



**Brighton & Hove  
City Council**

**POLICY, RESOURCES & GROWTH  
COMMITTEE  
ADDENDUM**

**4.00PM, THURSDAY, 14 FEBRUARY 2019**

**COUNCIL CHAMBER, HOVE TOWN HALL**



# ADDENDUM

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<b>129 TARGETED BUDGET MANAGEMENT (TBM) 2018/19: MONTH 9</b>	<b>9 - 10</b>
Revised appendix 1 to the report of the Executive Director Finance & Resources (copy attached)	
<i>Contact Officer:</i>	<i>Nigel Manvell</i>
<i>Ward Affected:</i>	<i>All Wards</i>
	<i>Tel: 01273 293104</i>
<b>PART TWO</b>	
<b>PROCEDURAL MATTERS</b>	
<b>131 PART TWO MINUTES - EXEMPT CATEGORY 3</b>	<b>11 - 14</b>
To consider the part two minutes of the meeting held on 24 January 2019 (circulated to Members only).	
<i>Contact Officer:</i>	<i>Lisa Johnson</i>
<i>Ward Affected:</i>	<i>All Wards</i>
	<i>Tel: 01273 291228</i>



**SALTDEAN LIDO RESTORATION  
CONSERVATIVE GROUP AMENDMENT**

To add the word '***and***' to recommendation (5) and the additional recommendation (6) as set out below in bold italics:

Recommendations: That the Policy, Resources & Growth Committee:

- (1) Agrees to the request from Saltdean Lido CIC and underwrites the shortfall in funding of £1.600m towards the restoration of Saltdean Lido to secure the HLF grant of £4.200m;
- (2) Agrees that if the Saltdean Lido CIC fails to identify alternative sources of funding that the council will provide funding of up to £1.600m pursuant to a funding agreement;
- (3) Agrees that if the council provides the funding of up to £1.600m it shall fund the contribution by borrowing and be included in the capital investment programme;
- (4) Notes the Saltdean Lido CIC have an outstanding loan of £0.220m and agrees to reschedule the loan repayments with a deferment of 9 months as set out in paragraph 7.4;
- (5) Grants delegated authority to the Executive Director Economy, Environment & Culture to agree the terms of the funding agreement and take all necessary steps to implement the recommendations above; ***and***
- (6) ***That the committee requests that Officers assist the Saltdean Lido CIC by undertaking such activities as they consider appropriate in connection with fundraising for the Lido restoration, including the match funding required to support the HLF grant, and requests that the Executive Director Economy, Environment and Culture bring a biannual report to PRG Committee detailing the progress made.***

Proposed by Cllr Janio

Seconded by Cllr Bell

Recommendations if the amendment is accepted/agreed:

That the Policy, Resources & Growth Committee:

- (1) Agrees to the request from Saltdean Lido CIC and underwrites the shortfall in funding of £1.600m towards the restoration of Saltdean Lido to secure the HLF grant of £4.200m;

- (2) Agrees that if the Saltdean Lido CIC fails to identify alternative sources of funding that the council will provide funding of up to £1.600m pursuant to a funding agreement;
- (3) Agrees that if the council provides the funding of up to £1.600m it shall fund the contribution by borrowing and be included in the capital investment programme;
- (4) Notes the Saltdean Lido CIC have an outstanding loan of £0.220m and agrees to reschedule the loan repayments with a deferment of 9 months as set out in paragraph 7.4;
- (5) Grants delegated authority to the Executive Director Economy, Environment & Culture to agree the terms of the funding agreement and take all necessary steps to implement the recommendations above; and
- (6) That the committee requests that officers assist the Saltdean Lido CIC by undertaking such activities as they consider appropriate in connection with fundraising for the Lido restoration, including the match funding required to support the HLF grant, and requests that the Executive Director Economy, Environment and Culture bring a biannual report to PRG Committee detailing the progress made.

**HOUSING REVENUE ACCOUNT BUDGET AND CAPITAL INVESTMENT  
PROGRAMME 2019/20 AND MEDIUM TERM FINANCIAL STRATEGY**

**GREEN GROUP AMENDMENT**

To amend the following recommendations, and insert recommendations (3) to (6) as shown below in ***bold italics***:

**Recommendations:** That the Policy, Resources & Growth Committee approve and recommend the following to full Council:

- (1) That full Council approve the updated HRA revenue budget for 2019/20 as shown in Appendix 2 to the report (***as amended for any change to reserves arising from amendments (3) and (6) below***); and
- (2) That full Council approve the capital programme budget of £26.964m for 2019/20 and notes the 3 year programme as set out in Appendix 4 to the report (***as amended for any change to the capital programme arising from amendments (4), (5) and (6) below***).
- (3) ***That a HRA Rent Support Reserve of £1.050m be created, through a reduction in the reserve funding of the HRA capital programme by borrowing the same, and to apply this reserve in the form of a subsidy over the lifetime of modelled new schemes in order to support the provision of new council homes at lower rents, particularly social rents and 27.5% living wage rents;***

**Chief Finance Officer Comments**

The effect of amendment (a) is to switch the current funding of the capital programme from revenue reserves to borrowing by £1.050m. This will cost approximately £0.031m in borrowing costs from 2020/21. The borrowing costs in 2020/21 and beyond will need to be financed within the HRA revenue budget for 2020/21 and included in budget proposals for this financial year. Depending on agreed rent levels, this may require subsidy from the HRA. Given that HRA rents will begin increasing again from 2020/21, extra revenue resources are potentially available to fund any subsidy but will forego spending on other HRA priorities. Note, there will be no interest due in 2019/20.

The intended purpose of the rent support reserve is to support new housing schemes that are reported to H&NH Committee with an estimated subsidy, enabling rents to be set at a lower level than would otherwise be the case. The use and parameters of this reserve and whether amendments to the rent policy are required would need to be considered. A full equalities impact assessment would also need to be carried out to ensure that the application of this reserve was fair and equitable.

- (4) That the Purchase Properties budget be increased by £3.500m and added to the 2019/20 HRA Capital programme to be funded by HRA borrowing and Right to Buy receipts;**

**Chief Finance Officer Comments**

This amendment can be funded by a combination of RTB receipts (£1.050m) and borrowing (£2.450m). This would increase the purchase properties budget to £7m for 2019/20. This equates to approximately 32 properties being purchased in 2019/20 based on the average price paid to date. The increase in this budget is likely to require more staffing resources to support this; these costs would need to be met from this capital budget. There is a risk that this budget would not be spent in total given the large increase in budget and the service capacity to deliver this. However, unspent budget can be reprofiled into the following financial year.

The capital programme and business plan already assumes that RTB receipts up to 2021/22 will be fully utilised by the estimated pipeline of schemes within the New Homes for Neighbourhoods programme. The extra £3.500m of expenditure funded by RTB receipts included in this amendment would therefore replace this assumed future expenditure, reducing the 2020/21 to 2021/22 resources (currently £21.410m) for other pipeline schemes by £3.500m.

By effectively bringing this £3.500m forward 1 year, this will result in additional borrowing costs in 2020/21 of approximately £0.074m. Depending on agreed rent levels, this may require subsidy from the HRA. Given that HRA rents will begin increasing again from 2020/21, extra revenue resources are potentially available to fund any subsidy but this will forego spending on other HRA priorities. Note, there will be no interest due in 2019/20.

- (5) That a budget of £3.500m be added to the 2019/20 HRA Capital programme to purchase buildings to provide emergency homeless accommodation for in-house delivery by the council to be funded by HRA borrowing and RTB receipts;**

**Chief Finance Officer Comments**

The additional budget of £3.500m could be added to the HRA capital programme for 2019/20 and potentially funded by RTB receipts (£1.050m) and borrowing (£2.450m) but it would still require a detailed report to this committee on all of the associated revenue implications (HRA and General Fund) of providing this type of accommodation to ensure that such a scheme was viable and cost effective. This means the committee does have the alternative option of waiting for this further report rather than adding this scheme to the capital programme now. Importantly, it is still not confirmed whether or not such a scheme would be able to utilise RTB receipts and this will be pursued with the Ministry for Housing, Communities and Local Government (MHCLG). The detailed report back to committee would include all implications about the funding of such a project.

Based on similar projects delivered within the HRA, it is unlikely that the scheme would be viable without the use of RTB receipts. If this budget is approved and the purchase of properties for use as Emergency Accommodation does not provide



Value for Money, any budget variations, up or down, will be made in accordance with the council's Financial Regulations and Standard Financial Procedures.

The capital programme and business plan already assumes that RTB receipts up to 2021/22 will be fully utilised by the estimated pipeline of schemes within the New Homes for Neighbourhoods programme. The extra £3.500m of expenditure funded by RTB receipts included in this amendment would therefore replace this assumed future expenditure, reducing the 2020/21 to 2021/22 resources (currently £21.410m) for other pipeline schemes by £3.500m.

By effectively bringing this £3.500m forward 1 year will result in additional borrowing costs in 2020/21 of approximately £0.074m. Depending on agreed rent levels, this may require subsidy from the HRA. Given that HRA rents will begin to increase again from 2020/21, extra revenue resources are potentially available to fund any subsidy but this will forego spending on other HRA priorities. Note, there will be no interest due in 2019/20.

- (6) *That the Estate Development Budget be increased by £0.050m to £0.405m in the 2019/20 HRA Capital programme, funded from HRA useable reserves.***

#### **Chief Finance Officer Comments**

The amendment would mean the use of revenue reserves to fund this increase in budget, therefore reducing useable reserves at March 2020 to £3.086m. It should be noted that there is currently a review of EDB being carried out with tenants.

Proposed by Cllr Gibson

Seconded by Cllr Sykes

#### Recommendations if the amendment is accepted/agreed:

- (1) That full Council approve the updated HRA revenue budget for 2019/20 as shown in Appendix 2 to the report (as amended for any change to reserves arising from amendments (3) and (6) below); and
- (2) That full Council approve the capital programme budget of £26.964m for 2019/20 and notes the 3 year programme as set out in Appendix 4 to the report (as amended for any change to the capital programme arising from amendments (4), (5) and (6) below).
- (3) That a HRA Rent Support Reserve of £1.050m be created, through a reduction in the reserve funding of the HRA capital programme by borrowing the same, and to apply this reserve in the form of a subsidy over the lifetime of modelled new schemes in order to support the provision of new council homes at lower rents, particularly social rents and 27.5% living wage rents;
- (4) That the Purchase Properties budget be increased by £3.500m and added to the 2019/20 HRA Capital programme to be funded by HRA borrowing and Right to Buy receipts;

- (5) That a budget of £3.500m be added to the 2019/20 HRA Capital programme to purchase buildings to provide emergency homeless accommodation for in-house delivery by the council to be funded by HRA borrowing and RTB receipts;
- (6) That the Estate Development Budget be increased by £0.050m to £0.405m in the 2019/20 HRA Capital programme, funded from HRA useable reserves.

**Supporting Information to the proposed amendment from the Green Group in relation to the additional recommendations is detailed below for information:**

**For recommendation (3)**

Housing & New Homes Committee on 14th November 2018 agreed **unanimously** to receive a report exploring the options available for the creation of a ring fenced reserve within the current HRA reserve, in order to support the future development of housing in the city for 27.5% living wage rent or social rent;

**Background affordability of new council homes**

- It is estimated that 15,000 households in the city can only afford social rents. Since discounts were increased, on average, around 55 social rented properties are sold each year through the 'Right to Buy.'
- "Affordable" rents at local housing allowance - or at 37.5% Living wage rates for a 2 bed property - are typically more than double social rents.
- For a 2 bed property, 27.5% Living wage rents are typically around 50% more than social rents.
- Pressures on the HRA reserves have reduced due to a recent national government decision to scrap the demand on local authorities sell high value homes in council ownership.
- The lower rents reserve will recycle 60 year modelled surpluses from existing schemes (based as far as possible on actual costs) in line with current housing rent policy.
- The recently approved schemes at Victoria Rd and Buckley close 60 year modelling reported to committee predicts a surplus of £0.537m between them

**For recommendation (5)**

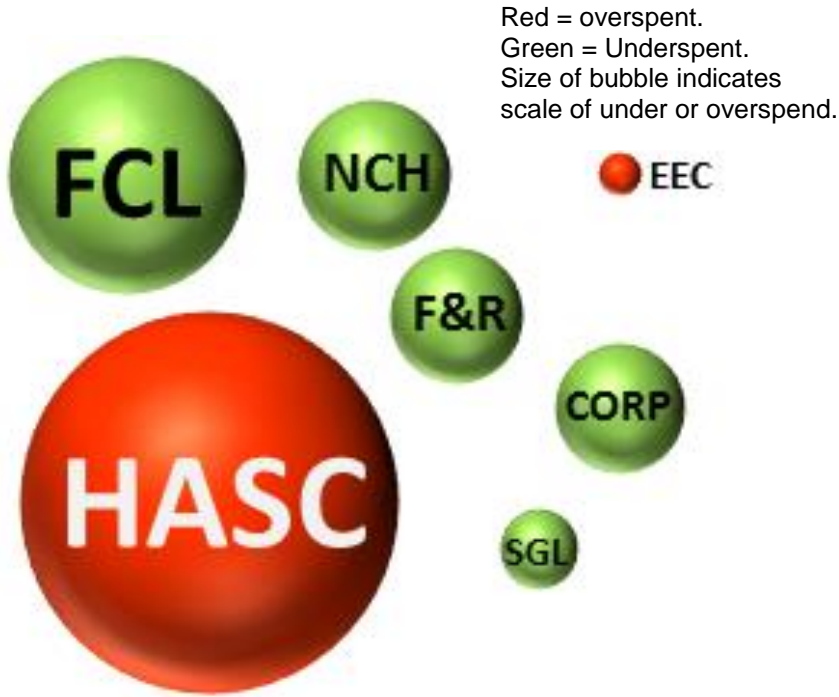
**NOM on short term homeless accommodation agreed unanimously by council on 14<sup>th</sup> Dec 2017**

**This council resolves to:**

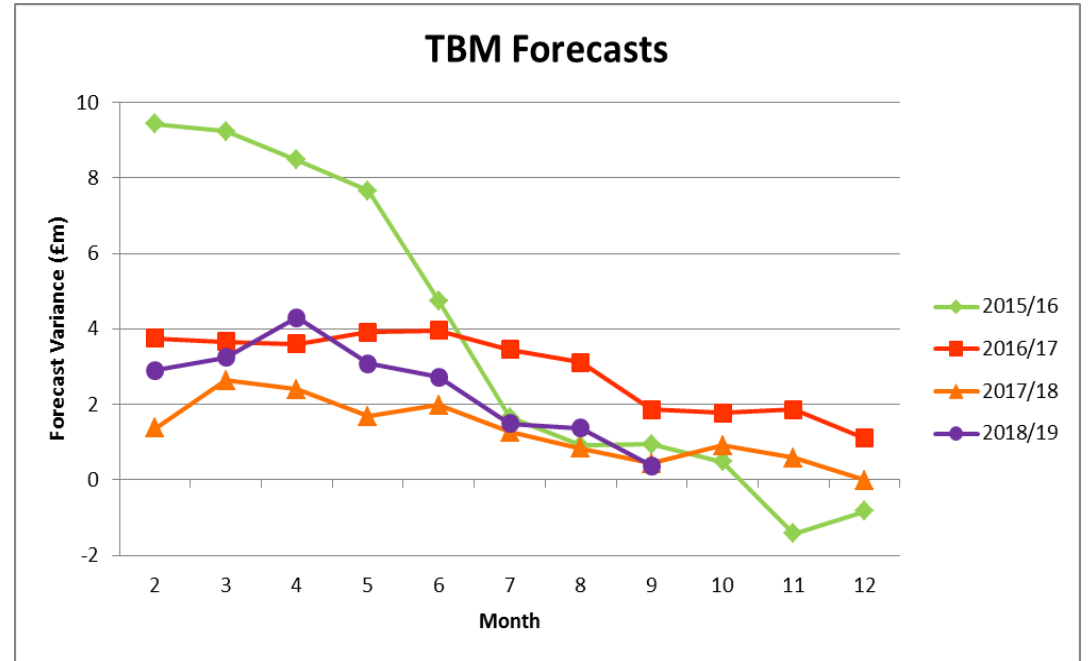
Request that a report be brought to the Housing and New Homes Committee on the business case modelling for a "spend to save" purchase of emergency/temporary accommodation by the council and that this modelling:-

- i) Estimates revenue savings on the current expenditure of private provision
- ii) Estimates the capital appreciation and rental income that would flow to the council through ownership of emergency accommodation
- iii) Explores the potential to offer greater support to residents of emergency accommodation through any savings achieved
- iv) Should take into account and continue to build on the work already in progress on the feasibility of temporary options in addition to the existing HRA purchasing policy

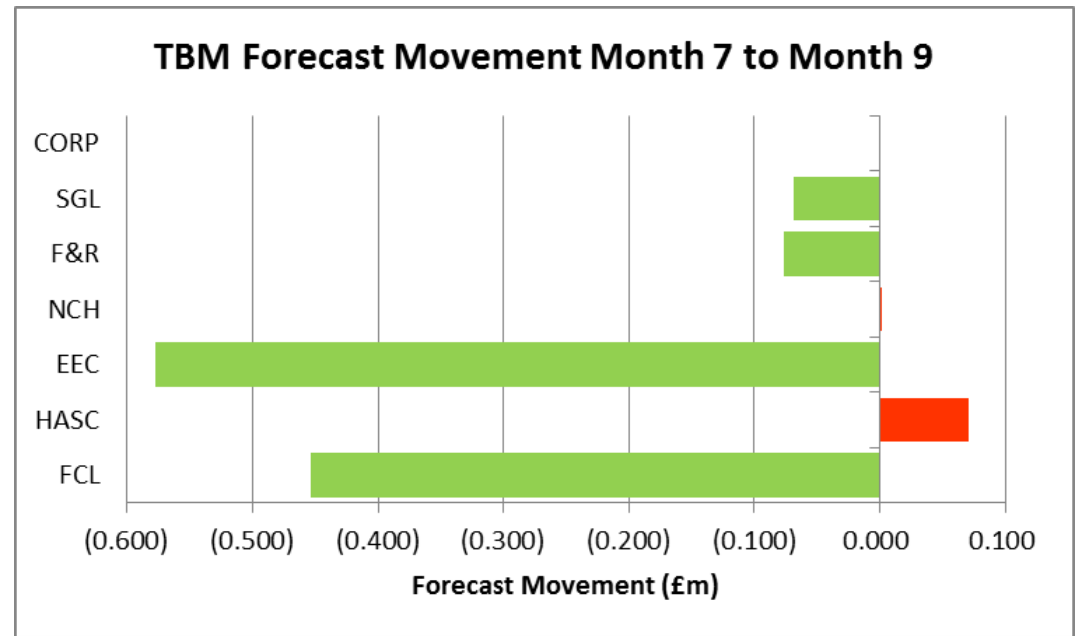


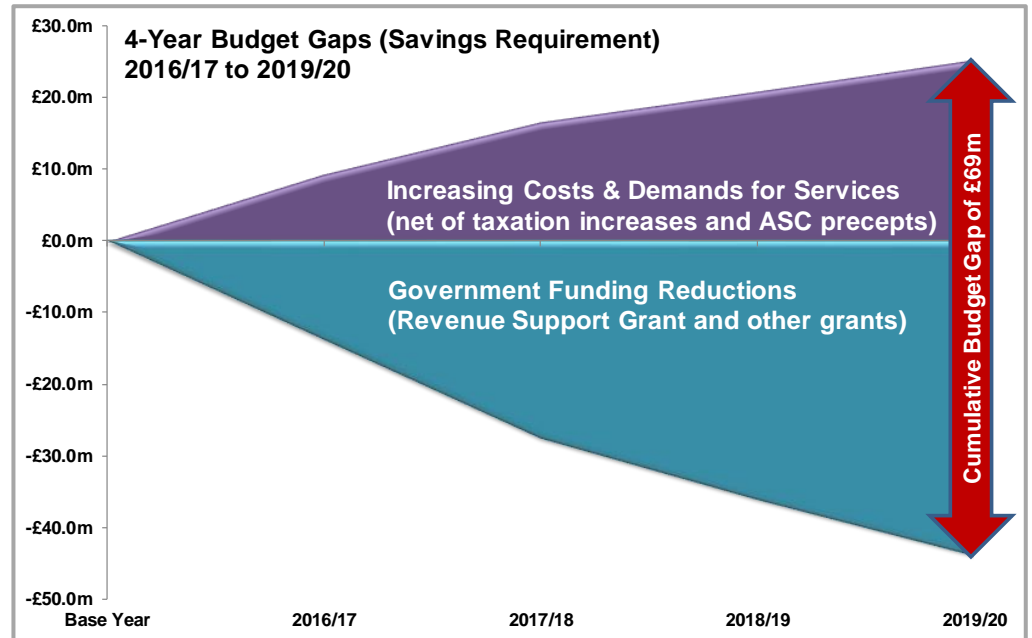
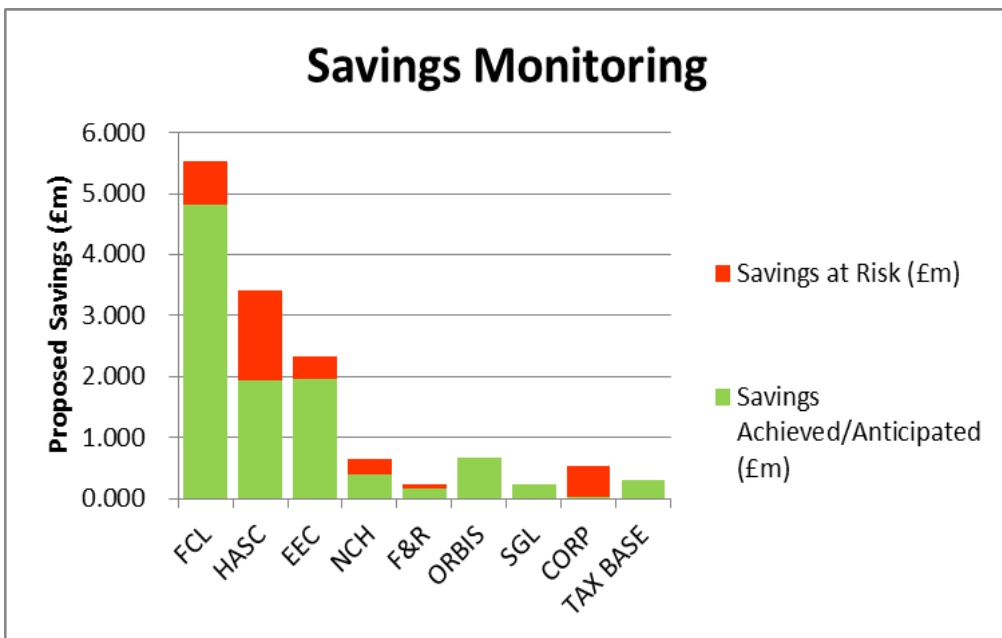
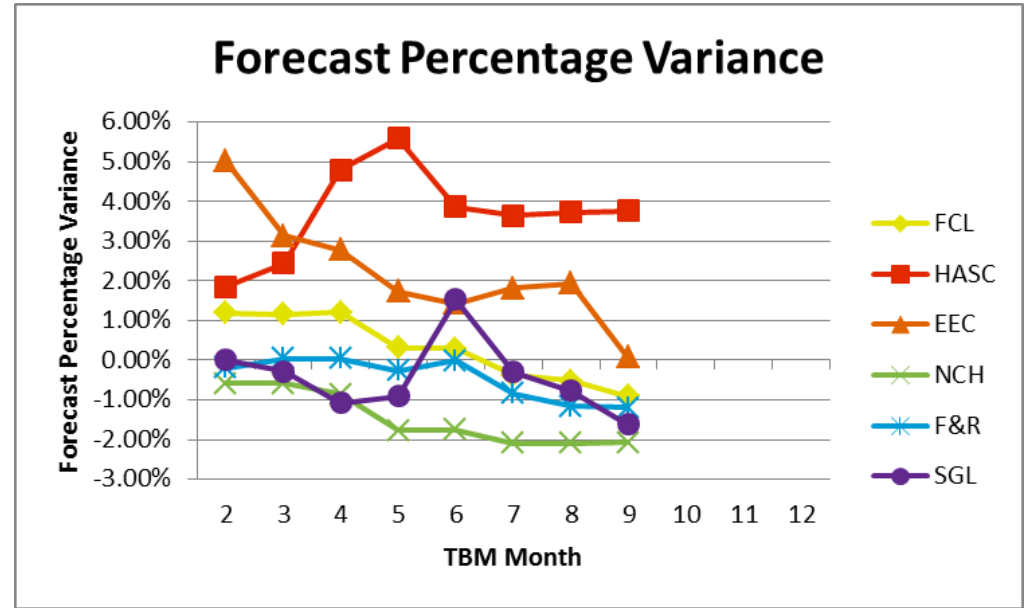
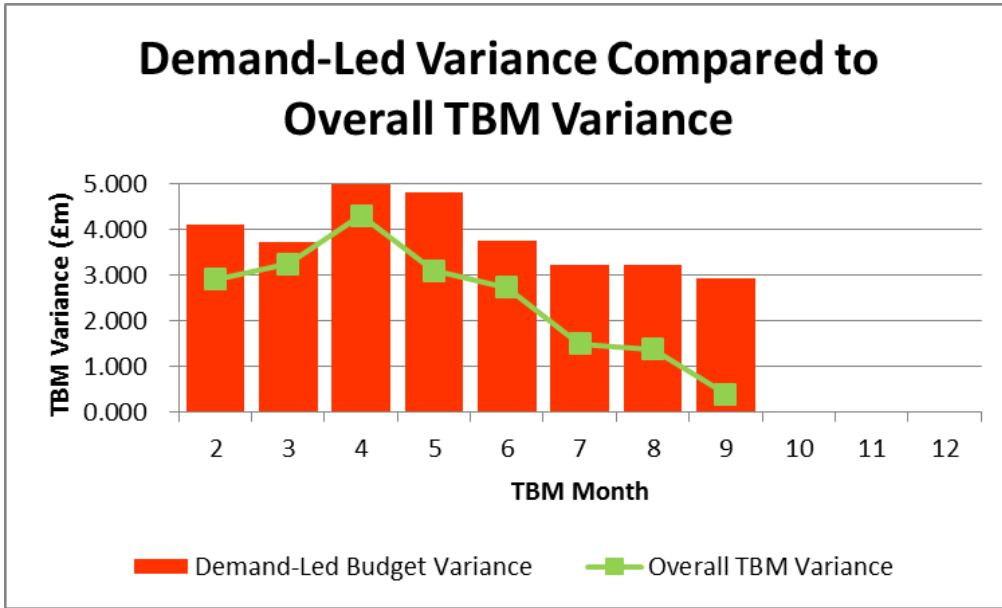


Item 129 Appendix 1 - Financial Dashboard Summary



Direction of Travel				
Directorate/Fund	Forecast Variance Month 9 (£'000)	Forecast Variance Month 9 (%)	Change from Month 7	RAG Rating Month 9
<b>General Fund Services:</b>				
Families, Children & Learning	(790)	-0.9%	↑	Green
Health & Adult Social Care	2,029	3.8%	↓	Red
Economy, Environment & Culture	23	0.1%	↑	Amber
Neighbourhoods, Communities & Housing	(320)	-2.1%	=	Green
Finance & Resources	(248)	-1.2%	↑	Green
Strategy, Governance & Law	(84)	-1.6%	↑	Green
Corporate Budgets	(229)	-10.3%	=	Green
<b>Total General Fund</b>	<b>381</b>	<b>0.2%</b>	<b>↑</b>	<b>Amber</b>
<b>Dedicated Schools Grant (DSG)</b>				
Dedicated Schools Grant (DSG)	(865)	-430.3%	↑	Green
<b>Housing Revenue Account</b>				
Housing Revenue Account	(900)	0.0%	↑	Green





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