

Brighton & Hove City Council

Policy & Resources Committee

Agenda Item 108

Subject: General Fund Revenue Budget, Capital & Treasury Management Strategy 2022/23

Date of meeting: Policy & Resources Committee: 10 February 2022
Budget Council: 24 February 2022

Report of: Chief Finance Officer

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Ward(s) affected: All

FOR GENERAL RELEASE

1 PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 This report includes the proposed General Fund Revenue and Capital Budget 2022/23 including the latest estimated resource position for 2022/23 to 2025/26, including changes in assumptions arising from the key impacts of the Chancellor's 3-year Spending Review 2021 and the subsequent provisional Local Government Financial Settlement. It also includes revised estimates of demographic and cost trends based on the latest information and forecasts. This includes updated tax base forecasts as approved by Policy & Resources Committee at its January meeting.
- 1.2 The Spending Review 2021 was a 3-year announcement which purported to increase Local Government Spending Power by 3% in 2022/23. However, this includes funding for social care reforms which will be matched by new costs. Removing this element shows that Spending Power has increased by 1.8% provided that councils elect to implement the allowable 1% Adult Social Care precept in 2022/23. Overall, this is some way short of current and anticipated demand and inflationary pressures in 2022/23 and is in the context of government grant reductions of over £100 million in the previous decade.
- 1.3 A key point to note in the City Council's budget position is that the one-off Covid-19 grant awarded for 2021/22 (£8.023m) was used to manage cost pressures and balance the recurrent General Fund budget for 2021/22. While some aspects of the council's finances are expected to recover in 2022/23, including fees & charges, rents and taxation, the financial impact of the pandemic is ongoing, which, together with estimated cost and demand pressures of over £12m makes 2022/23 a very challenging budget.

- 1.4 The announcement of a 3-year Spending Review potentially makes the position for the council clearer for the next few years, assuming no significant changes to the announced funding parameters, however, the restriction of the Local Government Financial Settlement to a one-year settlement again leaves an element of uncertainty. The 3-year Spending Review therefore makes the task of balancing the budget over the period both clear but very challenging as there is a large budget shortfall in 2022/23 and further, albeit smaller, predicted budget shortfalls in later years.
- 1.5 The scale of the estimated budget shortfall in 2022/23, over £18 million, is such that achieving the necessary savings next financial year, following on from many years of multi-million pound savings packages, is very challenging and potentially destabilising. The budget process has therefore focused on a longer time horizon and has focused on the development of an achievable, sustainable Medium Term Financial Strategy over a 4-year period. This enables a shortfall in any one year to be managed over a longer period to smooth out the financial impact of savings as far as practicable. However, as always, there are limitations on the extent to which savings can be deferred which is driven by the level and availability of reserves.
- 1.6 While a 4-year planning period can aid management of the challenging financial situation, it also carries additional risks. In particular, any non-achievement or under-achievement of savings, or any over-estimate of resources (e.g. taxation) in early years will then place even greater pressure on later years, and without strong financial management and governance, large deficits could quickly build up beyond manageable levels, potentially placing the authority in an unsustainable financial position.
- 1.7 In summary, the Spending Review, increasing cost and demand pressures and additional pay costs have now crystallised the council's financial situation and it now needs to make clear and potentially difficult choices to avoid financial instability over the medium term.

2 RECOMMENDATIONS:

That Policy & Resources Committee recommends to Council:

- 2.1 The Administration's proposed budget and Council Tax increase on the Brighton & Hove element of the council tax, comprising:
 - i) A general Council Tax increase of 1.99%;
 - ii) An Adult Social Care Precept increase of 1.00%;
 - iii) The council's net General Fund budget requirement for 2022/23 of £199.853m;
 - iv) The 2022/23 budget allocations to services as set out in the Budget book at Appendix 1 incorporating 2022/23 savings proposals and investments;
 - v) The reserves allocations as set out in the table at paragraph 5.20;
 - vi) A recommended working balance of £9.000m (approximately 4.5% of the net budget).
- 2.2 That Council notes the updated 4-Year Medium Term Financial Strategy included in the Budget Book at Appendix 1.
- 2.3 That Council approves the Capital Strategy for 2022/23 at Appendix 2 comprising:
 - i) The strategy for funding the investment in change, including the flexible use of capital receipts as set out in section 7;

- ii) The capital resources and proposed borrowing included at Annex A of the Capital Strategy;
 - iii) The Capital Investment Programme for 2022/23 of £222.788m included within the Budget Book at Appendix 1 and incorporating allocations to strategic funds.
- 2.4 That Council notes the Equalities Impact Assessments to cover all relevant budget options and their cumulative effect as set out in Appendices 6 and 7.
- 2.5 That Council further notes that approval of the budget is an indicative resourcing decision to be taken in the context of the explanation given in the Legal Implications paragraph 17.3.
- 2.6 That Council approves the Treasury Management Strategy Statement as set out in Appendix 3 comprising:
- i) The Annual Investment Strategy;
 - ii) The Prudential and Treasury Indicators;
 - iii) The Minimum Revenue Provision policy;
 - iv) The authorised borrowing limit for the year commencing 1 April 2022 of £590m.
- 2.7 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 11.3.
- That Policy & Resources Committee agrees:
- 2.8 That the council's Chief Finance Officer be authorised to make any necessary technical, presentational or consequential amendments to this report before submission to Budget Council.

3 Context and background information

- 3.1 As identified in the Draft Budget report to Policy & Resources Committee in December 2021, the advent of restricted, one-year Spending Reviews for 2020/21 and then in response to the pandemic in 2021/22, meant that budget planning necessarily focused on an annual process due to the removal of any certainty over future resources.
- 3.2 The provision of a 3-year Spending Review at the end of October 2021 was therefore a step forward in terms of enabling longer term planning but unfortunately the level of resources provided is not sufficient to remove the council's predicted budget gaps over the period due to continuing cost and demand pressures across many services, particularly demand-led areas such as social care and homelessness.
- 3.3 For this reason, the budget process for 2022/23 has not only focused on options to address the estimated budget shortfall next year but has included the development of a more detailed 4-year Medium-Term Financial Strategy (MTFS) which will cover the Spending Review period plus one year. The MTFS provides an opportunity to smooth out the financial impact of savings over the period to avoid destabilising effects on services and enable the necessary lead-in time for managing more fundamental consultation and change. The MTFS will therefore become a more important and substantial financial plan over the period as it will be the mechanism by which the council can demonstrate and articulate its plans to achieve financial balance and sustainability over the medium term.

- 3.4 Failure to effectively manage the council's finances will ultimately impact on service delivery and has serious reputational and governance implications, potentially leading to government intervention. The financial impact of the pandemic has brought financial resilience to the fore and the threat of interventions such as Statutory Section 114 notices, which temporarily halt non-critical spending and contracts, have become reality for a number of authorities. There are also many other authorities that have stopped short of Section 114 notices but have been forced to apply to government for 'capitalisation directions' to enable them to use capital receipts or borrowing to fund annual revenue costs in the short term. External Auditors are therefore paying very close attention to the financial health of local authorities including monitoring their reserve levels and medium term financial plans.
- 3.5 Locally, as reported and evidenced through its targeted budget monitoring reports (TBM), this council is experiencing a number of pressure points that present high risks and need to be heeded in its financial planning, including:
- The likely requirement to plan for the repayment of reserves over the medium term period, including reserves of £1.521m used to 'financially smooth' the 2021/22 budget;
 - Cover for Collection Fund taxation losses (deficits) experienced in 2020/21 due to the pandemic which government allowed to be spread over 3 years starting in 2021/22;
 - The numbers of people supported in, and the cost of, Emergency and Temporary Accommodation and associated support services has been increasing year-on-year and has been further exacerbated by the pandemic. Although short term funding has been received to meet accommodation costs through the pandemic, if people are not successfully 'moved on' to sustainable accommodation or settings, this will increase baseline numbers further and the impact on the council's budget will be potentially very substantial over the next few years. There are significant challenges in achieving 'move on' due to a range of factors outside of the council's control including the housing situation.
 - The council's increasing reliance on income from fees and charges, particularly parking and permit revenues. Fees & Charges are related to visitor and economic activity and behaviours which can change over time, potentially affecting income levels (up or down).
 - Similarly, the council's commercial property portfolio, which provides substantial rental income of around £9m, is known to be highly geared toward the retail sector, which had been declining prior to the pandemic and may now be further impacted in the medium term;
 - The council is also highly reliant on suppliers and providers who may be impacted, at least in the short term, by Brexit and/or the pandemic either in terms of the cost of supplies or cost of labour, or the impact on supply chains. Suppliers/providers may also be impacted by the National Minimum Wage increase (6.6%) and/or the National Insurance increase. This could result in increased contractual costs filtering through to the council.
 - Increased pay costs resulting from: inflationary pressures which are driving up pay awards; the cost of increasing the council's minimum pay grade (including the Real Living Wage increase); the increasing cost of market supplements due to national and local labour supply issues, and; the cost of resolving the recent industrial dispute.

3.6 Managing the council's finances, i.e. achieving financial balance, over a medium term financial period is a realistic approach given the scale of the financial challenges but carries additional risks. Utilising (i.e. internally borrowing from) reserves to financially smooth the budget over a period of years is not uncommon practice but it is still not desirable. There are also two distinct types of financial smoothing proposed in the 2022/23 budget as set out below:

- i) **Funding of one-off Covid-19 impacts:** The 2022/23 budget process has identified cost pressures of £2.233m that are expected to be short-term and which are directly or indirectly related to the impact of the pandemic. Ideally, one-off resources would be identified to cover these costs but as the council has no further one-off resources available and government have not provided further Covid grant support, it is proposed to borrow from existing reserves and repay them over a 10-year period at a repayment rate of £0.208m per annum starting in 2023/24.
- ii) **Imbalanced recurrent revenue budget** – using financial smoothing to address annual budget gaps can only be undertaken for a short period over the MTFS period because it is an imbalance of ongoing, recurrent expenditure that would otherwise build up very quickly to a large ongoing deficit. Any use of financial smoothing to address a recurrent budget imbalance must therefore be accompanied by a viable medium-term plan demonstrating the replenishment of reserves over the period, recognising that failure to achieve savings in later years may lead to adverse consequences or measures including:
 - Depletion or exhaustion of reserves;
 - Spending controls and restrictions (including Section 114 'stop' notices);
 - Unplanned cuts or reductions to services;
 - Unplanned staffing reductions through redundancy, voluntary severance and/or vacancy controls;
 - Diversion of capital receipts from capital investment and the unplanned sale of assets to shore up revenue (i.e. capitalisation) in the short term.

3.7 Further discussion of the Medium Term Financial Strategy and a potential approach for managing the budget over the next 4 years is discussed in Section 9 below. The following section details the outcome of the Spending Review alongside updated estimates of other costs and resources.

4 RESOURCES AND PLANNING ASSUMPTIONS 2022/23

Provisional Local Government Financial Settlement (LGFS)

4.1 The provisional Local Government Finance Settlement for 2022/23 was announced on 16 December 2021 and reflected the headline funding announcements for year one of the 3-year Spending Review announcement in October which included:

- Confirmation of an allowable 1% Adult Social Care precept which would provide an additional £1.588m if agreed;
- Confirmation that the threshold at which an increase in Council Tax requires a local referendum will be 3% including a 1% Adult Social Care (ASC) precept. Any proposal to increase council tax by 3% or more would therefore need to be accompanied by an agreed substitute budget, which would need to be implemented if the increase were voted down by the electorate;

- Allocation of the core funding increase of £1.5bn nationally including additional Adult Social Care grant funding of £3.056m and a one-off Services Grant of £4.077m. The Services Grant has been allocated on a one-off basis as the government intends to review the allocation mechanism for future years to make best use of this resource therefore this funding will continue into future years but the impact of any changes is unknown;
- Increase in the Revenue Support Grant (RSG) from £6.666m to £6.877m;
- Increase to the Improved Better Care Fund, which provides joint funding toward adult social care, from £9.182m to £9.459m;
- Increase to the Lower Tier Services Grant from £0.624m to £0.657m;
- Increase in the New Homes Bonus grant by £0.486m, reflecting the new property completions in the city, however, this has been provided on a one-off basis as the government intends to replace the mechanism for distributing this funding in the future.

4.2 In July 2021, at the start of the budget process, the council's financial planning assumption was an increase in funding of £6.280m. In the event, the provisional settlement has announced additional recurrent funding of £8.140m which therefore provides £1.860m additional resources to support the 2022/23 budget.

4.3 The final Local Government Finance Settlement is expected to be announced in February 2022.

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

4.4 The Spending Review 2021 included an announcement of an additional £1.5 billion resources nationally, including additional Adult Social Care funding, a continuation of improved Better Care Funding (BCF) and allowing a further 1% Adult Social Care precept.

4.5 All additional funding for Adult Social Care has been directed towards supporting the demand and cost pressures within the service. The table below summarises the resources available to support of Adult Social Care pressures in 2022/23:

Table 1: Social Care Resources	2020/21	2021/22	2022/23
ASC Precepting *	2% £2.894m	3% £4.450m	1% £1.588m
Improved BCF	£9.181m	£9.181m	£9.459m
Adult Social Care Grant	£6.815m	£7.759m	£10.815m

* Subject to full Council approval for 2022/23

Referendum Threshold

4.6 The provisional Local Government Finance Settlement confirmed that the threshold at which an increase in council tax requires confirmation from a local referendum will be 3% including a 1% Adult Social Care precept. Any proposal to increase council tax by 3% or more would therefore need to be accompanied by an agreed substitute budget, which would need to be implemented if the increase were voted down by the electorate.

Business Rate Retention and Council Tax Income

4.7 Details of the expected business rate retention income forecasts were set out in the report to the January 2022 Policy & Resources Committee. The council is forecast to receive £71.432m from its locally retained share of business rates and Section 31 compensation grants in 2022/23 which is an increase of £4.444m compared to

2021/22. This increase includes 4.9% inflation funded through government section 31 compensation grants, anticipated growth in business space in the city and a review of the likely number of successful appeals against business rates rateable value.

- 4.8 The Council Tax taxbase report was also agreed by this committee in January 2022. Assuming a Council Tax increase of 2.99% and taking into account changes to the tax base, the total projected Council Tax income in 2022/23 is £163.652m. This is an increase of £7.738m compared with 2021/22.
- 4.9 The tax base calculation also incorporates the changes to the Council Tax Reduction (CTR) Scheme being presented to full Council on 3rd February 2022. The additional cost of proposed changes in 2022/23 is approximately £0.331m and this is reflected in the tax base calculation above.

Other Government Grants

- 4.10 The grant allocations for 2022/23 have been included within the Budget Book at Appendix 1. Some grant allocations for next year have not yet been announced, in particular, homelessness and rough sleeper funding, Supporting (Troubled) Families funding, and Public Health Grant. However, where these are critical to the setting of the 2022/23 budget, as in the case of those named, an estimate has been included.

Fees and Charges

- 4.11 The council's Corporate Fees & Charges Policy requires that all fees and charges are reviewed at least annually and should normally be increased by a minimum of either the corporate standard inflation rate, statutory increases, or actual increases in the costs of providing a service to reflect cost inflation.
- 4.12 Over recent years, fees & charges have become an increasingly important element of the council's financial sustainability following grant reductions of over £100 million since 2010/11. Services therefore benchmark 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. Opportunities for increasing or generating income from fees & charges are explored and implemented where these are consistent with council priorities set out in the Corporate Plan.

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 may generate budget savings and, where this is the case, are reflected in savings proposals set out in the Budget Book at Appendix 1.

5 CORPORATE PLAN INVESTMENTS & PRIORITY SERVICE PRESSURE FUNDING

- 5.1 The council's Corporate Plan contains priorities that aim for a fairer, sustainable city and contains six outcomes that are supported by a range commitments and actions. Full details are in the published plan and the six outcomes supported are:
- A city to call home
 - A sustainable city
 - A healthy and caring city
 - A city working for all

- A stronger city
 - A growing and learning city
- 5.2 The investments to support these outcomes are continually developing as they are informed by local demographic and economic trends, ongoing research and policy development, and consultation and engagement with residents, communities, partners and other stakeholders, for example, the work of the Climate Assembly. As the investment requirements become more certain they are built into both the annual budget setting process and, for longer term objectives, into the Medium Term Financial Strategy, so far as they can be estimated and afforded. In this respect, investments for 2023/24 have also been included where known and in particular where they support capital investment beyond one year.
- 5.3 A major investment area for the Corporate Plan relates to housing and homelessness including ongoing capital investment plans of over £95 million to deliver new build or purchased, affordable housing and temporary and emergency accommodation through the self-financing Housing Revenue Account (HRA) and other innovative schemes including the Housing Joint Venture. These plans are well advanced and are set out in detail in the Corporate Plan and the HRA Revenue and Capital Budget also reported to the February Policy & Resources Committee and Budget Council.
- 5.4 Another important area requiring substantial investment concerns services that can help to support a healthy and caring city. Demands on Social Care services continue to increase, reflecting not only the increased population of the City but the continuing trend for people to live longer but increasingly with limiting illnesses, disabilities, mental health illnesses or dementia that require increasing social care support to help them stay in their homes and communities. The long awaited Social Care Reforms announced by the government have, in financial terms, potentially raised more questions than answers and it is likely to be some time before the full financial impact is understood. In the meantime, local authorities are facing substantially increasing costs and demands and the investment required to meet these locally in 2022/23 is estimated at £7 million across adults and children's social care.
- 5.5 In 2018, the council declared a Climate and Biodiversity Emergency, and this is therefore a high priority for the council and supports the Corporate Plan objective of becoming a Carbon Neutral City by 2030. Revenue and capital investments of approximately £10m are set out below in 2022/23, including further investment of £7.5m in the Carbon Neutral 2030 programme aimed at improving the sustainability and biodiversity of the city as well as the health and well-being of its residents through schemes that enable active travel, improve air quality and improve energy efficiency (including the council's own buildings).
- 5.6 The budget also proposes investments to continue to tackle inequality and disadvantage including responding to disadvantage among young people, continued support for embedding anti-racism, and significant resources for addressing hardship including further provision for discretionary hardship funds and a Local Discretionary Social Fund together with increased funding of £0.331m to improve support provided through the Council Tax Reduction Scheme (CTR) which will move to a simpler earnings banding scheme. It is noted that these initiatives are also linked to the city's response to the anticipated rising cost of living, for example, in relation to rising fuel bills and inflation.

- 5.7 There are also proposed investments to support of those living and working in the city including investment in our parks, sporting facilities, swimming pools and public conveniences as well as further investment in city clean-up and graffiti removal and replacement of seafront heritage lighting.
- 5.8 In total, there are proposed ongoing investments of £13.414m and one-off investments of £1.649m to support Corporate Plan priorities and outcomes, which also enables £9.910m of associated capital investments through prudential borrowing. The revenue investments are enabled by proposed local taxation increases (2.99%), including the 1% Adult Social Care precept, increased government grant support, and the substantial package of savings (£10.318m) focused on delivering services at a lower cost through redesign and/or technological changes, as well as generating more income from fees & charges for services.
- 5.9 The full list of proposed investments to support Corporate Plan priorities and associated outcomes is set out below:

Table 2: Corporate Plan and Investments

Priority	Proposed Corporate Plan Investments	Annual Revenue Investment 2022/23 £m	Annual Revenue Investment 2023/24 £m	One-off Revenue Support £m	Enabled Capital Investment 2022/23 £m	Enabled Capital Investment 2023/24 £m
Housing	Provision for increased Temporary Accommodation	1.000				
	Continued investment in Housing First (after expiry of Contain Outbreak Management Funding in 2022/23)		0.138			
	Preparatory costs for creating a council-run not-for-profit lettings agency			0.075		
	NEW GENERAL FUND HOUSING INVESTMENTS	1.000	0.138	0.075	0.000	0.000
A City Working for All	Investment on eastern seafront/Madeira Terrace beautification			0.022		
	Seafront heritage lighting renewal programme	0.016	0.028		0.250	0.450
	Victoria Fountain refurbishment	0.014			0.250	
	Increased investment in Public Toilet provision (above £2.7m already approved) to include Saltdean Undercliff	0.012			0.190	
	Prince Regent entrance works	0.008			0.070	
	Expand graffiti pilot and fund additional clean-up / clean-up week for 2022/23	0.050				
	Investment in 6 additional seasonal staff to manage sustainable weed removal	0.070				
	Investment in Planning Guidance for the Liveable Cities initiative			0.150		
	Investment to support Planning Reforms including provision of further design expertise	0.100				
	Development of a city-wide Strategic Transport Model and ongoing update costs	0.076	0.076		0.500	0.500
	Anticipated one-off cost of Public Inquiries in 2022/23			0.050		
	Continuation of support for EU Settled Status refugees and migrants			0.070		
	NEW INVESTMENT TO SUPPORT A WELL-RUN CITY	0.346	0.104	0.292	1.260	0.950

Priority	Proposed Corporate Plan Investments	Annual Revenue Investment 2022/23 £m	Annual Revenue Investment 2023/24 £m	One-off Revenue Support £m	Enabled Capital Investment 2022/23 £m	Enabled Capital Investment 2023/24 £m
Climate Action & Sustainability	Warmer Homes - extend capital investment into 2023/24		0.189			3.000
	City Downland Estate - implementation and actions to develop the Whole Estate Plan (WEP)	0.100				
	Parks Infrastructure including boundary works, replacement trees and tree planting	0.025	0.063		0.400	1.000
	Managing Ash and Elm Dieback safely to improve public spaces, including a co-ordinator post			0.600		
	Provision of funding for a Tree Preservation and Enforcement Officer	0.040				
	Investment to increase the supply of allotments			0.040		
	On-Street and Communal Bin infrastructure investment to improvement collection and recycling		0.056			0.500
	Extension of the Tech Take back recycling scheme			0.068		
	Circular economy investment (promotion and awareness)	0.040	0.020	0.057		
	Food Waste *					
	Ongoing support for the School Streets initiative	0.067				
	Cycle Training - Bike it			0.027		
	Increased provision of Bike Hangers (self-financing capital investment)	0.000				0.500
	Increased investment in the Carbon Neutral 2030 programme including: <ul style="list-style-type: none"> - Air Quality - Two automatic analyser stations and continued diffusion tube monitoring - Expanding liveable neighbourhoods - Carbon reduction measures to operational buildings - Items covered under the Sustainability Carbon Reduction Infrastructure Fund (SCRIF) programme 	0.597	0.398		7.500	6.500
	NEW INVESTMENT TO SUPPORT CLIMATE ACTION & SUSTAINABILITY	0.869	0.726	0.792	8.400	11.000

Priority	Proposed Corporate Plan Investments	Annual Revenue Investment 2022/23 £m	Annual Revenue Investment 2023/24 £m	One-off Revenue Support £m	Enabled Capital Investment 2022/23 £m	Enabled Capital Investment 2023/24 £m
A Growing & Learning City	Investment to manage the increase in Education, Health and Care Plans (Education Psychologists)	0.145				
	Investment in SEN Casework Officers due to increased Education, Health & Care Plans (EHCPs)	0.080				
	Youth Mental Health			0.025		
	Developing and embedding the Disadvantage Strategy and Early Help			0.050		
	NEW INVESTMENT TO SUPPORT A GROWING & LEARNING CITY	0.225	0.000	0.075	0.000	0.000
A Health & Caring City / A Stronger City	Investment to meet increased demand and costs for Adult Social Care – Physical Disability Age 18 - 64	1.846				
	Investment to meet increased demand and costs for Adult Social Care – Physical Disability Age 65+	0.882				
	Investment to meet increased demand and costs for Adult Social Care – Mental Health	0.043				
	Investment to meet increased demand and costs for Adult Learning Disability	1.805				
	Investment to maintain in-house Care Home provision	0.440				
	Investment to meet increased Children’s Disability Agency Placement and Children in Care costs	2.351				
	Increased funding to meet demands on the Home to School Transport Service	0.440				
	Investment in the Information, Advice & Assistance (IAA) Service (Children & Young People)	0.041				
	Preventive investment in Emotional Health & Mental Health Service (Staffing)	0.042				
	Strategic Lead for anti-racist social care	0.036				
	Funding to maintain Prevent Co-ordination following withdrawal of government funding	0.060				

Priority	Proposed Corporate Plan Investments	Annual Revenue Investment 2022/23 £m	Annual Revenue Investment 2023/24 £m	One-off Revenue Support £m	Enabled Capital Investment 2022/23 £m	Enabled Capital Investment 2023/24 £m
	Investment for Information & Privacy Advisers to manage increased Subject Access Requests	0.100				
	Investment to enhance support and simplify the Council Tax Reduction Scheme (CTRS)	0.331				
	Enhanced support for the Council Tax Reduction Discretionary Fund			0.190		
	Continuation of the Welfare Reform Support Fund including the Local Discretionary Social Fund			0.180		
	Community wealth building/social value staff and member training			0.035		
	Business case development for victims of domestic abuse accommodation			0.010		
	Support for drink spiking tests	0.005				
	Pavilion and Mess Room refurbishment programme	0.016	0.063		0.250	1.000
	NEW INVESTMENT TO SUPPORT A HEALTHY & CARING CITY	8.438	0.063	0.415	0.250	1.000
Corporate Pressures	Increased Housing General Fund management and staffing costs due to significantly increased demands on the service including Temporary and Emergency Accommodation, Housing First services, Health & Safety management, and substantially increased major Housing Investment programmes	0.175				
	Investment to maintain Procurement & Contract Management services following ending of 3-year Modernisation Fund support	0.220				
	Investment to maintain support functions following withdrawal of HROD and Business Operations from the Orbis Partnership arrangements	0.700				
	City parks and City Clean pay and grading increases following re-evaluation of roles and duties	0.750				

Priority	Proposed Corporate Plan Investments	Annual Revenue Investment 2022/23 £m	Annual Revenue Investment 2023/24 £m	One-off Revenue Support £m	Enabled Capital Investment 2022/23 £m	Enabled Capital Investment 2023/24 £m
	Investment required to develop and implement the council's Data Governance Framework	0.070				
	Additional Democratic Services Officer to service the increased number of council meetings, appeals and panels	0.042				
	Provision of permanent funding for the bi-annual City Tracker (£50k every 2 years) to start in 2023/24	0.025				
	Increased cost of Corporate Cleaning contract due to increasing the number of lots to enhance social value	0.100				
	Increased cost of the Corporate Security Contract (training, certification, living wage)	0.200				
	Provision for various unavoidable above-inflation contractual and service cost increases across a range of priority directorate services	0.254				
	CORPORATE SERVICE PRESSURES	2.536	0.000	0.000	0.000	0.000
	TOTAL CORPORATE PLAN INVESTMENTS	13.414	1.031	1.649	9.910	12.950

* The council commissioned a high level feasibility report into the introduction of a food waste collection service. This was presented to committee in June 2021 and a more detailed business case is being produced setting out options and associated costs for dealing with the logistics and complexities around introducing a food waste collection service. Under the Environment Act 2021 the government may mandate food waste collections and have indicated that they would provide new burdens funding to councils who do not yet have a service but funding would not be provided to council's who already have a food waste collection service. An announcement from the government is expected in Spring 2022. An update report will be presented to committee in 2022/23 setting out the options for how the new service could be funded.

Covid-19 Pandemic Financial Impact

- 5.10 The Covid-19 pandemic caused an enormous financial shock to the whole economy in 2020/21, impacting people and businesses across all sectors, including the public sector. This has continued in 2021/22 but the financial impact on the local authority has been more variable as there have been periods with minimal restrictions in force and the avoidance of full lock downs together with the increasing success of the vaccination programme. However, there has been a continued impact on finances including:
- Significantly higher numbers of Council Tax Reduction claimants, resulting in taxation losses, although numbers have been steadily reducing since June 2021 but are still around 1,000 higher than pre-pandemic levels;
 - Significant impacts on Adult Social Care in order to ensure discharge from hospitals into care settings as soon as possible. However, NHS funding has helped to partially mitigate this financial impact in 2021/22.
 - Similarly, continued high levels of cost and activity relating to homelessness and rough sleeping which has required the use of £3.6m Covid funding in 2021/22 and is a key area of risk for 2022/23.
 - Continuing losses of fees, charges and rental incomes due to suppressed economic and visitor activity in the city, however, this impact is significantly less than in 2020/21. Subject to restrictions remaining limited or being removed fully, most revenue streams are expected to recover, however, commercial rentals are expected to remain somewhat suppressed for much of 2022/23 reflecting the slow progress of economic recovery.
- 5.11 The government has not announced any additional Covid funds for local authorities for 2022/23 and this remains a key area of lobbying, particularly in relation to areas with higher levels of homelessness and rough sleeping. The estimated cost pressures relating to the ongoing impact of the pandemic in 2022/23 are set out in the table below and will be treated as one-off cost pressures on the assumption that they will not extend beyond the next financial year.

Table 3: Covid-19 One-off Cost Pressures 2022/23	£m
Temporary Accommodation spot purchase costs	1.500
Ongoing use of emergency (hotel) accommodation for rough sleepers	0.160
Reduction in income/attendance, council run nurseries	0.150
Management of tented encampments (co-ordinator)	0.023
Commercial rent reductions, voids and bad debts (not covered by Sales, Fees & Charges compensation grant)	0.400
Total One-Off Covid-19 Costs 2022/23	2.233

Reserves Position and One-off Funding

Latest Financial Performance in 2021/22

- 5.12 Targeted Budget Management (TBM) is the council's system of budget monitoring and the TBM Month 9 (December) report included on this committee agenda shows a projected underspend of £1.093m on the General Fund, which includes a projected underspend of £1.877m on the council's share of NHS controlled Section

75 partnership services due to a significant short term downturn in care packages. The overall underspend is a substantial improvement of £4.489m since Month 7 (October) and provides critical one-off resources to reduce the call on reserves.

- 5.13 The improved position has resulted from a combination of effective cost control measures including: vacancy management; improved income forecasts due to a lower than expected impact from Omicron restrictions, and; ongoing contributions to manage hospital discharge from the NHS. There are also reduced numbers of care packages but this is expected to be short term due to ongoing impacts of the pandemic on private and independent sector providers and staffing.
- 5.14 The underspend of £1.093m will add to general reserves available at the start of 2022/23. As normal at budget setting time, all other council reserves have been reviewed to ensure they remain adequate and relevant for their intended purpose. Where reserves are no longer required, they can be released to support the budget position. Conversely, where they are insufficient, a proposed allocation may be required. Following the review, £1.279m is assessed to be available for release and will also add to the general reserves available at the start of 2022/23. These two additional one-off resources are reflected in the table below.

One-off Resource Liabilities and Proposed Allocations

- 5.15 The working balance will be recommended to continue at a minimum of £9.0m to meet general risks applicable to a unitary authority.
- 5.16 Table 4 identifies the potential resources and liabilities that will need to be taken into account in setting the 2022/23 budget. At this stage, this assumes that spending in 2021/22 will remain in line with the TBM Month 9 (December) projection including an additional £0.600m underspend through the application of Contain Outbreak Management Funding against qualifying costs in overspending service areas .
- 5.17 After accounting for available resources from the forecast TBM underspend and the release of other reserves, and then applying these to meet the net Collection Fund deficit and proposed allocations including the budget shortfall proposed to be managed over the MTFS period, the table below shows an estimated shortfall in one-off resources of £4.216m in 2022/23 to be met from internal borrowing from reserves and repaid as indicated in the table.
- 5.18 Internal borrowing from reserves is clearly not desirable and is a last resort for any authority. However, the Covid-19 pandemic is an exceptional event and it is for events and financial shocks such as this that the authority maintains not only a working balance of approximately 4% of its net budget, but a sustainable level of usable, earmarked reserves to provide it with the necessary financial resilience. Borrowing from earmarked reserves to meet one-off Covid-19 impacts and repaying them over 10 years is appropriate given that this is an exceptional event and the aim is to minimise the burden on the revenue budget by spreading repayments over a longer time frame. However, the planned use of reserves as part of the Medium Term Financial Strategy (MTFS) to manage annual (recurrent) budget gaps, as set out in Section 9, requires repayment within the 4-year MTFS period as recurrent deficits can quickly build up to unmanageable levels. The MTFS must be able to demonstrate that balance can be achieved over the period with an achievable level of savings.
- 5.19 The use of reserves proposed here will utilise approximately 9% of current reserves and balances for financial smoothing. Financially, this is manageable in the

exceptional circumstances and, if approved, the authority will plan for repayment of in its Medium Term Financial Strategy beginning in 2022/23.

- 5.20 Having a clear plan for repayment of reserves and embedding these repayments in the Medium Term Financial Strategy should ensure that the council's finances stand up to external scrutiny and audit, particularly given that it will still be maintaining a prudential working balance of £9m together with usable reserves, after internal borrowing, of approximately £30m. However, one option to potentially achieve faster repayment is to ensure that any additional underspend achieved by the end of the 2021/22 financial year, or any further release of earmarked reserves possible as part of the normal year-end review process, is applied to reduce the level of internal borrowing at the end of this financial year. This option is recommended as it would potentially reduce the repayment burden on future financial years' budgets. Members also have the option of reviewing the allocation of funds to existing earmarked reserves where these are not legal or contractual commitments.

Table 4: One-off Resources, Liabilities and Proposed Allocations	£m	£m
<i>Released general reserves (detailed in appendix 4)</i>		1.279
<i>Revenue Budget position 2021/22 (TBM):</i>		
Forecast outturn underspend (as at TBM Month 9 / December)		1.093
<i>Collection Fund Position:</i>		
• Estimated 2021/22 Council Tax collection fund net deficit including 3-year smoothing	-2.150	
• Business Rates collection fund deficit relating to Section 31 grant including retail and nursery relief awarded in 2021/22	-20.459	
• Contribution from Section 31 grant timing reserve (retail and nursery reliefs)	20.459	
• Estimated 2021/22 Business Rates Retention collection fund net surplus including 3-year smoothing	0.889	
• Planned contribution from collection fund adjustment reserve for 3-year deficit smoothing	0.538	
Sub-total Collection funds net position		-0.723
Projected One-off Resources available at the start of 2022/23		1.649
Proposed One-off Allocations in 2022/23:		
Corporate plan one off investments as set out in Table 2	-0.479	
Diseased Trees removal	-0.600	
Planning – Provision for Public enquiries	-0.050	
Planning – Guidance for Liveable Cities	-0.150	
Allocation to Council Tax Reduction Discretionary Fund	-0.190	
Allocation to Welfare Reform Support Fund (LDSF)	-0.180	
Short-Term Covid-19 pressures shown in Table 3	-2.233	

MTFS contribution from reserves (2022/23)	-1.983	
Net shortfall in one off resources		-4.216
Managed by:		
Internal borrowing for short-term Covid-19 costs spread over 10 years	2.233	
Internal borrowing to balance resources over the 4-year MTFS period	1.983	
Balance		0.000

5.21 The proposed one-off allocations for 2022/23 are explained in more detail below:

- Covid-19 financial impacts (£2.233m): these are set out in detail in the table at paragraph 5.11 above;
- One-off investment in Corporate Plan priorities (£0.479m): these investments are set out in detail in the table at paragraph 5.9 of the report;
- Ongoing management of Ash & Elm dieback (health & safety works) (£0.600m): these allocations are in relation to the recommendations emanating from the Tree Diseases report, which were approved by the Environment, Transport & Sustainability Committee at its meeting on 24 November 2020 (Item 43). The allocations help to manage the spread of the diseases as well as safely removing dying and unsafe trees.
- Public Inquiries (£0.050m) - two public inquiries are anticipated next year (re: Toad's Hole Valley) and this pressure funding is required to fund barrister services, specialist witnesses and associated costs.
- Planning Guidance for a Liveable City (£0.150m) – this investment follows the report to Environment, Transport & Sustainability Committee to provide a project manager and consultants to prepare a Supplementary Planning Document that will provide a framework and guidance for delivering a future city centre with liveable, 20 minute neighbourhoods in the context of a post-covid environment, changes to the retail market, new transport measures and regeneration sites.
- Council Tax Reduction Discretionary Fund (£0.190m): This allocation is for approval by full Council on 3 February 2022 in considering its annual review of the Council Tax Reduction Scheme. The allocation, if approved, will again top-up the existing recurrent budget of £0.010m to £0.200m. The discretionary fund provides extra one-off support, via application, for people in hardship who may need help to meet exceptional housing costs, rent or Council Tax shortfalls, home removal costs, or rent in advance.
- Allocation to maintain the Welfare Reform Support Fund (£0.180m). In recent years, the council has made an annual allocation to maintain support for people in hardship, in particular, those impacted by welfare reforms including the benefit cap. This fund complements welfare benefits and other discretionary funds including Discretionary Housing Payments (DHP) and the Council Tax Reduction Scheme discretionary fund. The fund is used primarily to ensure continuation of the Local Discretionary Social Fund (LDSF) which, for example, provides emergency assistance and vouchers for food and white goods.

6 SAVINGS PROPOSALS 2022/23

- 6.1 Taxation and Adult Social Care precept increases, together with additional resources provided by the Spending Review 2021, are not sufficient to balance the budget due to the need to provide cover for inflationary pressures, and the need to provide investment to support Corporate Plan priorities including funding to manage above-inflation cost increases and increases in demands across critical statutory services such as social care and homelessness. To balance the budget therefore requires a substantial savings programme as in previous years.
- 6.2 The overall savings package is £10.318m and incorporates the draft proposals presented to the Policy & Resources Committee on 2 December 2021; these savings are included in appendix 1.
- 6.3 Over the previous 5 years, the council has focused on identifying and delivering many savings through its Modernisation Programme supported by significant capital investment. This was enabled by generating capital receipts from the sale of surplus assets to create an invest-to-save budget using the government's capital receipt flexibilities, which allows capital receipts to be applied to revenue saving projects and programmes and this flexibility continues through to 2024/25.
- 6.4 The council approved continuation of the Modernisation Fund in February 2020 over a further 4-year period to enable delivery of the substantial savings and efficiencies required over the period to meet the predicted budget gaps set out in the Medium Term Financial Strategy. The council also utilises the fund to continuously improve value for money as a matter of course because this ensures the best use of its resources and contributes to improved customer and digital services.
- 6.5 There are other methods of funding invest-to-save programmes including unsupported borrowing where there is a good business case for doing so. Availability of capital receipts for modernisation is also anticipated to be at a much lower level over the next few years due to high demand for other priority capital investments and fewer assets available or suitable for disposal. More information on the Modernisation Fund and its proposed application are set out in the section on Modernisation Programme Funding below.

7 CAPITAL INVESTMENT PROGRAMME AND CAPITAL STRATEGY 2022/23

Capital Strategy 2022/23

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

- 7.3 The new Prudential Code for Capital Finance issued in 2021 prohibits PWLB lending to local authorities that plan to buy commercial assets primarily for yield. The PWLB will still be available to all local authorities for refinancing. In order to borrow from the PWLB, local authorities are now required to submit a summary of their planned capital spending and PWLB borrowing for the following three years. The Capital Strategy and Treasury Management Strategy are compliant with the new code and do not include capital investment activity for commercial yield only.
- 7.4 The Modernisation Programme investments detailed later in the report will be incorporated into the full Capital Strategy alongside new and perennial capital investments that will support sustainability and carbon reduction schemes, improved transport infrastructure, provision for school places, major regeneration projects, and major housing build, acquisition and improvement programmes. Key decisions are required in respect of strategic funds including IT & Digital investment, Strategic Investment Funds (supporting regeneration) and Asset Management Funds. The Capital Strategy forms part of the General Fund budget report to ensure that the link between capital and revenue decisions is maintained and to ensure that budget resourcing decisions are taken in the context of the full range of proposed revenue and capital budgets, resources, investments and savings.

Capital Investment Programme

- 7.5 As previously, a 5-year capital programme has been developed and the associated capital financing implications will be included in the Medium Term Financial Strategy. The capital expenditure estimates incorporate planned rolling investment programmes alongside major infrastructure projects.
- 7.6 A significant element of the council's capital investment is within rolling programmes. The key programmes, including those re-focused to support Corporate Plan priorities, are as follows:
- Investment in Housing Stock and acquisition through the Housing Revenue Account;
 - The Education Capital programme, which provides investment from central government for New Pupil Places, Education Capital Maintenance and Devolved Formula Capital for schools;
 - Disabled Facilities Grants to help maintain people in their homes;
 - The Carbon Neutral Investment Programme
 - The Local Transport Plan (LTP) to support sustainable transport and transport infrastructure;
 - The Information Technology & Digital Investment Fund and Modernisation Fund;
 - The Asset Management Fund (AMF) to ensure the strategic elements of the Asset Management Plan can be supported;
 - Corporate Planned Maintenance (PMB) to ensure the operational elements of the Asset Management Plan are supported and that backlog maintenance does not build up unduly;
 - The Strategic Investment Fund (SIF) to support the advancement of major regeneration schemes and initiatives;
 - Vehicle Fleet and plant replacement annual programme.

- 7.7 The current strategy identifies longer term capital investment plans as well as a funding strategy and the potential outcomes for each investment plan. This strategy includes major investment requirements such as investment in Valley Gardens Phase III, investment in the seafront infrastructure and heritage lighting, partnership investment through major projects such as the Housing Joint Venture, and investment in the City's environment including parks, sports facilities and trees. Longer term investment for coast protection is also incorporated into the 5 year strategy which includes potential government match-funding.
- 7.8 Capital receipts from the sale of surplus land and buildings support the capital programme and the projections are regularly reviewed. The council will continue with its strategy of re-balancing the property portfolio by disposing of low or non-performing commercial properties and reinvesting in more viable property investments. This ensures costs can be minimised and rental growth optimised to ensure best value, including social value, is achieved. However, this must now be achieved without reliance on PWLB borrowing which is prohibited where assets are acquired purely for commercial yield to support the revenue budget.
- 7.9 The detailed capital programme is set out in Appendix 1 (The Budget Book) and shows the approved and proposed capital investments for each directorate. As well as rolling programmes noted above the programme will cover existing and new scheme proposals including:
- New investment for retrofitting and renewable investment in council housing as well as expansion of the additional council homes investment through the HRA;
 - The Carbon Neutral Investment Programme and the Climate Assembly Action Fund, and further investment in the Warmer Homes capital investment programme;
 - Similarly, investments in active travel including covered cycle racks, support for green spaces and tree planting, and sports facilities and pitches are proposed to improve air quality and promote public health improvements.
- 7.10 The overall Capital Investment Programme for 2022/23 is £222.788m. The proposed investments are summarised as follows:

Table 5: Capital Investment Programme 2022/23	£m
New Housing including New Homes for Neighbourhoods, the Home Purchase scheme, the Hidden Homes programme, the Housing Joint Venture, Temporary Accommodation purchases and conversions, and Housing First accommodation	95.226
Sustainability & Carbon Reduction including the Carbon Neutral 2030 Fund, Warmer Homes, Street Lighting, BikeShare and Solar PVs	17.061
Parks & Open Spaces including playground refurbishments, Kingsway to the Sea LUF, Parks infrastructure including tree replacement and Stanmer Park redevelopment	7.879
Transport & Highways reflecting the Local Transport Plan (LTP) allocation for 2022/23, Pothole Action funding and development of the Strategic Transport Model.	6.750
New Pupil Places (Basic Need) to provide educational places for pupils based on demographic changes in the city	15.296

Regeneration including Madeira Terraces, Black Rock, Valley Gardens, Royal Pavilion Estate and Saltdean Lido	35.872
Tackling Inequality including Disabled Facilities Grant (DFG) projects and the Knoll House redevelopment	13.235
Building Maintenance including the Workstyles programme, Planned Maintenance, Education Buildings Maintenance, the Asset Management Fund and various security, fire and safety works	23.389
IT&D / Modernisation including the Modernisation Fund as well as re-procurement of the Wide Area Network, investment in digital services for customers, and ongoing investment in the IT&D infrastructure	5.580
Vehicles & Equipment for the council's vehicle fleet replacement programme	2.500
TOTAL CAPITAL INVESTMENT PROGRAMME 2022/23	222.788

7.11 The Capital Strategy at Appendix 2 sets out how the programme will be funded from a combination of government grants, capital receipts, HRA direct revenue funding, external contributions and prudential borrowing.

Modernisation Programme Funding ('Modernisation Fund')

7.12 As noted earlier, over the previous 4 years, the council has focused on identifying and supporting the delivery of savings through its Modernisation Programme supported by significant capital investment. This is enabled by generating capital receipts from the sale of surplus assets to create an invest-to-save budget using the government's capital receipt flexibilities, which allowed capital receipts to be applied to revenue saving projects and programmes.

7.13 In 2020/21 the council approved the continuation of funding for the Modernisation Programme over the 4-year period 2020/21 to 2023/24 and the Modernisation Fund now included in the Capital Investment Programme for the period to 2023/24 is £15.500m.

7.14 The Modernisation Fund is kept under review as budget plans develop and spend-to-save opportunities and investment requirements emerge in more detail over the planning period. The indicative profile of the Modernisation Fund from 2021/22 onward is shown in the table below.

Programme Area	2020/21	2021/22	2022/23	2023/24	Total
	£m	£m	£m	£m	£m
Invest to Save (4-Year Plans)	0.650	0.550	0.450	0.350	2.000
Customer Digital	1.750	1.750	1.550	1.050	6.100
Modernisation enablers	1.510	0.920	0.930	0.940	4.300
Managing staffing changes	0.700	0.500	0.200	0.600	2.000
IT Modernisation Investment	0.800	0.300	0.000	0.000	1.100
Total	5.410	4.020	3.330	2.740	15.500

7.15 The Modernisation Fund is expected to be deployed as follows:

- **Invest-to-Save Budget Proposals:** Based on the experience of the previous 4 years and 2020/21 to date, a further £0.800m is estimated to be required to support implementation of specific savings and efficiency programmes including service redesigns, recommissioning and process improvements. Investment requirements are currently being reviewed and finalised and will be refreshed each year. This resource will be held in a reserve and only released through review of business cases by the officer Corporate Modernisation Delivery Board (CMDB). Committee approvals are also sought where required by Financial Regulations and the council's constitution.
- **Customer Digital:** £2.600m is anticipated to be required over the next 2 years to support ongoing investment in digital infrastructure and applications and to support continued development of the council's digital services and integration of data across systems and services to improve the accessibility, efficiency and ease-of-use of on-line services. The importance of these services and the digital infrastructure has been highlighted by the pandemic which required numerous on-line application portals to be developed very quickly to enable people and businesses to apply for grants and financial assistance remotely.
- **Modernisation Enablers:** £1.870m is estimated to be required to support ongoing change and modernisation programmes over the next 2 years. This includes everything from an effective project management support team, business improvement analysts, workstyles property team support, investment in 'Our People Promise' for staff development and skills programmes, together with additional specialist support where required.
- **Managing staffing changes:** efficiency programmes and a continual drive for improved value for money will often result in changes in the level or mix of staffing and skills required across the council. Changing staffing levels or skills will often need financial consideration in order to effect voluntary severance for roles or posts no longer required or needing to be replaced or re-trained with different roles or skills. Estimated resources of £0.800m are required to meet severance costs to manage change over the next 2 years.
- **IT Modernisation Investment:** Investment in IT equipment, software, systems and services (e.g. voice and data) is important to enable the organisation to remain secure, resilient and efficient. Historically, the organisation has suffered from long periods of under-investment which has had to be addressed over the last 4 years through approval of large IT Capital Schemes including Windows 10 roll-out, replacement of the Housing and Social Care systems, General Data Protection Regulation (GDPR) security upgrades, etc. This backlog of investment has now been substantially addressed and provision has also been made in the core revenue budget to provide financing for future investment to ensure that infrastructure is properly maintained and upgraded.

8 STAFFING IMPLICATIONS (GENERAL FUND SERVICES)

- 8.1 An estimate of the posts to be deleted in relation to the draft budget proposals has been made and indicates that approximately 19 full time equivalent (fte) posts are expected to be deleted from the council's staffing structure. Many of these posts are already being held vacant in lieu of savings proposals but some may initially result in staff being potentially placed at risk of redundancy. This is difficult to estimate with certainty but approximately 8 fte staff have been identified as potentially at risk

at this early stage of the process. This information has been shared with the council's recognised trades unions and the staff affected in advance of the release of the Policy & Resources report.

- 8.2 As in previous years, actual numbers will be dependent on the detailed options proposed and on the results of formal consultation with staff and unions. As previously experienced, it is likely that some of these will be resolved through turnover, or through redeployment to other vacancies across the council, thereby further minimising the risk of redundancies.
- 8.3 As always, if the forthcoming proposals do potentially place any staff at risk of redundancy the council will support them by:
- Providing appropriate support to staff throughout the change process to enable them to maximise any opportunities available;
 - Controlling recruitment and ensuring there is a clear business case for any recruitment activity;
 - Managing redeployment at a corporate level and maximising the opportunities for movement across the organisation;
 - Managing the use of temporary or agency resources via regular reports to Directorate Management Teams (DMT's);
 - Offering voluntary severance where appropriate to staff affected by budget proposals on a case by case basis.

These measures will remain in place as consultation with trade unions, staff and other stakeholders is undertaken. Where necessary, a targeted voluntary approach to releasing staff in areas undergoing change will be managed to support service redesigns whilst ensuring that the organisation retains the skills that will be needed for the future.

9 BUDGET BOOK AND MEDIUM TERM FINANCIAL STRATEGY 2022/23 to 2025/26

- 9.1 The Budget Book at Appendix 1 aims to support understanding and transparency of the council's budget by providing:
- Information at sub-divisional levels to aid understanding of the wide range of services and teams in each service directorate;
 - Analysis of spending and income by category (subjective analysis);
 - Staffing information for each service;
 - Analysis of budget movements between years;
 - Analysis of savings, investments and service pressure funding by category;
 - Information on capital investments.
- 9.2 The Medium Term Financial Strategy (MTFS) planning assumptions, resource and expenditure estimates are also included within the Budget Book at Appendix 1. The MTFS has been revised to reflect the latest cost, income and demand pressures and the proposed 2.99% council tax increase, including a 1% Adult Social Care precept.
- 9.3 The MTFS 2022/23 to 2025/26 is presented in summary form in the Budget Book but the intention is to develop the MTFS as a stand-alone strategy that will provide more detail on the programmes and strategies that will underpin the council's

finances over the 4-year period, enabling it to demonstrate its plan and approach to achieving financial sustainability. The summary MTFS is presented in the table below:-

Table 7 Medium Term Financial Strategy	2022/23	2023/24	2024/25	2025/26
	£m	£m	£m	£m
Sub-total Net Budget Requirement B/Fwd	219.722	199.853	239.768	251.418
Reset budget MTFS smoothing		1.983	1.403	-0.876
Standard inflation - Pay and prices	6.569	7.276	7.910	8.059
Costs of new National insurance/Care levy	0.963			
Changes to pay including adjusting for the 2021/22 pay award, pay negotiations and market supplements	5.047			
Standard inflation - Income	-1.286	-2.664	-2.851	-2.935
Changes to S31 grants and reserves relating to Business Rates Retention reliefs	-31.141	30.828	1.142	-0.170
Changes to financing costs	-2.468	0.891	1.851	0.849
Removal of one-off Covid-19 grant allocation	8.023			
Expected unringfenced grant reductions		0.883	0.100	0.090
New funding for social care from government and NHS (including the Services Grant)	-7.922	-1.000	-1.000	-1.000
Investment in modernising IT & Digital services	0.500	0.500	0.500	
Other changes to commitments	0.912	0.320	0.251	0.118
Changes to 3-year collection fund smoothing		0.297	1.468	0.000
Demographic and other cost pressures	12.125	7.750	6.000	5.250
Corporate Plan priority investments	0.958	1.031		
Contribution from (-) / to (+) Reserves for MTFS smoothing	-1.983	-1.403	0.876	2.510
Repayment of Covid-19 one-off costs (10 years)	0.152	0.233		
Savings Package 2022/23	-10.318			
Savings programme - operational buildings		-0.250	-0.500	-0.500
Savings programme - service redesigns and digital efficiencies		-0.500	-0.750	-0.750
Budget Gap (further Savings Requirement)		-6.250	-4.750	-3.718
Budget Requirement C/Fwd	199.853	239.768	251.418	258.345
Funded by:				
Revenue Support Grant	6.877	7.014	7.154	7.297
Locally retained Business Rates	51.038	65.667	68.064	70.002
Business Rates - Collection Fund Deficit	-19.564	-1.207		
Council Tax - Collection Fund Deficit	-2.150	-1.520		
Council Tax - 1% Adult Social Care Precept	1.588	1.650	1.695	

Council Tax - including a 1.99% increase	162.064	168.164	174.505	181.046
Total Funding	199.853	239.768	251.418	258.345

- 9.4 The Medium Term Financial Strategy above includes estimates for pay awards, price inflation, and pension changes based on Office for Budget Responsibility (OBR) forecasts for deflators alongside actuarial pension forecasts in the context of the government's assumption adopted in the 2021 Spending Review. However, an increased assumption for income growth of 3% per annum is assumed based on historic income trends. Detailed assumptions are set out in the Budget Book at Appendix 1.
- 9.5 The MTFS also includes assumptions regarding future resources including predicted taxbase growth and assumed taxation increases. There are also modest planning assumptions of increased government and NHS funding of £1m per annum over and above the resources announced in the Spending Review 2021.
- 9.6 Many other elements of the MTFS reflect previous decisions made by the council including the outcome of local pay negotiations, the award of market supplements, and other approved commitments. The MTFS also reflects the demographic and other cost pressures set out in Table 2 above together with the Corporate Plan investments also set out in Table 2. For 2022/23 and beyond, the demographic and other cost pressures are estimates based on midpoint scenarios.
- 9.7 However, there are other notable items in the MTFS as follows:
- Changes to capital financing: the current high level of cash balances (see Appendix 3 Treasury Strategy for reasons), low borrowing rates with increasing investment rates, and substantial delays to capital programme spending will significantly reduce capital financing costs over the next 2 years. However, this will eventually smooth out over the MTFS period as capital programmes delayed by the pandemic catch up, as indicated by the reversal of the 2022/23 reduction across later years.
 - Expected unringfenced grant reductions: this relates to New Homes Bonus funding dropping out over the MTFS period.
 - Savings programme - operational buildings: this relates to estimated potential savings through further reduction of the council's civic office estate in the light of increased remote and mobile working and the ongoing aim of reducing the council's carbon footprint. The programme will need more detailed investigation and the indicative profile of savings may change over the course of the MTFS.
 - Savings programme - service redesigns and digital efficiencies: similarly, the council has invested substantially in its technology, hardware and systems in support of more efficient ways of working including enabling remote working, increasing the use of on-line applications and services, and increasing self-service technologies.
 - Budget Gap (further Savings Requirement): the Budget Gaps indicate the estimated additional savings required in future years of the MTFS period to balance the budget and, importantly, to repay reserves used to balance (smooth) the budget in earlier years. The predicted budget gaps are significant but are substantially lower than any budget gap in the previous 10 years assuming 2% Council Tax increases and additional 1% Adult Social Care precepts are agreed for future years. Further savings will be developed as part

of a more detailed MTFs during 2022/23 and will consider potential income generation opportunities, examine the comparative cost of services (benchmarking) and consider options for alternative delivery of higher cost services, and explore further partnership working opportunities, particularly with the NHS.

10 TREASURY MANAGEMENT AND ANNUAL INVESTMENT STRATEGY

- 10.1 The Treasury Management Strategy Statement (TMSS) and Annual Investment Strategy (AIS) are now incorporated in the budget report to ensure that inter-related financial decisions and strategies can be considered together. The council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. Part of the Treasury Management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed (liquidity) and that surplus monies are only invested into counterparties and instruments commensurate with the council's risk appetite.
- 10.2 Another important function of the Treasury Management service is the funding of the council's capital plans. The capital plans provide a guide to the council's borrowing need, which is essentially the longer term cash flow plan, to ensure the council can meet its approved capital spending obligations.
- 10.3 The recommended TMSS at Appendix 3 follows the drafting format recommended in the Treasury Management Code of Practice. The Treasury Management Practices and schedules identify the practices and procedures that will be followed to achieve the aims of the TMSS and that underpin the council's Treasury Management function. These practices remain unchanged from previous years and are considered 'best practice' under the Code.
- 10.4 The Annual Investment Strategy (AIS) for 2022/23 is also incorporated within Appendix 3 to this report. The AIS gives priority to security and liquidity.
- 10.5 Security is achieved by:
- selecting only those institutions that meet stringent credit rating criteria or, in the case of non-rated UK building societies, have a substantial asset base; and
 - limiting exposure risk by limiting the amount invested with any one institution.
- 10.6 Liquidity is achieved by limiting the maximum period for investment and matching investment periods to cash flow requirements.
- 10.7 The main change to the Strategy for 2022/23 is the recommended increases in counterparty limits for investments to reflect the higher cash balances compared to previous years.

11 COUNCIL TAX SETTING

- 11.1 The Administration is proposing a council tax increase of 2.99% which includes a 1% Adult Social Care precept allowed by government within the local government finance settlement. A council tax increase of 2.99% results in a Band D council tax of £1,794.04 for the council's element, an increase of £52.16 from 2022/23; of this increase £17.37 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 of the budget and council tax information needed to set the budget and council tax is available at present. Therefore, additional information will need to be provided for Budget Council; this will include:-
- The final Local Government Finance Settlement 2022/23.
 - 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 FINANCIAL 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 Financial Officer (Section 151 Officer) of a local authority to report on the robustness of the estimates included in the budget and the adequacy of the reserves for which the budget provides. This report has to be considered by the Policy & Resources Committee and the full Council as part of the budget approval and council tax setting process.

Robustness of Estimates

- 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 complete assurance about the proposed budget but should provide the council with reasonable assurance that the budget has been based on the best information and assumptions available at the time, particularly in relation to demand-led budget predictions, and has considered identifiable risks.
- 12.3 For 2022/23, funding of £12.498m has been provided to support identified cost and demand pressures in priority, demand-led services across Adults Social Care, Children's Safeguarding & Care services, and Homelessness and Rough Sleeper services and accommodation. Provision for this level of investment substantially mitigates the predicted demand-led service pressures at the time of setting the budget. This considerably lessens potential forecast risks in 2022/23 but cannot completely remove all risks and therefore services will need to continue to contribute to the mitigation of residual risk through management of non-statutory budget areas as normal. This minimises the level of any risk provisions required over and above the council's current working balance. In addition:
- The authority continues to demonstrate its long track record of managing within or close to budget despite the very challenging financial climate. At month 9 this year, the forecast overspends earlier in the year have been managed through a combination of government and NHS funding support (Contain Outbreak Management Funding in particular) and financial management action detailed in the report. The delay to delivery of a number of capital programmes due primarily to the pandemic has also contributed through lower capital financing (MRP) charges. The month 9 position is now a projected underspend of £1.093m which provides much needed one-off resources to support the high demand for one-off resources including predicted one-off Covid-19 costs, the net Collection Fund deficit, and financial smoothing of the 2022/23 revenue budget;

- The authority's track record demonstrates that it can successfully manage risk across demand-led statutory services of between 2% and 3% of the total net budget through effective management of non-statutory budgets and services;
- The authority continues to enable and achieve substantial saving packages through its Modernisation Programmes which have enabled re-investment to support priority areas, meet cost pressures and growth in demand for statutory services, and address future budget gaps;
- The authority continues to work closely with the Clinical Commissioning Group to jointly manage and mitigate risks as far as practicable. This has been evidenced in the current year where the NHS has continued to provide funding for managing Covid-related hospital discharges. Proposals for joint funding arrangements under the Integrated Care System (ICS) are currently being considered for the medium term;
- The authority has maintained adequate reserves and provisions against other known and identified risks and has made no unplanned drawdown of its reserves or balances. Initially, internal borrowing from reserves (financial smoothing) of £3.971m was undertaken to support the 2021/22 budget, repayable over a period of 10 years, to manage the financial impact of Covid-19. However, this was later reduced to £1.521m through allocation of £2.450m resources from the 2020/21 outturn underspend to repay reserves early. Limited financial smoothing is proposed to manage one-off Covid-19 costs and to balance the budget for 2022/23 but the latter will be managed (repaid) within the timeframe of the 4-year Medium Term Financial Strategy;
- The authority has set aside appropriate one-off, discretionary resources and funding to mitigate the impacts of Welfare Reforms including a Council Tax Reduction Scheme discretionary fund and Welfare Reform Support fund.

12.4 Based on financial performance over the previous 5 years and taking into account identified risks as set out in Appendix 5, the council is recommended to maintain its minimum working balance of £9.000m, which is approximately 5% of the net General Fund and represents around 3 weeks' council tax income, as well as maintaining other earmarked reserves to manage any short term pressures. The working balance and other usable reserves must mitigate general legal and financial risks including appeals and challenges, as well as potential billing failures, civil contingencies and other emergencies.

Adequacy of Reserves

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

12.6 As indicated above, current analysis of authority-level risks and past experience indicates that a working balance at a level of £9.000m remains prudent and appropriate having taken into account all known and foreseeable risks in relation to the 2022/23 budget.

12.7 All specific reserves have been reviewed in detail to ensure they are set at an appropriate level as set out in Appendix 4. The council's earmarked reserves fulfil specific contractual, legal or financial risk requirements, for example the Insurance Fund Reserve, and are not therefore available to support the annual revenue budget. However, they can be borrowed from internally provided that provision for their replenishment is built into the budget and medium term financial strategy.

Assurance Statement of the Council's Section 151 Officer

- 12.8 In relation to the 2022/23 General Fund revenue budget, the Section 151 Chief Finance Officer has examined the budget proposals and considers that, whilst the spending and service delivery proposals continue to be challenging, impacted further by continuing uncertainty surrounding the pandemic, they are nevertheless achievable with effective governance and accountability at all levels.
- 12.9 In terms of the adequacy of reserves, the Section 151 Chief Finance Officer considers a working balance of £9.000m for 2022/23 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 parties to engage in the examination of budget proposals and to put forward viable alternative budget and council tax proposals to Budget Council on 24 February 2022. Budget Council has the opportunity to debate the proposals put forward by this committee at the same time as any viable alternative proposals. Budget Council will normally be recommended to adopt special procedures at the start of the Budget Council meeting, which set out the procedure and protocol applicable to any alternative budget proposals put forward.
- 13.2 Any alternative proposal will need prior assessment by the council's Section 151 Chief Finance Officer and will not normally be allowed where an estimate is not considered to be robust for one of the following reasons:
- i) The risk of not achieving the saving is assessed to be high;
 - ii) There is insufficient evidence or information to assess the potential saving;
 - iii) The alternative proposal is adding to or bringing forward an existing saving without further information as to how this can be achieved;
 - iv) The alternative proposal requires one-off investment or loan financing that cannot be supported; or
 - v) The alternative proposal is beyond the powers and duties of the local authority.

14 SCHOOLS FUNDING AND BALANCES

School Balances

- 14.1 The level of school balances as at 31/03/21 was £6.912m, an increase of £2.565m from £4.347m as at 31 March 2020 as shown below.

Phase	2019/20 £'000	Percentage of budget 2019/20	2020/21 £'000	Percentage of budget 2020/21
Nursery	40	5.06%	34	4.26%
Primary	3,395	4.49%	3,527	4.58%
Secondary	784	1.51%	3,277	6.28%
Special & AP	128	1.19%	74	1.24%
Total	4,347	3.12%	6,912	5.08%

Note – Special and Alternative Provision (AP) includes the Connected Hub and Pupil Referral Unit (PRU).

14.2 In total there are 10 schools (out of 63) with deficit balances, the same number as in 2019/20. The split of deficit balances is 9 Primary and 1 Special. School budget plans for 2021/22 have incorporated these deficits.

Schools Funding 2022/23

14.3 The Dedicated Schools Grant (DSG) is divided into four notional blocks – the schools block, the high needs block (HNB), the central school services block (which allocates funding to local authorities for their ongoing responsibilities towards both maintained schools and academies), and the early years block. Each of the four blocks of the DSG are determined by separate national funding formulae (NFF).

14.4 In December 2021, the Department for Education (DfE) announced the updated DSG funding settlement for the 2022/23 financial year. This settlement results in an increase in allocation to Brighton & Hove of approximately £5.6m compared to 2021/22 as shown below.

Financial Year	Schools Block £'000	CSSB £'000	High Needs Block £'000	Early Years Block £'000	Total DSG £'000
Provisional 2022/23	153,922	2,270	32,983	15,033	204,208
2021/22	150,859	2,415	30,632	14,691	198,597
Increase	3,063	(145)	2,351	342	5,611

14.5 In addition to the core increase in DSG funding the government has also announced additional supplementary grants for schools and high needs in 2022/23. For mainstream schools and academies this is estimated at £4.425m, whereas the high needs block is anticipated to receive an additional £1.287m through this grant.

14.6 The significant additional investment in the high needs block is in recognition of the increasing costs of supporting children and young people with SEND and will help the local authority manage pressures in this area.

14.7 For mainstream schools in 2022/23, the provisional overall formula budget allocations to schools have increased by £2.844m compared to 2021/22 and this increase links to the rise in Schools Block funding in the DSG. With the estimated supplementary grant funding included, the total increase in funding is c. £7.269m compared to 2021/22.

14.8 During autumn 2021 it was agreed that limited changes would be made to the operation of the local school funding formula for 2022/23. These proposals were subject to consideration by the Schools Forum in October 2021. The key changes to the 2022/23 local formula are summarised below and follow the principle of moving towards the proposed National Funding Formula on a gradual basis as follows:

- secondary school basic entitlement age weighted pupil unit (AWPU) rates will be adjusted to adopt differential unit rates for KS3 and KS4 in line with the approach in the NFF;
- the unit rate of funding for the low prior attainment factor (with an offsetting reduction in the deprivation factor) will be increased. This brings both factors closer to the NFF, but BHCC still applies a higher weighting to the deprivation factor compared to the NFF;

- the mandatory factor has been adopted to ensure that minimum funding per pupil levels (excluding premises factors) are set at £4,265 for primary schools and £5,525 for secondary schools;
- uplifts to formula factors will be applied to reflect increases in national funding allocations; and
- a minimum funding guarantee of +1.00% per pupil will be applied.

14.9 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 LA's funding formula. DfE then recoups the funding attributable to academies and free schools and pays this directly to the establishments.

1.10 Funding proposals for 2022/23 were presented to, and agreed with, the Schools Forum on 17 January 2022 and are subject to final sign off by the government.

15 COMMUNITY ENGAGEMENT & CONSULTATION

15.1 General information and advice about the council's budget will continue to be provided through the council's web site which provides information and graphics on how money is spent on services, where the money comes from and a summary of the financial challenges ahead. These materials will continue to be promoted to residents across the budget setting period.

15.2 The council will also publicise on-line its key proposals from the budget along with information about council services, and questions and comments invited from residents over the period leading to the February Policy & Resources Committee and Budget Council meetings.

15.3 Frequently asked questions and common themes have previously emerged through the development of the annual budget and have been responded to in our 'Behind the Budget' web page: [Behind the budget \(brighton-hove.gov.uk\)](http://brighton-hove.gov.uk)

15.4 The frequently asked questions and themes include:

- Doesn't Council Tax [alone] pay for all council services?
- How about using [i.e. raising or changing] parking charges further?
- [Why not] Cut pay instead of services?
- [Why not] Make students pay Council Tax?
- [Why not] Just cut councillors and/or their allowances?
- [Why not] Charge wealthier people more Council Tax?
- Extra Business Rates will solve the problem [won't they]?

Other consultation and engagement processes are as follows:

15.5 Information will be shared with Strategic Partners and community groups as normal. Local Strategic Partners remain acutely aware of the potential cumulative impact of funding pressures across public sector agencies on the city. The City Management Board, attended by all Local Strategic Partnership representatives, will therefore ensure that information is shared across the sector to assess and mitigate adverse cumulative impacts wherever possible and develop joint actions where appropriate. Engagement with statutory partners will continue on an ongoing basis to further share and understand the potential cumulative impact of budget proposals across the city as they take shape.

- 15.6 In particular, the council continues to engage fully with the Brighton & Hove Clinical Commissioning Group (CCG) to ensure that the budget processes of the two organisations are aligned and communicated as far as practicably possible. As with the council, the local CCG is likely to remain under severe financial pressure due to continually increasing demands on the local health economy.
- 15.7 There are ongoing briefings and discussions with the Economic Partnership that cover potential funding sources and bids, city regeneration, economic growth, employment and apprenticeship strategies. Statutory consultation with Business Ratepayers will also be undertaken as normal.
- 15.8 The Schools Forum, a consultative body attended by representatives of all school phases, received a report on the potential areas of interest and potential impact of the General Fund budget proposals at its meeting on 17 January 2022, providing an opportunity to feedback views on the proposals. This is a public, minuted meeting and agenda and minutes are available on the council's website.
- 15.9 Similarly, officers of the council and members of the Administration met with representatives of the Community & Voluntary Sector on 26 January 2022 to discuss the draft budget proposals and provide them with an opportunity to feedback their views to the council and members.
- 15.10 For staff, updates are provided via the council's intranet and formal consultation with Staff and Unions will be undertaken as normal during January and February followed by appropriate consultation with directly affected staff.
- 15.11 Similarly, where appropriate or required by statute, specific consultation will be undertaken with residents and other people directly affected by proposed changes to service delivery.

16 CONCLUSION

- 16.1 The council is under a statutory duty to set its budget and council tax before 11 March each year. This report sets out the budget assumptions to be used as the basis for Council Tax calculations in order to meet the statutory duty. The full details of 2022/23 revenue and capital budgets are set out in the appended Budget Book.

17 FINANCIAL & OTHER IMPLICATIONS

Financial Implications

- 17.1 These are contained within the main body of the report.

Finance Officer Consulted: James Hengeveld

Date: 01/02/2021

Legal Implications

- 17.2 Whilst the Policy & Resources Committee is being asked to recommend, and subsequently the Council asked to agree, the revenue budget and capital strategy, the budget decision is a resourcing decision and does not necessarily constitute final approval of what policies will be implemented or what sums of money will be saved under the service proposals.
- 17.3 Any decisions taken as part of the budget setting process are subject to compliance with relevant legal requirements, where appropriate, before implementation. The revenue budget and capital strategy recommendations in the report do not commit the council to implement any specific savings proposal. When specific decisions on budget reductions are necessary, focussed consultations and the full equality implications of doing one thing rather than another will be considered in appropriate

detail. If it is considered necessary, in light of equality or other considerations, it will be open to those taking the decisions to spend more on one activity and less on another within the overall resources available to the council.

- 17.4 For these purposes, the “budget” includes the allocation of financial resources to different services and projects, and setting the council tax.
- 17.5 Section 52ZB of the Local Government Finance Act 1992 requires a billing authority to determine whether its relevant basic amount of council tax is “excessive”. If the amount is excessive, the billing authority is required to hold a referendum, with a view to applying an alternative amount if the excessive amount is rejected in a referendum.
- 17.6 The determination of whether a relevant basic amount of council tax is excessive must be made in accordance with principles determined by the Secretary of State.
- 17.7 Policy & Resources Committee has delegated power to formulate the council’s revenue budget proposals, Capital Strategy, including the capital investment programme, and the Treasury Management Strategy Statement, including the Annual Investment Strategy, and to recommend their adoption by full Council as part of the overall budget setting process.

Lawyer Consulted: Elizabeth Culbert

Date: 03/02/2021

Equalities Implications

- 17.8 In Brighton & Hove City Council a budget Equality Impact Assessment (EIA) process has been used to identify the potential disproportionate impacts of proposals on groups/individuals covered by legislation (the ‘protected characteristics’ in the Equality Act 2010) and actions to mitigate these negative impacts or promote positive impacts. This is a key part of meeting the requirements of the Act and demonstrating that the council is doing so.
- 17.9 In law, the potential impacts identified, and how far proposed actions mitigate them, must be given due regard by decision-makers when making budget and resource decisions. However, as noted under legal implications above, in setting the budget members are making resourcing decisions which remain subject to compliance with all necessary legal and statutory consultation requirements.
- 17.10 All proposals with a potential equalities impact in 2022/23 will have an EIA completed and provided to all Members for the Budget Council. EIAs are cross-referenced with savings proposals in Appendix 1. Detailed EIAs are available at Appendix 6 and a statement regarding the potential cumulative impact is given at Appendix 7.

Sustainability Implications

- 17.11 One of the key principles for developing budget proposals, aligned with the Corporate Plan, is whether or not proposals and investments can contribute to the 10 year carbon reduction target to become carbon neutral by 2030. This plays out through everything from reviewing the council’s civic office estate and facilitating more remote working for staff, to increasing the number of electric vehicles in its fleet, through to working with the Climate Assembly to identify further opportunities and actions. The capital and revenue budget proposals for 2022/23 cannot address all of the Corporate Plan objectives immediately but do aim to provide for many initiatives to be supported and developed to inform future budget rounds. This is

further supported by the continued investment in the Carbon Neutral Fund, investment in active travel initiatives, and investment in parks, open spaces and trees.

Crime & disorder implications:

- 17.12 The budget includes provision for many services that support the prevention of crime and disorder, in particular, through the Community Safety budget which includes budgets for supporting Women’s Safety including those affected by Domestic Abuse, as well as budgets to promote the council’s Anti-Racism Strategy, support efforts to reduce anti-social behaviour and reduce drug related crime. There are also significant budgets provided through the Community Grants programme to third sector organisations also working across these and other areas.

Public health implications:

- 17.13 The budget includes the ring-fenced Public Health Grant which is spent on providing priority public health services, including advice and support, in accordance with the Joint Health & Well-Being Strategy (with the NHS) and Annual Public Health Reports both of which link to national research and guidelines and involve considerable engagement and consultation.

SUPPORTING DOCUMENTATION

Appendices:

1. Budget Book 2022/23
2. Capital Strategy 2022/23
3. Treasury Management Strategy Statement 2022/23
4. Review of Reserves
5. Assessment of Risks
6. Equalities Impact Assessments (EIAs) – Individual Assessments
7. Equalities Impact Assessments (EIAs) – Cumulative Impact Statement

Documents in Members’ Rooms

1. None

Background Documents

1. Budget files held within Finance

