increased budget gap to be addressed in the following financial year/s.  | Lobby MHCLG to ensure any new measures impacting on business rates income are fully funded.   |
| Energy and fuel prices increase above budgeted provision   | 3                     | 2<br>10% increase to the general fund = £0.33m             | 6                       | Would reduce resources within budgets creating the need to find compensating savings.<br>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.<br>Monitor energy/fuel market contracts closely and consider alternative procurement routes if necessary.<br>Risk provisions and service pressures provide some cover for higher inflation.           |
| Investment interest rates lower than anticipated   | 2                     | 3<br>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.<br>Work with Treasury Advisers to maximise return within agreed   |

| Risk | Likelihood (L) | Impact (I) | Risk = (L) x (I) | Possible Impact on Financial Strategy | Mitigation / Management  |
|------|----------------|------------|------------------|---------------------------------------|--|
|      |                |            |                  |                                       | risk parameters. Seek decisions from members for changes to risk appetite, counterparties or investment strategy if market availability moves outside of current parameters. |

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



## Other potential risks

- The UK's withdrawal from the European Union presents a very wide range of possible risks depending on the terms of the withdrawal. Many of the risks will be at a macro-economic level affecting for example interest rates, currency valuations, government tax revenues and borrowing, consumer inflation (prices), etc. However, these could clearly impact on both the city and the council itself including impacts such as the level of house-building (Council Tax growth), the prosperity of business and/or visitor economies (Business Rates) and a wide range of employment and labour market impacts. The risks are too broad and fundamental for the council to address and, in a worst case scenario, are likely to require a national government response both in terms of public sector funding and fiscal policy measures.
- Financial risks concerning the transfer of service delivery to alternative delivery models (ADMs), Trusts, other providers and the joining up of services through shared services or other partnerships will need to be managed through good business case development, robust legal and financial agreements and effective governance arrangements.

## Opportunities

- Business Rates Retention scheme – Retaining 49% of business rates growth above the baseline funding level and up to 75% from 2021/22.
- New Homes – Entitlement to New Homes Bonus Grant (or successor scheme) 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.



## Budget 2020/21 Equality Impact Assessments (EIAs) for impacts on Service-Users and Staff: Legal Duties, Process, Assessment and Planned Actions

### Summary

The council is legally required under s149 of the Equality Act 2010 to evidence how it has considered its equality duty in its budget-setting process. Evidence can be provided in different forms but it is commonly held across local authorities that the most effective method is the completion of Equality Impact Assessments (EIAs). These have been undertaken on all budget proposals where there may be a potential impact on service-users and on staff, related to their legally protected characteristics.

Members are referred to the full text of s149 of the Equality Act 2010 – included at Appendix A the end of this document – which must be considered when making a decision on the matters set out in this report.

All budget EIAs are available in Appendix 7 and should be considered alongside the relevant budget proposal. Within the EIAs, impacts are identified and mitigating actions proposed, where possible.

This document explains the EIA process, identifies the cumulative impacts across all the proposals relating to service-users, and lists overall planned mitigating actions. The budget reductions will inevitably impact on specific individuals and groups, but the proposed mitigating actions are intended to reduce these as far as possible, with monitoring of actual impact to enable appropriate interventions as proposals are implemented.

### Service-User EIAs

In terms of overall assessment of impact, the impacts of 4 EIAs are rated as 1 (the lowest impact out of 5); 3 are rated at 2 (out of 5); and 3 are rated at 3 (out of 5). No EIAs identified impacts at 4 or 5 (the highest impacts).

At this stage, the impacts identified across the budget proposals are on the following groups of service-users:

- Age: younger people and older people
- Disability (including Learning Disabilities)
- Women
- Carers

The mitigating actions identified (in bold) are summarised below (full details in section 4). These will be followed up with the relevant directorates and services:

- **Taking an asset-based approach** - requires an understanding of the different levels of resource and resilience for different groups and individuals.
- **Targeted interventions and prioritisation of support** - must be based on up-to-date information to identify the greatest need and the most effective actions.
- **Close monitoring and evaluation** of service-user experience and progress to identify impacts early and to act on trends.
- **Engagement** - with all stakeholders to influence and communicate changes and enable effective support during transitions.
- **Earlier interventions and preventative work** – EIAs are critical to ensure there are no unintended impacts for individuals or groups.

- **Supporting independence** – working with service-users who are ready to move on to more independence and offering support to people, to enable resources to be redirected.
- **Integration of Health & Adult Social Care** - provides opportunities for more effective and linked-up provision. Ongoing EIAs remain a core need in this process.
- **Reviewing, renegotiating or combining services** – service-users’ diverse needs must be embedded in the commissioning process from bidding to monitoring/evaluation.
- **Increasing collaboration between services in the council and with other agencies in the city** – can maximise the impact of services. However, financial pressures can restrict capacity and resource to develop and/or participate in collaborations.
- **Digital inclusion** - can increase convenience, support independence and provide tailored support. However, accessibility and other contact channels must be embedded.

## Staff

For all proposals relating to staff, the following mitigating actions will be in place, as well as any service specific actions identified through the service specific staffing EIAs:

- Involve staff in service redesign discussions using the [service redesign toolkit](#).
- Use staffing equalities data to inform decision making.
- Apply the council’s policies and procedures equitably and appropriately.
- Review vacant posts, use of agency employees etc. to minimise the impact.
- Manage redeployment on a corporate level.
- Where there may be a reduction of posts consider offer of voluntary severance.
- Where there will be compulsory redundancy ensure that selection processes are clear and unbiased, and that processes take into account any individual needs.
- Ensure processes and criteria related to selection for voluntary redundancy are clear and transparent and use the compensation panel appropriately.
- Ensure managers involved in selection have completed relevant training.
- HR to support and advise managers delivering service changes.
- Offer all employees one to one meetings and relevant transition support.
- Attach the summary EIA to each consultation document, and continue to assess equality impacts through the consultation process.
- Ensure reasonable adjustments are put in place for individual members of staff.

Full details of all impacts and actions are below.

## 1. Introduction

- 1.1** This report describes the process of Equality Impact Assessment (EIA) made on the budget proposals for 2020/21 and analyses the findings. The council has legal duties under s149 of the Equality Act 2010 to consider the needs of diverse people in our budget-setting processes and address negative impacts where possible.
- 1.2** Budget EIAs are an effective way, but not the only form, to evidence how the council is meeting this duty and should be considered by members in decision-making. Budget EIAs are available in Appendix 7.

- 1.3** The aims of an Equality Impact Assessment become especially important at times of straitened budgets, enabling us to:
- think about what the council is trying to achieve;
  - consider what potential impact the decision will have on different groups;
  - target resources to those who are most vulnerable;
  - fund services which respond to people's diverse needs; and
  - save money by getting it right first time.
- 1.4** This report describes:
- the council's legal duties in the budget-setting process (section 2)
  - council-wide cumulative impacts on service-users identified at this stage (section 3)
  - the over-arching actions which will be needed to mitigate negative impacts and maximise positive impacts (section 4)
  - impacts identified from known data on staff across all proposals, across the council and in specific directorates (section 5)
  - council-wide mitigating actions, to reduce/remove negative impacts on staff (section 6)
  - the national and local context (sections 7 and 8)
  - the council's approach to and aims in EIA as part of decision-making (section 9).

## **2. Our legal duties**

- 2.1** Under the equality duty set out in s149 of the Equality Act 2010 (Appendix A), public authorities must have 'due regard' to the need to eliminate unlawful discrimination, harassment and victimisation; to advance equality of opportunity; and to foster good relations between people who share a protected characteristic and those who do not.
- 2.2** The protected groups covered by the equality duty are: age, disability, gender reassignment, pregnancy and maternity, race/ethnicity, religion or belief, sex and sexual orientation. The duty also covers marriage and civil partnerships (only in respect of eliminating unlawful discrimination). Assessment has also been included of impacts and actions in relation to child poverty.
- 2.3** The law requires that public authorities demonstrate that they have paid conscious and rigorous attention to the equality duty aims in their decision-making.
- 2.4** By law, our assessments of impact on equality must:
- Contain enough information to enable a public authority to demonstrate it has had 'due regard' to the aims of the equality duty in its decision-making;
  - Consider ways of mitigating or avoiding any adverse impacts.
- 2.5** The Public Sector Equality Duty (PSED) does not prevent councils from making difficult decisions such as reorganisations and relocations, redundancies, and service reductions, nor does it prevent decisions which may affect one group more than another group.

- 2.6** The duty does enable public bodies to demonstrate that they are making financial decisions in a fair, transparent and accountable way. This involves considering the needs and the rights of different members of the community, how impacts will affect them and mitigating negative impacts as fully as possible.
- 2.7** Nationally, there have been a number of successful legal challenges to funding decisions because public authorities have failed to meet the requirements of s149. In such cases, the public authority may have to start the decision-making process again, with improved consultation and evidence-gathering to identify the impact on particular groups.

“Even when the context of decision-making is financial resources in a tight budget, that does not excuse compliance with the PSEDs [Public Sector Equality Duties], and there is much to be said for the proposition that even in straitened times the need for clear, well informed decision-making when assessing the impacts on less advantaged members of society is as great, if not greater.”

Blake J in R (Rahman) v Birmingham City Council  
[2011] EWHC 944 (Admin)

- 2.8** Members are referred to the full text of s149 of the Equality Act 2010 (Appendix A) which must be considered when making a decision on the matters set out in this report.

### **3. Impacts identified on Service-Users across all proposals**

- 3.1** The EIA process and consultation have identified whether or not impacts are likely to be different for a person because of their protected characteristic (with a focus on where impacts may be worse) and if so, list the proposed mitigating actions.
- 3.2** There has also been an overall assessment in each EIA of:
- the impact of funding changes from one service on another across the council (cumulative impacts);
  - consideration of what mitigating actions can be taken, and how we can monitor, evaluate and take action on impacts which may occur.
- 3.3** The overall assessment is that the proposals put forward have all been considered within the framework of the council’s legal duties under the Equality Act 2010 and due regard has been given to the potential impacts on people linked to or arising from their legally protected characteristics. Given budget reductions there will inevitably be impacts on specific individuals and groups. However, proposed mitigating actions will reduce these as far as possible, and monitoring of actual impact will enable appropriate interventions as proposals are implemented.
- 3.4** In terms of overall assessment of impact, the impacts of 4 EIAs are rated as 1 (the lowest impact out of 5); 3 are rated at 2 (out of 5); and 3 are rated at 3 (out of 5). No EIAs identified impacts at 4 or 5 (the highest impacts).

At this stage, the impacts identified across the budget proposals are on the following groups of service-users, largely reflecting groups of people who are more likely to be eligible for and use council services:

- Age: younger people and older people
- Disability (including Learning Disabilities)
- Women
- Carers

**3.5** The EIAs do highlight concerns about the council's ability to increase equality and inclusion, as prioritised in our Corporate Plan. Therefore, we have identified key activities to ensure continued progress against this aim. More details are below.

#### **4. Service-Users: Proposed Mitigating Actions**

**4.1** The EIA template highlights where officers identify a cumulative impact linked to other services or the wider local/national context. The Communities, Equality & Third Sector team has also considered all the EIAs to assess where groups may be impacted by more than one change across the council.

**4.2** Impacts identified in section 3 (above) are the result of proposed changes to a number of services including some specifically focused on provision for these groups. Specific actions to mitigate as far as possible impacts arising from each proposal are defined within the relevant EIAs. In addition, council-wide mitigating actions are detailed below.

#### **4.3 Overall mitigating actions identified from EIAs:**

- **Taking an asset-based approach** - requires an understanding of the different levels of resource and resilience for different groups and individuals.
- **Targeted interventions and prioritisation of support** - must be based on up-to-date knowledge, data and feedback from local groups to identify the greatest need and the best forms of intervention, communications and engagement.
- **Close monitoring and evaluation** of service-user experience and progress to identify impacts early and to act on trends.
- **Engagement** - with service-users, carers, families, CVS groups and other stakeholders to enable people to give views on and influence changes; communicate changes to minimise negative impacts and anxiety; enable effective support during transitions; and understand alternative forms of support for themselves and the service-user.
- **Earlier interventions and preventative work** – proven experience that preventative provision has a positive impact on individuals while saving money. However, when designing preventative services an EIA is critical to ensure there are no unintended impacts for individuals as a result of their shared protected characteristic.
- **Supporting independence** – working with service-users who are ready to move on to more independence and offering support to people, to enable resources to be redirected.
- **Integrated commissioning of Health & Adult Social Care** - provides opportunities for streamlining of more effective and linked-up provision. Ongoing assessment of the equality impacts (by all providers) remains a core need to ensure that services remain accessible, appropriate and effective for everyone.
- **Reviewing, renegotiating or combining services** - creates opportunities for better links between services and a more consistent experience for service-users. It remains vital to be clear that the needs of service-users are as diverse as the service-users themselves and provision must be flexible and responsive and maintain focused interventions where required. Requirements throughout the commissioning process from bidding to monitoring/evaluation must embed these principles.

- **Increasing collaboration between services in the council and with other agencies in the city** – can maximise the impact of services and funding decisions for the benefit of residents. However, financial pressures can restrict capacity and resource to develop and/or participate in collaborations.
- **Digital inclusion** - can increase convenience, support independence and provide tailored support. However, accessibility and availability of other forms of contact must be considered and embedded.

#### **4.4 Other mitigating actions**

- 4.4.1** Ongoing council approaches, such as Equality Impact Assessment and the aims in the council's Equality and Inclusion Strategy are a critical part of minimising or avoiding negative impacts on specific groups protected in law.
- 4.4.2** Equality monitoring and analysis to evaluate trends and identify actions, and robust equality impact assessments which actively engage stakeholders are fundamental to meeting our legal duties and corporate commitments. Senior managers will continue to have responsibility for overseeing these processes as decisions are made and service changes take place.

#### **5. Staff: Impacts identified across all proposals**

- 5.1** The Human Resources team has assessed the equalities impacts on staff that are known at this stage and EIA templates have been completed for all proposals affecting staff. This process will continue through staff consultation processes to enable staff to raise specific and additional issues.
- 5.2** Information which might identify individuals has been withheld from this document to protect confidentiality, but all information has been provided to managers and will be used to inform the implementation of agreed proposals.
- 5.3** For groups of over 20 staff equalities data has been used to assist the identification of potential impacts. Where there are fewer than 20 staff affected data has not been produced to protect the confidential sensitive equalities information provided by staff. EIAs have been completed in these instances with regard to known information about the staff group and proposals made
- 5.4** The EIA template highlights where officers identify an impact linked to the make-up of the workforce across the Council in terms of protected groups as compared to the make-up of groups affected by the budget proposals. HR has considered all the EIAs, although consideration of potential impacts will need to be kept under review as the detail of some proposals become clearer.
- 5.5** Potential impacts have been identified based on the fact that some groups that share a protected characteristic are under-represented in the service. These are the impacts identified from known data at this stage. Specific decisions on how to implement budget decisions with impacts on staff will be made after further exploring the equality issues through staff consultation processes.
- 5.6** It is not currently proposed to change or withdraw any proposal based on potential impact. Because the proposals are broad at this stage many of the actions are



currently generic. The outcome of EIAs will guide the consultation process and inform the implementation of changes.

## **6 Staff: Council-wide Mitigating Actions:**

In addition to the specific mitigations identified in each service area the Council has guidance, procedures and approaches for managing change that are designed to ensure change is managed fairly and groups sharing protected characteristics are not negatively impacted:

- 6.1** Ensure the council's relevant policies and procedures are equitably and appropriately applied (e.g. redeployment, development of new post details etc) to ensure that no adverse impact is created for employees in minority groups.
- 6.2** Review vacant posts, use of agency employees etc to minimise the impact on current substantive post holders.
- 6.3** Where proposals may result in a reduction of posts consider the offer of voluntary redundancy to mitigate the impact of potential compulsory redundancy processes.
- 6.4** Ensure managers involved in selection have completed corporate recruitment and selection training and signposted to the Equality & Diversity e-learning module.
- 6.5** Ensure that managers delivering service changes are appropriately supported and advised in relation to all employee equalities.
- 6.6** Ensure all employees are offered one to one meetings to discuss their circumstances and any concerns they may have.

## **7. National context**

- 7.1** The budget proposals are being developed within ongoing national changes which may have an equalities impact, including (not exclusively):
  - ongoing reductions in public expenditure across most public services;
  - Britain leaving the EU; and
  - reforms to Adult Social Care and Health.

## **8. Local context**

- 8.1** The council's priorities defined in 'Our Plan 2020 to 2023' agreed by Policy & Resources Committee in December 2019 are collected within the vision for 'a fairer city, a sustainable future'. The priorities are:
  - A city to call home
  - A city working for all
  - A stronger city
  - A growing and learning city
  - A sustainable city
  - A healthy and caring city

These match with the Brighton & Hove Connected priorities for the whole city, as contained in the Sustainable Community Strategy: 'Brighton & Hove: the Connected City'.

**8.2** Relevant local priorities and context includes:

- Close partnership working across social care and health both for children's services and adults, particularly through the 'Better Lives, Stronger Communities' integration initiative;
- Using Modernisation Boards across the council to drive service redesign that will lead to greater collaboration with partners and communities to provide better, more joined-up outcomes for everyone;
- A joint approach to public services as a whole for the city through the City Management Board;
- Greater alignment between the development of the medium-term financial strategy and Corporate Plan 2020-2023;
- Proactive work to support financial inclusion and collaborative approach to welfare support across the council and with partners ;
- A strong focus on improving educational attainment and opportunities for access to employment for our young people.

**9. Brighton & Hove City Council Approach and Process**

**9.1** The council most commonly uses a Budget EIA process to screen and identify the main potential disproportionate impacts arising because of people's legally protected characteristics and, for service-users, on child poverty. Where relevant they draw on existing service EIAs.

**9.2** The aims of an Equality Impact Assessment become especially important at times of straitened budgets, enabling us to:

- think about what the council is trying to achieve;
- consider what potential impact the decision will have on different groups;
- target resources to those who are most vulnerable;
- fund services which respond to people's diverse needs; and
- save money by getting it right first time.

**9.3** Service leads or HR completed EIAs on budget proposals where the proposed changes potentially impact on service provision and/or on staff. The document presented to Members lists all the disproportionate impacts on groups because of their protected characteristic. It also identifies the planned actions to mitigate negative impacts.

**9.4** All the EIAs have been reviewed by the Communities, Equality and Third Sector Team and/or Human Resources. The Executive Leadership Team has agreed and supported the process, as well as considering the impacts of specific funding decisions.

**9.5** The Human Resources team has assessed equalities impacts on staff arising from the proposals. Information from staff consultation processes was incorporated into these EIAs, where available.

- 9.6** Since the equality duty is a continuing duty which must be complied with when implementing and reviewing a decision, assessment of equality impacts and responses to them will continue after budget decisions are agreed. Data from these EIAs will also be shared with relevant managers, to enable them to identify the best ways to implement the decisions to minimise negative or disproportionate impacts on legally protected and socially excluded groups.
- 9.7** All political groups are able to present alternative budget proposals and/or budget amendments. Where substantial alternative proposals or amendments are submitted these will have been screened by officers and advice given as to whether there is any new or additional cumulative equality impact requiring either a revised Budget EIA or a new EIA. Where proposals are not substantial (most amendments), officers will screen the amendment and will normally advise that either an EIA is not required or that an existing Budget EIA remains valid.

## Appendix A

### 149 Public sector equality duty

(1) A public authority must, in the exercise of its functions, have due regard to the need to—

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

(2) A person who is not a public authority but who exercises public functions must, in the exercise of those functions, have due regard to the matters mentioned in subsection (1).

(3) Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to—

- (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
- (b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
- (c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.

(4) The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.

(5) Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to—

- (a) tackle prejudice, and
- (b) promote understanding.

(6) Compliance with the duties in this section may involve treating some persons more favourably than others; but that is not to be taken as permitting conduct that would otherwise be prohibited by or under this Act.

(7) The relevant protected characteristics are—

- age;
- disability;
- gender reassignment;
- pregnancy and maternity;
- race;
- religion or belief;
- sex;
- sexual orientation.

(8) A reference to conduct that is prohibited by or under this Act includes a reference to—

- (a) a breach of an equality clause or rule;
- (b) a breach of a non-discrimination rule.
- (9) Schedule 18 (exceptions) has effect.



**Budget 2020/21: Equality Impact Assessments – Service-Users and Staff**

The council is legally required by the Equality Act 2010 to evidence how it has rigorously considered its equality duties in the budget-setting process. To achieve this, Equality Impact Assessments (EIAs) have been completed on all budget proposals with a potential impact on service-users and staff, related to their legally protected characteristics.

EIAs assess how proposals may impact on specific groups differently (and whether/how negative impacts can be reduced or avoided) so that these consequences are explicitly considered. Further assessment will be made through the budget consideration process and in relation to implementation, if budget proposals are accepted. An assessment of the cumulative impacts across proposals will also be available with the budget papers for full council in February. Impacts on staff are assessed separately.

Members are referred to the full text of s149 of the Equality Act 2010 – included at the end of this document – which must be considered when making decisions on budget proposals.

| <b>Equality Impact Assessments describing impacts on Service-Users</b> |   |                   |
|--|---|-------------------|
| <b>Directorate</b>   | <b>Service</b>  | <b>EIA number</b> |
| <b>Families, Children &amp; Learning</b>                               | <b>Health, SEN &amp; Disability; Children’s Disability Service: Residential, respite and short breaks</b> | <b>1</b>          |
|  | <b>Adult Learning Disability Assessment: Learning Disabilities Community Care Budget</b>                  | <b>2</b>          |
|  | <b>Early Years and Childcare</b>  | <b>3</b>          |
|  | <b>Supported Employment Team, Youth Employability Service and Able and Willing</b>                        | <b>4</b>          |
|  | <b>Children’s Safeguarding &amp; Care - Children’s Placements</b>   | <b>5</b>          |
|  | <b>Safeguarding &amp; Care: Partners in Change Hub</b>  | <b>6</b>          |
| <b>Health &amp; Adult Social Care</b>                                  | <b>There are no service-user EIAs required for proposals in these services</b>                            | <b>-</b>          |

|  |  |                   |
|--|--|-------------------|
| <b>Economy, Environment, and Culture</b>                       | <b>City Transport / Parking Services Group – Concessionary bus passes</b>      | <b>7</b>          |
|  | <b>City Transport / Parking Services Group – Parking Fees and Charges</b>      | <b>8</b>          |
| <b>Housing, Neighbourhoods and Communities</b>                 | <b>Communities, Equality &amp; Third Sector: Communities Fund</b>              | <b>9</b>          |
| <b>Finance &amp; Resources</b>                                 | <b>There are no service-user EIAs required for proposals in these services</b> | <b>-</b>          |
| <b>Strategy, Legal &amp; Governance</b>                        | <b>Democratic Services - Civic Office</b>                                      | <b>10</b>         |
| <b>Equality Impact Assessments describing impacts on Staff</b> |  |                   |
| <b>Directorate</b>   | <b>Service</b>   | <b>EIA number</b> |
| <b>Families, Children &amp; Learning</b>                       | <b>Skills and Employment</b>   | <b>S1</b>         |
| <b>Health &amp; Adult Social Care</b>                          | <b>There are no service-user EIAs required for proposals in these services</b> | <b>-</b>          |
| <b>Economy, Environment, and Culture</b>                       | <b>Property &amp; Design: Asset Management</b>                                 | <b>S2</b>         |
| <b>Housing, Neighbourhoods and Communities</b>                 | <b>Communities, Equality &amp; Third Sector Team</b>                           | <b>S3</b>         |
|  | <b>Safer Communities</b>   | <b>S4</b>         |
| <b>Finance &amp; Resources</b>                                 | <b>There are no service-user EIAs required for proposals in these services</b> | <b>-</b>          |
| <b>Strategy, Legal &amp; Governance</b>                        | <b>Democratic Services &amp; Civic Offices</b>                                 | <b>S5</b>         |
|  | <b>Performance, Improvement &amp; Programmes</b>                               | <b>S6</b>         |

The text of s149 of the Equality Act 2010 is at the end of this document.



# Families, Children & Learning

## Budget Equality Impact Assessment Template 2020/21 – Service-Users

|   |  |              |
|---|--|--------------|
| 1. Service Area                             | Families, Children & Learning: Health, SEN & Disability - Children's Disability Service  | 2. EIA No. 1 |
| 3. Head of Service                          | Carl Campbell, Head of Service 0-25  |              |
| 4. Budget Proposal                          | What is the proposal?  |              |
|   | <p>Residential, respite and short breaks - £20,000 in 2020/21 (current budget - £1,253,000)</p> <p>These savings will be made by:</p> <ul style="list-style-type: none"> <li>• Review of in-house provision and service users care packages to ensure that the correct young people are being offered a service in the most efficient way</li> <li>• Use of the Extended Day offer by the Education Hubs once this is established</li> <li>• Review of contracts and offer by providers in the Community and Voluntary Sector</li> </ul> |              |
| 5. Summary of impacts                       | Highlight the most significant disproportionate impacts on groups  |              |
|   | <p>Disproportionate impacts identified on the following characteristics: Age (young people)</p> <p>Although changes will be made there will be no reduction in residential, short breaks and respite care packages</p>   |              |
| 6. Assess level of impact (1= low; 5= high) | 1  |              |
| 7. Key actions to reduce negative           | What actions are planned to reduce/avoid negative impacts and increase positive impacts?   |              |

|                                     |  |
|-------------------------------------|--|
| <b>impacts</b>                      | <ul style="list-style-type: none"> <li>• Working towards in-house residential, short breaks and respite providers being at normal capacity (not over capacity)</li> <li>• Care planning meetings involving managers from assessor and provider services (including Assistant Director) arranged to review in-house residential, short breaks and respite care packages</li> <li>• Alternative/replacement support options to be available for some young people eg. Direct Payments and Extended Day</li> <li>• Close liaison with parent/carers groups such as PaCC and Amaze in order to improve communication and the co-production of information</li> </ul>                                       |
| <b>8. Full EIA?</b>                 | Full EIA not required.   |
| <b>9. Monitoring and Evaluation</b> | <p><b>How will you monitor the impact of this proposal and the success of your mitigating actions on these groups over the coming year (or more)?</b></p> <ul style="list-style-type: none"> <li>• Impact upon service users will be monitored via Strengthening Families Assessments, Social Care Reviews and EHCP Annual Reviews</li> <li>• Use of data and performance reports to monitor the progress of service users</li> <li>• There will be a particular focus upon the impact on service users who are in care or subject to Child Protection Plans</li> <li>• Head of Service and other managers will monitor the impact upon decision making and care planning for service users</li> </ul> |
| <b>10. Cumulative impacts</b>       | <p><b>Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal? Please explain these impacts.</b></p> <ul style="list-style-type: none"> <li>• Additional support may not be available to families if there is an inadequate offer by providers in the Community and Voluntary Sector</li> <li>• Changes to in-house residential, short breaks and respite providers are delayed if there is the need to accommodate additional young people on an emergency basis</li> </ul>   |

## Budget Equality Impact Assessment Template 2020/21 – Service-Users

|                    |  |              |
|--------------------|--|--------------|
| 1. Service Area    | Families, Children and Learning: Adult Learning Disability Assessment  | 2. EIA No. 2 |
| 3. Head of Service | Georgina Clarke-Green, Assistant Director, Health, SEN & Disability  |              |
| 4. Budget Proposal | <p><b>What is the proposal?</b></p> <hr/> <p>The Financial Recovery Plan proposes a saving of £1,470,000 by reducing the cost of Learning Disabilities Community Care services through a number of targeted strategies:</p> <ul style="list-style-type: none"> <li>• The 'Move On' project has been very successful in supporting adults with LD to move on from high cost placements into new living arrangements which have enabled them to experience greater independence and control over their lives. It is anticipated that a further saving could be achieved using this strategy whilst maintaining positive outcomes for service users.</li> <li>• Review of the funding source of transport arrangements for clients aged between 18 to 25 attending education provision</li> <li>• Seek appropriate funding for clients from external agencies such as Health, particularly through CHC funding.</li> <li>• Review of existing block contracts for recently outsourced services, in particular through a review of client needs where over provision currently exists, and better utilisation of voids.</li> <li>• Better planning of arrangements for new service users, in particular clients transitioning from Children's social care. The recently established 14-25 social work pod within the service will seek to provide a greater focus on this high cost area.</li> <li>• Use of internal dedicated resource to re-assess direct payment levels.</li> <li>• Utilisation of voids in external contracts.</li> </ul> <p>It should be noted that the Learning Disability budget will be supported by additional investment of nearly £2m to cover transitions and growth, which together with inflationary provision will see the overall budget increase by over £1m.</p> |              |

**5. Summary of impacts**

**Highlight the most significant disproportionate impacts on groups**

**Disproportionate impacts identified on the following characteristics: Disability (Learning Disabilities), Ethnicity, Gender Reassignment, Sexual Orientation**

Vulnerable people in the City are assessed in accordance with the Care Act 2014 to see if their eligible needs need to be met with care and support.

820 adults with a learning disability and / or autism have eligible needs and are currently receiving a service paid for via the Community Care budget. Services being provided are: Residential Care, Supported Living, Community Support and Day Options.

Any reduction in the community care budget will have a direct effect on the amount or the way support and care is offered.

Care costs are steadily increasing and there is an increasing level of complex needs being identified resulting in higher care costs. This is a trend reflected nationally as well as locally. For people and their families there could be a perceived reduction in the level of service they receive or potentially a change in provider and approach, which can be unsettling for users and families.

Specific impacts identified:

**Disability:** managing these conversations will require staff to manage any changes in expectations carefully and skilfully. Direct payments must continue to be promoted (Care Act 2014) as a way to deliver more creative and sustainable modes of support and care, which will also be more person centred.

**Ethnicity:** People from minority ethnic groups may continue to face disproportionate impacts, for example reduction in budgets for translators or for more in-depth work.

**Gender reassignment:** As we are trying to increase engagement with this group, and recent research shows that despite the city being ‘trans-friendly, discrimination, abuse and isolation are still a problem, any reduction in funding may impact negatively on any extra initiatives in this area.

**Sexual orientation:** Some LGB people still remain silent or hidden. At a time of resource realignment there is a risk that these groups become more distant or marginalised.

|   |   |
|---|---|
|   | <p><b>Other groups:</b> People with Learning Disabilities who are in transition from Children’s to Adults’ services at this time of resource realignment may be adversely affected, as transition can take longer if not managed creatively and resources are not targeted effectively. This can mean young people with Learning Disabilities could experience a delay in accessing services they are entitled to when reaching 18, such as extra benefits.</p> <p>The Care Act 2014 places a requirement on Local Authorities to assess Carers. Work provided by carers in the city is of huge value, representing a huge saving. Any threat including any funding restrictions could have a direct effect on carers to continue in their caring role.</p>   |
| <p><b>6. Assess level of impact (1= low; 5= high)</b></p> | <p><b>3</b><br/>         There is an obligation to meet statutory need and there is a clear plan to implement a method of operating using the wellbeing and prevention approach as well as an asset based approach to our support and care offer: see below.</p>  |
| <p><b>7. Key actions to reduce negative impacts</b></p>   | <p><b>What actions are planned to reduce/avoid negative impacts and increase positive impacts?</b></p> <hr/> <p>The Care Act asks for more than just Adult Social Care to look to offer support to people, instead recognising that in a city-wide approach must be embraced, encompassing all services from housing through to leisure, to enhance the lives of vulnerable people.</p> <p>Therefore, a new asset based approach is needed, a fundamental and radical rethink to help develop a new conversation with the public about how people, friends and families as well as communities can help people to remain independent.</p> <p>The integration agenda with health gives opportunities to reduce duplication and work in a more joined-up way to proactively identify those people who may be at risk of going into hospital or residential care and thus manage risk, help people to live life and have a good death. Together we will ensure improvements in consistency particularly around the giving of information and advice to service users in how to access information, and get support to manage their own care needs.</p> <p>We aim to carry this out by:</p> <ul style="list-style-type: none"> <li>• Providing individuals living with families support to manage and sustain their care arrangements for as</li> </ul> |

long as possible.

- Ensuring the right level of support takes place in the most appropriate setting; maximising independence, health and wellbeing.
- Continuing to offer personal budgets to clients to meet support needs in cost effective way, and promoting direct payments as a means of stimulating more creativity and choice about how people can meet their eligible needs.

Technology must be available for people to be supported remotely and in a modern way from telecare through to telehealth and other technologies and a raft of equipment which can help people remain independent.

A new reviewing framework will invite our partners to join us in reviewing people in a timely way and is intended to release care capacity and target those most in need. Reviews will also include a focus on readiness to move on to more independence, and therefore release some resources for those who need more support.

New and VFM commissioning of appropriate supported living and accommodation services for people with Learning Disabilities will add to the savings in the long term and increase the quality of life for a small but significant cohort of people.

An enhanced crisis provision service within the Community Learning Disability Team will provide targeted prevention work to the highest need service users in the city, working to prevent hospital admissions and placement breakdowns, which can result in higher cost placements being required in the future.

The Service will comply with the new Accessible Information Standards (S.250) of the Health and Social Care Act 2012.

Commissioners across Children’s and Adults’ services will work together with providers to prioritise assignment of resources, and ensure that the additional focus on all protected groups can continue.

The recent redesign, integrating Children with Disabilities and Adult Learning Disability services, will create greater focus and efficiencies for young people as they prepare for adulthood.

Feedback from service users and carers about ongoing changes following the model described above has been and continue to be positive overall. The changes that have been made have not so far impacted on meeting

|                                     |   |
|-------------------------------------|---|
|                                     | eligible statutory need.  |
| <b>8. Full EIA?</b>                 | Not needed  |
| <b>9. Monitoring and Evaluation</b> | <b>How will you monitor the impact of this proposal and the success of your mitigating actions on these groups over the coming year (or more)?</b>  |
|                                     | <ul style="list-style-type: none"> <li>• Service users will have their statutory individual Care Reviews</li> <li>• Contracts will be monitored via the Commissioning and Performance Team</li> </ul>   |
| <b>10. Cumulative impacts</b>       | <b>Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal? Please explain these impacts.</b>   |
|                                     | Housing is a key player to deliver good support and care. Any significant reduction in access to suitable housing will have a direct effect on the Community Care Budget.   |
|                                     | Public health as a partner is key in promoting wellbeing and healthy lives: this is critical to stem any future and immediate demand.<br><br>The CCG are a key partner and currently there are some joint funding arrangements in place to share some community care costs for people being discharged from specialist LD hospitals. Any further reduction in funding from the CCG would have a direct effect on the community care budget. |

## Budget Equality Impact Assessment Template 2020/21 – Service-Users

|                    |  |              |
|--------------------|--|--------------|
| 1. Service Area    | Families Children & Learning: Early Years and Childcare  | 2. EIA No. 3 |
| 3. Head of Service | Caroline Parker  |              |
| 4. Budget Proposal | <p><b>What is the proposal?</b></p> <p>Proposal is to save £32,400</p> <p><b>Year 1 (2020-21)</b><br/>           To introduce <b>charging for Quality improvement in Learning &amp; Teaching (QUILT) programme for early years providers which are rated good/outstanding by Ofsted and do not have high numbers of disadvantaged children (£5,000)</b>. The risks are that providers will not complete QUILT modules and will consequently offer provision which is less high quality. The most popular module is equal opportunities and so providers not completing this may result in poorer quality for children in this area</p> <p>To start <b>charging childcare providers for statutory courses</b> including safeguarding training (<b>£7,400</b>). This risk is that fewer providers will attend training and knowledge of safeguarding will reduce. All other courses are already charged for.</p> <p>To <b>increase funding by (£20,000)</b> for supporting early years providers from the centrally retained element of the Early Years Block of the Dedicated Schools Grant. This will mean that there is £20,000 less to pass through to early years and childcare providers. This sum amounts to 0.15% of the early years block allocation for three and four year olds.</p> <p><b>Years 2-4 (2021-24)</b><br/>           To review and <b>reduce training and support</b> for early years childcare providers. The risk is that childcare providers will become poorer quality</p> |              |
| 5. Summary of      | Highlight the most significant disproportionate impacts on groups  |              |



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| <b>impacts</b>                                     | <p><b>Disproportionate impacts identified on the following characteristics: Age (younger people), Sex (women), Child Poverty</b></p> <p>337 delegates attended free safeguarding training in 2018/19 with another 45 attending online training. Thirteen early years settings and six childminders have undertaken QUILT modules since the beginning of 2018, the most popular module being equal opportunities.</p> <p><b>Charging for QUILT programme</b><br/>Most likely to impact smaller childcare providers as they may be unable to pay for quality assurance.</p> <p><b>Charging for statutory courses</b><br/>Greatest impact on smaller childcare providers with fewer resources to pay for training. Impact on children as providers not accessing training will be less skilled in safeguarding.</p> <p><b>Contribution from the early years block</b><br/>This will mean that there is less money to pass through to early years providers. Providers in Brighton &amp; Hove already have one of the lowest funding rates for three and four year olds in the south east and this ongoing difficulty threatens the sustainability of provision, particularly amongst small voluntary sector providers who have no opportunity to increase income through charges to parents.</p> <p><b>Reducing training and support</b><br/>Poorer quality in sector, more closures, less choice for parents.</p> |
| <b>6. Assess level of impact (1= low; 5= high)</b> | <p>3</p>  |
| <b>7. Key actions to reduce negative impacts</b>   | <p><b>What actions are planned to reduce/avoid negative impacts and increase positive impacts?</b></p> <hr/> <ul style="list-style-type: none"> <li>• Support women who lose jobs in childcare as a result of closures to find employment elsewhere in the sector through our job vacancy service</li> <li>• Refer women to Family Information Service if they need to make new childcare arrangements because of closures</li> <li>• Continue to target training and quality support to settings with most disadvantaged children</li> </ul>   |

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| <b>8. Full EIA?</b>                 | No further assessment needed.  |
| <b>9. Monitoring and Evaluation</b> | <p data-bbox="456 233 2000 304"><b>How will you monitor the impact of this proposal and the success of your mitigating actions on these groups over the coming year (or more)?</b></p> <hr/> <ul data-bbox="456 363 1319 475" style="list-style-type: none"> <li>• Monitoring access to training by all settings in the city</li> <li>• Monitoring impact on safeguarding at early years settings</li> <li>• Monitoring quality of settings throughout the city</li> </ul> |
| <b>10. Cumulative impacts</b>       | <p data-bbox="456 533 1995 604"><b>Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal? Please explain these impacts.</b></p> <hr/> <p data-bbox="456 647 674 679">None identified</p>   |

## Budget Equality Impact Assessment Template 2020/21 – Service-Users

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|--------------------|--|--------------|
| 1. Service Area    | Families, Children and Learning: Employment and Skills   | 2. EIA No. 4 |
| 3. Head of Service | Carla Butler (Acting Head of Service)  |              |
| 4. Budget Proposal | <p><b>What is the proposal?</b> Use the savings proposal wording and more detail if needed</p> <hr/> <p>A saving of £102,000 across the Supported Employment Team, Youth Employability Service and Able and Willing Placement Scheme. The total current budget for this service is £828,000.</p> <p>The Youth Employability Service (YES) has been very successful in ensuring that the number of young people not in education, employment and training in Brighton &amp; Hove is relatively low. This means that young people have a good start on their employment journey. In January 2019, The Children and Young People and Skills Committee agreed that the future delivery model of Able &amp; Willing be changed to a rolling work placement programme matching suitable placements within council services for candidates who are disabled.</p> <p>The council's Supported Employment Team (SET) work with local people who have disabilities, including learning disabilities, helping them seek and maintain employment. Although there is no statutory requirement to deliver the SET services, there is an ongoing administration commitment to support those furthest from the labour market into work. At budget council in February 2018 an additional pot of funding was allocated to support those aged 18-24 into work.</p> <p>The team provides support to the employee, the employer and work colleagues through training, job coaching and advice. The SET work much closer with the YES to deliver the council's objective to target young people with SEND, in order to increase the percentage who are able to access sustainable employment. It is proposed that savings will be identified through a redesign of these services.</p> |              |
| 5. Summary of      | Highlight the most significant disproportionate impacts on groups  |              |

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| <p><b>impacts</b></p>                                   | <p><b>Disproportionate impact on Age (Young People), Disability and Carers, Children in Care and Care Leavers</b></p> <p>The Youth Employability Service works with people aged 16 to 24. The Supported Employment Team works specifically with people of all ages who have Special Educational Needs and Disabilities. Carers also access the service on behalf of a young person or adult. There is also potential for impact in the Virtual School support.</p> <p>Details of the service redesign are not certain at this stage: a full EIA will be completed to inform this.</p>   |
| <p><b>6. Assess level of impact</b></p>                 | <p>3</p>  |
| <p><b>7. Key actions to reduce negative impacts</b></p> | <p><b>What actions are planned to reduce/avoid negative impacts and increase positive impacts?</b></p> <hr/> <p>The service redesign will aim to minimise impacts on service-users, by reviewing management structures, systems and infrastructure, to identify opportunities for closer alignment of these services and reduce any duplication.</p> <p>There are other organisations in the city working with these cohorts, so if capacity to support individuals were reduced the service would refer to other suitable providers, appropriately.</p> <p>Priority will be given to protect services for Children in Care, Care Leavers and young people with SEND.</p> |
| <p><b>8. Full EIA?</b></p>                              | <p>A full EIA will be completed to inform the service-redesign</p>  |
| <p><b>9. Monitoring and Evaluation</b></p>              | <p><b>How will you monitor the impact of this proposal and the success of your mitigating actions on these groups over the coming year (or more)?</b></p>   |

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|                                      | <p>Record data of clients supported and destinations in relation to moving away from being NEET. There is a KPI in the team measuring people who are Not in Education Employment and Training and adults with Learning Disability in employment.</p> <p>Continue to monitor statutory returns which oversee outcomes for these cohorts.</p> |
| <p><b>10. Cumulative impacts</b></p> | <p><b>Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal?</b> Please explain these impacts.</p> <hr/> <p>None identified.</p>  |

## Budget Equality Impact Assessment Template 2020/21 – Service-Users

|                       |   |              |
|-----------------------|---|--------------|
| 1. Service Area       | Early Years and Childcare: Children’s Safeguarding & Care - Children’s Placements   | 2. EIA No. 5 |
| 3. Head of Service    | Deb Austin, Assistant Director  |              |
| 4. Budget Proposal    | <p><b>What is the proposal?</b></p> <hr/> <p>A £907,000 saving on the cost of placements for children in the care of Brighton &amp; Hove City Council. This will be achieved by via:</p> <ul style="list-style-type: none"> <li>• Further embedding on the model of social work practice, in particular Lead Practitioners within the Partners in Change Hub, to enable more children to be safely supported within their families resulting in a further decrease in the number of Children in Care. Since October 2015 CIC numbers have reduced by 19% and this reduction continues.</li> <li>• Further increasing the number of in-house foster placements and reducing reliance on more expensive independent provider provision.</li> <li>• Provision of high quality, value for money provision through contracted services with external providers supported by the children's services framework contract arrangements and preferred provider guidelines.</li> <li>• Relationship based social work practice and the specialist adolescence service to continue to divert children from the care system.</li> <li>• For those already in care, a stepping down to in house and/or less expensive placements.</li> <li>• Continued scrutiny of placement costs contributing to a reduction in unit costs.</li> <li>• Review of SGO allowances and reducing child benefit amounts to bring payments in line with East &amp; West Sussex.</li> </ul> |              |
| 5. Summary of impacts | <p><b>Highlight the most significant disproportionate impacts on groups</b></p> <hr/> <p><b>Disproportionate impacts identified on the following characteristics:</b></p> <p>Brighton &amp; Hove City Council has a statutory duty to provide alternative care for children who otherwise would suffer significant harm if left in the care of their family. These proposals would not impact upon the threshold for children to come into the care system. The savings are primarily related to reducing the cost of placements by</p>   |              |

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|  | providing in-house alternatives rather than more expensive agency placements and by supporting families, in the wider sense, to provide safe and effective care so their children can remain in their care.  |
| <b>6. Assess level of impact (1= low; 5= high)</b> | 1  |
| <b>7. Key actions to reduce negative impacts</b>   | <b>What actions are planned to reduce/avoid negative impacts and increase positive impacts?</b>  |
|  | Continuing the actions defined in the new model of practice, which are proving effective: <ul style="list-style-type: none"> <li>Continued embedding of relationship-based practice with a focus on a proportionate, strengths-based approach, monitored via Quality Assurance activity and scrutinised via FCL Performance Board.</li> <li>Continuation of Entry to Care Panel chaired by Assistant Director to ensure that those children who need to be in the care of the Local Authority receive a timely and effective response</li> </ul> |
| <b>8. Full EIA?</b>                                | No   |
| <b>9. Monitoring and Evaluation</b>                | <b>How will you monitor the impact of this proposal and the success of your mitigating actions on these groups over the coming year (or more)?</b>   |
|  | <ul style="list-style-type: none"> <li>An ongoing evaluation of the model of practice is in place, which oversees the quality of services provided to children in need.</li> <li>Regular quality assurance activity takes place which is overseen by FCL Performance Board, chaired by Executive Director for FCL</li> <li>Entry to Care Panel, chaired by Assistant Director Children's Safeguarding &amp; Care, will continue to ensure that children who need to be placed in LA care receive a timely and effective service.</li> </ul>      |
| <b>10. Cumulative</b>                              | <b>Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal? Please explain these impacts.</b>  |

**impacts**

Increasing social work demand due to unforeseen social, policy or demographic changes could increase the impact of these proposals.

The impact of growing levels of inequality, including changes to benefits, within Brighton & Hove alongside decreasing access to services to mitigate levels of inequality, could lead to greater levels of demand upon social work services.



## Budget Equality Impact Assessment Template 2020/21 – Service-Users

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|-----------------------|--|--------------|
| 1. Service Area       | Families, Children & Learning: Safeguarding & Care   | 2. EIA No. 6 |
| 3. Head of Service    | Tom Stibbs   |              |
| 4. Budget Proposal    | <p><b>What is the proposal?</b></p> <p>Savings from re-commissioning the budget for the Partners in Change Hub of £75,000.</p> <p>This is made up of £25,000 from ending the payment to Oasis for a secondment for a substance misuse worker to support the Looking Forward project. The Looking Forward project was set up to support vulnerable adults whose children had been placed in permanent alternative care with the aim that they would not go on to have further children placed in care. This project will not continue in its current form next year.</p> <p>It is proposed that the funding for the Chance 2 Change programme, which is a group programme for domestic abuse perpetrators, is reduced by £50,000 in 2020/21. This is approximately a reduction in the budget for 2019/20 by a third. In the year 2018/19 around 25 people were in the programme. As part of this proposal we will consider providing more individual support for perpetrators in the place of group work.</p> |              |
| 5. Summary of impacts | <p><b>Highlight the most significant disproportionate impacts on groups</b></p> <p><b>Disproportionate impacts identified on the following characteristics: Sex (women)</b></p> <p>The Looking Forward project has mainly supported women and so the loss of this service will have a greater impact on women.</p> <p>The loss or reduction of a domestic violence and abuse perpetrator programme will have a specific impact on men in terms of reduced opportunities to hold perpetrators accountable and provide effective interventions to change their behaviour and for women and girls in terms of the disproportionate risk to them as victims of domestic violence and abuse.</p>  |              |

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| <b>6. Assess level of impact (1= low; 5= high)</b> | 2  |
| <b>7. Key actions to reduce negative impacts</b>   | <p data-bbox="461 272 1821 304"><b>What actions are planned to reduce/avoid negative impacts and increase positive impacts?</b></p> <hr/> <ul data-bbox="461 389 2056 943" style="list-style-type: none"> <li>• To work with commissioners and other agencies in the city to consider how support is provided to vulnerable adults with multiple needs. To make sure that the Partners in Change Hub works with social workers to help vulnerable adults who are no longer caring for their children to accept help.</li> <li>• To make sure that the Partners in Change Hub provides support to social workers to work with perpetrators of domestic abuse in a flexible way that engages them and allows their violent behaviour to be addressed in a safe way. This may also enable opportunities for interventions that can support perpetrators who share different protected characteristics.</li> <li>• To continue to work with commissioners and providers across Sussex to develop aligned programmes and 1:1 work that engage more men more flexibly and that include engagement with men who have been sentenced, those who have substance misuse issues, fathers and with different forms of domestic violence and abuse. As part of this to make sure that protective partners and the victims of domestic abuse are provided with support to prioritise victim safety.</li> <li>• To work with commissioners and other agencies in the city to consider how support is provided to vulnerable adults with multiple needs. To make sure that the Partners in Change Hub works with social workers to help vulnerable adults who are no longer caring for their children to accept help.</li> </ul> |
| <b>8. Full EIA?</b>                                | Not needed   |
| <b>9. Monitoring and Evaluation</b>                | <p data-bbox="461 1126 1995 1193"><b>How will you monitor the impact of this proposal and the success of your mitigating actions on these groups over the coming year (or more)?</b></p> <hr/> <p data-bbox="461 1267 1935 1334">The changes to the Chance 2 Change programme will be monitored and the individual work that is being proposed, 'Safer Relationships', is part of an independent evaluation by the University of Sussex.</p>   |
| <b>10. Cumulative</b>                              | <b>Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal? Please explain these impacts.</b>  |

**impacts**

Services to support the victims of domestic abuse across Sussex are being re-commissioned for 2020 and it is possible that changes to these services could impact on the changes in this proposal as could changes to other programmes that support domestic abuse perpetrators in the city.

The Principal Social Worker will be a member of the group overseeing the new commissioning process.

## **Health and Adult Social Care**

**No service-user EIAs are required for proposals from these services.**

# Economy, Environment and Culture

## Budget Equality Impact Assessment Template 2020/21 – Service-Users

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| 1. Service Area    | Economy, Environment and Culture: City Transport / Parking Services Group – Concessionary Travel  | 2. EIA No. 7 |
| 3. Head of Service | Charles Field   |              |
| 4. Budget Proposal | <p><b>What is the proposal?</b></p> <p><b>Renewal of Concessionary Travel deal from April 2020 for a three year period.</b></p> <p>BHCC has a statutory obligation to provide disabled and older persons (above state pension age of a woman) concessionary travel passes to those eligible<sup>1</sup> and reimburse operators for journeys taken by pass holders.</p> <p>The current 3 year fixed deal runs out on 31<sup>st</sup> March 2020 and we are working on a new fixed deal with Brighton &amp; Hove Bus Company (who have the vast majority of bus trips within Brighton &amp; Hove) The proposed fixed deal, whilst expanding the scheme for disabled pass holders, will save £500,000 per annum from the 2020/21 Parking Services budget. The potential saving on a fixed deal is £300,000 saving per annum for 3 years and £200,000 each year from not requiring 2% inflationary increase due to fixed deal.</p> <p>If we cannot make an agreement with the Brighton &amp; Hove Bus &amp; Coach Company (BHBCC) then we would need to go down the route of reimbursement through the DfT calculator. However, this would put £200,000 of the £500,000 of the required savings at risk as we would be required to keep the 2% inflationary increase for the reimbursement based on actual journeys.</p> |              |

<sup>1</sup> Those eligible include anyone who is resident in the city over the pensionable age of a woman and those disabled people who fit the following criteria. Blind or partially sighted, severely or profoundly deaf, without speech or have a disability or have suffered an injury which has a substantial and long-term adverse effect on the ability to walk. Or the applicant is in receipt of the Higher Rate Mobility Component of Disability Living Allowance or 8-12 points in the 'Moving Around' descriptor of Personal Independence Payment (PIP), been awarded a blue badge or war pensioners allowance, a lump sum benefit under the Armed Forces and Reserve Forces (Compensation) Scheme

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|                                     | <p>Currently non- residents can travel between the statutory times of 9.30am- 11pm weekdays &amp; all day weekends and bank holidays. Brighton &amp; Hove residents are currently allowed to start their journey in the boundaries of Brighton &amp; Hove between 9.00am -3.59am weekdays and all day at weekends. The technology is already in place and working to differentiate between passes of residents and non-residents.</p> <ul style="list-style-type: none"> <li>• We are proposing that negotiation with BHCC takes place to allow resident disabled card holders to travel for 24 hrs as part of the negotiations for a new deal. However, it is necessary for us to commit to continuing this for a further 3 years.</li> <li>• Disabled pass holder travel time for Brighton &amp; Hove residents is being proposed to extend to allow travel 24/7 (this would increase access between 4am-9am weekdays) from April 2020 for a minimum of 3 years.</li> <li>• This will put us in line with the times: West Sussex County Council are offering disabled card holders.</li> <li>• Older persons and non-resident Concessionary Travel conditions will remain the same</li> </ul> <p>Final approval at Policy &amp; Resources Committee is required before 1<sup>st</sup> April 2020.</p> |
| <p><b>5. Summary of impacts</b></p> | <p><b>Highlight the most significant disproportionate impacts on groups</b></p> <hr/> <p><b>Disproportionate impacts identified on the following characteristics: Age (older people), Disability, Carers</b></p> <p>The benefits for our 6655 disabled pass holders outweigh the cost, this is demonstrated by how it will support many strategies including:</p> <ul style="list-style-type: none"> <li>• The corporate vision; <ul style="list-style-type: none"> <li>○ A city working for all</li> <li>○ A stronger city</li> <li>○ A growing and learning city</li> <li>○ A sustainable city</li> <li>○ A healthy and caring city</li> </ul> </li> <li>• Supports the Council’s Equalities and Inclusion Policy Statement and Strategy aims.</li> <li>• Our customers have told us that they are working part time in low paid jobs due to their disabilities and paying the additional bus fare to get to work first thing in the morning is a real barrier to them working.</li> <li>• It supports disabled parents who are taking their children to school by bus when they are unable to walk.</li> </ul>   |

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| <b>6. Assess level of impact (1= low; 5= high)</b> | 1   |
| <b>7. Key actions to reduce negative impacts</b>   | <p data-bbox="459 268 1818 304"><b>What actions are planned to reduce/avoid negative impacts and increase positive impacts?</b></p> <hr/> <p data-bbox="459 389 2056 549">Independent Travel Trainer (Access Project) – helping children with disabilities achieve travel independence. The council are also subsidising a small amount of children with concessionary travel passes with extra commercial bus passes to get them to school. We can see from our journey analysis that children and young adults use their bus passes heavily at 3pm, but not in the mornings.</p> <p data-bbox="459 600 2022 719">Older people may apply for disabled cards to get this additional benefit we cannot stop them from doing this. In comparison to other West Sussex and looking at population vs how many disabled bus passes are already on issue to older people we predict the increased disabled cards on issue will be inconsequential.</p>  |
| <b>8. Full EIA?</b>                                | Not required. Work has already been completed with the Communities, Equality & Third Sector Team to inform the development of this 24-hour disabled pass scheme.  |
| <b>9. Monitoring and Evaluation</b>                | <p data-bbox="459 887 1995 959"><b>How will you monitor the impact of this proposal and the success of your mitigating actions on these groups over the coming year (or more)?</b></p> <hr/> <p data-bbox="459 1034 2051 1153">94% of all concessionary journeys are taken on Brighton &amp; Hove Bus and Coach Company who we are in a fixed deal with until April 2020. This fixed deal is based on a projection of 9,549,760 journeys taken by concessionary travel pass holders for the financial year.</p> <p data-bbox="459 1190 2022 1310">Our analysis indicates there will be 171,000 pa journeys taken between 4am-9am. These are not all additional generated journeys as it does not allow for people who have simply changed their travel time from after 9am to before 9am.</p> <p data-bbox="459 1347 2018 1418">We will make more of the data we have. We will analyse it so it informs service planning and delivery; helps us identify who is and is not accessing our services; and to identify who could be getting more from them.</p> |

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| <b>10. Cumulative impacts</b> | <b>Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal?</b>  |
|                               | Increased parking fees & charges may encourage more bus use as a free travel alternative.<br>Equally parking surplus from increased parking fees will pay for concessionary travel |



## Budget Equality Impact Assessment Template 2020/21 – Service-Users

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|--------------------|--|--------------|
| 1. Service Area    | Economy, Environment and Culture: City Transport / Parking Services Group  | 2. EIA No. 8 |
| 3. Head of Service | Charles Field  |              |
| 4. Budget Proposal | <p data-bbox="459 440 792 475"><b>What is the proposal?</b></p> <hr data-bbox="459 494 2063 497"/> <p data-bbox="459 536 1279 571"><b>Parking Fees &amp; Charges (Raising by an average 5.4%)</b></p> <ul data-bbox="472 619 2033 1310" style="list-style-type: none"> <li data-bbox="472 619 1989 691">• Raising price of first resident permits – Not raising quarterly prices to reduce costs to those who find the upfront annual costs more difficult.</li> <li data-bbox="472 703 1742 738">• Raising price of 2nd / Additional resident permits by means of an additional surcharge.</li> <li data-bbox="472 751 1155 786">• Increasing selected tariffs on seafront tariffs.</li> <li data-bbox="472 799 1966 834">• Increasing price of Traders Permits and including monthly, weekly and daily (removing waiver) options</li> <li data-bbox="472 847 1995 919">• Raising price of Doctors permit but allow them to use parking bays with same rule as business permit as well as doctors bays.</li> <li data-bbox="472 932 965 967">• Increases to Business permits.</li> <li data-bbox="472 979 2024 1051">• Increase price of resident visitor permits in Zone B &amp; D (event day schemes) alongside setting £50 charge for Guest permits.</li> <li data-bbox="472 1064 1196 1099">• Increase price of car club permits (any vehicle).</li> <li data-bbox="472 1112 2033 1222">• Increasing selected tariffs in off street car parks by 2.6% to 25%. (Trafalgar Street and London Road would remain same prices as underachieving slightly currently) Black Rock, King Alfred, Norton Road, Regency Square and other off street Car Parks.</li> <li data-bbox="472 1235 1760 1270">• Increasing hours of King Alfred and Black Rock Car parks from finishing at 6pm to 8pm.</li> <li data-bbox="472 1283 1084 1318">• Increase allocation of business permits.</li> </ul> <p data-bbox="459 1390 2056 1493">The increases amount to approximately £1,480,000 per annum and will meet traffic management objectives, including improving air quality, reducing demand and congestion as well as achieving a higher turnover of spaces and supporting economic growth in the city.</p> |              |

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| <p><b>5. Summary of impacts</b></p>                       | <p><b>Highlight the most significant disproportionate impacts on groups</b></p> <hr/> <p><b>Disproportionate impacts identified on the following characteristics: Age (older people), Disability, Carers</b></p> <p>Any increase in price for fees and charges allows for a decrease in demand from users. Members of the public may choose not to pay to park on or off street due to price increases.</p> <p>This could lead to inclusion issue with impacts on lower income residents as the amount they pay to park on and off street would increase. However, these proposals are in line with transport objectives of supporting sustainable transport options and reducing vehicles.</p> <p>This may mean carers have to pay more if they live in a different parking zone to the person they visit although there are carers' permit or visitor permits available.</p> <p>The proposed increases in visitor permits is more reflective of high demand for parking on event days near the AMEX Stadium and will reduce demand of on-street parking. The visitor permit remains good value to park within the restricted hours.</p> <p>The increase in hours of the King Alfred and Black Rock Car parks may have an impact on all users to local facilities as they would need to pay to park between 6pm and 8pm.</p> |
| <p><b>6. Assess level of impact (1= low; 5= high)</b></p> | <p>2</p>  |
| <p><b>7. Key actions to reduce negative impacts</b></p>   | <p><b>What actions are planned to reduce/avoid negative impacts and increase positive impacts?</b></p> <hr/> <p>Officers will work to ensure any increase in fees will avoid negative impacts as much as possible. Fee increases are targeted at areas where parking is at capacity to help provide drivers with better access to currently congested areas.</p> <p>In terms of resident permits the proposals keep quarterly prices the same where possible to reduce costs to those who find the upfront annual costs more difficult.</p>   |

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|  | <p>The ongoing work identifying Blue Badge fraud frees up parking spaces for eligible blue badge holders and we will continue with Blue Badge fraud investigation work to protect disabled bays from misuse.</p> <p>The cost of professional carers' permits and carers' permits remain unchanged to reflect the positive impact this brings to all members of society. We will be looking to see if this can be advertised through the new One Account IT system when operational and other options such as through the Carers' Centre.</p> <p>Any surplus parking income is mainly spent on providing free bus passes for older and disabled people to encourage alternative sustainable transport choices.</p>  |
| <p><b>8. Full EIA?</b></p>                 | <p>Not required.</p>   |
| <p><b>9. Monitoring and Evaluation</b></p> | <p><b>How will you monitor the impact of this proposal and the success of your mitigating actions on these groups over the coming year (or more)?</b></p> <p>Regular review meetings are held to review on-street and off-street parking usage.</p> <p>Parking Services have applied for and been awarded People's Parking accreditation. This scheme was set up by Helen Dolphin MBE, a disability rights campaigner, to provide independent feedback about the facilities and public car park experience from a disabled user perspective, with regular monitoring and reviews.</p> <p>Parking Services have also received Park Mark accreditation from the police for our off-street car parks as safe car parks to use. It is nationally recognised and we receive significant feedback that we were chosen via the Park Mark website.</p> <p>Parking Services produce an annual Parking Annual Report providing transparency and meaningful insight into the overall service including how and where funding is raised and distributed. The Service has recently, for the fourth time, been awarded Parking Report of the Year for their work in this area.</p> |
| <p><b>10. Cumulative</b></p>               | <p><b>Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal?</b></p>   |

**impacts**

The proposal to expand the scheme for disabled passes within the new concessionary travel will mitigate some of the impacts from increases to fees & charges by encouraging / improving access to public transport use.

# Housing, Neighbourhoods & Communities

## Budget Equality Impact Assessment Template 2020/21 – Service-Users

|                                   |   |              |
|-----------------------------------|---|--------------|
| 1. Service Area                   | Neighbourhoods, Communities and Housing/Communities, Equality and Third Sector Team   | 2. EIA No. 9 |
| 3. Head of Service                | Emma McDermott  |              |
| 4. Budget Proposal                | What is the proposal? Use the savings proposal wording and more detail if needed  |              |
|                                   | Reduction in the Communities Fund by £10,000. The Communities Fund provides an annual fund for grassroots activity, growing third sector resilience, and pump priming collaborations to respond to gaps in and improve service provision.             |              |
| 5. Summary of impacts             | Highlight the most significant disproportionate impacts on groups   |              |
|                                   | No specific disproportionate impact identified.<br><br>The Fund support projects that contribute to the following outcomes: promoting fairness, improving well-being and building cohesion. This is not specific to any one protected characteristic. |              |
| 6. Assess level of impact         | 1   |              |
| 7. Key actions to reduce negative | What actions are planned to reduce/avoid negative impacts and increase positive impacts?  |              |

|                                     |  |
|-------------------------------------|--|
| <b>impacts</b>                      | When applying the saving consideration will be given to trying to ensure that whilst all protected characteristic may be affected the reduction does not unfairly affect one protected characteristic more than another.   |
| <b>8. Full EIA?</b>                 | Not needed.  |
| <b>9. Monitoring and Evaluation</b> | <p data-bbox="459 486 2000 560"><b>How will you monitor the impact of this proposal and the success of your mitigating actions on these groups over the coming year (or more)?</b></p> <p data-bbox="459 619 1397 655">Through monitoring number and diversity of successful applicants.</p> |
| <b>10. Cumulative impacts</b>       | <p data-bbox="459 710 1995 783"><b>Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal? Please explain these impacts.</b></p> <p data-bbox="459 826 685 863">None identified.</p>  |

## **Finance & Resources**

**No service-user EIAs are required for proposals from these services.**

# Strategy, Governance & Law

## Budget Equality Impact Assessment Template 2020/21 – Service-Users

|   |  |               |
|---|--|---------------|
| 1. Service Area                             | Strategy Governance & Law: Democratic Services - Civic Office  | 2. EIA No. 10 |
| 3. Head of Service                          | Abraham Ghebre-Ghiorghis / Mark Wall   |               |
| 4. Budget Proposal                          | What is the proposal?  |               |
|   | A saving of £59,000 against an overall budget of £699,000 is proposed for 2020/21 from the Democratic Services and Civic Office teams.   |               |
| 5. Summary of impacts                       | <b>Highlight the most significant disproportionate impacts on groups</b>   |               |
|   | <b>Disproportionate impacts identified on the following characteristics: none specifically identified</b>  |               |
|   | <p>From a review, a revised structure to reduce overall number of posts down to 8 in the Democratic Services Team. This will impact on the level of support to the committee process and require a change in working processes to ensure that all meetings can be effectively managed and statutory deadlines maintained. There will be a need for the use of electronic agendas to be fully embraced by elected Members and the adoption of the i-Casework system for councillors' casework.</p> <p>A reduction in staff will contribute the overall savings target to be met; but will impact on the level of support available to the civic office and the Mayor.</p> <p>There may be potential impacts on capacity to form working groups, which may mean that residents see a delay in Members' addressing case work or impact on Members' ability to consider and respond to city-wide issues.</p> |               |
| 6. Assess level of impact (1= low; 5= high) | 2  |               |



|   |   |
|---|---|
| <p><b>7. Key actions to reduce negative impacts</b></p> | <p><b>What actions are planned to reduce/avoid negative impacts and increase positive impacts?</b></p> <hr/> <ul style="list-style-type: none"> <li>• Democratic Services Officers will work with Members to enable greater flexibility and use of their tablet devices for agendas and committee papers, and with officers to ensure that they are more self-confident in using the report management system on the wave.</li> <li>• A reduced number of hard copies of papers will be made available to those Members who require them, although it is hoped that as they become more adept at using their mobile devices in meetings, this need will decrease.</li> <li>• Continual training on the use of the ModGov app and i-Casework system will be offered to Members and Officers as well as refresher training to officers for the report management system.</li> </ul> |
| <p><b>8. Full EIA?</b></p>                              | <p>A review of the roll-out of mobile devices will take place early in the new year and additional support provided as needed.</p>  |
| <p><b>9. Monitoring and Evaluation</b></p>              | <p><b>How will you monitor the impact of this proposal and the success of your mitigating actions on these groups over the coming year (or more)?</b></p> <hr/> <p>A review after each committee cycle will be undertaken to identify how many users are making use of the electronic agendas/papers and further training and help will be directed to those still taking hard copies.</p>  |
| <p><b>10. Cumulative impacts</b></p>                    | <p><b>Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal? Please explain these impacts.</b></p> <hr/> <p>The use of mobile devices will depend on sufficient Wi-Fi connections being available in council buildings and alternative provision may need to be available if it was to fail.</p>  |

## Budget 2020-21: Equality Impact Assessments – Staff

|  | <b>EIA Proposal</b>  |   |
|--|--|---|
| <b>EIA S1</b>  | <p><b>Families, Children &amp; Learning: Skills &amp; Employment</b></p> <p>The team provides support to the employee, the employer and work colleagues through training, job coaching and advice. The Supported Employment Team works with the Youth Employability Service to deliver the council's objective to target young people with SEND, in order to increase the percentage who are able to access sustainable employment. In the Council's budget proposals for 2020/2021 it is proposed that savings will be identified through a redesign of these services, including rationalising the management arrangements across the 2 services.</p>  |   |
| <b>Groups potentially impacted</b>   | <b>Impacts identified</b>  | <b>Specific Mitigating Actions (in addition to the generic actions identified above)</b>  |
| <p>In broad terms the proposal to reduce staffing has the potential to have an impact on the following protected characteristics:</p> <ul style="list-style-type: none"> <li>• Age</li> <li>• Disability</li> <li>• Ethnicity</li> <li>• Sex</li> <li>• Sexual Orientation</li> <li>• Religion/Belief</li> </ul> | <p><b>Age:</b><br/>Council targets for age have not yet been established. The age distribution of staff in the service is broadly similar to the Council albeit with a greater proportion in the 45-54 age group. Any reduction in staff could affect the age distribution.</p> <p><b>Disability:</b><br/>The council is just below the disability target of 8%; the directorate is materially below target at 6.43%. The service area is much higher than the Council or directorate average, at 11.11%. Therefore the proposals could have a disproportionate impact on disabled staff. Disabled employees may be more likely to:</p> <ul style="list-style-type: none"> <li>• Experience barriers to accessing information and getting their views heard.</li> <li>• Suffer from a possible lack of employer</li> </ul> | <p><b>Age:</b></p> <ol style="list-style-type: none"> <li>1. Offer all employees job application and interview support.</li> <li>2. Consider the need for appropriate support and training to re-skill employees in new working methods.</li> </ol> <p><b>Disability:</b></p> <ol style="list-style-type: none"> <li>1. Ensure that all appropriate reasonable adjustments are made for disabled employees.</li> <li>2. Utilise the support of appropriate non-council agencies to support employees where appropriate and necessary.</li> <li>3. Positive action including skills interview training and internal coaching.</li> <li>4. Review communications approach options (plain English etc) and monitor engagement..</li> </ol> |

awareness and information regarding disability.

Note: 18.18% of employee disability data is not known in the service area The analysis above is based on declared data only.

**Ethnicity:**

The council is below the BME target however the directorate is just above target. The council and the directorate are below the White Other group target. The service area employs significantly below the average BME employees compared to the council and the directorate as a whole and is therefore also below the target. The number of BME staff could be eroded further there are reductions in staff.

Employees from ethnic minority groups are more likely to:

- Experience language barriers.
- Suffer from a possible lack of employer awareness and information regarding ethnicity.

Note: 4.55% of staff are unknown. The analysis above is based on declared data only.

**Sex:**

The council and the directorate are below the male employee target with the directorate being significantly so. The profile of the staff in this service is similar with more emale staff than the directorate average. If male staff are either redeployed or made redundant this would further erode this under-represented group.

**Ethnicity:**

1. Positive action to include training on interview skills, coaching and signposting to BME Workers' Forum.
2. Review communications approach options (plain English etc) and monitor engagement.

**Sex:**

1. Positive action to include training on interview skills
2. Support to part-time staff in identifying opportunities and consideration of other roles as job share roles.

|  |   |   |
|--|---|---|
|  | <p><b>Religion &amp; Belief:</b><br/>Council targets for religion/belief have not yet been established. Compared to the council and directorate the number of staff in the service declaring they have no religion is above average.<br/>Note: 9.09% of religion/belief employee data is not known in the service The analysis above is based on declared data only</p> <p><b>Sexual orientation:</b><br/>The council and directorate are all below the LGB employee target, and the service area is significantly below target. If LGB staff are either redeployed or made redundant as this would further reduce this under-represented group. LGB employees groups may be more likely to suffer from a possible lack of employer awareness and information regarding LGB issues.<br/>Note: 13.64% of sexual orientation employee data is not known. The analysis above is based on declared data only.</p> | <p><b>Religion &amp; Belief:</b><br/>1. Positive action to include training on interview skills</p> <p><b>Sexual orientation:</b><br/>1. Positive action including skills interview training and internal coaching as well as signposting to LGBT Forum</p> |
|--|---|---|

## Budget 2020-21: Equality Impact Assessments – Staff

|   | <b>EIA Proposal</b>  |  |
|---|--|--|
| <b>EIA S2</b>   | <p><b>Economy, Environment &amp; Culture: Property &amp; Design – Asset Management</b></p> <p>£69,000 savings have been identified from staffing due to the restructure of Property &amp; Design services to form a combined strategic Estate &amp; Asset Management property team, transferring other asset management functions to the relevant property teams &amp; achieving operational benefits identified as part of the 2019 Property &amp; Design Service Review.</p> |  |
| <b>Groups potentially impacted</b>  | <b>Impacts identified</b>  | <b>Specific Mitigating Actions (in addition to the generic actions identified above)</b>   |
| <p>Note: As not more than 20 employees are affected, to preserve employee confidentiality, no employee equalities data has been gathered or analysed from the council's employee database. Comments are based on evident information.</p> | <p>We know in the council as a whole and in the EEC Directorate that a number of groups of people who share protected characteristics are under-represented. This is also the case in the Property &amp; Design team, with the exception of White Irish profile exceeding the council target.</p>  | <p>No specific mitigation: Council policies and support processes to be equitably applied. Including:</p> <ol style="list-style-type: none"> <li>1. Offer all employees job application, interview and other support as needed.</li> <li>2. Consider the need for appropriate support and training to re-skill employees in new working methods.</li> <li>3. Ensure that all appropriate reasonable adjustments are made for disabled employees as required during and after the restructure process.</li> <li>4. Sign posting staff to appropriate forums (BME, LGBT, women, disability and carers)</li> <li>5. Review communications approach options (plain English etc) and monitor understanding.</li> <li>6. Support to part-time staff in identifying opportunities and consideration of other roles as job share roles as needed.</li> </ol> |

## Budget 2019-20: Equality Impact Assessments –Staff

|   | <b>EIA Proposal</b>   |   |
|---|---|---|
| <b>EIA S3</b>   | <p><b>Housing, Neighbourhoods &amp; Communities: Communities, Equality &amp; Third Sector Team</b></p> <p>The service needs to make savings of £114,000. Part of these savings will be met by a service redesign and staff consultation across the Communities, Equalities and Third Sector structure will be carried out, with due regard to the council’s priorities for supporting a diverse and welcoming city, those most affected by austerity and community wealth building as well as ensuring the council meets its legal obligations under the Public Sector Equality Duty.</p> |   |
| <b>Groups potentially impacted</b>  | <b>Impacts identified</b>   | <b>Specific Mitigating Actions (in addition to the generic actions identified above)</b>  |
| <p>Note: As not more than 20 employees are affected, to preserve employee confidentiality, no employee equalities data has been gathered or analysed from the council’s employee database. Comments are based on evident information.</p> | <p>We know in the council as a whole and in the directorate that a number of groups of people who share protected characteristics are under-represented. In Housing, Neighbourhoods and Communities, this is the case for BME and White Other staff.</p>  | <p>No specific mitigation: Council policies and support processes to be equitably applied. Including:</p> <ol style="list-style-type: none"> <li>1. Offer all employees job application, interview and other support as needed.</li> <li>2. Consider the need for appropriate support and training to re-skill employees in new working methods.</li> <li>3. Ensure that all appropriate reasonable adjustments are made for disabled employees as required during and after the restructure process.</li> <li>4. Sign posting staff to appropriate forums (BME, LGBT, women, disability)</li> <li>5. Review communications approach options (plain English etc) and monitor understanding.</li> <li>6. Support to part-time staff in identifying opportunities and consideration of other roles as job share roles as needed.</li> </ol> |

## Budget 2020-21: Equality Impact Assessments – Staff

|  | <b>EIA Proposal</b>   |  |
|--|---|--|
| <b>EIA S4</b>  | <p><b>Housing, Neighbourhoods &amp; Communities: Safer Communities</b></p> <p>As part of the council’s budget strategy, Safer Communities have been asked to save £170,000. In order to achieve these savings, the service is deleting vacancies (savings £91,000) and is currently offering VS with proposals to delete vacancies and offer voluntary severance (£79,000).</p> <p>These proposals will ensure that savings are made with a minimal impact on staff.</p>  |  |
| <b>Groups potentially impacted</b>   | <b>Impacts identified</b>   | <b>Specific Mitigating Actions (in addition to the generic actions identified above)</b>   |
| <p>In broad terms the proposal to reduce staffing has the potential to have an impact on the following protected characteristics:</p> <ul style="list-style-type: none"> <li>• Age</li> <li>• Disability</li> <li>• Ethnicity</li> <li>• Sex</li> <li>• Sexual Orientation</li> <li>• Religion/Belief</li> </ul> | <p><b>Age:</b><br/>Council targets for age have not yet been established. The age distribution of staff in the service is broadly similar to the Council albeit with a greater proportion in the 45-54 age group. Any reduction in staff could affect the age distribution.</p> <p><b>Disability:</b><br/>The council is just below the disability target of 8%; the directorate is above target at 10.58%. The service area is higher than the Council or directorate average, at 10.61%. Therefore the proposals could have a disproportionate impact on disabled staff. Disabled employees may be more likely to:</p> <ul style="list-style-type: none"> <li>• Experience barriers to accessing information and getting their views heard.</li> <li>• Suffer from a possible lack of employer awareness and information regarding</li> </ul> | <p><b>Age:</b></p> <ol style="list-style-type: none"> <li>1. Ensure there are opportunities in the consultation process for staff to raise any issues relating to age.</li> <li>2. Consider the need for appropriate support and training to re-skill employees in new working methods.</li> </ol> <p><b>Disability:</b></p> <ol style="list-style-type: none"> <li>1. Ensure that all appropriate reasonable adjustments are made for disabled employees.</li> <li>2. Ensure there are opportunities in the consultation process for staff to raise any issues relating to disability.</li> <li>3. Review communications approach options (plain English etc) and monitor understanding.</li> </ol> |

disability.

**Ethnicity:**

The council is below the BME target and the directorate is also below target. The service area employs roughly the same average BME employees as the council and the directorate as a whole and is therefore also below the target. The number of BME staff could be eroded further if there are reductions in staff. Employees from ethnic minority groups are more likely to:

- Experience language barriers.
- Suffer from a possible lack of employer awareness and information regarding ethnicity.

**Sex:**

The council and the directorate are below the male employee target. The profile of the staff in this service is similar with more female staff than the directorate average. As male staff are under-represented this could further widen the gap.

**Religion & Belief:**

Council targets for religion/belief have not yet been established. Compared to the council and directorate the number of staff in the service declaring they have no religion is above average.

**Sexual orientation:**

The council is below the LGB employee target, but the directorate and service area are significantly above. LGB employees

**Ethnicity:**

1. Ensure there are opportunities in the consultation process for staff to raise any issues relating to ethnicity.
2. Review communications approach options (plain English etc) and monitor engagement.

**Sex:**

1. Ensure there are opportunities in the consultation process for staff to raise any issues relating to gender.
2. Consider reasonable adjustments for caring responsibilities.

**Religion & Belief:**

1. Ensure there are opportunities in the consultation process for staff to raise any issues relating to religion and belief.

**Sexual orientation:**

1. Ensure there are opportunities in the consultation process for staff to raise any issues relating to sexual



|  |  |             |
|--|--|-------------|
|  | groups may be more likely to suffer from a possible lack of employer awareness and information regarding LGB issues. Any cut in staffing could affect the representation of LGB workers in this area | orientation |
|--|--|-------------|

## Budget 2020-21: Equality Impact Assessments – Staff

|   | <b>EIA Proposal</b>  |  |
|---|--|--|
| <b>EIA S5</b>   | <p><b>Strategy, Governance &amp; Law: Democratic Services and Civic Office</b></p> <p>Savings of £59,000 have been identified across the service. In order to achieve these savings a service redesign has taken place which will reduce the number of posts, requiring a change in working practices to ensure that all meetings can be effectively managed and statutory deadlines maintained.</p> |  |
| <b>Groups potentially impacted</b>  | <b>Impacts identified</b>  | <b>Specific Mitigating Actions (in addition to the generic actions identified above)</b>   |
| <p>Note: As not more than 20 employees are affected, to preserve employee confidentiality, no employee equalities data has been gathered or analysed from the council's employee database. Comments are based on evident information.</p> | <p>We know in the council as a whole and in the directorate that a number of groups of people who share protected characteristics are under-represented. This is also the case in the Strategy, Governance and Law Directorate</p>   | <p>No specific mitigation: Council policies and support processes to be equitably applied. Including:</p> <ol style="list-style-type: none"> <li>1. Offer all employees job application, interview and other support as needed.</li> <li>2. Consider the need for appropriate support and training to re-skill employees in new working methods.</li> <li>3. Ensure that all appropriate reasonable adjustments are made for disabled employees as required during and after the restructure process.</li> <li>4. Sign posting staff to appropriate forums (LGBT, women, disability/carers, BME)</li> <li>5. Review communications approach options (plain English etc) and monitor understanding.</li> <li>6. Support to part-time staff in identifying opportunities and consideration of other roles as job share roles as needed.</li> </ol> |

## Budget 2020-21: Equality Impact Assessments – Staff

| EIA Proposal  |   |  |
|---|---|--|
| <b>EIA S6</b>   | <p><b>Strategy, Governance &amp; Law: Performance Improvement and Programmes</b></p> <p>As part of the budget proposals, savings of £49,000 are required from core funding, in addition, the amount given for the modernisation funding for the next four years starting from 2020/21 is reduced by £219,000. Proposals to reduce the number of Programme Manager and Performance Analyst posts across the service have been put forward.</p> |  |
| Groups potentially impacted   | Impacts identified  | Specific Mitigating Actions (in addition to the generic actions identified above)  |
| <p>Note: As not more than 20 employees are affected, to preserve employee confidentiality, no employee equalities data has been gathered or analysed from the council's employee database. Comments are based on evident information.</p> | <p>We know the council as a whole and in the directorate that a number of groups of people who share protected characteristics are under-represented. This is also the case in the Strategy, Governance and Law Directorate</p>   | <p>No specific mitigation: Council policies and support processes to be equitably applied. Including:</p> <ol style="list-style-type: none"> <li>1. Offer all employees job application, interview and other support as needed.</li> <li>2. Consider the need for appropriate support and training to re-skill employees in new working methods.</li> <li>3. Ensure that all appropriate reasonable adjustments are made for disabled employees as required during and after the restructure process.</li> <li>4. Sign posting staff to appropriate forums (LGBT, women, disability/carers, BME)</li> <li>5. Review communications approach options (plain English etc) and monitor understanding.</li> <li>6. Support to part-time staff in identifying opportunities and consideration of other roles as job share roles as needed.</li> </ol> |

## Equality Act 2010: section 149 Public Sector Equality Duty

- (1) A public authority must, in the exercise of its functions, have due regard to the need to—
- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
  - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
  - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- (2) A person who is not a public authority but who exercises public functions must, in the exercise of those functions, have due regard to the matters mentioned in subsection (1).
- (3) Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to—
- (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
  - (b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
  - (c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- (4) The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.
- (5) Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to—
- (a) tackle prejudice, and
  - (b) promote understanding.
- (6) Compliance with the duties in this section may involve treating some persons more favourably than others; but that is not to be taken as permitting conduct that would otherwise be prohibited by or under this Act.
- (7) The relevant protected characteristics are—
- age;
  - disability;
  - gender reassignment;
  - pregnancy and maternity;
  - race;
  - religion or belief;

- sex;
- sexual orientation.

(8) A reference to conduct that is prohibited by or under this Act includes a reference to—

- (a) a breach of an equality clause or rule;
  - (b) a breach of a non-discrimination rule.
- (9) Schedule 18 (exceptions) has effect.



|                         |  |   |                     |
|-------------------------|--|---|---------------------|
| <b>Subject:</b>         | <b>Supplementary Financial Information for Budget Council 27.02.20</b> |   |                     |
| <b>Date of Meeting:</b> | <b>27 February 2020</b>  |   |                     |
| <b>Report of:</b>       | <b>Acting Chief Finance Officer</b>                                    |   |                     |
| <b>Contact Officer:</b> | <b>Name:</b>   | <b>James Hengeveld</b>                      | <b>Tel:</b> 29-1242 |
|                         | <b>E-mail:</b>   | <b>James.Hengeveld@brighton-hove.gov.uk</b> |                     |
| <b>Wards Affected:</b>  | <b>All</b>   |   |                     |

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

- 1.1 To update Members with further budget information and revisions since the General Fund Revenue Budget, Capital & Treasury Management Strategy 2020/21 report was considered at Policy & Resources Committee on the 13 February 2020.
- 1.2 The proposed budget is based on the Administration's proposed increase to the City Council's element of the council tax of 3.99%. Together with the Police and Fire elements of the council tax, the overall increase for most residents of Brighton & Hove will be 4.02%.

**2. RECOMMENDATIONS:**

- 2.1 That Council use the statutory budget calculation and the Council Tax Resolution set out in this report to derive a 3.99% council tax increase as the basis of debate at the meeting.

**3. CONTEXT / BACKGROUND INFORMATION*****2020/21 General Fund Budget & Council Tax***

- 3.1 The new and revised information likely to be covered in this report was set out in paragraph 9.3 of the 13 February 2020 Policy & Resources committee report and will cover the following:-
  - The final Local Government Finance Settlement 2020/21;
  - Any further grants that are announced before Budget Council;
  - The agreed Council Tax set by the East Sussex Fire Authority & Sussex Police and Crime Commissioner;
  - The statutory Council Tax calculations required under the 1992 Local Government Finance Act; and
  - The full budget and Council Tax resolution for Budget Council.
- 3.2 ***Final Local Government Finance Settlement 2020/21***  
A written ministerial statement on the final Local Government Finance Settlement was made on the 6 February 2020. This confirmed that there are no changes to the figures

announced previously albeit at the time of writing this report the final debate and vote in parliament on this is still to happen.

**Updated grants information**

- 3.3 At the time of writing this report the Public Health grant allocation for 2020/21 is still awaited.

**Other Changes**

- 3.4 The General Fund Revenue Budget, Capital & Treasury Management Strategy 2020/21 report, and the Housing Revenue Account (HRA) Budget and Capital Investment Programme 2020/21 and Medium Term Financial Strategy report have been updated to reflect the amendments agreed at Policy & Resources Committee on 13 February 2020.
- 3.5 In addition, the reserves highlighted in both reports have been amended to reflect the Targeted Budget Management (TBM) month 9 position for the HRA and are presented consistently across the two reports.
- 3.6 The General Fund Capital Programme has been adjusted to reflect a correction to the Information, Technology & Digital (IT&D) Fund for 2020/21. The IT&D Fund was previously shown at £0.5m but this did not correctly reflect the planned level of investment from borrowing that is already accommodated in the revenue budget. The corrected capital programme value is £1.0m. The detailed IT&D fund programme 2020/21 will be presented to Policy & Resources Committee in March 2020 as normal.
- 3.7 There is a technical change in the budget book to reflect an updated estimate for Housing Benefits to be awarded during 2020/21. This has no net impact on the General Fund Revenue Budget.

**Council Tax**

- 3.8 The following table shows the overall council tax proposed incorporating the amounts set by the Sussex Police & Crime Commissioner and the East Sussex Fire Authority.

|                                     | 2020/21<br>Band D<br>Council Tax | Change<br>on<br>2019/20 | Percentage<br>change |
|-------------------------------------|----------------------------------|-------------------------|----------------------|
| Brighton & Hove City Council        | £1,659.11                        | £63.66                  | 3.99%                |
| Sussex Police & Crime Commissioner  | £199.91                          | £10.00                  | 5.27%                |
| East Sussex Fire Authority          | £95.53                           | £1.86                   | 1.99%                |
| Total for Brighton & Hove residents | £1,954.55                        | £75.52                  | 4.02%                |

**Budget and Council Tax Appendices**

- 3.9 Details of the additional council taxes paid by residents of Rottingdean Parish and Enclosure Committees for the maintenance of gardens in Hanover Crescent, Marine Square and Royal Crescent are given in Appendix 9.
- 3.10 The list of new budget and council tax appendices attached to this report is included under Supporting Documentation below.



## **SUPPORTING DOCUMENTATION**

### **Appendices:**

8. The statutory calculations required under the 1992 Local Government Act.
9. Proposed full resolution for Budget Council.

### **Documents in Members' Rooms**

1. No further documents.

### **Background Documents**

1. No further background documents.



## APPENDIX 8

### CALCULATION OF BRIGHTON & HOVE'S COUNCIL TAX REQUIREMENT AND COUNCIL TAX

#### CALCULATIONS REQUIRED UNDER THE LOCAL GOVERNMENT FINANCE ACT 1992

| <b>S31A Expenditure</b>                               | £           | £                  |
|---|-------------|--------------------|
| Gross Revenue expenditure on Brighton & Hove services | 710,211,713 |                    |
| Contingency   | 1,546,000   |                    |
| Transfer to council tax collection fund               | 1,345,902   |                    |
| Contribution to reserves                              | 48,000      |                    |
| Levies  | 183,409     |                    |
| Special items   | 28,242      |                    |
| Parish precept  | 49,997      |                    |
|   |             | 713,413,263        |
| <b>Income</b>   |             |                    |
| Government Grants, fees and charges                   | 503,041,457 |                    |
| Business Rates Local Share                            | 57,637,906  |                    |
| Transfer from business rates collection fund          | 2,136,903   |                    |
|   |             | 562,816,266        |
| <b>Council Tax Requirement (R)</b>                    |             | <b>150,596,997</b> |

|             |                             |             |
|-------------|-----------------------------|-------------|
| <b>S31B</b> | R = Council Tax Requirement | 150,596,997 |
|             | T = Taxbase                 | 90,722.80   |
|             | R/T = Basic Council Tax     | 1,659.97    |

|            |   |           |
|------------|---|-----------|
| <b>S34</b> | <b>(i) S34 (2)</b>  |           |
|            | B = Section 31B Calculation                               | 1,659.97  |
|            | A = Total of Special Items (as defined in S35)            | 78,239    |
|            | T = Taxbase   | 90,722.80 |
|            | B - (A / T) = Council Tax for areas with no special items | 1,659.11  |
|            | <b>(ii) S34 (3)</b>                                       |           |
|            | C = Section 34 (2) calculation                            | 1,659.11  |
|            | S =   |           |
|            | Rottingdean Parish special item                           | 49,997    |
|            | Hanover Crescent Enclosure Committee special item         | 8,127     |
|            | Marine Square Enclosure Committee special item            | 12,035    |
|            | Royal Crescent Enclosure Committee special item           | 8,080     |
|            | TP =  |           |
|            | Rottingdean Parish taxbase                                | 1,574.1   |
|            | Hanover Crescent Enclosure Committee taxbase              | 39.4      |
|            | Marine Square Enclosure Committee taxbase                 | 75.8      |
|            | Royal Crescent Enclosure Committee taxbase                | 31.0      |
|            | C + (S / TP) = Council Tax for areas with special items:- |           |
|            | Rottingdean Parish  | 1,690.87  |
|            | Hanover Crescent Enclosure Committee                      | 1,865.38  |
|            | Marine Square Enclosure Committee                         | 1,817.88  |
|            | Royal Crescent Enclosure Committee                        | 1,919.76  |



## General Fund Revenue Budget 2020/21

### Formal Council Tax Resolution

1. It be noted that on 23 January 2020 the Council calculated the Council Tax Base 2020/21:
  - (a) for the whole Council area as 90,722.8 (Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the “Act”)); and
  - (b) for dwellings in those parts of its area to which special items relate: -
    - Rottingdean Parish – 1,574.1
    - Hanover Crescent Enclosure – 39.4
    - Marine Square Enclosure – 75.8
    - Royal Crescent Enclosure – 31.0
2. Calculate that the Council Tax requirement for the Council’s own purposes for 2020/21 (excluding Parish precepts) is £150,547,000.
3. That the following amounts be calculated for the year 2020/21 in accordance with Sections 31 to 36 of the Act:
  - (a) £713,413,263 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act taking into account all precepts issued to it by Parish Councils;
  - (b) £562,816,266 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act;
  - (c) £150,596,997 being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Act);
  - (d) £1,659.97 being the amount at 3(c) above (Item R), all divided by Item T (1(a) above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish precepts);
  - (e) £78,239 being the aggregate amount of all special items referred to in Section 34(1) of the Act;
  - (f) £1,659.11 being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by the Item T (1(a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special items relates;
  - (g) £1,690.87 Rottingdean Parish  
 £1,865.38 Hanover Crescent  
 £1,817.88 Marine Square  
 £1,919.76 Royal Crescent

being the amounts given by adding to the amount at 3(f) above the amounts of the special item or items relating to dwellings in those parts of the Council's area mentioned above divided in each case by the relevant amount at 1(b) above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its council tax for the year for the dwellings in those parts of its area to which one or more special items relate.

| Valuation Band:                       | A*       | A        | B        | C        | D        | E        | F        | G        | H        |
|---------------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Parts of the Council's area           | £        | £        | £        | £        | £        | £        | £        | £        | £        |
| Rottingdean Parish                    | 939.37   | 1,127.25 | 1,315.12 | 1,503.00 | 1,690.87 | 2,066.62 | 2,442.37 | 2,818.12 | 3,381.74 |
| Hanover Crescent                      | 1,036.32 | 1,243.59 | 1,450.85 | 1,658.12 | 1,865.38 | 2,279.91 | 2,694.44 | 3,108.97 | 3,730.76 |
| Marine Square                         | 1,009.93 | 1,211.92 | 1,413.91 | 1,615.89 | 1,817.88 | 2,221.85 | 2,625.83 | 3,029.80 | 3,635.76 |
| Royal Crescent                        | 1,066.53 | 1,279.84 | 1,493.15 | 1,706.45 | 1,919.76 | 2,346.37 | 2,772.99 | 3,199.60 | 3,839.52 |
| All other parts of the council's area | 921.73   | 1,106.07 | 1,290.42 | 1,474.76 | 1,659.11 | 2,027.80 | 2,396.49 | 2,765.18 | 3,318.22 |

\* Entitled to disabled relief

4. To note that the Police & Crime Commissioner and the Fire Authority have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in the table below.

| Valuation Band:                    | A*     | A      | B      | C      | D      | E      | F      | G      | H      |
|------------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
|                                    | £      | £      | £      | £      | £      | £      | £      | £      | £      |
| Sussex Police & Crime Commissioner | 111.06 | 133.27 | 155.49 | 177.70 | 199.91 | 244.33 | 288.76 | 333.18 | 399.82 |

\* Entitled to disabled relief

| Valuation Band:            | A*    | A     | B     | C     | D     | E      | F      | G      | H      |
|----------------------------|-------|-------|-------|-------|-------|--------|--------|--------|--------|
|                            | £     | £     | £     | £     | £     | £      | £      | £      | £      |
| East Sussex Fire Authority | 53.07 | 63.69 | 74.30 | 84.92 | 95.53 | 116.76 | 137.99 | 159.22 | 191.06 |

\* Entitled to disabled relief

5. That the Council, in accordance with Sections 30 and 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the tables below as the amounts of Council Tax for 2020/21 for each part of its area and for each of the categories of dwellings.

| Valuation Band:                      | A*       | A        | B        | C        | D        | E        | F        | G        | H        |
|--------------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Parts of the Council's area          | £        | £        | £        | £        | £        | £        | £        | £        | £        |
| Rottingdean Parish                   | 1,103.50 | 1,324.21 | 1,544.91 | 1,765.62 | 1,986.31 | 2,427.71 | 2,869.12 | 3,310.52 | 3,972.62 |
| Hanover Crescent                     | 1,200.45 | 1,440.55 | 1,680.64 | 1,920.74 | 2,160.82 | 2,641.00 | 3,121.19 | 3,601.37 | 4,321.64 |
| Marine Square                        | 1,174.06 | 1,408.88 | 1,643.70 | 1,878.51 | 2,113.32 | 2,582.94 | 3,052.58 | 3,522.20 | 4,226.64 |
| Royal Crescent                       | 1,230.66 | 1,476.80 | 1,722.94 | 1,969.07 | 2,215.20 | 2,707.46 | 3,199.74 | 3,692.00 | 4,430.40 |
| All other parts of the councils area | 1,085.86 | 1,303.03 | 1,520.21 | 1,737.38 | 1,954.55 | 2,388.89 | 2,823.24 | 3,257.58 | 3,909.10 |

\* Entitled to disabled relief

6. In accordance with Section 52ZB of the Local Government Finance Act 1992 the Council determines its relevant basic amount of council tax for the financial year 2020/21 is not excessive.

|                         |   |  |                          |
|-------------------------|---|--|--------------------------|
| <b>Subject:</b>         | <b>Housing Revenue Account Budget and Capital Investment Programme 2020/21 and Medium-Term Financial Strategy – Extract from the proceedings of the Policy &amp; Resources Committee meeting held on the 13 February 2020</b> |  |                          |
| <b>Date of Meeting:</b> | <b>27 February 2020</b>   |  |                          |
| <b>Report of:</b>       | <b>Executive Lead Officer for Strategy, Governance &amp; Law</b>  |  |                          |
| <b>Contact Officer:</b> | <b>Name:</b>  | <b>Lisa Johnson</b>  | <b>Tel:</b> 01273 291228 |
|                         | <b>E-mail:</b>  | <a href="mailto:lisa.johnson@brighton-hove.gov.uk">lisa.johnson@brighton-hove.gov.uk</a> |                          |
| <b>Wards Affected:</b>  | All   |  |                          |

**FOR GENERAL RELEASE*****Action Required of Council:***

To receive the joint report of the Executive Directors for Finance & Resources and Housing, Neighbourhoods & Communities and to approve the recommendations from the Policy & Resources Committee.

**Recommendations:**

1. That the updated HRA Revenue Budget for 2020/21 as shown in Appendix 2 to the report be approved;
2. That the Capital Programme Budget of £40.120m for 2020/21 be agreed and the 3-year programme as set out in Appendix 4 to the report be noted; and
3. That for 2019/20, any new revenue costs (estimated at £0.080m) arising from the increased support for delivery of housing supply, should be met from HRA general reserves.

**BRIGHTON & HOVE CITY COUNCIL**

**POLICY & RESOURCES COMMITTEE**

**4.00pm 13 FEBRUARY 2020**

**HOVE TOWN HALL - COUNCIL CHAMBER**

**MINUTES**

**Present:** Councillor Platts (Chair); Yates (Deputy Chair), Mac Cafferty (Opposition Spokesperson), Bell (Group Spokesperson), Allcock, Clare, Gibson, Moonan, Shanks and Simson.

**PART ONE**

130.1 Please see the minutes for Item 127.

130.2 **RESOLVED TO RECOMMEND:**

- (1) That the updated HRA Revenue Budget for 2020/21 as shown in Appendix 2 (as amended) to the report be agreed and recommended to full Council for approval;
- (2) That the Capital Programme Budget of £40.120m (as amended) for 2020/21 be agreed and noted the 3-year programme as set out in Appendix 4 to the report and recommended to full Council for approval;
- (3) That for 2019/20, any new revenue costs (estimated at £0.080m) arising from the increased support for delivery of housing supply, should be met from HRA general reserves.



|                          |   |  |                                     |
|--------------------------|---|--|-------------------------------------|
| <b>Subject:</b>          | <b>Housing Revenue Account Budget &amp; Capital Investment Programme 2020/21 and Medium-Term Financial Strategy</b> |  |                                     |
| <b>Date of Meeting:</b>  | <b>27 February 2020</b><br>15 January 2020 – Housing Committee<br>13 February 2020 – Policy & Resources Committee   |  |                                     |
| <b>Report of:</b>        | Executive Director for Finance & Resources<br>Executive Director for Housing, Neighbourhoods & Communities          |  |                                     |
| <b>Contact Officer:</b>  | <b>Name:</b>  | Monica Brooks<br>Martin Reid   | Tel: 01273 29-2279<br>01273 29-3321 |
|                          | <b>Email:</b>   | <a href="mailto:Monica.brooks@brighton-hove.gov.uk">Monica.brooks@brighton-hove.gov.uk</a><br><a href="mailto:Martin.Reid@brighton-hove.gov.uk">Martin.Reid@brighton-hove.gov.uk</a> |                                     |
| <b>Ward(s) affected:</b> | 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 2020/21 as required by the Local Government & Housing Act 1989. Members are required to consider the revenue budget proposals including re-investments (service pressures) and changes to rents, fees and charges and also the capital programme. This report also sets out the Medium-Term Financial Strategy and a 30 year financial forecast.
- 1.2 The HRA contains the income and expenditure relating to the council's social landlord duties covering approximately 11,500 rented properties and 2,900 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:****That the Housing Committee approves:**

- 2.1 That a rent increase of up to 2.7% in line with government legislation as detailed in paragraph 4.11 of the report be approved;
- 2.2 That service charges and fees as detailed in Appendix 3 to the report be approved;
- 2.3 That the contribution to Youth Services from the HRA will continue with the addition of inflation at a total cost of £0.255m in 2020/21 be noted;

- 2.4 That the proposal to set up a capital reserve of £2.900m for use in 2021/22 as discussed in paragraph 4.9 of the report be noted;
- 2.5 That the proposal to set up a new Rent Reduction Reserve for £1.010m (see paragraph 4.10 of the report) be noted;
- 2.6 That the current HRA forecast outturn for 2019/20 in Appendix 1 to the report of £0.200m underspend be noted; and
- 2.7 That the Medium-Term Financial Strategy and 30-year financial projections shown in Appendix 5 to the report be noted; and

**That Housing Committee approves and recommends to Policy & Resources Committee:**

- 2.8 That the updated HRA Revenue Budget for 2020/21 as shown in Appendix 2 to the report be agreed and recommended to full Council for approval;
- 2.9 That the Capital Programme Budget of £40.120m for 2020/21 be agreed and notes the 3-year programme as set out in Appendix 4 to the report and recommended to full Council for approval; and
- 2.10 That for 2019/20, any new revenue costs (estimated at £0.080m) arising from the increased support for delivery of housing supply, should be met from HRA general reserves.

**That Full Council:**

- 2.11 That the updated HRA Revenue Budget for 2020/21 as shown in Appendix 2 to the report be approved;
- 2.12 That the Capital Programme Budget of £40.120m for 2020/21 be agreed and the 3-year programme as set out in Appendix 4 to the report be noted; and
- 2.13 That for 2019/20, any new revenue costs (estimated at £0.080m) arising from the increased support for delivery of housing supply, should be met from HRA general reserves.

### **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 council's Housing Strategy, HRA Asset Management Strategy and the Housing Committee's priorities and work plan 2019-23 which sets out the overall direction for Housing in the city over a 4-year period.
- 3.2 The Budget Strategy also reflects the council's decisions for the future delivery of customer service; quality assurance, responsive repairs and empty property refurbishments, planned maintenance and improvement programmes, and major capital projects to council housing stock following the expiry of the current contractual arrangements in March 2020.

## **Housing Committee Priorities and Work Plan – 2019-23**

- 3.3 The priorities and work plan for the Housing Committee and Housing service for the next four years was agreed in September 2019 in order to inform future reporting to Committee on: key areas of officer focus and delivery; budget strategy, asset review, investment plans and resource allocation; resident engagement and formal consultation; engagement and consultation with partners and key stakeholders. Key elements of the Work Plan in relation to the Housing Revenue Account Budget & Capital Investment Programme 2020/21 include:

### **Providing additional affordable Homes**

- Develop 800 additional council homes.
- Review the rent policy to maximise the number of council homes replaced at social or living wage rents
- Develop the existing Hidden Homes strategy.

### **Achieving carbon reductions and sustainability in housing including addressing fuel poverty**

- Develop an action plan to set out how we will work collaboratively to ensure housing contributes to making the city carbon neutral by 2030.
- Develop a new photo voltaic (PV) and energy efficiency strategy for council homes to include standards for new homes.

### **Improving council housing and community involvement**

- Work with tenants to develop a 'decent environment' standard
- Develop a fire safety programme in conjunction with tenants and residents

- 3.4 The Housing Strategy priorities included in developing the HRA Revenue Budget and Capital Programme are:

### **Priority 1: Improving Housing Supply**

Respond to the opportunities to increase housing supply following the lifting of the HRA borrowing cap, including additional resources agreed towards an enhanced cross-directorate housing delivery team to drive projects forward and deliver 800 additional council homes within 4 years, including:

- Continue the 'New Homes for Neighbourhoods' programme. The programme has been successful and since summer 2015 has completed 184 new council homes in 12 projects. It has sites currently identified for a total of around 570 homes.
- Maintain and enhance our Hidden Homes programme to refurbish and convert under used or unused spaces within existing council stock into new homes. Nine new homes have been delivered to date, with a further 11 due to be delivered in 2019/20 - five on the Bristol Estate, three at Swallow Court, two at Elwyn Jones Court and one at Woods House. Planning permission has also been granted for a further three homes at Manor Road, Whitehawk. A pipeline of potential sites has been developed to deliver approximately 30 units until 2023.

- Continue to create a supply of council owned temporary accommodation allowing the council to achieve savings against the costs of procuring more expensive accommodation from the private market either through existing frameworks or spot purchase. The conversion of Stonehurst Court provided ten family units this summer with 12 additional units to be provided at the former Oxford Street Housing Office. The property purchase and refurbishment at Tilbury Place has also created 15 new units of temporary accommodation. New opportunities continue to be assessed to increase the provision of council owned temporary and emergency accommodation.
- Continuation of the Home Purchase Policy buy back scheme which has so far allowed the council to buy 43 properties with a further 15 going through the sales process, and other applications being assessed. This report proposes a budget of £15.612m for 2020/21 for this purpose which will, if approved, provide for the purchase of approximately 65 more properties during 2020/21. Housing & New Homes Committee agreed to the expansion of the scheme in September 2018 allowing the council the option to look at purchasing affordable housing units supplied as part of new housing developments in the city (typically known as S106 sites), and the council will continue to look at these opportunities. Housing Committee in September 2019 agreed an additional HRA budget for the scheme for 19/20 and recommended to P&R Committee to increase the Scheme of Delegations limit to £0.500m to enable a considerable increase in the scope of the scheme.
- Commission new, adapted homes and ensure best use of existing adapted / accessible housing in order to promote independent living, which has been demonstrated to deliver significant cost benefits.
- Support households wanting to downsize to increase the supply of available family housing.

## **Priority 2: Improving Housing Quality**

- Continue to meet the council's landlord obligations with regards to health and safety, including continuing to review and enhance fire safety measures for residents.
- In line with the new arrangements for the delivery of repairs from 2020, a Stock Condition Survey of housing stock has been commissioned and is currently being carried out. This will allow the council to review and plan for future investment in the quality of its homes, including addressing issues that may not have been picked up under existing investment / programme plans. The council will undertake a rolling 20% of surveys each year over the next five years to ensure all the council housing stock is surveyed.
- Continue to respond to emerging guidance around building safety standards and Government guidance and any regulatory and / or legislative changes emerging following the Grenfell Tower tragedy.
- To work in consultation with tenants and leaseholders to agree planned and major works programmes based on updated information on our stock for the provision of planned maintenance, improvement programmes and major capital projects.

- 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 residents.
- Continue to review the energy efficiency performance of the council's housing stock, and the approaches for future improvement and support for initiatives to reduce fuel poverty.
- Deliver improvements to the council's seniors housing schemes in line with the Seniors Housing Review recommendations agreed at Housing Committee on 13 November 2019. Ensure that the right investment plans are in place to maintain and improve homes and make sure that they meet resident requirements into the future.
- Support early actions to improve public areas of the council's housing estates through the environmental improvements budget to enable the council to respond with greater speed to issues impacting upon tenants' satisfaction levels with their neighbourhood as a place to live.

### **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.
- Early intervention for families struggling with accommodation including money advice and tenancy support.
- Ensure that adaptations are carried out 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 need is identified and resources allow.

### **HRA Asset Management Strategy**

3.5 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 with an Asset Strategy Review reported to Housing & New Homes Committee on 20 September 2017 following the Grenfell Tower tragedy. A further update on Health & Safety was reported to Housing Committee on 13 November 2019.

3.6 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.
- 3.7 The proposed Capital Investment Programme shown in Appendix 4 supports all of these objectives as discussed in Section 5 below.

#### **4 HRA REVENUE BUDGET PROPOSALS 2020/21**

- 4.1 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.
- 4.2 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 to identify opportunities for better efficiency and service delivery.
- 4.3 The forecast spend for the HRA in 2019/20 is shown in Appendix 1. As noted in paragraph 7.3 of the Housing Supply Update 2019-2023 report to 18 September 2019 Housing Committee, additional costs in 2019/20 were anticipated in order to support new housing supply activity. This is in addition to full-year costs which have been recognised in the 2020/21 budget proposals in this report. The September report estimated costs of £0.100m and recommended these be met from reserves, which are currently above the minimum level required so could support these costs. Since the September committee the costs falling in 2019/20 have been revised and are estimated at £0.080m. The committee are asked to recommend that Policy & Resources Committee agree that this is met from HRA reserves.
- 4.4 The proposed HRA budget for 2020/21 is shown in Appendix 2 with the main budget variations, areas for investment and other changes in resources.
- 4.5 The budget proposes the continuation of the funding for youth services to support ongoing work across council housing estates at £0.255m, including an allowance for inflation.
- 4.6 The budget also provides funding of £1.567m for the following new priority areas for investment. (Detailed in Appendix 2, note 3):
- A one-year investment of £0.142m to supplement the £0.250m that was put in place for the repairs programme to pay for the continuation of programme management resources associated with the set up, mobilisation and delivery of the new repairs and maintenance services. This will include delivery of support for the transfer of staff to the council, delivering improvements to the service in line with the objectives set with stakeholders in 2018 and further changes to the service including the procurement and implementation of works management systems for the in-house repairs service. Note that the £0.250m programme budget was originally added to the budget for 2018/19 and 2019/20 only, so this will be required for a further year to manage this large, complex change in this service;

- An increase in revenue resources of £0.252m to fund the staff required to support the delivery of 800 additional council homes in the city by April 2023. The need for this resource was agreed at Housing Committee in September 2019 as part of the Housing Supply Update Report;
- New revenue resources of £0.210m to increase the level of contribution to the bad debt provision. The level of arrears of current tenants has increased substantially during 2019/20, a high proportion of which is due to welfare reform changes around Universal Credit. This is highlighted further in the quarterly performance report to Housing Committee.
- An increase in revenue resources of £0.036m to create a welfare rights post, working with the council's Welfare Rights Team for the benefit of council tenants specifically to support them with changes around Universal Credit and other welfare benefits and to improve rent collection in the HRA;
- New revenue resources of £0.150m for the extra costs of decorating and carpeting senior homes when re-let, identified as part of our Seniors Housing Review, in order to attract more mutual exchanges and reduce empty property turnaround times. A further investment of £0.065m is also proposed to improve the security around some of the city centre estates which have become the target of anti-social behaviour and a further £0.032m is proposed to fund the council tax arising from seniors housing remaining empty for longer periods of time due to some seniors schemes becoming more difficult to let. We will continue to monitor the impact of this extra investment on measures to improve empty property turnaround times and the overall quality of seniors housing as part of our Seniors Housing Review;
- A sum of £0.630m to be set aside to allow all customer service, quality assurance and responsive repairs staff transferring from our existing provider under TUPE arrangements to become members of the Local Government Pension Scheme (LGPS). This sum may reduce in-year, depending on the level of take up; and
- Investment of £0.050m in the grounds maintenance service to enhance this service to residents. Service charges in 2020/21 will not reflect this cost increase but these will be reviewed as part of the budget setting process for 2021/22, once the new service is operating across the city.

4.7 The 2020/21 budget also provides for a range of other inflationary costs, pressures and income. These changes in resources are listed under 'Other Changes' in Appendix 2 and are described in Note 4. This year sees many variations due to the changes to the repairs and maintenance service and the council's decision to bring the responsive repairs and empty properties service and the repairs customer service contact centre in-house. The revenue budgets for repairs formerly consisted of payments to the contractor (Mears) shown under the 'premises – repairs' heading in Appendix 2. However, for 2020/21, new budgets have been created for the new in-house employees, materials, and vehicle costs as well as extra support service costs to the HRA to reflect the increased number of staff directly employed by the council. Any cost over and above the current budget resource is reflected as a service pressure. An element of contingency has also been included to allow for any additional or as yet unidentified costs arising from such a fundamental change to the service.

- 4.8 The budget proposals include an increase in leaseholder service charge income of £1.516m. This reflects the volume of work that will be billed in 2020/21 following a full review of the works forecast to be completed by March 2020 at the end of the current contract for Repairs & Improvement. A number of significant projects will complete this financial year and the associated service charges will be billed to leaseholders in September 2020.
- 4.9 The net revenue budget results in an initial surplus of £23.716m which is then used to provide 'Direct Revenue Funding' (shown within expenditure at Appendix 2) in support of the capital programme. This year's capital programme has been reduced slightly, discussed in section 5 below, to reflect the significant changes being made to the current contractual arrangements for planned and major works to council dwellings and the mobilisation of a number of new contracts which will take time to build up to full delivery. Therefore, this budget includes a proposal to set aside £2.900m in a new capital reserve which will be used in 2021/22 to 'catch up' on improving the council stock.
- 4.10 The budget also proposes a new earmarked reserve of £1.010m to be used to reduce rent levels for homes purchased through the Homes Purchase Policy to either social rents (5 properties) or the 27.5% living wage rent.
- 4.11 Social rents for council homes 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. The MHCLG has announced an increase to social housing rents limited to the September Consumer Price Index (CPI) plus 1% for 5 years from 2020/21. The CPI at September 2019 is 1.7% and therefore this budget proposes rent increases of 2.7%. Prior to this, tenants have seen a 1% reduction in their rent each year for the last 4 years. This means that for 2020/21, the average rent will increase from £84.09 to £86.36, an average rent increase of £2.27 per week. This is identified in Appendix 2 (note 4).
- 4.12 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 2020/21 are set out in Appendix 3.
- 4.13 For 2020/21, most service charge increases are below or close to the current levels of inflation with the exception of the electricity charges. Unfortunately, the unit prices for electricity are set to rise significantly for the second half of 2019/20 and 2020/21. On average, tenants will see an increase of 7% for communal electricity service charges and 7.6% for electrical heating charges. However, the council continues to replace light bulbs in communal areas with low energy LED bulbs and fit automatic lighting where suitable and this is helping to mitigate costs by reducing the level of consumption. Electricity prices



are expected to continue rising at approximately 5% annually for the foreseeable future. Appendix 3 shows the estimated average service charge paid per week for each service and the average increase.

4.14 The projected level of HRA reserves at 1<sup>st</sup> April 2020 and 31 March 2021 are shown in Appendix 2 (note 5). A minimum reserve of £3.000m is recommended to meet general legal and financial risks including higher than expected inflationary pressures, cost overruns, legal challenges and other contingencies. After taking this into account, current estimates mean that the level of usable reserves will be £2.648m at 31 March 2020. This is being held at this level in addition to the minimum reserve to allow for the following uncertainties:

- Levels of investment that may be required as a result of the outcome of the Grenfell fire Inquiry and the recommendations of the “Building a Safer Future” programme delivered by Ministry of Housing, Communities and Local Government (MHCLG) to improve safety and minimise the risk of fire in high rise buildings. The capital programme already includes £1.200m for new fire doors and £1.400m for sprinklers;
- The report to Housing & New Homes Committee in September 2018 on the future delivery of repairs and maintenance services identified a number of legal and financial risk areas, in particular around the set-up and TUPE costs of the new in-house repairs service;
- There are general risks around the stock condition which could give rise to a short term financial impact. Future changes to the Decent Homes Standard as set by the Ministry of Housing, Communities & Local Government may impact on the required investment levels in order to maintain 100% compliance with the standard.

The council's Section 151 Chief Finance Officer has reviewed the level of reserves and provisions in accordance with the principles of Section 25 of the Local Government Act 2003 and considers them to be adequate and reasonable for their purpose.

## **5 HRA CAPITAL PROGRAMME 2020/21**

5.1 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 Programme also reflects the end of the current Mears contract in March 2020 and arrangements being put in place to reflect recommendations agreed at Committee around the future delivery of planned maintenance and improvement programmes and major capital projects to council housing stock.

5.2 This report recommends that for 2020/21, a budget of £19.986m is approved for investment in existing housing stock and a further £20.134m for the new supply of affordable housing. The proposed budget for investment in existing housing stock is lower than last year's budget for a number of reasons: Firstly, the capital programme included a contractual sum of £1.500m, split over all the capital schemes, for 'establishment costs' of overheads and contract management by Mears. As the service is now being reorganised and most of

this work will now be carried out in-house, this budget has been moved to the revenue repairs budget. Secondly, as mentioned below, the Estate Development Budget (EDB) of £0.180m and £0.200m of the Environmental Improvement Budget have now been included as revenue budgets, reducing the capital programme. The planned programme for the next three years is being finalised over the coming months to reflect the investment required in the stock informed by a recently commissioned Stock Condition Survey. The mobilisation of a number of new repairs contractors during 2020/21 means that there will be a reduced capital spend in 2020/21 and a higher total of £26.734m in 2021/22. Therefore the budget includes proposals to include a capital 'catch up' reserve of £2.900m to be used in 2021/22 to ensure the continued programme of improvements for council homes.

- 5.3 The total proposed programme for 2020/21 and the funding arrangements totalling £58.383m are shown in Appendix 4. This programme includes budget of £18.263m that has already been approved, for example, where individual scheme approval has been sought for new build schemes or where budgets for existing schemes have been reprofiled, as approved by Policy & Resources Committee.
- 5.4 The 2020/21 programme continues to prioritise the council's landlord obligations with regards to health and safety, including continuing to review and enhance fire safety measures for residents and those visiting or working on council homes. 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. This budget continues to support funding for enhanced works to reduce fire risk, in particular support for the proposed projects to install sprinklers in high rise blocks (subject to consultation with residents), as set out in previous committee reports.
- 5.5 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.
- 5.6 The Estates Development Budget (EDB) is no longer part of the HRA capital programme. Examination of expenditure over a number of years indicates that most expenditure has been of a revenue nature and therefore this year the revenue budget includes £0.247m for EDB within the employee and supplies & services headings as this service will transfer in-house from Mears. This budget adjustment is shown in Appendix 2 (note 4). The current budget strategy uses EDB reserves to support this over a further 2 years, augmenting this budget to a total of £0.354m for 2020/21 and £0.282m for 2021/22. A reserves table is shown in Appendix 2 (note 5).
- 5.7 The approved capital programme for 2019/20 included new investment in environmental improvements around estates of £0.400m. A total budget of

£0.500m was approved for this work, £0.400m in the capital programme and £0.100m in revenue. This level of investment continues in the proposals for 2020/21, however, this budget proposes that £0.200m is included in the capital programme and £0.300m in the revenue budget, given the nature of spend to date.

- 5.8 The Housing Fire Health & Safety Update report to Housing & New Homes Committee on 19 September 2018 updated members on our continued joint work with East Sussex Fire & Rescue Service (ESFRS) in response to housing fire health & safety matters arising following the Grenfell Tower tragedy. In particular, concerning fire doors. In light of this, the programme also includes a provisional sum of £1.200m in 2020/21 and 2021/22 for potential additional works arising from the government's review of the Grenfell fire tragedy. This is supported by the delivery of a new contract for the replacement of doors.
- 5.9 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. Housing Committee will be discussing a proposal for a ground source heat pump at Elwyn Jones Court which is estimated to pay for itself within 8 years, enhance thermal comfort for residents and reduce the city's carbon footprint.
  - To continue working closely with residents to help increase levels of resident satisfaction with the quality of their home and neighbourhood and to support proactive investment in and maintenance of our council housing stock to enable a preventative approach that allows for the ongoing reduction in the level of responsive repair need.
- 5.10 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. A range of approaches are undertaken to ensure best value including replacement and part modernisation to ensure the reliable operation of lifts across the city.

- 5.11 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. In line with the Housing Committee Work Plan, we will work collaboratively to ensure housing contributes to making the city carbon neutral by 2030. This includes developing a new solar PV and energy efficiency strategy for council homes. This budget proposes to invest £0.100m in solar (PV) panels in 2020/21 with a commitment to bringing a detailed report to Housing Committee for discussion in June 2020 which will include a full Equalities Impact Assessment and options for funding with the aim of introducing a programme of works for 2021/22 and 2022/23.
- 5.12 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. The service 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 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 additional council homes in the city.
  - Improving supply of additional council homes through best use of existing HRA assets including the conversions / Hidden Homes programme.
  - Development and delivery of more council owned Temporary Accommodation.
  - The recently approved and amended HRA Home Purchase Policy to further support the delivery of additional council homes including a budget of £15.612m to purchase approximately 65 homes during 2020/21 (depending on size and condition) and a commitment to continue at this level during 2021/22 subject to funding being available. Sourcing 65 homes that represent good value for money as well as meeting housing need will be a challenge and therefore, if there is any underspend on this budget for 2020/21, this can be re-profiled for use in 2021/22.
  - The proposal to set up a new housing delivery team to accelerate the supply of affordable housing in the city as agreed at Housing Committee and outlined in paragraph 4.6.

## **6 HRA MEDIUM TERM & 30 YEAR FINANCIAL FORECASTS**

- 6.1 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.

- 6.2 The medium term and 30 year financial forecasts are provided in Appendix 5 along with the business planning assumptions used for income and expenditure.
- 6.3 Since the Government removed the restrictions on borrowing in the HRA in October 2018, the council has developed plans to build and purchase additional council homes in the City. The current plans to deliver 800 additional council homes in the city by April 2023 have been incorporated in the capital programme 2020/21 – 2022/23 as well as the 30 Year business plan.
- 6.4 Essentially, the financial plan shows that the HRA has healthy financial indicators to borrow to source future funding for regeneration and development. However, any borrowing must remain affordable. This means that each scheme should be funded either from the new rental stream (net of any management and maintenance costs) or from current tenants' rents, rent rebates (Housing Benefits) and service charges. The current 30 year forecast assumes £179.877m for building and purchasing of new homes in the next five years to 2024/25.
- 6.5 Revenue reserves have been maintained in the business plan at a minimum of £5.458m for the time being but this will be revised annually.
- 6.6 The MHCLG has announced an increase to social housing rents limited to the Consumer Price Index (CPI) plus 1% for 5 years from 2020/21. Therefore, the 30 year business plan shown at Appendix 5 assumes rent increases of CPI plus 1% for 5 years from 2020/21 and increases at CPI thereafter. Assuming other factors remain stable, this will help to sustain the HRA in the medium term.
- 6.7 Alternative options and delivery mechanisms for new build and regeneration funding outside the HRA are still 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.
- 6.8 There are still some uncertainties which may have a significant impact on the long term health of the financial plan, such as:
- 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. These reforms are expected to affect many tenants' ability to pay their rent and current arrears have risen significantly in 2019/20 which is why this budget proposes to increase the contribution to the bad debt provision by £0.210m. However, it continues to be difficult to accurately predict to what extent this will impact on HRA resources longer term. The budget also proposes an extra member of staff to undertake proactive work with tenants to support them with welfare advice to help reduce rent arrears.
  - Uncertainty of future rent policy. Even though there has been an announcement to allow increases in rents of CPI plus 1% for five years, any future rent policy may reduce or freeze rent increases.

- Any additional investment requirements arising from any legislative or regulatory changes following post Grenfell Tower tragedy reviews and the MHCLG review of the Decent Homes Standard.
- The introduction of an in-house responsive repairs and empty property refurbishment service. The current budget for 2020/21 has built in some contingencies and one-off resources to assist with the new contractual arrangements and the mobilisation of this service. However, there continue to be some uncertainties around certain costs such as TUPE costs and ICT costs and therefore general reserves are being retained at a high level.

6.9 The 30 year financial plan will continue to be updated in 2020/21 to reflect the 2020/21 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.

## **7 ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS**

7.1 The budget process allows all parties to engage in the scrutiny of budget proposals and put forward viable alternative budget proposals to Budget Council on 27 February 2020. Budget Council has the opportunity to debate both the proposals recommended by Policy & Resources Committee at the same time as any viable alternative proposals.

The government annually sets a limit rent, set to include CPI plus 1% increase, 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.

## **8 COMMUNITY ENGAGEMENT & CONSULTATION**

8.1 The HRA budget task and finish group, made up of the Chair and opposition spokespersons of the Housing 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 2020/21 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. Some of these items are currently under consultation with residents and some are in progress with proposals included in this budget report.

8.2 There has been considerable consultation with residents (tenants and leaseholders) that have informed budget decisions. For example, there was recent detailed consultation regarding the insourcing of repairs and maintenance. This forms a significant part of the budget, and the consultation put residents very much at the heart of the council's deliberations in a quest to deliver improved services. There has also previously been consultations with residents on the council's asset management strategy, which will be repeated in the next year or so. A statistically representative sample of tenants also took part in the Survey of Tenants and Residents (STAR survey), which identified a reduction in the levels of satisfaction with communal areas. More recently residents have also been consulted on their priority areas for improving the

public areas of estates. The results informed the budget priorities for the current year, and will continue for the next two years.

## **9 CONCLUSION**

- 9.1 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, break-even revenue budget and recommends rent proposals in line with current government guidance.
- 9.2 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.

## **10 FINANCIAL & OTHER IMPLICATIONS:**

### Financial Implications:

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

*Finance Officer Consulted: Monica Brooks*  
*January 2020*

*Date: 6<sup>th</sup>*

### Legal Implications:

- 10.2 In its landlord role, the council has contractual obligations to its tenants and leaseholders to maintain the structure of its housing stock. These obligations are complemented by statutory duties in the Landlord and Tenant Act 1985 as amended. The council must comply with other statutory regimes, including those relating to health and safety, legionella and fire safety. It is likely that further statutory requirements will be imposed if the Building Safety Bill and Fire Safety Bill announced in the recent Queen's Speech are enacted. The measures outlined in the report will assist the council in discharging those duties.

The Housing and Local Government Act 1989 regulates the HRA. The requirement in the Act to set a balanced budget is referenced in sections 4.1 and 9.1 of the report.

*Lawyer Consulted: Liz Woodley*

*Date: 31/12/19*

### Equalities Implications:

- 10.3 The HRA budget funds services to people with a range of needs including related to 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:

- 10.4 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.
- 10.5 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:

- 10.6 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 the risks around build cost inflation and future governments social rent policy ;
  - Managing interest rate fluctuations and the debt portfolio;
  - Long term capital and maintenance responsibilities compared with available resources;
  - Balancing regeneration and redevelopment needs with tenants' priorities.

## **SUPPORTING DOCUMENTATION**

**Appendices:**

1. Appendix 1: HRA Revenue Forecast Outturn 2019/20 (Month 9)
2. Appendix 2: HRA Budget 2020/21
3. Appendix 3: Fees and Service Charges 2020/21
4. Appendix 4: Capital Programme and Funding 2020/21 – 2022/23
5. Appendix 5: HRA Medium Term Financial Strategy & 30 Year Financial Forecast

**Documents in Members' Rooms**

None

**Background Documents**

None



## Appendix 1 – Forecast Outturn 2019/20 at Month 9

|                                    | <b>2019-20<br/>Forecast<br/>Outturn</b> |
|------------------------------------|---|
| <b>Note</b>                        | <b>1</b>                                |
|                                    | <b>£'000</b>                            |
| <b>SUBJECTIVE ANALYSIS</b>         |   |
| <b>Expenditure</b>                 |   |
| Employees                          | 9,449                                   |
| Premises - Repairs                 | 9,526                                   |
| Premises - Other                   | 2,613                                   |
| Transport                          | 101                                     |
| Contribution to Bad Debt Provision | 411                                     |
| Supplies & Services                | 1,792                                   |
| Support Services                   | 3,649                                   |
| Third Party Payments               | 179                                     |
| Direct Revenue Funding             | 25,080                                  |
| Capital Financing Costs            | 5,999                                   |
| <b>Total Expenditure</b>           | <b>58,799</b>                           |
| <b>Income</b>                      |   |
| Rents Dwellings                    | (50,926)                                |
| Rents Car Parking / Garages        | (995)                                   |
| Commercial Rents                   | (530)                                   |
| Service Charges                    | (6,318)                                 |
| Other Recharges & Income           | (325)                                   |
| <b>Total Income</b>                | <b>(59,094)</b>                         |
| <b>DEFICIT / (SURPLUS)</b>         | <b>(295)</b>                            |
| <b>OBJECTIVE ANALYSIS</b>          |   |
| Housing Management & Support       | 4,291                                   |
| Income, Inclusion & Improvement    | (46,918)                                |
| Tenancy Services                   | 2,312                                   |
| Property & Investment              | 8,719                                   |
| Head of Regeneration               | 286                                     |
| Capital Financing                  | 31,015                                  |
| <b>DEFICIT / (SURPLUS)</b>         | <b>(295)</b>                            |

| <b>Note 1 – Key variances</b>   | <b>£'000</b> |
|---|--------------|
| A lower than expected level of leasehold service charge for 2019/20 is expected. Due to some projects taking longer to complete a lower level of work has been billed for in 2019/20, the remainder is forecast for billing in 2020/21. | 800          |
| Net overspend on premises and supplies and services across the HRA.   | 125          |
| Rental income is higher than budget assumptions. Also reduced level of rent lost through voids.   | (610)        |
| Lower interest charges as a result of significant re-profiling of HRA capital expenditure from 2018/19 into 2019/20 impacting on the timing of when borrowing is required.  | (320)        |
| Current underspend on Transfer Incentive Scheme due to the complexities of cases coming forward.  | (100)        |
| Net underspend of employee costs as a result of an increase in capitalisation of costs and staff vacancies.   | (190)        |
| <b>TBM Month 9 Variance</b>   | <b>(295)</b> |



## Appendix 2 – HRA Revenue Budget 2020/21

|  | 2019-20<br>Adjusted<br>budget | Budget Changes |          |                                    |                  | 2020-21<br>Original<br>Budget |
|--|-------------------------------|----------------|----------|------------------------------------|------------------|-------------------------------|
|  |                               | Inflation      | Savings  | Investment<br>& Re-<br>investments | Other<br>Changes |                               |
| Note                                       |                               | 1              | 2        | 3                                  | 4                |                               |
|  | £'000                         | £'000          | £'000    | £'000                              | £'000            | £'000                         |
| <b>SUBJECTIVE ANALYSIS</b>                 |                               |                |          |                                    |                  |                               |
| <b>Expenditure</b>                         |                               |                |          |                                    |                  |                               |
| Employees (data a)                         | 9,738                         | 205            | 0        | 925                                | 4,771            | 15,639                        |
| Premises - Repairs                         | 9,526                         | 180            | 0        | 150                                | (5,263)          | 4,593                         |
| Premises - Other                           | 2,643                         | 53             | 0        | 82                                 | (30)             | 2,748                         |
| Transport                                  | 118                           | 1              | 0        | 0                                  | 852              | 971                           |
| Contribution to Bad Debt Provision         | 367                           | 4              | 0        | 210                                | (22)             | 559                           |
| Supplies & Services                        | 1,839                         | 12             | 0        | 65                                 | 1,454            | 3,370                         |
| Support Services (data b)                  | 3,522                         | 7              | 0        | 135                                | 557              | 4,221                         |
| Third Party Payments                       | 124                           | 2              | 0        | 0                                  | 20               | 146                           |
| Direct Revenue Funding                     | 25,083                        | 0              | 0        | 0                                  | (1,367)          | 23,716                        |
| Capital Financing Costs                    | 6,255                         | 0              | 0        | 0                                  | 2                | 6,257                         |
| <b>Total Expenditure</b>                   | <b>59,215</b>                 | <b>464</b>     | <b>0</b> | <b>1,567</b>                       | <b>974</b>       | <b>62,220</b>                 |
| <b>Income</b>                              |                               |                |          |                                    |                  |                               |
| Rents Dwellings                            | (50,397)                      | (1,344)        | 0        | 0                                  | 24               | (51,717)                      |
| Rents Car Parking / Garages                | (935)                         | (19)           | 0        | 0                                  | 0                | (954)                         |
| Commercial Rents                           | (530)                         | (70)           | 0        | 0                                  | 0                | (600)                         |
| Service Charges                            | (7,098)                       | 0              | 0        | 0                                  | (1,534)          | (8,632)                       |
| Other Recharges & Income                   | (255)                         | (2)            | 0        | 0                                  | 0                | (257)                         |
| Contribution from Useable Revenue Reserves | 0                             | 0              | 0        | 0                                  | (60)             | (60)                          |
| <b>Total Income</b>                        | <b>(59,215)</b>               | <b>(1,435)</b> | <b>0</b> | <b>0</b>                           | <b>(1,570)</b>   | <b>(62,220)</b>               |
| <b>DEFICIT / (SURPLUS)</b>                 | <b>0</b>                      | <b>(971)</b>   | <b>0</b> | <b>1,567</b>                       | <b>(596)</b>     | <b>0</b>                      |
| <b>OBJECTIVE ANALYSIS</b>                  |                               |                |          |                                    |                  |                               |
| Housing Management & Support               | 4,521                         | 20             | 0        | 0                                  | (598)            | 3,943                         |
| Income, Inclusion & Improvement            | (46,303)                      | (1,208)        | 0        | 210                                | 415              | (46,886)                      |
| Tenancy Services                           | 2,162                         | 49             | 0        | 183                                | 303              | 2,697                         |
| Property & Investment                      | 7,969                         | 163            | 0        | 1,128                              | 662              | 9,922                         |
| Head of Regeneration                       | 291                           | 5              | 0        | 46                                 | 9                | 351                           |
| Capital Financing                          | 31,360                        | 0              | 0        | 0                                  | (1,387)          | 29,973                        |
| <b>DEFICIT / (SURPLUS)</b>                 | <b>0</b>                      | <b>(971)</b>   | <b>0</b> | <b>1,567</b>                       | <b>(596)</b>     | <b>0</b>                      |

## Appendix 2 – HRA Revenue Budget 2020/21

### Note 1 Inflation:

Inflation of 2% has been applied to Direct Employees, and 1% to Premises, Transport and Supplies & Services. Adjustments are made to specific areas based on known inflation above or below the standard 1% 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:

**There are no savings in the budget for 2020/21 due to the nature of the new repairs service and the level of uncertainty over costs.**

### Note 3 Service Pressures and Priority Areas for Investment:

|   | £'000        |
|---|--------------|
| One year only staff resources required for the continued set up and mobilisation of new repairs service | 142          |
| Increase in staff resources to support the delivery of new housing supply                               | 117          |
| Increase in Support Services for the delivery of new housing supply                                     | 135          |
| Increase in contribution to bad debt provision  | 210          |
| Additional post required for Welfare services   | 36           |
| Continue to replace carpets and decorate seniors housing properties when empty to improve lettings.     | 150          |
| Increase in costs of council tax to cover the void periods for Seniors Housing                          | 32           |
| Increase in security around estates to reduce anti-social behaviour                                     | 65           |
| Offer of enhanced pension for all staff transferring from Mears   | 630          |
| Grounds Maintenance - review of service provision   | 50           |
| <b>Total Service Pressures and priority areas for investment</b>  | <b>1,567</b> |

## Appendix 2 – HRA Revenue Budget 2020/21

### Note 4 Other Changes:

| Other Changes   | £'000        |
|---|--------------|
| Additional employee costs most of which is as a result of the new in-house repairs service                      | 4,771        |
| Reduction in repairs contract costs as a result of the new in-house service                                     | (5,263)      |
| Costs of new vehicle fleet for in-house service   | 852          |
| Costs of materials budgets and general office costs for the new in-house service                                | 1,454        |
| Support service costs largely as a result of new in-house repairs team  | 497          |
| Cost of legal officer post to support additional work relating to Homes (Fitness for Human Habitation) Act 2018 | 60           |
| Change to Direct Revenue Funding  | (1,367)      |
| More service charges from Leaseholders due to lower billing in 2019/20  | (1,516)      |
| Net decrease in rental income from 53 week rents in 219/20 net of sales, disposals and new home rents.          | 24           |
| Other   | (48)         |
| Contribution from useable revenue reserves to fund an additional legal officer post                             | (60)         |
| <b>Total Other Changes</b>  | <b>(596)</b> |

### Note 4 Projected Reserves:

| Description   | Balance at 1 April 2019 £'000 | Projected Balance at 1 <sup>st</sup> April 2020 £'000 | Projected Balance at 31 March 2021 £'000 | Use   |
|---|-------------------------------|---|--|---|
| Revenue Reserves - Working Balance                                | 3,000                         | 3,000   | 3,000                                    | Minimum working balance requirement   |
| Useable Revenue Reserves  | 4,503                         | 2,648   | 2,070                                    | This reflects the use of £0.060m HRA revenue funding to restore a legal officer post, to support additional work arising as a result of the 'Homes (Fitness for Human Habitation) Act 2018. |
| Rent Support Reserve  | 1,050                         | 800   | 0  | Earmarked reserve to reduce rent charges for new properties purchased.  |
| New Rent Support Reserve  | 0                             | 0   | 0  | Contribution from 2020/21 resources of £1.010m to reduce rent charges for new properties purchased is planned to be fully used in year.   |
| Capital reserve for use in 2021/22                                | 0                             | 0   | 2,900                                    | Contribution from 2020/21 resources of £2.900m earmarked for capital expenditure in 2021/22.  |
| Mobilisation and set-up costs of new in-house service for repairs | 982                           | 482   | 0  | Earmarked reserve   |
| EDB reserves  | 312                           | 142   | 35                                       | Earmarked allocation for EDB  |
| Restructure Redundancy Reserve                                    | 388                           | 388   | 388                                      | Earmarked reserve   |
| HRA - Renewable Energy Projects                                   | 194                           | 144   | 94                                       | Capital programme funding   |
|   | <b>10,429</b>                 | <b>7,604</b>  | <b>8,487</b>                             |   |

## Appendix 2 – HRA Revenue Budget 2020/21

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

The table below includes FTE numbers for the proposed service pressures.

|   |              |
|---|--------------|
| <b>Original FTE 2019/20</b>   | <b>299.5</b> |
| Property & Investment structure changes 19/20   | (1.5)        |
| <b>Changes for 2020/21</b>  |              |
| New repairs contract (Mears TUPE staff)   | 163.2        |
| Resident Engagement increase  | 0.2          |
| Support service posts   | 3.6          |
| Increase in client side resources for repairs (was formerly work carried out under Mears contract)    | 10.0         |
| <b>Service Pressures</b>  |              |
| Increase in FTE in Estate Regeneration (net)  | 1.7          |
| Property & Investment - new housing supply  | 2.0          |
| Tenancy Service welfare support service   | 1.0          |
| Programme Management for continued mobilisation of new repairs and maintenance services (1 year only) | 8.0          |
| <b>2020/21 Proposed FTEs</b>  | <b>487.7</b> |

## Appendix 2 – HRA Revenue Budget 2020/21

### Data Table B - Support Service and Other Charges Analysis

The table below provides a breakdown of the support service charges for 2020/21 and compares this to 2019/20.

| Charging Service               | Budget<br>2019/20<br>£'000 | Budget<br>2020/21<br>£'000 |
|--------------------------------|----------------------------|----------------------------|
| <b>Support Functions:</b>      |                            |                            |
| Insurance Costs                | 886                        | 837                        |
| ICT                            | 671                        | 967                        |
| Finance                        | 212                        | 320                        |
| Legal                          | 313                        | 310                        |
| Democratic                     | 238                        | 243                        |
| Human Resources                | 177                        | 326                        |
| Property                       | 107                        | 198                        |
| Tenancy Fraud                  | 62                         | 64                         |
| Procurement                    | 50                         | 109                        |
| Business Operations            | 42                         | 91                         |
| Communications                 | 25                         | 25                         |
| Director                       | 17                         | 18                         |
| <b>Other charges:</b>          |                            |                            |
| Youth Service                  | 250                        | 255                        |
| Discretionary Community Grants | 145                        | 145                        |
| Disabled Adaptations           | 118                        | 120                        |
| Field Officer support          | 50                         | 50                         |
| Family Coach funding           | 38                         | -                          |
| Apprenticeship Levy            | 31                         | 31                         |
| Homing in and Area Panels      | 29                         | 30                         |
| Energy Efficiency Support      | 26                         | 26                         |
| Pest Control Services          | -                          | 40                         |
| Noise Pollution                | 16                         | 16                         |
| <b>Total</b>                   | <b>3,503</b>               | <b>4,221</b>               |





### 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 2020/21 are detailed below. Please note that for the comparable 2019/20 figures, the average weekly charge may differ from the previous year's budget report as a result of stock changes (for example new builds and Right to Buy Sales).

| <b>Service Charges Eligible for Housing Benefit</b> | <b>Tenants Charged (No.)</b> | <b>Approx. not eligible for Housing Benefit (No.)</b> | <b>2019/20 Average Weekly Charge £</b> | <b>2020/21 Average Weekly Charge £</b> | <b>Average Increase/D decrease £</b> | <b>Average Increase/D decrease %</b> | <b>Comments</b>   |
|---|------------------------------|---|--|--|--------------------------------------|--------------------------------------|---|
| <b>Communal Cleaning</b>                            | 5,284                        | 2,405   | £2.93                                  | £3.03                                  | £0.10                                | 3.4%                                 | The increase reflects pay and price inflation.  |
| <b>Door Entry Servicing and Maintenance</b>         | 4,286                        | 1,907   | £0.49                                  | £0.50                                  | £0.01                                | 2.0%                                 | The increase reflects annual contract inflation.  |
| <b>Electricity - Communal Ways</b>                  | 5,323                        | 2,425   | £0.89                                  | £0.95                                  | £0.06                                | 7.0%                                 | The change is mainly as a result of higher electricity prices.                          |
| <b>Grounds Maintenance</b>                          | 5,645                        | 2,369   | £0.72                                  | £0.73                                  | £0.01                                | 2.0%                                 | The increase reflects annual contract inflation.  |
| <b>Lift Servicing and Maintenance</b>               | 2,480                        | 861   | £0.94                                  | £0.98                                  | £0.04                                | 4.0%                                 | The increase reflects annual contract inflation.  |
| <b>Seniors Housing - Common Ways</b>                | 875                          | 167   | £8.84                                  | £9.01                                  | £0.17                                | 1.9%                                 | The increase reflects pay and price inflation.  |
| <b>Seniors Housing - Intensive Management</b>       | 871                          | 164   | £21.89                                 | £22.02                                 | £0.13                                | 0.6%                                 | The increase is mainly due to increased staff costs (a nationally agreed pay increase). |
| <b>Seniors Housing - Laundry</b>                    | 848                          | 160   | £1.70                                  | £2.00                                  | £0.30                                | 17.6%                                | The increase reflects the need to recover the costs of laundries.                       |

| <b>Service Charges Eligible for Housing Benefit</b>     | <b>Tenants Charged (No.)</b> | <b>Approx. not eligible for Housing Benefit (No.)</b> | <b>2019/20 Average Weekly Charge £</b> | <b>2020/21 Average Weekly Charge £</b> | <b>Average Increase/D decrease £</b> | <b>Average Increase/D decrease %</b> | <b>Comments</b>   |
|---|------------------------------|---|--|--|--------------------------------------|--------------------------------------|---|
| <b>TV Aerials</b>                                       | 5,679                        | 2,378   | £0.78                                  | £0.79                                  | £0.01                                | 1.3%                                 | The increase reflects annual contract inflation.  |
| <b>Video Entry Servicing and Maintenance</b>            | 146                          | 60  | £0.98                                  | £1.00                                  | £0.02                                | 2.0%                                 | The increase reflects annual contract inflation.  |
| <b>Service Charges NOT Eligible for Housing Benefit</b> |                              |   |  |  |                                      |                                      |   |
| <b>Communal Heating – Electricity</b>                   | 79                           | N/A   | £10.21                                 | £10.98                                 | £0.77                                | 7.6%                                 | The change is the result of forecast higher electricity prices.                         |
| <b>Communal Heating – Gas</b>                           | 1,206                        | N/A   | £6.81                                  | £6.77                                  | -£0.04                               | -0.5%                                | The change is the result of forecast higher gas prices but lower levels of consumption. |
| <b>Garages and Car Parking</b>                          | 2,762                        | N/A   | £9.21                                  | £9.39                                  | £0.18                                | 2.0%                                 | The increase reflects pay and price inflation.  |
| <b>Mobility Scooter and Cycle Storage</b>               | 35                           | N/A   | £2.50                                  | £2.50                                  | £0.00                                | 0.0%                                 | No change is proposed for 2020/21.  |
| <b>Seniors Housing - Guest Rooms</b>                    | N/A                          | N/A   | £15.00                                 | £15.50                                 | £0.50                                | 3.3%                                 | This increase reflects inflation as there was no increase for 2019/20.                  |
| <b>Water Charges</b>                                    | 240                          | N/A   | £4.60                                  | £4.69                                  | £0.09                                | 2.0%                                 | The increase is due to forecast inflation increase of 2% for water charges.             |

| EXPENDITURE   | For info                             | For Approval                  | For info                      |                            |                                  |                                  | Description  |
|---|--------------------------------------|-------------------------------|-------------------------------|----------------------------|----------------------------------|----------------------------------|--|
|   | P&R<br>Original<br>Budget<br>2019/20 | Proposed<br>Budget<br>2020/21 | Profiled<br>Budget<br>2020/21 | Total<br>Budget<br>2020/21 | Provisional<br>Budget<br>2021/22 | Provisional<br>Budget<br>2022/23 |  |
|   | £'000                                | £'000                         | £'000                         | £'000                      | £'000                            | £'000                            |  |
| <b>Improving Housing Quality</b>  |                                      |                               |                               |                            |                                  |                                  |  |
| Door Entry Systems & CCTV   | 818                                  | 700                           |                               | 700                        | 697                              | 700                              | A long-term programme to replace door entry systems, where needed, as many are nearing the end of their serviceable life, with spare parts being difficult to source. This programme is reviewed, alongside the communal main entrance door programme to ensure value for money.   |
| Water Tanks, Ventilation, Lighting & Lightning Protection & Fire Alarms | 675                                  | 750                           |                               | 750                        | 611                              | 613                              | Projects help meet statutory requirements and ensure safety and welfare for residents through replacement and improvements.  |
| Lifts   | 921                                  | 417                           |                               | 417                        | 417                              | 419                              | The lift replacement and upgrade programme is a long-term commitment to council 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                                       | 4,070                                | 1,420                         | 1,400                         | 2,820                      | 1,781                            | 1,794                            | Effectively managing the risks of both fire and asbestos materials is an ongoing need. Includes both statutory requirements and provision for enhanced fire safety measures. In particular, including provision for a programme of retro-fitting of sprinklers, which continues, subject to consultation with residents. |
| Minor Capital Works   | 664                                  | 324                           |                               | 324                        | 323                              | 325                              | Investment in smaller capital repairs across the HRA stock as well as investing in car parks and garages.  |
| Roofing   | 1,927                                | 1,590                         |                               | 1,590                      | 1,113                            | 1,121                            | Helps to extend the life of assets, improves insulation and reduces responsive repairs.  |
| Condensation & Damp Works   | 392                                  | 250                           |                               | 250                        | 278                              | 280                              | Health and welfare of council residents is assisted by tackling issues arising from condensation and damp in properties  |
| Major Structural works  | 4,986                                | 2,795                         |                               | 2,795                      | 9,047                            | 5,823                            | Meeting our landlord obligations through maintaining the structural and general external integrity of properties.  |
| Seniors housing quality improvement works                               |                                      | 206                           |                               | 206                        |                                  |                                  | Seniors Housing are implementing the new agreed strategy to ensure ongoing quality of seniors schemes. This budget will kick-start initial improvements, whilst longer-term investment plans are progressed.   |
| Major Empty Property works  | 91                                   | 80                            |                               | 80                         | 111                              | 112                              | Extensive refurbishment of empty homes prior to re-letting.  |
| Cyclical Repairs & Decorations  | 3,420                                | 1,363                         |                               | 1,363                      | 2,543                            | 2,562                            | External and common way repairs and decorations across the city help reduce ongoing costs and keep properties well maintained. Property & Investment work closely with residents to ensure internal decorations in blocks are consistently delivered across the city.  |
| Future capital projects   | 112                                  | 457                           |                               | 457                        | 314                              | 314                              | Specialist and other surveys to support future programmes.   |

| EXPENDITURE  | For info                             | For Approval                  | For info                      |                            |                                  |                                  | Description  |
|--|--------------------------------------|-------------------------------|-------------------------------|----------------------------|----------------------------------|----------------------------------|--|
|  | P&R<br>Original<br>Budget<br>2019/20 | Proposed<br>Budget<br>2020/21 | Profiled<br>Budget<br>2020/21 | Total<br>Budget<br>2020/21 | Provisional<br>Budget<br>2021/22 | Provisional<br>Budget<br>2022/23 |  |
|  | £'000                                | £'000                         | £'000                         | £'000                      | £'000                            | £'000                            |  |
| <b>Brighton &amp; Hove Standard Works</b>                    |                                      |                               |                               |                            |                                  |                                  |  |
| Dwelling Doors   | 293                                  | 227                           |                               | 227                        | 250                              | 252                              | 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   | 1,671                                | 1,533                         |                               | 1,533                      | 1,692                            | 1,704                            | This budget helps to ensure homes comply with the Brighton & Hove Standard.  |
| Rewiring - Domestic/ Communal                                | 1,384                                | 1,227                         |                               | 1,227                      | 1,269                            | 1,278                            | Safe and reliable and compliant electrical installations and efficient lighting are supported from this budget.  |
| Windows  | 1,806                                | 965                           |                               | 965                        | 1,948                            | 1,289                            | Window replacement programmes meet the council's landlord obligations, improve energy efficiency, warmth and reduce ongoing repair costs.  |
| <b>Sustainability &amp; Carbon Reduction</b>                 |                                      |                               |                               |                            |                                  |                                  |  |
| Domestic/Communal Heating Improvements                       | 2,100                                | 2,104                         |                               | 2,104                      | 2,099                            | 2,103                            | Efficient and modern replacement heating systems improve thermal comfort, reduce carbon emissions and resident fuel costs.   |
| Housing Centre - Heating and Ventilation                     |                                      | 600                           |                               | 600                        |                                  |                                  | The new heating, cooling and ventilation system for the Housing Centre brings the opportunity to help deliver a more sustainable future. The aim is to significantly reduce the carbon emissions related to our service delivery activities through this investment. The existing system is in poor condition and is now not considered fit for purpose. |
| Elwyn Jones Court - Heating Project                          |                                      | 600                           |                               | 600                        |                                  |                                  | A low/zero carbon system of ground source heat pumps and new heating distribution system will bring benefits to both residents and the environment by reducing the need for fossil fuel use. The existing heating system is no longer considered fit for purpose and requires replacement.   |
| Home Energy Efficiency, Insulation improvements & Renewables | 662                                  | 264                           | 225                           | 489                        | 253                              | 203                              | Many homes now benefit from solar panels. This programme will help take up a range of opportunities to further improve the energy rating of our homes and to identify projects that will help move towards zero carbon from our service delivery activities by 2030.   |
| New Solar Panels Programme                                   |                                      | 100                           |                               | 100                        |                                  |                                  | Commencement of new solar programme.   |

| EXPENDITURE                                       | For info                             | For Approval                  | For info                      |                            |                                  |                                  | Description  |
|---|--------------------------------------|-------------------------------|-------------------------------|----------------------------|----------------------------------|----------------------------------|--|
|   | P&R<br>Original<br>Budget<br>2019/20 | Proposed<br>Budget<br>2020/21 | Profiled<br>Budget<br>2020/21 | Total<br>Budget<br>2020/21 | Provisional<br>Budget<br>2021/22 | Provisional<br>Budget<br>2022/23 |  |
|   | £'000                                | £'000                         | £'000                         | £'000                      | £'000                            | £'000                            |  |
| <b>Tackling Inequality</b>                        |                                      |                               |                               |                            |                                  |                                  |  |
| Estate Development Budget                         | 355                                  |                               |                               |                            |                                  |                                  | Budget of £0.247m now sits within revenue, reflecting the nature of spend against this budget. Residents are able to prioritise smaller projects through this continuing and well supported budget.  |
| Environmental Improvements                        | 400                                  | 200                           |                               | 200                        | 200                              | 200                              | This Budget funds environmental and communal area improvement work based on resident priorities. The total budget stands at <b>£0.500m</b> for 2020-21, with the capital portion of the budget being £0.200m and the remainder in the revenue budget to reflect the nature of spend. |
| Fencing   | 61                                   | 57                            |                               | 57                         | 56                               | 56                               | Maintaining and improving our neighbourhoods and estates.  |
| Disabled Aids & Adaptations                       | 1,150                                | 1,150                         |                               | 1,150                      | 1,150                            | 1,150                            | Enabling vulnerable residents continue to live independently in their homes through investment in housing adaptations.   |
| Conversions & Extensions                          | 551                                  | 537                           |                               | 537                        | 532                              | 534                              | Tackling overcrowding across the city is of key importance to ensure good quality housing.   |
| Housing ICT Budget                                | 1,200                                | 70                            |                               | 70                         | 50                               | 50                               |  |
| <b>Total Investment in existing Housing Stock</b> | <b>29,709</b>                        | <b>19,986</b>                 | <b>1,625</b>                  | <b>21,611</b>              | <b>26,734</b>                    | <b>22,882</b>                    |  |

| EXPENDITURE                                   | For info                    | For Approval            | For info                |                      |                            |                            | Description   |
|---|-----------------------------|-------------------------|-------------------------|----------------------|----------------------------|----------------------------|---|
|   | P&R Original Budget 2019/20 | Proposed Budget 2020/21 | Profiled Budget 2020/21 | Total Budget 2020/21 | Provisional Budget 2021/22 | Provisional Budget 2022/23 |   |
|   | £'000                       | £'000                   | £'000                   | £'000                | £'000                      | £'000                      |   |
| <b>Delivery of New Council Homes</b>          |                             |                         |                         |                      |                            |                            |   |
| New schemes                                   |                             | 2,760                   | 550                     | 3,310                | 53,507                     | 54,999                     | This is the forecast expenditure required to develop 405 new homes, across various sites in the city. These projects will be assessed and presented separately to Housing Committee.  |
| Converting spaces in existing buildings       | 1,578                       | 1,612                   | 400                     | 2,012                | 1,171                      | 1,870                      | Increasing housing supply through an ongoing Hidden Homes programme to deliver new homes by converting existing redundant spaces.   |
| Purchase of Emergency Temporary Accommodation | 3,500                       |                         |                         |                      |                            |                            |   |
| Other acquisitions                            |                             |                         | 1,448                   | 1,448                | 7,261                      |                            | Increasing housing supply through other acquisitions.   |
| Purchase properties                           | 7,000                       | 15,612                  |                         | 15,612               | 8,797                      | 12,543                     | Increasing housing supply through the expanded Home Purchase Policy.  |
| Design competition                            | 200                         |                         | 2,200                   | 2,200                |                            |                            | Increasing housing supply through the New Homes for Neighbourhoods programme. Total scheme budget approved for the development of 8 homes   |
| Oxford Street conversion                      | 1,125                       |                         | 600                     | 600                  |                            |                            |   |
| Redevelopment of vacant HRA garage sites      | 83                          |                         |                         |                      |                            |                            |   |
| Selsfield Drive                               | 5,109                       |                         | 3,246                   | 3,246                |                            |                            | Scheme due for completion in 2020/21.   |
| Buckley Close                                 | 2,583                       |                         | 47                      | 47                   |                            |                            | Increasing housing supply through the New Homes for Neighbourhoods programme. Total budget of £2.96m approved at December PR&G for the development of 12 homes.   |
| Victoria Road                                 | 1,972                       |                         | 8,147                   | 8,147                | 2,890                      |                            | Increasing housing supply through the New Homes for Neighbourhoods programme. Total budget of £12.914m approved at December PR&G for the development of 45 homes and the re-provision of a Sports Pavilion at Victoria Road, Portslade. |
| Tilbury Place                                 | 500                         |                         |                         |                      |                            |                            |   |
| Feasibility                                   | 227                         | 150                     |                         | 150                  | 150                        | 150                        | This budget funds the initial survey and consultancy work required to bring forward new developments.   |
| <b>Total Delivery of New Council Homes</b>    | <b>23,877</b>               | <b>20,134</b>           | <b>16,638</b>           | <b>36,772</b>        | <b>73,776</b>              | <b>69,562</b>              |   |

| EXPENDITURE   | For info                             | For Approval                  | For info                      |                            |                                  |                                  | Description   |
|---|--------------------------------------|-------------------------------|-------------------------------|----------------------------|----------------------------------|----------------------------------|---|
|   | P&R<br>Original<br>Budget<br>2019/20 | Proposed<br>Budget<br>2020/21 | Profiled<br>Budget<br>2020/21 | Total<br>Budget<br>2020/21 | Provisional<br>Budget<br>2021/22 | Provisional<br>Budget<br>2022/23 |   |
|   | £'000                                | £'000                         | £'000                         | £'000                      | £'000                            | £'000                            |   |
| <b>Total Programme</b>  | <b>53,586</b>                        | <b>40,120</b>                 | <b>18,263</b>                 | <b>58,383</b>              | <b>100,510</b>                   | <b>92,444</b>                    |   |
| <b>Programme Funding</b>  |                                      |                               |                               |                            |                                  |                                  |   |
| Revenue Contribution to Capital   |                                      | 23,716                        |                               | 23,716                     | 22,466                           | 23,637                           | Funding from revenue surpluses.   |
| Borrowing   |                                      | 13,835                        | 12,397                        | 26,232                     | 54,155                           | 51,335                           | Borrowing required mainly for new build development.  |
| HRA reserves  |                                      | 570                           |                               | 570                        | 3,550                            | 550                              | Useable revenue and capital reserves  |
| Capital Receipts  |                                      | 1,630                         | 4,991                         | 6,621                      | 12,275                           | 5,707                            | Retained RTB receipts for New Build   |
| Energy Grants/FITs  |                                      | 180                           |                               | 180                        | 180                              | 180                              | Funding received to support sustainability and carbon projects.   |
| Land Release Funding  |                                      |                               | 875                           | 875                        | 6,045                            | 11,035                           | Funding for works at Selsfield Drive and Victoria Road. £17m from Homes England for Moulsecoomb Hub.  |
| Commuted Sums   |                                      | 3,049                         |                               | 3,049                      | 1,839                            |                                  | Funding to support the purchase of properties through the Home Purchase Policy.   |
| Earmarked rent reserve  |                                      | 1,050                         |                               | 1,050                      |                                  |                                  | Earmarked reserve to fund the Home Purchase Policy as agreed by Housing Committee in September 2019, utilised to reduce rents on properties purchased by the council. |
| <b>Total Funding available</b>  |                                      | <b>44,030</b>                 |                               | <b>62,293</b>              |                                  |                                  |   |
| <b>Total Funding required</b>   | <b>53,586</b>                        | <b>40,120</b>                 | <b>18,263</b>                 | <b>58,383</b>              | <b>100,510</b>                   | <b>92,444</b>                    |   |
| <b>Excess Funding available</b>   |                                      | <b>3,910</b>                  |                               | <b>3,910</b>               |                                  |                                  | <b>Forecast balance available to support future programmes.</b>   |
| <b>To be used for:</b>  |                                      |                               |                               |                            |                                  |                                  |   |
| <b>New capital reserve for investment in existing housing stock 2021/22</b> |                                      | <b>2,900</b>                  |                               | <b>2,900</b>               |                                  |                                  | Reserve for use in capital programme 2021/22  |
| <b>New Rent Reduction Reserve</b>   |                                      | <b>1,010</b>                  |                               | <b>1,010</b>               |                                  |                                  | Rent reduction reserve  |





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

### Medium Term Financial Strategy (MTFS)

The Medium Term Financial revenue position provides a cumulative surplus of £69.819m that can be used to support the delivery of the Capital Programme during this period. The MTFS includes provision for bringing the repairs and maintenance back in house and is reflected in the increased management costs to account for the increase in staff requirements and also the increase in revenue repairs costs. The rental income includes increases of CPI+1%, outlined in the central government announcement in 2018.

### HRA Medium Term Financial Strategy

|                            | 2020/21         | 2021/22         | 2022/23         |
|----------------------------|-----------------|-----------------|-----------------|
| <b>Expenditure</b>         |                 |                 |                 |
| Management & Service Costs | 17,523          | 17,717          | 17,965          |
| Repairs and Maintenance    | 12,400          | 12,923          | 13,657          |
| Other Costs                | 1,169           | 1,185           | 1,208           |
| Borrowing costs            | 6,292           | 7,045           | 8,657           |
| <b>Total Expenditure</b>   | <b>37,384</b>   | <b>38,870</b>   | <b>41,487</b>   |
| <b>Income</b>              |                 |                 |                 |
| Rental Income              | (50,685)        | (52,726)        | (57,122)        |
| Service Charges (Tenants)  | (4,979)         | (5,023)         | (5,144)         |
| Other Income               | (5,436)         | (3,587)         | (2,858)         |
| <b>Total Income</b>        | <b>(61,100)</b> | <b>(61,336)</b> | <b>(65,124)</b> |
| <b>Net Revenue Income</b>  | <b>(23,716)</b> | <b>(22,466)</b> | <b>(23,637)</b> |

### **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. 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, the final year of this decrease was 2019/20. The government then announced in 2018 that social rents could be increased by a maximum of CPI+1% over a 5 year period commencing in 2020/21.

The current financial plan projections shown below continue to provide a balanced business plan and show surpluses of £226.810m over 30 years, which allows for regeneration and new investment within the HRA. This surplus has reduced since last year's plan mainly due to the provisions made for bringing the repairs and maintenance contract back in house and maintaining investment in stock at a similar level to last year's assumptions, supported by the data obtained from the asset management system. It also assumes that the repairs and maintenance and the capital investment programme are subject to inflation at RPI instead of the previously assumed CPI rate following advice from our business planning consultants. However, there are some uncertainties around the costs of the new repairs and maintenance service and as it becomes established, the business plan will be updated to reflect any efficiencies that the new service can make.

There are still some uncertainties due to government legislation which may have a significant impact on the long term health of the financial plan. These are outlined in section 6 of the main report.

### 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 1 to 30. Applied to the majority of costs and income in the HRA, with the only exceptions being the repairs and maintenance costs and capital investment programme which assumed to increase by the RPI rate.
- A general inflation of RPI assumed as an average of 2.6% for years 1 to 30.
- The forecast includes the council's commitment to deliver 800 homes over a 4 year period, with c.90 of these being bought forward during 2019/20. The plan includes the investment to deliver 710 over the next 3 years. The investment is assumed to be c.£179m utilising current and estimated right-to-buy receipts, commuted sums, potential grant funding and HRA borrowing. There is no further allowance for any future regeneration schemes beyond 2023/24.
- Rents are assumed to increase by CPI+1% for four years and revert to CPI thereafter.

The 30 year financial plan will continue to be updated to reflect the impact of the changes resulting from government legislation and the 2020/21 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.

|                                | <b>Years<br/>1-5</b> | <b>Years<br/>6-10</b> | <b>Years<br/>11-20</b> | <b>Years<br/>21-30</b> | <b>Total</b>       |
|--------------------------------|----------------------|-----------------------|------------------------|------------------------|--------------------|
|                                | <b>£'000</b>         | <b>£'000</b>          | <b>£'000</b>           | <b>£'000</b>           | <b>£'000</b>       |
| <b>Expenditure</b>             |                      |                       |                        |                        |                    |
| Management & Service Costs     | 90,839               | 100,838               | 234,072                | 285,030                | <b>710,779</b>     |
| Repairs and Maintenance        | 67,871               | 77,904                | 183,248                | 226,827                | <b>555,850</b>     |
| Other Costs                    | 6,052                | 6,673                 | 15,502                 | 18,896                 | <b>47,123</b>      |
| Borrowing costs                | 54,655               | 62,555                | 98,636                 | 96,989                 | <b>312,835</b>     |
| <b>Total Expenditure</b>       | <b>219,417</b>       | <b>247,970</b>        | <b>531,458</b>         | <b>627,742</b>         | <b>1,626,587</b>   |
| <b>Income</b>                  |                      |                       |                        |                        |                    |
| Rental Income                  | (283,736)            | (329,437)             | (745,130)              | (878,741)              | <b>(2,237,044)</b> |
| Service Charges (Tenants)      | (19,209)             | (21,139)              | (48,461)               | (58,009)               | <b>(146,818)</b>   |
| Other Income                   | (24,682)             | (21,606)              | (51,348)               | (67,741)               | <b>(165,377)</b>   |
| <b>Total Income</b>            | <b>(327,627)</b>     | <b>(372,182)</b>      | <b>(844,939)</b>       | <b>(1,004,491)</b>     | <b>(2,549,239)</b> |
| <b>Net Revenue Income</b>      | <b>(108,210)</b>     | <b>(124,212)</b>      | <b>(313,481)</b>       | <b>(376,749)</b>       | <b>(922,652)</b>   |
| <b>Capital Expenditure</b>     |                      |                       |                        |                        |                    |
| Capital investment programme   | 131,180              | 97,072                | 184,399                | 306,772                | <b>719,423</b>     |
| Development                    | 179,877              | -                     | 1,787                  | 3,985                  | <b>185,649</b>     |
| <b>Total Expenditure</b>       | <b>311,057</b>       | <b>97,072</b>         | <b>186,186</b>         | <b>310,757</b>         | <b>905,072</b>     |
| <b>Funded By:</b>              |                      |                       |                        |                        |                    |
| Other Capital Income           | (50,731)             | -                     | -                      | -                      | <b>(50,731)</b>    |
| Borrowing                      | (152,116)            | -                     | -                      | -                      | <b>(152,116)</b>   |
| HRA Reserves                   | (4,012)              | -                     | -                      | -                      | <b>(4,012)</b>     |
| Direct Revenue Funding         | (104,198)            | (97,072)              | (186,186)              | (310,757)              | <b>(698,213)</b>   |
| <b>Total Funding</b>           | <b>(311,057)</b>     | <b>(97,072)</b>       | <b>(186,186)</b>       | <b>(310,757)</b>       | <b>(905,072)</b>   |
| Opening HRA reserves           | (6,383)              | (6,383)               | (33,523)               | (160,818)              | <b>(6,383)</b>     |
| (To) / From Reserves           | 0                    | (27,140)              | (127,295)              | (65,992)               | <b>(220,427)</b>   |
| <b>Cash surplus at year 30</b> | <b>(6,383)</b>       | <b>(33,523)</b>       | <b>(160,818)</b>       | <b>(226,810)</b>       | <b>(226,810)</b>   |

27 February 2020

Brighton & Hove City Council

## **Budget Council 27 February 2020: Guidance Note: Setting a lawful budget for 2020/21**

### **Introduction**

Under section 30 (6) of the Local Government Finance Act 1992 the Council has a duty to set the **Council tax by 10 March 2020**. A failure to set the tax then does not in itself invalidate the tax demands but it has other adverse consequences including the potential loss of income to the council.

The legal obligations for setting the budget mean in practical terms that:

- Members should not put forward proposals that would mean setting an unlawful budget and therefore need to take officer advice in particular from legal and finance to ensure that proposals are in order;
- although the council corporately sets the budget, the council acts through Members collectively; each and every Member is therefore jointly and severally responsible for the setting of the budget; and
- wherever possible, Members are expected to facilitate rather than frustrate the setting of a lawful budget.

### **Before Budget Council**

- The Administration's budget proposals will have been worked up including all successful amendments from Budget Policy & Resources Committee with full service, financial and legal implications. They will have been incorporated in full into the main papers despatched for Budget Council.
- Other Groups' amendments will also have been evaluated by finance officers to determine the service, financial and legal implications of implementing those proposals. The proposals will have been held confidentially from the other political parties by the finance officers involved and all proposals had to have been **“signed off” by finance officers no later than 12 noon 5 working days before Budget Council. (i.e. by 12 noon Thursday 20 February 2020).**
- Only the Chief Executive and the Acting Chief Finance Officer (with appropriate officers from the finance team) will have been made aware of the full range of amendments being proposed and they will not be shared with any parties until after they had been given to the Group Leaders on Monday 24 February.
- The Chief Executive shall have a “brokering” role if this would appear to facilitate agreement on particular amendments or proposals.

- The Mayor will refuse to accept any amendment subsequently moved that has not been “signed off” by the Acting Chief Finance Officer (the council’s Chief Financial Officer).
- All amendments are shared **at 12noon on Monday 24 February** between the Group Leaders by the Head of Democratic Services.
- There will be a meeting of Group Leaders (attended by the Chief Executive, the Acting Chief Finance Officer and other relevant officers) **at 4:00pm on Wednesday 26 February** with a view to exploring agreement on proposed amendments.
- There will be a second meeting of Group Leaders, with relevant Officers as mentioned above, on **Thursday 27 February at 10:00 am**, unless the Chief Executive considers that, given any progress made on 26 February, it is not needed.
- Any variations to the amendments or any new amendments arising from the Leaders’ meetings shall be limited to grouping and repackaging of amendments or other changes providing that they do not, in the opinion of the Acting Chief Finance Officer, involve significant costing or evaluation that cannot reasonably be done within the available timescale.

Should Council fail to set the Council Tax on the 27 February 2020, a further meeting will need to be held prior to 9 March and a reserve date of **Tuesday 3 March** is being held for this purpose. There is one significant practical implication; the contractor who prints and sends out the Council Tax bills has a slot booked to process the city council’s bills on the 29 February and a delay in setting the Budget before then would significantly affect this process.

Abraham Ghebre-Ghiorghis  
Executive Lead Officer for Strategy,  
Governance & Law  
(Monitoring Officer)

Nigel Manvell  
Acting Chief Finance Officer

# Budget Process 2020 – Order of Events at Budget Council

1

- Introduction from the Mayor and Approval of Procedure for the meeting before taking the substantive Items 77-79 in one debate

2

- Each Proposer (unlimited time) and Seconder (5 minutes) to introduce proposals and move amendments (in order of Green and Conservative Groups)

3

- Full Council Debate (3 minutes per speaker)

4

- Right of Reply from Cllr (5 minutes)

5

- Recorded Vote on each amendment (Green 1-6; Conservative 1-6)

Short Adjournment prior to Vote on Substantive Budget Proposals Items 77 & 78

6

- Recorded Vote on substantive Council tax budget of 3.99% (as amended / if amended)
- If carried move to 7
- *If the budget is not approved, the Mayor will call a short adjournment.*

Following approval of the General Fund Revenue Budget , Council Tax, Capital and Treasury Management Strategy 2020/21  
Item 79 will be put to the vote by the Mayor

7

- Recorded Vote on Housing Revenue Account Budget and Capital Investment Programme 2020/21 and Medium-Term Financial Strategy (as amended / if amended)

