



**Brighton & Hove
City Council**

**OVERVIEW & SCRUTINY
COMMISSION
ADDENDUM**

4.00PM, TUESDAY, 22 FEBRUARY 2011

COUNCIL CHAMBER, HOVE TOWN HALL

ADDENDUM

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68.	BUDGET SCRUTINY; REPORTS TO 17 FEBRUARY CABINET DRAFT MINUTES 17 FEBRUARY CABINET	1 - 6

EXTRACT FROM THE DRAFT MINUTES OF CABINET 17 FEBRUARY 2011

Present: Councillors Mears (Chairman), Brown, Caulfield, Fallon-Khan, K Norman, Simson, Smith, G Theobald and Young

Also in attendance: Councillors Mitchell (Opposition Spokesperson) and Randall (Opposition Spokesperson)

Other Members present: Councillors Hamilton, Hawkes, Kemble, Kitcat and A Norman

PART ONE

165. GENERAL FUND REVENUE BUDGET & COUNCIL TAX 2011/12

- 165.1 The Cabinet considered a report of the Director of Finance concerning the council's 2011/12 General Fund Revenue Budget proposals.
- 165.2 In response to a query from Councillor Theobald concerning parking income, the Director of Finance explained that the information in Appendix 6 related to the Medium Term Financial Strategy and represented future predictions based on financial modelling.
- 165.3 The Chairman thanked finance officers for the significant amount of work put in to preparing the budget report. She noted that the report had been published two days late, but that the settlement announcement from Government had been delayed and the process was more complex than in the past. She highlighted the proposed 1% reduction in council tax and a number of projects for which funding had been released, including the refurbishment of Portslade Town Hall and £0.5m for youth services.
- 165.4 Councillor Mitchell stated that the lack of time afforded to local authorities by the Government to set their budgets was unacceptable and allowed little time for opposition councillors to consider the Administration's proposals in detail. She welcomed the protection of a number of key areas, but raised concerns about the overall stability of the budget, including the risks associated with using equal pay reserves while equal pay issues remained outstanding. She questioned proposals to spend £1.1m on removing a cycle lane in light of significant cuts to services for vulnerable people, and stated that she anticipated more redundancies after the local elections in May.
- 165.5 The Chairman noted that the previous Administration had chosen not to deal with the equal pay issues and that the current Administration had taken significant steps to reach a resolution. She acknowledged Councillor Mitchell's concerns and stated that the budget had been signed off as financially sound by the council's Section 151 Officer as required. In relation the removal of the cycle lane in Grand Avenue and the

Drive, she advised that it was not sufficiently utilised by cyclists and that its removal was justified.

- 165.6 Councillor Young advised that proposals to use reserves were designed to give something back to taxpayers during the difficult financial climate. She explained that there were currently 204 vacant posts within the council at a cost of £4.6m, and that it was preferable to delete those posts instead of making someone redundant.
- 165.7 Councillor Smith congratulated officers and Cabinet colleagues for their work over the past four years to mitigate the financial difficulties faced by the council and achieve a balanced budget despite a number of scare stories in the press. He stated that services for residents had increased through significant investment in schemes, such as the King Alfred Leisure Centre and the Brighton Centre, and that this would continue through the new budget proposals.
- 165.8 Councillor Hamilton raised concerns about the reliability of the budget in relation to the current and future rate of inflation and stated that a council tax reduction at this time would make the budget setting process more difficult in future years and was not appropriate when significant cuts were being made to services. He noted in particular the impact on schools of having to take on more responsibilities with less total funding.
- 165.9 The Chairman invited Sally Polanski, Chief Executive of the Community & Voluntary Sector Forum (CVSF), to address the Cabinet.
- 165.10 Ms Polanski welcomed the opportunity to put forward the comments and concerns of CVSF's 550 member organisations and advised that the CVSF commended the number of proposals including the re-ringfencing of Supporting People, Homelessness Prevention and Carers Grants, additional funding for Youth Services and Community Safety Services, sensible use of reserves, eg. to ensure transition for services undergoing significant change or affected by grant changes, and the ongoing commitment to the principle of protecting as far as possible the contribution made by the C&VS.

She advised that concerns remained about the full impact of proposed service changes and made the following comments:

- It was important to be aware of the findings of recent judicial reviews, which found in favour of appeals to decisions taken to cut services without there having been a thorough Equality Impact Assessment; when would full EIAs take place for those services whose future was subject to the decision of the Full Council?
- Multi-agency impact assessments would be needed to understand the impact of multiple cuts on the communities.
- Providers (external and council) would be required to manage inflation within their budgets, and this would impact on the quality of service provision.

Ms Polanski highlighted five service areas where specific concern remained:

1. Community Safety – the extent of cuts to funding and the resulting impact on communities.

2. Connexions service redesign – the future of voluntary sector Connexions posts and the ongoing role of the voluntary sector in providing support to young people who are not in education, employment or training (NEET) or at risk of becoming NEET, which was in part dependent on the outcome of the youth services review.
3. Youth services – £500,000 allocated for the transition period while the youth services review was completed, but further clarity was needed on the actual budget for the services going forward and the process and timeframe for the redesign of the services and allocation of the transition funding.
4. Early Intervention Grant – more information was needed on where the grant was being invested how the short fall would be tackled.
5. Adult Social Care (ASC) – the expectation that contractors would shoulder cuts in ASC may result in an adverse affect on services and a drop in service quality and safeguarding risks. Some voluntary sector providers would not be able to achieve the necessary economies of scale and risked going out of business. There was no evidence alongside the savings anticipated through personalisation and serious concern remained about the adequacy of development work undertaken to prepare for the change in the independent providers' market and the potential for impact on service users.

165.11 Councillor Brown advised that no guarantees could be given in relation to voluntary sector Connexions posts because of the internal council redundancies. No cuts were currently proposed for youth services and opportunities for the CVS were anticipated following the completion of the youth services review.

165.12 The Chairman added that the purpose of the youth services review was to connect all of the youth service provision across the city. It was hoped that proposals would come forward in September and the CVS would be involved throughout the process.

165.13 Councillor Simson highlighted the council's commitment to working with the CVS and noted the intention to continue both the small grants and three-year grants programmes.

165.14 Councillor Norman stated that the budget proposals provided protection for frontline ASC services and that personalisation targets had already been exceeded. Officers were continuing to work hard to bring providers on board and also to ensure that the best safeguarding position possible was in place.

165.15 Councillor Randall questioned whether the level of savings anticipated through personalisation were achievable and stated that the money lost through the reduction in council tax would be better spent on services for vulnerable people. He welcomed the retention of the Supporting People funding, but expressed concern in relation support in future years for people with mental health problems. He also noted the £50,000 reduction in funding for community safety and stated that it should not impact on drug prevention work in the city.

165.16 In response to comments from Councillor Hamilton in relation to residents' parking permits, Councillor Theobald advised the proposals represented a 7% reduction. He added that frontline services that mattered to residents, such as parks and CityClean, had been protected and value for money had been achieved through schemes like refurbishment of The Lanes car park.

165.17 The Chairman reported that Sussex Police Authority voted in favour of freezing their element of the council tax, but that Councillor Duncan, the council's representative on the Police Authority, voted against this. She advised that the Bank of England had predicted that inflation would soon decrease and that the Administration would continue to take care when spending taxpayers' money, while also protecting more jobs than many other local authorities.

165.18 Councillor Fallon-Khan stated that it was important to take the national financial situation seriously and recognise the impact it has had on people's lives. He added that frontloading simply meant that inevitable cuts would be made now instead of in the future.

165.19 **RESOLVED** – That, having considered the information and the reasons set out in the report, the Cabinet accepted the following recommendations:

(1) That, subject to 2.3 below, the 2011/12 General Fund Revenue Budget proposals be recommended to Council, including:

- A 1% reduction in the Brighton & Hove element of the council tax.
- The 2011/12 budget allocations to services as set out in appendix 1.
- The council's net General Fund budget requirement for 2011/12 of £231.0m.
- The commitments and reinvestments as set out in paragraph 3.49 including a reduction in the cost of residents parking permits and funding for free swimming for the under 11's.
- The budget savings package as set out in appendix 10.
- The value for money savings as set out in appendix 11.
- The corporate budgets of £20.5m.
- The contingency budget of £3.7m as set out in table 6.
- The reserves allocations as set out in appendix 5 and paragraph 3.32.
- The borrowing limit of £367m for the year commencing 1 April 2011.
- The annual Minimum Revenue Provision statements as set out in appendix 8.
- The prudential indicators as set out in appendix 9 to this report.

(2) That the Medium Term Financial Strategy budget and resource projections for 2011/12 to 2014/15, as set out in appendix 6, be noted.

(3) That it be noted that supplementary information needed to set the overall council tax will be provided for the budget setting Council, as listed in paragraph 4.5.

166. CAPITAL RESOURCES & CAPITAL INVESTMENT PROGRAMME 2011/12

166.1 The Cabinet considered a report of the Director of Finance concerning the council's 2011/12 Capital Resources and Capital Investment Programme proposals.

166.2 **RESOLVED** – That, having considered the information and the reasons set out in the report, the Cabinet accepted the following recommendations:

(1) That the following be recommended to Council:

- The Capital Investment Programme for 2011/12 and note the estimated resources in future years as detailed in appendix 1.
- To allocate £0.5m resources in 2011/12 for the Strategic Investment Fund for the purposes set out in paragraph 3.26.
- To allocate £0.5m for the ICT fund.
- To allocate £1.0m for the Asset Management Fund.
- The potential use of council borrowing as set out in table 5.

167. HOUSING REVENUE ACCOUNT BUDGET 2011/12

- 167.1 The Cabinet considered a joint report of the Strategic Director, Place and the Director of Finance concerning the Housing Revenue Account (HRA) Forecast Outturn for 2010/11 as at month 9 and the proposed Budget for 2011/12.
- 167.2 The Cabinet Member for Housing praised the Head of Housing Management & Social Inclusion and the Head of Finance, Business Engagement for their work on the HRA.
- 167.3 Councillor Randall acknowledged that improvements had been made, but that there was still much to do. In light of the recently published HRA Government consultation and the information on prudential borrowing, it appeared that the proposed new subsidy system would be beneficial. He noted the ongoing problems of high private sector rents and waiting lists for council housing.
- 167.4 The Chairman advised that the council had slipped out of housing subsidy as a result of the “no” decision in the housing stock transfer vote and that the new Government proposals would provide the council with more money to invest in its housing stock. She stated that the Administration was committed to improving tenants’ homes and consulting with tenants at all times.
- 167.5 **RESOLVED** – That, having considered the information and the reasons set out in the report, the Cabinet accepted the following recommendations:
- (1) That Council be recommended to:
 - (a) Approve the budget for 2011/12 as shown in Appendix 1.
 - (b) Approve individual rent increases and decreases in line with rent restructuring principles as determined by the Government.
 - (c) Approve the changes to fees and charges as detailed in paragraph 3.17 to 3.26.

168. HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME 2011-2014

- 168.1 The Cabinet considered a joint report of the Strategic Director, Place and the Director of Finance concerning the 2011/12 capital programme for the Housing Revenue Account (HRA) and a provisional capital programme 2012/13 and 2013/14.
- 168.2 Councillor Randall welcomed proposals within the programme, but remarked that they were only small initiatives in light of the significant housing shortage within the city and the 50% reduction in the Government's capital housing programme; housing associations (HAs) were finding it increasingly difficult to provide housing in key schemes.
- 168.3 The Chairman stated that HAs were set up using public money and possessed assets that could be used to raise money. She commended the loft conversion and extension programmes that enabled people to achieve additional space whilst staying in their homes and communities.
- 168.4 Councillor Caulfield explained that when registered social landlords (RSLs) had sufficient funds they did not build housing that fitted the needs of the city; the Government proposals meant that the council would be able to build affordable family homes and RSLs should consider how they could utilise their assets to contribute.
- 168.5 **RESOLVED** – That, having considered the information and the reasons set out in the report, the Cabinet accepted the following recommendations:
- (1) That the capital programme budget of £30.697 million and financing for 2011/12, as set out in paragraph 4.1, be approved.