

<b>Subject:</b>	<b>General Fund Revenue Budget, Capital &amp; Treasury Management Strategy 2020/21 – Extract from the proceedings of the Policy &amp; Resources Committee meeting held on the 13 February 2020</b>		
<b>Date of Meeting:</b>	<b>27 February 2020</b>		
<b>Report of:</b>	<b>Executive Lead Officer for Strategy, Governance &amp; Law</b>		
<b>Contact Officer:</b>	<b>Name:</b>	<b>Lisa Johnson</b>	<b>Tel:</b> 01273 291228
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<b>Wards Affected:</b>	All		

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

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

**Recommendations:**

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

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

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

**4.00pm 13 FEBRUARY 2020**

**HOVE TOWN HALL - COUNCIL CHAMBER**

**MINUTES**

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

**PART ONE**

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

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

**Amendment 1**

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

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

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

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

Amendment 2

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

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

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

Amendment 3

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

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

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

Amendment 4

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

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

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

Amendment 5

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

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

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

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

Amendment 6

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

127.11 Councillor Mac Cafferty seconded all the amendments.

127.12 Councillor Yates said that since this committee last looked at the budget proposals there had been a significant number of changes. The Council had received £404k less in Adult Social Care funding than expected, and other costs and pressures had increased, and this had only been partly balanced off due to the review of the East Sussex Pension Scheme which had reduced our outgoings by £825k a year. Some of the saving plans in the Corporate Plan had been reviewed in light of the Council's political position in services it wanted to deliver, and that had resulted in changes to a number of services. There had been a partial removal of £61k of savings against

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

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

- 127.13 Councillor Shanks referred to Adult Social Care and was concerned with the £1.55m to cover reductions in the CCG contributions. The Chief Executive said the Authority had been making strong representations to the CCG to get clarity on what the financial position will be next year, and to seek to minimise any budget reductions to ensure that they were prioritising in accordance with the city's Health and Wellbeing Strategy. There had been some success in getting clarity for the next financial year and that had helped finance officers to anticipate that we will be in a better position than expected. Councillor Shanks asked if the Council made money on garden and commercial waste and whether schools used the service. The Executive Director Economy Environment & Culture said that the commercial waste collection had been generating income, but they hadn't met the targets and so there was a shortfall. The service was beginning to grow and was generating income. Some schools did use the service, but he was unsure which ones and so said that a written answer would be provided after the meeting. Councillor Shanks referred to the Youth Employment Service and felt that the EIA on this wasn't clear on what potential problems there could be and noted that £102k was being taken out of the service and two services were being brought together which she felt did not necessarily go together. The Executive Director Children Families & Learning said that the proposed savings were due to the merging of the two services. Any savings would be from co-location and management costs rather than a reduction in provision. A formal consultation on that was currently being undertaken and so the outcome of that would impact on potential savings.
- 127.14 Councillor Mac Cafferty noted cuts to the legal service and said as most of the lawyers at the Council were women, it would have a greater impact on females and so was surprised that that had not been raised in the EIA. The Executive Lead Strategy Governance & Law agreed that Legal Services was disproportionately female but said that most of the staff who would be affected by the cuts were more likely to be male.
- 127.15 Councillor Gibson noted that the reserve for new rent support was showing in the HRA report but was not showing in the General Fund Budget report, and asked for reassurance that the reserve was still there. Officers advised that the reserve was not

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

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

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

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

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

127.19 **RESOLVED TO RECOMMEND:**

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

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

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