Budget Council	Agenda Item 77
22 February 2018	Brighton & Hove City Council

Subject:		**General Fund Revenue Budget, Council Tax and Capital Investment Programme 2018/19**		
Date of Meeting:		**22 February 2018** 8 February 2018 – Policy, Resources & Growth Committee		
Report of:		**Executive Director of Finance & Resources**		
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Ward(s) affected:		**All**		

FOR GENERAL RELEASE

1. PURPOSE OF REPORT AND POLICY CONTEXT:

1.1 This report sets out the final proposals for the General Fund Revenue Budget, Capital Programme and Council Tax for 2018/19 together with the Integrated Service & Financial Plans (ISFPs) for 2019/20 and a 10-year capital strategy. The increase in the council tax level is based on the Administration's council tax proposal of 2.99%, including an additional 1% allowed by government in the final Local Government Financial Settlement, together with a further 3.00% increase in respect of an Adult Social Care precept also allowed by government within the final settlement.

1.2 The link between capital investment and the revenue budget is stronger than ever, particularly in relation to the continuing and extended use of capital receipt flexibilities to support investment in programmes that will deliver revenue savings. This year, the capital investment programme has been incorporated with revenue budget proposals and this report therefore also informs Policy, Resources & Growth Committee of the level of available capital resources to enable the committee to propose a Capital Investment Programme to Budget Council. The capital programme is also set in the context of the Medium Term Financial Strategy and council priorities and the proposed programme results in £188.1m investment in council services in 2018/19.

1.3 The revenue budget proposals for 2018/19 clearly pose a continuing challenge given a savings requirement of over £12m following two successive years of savings requirements in excess of £20m. In total, the savings over the previous 4 years have exceeded £80m with further savings of approximately £23m to be found over the next 2 years before the next Comprehensive Spending Review is announced by government. Savings on this scale inevitably become progressively more difficult to identify and achieve and come with the potential for greater impacts on services.

1.4 Increasing demands and reducing government grant funding continue to be the principal drivers of the revenue budget gaps in 2018/19 and beyond. To address the gaps, service leads have explored what can be redesigned and what can or should be delivered with or by other providers. Options have been considered in the context of future affordability and sustainability, the potential for cost reductions and efficiencies, the potential to manage demands more effectively, or the possibility of generating greater income. The Budget, Investment & Efficiency Strategy continues to focus on modernising services and on supporting council priorities through getting basic services right, protecting provision for vulnerable people, and investing to support economic growth and regeneration.

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

2. RECOMMENDATIONS:

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

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

(i) A general Council Tax increase of 2.99%;

(ii) An Adult Social Care precept increase of 3.00%;

(iii) The council's net General Fund budget requirement for 2018/19 of £208.824m;

(iv) The 2018/19 budget allocations to services as set out in Appendix 1 incorporating 2018/19 savings proposals contained in the 4-Year Integrated Service & Financial Plans;

(v) The reserves allocations as set out in paragraph 3.21 and table 3;

(vi) The Prudential Indicators as set out in Appendix 10 to this report.

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

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

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

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

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

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

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

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

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

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

3. PROJECTED RESOURCES AVAILABLE IN 2018/19

Local Government Finance Settlement

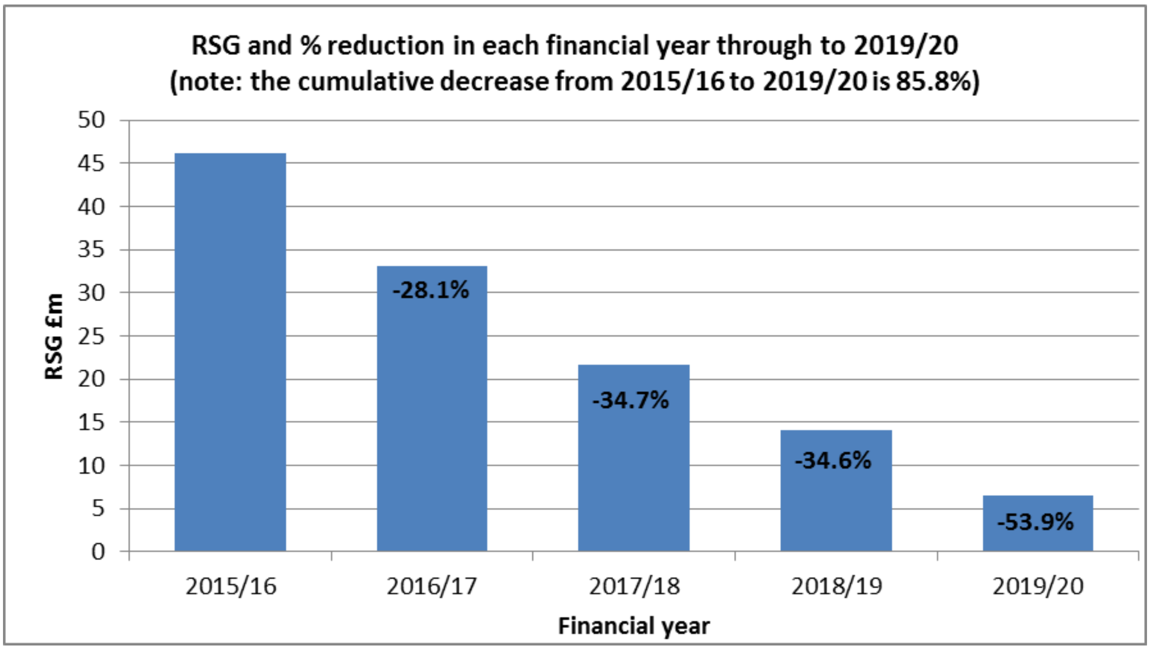
3.1 The provisional Local Government Finance Settlement (LGFS) was announced on 19 December 2017 and confirmed the council's Revenue Support Grant (RSG) for 2018/19 at £14.144m in line with the 4 year offer announced in December 2015. The final LGFS is not due to be announced until early February 2018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

3.2 The table below shows the provisional 2018/19 funding assessment for the council compared to 2017/18 along with the national percentage change.

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

3.3 The government-assumed level of business rates retained locally is used in the grant calculation and is different from the actual business rates forecast to be collected locally which is shown later in this report.

3.4 The provisional LGFS also provided indicative estimates of RSG through to 2019/20 and the graph below shows the reductions over the 4 year offer period:



3.5 At the same time as announcing the provisional LGFS, the government issued a technical consultation on the Fair Funding Review with a deadline for responses of 12 March 2018. This review is seeking views on factors that drive local government spending with an aim of providing a more transparent and understandable link between local circumstances and local resources. The current methodology was introduced over 10 years ago and has not been updated since the Business Rates Retention (BRR) system was introduced in 2013/14. The intention is to implement a new methodology in 2020/21.

3.6 Alongside the implementation of the outcome from the Fair Funding Review, the government will aim for local authorities to retain 75% of business rates from 2020/21. This will be through incorporating existing grants such as the Public Health Grant and Revenue Support Grant.

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

3.7 The local government settlement for 2016/17 included flexibility for authorities with social care responsibilities to raise council tax by up to 2% per annum above the referendum threshold. The settlement for 2017/18 included a further flexibility of bringing forward the precept increase to a maximum of 3% but maintaining an overall precept of 6% over the remaining three year period to 2019/20. This flexibility was to address, in part, the rising costs of this service and councils raising additional revenue through this precept must therefore demonstrate that the additional resources are being applied to Adult Social Care. Due to the significant cost and demand pressures in Adult Social Care, the Medium Term Financial Strategy (MTFS) assumed the maximum allowable ASC precept of 3% in 2017/18 and 2018/19, with 0% in 2019/20.

3.8 In addition to the precept, the government confirmed within its 4 year settlement offer £1.5 billion additional funding for authorities to spend on Adult Social Care by 2019/20 to be provided through an Improved Better Care Fund. This additional money is planned to be passed directly to authorities through a separate grant that takes into account a council's ability to raise resources through council tax. The indicative allocations to this council remain at £3.2m in 2018/19 and £6.2m in 2019/20. This Improved Better Care Funding is separate from the original Better Care Funding that is pooled with local health partners. However, both will support integrated working through the Caring Together initiative for Brighton and Hove.

3.9 After the 2017/18 budget was approved by Council in February, government also made a further Spring Budget announcement adding to the Improved Better Care Fund resources for 2017/18 to 2019/20. This added funding is one-off, reducing each year, and is paid to local authorities but must be added to the existing Better Care Fund pool and its deployment must be jointly agreed with the Clinical Commissioning Group. The allocations for this authority are £5.093m in 2017/18, £3.483m in 2018/19 and £1.733m in 2019/20, reducing to zero thereafter. A key risk with this one-off funding is that using these resources to support ongoing expenditure could therefore create a budget gap by 2020/21 if the funding were not replaced by alternative resources.

3.10 The table below summarises the resources and taxation options available to support of Adult Social Care pressures:

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

Referendum Threshold

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

Forecast Business Rate Retention income for 2018/19

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

Council Tax Increase and Taxbase

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

Other Government Grants

3.14 The grant allocations for 2018/19 have been included in Appendix 2 together with the 2017/18 allocations for comparison. This appendix includes both capital and revenue grants. Some grant allocations for next year have not yet been announced and where these are critical to the setting of the 2018/19 budget, forecasts have been included.

3.15 There are some changes to grants in 2018/19 and beyond as follows:

- The reduction in Public Health Grant in 2018/19 of 2.6% has been confirmed, reducing the grant by £0.530m.
- Housing Benefit Administration grant has reduced by £0.157m to £1.097m, a further reduction of 12.0%.
- Loss of Education Services Transitional grant of £0.863m meaning the council no longer receives any grant towards the cost of these services.

New Homes Bonus (NHB)

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

Fees and Charges

3.17 The council's Corporate Fees & Charges Policy requires that all fees and charges are reviewed at least annually and should normally be increased by either the corporate rate of inflation (2%)[1], statutory increases, or actual increases in the costs of providing a service. Increasingly, linked to the council's approach to securing value for money in the provision of services, services are benchmarking non-statutory fees and charges with other providers and councils to ensure that charges are comparable and competitive within the local context, and can maximise income to protect essential services wherever feasible.

3.18 Wherever possible, non-statutory increases above the standard rate of inflation and changes to concessions or subsidies are normally considered by the relevant service committee in advance of budget proposals. Increases in fees and charges above the standard inflation rate are included within the ISFPs at Appendix 6.

Reserves and One-off Funding

3.19 The working balance is planned to be maintained at £9m over the period of the Medium Term Financial Strategy. The review of reserves and the working balance is included at Appendix 3 and indicates where reserves are recommended for release to support the budget. The working balance is recommended to continue at a minimum of £9m to meet general risks applicable to a unitary authority. However, the proposed change to managing financial risk set out in the July budget report provides a financial risk safety net of £1.5m to replace recurrent risk provisions and this will therefore increase the working balance to £10.5m in 2018/19. There are no unallocated general reserves as these were either included as part of the budget for 2017/18, or allocated in the Targeted Budget Management (TBM) Month 2 budget monitoring report.

3.20 The following table shows the projected general reserves position and one-off resources assuming spending is in line with the latest projections for 2017/18 shown in the TBM month 9 report. The table includes the release of specific reserves and other one-off resources to support the 2018/19 budget with allocations identified in paragraph 3.21

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

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

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

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

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

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

- **Welfare Reform Support in 2018/19 (replacement reserve):**

  This allocation provides an important resource for continuation of a range advisory and signposting services as well as hardship and other discretionary social fund support as the council continues to assist vulnerable families and households through the implementation of national Welfare Reforms, particularly those impacted by the benefit cap.

- **Delay of Public Health Substance Misuse Savings until 2019/20:**

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

- **Earmarked Resources for the cost of 2019 Local Elections:**

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

- **Allocation to support Rough Sleeping Initiatives:**

  Homelessness is growing across the country and the evidence of increasing incidence locally is clear. Alongside other ongoing initiatives, this funding will provide resources to ensure enhanced support during the winter months including extended night shelter support.

- **Potential Planning Appeals Costs (Ovingdean)**

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

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

  Please see paragraph 8.3 for details.

- **East Sussex Credit Union Loan (switch from capital to revenue):**

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

- **Year 2 of Poverty Proofing the School Day:**

  Resources of £0.150m over 2 years were approved by members in November 2016 to ensure that all schools were supported to develop action plans, tailored to each school, to address any stigmatising policies or practices. This one-off resource provides for the second year of the initiative.

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

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

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

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

4. BUDGET ESTIMATES

Latest position in 2017/18

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

2018/19 Adjusted Base Budget

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

2018/19 Budget Estimates

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

4.3 The table below shows how the budget has changed since 2017/18. The table shows that resources will be £5.235m or 2.57% higher than in 2017/18. The council is experiencing significantly increased costs, particularly in Adults and Children's Social Care of nearly £10m over and above normal pay and inflation increases.

4.4 The council's Revenue Support Grant has reduced by a further £7.5m in 2018/19 on top of the £42m reductions over the last 3 years. The proposed Council Tax increase and changes in the Council Tax taxbase alongside increased income from retained Business Rates provides an additional £12.7m, giving a net increase in resources of £5.2m. The net increase in funding of Adults and Children's Services is £6.6m.

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

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

Changes from the Draft Budget Proposals

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

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

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

New Priorities for Investment

4.8 Through ongoing conversations, consultation and engagement and following publication of the draft budget proposals, a number of priority areas for investment have emerged and it is proposed to commit resources to support these priorities as shown in the table below.

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

[3] SEND: Children with Special Educational Needs and Disabilities

Youth Bus: Following the recent re-design of the internal youth service the current youth bus is now under-used. There have been discussions with CVS providers and they have expressed interest in making greater use of the bus to deliver their neighbourhood youth services. It is proposed therefore that a small contract be offered to run the bus. This investment would support the administration and maintenance of the Youth Bus.	0.010
Support for Unaccompanied Asylum Seekers: In the last 2 years Brighton and Hove has experienced a significant increase in the number of unaccompanied asylum seeking young people living in the city. Many of these young people will have experienced very significant trauma and most experience high levels of anxiety as they come to settle in an unfamiliar place. Early support to address their emotional needs, links to community activities and for some interventions to address their trauma helps them to better settle down in the city, thrive and become active members of their community. This will provide for the development of support programmes to meet their needs.	0.050
Substance Misuse: Following improved integration of support from Families Children & Learning and Public Health through a single adolescent strategy to meet the needs of young people, this investment will support young people who are already struggling with substance misuse or who are at risk of this.	0.040
Total	**0.460**

Pay and general inflation assumptions

4.9 Council services often experience different cost increases (inflation) than national inflation measures such as RPI. This is particularly relevant for third party contracts for social care where increasing standards, the living wage, and greater regulation are driving up costs. However, there are also many other areas of expenditure where inflation is higher than consumer inflation. These costs, and the costs of pay awards, account for the majority of the inflation provision included within the budget. The council averages out these cost increases and applies a standard 'corporate rate of inflation' to most budgets.

4.10 Fees and charges income is assumed to increase in line with the standard corporate rate otherwise income would not keep pace with costs and there would be a growing gap in resources over time. The use of a standard rate for both costs and income therefore avoids creating greater budget gaps. In considering whether increases to existing fees and charges can provide increased resources, the standard corporate rate of inflation must therefore be met first before assuming any contribution to savings.

4.11 The provision for inflation averages out at approximately 2% and this is the 'corporate rate of inflation' applied to budgets in 2018/19. Fees and charges are also assumed to increase by this rate with the exception of parking Penalty Charge Notices and Local Housing Allowance (LHA) which are fixed by statute. Increases in costs above the applied corporate rate of inflation are expected to be managed within service budgets unless the increase is significant and specifically identified as a service pressure. An exception to this is the recent 2-year national pay award proposal which will see higher percentage increases applied to lower pay grades. Not recognising this impact would adversely impact on services where a large proportion of staff are on lower grades as outlined below.

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

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

Risk Provisions included in the 2018/19 budget

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

Commitments and Reinvestment

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

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

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

4.16 The proposed savings in this budget have been identified and developed to enable substantial re-investment into service areas where there are predicted increases in demands for services or known cost increases.

4.17 The table below sets out the proposed service pressure re-investments based on predicted demand and costs and take into account the underlying pressures experienced in the current financial year up to month 9, in particular for Adults and Children's social care. The total cost, income and demand pressures above standard inflation are now estimated to be £12.884m as follows:

Table 7: Service Pressure Funding identified for 2018/19		
Service Area	£m	Comment
Children's Social Care	3.116	To support increasing demand and costs of Children in Care placements
Adults with Learning Disabilities	2.512	To support increased costs in community care and provision for sleep-in costs
Adult Social Care (Demand)	2.713	Provision for changes in demand for physical, memory & cognition, and mental Health services. Other pressures including reductions in income, and significantly increased demand for the Community Equipment Service.
Adult Social Care (Costs)	0.927	Increased costs due to the impact of Living Wage increases on contracted services.
Reductions in unringfenced grants	1.050	Principally, protection of education services against the loss of Education Services Grant (£0.863m) transitional funding.
Public Health	0.651	Reduction in ringfenced grant and impact of one-off savings in 2017/18.
Business Rates (on council-owned properties)	0.347	Recognition of increased business rates costs from revaluations and loss of transitional relief for council-owned car parks and corporate landlord buildings.
Community Grants (Third Sector Investment)	0.288	To provide sustainable, permanent budget provision for the sector in lieu of the one-off 2017/18 allocations agreed by Budget Council in Feb 2017 and PR&G Committee in July 2017.
Commercial rents	0.200	Recognition of underlying pressures on rental incomes as lease reviews and renewals have not kept up with inflation.
Bereavement Services	0.200	Reduction in income from cremation and burial fees (reflecting reducing death rates).
Children's Centre Services	0.170	Provision against increased pressure across Children's Centre Services, including increased entitlements.

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

5. BUDGET, INVESTMENT & EFFICIENCY STRATEGY

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

5.2 Taking all funding sources, inflationary cost pressures and demand projections into account, a 2-year budget gap of £22.971m is predicted across 2018/19 and 2019/20 requiring savings at this level to legally balance the budget and provide for re-investment in services. Specifically, the 2018/19 budget to be approved by Council in February is estimated to require savings of £12.371m to achieve balance.

5.3 Over £80m savings have been delivered over the last 4 years to balance the budget. Identifying further savings opportunities becomes increasingly challenging while also avoiding adverse impacts on services that many vulnerable residents rely on for support. Pressures on social care are growing nationally and locally but the council must also find the money to continue to provide good quality public services such as refuse collection and recycling and continue to support the city's important community & voluntary sector.

5.4 The development of the draft budget has focused on 3 guiding principles that support the council's priorities. As far as possible, the proposed Budget, Investment & Efficiency Strategy seeks to:

- **Get basic services right and invest in making the city an enjoyable place to live and work;**
- **Protect provision for vulnerable people as the city's population grows and the cost of care rises;**
- **Support and invest in economic growth and regeneration that benefits everyone.**

5.5 To achieve this, the Local Authority will make every effort to continue to reduce costs and make economies in order to protect vital services. Similarly, fees and charges will be set at levels that are reasonable but which will also enable the council to fund vital services that support vulnerable people, contribute to the visitor and business economies and ensure the city and its environment are safe and well run. There are difficult choices to be made and the budget will necessarily contain some risk and avoid over-prudence in order to protect critical service areas that, if reduced, would lead to potential harm and/or higher long term costs.

5.6 The proposed 2018/19 budget will provide investment in:

GETTING BASIC SERVICES RIGHT:
To support delivery of the proposals the council has adopted a number of approaches that will help it to keep costs down while investing in the provision of modern, efficient and accessible services that promote neighbourhoods and regeneration as follows:
• **Modernisation Programme:** The council is investing in the modernisation of its services and is exploring different models of service delivery to improve efficiency, value for money, and outcomes for residents. Areas where modernisation is helping to reduce or contain costs or improve services include: o **Communities and Neighbourhood programmes:** These programmes put communities at the heart of service delivery, make effective use of local resources and support the delivery of savings. The communities and neighbourhood programmes are part of a joined-up approach to improving resident and customer experience of council services, including more digital access, more co-ordinated responses to residents' issues and more community collaboration to develop solutions and resources. o **The Digital First investment programme** which is a £5.300m scheme aimed at improving the council's on-line services and accessibility across a wide range of services used by large numbers of residents, visitors, businesses and service users;

- **The Orbis Shared Service Partnership** with East Sussex and Surrey County Councils which is bringing together support functions such as Finance, Human Resources, IT & Digital Services, Property, Procurement and Audit to create economies of scale and provide added resilience and sustainability as cost reductions are made;
- **New delivery models** for some of our services, for example, the Royal Pavilion & Museums charitable trust, roll-out of the Libraries Extra service model and continuing to explore options for future management of our parks and open spaces.
- Modernisation through the 4-Year Integrated Service & Financial Plans and other initiatives such as those above requires substantial one-off funding of £25m over the 4 year period to achieve delivery within a reasonable timeframe. The details of the capital funding and the associated use of the government's capital flexibilities are set out in the Capital Programme section below (see paragraph 6.13).

- **Self-financing**: For many services that the council provides, fees and charges can be reasonably levied on the users of those services. Some charges are set by statute or are prescribed but many are subject to local decision. The council keeps its fees and charges under regular review and where appropriate will look to move services toward a self-financing model, particularly where they are discretionary. This will also include benchmarking fees and charges to ensure they are reasonable and are recovering costs and contributing to overheads.

- **Income Generation:** The council is also exploring innovative business opportunities for generating income such as developing new commercial services.

- **Procurement and Contract Management:** The council will invest additional one-off resources of £1.200m over 3 years to drive value in the £300m+ spent on services provided by third party suppliers and providers by improving its management of contracts and contractors and seeking economies through re-procurement of goods and services. Minimum cashable savings of £0.500m are projected in 2018/19 and 2019/20 but it should be noted that the work undertaken will also result in cost avoidance.

- **Management Spans & Accountability (MSA):** The council recognises that effective management of services is critical to ensure that they are well-run, have good operational plans and can plan ahead for changes and improvements. Managers ensure that services manage within budget, are organised to meet performance targets and standards, and continue to seek improved value for money and customer satisfaction. The council has used its MSA programme to test its management levels and ensure that its management resource is reasonable, with sensible spans of control[4] and the minimum safe number of management layers. All service improvements and redesigns, including those within the Orbis Partnership, continue to consider management and administrative costs and there are further savings proposed in 2018/19 which will see the deletion of approximately 22 full time equivalent management grade posts saving approximately £1.5m.

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

PROTECTING PROVISION FOR VULNERABLE PEOPLE:
• **Service Pressures across social care:** The proposed budget will provide substantial 'Service Pressure' funding to protect services for vulnerable people so that they can meet the increasingly complex needs of a growing demographic and support the health and social care system as follows: o £3.640m for Adult Social Care services; o £2.512m for Adult Learning Disability services; o £3.116m for Children's Social Care placements.
• **Protecting Services:** The proposed budget will provide funding and support for many services enabling them to be protected on a sustainable basis, including: o Children's Centres o Early Years Nurseries o Support for Care Leavers o Youth Services o Support for Carers o Community & Voluntary Sector services through protection of the Third Sector Investment Programme o Library buildings and services o Supported Bus and School Routes
• **Welfare Support and Advice:** It is proposed to provide further support for vulnerable people and families on low incomes by: o Continuing to provide discretionary funds to help those suffering temporary hardships; o Providing Council Tax discounts for Care Leavers; o Providing substantial resources of £0.400m to support around 600 families expected to be affected by Welfare Reforms including help to move to sustainable tenancies, provision of benefit advice and support services, and a Local Discretionary Social Fund; o Continuing to support the Community Banking Partnership and the local East Sussex Credit Union to provide accessible banking services and money advice, particularly in relation to Universal Credit roll-out; o Funding the holding of the Council Tax Reduction Scheme minimum contribution rate at the current level for working age people and providing discretionary funds for those in temporary hardship.
• **Continue to focus on tackling homelessness:**
o A night shelter has been put in place for this Winter, and £0.165m one-off funding will be provided to support Rough Sleeping initiatives next year and again in 2019/20; o Preventive homelessness initiatives are being mainstreamed through the application of the successful £1.300m bid for Trailblazer funding; o Preparing for the requirements of the Homeless Reduction Act; o Providing new council-owned temporary accommodation facilities.
• **Health & Social Care Integration:** The council will continue to engage fully with the Brighton & Hove Caring Together initiative including developing integrated commissioning with the Brighton & Hove Clinical Commissioning Group (CCG),

working jointly on delivery of the Better Care Programme to minimise hospital discharge delays, and understanding the implications of the Sustainability & Transformation Partnership plans for the area.
• **Social Care costs:** The council will be investing in improvements to its commissioning, brokerage and risk management of children and adults social care placements. This is to ensure that the services are effectively managing the costs of social care and are doing everything possible to make sure that they are paying appropriate prices for care whilst delivering high quality services and that there are robust systems in place for ensuring appropriate scrutiny and review of care placements at appropriate intervals. This is anticipated to generate cost avoidance savings of approximately £1m in 2019/20 once these improvements have been tested and embedded in the service. A significant invest-to-save opportunity will also be explored for the creation of council accommodation to support independent living for individuals with learning disabilities, thereby replacing more expensive care placements.
• **Public Health:** Reductions in the Public Health grant will be managed by recommissioning and redesigning contracted services to achieve positive preventive outcomes.
• **Community Safety:** Specialist support to tackle criminal exploitation of young people will be provided through £0.156m investment in a co-ordinated multi-agency approach. Professionals across the city are becoming increasingly concerned about young people being drawn into criminal exploitation and in particular drug related 'County Lines' co-ordinated by largely London based gangs. A wider adolescent and exploitation strategy is being developed to address this including appointment of a specialist co-ordinator for this area of work who would train other peers locally and provide training and support for schools. An internal post will also provide co-ordination across council services and provide links to modern slavery initiatives and be a key point of contact with neighbourhood services.
SUPPORT AND INVEST IN ECONOMIC GROWTH AND REGENERATION:
• **Regeneration Programme**: This is aimed at growing the economy through the Greater Brighton Economic Partnership and long term capital investment opportunities through major regeneration programmes which will renew and strengthen the infrastructure of the city. There are various strands to the programme including: o Drawing in private sector investment to create jobs and ensure that economic gains are fairly distributed; o Maintaining a resilient Planning Service to safeguard development and play an important role in the delivery of the regeneration projects; o Implementing and jointly financing with Hyde Housing the Housing Joint Venture to deliver 1,000 affordable homes; o Making the most of our city-wide commercial asset portfolio to generate long term revenues for the council to protect essential public services.

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

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

6. CAPITAL INVESTMENT PROGRAMME

Capital Programme Resources

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

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

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

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

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

Each of these investment areas are described below.

Major Capital Investment Programmes

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

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

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

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

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

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

6.8 **Local Growth Fund:** In addition to the successful Royal Pavilion phase 1 bid**,** Local Growth Fund has been awarded from the Coast to Capital Local Enterprise Partnership (LEP) to support investment for Valley Gardens Phases 1 & 2 at £8.0m, Intelligent Transport System at £1.8m, Brighton & Hove Bike Share Scheme at £1.160m, Digital Catapult and immersive tech hub at New England House totalling £0.303m, Preston Barracks Central Research Laboratory at £7.7m and the Circus Street Development at £2.7m. There are also in-principle awards of £6m for Valley Gardens phase 3 and £12m towards the Brighton Waterfront development.

6.9 **Strategic Funds:** The council sets aside resources for a number of strategic funds that enable it to underpin other strategies including regeneration schemes, Asset

Management Plans and its ICT Strategy and Infrastructure. The planned allocations to strategic funds are as follows:

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

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

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

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

Investment in Modernisation Programmes

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

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

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

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

Other Capital Investments in support of Council Priorities

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

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

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

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

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

6.13 As part of the December 2015 Spending Review, the Secretary of State for Communities and Local Government made an offer to councils to take up a 4-year funding settlement for the period 2016/17 to 2019/20. To accept this offer, an 'Efficiency Plan' was required to be prepared and published by 14 October 2016. The Policy, Resources & Growth committee approved the Efficiency Plan on the 13 October 2016.

6.14 The Efficiency Plan included the council's strategy to use the flexible use of capital receipts to support the investment in change and the expenditure detailed in paragraph 6.10. This, alongside the detailed savings proposals within the ISFP's at Appendix 6, is expected to meet the definition of qualifying expenditure and provide sufficient detail to demonstrate transparency and accountability.

6.15 The key criteria to use when deciding whether expenditure can be funded by the capital receipts flexibility is that it is forecast to generate ongoing savings to an authority's net service expenditure and that all the planned investment in change meets this criteria. The Capital Programme presented to this committee in February 2016 included committing surplus capital receipts from the Workstyles programme to support the investment in modernisation detailed above. Note that the government have extended the period of flexibility by a further 3 years to March 2022.

New Requirement for a Capital Strategy

6.16 Following the release of revised Treasury and Prudential Codes by CIPFA[5] in December 2017, the council is required to produce an annual Capital Strategy. This document is intended to give a high level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services along with an overview of how associated risk is managed and the implications for future sustainability. This is to ensure that the overall strategy, governance procedures and risk appetite are transparent and fully understood by elected members.

6.17 CIPFA's Treasury & Capital Management Panel released a statement in December 2017 advising that authorities may implement their Capital Strategies in full for 2019/20 considering the lead in time that may be required. Additionally, the Department of Communities & Local Government has consulted with local authorities on proposed changes to the Investment Guidance and Minimum Revenue Provision (MRP) Guidance. The consultation has closed but the outcome of the consultation has not yet been shared with local authorities. Proposed changes to the guidance may have an impact on the content and presentation of the council's Capital Strategy. As a result, officers are expecting to present a full Capital Strategy alongside the 2019/20 Budget Report, with an interim 2018/19 strategy expected to be presented alongside the Treasury Management Mid-Year report in December 2018.

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

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

[5] CIPFA Chartered Institute of Public Finance & Accountancy

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

8. SCHOOLS FUNDING

School Balances

8.1 Schools with Licensed Deficit agreements continuing into 2017/18 total £1.021m. These schools currently show a projected overspend of £0.938m, an improvement of £0.083m. Schools requiring new licensed deficits in 2017/18 total £1.143m. These schools currently show a projected overspend of £1.093m, an improvement of £0.050m. Other schools are overspending by £0.108m. This makes a total of projected deficits of £2.139m.

8.2 Early indications are that the level of schools' surpluses will fall from £2.895m at 31/03/17 to £1.800m at 31/03/18. This projection would result in an overall overspend on schools of approximately £0.339m (£2.139m deficits less £1.800m surpluses) at 31/03/18, which would need to be covered from reserves in the short term.

Teachers' Pay and Non-Teaching Pay Award

8.3 It is proposed to allocate £0.100m of one-off funding in 2018/19 to smooth the introduction of a 2% pay increase for teachers on salary points M2-M5. This will be allocated to maintained schools based on the number of teachers on these scale points on the 1 September 2017.

8.4 The national employer's proposed pay award for non-teaching (NJC) staff (see paragraph 4.12 above) will have a significant impact on schools as the proposed award at lower scale points is significantly above the 2% inflation estimate assumed by the council. This will place additional pressure on schools, which have many non-teaching staff on lower scale points, with an estimated average cost of approximately 3.5% on the schools' pay bill.

Schools Budgets

8.5 The Department for Education (DfE) has introduced National Funding Formulae (NFF) for each of the schools, high needs and central school services areas in 2018/19. These formulae will be used to calculate the blocks within the Dedicated Schools Grant (DSG) that are allocated to local authorities and will sit alongside the Early Years national funding formula which was introduced in 2017/18. While it remains the Government's intention that a school's budget should be set on the basis of a single national formula, in 2018/19 and 2019/20, local authorities will continue to determine final funding allocations for schools through a local formula.

8.6 In 2018/19 and 2019/20, the national funding formula will set notional allocations for each school, which will be aggregated and used to calculate the total schools block received by each authority. The Government has confirmed that nationally there will be an additional £1.3 billion for schools and high needs across 2018/19 and 2019/20. This will mean that, in 2018/19, all local authorities will receive some increase over the amount they planned to spend on schools and high needs through the DSG in 2017/18. These increases are reflected in the allocations published by Government. At local level this equates to around a 1.1% increase in the Schools Block baseline in 2018/19, and a further 0.6% increase in 2019/20.

8.7 For 2018/19 the Schools Forum has agreed that the mainstream funding formula should continue to largely operate using the same approach applied in the current year. This means that the main factors and unit rates of funding used in the formula will be unchanged and that the additional funding being applied will be allocated through basic entitlement (primary and secondary age weighted pupil units). As in previous years, academies and free schools are included in the DSG allocation to ensure all schools, academies and free schools are funded on the same basis using the authority's funding formula. DfE then recoup the funding attributable to academies and free schools and pay this directly to the establishments. The 'looked after children' factor has been removed from the local funding formula in 2018/19 to avoid double funding. DfE is increasing the pupil premium plus funding rates for 2018/19 rather than including a looked after children factor in the national funding formula. The funding previously allocated to schools through this factor in the local formula in 2017/18 has been removed from the 2018/19 baseline for the purpose of the calculation of the minimum funding guarantee.

8.8 The proportion of funding being allocated through the deprivation and low attainment factors in the formula has reduced when compared to 2017/18. This is because the 2018/19 formula datasets have shown a reduction in both the number of pupils eligible for free school meals, and the number of pupils falling into the low attainment category. Deprivation funding has reduced from £11.39m in 2017/18 to £10.86m in 2018/19. This means that the total proportion of funding being allocated through the deprivation factor is 8.2% and is still above the 2017/18 national average of 7.7%. The total funding through the low attainment factor has also dropped, from £7.78m in 2017/18 to £7.51m in 2018/19. This equates to 5.7% of total funding being allocated through the low attainment factor, and is significantly above the 2017/18 national average of 4.3%.

8.9 The reduction in funding being allocated through these factors has resulted in an increased allocation through basic entitlement (age weighted pupil units). In overall terms the basic per pupil (AWPU) funding has increased by £76 from 2017/18 to 2018/19. This is as a result of additional funding applied at national level as well as a reduction in funding allocations locally through the deprivation and low attainment factors. Historically Brighton and Hove has been above average in terms of the funding allocated through these factors. The authority will maintain the existing unit values for deprivation and low attainment in 2018/19 so as to minimise turbulence. For 2019/20 these areas of allocation will be reviewed and consideration will be given to increasing the unit values of funding for deprivation and low attainment to move towards the NFF average. It should also be noted that the Minimum Funding Guarantee (MFG) mechanism may provide protection to schools that lose funding as a result of reductions in these factors.

9. STAFFING IMPLICATIONS

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

9.2 The 4-year integrated service and financial plans provide further information about reductions in posts up to 2020 and currently indicate that approximately 125 FTE posts will be removed from the staffing structure over the 2 years. This figure is likely to alter as service plans become clearer for subsequent years and remaining budget gaps are addressed. This information is now being used to plan for reductions in the workforce to mitigate the impact on staff and focus redeployment, outplacement and voluntary severance activity. A redeployment co-ordinator provides a focused resource to support those at risk of redundancy. Information on the establishment will provide opportunities to identify potential vacancies for redeployment in addition to considering those posts that have been put forward for recruitment.

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

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

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

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

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

10. MEDIUM TERM FINANCIAL STRATEGY AND RISK ASSESSMENT

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

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

11. COUNCIL TAX SETTING

11.1 The Administration is proposing a council tax increase of 5.99% including an additional 1% council tax increase and a 3% Adult Social Care precept allowed by government within the final local government financial settlement. A council tax increase of 5.99% results in a Band D council tax of £1,549.07 for the council's element, an increase of £87.57 from 2017/18; of this increase £43.84 relates to the Adult Social Care Precept.

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

Supplementary Budget Report to Budget Council

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

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

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

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

Robustness of Estimates

12.2 There is inevitably an element of judgement in drawing up budget estimates of expenditure and income which are made at a point in time and may change as circumstances change. This statement about the robustness of estimates cannot give a complete guarantee about the budget but provides the council with reasonable assurance that the budget has been based on the best information and assumptions available at the time and has considered identifiable risks. Given the experience of recent years, greater attention has been paid to demand-led budget predictions.

12.3 In setting the budget for 2018/19, current expenditure trends and service demands have been considered by the Executive Leadership Team and Corporate Management Team working closely with finance professionals. The budget takes into account trends and issues identified in the TBM Month 9 (December) budget monitoring report and further projections of future demand and cost.

12.4 For 2018/19 additional provision of £12.9m has been provided to meet identified service pressures across adults and children's social care and other priority areas together with funding for the loss of grants (mainly Public Health and Education Services Transitional Grant). This funding meets predicted demand-led service pressures at the time of setting the budget and therefore the current level of risk provision of £1.5m is considered adequate. However, unlike previous years, the risk provision for 2018/19 is proposed to be provided on a one-off basis rather than as a recurrent budget provision on the basis that:

(i) The authority continues to demonstrate its track record of managing within or close to budget despite challenging targets. At month 9 this year, the forecast overspend continues to reduce and now stands at £0.428m and is expected to reduce sufficiently to enable the one-off resources to be balanced;

(ii) The authority continues to demonstrate that the substantial majority of its savings programmes are achieved. In 2017/18, approximately £17.5m of the £21.4m target will be achieved with other corrective action taken to replace under-achieved savings. Children's Social Care and Learning Disability Services remain areas of concern but there are clear plans to improve the management of costs in these areas through improved commissioning, contracting, market management, placement reviews and assessment processes;

(iii) As noted above, the 2018/19 budget provides funding and reinvestment to meet identified demand-led service pressures and other cost pressures;

(iv) Although there are risks in relation to Section 75 partnership arrangements and other funding agreements with health, including the Better Care Fund, the authority has a good relationship with the Clinical Commissioning Group and a good track record of jointly managing and mitigating risks;

(v) The authority has provided adequate reserves and provisions against other known and identified risks;

(vi) The authority has set aside appropriate one-off and discretionary resources and funding to mitigate the multifarious impacts of Welfare Reforms.

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

Adequacy of Reserves

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

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

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

Assurance Statement of the Council's Section 151 Officer

12.9 In relation to the 2018/19 General Fund revenue budget, the Section 151 Officer has examined the budget proposals and considers that, whilst the spending and service delivery proposals are increasingly challenging, they are nevertheless achievable with strong governance and accountability at all levels. The 2017/18 financial position indicates that the council is able to manage its financial risks without over- reliance on risk provisions. The council will continue its focus on strengthening budget accountability, managing demand effectively, and localising risk management in services rather than reliance being placed on corporate solutions or unilateral controls.

12.10 In terms of the adequacy of reserves, the Section 151 Officer considers a working balance of £10.500m for 2018/19 to be adequate, taking into account other available reserves and the council's track record in budget management.

13. ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

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

14. COMMUNITY ENGAGEMENT AND CONSULTATION

14.1 Local Government budgets and finances are complex and therefore the council attempts to provide a range of information through its web pages to aid understanding and encourage residents and others to share their views, primarily via the council's web site or via social media. The council's **#BHBudget** Twitter feed provides links to news stories about the budget as well as an updated Budget Animation video. Local media coverage also provides a commentary on some aspects of the budget.

14.2 Frequently asked questions and common themes emerging throughout the development of the budget have been monitored and responded to in our 'Behind the Budget' web page: http://www.brighton-hove.gov.uk/content/council-and-democracy/council-finance/behind-budget.

The frequently asked questions and themes include:

- Council Tax [alone] should pay for council services?
- How about using [i.e. raising] parking charges further?
- [Why not] Cut pay instead of services?
- Why fund the i360 if there's not enough money?
- [Why not] Make students pay Council Tax?

- [Why not] Just cut councillors and/or their allowances?
- [Why not] Charge wealthier people more Council Tax?
- Extra Business Rates will solve the problem [won't they]?

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

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

15. CONCLUSION:

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

16. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

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

Finance Officer Consulted: James Hengeveld Date: 31/01/18

Legal Implications:

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

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

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

16.5 The determination of whether a relevant basic amount of council tax is excessive must be made in accordance with principles determined by the Secretary of State. The Department for Communities and Local Government (DCLG) has stated that for the 2018/19 financial year, an increase of 6% or more - including the Adult Social Care precept of 3% - will be regarded as excessive. Therefore, local authorities opting for an increase of 6% or more (including the Adult Social Care Precept) will be required to hold a referendum.

16.6 Policy, Resources & Growth Committee has delegated power to formulate the council's capital investment programme, and to recommend its adoption by full Council as part of the overall budget setting process.

Lawyer Consulted: Elizabeth Culbert *Date: 30/01/18*

Equalities Implications:

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

Sustainability Implications:

16.8 A carbon budget has been set for 2018/19. This shows the level of spend on energy and the estimated carbon emissions across each carbon budget area and includes a planned 4% reduction on the 2017/18 budget level.

16.9 Carbon budgets aim to provide the organisation with a framework of accountability for reducing carbon emissions from our buildings, street lights and fleet. They were first introduced in 2012/13 and supported by action plans that set out how carbon budgets are to be achieved and these plans are reviewed and challenged once a year. The council spends around £6.3m each year heating and lighting its buildings, lighting our neighbourhoods and travelling around the city to deliver key services.

16.10 The council's 2016/17 Carbon Reduction Commitment (CRC) footprint accounted for 12,190 tonnes of CO^2 from council buildings for which the council surrendered £0.190m worth of CRC allowances at £15.60 per tonne. This is a reduction of 1105 tonnes on the 2015/16 CRC footprint of 13,295 tonnes of CO^2

16.11 Half-hourly electricity and gas prices increased by an average of 8.2% and 3.8% respectively in October 2017. Non-half hourly electricity supplies were fixed for three years from April 2016 with an average price increase of 1% on the previous 36 month contract.

16.12 The council's carbon budget data update is detailed in Appendix 13 and profiles spend and CO^2 carbon footprint for 2016/17 across the council and sets out the target until 2018/19.

SUPPORTING DOCUMENTATION

Appendices:

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

Documents in Members' Rooms

1. None

Background Documents

1. Budget files held within Finance
2. Consultation papers