POLICY, RESOURCES & GROWTH COMMITTEE	Agenda Item 129 Brighton & Hove City Council

Subject:		**Targeted Budget Management (TBM) 2018/19: Month 9**	
Date of Meeting:		**14 February 2019**	
Report of:		**Executive Director of Finance & Resources**	
Contact Officer:	**Name:**	**Nigel Manvell**	**Tel: 29-3104**
	Email:	**Nigel.manvell@brighton-hove.gov.uk**	
Ward(s) affected:		**All**	

FOR GENERAL RELEASE

1 SUMMARY AND POLICY CONTEXT:

1.1 The Targeted Budget Monitoring (TBM) report is a key component of the council's overall performance monitoring and control framework. This report sets out an indication of forecast risks as at Month 9 on the council's revenue and capital budgets for the financial year 2018/19.

1.2 As set out in the General Fund Revenue Budget 2018/19 report to Budget Council, £9.268m was provided for in the budget for re-investment in identified service pressures across social care and £3.616m for pressures in other services. These sums were expected to meet projected demand-led pressures in 2018/19. As a result, maintaining a risk provision at £1.500m, as in previous years, was considered adequate to meet potential demand risks and/or any difficulties in delivering savings targets. Rather than being held as a recurrent budget, this risk provision is now held as a one-off "financial risk safety net" of £1.500m as part of general reserves. The report reiterated that the focus in 2018/19 would continue to be on strengthening budget accountability, managing demand effectively and localising risk management within services wherever possible.

1.3 The forecast risk for 2018/19 at Month 9 is a £0.381m overspend on the General Fund revenue budget. This includes a forecast overspend of £1.100m on the council's share of the NHS managed Section 75 services and is also after taking into account the available one-off Adult Care Support Grant of £0.768m and the recently announced winter pressure funding of £1.229m. The downward trend in the forecast overspend position since month 4 (July) indicates that an assumption of break-even by year-end is reasonable at this time.

1.4 The report indicates that of the £12.678m savings package in 2018/19, approximately £10.504m is on track and either achieved or anticipated to be achieved, including some over-achievements. However, a significant element of savings are not are not expected to be delivered in-year (£3.405m) and are reflected in the overall service forecasts. These generally relate to social care areas and have been partially mitigated by other corrective action. Any ongoing impact of unachieved savings is taken into account in developing the 2019/20 budget proposals.

1.5 The report is supported by a new dashboard at Appendix 1 which presents information in graphical format which may be of assistance to some readers. This includes information about financial performance including forecast variances, savings performance, monthly forecast trends and overall savings requirements (budget gaps).

2 RECOMMENDATIONS:

2.1 That the Committee note the forecast risk position for the General Fund which indicates a budget pressure of £0.381m as at month 9. This includes an overspend of £1.100m on the council's share of the NHS managed Section 75 services.

2.2 That the Committee note that, based on downward forecast trends since month 4, the position to be assumed for the purposes of setting the 2019/20 General Fund revenue budget is break-even, indicating a further predicted improvement of £0.381m by year-end.

2.3 That the Committee note that the 2018/19 one-off financial risk safety net of £1.500m can therefore be released and will be available in full to support the 2019/20 General Fund revenue budget.

2.4 That the Committee note the forecast for the Housing Revenue Account (HRA), which is currently an underspend of £0.900m.

2.5 That the Committee note the forecast position for the Dedicated Schools Grant, which is an underspend of £0.865m.

2.6 That the Committee note the forecast outturn position on the capital programme and approve the variations and slippage in Appendix 6 and the new schemes as set out in Appendix 7.

2.7 Note the advice regarding the council's ability to accept payments in Euros as set out in Section 6.

3 RELEVANT BACKGROUND INFORMATION/CHRONOLOGY OF KEY EVENTS:

Targeted Budget Management (TBM) Reporting Framework

3.1 The TBM framework focuses on identifying and managing financial risks on a regular basis throughout the year. This is applied at all levels of the organisation from Budget Managers through to Policy, Resources & Growth Committee. Services monitor their TBM position on a monthly, quarterly or half-yearly basis depending on the assessed size, complexity or risks apparent within a budget area. TBM therefore operates on a risk-based approach, paying particular attention to mitigation of growing cost pressures, demands or overspending through effective financial recovery planning together with more regular monitoring of high risk demand-led areas as detailed below.

3.2 The TBM report is normally split into 8 sections as follows:

i) General Fund Revenue Budget Performance
ii) Housing Revenue Account (HRA) Performance
iii) Dedicated Schools Grant (DSG) Performance
iv) NHS Controlled S75 Partnership Performance
v) Capital Investment Programme Performance

vi) Capital Programme Changes

vii) Implications for the Medium Term Financial Strategy (MTFS)

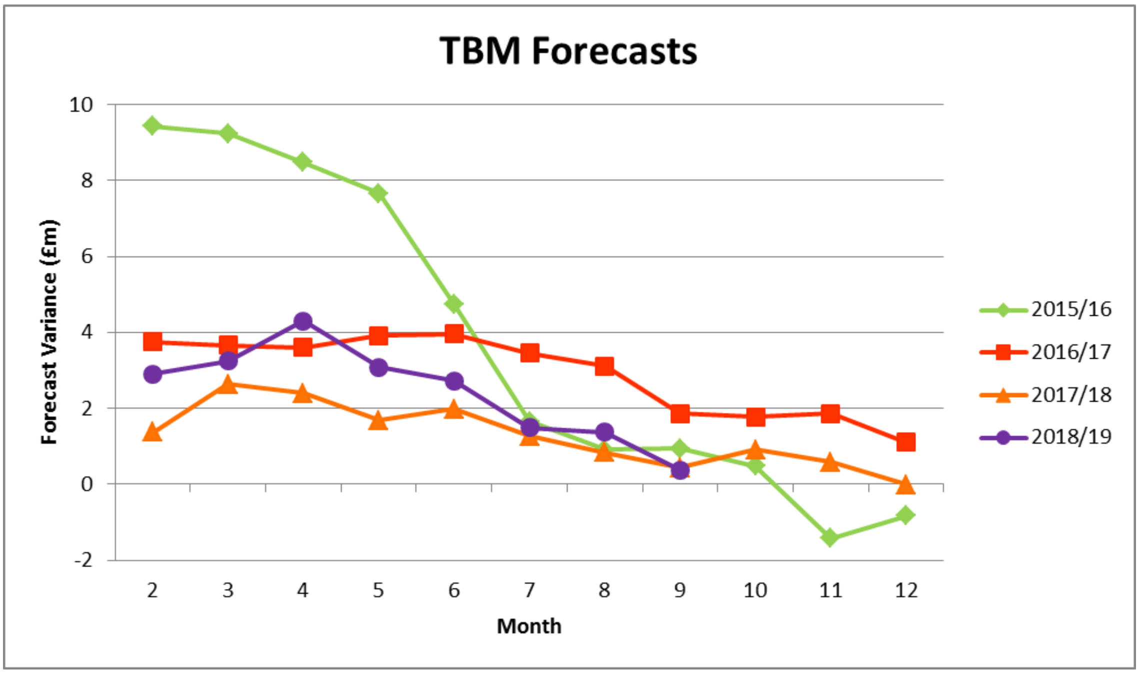
viii) Comments of the Director of Finance & Resources (statutory S151 officer)

General Fund Revenue Budget Performance (Appendix 4)

3.3 The table below shows the provisional outturn for Council controlled revenue budgets within the General Fund. These budgets are normally under the direct control and management of the council's Executive Leadership Team. Exceptions include Section 75 Partnership budgets managed by Health. More detailed explanation of the variances can be found in Appendix 4.

Forecast Variance Month 7 £'000	Directorate	2018/19 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
(336)	Families, Children & Learning	86,819	86,029	(790)	-0.9%
1,958	Health & Adult Social Care	53,869	55,898	2,029	3.8%
601	Economy, Environment & Culture	33,288	33,311	23	0.1%
(320)	Neighbourhood, Communities & Housing	15,362	15,042	(320)	-2.1%
(172)	Finance & Resources	20,681	20,433	(248)	-1.2%
(15)	Strategy, Governance & Law	5,173	5,089	(84)	-1.6%
1,716	Sub Total	215,192	215,802	610	0.3%
(229)	Corporately-held Budgets	(2,217)	(2,446)	(229)	-10.3%
1,487	Total General Fund	212,975	213,356	381	0.2%

3.4 The General Fund includes general council services, corporate budgets and central support services. Corporate Budgets include centrally held provisions and budgets (e.g. insurance) as well as some cross-cutting value for money savings targets. Note that General Fund services are accounted for separately to the Housing Revenue Account (Council Housing). Note also that although part of the General Fund, financial information for the Dedicated Schools Grant (DSG) is shown separately as this is ring-fenced to education provision (i.e. Schools). The chart below shows the monthly forecast variances for 2018/19 and the previous 3 years for comparative purposes.

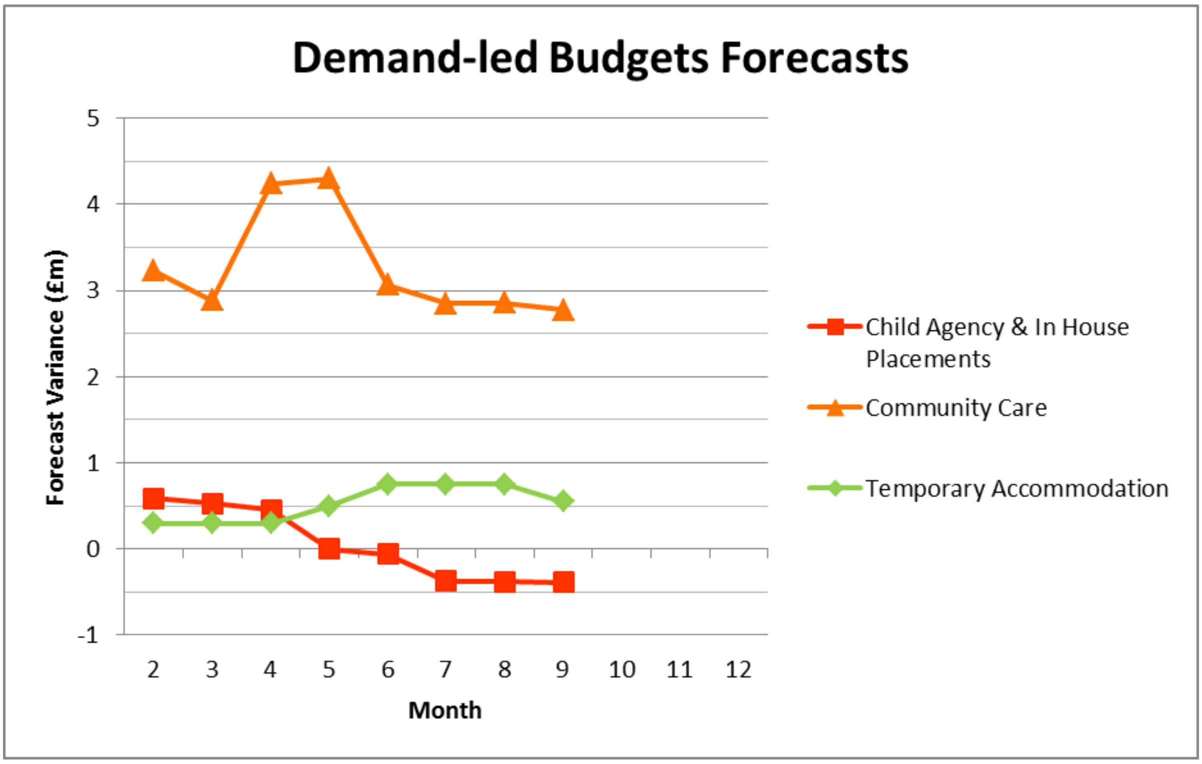


Demand-led Budgets

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

Forecast Variance Month 7 £'000	Demand-led Budget	2018/19 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
(370)	Child Agency & In House Placements	22,448	22,059	(389)	-1.7%
2,846	Community Care	58,600	61,372	2,772	4.7%
750	Temporary Accommodation	2,685	3,235	550	20.5%
3,226	Total Demand-led Budget	83,733	86,666	2,933	3.5%

The chart below shows the monthly forecast variances on the demand-led budgets for 2018/19.



Summary of the position at Month 9

The main pressures identified at Month 9 are across Learning Disability, Adult Social Care, IT & Digital, Homelessness, and City Environmental Management services as summarised below:

3.6 **Families, Children & Learning:** The initial forecast budget risk across Families, Children and Learning was £2.382m, primarily resulting from increased demand pressures on adults with learning disabilities (which sits within this directorate), services for children leaving care and costs relating to adoption and social work. Subsequently the directorate put together a financial recovery plan to address the financial risks. There still remain significant financial pressures on services for adults with learning disabilities and adoption. In addition, there are a number of significant financial risks in supported employment and services for children with disabilities. These are being closely monitored but have had an adverse impact on the directorate's budget position. However, the considerable success of measures put in place to address spending, particularly in social work and placements for children in care, has mitigated these budget risks.

The current projected position identifies potential cost pressures of £0.437m on Services for Adults with Learning Disabilities, £0.553m on Services for Children with Disabilities; £0.222m on Home to School Transport and £0.140m on the Able & Willing service. However, there are services with significant forecast underspends such as Social work and legal costs (£0.945m) and Children's placements (£0.617m). Together with other variances (£0.580m), this results in a forecast underspend of (£0.790m) as at Month 9. The underlying trends have been taken into account in assessing the level of reinvestment required to meet demand and cost pressures in 2019/20.

3.7 **Adults Services:** The service is facing ongoing challenges in 2018/19 in mitigating the risks arising from increasing demands from client needs, supporting more people to be discharged from hospital when they are ready and maintaining the provider market. This is alongside delivering a significant budget savings programme and developing integration plans through the Better Care Fund.

- The service is currently forecasting an overspend of £2.029m at Month 9 after the implementation of a number of initiatives to improve the financial stability of the directorate, which have helped to contain the forecast risk. The recovery measures focused on attempting to manage demands on and costs of community care placements across Assessment Services and making the most efficient use of available funds.
- There is focus nationally on improving rates of hospital discharge in preparation for winter that leads to increasing financial pressure. This pressure is expected to increase over the winter. There are also continued potential forecast risks concerning increased complexity of need and pressures on the in-house older people resource centres. Service pressure funding and improved Better Care funding have partly mitigated the risk for this financial year.
- The forecast includes the fee uplifts agreed at Health & Wellbeing Board on 30th January 2018 across care in the community and residential care. In order to manage the local market and address the significant under-supply of providers in the city who will accept publicly funded residents, fee increases were essential.
- At this stage, £1.478m of the total approved budget savings of £3.416m are being forecast as unachievable in this financial year.
- Service pressure funding of over £4.000m, including the Adult Social Care precept, has been applied in 2018/19 and used to fund budget pressures resulting from: increased demands and complexity; Deprivation of Liberty Safeguard assessments, and; national living wage and fee rate increases. In addition, the one-off Adult Social Care Support grant of £0.768m and winter pressures funding of £1.229m were available to augment the pressure funding. However, £1.610m was needed to offset the reduction in one-off iBCF funding, £1.000m to cover the reduction in CCG funding contribution and £0.500m for the reduction in the Public Health grant.

  Over the last two years there has been an overall £2.900m reduction in CCG funding for social care services (excluding significant reductions in CHC funding agreements). In addition, there are ongoing discussions regarding a further recurrent reduction in CCG funding from 2018/19 of £1.100m as part of a £14m savings target across the CCG. £0.660m is included in the current forecast and further options are being discussed with the CCG concerning management of the remaining risk.

The funding of all care packages is scrutinised for Value for Money, ensuring that eligible needs are met in the most cost-effective manner which will not always meet people's aspirations. Together with demand management strategies and identifying opportunities through Housing provision, this forms a key part of the savings implementation plan. However, increasing complexity and demographic growth continue to add to pressures, which also reflects the national picture.

3.8 **Housing Services and Temporary Accommodation:** The latest forecast for 2018/19, if no action is taken, is that Temporary Accommodation will overspend by £0.550m (£0.750m forecast overspend at month 7). This compares to an overspend of £0.123m at the end of 2017/18. The forecast overspend is mainly due to not being able to reduce the stock of temporary accommodation as quickly as planned and budgeted for. The service is also seeing an increase in former tenant debt and is having to provide for this by contributing more to the bad debt provision.

Post introduction of the more extensive requirements of the Homelessness Reduction Act, the service has reviewed its delivery model and is putting in place a range of measures which has reduced the forecast overspend. These measures include a change of structure to separate the prevention activities so that the service can focus on those that it would have an accommodation duty towards whilst still providing a prevention service to those it does not have a duty to. Additional staff have been recruited and are in place to support this work and to focus on moving-on those who are in temporary accommodation. If these measures prove to be unsuccessful, the Flexible Homelessness Support Grant can be used, as a last resort, to mitigate any final in-year overspend.

The £1.300m trailblazer project is ongoing and has enabled the service to change the way it identifies and responds to homelessness across the city. As a result of the trailblazer, the service estimates that over 400 additional instances of homelessness have been prevented. If, for example, a third of these had instead required temporary accommodation this could have equated to an additional budget pressure of between £1.500m to £2.000m (depending on the duration of stay and type of accommodation).

The temporary accommodation service faces a number of challenges to this including, for example:

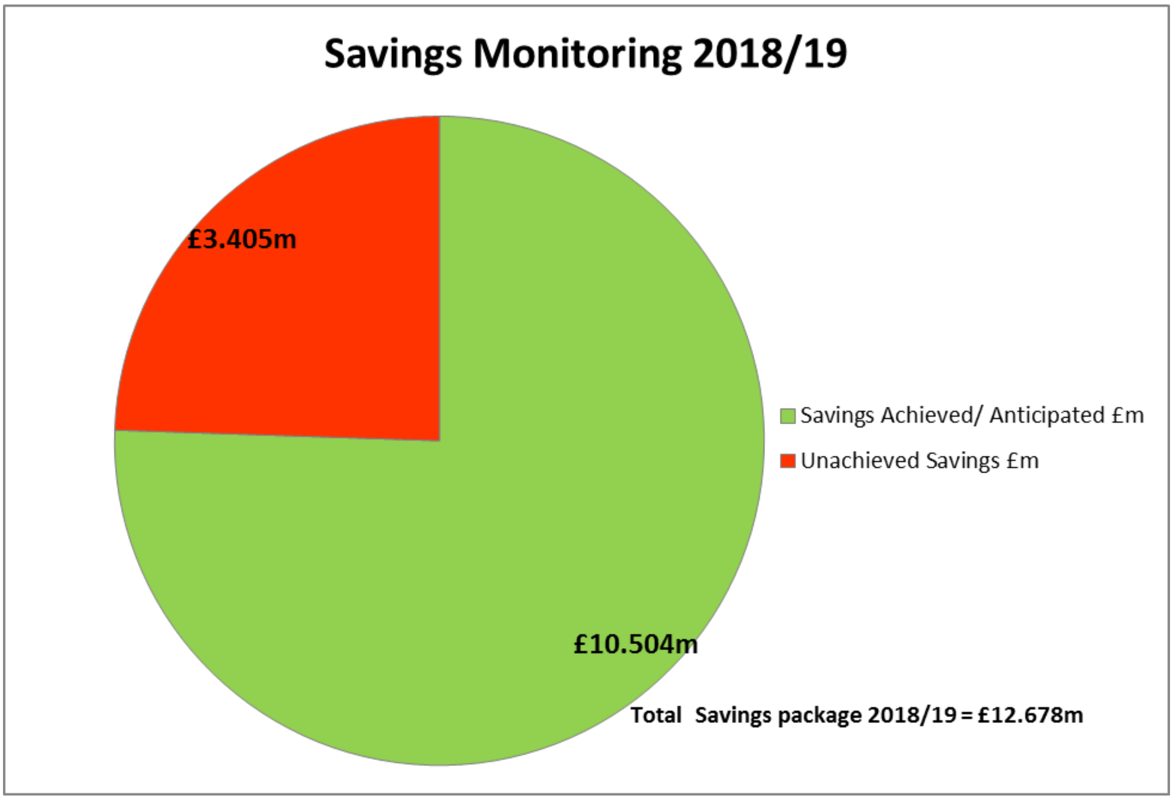
- the high cost local housing market;
- delays in recruiting staff able to support homeless households into permanent accommodation and manage void accommodation (due to a shortage of appropriately skilled local labour), coupled with a high turnover of staff;
- the more intensive requirements of the Homelessness Reduction Act 2018 which came into force on 3rd April 2018 and;
- the on-going roll-out of Universal Credit (potentially placing more privately renting benefit claimants at housing risk and in need of support).

3.9 **Environment, Economy & Culture:** The directorate is experiencing a number of pressures in its City Environmental Management service. In particular, pressures in CityClean concern higher non-contracted overtime and agency staffing to cover vacancies and sickness, increasing fuel costs and higher vehicle maintenance costs, as well as income pressures for commercial waste, garden waste and fleet workshop services. However, there are favourable variances in all other services areas across the directorate contributing to an overall net minor overspend position for the directorate; in particular, parking services is forecasting a large underspend due to vacancies and an over-achievement of income. The directorate is currently looking at all available options to mitigate increased costs and income shortfalls and has developed some successful financial recovery measures, the effects of which are included in the forecast. The projected cost and income levels for 2019/20, including anticipated changes and mitigations, are fully reflected in the reinvestment funding levels (service pressures) and proposed savings options included in the General Fund budget proposals for next year.

Monitoring Savings

3.10 The savings package approved by full Council to support the revenue budget position in 2018/19 was £12.678m. This follows 7 years of substantial savings programmes totalling over £130m that have been essential to enable cost and demand increases to be funded alongside managing reductions in central government grant funding.

3.11 Appendix 4 provides a summary of savings in each directorate and indicates in total what is anticipated/achieved or is at risk. Appendix 5 summarises the position across all directorates and presents the entire savings programme. The graph below provides a summary of the position as at Month 9. This shows that a significant element is on track but £3.405m (27%) is currently at risk. Mitigation of these risks is included in the development of services' financial recovery actions and any net ongoing impacts are incorporated in the development of the 2019/20 budget proposals.



Note: Savings Achieved/Anticipated includes an overachievement of savings of £1.231m

Housing Revenue Account Performance (Appendix 4)

The Housing Revenue Account is a separate ring-fenced account which covers income and expenditure related to the management and operation of the council's housing stock. Expenditure is generally funded by Council Tenants' rents. The forecast outturn is an underspend of £0.900m and more details are provided in Appendix 4.

Dedicated Schools Grant Performance (Appendix 4)

3.12 The Dedicated Schools Grant (DSG) is a ring-fenced grant which can only be used to fund expenditure on the schools budget. The schools budget includes elements for a range of services provided on an authority-wide basis including early years education provided by the Private, Voluntary and Independent (PVI) sector, and the Individual Schools Budget (ISB) which is divided into a budget share for each maintained school. The forecast outturn is an underspend of £0.865m and more details are provided in Appendix 4. Under the Schools Finance Regulations any underspend must be carried forward to support the schools budget in future years.

NHS Managed S75 Partnership Performance (Appendix 4)

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

3.14 This partnership is subject to separate annual risk-sharing arrangements and the monitoring of financial performance is the responsibility of the respective host NHS Trust provider. Risk-sharing arrangements result in financial implications for the council where a partnership is underspent or overspent at year-end and hence the performance of the partnership is included within the forecast outturn for the Health & Adult Social Care directorate. An overspend of £1.100m is currently forecast and more details are provided in Appendix 4.

Capital Programme Performance and Changes

3.15 The table below provides a summary of capital programme performance by Directorate and shows that there is a forecast underspend of £0.551m at this stage. More details are provided in Appendix 6.

Forecast Variance Month 7 £'000	Capital Budgets	2018/19 Budget Month 9 £'000	Forecast Outturn Month 9 £'000	Forecast Variance Month 9 £'000	Forecast Variance Month 9 %
0	Families, Children & Learning	7,878	7,787	0	0.0%
71	Health & Adult Social Care	330	330	0	0.0%
0	Economy, Environment & Culture	49,945	49,945	0	0.0%
(71)	Neighbourhood, Comms & Housing	5,160	5,160	0	0.0%
(506)	Housing Revenue Account	35,680	35,129	(551)	-1.5%
0	Finance & Resources	1,444	1,444	0	0.0%
0	Strategy, Governance & Law	2,501	2,501	0	0.0%
0	Corporate Budgets	0	0	0	0.0%
(506)	**Total Capital**	**102,938**	**102,387**	**(551)**	**-0.4%**

(Note: Summary may include minor rounding differences to Appendix 6)

3.16 Appendix 6 shows the changes to the capital budget and Appendix 7 provides details of new schemes for 2018/19 to be added to the capital programme which are included in the budget figures above. Policy, Resources & Growth Committee's approval for these changes is required under the council's Financial Regulations. The following table shows the movement in the capital budget since approval at Budget Council.

Summary of Capital Budget Movement	**2018/19 Budget £'000**
Budget approved as at TBM Month 7	126,413
Budget approved at other PR&G committees	20,644
New schemes to be approved in this report (see Appendix 6)	346
Variations to Budget (to be approved)	(2,379)
Reprofiling of Budget (to be approved)	(42,167)
Slippage (to be approved)	0
Total Capital	**102,857**

3.17 Appendix 6 also details any slippage into next year. However, as normal, project managers have forecast that none of the capital budget will slip into the next financial year at this stage.

Implications for the Medium Term Financial Strategy (MTFS)

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

Capital Receipts Performance

3.19 Capital receipts are used to support the capital programme. Any changes to the level of receipts during the year can impact on future years' capital programmes and may impact on the level of future investment for corporate funds and projects such as the Strategic Investment Fund, Modernisation Fund and Asset Management Fund. The planned profile of capital receipts for 2018/19, as at Month 9, is £11.615m. To date there have been receipts of £4.928m in relation to the sale of 13 Roedean Way, 120-124 Vale Cottages at Stanmer, a flat at St. James Mansion, Hollingbury Barn and a parcel of land at Foxdown Road, Woodingdean. There has been a lease premium received at Rowan Avenue and some minor lease extensions at the Marina. The transfer of land at Victoria Road to the HRA for new homes has now been finalised at an agreed value. Finally, the completion of the Shoreham Airport deal has been completed. The capital receipts performance will be monitored over the coming months against capital commitments.

3.20 The forecast for the ‘right to buy sales’ in 2018/19 (after allowable costs, repayment of housing debt and the forecast receipt to central government) is that an estimated 50 homes will be sold with a maximum useable receipt of £0.500m to fund the corporate capital programme and net retained receipts of £4.600m available to re-invest in replacement homes. To date 42 homes have been sold in 2018/19.

Collection Fund Performance

3.21 The collection fund is a separate account for transactions in relation to council tax and business rates. Any deficit or surplus forecast on the collection fund relating to council tax is distributed between the council, Sussex Police and Crime Commissioner and East Sussex Fire Authority, whereas any forecast deficit or surplus relating to business rates is shared between the council, East Sussex Fire Authority and the government.

3.22 The council tax collection fund is forecast to be in deficit by £0.556m at year end. This is a reduction from TBM month 7 of £0.085m mainly due to a lower forecast for the award of the Severely Mentally Impaired exemptions. The majority of the overall deficit relates to adjustments to prior years’ liabilities from exemptions and discounts which are forecast to reduce the council tax income. The council's share of the overall forecast council tax deficit is £0.477m.

3.23 The business rates collection fund is now forecast to be in deficit by £4.253m at year-end which is an increase of £0.296m from TBM month 7 due mainly to a reduction in the forecast on gross rates payable. The main elements of the overall deficit are firstly a successful appeal on the Royal Pavilion dating back to the year 2000 rating list resulting in a refund of £2.458m. Secondly, an appeal court ruling has been made that ATM's should be taken out the rating list and the estimated cost of removing liability back to 1 April 2010 is £1.880m, which after allowing for the appeals provision held against ATM’s represents a net loss of £1.386m. The council's share of the overall forecast business rates deficit is £2.084m and after allowing for the impact of timing differences to Section 31 grants, this reduces to £1.726m. The council has set aside £1.214m from the Royal Pavilion refund to offset the council's 49% share of the deficit from the refund as the council was the beneficiary. Therefore the net unfunded deficit for the council is £0.512m.

3.24 The council’s share of the combined collection funds is now a deficit of £0.989m which is a decrease in resources since Month 7 of £0.050m and this is included in the budget forecast of one-off resources for 2019/20.

4 ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

4.1 The provisional outturn position on the General Fund is an overspend of £0.381m as at month 9. This includes a forecast overspend of £1.100m on the council’s share of the NHS managed Section 75 services. Based on forecast trends since month 4, the overall position is anticipated to achieve break-even by year-end.The 2018/19 one-off financial risk safety net of £1.500m will therefore be released to support the 2019/20 budget. However, any overspend at the year-end would need to be a first call against any risk provision set aside for 2019/20. Any underspend would add to general reserves and its allocation would be for determination by the Policy, Resources & Growth Committee.

5 COMMUNITY ENGAGEMENT & CONSULTATION

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

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

6.1 The forecast risk at Month 9 represents 0.2% of the net General Fund and is expected to improve to a break-even position by year-end based on forecast trends since month 4. The situation is therefore manageable but there are underlying demand and cost trends, particularly in Adult Social Care, CityClean and Homelessness that need to be monitored closely. The funding position of the Clinical Commissioning Group is also of concern as this organisation is also experiencing significant financial pressures.

6.2 By anticipating a break-even position, this releases the 2018/19 one-off risk provision of £1.500m which therefore becomes available to support the 2019/20 General Fund revenue budget setting process. However, it should be noted that if there is ultimately an overspend at the end of 2018/19, this would be a first call on any agreed 2019/20 risk provision or general reserves.

Other Matters – Accepting Payments in Euros

6.3 At full Council on 18 October 2018, a Green Group Notice of Motion was approved regarding the potential impacts of European Union withdrawal on Brighton and Hove. This resulted in a full report to the 6 December 2018 Policy, Resources & Growth Committee setting out potential withdrawal scenarios and responses but the report also recommended:

2.2 That the Committee requests that the Executive Director, Finance & Resources investigates the advantages, disadvantages, and associated costs and benefits, in advance of any potential impact of the UK's withdrawal from the European Union on council finances, of accepting income from fees, charges and council tax denominated in Euros to protect this city's income stream and services, and reports his findings back to the January 2019 PR&G meeting.

6.4 Timescales for obtaining responses from the council's banker and system suppliers have meant that a report was not available for January PR&G and the initial findings in relation to this recommendation are therefore reported below. In essence, the acceptance of payments in Euros across the wide range of service points, different types of billing arrangements for fees and charges, and the wide variety of card terminals, payment systems and digital services presents significant challenges for a unitary local authority. In particular, for the major payment facilities including on-line Council Tax, Business Rates and Sundry Debts the summary of findings are that:

a) While it may ultimately be possible to accept payments in Euro's it is not currently available for the council's contracted web payment service which handles the larger revenue and income sources e.g. Council Tax, Business Rates and Sundry Debts.

b) There are a number of untested legal issues. In particular, the legal advice as to the legality of accepting Euros in settlement of a UK tax liability should be noted as set out in paragraph 7.2 below. Fluctuations in exchange rates would also be an issue and could generate uncertainty and potential risk for the payee as well as for the council. It is also not clear where the liability for conversion fees would rest.

c) The cost to be able to accept Euro's has not been market tested but is estimated to be significant and will involve:

i. changes to web pages and contracted digital services;
ii. changes to contracted income management systems (ICON/webpay) to ensure correct treatment and allocation of Euro payments;
iii. design and implementation of new processes to achieve conversion before information is passed to other systems (e.g. Northgate for Council Tax), otherwise customers' statements would not be updated correctly.

All of these changes require specification and design of system and process changes which are unlikely to be secured or deliverable within a short timeframe and, even if practicably or legally possible, will incur significant cost (high level estimate of £50,000 to £75,000 for the major systems alone).

d) The financial viability of these changes must therefore be considered given the very small number of people or businesses likely to pay in Euros or from a Euro bank account.

Note that some services, e.g. cultural venues, do already accept Euros but these are converted at the point of sale by the card merchant's terminals and do not involve invoicing or statements. Conversion fees are not payable by the council for this type of transaction.

7 FINANCIAL AND OTHER IMPLICATIONS

Financial Implications:

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

Finance Officer Consulted: Jeff Coates Date: 21st January 2019

Legal Implications:

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

The Council Tax (Administration and Enforcement) Regulations 1992 do not include provision permitting payment by any currency other than pounds. The provisions in relation to payments by instalments expressly relate to pounds. Other risks that would be associated with accepting payment by other currencies are highlighted in the report.

The new capital schemes are described in Appendix 7. The loan to the Brighton and Hove Estates Conservation Trust is on commercial terms and is therefore compliant with state aid rules.

Lawyer Consulted: Elizabeth Culbert Date: 22nd January 2019

Equalities Implications:

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

Sustainability Implications:

7.4 Although there are no direct sustainability implications arising from this report, the council's financial position is an important aspect of its ability to meet Corporate Plan and Medium Term Financial Strategy priorities. The achievement of a break-even position or better is therefore important in the context of ensuring that there are no adverse impacts on future financial years arising from performance in 2018/19.

Risk and Opportunity Management Implications:

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

SUPPORTING DOCUMENTATION

Appendices:

1. Financial Dashboard Summary
2. Revenue Budget RAG Rating
3. Revenue Budget Movement Since Month 7
4. Revenue Budget Performance
5. Summary of 2018/19 Savings Progress
6. Capital Programme Performance
7. New Capital Schemes and Future Years' Variations

Documents in Members' Rooms:

None

Background Documents

None