

Subject:	Supplementary Financial Information for Budget Council		
Date of Meeting:	25 February 2016		
Report of:	Acting Director of Finance & Resources		
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Wards Affected:	All		

FOR GENERAL RELEASE**1. PURPOSE OF REPORT AND POLICY CONTEXT:**

- 1.1 To update Members with further budget information that has been received since the Revenue Budget & Council Tax report was considered at Policy & Resources Committee on the 11 February 2016.
- 1.2 The proposed budget is based on the Administration's proposed increase in the city council element of the council tax of 3.99% which includes the flexibility to raise 2% from an Adult Social Care precept. Incorporating the Police and Fire elements of the council tax, the overall increase for most residents of Brighton & Hove will be 3.83%.

2. RECOMMENDATIONS:

- 2.1 That Council use the statutory budget and the Council Tax Resolutions set out in this report for a 3.99% council tax increase as the basis of debate at the meeting.

3. CONTEXT / BACKGROUND INFORMATION***2016/17 General Fund Budget & Council Tax***

- 3.1 The new and revised information likely to be covered in this report was set out in paragraph 4.3 of the 11 February 2016 Policy & Resources committee report and will cover the following:-
 - The final Local Government Finance Settlement 2016/17;
 - Any other grants announced or confirmed prior to Budget Council;
 - The agreed council tax set by the East Sussex Fire Authority;
 - The statutory council tax calculations required under the 1992 Local Government Finance Act;
 - The full budget and council tax resolution for Budget Council.
- 3.2 ***Final Local Government Finance Settlement 2016/17 and new grants information***
The final Local Government Finance Settlement was announced on 8 February 2016 with government confirming that no authority would receive less than the provisional allocations announced in December. Government are now also providing a two year transitional grant worth £150m per year to assist authorities experiencing the sharpest

reductions in Revenue Support Grant due to the new formula introduced for 2016/17. The council will receive transitional grant of £0.039m in 2016/17 and £0.047m in 2017/18. Government has also reduced the New Homes Bonus returned funding grant by £0.006m. This means there is a net additional one off resource in 2016/17 of £0.033m.

3.3 Appendix 3 of the earlier report listed the known specific grants for 2016/17 and since this was completed further announcements on grant allocations have been made as follows:

- Public Health grant allocations were announced on 11 February 2016 with a final allocation of £21.140m in 2016/17 and an indicative allocation of £20.619m in 2017/18;
- The SEND implementation grant for 2016/17 is £0.145m;
- The Independent Living Fund allocation for 2016/17 is £0.622m.

These are all as expected or estimated.

Other Changes

3.4 The government has confirmed that the unringfenced extended rights to free travel grant will continue in 2016/17. The budget forecast had assumed this grant was ending however the level of grant has yet to be announced but it is assumed to provide an additional £0.045m recurrent resources.

3.5 Actuarial reviews of the pension fund in respect of the City Council had indicated that 0.5% increases in the contribution rate should be assumed over the medium term planning period. This rate of increase has therefore been assumed in the council's Medium Term Financial Strategy as set out in Appendix 2 of the July Policy & Resources Committee report. However, it has been confirmed that although there will be an overall increase in the pension cost of approximately 0.5%, this is inclusive of and *not* in addition to the one-off contribution of £0.249m identified in the 11 February 2016 report. The actual employer contribution rate for 2016/17 will therefore be 19.3% rather than the assumed rate of 19.5% and this correction releases £0.186m recurrent resources.

Allocation of additional resources 2016/17

3.6 In summary there is an additional £0.231m recurrent resources and £0.033m one off resources. The Administration proposes that these resources are allocated as follows: -

- £0.041m to provide recurrent funding for continued support and refuge to those affected by domestic abuse.
- £0.039m to provide recurrent funding to support raising standards in the private rented sector including appropriate enforcement of licensing and regulations.
- £0.020m to provide recurrent funding to maintain four Stay & Play sessions through Children's Centres;
- £0.029m to permanently reduce the saving in the Animal Welfare service providing resources to fund a further post compared to the savings proposal;
- £0.007m recurrent funding to remove the increases in parking permits for low emission vehicle and car club permits. This reduces the overall saving in Parking Services;

- £0.075m one off resources to enable continuation of the Play Bus whilst an alternative model of provision and/or funding is explored;
- £0.033m one off resources to support engagement activities to deliver the 4-year Adult Social Care 'direction of travel' as reported to Health & Wellbeing Board;
- £0.020m one off resources to provide flexibility to review staffing changes at the Brighton Centre in response to feedback from the Staff Consultation Forum.

3.7 These allocations total £0.136m recurrent and £0.128m one off resources. Therefore, by allocating some of the recurrent resources on a one off basis, this reduces the budget gap in 2017/18 by £0.095m.

3.8 A revised Appendix 1 and 2 from the February Budget report are included to reflect these changes.

Change to saving

3.9 Since the Budget report to Policy & Resources was published there are some further changes to savings relating to the Park Ranger service. The report included a saving of £0.102m for this service area. This saving has now been reduced to £0.055m as follows:

3.10 Service redesign to reduce staffing from 9.2 to 8.2 FTE supported by a volunteer service. The redesign proposals include reducing the number of Park Ranger posts from 8.2 to 6.2 FTE and creating a new Rights of Way Officer post generating savings of £0.034m. Other savings of £0.021m are due to reduced supplies & services, vehicle and indirect employee costs.

3.11 This reduces the saving by £0.047m and this will be funded by deleting a vacant Team Leader post in the City Parks service saving £0.031m, and increasing the proposed savings within parks (including the projects contractor budget, parks rubbish clearance and additional income generation) by £0.016m from £0.038m to £0.054m.

3.12 Medium Term Financial Strategy

3.13 The key assumptions for the Medium Term Financial Strategy (MTFS) are included at Appendix 14. These incorporate the new flexibility for the Adult Social Care precept of 2% per year until 2019/20 and include the improved Better Care funding that will be provided to the council for health related spending pressures. The savings included in the 4-year Service & Financial Plans have been incorporated in table 2 of the appendix showing the remaining gap.

3.14 There remains considerable uncertainty around future resources, particularly for the revaluation of business rates in 2017/18 and the potential move to 100% locally retained business rates by 2019/20. The estimated net growth in the council tax base has increased to 0.5% each year and at this point the additional resources this generates have been added to the risk provisions in recognition of the uncertainty in business rates income. The government will be consulting shortly on the move to 100% locally retained business rates and any implications will be included in future budget update reports.

Council Tax

3.15 The following table shows the overall council tax proposed incorporating the amounts set by the Sussex Police & Crime Commissioner and the East Sussex Fire Authority.

TABLE 6: Council Tax			
	2016/17 Band D Council Tax	Change on 2015/16	Percentage change
Brighton & Hove City Council	£1,392.03	£53.35	3.99%
Sussex Police & Crime Commissioner	£148.91	£5.00	3.47%
East Sussex Fire Authority	£86.72	£1.65	1.94%
Total for Brighton & Hove residents	£1,627.66	£60.00	3.83%

- 3.16 Within the Brighton & Hove City Council Band D council tax is a 2% increase of £26.77 in respect of the new charge for Adult Social Care functions.

Budget and Council Tax Appendices

- 3.17 Details of the additional council taxes paid by residents of Enclosure Committees for the maintenance of gardens in Hanover Crescent, Marine Square and Royal Crescent are given in Appendix 16.
- 3.18 The list of new budget and council tax appendices attached to this report is included under Supporting Documentation below.

SUPPORTING DOCUMENTATION

Appendices:

1. Revised Movements in Budget allocations 2015/16 to 2016/17.
2. Updated Changes in the budget projections since 3 December 2015 budget report to Policy & Resources Committee.
14. Medium Term Financial Strategy tables.
15. The council tax for each band and for households entitled to a single person discount.
16. The statutory calculations required under the 1992 Local Government Act.
17. Proposed full resolution for Budget Council.

Documents in Members' Rooms

1. No further documents.

Background Documents

1. No further background documents.