

Policy & Resources Committee

Date: **11 February 2021**

Time: **4.00pm**

Venue **Virtual**

Note: in response to current Government Regulations this meeting is being held as a virtual meeting for councillors and accessible via Teams. Public speaking and engagement opportunities will be made available.

The meeting will also be webcast live to the internet.

Members: **Councillors:** Mac Cafferty (Chair), Druitt (Joint Deputy Chair), Gibson (Joint Deputy Chair), Platts (Opposition Spokesperson), Bell (Group Spokesperson), Allcock, Clare, Miller, Moonan and Yates

Invitee: Dr Anusree Biswas Sasidharan

Contact: **Mark Wall**
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AGENDA

PROCEDURAL MATTERS

143 PROCEDURAL BUSINESS

(a) **Declaration of Substitutes:** Where Councillors are unable to attend a meeting, a substitute Member from the same Political Group may attend, speak and vote in their place for that meeting.

(b) **Declarations of Interest:**

- (a) Disclosable pecuniary interests;
- (b) Any other interests required to be registered under the local code;
- (c) Any other general interest as a result of which a decision on the matter might reasonably be regarded as affecting you or a partner more than a majority of other people or businesses in the ward/s affected by the decision.

In each case, you need to declare

- (i) the item on the agenda the interest relates to;
- (ii) the nature of the interest; and
- (iii) whether it is a disclosable pecuniary interest or some other interest.

If unsure, Members should seek advice from the committee lawyer or administrator preferably before the meeting.

(c) **Exclusion of Press and Public:** To consider whether, in view of the nature of the business to be transacted, or the nature of the proceedings, the press and public should be excluded from the meeting when any of the following items are under consideration.

NOTE: *Any item appearing in Part Two of the Agenda states in its heading the category under which the information disclosed in the report is exempt from disclosure and therefore not available to the public.*

A list and description of the exempt categories is available for public inspection at Brighton and Hove Town Halls.

144 MINUTES

7 - 22

To consider the minutes of the meeting held on the 21 January 2021.

Contact Officer: Mark Wall

Tel: 01273 291006

Ward Affected: All Wards

145 CHAIR'S COMMUNICATIONS

146 CALL OVER

- (a) Items (149 – 151) will be read out at the meeting and Members invited to reserve the items for consideration.
- (b) Those items not reserved will be taken as having been received and the reports' recommendations agreed.

GENERAL MATTERS

147 PUBLIC INVOLVEMENT

To consider the following matters raised by members of the public:

- (a) **Petitions:** to receive any petitions presented by members of the public to the full Council or as notified for presentation at the meeting by the due date 28 January 2021;
- (b) **Written Questions:** to receive any questions submitted by the due date of 12 noon on the 5 February 2021;
- (c) **Deputations:** to receive any deputations submitted by the due date of 12 noon on the 5 February 2021.

148 MEMBER INVOLVEMENT

To consider the following matters raised by councillors:

- (a) **Petitions:** to receive any petitions submitted to the full Council or at the meeting itself;
- (b) **Written Questions:** to consider any written questions;
- (c) **Letters:** to consider any letters;
- (d) **Notices of Motion:** to consider any Notices of Motion referred from Council or submitted directly to the Committee.

A CITY WORKING FOR ALL

149 GENERAL FUND REVENUE BUDGET, CAPITAL AND TREASURY MANAGEMENT STRATEGY 2021/22

23 - 302

Report of the Acting Chief Finance Officer.

Contact Officer: Rob Allen
Ward Affected: All Wards

Tel: 01273 291245

150 HOUSING REVENUE ACCOUNT BUDGET AND CAPITAL INVESTMENT PROGRAMME 2021/22 AND MEDIUM-TERM FINANCIAL STRATEGY

303 - 344

Extract from the proceedings of the Housing Committee meeting held on the 20 January 2021, together with a joint report of the Interim Executive Director for Housing, Neighbourhoods & Communities and the Acting Chief Finance Officer.

Contact Officer: Martin Reid
Ward Affected: All Wards

Tel: 01273 293321

151 TARGETED BUDGET MANAGEMENT (TBM) 2020/21:MONTH 9

345 - 424

Report of the Acting Chief Finance Officer.

Contact Officer: Jeff Coates
Ward Affected: All Wards

Tel: 01273 292364

PROCEDURAL MATTERS

152 ITEMS REFERRED FOR COUNCIL

To consider items to be submitted to the 25 February 2021 Council meeting for information.

In accordance with Procedure Rule 24.3a, the Committee may determine that any item is to be included in its report to Council. In addition, each Group may specify one further item to be included by notifying the Chief Executive no later than 10.00am on 15 February 2021 (the eighth working day before the Council meeting to which the report is to be made), or if the Committee meeting takes place after this deadline, immediately at the conclusion of the Committee meeting.

ACCESS NOTICE

In response to the current situation with Covid-19 and the easing of Regulations, this Committee meeting will be held virtually via Teams and web cast simultaneously.

The City Council actively welcomes members of the public and the press to attend its meetings and holds as many of its meetings as possible in public. Provision is also made on the agendas for public questions to committees and details of how questions can be raised can be found on the website and/or on agendas for the meetings.

The closing date for receipt of public questions and deputations for the next meeting is 12 noon on the fourth working day before the meeting.

For those members of the public wishing to actively take part in the meeting a link will be emailed so that they can join the meeting.

Meeting papers can be provided, on request, in large print, in Braille, on audio tape or on disc, or translated into any other language as requested.

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FURTHER INFORMATION

For further details and general enquiries about this meeting contact Mark Wall, (01273 291006, email mark.wall@brighton-hove.gov.uk) or email democratic.services@brighton-hove.gov.uk

Date of Publication - Wednesday, 3 February 2021

BRIGHTON & HOVE CITY COUNCIL

POLICY & RESOURCES COMMITTEE

4.00pm 21 JANUARY 2021

VIRTUAL

MINUTES

Present: Councillor Mac Cafferty (Chair) Druitt (Joint Deputy Chair), Gibson (Joint Deputy Chair), Platts (Opposition Spokesperson), Bell (Group Spokesperson), Allcock, Clare, Miller, Yates and Appich

Also present: Dr Anusree Biswas Sasidharan, Standing Invitee

PART ONE

118 PROCEDURAL BUSINESS

(a) Declarations of Substitutes

118.1 Councillor Appich was present in substitution for Councillor Moonan.

(b) Declarations of Interest

118.2 Councillor Druitt declared an interest in Item 125 'Brighton & Hove Climate Assembly' as he ran the Big Lemon bus company who were involved in sustainable transport, and some of the recommendations of the Assembly involved bus companies.

(c) Exclusion of Press and Public

118.3 The Committee considered whether the press and public should be excluded from the meeting during the consideration of any of the items listed on the agenda.

118.4 **RESOLVED:** It was noted that there were no Part Two items on the agenda.

119 MINUTES

119.1 **RESOLVED:** The minutes of the Policy & Resources Committee held on the 3rd December 2020, were approved as a correct record of the proceedings.

120 CHAIR'S COMMUNICATIONS

120.1 The Chair gave the following communication:

Can I remind everyone that this meeting is being webcast live and will be capable of repeated viewing. To assist with the management of the meeting I would ask that

Members ensure their connection is working and that microphones and video links are turned off when you are not speaking. It is important that everyone can be heard, and you will therefore need to unmute your microphone and enable your video link when you are when you are speaking. Can I ask that Members wishing to speak in any of the debates should indicate their intention by registering their request through the instant messaging facility. You will simply need to type: may I speak or the word 'hand'. I will then call you as appropriate. I would remind you that the instant messaging facility should only be used for this or to raise a point of order and please note it is visible to all those present in the session.

Before we start the meeting I think it is right that we again reflect on the ongoing impact of the pandemic on all staff and our services. Indeed we will receive a report today outlining just one of the ways that we want to thank staff who at this time are ensuring our council can continue its vital work during the health crisis. More people now are using public services more than ever.

This week I was asked how we in the city can support our local NHS. The question came as Covid-19 admissions to our city's hospitals have risen since the end of the last lockdown. The new, much more contagious strain of the virus has seen the number of cases balloon locally. So in response to the query I am clear – the best way we can support our NHS is to do everything possible to keep infection rates low and protect the most vulnerable.

Today's agenda will also cover the response to the climate assembly – another piece of work that has been the product of the incredible input and effort from residents and also of members of all parties who have helped to oversee, through the carbon neutral members working group, the development and delivery of the assembly despite the pandemic and its challenges.

We are extremely proud to share the feedback of the city's first climate assembly. This has been an independent project, that has brought together a range of residents from all walks of life. With a whole third of our city's toxic emissions coming from transport, residents have sent a clear message that we must take action and support our city to make changes.

The conversation certainly doesn't start and end here – councillors will now look in more detail at the recommendations and consider them as part of transport plans already underway. We welcome the thoughts and views of all residents as all parties continue to lead the council through these incredibly challenging times. I hope that members have enjoyed reading the report and picking up on the feedback of residents as they have worked to share their suite of recommendations.

On that note members will be aware we have a petition on similar subject matter coming to committee today. Given some of the formalities of full council and that the numbers signing do trigger that required for a debate I would like also to invite members to comment on this should they so wish as part of the climate assembly debate.

Finally, today's meeting will also look at a key challenge facing our council: the budget.

We are able to present our draft budget to members and have worked tirelessly in the past months to act in the best interest of our city as we face down the pandemic and focus on recovery. Our draft budget is a balanced budget that also represents our priorities and of course we will be able to debate and determine the outcome of the council's financial planning in February, when final decisions are made.

We know too that the pandemic is hitting incomes hard and the most vulnerable. Today's committee will also cover our plans to make council tax reduction even more generous, following on from commitments the greens have made every year that such a change would be vital for those on low incomes.

Once again thank you for your engagement on these issues and my wish that you stay safe in the weeks to come.

121 CALL OVER

121.1 The following items on the agenda were reserved for discussion:

- Item 125 - Brighton & Hove Climate Assembly
- Item 126 - Covid-19 Staff Recognition - Options
- Item 127 - Update on Covid Winter Grant
- Item 128 - Council Tax Reduction Scheme 2021/22
- Item 131 - Draft General Fund Budget & Resource Update 2021/22
- Item 134 - Review of Valley Gardens, Local Cycling and Walking Infrastructure Plan and Stanmer Park Restoration Project Task and Finish Member Working Groups

121.2 The following items on the agenda were agreed without discussion:

- Item 129 - Council Tax Base 2021/22
- Item 130 - Business Rates Retention Forecast 2021/22
- Item 132 - Appointment of Deputy Electoral Registration Officers
- Item 133 - Life Events Fees and Charges review for Registration Services 2021/2022
- Item 135 - New England House
- Item 136 - Procurement of the Corporate Cleaning Contract
- Item 137 - Fleet Strategy 2020 - 2030
- Item 138 - BHCC Accountable Body for Coast to Capital Local Enterprise Partnership
- Item 139 - Timetable of Meetings for 2021/2022

122 PUBLIC INVOLVEMENT

(a) Petitions

122.1 A petition was presented on Addressing Children in Poverty in Brighton & Hove by Mr B DeOliveira. The petition was signed by 34 people.

122.2 The Chair gave the following response:

Thank you for your excellent petition Mr DeOliveria, which in the context of the Covid-19 pandemic raises a number of really important and timely issues for the city. Indeed, we have been working hard to do what we can at a local level to combat child poverty. This week we are asking ministers to address the failings of the business grants scheme for the estimated 3 million workers excluded from any kind of support because we know this will have made life for their children dreadful.

The pandemic has pushed the poorest households to the edge and thrown thousands of young people into unemployment. Yet this week Conservative government ministers refused to retain a £20 uplift to welfare benefit universal credit plunging half a million more people into poverty- including 200,000 children- and proving they still don't understand how this virus is harming communities.

Child Poverty is sadly a growing national problem that requires a national response. It is a pitiful indictment of the inaction of the Conservative government in the world's 5th richest economy. The Joseph Rowntree Foundation reports that 14.2m people are in poverty in the UK including 4.5m children.

It was announced on 15 January 2021 that a new wide-ranging inquiry from the Work and Pensions Committee is to examine what steps the Government could take to reduce the numbers of children who grow up in poverty in the UK. The initial focus of the Committee will be on the best way to measure child poverty and how the Department for Work and Pensions works with other Government departments and local authorities to reduce the number of children and young people living in poverty.

The council welcomes this inquiry given the issues in the city regarding housing provision and affordability; the effect of welfare reforms and the disproportionate impact of Covid 19 upon the most disadvantaged families.

Due to the pandemic, the council's focus has clearly been on responding to the emergency and ensuring that it does everything possible to support people in need including securing substantial additional emergency accommodation to help the homeless and rough sleepers, implementing the additional £150 Council Tax Reduction discount using the government's Hardship Fund, issuing thousands of food vouchers to people and families in need through the Winter Package, providing funding to support the work of food banks and the Brighton & Hove Food Partnership through the Emergency Assistance Scheme, and distributing over £150 million to businesses, through government grants and reliefs, to help sustain them and ultimately help them to retain jobs and employment in the City.

The council has also been focussing on moving forward through our Recovery & Renewal Programme where we want to analyse the information we have gathered throughout the pandemic and take the lessons learned into our planning for the future delivery of the council's services and support, including its Welfare Support approach. We will therefore be bringing this together over coming weeks and months to inform our service planning as we approach the time when we will be able to talk about moving out of the pandemic but will also be keenly following the national research programmes.

122.3 **RESOLVED:** That the petition be noted.

(b) Written Questions

122.4 There were no written questions

(c) Deputations

122.5 There were no deputations.

123 ITEMS REFERRED FROM COUNCIL

123.1 The Committee considered the petition 'Brighton & Hove City Council Act on the Climate and Biodiversity Emergency Now!' which had been signed by 1,445 people. The petition was submitted by Ms T Fairbanks.

123.2 The Chair noted that although it had been presented at Full Council in December 2020, he wanted to ensure that the Committee were able to listen to the grounds for the petition, and so exceptionally he invited Ms Fairbanks to present the petition.

123.3 The Chair gave the following response:

Your petition was considered and responded to fully by Cllr Heley at last full council I will add a few comments before we note the petition and move to the first item on the agenda which is reporting the brilliant work of the climate assembly which will support our ambition to become carbon neutral by 2030. As the co-chair of the Carbon neutral member working group, alongside Cllr Platts from the Labour group, I am ensuring that we deepen the work around the climate crisis and extend it to every team in the council and to every relationship the council has whether it be procurement or public health. There is too little time left to do anything else.

Your petition asks for a biodiversity and climate action plan by April 2021. The carbon neutral plan is due to be published in full by March. The plan to transition the city to carbon neutrality by 2030 will include work in Transport, Energy and water, waste, built environment, food and agriculture, circular economy, carbon offset, and adaptation. The plan also follows principles of the Green New Deal, that focusses on social justice and future generations alongside rapid decarbonisation.

One of the asks of the petition is to allocate £5m of the council's budget to climate and biodiversity action. We are planning on allocating four times that at budget council in a few weeks- around £20 million.

But as we understand the absolute urgency of this work, I have made it clear to the top 100 managers of the organisation that this is one of the essential pieces of work for the city council. We are, in any case, doing lots of work already and progressing other projects to help us achieve carbon neutrality such as a local cycling and walking infrastructure plan, implement the £2.3 million pounds of government investment in active travel. Everything from installing solar panels on council buildings, through to reducing the risk of flooding in innovative ways, like rain gardens and supporting outdoor events to be sustainable as it's vital we make progress now to drive down toxic carbon emissions.

We have just finished our first climate assembly, and this is the opening item on the agenda today. We had a huge response to this assembly, with more than 700 people in our city wanting to take part. Ipsos Mori who did this work with us, reported that there was only more interest in the assembly on Scottish independence.

The climate crisis is the biggest issue we face, which has become even clearer during the pandemic. The city council declare a climate and biodiversity emergency, which was agreed unanimously 2 years ago; despite the ravages of the pandemic, we are doing all that we can to make sure the council is doing all that it can to avert climate and ecological breakdown. Thank you for your petition and for your focus on this issue.

123.4 **RESOLVED:** That the petition be noted.

124 MEMBER INVOLVEMENT

124.1 There were no Petitions, Written Questions, Letters or Notices of Motion.

125 BRIGHTON & HOVE CLIMATE ASSEMBLY

125.1 The Committee considered the report of the Executive Director Economy, Environment & Culture which formally welcomed the final report on the Brighton and Hove Climate Assembly and the interim report of the Youth Climate Assembly, noted the findings, noted the initial city council response and requested that officers consider the findings in the development of the Carbon Neutral Plan, fifth Local Transport Plan and the Local Cycling and Walking Infrastructure Plan.

125.2 Councillor Platts welcomed the report and was proud of what had already been achieved and that the Council had been able to deliver the Climate Assembly on-line. It was important to raise awareness of the relevant issues, and consideration should be given to how that could be done particularly for those who did not access to the internet such as information being available in libraries. She thanked all officers involved and members of the cross-party working group.

125.3 Councillor Gibson welcomed the report and that all parties were working together. He said that it was important to accept this was now an emergency and to respond accordingly. He said that there many active groups in the city and it was important to include them and harness their enthusiasm in work being undertaken to have a carbon neutral city by 2030. He noted the funding which would be available next year and suggested that the Council build up reserves for future expenditure.

125.4 Councillor Miller welcomed the report and noted that this country was the first to commit to being carbon neutral by 2050 and he wanted the City to be the greenest Council. He said that it was important to ensure the recommendations were pushed forward and to continue the consultation with the Climate Assembly.

125.5 Councillor Clare thanked the Youth Council for their involvement and said how important it was to consult with young people in the City and looked forward to receiving the final report from the Youth Climate Assembly.

- 125.6 Councillor Bell said he welcomed the report and the work being undertaken and that it was in the interest of everyone to work together and to start addressing the issues now.
- 125.7 Councillor Druitt said that there was a climate emergency, and this was opportunity to improve things, and it was important that if the report was agreed that the actions were implemented.
- 125.8 The Chair thanked everyone who was involved and for the huge amount of work which was being done and gave his commitment to look at the recommendations as part of the Council's future plans.
- 125.9 Councillor Platts requested that the report be referred for information to the next meeting of Full Council.
- 125.10 **RESOLVED:** That the Committee –
- (i) Welcomed the final report of the Brighton & Hove Climate Assembly (Findings Report attached in Appendix 1) and the interim report of the Youth Climate Assembly (attached in Appendix 2);
 - (ii) Noted the findings of the Brighton & Hove Climate Assembly, including the Assembly's 10 key recommendations that are set out on page 4 of the Climate Assembly report at Appendix 1, and notes the interim findings of the Youth Climate Assembly at Appendix 2;
 - (iii) Noted the initial response of the city council as set out in Appendix 3;
 - (iv) Requested that officers consider the findings of the Brighton & Hove Climate Assembly and the Youth Climate Assembly in the development of the 2030 Carbon Neutral Plan.

126 COVID-19 STAFF RECOGNITION OPTIONS

- 126.1 The Committee considered the report of the Assistant Director HR & OD which set out proposals on how the Council may recognise and reward the contribution of employees during the pandemic.
- 126.2 Councillors Bell and Druitt and Dr Sasidharan said that they fully supported the report and thanked staff for their work during the pandemic.
- 126.3 The Chair noted that there was an amendment from the Labour Group and asked Councillor Allcock to propose the amendment.
- 126.4 Councillor Allcock welcomed the report and the recommendations, but noted that public sector pay had been frozen and said that staff should be awarded for their work and therefore proposed the following additional recommendation:

2.4 That the Chief Executive writes to the Chancellor highlighting the significant contributions of Council staff in responding to the pandemic, and urging the public sector pay freeze be lifted, in favour of an improved pay award for Local Government staff.

126.5 Councillor Platts seconded the proposed amendment.

126.6 Councillor Clare said that the Green Group would be supporting the proposed amendment.

126.7 Councillor Miller noted that if there were a pay increase an additional £2m would need to be found at a time when many vulnerable residents relied on Council services, and financing that would mean that some services would need to be cut.

126.8 Councillor Platts said that staff were supporting residents and suggested that the Government increased the funding to Local Authorities to allow for a pay increase.

126.9 The Chair said that staff had been out working on the front line to support residents and thanked them for all they had done.

126.10 The Committee voted on the amendment and it was agreed.

126.11 **RESOLVED:** That the Committee –

- (i) Agreed to an additional day's leave being awarded to all directly employed staff, as set out in paragraphs 3.10 – 3.13, during the 21/22 annual leave year;
- (ii) Noted that the council will introduce a new scheme to recognise those individuals and teams who have made a significant contribution to our Covid-19 response;
- (iii) Noted that further work will be done to promote the benefits to wellbeing of taking time off;
- (iv) Agreed that the Chief Executive writes to the Chancellor highlighting the significant contributions of Council staff in responding to the pandemic, and urging the public sector pay freeze be lifted, in favour of an improved pay award for Local Government staff.

127 UPDATE ON COVID WINTER GRANT SCHEME

127.1 The Committee considered the report of the Executive Director Families, Children & Learning which provided an update on the allocation of the Covid Winter Grant which was awarded to the council to provide support to residents with food and bills up to 31 March 2021.

127.2 Councillor Allcock thanked officers for their work in responding so quickly and arranging the distribution of the grants.

127.3 Councillor Miller noted that the distribution of £25 supermarket food vouchers would cost in the region of £0.678m, and to date £0.400m had been committed, with £0.185m to be distributed in February which would leave a shortfall of

£0.093m and asked if that was for December's payments which hadn't yet been paid out. He was advised that the total allocation was £0.865m and of that £0.678m had been used for the distribution of vouchers for the Christmas school holidays and the February half term of which only £0.400m had been spent, so there was still £0.185m for the February half term. Of the remaining £0.185m, £0.011m would be for Early Years, £0.084m for Schools and Colleges and that left £0.090m which was being split between groups for young people and small grants and there was £0.002m left which would be used for the administration of the grants.

127.4 Dr Sasidharan welcomed the report and the allocation of funds for support groups in the City but noted that refugee and asylum seekers were not amongst the provided groups. The Executive Director Families, Children & Learning said that the support groups were given direct funding as they were youth groups working with young people in the city and they would be providing food, with regard to refugee and asylum seeker groups they could make an application through the open grants process.

127.5 **RESOLVED:** That the Committee –

- (i) Noted the remaining allocation of the Covid Winter Grant through a series of methods, including a grant application process for community and voluntary sector organisations direct awards to groups working with specific cohorts of children and young people and discretionary awards;
- (ii) Noted the amount of grant funding already allocated in line with the recommendations from the committee held on 3 December 2020.

128 COUNCIL TAX REDUCTION REVIEW

128.1 The Committee considered the report of the Acting Chief Finance Officer regarding the Council Tax Reduction (CTR) Scheme for 2021/2022.

128.2 Dr Sasidharan asked what other approaches the Council had to support low income families. The Acting Chief Finance Officer said that the Council provided funding of around £1m per year for a variety of advice agencies. The Revenues and Benefits department had suspended debt collection during the pandemic and, where appropriate, were signposting people to welfare rights advice groups as well as offering support through hardship funds. All services in the Council were aware of the difficulties some families faced both currently and in 'normal' times and the Council tried to ensure that there was a joined-up approach to supporting them.

128.3 Councillor Druitt said that he was pleased with the proposals put forward in the report, and that the new scheme was more financially generous and easier to apply for than it had been before.

128.4 Councillor Gibson said he agreed with the proposals in the report which would support the poorest people and noted that the consultation carried out was representative of residents in the city and the recommendations reflected the views of those people.

- 128.5 Councillor Miller said he supported the report and noted that it was good that the Council were in a position to be able to spend additional money on those who needed it most.
- 128.6 The Chair noted that there was an amendment from the Labour Group.
- 128.7 Councillors Gibson and Bell said that the Green and Conservative Groups would fully support the amendment and asked Councillor Yates if he would be agreeable to the amendment being a joint cross-party amendment. Councillor Yates said he was pleased that all parties would support the amendment but declined the offer and said he would prefer to continue as a Labour Group amendment.
- 128.8 Councillor Yates said that it was important to support the most vulnerable residents in the city and agreed with the recommendations in the report, but felt that it didn't make financial sense to have a minimum award of 50p or 20p per week and that 1p per week would be the most appropriate. He therefore proposed the following amendment to Recommendation 2.2:

2.2 The minimum award of Council Tax Reduction be reset to ~~one of three options to be recommended by the Policy & Resources Committee:~~

- ~~1) Option 1: reset the minimum award to 50p per week;~~*
~~2) Option 2: reset the minimum award to 20p per week;~~
~~3) Option 3: reset the minimum award to 1p per week.~~

- 128.9 Councillor Appich seconded the proposed amendment.
- 128.10 The Committee voted on the proposed amendment and it was agreed.
- 128.11 **RESOLVED:** That the Committee recommends to Council that:
- (i) The maximum rate of Council Tax Reduction discount be increased from 80% of Band D to 82% of Band D.
 - (ii) The minimum award of Council Tax Reduction be reset to 1p per week.
 - (iii) Funding of £0.200m be allocated for the Discretionary Council Tax Reduction fund.
 - (iv) The requirement for completing a Council Tax Reduction claim form be removed for Universal Credit recipients, in the circumstances described in paragraph 4.9 of the report.
 - (v) It is noted that the council's appointed S151 Chief Financial Officer will, prior to 1 April 2021, exercise delegated powers to increase the appropriate calculative elements of the scheme to give effect to national changes.
 - (vi) It is noted that a more fundamental review of the Council Tax Reduction Scheme will be undertaken and consulted on for 2022/23, including the alignment of the scheme with a wider review of the council's Welfare Support Framework.

129 COUNCIL TAX BASE 2021/22

129.1 The item was agreed without discussion, but Councillor Bell asked for it to be noted that the Conservative Group would have abstained from voting on the recommendations.

129.2 **RESOLVED:** That the Committee

- (i) Approved the calculation of the council's Council Tax base for the year 2021/22 as set out at paragraphs 3.5 to 3.8 and Appendices 1 and 2, subject to council approval of the recommended changes to the CTR scheme and delegates authority to the Acting Chief Finance Officer to amend the tax base accordingly in the case of amendment to, or non-approval of, the CTR scheme recommendations;
- (ii) Noted the collection rate for 2021/22 has been assessed at 98.30%;
- (iii) Agreed that in accordance with the Local Authorities (Calculation of Tax Base) (England) Regulations 2012, the amounts calculated by Brighton & Hove City Council as its council tax base for the year 2021/22 shall be as follows:
 - 1. Brighton and Hove in whole – 89,493.0 (as detailed in appendix 1)
 - 2. Royal Crescent Enclosure Committee – 31.0 (as detailed in appendix 2)
 - 3. Hanover Crescent Enclosure Committee – 39.5 (as detailed in appendix 2)
 - 4. Marine Square Enclosure Committee – 70.7 (as detailed in appendix 2)
 - 5. Parish of Rottingdean – 1,576.7 (as detailed in appendix 2)
- (iv) Agreed that for the purposes of Section 35(1) of the Local Government Finance Act 1992, the expenses of meeting the special levies issued to the council by the Enclosure Committees shall be its special expenses;
- (v) Agreed that the Enclosure Committees and Rottingdean Parish are paid the required Council Tax Reduction Grant of c£4,000 in total, to ensure they are no better or no worse off as a result of the Council Tax Reduction Scheme for the reasons set out in paragraph 3.8.

130 BUSINESS RATES RETENTION FORECAST 2021/22

130.1 The item was agreed without discussion, but Councillor Bell asked for it to be noted that the Conservative Group would have abstained from voting on the recommendations.

130.2 **RESOLVED:** That the Committee

- (i) Noted that the amount forecast to be received by the council in 2021/22 from its share of local business rates and section 31 Local Government Act 2003 compensation grants is £67m, based on the latest data;
- (ii) Delegated the agreement of the final business rates forecast and the NNDR1 2021/22 return to the Acting Chief Finance Officer following consultation with the Chair of this Committee for the reasons given in paragraph 1.2.

131 DRAFT GENERAL FUND BUDGET AND RESOURCE UPDATE 2021/22

131.1 The Committee considered the report of the Acting Chief Finance Officer which provided an update on the General Fund resource position.

131.2 Councillor Yates noted that the report set out a number of sources of how to address the budget gap (Tables 2 and 3), and asked that as the budget gap was recurrent how many of the sources of funding were recurrent and how many were one-off sources of funding. The Acting Chief Finance Officer said that key one-off resources were the Covid grant of £8m and a rough sleeping initiative of £1m (not yet announced but expected to be £1m), and so there would be £9m of one-off sources, Councillor Yates therefore noted that the additional funding was being placed against recurrent budget pressures. The Acting Chief Finance Officer confirmed that was correct and said that without that funding the budget gap would be £19m rather than £10m.

131.3 Councillor Druitt thanked officers for their assistance in enabling the administration to propose a balanced budget. He said that the administration was fully aware of the financial situation and would not be proposing cuts of £19m to essential public services if ways could be found to bridge the budget gap. He said that all budget lines and possible savings had been carefully considered and had tried to minimise any possible job losses. It was possible that eleven posts would be lost, but any staff affected would be offered redeployment or voluntary redundancy. However, a number of positions would also be created and so the overall impact on staff numbers would be zero.

131.4 **RESOLVED:** That the Committee

- (i) Noted the updated forecasts and latest resource information set out in the report;
- (ii) Noted the draft budget savings proposals at Appendix 1 and accompanying Equality Impact Assessments at Appendix 2;
- (iii) Noted that subsequent decisions, updated financial data and information from central government regarding the final Local Government Financial Settlement (LGFS) may impact further on the development of budget proposals for 2021/22.

132 APPOINTMENT OF DEPUTY ELECTORAL REGISTRATION OFFICERS

132.1 **RESOLVED:** That the Committee

- (i) Formally appoints the Monitoring Officer and the Electoral Services & Local Land Charges Manager for the time being to act as Deputy Electoral Registration Officers;
- (ii) Delegates the power to the Electoral Registration Officer to appoint one or more Deputy Electoral Registration Officers and revoke or vary such appointments from time to time.

133 LIFE EVENTS FEES AND CHARGES REVIEW FOR REGISTRATION SERVICES 2021-2022

133.1 **RESOLVED:** That the various fees and charges increases to non-statutory services by varying amounts above the annual inflationary uplift as set out in Appendix One to the report be approved. The proposals take account of the current pandemic conditions that the service is working in.

134 REVIEW OF VALLEY GARDENS, LOCAL CYCLING AND WALKING INFRASTRUCTURE PLAN AND STANMER PARK RESTORATION PROJECT TASK AND FINISH MEMBER WORKING GROUPS

134.1 The Committee considered the report of the Executive Director Economy, Environment and transport regarding the three Task & Finish Member Working Groups.

134.2 Councillor Appich said that member working groups were a great way of working together for the residents of the City and enabled those involved to gain a greater insight and understanding of the issues.

134.3 Councillor Clare said that whilst she understood the need to review the number and length of working groups, was concerned that due to the time limit of six months the status of the groups had to be constantly reviewed which caused unnecessary anguish and therefore hoped that the Constitution Review Working Group would look at the six-month rule.

134.4 **RESOLVED:** That the Committee

- (i) Noted the achievements of the three Task & Finish Member Working Groups for Valley Gardens, the Local Walking & Cycling Infrastructure Plan and the Stanmer Park Restoration Project, as summarised in Appendix 1 of this report;
- (ii) Agreed that the Valley Gardens, Local Walking & Cycling Infrastructure Plan and Stanmer Park Restoration Project Task & Finish Member Working Groups status, be made permanent;
- (iii) Agreed the Terms of Reference for the Valley Gardens, Local Walking & Cycling Infrastructure Plan and Stanmer Park Restoration Project Member Working Groups as set out in Appendices 2, 3 and 4 of this report, and that the Constitution be amended accordingly.

135 NEW ENGLAND HOUSE

135.1 **RESOLVED:** That the Committee

- (i) Approved the preparation and submission of a planning application to provide for the refurbishment and extension of New England House;
- (ii) Delegated authority to the Executive Director Economy, Environment & Culture to undertake any necessary procurements and seek financial opportunities to enable the project to move forward to the implementation stage.

136 PROCUREMENT OF A CORPORATE CLEANING CONTRACT**136.1 RESOLVED:** That the Committee

- (i) Approved the procurement and the award of contracts for a Corporate Cleaning Service for an initial term of 4 years commencing on the 1st May 2022 with an option to extend for a further 2 year period, by way of a restricted tender process based on dividing the estate into 3 separate geographical lots, where a maximum of one lot can be won by each tenderer, in order to encourage local SME cleaning contractors to participate;
- (ii) Grants delegated authority to the Executive Director, Economy, Environment and Culture –
 1. To carry out the procurement referred to in 2.1 above, including the award and letting of Corporate Cleaning Service Contracts.
 2. To grant an extension to Corporate Cleaning Service Contracts referred to in 2.1 above, of two years subject to performance and the Executive Director, Economy, Environment and Culture considering it appropriate to do so.

137 FLEET STRATEGY 2020 -2030**137.1 RESOLVED:** That the Committee

- (i) Agreed to adopt the Fleet Strategy 2020-2030 (appx 1) and Action Plan (appx 2);
- (ii) Agreed that the model of centralised purchasing through the Fleet Service using unsupported borrowing is preferred to leasing;
- (iii) Approved £1 million additional capital investment funded from unsupported borrowing in 2021/22 to enable the decarbonisation of the council's refuse vehicle fleet.

138 BHCC ACCOUNTABLE BODY FOR COAST TO CAPITAL LOCAL ENTERPRISE COUNCIL**138.1 RESOLVED:** That the Committee

- (i) Agreed in principle that the City Council becomes the Accountable Body for Coast to Capital Local Enterprise Partnership (C2C LEP) for the period April 2021- March 2024;
- (ii) Delegated authority to the Chief Executive following consultation with the Council's Chief Finance Officer, Monitoring Officer and Head of Legal Service to conclude final agreement with the C2C LEP;
- (iii) Agreed that the Chief Executive implements the necessary staffing commitments to ensure that the Strategy Governance & Law and the Finance & Resources directorates are resourced to provide the service;

(iv) Agreed that an annual update is made available to the Committee.

139 TIMETABLE OF MEETINGS FOR 2021/2022

139.2 **RESOLVED:** That the proposed timetable of meetings for the 2021-2022 municipal year be agreed; subject to any necessary amendments following changes to the Constitution and/or Committees' requirements.

140 ITEMS REFERRED FOR COUNCIL

140.1 Councillor Platts requested that Item 125 Brighton & Hove Assembly be referred to the Council meeting for information.

140.2 **RESOLVED:** That Item 125 Brighton & Hove Assembly be referred to the Council meeting on the 28 January 2021 for information.

141 PART TWO PROCEEDINGS

141.1 The Chair noted that there were no part two items and formally closed the meeting.

The meeting concluded at 7.00pm

Signed

Chair

Dated this

day of 2021

| | | | |
|--------------------------|------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|
| Subject: | General Fund Revenue Budget, Capital & Treasury Management Strategy 2021/22 | | |
| Date of Meeting: | Policy & Resources Committee: 11 February 2021 Budget Council: 25 February 2021 | | |
| Report of: | Acting Chief Finance Officer | | |
| Contact Officer: | Name: | Nigel Manvell | Tel: 01273 293104 |
| | | James Hengeveld | 01273 291242 |
| | Email: | nigel.manvell@brighton-hove.gov.uk james.hengeveld@brighton-hove.gov.uk | |
| Ward(s) affected: | All | | |

FOR GENERAL RELEASE

1 PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 The 2021/22 council budget has been developed in unprecedented times in which the impact on the city, its residents, businesses and visitors is clear to see. The council has been supporting wherever it can, including administering significant emergency assistance, hardship and business grant funding to sustain people and businesses throughout the pandemic as far as possible.
- 1.1 The council itself is also facing financial challenges following many years of reducing government grant funding, with the added financial impact of the pandemic on social care and homelessness demands, as well as large losses of taxation revenues and income from fees and charges. For 2021/22, allowable Council Tax and Adult Social Care precept increases, together with additional resources provided by the Spending Review, will not be sufficient to balance the budget due to the need to provide cover for inflationary pressures and provide investment to support Corporate Plan priorities including funding to manage above-inflation costs and increases in demands across critical statutory services such as social care and homelessness. As in previous years, achieving a balanced budget will therefore require a further substantial savings programme of £10.644m.
- 1.2 The budget proposed for 2021/22 is therefore one that focuses on survival as the country and the city hopefully emerge from the pandemic. The budget proposals aim to maintain the financial resilience of the council while also ensuring that the council is able to support recovery and renewal across the city by underpinning support for vulnerable people and those in hardship. The budget also focuses on using public funds for the benefit of the local economy, investing in a cleaner, more sustainable city, and substantially investing in housing provision to continue to alleviate homelessness, which could otherwise result in longer term costs for the council and the city.
- 1.3 Government has recognised the growing potential costs of climate change to people's health, the environment and the economy and is developing its green investment proposals. However, at present it is not clear what funding will be provided to local authorities, if any, to support climate action locally. In 2018, this council declared a Climate and Biodiversity Emergency and in response the

Corporate Plan therefore contains plans and objectives to respond to the emergency including the ambition of a Carbon Neutral city by 2030. In lieu of central government funding, the budget contains proposals to support carbon reduction but recognises that these must be affordable and prudential in the context of the overall budget and resources available.

- 1.4 By investing in active travel, energy efficiency and green spaces, the budget proposals support the drive for improved air quality and promotes public health by providing the means to exercise and use alternative forms of transport. Budget proposals also recognise the social, economic and health benefits of supporting a sustainable recovery for the city from the pandemic. Alongside the proposals to protect investment in Community & Voluntary services and invest in youth services, the budget proposals are also aiming to support young people and their futures.
- 1.5 This report contains the full package of General Fund Revenue Budget and Capital Investment proposals for 2021/22 together with the proposed Capital Strategy and Treasury Management Strategy for 2021/22.
- 1.6 The revenue budget proposals have been updated since the second draft budget report, considered by Policy & Resources Committee on 21 January 2021, and now fully reflect:
 - the provisional Local Government Financial Settlement announcement;
 - updated projections and estimates based on latest information informed by the month 9 in-year trends;
 - revisions to the Council Tax and Business Rates tax bases as approved by the January Policy & Resources Committee;
 - latest announcements of capital resources;
 - changes to savings and investment proposals as detailed in the report and appendices.
- 1.7 The General Fund Revenue Budget proposals for 2021/22 include:
 - a proposed increase of 4.99% on Council Tax including a 3% Adult Social Care precept, which, together with tax base¹ changes, will generate resources of £5.367m;
 - provision for known pay and price inflation, employer pension contribution changes and unavoidable contractual and financing commitments of £4.907m;
 - a savings programme of £10.644m to contribute to funding for investments in Corporate Plan priorities and cost pressures in demand-led services; and
 - proposed Corporate Plan priority investments, including over £19m funding for cost pressures in priority, demand-led services of £22.270m.
- 1.8 Budget proposals are supported by Equality Impact Assessments where appropriate which must be considered by Members alongside the detailed budget proposals.
- 1.9 The proposed Capital Investment Programme for 2021/22 is set out in the Capital Strategy and includes a total programme of investments of £221.103m.

2 RECOMMENDATIONS:

That Policy & Resources Committee recommends to Council:

¹ Tax base changes are driven by changes in the number or valuation of houses (for Council Tax) and changes in the number or rateable value of business premises (for Business Rates).

- 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 3.00%;
 - iii) The council's net General Fund budget requirement for 2021/22 of £218.571m before accounting for the exceptional Section 31 item of -£33.764m;
 - iv) The 2021/22 budget allocations to services as set out in the Budget book at Appendix 1 incorporating 2021/22 savings proposals;
 - v) The reserves allocations as set out in the table at paragraph 5.26;
 - vi) A recommended working balance of £9.000m.
- 2.2 That Council notes the updated Medium Term Financial Strategy included in the Budget Book at Appendix 1.
- 2.3 That Council approves the Capital Strategy for 2021/22 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 2021/22 of £221.103m 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 the budget decision is an indicative resourcing decision to be taken in the context of the explanation 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 2021 of £541m.
- 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 appointed S151 Chief Financial Officer be authorised to make any necessary technical, presentational or consequential amendments to this report before submission to full Council.

3 FINANCIAL CONTEXT AND RISKS

- 3.1 Effective financial planning has become increasingly important over recent years due to the increasing financial challenges facing the council. Failure to effectively manage the council's finances will ultimately impact on service delivery and has serious reputational implications, potentially leading to government intervention.

The financial impact of the pandemic has brought financial resilience to the fore and many authorities are now concerned about the level of reserves available to maintain their financial stability. Recent examples of financial scrutiny or intervention relating to local authorities include:

- An external audit Public Interest Report followed by two Statutory Section 114 reports being issued by the Chief Finance Officer (CFO) of Croydon LBC to restrict all spending, bringing with it associated media and reputational impact;
- Various objections to local authorities' statements of accounts, particularly concerning financing decisions and commercial property deals, requiring investigation and adjudication by external auditors;
- Various legal challenges from residents in respect of council decisions, particularly where urgent cuts have had to be approved to balance the books, most notably the upheld legal challenge to Bristol City Council regarding proposed reductions to children's disability budgets;
- Intervention by government in respect of failing services where they can appoint commissioners to take over whole services, notably Doncaster Met which narrowly avoided Secretary of State intervention in Children's Services by agreeing to create a new trust;
- In the severest case, Northamptonshire, where direct intervention by government will result in dissolution of the authority and creation of two new unitary authorities from April 2021.

3.2 The case of Croydon LBC is worthy of note having recently been issued with two Section 114 reports by their CFO. The report indicates that the authority has seen its reserves depleted by over £40m within 4 years, accompanied by increasing overspends across social care services while also under-achieving its planned savings programmes. It also entered into substantial housing and property arrangements which have resulted in very large borrowing debt (over £1 billion) and which are now being reviewed independently by the Local Government Association.

3.3 In their annual reviews, external auditors are therefore increasingly concerned with local authorities' arrangements for securing value for money which includes demonstrating financial resilience and sustainability by providing evidence of effective medium term planning. In the current context, External Auditors will also be looking closely at authorities' plans and approaches for managing the ongoing impacts of the pandemic, particularly taxation (Collection Fund) deficits.

3.4 Brighton & Hove City Council has a strong track record of financial management and a clearly defined annual and medium term financial planning process. This has enabled the early identification of any predicted future budget shortfalls (gaps) and ensured any gap can be addressed by developing and agreeing appropriate savings measures and programmes. These have been and are supported by an 'invest-to-save' Modernisation Fund utilising the government's capital receipt flexibilities. The council's planning and delivery approach has therefore enabled it to remain financially resilient as demonstrated by the following characteristics:

- BHCC's borrowing, currently £279m, is at the average for Unitary Authorities. This includes £149m borrowing under the self-financing HRA regime. By contrast, the level of borrowing (debt) is approximately one fifth of the level undertaken by Croydon LBC.
- The council maintains a £9m working balance and currently has usable earmarked reserves of approximately £33m, or around 20% of the budget, from which it can internally borrow in an emergency.

- The council's revenue budget has not been overspent for at least the last 5 years. It's HRA and Schools Budgets (DSG) have also been within budget.
- The council has not had to make any unplanned use of reserves for at least the last 5 years.
- The council has consistently received a clean bill of health from the External Auditor each year (i.e. unqualified and unmodified audit opinions) including the latest opinion received in the midst of the pandemic in October 2020.
- The Budget Proposals for 2021/22 present a balanced recurrent budget despite the challenges posed by the impact of the pandemic. Some financial smoothing of one-off Covid-19 costs is proposed but is well within the reserves available.

3.5 As always, there is no room for complacency, particularly in the current situation with uncertainty over the end of the pandemic and the extent of any lasting economic impacts. Close monitoring of the situation in-year and ensuring that planning for future predicted budget gaps begins as early as possible next financial year should ensure that the council can take appropriate and corrective financial management action in-year for any overspending, and can develop plans to address any future budget gaps in good time.

4 RESOURCES AND PLANNING ASSUMPTIONS 2021/22

Provisional Local Government Financial Settlement (LGFS)

4.1 The provisional Local Government Finance Settlement for 2021/22 was announced on 17 December 2020 and reflected the headline funding announcements included in November's one-year Spending Review. This announcement included:

- Confirmation of an allowable 3% Adult Social Care precept which would provide an additional £4.450m if agreed;
- Confirmation that the threshold at which an increase in Council Tax requires a local referendum will be 5% including a 3% Adult Social Care (ASC) precept. Any proposal to increase council tax by 5% 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.
- Additional Adult Social Care grant funding of £0.944m. This is lower than the £1.5m assumed in the December budget report as there was a significant change to the distribution method used for allocating the £300m nationally. This type of funding has previously been allocated based on a Relative Needs Formula (RNF) but on this occasion, the government have taken into account the revenue raising ability of each council from the ASC precept and as a result the council's allocation is substantially lower than predicted;
- A new grant to support lower tier councils of £0.624m (which this council benefits from as unitary authorities are effectively combined upper and lower tier authorities);
- An allocation of £8.023m from the £1.55bn additional Covid-19 pressure funding nationally for 2021/22. It is important to note that this funding is regarded as one-off funding for 2021/22 for the purposes of medium term financial planning;
- Confirmation of funding provision for 75% of irrecoverable losses of Council Tax and Business Rate Retention income (i.e. the Collection Fund deficits) in 2020/21. For Council Tax this relates to the reductions in revenue arising from

increased Council Tax Reduction claimants and delays in new property completions but it has now been clarified by government that it will not include cover for irrecoverable (bad) Council Tax or Retained Business Rate debts. This is because the government's assumption is that councils will continue to pursue and ultimately recover outstanding debts.

- A new one-off Local Council Tax Support grant of £2.968m to cover the impact in 2021/22 of the increased costs of Council Tax Reduction and other help to economically vulnerable households. This grant now takes on even greater significance for councils as it may ultimately be needed to cover bad debts not now covered by the 75% Collection Fund deficit protection;
- Confirmation that the Troubled Families, additional Adult Social Care grants, Flexible Homelessness Support Grant (now renamed Homeless Prevention Grant), and existing Rough Sleeper funding awarded in 2020/21 will be continued at broadly the same levels;
- A small inflationary increase of £0.036m to the Revenue Support Grant from £6.630m to £6.666m; and
- A marginal increase to the New Homes Bonus of £0.018m.

4.2 The government also announced additional Homelessness and Rough sleeping funding of £151m nationally for 2021/22 in the Spending Review however the council is still awaiting details of this allocation. The distribution method for this is still unknown at present but is predicted to provide a minimum of £1m additional resources based on previous distributions.

4.3 The main impacts on the council's planning assumptions that can be inferred from the Spending Review announcement and subsequent LGFS are as follows:

- The pay award assumed for 2021/22 planning assumptions was 2.2% based largely on the average of increases in recent years. However, the Chancellor announced a public sector pay freeze, which, after providing for the Voluntary Living Wage increase and allowing for a similar increase to the proposed public sector pay award for staff paid less than £24,000, would potentially reduce the cost of the assumed pay award by £2.429m if applied to local government.

As noted in the December Policy & Resources Committee budget update, local government pay is negotiated separately from other public sector pay by the National Joint Council. However, the Chancellor's announcement of a pay freeze indicates that this expectation has been taken into account in the core spending power uplifts provided to government departments, including the Ministry of Housing, Communities & Local Government, and therefore is reflected in the Local Government Financial Settlement. This will be one of the factors taken into account by the employers' side in national pay negotiations, recognising that any award beyond a freeze will therefore be above the funding provided and will potentially impact on service provision locally.

In lieu of any other information, financial assumptions in the council's budget setting process have historically always followed the government's expectations and associated funding provision.

- The predicted level of additional grant support was £11m including £4m for Adult Social Care (ASC), £6m for ongoing Covid-19 pressures, and £1m for Troubled Families. This was after assuming continuation of the additional Adult Social Care grant awarded in 2020/21 which has been confirmed. If the 3% ASC Precept is taken up, the overall LGFS outcome indicates that additional funding of £14.520m should be available, providing an additional

£3.520m compared to the level of funding built into the original 2021/22 planning assumptions.

- The forecast Collection Fund deficit as at month 9 (December) is currently £8.529m. The Spending Review provides that 75% of the deficit attributable to Covid-19 will be funded which is worth approximately £4.468m. Note however, that this does not include provision for outstanding debts which are assumed to be ultimately recovered. The provisions further allow this to be spread over 3 years. Overall, this reduces the call on one-off resources to £1.586m in 2021/22.
- One-off Local Council Tax Support grant of £2.968m to support anticipated Collection Fund pressures in 2021/22.

4.4 The final Local Government Finance Settlement is expected to be announced in February 2021.

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

4.5 The one year Spending Review included an announcement of an additional £300 million Social Care funding nationally for 2021/22, a continuation of improved Better Care Funding (BCF) and allowing a further 3% Adult Social Care precept.

4.6 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 2021/22:

| Table 1: Social Care Resources | 2019/20 | 2020/21 | 2021/22 |
|---------------------------------------|----------------|----------------|----------------|
| ASC Precepting * | 0% | 2% £2.894m | 3% £4.450m |
| Improved BCF | £9.181m | £9.181m | £9.181m |
| Adults & Children's Social Care grant | £2.100m | £2.100m | £2.100m |
| Adult Social Care Grant | - | £4.715m | £4.715m |
| New Social Care Grant (SR2020) | - | - | £0.944m |

* Subject to full Council approval for 2021/22

Referendum Threshold

4.7 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 5% including a 3% Adult Social Care precept. Any proposal to increase council tax by 5% 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.

Forecast Business Rate Retention and Council Tax Income

4.8 Details of the expected business rate retention income forecasts were set out in the report to the January 2021 Policy & Resources Committee. The council is forecast to receive £67.000m from its locally retained share of business rates and Section 31 compensation grants in 2021/22 which is a 'flat cash' assumption at the same level as 2020/21 given the uncertainties over economic recovery.

4.9 The Council Tax taxbase report was also agreed by this committee in January 2021. Assuming a Council Tax increase of 4.99% and taking into account changes to the taxbase, the total projected Council Tax income in 2021/22 is £155.914m. This is an increase of £5.367m compared with 2020/21. However, this includes an estimated one-off negative impact of the pandemic of £1.120m which can be

covered by the Local Council Tax Support grant in 2021/22 before the position is assumed to recover in 2022/23.

- 4.10 The tax base calculation also incorporates the changes to the Council Tax Reduction (CTR) Scheme approved by full Council in January. The additional cost of proposed changes in 2021/22 is approximately £0.350m and this is reflected in the tax base calculation above. Full Council also approved a CTR discretionary fund of £0.200m, requiring additional one-off resources of £0.190m which is reflected in the table at paragraph 5.22 below.
- 4.11 The projected 2020/21 Collection Fund deficit has also been reviewed as part of this process and currently stands at £8.529m. However, the government have provided 75% funding for the Covid-19 related element of the deficit and have also allowed any remaining deficit to be spread over 3 years. Taking this into account the one-off amount to be managed in 2021/22 is £1.586m.

Other Government Grants

- 4.12 The grant allocations for 2021/22 have been included within the Budget Book at Appendix 1. Some grant allocations for next year have not yet been announced, in particular, the new rough sleeper funding, and where these are critical to the setting of the 2021/22 budget, an estimate has been included.

Fees and Charges

- 4.13 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 (currently 1%), statutory increases, or actual increases in the costs of providing a service. Increasingly, linked to the council's approach to securing value for money in the provision of services, services are benchmarking 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.

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 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 necessary 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.

- 5.3 A major investment area for the Corporate Plan relates to housing and homelessness including ongoing capital investment plans to deliver new build or purchased, affordable housing and temporary and emergency accommodation through the self-financing Housing Revenue Account (HRA) and other innovative General Fund 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. A range of additional General Fund investments, including additional Housing First funding, have also been identified to support the outcome of 'A City to Call Home' and these are set out below.
- 5.4 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 over £10m are set out below, including a £1m Carbon Reduction Reserve, to provide for and advance initiatives to support the aim of a carbon neutral city by 2030, improving the sustainability and biodiversity of the city as well as the health and well-being of its residents through promoting active travel and improving air quality.
- 5.5 Another important area requiring substantial investment concerns services that can help to support a healthy and caring city. Demands on Social Care services have increased exponentially during the pandemic but even without this impact, the long term trend is for people to live longer but often with limiting illnesses, disabilities or mental health illnesses that require increasing social care support to help them stay in their homes and communities. It is nationally accepted that a long term solution to the funding of Adult Social Care is required but, while the government has been exploring options, it is yet to publish its long awaited Green Paper. In the meantime, local authorities are facing substantially increasing costs and demands and the investment required to meet these locally in 2021/22 is estimated at £17.243m across adults and children's social care.
- 5.6 The proposed investments also include provision for the increased costs and demands on the Home to School Transport service which were approved by Policy & Resources Committee on 27 May 2020. Although this will increase the cost of the service by £1m, this will ensure continued provision of an improved and redesigned service which has been widely consulted on, including with the Parents and Carers Council (PaCC). Benchmarking with authorities in BHCC's defined comparator group of councils, which all have similar demographic characteristics, showed that the service budget was 59% (or £1.4m) below the average for the group. This investment therefore brings the council closer to the average.
- 5.7 Other investments include substantial revenue and capital provision for the Brighton Youth Centre project to provide improved services for young people in the city centre alongside Youth Voice resources to encourage youth engagement. The budget also proposes investments to continue to tackle inequality and disadvantage including support for disability engagement, responding to disadvantage among young people, supporting BAME initiatives and race education, and providing additional resources for responding to domestic violence. This is in addition to the recently approved changes to the Council Tax Reduction Scheme (CTR) which will

see discounts increased from 80% to 82% with no minimum awards for those in financial hardship.

- 5.8 There are also proposed investments to support of those living and working in the city and, in particular, funding is proposed to underpin the council's role in sustaining recovery and renewal as the city comes through the pandemic. This includes support to develop Community Wealth Building policies to ensure all public sector funds are used to the benefit of the local economy as far as possible, as well as support for the Arts Sector Recovery Plan, development of the Madeira Terraces project and investment in city clean-up and graffiti removal initiatives.
- 5.9 In total, there are proposed ongoing investments of £22.270m and one-off investments of £2.387m to support Corporate Plan priorities and outcomes, which also lever in £9.800m of associated capital investments through prudential borrowing. The revenue investments are enabled by proposed local taxation increases (4.99%), including the 3% Adult Social Care precept, increased government grant support, and the substantial package of savings (£10.644m) focused on delivering services at a lower cost through redesign and/or technological changes, as well as generating more income from non-statutory services.
- 5.10 The full list of proposed investments for 2021/22 to support Corporate Plan priorities and associated outcomes is set out below:

Table 2: Corporate Plan Investments

| Priority Area | Proposed Corporate Plan Investments | Annual Revenue Investment £m | One-off Revenue Support £m | Enabled Capital Investment £m |
|-----------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|-------------------------------|----------------------------------|
| Housing | Priority expansion of the Housing first scheme to support a further 10 people | 0.100 | | |
| | Increased funding for Temporary Accommodation spot purchases to support additional homeless provision | 0.750 | | |
| | Increased funding for Emergency Accommodation | 0.400 | | |
| | NEW GENERAL FUND HOUSING INVESTMENTS | 1.250 | | |
| A City Working for All | Resources to support delivery of the council's Covid Recovery & Renewal Programme actions | | 0.050 | |
| | Creation of a self-financing 'revolving door fund' for Community Wealth Building via an on-lending pilot (set-up costs) | | 0.020 | |
| | Clean-ups/Graffiti Removal (response within 24 hours – pilot for central wards) & Crime Reduction Initiatives | 0.100 | | |
| | Support for the Arts Sector Recovery Plan and future development of the sector | 0.124 | | |
| | Project management investment to support the Madeira Terraces project | 0.074 | | |
| | Investment in Community Wealth Building to promote ethical employment practices and ensure the use of the city's public sector spending power to procure goods and services locally for the benefit of our communities. | | 0.100 | |
| | NEW INVESTMENT TO SUPPORT RECOVERY & RENEWAL | 0.298 | 0.170 | |
| Climate Action & Sustainability | Creation of a Carbon Reduction Reserve in response to the Climate and Biodiversity Emergency declared by this Council in 2018 and to advance the 10-year Carbon Neutral programme | | 1.000 | |
| | Creation of a Climate Assembly Action Capital Investment Fund | 0.100 | | 1.300 |
| | Expansion of the Sustainable Carbon Reduction Initiative Fund (SCRIF) financing budget to lever in additional capital investment for carbon reduction schemes | 0.200 | | 2.600 |
| | Expansion of the warmer homes initiative (including district heating plans) through provision of an additional financing budget to lever in capital investment, increasing the total programme to £5.200m | 0.200 | | 2.600 |
| | Additional staffing over 2 years to support delivery of Sustainability & Carbon Reduction Initiative Fund projects and Warmer Homes implementation (£0.125m in 2021/22 and 2022/23) | | 0.125 | |
| | Provision for a Hydrogen feasibility study | | 0.030 | |
| | Addition of a Rewilding Officer post to manage and enhance biodiversity | 0.040 | | |
| | Investment in an Environmental Education Strategy for the City | | 0.150 | |
| | Investment in 'pocket parks' and to fund additional tree provision, in line with the City Tree Strategy | 0.045 | | 0.350 |
| | Provision for a Low traffic Neighbourhood pilot, including capital financing support | 0.020 | | 0.300 |
| Investment to develop a business case for the provision of over 100 covered cycle racks | | 0.020 | 0.500 | |

| Priority Area | Proposed Corporate Plan Investments | Annual Revenue Investment £m | One-off Revenue Support £m | Enabled Capital Investment £m |
|--------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|-------------------------------|----------------------------------|
| Climate Action & Sustainability | Investment to support an Assisted Cycle Hub on Brighton Seafront | | 0.030 | |
| | Feasibility study for a seafront sustainable transport corridor | | 0.030 | |
| | Investment to extend the School Streets initiative to improve road safety and air quality outside the city's schools, encouraging sustainable, active travel to and from school by children and their families | 0.100 | | 0.050 |
| | Enforcement Officer post to tackle Energy Performance Certificate (EPC) non-compliance | 0.045 | | |
| | Provision for a Carbon Reduction contract monitoring post to enforce contractual compliance with specified sustainability requirements | 0.047 | | |
| | Managing Ash and Elm Dieback safely to improve public spaces, including a co-ordinator post | 0.040 | 0.600 | |
| | Resources to support extension of the 'Tech Take Back' scheme to recycle phones, computers, etc. | | 0.070 | |
| | NEW INVESTMENT TO SUPPORT CLIMATE ACTION & SUSTAINABILITY | 0.837 | 2.055 | 7.700 |
| A Health & Caring City / A Stronger City | Investment to meet increased demand and costs for Adult Social Care – Physical Disability | 7.372 | | |
| | Investment to meet increased demand and costs for Adult Social Care – Memory & Cognition | 2.726 | | |
| | Investment to meet increased demand and costs for Adult Social Care – Mental Health | 1.866 | | |
| | Investment to meet increased demand and costs for Adult Social Care – Substance Misuse | 0.300 | | |
| | Investment to meet increased demand and costs for Adult Learning Disability | 3.185 | | |
| | Increased funding for loss of CCG contributions and increased rent at Glenwood Lodge | 0.436 | | |
| | Investment to meet increased Children's Disability Agency Placement and Children in Care costs | 1.358 | | |
| | Increased funding to meet demands on the Home to School Transport Service | 1.000 | | |
| | Investment to maintain Nursery provision | 0.100 | | |
| | Investment in the Brighton Youth Centre project and services together with provision for Youth Voice resources to support the Youth Council and youth engagement | 0.165 | | 2.100 |
| | Support for a strategy to address disadvantage amongst young people | 0.025 | | |
| | Additional provision for support to victims of domestic violence | 0.050 | | |
| | Investment to provide a focused Race Education Strategy and delivery | 0.100 | | |
| | Additional grant funding for BAME community groups and the BAME Civic Leadership project | 0.015 | 0.017 | |
| | Creation of a new Disability Officer post | 0.045 | | |
| | Investment to sustain Sports Facilities following agreed contractual changes | 0.250 | | |
| | Funding to maintain Safer Communities services following the ongoing loss of licence fee incomes | 0.050 | | |
| | Funding for the development of a new Traveller's Strategy | | 0.020 | |
| Increased funding for A27 bypass street cleansing | 0.055 | | | |
| Funding to support the Clean-up Week initiative and other community clean-up's | 0.045 | | | |
| NEW INVESTMENT TO SUPPORT A STRONGER, HEALTHY & CARING CITY | 19.143 | 0.037 | 2.100 | |

| Priority Area | Proposed Corporate Plan Investments | Annual Revenue Investment £m | One-off Revenue Support £m | Enabled Capital Investment £m |
|---------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|-------------------------------|----------------------------------|
| Corporate Pressures | Nationally increased External Audit fees in response to the Redmond Review | 0.050 | | |
| | Funding for the reduction in legal fees chargeable to outgoing Section 106 agreements compared to those chargeable for the new Community Infrastructure Levy (CIL) scheme | 0.120 | | |
| | Funding for City Environmental Services Operations Management and Support staff to manage ongoing delivery of new initiatives, continue the roll-out of commercial activities, manage increased regulatory and health & safety compliance requirements, and support the implementation of changes | 0.200 | | |
| | Funding for Employment Law support, including Counsel's advice, to reflect increasing case law complexity | 0.060 | | |
| | Provision for various unavoidable above-inflation contractual and service cost increases across a range of priority services | 0.312 | | |
| | CORPORATE COST PRESSURES | 0.742 | | |
| | TOTAL CORPORATE PLAN INVESTMENTS | 22.270 | 2.262 | 9.800 |

Covid-19 Pandemic Financial Impact

- 5.11 The Covid-19 pandemic has caused an enormous financial shock to the whole economy, impacting people and businesses across all sectors, including the public sector. Following 10 years of government grant funding reductions, local authority core grant funding is now a small element of their overall funding and local authorities therefore increasingly rely on local taxation revenues and other sources of income including fees & charges. The corollary of this is that, compared with most of the public sector, the pandemic greatly impacted the finances of local authorities. The main financial impacts were:
- Significantly increased numbers of Council Tax Reduction claimants (up 13%), resulting in taxation losses;
 - Delays to construction of new housing and business premises resulting in suppression of the tax bases and associated Collection Fund deficits;
 - Significant impacts on Adult Social Care in order to ensure discharge from hospitals into care settings as soon as possible. NHS funding has helped to contribute to over 50% of the financial impact.
 - Similarly, a large increase in costs and activity relating to homelessness and rough sleeping in pursuit of the 'everyone in' policy and keeping people safe.
 - Substantial costs of procuring and administering PPE.
 - Most significantly, large losses of fees, charges and rental incomes due to suppressed economic and visitor activity in the city.
- 5.12 At the beginning of the year, early estimates of the impact on the council were drawn up so that the council could begin to consider, in a worst case scenario, how it might manage the situation without additional government funding. This indicated potential pressures of over £50m. Government funding announcements followed shortly, starting with announcements on Covid-19 Emergency Response grants. However, by the end of June, the main concern remained around taxation losses and the loss of Sales, Fees & Charges income for which the government had made no announcements. At that time, the council considered different scenarios for managing the impacts, including the potential for either an Emergency Budget or Financial Smoothing by borrowing from reserves. A best estimate was that there could be a potential budget pressure of £27.5m.
- 5.13 In the event, the government, which had started collecting local authority financial data via the Ministry of Housing, Communities & Local Government, responded positively and issued four tranches of Covid-19 Emergency Response funds together with a substantial grant to compensate for 75% of Sales, Fees & Charges losses. Latterly, the council also successfully bid for homelessness funding through the Next Steps Accommodation Programme (NSAP) fund. These funds were alongside a wide range of grants to support businesses and individuals in hardship, including the furlough scheme which the council also accessed to a limited extent.
- 5.14 Overall, the council expects to receive over £51m in funding support for Covid-19 in 2020/21 including furlough grant, the NSAP grant and around £7.8m of NHS funding. Alongside financial management action, including vacancy management and actions to minimise non-statutory spend, the council has been able to manage the financial impact in 2020/21 as reported below.

Projected Covid-19 Impact in 2021/22

- 5.15 The country is still enduring the pandemic with the end of the latest lockdown not yet known. However, there is more optimism as a number of approved vaccines

begin to be administered. For local authorities, the government has also announced additional support which will significantly assist the council in 2021/22 as follows:

- Further one-off Covid-19 grant funding of £8.203m;
- Further rough sleeper funding, estimated to be worth £1.000m;
- A one-off Local Council Tax Support grant worth £2.968m;
- Cover for 75% of the Covid-19 element of Collection Fund deficits and the ability to spread the remaining deficit over 3 years;
- Continuation of the Sales, Fees & Charges compensation grant covering 75% of losses for the first quarter of 2021/22.

5.16 These funds and facilities will significantly assist the council to both achieve a balanced recurrent budget and minimise any call on reserves from one-off Covid-19 costs in 2021/22. With respect to the latter, the estimated one-off Covid-19 impacts in 2021/22, excluding the compensated element of Sales, Fees & Charges losses, the majority of which are assumed to recover after quarter 1, are as follows:

| Table 3: Covid-19 One-off Cost Pressures 2021/22 | £m |
|--------------------------------------------------------------------------------------------------------------------------------|--------------|
| Temporary Accommodation spot purchase costs (assumes 15 move-on's per month are achievable) | 1.500 |
| Ongoing use of emergency (hotel) accommodation for rough sleepers | 0.650 |
| Supported Bus routes (expected slow return to public transport use) | 0.560 |
| Home to School Transport (quarter 1) | 0.400 |
| City Clean operational staffing (agency) pressure (quarter 1) | 0.600 |
| Additional security/concierge cover, including at the depot and hubs | 0.400 |
| Increased cleaning of corporate buildings | 0.150 |
| Commercial rent reductions, voids and bad debts (not covered by Sales, Fees & Charges compensation grant) | 0.950 |
| Suppressed income from blue badge fraud prosecutions | 0.013 |
| Life Event services income and other one-off cost pressures (net of 75% compensation funding) | 0.218 |
| Communications – additional Covid-19 media support and delay to restructuring | 0.110 |
| Elections – Covid-19 cost impact for PCC elections | 0.030 |
| Revenues & Benefits – restructuring delay due to Covid-19 activity (e.g. ongoing hardship schemes and increased CTR claimants) | 0.250 |
| Estimate for ongoing PPE costs | 0.500 |
| Total One-Off Covid-19 Costs 2021/22 | 6.331 |

Reserves Position and One-off Funding

Latest Financial Performance in 2020/21

5.17 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 £4.812m on the General Fund, which includes a projected underspend of £0.035m on the council's share of NHS controlled Section 75 partnership services. The overall underspend is a substantial improvement of £4.842m since Month 7 (October) as presented to the Committee in December and

provides much needed one-off resources to mitigate one-off Covid-19 costs in 2021/22, including residual Collection Fund deficits, and meet other one-off allocations and investments.

- 5.18 The improved position has resulted from a combination of effective cost control measures including negotiated supplier reliefs, application of the furlough scheme where applicable, and effective deployment and vacancy management together with significant improvements in income forecasts due to the busy summer and autumn. There has also been improved recovery of benefits for emergency accommodation tenants, increased funding from the NHS, and very substantial government grant support. Other improvements are set out in the TBM report and include:
- A significantly reduced forecast of PPE costs which have improved by £0.561m;
 - A reduced capital financing forecast of £0.466m due to reported delays to capital schemes, which therefore reduces the Minimum Revenue Provision (MRP) requirement (i.e. amount required to be set aside for debt repayment);
 - An improved Collection Fund forecast due to a stabilisation of Council Tax Reduction claimants and a lower than expected impact on in-year collection performance.
- 5.19 The underspend of £4.812m will add to general reserves available at the start of 2021/22. 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, £0.188m is assessed to be available for release and will also add to the general reserves available at the start of 2021/22. These two additional one-off resources are reflected in the table below.

One-off Resource Liabilities and Proposed Allocations

- 5.20 The working balance will be recommended to continue at a minimum of £9.0m to meet general risks applicable to a unitary authority.
- 5.21 Table 4 identifies the potential resources and liabilities that will need to be taken into account in setting the 2021/22 budget. At this stage, this assumes that spending in 2020/21 will remain in line with the TBM Month 9 (December) projection. The in-year position can change up or down by the end of the financial year but estimates at this stage of the year are expected to be reasonably accurate. For example, last year the forecast worsened by £0.350m between month 9 and the year end, a relatively small movement of 0.16% of the budget.
- 5.22 After accounting for available resources from the TBM underspend, the balance of the one-off Local Council Tax Support grant available, and the release of other reserves, and then applying these to meet Covid-19 one-off costs, residual Collection Fund deficits, and proposed priority allocations, including the creation of a Carbon Reduction Reserve, the table below shows an estimated shortfall in one-off resources of £3.971m in 2021/22. This is clearly a substantially better position than projected earlier in the year, in particular, in October when the Policy & Resources Committee considered potential scenarios and approved the use of up to £20m internal borrowing from reserves ('financial smoothing') to manage Covid-19 impacts in both the current year and in 2021/22.
- 5.23 To manage the projected shortfall of £3.971m, internal borrowing from reserves is therefore proposed and, initially, it is proposed that these be repaid over a 10 year

period starting in 2022/23. This time period can be kept under review in future years' budget setting rounds and the repayment period shortened if the financial position allows.

- 5.24 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 reserves to provide it with the necessary financial resilience. 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 £0.397m per annum in its Medium Term Financial Strategy beginning in 2022/23.
- 5.25 The alternative choice for Budget Council is to protect reserves and consider not making proposed allocations to support council priorities. This is understandably a difficult choice as doing so would not only reduce the financial support for the stated priorities and restrict their implementation and advancement, but it would also potentially obstruct recovery and renewal following the pandemic, not least by reducing the circulation of public money in the city.
- 5.26 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 2020/21 financial year, or any further release of earmarked reserves possible as part of the normal year-end review process, are 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.

| Table 4: One-off Resources, Liabilities and Proposed Allocations | £m | £m |
|------------------------------------------------------------------------------------------------|-----------|---------------|
| <i>Unallocated general reserves</i> | | -0.188 |
| | | |
| <i>Revenue Budget position 2020/21 (TBM):</i> | | |
| Forecast outturn underspend (as at TBM Month 9 / December) | | -4.812 |
| | | |
| <i>In-Year Collection Fund Position:</i> | | |
| Estimated 2019/20 Council Tax collection fund deficit brought forward | 0.450 | |
| Estimated 2020/21 Council Tax collection fund deficit (brought forward and in year collection) | 2.223 | |
| Estimated 2020/21 Council Tax collection fund deficit (reduction in Debit due to Covid) | 2.337 | |
| Council Tax Collection Fund deficit spread over 3 years | -3.040 | |
| 75% provision for Council Tax Collection Fund debts spread over 3 years | -0.584 | |
| Sub-total Residual Council Tax Collection Fund Deficit | | 1.386 |

| | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------------|
| Business Rates collection fund deficit relating to retail and nursery relief | 33.764 | |
| Contribution from Section 31 grant timing reserve (retail and nursery relief) | -33.764 | |
| Estimated 2019/20 Business Rates collection fund Deficit brought forward | 0.110 | |
| Contribution from Section 31 grant timing reserve (general) | -0.212 | |
| Remaining estimated 2020/21 Business Rates Retention collection fund deficit | 3.621 | |
| Business Rate Collection Fund deficit spread over 3 years | -2.414 | |
| 75% provision for Business Rate Collection Fund debts spread over 3 years | -0.905 | |
| Sub-total Residual Business Rate Collection Fund Deficit | | 0.200 |
| | | |
| Balance of Local Council Tax Support grant available after applying £1.120m to manage the projected one-off Covid-19 impact on collection in 2021/22 | | -1.848 |
| | | |
| Projected One-off Resources available at the start of 2021/22 | | -5.262 |
| | | |
| Proposed One-off Allocations in 2021/22: | | |
| Covid-19 one-off financial impacts in 2021/22 (from Table 3) | 6.331 | |
| Funding for public enquiries and City Plan Part 2 examination | 0.190 | |
| Creation of a Carbon Reduction Reserve | 1.000 | |
| One-off investment in Corporate Plan priorities | 0.662 | |
| Management of Ash & Elm dieback (health & safety works) | 0.600 | |
| Approved allocation: Council Tax Reduction Discretionary Fund | 0.190 | |
| Allocation to maintain the Welfare Reform Support Fund | 0.260 | |
| Total One-off Allocations in 2021/22 | | 9.233 |
| Current One-off Resources shortfall | | 3.971 |
| Managed by: | | |
| Internal borrowing from reserves for 10 years, starting 2022/23 | | -3.971 |
| Balance | | 0.000 |

| | |
|----------------------------------------------------------------------|--------------|
| Memorandum Note of Future Collection Fund Deficit Allocations | |
| 2022/23 | |
| Collection Fund deficit allocation year 2 net of 75% S31 grant | 1.238 |
| 2023/24 | |
| Collection Fund deficit allocation year 3 net of 75% S31 grant | 1.238 |

5.27 The proposed one-off allocations for 2021/22 are explained in more detail below:

- Covid-19 financial impacts (£6.331m): these are set out in detail in the table at paragraph 5.16 above;
- Funding for public enquiries and City Plan Part 2 (£0.190m): this provision relates to unavoidable costs in respect of public enquiries for the Outer Harbour

and Palmeira Avenue (£0.140m) together with the 'Examination in Public' of the City Plan Part 2 (£0.050m);

- Creation of a Carbon Reduction Reserve (£1.000m): to provide for and advance initiatives to support the aim of a carbon neutral city by 2030, improving the sustainability and biodiversity of the city as well as the health and well-being of its residents through promoting active travel and improving air quality;
- One-off investment in Corporate Plan priorities (£0.662m): these investments are set out in detail in the table at paragraph 5.10 of the report;
- 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 committee recommended that Policy & Resources Committee allocate £0.400m to manage Ash dieback and £0.200m to manage Elm dieback. These allocations will help to manage the spread of the diseases as well as safely removing dying and unsafe trees.
- Council Tax Reduction Discretionary Fund (£0.190m): This allocation was approved by full Council on 28 January 2021 in considering its annual review of the Council Tax Reduction Scheme. The allocation will top up the existing recurrent budget of £0.010m to the approved level of £0.200m.
- Allocation to maintain the Welfare Reform Support Fund (£0.260m). In recent years, the council has made an annual allocation of £0.260m 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 2021/22

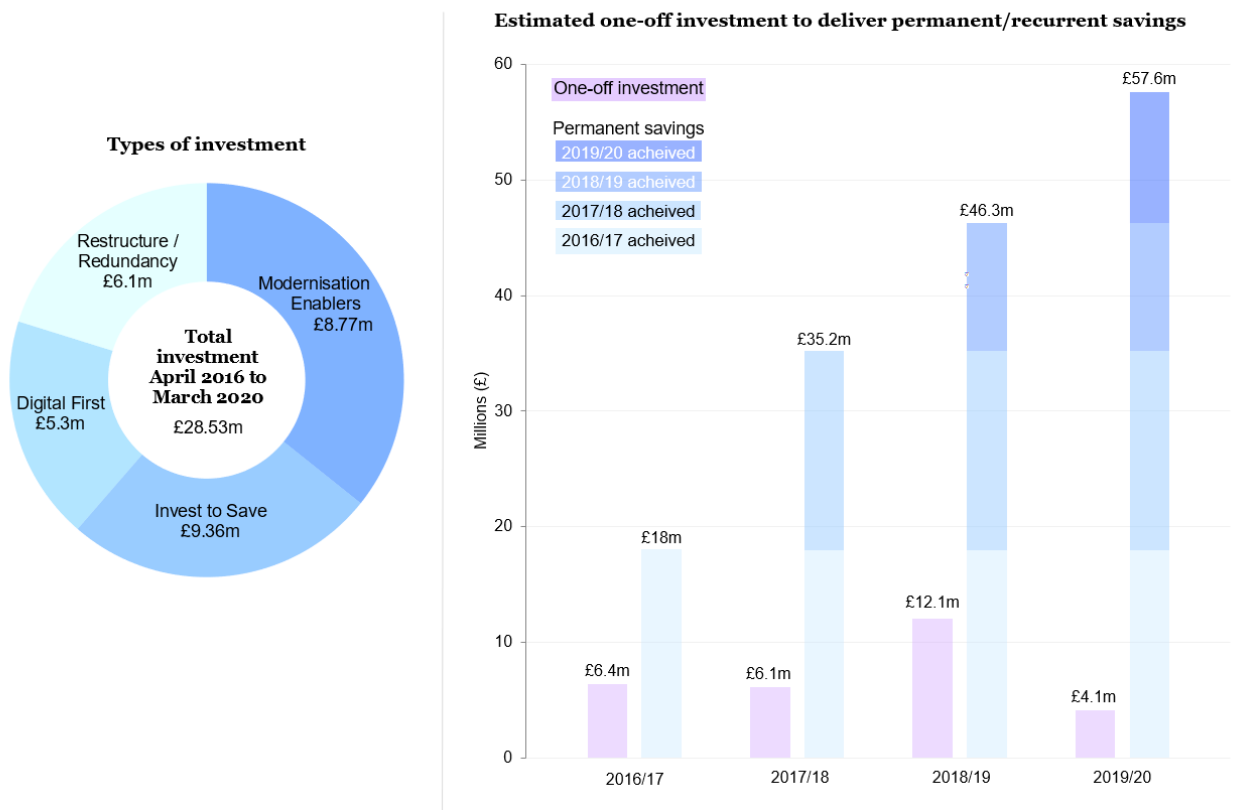
- 6.1 Taxation and Adult Social Care precept increases, together with additional resources provided by the Spending Review, are not sufficient to balance the budget due to the need to provide cover for inflationary pressures, and the need to provide investment to support Corporate Plan priorities including 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. In this respect, savings of £10.644m have been identified for consideration in 2021/22 as detailed in Appendix 1.
- 6.2 The savings proposals presented in this report are broadly the same as those presented to the Policy & Resources Committee on 21 January 2021. However, there have been four changes to the proposals which have increased the savings package by a net £0.056m from £10.588m to £10.644m. There are no additional staffing or equality impacts from the changes which are as follows:
- i) Proposed to increase Residential Permits in high demand areas, initially for Zones Y and Z estimated to generate additional income of £0.060m;
 - ii) The provision of 15 additional units of emergency homeless accommodation through the HRA is projected to increase the cost reduction achievable on

Temporary Accommodation supported by the General Fund, increasing the saving by £0.048m from £0.150m to £0.198m.

- iii) An original proposal was to reduce the funding to support the enhanced model of service provision in forthcoming procurement of short term emergency accommodation by £0.120m, reducing the investment from £0.300m to £0.180m. However, this has been revised and the current proposal is to reduce the procurement by £0.070m rather than £0.120m, providing a budget of £0.250m to secure better quality services. This reduces the saving by £0.050m.
- iv) There is a small reduction in the saving opportunity regarding the proposal to increase driveway cross-over works charges by 20%. The change is in respect of excluding Blue Badge holders from charges which is estimated to reduce the saving by £0.002m.

6.3 Over the previous four 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 allowed capital receipts to be applied to revenue saving projects and programmes. The Modernisation Fund provided one-off invest-to-save resources of £28.530m over the period 2016/17 to 2019/20 and was key to enabling delivery of cumulative savings of £157.100m and ongoing, annual savings of £57.600m. This is depicted in the chart below:

Modernisation Return on Investment: April 2016 to March 2020



6.4 The council approved continuation of the Modernisation Fund in February 2020 over a further 4-year period to enable delivery of 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 At present the government have only extended capital receipt flexibilities to 2021/22 however this may change in future Spending Reviews. Regardless of this, 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 2021/22

Capital Strategy 2021/22

- 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 outcome of the recent consultation on the future lending terms of the Public Works Loans Board (PWLB), undertaken by HM Treasury between March and July 2020, has significant implications for the Capital Strategy and Treasury Management Strategy. The outcome of the consultation was announced as part of the Spending Review 2020 and confirmed that PWLB will no longer lend 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 will now be 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 have been updated to reflect this change.
- 7.4 The strategy also reflects a change of emphasis for the re-investment of Right-to-Buy (RTB) capital receipts arising from the disposal of council housing properties. The strategy now reflects that the element of RTB receipts previously set aside to support General Fund strategic investment funds, approximately £0.500m per annum, will now be diverted wholly to support additional council housing provision.
- 7.5 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

- 7.6 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.
- 7.7 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 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.
- 7.8 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 the seafront infrastructure including Madeira Terraces, partnership investment through major projects such as Brighton Waterfront and the Housing Joint Venture, Heritage Lottery Fund bids such as the Stanmer Park redevelopment, and the Royal Pavilion Estates Regeneration. Longer term investment for coast protection is also incorporated into the 5 year strategy which includes potential government match-funding.
- 7.9 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.

- 7.10 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:
- Carbon reduction and sustainability investment programmes including an expanded Sustainable Carbon Reduction Initiative Fund (SCRIF), the Climate Assembly Action Fund, and an augmented Warmer Homes capital investment programme (including district heating plans);
 - Similarly, investments in active travel including covered cycle racks, support for green spaces (e.g. Pocket Parks) and more tree planting, and the extension of the School Streets initiative and low traffic neighbourhood pilots are proposed to improve sustainability, air quality and public health;
 - Significant capital investment in the Brighton Youth Centre project to support associated funding bids; and
 - New investment for retrofitting and renewable investment in council housing as well as expansion of the additional council homes investment through the HRA.
- 7.11 The overall Capital Investment Programme for 2021/22, including nearly £70m HRA housing build, acquisition and improvement schemes, is £221.103m. The proposed investments are summarised as follows:

| Table 5: Capital Investment Programme 2021/22 | £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 | 96.612 |
| Sustainability & Carbon Reduction including SCRIF, Warmer Homes, Street Lighting, Climate Assembly Actions, Active Travel and Solar PVs | 19.878 |
| Parks & Open Spaces including playground refurbishments, Withdean and Stanley Deason sports pitches, Pocket Parks and Stanmer Park redevelopment | 2.973 |
| Transport & Highways reflecting the Local Transport Plan (LTP) allocation for 2021/22 to support a sustainable transport infrastructure | 5.000 |
| New Pupil Places (Basic Need) to provide educational places for pupils based on demographic changes in the city | 28.242 |
| Regeneration including Madeira Terraces, Black Rock, Valley Gardens, Royal Pavilion Estate and Saltdean Lido | 29.903 |
| Tackling Inequality including Disabled Facilities Grant (DFG) projects and significant investment in the Brighton Youth Centre project | 4.568 |
| Building Maintenance including the Workstyles programme, Planned Maintenance, Education Buildings Maintenance, the Asset Management Fund and various security, fire and safety works | 23.177 |

| | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| 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 | 8.250 |
| Vehicles & Equipment for the council's vehicle fleet replacement programme | 2.500 |
| TOTAL CAPITAL INVESTMENT PROGRAMME 2021/22 | 221.103 |

7.12 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')

7.13 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.

7.14 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.

7.15 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 | 0.400 | 0.400 | 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 |

7.16 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 £1.350m 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. In this respect the following business

cases reviewed and endorsed by CMDDB are currently included in the Invest-to-Save programme area of the Modernisation Fund:

- **Health & Adult Social Care (HASC) Modernisation Programme: £0.334m.** This critical invest-to-save funding supports the resources required to support the HASC Modernisation Programme which will enable delivery of proposed savings of £4.515m in 2021/22. This business case forms part of the “Golden Thread” of activities across HASC which supports its Modernisation Workplan and budget strategy (see Appendix 1). All of the projects in the workplan directly support the achievement of savings, efficiencies and health and social care system redesign. It will enable HASC to meet its corporate responsibilities whilst maximising the opportunities for integration and working toward financial sustainability of Adult Social Care.
- **Early Help Modernisation: £0.090m.** The 2021/22 modernisation programme will include funding to complete an Early Help review with a report and findings expected to come to the June meeting of the Children, Young People & Skills Committee. The programme aims at transforming Early Help services to improve outcomes for vulnerable and disadvantaged families. This requires development of an integrated data management system to ensure that technology, data and information are developed and shared across the Early Help partners to better coordinate interventions, assess vulnerability and risk and, as a result, deliver better value for money by reducing the demand for high cost services.
- **City Environmental Services Modernisation Programme: £0.539m.** This programme supports the ongoing modernisation of City Environmental services (City Clean and City Parks). Longer term, the Environment, Transport & Sustainability Committee has approved the development of a Waste, Resources & Cleansing Strategy. Through the Modernisation Programme, the service has been working hard to improve the foundations of the service, which has been essential, but realises that residents now need to see more visible improvements. The development of the Waste, Resources & Cleansing Strategy will build on the achievements of the Programme and identify how the service can continue to deliver and embed these improvements, as well as set out further opportunities for modernisation for the service over the next five years.

Progress on modernisation activities and projects have been periodically reported through to the Environment, Transport & Sustainability Committee with the principle aims of the programme being to:

- Improve service delivery, increase customer satisfaction and sustain regulatory compliance through a fairer allocation of work across the collections service, improvement of collection methods, and introduction of new IT systems;
- Promote a sustainable economy by supporting low carbon growth and encouraging businesses to reduce waste and pollution;
- Reduce CO² emissions from council-owned vehicles through the delivery of the Fleet Strategy;
- Tackle graffiti and tagging through the delivery of the Graffiti Strategy;

- Encourage people to reduce the amount of refuse they generate, promote re-use and increase recycling, and collecting a wider range of plastics for reprocessing when market conditions improve;
 - Develop proposals and business case options for the introduction of a food waste collection and composting service;
 - Modernise our City Parks service including overseeing investment in playgrounds and the work towards ending the use of pesticides such as glyphosate across the council and the city.
- **Customer Digital:** £4.350m is anticipated to be required over the next 3 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:** £2.790m is estimated to be required to support ongoing change and modernisation programmes over the next 3 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 £1.300m are required to meet severance costs to manage change over the next 3 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 is now catching up and a further £0.300m is included here in an attempt to avoid a similar build-up of IT 'investment backlog' by supplementing existing budgets and enabling the council to keep up with necessary infrastructure changes.

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 37 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 11 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 2021/22

- 9.1 The 2021/22 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 4.99% council tax increase, including a 3% Adult Social Care precept. The Table below summarises how the budget is expected to change from 2020/21:

| Table 7: Analysis of budget changes | £m |
|--------------------------------------------------------------------------------------------|----------------|
| Revised 2020/21 base budget | 215.606 |
| Pay, Price and Pension changes | 3.232 |
| Commitments arising from previous approvals (net change) | 1.675 |
| Increased Adult Social Care funding | -0.944 |
| Service Investments and Service Pressure Funding (recurrent) | 22.270 |
| Service Investments and Service Pressure Funding (one-off) | 7.783 |
| Covid-19 Grant 2021/22 | -8.203 |
| Estimated additional Rough Sleeper funding | -1.000 |
| Council Tax Support Grant (to offset short term reductions in tax base) | -2.968 |
| Change in contribution from reserves | -8.236 |
| Savings package 2021/22 | -10.644 |
| General Fund Net Budget 2021/22 before exceptional item | 218.571 |
| Exceptional item - contribution from reserves relating to S31 Retail and Nursery reliefs * | -33.764 |
| Proposed Base Budget 2021/22 | 184.807 |

* *The government provided additional business rates relief for retail and nurseries in 2020/21 in response to the pandemic. The council is compensated for the loss of this income through Section 31 grant which has to be accounted for in 2020/21. However, the reduced business rates income from the award of the relief forms part of the deficit in the Collection Fund that has to be funded in 2021/22. This causes an accounting timing difference and therefore the compensation grant is drawn down in 2021/22 to fund the deficit it relates to. This happens in a normal year but the scale of the adjustment this year is exceptional.*

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 2020/21 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 There are no changes to the strategy from 2020/21.

11 COUNCIL TAX SETTING

- 11.1 The Administration is proposing a council tax increase of 4.99% which includes a 3% Adult Social Care precept allowed by government within the local government finance settlement. A council tax increase of 4.99% results in a Band D council tax of £1,741.88 for the council's element, an increase of £82.77 from 2021/22; of this increase £49.77 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 2021/22.
 - 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 2021/22, funding of £19.107m 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 2021/22 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 grant support and financial management action detailed in the report. The month 9 position is now a projected underspend of £4.812m which provides much needed one-off resources to support predicted one-off Covid-19 impacts and other priority investments in 2021/22.
 - The authority’s track record demonstrates that it can 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 savings 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 remaining budget gaps;
 - Although there are risks in relation to Section 75 partnership arrangements and pressures on Clinical Commissioning Group (NHS) budgets, 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 provided nearly £8m in funding for managing Covid-related hospital discharges;
 - 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. The proposals in this report recommend internally borrowing £3.971m from reserves over a period of 10 years to manage the financial impact of Covid-19, enabling council services to be maintained as well as providing for continued support for recovery and renewal as the city comes out of the pandemic through investment in Corporate Plan priorities. This is financially acceptable in the context of the severe financial shock caused by the pandemic and the fact that the council maintains a working balance of £9m and will retain other usable, earmarked reserves of approximately £30m that can be utilised to manage financial, legal and contractual risks and emergencies;
 - 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 4% 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 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 2021/22 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 legal or financial requirements, for example the Insurance Fund Reserve, and are not therefore available to support the annual revenue budget.

Assurance Statement of the Council's Section 151 Officer

- 12.8 In relation to the 2021/22 General Fund revenue budget, the Section 151 Officer has examined the budget proposals and considers that, whilst the spending and service delivery proposals continue to be challenging, impacted further by the 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 Officer considers a working balance of £9.000m for 2021/22 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 25 February 2021. 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 appointed Section 151 Chief Financial 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 31/03/20 was £4.347m, an increase of £0.122m from £4.225m at 31 March 2019 as shown below.

| Phase | 2018/19 £'000 | %age of budget 2018/19 | 2019/20 £'000 | Percentage of budget 2019/20 |
|--------------|------------------|------------------------------|------------------|------------------------------------|
| Nursery | 64 | 8.25% | 40 | 5.06% |
| Primary | 3,812 | 5.15% | 3,395 | 4.49% |
| Secondary | (11) | (0.02%) | 784 | 1.51% |
| Special & AP | 360 | 4.24% | 128 | 1.19% |
| Total | 4,225 | 3.14% | 4,347 | 3.12% |

Note – Special includes the Connected Hub and Pupil Referral Unit (PRU)

- 14.2 In total there are 10 schools (out of 63) with deficit balances, a reduction from 11 as at the end of 2018/19. The split of deficit balances across phases is 8 Primary and 2 Secondary. School budget plans for 2020/21 have incorporated these deficits.

Schools Funding

- 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 2020, the Department for Education (DfE) announced the provisional HNB allocation for the 2021/22 financial year. This settlement results in an increase in allocation to Brighton & Hove of circa £2.920m compared to 2020/21. An element of this, estimated to be £0.400m, relates to the transfer of the teachers' pay and pension grant to the HNB. The additional allocation 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, particularly in view of no transfer of funds having been made from the Schools Block in recent years.
- 14.5 For 2021/22, the overall formula budget allocations to schools have increased by £10.697m compared to 2020/21 and this is due to:
- National increase in Schools Block DSG allocation (c. £5.0m);
 - Transfer of teachers' pay and pension grants to Schools Block (c. £6.4m);
 - Reduction in pupil numbers (c. -£0.7m).
- 14.6 The introduction of the National Funding Formula (NFF) continues to represent a significant change. To provide stability for LAs and schools through the transition, the DfE announced in 2019 that LAs will continue to set a local schools formula to determine individual school budgets for 2021/22. The DfE published final Schools Block datasets and allocations for 2021/22 on 17 December 2020.
- 14.7 During autumn 2020 it was agreed that no significant changes (other than proposals previously agreed) would be made to the operation of the formula for 2021/22. These proposals were subject to consideration by the Schools Forum and Schools Block Working Group. The key elements of the 2021/22 formula are summarised below and follow the principle of moving towards the NFF on a gradual basis:
- increase the basic entitlement (age weighted pupil unit) factor by £180 and £265 per pupil for primary and secondary schools respectively to reflect the

transfer of the teachers' pay and pensions grant to the Schools Block. The basic entitlement factor has then been further increased by the balance of funding available after applying increases to other factors;

- incrementally extend the use of the 'ever-6 free school meals' and the income deprivation affecting children index (IDACI) factors and reduce the weighting assigned to 'current Free School Meals', as previously agreed by Schools Forum; the cash sums being allocated are now equal across the 3 factors within the deprivation measure;
- increase the unit values of other additional needs formula factors by 3% with an additional increase being applied to the low attainment factor due to disparity with the rate in the NFF (the low attainment unit value has been increased by 5%);
- include a mandatory factor to ensure that minimum funding per pupil levels (excluding premises factors) are set at £4,180 for primary schools and £5,415 for secondary schools;
- retain a lump sum of £130,000 per school;
- apply a minimum funding guarantee of +1.00% per pupil.

14.8 The introduction of the new mandatory factor to ensure that minimum funding per pupil (MFPP) levels (excluding premises factors and before de-delegation) are set at £4,180 for primary schools and £5,415 for secondary schools has a significant impact on the distribution of funding to schools. Based on the proposed formula model for 2021/22 the implications of this are shown in the table below:

| School Type | Number of schools attracting funding through MFPP factor | Funding to be allocated through MFPP factor |
|-------------|----------------------------------------------------------|---------------------------------------------|
| Primary | 21 | £2.422m |
| Secondary | 1 | £0.026m |
| Total | 22 | £2.448m |

14.9 The introduction of this factor means that the schools who have historically received the lowest levels of funding on a per-pupil basis will receive an additional allocation within their budget share to boost their funding levels to the minimum thresholds. This will particularly apply to schools that receive relatively low amounts of funding through the deprivation and low attainment formula factors. These schools are likely to receive higher per pupil increases than most other schools in 2021/22.

14.10 LAs will continue to set a Minimum Funding Guarantee (MFG) in local formulae, which in 2021/22 must be between +0.50% and +2.00% per pupil. Prior to the application of this calculation an adjustment has been made to the 2020/21 baselines to ensure that the impact of new delegation for teachers' pay and pension grants is considered. This means that schools on the MFG will also have their pay and pensions grant funding protected.

14.11 For 2021/22, as agreed with the Schools Forum in the autumn, Brighton & Hove will apply the MFG at a rate of +1.00% per pupil. The rationale for adopting this approach is twofold:

- an MFG of +1.00% continues to offer a degree of protection to schools that are not otherwise gaining or sustaining funding on a per pupil basis. However, the LA also believes that schools, who are gaining through characteristics identified

in the formula, should receive a fair proportion of their gains; if the MFG level is set at a higher rate it will mean that the scaling back of formula gains would increase;

- an MFG protection of greater than +1.00% would effectively 'lock in' more historical funding.

14.12 The application of the formula on the basis outlined in this report means that the primary / secondary funding ratio is now 1:1.27. This is a small change from the 2020/21 ratio of 1:1.29 and has moved mainly due to the additional funding allocated to primary schools to achieve the requirements of the minimum funding per pupil threshold.

14.13 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 recoup the funding attributable to academies and free schools and pay this directly to the establishments.

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.

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] 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 18 January 2021, 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 13 January 2021 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 including Departmental Consultative Group (DCG) meetings during January and February followed by appropriate consultation with directly affected staff. It is recognised that the budget process has been delayed by approximately one month due to the pandemic and this will need to be accommodated in consultation time-lines to ensure appropriate and meaningful consultation with staff and unions.
- 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. Only revenue and capital proposals for 2021/22 and associated council tax decisions require formal approval in February 2021. The full details of 2021/22 revenue and capital budgets are set out in the appended Budget Book. The Medium Term Financial Strategy and capital investments starting after 2021/22 are for noting only.

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. The Ministry for Housing, Communities & Local Government (MHCLG) has stated that for the 2021/22 financial year, an increase of 5% or more, including the Adult Social Care precept, will be regarded as excessive. Therefore, local authorities opting for an increase of 5% or more (including the Adult Social Care Precept) will be required to hold a referendum.
- 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 2021/22 will have an EIA completed and provided to all Members for the Budget Council. EIAs are cross-referenced with savings proposals in Appendix 1.

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 Administrative Buildings occupancy 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 2021/22 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 creation of the proposed Carbon Reduction Reserve.

Any Other Significant Implications:

Risk and Opportunity Management Implications:

- 17.12 The national and local picture continues to indicate growing risks in respect of the pressures on the health & social care system and hospital discharge, the growing problem of homelessness, pressures on children and adult disability services, and the cumulative impact of welfare reforms, particularly the roll-out of Universal Credit. There is also potential for further ongoing impacts from the pandemic depending on the speed of economic recovery. This indicates that potential risks remain high and that good quality data and analysis will be required to ensure that trends and the impact of interventions can be closely monitored and understood.
- 17.13 Section 12 of the budget report includes the appointed Section 151 Chief Financial Officer's formal assessment of the robustness of estimates in the budget and the adequacy of reserves and provisions, including an assessment of the need for any additional risk provisions. Appendix 5 of the report also sets out a detailed assessment of risks and their potential treatment and mitigation.

SUPPORTING DOCUMENTATION

Appendices:

1. Budget Book 2021/22
2. Capital Strategy 2021/22
3. Treasury Management Strategy Statement 2021/22
4. Review of Reserves
5. Assessment of Risks
6. Equalities Impact Assessment – Cumulative Impact Statement
7. Equalities Impact Assessment – Individual Assessments

Documents in Members' Rooms

1. None

Background Documents

1. Budget files held within Finance

Brighton & Hove City Council

Budget Book 2021/22

&

Medium Term Financial Strategy

2021/22 to 2025/26



**Brighton & Hove
City Council**

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| Revenue Budget Summary | | | | | | | |
|------------------------------------------|---------------------------------------|----------------|------------------|-------------------|-----------------------------|----------------------------|------------------------------------------|
| 2020/21 Net Expenditure / (Income) £m | Service Area | 2021/22 Budget | | | | | 2021/22 Budgeted Contracted Staff FTE |
| | | Expenditure | Income | Budget Allocation | Capital Charges & Recharges | Net Expenditure / (Income) | |
| | | £m | £m | £m | £m | £m | |
| 113.466 | Families, Children & Learning | 116.077 | (18.911) | 97.166 | 22.634 | 119.801 | 851.0 |
| 68.608 | Health & Adult Social Care | 131.672 | (58.003) | 73.669 | 4.355 | 78.024 | 602.2 |
| 64.566 | Economy, Environment & Culture | 106.742 | (66.342) | 40.400 | 23.707 | 64.107 | 1,056.7 |
| 19.954 | Housing, Neighbourhoods & Communities | 42.937 | (23.268) | 19.669 | 3.750 | 23.419 | 254.8 |
| 6.928 | Finance & Resources | 142.786 | (122.694) | 20.092 | (13.016) | 7.077 | 474.2 |
| 1.189 | Strategy, Governance & Law | 9.565 | (3.941) | 5.624 | (4.392) | 1.232 | 162.0 |
| 274.711 | Service Areas Total | 549.779 | (293.159) | 256.620 | 37.040 | 293.660 | 3,400.9 |
| (59.105) | Centrally Managed Budgets | 16.412 | (83.875) | (67.463) | (41.390) | (108.853) | 0.0 |
| 215.606 | General Fund Total | 566.192 | (377.035) | 189.157 | (4.350) | 184.807 | 3,400.9 |
| - | Dedicated Schools Grant Funded (DSG) | 205.610 | (206.862) | (1.253) | 1.253 | - | 113.3 |
| - | Housing Revenue Account (HRA) | 58.468 | (61.566) | (3.098) | 3.098 | - | 252.5 |
| 215.606 | BHCC Revenue Total | 830.270 | (645.463) | 184.807 | (0.000) | 184.807 | 3,766.7 |

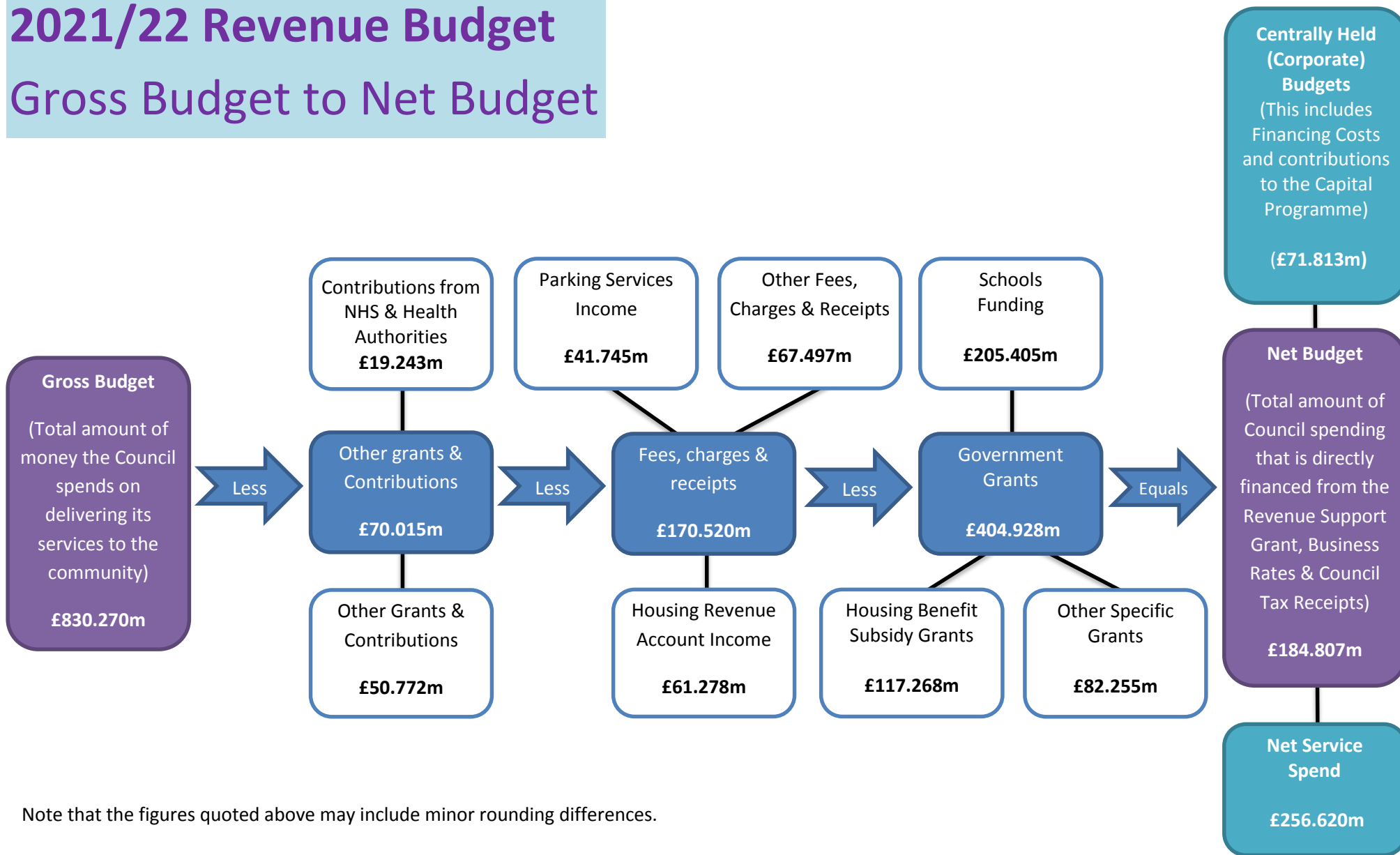
| 2021/22 Revenue Budget Breakdown | | | | | | | | | | |
|---------------------------------------|----------------------------|-------------------------|-------------------------|-----------------------------------------|--------------------|-------------------------|--------------------|-------------------------------|-----------------------------------|----------------------------------|
| Service Description | Employee Expenditure £m | Other Expenditure £m | Total Expenditure £m | Income From Fees, Charges & Rents £m | Other Income £m | Government Grants £m | Total Income £m | Total Budget Allocation £m | Capital Charges & Recharges £m | Net Expenditure / (Income) £m |
| Families, Children & Learning | 41.026 | 75.051 | 116.077 | (5.029) | (6.207) | (7.675) | (18.911) | 97.166 | 22.634 | 119.801 |
| Health & Adult Social Care | 24.914 | 106.757 | 131.672 | (15.709) | (17.852) | (24.442) | (58.003) | 73.669 | 4.355 | 78.024 |
| Economy, Environment & Culture | 34.407 | 72.335 | 106.742 | (65.031) | (0.543) | (0.768) | (66.342) | 40.400 | 23.707 | 64.107 |
| Neighbourhoods, Communities & Housing | 10.252 | 32.686 | 42.937 | (15.091) | (1.938) | (6.240) | (23.268) | 19.669 | 3.750 | 23.419 |
| Finance & Resources | 6.541 | 136.245 | 142.786 | (3.386) | (0.739) | (118.569) | (122.694) | 20.092 | (13.016) | 7.077 |
| Strategy, Governance & Law | 7.817 | 1.748 | 9.565 | (3.538) | (0.339) | (0.063) | (3.941) | 5.624 | (4.392) | 1.232 |
| Service Areas Total | 124.958 | 424.822 | 549.779 | (107.784) | (27.618) | (157.757) | (293.159) | 256.620 | 37.040 | 293.660 |
| Centrally Managed Budgets | 2.794 | 13.619 | 16.412 | - | (42.109) | (41.766) | (83.875) | (67.463) | (41.390) | (108.853) |
| General Fund Total | 127.751 | 438.441 | 566.192 | (107.784) | (69.728) | (199.523) | (377.035) | 189.157 | (4.350) | 184.807 |
| Dedicated Schools Grant Funded (DSG) | 148.501 | 57.109 | 205.610 | (1.458) | - | (205.405) | (206.862) | (1.253) | 1.253 | - |
| Housing Revenue Account (HRA) | 17.222 | 41.246 | 58.468 | (61.278) | (0.287) | - | (61.566) | (3.098) | 3.098 | - |
| BHCC Revenue Total | 293.474 | 536.795 | 830.270 | (170.520) | (70.015) | (404.928) | (645.463) | 184.807 | (0.000) | 184.807 |

2021/22 BUDGET - Budget changes from 2020/21 to 2021/22

| | 2020/21 Revised Base £m | Reversals of One Off Allocations £m | Inflation £m | Service Pressures £m | Commitments & Reinvestment £m | VFM & Other Savings £m | 2021/22 Original Budget £m | Change Over Revised Base £m | Change Over Revised Base % |
|--------------------------------------------------|----------------------------------|----------------------------------------------|-----------------|----------------------------|----------------------------------------|---------------------------------|-------------------------------------|-----------------------------------|----------------------------------|
| Families, Children & Learning | 92.411 | - | 1.193 | 6.318 | (0.474) | (2.282) | 97.166 | 4.755 | 5.15 |
| Health & Adult Social Care | 64.277 | (0.200) | 1.393 | 12.800 | (0.086) | (4.515) | 73.669 | 9.392 | 14.61 |
| Economy, Environment & Culture | 38.202 | (0.170) | 0.323 | 4.995 | (0.407) | (2.543) | 40.400 | 2.198 | 5.75 |
| Housing, Neighbourhoods & Communities | 16.404 | (0.050) | 0.231 | 3.615 | 0.021 | (0.552) | 19.669 | 3.265 | 19.90 |
| Finance & Resources | 19.096 | - | 0.265 | 0.422 | 0.799 | (0.490) | 20.092 | 0.996 | 5.22 |
| Strategy, Governance & Law | 5.290 | - | (0.027) | 0.568 | 0.030 | (0.237) | 5.624 | 0.334 | 6.31 |
| Total Directorate Spending | 235.680 | (0.420) | 3.378 | 28.718 | (0.117) | (10.619) | 256.620 | 20.940 | 8.88 |
| Insurance | 3.107 | - | 0.020 | - | - | - | 3.127 | 0.020 | 0.64 |
| Financing Costs | 7.436 | - | - | 0.625 | 1.155 | - | 9.216 | 1.780 | 23.94 |
| Contingency and Risk Provisions | 0.389 | - | 0.327 | 0.710 | (0.041) | - | 1.385 | 0.996 | 256.04 |
| Unringfenced grants income | (29.190) | - | - | - | (12.576) | - | (41.766) | (12.576) | 43.08 |
| Levies to External Bodies | 0.211 | - | 0.004 | - | - | - | 0.215 | 0.004 | 1.90 |
| Other Corporate Budgets | (1.684) | - | (0.040) | - | (0.288) | (0.025) | (2.037) | (0.353) | 20.96 |
| NET REVENUE EXPENDITURE | 215.949 | (0.420) | 3.689 | 30.053 | (11.867) | (10.644) | 226.760 | 10.811 | 5.01 |
| Contributions to/ from(-) reserves | (0.343) | 0.420 | - | - | (42.030) | - | (41.953) | (41.610) | 12,131.20 |
| BUDGET REQUIREMENT | 215.606 | - | 3.689 | 30.053 | (53.897) | (10.644) | 184.807 | (30.799) | (14.28) |
| Funded By: | | | | | | | | | |
| Revenue Support Grant | 6.630 | | | | | | 6.666 | 0.036 | 0.54 |
| Business Rates Local Share | 58.906 | | | | | | 60.559 | 1.653 | 2.81 |
| Tariff Payment | (1.184) | | | | | | (1.184) | - | - |
| Business Rates Levy payment | (0.084) | | | | | | (0.098) | (0.014) | 16.67 |
| Business Rates Collection Fund surplus/(deficit) | 2.137 | | | | | | (35.080) | (37.217) | (1,741.55) |
| Council Tax Collection Fund surplus/(deficit) | (1.346) | | | | | | (1.970) | (0.624) | 46.36 |
| Council Tax | 150.547 | | | | | | 155.914 | 5.367 | 3.56 |
| Total | 215.606 | | | | | | 184.807 | (30.799) | (14.28) |

2021/22 Revenue Budget

Gross Budget to Net Budget



Note that the figures quoted above may include minor rounding differences.

| Specific Government Grants 2021/22 | | |
|--------------------------------------------------------|-------------------------------------------|----------------------------------|
| Department | Grant | Budget 2021/22 £m |
| Families, Children & Learning | | |
| Education & Skills | DfE LA PFI Revenue Payments | (2.390) |
| Education & Skills | MHCLG Troubled Families | (0.933) |
| Education & Skills | DfE Virtual school heads s31 grant | (0.059) |
| Education & Skills | DfE ESFA School Improvement Monitor Grant | (0.236) |
| Education & Skills | DfE ESFA Adult Safeguarded Learning | (0.570) |
| Children's Safeguarding & Care | DfE Extended Personal Adviser Duty Imp | (0.039) |
| Children's Safeguarding & Care | MoJ Youth Justice Board General Funding | (0.257) |
| Children's Safeguarding & Care | DHSC Asylum Seekers | (2.545) |
| Children's Safeguarding & Care | DfE Staying Put Implementation Grant | (0.307) |
| Children's Safeguarding & Care | HO Controlling Migration Fund | (0.093) |
| Health, SEN & Disability | MHCLG Independent Living Fund Grant | (0.246) |
| Families, Children & Learning Total | | (7.675) |
| Health & Adult Social Care | | |
| Adult Social Care | MHCLG Independent Living Fund Grant | (0.310) |
| Integrated Commissioning | MHCLG Improved Better Care Fund | (1.733) |
| Integrated Commissioning | MHCLG Rough Sleepers Grant | (1.546) |
| Integrated Commissioning | MHCLG Homelessness Research Grant | (0.002) |
| Integrated Commissioning | MHCLG Rough Sleeping Initiative | (0.495) |
| Public Health | DHSC Ring-fenced Public Health Grant | (20.355) |
| Health & Adult Social Care Total | | (24.442) |
| Economy, Environment & Culture | | |
| City Environmental Management | DEFRA Natural England High Level Steward | (0.060) |
| Transport | DfT Access Fund for Sustainable Travel | (0.495) |
| Transport | DfT Bus Service Operators Grant (BSOG) | (0.173) |
| Transport | DfT Cycle Training Grant | (0.040) |
| Economy, Environment & Culture Total | | (0.768) |
| Housing, Neighbourhoods & Communities | | |
| Housing General Fund | MHCLG Flexible Homeless Support Grant | (6.240) |
| Housing, Neighbourhoods & Communities Total | | (6.240) |
| Finance & Resources | | |

| Specific Government Grants 2021/22 | | |
|---------------------------------------------|-------------------------------------------|----------------------------------|
| Department | Grant | Budget 2021/22 £m |
| Revenues & Benefits (MOBO) | DWP HB Non-Subsidy Grants | (0.131) |
| Revenues & Benefits (MOBO) | DWP Housing Benefit Rent Allowance Subs | (79.121) |
| Revenues & Benefits (MOBO) | DWP Housing Benefit Rent Rebate Subsidy | (38.147) |
| Revenues & Benefits (MOBO) | DWP Discretionary Housing Payment | (1.170) |
| Finance & Resources Total | | (118.569) |
| Strategy, Governance & Law | | |
| Life Events | Office of National Statistics Grant | (0.004) |
| Life Events | Cabinet Office IER funding | (0.059) |
| Strategy, Governance & Law Total | | (0.063) |
| Centrally Managed Budgets | | |
| Centrally Managed Budgets | DfE - Extended Rights To Free Travel | (0.051) |
| Centrally Managed Budgets | DWP Housing Benefit Admin Grant | (0.850) |
| Centrally Managed Budgets | MHCLG New Homes Bonus Scheme Grant | (0.363) |
| Centrally Managed Budgets | MHCLG Covid-19 LA Support Grant | (8.023) |
| Centrally Managed Budgets | MHCLG Lower Tier Services Grant | (0.624) |
| Centrally Managed Budgets | MHCLG Business Rates Retention S31 Grants | (7.711) |
| Centrally Managed Budgets | MHCLG Council Tax Loss Grant | (2.968) |
| Centrally Managed Budgets | MHCLG Collection Fund Losses S31 Grant | (1.489) |
| Centrally Managed Budgets | MHCLG Homelessness / Rough Sleeping Grant | (1.000) |
| Centrally Managed Budgets | MHCLG Council Tax Support Admin Subsidy | (0.300) |
| Centrally Managed Budgets | MHCLG Improved Better Care Fund | (7.449) |
| Centrally Managed Budgets | MHCLG PFI Grant | (3.003) |
| Centrally Managed Budgets | DHSC Local Reform Community Voice Grant | (0.176) |
| Centrally Managed Budgets | MHCLG Social Care Grant | (7.759) |
| Centrally Managed Budgets Total | | (41.766) |
| General Fund Total | | (199.523) |
| Dedicated Schools Grant Funded (DSG) | | |
| Dedicated Schools Grant (DSG) | DfE - Other Grants | (0.040) |
| Dedicated Schools Grant (DSG) | DfE - Universal Infant Free School Meals | (2.115) |
| Dedicated Schools Grant (DSG) | DfE - Teachers Pension Grant | (7.425) |
| Dedicated Schools Grant (DSG) | DfE Dedicated Schools Grant | (182.015) |
| Dedicated Schools Grant (DSG) | DfE Pupil Premium Grant | (9.024) |
| Dedicated Schools Grant (DSG) | DfE Teachers Pay Grant | (1.740) |

| Specific Government Grants 2021/22 | | |
|---------------------------------------------------|-----------------------------------|----------------------|
| Department | Grant | Budget 2021/22 £m |
| Dedicated Schools Grant (DSG) | DfE Funding for 6th Form Students | (3.046) |
| Dedicated Schools Grant Funded (DSG) Total | | (205.405) |
| BHCC Total | | (404.928) |

Investment to support Corporate Plan Commitments and Service Pressures 2021/22

| Service Area | Description | Annual Revenue Investment | One off Revenue Support |
|------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|---------------------------|-------------------------|
| | | £m | £m |
| Covid-19 One-off Cost Pressures 2021/22 | | | |
| Centrally Managed Budgets | Estimate for ongoing PPE costs | - | 0.500 |
| Economy, Environment & Culture | Supported Bus routes (expected slow return to public transport use) | - | 0.560 |
| Economy, Environment & Culture | City Clean operational staffing (agency) pressure (quarter 1) | - | 0.600 |
| Economy, Environment & Culture | Additional security/concierge cover, including at the depot and hubs | - | 0.400 |
| Economy, Environment & Culture | Increased cleaning of corporate buildings | - | 0.150 |
| Economy, Environment & Culture | Commercial rent reductions, voids and bad debts (not covered by Sales, Fees & Charges compensation grant) | - | 0.950 |
| Finance & Resources | Revenues & Benefits – restructuring delay due to Covid-19 activity (e.g. ongoing hardship schemes and increased CTR claimants) | - | 0.250 |
| Families, Children & Learning | Home to School Transport (quarter 1) | - | 0.400 |
| Housing, Neighbourhoods & Communities | Temporary Accommodation spot purchase costs (assumes 15 move-on's per month are achievable) | - | 1.500 |
| Housing, Neighbourhoods & Communities | Ongoing use of emergency (hotel) accommodation for rough sleepers | - | 0.650 |
| Strategy, Governance & Law | Elections – Covid-19 cost impact for PCC elections | - | 0.030 |
| Strategy, Governance & Law | Suppressed income from blue badge fraud prosecutions | - | 0.013 |
| Strategy, Governance & Law | Life Event services income and other one-off cost pressures (net of 75% compensation funding) | - | 0.218 |

| Investment to support Corporate Plan Commitments and Service Pressures 2021/22 | | | |
|--------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|-------------------------|
| Service Area | Description | Annual Revenue Investment | One off Revenue Support |
| | | £m | £m |
| Strategy, Governance & Law | Communications – additional Covid-19 media support and delay to restructuring | - | 0.110 |
| Total One-Off Covid-19 Costs 2021/22 | | - | 6.331 |
| Proposed Corporate Plan Investments | | | |
| Centrally Managed Budgets | Creation of a self-financing 'revolving door fund' for Community Wealth Building via an on-lending pilot (set-up costs) | - | 0.020 |
| Centrally Managed Budgets | Investment in Community Wealth Building to promote ethical employment practices and ensure the use of the city's public sector spending power to procure goods and services locally for the benefit of our communities. | - | 0.100 |
| Centrally Managed Budgets | Creation of a Climate Assembly Action Capital Investment Fund | 0.100 | - |
| Centrally Managed Budgets | Expansion of the Sustainable Carbon Reduction Initiative Fund (SCRIF) financing budget to lever in additional capital investment for carbon reduction schemes | 0.200 | - |
| Centrally Managed Budgets | Expansion of the warmer homes initiative (including district heating plans) through provision of an additional financing budget to lever in capital investment, increasing the total programme to £5.200m | 0.200 | - |
| Centrally Managed Budgets | Investment in 'pocket parks' and fund additional tree provision | 0.030 | - |
| Centrally Managed Budgets | Provision for a Low traffic Neighbourhood pilot, including capital financing support | 0.020 | - |
| Centrally Managed Budgets | Investment in the Brighton Youth Centre project and services together with provision for Youth Voice resources to support the Youth Council and youth engagement | 0.165 | - |
| Economy, Environment & Culture | Resources to support delivery of the council's Covid Recovery & Renewal Programme actions | - | 0.050 |
| Economy, Environment & Culture | Clean-ups/Graffiti Removal (response within 24 hours – pilot for central wards) & Crime Reduction Initiatives | 0.100 | - |
| Economy, Environment & Culture | Support for the Arts Sector Recovery Plan and future development of the sector | 0.124 | - |
| Economy, Environment & Culture | Project management investment to support the Madeira Terraces project | 0.074 | - |
| Economy, Environment & Culture | Additional staffing over 2 years to support delivery of Sustainability & Carbon Reduction Initiative Fund projects and Warmer Homes implementation (£0.125m in 2021/22 and 2022/23) | - | 0.085 |
| Economy, Environment & Culture | Provision for a Hydrogen feasibility study | - | 0.030 |

| Investment to support Corporate Plan Commitments and Service Pressures 2021/22 | | | |
|--------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|-------------------------|
| Service Area | Description | Annual Revenue Investment | One off Revenue Support |
| | | £m | £m |
| Economy, Environment & Culture | Addition of a Rewilding Officer post to manage and enhance biodiversity | 0.040 | - |
| Economy, Environment & Culture | Investment to develop a business case for the provision of over 100 covered cycle racks | - | 0.020 |
| Economy, Environment & Culture | Investment to support an Assisted Cycle Hub on Brighton Seafront | - | 0.030 |
| Economy, Environment & Culture | Feasibility study for a seafront sustainable transport corridor | - | 0.030 |
| Economy, Environment & Culture | Investment to extend the School Streets initiative to improve road safety and air quality outside the city's schools, encouraging sustainable, active travel to and from school by children and their families | 0.100 | - |
| Economy, Environment & Culture | Increased funding for A27 bypass street cleansing | 0.070 | - |
| Economy, Environment & Culture | Provision for a Carbon Reduction contract monitoring post to enforce contractual compliance with specified sustainability requirements | 0.047 | - |
| Economy, Environment & Culture | Managing Ash and Elm Dieback safely to improve public spaces, including a co-ordinator post | 0.040 | 0.600 |
| Economy, Environment & Culture | Resources to support extension of the 'Tech Take Back' scheme to recycle phones, computers, etc. | - | 0.070 |
| Economy, Environment & Culture | Investment to sustain Sports Facilities following agreed contractual changes | 0.250 | - |
| Economy, Environment & Culture | Funding to support the Clean-up Week initiative and other community clean-up's | 0.045 | - |
| Economy, Environment & Culture | Funding for City Environmental Services Operations Management and Support staff to manage ongoing delivery of new initiatives, continue the roll-out of commercial activities, manage increased regulatory and health & safety compliance requirements, and support the implementation of changes | 0.200 | - |
| Economy, Environment & Culture | Provision for various unavoidable above-inflation contractual and service cost increases across a range of priority services | 0.140 | - |
| Economy, Environment & Culture | Provision for Public enquiries in the planning service | - | 0.140 |
| Economy, Environment & Culture | Provision for one off costs relating to the City Plan Part 2 Examination in Public | - | 0.050 |

| Investment to support Corporate Plan Commitments and Service Pressures 2021/22 | | | |
|--------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|-------------------------|
| Service Area | Description | Annual Revenue Investment | One off Revenue Support |
| | | £m | £m |
| Finance & Resources | Nationally increased External Audit fees in response to the Redmond Review | 0.050 | - |
| Finance & Resources | Provision for various unavoidable above-inflation contractual and service cost increases across a range of priority services | 0.122 | - |
| Families, Children & Learning | Investment in an Environmental Education Strategy for the City | - | 0.150 |
| Families, Children & Learning | Investment to meet increased demand and costs for Adult Learning Disability | 3.185 | - |
| Families, Children & Learning | Investment to meet increased Children's Disability Agency Placement and Children in Care costs | 1.358 | - |
| Families, Children & Learning | Increased funding to meet demands on the Home to School Transport Service | 1.000 | - |
| Families, Children & Learning | Investment to maintain Nursery provision | 0.100 | - |
| Families, Children & Learning | Support for a strategy to address disadvantage amongst young people | 0.025 | - |
| Families, Children & Learning | Investment to provide a focused Race Education Strategy and delivery | 0.100 | - |
| Health & Adult Social Care | Priority expansion of the Housing first scheme to support a further 10 people | 0.100 | - |
| Health & Adult Social Care | Investment to meet increased demand and costs for Adult Social Care – Physical Disability | 7.372 | - |
| Health & Adult Social Care | Investment to meet increased demand and costs for Adult Social Care – Memory & Cognition | 2.726 | - |
| Health & Adult Social Care | Investment to meet increased demand and costs for Adult Social Care – Mental Health | 1.866 | - |
| Health & Adult Social Care | Investment to meet increased demand and costs for Adult Social Care – Substance Misuse | 0.300 | - |
| Health & Adult Social Care | Increased funding for loss of CCG contributions and increased rent at Glenwood Lodge | 0.436 | - |
| Housing, Neighbourhoods & Communities | Increased funding for Temporary Accommodation spot purchases to support additional homeless provision | 0.750 | - |
| Housing, Neighbourhoods & Communities | Increased funding for Emergency Accommodation | 0.400 | - |
| Housing, Neighbourhoods & Communities | Additional staffing over 2 years to support delivery of Sustainability & Carbon Reduction Initiative Fund projects and Warmer Homes implementation (£0.125m in 2021/22 and 2022/23) | - | 0.040 |
| Housing, Neighbourhoods & Communities | Enforcement Officer post to tackle Energy Performance Certificate (EPC) non-compliance | 0.045 | - |
| Housing, Neighbourhoods & Communities | Additional provision for support to victims of domestic violence | 0.050 | - |
| Housing, Neighbourhoods & Communities | Additional grant funding for BAME community groups and the BAME Civic Leadership project | 0.015 | - |
| Housing, Neighbourhoods & Communities | Creation of a new Disability Officer post | 0.045 | - |
| Housing, Neighbourhoods & Communities | Funding to maintain Safer Communities services following the ongoing loss of licence fee incomes | 0.050 | - |

| Investment to support Corporate Plan Commitments and Service Pressures 2021/22 | | | |
|--------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|-------------------------|
| Service Area | Description | Annual Revenue Investment | One off Revenue Support |
| | | £m | £m |
| Housing, Neighbourhoods & Communities | Funding for the development of a new Traveller's Strategy | - | 0.020 |
| Housing, Neighbourhoods & Communities | Provision for various unavoidable above-inflation contractual and service cost increases across a range of priority services | 0.050 | - |
| Strategy, Governance & Law | Funding for the reduction in legal fees chargeable to outgoing Section 106 agreements compared to those chargeable for the new Community Infrastructure Levy (CIL) scheme | 0.120 | - |
| Strategy, Governance & Law | Additional grant funding for BAME community groups and the BAME Civic Leadership project | - | 0.017 |
| Strategy, Governance & Law | Funding for Employment Law support, including Counsel's advice, to reflect increasing case law complexity | 0.060 | - |
| Total Corporate Plan Investments | | 22.270 | 1.452 |
| Total All Investment | | 22.270 | 7.783 |

| Summary of Directorate Budget Plans | | | | | | |
|------------------------------------------------|---------------------------|-----------------------------|-------------------------------------|-------------------------------------|---------------|-------------------------------------------|
| Unit | Savings Proposals 2021/22 | Total 2021/22 Posts Deleted | Saving Category | | | |
| | | | VFM: Service Delivery Model Changes | VFM: Efficiency & Other VFM Savings | Collaboration | Income Optimisation & Enterprise Strategy |
| | | | £m | £m | £m | £m |
| Director of Families, Children & Learning | 0.000 | 0.0 | 0.000 | 0.000 | 0.000 | 0.000 |
| Health, SEN & Disability Services | 1.110 | 0.0 | 0.950 | 0.160 | 0.000 | 0.000 |
| Education & Skills | 0.187 | 2.0 | 0.025 | 0.070 | 0.000 | 0.092 |
| Children's Safeguarding & Care | 0.985 | 1.0 | 0.333 | 0.395 | 0.000 | 0.257 |
| Quality Assurance & Performance | 0.000 | 0.0 | 0.000 | 0.000 | 0.000 | 0.000 |
| Families, Children & Learning Total | 2.282 | 3.0 | 1.308 | 0.625 | 0.000 | 0.349 |
| Adult Social Care | 3.345 | 0.0 | 2.870 | 0.475 | 0.000 | 0.000 |
| S75 Sussex Partnership Foundation Trust (SPFT) | 0.860 | 0.0 | 0.550 | 0.310 | 0.000 | 0.000 |
| Integrated Commissioning | 0.310 | 0.0 | 0.000 | 0.310 | 0.000 | 0.000 |
| Public Health | 0.000 | 0.0 | 0.000 | 0.000 | 0.000 | 0.000 |
| Health & Adult Social Care Total | 4.515 | 0.0 | 3.420 | 1.095 | 0.000 | 0.000 |

| Summary of Directorate Budget Plans | | | | | | |
|--------------------------------------------------------|---------------------------|-----------------------------|-------------------------------------|-------------------------------------|---------------|-------------------------------------------|
| Unit | Savings Proposals 2021/22 | Total 2021/22 Posts Deleted | Saving Category | | | |
| | | | VFM: Service Delivery Model Changes | VFM: Efficiency & Other VFM Savings | Collaboration | Income Optimisation & Enterprise Strategy |
| | | | £m | FTE | £m | £m |
| Transport | 1.782 | 0.0 | 0.000 | 0.097 | 0.000 | 1.685 |
| City Environmental Management | 0.155 | 0.0 | 0.000 | 0.075 | 0.000 | 0.080 |
| City Development & Regeneration | 0.168 | 0.0 | 0.000 | 0.075 | 0.000 | 0.093 |
| Culture, Tourism & Sport | 0.092 | 0.0 | 0.000 | 0.000 | 0.000 | 0.092 |
| Property | 0.346 | 4.0 | 0.090 | 0.086 | 0.000 | 0.170 |
| Economy, Environment & Culture Total | 2.543 | 4.0 | 0.090 | 0.333 | 0.000 | 2.120 |
| Housing General Fund | 0.318 | 1.0 | 0.223 | 0.070 | 0.000 | 0.025 |
| Libraries | 0.098 | 0.8 | 0.000 | 0.098 | 0.000 | 0.000 |
| Communities, Equalities & Third Sector | 0.072 | 1.0 | 0.000 | 0.046 | 0.000 | 0.026 |
| Safer Communities | 0.064 | 1.0 | 0.000 | 0.064 | 0.000 | 0.000 |
| Housing, Neighbourhoods & Communities Total | 0.552 | 3.8 | 0.223 | 0.278 | 0.000 | 0.051 |
| Finance (Mobo) | 0.000 | 0.0 | 0.000 | 0.000 | 0.000 | 0.000 |
| HR & Organisational Development (Mobo) | 0.000 | 0.0 | 0.000 | 0.000 | 0.000 | 0.000 |
| IT & D (Mobo) | 0.000 | 0.0 | 0.000 | 0.000 | 0.000 | 0.000 |
| Procurement (Mobo) | 0.000 | 0.0 | 0.000 | 0.000 | 0.000 | 0.000 |
| Business Operations (Mobo) | 0.000 | 0.0 | 0.000 | 0.000 | 0.000 | 0.000 |
| Contribution to Orbis | 0.240 | 0.0 | 0.000 | 0.000 | 0.240 | 0.000 |
| Revenues & Benefits | 0.250 | 17.5 | 0.000 | 0.250 | 0.000 | 0.000 |
| Housing Benefit Subsidy | 0.000 | 0.0 | 0.000 | 0.000 | 0.000 | 0.000 |
| Finance & Resources Total | 0.490 | 17.5 | 0.000 | 0.250 | 0.240 | 0.000 |
| Corporate Services Total | 0.025 | 0.0 | 0.000 | 0.025 | 0.000 | 0.000 |
| Corporate Policy | 0.027 | 0.0 | 0.000 | 0.027 | 0.000 | 0.000 |
| Legal Services | 0.065 | 1.2 | 0.000 | 0.047 | 0.000 | 0.018 |
| Democratic & Civic Office Services | 0.033 | 0.0 | 0.000 | 0.033 | 0.000 | 0.000 |
| Life Events | 0.040 | 2.0 | 0.000 | 0.035 | 0.000 | 0.005 |
| Performance, Improvement & Programmes | 0.037 | 1.0 | 0.037 | 0.000 | 0.000 | 0.000 |
| Communications | 0.035 | 2.0 | 0.035 | 0.000 | 0.000 | 0.000 |
| Strategy, Governance & Law Total | 0.237 | 6.2 | 0.072 | 0.142 | 0.000 | 0.23 |
| Grand Total | 10.644 | 34.5 | 5.113 | 2.748 | 0.240 | 2.543 |

| Summary of Capital Investment Programme 2021/22 to 2025/26 | | | | | |
|------------------------------------------------------------|----------------|----------------|----------------|---------------|---------------|
| | 2021/22 £m | 2022/23 £m | 2023/24 £m | 2024/25 £m | 2025/26 £m |
| Approved Schemes | | | | | |
| Health & Adult Social Care | - | - | - | - | - |
| Families, Children & Learning | 28.700 | - | - | - | - |
| Economy, Environment & Culture | 64.067 | 30.514 | 19.334 | 3.220 | 2.500 |
| Housing, Neighbourhoods & Communities | 0.500 | 0.500 | 0.500 | 0.500 | 0.500 |
| Housing Revenue Account | 33.420 | - | - | - | - |
| Strategy, Governance & Law | - | - | - | - | - |
| Finance & Resources | 2.500 | - | - | - | - |
| New Schemes to be Approved | | | | | |
| Health & Adult Social Care | 4.500 | 0.500 | 0.500 | 0.500 | 0.500 |
| Families, Children & Learning | 12.639 | 5.623 | 5.623 | 5.623 | 5.623 |
| Economy, Environment & Culture | 21.600 | 40.535 | 77.417 | 78.069 | 8.924 |
| Housing, Neighbourhoods & Communities | 9.512 | 1.000 | 1.000 | 1.000 | 1.000 |
| Housing Revenue Account | 38.395 | 88.416 | 32.055 | - | - |
| Strategy, Governance & Law | - | - | - | - | - |
| Finance & Resources | 5.270 | 4.580 | 4.740 | 2.000 | 1.000 |
| Total Schemes | 221.103 | 171.668 | 141.169 | 90.912 | 20.047 |
| Funded by: | | | | | |
| Government Grants (non-ringfenced) - no conditions | 43.024 | 9.500 | 9.500 | 9.500 | 9.500 |
| Government Grants (ringfenced) - with conditions | 17.157 | 17.214 | 8.047 | 14.868 | 2.000 |
| Capital Receipts | 17.873 | 11.063 | 6.186 | - | - |
| Capital Reserves | 4.147 | 0.500 | 0.500 | - | - |
| Specific Reserves | 3.981 | 3.929 | 2.550 | 0.850 | 0.500 |
| External Contributions | 5.169 | 3.978 | 0.830 | 2.040 | 0.574 |
| Direct Revenue Funding - GF | 1.008 | 0.908 | 0.903 | 0.623 | 0.623 |
| Revenue contribution to capital (HRA self-financing) | 27.010 | 25.155 | 29.059 | - | - |
| Council Borrowing | 101.735 | 91.921 | 76.094 | 54.781 | 4.600 |
| Total Funding | 221.103 | 164.168 | 133.669 | 82.662 | 17.797 |
| General Fund – Capital Resource Shortfall | - | 7.500 | 7.500 | 8.250 | 2.250 |

Families, Children & Learning Directorate

Service Context

The Families, Children and Learning Directorate brings together different services for children and young people from birth up to the age of 25, with services for both adults with learning disabilities and skills and employment. Much of the education and special educational needs provision is funded through the ring-fenced Dedicated Schools Grant (DSG). This budget strategy is focused on General Fund spend.

The main area of General Fund spend relates to the placement costs for children and young people in care and adults with learning disabilities (LD). While spend on children's placements is under good control, through a combination of better management of placement costs and an overall reduction in the number of children in care, there are significant pressures on the community care budget for adults with learning difficulties and this budget is currently overspending. Actions are in place to address this.

Nationally the number of children with child protection plans and children being brought into care continues to increase. Over the last two years the numbers in Brighton & Hove had been reducing. However, since December 2019 the number of children in care and those subject to child protection plans has stopped declining and recently has started to increase. There has also been an increase in the number of children with disabilities and complex needs requiring special residential provision. Further pressure on these budgets is anticipated as a result of Covid-19.

In addition, both locally and nationally there has been an increase in the number of adolescents requiring intensive support, including high cost residential placements. In part, this is related to the greater focus on meeting the needs of young people who are vulnerable to exploitation. There is currently a significant national issue regarding foster placement sufficiency, resulting from the significant rise in the number of children in care. The impact locally is that when placements are required, the lack of options means that placements can sometimes be made on the basis of availability rather than need. This can result in children being placed in more expensive provision.

Our vision is for a Directorate that is ambitious and works closely with partners. We want all of the City's families and children to be happy, healthy and safe, fulfilling their potential. Over the last few years, services have been redesigned in order to improve efficiency and reduce costs and this will continue in future years. Inevitably, this requires difficult decisions in balancing untargeted, non-statutory support with preventative, statutory and safeguarding provision.

There are three key branches in the directorate together with a performance and safeguarding service that ensures that we meet our duties and provides quality assurance. The key branches are as follows:

Education and Skills £9.081m

This service area includes:

- Early Years, Youth and Family Support (including Children's Centres);
- School Organisation and Access to Education;
- Education Standards and Achievement;
- Skills and Employment;
- Virtual School for children in care and those previously in care;
- Stronger Families (Troubled Families programme);

- Ethnic Minority Achievement Service and Traveller Education Service.

Health SEN and Disability Services £46.146m

This service area includes:

- Inclusion Support Services for Schools including Education Psychology services and Schools Wellbeing services;
- Special Educational Needs services;
- Social work and early help support for children with a disability;
- Residential, short break and respite provision for children with a disability;
- Assessment, social work, behaviour support and health services for adults with learning disabilities;
- Council residential and day activities services for adults with learning disabilities.

Children's Safeguarding and Care £40.397m

This service area includes:

- Fostering, family placement and permanence services;
- Children in need and child protection social work services;
- Children in care and leaving care services;
- Unaccompanied asylum seeking children services;
- Adolescence and youth offending services;
- Front Door for Families which includes MASH (Multi Agency Safeguarding Hub);
- Multi-disciplinary Partners in Change Hub including Early Parenting Assessment Programme;
- Contact and Family Group Conference Services.

Users of Families, Children and Learning Services

The directorate provides a range of different services from universal to those targeted at small groups of people with very high levels of need and/or where we are required to fulfil a statutory duty. Some of the key groups of users we interact with are as follows*:

- 32,296 children attend city's school (Jan 2020)
- 16,504 contacts relating to 9,002 children were received by the Multi Agency Safeguarding Hub/Front Door for Families during the year ending September 2020, of these 2,897 relating to 2,571 children were safeguarding concerns that required follow up work;
- Approximately 7,500 Parents/Carers applied for school places (2019-20);
- 5,538 children receive SEND support in maintained schools (including 1,164 children who have an Education Health & Care plan) (Jan 2020);
- 6,420 children are eligible for free school meals (Sept 2020);
- 3,863 children attend our children's centres and nurseries (2019-20);
- 2,370 receive family support (including the national Troubled Families programme) during 2019-20
- 1,582 children are supported by social work to be safe Sept 2020
- 350 children are on a child protection plan (as at Sept 2020);

- We act as Corporate Parent to 389 children in care and 370 care leavers aged between the ages of 18 and 25 (Sept 2020);
- We help support 33 unaccompanied asylum-seeking children (Sept 2020);
- 359 pupils in Brighton and Hove are educated at home (as at 30/09/2020);
- There are 162 in-house Foster Care Households at 30th September 2020 including 12 Supported Lodging Households;
- 10 children have been adopted in the last 12 months;
- 694 Adults with a Learning Disability aged 18-64 in receipt of Adult Social Care at 31st March 2020.

* Please note these figures are a mixture of snapshots in time or usage over a set period and are shared with the intention of being illustrative.

Budget Strategy

Direction of Travel

We work as one Families, Children and Learning directorate and with others in the city to deliver safe and whole family services, improving outcomes, developing inclusive and accessible provision and developing our staff. To achieve this, we:

- Promote, support and deliver high quality educational and skills provision;
- Promote whole family working with a focus on improving outcomes for disadvantaged and vulnerable people;
- Deliver a safe and effective social work service which responds to changing needs of children and their families;
- Work to support adults with learning disabilities to live independent and positive lives;
- Work with young people and other partners to deliver high quality youth services across the city;
- Co-produce and continue to improve SEND provision and services in the city;
- Manage effective budget arrangements across the directorate;
- Improve the diversity of the workforce.

The voice of children, young people, their families and those of adults with learning disabilities is at the heart of everything we do. We commission and deliver services with partners to ensure children, young people and adults with learning disabilities live happy, safe and positive lives, achieving their potential. This is achieved within the context of high demand and reducing resources.

Areas of Focus for Savings

The Directorate is exploring options for savings on **Adults with Learning Disabilities** through a number of targeted strategies including:

- Continuation of the 'Move On' project supporting adults with LD to move on from high cost placements into new living arrangements which promote independence.
- Appropriate joint funding arrangements to be pursued i.e. Continuing Health Care funding.
- Improved transition arrangements for young people. The Specialist Community Disability Service 14-25 pod will seek to provide a greater focus on this high cost area.

- Review of existing block contracts for outsourced services, to address any over provision and more effective utilisation of voids.
- Expansion of Shared Lives capacity.

The project to increase the number of in-house foster placements and reduce reliance on more expensive independent provider provision is ongoing. This will enable further savings in **Children’s Agency Placements:**

- Ensuring value for money is obtained when using external providers; this is supported by the children's services framework contract arrangements and preferred provider guidelines.
- Relationship based social work practice and the specialist adolescence service continues to contribute to diverting children from the care system by meeting need and managing risk within the home.
- For those already in care, there is a focus on stepping down to in house and/or less expensive placements, in line with assessed need, and on returning children to their families where this is safe to do so.

An increase in grant funding available from the Home Office for Unaccompanied Asylum-Seeking Children (UASC) leaving care will enable a saving to be considered in **Care Leavers** funding.

Elsewhere, a review of all lines of the FCL budget took place to identify other savings and efficiencies.

Investment in Services

The following investment in services is planned to meet demographic and other cost increase to maintain investment in priority services and meet statutory requirements:

- Adults with Learning Disabilities £3.185m;
- Home to School Transport £1.400m;
- Support for Looked After Children, Nurseries and Children with Disabilities £1.458m
- Race Education Strategy £0.100m;
- Environment Education Strategy £0.150m.

Supporting the Council’s Priorities

The budget position is challenging. In undertaking the review of budgets to identify savings, those services supporting the most vulnerable in the City have been protected and it has been ensured that all statutory obligations can be met. Systems for managing demand led services within FCL are well established and robust. A review of Early Help services is planned to ensure that preventive work is effective at reducing the need for high cost interventions at a later stage.

Horizon scanning, modernisation and planning for future needs is a priority. Work is underway to explore in-house options for children with a disability; this is an area where we currently experience high unit costs.

Below is a summary of work we have planned over the next three years that supports council’s priorities as set out in the city’s council plan and the administration’s priorities.

A city to call home

- Work to ensure care leavers and adults with a Learning Disability have suitable accommodation.

A City Working for All

- Lead on apprenticeship work.
- Support the education and skills city plan.
- Develop plans for youth employment hub with Department for Work & Pensions.
- Youth and disability employability support.

A Stronger City

- Coordinate development of anti-racist schools' strategy.
- Support to schools in delivering equalities curriculums.
- Continued development of anti-racist social work practice.
- Implementing a coproduced all ages SEND Strategy, including improving access for disabled people.
- Continuing our investment in and partnership working with the local voluntary and community sector.

A growing and learning city

- Supporting high quality early years and education provision in the city, supporting ongoing improvement.
- Coordinating the city's Education Partnership.
- Retaining a focus on disadvantaged families, supporting the development of a multi-agency city wide strategic approach.
- Delivering and supporting high quality youth support in the city and further developing youth engagement opportunities.
- Supporting lifelong learning and a positive transition into adulthood for all.

A Sustainable City

- Ensuring sustainability is a priority factor in all delivery and contract management.
- Further exploring environmental education.

A Heathy and Caring City

- Delivering a strongly regarded social work service for children and adults with disabilities.
- Delivering on the prevention focussed Starting Well priority in the city's Health and Wellbeing Strategy.

| Families, Children & Learning Budget Summary | | | | | | | |
|----------------------------------------------|----------------------------------------------------------------|----------------|------------------|-------------------|-----------------------------|----------------------------|-----------------------------------|
| 2020/21 Net Expenditure / (Income) | Service Area | 2021/22 Budget | | | | | 2021/22 Budgeted Contracted Staff |
| | | Expenditure | Income | Budget Allocation | Capital Charges & Recharges | Net Expenditure / (Income) | FTE |
| £m | | £m | £m | £m | £m | £m | |
| 0.773 | Director of Families, Children & Learning | 0.327 | (0.219) | 0.108 | 1.027 | 1.135 | 4.0 |
| 44.674 | Health, SEN & Disability Services | 54.519 | (8.373) | 46.146 | 2.179 | 48.325 | 270.4 |
| 22.746 | Education & Skills | 15.392 | (6.311) | 9.081 | 16.368 | 25.449 | 241.0 |
| 43.637 | Children's Safeguarding & Care | 44.299 | (3.901) | 40.397 | 2.744 | 43.141 | 308.7 |
| 1.636 | Quality Assurance & Performance | 1.541 | (0.107) | 1.434 | 0.318 | 1.752 | 26.9 |
| 113.466 | Families, Children & Learning Total (Excluding DSG) | 116.077 | (18.911) | 97.166 | 22.634 | 119.801 | 851.0 |
| - | Dedicated Schools Grant Funded (DSG) | 205.610 | (206.862) | (1.253) | 1.253 | - | 113.3 |
| 113.466 | Families, Children & Learning Total (Including DSG) | 321.687 | (225.773) | 95.914 | 23.887 | 119.801 | 964.3 |

| Families, Children & Learning 2021/22 Revenue Budget Breakdown | | | | | | | | | | |
|----------------------------------------------------------------|-------------------------|----------------------|----------------------|--------------------------------------|-----------------|----------------------|-----------------|----------------------------|--------------------------------|-------------------------------|
| Service Description | Employee Expenditure £m | Other Expenditure £m | Total Expenditure £m | Income From Fees, Charges & Rents £m | Other Income £m | Government Grants £m | Total Income £m | Total Budget Allocation £m | Capital Charges & Recharges £m | Net Expenditure / (Income) £m |
| Director of Families, Children & Learning | | | | | | | | | | |
| Children's Services Central Costs | 0.297 | 0.030 | 0.327 | - | (0.219) | - | (0.219) | 0.108 | 1.027 | 1.135 |
| Director of Families, Children & Learning Total | 0.297 | 0.030 | 0.327 | - | (0.219) | - | (0.219) | 0.108 | 1.027 | 1.135 |
| Health, SEN & Disability Services | | | | | | | | | | |
| Adult Learning Disability Services | 7.219 | 37.157 | 44.376 | (3.253) | (1.321) | (0.246) | (4.820) | 39.556 | 1.493 | 41.049 |
| Children in Care | 2.038 | 2.891 | 4.929 | - | (0.379) | - | (0.379) | 4.550 | 0.361 | 4.911 |
| Children's Social Care Services | 0.920 | 1.529 | 2.449 | (0.005) | (0.573) | - | (0.578) | 1.870 | 0.139 | 2.010 |
| Special Educational Needs | 2.945 | (0.179) | 2.765 | - | (2.595) | - | (2.595) | 0.170 | 0.185 | 0.355 |
| Health, SEN & Disability Services Total | 13.122 | 41.397 | 54.519 | (3.259) | (4.868) | (0.246) | (8.373) | 46.146 | 2.179 | 48.325 |
| Education & Skills | | | | | | | | | | |
| Children in Care | 0.055 | 0.016 | 0.071 | - | - | - | - | 0.071 | 0.011 | 0.082 |
| Early Years and Early Help | 5.546 | (0.370) | 5.176 | (1.202) | (0.106) | (0.933) | (2.241) | 2.935 | 1.583 | 4.518 |
| Other Education Services | 1.121 | 6.231 | 7.352 | (0.080) | (0.268) | (2.685) | (3.033) | 4.319 | 14.401 | 18.720 |
| Schools | 0.147 | (0.045) | 0.102 | - | - | - | - | 0.102 | 0.007 | 0.109 |
| Schools Skills & Learning | 1.521 | 0.187 | 1.708 | (0.196) | - | (0.570) | (0.766) | 0.942 | 0.186 | 1.128 |

Families, Children & Learning 2021/22 Revenue Budget Breakdown

| Service Description | Employee Expenditure £m | Other Expenditure £m | Total Expenditure £m | Income From Fees, Charges & Rents £m | Other Income £m | Government Grants £m | Total Income £m | Total Budget Allocation £m | Capital Charges & Recharges £m | Net Expenditure / (Income) £m |
|--------------------------------------------------|----------------------------|-------------------------|-------------------------|-----------------------------------------|--------------------|-------------------------|--------------------|-------------------------------|-----------------------------------|----------------------------------|
| Services for Young People | 0.347 | 0.636 | 0.983 | (0.021) | (0.250) | - | (0.271) | 0.712 | 0.181 | 0.893 |
| Education & Skills Total | 8.737 | 6.655 | 15.392 | (1.499) | (0.624) | (4.188) | (6.311) | 9.081 | 16.368 | 25.449 |
| Children's Safeguarding & Care | | | | | | | | | | |
| Children in Care | 4.469 | 24.972 | 29.441 | (0.209) | (0.061) | (2.984) | (3.254) | 26.187 | 0.884 | 27.071 |
| Children's Social Care Services | 12.571 | 2.066 | 14.637 | (0.059) | (0.301) | (0.257) | (0.616) | 14.020 | 1.829 | 15.850 |
| Early Years and Early Help | 0.208 | 0.013 | 0.221 | - | (0.031) | - | (0.031) | 0.190 | 0.030 | 0.220 |
| Children's Safeguarding & Care Total | 17.248 | 27.051 | 44.299 | (0.268) | (0.393) | (3.241) | (3.901) | 40.397 | 2.744 | 43.141 |
| Quality Assurance & Performance | | | | | | | | | | |
| Children's Social Care Services | 1.462 | (0.130) | 1.332 | - | - | - | - | 1.332 | 0.283 | 1.615 |
| Children's Services Central Costs | 0.161 | 0.048 | 0.209 | (0.004) | (0.103) | - | (0.107) | 0.102 | 0.035 | 0.137 |
| Quality Assurance & Performance Total | 1.623 | (0.082) | 1.541 | (0.004) | (0.103) | - | (0.107) | 1.434 | 0.318 | 1.752 |
| Families Children & Learning Total | 41.026 | 75.051 | 116.077 | (5.029) | (6.207) | (7.675) | (18.911) | 97.166 | 22.634 | 119.801 |

Dedicated Schools Grant (DSG) 2021/22 Revenue Budget Breakdown

| Service Description | Employee Expenditure £m | Other Expenditure £m | Total Expenditure £m | Income From Fees, Charges & Rents £m | Other Income £m | Government Grants £m | Total Income £m | Total Budget Allocation £m | Capital Charges & Recharges £m | Net Expenditure / (Income) £m |
|--------------------------------------------|----------------------------|-------------------------|-------------------------|-----------------------------------------|--------------------|-------------------------|--------------------|-------------------------------|-----------------------------------|----------------------------------|
| Children's Social Care Services | - | 0.044 | 0.044 | - | - | - | - | 0.044 | 0.000 | 0.044 |
| Dedicated Schools Grant | - | - | - | - | - | (182.015) | (182.015) | (182.015) | - | (182.015) |
| Early Years and Early Help | 0.411 | 14.535 | 14.946 | (0.003) | - | (0.040) | (0.043) | 14.903 | 0.074 | 14.977 |
| Other Education Services | 0.285 | 0.037 | 0.322 | (0.110) | - | - | (0.110) | 0.212 | 0.044 | 0.256 |
| Schools | 144.017 | 22.092 | 166.109 | (1.293) | - | (22.750) | (24.043) | 142.067 | 0.647 | 142.714 |
| Special Educational Needs | 3.789 | 20.401 | 24.189 | (0.052) | - | (0.600) | (0.652) | 23.538 | 0.487 | 24.025 |
| Dedicated Schools Grant (DSG) Total | 148.501 | 57.109 | 205.610 | (1.458) | - | (205.405) | (206.862) | (1.253) | 1.253 | - |

| Families, Children & Learning Directorate Budget Plan | | | |
|-------------------------------------------------------------|-------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| Section | Service Area | Brief Summary of Budget Proposal/Strategy and Risks | Savings Proposals 2021/22 |
| | | | £m |
| Director of Families, Children & Learning | | | |
| There are no savings proposed for 2021/22 within this area. | | | 0.000 |
| Director of Families, Children & Learning Total | | | 0.000 |
| Health, SEN & Disability Services | | | |
| Services for children with disabilities | Direct payments | There is a potential saving due to the current situation where the children's direct payment budget is incorrectly incurring costs for clients post-18 (already captured in pressures calculation in adults community care budget). Delivery Risk: There is uncertainty about the ongoing and future impact of Covid-19 and the levels of support required by families particularly if Drove Road and Tudor House are at full capacity. See EIA 1. | 0.040 |
| Services for children with disabilities | Contracted services, adaptations, management | Savings achieved by re-negotiation / re-tendering / bringing in-house Children's Disability Service contracts. Estimated at 10% of current contract value. This is subject to an effective commissioning function being established. Delivery Risk: low and manageable. See EIA 2. | 0.070 |
| Agency disability | Independent and non maintained children's homes, special schools and boarding school placements | This is a budget area that is under high pressure and there is a requirement for significant additional corporate investment for 2021/22. However, if the full service pressure funding that has been identified to meet demographic demands is approved, this potential saving should be deliverable. Delivery Risk: If full identified service pressure funding is not approved there will be no capacity to deliver savings. | 0.050 |
| Learning Disabilities - Adults Community Care | Learning Disabilities (ALD) | Savings on ALD are proposed through number of continuing and targeted strategies Including: <ul style="list-style-type: none"> Continuation of the 'Move On' project supporting adults with LD to move on from high cost placements into new | 0.950 |

Families, Children & Learning Directorate Budget Plan

| Section | Service Area | Brief Summary of Budget Proposal/Strategy and Risks | Savings Proposals 2021/22 £m |
|----------------------------------------------------|--------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|
| | | <p>living arrangements which promotes independence (estimated £0.450m saving opportunity).</p> <ul style="list-style-type: none"> • Appropriate joint funding arrangements to be pursued i.e. Continuing Health Care funding as current rate of NHS support is below the South East average (estimate £0.200m saving). • Improved transition arrangements for young people. Improved an earlier planning for transition will provide the 14-25 social work pod more time to explore cost effective options that achieve good outcomes and thereby focus on this high cost area (estimated opportunity £0.100m). • Review of existing block contracts for outsourced services, to address any over provision and more effective utilisation of voids (estimated saving £0.100m). • Expansion of Shared Lives capacity (estimated saving £0.100m). <p>Delivery Risk: Reducing fees or restricting fee increases to providers may lead to termination of contracts/closure of services. To reduce the level of support within individual care packages the council would be at risk of not fulfilling statutory duties, experiencing a breakdown of packages and putting a greater pressure on carers.</p> <p>In addition to the savings identified, the Council has identified budget pressures based on the anticipated increase in costs for current and future clients. Savings identified here are contingent on approval of this pressure funding. See EIA 3.</p> | |
| Health, SEN & Disability Services Total | | | 1.110 |

Families, Children & Learning Directorate Budget Plan

| Section | Service Area | Brief Summary of Budget Proposal/Strategy and Risks | Savings Proposals 2021/22 |
|----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| | | | £m |
| Education & Skills | | | |
| Standards & Achievement | Core LA school improvement team and commissioned School Partnership Advisers who support schools causing concern and lead disadvantaged education strategy work | <p>The budget supports the delivery of the LA statutory education functions including intervening to support schools failing or at risk of failing, assessment, SCARE, equalities and PSHCE.</p> <p>Delivery Risk: A small reduction in this budget means less funding is available to put in place intervention and support for schools to improve outcomes for disadvantaged children, putting some pressure on ability to deliver statutory functions and meet DfE requirements. However, impact can be minimised by reducing the amount provided across all schools, resulting in a small impact per school. See EIA 4.</p> | 0.025 |
| Early Years - Children's Centres | <p>City-wide service providing family support, early learning and support for parents to train and work to improve outcomes for children under 5. Health visiting and midwifery services also deliver from CCs. Integrated Team for Families and Parenting Service based in Tarner and Moulsecoomb. Seven designated Children's Centre's are: Roundabout, Moulsecoomb, Tarner, Hollingdean, Hangleton, Conway Court (SCFT building), Portslade.</p> <p>Services also provided from linked sites: Hollingbury and Patcham & South Portslade Library, Fairlight School, West Hove School, City View CC (SCFT), Preston Park CC.</p> <p>Note: statutory duty to secure sufficient children's centres and to consult before making significant changes or closing children's centres.</p> | <p>Deletion of longstanding vacant posts is possible.</p> <p>Delivery Risk: There may be some ongoing impact on services, but this expected to be manageable. See EIA 5.</p> | 0.050 |
| Early Years - Children's Centres | <p>City-wide service providing family support, early learning and support for parents to train and work to improve outcomes for children under 5. Health visiting and midwifery services also deliver from CCs. Integrated Team for Families and Parenting Service</p> | <p>Charge for accommodation of health visitors in children's centres (funding from Public Health grant) £33k.</p> <p>Delivery Risk: Low in relation to the available Public Health grant. See EIA 5.</p> | 0.033 |

Families, Children & Learning Directorate Budget Plan

| Section | Service Area | Brief Summary of Budget Proposal/Strategy and Risks | Savings Proposals 2021/22 |
|----------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|---------------------------|
| | | | £m |
| | <p>based in Tarner and Moulsecoomb. Seven designated Children’s Centre’s are: Roundabout, Moulsecoomb, Tarner, Hollingdean, Hangleton, Conway Court (SCFT building), Portslade.</p> <p>Services also provided from linked sites: Hollingbury and Patcham & South Portslade Library, Fairlight School, West Hove School, City View CC (SCFT), Preston Park CC.</p> <p>Note: statutory duty to secure sufficient children's centres and to consult before making significant changes or closing children’s centres.</p> | | |
| Early Years - Children's Centres | <p>City-wide service providing family support, early learning and support for parents to train and work to improve outcomes for children under 5. Health visiting and midwifery services also deliver from CCs.</p> <p>Integrated Team for Families and Parenting Service based in Tarner and Moulsecoomb. Seven designated Children’s Centre’s are: Roundabout, Moulsecoomb, Tarner, Hollingdean, Hangleton, Conway Court (SCFT building), Portslade.</p> <p>Services also provided from linked sites: Hollingbury and Patcham & South Portslade Library, Fairlight School, West Hove School, City View CC (SCFT), Preston Park CC.</p> <p>Note: statutory duty to secure sufficient children's centres and to consult before making significant changes or closing children’s centres.</p> | <p>Fund the contribution to Tarnerland nursery from the early years DSG.</p> <p>Delivery risk: None</p> | 0.055 |
| Early Years Nurseries | <p>Subsidy for the Council run nurseries (Acorn, Bright Start, Cherry Tree, Jump Start, Roundabout, Pavilion). The nurseries provide free childcare places for 2, 3 and 4 year olds and childcare that parents pay for. Statutory duties to secure sufficient free early education for 4, 3 and low income 2 year olds. Statutory duty to secure sufficient childcare for working parents. Around 500</p> | <p>Increase the income for the nurseries by £4k.</p> <p>Delivery Risks: Manageable because of the small amount.</p> | 0.004 |

| Families, Children & Learning Directorate Budget Plan | | | |
|-------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| Section | Service Area | Brief Summary of Budget Proposal/Strategy and Risks | Savings Proposals 2021/22 |
| | | | £m |
| | children attend Council nurseries - 8% of all 3- and 4-year olds (but 27% living in worst 10% SOAs), 16% of all funded two-year olds and nearly 20% of SEND children getting inclusion funding in the city. All nurseries are rated good or outstanding by Ofsted. Roundabout Nursery is the largest council-run nursery and takes very high numbers of disadvantaged children. | | |
| Early Years - Childcare | Management of the early years service including council nurseries. Support for private and voluntary nurseries, childminders, out of school childcare, childcare workforce training, and management and administration of free early years entitlement for 2/3/4 year olds. Statutory duty to secure sufficient childcare places and information, advice and training to childcare providers. Early years providers pay a flat rate for training courses. | Move more training to a virtual offer and small reduction in business and childcare development support. Delivery Risks - manageable because training and support will continue to be provided. See EIA 6. | 0.020 |
| Education & Skills Total | | | 0.187 |
| Children's Safeguarding & Care | | | |
| Fostering & Adoption | Payments to in-house carers for fostered and adopted children. | Saving in Adoption allowances from not adding inflationary costs to the adoption allowance rate. Delivery Risk: Expected to be manageable, particularly as general inflation is at historically low levels. | 0.010 |
| Social Work & Legal | Social work staffing teams. | Review of administration support following the introduction of new arrangements for child protection conferences. Delivery Risk: Change is manageable. | 0.025 |
| Social Work & Legal | Expenditure incurred under section 17 & 18 of the 1989 Children Act. | Budget ensures that the Council is able to fulfil its statutory duties to support families in need. Effective budget management (achieved by devolving budgets) has resulted in an underspend on the Section 17 budget line. Delivery Risk: Reduction in Section 17 spending, to the extent that it would not meet demand, would reduce ability to support families resulting in possible escalation of need. However, the | 0.075 |

Families, Children & Learning Directorate Budget Plan

| Section | Service Area | Brief Summary of Budget Proposal/Strategy and Risks | Savings Proposals 2021/22 |
|---------------------|------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| | | | £m |
| | | current underspend across Section 17 budgets, due to needs being met through other support, suggests this is low risk. See EIA 7. | |
| Social Work & Legal | Legal costs relating to assessment and court fees. | The saving is anticipated through ongoing efficiencies in process and use of in-house resources within the legal team. Delivery Risk: There is a current pressure on existing budget given the delay in court proceedings due to impact of Covid 19. Additional court time is required for sittings and the longer term impact of working through the delays is likely to increase court and legal costs. | 0.025 |
| Contact Service | Family contact for children in care (Chic) and children in need (CIN) | The service co-ordinates, supports and supervises court ordered parental and family contact with children in care and children in need. Service redesign has resulted in significant savings in previous years. Review of sessional worker use and their transportation costs should result in modest savings. Delivery Risk: manageable. | 0.050 |
| Care Leavers | Services for 18-24 year olds leaving care, including staying put and ex-asylum seekers. | Increase in grant funding available from the Home Office for Unaccompanied Asylum Seeking Children (UASC) leaving care. Delivery Risk: within budget parameters. | 0.227 |
| Agency Placements | Residential, fostering and secure placements for looked after children provided by external agencies | Project to increase the number of in-house foster placements and reduce reliance on more expensive independent provider provision is ongoing. Provision of high quality, value for money provision through contracted services with external providers supported by the children's services framework contract arrangements and preferred provider guidelines. In addition to the savings proposed, there is pressure funding of £122k in 2021/22 to cover future anticipated increased costs for existing clients. Relationship based social work practice and the specialist adolescence service is contributing to diverting children from the care system, and for those already in care, a stepping down | 0.283 |

Families, Children & Learning Directorate Budget Plan

| Section | Service Area | Brief Summary of Budget Proposal/Strategy and Risks | Savings Proposals 2021/22 |
|-------------------|------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| | | | £m |
| | | <p>to in house and/or less expensive placements. Close scrutiny of placement costs, together with an increase in in-house foster carers is contributing to a reduction in unit costs.</p> <p>Delivery Risk: This is a high cost service where the failure of effective prevention and demand management would not only impact on the achievement of cost reduction but is likely to be of corporate financial significance to the council's challenging medium term financial position. The proposals set out here assume that other pressures on this budget will be met across the overall budget. A small number of adolescents with very significant needs continue to place pressure on these budgets combined with a national shortage of placements. However, the approach here is desirable as it can achieve better outcomes with the added benefit of achieving better value for money.</p> <p>Impact on Outcomes: Improved practice model prevents children needing care and contributes to improved outcomes for young people. Demand management has implications for managing risk effectively to meet safeguarding requirements and statutory duties. See EIA 8.</p> | |
| Agency Placements | Residential, fostering and secure placements for looked after children provided by external agencies | <p>Reduce the need for high cost secure provision, using alternative options, maintaining positive outcomes for young people.</p> <p>Delivery Risk: This is a high cost service where the failure of effective prevention and demand management would not only impact on the achievement of cost reduction but is likely to be of corporate financial significance to the council's challenging medium term financial position. The proposals set out here assume that other pressures on this budget will be met across the overall budget. A small number of adolescents with very</p> | 0.050 |

| Families, Children & Learning Directorate Budget Plan | | | |
|-------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| Section | Service Area | Brief Summary of Budget Proposal/Strategy and Risks | Savings Proposals 2021/22 |
| | | | £m |
| | | significant needs continue to provide pressure on these budgets combined with a national shortage of placements. | |
| Adolescent Service | Support and supervision to young people at risk of exploitation, some of whom are at risk of becoming involved in the Criminal Justice System and preventative work for children and young people at risk of becoming involved in offending. | The adolescent service brings together a number of different teams who work with higher risk young people. It has been successful in ensuring that needs are largely met and has reduced the funding pressures arising from this group of young people. This service receives funding from the Youth Justice Board (YJB). It had previously been assumed that the grant would be reduced, however funding levels have been maintained and a small budget saving (from the core-funded element) is therefore available. Delivery Risk: Low. | 0.030 |
| Family Support Services | Family group conferences (FGC) and intensive intervention initiatives | Maintaining investment in this preventive service area is critical for effective demand management. Family Group Conferencing is used to identify alternative means to meet the needs of families who are facing difficulties and so avoid the need for a child to be brought into care. Delivery Risk: Manageable as small saving identified within the FGC budget. | 0.010 |
| Partners in Change Hub & specialist assessments | Lead practitioners and adult workers supporting social workers to manage risk effectively within families; specialist assessments to support social work decision making | The Partners in Change Programme was a spend-to-save project initiated two years ago. This project has now become embedded within the service and savings can be achieved if it continues to deliver above the spend-to-save targets and support increases in social work practice. Delivery Risk: Manageable as savings being achieved. | 0.200 |
| Children's Safeguarding & Care Total | | | 0.985 |
| Quality Assurance & Performance | | | |
| There are no savings proposed for 2021/22 within this area. | | | 0.000 |
| Quality Assurance & Performance Total | | | 0.000 |
| Families, Children & Learning Total | | | 2.282 |

| Families, Children & Learning Capital Investment Programme 2021/22 to 2025/26 | | | | | |
|------------------------------------------------------------------------------------------|---------------------------------------------|---------------------------------------------|---------------------------------------------|---------------------------------------------|---------------------------------------------|
| | Profiled Payments 2021/22 £m | Profiled Payments 2022/23 £m | Profiled Payments 2023/24 £m | Profiled Payments 2024/25 £m | Profiled Payments 2025/26 £m |
| Approved Schemes | | | | | |
| New Pupil Places (Basic Need) | 23.326 | - | - | - | - |
| Universal Free School Meals | 0.266 | - | - | - | - |
| Capital Maintenance 2017/18 | 0.026 | - | - | - | - |
| Capital Maintenance 2019/20 | 0.780 | - | - | - | - |
| Capital Maintenance 2020/21 | 4.302 | - | - | - | - |
| New Schemes to be Approved | | | | | |
| Education Capital Maintenance 2021-22 | 4.500 | 4.500 | 4.500 | 4.500 | 4.500 |
| Devolved Capital 2021-22 | 0.500 | 0.500 | 0.500 | 0.500 | 0.500 |
| Structural Maintenance 2021-22 | 0.623 | 0.623 | 0.623 | 0.623 | 0.623 |
| New Pupil Places (Basic Need) 2021-22 | 4.916 | - | - | - | - |
| Brighton Youth Centre | 2.100 | - | - | - | - |
| Families, Children & Learning | 41.339 | 5.623 | 5.623 | 5.623 | 5.623 |

Health and Adult Social Care Directorate

Service Context

The Health and Adult Social Care Directorate consist of Public Health and Adult Social Care.

Principle service area responsibilities covered in this strategy include services for vulnerable adults including older people, physical disability, mental health, public health and all ancillary activities. Services for adults with learning disability and autism sit within Family, Communities and Learning Directorate. HASC, similar to adult social care nationally, continues to deliver services to meet its statutory responsibilities and the needs of local communities, without the assurance of a long-term sustainable funding solution. Managing the budget in this environment with future demographic projections suggesting increasing demand and complexity and more recently the volatility of market prices becomes ever more challenging. In this context we are yet to determine the full impact of Covid-19 for the future. However, in listing here the services we deliver and acknowledging they all have a financial impact, this budget strategy concentrates on highest and increasing spend areas and how we plan to tackle them over the next 3 years.

The wellbeing of Brighton & Hove residents remains at the heart of our approach and is reflected in the HASC core offer, which is to:

- Provide information and advice for all adults seeking care and support;
- Assess need and arrange help for individuals and their carers who are eligible under the Care Act for support from Adult Social Care;
- Target Public Health interventions to support population health outcomes and reduce health inequalities across the city
- Promote preventative approaches to maintain health & wellbeing, insofar as this reduces immediate demand for more expensive, statutory services;
- Maintain and support the local care market;
- Provide support that reduces the need for social care in the longer term and/or prevents the need for a more expensive service; and
- Safeguard vulnerable adults who are at risk of harm or abuse.

During 2019/20 Health and Adult Social Care Directorate undertook the following activity, shown below in relation to the last 2½ years. Whilst this data indicates that prior to the pandemic we were not yet seeing the levels of increasing demand that national demographic data suggests is coming the impact of responding to Covid-19 has been profound. HASC is actively undertaking work to predict the financial impact of this current increase in demand beyond this financial year.

| ACTIVITY DATA | 2018/19 | 2019/20 | 2020/21 (Apr – Sept) |
|---------------------------------------------------------------|---------|---------|-------------------------|
| New requests for ASC support | 4,540 | 5,384 | 2,167 |
| New long term funded social care services | 1,267 | 1,243 | 709 |
| Clients issued with Simple Aids for Daily Living | 5,174 | 5,481 | 2,687 |
| Clients receiving telecare | 4,701 | 5,086 | 5,024 (snapshot) |
| Clients receiving short-term service to optimise independence | 1,100 | 914 | 394 |
| Carers Supported | 1,928 | 1,978 | 1,498 |
| DoLS applications | 1,834 | 1,718 | 678 |
| Safeguarding enquiries undertaken | 854 | 808 | 462 |
| Mental Health Act assessment referrals | 1,181 | 1,129 | 701 |

During this period we provided long term funded care services for **3,454** adults. This support was provided in the following ways, shown below in relation to the previous 2½ years:

| FUNDED CARE SERVICE | 2018/19 | 2019/20 | 2020/21 (Apr – Sept) |
|------------------------------------------------------------------------------|--------------|--------------|-------------------------|
| Adults receiving domiciliary care | 1,705 | 1,647 | 1,565 |
| Adults receiving residential care | 613 | 651 | 584 |
| Adults receiving nursing care | 720 | 697 | 496 |
| Adults receiving a direct payment | 434 | 459 | 426 |
| Total number of adults provided with long term funded care during the period | 3,472 | 3,454 | 3,071 |

Budget Strategy

While there are a range of service areas across the Directorate that contribute to the delivery of this activity, there are three main budget areas, and these are detailed below:

1) Public Health £0.008m (Funded by grant - gross budget £20.985m)

This service area includes:

- Substance Misuse
- Sexual Health
- Children 0-19 Public Health programmes
- Health Improvement

With respect to the Public Health ring fenced grant, whilst this budget strategy does not propose a focus on this area it continues to play a vital role in the overarching HASC budget strategy for the following reasons:

- Public Health grant is ring fenced with very specific criteria for spend and has to be considered separately from the general fund.
- HASC strategy, expressed in large part in policy terms through the adopted Joint Health and Wellbeing Strategy is key to resourcing and delivering whole population health outcomes and in the medium/longer term this preventative focus will contribute to the overall financial stability of both the directorate and the Council.
- In the short term the influence and osmosis of Public Health resource is critical to delivery of wider corporate and directorate priorities working with external partners and stakeholders.

2) **Adult Social Care Services (incl S75 SPFT) £62.796m**

This service area includes:

- Assessment, Social Work, Occupational Therapy and community care for adults requiring physical support, mental health support and memory & cognition support
- Community Short Term services
- Telecare and equipment services
- In house provider services

Whilst the directorate has received growth funding over the past 3 years of £17.6 m acknowledging a combination of increasing demand, complexity and unit cost, over the same period it has experienced a reduced contribution of £3.1m from the Clinical Commissioning Group. Whilst we understand the rationale behind reduced contributions in certain areas we are actively pursuing specific concerns where we believe current joint funding arrangements may not be equitable. An example actively being addressed, without here entering into detail relates to S117 expenditure where with a joint responsibility, using rounded figures the CCG currently contribute approximately £5.5m against a total cost in excess of £14m leaving HASC funding the outstanding balance of more than £8m.

3) **Commissioning, Contracts and Performance £10.881m**

This service area includes:

- Commissioning & Performance teams
- Housing related support contracts
- Carer support

In total therefore HASC net budget for 20/21 is £63.846m. The Community Care budget is £36.982m and equates to 58% of the overall HASC budget, meaning our main area of spend relates to the provision of care for those people who have been assessed as eligible for social care support (Community Care). This covers a vast array of services and includes such areas as Residential and Nursing Care and Home Care. Adult Social Care provision is primarily commissioned rather than internally provided. In house services include residential care units at Craven Vale, Ireland Lodge and Wayfield Avenue, home care with a reablement focus through Independence at Home and two hostels, New Steine Mews and Glenwood Lodge.

The rising cost of services and the cost pressures experienced by many of our providers mean that ensuring we have the right services at a sustainable price remains challenging. High demand and complexity of people's needs requiring social care support is adding to these pressures. This is a national picture being faced by many local authorities with Adult Social Care responsibilities. HASC acknowledges that this has been a key factor in the directorate's outturn overspend in recent years and whilst Covid-19 has worsened the position we cannot cite this as the sole reason for impact on the budget.

At the 1st April 2020 the average Nursing Home placement cost was £813, and the average Residential placement cost was £768. (The framework rate was £582 per week, plus Free Nursing Care for Nursing placements at £183.92 per week).

By 1st September 2020 the average Nursing Home placement was £873 (50% above the framework rate) and the average Residential placement cost was £790 (36% above the framework rate), showing an increase in market price of 7% for Nursing placements and 3% for Residential placements during this period of the Covid-19 pandemic. From a budget strategy perspective the impact of the pandemic upon our unit costs for both residential and nursing care confirms that our current pricing framework, which was already significantly strained, has now collapsed. Across our 92 care homes in the city only 30% of our providers are operating at our agreed framework rates yet we continue to place with a significant proportion of care homes across the city. Our budget strategy looking forward will urgently consider options to address market management looking forward.

The absence of a long-term funding settlement through a Green Paper on the future of Social Care funding also creates considerable uncertainty. The financial challenges in the local system are reflected within social care and the NHS nationally. One possible more positive impact of Covid 19 is to raise the awareness of the importance of social care and the funding arrangements to the wider health system. More in year Covid-19 related national funding is anticipated but cannot be assured or relied upon despite the actual adult social care costs of the pandemic outstripping Emergency Funding made available to date. Compliance with Living wage increases and other workforce related issues will impact upon providers and the Council as both commissioner and provider.

Direction of Travel

HASC's vision is for everyone in Brighton & Hove to have the best opportunity to live a healthy, happy and fulfilling life, by ensuring that they are starting well, living well, ageing well and dying well, and this is set out in the joint Health and Wellbeing Strategy. Our mission is to promote and improve health and wellbeing, supporting people to live independent and fulfilling lives.

In order to achieve this and meet our corporate financial responsibilities of savings and reducing pressures our budget strategy requires:

- **Demand and Complexity management** – whilst both Public Health and Adult Social Care are driven in large part by demand we will continue to adopt means that manage this effectively and equally look to the best services to support the increasing complexity of need we continue to see, working closely with our NHS partners and other key stakeholders. A key example of this workstream will be to reduce the level of new placements into long term residential care.
- **Market management** – Lead better system working to ensure that we support the market to provide the services that meet the needs of our population at a price that is equitable and can be sustained. A key example of this workstream will be to review and redesign in-house service provision to meet both service user demand and budget strategy objectives.

- **Financial Management** – as measured going forward by a reduction in the cost per head of population for services provided and placing an emphasis upon whole population outcomes to improve wellbeing overall and reducing inequalities across the city. A key example of this workstream will be more joint commissioning and purchasing with the Brighton and Hove CCG of services that we both utilise.

We have an approach to support delivery of this both in our business as usual activity and as part of the HASC Modernisation programme where our Target Operating Model relies upon key projects that deliver both better lives and stronger communities informed by the data and intelligence now available to us.

Supporting the Council's Priorities – HASC supports a One Council approach recognising that it will lead on delivering corporate priorities in some areas working with partners and stakeholders and equally elsewhere, where it may not lead, it can still offer significant support.

A city to call home

Whilst the focus of delivery here sits with colleagues in Housing, Neighbourhoods and Communities Directorate we will continue to support the accommodation and social care needs of residents irrespective of their eligible need. A priority is to finalise arrangements for the transfer of some service areas relating to rough sleeping and homelessness over to HNC whilst continuing to identify new models of accommodation in the city for people with complex eligible needs.

A City Working for All

The Directorate's Commissioning Strategy will support the use of the Council's spending power to support local people and businesses, including consideration of social value within contracts. We will continue the integration agenda working with our NHS colleagues to optimise commercial opportunity and economies of scale using our joint buying power. We will work towards getting the market to step into the space where we need less low level residential care and more high needs nursing care, especially in relation to dementia, and shape a market with the ability to flex up and down throughout the year as demand requires.

A Stronger City

The Directorate will continue our investment in, and partnership working with the local voluntary and community sector and build on joint community working developed through the Covid-19 response.

Service redesign under the HASC operating model will support social work to safeguard the most vulnerable in the City from harm, abuse and exploitation. Equally with our sector's significant contribution to the local economy we will support actions agreed to stimulate recovery and respond to any negative impact from the EU exit.

A growing and learning city

The Directorate will continue to support strong professional practice informed by national drivers and evidence-based approaches to deliver impact for people and communities. We will at the appropriate time explore all the learning from Covid-19 to apply opportunities to improve working practices. The pandemic has raised both nationally and locally the profile of both public health and Adult Social Care (independently from and working with our NHS partners) and we will ensure this learning is applied to future planning.

A Sustainable City

The Directorate will explore opportunities to support to delivery of key corporate priorities, for example. carbon reduction in the City. Through our commissioning responsibilities and relationships with providers across the city we will explore options to promote and measure carbon reduction.

A Heathy and Caring City

The Directorate will take a key role in the delivering actions of the Joint Health and Wellbeing Strategy, supporting an increase in healthy life expectancy and a reduction of health inequalities.

| Health & Adult Social Care Budget Summary | | | | | | | |
|-------------------------------------------|------------------------------------------------|----------------|-----------------|-------------------|-----------------------------|----------------------------|-----------------------------------|
| 2020/21 Net Expenditure / (Income) | Service Area | 2021/22 Budget | | | | | 2021/22 Budgeted Contracted Staff |
| | | Expenditure | Income | Budget Allocation | Capital Charges & Recharges | Net Expenditure / (Income) | |
| £m | | £m | £m | £m | £m | £m | FTE |
| 40.344 | Adult Social Care | 62.264 | (22.014) | 40.250 | 5.758 | 46.008 | 448.0 |
| 19.652 | S75 Sussex Partnership Foundation Trust (SPFT) | 32.118 | (9.572) | 22.546 | 1.554 | 24.100 | 55.1 |
| 8.530 | Integrated Commissioning | 16.305 | (5.424) | 10.881 | (3.064) | 7.817 | 48.2 |
| 0.082 | Public Health | 20.985 | (20.993) | (0.008) | 0.107 | 0.099 | 50.9 |
| 68.608 | Health & Adult Social Care Total | 131.672 | (58.003) | 73.669 | 4.355 | 78.024 | 602.2 |

| Health & Adult Social Care 2021/22 Revenue Budget Breakdown | | | | | | | | | | |
|-------------------------------------------------------------|----------------------|-------------------|-------------------|-----------------------------------|-----------------|-------------------|-----------------|-------------------------|-----------------------------|----------------------------|
| Service Description | Employee Expenditure | Other Expenditure | Total Expenditure | Income From Fees, Charges & Rents | Other Income | Government Grants | Total Income | Total Budget Allocation | Capital Charges & Recharges | Net Expenditure / (Income) |
| | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m |
| Adult Social Care | | | | | | | | | | |
| Assistive Equipment & Technology | 1.109 | 2.588 | 3.697 | (0.618) | (2.676) | - | (3.294) | 0.403 | 0.313 | 0.716 |
| Clients with Memory/Cognition Support | 2.829 | 0.215 | 3.044 | (0.574) | (1.029) | - | (1.603) | 1.441 | 0.906 | 2.347 |
| Clients with Physical Support | 3.426 | 40.875 | 44.301 | (8.697) | (5.885) | (0.310) | (14.892) | 29.409 | 2.257 | 31.666 |
| Clients with Sensory Support | - | 0.265 | 0.265 | (0.046) | - | - | (0.046) | 0.220 | 0.075 | 0.295 |
| Clients with Substance Misuse Support | - | 0.643 | 0.643 | (0.020) | - | - | (0.020) | 0.623 | 0.056 | 0.679 |
| Social Care Activities | 8.204 | 0.395 | 8.599 | (0.037) | (1.246) | - | (1.283) | 7.316 | 1.810 | 9.126 |
| Supported Accommodation | 1.174 | 0.540 | 1.714 | (0.796) | (0.080) | - | (0.876) | 0.838 | 0.340 | 1.178 |
| Adult Social Care Total | 16.742 | 45.522 | 62.264 | (10.788) | (10.917) | (0.310) | (22.014) | 40.250 | 5.758 | 46.008 |

Health & Adult Social Care 2021/22 Revenue Budget Breakdown

| Service Description | Employee Expenditure £m | Other Expenditure £m | Total Expenditure £m | Income From Fees, Charges & Rents £m | Other Income £m | Government Grants £m | Total Income £m | Total Budget Allocation £m | Capital Charges & Recharges £m | Net Expenditure / (Income) £m |
|-------------------------------------------------------|----------------------------|-------------------------|-------------------------|-----------------------------------------|--------------------|-------------------------|--------------------|-------------------------------|-----------------------------------|----------------------------------|
| S75 Sussex Partnership Foundation Trust (SPFT) | | | | | | | | | | |
| Clients with Memory/Cognition Support | - | 16.454 | 16.454 | (4.384) | (2.593) | - | (6.977) | 9.477 | 0.503 | 9.980 |
| Clients with Mental Health Support | - | 11.998 | 11.998 | (0.514) | (1.739) | - | (2.253) | 9.745 | 0.498 | 10.243 |
| Social Care Activities | 2.735 | 0.931 | 3.666 | - | (0.341) | - | (0.341) | 3.325 | 0.553 | 3.878 |
| S75 SPFT Total | 2.735 | 29.383 | 32.118 | (4.898) | (4.673) | - | (9.572) | 22.546 | 1.554 | 24.100 |
| Integrated Commissioning | | | | | | | | | | |
| Clients with Physical Support | - | 0.006 | 0.006 | - | - | - | - | 0.006 | 0.038 | 0.044 |
| Commissioning & Service Delivery | 2.683 | 3.340 | 6.023 | (0.011) | (0.211) | (1.733) | (1.955) | 4.068 | (3.764) | 0.305 |
| Housing Related (Supporting People) | - | 7.528 | 7.528 | - | (0.012) | (2.044) | (2.056) | 5.472 | 0.256 | 5.728 |
| Information & Early Intervention | 0.091 | 1.909 | 2.000 | - | (0.882) | - | (0.882) | 1.118 | 0.364 | 1.482 |
| Support To Carers | - | 0.747 | 0.747 | - | (0.530) | - | (0.530) | 0.217 | 0.041 | 0.258 |
| Integrated Commissioning Total | 2.774 | 13.531 | 16.305 | (0.011) | (1.636) | (3.777) | (5.424) | 10.881 | (3.064) | 7.817 |
| Public Health | | | | | | | | | | |
| Children's Public Health Programmes (0-5) | - | - | - | - | - | - | - | - | - | - |
| Children's Public Health Programmes (5-19) | 0.112 | 5.499 | 5.611 | - | (0.090) | - | (0.090) | 5.521 | 0.046 | 5.567 |
| Commissioning | 0.506 | 0.296 | 0.802 | - | (0.001) | (20.355) | (20.356) | (19.554) | (0.725) | (20.279) |
| Miscellaneous Public Health Services | 1.210 | 1.890 | 3.100 | (0.005) | (0.441) | - | (0.446) | 2.654 | 0.184 | 2.837 |
| NHS Health Check Programmes | 0.072 | 0.233 | 0.305 | - | - | - | - | 0.305 | 0.092 | 0.397 |
| Obesity | - | 0.400 | 0.400 | - | - | - | - | 0.400 | 0.046 | 0.446 |
| Physical Activity | 0.295 | 0.222 | 0.517 | (0.007) | - | - | (0.007) | 0.509 | 0.098 | 0.608 |
| Public Health Advice | 0.246 | 0.017 | 0.263 | - | - | - | - | 0.263 | 0.046 | 0.309 |
| Sexual Health Services | 0.072 | 4.247 | 4.319 | - | - | - | - | 4.319 | 0.138 | 4.457 |
| Substance Misuse | 0.152 | 5.517 | 5.669 | - | (0.094) | - | (0.094) | 5.575 | 0.184 | 5.759 |
| Public Health Total | 2.664 | 18.321 | 20.985 | (0.012) | (0.626) | (20.355) | (20.993) | (0.008) | 0.107 | 0.099 |
| Health & Adult Social Care Total | 24.914 | 106.757 | 131.672 | (15.709) | (17.852) | (24.442) | (58.003) | 73.669 | 4.355 | 78.024 |

Health & Adult Social Care Directorate Budget Plan

| Section | Service Area | Brief Summary of Budget Proposal/Strategy and Risks | Savings Proposals 2021/22 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| | | | £m |
| Adult Social Care | | | |
| Community Care budget funding packages of care to meet statutory responsibilities across adult care groups apart from Learning Disability and Mental Health. Services include; community support, home care, supported accommodation, residential and nursing care. | Physical Support & Sensory Support 2,350 budgeted capacity for 2020/21 | <p>The action the directorate will take will be to manage the pressures on the community care budget by:</p> <ul style="list-style-type: none"> • increasing the reablement offer in order to enable people to live more independently, therefore decreasing the amount of long term care required. This will be achieved by increasing the reablement offer to a higher number of people (estimated 18 additional cases per month) and supporting a wider range of people by improving the accessibility of the service. • joint commissioning with the CCG for hospital discharge pathways, which will improve management of the care market, improving value for money. • increasing the discharge to assess options, reducing long term placements, therefore enabling more people to return home with increased independence. • negotiating all fee uplifts based on performance, enabling better management of care market costs. • reviewing service agreements to ensure improved records and improved budget management of service variations. • recommissioning the provision of night care within an extra care block contract, reducing the required budget (11 bedded unit). • using revised home care system controls, enabling more accurate billing of providers. • redevelopment of a social care building, providing additional care within the City. This will reduce the need for up to 20 people with Acquired Brain Injuries to go out of City to receive care, thus managing the market and significantly improving value for money. • enhanced levels of scrutiny for authorising support plans, to ensure consistency and value for money commensurate with outcomes. | 2.870 |

Health & Adult Social Care Directorate Budget Plan

| Section | Service Area | Brief Summary of Budget Proposal/Strategy and Risks | Savings Proposals 2021/22 |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| | | | £m |
| | | <p>HASC has a modernisation programme with significant programme support to deliver the above, funded by the council's Modernisation Fund.</p> <p>Delivery Risk: Further impacts from Covid-19 could divert resources from the programme and require urgent placements at high costs to meet the Covid response for hospital discharge.</p> <p>The service is expected to receive significant investment, subject to approval the £12.7m service pressure funding in the 2021/22 budget proposals to meet identified demand and cost pressures. If approved, this puts the service in a strong starting position and means that it can focus on implementing improvements to care and service pathways, and market management, to improve its cost base and reduce long term, expensive placements. The savings are challenging but potentially achievable. See EIA 9.</p> | |
| Assessment, Support and Teams (SIT). Social Work teams delivering statutory duties under the Care Act to assess eligible needs, intervene where people are at risk to themselves, others or the community. Deliver statutory duties under the Mental Capacity Act, Safeguarding Vulnerable Adults, Deprivation of Liberty Safeguards (DoL's) | Assistant Director Community Short Term Services Social Work Team Access Point Financial Assessments Rapid Response Team Hospital Discharge Service Acute Planned Response Service Carers Development Team Assessment and Reablement Deprivation of Liberty Safeguarding team Independent Living Carelink | <p>Redesign service offer and service pathways to enhance cost effectiveness.</p> <p>Delivery Risk: The new Social Care client system and other improvements in assessment practice should enable delivery of efficiencies. See EIA 10.</p> | 0.100 |
| Assessment & Support and Intervention Team (SIT) | Community Equipment Service | The action the directorate will take is to renegotiate the existing contract to include improved performance monitoring and achieve better value for | 0.100 |

| Health & Adult Social Care Directorate Budget Plan | | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| Section | Service Area | Brief Summary of Budget Proposal/Strategy and Risks | Savings Proposals 2021/22 |
| | | | £m |
| | | money. Delivery Risk: Expected to be relatively low risk and achievable. See EIA 9. | |
| Memory & Cognition Support - Residential | Ireland Lodge Residential Wayfield Ave Residential 47 budgeted capacity for 2020/21 | Redesign service offer and service pathways to enhance cost effectiveness. Delivery Risk: This represents a 3% efficiency saving which is expected to be deliverable. See EIA 10 | 0.095 |
| Community Short Term Services | Community Short Term Services & Independence at Home (Including Early Supported Stroke Discharge and Apportionment of Assessment Duties Budget capacity for 2020/21 assumes a max of 65 people in service at any time through 12 month period Craven Vale Residential 24 budgeted capacity for 2020/21 | Redesign service offer and service pathways to enhance cost effectiveness. Delivery Risk: Improvements have been identified and can be implemented. The service pressure funding provided to HASC should ensure that increased demands do not jeopardise this saving. See EIA 10. | 0.180 |
| Adult Social Care Total | | | 3.345 |
| S75 Sussex Partnership Foundation Trust (SPFT) | | | |
| Community Care budget funding packages of care, support, residential/nursing care for people suffering a cognitive impairment (mainly dementia in older people); services will include Community Support, Home Care, direct payments, supported accommodation, residential/nursing care and specialist placements | Memory & Cognition Support 397 budgeted capacity for 2020/21 | The action the directorate will take will be to manage the pressures on the community Care budget by: <ul style="list-style-type: none"> joint commissioning with the CCG for hospital discharge pathways, which will improve management of the care market, improving value for money. Increasing the discharge to assess options, reducing long term placements, therefore enabling more people to return home with increased independence. negotiating all fee uplifts based on performance, enabling better management of care market costs. enhanced levels of scrutiny for authorising support plans, to ensure consistency and value for money. | 0.550 |

Health & Adult Social Care Directorate Budget Plan

| Section | Service Area | Brief Summary of Budget Proposal/Strategy and Risks | Savings Proposals 2021/22 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| | | | £m |
| | | <ul style="list-style-type: none"> reviewing service agreements to ensure improved records and budget management. <p>HASC has a modernisation programme with programme support to deliver the above. Risks to delivery would include further impact from Covid-19 diverting resources from the programme and requiring urgent placements at high costs to meet the Covid response for hospital discharge.</p> <p>Delivery Risk: The service is expected to receive significant investment of nearly £13m in 2021/22 to meet identified demand and cost pressures. This puts the service in a strong starting position and means that it can focus on implementing improvements to care and service pathways to improve its cost base and reduce long term, expensive placements. The savings are challenging but potentially achievable. See EIA 9.</p> | |
| Community Care budget funding packages of care, support, residential/nursing care for people suffering a functional mental illness services will include Community Support, Home Care, direct payments, supported accommodation, residential/nursing care and specialist placements | Mental Health Support 418 budgeted capacity for 2020/21 | <p>The action the directorate will take will be to manage the pressures on the community Care budget by:</p> <ul style="list-style-type: none"> negotiating fee uplifts based on performance, enabling better management of care market costs Enhanced levels of scrutiny for authorising support plans, to ensure consistency and value for money reviewing service agreements to ensure improved records and budget management <p>As noted earlier, HASC has a modernisation programme with programme support to deliver the above, funded by the Modernisation Fund. Risks to delivery would include further impact from Covid-19 diverting resources from the programme and requiring urgent placements at high costs to meet the Covid response for hospital discharge.</p> <p>Delivery Risk: As above. See EIA 9.</p> | 0.260 |
| Assessment, Support and Intervention Team (SIT). Social Work teams delivering statutory duties under the | Section 75 Staffing teams Including: Mental Health Homeless Team Assessment Treatment Service | <p>Redesign service offer and service pathways to enhance cost effectiveness.</p> <p>Delivery Risk: A small efficiency saving that is expected to be deliverable. See EIA 10.</p> | 0.050 |

| Health & Adult Social Care Directorate Budget Plan | | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| Section | Service Area | Brief Summary of Budget Proposal/Strategy and Risks | Savings Proposals 2021/22 |
| | | | £m |
| Care Act to assess eligible needs, intervene where people are at risk to themselves, others or the community. Deliver statutory duties under the Mental Capacity Act, Mental Health Act Safeguarding Vulnerable Adults, Deprivation of Liberty Safeguards (DoL's) | Living Well with Dementia Service Adult Mental Health Practitioners (AMHP) Crisis Resolution Home Treatment Team (CRHTT) Mental Health Management | | |
| S75 Sussex Partnership Foundation Trust (SPFT) Total | | | 0.860 |
| Integrated Commissioning | | | |
| Commissioning & Contracts | Integrated Commissioning | The directorate has reviewed the overall provision of Supported Accommodation services which has a substantial budget. Savings have been enabled by recommissioning contracts, using alternative provision and identifying some process and staffing efficiencies (vacancy management). £0.040m of this saving is also identified through reviewing the Home Care system contract and delivering the service via an in-house option. Delivery Risk: This saving involves a range of commissioning actions including contract, process, post and funding changes that have already been recommissioned and therefore this saving is minimal risk. See EIA 11. | 0.310 |
| Integrated Commissioning Total | | | 0.310 |
| Public Health | | | |
| There are no savings proposed for 2021/22 within this area. | | Service is primarily ring-fenced grant funded provision. | 0.000 |
| Public Health Total | | | 0.000 |
| Health & Adult Social Care Total | | | 4.515 |

| Health & Adult Social Care Capital Investment Programme 2021/22 to 2025/26 | | | | | |
|---------------------------------------------------------------------------------------|---------------------------------------------|---------------------------------------------|---------------------------------------------|---------------------------------------------|---------------------------------------------|
| | Profiled Payments 2021/22 £m | Profiled Payments 2022/23 £m | Profiled Payments 2023/24 £m | Profiled Payments 2024/25 £m | Profiled Payments 2025/26 £m |
| Approved Schemes | | | | | |
| None | - | - | - | - | - |
| New Schemes to be Approved | | | | | |
| Better Care Funding 2021-22 | 0.500 | 0.500 | 0.500 | 0.500 | 0.500 |
| Adult Social Care Accommodation | 4.000 | - | - | - | - |
| Health & Adult Social Care | 4.500 | 0.500 | 0.500 | 0.500 | 0.500 |

Economy, Environment & Culture Directorate

Service Context

The Economy, Environment & Culture directorate works with City and City region partners to develop and deliver services that support low carbon economic growth to maintain an attractive, connected, and well-run city for residents, businesses and visitors.

The Economy, Environment & Culture directorate is leading the city's programme of recovery from the Covid-19 pandemic and progress towards carbon neutrality by 2030.

This is delivered through the following service areas:

- **City Development & Regeneration** – Shaping development in the city through the statutory plan making process, development management which ensures good urban design and protection of heritage and ensuring compliance with the building regulations to ensure safety. Leading the council's work with Greater Brighton and city partners to develop a strong and prosperous and sustainable economy. Leading the Carbon Neutral 2030 Programme, the Circular Economy framework and the Living Coast Biosphere through a growing Sustainability Team. Collecting section 106 and CIL payments, delivering investment in infrastructure and major regeneration and projects and developing new affordable homes through the Homes for Brighton & Hove Joint Venture and New Homes for Neighbourhoods Programme.
- **Transport** – Delivering an accessible, safe and sustainable city transport network that supports growth and enables the city to become carbon neutral by 2030. Maintaining and improving the city's transport network and its highways infrastructure to increase resilience, including managing the risks posed by flooding and protecting coastal structures, as well as working closely with the Department for Transport and Coast to Capital Local Enterprise Partnership (LEP) to deliver major infrastructure projects. Managing the transport network through regulating traffic and parking, influencing people's travel choices to reduce congestion, deliver improvements in air quality and providing sustainable transport options.
- **City Environmental Management** – Delivering recycling, refuse and street cleaning services to improve the cleanliness of the city, including the delivery of our commercial waste service, garden waste service, and graffiti strategy. Leading the decarbonisation of the Council's fleet through the delivery of the Fleet Strategy. Management of our city's parks and open spaces, cemeteries and church yards, including the delivery of the Stanmer Park Masterplan.
- **Property** – Leading the council's property strategy and the delivery of corporate and commercial property services with an emphasis upon an investment strategy that delivers new revenue streams from our assets, whilst keeping the council's assets safe and fit for purpose, and contributing to housing delivery, the carbon neutral agenda and community wealth. The council's property and land portfolio includes operational assets such as council offices, town halls, heritage, schools and leisure centre assets, commercial properties and agricultural farmlands. Developing and delivering the City Downland Estate Plan to promote natural capital investment, support biodiversity and tackle climate change.
- **Culture, Tourism & Sport** – Leading the recovery of the city's unique culture, events and tourism sectors and expanding these for a wider city region, working extensively with partners. Strengthening the city's positive reputation through progressing the ten-year plan for revitalised sports facilities and advancing the Brighton Waterfront Project to secure a regionally significant conference centre and venue. Managing our visitor economy assets including the Brighton Centre, the seafront and our destination marketing service Visit Brighton.

Key metrics for services within Economy, Environment & Culture are as follows:

City Development & Regeneration

- The planning department is the third busiest Unitary Planning team in England – dealing with over 3700 planning applications and 600 enforcement cases a year, whilst protecting 3,400 listed buildings.
- The Planning Department consented 1,216 new homes in the year 2019/20, Of which 390 were affordable.
- The Estate Regeneration team has delivered 14 projects and 227 new council homes via New Homes for Neighbourhoods and has further circa 652 homes in the pipeline. In addition, they are supporting the delivery of a further 346 affordable homes through the Homes for Brighton & Hove joint venture around half of which will become council homes.
- The Economic development team has worked to deliver Covid support business grants to business: c.£9.4m over the Spring/Summer and November lockdowns.
- Working with Greater Brighton partners to deliver on the energy and water 10 pledges, including lobbying to tightening water efficiency standards for new homes from 110 litres usage per person per day to 80 to reduce the pressure from new buildings on our water-stressed region.
- The Living Coast influences the management of 390km² of land in urban and rural settings, and provides opportunities for health, wellbeing, clean water and local food for more than a third of a million people. The Living Coast is the UK's only urban Biosphere and part of the global network of 701 UNESCO Biospheres.

Property & Design

- Landlord to over 550 commercial urban buildings ,over 1000 tenants
- Manage 10,500 acres of City Downland Estate farmland and Landlord to 14 main farms
- Corporate Landlord to over 650 operational buildings
- Produce £11.5m revenue income per annum to contribute to the council's budget, supporting service delivery
- Achieve £6m of capital receipts per annum to contribute to the council 's Capital Investment Strategy and programme
- Reduced co2 emissions on council's portfolio by 10% 19/20, overachieving on target of 4% pa.

City Environmental Management

- Managing 45 playgrounds, 74 outdoor spaces, 55 cemeteries and churchyards
- Cleansing 700 miles of pavement
- Carrying out 7.5 million waste collections per year
- Providing power to fuel 25,000 homes a year from incineration of waste
- Management and maintenance of the fleet of 411 council vehicles

Culture, Tourism and Sport

- Sports facilities with over 1.5 million attendances in the city each year.
- Co-ordination for over 300 outdoor events per annum in public spaces.
- 13 km of seafront, working 365 days per year with 200 properties under management
- Brighton Centre delivers between £50-£60m of economic impact for the city per annum
- Visit Brighton has 540 business partners, promoting the city to visitors and attracting high value conferencing

- Tourism employs over 15,000 people, supporting 16% of city jobs

City Transport

- Maintaining 624km of roads, 1000km of pavements, 20km of bus priority lanes, 325 highway and seafront structures and 38 km of permanent cycle lanes.
- Delivering more than £6.2m of integrated and sustainable transport improvements to better connect and improve neighbourhoods and manage key transport routes, in addition to £2.9m of active travel schemes in response to Covid-19.
- Managing over 41,800 on-street parking spaces, 2,200 off-street car park spaces, as well as issuing 36,300 resident permits and 6,800 other permits, including processing 5,000 Blue Badge applications and managing 13,500 existing city resident Blue Badge passes.
- Dealing with more than 4,200 highway obstructions and issuing and enforcing approximately 4,000 skips, scaffold and tables & chairs licences on the highway.
- Maintaining more than 170 signal junctions and crossings, 17 variable message signs, and 36 vehicle activated signs to effectively move traffic around the city.
- Leading on the investment in electric vehicle charging infrastructure including 200 on-street charging points installed in residential areas this year and development of electric hubs with rapid taxi and public charging facilities.

Directorate objectives and the direction of travel for 2020/24 includes:

- Leading the city's Covid-19 recovery and renewal programme
- Delivery the Climate Assembly and establishing a 2030 Carbon Neutral City plan
- Working across the council and the city to establishing a community wealth building programme and supporting the city's transition to a circular and more equitable economy
- Leading on the Greater Brighton City Region Covid-19 Economic Recovery Plan and Energy and Water Plans
- Developing a new sustainable local Transport Plan for the City, including a local Cycling & Walking Infrastructure Plan
- Developing a new City Downland Estate Plan
- Progressing the development of a deliverable business case for the roll out of full fibre and 5G
- Developing a Waste, Recycling and Reuse Strategy for the City
- Developing a new Sports Facilities Investment Plan
- Progressing the city's major regeneration and infrastructure projects
- Delivering new council homes and affordable home through the New Homes for Neighbourhood Programme and Homes for Brighton & Hove Joint Venture

Budget Strategy

The directorate provides strong civic leadership and place-making to lead the development and delivery of the Covid-19 Recovery and Renewal programme, the City's 2030 Carbon Neutral Plan, and the community wealth building programme. Working with partners of Coast to Capital Local Enterprise Partnership, the Greater Brighton city region and South East 7 (SE7) to attract external investment in low carbon growth, increase economic resilience, improve sustainability, transport connectivity and local access to jobs, apprenticeships and housing. Focus is also upon improving the efficiency of services to maintain the city's infrastructure and environment, whilst working increasingly with partners, communities and businesses to find alternative ways to share environmental responsibilities, generate new income streams, reduce costs, and become financially more self-sufficient.

Leading and delivering the City's 2030 Carbon Neutral Programme

The budget strategy will focus upon leading the emerging 2030 Carbon Neutral Programme and overseeing a co-ordinated programme of investment in projects that will progress the city towards carbon neutrality by 2030. This includes securing investment to deliver sustainable infrastructure, low carbon economic growth, and sustainable travel, building upon the outcomes of the 2020 Climate Assembly and supporting the development of options for liveable city centre initiatives and a new Ultra Low Emission Zone, replacing existing income streams or providing new opportunities, such as expanded CCTV enforcement, and finding other alternatives to income from parking.

As local authority funding changes and demand for services increase, continual improvement in energy and carbon management will contribute towards controlling and reducing energy, fuel and water consumption, and spend, contributing to development of the Council's financial resilience, and protection of front-line services.

Leading the city's Covid-19 Recovery & Renewal Programme

A significant focus throughout 2021/22 will be supporting the city's recovery from the effects of Coronavirus. This includes securing investment in sustainable infrastructure, energy and visitor economy projects, retrofitting programmes, measures which promote active travel, improving air quality, and delivery of major regeneration projects.

Supporting the recovery of visitor numbers and spend through major events and attractions in the city. Continuing to recover employment in the creative, cultural and tourism sectors. Making best use of the council's operational and commercial property portfolios, with a focus upon delivering sites for affordable housing and supporting community wealth.

Areas of Focus for Savings

- Savings for the directorate will be achieved through a mixture of commercial approaches to generating income, establishing alternative delivery models, service redesigns and transformations, changes to commissioning, and finding alternative ways to share environmental responsibilities, generating new income streams, reduce costs, and become financially more self-sufficient.
- By embedding our carbon management programme across the Council's operations, we will prove ourselves capable of meeting the carbon challenge head on. By doing so we will ensure our continued leadership and influence of local businesses, communities and residents to deliver a city that progresses towards carbon neutrality by 2030.
- Move forward on potential new income streams to supplement and replace income from parking, building on the outcomes of the 2020 Climate Assembly and the opportunities linked to Liveable City initiatives and an expanded Ultra-Low Emission Zone.
- Expand CCTV enforcement as a tool for better managing traffic violations and providing additional income.
- Review and revise parking permit fees and tariffs across the city to maximise income generation opportunities and encourage a reduction in congestion, whilst promoting alternative, sustainable forms of transport by moderating demand. Alongside this, improving the approach to debt recovery in parking and tackling permit fraud.
- Review the council's operational assets to support changes in service delivery across the council, create possible savings in running costs and achieve potential capital receipts. Review the council's commercial assets in conjunction with the One Public Estate Agenda working with other public sector organisations in the Region to release sites and or re-locate services enabling regeneration and comprehensive redevelopment of sites
- Review access to council services across the city and contribute to the corporate customer experience strategy through new arrangements to Customer service centres and switchboard reception services

Areas for investment

- Delivery of the capital investment programme of projects to support the city recovery from the Covid-19 pandemic and transition to Carbon Neutral by 2030.
- Exploring options for establishing a Community Investment Bond approach to support low carbon recovery through the delivery of the Carbon Neutral capital investment programme.
- Long term capital investment to renew and strengthen the infrastructure of the city will continue, to ensure effective management of the highways network and improve air quality, along with the delivery of major regeneration projects to bring about quality new affordable housing and business space whilst generating income from land and property assets and increasing business rate and council tax returns.
- Continued investment in the development of new Council housing through the New Homes for Neighbourhood Programme and new living wage rent housing through the Homes for Brighton & Hove Joint Venture.
- Delivering major regeneration programmes. During 2021 and 2022 over 500 new homes and 80,000 ft² of new office space will come online at Circus Street and Preston Barracks (both major regeneration sites), generating approximately £1m per year in new council tax and business rates.
- Investment in Seafront Infrastructure, including £12m investment in the eastern seafront at Black Rock and progressing the restoration of Madeira Terraces.
- Continued investment in the city's Cultural assets, with the completion of the 'Heritage Centre Stage' restoration of the Corn Exchange and Studio Theatre on the Royal Pavilion Estate and The Dance Space at Circus Street.
- Investment in the expansion of the City Bikeshare Scheme through the procurement of a new operator to deliver a city-wide scheme including the introduction of e-bikes.
- Investment in the Local Transport Plan capital programme to deliver integrated transport projects and a maintenance programme of carriage and footway resurfacing works on the transport network.
- Continue investing in the city's electric vehicle charging network utilising government grant funding.
- Continue designing the Brighton Marina to River Adur coastal protection scheme in partnership with other Authorities and with significant investment from the Environment Agency.
- Investment in active travel and cycling and walking infrastructure through the delivery of the Emergency Active Travel Fund and Local Cycling & Walking Infrastructure Plan.
- Investment in School Streets and low traffic neighbourhood initiatives
- Investment in the city's playgrounds, parks and open spaces including the completion of the Stanmer Park Master Plan restoration project.
- Investment in phase 2 of the Solar PV programme on the council's corporate buildings.
- Continue modernising the city's street lighting infrastructure as part of the invest to save initiative.
- Investment in the Fleet Strategy to progress the city council's fleet towards carbon neutrality by 2030.
- Investment in the City's Tree collection to tackle the impacts of elm disease and ash dieback.

Supporting the Council's Priorities

The directorate's action plan and budget strategy can support the council's Corporate Plan and sustainability priorities as follows:

A City to Call Home

- Deliver a programme of affordable house building, through the New Homes for Neighbourhood Programme, and the Homes for Brighton & Hove Joint Venture.

- Deliver the Sport and Physical Activity modernisation programme to progress the quality of sports facilities in the city over the next ten years, enabling greater participation.
- Oversee delivery of the City Plan, ensuring as many homes as possible to address the shortfall against our objectively assessed need for new homes.

A City Working for All

- Work with City Region Partners in the Greater Brighton Economic Board to develop and implement the Covid 19 Economic Recovery Plan.
- Consider the jobs, skills and training implications of a move to a low carbon economy, and prepare to capitalise on opportunities.
- Promote the city nationally and internationally to accelerate the recovery of business, leisure and retail activity, supporting thousands of jobs. Use external funds at every opportunity.
- Develop new partnerships designed to increase the positive impact of the visitor economy in the city and to bid for new funds.
- Progress plans to improve the seafront as an asset for residents and visitors
- Improve the look and feel of the city through the development and implementation of Waste, Recycling and Reuse Strategy making it more attractive to residents, visitors and investors.
- Develop and deliver a playground investment programme.

A Stronger City

- Lead the delivery of the recovery plan for the arts and cultural sectors to minimise the loss of creative people in the city. Ensure artists, organisations and audiences are informed and included in activities.
- Preparing for the adoption of a City Plan Part 2, to complete the council's development plan and put the city in a strong position from which to plan development that is high quality and sustainable.
- Implementing the Community Infrastructure Levy, to generate investment to deliver vital new city infrastructure.

A Sustainable City

- Leading the city's Carbon Neutral 2030 Programme, and prepare the Carbon Neutral 2030 Plan for agreement by Committee, informed by the Climate Assembly.
- Prepare and agree a Circular Economy Routemap for the City, focusing on moving key sectors of the economy away from a linear use and dispose model to one that maximises resource reuse.
- Develop a new City Downland Estate Plan with a future Vision for our 12,500 acres of City Downland, to make best use of our unique landscape, and contribute to the carbon neutral agenda creating emission reduction savings, promoting different uses including local food production and exploring a possible solar farm to create a self-sufficient renewable energy supply.
- Create savings through the reduction of co2 emissions in the council's operational estate deploying energy efficient technology and rolling out a programme of solar photovoltaics where suitable.
- Work in partnership with key stakeholders to develop a new Local Transport Plan and a Local Cycling and Walking Infrastructure Plan that supports sustainable travel, with investment in walking, cycling and smart traffic signalling to contribute towards the city becoming carbon neutral by 2030.

- Deliver the Local Transport Plan capital programme for investment in integrated transport projects and a maintenance programme of carriage and footway resurfacing works on the transport network.
- Continue investing in the city's electric vehicle charging network utilising government grant funding.
- Continue designing the Brighton Marina to River Adur coastal protection scheme in partnership with other Authorities and with significant investment from the Environment Agency.
- Engage with strategic partners via Transport for the South East and Coast to Capital LEP to consider local and regional transport needs, developing and submitting bids for investment and jointly co-ordinating transport projects.
- Increase the range of materials that can be recycled in the city, improve the quality of kerbside and extend on street recycling
- Extend tree cover, creating more resilient woodlands in the city whilst tackling tree disease.
- Deliver the Fleet Strategy to decarbonise council fleet and improve service efficiency.

| Economy, Environment & Culture Budget Summary | | | | | | | |
|-----------------------------------------------|-------------------------------------------------|----------------|-----------------|-------------------|-----------------------------|----------------------------|-----------------------------------|
| 2020/21 Net Expenditure / (Income) £m | Service Area | 2021/22 Budget | | | | | 2021/22 Budgeted Contracted Staff |
| | | Expenditure | Income | Budget Allocation | Capital Charges & Recharges | Net Expenditure / (Income) | FTE |
| | | £m | £m | £m | £m | £m | |
| 10.371 | Transport | 40.110 | (44.371) | (4.261) | 12.789 | 8.528 | 174.1 |
| 37.773 | City Environmental Management | 37.222 | (2.736) | 34.486 | 5.626 | 40.112 | 466.1 |
| 4.036 | City Development & Regeneration | 6.370 | (2.965) | 3.405 | 0.648 | 4.053 | 106.8 |
| 15.847 | Culture, Tourism & Sport | 10.723 | (6.556) | 4.167 | 9.722 | 13.889 | 211.7 |
| (3.462) | Property | 12.317 | (9.714) | 2.603 | (5.078) | (2.475) | 98.0 |
| 64.566 | Economy, Environment & Culture Total | 106.742 | (66.342) | 40.400 | 23.707 | 64.107 | 1,056.7 |

| Economy, Environment & Culture 2021/22 Revenue Budget Breakdown | | | | | | | | | | |
|-----------------------------------------------------------------|----------------------------|-------------------------|-------------------------|-----------------------------------------|--------------------|-------------------------|--------------------|-------------------------------|-----------------------------------|----------------------------------|
| Service Description | Employee Expenditure £m | Other Expenditure £m | Total Expenditure £m | Income From Fees, Charges & Rents £m | Other Income £m | Government Grants £m | Total Income £m | Total Budget Allocation £m | Capital Charges & Recharges £m | Net Expenditure / (Income) £m |
| Transport | | | | | | | | | | |
| Concessionary Bus Fares | - | 10.699 | 10.699 | (0.019) | - | - | (0.019) | 10.680 | 0.045 | 10.725 |
| Highway & Traffic Management | 0.467 | 1.028 | 1.495 | (0.681) | - | - | (0.681) | 0.814 | 1.832 | 2.646 |
| Highway Assets & Maintenance | 0.834 | 2.626 | 3.460 | - | - | - | - | 3.460 | 3.541 | 7.001 |
| Parking Operations | 3.472 | 12.780 | 16.251 | (41.726) | - | - | (41.726) | (25.474) | 2.906 | (22.569) |
| Public Transport | 0.181 | 1.925 | 2.106 | (0.466) | (0.016) | (0.173) | (0.655) | 1.452 | 0.082 | 1.534 |
| Road Safety | 0.500 | 0.106 | 0.605 | (0.022) | - | (0.040) | (0.062) | 0.544 | 0.583 | 1.126 |

Economy, Environment & Culture 2021/22 Revenue Budget Breakdown

| Service Description | Employee Expenditure £m | Other Expenditure £m | Total Expenditure £m | Income From Fees, Charges & Rents £m | Other Income £m | Government Grants £m | Total Income £m | Total Budget Allocation £m | Capital Charges & Recharges £m | Net Expenditure / (Income) £m |
|--------------------------------------------------|----------------------------|-------------------------|-------------------------|-----------------------------------------|--------------------|-------------------------|--------------------|-------------------------------|-----------------------------------|----------------------------------|
| Road Works Permit Scheme | 0.482 | 0.076 | 0.558 | (0.690) | - | - | (0.690) | (0.133) | 0.117 | (0.016) |
| Street Lighting & Illuminations | 0.135 | 2.245 | 2.380 | (0.034) | - | - | (0.034) | 2.346 | 0.577 | 2.923 |
| Transport Projects | 0.358 | 0.782 | 1.140 | - | - | (0.495) | (0.495) | 0.645 | 3.519 | 4.164 |
| Winter Maintenance | 0.049 | 0.276 | 0.325 | - | - | - | - | 0.325 | 0.009 | 0.334 |
| Head of Transport, Policy and Strategy | 0.840 | 0.250 | 1.090 | (0.010) | - | - | (0.010) | 1.080 | (0.421) | 0.659 |
| Transport Total | 7.317 | 32.793 | 40.110 | (43.647) | (0.016) | (0.708) | (44.371) | (4.261) | 12.789 | 8.528 |
| City Environmental Management | | | | | | | | | | |
| City Clean - Refuse & Recycling | 6.029 | 0.282 | 6.311 | (1.062) | - | - | (1.062) | 5.249 | 1.855 | 7.104 |
| City Clean - Street Cleansing | 4.563 | 0.426 | 4.988 | - | - | - | - | 4.988 | 0.653 | 5.641 |
| City Parks | 3.895 | 0.942 | 4.837 | (0.351) | (0.030) | (0.060) | (0.442) | 4.395 | 2.015 | 6.410 |
| Public Conveniences | - | 0.787 | 0.787 | (0.015) | - | - | (0.015) | 0.772 | 0.215 | 0.987 |
| Vehicle Fleet & Maintenance | 0.735 | 2.571 | 3.306 | (0.082) | - | - | (0.082) | 3.224 | 0.479 | 3.703 |
| Head of City Environmental Management | 0.181 | 0.009 | 0.190 | - | - | - | - | 0.190 | (0.043) | 0.147 |
| Strategy & Projects | 1.287 | 0.238 | 1.525 | (0.437) | - | - | (0.437) | 1.088 | (0.425) | 0.663 |
| Waste Disposal | - | 15.278 | 15.278 | (0.638) | (0.059) | - | (0.697) | 14.580 | 0.876 | 15.456 |
| City Environmental Management Total | 16.690 | 20.532 | 37.222 | (2.586) | (0.089) | (0.060) | (2.736) | 34.486 | 5.626 | 40.112 |
| City Development & Regeneration | | | | | | | | | | |
| Building Control | 0.773 | 0.045 | 0.818 | (0.857) | - | - | (0.857) | (0.039) | 0.218 | 0.179 |
| Business Development & Customer Services | 0.522 | 0.011 | 0.532 | - | - | - | - | 0.532 | 0.146 | 0.679 |
| Development Planning | 1.582 | 0.087 | 1.669 | (1.868) | - | - | (1.868) | (0.199) | 0.325 | 0.127 |
| Economic Development | 0.433 | 0.245 | 0.678 | - | (0.142) | - | (0.142) | 0.536 | (0.013) | 0.523 |
| Economy, Environment & Culture Management | 0.210 | 0.003 | 0.213 | - | - | - | - | 0.213 | (0.213) | |
| Head Of Planning | 0.099 | 0.122 | 0.221 | - | - | - | - | 0.221 | (0.220) | 0.000 |
| International Team | 0.115 | 0.016 | 0.130 | - | - | - | - | 0.130 | 0.027 | 0.157 |
| Major Projects & Regeneration | 0.365 | 0.012 | 0.377 | - | (0.067) | - | (0.067) | 0.310 | 0.196 | 0.505 |
| Sustainability | 0.388 | 0.628 | 1.016 | - | (0.020) | - | (0.020) | 0.996 | 0.058 | 1.054 |
| Planning Policy, Projects and Heritage | 0.576 | 0.139 | 0.716 | (0.011) | - | - | (0.011) | 0.704 | 0.124 | 0.829 |
| City Development & Regeneration Total | 5.063 | 1.307 | 6.370 | (2.736) | (0.229) | - | (2.965) | 3.405 | 0.648 | 4.053 |
| Culture, Tourism & Sport | | | | | | | | | | |
| Royal Pavilion & Museums | 0.020 | 1.654 | 1.674 | - | (0.020) | - | (0.020) | 1.654 | 1.927 | 3.581 |
| Seafront Services | 0.630 | 0.347 | 0.977 | (2.511) | - | - | (2.511) | (1.534) | 1.445 | (0.089) |
| Sports Facilities | 0.227 | 0.964 | 1.191 | (0.130) | - | - | (0.130) | 1.062 | 2.049 | 3.111 |
| Tourism & Marketing | 0.373 | 1.660 | 2.033 | (0.228) | (0.153) | - | (0.381) | 1.653 | 0.079 | 1.732 |
| Venues | 2.049 | 0.122 | 2.171 | (2.965) | - | - | (2.965) | (0.794) | 3.183 | 2.389 |

Economy, Environment & Culture 2021/22 Revenue Budget Breakdown

| Service Description | Employee Expenditure £m | Other Expenditure £m | Total Expenditure £m | Income From Fees, Charges & Rents £m | Other Income £m | Government Grants £m | Total Income £m | Total Budget Allocation £m | Capital Charges & Recharges £m | Net Expenditure / (Income) £m |
|-------------------------------------------------|----------------------------|-------------------------|-------------------------|-----------------------------------------|--------------------|-------------------------|--------------------|-------------------------------|-----------------------------------|----------------------------------|
| Volks Railway | 0.272 | 0.055 | 0.328 | (0.260) | - | - | (0.260) | 0.068 | 0.152 | 0.220 |
| Arts (including Partnership Arrangements) | 0.223 | 1.886 | 2.109 | - | - | - | - | 2.109 | 0.688 | 2.798 |
| Outdoor Events | 0.117 | 0.123 | 0.240 | (0.290) | - | - | (0.290) | (0.050) | 0.198 | 0.148 |
| Culture, Tourism & Sport Total | 3.911 | 6.812 | 10.723 | (6.383) | (0.173) | - | (6.556) | 4.167 | 9.722 | 13.889 |
| Property | | | | | | | | | | |
| Architecture & Design | (0.944) | 0.160 | (0.784) | (0.021) | - | - | (0.021) | (0.804) | 0.174 | (0.631) |
| Education Property Management | - | 0.737 | 0.737 | (0.019) | (0.036) | - | (0.055) | 0.681 | 0.015 | 0.696 |
| Energy & Water Management | 0.116 | (0.008) | 0.109 | - | - | - | - | 0.109 | (0.073) | 0.036 |
| Estates Management | 0.406 | 0.953 | 1.359 | (8.963) | - | - | (8.963) | (7.604) | 4.357 | (3.247) |
| Facilities & Premises | 1.368 | 8.960 | 10.328 | (0.675) | - | - | (0.675) | 9.653 | (9.139) | 0.513 |
| Asset Management | 0.480 | 0.089 | 0.569 | - | - | - | - | 0.569 | (0.412) | 0.157 |
| Property Total | 1.426 | 10.891 | 12.317 | (9.678) | (0.036) | - | (9.714) | 2.603 | (5.078) | (2.475) |
| Economy, Environment & Culture Total | 34.407 | 72.335 | 106.742 | (65.031) | (0.543) | (0.768) | (66.342) | 40.400 | 23.707 | 64.107 |

Economy, Environment & Culture Directorate Budget Plan

| Section | Service Area | Brief Summary of Budget Proposal/Strategy and Risks | Savings Proposals 2021/22 |
|--------------------|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| | | | £m |
| Transport | | | |
| Traffic Management | Highway Regulation | Increase licence fees for skips, scaffolds, hoardings, materials and A-Boards. Delivery risks: Medium term impact of Covid-19 - impacts on recovery of local economy and dependent on buoyancy of construction industry and retail sector, which may still require financial support to aid recovery. See EIA 12. | 0.025 |
| Parking Services | Customer Service centre | Increase prices of resident permits. Increase the base price of residents' permits agreed for 2020/21 by £15pa and for Light touch areas by £5pa. Further, to increase Residential Permits in high demand areas, initially for Zones Y and Z estimated to generate additional income of £0.060m. Delivery Risk: Achievable as demand for permits is strong. The resulting increased Parking Surplus will replace General Fund resources. See EIA 13. | 0.301 |

Economy, Environment & Culture Directorate Budget Plan

| Section | Service Area | Brief Summary of Budget Proposal/Strategy and Risks | Savings Proposals 2021/22 |
|------------------|-----------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| | | | £m |
| Parking Services | Strategy & contracts / Traffic Control Centre | <p>Increase on-street pay & display parking tariffs Increase all paid parking from 9am-6pm to 9am-8pm : Medium price zone. (£118k), Increase selective tariffs in High and Low zones (£500k).</p> <p>Increase off-street pay & display parking tariffs for four main car parks (Trafalgar Street / Lanes / Regency Square / London Road Increase by 15% (£540k after allowing for the standard inflation increase across parking of £310k)</p> <p>Delivery risks: Potential to impact on Tourism / visitor numbers. Full year impact of Covid-19 on 2020-21 parking income targets is not yet known, so there is a risk in increasing prices without knowing the full effect of rises last year (which were substantial). Equality impacts are linked to cost of lower-emission vehicles. Disproportionate impacts on local residents and potential for local resistance. However, on-street parking charges have not seen any significant inflationary uplifts for some years. The resulting increased Parking Surplus will be applied to transport related expenditure and thereby replace General Fund resources. See EIA 13.</p> | 1.158 |
| Parking Services | Traffic Control Centre | <p>Increases to other car parks by 10% and introduce some longer hour tariffs.</p> <p>Delivery Risk: Demand is healthy, but some impact is accounted for in arriving at a net saving which should be achievable. See EIA 13.</p> | 0.048 |
| Parking Services | Traffic Control Centre | <p>Restore Parking enforcement staffing levels. Reintroduce a higher level of parking enforcement to support compliance.</p> <p>Delivery Risk: Expected to be low as increased enforcement in this area is proven to pay for itself. The resulting increased Parking Surplus will be applied to transport related expenditure and thereby replace General Fund resources.</p> | 0.040 |
| Parking Services | Traffic Control Centre | <p>Remove members' concessionary parking from Norton Road.</p> <p>Delivery Risk: Achievable but requires the support of the Independent Remuneration Panel in order to change this policy.</p> | 0.025 |
| Parking Services | Parking Infrastructure / Strategy & Contracts | <p>Transition remaining free parking bays across the city to paid parking, to reduce congestion and promote alternative, sustainable forms of transport by moderating demand.</p> <p>Delivery risks: Possible impacts on local businesses whose customers benefit from the limited free parking bays. Possible local resistance from residents. The resulting</p> | 0.010 |

Economy, Environment & Culture Directorate Budget Plan

| Section | Service Area | Brief Summary of Budget Proposal/Strategy and Risks | Savings Proposals 2021/22 |
|--------------------------------------|----------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| | | | £m |
| | | increased Parking Surplus will be applied to transport related expenditure and thereby replace General Fund resources. See EIA 13. | |
| Parking Services | Traffic Control | Expand CCTV enforcement , including enforcement on mandatory cycle lanes. 2 new cameras for Bus lane enforcement (which would be cost neutral as in areas already well covered) and new cameras for enforcing mandatory cycle lanes implemented in October 2021. Delivery risks: Level of resources and timescales available to deliver this. | 0.025 |
| Parking Services | Parking Infrastructure | New Parking Schemes introduced in 21/22 – Hazeldene Meads & The Beeches Area. Delivery Risk: Relatively low. The resulting increased Parking Surplus will replace General Fund resources. | 0.010 |
| Parking Services | PCN & Bailiff / Blue Badge & Concessionary Travel / Customer Service | Improved approach to parking debt recovery and tackling permit fraud through Parking Services Redesign. This saving is already identified in a business case developed by the directorate. Delivery risks: Debt recovery approach may not yield as much income as originally anticipated. | 0.072 |
| Parking Services | Customer Service Centre | Increases to business permits (£400 to £450 yearly and £125 to £130 quarterly). Delivery Risk: Demand is robust and therefore this should be achievable. The resulting increased Parking Surplus will replace General Fund resources. See EIA 13. | 0.045 |
| Parking Services | Customer Service / Strategy & contracts | Review of parking permits. A review of dispensation permits (e.g. for public / private sector, Car Club, Business visitors and hotels) which would include introduction of emission-based tariffs and price increases. Delivery Risk: Low. | 0.016 |
| Highways | | Increase charges for 'cross-overs' by 20% excluding Blue Badge Holders. Delivery Risk: Low. See EIA 12. | 0.007 |
| Transport Total | | | 1.782 |
| City Environmental Management | | | |
| City Parks | Parks | Enable more sports users to run their own facilities within parks by transferring management to clubs/community interest companies, this process has been started and can be extended. Delivery risk: The process has proved to be very time consuming to date but has | 0.050 |

Economy, Environment & Culture Directorate Budget Plan

| Section | Service Area | Brief Summary of Budget Proposal/Strategy and Risks | Savings Proposals 2021/22 |
|------------|-------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| | | | £m |
| | | provided some good outcomes. It is dependent on user groups with the necessary skills and enthusiasm to deliver it and inevitably there will be some facilities that no one is interested in and others where there are competing proposals. It is anticipated that areas such as football are more likely to result in competing proposals and therefore involve more officer and member time than the areas that have progressed to date. See EIA 14. | |
| City Clean | Fleet | Introduce a commercial fleet maintenance service with some service partners. Delivery Risk: Capacity in the workshop and outside storage but expected to be manageable. | 0.010 |
| City Clean | Fleet | Accident Reduction Programme. Currently being assessed and collecting data to produce a programme suitable for the whole council fleet. Extra training and support to be given alongside driver training and awareness. Delivery risk: Need to ensure a corporate approach and consistency across fleet users. | 0.025 |
| City Clean | Operations - commercial | Increase Trade Waste charges prices in line with industry inflation. Delivery risk: Increasing externally could present risk for our competitiveness. | 0.010 |
| City Clean | Operations commercial | Add a garden waste round We currently have 3 Garden Waste rounds (3rd round commenced in June). There is potential with a strong marketing campaign to increase the number of customers to introduce a 4th Garden Waste round. Delivery risk: New business may be over-estimated and fewer customers sign up to service than anticipated which would result in reduced income. Social distancing in vehicle cabs currently means that the number of Operatives has reduced from 2 Operatives to 1 Operative therefore less garden waste bins can be collected impacting income. | 0.050 |
| City Clean | Operations commercial | Explore opportunities for a new customer base for commercial waste services relating to holiday lets and resident homes These businesses are required to evidence they dispose of their waste appropriately. The council would write to the businesses notifying them of this legal requirement whilst publicising the council's waste services alongside websites for other waste removal businesses. - will require project officer time. There is already data available from the Business Rates Team. | 0.010 |

| Economy, Environment & Culture Directorate Budget Plan | | | |
|---------------------------------------------------------|---------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| Section | Service Area | Brief Summary of Budget Proposal/Strategy and Risks | Savings Proposals 2021/22 |
| | | | £m |
| | | Delivery risk: Fewer customers use the council's commercial waste services than anticipated, so less income achieved. | |
| City Environmental Management Total | | | 0.155 |
| City Development & Regeneration | | | |
| Planning and Building Control | City Development & Regeneration | Commercialise an element of Building Control officer capacity and sell their service to other teams - in particular the Regeneration Team to offer clerk of works type services. Delivery Risk: Low, but may be limited demand. Depends on projects being on site. | 0.020 |
| Planning and Building Control | City Development & Regeneration | Increase Building control Fees by 5% above normal inflationary rise. Delivery Risk: Dependent on building economy returning quickly, and may result in less demand for service as Local Authority Building Control has to compete with private sector businesses (fees went up significantly last year) | 0.043 |
| Major Projects and Regeneration | City Development & Regeneration | Capitalise officer time on major and regeneration projects. Delivery Risk: if projects fail then costs cannot be capitalised. | 0.075 |
| Planning and Building Control (and Estate Regeneration) | City Development & Regeneration | Designate one planning officer to focus on housing schemes (pre-app and applications), to be funded from the HRA. Delivery Risk: Any income generated by the post will be offset by loss of income in Pre-Planning Agreements from those schemes as we would not double charge. But HRA projects will benefit from a dedicated resource who understands the programme and the needs of the social rented sector. | 0.030 |
| City Development & Regeneration Total | | | 0.168 |
| Culture, Tourism & Sport | | | |
| Tourism & Venues | Brighton Centre | Above inflation 2.5% increase in hire fee income. Delivery Risk: If the pandemic continues in the 21/22 financial year it will be difficult for the Brighton Centre to recover and to generate the additional income. | 0.047 |
| Sport & Leisure | Outdoor Events | Generate increased income from the outdoor events programme. Delivery Risk: Whilst a full year-round events programme is planned for 2021/22, this depends upon the city recovery from the pandemic. | 0.030 |
| Sport and Leisure | Seafront | Increase income from seafront fees & charges. Delivery Risk: Increases rely on tenants being able to pay rents and no Covid-19 closures in 21/22. However, demand for space is strong. | 0.015 |
| Culture, Tourism & Sport Total | | | 0.092 |

Economy, Environment & Culture Directorate Budget Plan

| Section | Service Area | Brief Summary of Budget Proposal/Strategy and Risks | Savings Proposals 2021/22 |
|----------------------------------|------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| | | | £m |
| Property | | | |
| Facilities and Building Services | PPT267 Premises Concierge Services | <p>Review the corporate main council accessibility line/switchboard with the Customer Experience team based on experience during the pandemic. The current customer service centre team have been supporting the accessibility line over the Covid 19 period and lessons will need to be learnt from this experience. A strategic review of customer services will be undertaken by PIP on behalf of the Customer Experience Steering Group which will inform future restructure needs within relevant services. Staff will be consulted as part of any resulting service restructures. This review will also make recommendations regarding location of customer services functions. The review may have an impact on the Property functions within the overall corporate customer service centres.</p> <p>Delivery Risk: The forecast savings are difficult to identify accurately as these are dependent on the outcome of the strategic review. The key feature of the review will need to be equality of access for all potential customers. Any savings identified will need to ensure that it doesn't create additional expenditure elsewhere immediately or in future and is not duplicated. See Staffing EIA S1.</p> | 0.040 |
| Facilities and Building Services | PPT089 Premises and Facilities management | <p>The Building surveying administrative requirement can be reduced as the role of schools liaison is duplicated and carried out in the service directly with school management teams. Delivery Risk: No risk envisaged. See Staffing EIA S2.</p> | 0.030 |
| Facilities and Building Services | PPT268 Premises Helpdesk and Business Services | <p>The implementation of a new Helpdesk data recording system based on a management system provided by ITC allowing better reporting, early warning notification on KPI's and intensive filtering applications is expected to enable the staffing requirement to be reduced. When the system has embedded, the impacts on staff will be reviewed later in the year, and staff and unions will be consulted on any proposed changes.</p> <p>Delivery Risk: Property to be responsible for the current geographical Corporate Landlord major office locations and in all other buildings will be supporting the Senior Responsible Person to carry out the quarterly inspections and stage 2 Fire Risk Assessments to manage contractors arriving to carry out works on site (which will still be managed through the Property helpdesk) and to check and feedback on the quality of the service received from the contractors. See Staffing EIA S3.</p> | 0.010 |

Economy, Environment & Culture Directorate Budget Plan

| Section | Service Area | Brief Summary of Budget Proposal/Strategy and Risks | Savings Proposals 2021/22 |
|----------------------------------------------------------------|--------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| | | | £m |
| Facilities and Building Services | PPT080 Printing Services | Corporate Print - End the large print machine contract and transfer large corporate print function to Print and Design. There would be a saving through terminating the hire of printing equipment as duplicated by Print and Design. Print and design have confirmed that this work can be absorbed and have the capacity to do this. Delivery Risk: Print and Design service have confirmed they can absorb the additional work without the transfer of budget for a post. | 0.020 |
| Facilities and Building Services | General BHCC budgets | Proposal is to explore closing some BHCC corporate office buildings for the two week Christmas period 24th December 2021 until the 4th January 2021 leaving heating on for frost protection and switching off all lights and electrically operated equipment. N.B. The proposal relates to the closure of buildings, not services during this period. Delivery Risk: Requires effective remote working IT and telephony. There would be a potential saving due to reduction in running costs for buildings. | 0.020 |
| Building Surveying & Maintenance and Technical Services PPT075 | | Generation of increased income from the professional fees charged for the building maintenance services delivered to partners by the building surveying team and the architect's team. Delivery Risk: Demand may not materialise. | 0.130 |
| Building Surveying & Maintenance | Energy & Water Team | Forecast Electricity Savings from already approved Phase 1 of the Solar PV programme. £300k Borrowing Costs recovered from savings. Delivery Risk: Medium risk but potentially achievable. | 0.011 |
| Building Surveying & Maintenance | Energy & Water Team | Assumed Electricity Savings from already funded Phases of the Solar PV programme. Remaining £700k Borrowing Costs recovered from savings. Delivery Risk: As above. | 0.028 |
| Estates Team | | Put a 'turnover rent' lease in place with B&H Albion for Falmer Released Land, accepting that demand for parking from football supporters and the university is uncertain. B&H Albion have resisted a lease to date as they considered income was too low to payback capital investment and pay a rent, however a turnover rent arrangement to accommodate capital investment will address this. It will also address the risk of fluctuating income due to impact of Covid. Delivery Risk: Income from a turnover rent will be difficult to predict accurately in the current climate but it should be potentially achievable. | 0.040 |

| Economy, Environment & Culture Directorate Budget Plan | | | |
|--------------------------------------------------------|-------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| Section | Service Area | Brief Summary of Budget Proposal/Strategy and Risks | Savings Proposals 2021/22 |
| | | | £m |
| Education property team | Education property team | In-year saving of £10k in respect of the Environmental education contract. This contract is to be re-procured in 2020/21 but owing to Covid-19 this has been delayed, however, it will provide a saving that can therefore be taken in 2021/22. Delivery Risk: There is no delivery risk since the contract re-procurement has been delayed but will be finalised for 2021/22. | 0.010 |
| Education property team | Education property team | A saving of £7k per year can be achieved. This budget meets the costs associated with term maintenance costs, reactive maintenance works utilities costs, and Business Rate costs associated with school buildings. Delivery Risk: There will be a reduction in services offered to schools but this will be manageable. | 0.007 |
| Property Total | | | 0.346 |
| Economy, Environment & Culture Total | | | 2.543 |

| Economy, Environment & Culture Capital Investment Programme 2021/22 to 2025/26 | | | | | |
|--------------------------------------------------------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | Profiled Payments 2021/22 £m | Profiled Payments 2022/23 £m | Profiled Payments 2023/24 £m | Profiled Payments 2024/25 £m | Profiled Payments 2025/26 £m |
| Approved Schemes | | | | | |
| City Development & Regeneration | | | | | |
| Waterfront Redevelopment | 0.350 | 0.350 | 0.350 | 0.350 | - |
| Madeira Terraces Crowd Funding Contribution | 0.436 | - | - | - | - |
| Black Rock Enabling Works | 4.229 | - | - | - | - |
| Contribution to Housing JV | 27.769 | 21.417 | 12.304 | 0.155 | - |
| Sustainability & Carbon Reduction Investment Fund | 3.218 | - | - | - | - |
| City Environmental Management | | | | | |
| City Env Management IT Systems | 0.080 | - | - | - | - |
| Playground Refurbishment programme 2021-2025 | 1.663 | 0.509 | 0.275 | - | - |
| Pocket Parks | 0.350 | - | - | - | - |

| Economy, Environment & Culture Capital Investment Programme 2021/22 to 2025/26 | | | | | |
|--------------------------------------------------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | Profiled Payments 2021/22 £m | Profiled Payments 2022/23 £m | Profiled Payments 2023/24 £m | Profiled Payments 2024/25 £m | Profiled Payments 2025/26 £m |
| Procurement of Vehicles | 2.500 | 2.500 | 2.500 | 2.500 | 2.500 |
| Culture, Tourism & Sport | | | | | |
| Royal Pavilion Estate (Phase 1) | 2.459 | - | - | - | - |
| Hove Lagoon Skatepark Improvement Project | 0.300 | - | - | - | - |
| Saltdean Lido Replacement Library | 0.680 | - | - | - | - |
| Saltdean Lido Restoration | 1.550 | - | - | - | - |
| Withdean Sports-Soft play Development | 0.393 | 0.025 | 0.025 | - | - |
| Stanley Deason 3G Pitch Replacement | 0.067 | 0.080 | 0.080 | - | - |
| Property | | | | | |
| Hollingdean Depot Health & Safety | 0.045 | - | - | - | - |
| Statutory DDA Access Works Fund | 0.035 | - | - | - | - |
| Madeira Terrace Structural Repairs | 0.131 | - | - | - | - |
| Barts House - Cladding & Window Replacement | 0.230 | - | - | - | - |
| Brighton Centre Roofing works | 0.020 | - | - | - | - |
| King Alfred Cathodic Protection System Repairs | 0.050 | - | - | - | - |
| Various Leisure Buildings Works | 0.100 | - | - | - | - |
| Workstyles Phase 4 | 0.900 | - | - | - | - |
| BTH - PMB contribution to refurbishment | 0.180 | - | - | - | - |
| Brighton Centre Lift Refurbishment | 0.071 | - | - | - | - |
| Moulsecoomb Hub and Housing – Workstyles 4 | 1.450 | 4.600 | 3.800 | - | - |
| Commercial Property Portfolio Repairs | 0.100 | 0.079 | - | - | - |
| Portslade Sixth Form Conversion - Workstyles 4 | 3.700 | - | - | - | - |
| Environment Residential Properties Repairs & Improvements | 0.197 | - | - | - | - |
| Acquisition of Land & Buildings at Moulsecoomb Way | 1.000 | - | - | - | - |
| Transport | | | | | |
| Brighton Marina to River Adur Works | 0.300 | 0.250 | - | - | - |
| Street Lighting Maintenance (LTP) | 1.722 | - | - | - | - |
| Valley Gardens Phase 3 (LTP) | 5.250 | - | - | - | - |
| Active Emergency Travel Fund - Tranche 2 | 1.525 | - | - | - | - |
| Brighton Bikeshare Replacement Programme | 0.467 | 0.704 | - | 0.215 | - |
| Covered Cycle Racks | 0.500 | - | - | - | - |
| School Streets | 0.050 | - | - | - | - |

Economy, Environment & Culture Capital Investment Programme 2021/22 to 2025/26

| | Profiled Payments 2021/22 £m | Profiled Payments 2022/23 £m | Profiled Payments 2023/24 £m | Profiled Payments 2024/25 £m | Profiled Payments 2025/26 £m |
|--------------------------------------------------------------------|---------------------------------------------|---------------------------------------------|---------------------------------------------|---------------------------------------------|---------------------------------------------|
| Identified Schemes Not Yet approved | | | | | |
| City Development & Regeneration | | | | | |
| Madeira Terraces Development Implementation Works | 5.650 | 6.000 | 6.000 | 6.000 | - |
| Brighton Waterfront | - | 20.000 | 40.000 | 40.000 | - |
| Sports Investment Plan with King Alfred | - | - | - | - | - |
| Climate Change Assembly Actions | 1.300 | - | - | - | - |
| Strategic Investment Fund | 0.250 | 0.250 | 0.250 | 0.250 | 0.250 |
| Culture, Tourism & Sport | | | | | |
| Royal Pavilion Estate Development (Phase 2 Gardens) | - | - | 4.700 | - | - |
| Royal Pavilion Estate Development (Phase 3 Museum) | - | - | - | 4.000 | - |
| Property | | | | | |
| Stanmer Park - Redevelopment of Traditional Agricultural Buildings | 0.500 | 4.285 | - | - | - |
| Asset Management Fund | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| Planned Maintenance of operational buildings | 0.500 | 0.500 | 0.500 | 0.500 | 0.500 |
| Planned Maintenance - Social Services Buildings | 0.500 | 0.500 | 0.500 | 0.500 | 0.500 |
| New England House - City Deal | 0.200 | 3.000 | 17.000 | 6.000 | - |
| Solar Panels for Corporate Buildings | 0.500 | - | - | - | - |
| Transport | | | | | |
| Sustainability & Carbon Reduction Investment Fund - Transport | 3.900 | - | - | - | - |
| Local Transport Plan 2021-22 | 5.000 | 5.000 | 5.000 | 5.000 | 5.000 |
| Pothole Action Fund 2021-22 | - | - | - | - | - |
| Incentive Funding - Highways - 2021-22 | - | - | - | - | - |
| Marina to River Adur Coast Protection Works | 2.000 | - | 2.467 | 14.819 | 1.674 |
| Low Traffic Neighbourhoods | 0.300 | - | - | - | - |
| Economy, Environment & Culture | 85.667 | 71.049 | 96.751 | 81.289 | 11.424 |

Housing, Neighbourhoods & Communities Directorate

Services and Responsibilities

The HNC Directorate includes the following services:

- Housing (Council housing, Housing Strategy, Housing Supply, Private Sector Housing, Temporary Accommodation and Homelessness, Travellers)
- Libraries and information services
- Safer Communities (Environmental Health, Licensing, Trading Standards, Emergency Planning, Prevent, ASB and Casework team and Domestic Violence services, Field Officers)
- Communities, Equalities & Third Sector

The directorate focuses on the issues affecting housing, neighbourhoods and communities, aiming to be a landlord of choice, develop closer and better relationship with communities, drive improvement in customer satisfaction and develop the council's working with public service partners. This includes delivering a step change in partnership working with the third sector and enhancements in volunteering opportunities. In addition to the General Fund activities, much of the housing- related tenancy functions are funded by the ring-fenced Housing Revenue Account.

The directorate has responsibility for:

- Delivering landlord services to council housing residents and improving the quality, sustainability and safety of council homes.;
 - Increasing housing supply, supporting provision of 800 additional council homes and development of 700 other new affordable homes.
 - Improving the quality of private rented homes and delivering housing adaptations to help people live independently;
 - Providing advice and support to reduce homelessness, and providing temporary accommodation
 - Delivering statutory library services across the city and developing libraries as neighbourhood hubs;
 - Closer engagement with local communities in the co-production of neighbourhood focused enforcement services;
 - Leading the council's 'Prevent' agenda; Leading on the Council's approach to anti-social behaviour and tackling domestic abuse
 - Leading the equalities and inclusion agenda for the council ensuring fair and equitable services, leadership and employment;
 - Improving customer satisfaction, complaints resolution and neighbourhood well-being across council services;
 - Deepening the understanding across all services of city demographics and the practical measures to address communities of interest and neighbourhoods in need;
- Since 1 April 2020 the Council has also been directly delivering the council housing Repairs & Maintenance Service

Service Context

Housing

Housing affordability is a major issue in the city, with Brighton & Hove becoming increasingly unaffordable for a significant percentage of the population, in particular those at risk of, or experiencing homelessness.

There are currently 17,910 social rented properties in the city. Council housing stock has fallen by 717 properties since 2011 but the council remains the largest landlord.

- Housing sees approximately 4,000 homeless households per year who need help with housing. Early intervention and prevention work is reducing levels of homelessness however levels of assistance for homeless households will be very different in the current year;
- Currently license 3,710 Houses in Multiple Occupation (HMOs) across the city;
- The Private Sector Housing team received 62 Requests for Assistance during Q1, 2020/21;
- We are on track to achieve 700 affordable homes by 2023 with the enabling of 235 affordable homes provided through registered providers (rented & shared ownership) projected during 2020/21;
- Specialist housing provision includes a commitment to treble Housing First units for homeless people with complex needs
- We are on track to identify suitable sites to work in partnership with the Community Land Trust to develop;
- We continue to work toward our target of bringing over 160 empty private sector homes back into use each year;
- Landlord to approximately 11,500 council tenants and 2,900 leaseholders;
- Annual HRA rents and service charges of £62m per year; capital programme of around £24m a year improving homes; let approx. 550 homes and agree 150 mutual exchanges a year, proposed investment of £180m investment in new homes over the next three years to 2022/23; average of 85 repairs every calendar day in normal circumstances.

Libraries & Information Services

The Public Libraries and Museums Act 1964 requires Local Authorities to deliver a public library service which is a 'comprehensive and efficient' service for all persons in the area who want to make use of it, to promote this service, and to lend books and other written materials free of charge.

- Over 1.4 million people visit our libraries every year, including over 38,000 during Libraries Extra unstaffed access hours; with 66% of transactions being self-service
- Lend nearly 1 million items a year;
- 93% of users tell us our library services are excellent or good;
- Network of 14 libraries across the city;
- 1.5 million website user sessions on libraries web pages, and 67% of all joining, reservations and renewals took place online in 2019-20.

Safer Communities

Safer communities provides a broad range of services including environmental health and protection, licensing and trading standards, food safety services and emergency planning as well as services to directly support the community safety plan such as violence against women and girls services, anti-social behaviour casework, and the government's Prevent and Channel programmes.

- Over 96% of the 3,200 food businesses in the city rated 3 or above on the national Food Hygiene Rating Scheme;
- The Field Officer team dealt with more than 2400 jobs between April and December 2020;
- Community Safety Casework Team, Anti-Social Behaviour and hate incidents –444 initial reports and enquiries dealt with in Q1 and 2 in 2020/21;
- Domestic violence and abuse: 1600 referrals for domestic violence and abuse between April and Oct 2020 105 sexual violence cases reported;
- 1,400 licensed premises in the city. 580 Hackney Carriage and 498 private hire vehicles licensed and 278 gambling premises licensed;
- 3645 noise complaints including both domestic and commercial requiring investigation between April and December 2020.

Communities, Equalities & Third Sector (CETS)

This team provides services including community engagement and collaboration, that strengthens communities, leads on the council's equality duties and provides support to achieve a more sustainable, efficient and effective community and voluntary sector to deliver council priorities.

- Supporting activities that bring people and communities together to promote mutual understanding
- Working alongside communities on what matters to them
- Working to increase community involvement in Housing
- Increasing participation by using neighbourhood action plans and ward budgets as building blocks for engagement
- Continuing to invest in a strong and independent voluntary and community sector through awards of three-year grant through the Third Sector Commission and the Communities Fund
- Promoting a city equalities standard together with our partners to promote fair employment practice to tackle the under representation of people from BME communities and disabled people'
- Supporting community activities and festivals focussed on sports, arts and science, bringing people together for the benefit of their neighbourhood and the city through grant awards to CVS groups
- Taking a leading role in increasing equality and inclusion in the council and across the city

Budget Strategy

The key areas of action for the Housing service as outlined in the Corporate Plan (2020/23), a City to call home, are:

- Reduce homelessness & rough sleeping
- Provide genuinely affordable homes & increase housing supply
- Improve private rented housing
- Improve council housing
- Make better use of existing housing capacity

The Council's Housing Revenue Account (HRA) comprises rental and service charge income from our tenants and leaseholders and funds our landlord services. This includes both capital investment in improving the housing stock and providing much-needed new affordable housing. The HRA Capital Investment Programme for 2021/22 – 2023/24 includes proposals to invest £12.090m specifically for sustainability and carbon reduction measures.

The Housing General Fund budget is under pressure because of the level of homelessness demand particularly during the current year. There is also a need to improve the quality of housing in the private sector and in particular sustainability and work to support carbon reduction. Budget priorities align with the projects and requirements of the agreed Housing Committee Work Plan.

For **Libraries** the development and delivery of the Libraries Plan 2021-2, involving wide public consultation to inform the direction of travel of library services is key. This will also build on the learning and innovative services developed during the pandemic.

Libraries have already extensively modernised, reducing costs significantly while increasing accessibility for the public particularly through developing Libraries Extra unstaffed access. A large proportion of the budget is linked to the grant funded PFI scheme which benefits from significant PFI grant funding and where savings have

already been achieved. The service will continue to look at how costs can be kept down without adversely affecting services through use of new technologies. Income sources associated with use of additional library building services have been impacted by the required closure of public-facing services this year.

The Jubilee Library PFI contract supports library revenue budgets because it attracts a government grant of £1.505M which effectively funds services across the city. A comprehensive external review of this was carried out in 2018 to ensure that it continued to deliver value for money. Jubilee Library, which is the sixth most visited public library in the country (CIPFA data 2018/19) also attracts a large amount of income which further supports library services across the city

The bulk of the budget in **Safer Communities** is linked to statutory functions to provide a wide range of Environmental health and regulatory services. A new Community Safety Strategy was approved in September 2020 with a focus on early action to prevent crime and disorder, issues that have the biggest impact on people, reducing fear crime and meeting victims' needs. The service has been under severe pressure this year prioritising COVID enforcement work and has had to adapt to new demands, and develop different approaches to keeping the city safe. There is now a backlog of key tasks so the strategy will be focussed around more efficient and effective working whilst both catching up on the work delayed and continuing to provide the full range of both statutory and non-statutory functions as required by the Council.

CETS are focussed on the impact of Covid-19 on the community and voluntary sector with a rise in demand on their services both in terms of number of and the increasing complexity of need of their beneficiaries, combined with challenging fundraising and income generation climate. Inequality issues have been exacerbated during the last year and there are a range of specific and complex impacts for communities . There is a need to respond by making more progress in bridging equality gaps with a particular focus on the concerns of BAME residents and making the city a more accessible place.

Areas of focus for savings

Housing : Given the on-going pressures in homelessness services the focus is on improving homeless prevention and reconnection to reduce overall numbers and the length of stay for households in temporary accommodation (TA).

An 'end to end' review of our TA services through a TA Improvement Programme. The programme will include a review of income collection, voids turnaround, procurement, management of lettings etc, as well as work to increase the number of Council-owned TA units. We will progress a review of the arrangements with Seaside Homes to develop more cost effective ways of providing temporary housing.

The planned review of Allocations Policy next year also provides the opportunity to consider options that would reduce the use of TA. More immediately we will review how the Council can better support rough sleepers reflecting the aims of the Homelessness and Rough Sleeping strategy, learning from the COVID-19 emergency housing programme and consequent budget pressures.

Council Housing – HRA: The HRA budget aims to balance the priorities of the council and its tenants and leaseholders and reflects a range of council policies and programmes on customer service, repairs and planned maintenance, capital investment in housing and engagement.

Libraries: The immediate focus for savings is on efficiencies that will not adversely impact the services available across the extensive network of libraries in the city. Developing the Libraries Strategy will provide a framework for future funding decisions, for instance where a library is not well used by the local community, consideration will be given to whether moving services to a nearby library or moving the library to a more accessible location for the public might better meet the needs of that community.

Safer Communities: Non-statutory services can provide savings but are closely linked to key Council priorities particularly in delivering the Community Safety Partnership strategy . There are some limited opportunities for efficiency savings and improvement to some income streams not limited by regulation or linked to economic recovery that will be reviewed.

Communities, Equalities & Third Sector: The majority of budgets in the service are associated with support to and commissioning of the third sector in the city and the wide range of services they provide. However, this is discretionary spend and therefore savings in these budgets could be achieved. There are limited opportunities for efficiency savings.

Investment in services

Investment in **Housing** needs services will be needed to improve homelessness prevention, manage the TA service, identify move on accommodation and speed up moves within the housing stock to improve the customer journey and save money through more efficient use of the TA and permanent housing stock. Investment in housing systems and processes to streamline and automate manual processes will also produce savings in future. Some of the changes required will be identified through the TA improvement programme.

It will be important to align capital investment in new accommodation for TA use with a strategic approach to the TA placements and management functions and in the longer term, the strategic approach to providing new permanent homes. Investment to increase the TA stock directly managed or accessed by the Council will provide significant cost savings, through reducing spot purchase costs.

Investment in IT to automate systems for licensing may provide opportunities for future savings in **Safer Communities** services. Additional time limited resources to coordinate work to deal with unauthorised encampments across the city would reduce costs and delays in dealing with this problem for a number of council services.

Investing in **Library** community spaces would both enhance the community hub role of the city's extensive library network and increase rental income generation potential .

Options for investing in CETS activities include:

- Building Brighton and Hove's reputation as a giving city by launch of Brighton & Hove Crowdfunding platform;
- Continuing to invest in a strong and independent voluntary and community sector through awards of three-year grant through the Third Sector Commission and the Communities Fund;
- Supporting community activities and festivals focussed on sports, arts and science, bringing people together for the benefit of their neighbourhood and the city through grant awards to CVS groups;
- Refreshing the CVS grant scheme including 'supporting voluntary organisations and businesses to set up enterprises involving homeless people' and to 'look at creating an ethical loan scheme where the council matches community investors';
- Investing in an independent support services for people who have experienced racial and religiously motivated hate crime.

Supporting the Council's Priorities

A City to call home

- Reduce homelessness and rough sleeping.
- Develop strategies and business cases to provide genuinely affordable homes.
- Improve private rented housing quality and sustainability.
- Improve council housing quality and sustainability.
- Make better use of existing housing capacity.

A City Working for All

- Build community wealth

Tackle crime and antisocial behaviour:

- Increase participation in civic and community life through neighbourhood engagement and participatory strategies.
- Develop strategies to address the causes of poverty and its impact on our communities.
- Improve access for disabled people to services and the housing estate.

A Growing and learning city

- Promote lifelong learning and transition into adulthood through support to relevant CVS programmes.

A Sustainable City

- Use capital and revenue investment to support the objective of being a carbon neutral city by 2030 through improving energy efficiency and sustainability of Council Housing, housing developments and private sector housing.

A Heathy and Caring City

- Promote a City Equalities Standard together with our partners to promote fair employment practice to tackle the under representation of people from BME communities and disabled people.
- Taking a leading role in increasing equality and inclusion in the council and across the city' and 'challenge inequality in the city and within the council'.
- Supporting the international refugee crisis through driving delivery of the recommendations of the international migrant needs assessment, participation in the global refugee programme and continuing to be an asylum seeker dispersal area.
- Support people to live independently through Emergency and Temporary Housing provision and programmes such as Housing First and other move on support.

Housing, Neighbourhoods & Communities Budget Summary

| 2020/21 Net Expenditure / (Income) £m | Service Area | 2021/22 Budget | | | | | 2021/22 Budgeted Contracted Staff |
|------------------------------------------|------------------------------------------------------------------------|----------------|-----------------|-------------------|-----------------------------|----------------------------|-----------------------------------|
| | | Expenditure | Income | Budget Allocation | Capital Charges & Recharges | Net Expenditure / (Income) | FTE |
| | | £m | £m | £m | £m | £m | |
| 7.161 | Housing General Fund | 29.736 | (20.289) | 9.447 | 1.223 | 10.670 | 109.8 |
| 6.644 | Libraries | 5.177 | (0.449) | 4.728 | 1.768 | 6.496 | 59.2 |
| 3.002 | Communities, Equalities & 3rd Sector | 3.247 | (0.347) | 2.900 | 0.225 | 3.125 | 10.3 |
| 3.147 | Safer Communities | 4.778 | (2.184) | 2.594 | 0.534 | 3.128 | 75.5 |
| 19.954 | Housing, Neighbourhoods & Communities Total (Excluding HRA) | 42.937 | (23.268) | 19.669 | 3.750 | 23.419 | 254.8 |
| - | Housing Revenue Account (HRA) | 58.468 | (61.566) | (3.098) | 3.098 | - | 252.5 |
| 19.954 | Housing, Neighbourhoods & Communities Total (Including HRA) | 101.406 | (84.834) | 16.571 | 6.848 | 23.419 | 507.3 |

Housing, Neighbourhoods & Communities 2021/22 Revenue Budget Breakdown

| Service Description | Employee Expenditure £m | Other Expenditure £m | Total Expenditure £m | Income From Fees, Charges & Rents £m | Other Income £m | Government Grants £m | Total Income £m | Total Budget Allocation £m | Capital Charges & Recharges £m | Net Expenditure / (Income) £m |
|---------------------------------------------------------|----------------------------|-------------------------|-------------------------|-----------------------------------------|--------------------|-------------------------|--------------------|-------------------------------|-----------------------------------|----------------------------------|
| Housing General Fund | | | | | | | | | | |
| Housing Management & Support | 0.174 | 0.006 | 0.180 | - | (0.068) | - | (0.068) | 0.112 | (0.109) | 0.003 |
| Housing Options & Homelessness | 1.399 | 0.069 | 1.468 | (0.029) | - | - | (0.029) | 1.439 | 0.387 | 1.826 |
| Housing Strategy & Enabling | 0.246 | 0.007 | 0.252 | - | (0.050) | - | (0.050) | 0.202 | 0.043 | 0.245 |
| Private Sector Housing | 1.264 | 0.144 | 1.408 | (0.527) | (0.146) | - | (0.673) | 0.734 | 0.203 | 0.937 |
| Temporary Accommodation | 1.593 | 24.320 | 25.914 | (13.054) | (0.076) | (6.240) | (19.370) | 6.544 | 0.573 | 7.117 |
| Travellers Services | 0.164 | 0.351 | 0.515 | (0.099) | - | - | (0.099) | 0.416 | 0.126 | 0.542 |
| Housing General Fund Total | 4.840 | 24.896 | 29.736 | (13.709) | (0.340) | (6.240) | (20.289) | 9.447 | 1.223 | 10.670 |
| Libraries | | | | | | | | | | |
| Libraries & Information Services | 2.111 | 3.066 | 5.177 | (0.449) | - | - | (0.449) | 4.728 | 1.768 | 6.496 |
| Libraries Total | 2.111 | 3.066 | 5.177 | (0.449) | - | - | (0.449) | 4.728 | 1.768 | 6.496 |
| Communities, Equalities & Third Sector | | | | | | | | | | |
| Communities | 0.483 | 2.565 | 3.048 | - | (0.195) | - | (0.195) | 2.853 | 0.210 | 3.063 |
| Community Safety | 0.164 | 0.034 | 0.199 | - | (0.152) | - | (0.152) | 0.047 | 0.015 | 0.062 |
| Communities, Equalities & Third Sector Total | 0.647 | 2.600 | 3.247 | - | (0.347) | - | (0.347) | 2.900 | 0.225 | 3.125 |
| Safer Communities | | | | | | | | | | |
| Animal Welfare | 0.071 | 0.055 | 0.126 | (0.008) | - | - | (0.008) | 0.118 | 0.015 | 0.133 |
| Civil Contingencies | 0.104 | 0.012 | 0.116 | - | - | - | - | 0.116 | 0.024 | 0.140 |
| Community Safety | 0.460 | 1.943 | 2.402 | - | (1.147) | - | (1.147) | 1.255 | 0.087 | 1.342 |
| Environmental Health | 0.943 | 0.022 | 0.965 | (0.020) | (0.064) | - | (0.084) | 0.880 | 0.156 | 1.036 |
| Licensing | 0.574 | 0.039 | 0.613 | (0.809) | - | - | (0.809) | (0.197) | 0.184 | (0.012) |
| Pest Control | 0.106 | 0.015 | 0.121 | (0.086) | (0.040) | - | (0.126) | (0.005) | 0.013 | 0.008 |
| Trading Standards | 0.397 | 0.037 | 0.435 | (0.009) | - | - | (0.009) | 0.425 | 0.055 | 0.480 |
| Safer Communities Total | 2.654 | 2.124 | 4.778 | (0.932) | (1.251) | - | (2.184) | 2.594 | 0.534 | 3.128 |
| Housing, Neighbourhoods & Communities Total | 10.252 | 32.686 | 42.937 | (15.091) | (1.938) | (6.240) | (23.268) | 19.669 | 3.750 | 23.419 |

| Housing Revenue Account (HRA) 2021/22 Revenue Budget Breakdown | | | | | | | | | | |
|----------------------------------------------------------------|----------------------------|-------------------------|-------------------------|-----------------------------------------|--------------------|-------------------------|--------------------|-------------------------------|-----------------------------------|----------------------------------|
| Service Description | Employee Expenditure £m | Other Expenditure £m | Total Expenditure £m | Income From Fees, Charges & Rents £m | Other Income £m | Government Grants £m | Total Income £m | Total Budget Allocation £m | Capital Charges & Recharges £m | Net Expenditure / (Income) £m |
| Estate Regeneration | 0.467 | 0.170 | 0.638 | - | - | - | - | 0.638 | - | 0.638 |
| Housing Management & Support | 1.405 | 28.440 | 29.845 | - | (0.102) | - | (0.102) | 29.743 | 3.098 | 32.840 |
| Housing Strategy (HRA) | 0.466 | 0.311 | 0.777 | (0.894) | - | - | (0.894) | (0.116) | - | (0.116) |
| Income Involvement & Improvement | 2.130 | 1.324 | 3.455 | (52.073) | (0.032) | - | (52.105) | (48.650) | - | (48.650) |
| Property & Investment | 8.376 | 7.995 | 16.372 | (2.953) | (0.153) | - | (3.106) | 13.266 | - | 13.266 |
| Tenancy Services | 4.378 | 3.004 | 7.382 | (5.359) | - | - | (5.359) | 2.023 | - | 2.023 |
| Housing Revenue Account (HRA) Total | 17.222 | 41.246 | 58.468 | (61.278) | (0.287) | - | (61.566) | (3.098) | 3.098 | - |

| Housing, Neighbourhoods & Communities Directorate Budget Plan | | | |
|---------------------------------------------------------------|------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| Section | Service Area | Brief Summary of Budget Proposal/Strategy and Risks | Savings Proposals 2021/22 |
| | | | £m |
| Housing General Fund | | | |
| Temporary Accommodation & Allocations | Temporary Accommodation (TA) | Reduce the funding to support the enhanced model of service provision in forthcoming procurement of short term emergency accommodation. New investment of £0.300m was agreed for enhanced provider contracts relating to emergency short term accommodation, including provision for services, for example, laundry provision, kitchen equipment, etc. The saving proposed here will require services to be provided within a budget envelope of £0.250m. Delivery Risk: Will place some limitations on what can be offered but is achievable. There is no equality impact from this saving as the service has not yet been designed or implemented. | 0.070 |
| | | Delivery of the Temporary Accommodation (TA) improvement programme (with Corporate Programme Management support), which includes: a business process review of the void turnaround function to improve resilience and reduce rent loss; a business process review of income collection functions to maximise rent collection (alongside the Corporate Debt Programme); ensuring cost effective use of TA with scheme by scheme | 0.198 |

| Housing, Neighbourhoods & Communities Directorate Budget Plan | | | |
|---------------------------------------------------------------|---------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| Section | Service Area | Brief Summary of Budget Proposal/Strategy and Risks | Savings Proposals 2021/22 |
| | | | £m |
| | | analysis & review of placements and move-on arrangements. Delivery Risk: This will be a challenging programme given the current pressures on the TA budget. However, if the significant service pressure investment provided within the budget is approved, these measures should help to contain costs. | |
| Travellers | Travellers | Increase in income budgets to reflect recent trends and efficiency savings across the service. Delivery Risk: Expected to be achievable. | 0.050 |
| Housing General Fund Total | | | 0.318 |
| Libraries | | | |
| Libraries | Staffing and operational costs | The proposal is to modify library operations to reduce costs and to take advantage of automation to reduce the administrative costs of the Bibliographic Services. Delivery Risk: Expected to be manageable. See EIA 15. | 0.098 |
| Libraries Total | | | 0.098 |
| Communities, Equalities & Third Sector | | | |
| Communities | Communities, Equalities and Third Sector (CETS) Development staffing and operational budget | Redesign and restructure of the service should be able to achieve a staffing efficiency of 1 FTE across the service without significant impact on the service delivery. Delivery Risk: Likely to impact capacity but expected to be achievable. See Staffing EIA S4. | 0.046 |
| | | Reduce budget for the Refugee & Migrant Manager post as now funded 100% by Home Office Grant. Delivery Risk: No risk, funding switch only. | 0.026 |
| Communities, Equalities & Third Sector Total | | | 0.072 |
| Safer Communities | | | |
| Environmental Health & Licensing | Environmental Health & Licensing | Reduction in staff hours already agreed with no necessity to back fill. Delivery Risk: None | 0.016 |
| Environmental Health & Licensing | Environmental Protection | A staffing efficiency can be made as the position has remained vacant for a prolonged period. Delivery Risk: Expected to be manageable within the overall resource with minimal impact on staff or the service. | 0.048 |
| Safer Communities Total | | | 0.064 |
| Housing, Neighbourhoods & Communities Total | | | 0.552 |

| Housing, Neighbourhoods & Communities (GF) Capital Investment Programme 2021/22 to 2025/26 | | | | | |
|-------------------------------------------------------------------------------------------------------|---------------------------------------------|---------------------------------------------|---------------------------------------------|---------------------------------------------|---------------------------------------------|
| | Profiled Payments 2021/22 £m | Profiled Payments 2022/23 £m | Profiled Payments 2023/24 £m | Profiled Payments 2024/25 £m | Profiled Payments 2025/26 £m |
| Approved Schemes | | | | | |
| LDV On-Going Costs - Community Homes (B&HSCH) | 0.500 | 0.500 | 0.500 | 0.500 | 0.500 |
| New Schemes to be Approved | | | | | |
| Disabled Facilities Grant (Better Care Funding) 2021-22 | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| Accommodation for Supported Housing Delivery | 3.000 | - | - | - | - |
| Brighton & Hove Warmer Homes Investment Fund | 5.200 | - | - | - | - |
| Field Officers capitalised project support | 0.312 | - | - | - | - |
| Housing, Neighbourhoods & Communities (GF) | 10.012 | 1.500 | 1.500 | 1.500 | 1.500 |

| Housing Revenue Account Capital Investment Programme 2021/22 to 2025/26 | | | | | |
|--------------------------------------------------------------------------------|---------------------------------------------|--------------------------------------------|---------------------------------------------|---------------------------------------------|---------------------------------------------|
| | Profiled Payments 2021/22 £m | Profiled Payments 202/23 £m | Profiled Payments 2023/24 £m | Profiled Payments 2024/25 £m | Profiled Payments 2025/26 £m |
| Approved Schemes | | | | | |
| Victoria Road | 8.674 | - | - | - | - |
| Heating Water Tanks & Boilers - Housing Centre | 0.320 | - | - | - | - |
| Housing Management IT System | 0.400 | - | - | - | - |
| Roofing | 0.603 | - | - | - | - |
| Windows | 0.373 | - | - | - | - |
| Doors | 0.104 | - | - | - | - |
| Communal Rewire | 0.073 | - | - | - | - |
| Domestic Rewire | 0.494 | - | - | - | - |
| Citywide Loft Conversions & Extensions Projects | 0.390 | - | - | - | - |
| Door Entry Systems & CCTV | 0.120 | - | - | - | - |
| Feasibility & Design | 0.275 | - | - | - | - |
| Fire Safety | 1.950 | - | - | - | - |
| Design Competition | 2.135 | - | - | - | - |

| Housing Revenue Account Capital Investment Programme 2021/22 to 2025/26 | | | | | |
|-------------------------------------------------------------------------|------------------------------------|-----------------------------------|------------------------------------|------------------------------------|------------------------------------|
| | Profiled Payments 2021/22 £m | Profiled Payments 202/23 £m | Profiled Payments 2023/24 £m | Profiled Payments 2024/25 £m | Profiled Payments 2025/26 £m |
| Estate Regeneration New Build | 9.095 | - | - | - | - |
| Structural Repairs | 2.704 | - | - | - | - |
| Home Energy Efficiency & Renewables | 0.876 | - | - | - | - |
| External Decorations & Repairs | 0.458 | - | - | - | - |
| Kitchens | 0.702 | - | - | - | - |
| Main Entrance Doors | 0.130 | - | - | - | - |
| House Purchase Scheme | 3.544 | - | - | - | - |
| New Schemes to be Approved | | | | | |
| Housing Stock Programme - HRA Capital Investment Programme | 38.395 | 88.416 | 32.055 | - | - |
| HRA Capital Investment Programme - Funding | - | - | - | - | - |
| Housing Revenue Account | 71.815 | 88.416 | 32.055 | - | - |

Finance & Resources Directorate

Service Context

With the exception of Revenues & Benefits, a core front line service, most support service functions provided by the Finance & Resources Directorate operate as part of the Orbis Partnership with East Sussex and Surrey County Councils. However, within the partnership the levels of integration vary considerably.

The partnership operates at both a service and corporate level providing essential business support to front-line services while also supporting the council to meet statutory obligations, maintain strong governance, and develop effective strategies across each function. The partnership aims to provide sustainable and resilient corporate services, while enabling greater saving and efficiency opportunities in many areas, as well as shared innovation, knowledge and collaboration across the partnership.

Support functions contribute to corporate leadership by operating as a Strategic Business Partner to the council and its service directorates and supporting them through complex changes. This means being involved in the development of options and their evaluation, through to supporting and facilitating delivery, particularly through the modernisation agenda, capital investment and financing strategies, and a wide range of professional and technical advisory services across Finance, Audit, Procurement, HR, IT & D and Business Operations.

Key metrics for Finance & Resources Services are as follows:

Revenues & Benefits

- Primary support for the council's Welfare Framework and Welfare Rights;
- Collection and recovery of £177m Council Tax (and Council Tax Reduction Scheme);
- Collection and recovery of £137m Business Rate income;
- Processing of Housing Benefit claims and managing the transfer to Universal Credit;
- Collection and recovery of Housing Benefit Overpayments;
- Leadership of the council's Corporate Debt programme to improve financial inclusion, and recovery and collection; and
- Provision of Enforcement Agent services.

Human Resources & Organisational Development (HROD)

- HROD provides services to around 9,000 staff across the council and in schools, including a comprehensive advisory, development and policy service to 750 people managers and 68 schools in the City;
- Delivery of 'Our People Promise' which includes the council's development offer for staff, and aims to help improve the council's performance;
- Health & Safety advice and support for all council services;
- An integrated management structure was put in place in April 2019, and achieved significant savings across ESCC and BHCC. Note, however, that ESCC has recently reviewed its future requirements from HROD, and as a result has decided to withdraw HR services from the Orbis partnership. Although every effort will be made to

retain the many benefits of working collaboratively, BHCC will now need to re-create a sovereign HR structure which is likely to have some cost implications for the two authorities.

Finance & Audit

- Finance oversees the delivery of the council's Medium Term Financial Strategy (MTFS) and annual budget setting process and delivers the Targeted Budget Management (TBM) process in order to monitor and balance budgets on an ongoing basis. It also produces the annual Financial Statements and supports the external audit process.
- Finance supports over 250 budget managers and 68 schools, provides Treasury Management for over £100m cash balances and investments and over £0.5 billion money market transactions, and annually and procures and negotiates over £1.8 billion insurance cover through premiums (£1.6m p.a.).
- Internal Audit provides over 1,000 audit days for circa 50 internal audit reviews providing assurance to management and the authority. It is a highly integrated Orbis function.

Procurement

- Supports procurement of goods and services to the value of approximately £300m per annum;
- Supports circa 250 contract managers together with Legal Services including the provision of targeted contract management support for higher risk contracts;
- Manages and authorises waivers of Contract Standing Orders;
- Supports the Member Procurement Advisory Board to scrutinise significant procurements and consider procurement route options.

IT & Digital

- Support for development of the council's digital customer service offer;
- Supports the development and improvement of council services through the provision of technology (including mobile) and business advice;
- Provision of data protection (GDPR) services for email, applications and devices;
- Database management and maintenance of major corporate information systems; and
- Management and procurement of voice, data centres, data storage, telephony, Always on VPN (remote access) and other contracts.

Business Operations

- Collection and recovery of Adult Social Care and Sundry Debts (Business and Personal) (Accounts Receivable);
- Payroll services to the council, schools and other external organisations;
- Processing over 200,000 payments to the council's suppliers and providers (Accounts Payable);
- Provision of banking, purchasing card and urgent payment services.

Many of the services above are also involved in providing a wide range of traded services to schools, South Downs National Park Authority, the Coast to Capital LEP, Worthing & Adur Councils, Horsham District Council, etc. which generate income.

Budget Strategy

Direction of Travel

Many of the support functions within the Finance & Resources directorate work as part of the Orbis Partnership and have identified the key opportunities of the partnership as follows:

- Strengthening the value added to the partner councils while also ensuring sustainable and resilient services;
- Adopting new approaches and technologies that enable integration and innovation where possible;
- Remaining an intelligent partner by improving data insight and management information; and
- Building a high performing workforce that is fit for the future.

During the 4-year period from 2016/17 to 2019/20 the directorate reduced its net budget by over 15% in real terms. This has to be seen in the context that a high proportion of the directorate's costs are staffing, with the exception of a number of IT contracts held in IT&D and Business Operations, and with the key difference to some services being that there are no major income streams on which to generate additional savings. This is against the backdrop of ever growing complexity of demand as discussed below.

The budget strategy for 2021/22 will therefore continue to use the following strategies to meet these increasing demands without increasing costs significantly:

- Exploring further opportunities for collaboration, innovation and efficiency through the Orbis Partnership as well as through sovereign opportunities (e.g. replacement corporate systems), particularly in relation to the structure and design of Business Operation and IT&D services;
- Continued implementation of systems developments, automation and digital services to improve customer service and deliver potential efficiencies;
- Continued investment in enhanced Business Partner skills and ongoing review of the workforce skill mix;
- Utilising external peer challenge and reviews (at corporate and service level) to assist the authority in identifying strategic opportunities for improvement;
- Potential replacement of major Corporate Finance and HR Systems which are nearing end of contract.

Areas of Focus for Savings

Procurement: This service is a relatively small resource but will continue to look for collaboration opportunities across the Orbis Partnership and continue its role in helping service directorates to improve economic and social value in their procurement and management of contracts which can enable savings to be offered across a wide range of contracted services. Additional contract management resources (approved in the 2020/21 budget) will be implemented in 2021/22, having been delayed by the pandemic and will provide targeted support to contract managers for higher risk contracts.

Revenues & Benefits: Continued roll-out of the Universal Credit caseload to the DWP and continued investment in digital customer developments and automation could deliver a maximum saving of £0.300m in a full year but this is reliant on continued digital developments being available early in the financial year. The impact of the pandemic has been very significant on the service which has administered hundreds of millions of pounds of grants, vouchers and hardship funds for the city. The budget therefore provides one-off funding to recognise that further savings proposals will be delayed until later in the year and cannot be implemented from 1 April 2021.

All Services: Services continue to explore opportunities to generate income and contribute to corporate overheads. Services are already provided to Adur & Worthing Councils, South Downs National Park, Academies, and schools in other authorities. Bidding for new work has to carefully balance the value of the income generated with the potential impact on capacity to support the council. For example, the council has recently succeeded in becoming the Coast to Capital LEP's Accountable Body.

Business Operations: The service will continue to explore integration and efficiency opportunities across the Orbis Partnership and locally in order to contribute to Orbis Business Plan savings. However, the impact of corporate systems replacement programmes in Surrey and East Sussex and the delays to the roll out of other technologies due to the pandemic mean that the service will also need to focus on delivery of planned 2020/21 savings of £0.750m which have been delayed, of which BHCC's share is approximately £0.250m.

IT&D: Further contractual savings are sought in all re-procurements undertaken by IT&D across the Orbis Partnership. Opportunities for joint procurement and licensing are explored and waivers are used judiciously to align contract expiries to facilitate this. The Orbis business plan sets out savings of £0.5m in 2021/22 of which BHCC's share would be approximately £0.120m. The potential to achieve this is currently being reviewed by the Orbis Joint Management Board.

Areas for Investment

Investment in 'Our People Promise' and the supporting development activities and actions are proposed to be maintained at £0.320m for 2021/22 and 2022/23 utilising capital receipt flexibilities through the Modernisation Fund. This funding is inclusive of £0.120m that funds the Policy, Pay and Reward team.

Substantial investment in IT&D and the Digital Strategy will be required and this will require step increases in financing costs and IT&D revenue budgets to be built into the council's Medium Term Financial Strategy. This will cover necessary upgrades to the IT infrastructure, equipment replacement programmes, re-procurement of the Wide Area Network (The Link), funding for the digital development function, and licensing of major application suites (e.g. Office 365).

Expert advisory will be commissioned to determine the future of the council's corporate information systems including the Financial System and the HR/Payroll system, including potential replacement. Both are over 10 years old and are nearing the end of their contract life. Orbis partners, Surrey and East Sussex have recently procured or are about to procure replacement corporate systems and therefore BHCC needs to consider its replacement strategy to ensure it can take advantage of technological improvements across the partnership and locally. This will require major capital investment to be built into the Capital Investment Programme. Revenue and financing costs will be subject to an approved business case.

The very recent decision by ESCC to withdraw HROD services from the Orbis partnership is likely to require additional investment to re-create a sovereign HROD function in BHCC. The partnership will manage any financial impact during 2021/22 and the council will reflect any ongoing cost pressures in the 2022/23 budget setting process.

Supporting the Council's Priorities

Finance & Resources services support and facilitate other services to deliver against the 6 corporate priorities and also contribute to the aim of being a well-run council that plans and manages services effectively at both a strategic and operational level. Helping the council to develop robust financial strategies, workforce plans, digital customer strategies, and effective welfare support responses is critical to maintaining sustainable, financially resilient and accessible council services.

A key determinant of the demands placed on Finance & Resources is therefore the level of change experienced across the organisation. This has been and is at unprecedented levels due to the cumulative effect of government funding reductions requiring ever greater innovation in everything from digital services to corporate debt

management to financing strategies that help resources and services go further. The key Corporate Plan objectives concerning Housing, Sustainability and the circular economy also drive increased support requirements. This creates a tension between the need to provide cost effective support functions while ensuring that the council and its services have the support to make sound business judgements and decisions that minimise legal, financial, employment, equality, health & safety, governance, internal control and other risks. Evidence of growing risks and poor mitigation of risks, as seen elsewhere, usually leads to reputational issues and ultimately service delivery failure as well as external audit and other scrutiny or challenge.

The welfare agenda is also a major part of the directorate's work at all levels and becoming increasingly complex, leading to a fundamental re-think of how to provide Welfare Support and Welfare Rights within a new Welfare Framework. This has become particularly apparent during the pandemic which has inevitably exacerbated inequality but has resulted in a very effective welfare and emergency assistance response supported by the Revenues & Benefits Service and other professionals.

The pandemic has shown the value-added benefit that all of these services can bring as many services would have been unable to operate or support residents or businesses without their support, for example:

- IT & Digital support to develop critical digital application portals and on-line services;
- Procurement urgently sourcing bona fide PPE and advising on Supplier Relief negotiations;
- Audit advising on a very large number of internal control and process changes to enable wholesale remote working and remote authorisation across services;
- Business Operations paying suppliers immediately (zero-day terms) and creating new payrolls for Repairs & Maintenance and the Museums Trust;
- Finance advising and reporting on strategies for managing pandemic costs in the short and medium term, including development of the 2021/22 annual budget proposals for the HRA, Schools and the General Fund;
- HR supporting services to deploy staff, claim furlough, and keep staff safe at home and at work. HR will also play a key role in reviewing the potential longer term changes that will follow to ensure that opportunities to become a more flexible organisation are identified; and
- Revenues & Benefits processing £millions of business grants, hardship funds, discretionary funds, emergency assistance funds and vouchers, as well as keeping the money coming in from Council Tax and Business Rates.

These examples demonstrate that these services are integral to front line delivery and work best when operating as a trusted strategic business partner as part of both corporate and directorate management teams' roles in developing strategic responses and solutions for delivery.

A city to call home

- The directorate will play a key role in reviewing potential re-financing options for Seaside Homes as well as supporting financial modelling and financing strategies for a wide range of initiatives including Home Purchase, New Homes for Neighbourhoods, the Housing Joint Venture and other estate regeneration and emergency and temporary accommodation schemes.

A City Working for All

- Through procurement, ensuring that the City Council's spending power is used as far as possible to procure local services and where possible change the way the council outsources services to assist small local suppliers to bid, as well as considering the option of bringing services in house if this can increase social value.
- Develop policies and practice concerning Social Value to increase Social Value across all contracts.

A Stronger City

- The people strategy for the organisation is delivered through 'Our People Promise' led by HROD. This programme is designed to ensure we have an engaged and motivated workforce who are able to deliver their best to the city enable all priorities to be supported. As a series of 5 commitments, it underpins HROD's work in terms of wellbeing, equalities, development, reward and engagement.
- HROD also manages the Fair and Inclusive Action Plan (FIAP) which supports the organisation to become reflective of the community, and to improve the experience of all staff. During 2020, this work has increased in profile and importance as a result of the impacts of Covid-19 and the Black Lives Matter movement.
- Supporting the delivery of the council's Anti-Racism Strategy by reflecting findings and actions across all HR policies and practice from recruitment to managing conduct.
- Actively supporting the corporate aim of diversifying the workforce at all levels, recruiting and retaining staff from all of the city's communities.
- Supporting the organisation to have a reward framework in place that enables successful recruitment and retention of staff while ensuring a fair and transparent system.
- The HROD service takes a lead in managing industrial relations, ensuring issues are dealt with fairly and transparently, and where necessary supporting the resolution of disputes.
- Supporting the organisation to ensure it fulfils its legal and moral health & safety responsibilities to provide a safe working environment where staff are supported to be happy and well.
- Providing a comprehensive learning and development offer that supports employees through from induction to planning for retirement. The offer also supports the culture change of the organisation, and in particular the work to ensure the council is fairer and more inclusive.

A growing and learning city

- The directorate provides a wide range of traded services to schools, from payroll to health & safety advice, to help them manage and administer a safe and effective school environment.
- Finance plays a key role in working with the Schools Forum and Schools Block Working Group to develop the annual Schools Budget across the 4 blocks of the Dedicated Schools Grant.

A Sustainable City

- Enable the successful delivery of digital improvement projects and programmes through the co-design and co-delivery of underpinning technologies, platforms and services in IT&D to support services in delivering corporate priorities.
- Develop a scalable and resilient IT&D technical architecture which provides a secure, highly available platform for business services.
- Exploring alternative financing options for low or zero carbon initiatives through the government's Green Investment proposals as well as local financing options and strategies including Municipal Bonds, Voluntary Council Tax and other viable business cases.
- Assisting in the development of a 5-Year Capital Investment Programme that supports the council's priorities including Housing, Sustainable Transport and Zero Carbon schemes, Regeneration & Employment, Schools & Learning, and IT & Digital.

A Heathy and Caring City

- Continue to mitigate for welfare reforms and universal credit on an operational level including implementation of the Welfare Framework redesign including researching and recommending a service design that incorporates the council's long term intentions around welfare support. This will be reflected in core budgets and will evolve the council's Welfare Reform response into an ongoing framework for Welfare Support and economic wellbeing, bringing services together as appropriate.
- Identify ways to increase support for those struggling to afford the cost of housing. This will include making full use of discretionary payments.
- Examine the impacts of poverty on individuals and communities and deliver an action plan to make life fairer for those affected by poverty and the consequences of living in poverty.
- Investigate and recommend a design for Council Tax Reduction (CTR) for implementation in 2022/23 that makes the scheme simpler and addresses incompatibilities with the universal credit model and the consequent impact on collection.

| Finance & Resources Budget Summary | | | | | | | |
|------------------------------------|----------------------------------------------------------------------------|----------------|------------------|-------------------|-----------------------------|----------------------------|-----------------------------------|
| 2020/21 Net Expenditure / (Income) | Service Area | 2021/22 Budget | | | | | 2021/22 Budgeted Contracted Staff |
| | | Expenditure | Income | Budget Allocation | Capital Charges & Recharges | Net Expenditure / (Income) | |
| | | £m | £m | £m | £m | £m | |
| (0.068) | Finance (Mobo) | 0.378 | (0.056) | 0.322 | (0.347) | (0.025) | 2.0 |
| 0.214 | HR & Organisational Development (Mobo) | 0.902 | (0.022) | 0.880 | (0.174) | 0.706 | 10.8 |
| 0.213 | Information Technology & Digital (Mobo) | 3.712 | (0.173) | 3.539 | (3.547) | (0.008) | 2.6 |
| 0.169 | Procurement (Mobo) | (0.165) | - | (0.165) | 0.260 | 0.095 | 0.0 |
| 0.005 | Business Operations (Mobo) | (0.085) | - | (0.085) | 0.185 | 0.100 | 4.0 |
| 5.909 | Revenues & Benefits (Mobo) | 127.099 | (122.443) | 4.656 | 1.240 | 5.896 | 145.3 |
| 0.485 | Contribution to Orbis Partnership | 10.945 | - | 10.945 | (10.631) | 0.314 | 309.5 |
| 6.928 | Finance & Resources Total (Excluding Centrally Managed Budgets) | 142.786 | (122.694) | 20.092 | (13.016) | 7.077 | 474.2 |
| (59.105) | Centrally Managed Budgets | 16.412 | (83.875) | (67.463) | (41.390) | (108.853) | 0.0 |
| (52.177) | Finance & Resources Total (Including Centrally Managed Budgets) | 159.199 | (206.570) | (47.371) | (54.406) | (101.777) | 474.2 |

Finance & Resources 2021/22 Revenue Budget Breakdown

| Service Description | Employee Expenditure £m | Other Expenditure £m | Total Expenditure £m | Income From Fees, Charges & Rents £m | Other Income £m | Government Grants £m | Total Income £m | Total Budget Allocation £m | Capital Charges & Recharges £m | Net Expenditure / (Income) £m |
|----------------------------------------------------------|----------------------------|-------------------------|-------------------------|-----------------------------------------|--------------------|-------------------------|--------------------|-------------------------------|-----------------------------------|----------------------------------|
| Finance (Mobo) | | | | | | | | | | |
| Audit & Business Risk | 0.002 | 0.008 | 0.010 | - | (0.001) | - | (0.001) | 0.009 | (0.010) | (0.001) |
| Financial Services | 0.195 | 0.173 | 0.368 | - | (0.055) | - | (0.055) | 0.313 | (0.337) | (0.024) |
| Finance (Mobo) Total | 0.197 | 0.181 | 0.378 | - | (0.056) | - | (0.056) | 0.322 | (0.347) | (0.025) |
| HR & Organisational Development (Mobo) | | | | | | | | | | |
| Business Partnering & Workforce Development | 0.916 | 0.036 | 0.952 | - | - | - | - | 0.952 | - | 0.952 |
| Health, Safety & Wellbeing | (0.142) | 0.000 | (0.142) | - | - | - | - | (0.142) | - | (0.142) |
| HR Strategy, Policy & Projects | 0.071 | 0.021 | 0.092 | (0.000) | (0.022) | - | (0.022) | 0.070 | (0.174) | (0.104) |
| HR & Organisational Development (Mobo) Total | 0.845 | 0.057 | 0.902 | (0.000) | (0.022) | - | (0.022) | 0.880 | (0.174) | 0.706 |
| Information Technology & Digital (Mobo) | | | | | | | | | | |
| IT&D | 0.143 | 3.570 | 3.712 | (0.032) | (0.142) | - | (0.173) | 3.539 | (3.547) | (0.008) |
| Information Technology & Digital (Mobo) Total | 0.143 | 3.570 | 3.712 | (0.032) | (0.142) | - | (0.173) | 3.539 | (3.547) | (0.008) |
| Procurement (Mobo) | | | | | | | | | | |
| Corporate Procurement | (0.126) | (0.039) | (0.165) | - | - | - | - | (0.165) | 0.260 | 0.095 |
| Procurement (Mobo) Total | (0.126) | (0.039) | (0.165) | - | - | - | - | (0.165) | 0.260 | 0.095 |
| Business Operations (Mobo) | | | | | | | | | | |
| Business Operations | (0.162) | 0.077 | (0.085) | - | - | - | - | (0.085) | 0.185 | 0.100 |
| Business Operations (Mobo) Total | (0.162) | 0.077 | (0.085) | - | - | - | - | (0.085) | 0.185 | 0.100 |
| Revenues & Benefits (Mobo) | | | | | | | | | | |
| Housing Benefit Transfer Payments | - | 118.880 | 118.880 | (2.363) | - | (117.268) | (119.631) | (0.751) | 0.214 | (0.537) |
| Revenues & Benefits | 5.645 | 2.574 | 8.219 | (0.991) | (0.520) | (1.301) | (2.812) | 5.407 | 1.026 | 6.433 |
| Revenues & Benefits (Mobo) Total | 5.645 | 121.454 | 127.099 | (3.355) | (0.520) | (118.569) | (122.443) | 4.656 | 1.240 | 5.896 |
| Contribution to Orbis Partnership | | | | | | | | | | |
| Contribution to ORBIS Services | - | 10.945 | 10.945 | - | - | - | - | 10.945 | (10.631) | 0.314 |
| Contribution to Orbis Partnership Total | - | 10.945 | 10.945 | - | - | - | - | 10.945 | (10.631) | 0.314 |
| Finance & Resources Total | 6.541 | 136.245 | 142.786 | (3.386) | (0.739) | (118.569) | (122.694) | 20.092 | (13.016) | 7.077 |

Centrally Managed Budgets 2021/22 Revenue Budget Breakdown

| Service Description | Employee Expenditure £m | Other Expenditure £m | Total Expenditure £m | Income From Fees, Charges & Rents £m | Other Income £m | Government Grants £m | Total Income £m | Total Budget Allocation £m | Capital Charges & Recharges £m | Net Expenditure / (Income) £m |
|----------------------------------------|----------------------------|-------------------------|-------------------------|-----------------------------------------|--------------------|-------------------------|--------------------|-------------------------------|-----------------------------------|----------------------------------|
| Capital Charges | - | - | - | - | - | - | - | - | (43.184) | (43.184) |
| Contingency | - | 1.385 | 1.385 | - | - | - | - | 1.385 | - | 1.385 |
| Financing Costs | - | 9.370 | 9.370 | - | (0.154) | - | (0.154) | 9.216 | - | 9.216 |
| Insurance Premiums | 0.481 | 2.646 | 3.127 | - | - | - | - | 3.127 | (3.127) | - |
| Levies & Precepts | - | 0.215 | 0.215 | - | - | - | - | 0.215 | - | 0.215 |
| Other Corporate Services | 2.313 | 0.002 | 2.315 | - | (41.955) | - | (41.955) | (39.640) | 4.921 | (34.719) |
| Unringfenced Grants | - | - | - | - | - | (41.766) | (41.766) | (41.766) | - | (41.766) |
| Centrally Managed Budgets Total | 2.794 | 13.619 | 16.412 | - | (42.109) | (41.766) | (83.875) | (67.463) | (41.390) | (108.853) |

Finance & Resources Directorate Budget Plan

| Section | Service Area | Brief Summary of Budget Proposal/Strategy and Risks | Savings Proposals 2021/22 |
|-------------------------------------------------------------|--------------|-----------------------------------------------------|---------------------------|
| | | | £m |
| Finance (Mobo) | | | |
| There are no savings proposed for 2021/22 within this area. | | | 0.000 |
| Finance (Mobo) Total | | | 0.000 |
| HR & Organisational Development (Mobo) | | | |
| There are no savings proposed for 2021/22 within this area. | | | 0.000 |
| HR & Organisational Development (Mobo) Total | | | 0.000 |
| IT & D (Mobo) | | | |
| There are no savings proposed for 2021/22 within this area. | | | 0.000 |
| IT & D (Mobo) Total | | | 0.000 |
| Procurement (Mobo) | | | |
| There are no savings proposed for 2021/22 within this area. | | | 0.000 |
| Procurement (Mobo) Total | | | 0.000 |

| Finance & Resources Directorate Budget Plan | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| Section | Service Area | Brief Summary of Budget Proposal/Strategy and Risks | Savings Proposals 2021/22 |
| | | | £m |
| Business Operations (Mobo) | | | |
| There are no savings proposed for 2021/22 within this area. | | | 0.000 |
| Business Operations (Mobo) Total | | | 0.000 |
| Contribution To Orbis | | | |
| Orbis Shared Services Partnership (This budget/service represents BHCC's share of the contribution to Orbis Shared Services in accordance with the Inter-Authority Agreement) | This service area represents Orbis partnership services including: Finance, HROD, Procurement, IT&D, and Business Operations. | <p>Savings on Orbis Partnership budgets must be agreed with the two other founding partners (Surrey and East Sussex County Councils) in accordance with the Inter-Authority Agreement.</p> <p>Orbis has delivered over £12m savings since its inception, reflecting the partners' desire to take substantial savings from support functions at an early stage to support challenging budget settlements in each of the authorities. These savings were reflected in the Orbis Business Plan which set out savings plans up to and including 2021/22. The savings in 2021/22 are more modest as most savings were 'front-loaded' as noted above. The Business Plan sets out planned savings for 2021/22 of £1.050m as follows:</p> <ul style="list-style-type: none"> - Business Operations: £0.500m; - IT&D operations (not systems or contracts): £0.500m; - Procurement (efficiencies): £0.050m. <p>BHCC's share of the planned savings is approximately 23% or £0.240m in 2021/22. Savings beyond 2021/22 will be subject to a newly agreed business plan.</p> <p>Delivery Risk: Achievement of business plan savings will require a combination of joint procurement activity to maximise buying power, continued development of self-service and service automation through technology in Business Operations (e.g. across payments, income</p> | 0.240 |

| Finance & Resources Directorate Budget Plan | | | |
|---------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| Section | Service Area | Brief Summary of Budget Proposal/Strategy and Risks | Savings Proposals 2021/22 |
| | | | £m |
| | | collection, payroll and recruitment processing), and service redesign through vacancy management where opportunities arise in IT&D. These are potentially challenging savings given the high demands across these support functions. | |
| Contribution To Orbis Total | | | 0.240 |
| Revenues & Benefits | | | |
| Revenues & Benefits | Administration of Housing Benefits, Council Tax, Council Tax Reduction awards and management of Welfare Support (Hardship) & Rights services - staffing costs budget. | <p>Ongoing savings are proposed from the continued downsizing of the Housing Benefit caseload element of Revenues and Benefits as cases move to Universal Credit managed by the DWP. The reduction in staff resources is proportional to the reduction in workload taking into account the expected increased demand for Universal Credit related welfare support and the introduction of improved digital services and automation. It should be noted that these savings are over and above those that the service has had to make to meet annual reductions in the Council Tax and Housing Benefit Admin Grants which have been reducing since 2009/10.</p> <p>Delivery Risk: The service is currently under great pressure due to the high number of Covid Business Grant schemes in operation, administration of significant emergency assistance and hardship schemes (including food and other voucher distribution), and the 13% increase in Council Tax Reduction caseload. Delivery of these efficiencies will therefore require the ending of lockdown and, substantially, a return to normal to be achievable. However, there is a risk that the economic situation could remain suppressed, resulting in continued higher than normal workload for this service. Given that the service will remain under pressure through at least</p> | 0.250 |

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| Finance & Resources Directorate Budget Plan | | | |
|-------------------------------------------------------------|--------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| Section | Service Area | Brief Summary of Budget Proposal/Strategy and Risks | Savings Proposals 2021/22 |
| | | | £m |
| | | the first quarter of 2021/22 due to ongoing hardship and support schemes and a slowly reducing CTR caseload, one-off funding is included in the budget proposals for 2021/22 to cover the later implementation of these proposals. See Staffing EIA S5. | |
| Revenues & Benefits (Mobo) Total | | | 0.250 |
| Housing Benefit Subsidy | | | |
| There are no savings proposed for 2021/22 within this area. | | | 0.000 |
| Housing Benefit Subsidy Total | | | 0.000 |
| Finance & Resources Total | | | 0.490 |

| Centrally Managed Budgets Directorate Budget Plan | | | |
|---------------------------------------------------|---------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| Section | Service Area | Brief Summary of Budget Proposal/Strategy and Risks | Savings Proposals 2021/22 |
| | | | £m |
| Centrally Managed Budgets | | | |
| Corporate Pension Costs | Corporate Pension Costs - historic retirement decisions | Statutory requirement to pay for historic retirement decisions of former employees that included added years. Costs reduce as membership reduces (i.e. mortality) but this is partially offset by indexation of pensions. The budget has seen small changes in recent years and, based on average movements, a reduction of £0.025m per annum may be realised each year. Delivery Risk: Expected to be achievable based on predicted trends. | 0.025 |
| Centrally Managed Budgets Total | | | 0.025 |

| Finance & Resources Capital Investment Programme 2021/22 to 2025/26 | | | | | |
|--------------------------------------------------------------------------------|---------------------------------------------|--------------------------------------------|---------------------------------------------|---------------------------------------------|---------------------------------------------|
| | Profiled Payments 2021/22 £m | Profiled Payments 202/23 £m | Profiled Payments 2023/24 £m | Profiled Payments 2024/25 £m | Profiled Payments 2025/26 £m |
| Approved Schemes | | | | | |
| Wide Area Network - The Link | 2.500 | - | - | - | - |
| New Schemes to be Approved | | | | | |
| Managing Staff Changes (Restructure / Redundancy) | 0.500 | 0.400 | 0.400 | - | - |
| Modernisation Enablers | 0.920 | 0.930 | 0.940 | - | - |
| Invest to Save (4-year plans) | 0.550 | 0.450 | 0.350 | - | - |
| Desktop & Laptop Replacement Programme | 0.250 | 0.250 | 1.000 | 1.000 | - |
| Customer Digital | 1.750 | 1.550 | 1.050 | - | - |
| IT&D Modernisation Investment | 0.300 | - | - | - | - |
| IT&D Fund | 1.000 | 1.000 | 1.000 | 1.000 | 1.000 |
| Finance & Resources | 7.770 | 4.580 | 4.740 | 2.000 | 1.000 |

Strategy, Governance & Law Directorate

Service Context

Strategy, Governance & Law's purpose and mission is to help the council in setting its strategy and priorities, enabling delivery of those priorities and monitoring performance. It also supports the democratic process in terms of elections and decision-making. It has a significant element of delivering front line services through Life Events (registrars, bereavement services and local land charges).

The broad strategy adopted to identify savings has focused on the following:

1. Priority and risk based approach- prioritising the deployment of resources into high priority, high risk areas and reducing input from lower priority and lower risk areas
2. Increasing income both from fees and charges and also working for external organisations
3. Further digitisation and automation of services
4. Increasing move from "excellent" towards "good enough" delivery of services

A more specific description of services and the budget strategy for savings for each service area is set out below.

Legal Services (net budget £1.540m)

Service context

- Provides legal advice and representation across all of the Council's functions as well as the Monitoring Officer function.
- Supports adult and children's safeguarding functions, where there is a significant pressure nationally in relation to the volume of Court proceedings.
- Generates approximately £500k per annum in external income through traded services to other public bodies.
- Supports the good governance of the Council through advice to Committees and manages the investigation and reporting of complaints under the Code of Conduct for Members
- Through a shared services Partnership, Orbis Public Law, achieves efficiency through economies of scale

Direction of Travel

- Ongoing collaboration with Orbis Public Law to drive efficiencies, such as joint procurement of online library and case management systems and a joint framework agreement for external legal advice
- Continued focus on increasing external income streams including the LEP; East Sussex Fire and Rescue Service and work for other authorities
- Increased use of new technology to drive efficiency and release savings – such as Contract Express and Caselines Bundling

Budget Strategy- Areas of Focus for Savings

- Continued review of demand management options (such as restricting legal involvement to more complex or high risk issues and automating processes wherever possible.)

- Increase in income from external work. Bidding for new work has to carefully balance the value of the income generated with the potential impact on capacity to support the council. External work is currently undertaken for East Sussex Fire Authority, schools, WSCC, CCG and a number of Districts and Boroughs and the LEP from 1st April 2021.

Areas of pressure

- External income will be affected by the introduction of CIL which will impact on income for Legal Fees for s 106 agreements. Income from prosecutions is affected by Covid19 and the backlog in Court Hearings. The backlog in Court Hearings is also causing pressure on our safeguarding team due to the numbers of new cases starting without existing cases finishing.

Democratic and Civic Office Services (net budget £1.777m – including Members Allowances)

Service

This is a centralised service that provides support to Members generally. It is responsible for the co-ordination and administration of the democratic decision-making process, ensuring that statutory requirements are met. The Democratic Services team works closely with the legal and communications teams to maintain the transparency and accountability of the committee system.

The Democratic Services Team is also responsible for

- The co-ordination of Member training & development,
- Administering of School Appeals, which can range from 300-500+ in a year
- The Members' Allowances Scheme and support to the Independent Remuneration Panel
- The Brighton Fund which provides small one-off funding allocations to support Brighton and Hove residents

The Civic Office forms part of the Democratic Services Team and is responsible for the co-ordination and support to the Mayor and Lord Lieutenant, ensuring that all Civic and Royal engagements in the City and the county are managed effectively.

Budget Strategy- Areas of Focus for Savings

- Review Ward Budgets
- Review web cast provision with view to in-house option
- Review Members' allowances
- Service redesign for the Civic Office to increase efficiencies
- Reducing administrative costs with less reliance on paper and more effective use of electronic agendas

Policy & Partnerships (net budget £0.624m)

Service

This includes the Policy, Partnerships and Scrutiny teams. The partnership service is part funded by partners in the City and supports Brighton & Hove Connected as well as a number of initiatives in co-ordination with partners in the city. The main areas of service include the following:

- The Policy function leads on the creation and implementation of the Corporate Plan; enhancing organisational awareness of key policy objectives, and guiding and supporting the development and implementation of key strategies, such as the Economic Strategy, Housing strategy, Transport strategy, City Plan development etc. The PPS team enables the development of a coherent policy framework to realise the ambitions of the administration going forward
- The policy and partnerships teams have a leading role in the development of Carbon Neutral 2030 strategy, providing programme management, leadership support and ongoing policy / strategy advice to teams across the council and partner organisations
- PPS acts as a liaison between the Administration and officers, both individually and through Policy chairs Board, MWGs, Week Ahead meeting etc.
- We provide ongoing Policy Support to directorates, ensuring awareness of corporate policy objectives and coordination with specific policy initiatives within directorates.
- We coordinate the council's preparations for Brexit.
- The partnership function is responsible for City wide engagement, relationship management and partnership development, support and delivery including the City Management Board, Brighton and Hove Connected and the range of thematic partnerships across the city. In addition, the team leads on specific projects as required, including Climate assembly, Civic leadership programme etc. We also support the work of the Better think tank.
- The Scrutiny function leads on the statutory health scrutiny function (HOSC) and currently provides business management support to HWB, including developing and implementing review of HWB

Budget Strategy- Areas of Focus for Savings

- It is proposed to generate efficiencies/ additional income by undertaking responsibility for supporting the H&WB work.
- Reduction in training and development budget.
- There is a potential service pressure regarding the Better Brighton & Hove funding.

Life Events (net budget £0.068m – consisting of gross expenditure of £3.513m and income of £3.445m)

The service

This includes Electoral Services, Local Land Charges, Registration and Bereavement Services. As the net budget figures indicate, it is largely funded from income generated from fees and charges. The service has delivered significant savings over previous years and has experienced some real challenges. The current pandemic has had a major impact on service delivery and income generation, for both the Registration Service, and Bereavement Services. Registration Services specifically, has seen central government direct the suspension of marriage and civil partnership ceremonies, leading to significant shortfalls in income for a large part of 2020/21. Uncertainties currently continue and will inevitably impact on income projections for the remainder of the financial year. Other challenges have included delivering a safe snap General Election result, and there have been staffing changes at a senior level in Bereavement Services, and the Registration Team. Competition from alternative providers continues to influence fees and charges pricing structures, and a recent Competition and Markets Authority (CMA) review of costs of funerals nationally, will influence LAs abilities to set fees, in Bereavement Services.

Budget Strategy – area of focus for savings

- The Life Events budget is largely funded through income from fees and charges. The service will continue to set fees and charges at a level that maximises income within the law. We would do this in a competitive manner – ensuring that an evidence-based approach that considers competitors pricing and uptake of services is used when increasing or holding charges.

- Across Life Events, modernisation projects and the optimisation of digital technology will continue to take place to bring about efficiencies and related savings. These include the continued expansion of e-communications within electoral registration and the digitalisation of documentation within Bereavement Services as the service continues to work with a new software provider to implement a new cloud based software system. (work is ongoing remotely, due to current Covid19 restrictions in place nationally, and safe Covid19 working in our offices.
- The Coroner's service, administered by the Local Authority, is currently being reviewed following the imminent retirement of the Senior Coroner for the City of Brighton & Hove. to establish whether there are efficiencies and or other advantages / opportunities for a merger of the service with neighbouring East and West Sussex County Councils. Work is underway with local adjoining LAs, and the Ministry of Justice and Chief Coroner's Office.
- The provisional proposals include:
 - Bereavement services- service redesign that includes more flexible working patterns to suit business needs, a review of fees and charges, digitisation of services
 - Registrars: review of fees and charges and prioritisation of services that are able to be delivered during Covid19 restrictions, as well as a work-plan for when restrictions are lifted.
 - Elections and Local Land Charges- consolidation of postal and printing arrangements, flexible staffing re design

Areas of pressure;

Ongoing uncertainty about impacts of Covid19 are significant to the Registration Service in terms of delivering services and maximising income. Local Land Charges income needs careful monitoring due to impacts of Covid19 on the housing market, affecting property search no's.

Performance, Improvement & Programme Management (net budget £0.626m)

Service

The role of this service is to drive continuous improvement and efficiency across the organisation to support strong corporate governance, minimise the adverse impact of financial challenges on customers, avoid costly mistakes and better protect council reputation. It also has responsibility for ensuring objective resolution of customer dissatisfaction and taking the strategic lead in improving customer experience through effective customer insight.

The Customer Feedback team processes approx. 2,000 Stage 1 complaints and 1,000 compliments, investigates approx. 200 Stage 2 complaints and assists the Ombudsman with approx. 100 cases. The performance team drives the corporate and directorate planning and monitoring processes. There are currently 6 Directorate Plans, 23 Service Plans and 72 Corporate Key Performance Indicators. The Risk Management Lead drives regular risk reviews, there are currently 16 strategic and 23 directorate risks. The service is also responsible for production of the statutory Annual Governance Statement evidencing effectiveness of corporate governance. A number of modernisation projects and programmes across the organisation in all directorates are managed from the Corporate Programme Management Office which is funded largely from one-off modernisation funding. There are currently approx. 20 corporate projects/programmes

Budget Strategy-Areas of focus for savings

It is proposed to review the service based on priorities. Reduced resources within the Performance, Improvement & Programmes team would result in reduced capacity to drive continuous improvement and efficiency across the organisation and reduced capacity for ensuring sound corporate governance. The team will therefore need to prioritise areas of focus and optimise areas where corporate oversight will be absolutely necessary.

Corporate Communications (net Budget £0.599m)

From crafting engaging content, to project managing campaigns that help change behaviors, Brighton & Hove City Council's award-winning Communications Team provides a fully integrated service that covers:

- Campaigns, marketing, public relations, film-making and copywriting. Turning complex messages into impactful content that reaches target audiences through innovative Campaign Plans clearly aligned to service, policy or corporate objectives;
- Internal communications; organisational culture. Building and supporting a network of ambassadors who can amplify our messages from the inside, out;
- Media relations. Supporting staff and councillors by acting as a central hub for proactive and reactive media relations relating to the council's corporate activities. Generating compelling news stories across newspapers, TV and radio, providing responses to media enquiries, managing requests for interviews, statements and comments and putting the story straight when misrepresented;
- Graphic design and branding. Managing the council's identity so that our 700+ services are clearly recognised, creating powerful, visual, branded content that stands out;
- Consultation, engagement and public affairs. Designing interactive and creative processes which gather a true understanding of peoples' needs, enabling services to work towards solutions based on those needs;
- Digital communications. Communicating online; building a strong presence in a city that thrives on digital media. Using social media platforms as an appropriate and effective way to connect with communities, promote online services, gather real-time insights and respond to comments and complaints.
- Emergency and crisis communications. Supporting the council and the city in the immediate aftermath of a significant incident and in the recovery stages.

Brighton & Hove City Council's communications strategy's overarching aims are to:

- ensure all stakeholders can access information and services that they need
- support the council in achieving its vision and priorities through campaigns, activities or specific plans based with clear and consistent messages, branding and measurable outcomes

Our specific aims are to:

- Enhance the reputation of the council and its work to residents and key decision makers and opinion formers
- Nurture a well-informed, engaged and proud workforce
- Support councillors in becoming our best advocates and storytellers by ensuring they have access to useful information and can effectively communicate
- Support the council in delivering key digital projects which will improve customer access and effectively manage demand and take advantage of new technologies as they emerge.
- Understand how we communicate with stakeholders and how they communicate with us, understanding where they get information from so we can ensure information and messages reach the right audiences at the right time in the right way through the right channel.
-

Budget Strategy – area of focus for savings

The budget position is challenging as demand for accessible, inclusive and targeted communications increases across many channels.

A service review and redesign is the only viable option to make the savings asked. The redesign will focus on maintaining the high quality of communications provided although there is likely to be a reduction in capacity, and will also address a management heavy and flat team structure enabling entry level opportunities and career progression.

| Strategy, Governance & Law Budget Summary | | | | | | | |
|-------------------------------------------|---------------------------------------------|----------------|----------------|-------------------|-----------------------------|----------------------------|-----------------------------------|
| 2020/21 Net Expenditure / (Income) | Service Area | 2021/22 Budget | | | | | 2021/22 Budgeted Contracted Staff |
| | | Expenditure | Income | Budget Allocation | Capital Charges & Recharges | Net Expenditure / (Income) | |
| | | £m | £m | £m | £m | £m | |
| 0.032 | Corporate Policy | 0.767 | (0.106) | 0.661 | (0.698) | (0.037) | 10.5 |
| 0.072 | Legal Services | 2.021 | (0.355) | 1.666 | (1.641) | 0.025 | 47.2 |
| 0.067 | Democratic & Civic Office Services | 1.864 | (0.092) | 1.772 | (1.831) | (0.059) | 15.1 |
| 0.922 | Life Events | 3.633 | (3.372) | 0.261 | 0.935 | 1.196 | 50.4 |
| 0.047 | Performance, Improvement & Programmes | 0.589 | - | 0.589 | (0.587) | 0.002 | 23.4 |
| 0.051 | Communications | 0.691 | (0.016) | 0.675 | (0.569) | 0.106 | 15.4 |
| 1.189 | Strategy, Governance & Law Total | 9.565 | (3.941) | 5.624 | (4.392) | 1.232 | 162.0 |

| Strategy, Governance & Law 2021/22 Revenue Budget Breakdown | | | | | | | | | | |
|-------------------------------------------------------------|-------------------------|----------------------|----------------------|--------------------------------------|-----------------|----------------------|-----------------|----------------------------|--------------------------------|-------------------------------|
| Service Description | Employee Expenditure £m | Other Expenditure £m | Total Expenditure £m | Income From Fees, Charges & Rents £m | Other Income £m | Government Grants £m | Total Income £m | Total Budget Allocation £m | Capital Charges & Recharges £m | Net Expenditure / (Income) £m |
| Corporate Policy | | | | | | | | | | |
| Chief Executives Office | 0.270 | 0.013 | 0.284 | - | - | - | - | 0.284 | (0.316) | (0.032) |
| Democratic Services | 0.054 | - | 0.054 | - | - | - | - | 0.054 | (0.056) | (0.001) |
| Policy, Partnerships & Scrutiny | 0.341 | 0.088 | 0.429 | - | (0.106) | - | (0.106) | 0.323 | (0.326) | (0.003) |
| Corporate Policy Total | 0.665 | 0.101 | 0.767 | - | (0.106) | - | (0.106) | 0.661 | (0.698) | (0.037) |
| Legal Services | | | | | | | | | | |
| Legal Services | 2.059 | (0.038) | 2.021 | (0.233) | (0.122) | - | (0.355) | 1.666 | (1.641) | 0.025 |
| Legal Services Total | 2.059 | (0.038) | 2.021 | (0.233) | (0.122) | - | (0.355) | 1.666 | (1.641) | 0.025 |
| Democratic & Civic Office Services | | | | | | | | | | |
| Democratic Services | 0.364 | 0.173 | 0.536 | - | (0.068) | - | (0.068) | 0.468 | (0.476) | (0.008) |
| Mayor's Office | 0.147 | 0.021 | 0.168 | - | (0.024) | - | (0.024) | 0.144 | (0.170) | (0.026) |

Strategy, Governance & Law 2021/22 Revenue Budget Breakdown

| Service Description | Employee Expenditure £m | Other Expenditure £m | Total Expenditure £m | Income From Fees, Charges & Rents £m | Other Income £m | Government Grants £m | Total Income £m | Total Budget Allocation £m | Capital Charges & Recharges £m | Net Expenditure / (Income) £m |
|--------------------------------------------------------|----------------------------|-------------------------|-------------------------|-----------------------------------------|--------------------|-------------------------|--------------------|-------------------------------|-----------------------------------|----------------------------------|
| Members Allowances & Training | 0.965 | 0.055 | 1.020 | - | - | - | - | 1.020 | (1.041) | (0.021) |
| Political Administration Support | 0.139 | 0.001 | 0.140 | - | - | - | - | 0.140 | (0.144) | (0.004) |
| Democratic & Civic Office Services Total | 1.614 | 0.250 | 1.864 | - | (0.092) | - | (0.092) | 1.772 | (1.831) | (0.059) |
| Life Events | | | | | | | | | | |
| Bereavement Services | 1.018 | 1.203 | 2.221 | (1.943) | - | - | (1.943) | 0.278 | 0.646 | 0.925 |
| Electoral Services | 0.407 | 0.200 | 0.607 | (0.005) | - | (0.059) | (0.064) | 0.542 | 0.092 | 0.634 |
| Land Charges | 0.095 | 0.012 | 0.107 | (0.570) | - | - | (0.570) | (0.463) | 0.022 | (0.441) |
| Registrars | 0.655 | 0.043 | 0.698 | (0.790) | (0.001) | (0.004) | (0.795) | (0.097) | 0.175 | 0.079 |
| Life Events Total | 2.174 | 1.459 | 3.633 | (3.308) | (0.001) | (0.063) | (3.372) | 0.261 | 0.935 | 1.196 |
| Performance, Improvement & Programmes | | | | | | | | | | |
| Performance | 0.276 | 0.029 | 0.305 | - | - | - | - | 0.305 | (0.303) | 0.002 |
| Programme Management | 0.016 | 0.002 | 0.018 | - | - | - | - | 0.018 | (0.001) | 0.017 |
| Standards & Complaints | 0.259 | 0.008 | 0.267 | - | - | - | - | 0.267 | (0.283) | (0.016) |
| Performance, Improvement & Programmes Total | 0.551 | 0.038 | 0.589 | - | - | - | - | 0.589 | (0.587) | 0.002 |
| Communications | | | | | | | | | | |
| Communications | 0.753 | (0.062) | 0.691 | 0.003 | (0.019) | - | (0.016) | 0.675 | (0.569) | 0.106 |
| Communications Total | 0.753 | (0.062) | 0.691 | 0.003 | (0.019) | - | (0.016) | 0.675 | (0.569) | 0.106 |
| Strategy, Governance & Law Total | 7.817 | 1.748 | 9.565 | (3.538) | (0.339) | (0.063) | (3.941) | 5.624 | (4.392) | 1.232 |

| Strategy, Governance & Law Directorate Budget Plan | | | |
|----------------------------------------------------|----------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| Section | Service Area | Brief Summary of Budget Proposal/Strategy and Risks | Savings Proposals 2021/22 |
| | | | £m |
| Policy, Partnership & Scrutiny | | | |
| Chief Executive | Chief Executive | Small reduction in corporate training budget. Delivery Risk: Low. | 0.005 |
| Policy, Partnership & Scrutiny (PPS) | Policy, Partnership & Scrutiny including Leadership Support | Service review with expected efficiencies to be achieved around the support to the Wellbeing Board. Delivery Risk: Expected to be manageable. | 0.022 |
| Corporate Policy Total | | | 0.027 |
| Legal Services | | | |
| Legal Services | Legal Services (Note: income of £0.066m from services to schools has been netted off with gross budget). | Voluntary reduction in hours. Delivery Risk: These reductions in hours will impact on turnaround times for advice and decrease availability but this can be managed without significant risk and with careful prioritisation. The reduction in capacity will also impact on the proposed strategy to increase external work and, in particular, undertake work for the Coast to Capital LEP unless there is a sufficient contribution to costs within the contract to cover the reduction in capacity through these savings. The savings proposals are also dependent on legal services service pressure funding request of £120k being approved within the final budget package, particularly the estimated shortfall from income from the Community Infrastructure Levy compared to previous Section 106 arrangements. | 0.047 |
| | | Increase in external income (fees for property work, ESFRS, work for Districts and Boroughs). Teams are currently under increased pressure with in-house work and some external work streams have been negatively impacted by Covid, but as this impact eases, external work should be able to proceed. Delivery Risk: Expected to be achievable. | 0.009 |
| Safeguarding & Advice (Children & Adults) | Child protection and Adult safeguarding legal proceedings and advice | Increase in external income (fees for WSCC child care work and CCG). Teams are currently under increased pressure with in-house work and some external work streams have been negatively impacted by Covid, but as this | 0.009 |

| Strategy, Governance & Law Directorate Budget Plan | | | |
|-----------------------------------------------------|----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| Section | Service Area | Brief Summary of Budget Proposal/Strategy and Risks | Savings Proposals 2021/22 |
| | | | £m |
| | | impact eases, external work should be able to proceed. Delivery Risk: Expected to be achievable. | |
| Legal Services Total | | | 0.065 |
| Democratic & Civic Office Services | | | |
| Democratic Services | Democratic Services | Reduction in printing costs with move to electronic papers for meetings only and use of Modern.Gov App. Delivery Risk: Achievable and supports sustainability priorities. | 0.015 |
| Democratic Services | Democratic Services | Reduce supplies & services budget. Delivery Risk: Low. | 0.004 |
| Democratic Services | Democratic Services | Reduce the training budget for Members, look to provide more in-house development sessions and available resources online that are free. Delivery Risk: New ways of working and delivery training should enable the saving to be achieved. | 0.002 |
| Democratic Services | Civic Office | Reduction in admin costs. Delivery Risk: Expected to be manageable. | 0.012 |
| Democratic & Civic Office Services Total | | | 0.033 |
| Life Events | | | |
| Life Events | Bereavement Services | Annual review of fees and charges, mindful of major impact of Covid19 with limits placed by government on funeral industry, as well as Competitions and Marketing Authority (CMA) Funerals Services report and local competition. £5k. Delivery Risk: Low. See EIA 16. | 0.005 |
| Life Events | Bereavement Services | Small re-alignment of Crematorium structure £10k. Move to generic roles at the Lodge and further small realignment of senior roles. Delivery Risk: Manageable. See EIA 16. | 0.010 |
| Life Events | Elections and Local Land Charges | The savings will be managed via a service review, which will introduce more flexibility for resources at peak service times. Delivery Risk: Some impact on capacity is likely but expected to be manageable. See EA 16. | 0.020 |
| Life Events | Elections and Local Land Charges | Changes to Electoral Registration annual canvass, leading to efficiencies, with post and printing costs. Delivery Risk: Low. | 0.005 |
| Life Events Total | | | 0.040 |

| Strategy, Governance & Law Directorate Budget Plan | | | |
|----------------------------------------------------------|------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------|
| Section | Service Area | Brief Summary of Budget Proposal/Strategy and Risks | Savings Proposals 2021/22 |
| | | | £m |
| Performance, Improvement & Programmes | | | |
| Performance, Improvement & Programmes (Permanent Budget) | Customer Experience and Customer Feedback, Corporate Performance, Risk Management and Corporate Governance | Redesign of service. Delivery Risk: This will lead to reduced capacity to support continuous improvement and efficiency across the organisation and reduced capacity for ensuring sound corporate governance. However, there is potential for some capacity to be replaced through business cases for support from the Modernisation Fund. | 0.037 |
| Performance, Improvement & Programmes Total | | | 0.037 |
| Communications | | | |
| Communications | Communications | Service redesign of this area to achieve staffing efficiencies. Delivery Risk: This will result in reduced capacity which, in turn, will have some effect on the team's ability to support the council's needs in terms of internal and external communication. See Staffing EIA S6. | 0.035 |
| Communications Total | | | 0.035 |
| Strategy, Governance & Law Total | | | 0.237 |

| Strategy, Governance & Law Capital Investment Programme 2021/22 to 2025/26 | | | | | |
|----------------------------------------------------------------------------|---------------------------------|--------------------------------|---------------------------------|---------------------------------|---------------------------------|
| | Profiled Payments 2021/22 £m | Profiled Payments 202/23 £m | Profiled Payments 2023/24 £m | Profiled Payments 2024/25 £m | Profiled Payments 2025/26 £m |
| Approved Schemes | | | | | |
| None | - | - | - | - | - |
| New Schemes to be Approved | | | | | |
| None | - | - | - | - | - |
| Strategy, Governance & Law | - | - | - | - | - |

Summary of Reserves & Provisions

| Reserves & Provisions | | | |
|-------------------------------------------------------------------------------|-------------------------------------|------------------------|-------------------------------------|
| Description | Estimated Balance as at 01/04/20 £m | Planned Use 2020/21 £m | Estimated Balance as at 31/03/21 £m |
| General Fund Reserves | | | |
| General Fund Working Balance/General Reserves | 9.188 | (0.188) | 9.000 |
| Capital Receipts Reserve | 18.772 | (4.842) | 13.930 |
| Capital Reserves | 0.097 | (0.097) | - |
| Library PFI Reserve | 0.679 | (0.002) | 0.677 |
| Waste PFI Project Reserve | 3.455 | 1.205 | 4.660 |
| Section 106 Receipts (Revenue) | 0.483 | (0.150) | 0.333 |
| Section 106 Interest | 0.566 | (0.140) | 0.426 |
| Developer Contributions Unapplied (S106 Capital) | 0.669 | (0.050) | 0.619 |
| Brighton Centre Redevelopment Reserve | 2.772 | (0.350) | 2.422 |
| Customer Access & Accommodation Strategies & The Link Network Upgrade Reserve | 0.079 | (0.050) | 0.029 |
| Concessionary Bus Passes | 0.074 | - | 0.074 |
| ICT Investment Reserve | 0.169 | (0.085) | 0.084 |
| Environmental Enforcement Reserve | 0.035 | (0.035) | - |
| Winter Maintenance | 0.616 | - | 0.616 |
| Outdoor Events | 0.121 | - | 0.121 |
| Dome Planned Maintenance | 0.176 | (0.030) | 0.146 |
| Hove Park 3G Pitch Renewal | 0.015 | - | 0.015 |
| Surface Water Management Reserve | 0.487 | (0.261) | 0.226 |
| BikeShare Scheme Reinvestment Reserve | 0.135 | (0.030) | 0.105 |
| Community Equipment Reserve | 0.033 | - | 0.033 |
| Sports Facilities Reserve | 0.338 | - | 0.338 |
| Licensing - other reserve | 0.044 | - | 0.044 |
| Taxi Licensing | 0.065 | (0.010) | 0.055 |
| East Brighton Parking Surplus | 0.010 | (0.010) | - |
| Preston Park Parking Surplus | 0.113 | (0.113) | - |
| NEH Refurbishment Reserve | 0.150 | (0.150) | - |
| Road Works Permit Scheme | 0.033 | - | 0.033 |
| i360 Reserve | 7.814 | 1.382 | 9.196 |
| HMO Licensing Fees Reserve | 0.340 | (0.021) | 0.319 |
| HMO Additional Licensing Fees (3) | 0.193 | (0.120) | 0.073 |
| Phoenix House Sinking Fund | 0.060 | - | 0.060 |
| Damage Deposit Guarantee Scheme | 0.200 | - | 0.200 |
| Cemeteries Maintenance Reserve | 0.049 | (0.010) | 0.039 |

| Reserves & Provisions | | | |
|-----------------------------------------|--------------------------------------------|-------------------------------|--------------------------------------------|
| Description | Estimated Balance as at 01/04/20 £m | Planned Use 2020/21 £m | Estimated Balance as at 31/03/21 £m |
| PRS Rent Deposit Scheme | 0.041 | (0.002) | 0.039 |
| Travellers Site Capital Reserve | 0.079 | (0.050) | 0.029 |
| City Deal New England House Dev Reserve | 4.900 | (0.200) | 4.700 |
| Climate Change Carbon reduction reserve | - | 1.000 | 1.000 |
| Investment Properties (Dilapidations) | 0.189 | (0.100) | 0.089 |
| Restructure Redundancy Reserve | 0.085 | (0.030) | 0.055 |
| Insurance Reserve General | 5.372 | - | 5.372 |
| Total General Fund Reserves | 58.696 | (3.539) | 55.157 |
| HRA Reserves | | | |
| HRA Working Balance | 8.466 | (0.190) | 8.276 |
| Capital Reserves | 2.900 | (2.900) | - |
| EDB Reserves | 0.240 | (0.100) | 0.140 |
| Renewable Energy Reserve | 0.175 | (0.040) | 0.135 |
| Rent Support Reserve | 0.909 | (0.909) | - |
| Sustainability and Retrofit reserve | 4.010 | - | 4.010 |
| Total HRA Reserves | 16.700 | (4.139) | 12.561 |
| Schools / DSG Reserves | | | |
| Schools PFI Project Reserve | 0.886 | - | 0.886 |
| Schools LMS Balances | 3.496 | - | 3.496 |
| Portslade Adult Learning | 0.020 | - | 0.020 |
| Total Schools / DSG Reserves | 4.402 | - | 4.402 |
| TOTAL RESERVES | 79.798 | (7.678) | 72.120 |
| General Fund Provisions | | | |
| Hostel Accommodation Dilapidations | 0.082 | - | 0.082 |
| Voluntary Severance Provision | 0.285 | (0.285) | - |
| Total General Fund Provisions | 0.367 | (0.285) | 0.082 |
| TOTAL ALL FUNDS | 80.165 | (7.963) | 72.202 |

Medium Term Financial Strategy 2021/22 to 2025/26

The 2021/22 budget includes £10.644m of savings to deliver a balanced budget. The Budget Gaps for future years can only ever be a best estimate as resources, demands or budget forecast trends can change significantly with time.

Resource Assumptions:

The government announced a one year Spending Review for 2021/22 due to the ongoing uncertainty over the financial implications of the pandemic and therefore details of national funding allocations for future years will not be announced until later this calendar year when a longer term spending review is expected. The government's Fair Funding Review and potential move to 75% retained Business Rates were originally planned for introduction in 2020/21 but have been deferred twice and are now not expected to be implemented or revised until at least 2022/23. In addition, there is the potential for a reset of locally retained business rates which could result in up to £7.0m loss of resources although any reset is expected to release resources nationally that could be returned to local government through other grant allocations or the Fair Funding review. These changes will amend the future years' projections but as yet there is no certainty or reasonable estimate that can be provided for the impact these might have, which could be negative or positive. The MTFs therefore makes no assumptions at this stage but will be updated when the government confirms the financial impacts of local government funding changes.

Revenue Support Grant (RSG) is assumed to be maintained at the 2021/22 level although it could be rolled into the 75% retained Business Rates if this proposal is progressed. If this funding source were to end, then the budget gap would increase by £6.666m from 2022/23.

The improved Better Care Fund (iBCF) and Adults and Children's social care grants shown in table 2 of the main report are assumed to increase by £1m each year from 2022/23. Given the high profile of social care pressures nationally, this assumption will be kept under review; previously the government have used grants and the flexibility to raise an Adult Social Care precept to support the significant financial pressures in these service areas

Inflation and Other Cost Estimates:

A pay award for 2021/22 has yet to be agreed although the government has indicated that the majority of Public Sector will see a pay freeze with those paid under £24,000 per annum receiving a £250 pay rise. The council's MTFs follows the funding assumptions and announcements made by government as far as they are known. For future years, assumptions are primarily based on long term projections of inflation and the pay assumptions for future years range from 1.5% to 2.0%. The budget projections assume the council continues with the Living Wage Foundation's minimum wage.

The triennial review of the East Sussex Pension Scheme for the period 2020/21 to 2022/23 was completed in December 2019. The existing contribution rate is a blend of a fixed contribution percentage and a lump sum payment equivalent to 21%. The latest review amended this to a simple fixed rate contribution of 20.3% in 2021/22 and 19.8% in 2022/23. No assumptions of further change have been included beyond 2022/23.

There is provision for general price inflation ranges between 0% and 2% depending on the type of budgeted expenditure with the exception of the Waste PFI where a prudent 3.5% increase has been assumed until 2022/23. Increases in costs above assumed inflation levels will be managed through services' budget strategies unless the increase is significant and is identified as a corporate budget pressure.

The New Homes Bonus (NHB) scheme is planned to be revised or replaced and is likely to include harder targets to achieve. The planning assumption is the legacy payments relating to awards over the last 3 years will continue until they expire. No new funding through this route is assumed.

Corporate Plan Investments and Priority Service Pressure Funding

The 2021/22 budget includes over £20m investments to support the Corporate Plan, in particular, growth in demand and increases in costs across Children’s and Adults Social Care services, and Homelessness, as well as a small number of financial pressures across all other services including short term pressures relating to Covid.

Investment levels in services from 2022/23 have been included for the key projected demographic and cost increases or income reductions but these will be kept under review. These projections include £0.750m pa in 2022/23 and £0.500m pa for future years to support strategic priorities included within the Corporate Plan.

Predicted Budget Gaps (Savings Requirements):

In 2022/23, the budget gap is projected to be £11.0m with the overall gap for the MTFS period 2022/23 – 2025/26 to be £24.3m.

MEDIUM TERM FINANCIAL STRATEGY TABLES

Core Planning Assumptions

The table below sets out the core planning assumptions included in the MTFS projections:-

| Summary of MTFS Assumptions | | | | | |
|-----------------------------------------------------------|-------------|-------------|-------------|-------------|-------------|
| | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
| Pay inflation and pay related matters: | | | | | |
| - Provision for pay award | 0.30% | 1.50% | 1.50% | 2.00% | 2.00% |
| - Employers pension contribution rate change | -0.50% | -0.50% | -0.00% | 0.00% | 0.00% |
| General inflation: | | | | | |
| - Inflation on non-pay expenditure | 1.0% - 2.0% | 1.0% - 2.0% | 1.0% - 2.0% | 1.0% - 2.0% | 1.0% - 2.0% |
| - Inflation on waste PFI | 3.50% | 3.50% | 2.00% | 2.00% | 2.00% |
| - Inflation on income | 1.00% | 1.50% | 1.50% | 2.00% | 2.00% |
| - Inflation on parking and other transport-related income | 1.00% | 1.50% | 1.50% | 2.00% | 2.00% |
| - Inflation on penalty charge notices | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Resources: | | | | | |
| Change in Settlement Funding Assessment | 0.06% | 0.00% | 0.00% | 0.00% | 0.00% |
| Change to Revenue Support Grant (RSG) | 0.50% | 0.00% | 0.00% | 0.00% | 0.00% |
| Business rates poundage inflation uplift | 0.00% | 1.00% | 1.00% | 1.00% | 1.00% |
| Assumed council tax threshold increase | 1.99% | 1.99% | 1.99% | 1.99% | 1.99% |
| Adult Social Care Precept | 3.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| Council Tax Base Growth | -1.36% | 1.96% | 0.75% | 0.75% | 0.75% |

Summary of MTFS projections

The table below sets out the savings /budget gap taking into account the anticipated expenditure over the MTFS period and the funding resources available:-

| Summary of General Fund Budget Projections | | | | | |
|-------------------------------------------------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
| | £m | £m | £m | £m | £m |
| Sub-total Net Budget Requirement B/Fwd | 215.606 | 184.807 | 226.524 | 232.211 | 240.289 |
| Remove net one off short term funding and expenditure | | 37.152 | 3.000 | 1.489 | |
| Pay and Inflation | 3.689 | 5.365 | 4.900 | 5.513 | 5.705 |
| Change in employer pension contributions | -0.457 | -0.450 | | | |
| Assumed Increase in Social care funding through grants | -0.944 | -1.000 | -1.000 | -1.000 | -1.000 |
| Commitments - impact of previous decisions | 1.675 | 0.888 | 0.730 | 0.910 | 0.000 |
| New investment, demographic and cost service pressures in Adult Social Care and Adult Learning Disabilities | 15.985 | 3.750 | 3.000 | 2.250 | 2.250 |
| Demographic and cost service pressures for Children's disability, Children in Care, and Care Leavers | 1.358 | 0.500 | 0.400 | 0.400 | 0.400 |
| New investment in Environment and Sustainability | 0.892 | | | | |
| New Investment in Corporate Plan priorities | | 0.750 | 0.500 | 0.500 | 0.500 |
| New investment in Housing, temporary and emergency accommodation | 1.250 | 1.000 | | | |
| New investment, Demographic and cost service pressures for all other services | 1.785 | 1.000 | 0.750 | 0.500 | 0.500 |
| Home to School Transport | 1.000 | | | | |
| Service investments and short-term service pressure funding (one-off) | 7.783 | | | | |
| Council Tax Support Grant (to offset short term reductions in the taxbase) | -2.968 | | | | |
| Covid-19 Grant 2021/22 | -8.203 | | | | |
| Assumed additional Covid-19 one off grant 2022/23 | | -3.000 | | | |
| Estimated additional Rough Sleeper/homelessness funding | -1.000 | | | | |
| Savings Programme | -10.644 | | | | |
| Exceptional item - contribution from reserves relating to S31 retail and nursery reliefs | -33.764 | | | | |
| Change in contribution to/from reserves | -8.236 | 6.769 | 0.129 | 1.238 | 0.000 |
| Budget Gap (Savings Requirement) | - | -11.007 | -6.722 | -3.722 | -2.868 |
| Budget Requirement C/Fwd | 184.807 | 226.524 | 232.211 | 240.289 | 245.776 |
| Funded by: | | | | | |
| Revenue Support Grant | 6.666 | 6.666 | 6.666 | 6.666 | 6.666 |
| Locally retained Business Rates | 59.277 | 60.454 | 61.669 | 62.431 | 63.202 |

| Summary of General Fund Budget Projections | | | | | |
|---------------------------------------------------|----------------|----------------|----------------|----------------|----------------|
| | 2021/22 | 2022/23 | 2023/24 | 2024/25 | 2025/26 |
| | £m | £m | £m | £m | £m |
| Business Rates Collection Fund Deficit | -35.080 | -1.207 | -1.207 | - | - |
| Council Tax Collection Fund Deficit | -1.970 | -1.520 | -1.520 | - | - |
| Council Tax - Adult Social Care Precept | 4.450 | - | - | - | - |
| Council Tax - Including 1.99% General increases | 151.464 | 162.131 | 166.603 | 171.192 | 175.908 |
| Total Funding | 184.807 | 226.524 | 232.211 | 240.289 | 245.776 |

Glossary of Terms

Budget Allocation - This is the financial limit for each service unit's budget excluding charges for support services and capital financing.

Budget Requirement - Total expenditure (after deduction of income) that the Council can finance from Revenue Support Grant, Business Rates and Council Tax.

Business Rates - Business rates are taxes to help pay for local services. They're charged on most non-domestic properties including shops, pubs, offices and factories.

Business Rates Local Share - The council is responsible for collecting business rates income in Brighton and Hove. Under the Business Rates Retention Scheme, the council is allowed to retain 49% of the business rates income it collects. Of the remainder 50% is paid over to central government and 1% to East Sussex Fire Authority.

Business Rates Tariff Payment - A payment to Government to reflect the level of business rates retained locally that is above the baseline funding level calculated by a Government funding formula.

Capital Charges & Recharges - Includes depreciation (cost of fixed assets consumed during the year) and support services charges in respect of administrative and professional services and office accommodation charged to a particular service. These charges are outside of a service unit's budget allocation.

Capital Investment Programme - Spending which produces an asset, enhances or improves an asset, or extends the useful life of an asset e.g. the cost of building a school or purchasing a vehicle.

Capital Receipts - Income received from the sale of capital assets.

Contingency - The council's contingency budget includes provision for costs which are likely to occur but for which the estimated cost cannot be adequately foreseen at the time of setting the budget.

Council Tax - The main source of local taxation to local authorities and is levied on households within its area by the billing authority.

Council Tax Base - Represents the amount that would be raised by setting a £1 council tax on a Band D property. The budget to be funded by council tax is divided by the tax base to determine the amount of council tax to be levied. Band D is a property valuation band commonly used to specify the average council tax.

Council Tax Reduction Scheme - The Council Tax Reduction scheme is a local scheme that replaced the national Council Tax Benefit on the 1st April 2013. Council Tax Reduction is support for those on low incomes with the cost of their Council Tax. If Council Tax payers are eligible for support their council tax bills are reduced.

Dedicated Schools Grant (DSG) - The Dedicated Schools Grant is payable to local authorities by the Department for Education. It is a ring fenced specific grant and must be used in support of the Schools Budget as defined in the School Finance (England) Regulations 2008. It can be used for no other purpose.

Direct Revenue Funding - Resources provided from the revenue budget to finance the cost of capital projects.

Financing Costs - Capital expenditure is financed by loans, Government grants, external contributions, direct revenue funding, and capital receipts. The revenue budget bears the cost of direct revenue funding, together with interest and the provision for repayments of these loans.

General Fund - This is the main revenue fund of the council. The day-to-day transactions are conducted through this fund, other than sums to be paid into the Collection Fund or a trust fund.

Government Grants - Contributions by central Government towards either the revenue or capital cost of services.

Housing Revenue Account (HRA) - The Local Government and Housing Act 1989 requires each local housing authority to keep a Housing Revenue Account within its General Fund to account for income and expenditure on council houses and flats.

Levies - Other public bodies may levy the council by making a demand on the council tax requirement. The two organisations that levy the city council are the Environment Agency and Sussex Inshore Fisheries and & Conservation Area.

Medium Term Financial Strategy (MTFS) - This is the Council's financial projections and spending plans for future years for both the capital and revenue budget.

New Homes Bonus - A government grant which is aimed at encouraging local authorities to increase the number of homes in their area.

Reserves & Provisions - Reserves are set aside to finance future expenditure for purposes falling outside the definition of provisions. Provisions are made for liabilities of uncertain timing or amount.

Revenue Expenditure - The day to day spending on running and providing services e.g. salaries and wages or the running costs of a building such as heating and lighting.

Revenue Support Grant - A general government grant to support the General Fund expenditure.

Ringfenced - This term is used for the Government controls to prevent discretionary transfers between the Housing Revenue Account and other accounts of the General Fund. It is also used to refer to grants which are awarded to the council on the condition that they are spent on a particular area or project.

S75 - Agreements, regarding the pooling of resources, made under Section 75 of the Health Act 2006 between the City Council and National Health Service partners. The City Council has in place a Section 75 agreement for the provision of adult social care services.

Third Sector - A collective term for charities, voluntary and community organisations, and social enterprises.

Transfer Payments - Payments made to individuals for which no service or goods are exchanged – examples include housing benefit payments or carers' allowances.

Value for Money (VFM) - A council-wide programme for ensuring our services can demonstrate economy, efficiency and effectiveness in the provision of services, particularly when compared with similar providers or authorities.

Capital Strategy 2021/22 to 2025/26

1. Background

- 1.1. CIPFA's Prudential Code for Capital Finance in Local Authorities and MHCLG's Investment Guidance were both revised in 2017, requiring all local authorities to prepare an additional report, a capital strategy report, which should demonstrate that the authority:
 - takes capital expenditure and investment decisions in line with service objectives;
 - takes account of stewardship, value for money, prudence and affordability;
 - sets out the long term context in which capital expenditure and investment decisions are made;
 - gives due consideration to both risk and reward and the impact on the achievement of priority outcomes.
- 1.2. The aim of the Capital Strategy is to ensure that all members on the full Council understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.
- 1.3. This Capital Strategy is reported separately from the Treasury Management Strategy Statement which ensures the separation of the core treasury function under security, liquidity and yield principles, and the policy and commercial investments usually driven by expenditure on assets.
- 1.4. CIPFA have updated the definition of investments within the Treasury Management Code to now include "non-treasury", or commercial investments. These non-treasury investments are held primarily for financial returns, such as investment property portfolios. This strategy covers any non-treasury investments that the organisation holds or is planning to invest in. Treasury (or "financial") investments and associated risks are covered under the council's Annual Investment Strategy, which forms part of Appendix 3 to General Fund budget report.
- 1.5. Under the Prudential Code and Treasury Management Code, the council is required to set parameters around the council's borrowing and treasury activity, including an authorised borrowing limit for each year which cannot be breached. These parameters are set out in the prudential indicators within Annex C to this Appendix. These indicators ensure that any borrowing undertaken is prudent, affordable and sustainable.
- 1.6. Additionally, when funding capital expenditure through borrowing, the council is required to set aside a sum from revenue each year to repay the debt, known as the Minimum Revenue Provision (MRP). The policy for making the annual MRP should be prepared in line with the MRP guidance published by MHCLG. The council's MRP policy for 2021/22 is consistent with the guidance and included in Appendix 3 (section 3) for approval.

2. Governance & Risk Frameworks

- 2.1. The council's Financial Regulations set out the framework of control, responsibility and accountability for the proper administration of the council's financial affairs. Under the Financial Regulations, the Chief Finance Officer is responsible for ensuring a capital programme is prepared and considered by Policy & Resources Committee and approved by full Council annually.

- 2.2. Further to this, the council's Standard Financial Procedures define the key controls around the management of the council's financial affairs, including the capital programme. The key controls for the capital programme are:
- Specific approval by full Council for the programme of capital expenditure, in conjunction with the annual revenue budget process, outlining the phasing of expenditure and the sources of funding;
 - A scheme and estimate, including options appraisal, project plan, progress targets and associated revenue expenditure are prepared for each capital project;
 - No capital scheme to proceed unless necessary approvals have been obtained;
 - Proposals for improvements and alterations to buildings must be approved by the appropriate Chief Officer in consultation with the Assistant Director Property & Design;
 - Major rolling programmes of capital expenditure will require a detailed report to be submitted to Policy & Resources Committee covering all the schemes within each programme of works. This will include, but not be limited to, the programmes for the housing stock, Education, Asset Management Fund, Corporate Planned Maintenance (PMB), Information Technology & Digital (IT&D) Fund, Strategic Investment Funds and the Local Transport Plan. These may be reported separately or as part of a Targeted Budget Management report;
 - The development and implementation of an Asset Management Plan;
 - A nominated, accountable budget holder for each scheme and/or component of the programme;
 - Monitoring of progress on capital schemes and comparison with approved budget and remedial action taken to address overspends, reporting monthly to Chief Officers and at least quarterly to the Policy & Resources Committee;
 - Compliance with the council's Corporate Procurement Strategy and Contract Standing Orders.
- 2.3. Since June 2016 a Corporate Risk and Assurance Framework (CRAF) has provided a structured approach to help Members and senior managers discharge their responsibility for the management of key risks with potential to affect achievement of the council's priorities and expected outcomes. The CRAF requires the council to be proactive and have arrangements in place through its senior officers for robust arrangements for managing its business. Specifically the CRAF is designed to:
- help the council avoid costly mistakes, better protect its reputation and contribute to keeping the council safe;
 - set out for stakeholders, including members, how the council complies with best practice (the International Standard for Corporate Governance) and, as such, the CRAF forms an appendix within the council's statutory Annual Governance Statement.

Management of Risk

- 2.4. The council provides a number of critical services and its core purpose is to meet its statutory duties for the benefit of the citizens of the City. The council's key priority is to protect the delivery of these services. Therefore the council needs to take a measured approach to balancing the risks of any capital investment decisions with

the resources available for delivering key services against the benefits accruing from the investment.

2.5. The council's Risk Management Process is managed by:

- (i) assigning accountability to key officers to enable review, and challenge processes and assurances;
- (ii) using a "three lines of defence" model to map out how it gains assurance over its activities, processes and risks. This is reported as the Corporate Risk Assurance Framework (CRAF) appendix with the Annual Governance Statement 2021/22. An example is given below on using the three lines of defence to structure and categorise assurances for procurement.

An organisation might identify procurement and contract management as a key risk. The assurance map would then set out the sources of assurance that enable senior management and members to satisfy themselves that this risk is being managed. Under the three lines of defence, these assurances are categorised as follows:

First line: controls and processes followed by service managers who own and manage risks. In this case, these would be the controls and processes followed by contract managers who are responsible for procuring contracts and for contract management.

Second line: controls and processes operated by managers responsible for overseeing risks. These typically monitor the first line of defence operated by managers and in this case might include risk management and procurement compliance functions.

Third line: functions providing independent assurance. This is a key role for Internal Audit and is sometimes considered to include external inspectorates.

- (iii) monitoring and tracking delivery of the assurances throughout the year to help strengthen the risk management and control environment through the Risk Reporting Timetable (RRT). The RRT schedules in reviews of risk at Directorate Management Teams, who prepare reports that are progressed and escalated and which ultimately result in quarterly update reports being presented to the Executive Leadership Team (ELT). These then go onto the Audit & Standards Committee on a quarterly basis within the Strategic Risk focus agenda item which provides updates on changes to the Strategic Risk Register.

As part of this item the Committee also focuses on at least two, but normally four or five, Strategic Risks where Risk Owners (officer members of the ELT) attend to answer Members' questions on whether the right type of assurance activity is being targeted at the right area or risks and whether this is efficient. From 2020 The Strategic Risk Register is annually reported in full to the Policy & Resources Committee alongside the corporate Performance Report.

2.6. Risks specific to the delivery of the capital programme and Capital Strategy are managed by a range of processes and groups:

- Financial risks (e.g. overspending , slippage and re-profiling) are managed through the council's Targeted Budget Management (TBM) process which is reported at least quarterly to P&R committee.
- The progress of major infrastructure projects is monitored through the officer led Strategic Investment Board and the member led Strategic Delivery Board.
- Any significant changes to the direction, or financial or legal risks of any major scheme are reported back to P&R committee.

3. Capital Strategy

3.1. Capital resources are available to the council for investment in assets. They play an important role in helping to achieve the council's Corporate Plan priorities. This section sets out the strategy and plans for capital expenditure. The council's Capital Strategy outlines the process for the prioritisation and evaluation of capital investment projects. A summary of these priorities is detailed as follows and aims to:

- seek to protect as far as possible capital grant funding for education, housing transport and the public realm investment;
- pool all remaining non ring-fenced capital resources and allocate these to priority areas for investment;
- allocate approximately £0.250m per annum to 'major projects' investment through a Strategic Investment Fund. These projects support the economy through regeneration of key sites which can often lever in housing development;
- allocate £1.000m per annum towards the Information Technology & Digital Fund to address the funding of central network support and improvements to the IT&D infrastructure identified in the IT&D Investment Strategy;
- allocate £1.000m per annum to the Asset Management Fund to support essential property improvements, minimise backlog maintenance, improve sustainability and energy efficiency of buildings where possible, and reduce longer term maintenance costs;
- similarly, allocate £1.000m per annum through borrowing to support investment in planned maintenance in Operational and Social Care buildings;
- generate capital receipts from the disposal of surplus or under-performing assets and to deploy the proceeds from the sale of capital assets:
 - for reinvestment in the capital investment programme, or;
 - for modernisation of council services including using the government's 'capital receipt flexibilities' that allows revenue costs to be capitalised and funded from capital receipts where this generates efficiencies, or;
 - for repayment of debt or for investment, for example, to offset any loss of rental income in the revenue budget.
- the net receipts from 'right to buy' sales from council housing are reinvested directly into additional housing.
- use unsupported borrowing for:
 - service improvements where a business case has been developed and approved, and can demonstrate that the investment will provide value for money and that the additional financing costs are reflected in the revenue budget;

- purchase of vehicles and plant where an options appraisal demonstrates borrowing provides the best value for money and the financing costs are reflected in the revenue budget;
- investment to support Corporate Plan priorities where the financial impact of any decision is treated as a commitment in future years' budgets and is affordable;
- restructuring the funding of the approved capital programme when this provides a more efficient use of capital and revenue resources.
- explore all funding options including partnerships and one-off bidding processes. The council can bid for capital investment through funding streams such as the National Heritage Lottery Fund, Arts Council and the Coast to Capital Local Enterprise Partnership (C2C LEP). Other Government initiatives that may be considered include the Highways Maintenance Challenge Fund and the Housing Infrastructure Fund. The council can use its land to facilitate private sector or partnership based investments.
- Explore further the use of capital investment to assist recovery from the pandemic and achieve the city's carbon neutral 2030 corporate objective to inform future capital investment plans.

3.2. The financial resources used to fund the 2021/22 capital expenditure programme of £221.103m are included at Annex A and the 5-year capital projections are incorporated in the Budget Book at Appendix 1.

Housing Revenue Account (HRA)

3.3. The HRA Capital Strategy focuses on meeting the Housing Committee's priorities and workplan 2019-2023 and Housing Strategy priorities. The strategy aims to ensure that every pound invested reaches beyond the housing service and contributes to regeneration, tackling inequality, creating training and employment opportunities and improving sustainability. Two of the main priorities for the HRA are improving housing supply and investing in homes and neighbourhoods to provide safe and good quality housing.

3.4. Investment continues in the HRA to ensure council homes are maintained to the Brighton and Hove decent Homes standard; to provide investment to reduce the carbon footprint of council housing and to increase the number of affordable homes available across the city to help tackle the City's housing crisis. The capital investment proposal is over the following areas:

- Delivery of New Council Homes
- Improving Housing quality & Standards
- Sustainability & Carbon Reduction
- Tackling Inequality

3.5. In October 2018, the Minister for Housing, Communities & Local Government issued a determination – The Limits on Indebtedness (Revocation) Determination 2018. This came into force on 29 October 2018 and removes the restrictions on borrowing for the HRA. The removal of the 'debt cap' has enabled the potential for substantial growth in the number of homes that can be built or purchased within the HRA with continued investment in the existing housing stock. However, the HRA remains subject to the Prudential Framework and as such all new HRA borrowing

decisions will need to be affordable, prudent and sustainable and therefore will be subject to business cases and viability tests.

- 3.6. Since 2012 the HRA has operated on 'self-financing' principles and the capital programme is funded from a variety of HRA sources including revenue surpluses (rental incomes), borrowing, capital receipts, reserves and other grants. These resources are part of the HRA ring-fenced account to be spent on council owned stock. Further detail on the priorities and proposed investments can be found in the 'HRA Budget and Capital Investment Programme 2021/22 and Medium Term Financial Strategy' report.

4. Capital Investment Plans 2021/22 to 2025/26

- 4.1. All capital expenditure plans are approved in accordance with the council's Standard Financial Procedures by full Council with detailed proposals and any changes approved by P&R Committee through either separate project reports or as part of regular Targeted Budget Management (TBM) reports.
- 4.2. The capital investment plans for 2021/22 to 2025/26 are included within the Budget Book at Appendix 1 and a summary of the investment plans is provided in section 6 of the main report.

5. Approach to Non-Treasury Investments

- 5.1. The council's primary non-treasury investments relate to its commercial property portfolio, details of which are covered in Section 6. The council will explore other opportunities to increase revenue to support core council services, or enable developments that support the delivery of council priorities.
- 5.2. The council uses its property assets, both operational and investment, to enable a number of major infrastructure projects to deliver key assets for the city such as the King Alfred Leisure Centre and the Waterfront project to replace the Brighton Centre; or to support regeneration and in turn increase council tax and business rates receipts such as the Circus Street, Preston Barracks and New England House schemes.
- 5.3. In addition, the council is able to provide third party loans and financial guarantees in order to enable external projects which support the council's Corporate Plan priorities and outcomes. The current portfolio and risks of these types of arrangements are outlined in sections 7 and 8.
- 5.4. The council will not invest in commercial activities where the primary purpose is to generate a yield. This approach is in response to HM Treasury's change to PWLB lending arrangements.
- 5.5. All non-treasury investment opportunities are subject to a due diligence process, including business case appraisal, risk assessment and sensitivity analysis and assessment of legality including state aid compliance.
- 5.6. All proposals are approved by Policy & Resources Committee and the delivery of major schemes is overseen by both the member-led Strategic Delivery Board and the officer-led Strategic Investment Board.
- 5.7. The council's approach to fees and charges includes a commercial view where there is a competitive market and encourages managers to explore new income streams to enable the council to become more self-sufficient.

6. Investment Property Portfolio

- 6.1. The council has a portfolio of commercial property assets valued at £289.4m generating an annual income of £12.0m which is therefore an important income source supporting council services. These figures are based upon the value as at the end of March 2020. The council maintains a Corporate Property Strategy and Asset Management Plan which links the council's property holdings to its corporate priorities and strategic goals. The key aims outlined in these documents are to maximise income whilst supporting improved service delivery. Its corporate property objectives include "*to optimise the value received from non-operational urban and agricultural commercial portfolios*". One of the strategies has been to re-balance the urban portfolio through a programme of disposals of under-performing assets and investment in primary assets generating a healthy income to support service delivery. However, the changes introduced by HM Treasury restricting access to PWLB loans for commercial activities means this strategy will need to be reviewed and options considered to mitigate the risks as a result of this change.
- 6.2. The council's urban commercial portfolio has performed well in recent years, with low levels of voids, arrears and bad debt. However, the strong performance of the portfolio belies the inherent risks within it, which include:
- An unbalanced portfolio with an over-reliance on one market sector;
 - An over-reliance on retail, which is experiencing significant change and a downturn in performance due to external factors;
 - A high level of tertiary properties with low covenant tenants who are at higher risk of failure;
 - An older and aging portfolio with high levels of obsolescence and repair requirements as well as investment needs to meet statutory compliance;
 - A high level of secondary and tertiary properties with limited prospect of rental growth, despite currently strong yields.
- 6.3. There is an increased risk of voids and bad debt, low income growth and even a potential decline in income in some areas as well as an increased capital investment requirement from the council as a result of the current balance of the portfolio. Options will be explored in order to mitigate the risk as outlined in 6.1 above.
- 6.4. The table below shows the current composition of the commercial property portfolio according to both property value and income. The table demonstrates that the retail sector (including Primary, Secondary, Tertiary and Neighbourhood Shops) comprises over 46% of the income stream from commercial property.

| Portfolio | | Income £'000 | Income as a % of total income | Property Value £'000 | Value as % of total Value | Average Yield of portfolio |
|------------------------|--------------------------------------|-----------------|----------------------------------------|----------------------------|---------------------------------|----------------------------------|
| Agricultural | All | 829 | 7.11% | 53,682 | 25.70% | 1.54% |
| Seafront | Commercial property & concessions | 1,865 | 15.99% | 23,097 | 11.06% | 8.44% |
| | Beach huts & chalets | 85 | 0.73% | | | |
| Commercial property | Prime Shops | 2,809 | 24.08% | 44,320 | 21.22% | 6.34% |
| | Secondary Shops | 1,655 | 14.19% | 25,784 | 12.35% | 6.42% |

Appendix 2

| | | | | | | |
|-------------------|----------------------------------|---------------|-------------|----------------|-------------|--------------|
| managed by GVA | Tertiary Shops | 666 | 5.71% | 7,799 | 3.73% | 8.54% |
| | Neighbourhood Shops | 285 | 2.44% | 4,073 | 1.95% | 7.00% |
| | Offices | 807 | 6.92% | 12,916 | 6.18% | 6.25% |
| | Industrial | 778 | 6.67% | 14,315 | 6.85% | 5.43% |
| | Leisure | 342 | 2.93% | 9,684 | 4.64% | 3.53% |
| | Miscellaneous | 201 | 1.72% | 2,675 | 1.28% | 7.51% |
| | Mixed Use (St James Mansions) | 47 | 0.40% | 977 | 0.47% | 4.81% |
| | Residential | 19 | 0.16% | 583 | 0.28% | 3.26% |
| | New England House | 1,251 | 10.72% | 8,547 | 4.09% | 14.64% |
| | Car Parking/Garages | 26 | 0.22% | 406 | 0.19% | 6.40% |
| Total | | 11,665 | 100% | 208,858 | 100% | 5.59% |

Note – the table excludes a number of sites managed “in-house” such as community centres, car parks and legacy sites belonging to the council.

- 6.5. The council’s Corporate Property Strategy and Asset Management Plan will be reviewed and redrafted for presentation to Members for consideration and ratification in the context of the pandemic and changing rules from HM Treasury regarding PWLB borrowing. In advance of the adoption of an Investment Strategy and Asset Management Plan, any disposals which seek to mitigate risk will be identified on a case-by-case basis. The council holds contracts with Avison Young to manage its urban portfolio and Savills to manage its agricultural portfolio. A key provision within these contracts is for the providers to work with the in-house property team to identify appropriate assets for disposal. In producing the next Asset Management Plan and Investment strategy the contribution that commercial assets may make towards service provision and community wealth building will also be further developed.
- 6.6. Any opportunities explored that result in an expected asset disposal are presented and approved by Policy & Resources Committee in accordance with the council’s Scheme of Delegation, and executed in accordance with the council’s Financial Regulations.

7. Loans to External Bodies

- 7.1. The council has the ability to provide capital loans to external bodies and organisations for the purpose of supporting activities undertaken that are aligned to the council’s Local Plan and/or service objectives. For example, a loan may be given to support a project which generates economic growth in Brighton and Hove.

Governance

- 7.2. The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 direct that a loan to an external organisation to fund any expenditure that would be treated as capital expenditure if it were incurred by the local authority must be treated as capital. As a result, all loans to external parties are subject to the governance requirements of all capital expenditure incurred by the council, as described in section 2.
- 7.3. Any loan to external organisations must be compliant with rules regarding the provision of State Aid. Advice from legal and finance officers is sought in each instance to ensure loans are state aid compliant.

Decision making & procedure

- 7.4. Loans to external organisations are undertaken on a case-by-case basis and are subject to a thorough due diligence process to ensure:
- the business plan receives adequate scrutiny by both finance, legal and service officers in order to evaluate the level of risk;
 - the loan is state aid compliant;
 - the recipient of the loan can afford the repayments.
- 7.5. As all external loans are classed as capital expenditure, Policy & Resources Committee is ultimately responsible for agreeing the loan as part of the capital programme and will receive a report outlining the relative risks, benefits and financial and legal implications in each instance.
- 7.6. The council has an obligation to review all outstanding loans to external bodies as under accounting requirements it is required to review the risk of non-repayment of all outstanding debt and make a provision for impairment where there is a probability that part or all of a loan will be irrecoverable.
- 7.7. No overall parameters have been set on the total loan value that can be provided to external bodies which are assessed and agreed on a case-by-case basis.

Current portfolio

- 7.8. The council has the following loans to external bodies outstanding as at 31 December 2020:

| Organisation | Loan Value at 31 Dec 2020 | Purpose of loan & link to council priorities / service objectives | Meeting at which loan approved |
|--------------------------|---------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| The i360 Company | £38,903,000 | To build the i360 observation tower, unlocking economic regeneration on the seafront and increasing business rate income. | (1) Special Policy & Resources Committee, 6 March 2014. (2) Special PR&G Committee, 28 June 2018. (3) PR&G Committee, 6 December 2018. (4) P&R (Recovery) Sub Committee 24 June 2020 |
| East Sussex Credit Union | £250,000 | To increase the reserves base for the organisation to increase affordable lending to local people and businesses, and to increase the provision of crisis loans to Brighton and Hove residents. | PR&G Committee, 21 January 2016 and then extended to 2026 by PR&G Committee on 11 October 2018. |
| Housing Joint Venture | £1,471,000 | Joint venture partnership with Hyde Housing Association for the delivery of 1000 affordable homes within the City | PR&G Committee, 12 October 2017 P&R Committee 21 October 2020 |

| | | | |
|---------------|----------|--------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|
| Saltdean Lido | £220,000 | To support the bid for Heritage Lottery Funding for the renovation of the Saltdean Lido (a listed asset owned by the council). | PR&G Committee, 30 November 2017. |
|---------------|----------|--------------------------------------------------------------------------------------------------------------------------------|-----------------------------------|

- 7.9. The loan to the i360 company represents a financial risk as reported to Policy & Resources (Recovery) Sub Committee in June 2020. The current performance of the i360 is insufficient to make full loan repayments in accordance with the agreement, however, loan repayments currently include a commercial mark-up. The committee agreed to restructure the loan to provide the best financial outcome to the City Council.
- 7.10. The Saltdean Lido CIC has successfully secured a bid for Heritage Lottery Fund (HLF) grant for the restoration of the building. The terms of the HLF funding requires Saltdean Lido to secure match funding for the grant to be agreed and released.
- 7.11. The council is providing a £4.0m cash flow facility to the Royal Pavilion and Museum Trust to be drawn down over a three-year period and repaid over a maximum period of ten years. This was agreed at the Special P&R Committee of 30 July 2020 in response to the potential cash flow impacts of the pandemic.
- 7.12. The council is providing a short-term cash flow facility to Freedom Leisure to be fully repaid by the end of 2023/24. This was agreed at the Special P&R Committee of 14 August 2020.

8. Financial and other Guarantees

- 8.1. The council has provided guarantees against the underlying performance of the following arrangements:

- ***Brighton & Hove Seaside Community Homes (BHSC)***

The council has provided a rent guarantee to underwrite the rental income where Local Housing Allowance rates do not keep pace with inflation. The amount provided to 31 March 2020 under this rent guarantee was £2.0m. The contract stipulates that the rent guarantee will be returned to the council when BHSC achieves a level of surpluses as defined by the contract and business plan.

- ***Royal Pavilion Estate redevelopment phase 1***

Grant funding bids for the scheme included a target for fundraising to match-fund any grant received. To allow the scheme to progress, the council has underwritten the fundraising target which has allowed the release of grant. The total fundraising target was originally £5.5m. At its meeting in December 2018, the former Policy Resources & Growth committee agreed to earmark £3.0m and an additional £5.0m was approved at October 2019 Policy & Resources Committee. A further sum of £1.0m is requested at this committee (February 2021). All these sums were identified to cover this risk, contingency and cost over-runs on the project.

9. Other schemes

The primary objectives of the following schemes are not for financial return purposes, but to support meeting the council's strategic priorities for the city.

However, each project is expected to create net revenue income for the council and have therefore been included for completeness.

The King Alfred development project has not been included as the council's investment is to secure a replacement leisure centre, owned by the council. This is part of the council's core services.

Housing Joint Venture

- 9.1. The council has entered into a living wage joint venture with Hyde Housing Association for the delivery of 1000 affordable homes for the city. The business plan and legal arrangements were agreed by the former Policy, Resources & Growth committee at its meeting of 12 October 2017 and included a projected investment by the council of £59.7m for 50% of the homes, net of receipts from shared ownership sales. Subsequently on 21 October 2020 a joint Policy & Resources and Housing committee approved that the business plan is amended for the development of the first 2 sites at Coldean Lane and Portslade, delivering 346 homes. The approval given was for 50% of the homes to be purchased by the HRA for an investment of up to £41m including fees and utilising Homes England Grant funding.
- 9.2. The remaining 654 homes are still to be delivered under the original business plan approvals with a reduced investment requirement of £38.8m net of receipts from shared ownership sales. Each tranche of development is required to undergo a due diligence procedure to ensure the original business plan cost parameters are met, this process includes an individual viability test provided by suitably qualified consultants, and scrutiny by an independent project monitor who reports to the joint venture board on the financial robustness and deliverability of each proposal.
- 9.3. The risks inherent within the joint venture are cost overruns, rent levels below expectations and the value of shared ownership homes being lower than expected. These risks are all considered within the due diligence process.

New England House refurbishment & redevelopment

- 9.4. The council has ambitious plans to increase the amount of business space and refurbish New England House, an asset wholly owned by the council within the commercial property portfolio. The primary purpose of the project is to protect and grow business space in the city centre.
- 9.5. The project has secured grant funding of £4.9m and a capital receipt of £6.25m through the sale of an adjacent site. These resources will need to be supplemented to cover the full cost of development and it is anticipated that increased rental income will support this. The proposal is currently under development and a preferred option was presented to this committee in January 2021. A full business plan will be presented to Policy & Resources Committee in due course. This report will include the risks and benefits of the project.

Brighton Waterfront project

- 9.6. The council is in partnership with Aberdeen Standard Investments (ASI) to deliver a replacement Brighton Centre arena and regeneration and expansion of the Churchill Square shopping centre and is currently exploring revised options for a future development proposal.

10. Proportionality & Summary of Risk Exposure

- 10.1. Often, non-treasury investments are entered into on a case-by-case basis approved individually. The Capital Strategy provides an opportunity to demonstrate the totality and proportionality of the council's non-financial investments in one place. The table below shows the annual elements that represent financial risk from current non-financial investments as a proportion of the General Fund's net revenue budget.

| Non-Treasury Investments | £m | % of General Fund |
|--------------------------------------------|------------------|-------------------|
| PWLB repayment amount relating to the i360 | £1.844m | 1.00% |
| Income from commercial properties | £12.025m | 6.51% |
| Total financial risk | £13.869m | 7.50% |
| Net Revenue Budget | £184.807m | 100% |

- 10.2. The council's underlying need to borrow is portrayed by its Capital Financing Requirement (CFR). The CFR increases each year by capital expenditure that is not funded by new or existing resources (i.e. results in borrowing). The CFR reduces each year by the MRP set aside to repay borrowing as described in paragraph.1.6
- 10.3. Any non-treasury investments funded by borrowing will increase the council's CFR. The table below demonstrates the proportion of the General Fund CFR (excluding PFI liabilities) outstanding at 31 March 20 (and forecast to be outstanding at 31 March 2021) that relates to commercial investments. That is, this represents the outstanding debt relating to the council's commercial activity where MRP has not yet been applied.

| | As at 31/03/20 | Forecast to 31/03/21 |
|-------------------------------|----------------|----------------------|
| General Assets CFR | 74% | 75% |
| i360 | 20% | 18% |
| Phoenix House | 2% | 2% |
| Lyndean House | 3% | 3% |
| Housing Joint Venture | 1% | 2% |
| Total General Fund CFR | 100% | 100% |

11. Knowledge & Skills

- 11.1. The council's Section 151 Officer has delegated responsibility for the council's treasury and capital activities. This requires the post holder to be a qualified accountant. The Section 151 Officer is a CIPFA qualified accountant who follows an ongoing programme of Continuous Professional Development (CPD).
- 11.2. The council's treasury and capital strategies are produced and maintained by a team of officers who are professionally qualified accountants and who have extensive local authority experience. The council has a contract with Link Asset Services for the provision of specialist advice regarding its treasury investment and borrowing activity and for technical advice. Officers involved in treasury management ensure their knowledge is updated through Continuous Professional Development (CPD).
- 11.3. All of the council's commercial projects have project teams made up of officers from relevant professional disciplines from across the council. These project teams access external specialist advice regarding commercial projects where required.

- 11.4. The council's investment property portfolios are managed by Savills (agricultural) and Avison Young (Commercial), two of the UK's leading property companies. They administer their contracts for Estates Management Services through the provision of a dedicated team of chartered surveyors who have extensive property knowledge and expertise as well as experience of acting for local authority clients. Each local team is supported by a range of "head office" specialist services within their own organisation, including market experts, planning consultants, H&S/FM services, accountancy, agency and so on, ensuring the council has access to a wide range of services to meet all of our property requirements.
- 11.5. Training is available for members who are responsible for decision making and scrutiny of treasury decisions to ensure their skills and knowledge are kept up to date for their involvement in this area.

12. S151 Officer Assurance Statement

- 12.1. This Capital Strategy is compiled in line with the requirements of the 2018 CIPFA Prudential Code and the 2018 Treasury Management Code.
- 12.2. The Section 151 Officer has reviewed the strategy against best practice advice from CIPFA and expert advisers and considers the strategy to be prudential, sustainable and affordable within the risk framework of the council and has ensured that it is fully integrated with the council's Medium Term Financial Strategy, Treasury Management Strategy Statement and Capital Strategy.

List of Annexes:

Annex A – Capital Resources 2021/22

Annex B - List of current non-treasury investments

Annex C - List of planned non-treasury investments

Capital Resources 2021/22

A fully financed Capital Investment Programme is proposed for 2021/22 assuming that existing approved capital projects spend in-line with approved budgets and certain net usable receipts of £10.030m in total are achieved. Table 1 below shows how the programme can be financed in 2021/22. The position for the years 2022/23 onward is less certain until future Government allocations are confirmed. All Government support is allocated through capital grants and all grants are unringfenced with the exception of Devolved Schools Capital Grant which must be allocated to schools.

| TABLE 1: Capital Resources | 2021/22 £ million |
|-----------------------------------------------------------------------------------|------------------------------|
| Capital Grants: | |
| - Capital grant announcements in previous years and profiled for spend in 2021/22 | 41.244 |
| - New capital grants | 18.936 |
| Total Government Support | 60.180 |
| Capital Receipts Reserve | 17.873 |
| Capital Reserves | 4.147 |
| Specific Reserves | 3.981 |
| External Contributions | 5.169 |
| Direct Revenue Funding – Housing Revenue Account | 27.010 |
| Direct Revenue Funding – Service Departments | 1.008 |
| Council Borrowing | 101.735 |
| Total Capital Resources | 221.103 |

Capital Grants

The Government distributes capital grants towards the financing of certain capital expenditure. In 2021/22, it is anticipated that the council will receive new capital grants of £18.936m as summarised in Table 2 below, and £41.244m from grants already announced where the spending of these grants is now profiled in 2021/22.

It is possible that other capital grants may be received during the year and these will be reported through TBM budget monitoring reports to Policy & Resources Committee as and when they are announced.

The new capital grants are in three main areas:

- Education Basic Need for new pupil places of £4.916m;
- Education funding of £4.500m (estimated and due to be announced) for investment in the maintenance of educational buildings and Children’s Centres in the city;

- Transport funding of £5.000m (estimated and due to be announced) to include transport related schemes and highways maintenance.

| TABLE 2: New Grants announced for 2021/22 | £ million |
|---------------------------------------------------|------------------|
| Education Basic Need | 4.916 |
| Education Capital Maintenance * | 4.500 |
| Schools Devolved Capital * | 0.500 |
| Highways Maintenance Block Allocation (LTP) * | 2.000 |
| Integrated Transport Block Allocation (LTP) * | 3.000 |
| Coast Protection Grant from Defra | 2.000 |
| Better Care Funding * | 1.500 |
| Land Release Fund and Homes England Grant for HRA | 0.340 |
| Energy Grants for HRA | 0.180 |
| Total | 18.936 |

* Funding to be confirmed by government

Capital Receipts

The funding of the capital investment programme assumes estimated net capital receipts of £10.030m in 2021/22. This includes receipts associated with the disposal of surplus buildings for reinvestment into the Stanmer Regeneration Project, subject to the outcome of the City Downland Estate Plan consultation, a lease re-gear at West Street, surplus land identified at the Cliff, the transfer of sites to the HRA associated with the Moulsecoomb redevelopment and a number of surplus properties identified for disposal. These receipts are planned for investment in future years' capital programmes. Progress will be closely monitored throughout the year for all receipts and reported through the regular TBM budget monitoring reports. Failure to achieve some of these receipts will require the capital allocations for future years to be reviewed.

The net receipts from 'right to buy' sales are reinvested directly in delivering additional housing.

Capital Reserves

The level of reserves relates purely to unspent resources carried forward from previous years which have already been earmarked for specific schemes. The council monitors these resources over a rolling period by continually updating projections and comparing these against the level of commitments within the approved Capital Investment Programme.

Specific Reserves

Specific reserves will be used to support schemes directly related to the purpose of the reserve or to support corporate priorities. Specific reserves relate to the refurbishment and maintenance of properties managed by the Brighton and Hove Seaside Community Homes with the costs being met in accordance with the housing agreement. A contribution

from the New England House (NEH) Redevelopment Reserve will also support bringing forward the NEH Redevelopment project. The Brighton Centre Redevelopment Reserve will continue to support the plans for the Waterfront development. The Madeira Terrace crowdfunding reserve supports the Madeira Terraces development. The Sports Development Reserve will contribute toward the Withdean Sports soft play development. The property dilapidations reserve will support commercial property repairs. Finally, the Earmarked Rent Reserve will support delivery of the HRA Capital Investment programme.

External Contributions

The council will receive new external contributions totalling £5.169m in 2021/22 associated with donations, partner and private contributions for the playgrounds refurbishment programme, Hove Lagoon skatepark project and the Withdean Sports soft play development. There are also commuted sums associated with the Home Purchase Policy for the HRA.

Direct Revenue Funding

The General Fund and Housing Revenue Account budget proposals include direct revenue funding of £28.018m. A summary of the allocations by service is shown in the table below.

| TABLE 3: Direct Revenue Funding 2021/22 | £ million |
|-------------------------------------------------------------------------------------------------------|------------------|
| Schools Services - Structural maintenance for schools | 0.623 |
| City Environment Management – Playground Refurbishment Programme | 0.280 |
| Culture, Tourism and Sports – Withdean Sports Development and the Hove Lagoon Skatepark Improvements. | 0.105 |
| Total General Fund Services | 1.008 |
| Housing Revenue Account | 27.010 |
| Grand Total | 28.018 |

Council Borrowing under the Prudential Code

Council borrowing under the Prudential Code can be undertaken only when it can be demonstrated that it is affordable, for example where the investment leads to greater efficiency in future service provision and generates revenue savings or reductions in budgeted spend. For 2021/22 it is proposed that the council will undertake borrowing of £101.735m to finance capital expenditure plans as detailed in table 4.

| TABLE 4: Council Borrowing in 2021/22 | £ million |
|------------------------------------------------------|------------------|
| Housing Revenue Account – 2021/22 new borrowing | 12.562 |
| Housing Revenue Account – 2020/21 reprofiled schemes | 17.764 |
| Housing Joint Venture | 27.769 |
| Replacement programme vehicles | 2.500 |
| Street lighting invest to save scheme | 1.722 |

Appendix 2

| | |
|-----------------------------------------------------------------------|----------------|
| Planned maintenance for Corporate and Social Care buildings | 1.000 |
| Planned maintenance for corporate buildings 2020/21 reprofiled | 0.380 |
| Acquisition of land at Moulsecoomb Way | 1.000 |
| Solar panels for corporate buildings | 0.500 |
| Royal Pavilion Estate Regeneration | 1.000 |
| Library at Saltdean Lido | 0.680 |
| Saltdean Lido Restoration | 1.550 |
| Sustainability and Carbon Reduction Investment Fund (SCRIF) | 3.100 |
| Sustainability and Carbon Reduction Investment Fund - Transport | 3.900 |
| IT&D Fund and Investment for desktop and laptop replacement programme | 0.750 |
| Wide Area Network – The Link | 2.500 |
| Workstyles Phase 4 including Moulsecoomb Hub and Housing project | 1.261 |
| Madeira Terrace Developemnt Implementation Works | 4.300 |
| Playground Refurbishment Programme 2021-25 | 0.230 |
| Brighton Bikeshare Replacement Programme | 0.467 |
| Pocket Parks – Parks and Open Spaces | 0.350 |
| School Streets – Transport | 0.050 |
| Covered Cycle Racks – Transport | 0.500 |
| Low Traffic Neighbourhoods – Transport | 0.300 |
| Accommodation for Supported Housing Delivery | 3.000 |
| Brighton & Hove Warmer Homes Investment Fund | 5.200 |
| Brighton Youth Centre project | 2.100 |
| Adult Social Care Accommodation | 4.000 |
| Climate Assembly Actions | 1.300 |
| Total for Capital Programme | 101.735 |

The borrowings in the above table are briefly described below:

- As part of the HRA business plan, borrowing will be used to support the delivery of new council housing and estate regeneration and funding of £17.764m was profiled from 2020/21 for investment in new build, conversions and repairs at various sites with a further £12.562m planned in 2020/21. The financing costs have been identified within the HRA capital financing revenue budget.
- The Joint Venture Housing Delivery proposal is for the council to contribute borrowing of up to £59.7m alongside investment from Hyde Housing for the delivery of 1,000 affordable homes. The estimated profile of borrowing in 2021/22 following some reprofiling from 2020/21 is £27.769m with no net cost to the council and all costs being met through the Joint Venture business plan.

- A provision of £2.500m is for replacement of vehicles during the year. This includes replacement refuse collection and street cleansing vehicles for Cityclean and the potential replacement of miscellaneous waste and parks vehicles during the year if this proves to be the most cost-effective route for procurement. These assets may be currently provided through operational leases and paid for through the relevant service revenue budget.
- The Street Lighting invest-to-save proposal was presented to the former Policy, Resources & Growth Committee on 8 December 2016 and plans to use borrowing to implement the application of new energy efficient LED lighting technologies as well as the application of the latest British and European Road Lighting Standards and control systems. This will generate energy and carbon reduction savings. Net revenue savings from the street lighting and electricity budget will contribute to the cost of borrowing.
- Borrowing to support the Planned Maintenance Budget has been introduced to support the ongoing maintenance pressures for Social Care operational buildings, corporate and civic buildings. The revenue costs for the borrowing have been addressed within the Medium Term Financial Strategy. The borrowing includes some reprofiled schemes from 2020/21.
- Land at Moulsecomb Way was approved to be purchased by the council last financial year. A total of £9.1m was required for completion of the purchase with £1.0m of this profiled into 2021/22. This was approved at P&R Committee on 8 October 2020.
- Investment in solar panels for corporate buildings – there are a range of opportunities for solar panel installations that will generate revenue savings for the council and support Corporate Plan carbon neutral targets. The individual schemes will be based on business cases and approved via in-year TBM reports
- A variation to the Royal Pavilion Estate regeneration project is reported to this committee to cover a combination of cost increases resulting from the Covid-19 pandemic delays, cost overruns and delays whilst alternative contractors were appointed. A sum of £1.459m was met from additional Arts Council England and National Heritage Lottery Fund Kickstart grants with a further £1.0m required to be met from council borrowing. The additional repayment costs have been factored into the council's revenue budget.
- The contribution to the replacement library at Saltdean Lido was approved at Policy Resources & Growth Committee in February 2017 and has been reprofiled into 2020/21. The financing costs of this investment are reflected in the Medium Term Financial Strategy. There is a further £1.550m approved for the Saltdean Lido renovation project within the 2021/22 Capital Investment Programme as reported to P&R Committee on 9 July 2020.
- The Sustainability and Carbon Reduction Investment Fund (SCRIF) provided funding to departments for projects that meet a number of council sustainability priorities. An allocation of £0.5m was included for 2020/21 which was paused during the pandemic period and has now been reprofiled into 2021/22. A further £2.6m has been allocated for 2021/22. Bids for this funding are approved through the SCRIF Members Oversight Group. A separate allocation of £3.9m for transport related schemes was also allocated in 2020/21 and paused mid-year. This budget has also been reprofiled into 2021/22. The financing costs for these schemes have been incorporated into the 2021/22 revenue budget.

- Additional IT&D investment has been identified specifically for an annual desktop and laptop replacement programme. An annual allocation of £1.0m is allowed for investment into the IT&D fund of which £0.500m is funded from capital receipts and the remaining £0.500m is met from borrowing. The financing costs of this investment are reflected in the Medium Term Financial Strategy.
- The implementation of the Wide Area Network (the Link) was reported to P&R Committee on 9 July 2020 and is estimated to cost up to £2.5m. The WAN contract comes to an end in December 2021 and there is a requirement to re-tender the WAN data services with members of the Link partnership.
- The Workstyles Phase 4 budget which included support for the Moulsecoomb Hub and Housing project was funded through capital receipts. The budget is now met from borrowing through approved switching of funds to support the modernisation programme in previous years. This budget has been reprofiled from previous years to support the planned timetable of Workstyle corporate projects.
- The Madeira Terrace Development is supported by borrowing of £4.300m financed from revenue budget approved at the 2020/21 Budget Council. Commencement of work on the development is expected in 2021/22.
- Playground Refurbishment Programme 2021-25 for a total investment of £2.447m is reported to this Committee. A total of £0.529m is required up to 2025 with £0.230m profiled for 2021/22. The financing cost are being met through the corporate budget as detailed in the report.
- The Brighton Bikeshare Procurement options report presented to the 3 December 2020 P&R Committee approved the reinvestment of surplus revenue from the bikeshare scheme received by the council into service borrowing to support fleet replacement programme. A total of £1.170m is to be reinvested in the first two years with £0.467m required in 2021/22.
- Capital borrowing for £0.350m into Pocket Parks has been incorporated into the 2021/22 Capital Investment Programme. Funding for the borrowing costs have been incorporated into the 2021/22 revenue budget.
- Capital borrowing for transport investment relating to £0.050m for extension of the School Streets initiative, £0.500m for Covered Cycle Racks and £0.300m for a Low Traffic Neighbourhoods pilot has been incorporated into the 2021/22 Capital Investment Programme. Funding for the borrowing costs have been incorporated into the 2021/22 revenue budget.
- Capital borrowing for £3.000m to support Accommodation for Supported Housing Delivery has been incorporated into the 2021/22 Capital Investment Programme. Funding for the borrowing costs have been incorporated into the 2021/22 revenue budget. Further details on the investment will be reported back to this committee.
- Capital borrowing for £2.600m to support the Brighton & Hove Warmer Homes Investment Fund has been incorporated into the 2021/22 Capital Investment Programme. This is in addition to previous year's allocation of £2.600m already approved. Funding for the borrowing costs have been incorporated into the 2021/22 revenue budget. Further details on the investment will be reported back to this committee.
- An investment of £2.1m to support investment in youth services has been included in the 2021/22 Capital Investment Programme to provide match-funding for the

Brighthelm Youth Centre project. Further details on the investment will be reported back to this committee.

- An investment of £4.0m to support investment into Adult Social Care accommodation has been included in the 2021/22 Capital Investment Programme. Further details on the investment will be reported back to this committee.
- An investment of £1.3m to support Climate Change Assembly Actions has been included in the 2021/22 Capital Investment Programme. Further details on the investment will be reported back to this committee

ANNEX B

List of current non-treasury Investments

This list is reviewed on an on-going basis by finance officers to ensure risks are monitored and updates are escalated through the Strategic Delivery Board and Strategic Investment Board where required:

| Investment Type | Scheme Name | Value |
|--------------------------------|-----------------------------------------|-------------|
| Investment Property Portfolio | Urban & Agriculture Property Portfolios | £289.419m* |
| Loan to external body | i360 Company | £38.903m |
| Loan to external body | Saltdean Lido | £0.220m |
| Loan to external body | East Sussex Credit Union | £0.250m |
| Financial Guarantee | Saltdean Lido | £1.600m |
| Financial Guarantee | Brighton & Hove Seaside Community Homes | £1.400m** |
| Financial Guarantee | Royal Pavilion Estate fundraising | £3.000m** |
| Housing Property Joint Venture | Brighton & Hove | £59.700m*** |

* Value as at 31 March 2020

** Estimated value of debtor at 31 March 2020

*** Estimated value of total expected investment

List of planned non-treasury Investments

This list is reviewed on an on-going basis by finance officers to ensure risks are monitored and updates are escalated through the Strategic Delivery Board and Strategic Investment Board where required:

| Investment Type | Scheme Name | Value |
|---------------------------------------------|---------------------------------------------------|--------------|
| Investment in commercial property portfolio | New England House refurbishment | £21.050m |
| Cash flow support (third party loan) | Cash flow support to Royal Pavilion Museums Trust | £4.000m |
| Cash flow support (third party loan) | Cash flow support to Freedom Leisure | tba |

TREASURY MANAGEMENT POLICY AND STRATEGY 2021/22

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1. INTRODUCTION

1.1 Background

The council is required to operate a balanced budget, which broadly means that cash raised and received 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. Cash can often be set aside (e.g. reserves) or received ahead of when it is required, for example government capital grant funding, and therefore cash balances are invested in counterparties or instruments commensurate with the council's risk appetite, and always prioritising adequate liquidity before considering investment return.

The second main function of the treasury management service is the funding of the council's capital plans. These capital plans provide a guide to the borrowing need of the council, essentially the longer-term cash flow planning, to ensure that the council can meet its capital spending obligations. This management of longer-term cash may involve arranging long or short-term loans, or using longer-term cash flow surpluses. On occasion, when it is prudent and economic, any debt previously drawn down may be restructured to meet council risk or cost objectives.

The contribution that the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity and the ability to meet spending commitments as they fall due, either on day-to-day revenue spending or for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from holding reserves and balances, it is paramount to ensure adequate security of the sums invested, as a loss of principal will in effect result in a direct loss to the General Fund.

Whilst any commercial initiatives or loans to third parties will impact on the treasury function, these activities are generally classed as non-treasury activities (arising usually from capital expenditure), and are separate from the day to day treasury management activities.

CIPFA defines treasury management as:

“The management of the local authority’s borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

1.2 Reporting Requirements

1.2.1 Capital Strategy

The CIPFA 2017 Prudential and Treasury Management Codes require all local authorities to prepare a capital strategy report, to provide the following:

- a high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services;
- an overview of how the associated risks are managed;
- the implications for future financial sustainability.

The aim of the Capital Strategy is to ensure that all members on the full Council understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

This Capital Strategy is reported separately from the Treasury Management Strategy Statement with non-treasury investments being reported through the former. This ensures the separation of the core treasury function under security, liquidity and yield principles, and the policy-driven and commercial investments usually driven by expenditure on an asset.

1.2.2 Treasury Management reporting

The Council is currently required to receive and approve, as a minimum, three main treasury reports each year, which incorporate a variety of policies, estimates and actuals.

- a. Prudential and treasury indicators, and treasury strategy** (this report) - The first, and most important report, is forward looking and covers:
 - the capital investment plans, (including prudential indicators);
 - a Minimum Revenue Provision (MRP) policy, (how residual capital expenditure is charged to revenue over time);
 - the Treasury Management Strategy, (how the investments and borrowings are to be organised), including treasury indicators; and
 - an Annual Investment Strategy, (the parameters on how investments are to be managed).
- b. A mid-year treasury management report** – This is primarily a progress report and will update members on the capital position, amending prudential indicators as necessary, and whether any policies require revision.
- c. An annual treasury management report** – This is a backward looking review document and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

This Council delegates responsibility for implementation and monitoring of treasury management to the Policy & Resources Committee (P&R) and responsibility for the execution and administration of treasury management decisions to the Section 151 Officer. P&R therefore receives the mid-year report in December and the annual report in July each year.

The above reports are required to be adequately scrutinised before being recommended to the Council. This role is undertaken by the Policy & Resources Committee.

1.3 Treasury Management Strategy for 2021/22

The strategy for 2021/22 covers two main areas:

Capital issues:

- the capital expenditure plans (section 2) and the associated prudential indicators (Annex C);
- the minimum revenue provision (MRP) policy (Section 3).

Treasury management issues:

- the current treasury position (section 1.5);

- treasury indicators which limit the treasury risk and activities of the council (Annex C);
- prospects for interest rates (Annex B);
- the borrowing strategy (section 2);
- policy on borrowing in advance of need (section 2.3);
- debt rescheduling (section 2.4);
- the investment strategy (section 4);
- creditworthiness policy (section 4.4); and
- the policy on the use of external service providers (section 5.3).

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, MHCLG MRP Guidance, the CIPFA Treasury Management Code and MHCLG Investment Guidance.

1.4 Treasury Management Policy Statement

The policies and objectives of the council's treasury management activities are as follows:

- This council defines its treasury management activities as:

'The management of the authority's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks'.
- This council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the council, and any financial instruments entered into to manage these risks.
- This council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance management techniques, within the context of effective risk management.

1.5 Current Treasury Portfolio Position

A summary of the council's borrowing & investment portfolios as at 31 December 2020 and forecast at the end of the financial year is shown in **Table 1** below:

| Table 1 | Actual at 31 December 2020 | | | Forecast to 31 March 2021 | | |
|-------------------------------------|----------------------------|----------------|--------------|---------------------------|----------------|--------------|
| | £'000 | % of portfolio | Average Rate | £'000 | % of portfolio | Average Rate |
| Investments | | | | | | |
| UK Banks | 27,000 | 16% | 0.58% | 32,500 | 25% | 0.42% |
| Non-UK Banks | 5,000 | 3% | 0.46% | 5,000 | 4% | 0.46% |
| Building Societies | 0 | 0 | 0 | 0 | 0 | 0 |
| Local Authorities | 58,000 | 34% | 1.20% | 53,000 | 41% | 1.08% |
| Money Market Funds (Including VNAV) | 82,798 | 48% | 0.01% | 30,000 | 15% | 0.05% |
| Royal London Funds | 0 | 0 | 0 | 10,000 | 8% | 1.25% |

| | | | | | | |
|---------------------------------|----------------|-------------|--------------|----------------|-------------|--------------|
| Total Investments | 172,798 | 100% | 0.51% | 130,500 | 100% | 0.67% |
| | | | | | | |
| Borrowing | | | | | | |
| PWLB loans | 234,313 | 84% | 3.58% | 249,013 | 85% | 3.46% |
| Market loans | 45,000 | 16% | 4.45% | 45,000 | 15% | 4.45% |
| Local Authorities | 0 | 0 | 0 | 0 | 0 | 0 |
| Total external Borrowing | 279,313 | 100% | 3.72% | 294,013 | 100% | 3.61% |

2. BORROWING STRATEGY

The capital expenditure plans of the council are set out in the Budget book (Appendix 1 to the budget report). The treasury management function ensures that the council's cash is organised in accordance with the relevant professional codes so that sufficient cash is available to meet the capital expenditure plans.

Any capital investment that is not funded from new and/or existing resources (e.g. capital grants, receipts from asset sales, revenue contributions or earmarked reserves) increases the council's need to borrow, represented by the council's Capital Financing Requirement (CFR). However, external borrowing does not have to take place immediately to finance its related capital expenditure: the council can utilise cash being held for other purposes (such as earmarked reserves and working capital balances) to temporarily defer the need for external borrowing. This is known as 'internal borrowing' or 'under-borrowing'.

The council's primary objective is to strike an appropriate balance between securing cost certainty and securing low interest rates.

The council operates a two-pool approach for borrowing following the HRA Self Financing regime introduced in March 2012.

On 25 November 2020 the Chancellor announced the conclusion to the review of margins over gilt yields for PWLB rates; the standard and certainty margins were reduced by 1% but a prohibition was introduced to deny access to PWLB borrowing for any local authority which intended to purchase assets primarily for yield in its three year capital programme.

The change prevents the authority from undertaking any new investments where the primary purpose is to create an income stream, such as commercial property, unless the authority sources its borrowing from streams other than PWLB. Whilst there are a number of alternative methods of borrowing available to Local Authorities (such as market lenders, bond issuances), these sources typically have a long lead in time, have high associated costs of arranging and usually require significant borrowing values to access. With the reduction of PWLB rates, it is also likely that other sources will be more expensive than the revised PWLB rates.

This change has therefore resulted in the review of the council's capital programme and the subsequent removal of projects where the primary purpose is to create an income stream. The reduction in future borrowing costs have now been factored into the funding of the capital programme.

2.1 General Fund Borrowing Position and Strategy

The General Fund has been carrying an internal borrowing position (i.e. where the General Fund borrows cash from its own reserves) since 2008 as a response to the financial crisis. In response to a combination of the prior expectation of increasing interest rate forecasts, the reduction of certain reserves and historically low PWLB borrowing rates, the General Fund entered into planned borrowing from the PWLB to reduce the internal borrowing

position in recent years, the most recent occurrence of this borrowing was undertaken in August 2019, where a £7.5m loan was undertaken for a period of 50 years at a historical low rate of 1.67%.

Table 2 below demonstrates that the General Fund has a borrowing need of £30m to support the 2020/21 capital programme. No external borrowing is expected for 2020/21. Any borrowing need will initially be met from internal resources and officers will be exploring external sources of borrowing for the borrowing requirement from 2021/22 onwards.

General Fund Borrowing Strategy for 2021/22

The General Fund (GF) capital programme 2021/22 to 2023/24 forecasts a total of £341m capital investment, £129m of which will be met from existing or new resources, and £16m of which financing has not yet been identified. The increase in the GF borrowing need over this period is therefore £196m as shown in **Table 2** below.

| 2020/21 Projected | Table 2 – Borrowing Requirement | 2021/22 Estimate | 2022/23 Estimate | 2023/24 Estimate | Total |
|------------------------------|-------------------------------------------------|-----------------------------|-----------------------------|-----------------------------|--------------|
| £m | | £m | £m | £m | £m |
| 99 | GF Capital Expenditure | 149 | 83 | 109 | 341 |
| (69) | Financed by: New & existing resources | (78) | (26) | (25) | (129) |
| - | Financing not yet identified | - | (8) | (8) | (16) |
| 30 | GF Borrowing Need | 71 | 49 | 76 | 196 |

Of the £196m borrowing need shown, £106m is for projects that are awaiting approval or detailed analysis. Therefore, the timing of borrowing is uncertain, and borrowing decisions for these projects will form part of the viability and due diligence process.

For the remaining borrowing need, the strategy will initially focus on meeting this borrowing need from internal borrowing. i.e. avoiding external borrowing by utilising the council's own surplus cash flows.

Officers continually review the level of internal borrowing that the General Fund is able to support in the context of prevailing and forecast interest rates, economic outlook and the expected movement in reserves. Within the context of the forecast of very low levels of interest rates in the next 3 years (including investment returns) and therefore the increased cost of undertaking new borrowing, the strategy has been amended in the medium term to increase the level of internal borrowing that the council can support and delay long term borrowing. Modelling of the movement of reserves and the council's capital expenditure plans demonstrates that the General Fund's long term reserves can support a level of approximately £75m of internal borrowing in the medium term (initially estimated to 2023/24), reducing to £50m thereafter. This will mitigate the increase in the cost of borrowing and reduce counterparty risk within the council's investment portfolio by reducing the portfolio size.

The internal borrowing position needs to be carefully and continually reviewed to avoid incurring higher borrowing costs in the future at a time when the authority may not be able to avoid new borrowing to finance capital expenditure or refinance maturing debt.

There will remain a cost of carry (the difference between borrowing costs and investment rates) to any new long term borrowing that causes a temporary increase in cash balances which will, most likely, lead to a cost to revenue.

2.2 Housing Revenue Account (HRA) Borrowing Position and Strategy

The Housing Revenue Account (HRA) carries a fully funded borrowing position (i.e. the HRA does not borrow from its own reserves, but instead undertakes borrowing for its entire borrowing requirement). Over the last three years, the HRA has entered into a total of £20m of external borrowing and £7.4m of borrowing from the General Fund to support the HRA Capital Programme. The most recent of this borrowing was undertaken in December 2020, where 2 x £5m loans were undertaken (one for a period of 14.5 years at a rate of 1.28% and one for a period of 49 years at a rate of 1.32%). Additionally, £16m of PWLB borrowing was undertaken by the HRA in March 2019 as part of a debt restructure to replace RBS loans.

HRA Borrowing Strategy for 2021/22

The HRA Capital Programme 2021/22 to 2023/24 forecasts a total £192m of capital investment over the next three years with £118m met from existing or new resources. The increase in the HRA's borrowing need over this period is therefore £74m as shown in **Table 3** below. It is expected that this borrowing need will be met from a combination of borrowing externally and from the General Fund. The extent to which the HRA can borrow from the General Fund is dependent on the level of liquid resources the General Fund has available to lend to the HRA and additionally will depend on the view of interest rate prospects:

- If it is considered that there is a significant likelihood of reducing long term interest rates, long term borrowing should be postponed;
- If it is considered that there is a significant risk of sharply increasing long term interest rates, long term borrowing should be considered.

| 2020/21 Projected £m | Table 3 – HRA Borrowing Requirement | 2021/22 Estimate £m | 2022/23 Estimate £m | 2023/24 Estimate £m | Total £m |
|----------------------------|-------------------------------------------------|---------------------------|---------------------------|---------------------------|-------------|
| 51 | HRA Capital Expenditure | 72 | 88 | 32 | 192 |
| (26) | Financed by: New & existing resources | (41) | (45) | (32) | (118) |
| 25 | HRA Borrowing Need | 31 | 43 | 0 | 74 |

Table 4 below shows the actual expected external debt compared to the capital financing requirement over the next 3 years for both the General Fund and the HRA. This demonstrates that the HRA CFR is expected to be fully funded to 2023/24, and the General Fund is expected to maintain an underborrowed position:

| 2020/21 Estimate £m | Table 4 | 2021/22 Estimate £m | 2022/23 Estimate £m | 2023/24 Estimate £m |
|---------------------------|----------------------------|---------------------------|---------------------------|---------------------------|
| General Fund | | | | |
| 140 | GF Debt at 1 April | 145 | 209 | 248 |
| 5 | Expected change in Debt | 64 | 39 | 66 |
| 145 | GF Debt at 31 March | 209 | 248 | 314 |
| 196 | GF CFR* at 1 April | 220 | 284 | 324 |
| 30 | Borrowing need (Table 2) | 71 | 49 | 76 |
| (6) | MRP | (7) | (9) | (10) |
| 220 | GF CFR* at 31 March | 284 | 324 | 390 |

| | | | | |
|--------------------------------|---------------------------------|--------------|--------------|--------------|
| 75 | Under / (Over) borrowing | 75 | 76 | 76 |
| 34.1% | % Underborrowed | 26.4% | 23.5% | 19.5% |
| Housing Revenue Account | | | | |
| 139 | HRA Debt at 1 April** | 163 | 193 | 230 |
| 24 | Expected change in Debt | 30 | 37 | (7) |
| 163 | HRA Debt at 31 March | 193 | 230 | 223 |
| 139 | HRA CFR at 1 April | 163 | 193 | 230 |
| 25 | Borrowing need (Table 3) | 30 | 43 | 0 |
| (1) | MRP | (1) | (6) | (7) |
| 163 | HRA CFR at 31 March | 193 | 230 | 223 |
| - | Under / (Over) borrowing | - | - | - |

* GF CFR in Table 4 is the underlying need to borrow and excludes PFI and lease arrangements, which are included in the CFR figure in the Prudential Indicators in Annex C.

** Includes both external debt and sums borrowed from the General Fund (£7.420m as at 1 April 2020).

2.3 Policy on Borrowing in Advance of Need

The council will not borrow purely in order to profit from investment of sums borrowed in advance of need. Any decision to borrow in advance will be within approved Capital Financing Requirement estimates and will be considered carefully to ensure that value for money can be demonstrated and that the council can ensure the security of such funds. Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting.

2.4 Debt Rescheduling

Officers continue to regularly review opportunities for debt rescheduling but there has been a considerable widening of the difference between new borrowing and repayment rates, which has resulted in much fewer opportunities to realise any savings or benefits from rescheduling PWLB debt.

The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings;
- helping to fulfil long term treasury strategy aims;
- enhancing the balance of the portfolio (amending the maturity profile and/or the balance of volatility).

The strategy is to continue to seek opportunity to reduce the overall level of the council's debt where prudent to do so, thus providing in future years cost reduction in terms of lower debt repayment costs, and potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt. All rescheduling will be agreed by the S151 Officer.

2.5 Interest Rate Risk & Continual Review

The council's total borrowing need of £270m is identified in **Tables 2 & 4**. This borrowing need, together with the debt at risk of maturity shown in **Table 5** is the extent to which the council is subject to interest rate risk over the next three years.

| Table 5 | 2021/22 | 2022/23 | 2023/24 |
|---------|---------|---------|---------|
| | £m | £m | £m |

| | | | |
|------------------------------------------|-----------|-----------|-----------|
| Maturing Debt | 2 | 2 | 12 |
| Debt Subject to early repayments options | 15 | 20 | 20 |
| Total debt at risk of maturity | 17 | 22 | 32 |

Officers continue to review the need to borrow taking into consideration the potential increases in borrowing costs, the need to finance new capital expenditure, the need to refinance maturing debt, and the cost of carry that might incur a revenue loss between borrowing costs and investment returns.

Against this background and the risks within the economic forecast, caution needs to be exercised. The Chief Finance Officer will therefore continue to monitor interest rates in financial markets and adopt a proactive approach to changing circumstances as follows:

- if it was considered that there was a significant risk of a forthcoming sharp fall in long and short term rates (e.g. due to a marked increase in the risk of relapse into recession or increasing risk of deflation), then long term borrowings will be postponed and potential rescheduling from fixed rate funding into short term borrowing will be considered;
- if it was considered that there was a significant risk of a much sharper rise in long and short term rates than that currently forecast, for example, arising from an acceleration in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that borrowing would be undertaken and fixed rate funding drawn on whilst interest rates are still lower than they are expected to be in the next few years.

3. MINIMUM REVENUE PROVISION POLICY STATEMENT

The council is required to pay off an element of the accumulated General Fund capital spend each year (the Capital Financing Requirement - CFR) through a revenue charge (the minimum revenue provision - MRP). Ministry of Housing, Communities & Local Government (MHCLG) regulations require the full Council to approve an MRP Statement in advance of each year. A variety of options are available to councils, so long as the principle of any option selected ensures a prudent provision to redeem its debt liability over a period which is commensurate with that over which the capital expenditure is estimated to provide benefits (i.e. estimated useful life of the asset being financed).

The Council is recommended to approve the following MRP Statement for 2021/22:

For all debt where the government has provided revenue support (supported capital expenditure), the MRP policy will be:

- Provision on a straight line basis over 50 years.

For all debt where the government does not provide revenue support:

- Where the debt relates to an asset, the council will set aside a sum equivalent to repaying the debt over the life of the asset either in equal instalments or on an annuity basis over a maximum life of 50 years. The method to be adopted will be determined according to which is the most financially beneficial to the council over the life of the asset.

- Where the debt relates to expenditure which is subject to a capitalisation direction issued by the government, the council will set aside a sum equivalent to repaying the debt over a period consistent with the nature of the expenditure on an annuity basis.
- In the case of assets under construction, MRP will be delayed until the relevant asset becomes operational.

Where the debt relates to capital loans to a third party:

- The repayments of principal will be set aside as capital receipts to finance the initial capital advance in lieu of making a MRP.

Where the debt relates to the Living Wage Joint Venture:

- Where the Living Wage Joint Venture develops housing but disposes of these assets on completion, the council will set aside the capital receipt at the point of transfer in lieu of making an MRP payment.
- Where the Living Wage Joint Venture develops or acquires housing and retains these assets and future rental streams, the council will set aside, in equal instalments, a sum which is equivalent to repaying the debt at the end of year 40 within the 60 year business plan. Set aside will commence, at the latest, in the year in which net surpluses are modelled for each individual tranche of borrowing.

For on-balance sheet PFI schemes and leases, the MRP policy will be:

- Asset Life Method (annuity method) - The MRP will be calculated according to the flow of benefits from the asset, and where the principal repayments increase over the life of the asset. Any related MRP will be equivalent to the “capital repayment element” of the annual charge payable.

There is the option to charge more than the prudential provision of MRP each year through a Voluntary Revenue Provision (VRP).

4. ANNUAL INVESTMENT STRATEGY

The MHCLG and CIPFA have extended the meaning of ‘investments’ to include both financial and non-financial investments. This report deals with financial investments. Non-financial investments are covered in the Capital Strategy (Appendix 2).

The council’s investment policy has regard to the following:

- MHCLG’s Guidance on Local Government Investments (the “Guidance”);
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 (the “Code”);
- CIPFA Treasury Management Guidance Notes 2018.

The council’s investment priorities will be the security of capital first, portfolio liquidity second and then yield (return).

4.1 Annual Investment Strategy for 2021/22

Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

Greater returns are usually obtainable by investing for longer periods. While most cash balances are required in order to manage the ups and downs of cash flow, where cash sums can be identified that could be invested for longer periods, the value to be obtained from longer term investments will be carefully assessed.

- If it is predicted that Bank Rate is likely to rise significantly within the time horizon being considered, then consideration will be given to keeping most investments on short term or variable terms.
- Conversely, if it is predicted that Bank Rate is likely to fall within that time period, consideration will be given to locking in the higher rates currently obtainable, for longer periods.

Currently, Bank Rate is forecast to remain unchanged over the next few years. Bank Rate forecasts for financial year ends (March) are:

| Year | 2020/21 | 2021/22 | 2022/23 | 2023/24 |
|-----------|---------|---------|---------|---------|
| Bank Rate | 0.10% | 0.10% | 0.10% | 0.10% |

Link Asset Service's (LAS) view on the prospect for interest rates, including their forecast for short term investment rates is appended at Annex B.

The primary principle governing the council's investment criteria is the security of its investments, but return on investment is also important. After this main principle, the council will ensure that:

- It maintains a policy covering both the categories of investment types it will invest in and the criteria for choosing investment counterparties with adequate security, and monitoring their security;
- It has sufficient liquidity in its investments.

Approach for 2021/22

Investment balances have increased during 2020/21 due to a combination of the pausing of certain elements of the capital programme and an increase of COVID funding and grants received from the government. Additionally, the decision was made early in 2020/21 to hold a higher proportion of the portfolio liquid to ensure the council can meet the cash demands associated with Covid. The large increase in cash balances is still expected to be temporary, so a larger amount of liquidity than usual is still required.

The yield from liquid investments (such as Money Market funds) have reduced to near zero in the last 3 months, and expected to remain at this level during 2021/22. Therefore, other options for near-liquid investments are being explored to slightly increase the maturity profile of the portfolio during the year. This will ensure cash needs can continue to be met during 2021/22 whilst achieving a better rate of return for the portfolio. These options include Bank Notice accounts and Ultra Short term bond funds (or VNAV funds).

In March 2020, £10.0m was to be invested across two funds managed by Royal London Asset Management following a selection process. This investment was paused due to the uncertainty of cash balances and economic impact of COVID. Following a review of the expected cash balances over the next 5-10 years, officers have assessed that long term balances can still support an initial investment of £10.0m. Due diligence on the funds has been refreshed, and officers are expecting an investment in these funds to be undertaken before 2021/22 commences.

Changes from 2020/21 Strategy

There have been no changes proposed to the 2020/21 Annual Investment Strategy. The strategy proposed therefore reflects the strategy currently in place.

4.2 Investment Policy – Management of risk

Treasury management risks and how these risks are managed and mitigated are identified in the council's Treasury Management Practices and related procedures, details of which are held within the council's Treasury Management Team. The main risks to the council's treasury activities are:

- liquidity risk (inadequate cash resources);
- market or interest rate risk (fluctuations in interest rate levels and thereby in the value of investments);
- inflation risks (exposure to inflation);
- credit and counterparty risk (security of investments);
- re-financing risks (impact of debt maturing in future years); and
- legal and regulatory risk (i.e. non-compliance with statutory and regulatory requirements, risk of fraud).

The guidance from MHCLG and CIPFA places a high priority on the management of risk. This authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means:

- i) Minimum acceptable credit criteria are applied in order to generate a list of high creditworthy counterparties. This also enables diversification and thus avoids a concentration of risk. The key ratings used to monitor counterparties are the short term and long-term ratings.
- ii) Other information: ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the council will engage with its advisors to monitor market pricing such as "credit default swaps" (CDS) and overlay that information on credit ratings.
- iii) Other information sources used will include the financial press, share prices and other such information pertaining to the banking sector in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
- iv) Where there is a significant or sudden deterioration in one or more indicators (such as CDS prices), officers will undertake a review and, where necessary take action. This action may take the form of temporary suspension of a counterparty from the council's approved lending list, or a restriction of the maximum period and investment limits.
- v) This authority has defined the list of types of investment instruments that the treasury management team are authorised to use.
 - a. **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year. The limits and permitted instruments for specified investments are listed within Table 6.

- b. **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use. The limits and permitted instruments for non-specified investments are listed within Table 7.
- vi) Lending limits (amounts and maturity) for each counterparty will be set through applying the credit criteria matrix (within Table 7).
- vii) This authority will set limits for the amount of its investments:
 - a. which are invested for longer than 365 days, detailed in the Treasury Indicators in Annex C;
 - b. which are invested in any one sector (paragraph 4.5);
 - c. which are invested in any one counterparty within its relevant sector (paragraph 4.5).
- viii) Investments in Non-UK Banks will only be placed with counterparties from countries with a specified minimum sovereign rating of AA (paragraph 4.3).
- ix) Investments in UK banks will only be placed with counterparties with a minimum credit rating of BBB.
- x) This authority has engaged external consultants, (see paragraph 5.3), to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.
- xi) All investments will be denominated in sterling.
- xii) As a result of the change in accounting standards in 2018/19 under International Financial Reporting Standard IFRS 9, this authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018 MHCLG concluded a consultation for a temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for 5 years commencing from 1/4/18).

However, this authority will also pursue value for money in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance (see paragraph 4.7). Regular monitoring of investment performance will be carried out during the year.

4.3 Sovereign Credit Ratings

For 2021/22 it is recommended to maintain the policy of lending to sovereign nations and their banks which hold at least an AA credit rating (aside from the UK, which holds an AA-rating). The list of countries that qualify using this credit criteria (as at the date of this report) are shown below:

- AAA** Australia, Denmark, Germany, Netherlands, Singapore, Sweden & Switzerland
- AA+** Finland, Canada & United States,
- AA** France & United Arab Emirates

4.4 Creditworthiness Policy

Each counterparty included on the council's approved lending list must meet the criteria set out below. Without the prior approval of the Council, no investment will be made in an instrument that falls outside the list below.

Table 6 below summarises the types of specified investment counterparties available to the council, and the maximum amount and maturity periods placed on each of these. A full list of the council's counterparties and the current limits for 2021/22 are appended at Annex A.

When assessing credit ratings to ascertain limits for each counterparty, the lowest short and long term ratings from each of the three ratings agencies is applied. For simplicity, the ratings for Standard & Poor's are used in the tables below.

Criteria for Specified Investments

All specified investments will be sterling denominated, with maturities up to a maximum of 1 year, meeting the minimum 'high' rating criteria where applicable:

| Table 6 | Country/ Domicile | Minimum Capital Requirements | Min. Credit Criteria (L/term / S/term) | Max. Amount | Max. maturity period |
|------------------------------------------------|---------------------------------------------|--------------------------------------------------------------------|----------------------------------------------------|----------------|----------------------------|
| Debt Management and Deposit Facilities (DMADF) | UK | N/A | N/A | unlimited | 6 months |
| UK Local Authorities | UK | N/A | UK Sovereign Rating | £10m per LA | 12 months |
| UK Banks – part nationalised* | UK | UK government must own majority shareholding | N/A | £25m | 12 months |
| UK Banks & credit rated Building Societies | UK | Must meet minimum credit criteria | AA- / A-1+ | £25m | 12 months |
| | | | A / A-1 | £15m | 12 months |
| | | | BBB / A-2 | £10m | 6 months |
| Banks – Non-UK | Those with sovereign rating of at least AA* | Must meet minimum credit criteria | AA- / A-1+ | £25m | 12 months |
| Non-rated Building Societies | UK | Must have an asset base of at least £5bn at the time of investment | N/A | £5m | 6 months |
| Money Market Funds (CNAV and LVNAV) | UK/Ireland/ EU domiciled | Must meet minimum credit criteria | AAA | £15m per fund | Liquid |

| Table 6 | Country/ Domicile | Minimum Capital Requirements | Min. Credit Criteria (L/term / S/term) | Max. Amount | Max. maturity period |
|------------------------------------|----------------------------|-----------------------------------------|----------------------------------------------------|------------------|----------------------------|
| Ultra Short Dated Bond Funds | UK/Ireland/EU domiciled | Must meet minimum credit criteria | AA | £15m per fund | Liquid |

*See Paragraph 4.3 for full list of countries that meet these criteria

Lending to the council's operational banking service provider

An additional operating limit of £2m and an additional investment limit of £5m will be provided for the council's provider of transactional banking services (currently Lloyds Bank plc). It is unavoidable that the £2m operational limit will be breached from time to time however, officers will endeavour to keep this to an absolute minimum.

UK banks – ring fencing

The largest UK banks, (those with more than £25bn of retail / Small and Medium-sized Enterprise (SME) deposits), were required, by UK law, to separate core retail banking services from their investment and international banking activities by 1st January 2019. This is known as "ring-fencing". Whilst smaller banks with less than £25bn in deposits are exempt, they can choose to opt up. Several banks are very close to the threshold already and so may come into scope in the future regardless.

Ring-fencing is a regulatory initiative created in response to the global financial crisis. It mandates the separation of retail and SME deposits from investment banking in order to improve the resilience and resolvability of banks by changing their structure. In general, simpler activities offered from within a ring-fenced bank (RFB) will be focused on lower risk, day-to-day core transactions, whilst more complex and "riskier" activities are required to be housed in a separate entity, a non-ring-fenced bank (NRFB). This is intended to ensure that an entity's core activities are not adversely affected by the acts or omissions of other members of its group.

While the structure of the banks included within this process may have changed, the fundamentals of credit assessment have not. The council will continue to assess the new-formed entities in the same way that it does others and those with sufficiently high ratings (and any other metrics considered) will be considered for investment purposes. The list of approved counterparties in Annex A differentiates the limits for both ring fenced and non-ring fenced banks.

Part-Nationalised Banks

The council can lend up to £25m for up to 12 months to any bank in which the UK Government holds a majority shareholding regardless of the credit rating due to the implied government support of those entities. The Royal Bank of Scotland PLC & National Westminster Bank PLC are the two entities currently treated as part nationalised.

Non-Specified investments

These are any other types of investment that are not defined as specified.

| Table 7 | Instrument Type | Minimum credit criteria (L/term / S/term) | Maximum investments | Period |
|-------------------------|-------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|---------|
| UK Local Authorities | N/A | N/A | £10m per LA | 5 years |
| UK Banks & Non UK Banks | Fixed Deposits | AA+ / A-1+ | £25m | 3 years |
| | | AA- / A-1+ | £25m | 2 years |
| | Negotiable Instruments | AA- / A-1+ | £25m | 5 years |
| Short Dated Bond Funds | UK/Ireland/EU domiciled | Short Dated bond funds are not rated. A selection process will evaluate relative risks & returns. Security of the council's money and fund volatility will be key measures of suitability | 15m per fund | Liquid |

A full list of counterparties that meet the council's criteria for both specified and non-specified investments are listed in Annex A.

4.5 Other Limits

In order to mitigate concentration risk, there are a number of other limits imposed within the investment strategy. **Table 8** sets out the maximum permitted investment for each sector at the time of investment:

| Table 8 – Other Limits | |
|--------------------------------------------------|------------------------|
| Sector | Max total of portfolio |
| Banking sector | 100% |
| Building Society Sector | 75% |
| Local Authority Sector | 100% |
| Money Market Funds (MMF) | 100% |
| Short Dated & Ultra Short Dated Bond Funds | 50% |
| Debt Management Account Deposit Facility (DMADF) | 100% |

In addition to these limits:

- no more than 25% of the portfolio can be invested for more than 1 year; and
- with the exception of MMF & the DMADF, no one counterparty may have more than 25% of the relevant sector maximum at the time the investment is made.

4.6 Approved Methodology for adding and removing counterparties

A counterparty shall be removed from the council's list where a change in their credit rating results in a failure to meet the criteria set out above.

A new counterparty may only be added to the list with the written prior approval of the Chief Finance Officer and only where the counterparty meets the minimum criteria set out above.

A counterparty's exposure limit will be reviewed (and changed where necessary) following notification of a change in that counterparty's credit rating or a view expressed by the credit rating agency warrants a change.

A counterparty's exposure limit will also be reviewed where information contained in the financial press or other similar publications indicates a possible worsening in credit worth of a counterparty. The review may lead to the suspension of any counterparty where it is considered appropriate to do so by the Chief Finance Officer.

4.7 Investment Risk Benchmarking

The weighted average benchmark risk factor for 2021/22 is recommended to be 0.05%. This is unchanged from 2020/21. This is a measure of the percentage of the portfolio deemed to be at risk of loss by reference to the maturity date, value of investment, and credit rating of the individual investments within the portfolio compared to the historic default data for those credit ratings.

This benchmark is a simple target (not limit) to measure investment risk and so may be breached from time to time, depending on movements in interest rates and counterparty criteria. The purpose of the benchmark is that the in-house treasury team can monitor the current and trend position and amend the operational strategy depending on any changes. Any breach of the benchmarks will be reported with supporting reasons in the mid-year or end of year reviews.

This matrix will only cover internally managed investments, excluding externally managed cash that has been subject to an individual selection process. It also excludes funds lend to other Local Authorities, consistent with the CIPFA Accounting Code.

For any investment where there is a direct and legal offset against an existing financial liability, the investment will be assumed to have a benchmark risk of 0.00%.

5. OTHER TREASURY MATTERS

5.1 Banking Services

Lloyds Bank plc currently provides banking services for the council.

5.2 Training

The CIPFA Code requires the responsible officer to ensure that members with responsibility for treasury management receive adequate training in treasury management. This especially applies to members responsible for scrutiny. Training was last provided for members of the Audit & Standards Committee and Policy & Resources Committee on 8 October 2019 and further training will be arranged as required.

The training needs of treasury management officers are periodically reviewed and training arranged as required.

5.3 Policy on the use of External Service Providers

The council uses Link Asset Services as its external treasury management advisors.

The council recognises that responsibility for treasury management decisions remains with the council at all times and will ensure that undue reliance is not placed upon our external service providers. It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The council will ensure that the terms of their appointment and the methods by

which their value will be assessed are properly agreed and documented, and subject to regular review.

5.4 Lending to Third Parties

The council has the power to lend monies to third parties subject to a number of criteria. These are not treasury type investments, rather they are policy investments. Any activity will only take place after relevant due diligence has been undertaken, as described in the Capital Strategy (Appendix 2 to the budget report).

5.5 Updates to Accounting Requirements

▪ IFRS 9 – local authority override – English local authorities

The MHCLG enacted a statutory over-ride from 1 April 2018 for a five year period until 31 March 2023 following the introduction of IFRS 9 and the requirement for any capital gains or losses on marketable funds to be chargeable in year. This has the effect of allowing any capital losses on funds to be held on the balance sheet until 31 March 2023, allowing councils to initiate an orderly withdrawal of funds if required.

▪ IFRS 16 – Leasing

The CIPFA Code of Practice and Guidance notes for 2022/23 will incorporate the requirement to account for all leases onto the council's balance sheet. This has the following impact to this paper:

- The Council's Capital Financing Requirement authorised limit and operational boundary for 2022/23 onwards has been increased to reflect the estimated effect of this change. These limits can be amended during 2022/23, and brought to full Council to amend with the TMSS Mid Year report if the limits need to be increased following some more detailed work on the leases to be brought onto the balance sheet.

ANNEX A - Approved List of Counterparties 2021/22

| Counterparty | Specified /Non-specified | Short-term | | | Long-term | | | Lending Limit | Fixed deposit duration limit (months) |
|-------------------------------------------------|--------------------------|----------------------------------------|-----|------|-----------|------|------|---------------|---------------------------------------|
| | | F=Fitch M=Moody's SP=Standard & Poor's | | | | | | | |
| | | F | M | SP | F | M | SP | | |
| (1) UK Banks | | | | | | | | | |
| Lloyds Banking Group: | | | | | | | | | |
| Bank of Scotland PLC (RFB) | Specified | F1 | P-1 | A-1 | A+ | A1 | A+ | £20m | 12 |
| Lloyds Bank PLC (RFB) | Specified | F1 | P-1 | A-1 | A+ | A1 | A+ | £20m | 12 |
| Lloyds Bank Corporate Markets PLC (NRFB) | Specified | F1 | P-1 | A-1 | A+ | A1 | A | £15m | 12 |
| Total Max. exposure to Lloyds Banking Group | | | | | | | | £20m | 12 |
| Barclays Banking Group: | | | | | | | | | |
| Barclays Bank PLC (NRFB) | Specified | F1 | P-1 | A-1 | A+ | A1 | A | £15m | 12 |
| Barclays Bank UK PLC (RFB) | Specified | F1 | P-1 | A-1 | A+ | A1 | A | £15m | 12 |
| Total Max. exposure to Barclays Banking Group** | | | | | | | | £15m | 12 |
| HSBC Group: | | | | | | | | | |
| HSBC Bank PLC (NRFB) | Specified | F1+ | P-1 | A-1 | AA- | A1 | A+ | £15m | 12 |
| HSBC UK Bank PLC (RFB) | Specified | F1+ | P-1 | A-1 | AA- | Aa3 | A+ | £15m | 12 |
| Total Max. exposure to HSBC Group** | | | | | | | | £15m | 12 |
| RBS/Natwest Group: | | | | | | | | | |
| Natwest Markets PLC (NRFB) | Specified | F1 | P-2 | A-2 | A+ | A3 | A- | £10m | 6 |
| National Westminster Bank PLC (RFB) | Specified | F1 | P-1 | A-1 | A+ | A1 | A | £25m | 12 |
| The Royal Bank of Scotland PLC (RFB) | Specified | F1 | P-1 | A-1 | A+ | A1 | A | £25m | 12 |
| Total Max. exposure to RBS/Natwest Group** | | | | | | | | £25m | 12 |
| Close Brothers Ltd | Specified | F2 | P-1 | | A- | Aa3 | | £10m | 6 |
| Clydesdale Bank PLC | Specified | F2 | P-2 | A-2 | A- | Baa1 | BBB+ | £10m | 6 |
| Goldman Sachs International Bank | Specified | F1 | P-1 | A-1 | A+ | A1 | A+ | £15m | 12 |
| Handelsbanken PLC | Both | F1+ | | A-1+ | AA | | AA- | £25m | 24 |
| Santander UK PLC | Specified | F1 | P-1 | A-1 | A+ | A1 | A | £15m | 12 |
| Standard Chartered Bank | Specified | F1 | P-1 | A-1 | A+ | A1 | A | £15m | 12 |
| SMBC Bank International Plc | Specified | F1 | P-1 | A-1 | A | A1 | A | £15m | 12 |
| (2) Building Societies* | | | | | | | | | |
| Coventry (2) | Specified | F1 | P-1 | | A- | A2 | | £10m | 6 |
| Leeds (5) | Specified | F1 | P-2 | | A- | A3 | | £10m | 6 |
| Nationwide (1) | Specified | F1 | P-1 | A-1 | A | A1 | A | £15m | 12 |
| Principality (6) | Specified | F2 | P-2 | | BBB+ | Baa2 | | £10m | 6 |
| Skipton (4) | Specified | F1 | P-2 | | A- | Baa1 | | £10m | 6 |
| Yorkshire (3) | Specified | F1 | P-2 | | A- | A3 | | £10m | 6 |

Appendix 3

| Counterparty | Specified /Non-specified | Short-term | | | Long-term | | | Lending Limit | Fixed deposit duration limit (months) |
|---------------------------------------------------------|--------------------------|---------------------------------------------------|-----|------|-----------|-----|-----|---------------|---------------------------------------|
| | | <i>F=Fitch M=Moody's SP=Standard & Poor's</i> | | | | | | | |
| | | F | M | SP | F | M | SP | | |
| (3) Non-UK Banks | | | | | | | | | |
| Toronto Dominion (Canada) | Both | F1+ | P-1 | A-1+ | AA- | Aa1 | AA- | £25m | 24 |
| Nordea Bank Abp (Finland) | Both | F1+ | P-1 | A-1+ | AA- | Aa3 | AA- | £25m | 24 |
| Landwirtschaftliche Renenbank (Germany) | Both | F1+ | P-1 | A-1+ | AAA | Aaa | AAA | £25m | 36 |
| NRW.BANK (Germany) | Both | F1+ | P-1 | A-1+ | AAA | Aa1 | AA | £25m | 24 |
| Bank Nederlandse Gemeenten (The Netherlands) | Both | F1+ | P-1 | A-1+ | AAA | Aaa | AAA | £25m | 36 |
| Nederlandse Waterschapsbank N. V. (The Netherlands) | Both | | P-1 | A-1+ | | Aaa | AAA | £25m | 36 |
| DBS Bank Ltd (Singapore) | Both | F1+ | P-1 | A-1+ | AA- | Aa1 | AA- | £25m | 24 |
| Overseas Chinese Banking Corporation Limits (Singapore) | Both | F1+ | P-1 | A-1+ | AA- | Aa1 | AA- | £25m | 24 |
| United Overseas Bank Limited (Singapore) | Both | F1+ | P-1 | A-1+ | AA- | Aa1 | AA- | £25m | 24 |
| Svenska HandelsBanken AB (Sweden) | Both | F1+ | P-1 | A-1+ | AA | Aa2 | AA- | £25m | 24 |
| First Abu Dhabi Bank PJSC | Both | F1+ | P-1 | A-1+ | AA- | Aa3 | AA- | £25m | 24 |
| Bank of New York Mellon (USA) | Both | F1+ | P-1 | A-1+ | AA | Aa1 | AA- | £25m | 24 |

** Ratings as advised by Link Asset Services 15 January 2021

+ UK Building Societies ranking based on Total Asset size – Source: Building Societies Association Jan 2021

** Where there are multiple counterparties within a banking group, exposure to the overall group will be the largest limit, but exposure to individual counterparties within the group will be based on the individual counterparty limit. Eg, exposure to Lloyds Banking Group can be up to £20m, but max exposure to Lloyds Bank Corporate Markets PLC will be £15m.

ANNEX B - ECONOMIC OVERVIEW

Provided by Link Asset Services on 5 January 2021

UK. The key quarterly meeting of the Bank of England Monetary Policy Committee kept Bank Rate unchanged on 5th November 2020. However, it revised its economic forecasts to take account of a second national lockdown in November 2020 which is likely to put back economic recovery and do further damage to the economy. It therefore decided to do a further tranche of quantitative easing (QE) of £150bn, to start in January when the current programme of £300bn of QE, announced in March to June, runs out. It did this so that “announcing further asset purchases now should support the economy and help to ensure the unavoidable near-term slowdown in activity was not amplified by a tightening in monetary conditions that could slow the return of inflation to the target”. Its forecasts appeared, at the time, to be rather optimistic in terms of three areas:

- The economy would recover to reach its pre-pandemic level in Q1 2022
- The Bank also expects there to be excess demand in the economy by Q4 2022.
- CPI inflation is therefore projected to be a bit above its 2% target by the start of 2023 and the “inflation risks were judged to be balanced”.

Significantly, there was no mention of negative interest rates in the minutes or Monetary Policy Report, suggesting that the MPC remains some way from being persuaded of the case for such a policy, at least for the next 6 -12 months. However, rather than saying that it “stands ready to adjust monetary policy”, the MPC this time said that it will take “whatever additional action was necessary to achieve its remit”. The latter seems stronger and wider and may indicate the Bank’s willingness to embrace new tools.

One key addition to the Bank’s forward guidance in August was a new phrase in the policy statement, namely that “it does not intend to tighten monetary policy until there is clear evidence that significant progress is being made in eliminating spare capacity and achieving the 2% target sustainably”. That seems designed to say, in effect, that even if inflation rises to 2% in a couple of years’ time, do not expect any action from the MPC to raise Bank Rate – until they can clearly see that level of inflation is going to be persistently above target if it takes no action to raise Bank Rate. Our Bank Rate forecast currently shows no increase, (or decrease), through to quarter 1 2024 but there could well be no increase during the next five years as it will take some years to eliminate spare capacity in the economy, and therefore for inflationary pressures to rise to cause the MPC concern. Inflation is expected to briefly peak at just over 2% towards the end of 2021, but this is a temporary short lived factor and so not a concern.

However, the minutes did contain several references to downside risks. The MPC reiterated that the “recovery would take time, and the risks around the GDP projection were judged to be skewed to the downside”. It also said “the risk of a more persistent period of elevated unemployment remained material”. Downside risks could well include severe restrictions remaining in place in some form during the rest of December and most of January too. Upside risks included the early roll out of effective vaccines.

COVID-19 vaccines. We had been waiting expectantly for news that various COVID-19 vaccines would be cleared as being safe and effective for administering to the general public.

The announcement of various effective vaccines, plus expected further announcements that other vaccines could be approved soon, have enormously boosted confidence that life could largely return to normal during the second half of 2021, with activity in the still-depressed sectors like restaurants, travel and hotels returning to their pre-pandemic levels; this would help to bring the unemployment rate down. With the household saving rate having been exceptionally high since the first lockdown in March, there is plenty of pent-up demand and purchasing power stored up for these services. A comprehensive roll-out of vaccines might take into late 2021 to fully complete; but if these vaccines prove to be highly effective, then there is a possibility that restrictions could start to be eased once vulnerable people and front-line workers have been vaccinated. At that point, there would be less reason to fear that hospitals could become overwhelmed any more. Effective vaccines would radically improve the economic outlook once they have been widely administered; it may allow GDP to rise to its pre-virus level a year earlier than otherwise and mean that the unemployment rate peaks at 7% in 2021 instead of 9%.

Public borrowing was forecast in November by the Office for Budget Responsibility (the OBR) to reach £394bn in the current financial year, the highest ever peace time deficit and equivalent to 19% of GDP. In normal times, such an increase in total gilt issuance would lead to a rise in gilt yields, and so PwLB rates. However, the QE done by the Bank of England has depressed gilt yields to historic low levels, (as has similarly occurred with QE and debt issued in the US, the EU and Japan). This means that new UK debt being issued, and this is being done across the whole yield curve in all maturities, is locking in those historic low levels through until maturity. In addition, the UK has one of the longest average maturities for its entire debt portfolio, of any country in the world. Overall, this means that the total interest bill paid by the Government is manageable despite the huge increase in the total amount of debt. The OBR was also forecasting that the government will still be running a budget deficit of £102bn (3.9% of GDP) by 2025/26. However, initial impressions are that they have taken a pessimistic view of the impact that vaccines could make in the speed of economic recovery.

Overall, the pace of recovery was not expected to be in the form of a rapid V shape, but a more elongated and prolonged one. The initial recovery was sharp after quarter 1 saw growth at -3.0% followed by -18.8% in quarter 2 and then an upswing of +16.0% in quarter 3; this still left the economy 8.6% smaller than in Q4 2019. It is likely that the one month national lockdown that started on 5th November, will have caused a further contraction of 8% m/m in November so the economy may have then been 14% below its pre-crisis level.

December 2020 / January 2021. Since then, there has been rapid back-tracking on easing restrictions due to the spread of a new mutation of the virus, and severe restrictions were imposed across all four nations. These restrictions were changed on 5th January 2021 to national lockdowns of various initial lengths in each of the four nations, as the NHS was under extreme pressure. It is now likely that wide swathes of the UK will remain under these new restrictions for some months; this means that the near-term outlook for the economy is weak. However, the distribution of vaccines and the expected consequent removal of COVID-19 restrictions, should allow GDP to rebound rapidly in the second half

of 2021 so that the economy could climb back to its pre-pandemic peak as soon as late in 2022. Provided that both monetary and fiscal policy are kept loose for a few years yet, then it is still possible that in the second half of this decade, the economy may be no smaller than it would have been if COVID-19 had never happened. The significant caveat is if another mutation of COVID-19 appears that defeats the current batch of vaccines. However, now that science and technology have caught up with understanding this virus, new vaccines ought to be able to be developed more quickly to counter such a development and vaccine production facilities are being ramped up around the world.

Brexit While the UK has been gripped by the long running saga of whether or not a deal would be made by 31.12.20, the final agreement on 24.12.20, followed by ratification by Parliament and all 27 EU countries in the following week, has eliminated a significant downside risk for the UK economy. The initial agreement only covers trade so there is further work to be done on the services sector where temporary equivalence has been granted in both directions between the UK and EU; that now needs to be formalised on a permanent basis. As the forecasts in this report were based on an assumption of a Brexit agreement being reached, there is no need to amend these forecasts.

Monetary Policy Committee meeting of 17 December All nine Committee members voted to keep interest rates on hold at +0.10% and the Quantitative Easing (QE) target at £895bn. The MPC commented that the successful rollout of vaccines had reduced the downsides risks to the economy that it had highlighted in November. But this was caveated by it saying, “Although all members agreed that this would reduce downside risks, they placed different weights on the degree to which this was also expected to lead to stronger GDP growth in the central case.” So, while the vaccine is a positive development, in the eyes of the MPC at least, the economy is far from out of the woods. As a result of these continued concerns, the MPC voted to extend the availability of the Term Funding Scheme, (cheap borrowing), with additional incentives for small and medium size enterprises for six months from 30.4.21 until 31.10.21. (The MPC had assumed that a Brexit deal would be agreed.)

Prospect for Interest Rates

The Council has appointed Link Asset Services (LAS) as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives LAS’s central view.

| Link Group Interest Rate View | | 9.11.20 | | | | | | | | | | | | | |
|-------------------------------|--------|---------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--|
| | Dec-20 | Mar-21 | Jun-21 | Sep-21 | Dec-21 | Mar-22 | Jun-22 | Sep-22 | Dec-22 | Mar-23 | Jun-23 | Sep-23 | Dec-23 | Mar-24 | |
| BANK RATE | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | |
| 3 month ave earnings | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | |
| 6 month ave earnings | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | 0.10 | |
| 12 month ave earnings | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | 0.20 | |
| 5 yr PWLB | 1.80 | 1.80 | 1.80 | 1.80 | 1.80 | 1.90 | 1.90 | 1.90 | 1.90 | 1.90 | 2.00 | 2.00 | 2.00 | 2.00 | |
| 10 yr PWLB | 2.10 | 2.10 | 2.10 | 2.10 | 2.20 | 2.20 | 2.20 | 2.30 | 2.30 | 2.30 | 2.30 | 2.30 | 2.30 | 2.30 | |
| 25 yr PWLB | 2.50 | 2.50 | 2.60 | 2.60 | 2.60 | 2.60 | 2.70 | 2.70 | 2.70 | 2.70 | 2.80 | 2.80 | 2.80 | 2.80 | |
| 50 yr PWLB | 2.30 | 2.30 | 2.40 | 2.40 | 2.40 | 2.40 | 2.50 | 2.50 | 2.50 | 2.50 | 2.60 | 2.60 | 2.60 | 2.60 | |

The coronavirus outbreak has caused significant economic damage to the UK and economies around the world. After the Bank of England took emergency action in March to cut Bank Rate to first 0.25%, and then to 0.10%, it left Bank Rate unchanged at its subsequent meetings to 5th November, although some forecasters had suggested that a cut into negative territory could happen. However, the Governor of the Bank of England has made it clear that he currently thinks that such a move would do more damage than good and that more quantitative easing is the favoured tool if further action becomes necessary. As shown in the forecast table above, no increase in Bank Rate is expected in the forecast table above as economic recovery is expected to be only gradual and, therefore, prolonged.

The interest rate forecasts provided by Link above were predicated on an assumption of a reasonable agreement being reached on trade negotiations between the UK and the EU by 31st December 2020. Now that a trade deal has been agreed, Brexit may reduce the economy's potential growth rate in the long run. However, much of that drag is now likely to be offset by an acceleration of productivity growth triggered by the digital revolution brought about by the COVID crisis.

The balance of risks to the UK

- The overall balance of risks to economic growth in the UK is probably now skewed to the upside, but is still subject to some uncertainty due to the virus and the effect of any mutations, and how quick vaccines are in enabling a relaxation of restrictions.
- There is relatively little UK domestic risk of increases or decreases in Bank Rate and significant changes in shorter term PWLB rates. The Bank of England has effectively ruled out the use of negative interest rates in the near term and increases in Bank Rate are likely to be some years away given the underlying economic expectations. However, it is always possible that safe haven flows, due to unexpected domestic developments and those in other major economies, could impact gilt yields, (and so PWLB rates), in the UK.

Downside risks to current forecasts for UK gilt yields and PWLB rates currently include:

- UK government takes too much action too quickly to raise taxation or introduce austerity measures that depress demand in the economy.
- UK - Bank of England takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- A resurgence of the Eurozone sovereign debt crisis. The ECB has taken monetary policy action to support the bonds of EU states, with the positive impact most likely for "weaker" countries. In addition, the EU agreed a €750bn fiscal support package. These actions will help shield weaker economic regions for the next two or three years. However, in the case of Italy, the cost of the virus crisis has added to its already huge debt mountain and its slow economic growth will leave it vulnerable to markets returning to taking the view that its level of debt is unsupportable. There remains a sharp divide between northern EU countries favouring low debt to GDP and annual balanced budgets and southern countries who want to see jointly issued

Eurobonds to finance economic recovery. This divide could undermine the unity of the EU in time to come.

- Weak capitalisation of some European banks, which could be undermined further depending on extent of credit losses resultant of the pandemic.
- German minority government & general election in 2021. In the German general election of September 2017, Angela Merkel's CDU party was left in a minority position dependent on the support of the SPD party, as a result of the rise in popularity of the AfD party. The CDU has done badly in subsequent state elections but the SPD has done particularly badly. Angela Merkel has stepped down from being the CDU party leader but she will remain as Chancellor until the general election in 2021. This then leaves a major question mark over who will be the major guiding hand and driver of EU unity when she steps down.
- Other minority EU governments. Austria, Sweden, Spain, Portugal, Netherlands, Ireland and Belgium also have vulnerable minority governments dependent on coalitions which could prove fragile.
- Austria, the Czech Republic, Poland and Hungary now form an anti-immigration bloc within the EU, and they had threatened to derail the 7 year EU budget until a compromise was thrashed out in late 2020. There has also been a rise in anti-immigration sentiment in Germany and France.
- Geopolitical risks, for example in China, Iran or North Korea, but also in Europe and other Middle Eastern countries, which could lead to increasing safe haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates

- UK - a significant rise in inflationary pressures e.g. caused by a stronger than currently expected recovery in the UK economy after effective vaccines are administered quickly to the UK population, leading to a rapid resumption of normal life and return to full economic activity across all sectors of the economy.
- The Bank of England is too slow in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly within the UK economy, which then necessitates a rapid series of increases in Bank Rate to stifle inflation.

Investment and borrowing rates

- Investment returns are likely to remain exceptionally low during 2021/22 with little increase in the following two years.
- Borrowing interest rates fell to historically very low rates as a result of the COVID crisis and the quantitative easing operations of the Bank of England: indeed, gilt yields up to 6 years were negative during most of the first half of 20/21. The policy of avoiding new borrowing by running down spare cash balances has served local authorities well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in the future when authorities may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt.

- There will remain a significant cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

ANNEX C - PRUDENTIAL AND TREASURY INDICATORS 2021/22 to 2023/23

The council's capital expenditure plans are a key driver of treasury management activities. The output of the capital expenditure plans are reflected in prudential indicators. Local authorities are required to 'have regard to' the Prudential Code and to set Prudential Indicators for the next three years to ensure that the council's capital investment plans are affordable, prudent and sustainable. The Code sets out the indicators that must be used but does not suggest limits or ratios as these are for the authority to set itself.

The Prudential Indicators for 2021/22 to 2023/23 are set out in **Table A** below:

| Table A | 2021/22 Estimate | 2022/23 Estimate | 2023/24 Estimate |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------|-----------------------------|-----------------------------|
| General Fund (GF) Prudential Indicators | | | |
| GF Capital Expenditure £m (gross) General Fund capital expenditure plans | £149m | £83m | £109m |
| GF Capital Financing Requirement £m* Measures the underlying need to borrow for capital purposes (including PFI & Leases) | £284m | £324m | £390m |
| GF Ratio of financing costs to net revenue stream** Identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against net revenue stream | 7.07% | 6.33% | 6.36% |
| Housing Revenue Account (HRA) Prudential Indicators | | | |
| HRA Capital Expenditure £m (gross) HRA capital expenditure plans | £72m | £88m | £32m |
| HRA Capital Financing Requirement £m* Measures the underlying need to borrow for capital purposes | £193m | £230m | £223m |
| HRA Ratio of financing costs to net revenue stream** Identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against net revenue stream | 10.24% | 18.39% | 19.20% |

* From 2022/23, the CFR includes an estimate for leases that will be bought onto the balance sheet under a change in leasing accounting regulations.

** the ratio of financing costs to net revenue stream illustrates the percentage of the Council's net revenue budget being used to finance the council's borrowing. This includes interest costs relating to the council's borrowing portfolio and MRP, net of the investment income from the council's investment portfolio.

The sharp increase in HRA Ratio of Financing costs to net revenue stream in 2022/23 is due to the current assumption that MRP will be set aside to fund loan repayments of £6m and £7m in 2022/23 and 2023/24 respectively. These loan maturities may instead be re-financed with new loans, which would reduce these ratios to 9.14% in 2022/23 and 8.88% in 2023/24.

The Treasury Management Code requires that Local Authorities set a number of indicators for treasury performance in addition to the Prudential Indicators which fall under the Prudential Code. The Treasury Indicators for 2021/22 to 2023/24 are set out in **Tables B & C** below. These have been calculated and determined by Officers in compliance with the Treasury Management Code of Practice:

| Table B | 2021/22 Estimate | 2022/23 Estimate | 2023/24 Estimate |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|-------------------------|
| Authorised Limit for External Debt £m* The council is expected to set a maximum authorised limit for external debt. This represents a limit beyond which external debt is prohibited, and this limit needs to be set or revised by Full Council. | £541m | £625m | £680m |
| Operational boundary for external debt £m* The council is required to set an operational boundary for external debt. This is the limit which external debt is not normally expected to exceed. This indicator may be breached temporarily for operational reasons. | £531m | £615m | £670m |
| Principal Sums invested for longer than 365 days | £40m | £40m | £40m |

**From 2022/23 The Authorised Limit and Operational Boundary includes an estimate for leases that will be bought onto the balance sheet under a change in leasing accounting regulations.*

| Table C | | |
|----------------------------------------------------------------------------------------------------------|-------|-------|
| Maturity Structure of fixed interest rate borrowing* | | |
| The council needs to set upper and lower limits with respect to the maturity structure of its borrowing. | | |
| | Lower | Upper |
| Under 12 months | 0% | 40% |
| 12 months to 2 years | 0% | 40% |
| 2 years to 5 years | 0% | 50% |
| 5 years to 10 years | 0% | 75% |
| Over 10 years | 40% | 100% |

ANNEX D - SCHEME OF DELEGATION

1. Full Council

- Approval of Annual Investment Strategy, Treasury Management Strategy Statement, Capital Strategy, Treasury Management Policy Statement;
- Approval of the Minimum Revenue Provision Policy;
- Approval of the Prudential and Treasury indicators, including the Affordable borrowing limits;
- Approval of the annual revenue budget for financing costs.

The requirements are all contained within this appendix (TMSS incorporating the AIS) and Appendix 2 (Capital Strategy) of the budget report.

- Any changes to the Annual Investment Strategy during the year require approval by full Council.
- Full Council are able to delegate the implementation and monitoring of the treasury management function. This function is delegated to the Policy & Resources Committee.

2. Policy & Resources Committee

- Approval of/amendments to the organisation's adopted clauses, treasury management policy statement and treasury management practices;
- Budget development, consideration and approval;
- Approval of the division of responsibilities;
- Receiving and reviewing regular monitoring reports and acting on recommendations.

P&R receive the following reports in order to fulfil these requirements:

- A **Mid-Year Review Report** – an update on progress of the treasury and investment strategy against budget and the treasury & prudential indicators for the first six months of the year. Any amendments to the indicators or investment strategy require P&R committee to recommend that full Council approve the changes.
- **End of Year Review report** – an update regarding the actual outturn of the treasury position provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.
- **Quarterly TBM reports** - includes the revenue impact of the financing cost budget.

P&R Committee is the body held responsible for the scrutiny of the actual performance of the treasury activities against the strategy.

3. Role of the Section 151 Officer

The council's appointed Section 151 Chief Financial Officer is responsible for:

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance;

- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers.

There are further responsibilities for the S151 Officer identified within the 2017 Code in respect of non-financial investments. They are identified and listed in the Capital Strategy where relevant.

Review of Reserves

Adequacy of Reserves – working balance

The working balance is recommended to be maintained at £9m over the period of the Medium Term Financial Strategy. The consequences of not keeping a minimum prudent level of balances can be serious and in the event of a major problem or a series of events, the council would run a serious risk of a deficit or of being forced to cut spending during the year in a damaging and arbitrary way.

The current level of balances has been based on the robustness of estimates information and the Corporate Risk Register. In addition, the other strategic, operational and financial risks taken into account when considering the minimum level of the working balance include:

- (i) The level of mitigation against the ongoing financial impacts of the pandemic;
- (ii) The complexity and degree of uncertainty associated with planned economy and efficiency measures and/or service changes and the likelihood of achieving them in full;
- (iii) The level of balances required to complement resources potentially available under the Bellwin Scheme for Emergency Financial Assistance to Local Authorities in the event of a major emergency;
- (iv) Risks of rising demand, increasing costs and/or falling income due to economic conditions or potential legislative changes;
- (v) The risk of major legal challenges, both current and in the future;
- (vi) Risks in the financial inter-relationship between NHS partners and the council;
- (vii) The need to retain a general contingency to provide against unforeseen circumstances that may arise, for example, delays in council tax billing which could arise from a major systems or power outage;
- (viii) The need to retain reserves for general day-to-day cash flow needs.

In addition, the cash flow risk for unitary authorities is significant given the full range of services provided. Taking all of these factors into account, a £9m working balance is considered appropriate, representing about 3 weeks of council tax revenue.

Schools' Balances

Schools' balances, while consolidated into the council's overall accounts, are a matter for Governing Bodies. Nevertheless, under the council's Scheme for Financing Schools the council has a duty to scrutinise whether any school holds surplus balances. The council's Scheme for Financing Schools is in line with the requirements of the Secretary of State for Education and the arrangements in place are considered adequate.

Estimated Earmarked General Fund Revenue Reserves

Processes are in place to regularly review the council's earmarked revenue reserves. Details of the review of reserves are included in the table below. Table 4 in the main report sets out the expected level of internal borrowing from reserves as £3.971m which would be repaid over a period of upto 10 years. The reserves table below does not reflect this but those reserves with a longer term nature will be used in the first instance, for example the Insurance Reserve.

| | Estimated Balance as at 01/04/21 £'000 | Planned Use 2021/22 £'000 | Estimated Balance as at 31/03/22 £'000 | Review Arrangements | Conclusion |
|-----------------------------------------------|-------------------------------------------|------------------------------|-------------------------------------------|--------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| General Fund Reserves | | | | | |
| General Fund Working Balance/General Reserves | 9,188 | -188 | 9,000 | Reviewed against the register of financial risks, taking into account the requirements of the Local Government Act 2003. | A minimum working balance of £9.000m is recommended by the Chief Finance Officer in accordance with the requirements of Section 25 of the Local Government Act 2003. This includes the release of £0.188m that was transferred unused grant. |
| Capital Receipts Reserve | 18,772 | -4,842 | 13,930 | Ongoing review as part of TBM process. | Committed to fund the Capital Investment programme including HRA Capital Programme and support for the council's modernisation investment plans. |
| Capital Reserves | 97 | -97 | 0 | Following closure of accounts. | Balance will be used to fund ongoing corporate commitments. |
| Library PFI Reserve | 679 | -2 | 677 | Following closure of accounts. | Use for funding the project over the lifetime of the PFI scheme. |
| Waste PFI Project Reserve | 3,455 | 1,205 | 4,660 | Following closure of accounts. | Use for funding the project over the lifetime of the PFI. This reserve has been used to fund the Term Time only costs and will be replenished in time to meet existing Waste PFI commitments. |
| Section 106 Receipts (Revenue) | 483 | -150 | 333 | Reviewed throughout the year to reflect agreed liabilities and new agreements. | Retain for specified purpose. |
| Section 106 Interest | 566 | -140 | 426 | Reviewed throughout the year to reflect | Retain for specified purpose. |

Appendix 4

| | Estimated Balance as at 01/04/21 £'000 | Planned Use 2021/22 £'000 | Estimated Balance as at 31/03/22 £'000 | Review Arrangements | Conclusion |
|-----------------------------------------------------------------------|-------------------------------------------|------------------------------|-------------------------------------------|--------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | | agreed liabilities and new agreements. | |
| Developer Contributions Unapplied (S106 Capital) | 669 | -50 | 619 | Reviewed throughout the year to reflect agreed liabilities and new agreements. | Retain for specified purpose. |
| Brighton Centre Redevelopment Reserve | 2,772 | -350 | 2,422 | Following closure of accounts. | Held to support future expenditure on the Brighton waterfront project from 2022/23 onwards. Interest is accrued on balances held. |
| Customer Access & Accom Strategies & The Link Network Upgrade Reserve | 79 | -50 | 29 | Following closure of accounts. | Balance being held as contingency for the Link programme as included in the business case. |
| Concessionary Bus Passes | 74 | 0 | 74 | Following closure of accounts. | Retain for specified purpose - to smooth out annual purchase of concessionary passes. |
| ICT Investment Reserve | 169 | -85 | 84 | Following closure of accounts. | Held to support planned IT&D expenditure over the next two years. |
| Environmental Enforcement Reserve | 35 | -35 | 0 | Following closure of accounts. | Initial costs for bringing the service in-house in 2019/20 as agreed at Dec 2018 ETS committee. The planned drawdown is to cover expansion of the service prior to income levels matching spend. |
| Winter Maintenance | 616 | 0 | 616 | Following closure of accounts. | Held to fund exceptional costs of extreme weather. |
| Outdoor Events | 121 | 0 | 121 | Following closure of accounts. | Retain to hold funds for the planned 2021 UEFA women's Football Championships where |

Appendix 4

| | Estimated Balance as at 01/04/21 £'000 | Planned Use 2021/22 £'000 | Estimated Balance as at 31/03/22 £'000 | Review Arrangements | Conclusion |
|------------------------------------------|---------------------------------------------------|--------------------------------------|---------------------------------------------------|--------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | | | Brighton & Hove is a host city. |
| Dome Planned Maintenance | 176 | -30 | 146 | Following closure of accounts. | Retain - subject to lease agreement with Brighton Dome & Festival Society. |
| Hove Park 3G Pitch Renewal | 15 | 0 | 15 | Following closure of accounts. | Held to replace pitch at the end of its useful life. Timing to be confirmed. |
| Surface Water Management Reserve (SWAMP) | 487 | -261 | 226 | Following closure of accounts. | Retain to support planned SWAMP related works. |
| BikeShare Scheme Reinvestment Reserve | 135 | -30 | 105 | Following closure of accounts. | Retain to hold income share to the council from the Bike Share scheme to support future expansion and innovation of the scheme. |
| Community Equipment Reserve | 33 | 0 | 33 | Following closure of accounts. | Risk reserve held to manage any pressures within adult social care services that can't be managed through the Better Care programme. |
| Sports Facilities Reserve | 338 | 0 | 338 | Following closure of accounts. | The future capital investment in sports facilities is still in discussion. |
| Licensing - other reserve | 44 | 0 | 44 | Following closure of accounts. | Retain for specified purpose - to fund potential future deficits or repayment to licensees. |
| Taxi Licensing | 65 | -10 | 55 | Following closure of accounts. | Retain for specified purpose - to fund potential future deficits or repayment to licensees. |
| East Brighton Parking Surplus | 10 | -10 | 0 | Following closure of accounts. | Retain to support expenditure on East Brighton Park. The balance is due to be drawn down for investment in playgrounds in 2021/22 (as reported |

Appendix 4

| | Estimated Balance as at 01/04/21 £'000 | Planned Use 2021/22 £'000 | Estimated Balance as at 31/03/22 £'000 | Review Arrangements | Conclusion |
|---------------------------------|---------------------------------------------------|--------------------------------------|---------------------------------------------------|--------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | | | to ETS in January 2021). |
| Preston Park Parking Surplus | 113 | -113 | 0 | Following closure of accounts. | Retain to support expenditure on Preston Park. Subject to the overall financial position for City Parks at the end of 2020/21, there may be a £100k drawdown for tree maintenance works. The balance drawn down for investment in playgrounds in 2021/22 (as reported to ETS in January 2021). |
| NEH Refurbishment Reserve | 150 | -150 | 0 | Following closure of accounts. | Balance of £0.150m held to provide match funding for New England House redevelopment. |
| Road Works Permit Scheme | 33 | 0 | 33 | Following closure of accounts. | To separately account for permit income so that any surplus can be carried forward to future years to fund relevant expenditure. |
| i360 Reserve | 7,814 | 1,382 | 9,196 | Following closure of accounts and any loan agreement restructure with the i360 | £1.0m is ring fenced for reinvestment in Madeira Drive with all remaining resources held until the i360 is in a sustainable financial position. |
| HMO Licensing Fees Reserve | 340 | -21 | 319 | Following closure of accounts. | Retain to support annual inspections of HMO licenses. |
| HMO Additional Licensing Fees | 193 | -120 | 73 | Following closure of accounts. | Retain to support Additional licensing work over the period of the license to 2023. |
| Phoenix House Sinking Fund | 60 | 0 | 60 | Following closure of accounts. | Retain for maintenance requirements at Phoenix House. |
| Damage Deposit Guarantee Scheme | 200 | 0 | 200 | Reviewed during the year as part of budget monitoring process | Retained for specific purpose but required level will continue to be reviewed. |

| | Estimated Balance as at 01/04/21 £'000 | Planned Use 2021/22 £'000 | Estimated Balance as at 31/03/22 £'000 | Review Arrangements | Conclusion |
|-----------------------------------------|-------------------------------------------|------------------------------|-------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Cemeteries Maintenance Reserve | 49 | -10 | 39 | Following closure of accounts. | Retain for maintenance of cemeteries, tree clearance etc. |
| PRS Rent Deposit Scheme | 41 | -2 | 39 | Following closure of accounts. | Retained for specific purpose but required level will continue to be reviewed. |
| Travellers Site Capital Reserve | 79 | -50 | 29 | Following closure of accounts. | Contribution each year to reserves for future major works costs of the Travellers site to pay for capital works to the site such as works to shower blocks. |
| City Deal New England House Dev Reserve | 4,900 | -200 | 4,700 | Following closure of accounts. | Report to Strategic Delivery Board in Sept 2019 forecast spend to commence in 2022/23 on major refurbishment works |
| Climate Change Carbon reduction reserve | 0 | 1,000 | 1,000 | Following closure of accounts. | New Reserve created as part of 2021/22 budget. |
| Investment Properties (Dilapidations) | 189 | -100 | 89 | Following closure of accounts. | Proposed to invest in improvements to existing stock and support rental security / improve rental streams. Forms part of Capital Investment Programme. |
| Restructure Redundancy Reserve | 85 | -30 | 55 | As part of closure of accounts. | Restructure & Redundancy costs are funded within the capital programme as part of the capitalisation direction. |
| Insurance Reserve General | 5,372 | 0 | 5,372 | The Insurance Fund is subject to a bi-annual health check by the actuaries. The last health check was completed in March 2019. | The level of the Insurance Fund will be adjusted in line with the recommendations of the actuary as part of the 2020/21 outturn report. |
| Total General Fund Reserves | 58,696 | -3,539 | 55,157 | | |

| | Estimated Balance as at 01/04/21 £'000 | Planned Use 2021/22 £'000 | Estimated Balance as at 31/03/22 £'000 | Review Arrangements | Conclusion |
|------------------------------------------|-------------------------------------------|------------------------------|-------------------------------------------|--------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| HRA Reserves | | | | | |
| HRA Working Balance | 8,466 | -190 | 8,276 | Following closure of accounts. | A minimum working balance of £3m is recommended by the Chief Finance Officer in accordance with the requirements of Section 25 of the Local Government Act 2003. Any residual balance is to pay for any extra H&S costs post Grenfell and risk around new repairs service. |
| Capital Reserves | 2,900 | -2,900 | 0 | Following closure of accounts. | To fund the capital programme |
| Estate Development Budget (EDB) Reserves | 240 | -100 | 140 | Following closure of accounts. | Retain for estates development. Annual amount is approved to fund EDB; the programme is a rolling programme with new schemes approved annually. |
| Renewable Energy Reserve | 175 | -40 | 135 | Following closure of accounts. | Maintain for specified purpose. |
| Rent Support Reserve | 909 | -909 | 0 | Following closure of accounts. | To support the delivery of new council homes at a lower rent in 2021/22 |
| Sustainability and Retrofit reserve | 4,010 | 0 | 4,010 | Reviewed as part of the budget setting process for HRA | To support the delivery of new council homes at a lower rent in 2021/22 |
| Total HRA Reserves | 16,700 | -4,139 | 12,561 | | |
| Schools / DSG Reserves | | | | | |
| Schools PFI Project Reserve | 886 | 0 | 886 | Following closure of accounts. | Use for funding the project over the lifetime of the PFI scheme. |
| Schools LMS Balances | 3,496 | 0 | 3,496 | Following closure of accounts. | Balances are held by school governing bodies. |
| Portslade Adult Learning | 20 | 0 | 20 | Following closure of accounts. | Balance used at the discretion of the facility. |
| Total Schools / DSG Reserves | 4,402 | 0 | 4,402 | | |

| | Estimated Balance as at 01/04/21 £'000 | Planned Use 2021/22 £'000 | Estimated Balance as at 31/03/22 £'000 | Review Arrangements | Conclusion |
|--------------------------------------|-------------------------------------------|------------------------------|-------------------------------------------|--------------------------------|------------------------------------------------------------------------------------|
| TOTAL RESERVES | 79,798 | -7,678 | 72,120 | | |
| General Fund Provisions | | | | | |
| Hostel Accommodation Dilapidations | 82 | 0 | 82 | Following closure of accounts. | Held for dilapidation costs for West Pier Hostel following retendering of service. |
| Voluntary Severance Provision | 285 | -285 | 0 | Following closure of accounts. | To fund cost of potential severance agreements from 2021/22 Budget plans. |
| Total General Fund Provisions | 367 | -285 | 82 | | |
| TOTAL ALL FUNDS | 80,165 | -7,963 | 72,202 | | |

Summary of amounts released from Reserves to support one-off resources

| Description | £'000 |
|------------------------------------------------------------------|------------|
| General Fund Working Balance (see paragraph 5.19 of main report) | 188 |
| Total | 188 |

ASSESSMENT OF MEDIUM TERM RISKS

The Medium Term Financial Strategy (MTFS) of a large organisation with many demand-led services, and complex and uncertain funding streams will always contain significant and varying degrees of risk. The pandemic and the impacts of lockdowns have had a profound effect on the council's expenditure and income which have highlighted the council's financial resilience for demand led services, and reliance on fees charges and rents. The government has responded to these financial pressures and provided funding for 2020/21 and for 2021/22. What is unclear at this stage is the ongoing financial impact of the pandemic and how the government will support those impacts in future years.

For a second year running, the government announced a one-year spending review in November 2020 and a one-year local government finance settlement in December 2020 which is reflected in the budget for 2021/22. These short term announcements were prompted by the uncertainty around Brexit and the national financial response to the pandemic, however this does mean that funding for local government services in the medium term remains uncertain and presents potentially significant financial risks.

The last 4-year settlement provided some additional certainty for resources, however, in practice there were significant elements of funding, such as the Improved Better Care Fund, that remained uncertain over the 4-year period, making long term financial planning very challenging. Therefore, even if a multi-year settlement for local government is announced in the future, this could be subject to substantial revision. There are also uncertainties relating to the Fair Funding Review and government proposals relating to the Business Rates system of taxation. In general, other factors that can have a material effect on the medium term financial position of an authority include:

- The lack of certainty in future resource levels;
- Changes in function and/or funding;
- Changes in the economy including the impact on business rates income and Council Tax Reduction claimant numbers;
- Similarly, impacts on the levels of house building which affects both Council Tax and New Homes Bonus or its successor;
- The level of future successful appeals against the business rating list;
- Changes in employer costs e.g. pension or national insurance changes;
- Achievement of performance targets for performance related grant or partnership funding;
- Delivery and achievement of savings and modernisation programmes;
- Ability to manage identified demand-led service pressures;
- Decisions on council tax increases and the council tax reduction scheme;
- Democratic support for change including partnership working and integration.

Risks to the MTFS arise from both external and internal factors. External risks include, for example, Government policy decisions that can have an adverse financial impact on the council. External risks are generally the most difficult to manage or plan for.

Internal risks can also arise for a number of reasons, such as cost overruns, underachievement of savings plans, changing priorities or ineffective systems of demand management. They may also be influenced by external factors. It is vital to have adequate mechanisms to manage internal risks if financial stability is to be achieved. There are a number of ways in which the effects of risks can be managed and these are set out in the following risk table. Furthermore, the council's MTFS aims to minimise the impact of some

of the major financial risks and the impact on investment in support of the council's priorities.

However, the forecasts within the MTFS are based on prudential assumptions that reflect the most likely position based on current knowledge and therefore there are also opportunities where any of the forecasts are found to overstate actual expenditure or under-estimate actual income.

| Risk | Likelihood (L) | Impact (I) | Risk = (L) x (I) | Possible Impact on Financial Strategy | Mitigation / Management |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|---------------------------------------------------------|------------------|-----------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Potential Risks affecting 2021/22 onwards | | | | | |
| Council Tax base is lower than anticipated e.g. higher caseload for CTRS discounts /lower number of new properties / more student exempt properties / more SMI exemptions / more discounts awarded /, resulting in a deficit on the collection fund | 3 | 3 0.1% reduction in council tax = £0.156m | 9 | Would require reductions in budgets (increased savings) for the following year | Close monitoring of the collection fund and checking validity of exemptions and discounts particularly new property developments, student numbers, CTRS discounts and empty property discounts. Through major projects, working with further education establishments to encourage development of more dedicated student accommodation. |
| Collection of council tax for CTRS claimants falls due to its impact on household budgets alongside other Welfare Reform impacts, resulting in a deficit on the collection fund | 3 | 2 0.1% reduction in council tax collection = £0.156m | 6 | Would require reductions in the budget (increased savings) for the following year | Close monitoring of the collection fund, including claimants under the CTR scheme. Collection rates in recent years have been maintained at target levels however have been adjusted down in 2021/22 due to the short term impact of the pandemic. Appropriate communications, advice (linked to Welfare Reform advice services), discretionary funds (£0.200m for 2021/22) and collection strategies have been agreed to minimise impact. |
| Services fail to operate within set budgets due to increased service demands or weak systems of demand management | 3 | 4 1% gross expenditure on demand led | 12 | Departmental service pressures that can only be met through additional resources, such as reserves, | Close monitoring and analysis of demand-led budgets and overall budget through budget monitoring (TBM). |

| Risk | Likelihood (L) | Impact (I) | Risk = (L) x (I) | Possible Impact on Financial Strategy | Mitigation / Management |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|--------------------------------------------|------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | budgets = £1.4m | | or unplanned savings having to be made elsewhere. Possible need for emergency spending and/or recruitment controls with potential impacts on service delivery and quality. Reduction in reserves / working balance. Value for Money qualification of accounts by not securing economy, efficiency and effectiveness in the use of resources. | Identify action plans to mitigate cost pressures. Health & Social Care system management activity prioritised through the Better Care Fund and integrated commissioning. Strategic Corporate Plan investments for addressing Homelessness and demand-led pressures. Continued efforts to embed adolescent and care leaver strategies across agencies. |
| <p>Services fail to operate within set budgets due to:</p> <ul style="list-style-type: none"> • Unachievable income • Price variations • Exceptional legal costs | 3 | 4 1% of fees and charges income = £1.2m | 12 | Departmental cost or income pressures that can only be met through additional resources, such as the using reserves, or savings being made elsewhere in the budget. Possible need for emergency spending and/or recruitment controls with potential impacts on service delivery and quality. Reduction in reserves / working balance. Value for money qualification of accounts by not securing economy, efficiency and effectiveness in the use of resources | Government support for 75% of unachieved (non-commercial) income up to June 2021. Monitor income budgets through TBM and the Corporate Modernisation Delivery Board governance arrangements for the Corporate Debt programme. Identify action plans to mitigate unachievable income, price variation and exceptional legal costs. In-year review of charging policy and revised charges approved where absolutely necessary. Ongoing support for improved contract management and procurement. |

| Risk | Likelihood (L) | Impact (I) | Risk = (L) x (I) | Possible Impact on Financial Strategy | Mitigation / Management |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|------------------------------------------------------------|-------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | | | Internal Audit review of services where performance issues or financial concerns are identified. |
| <p>Services fail to operate within set budgets due to unachievable savings arising from:</p> <ul style="list-style-type: none"> - Over-estimate of the savings potential; - Industrial relations issues; - Withdrawal of political support; - Higher than estimated costs to implement the savings opportunity. | 3 | 3 1% of GF savings = £0.1m | 9 | Departmental service pressures that can only be met through additional resources, such as reserves, or savings being made elsewhere in the budget. Possible need for emergency spending and/or recruitment controls with potential impacts on service delivery and quality. Reduction in reserves / working balance. | Monitor savings through TBM and identify action plans to mitigate the unachievable savings. Potentially refer back to members for decisions on alternative savings proposals where these are significant or cannot be mitigated elsewhere. |
| Pay assumptions for 2021/22 are lower than agreed pay awards and other pay related costs | 3 | 3 0.5% change in pay award = £0.6m for the general fund | 9 | Pay award pressures can only be met through additional resources, such as reserves, or savings being made elsewhere in the budget. Possible need for emergency spending and/or recruitment controls with potential impacts on service delivery and quality. Reduction in reserves / working balance. | Monitor progress on pay award negotiations and wider national settlements. Lobby government for more funding if nationally negotiated pay awards are significantly higher than local or national assumptions (e.g. assumed within the Chancellor's Spending Review). |
| PFI Waste tonnages higher than projected resulting in additional disposal costs | 2 | 4 1% increase in tonnage per annum = £1.3m | 8 | Would increase the waste disposal budget and compensating savings would need to be identified | Provision (contingency) for higher tonnages made in the assessment of the waste PFI reserve. |

| Risk | Likelihood (L) | Impact (I) | Risk = (L) x (I) | Possible Impact on Financial Strategy | Mitigation / Management |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|------------------------------------------------------------------|-------------------------|------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | p.a. over life of PFI contract | | elsewhere in the budget. | Monitor and identify specific areas of growth and undertake waste minimisation and further recycling measures. Trends are monitored and reflected in the MTFS for future years. |
| The uncertainties within the housing market, changes in housing benefit and welfare reform create spending pressures within the budget e.g. homelessness | 4 | 3 10% increase in net temporary accommodation budget = £0.64m | 12 | Would create additional pressures in the Housing Strategy and potentially other related budgets which would need to find compensating savings. | Continue to assess and monitor the potential impact of changes to the welfare benefit system and plan and respond to government consultations accordingly. A range of additional discretionary funds continue to be set aside to be directed to the most appropriate area as needed. There are a number of supporting strategies linked to the corporate plan priorities including the Homelessness, Financial Inclusion and Welfare Reform strategies. An additional one-off resource (£0.260m) is proposed in 2021/22 to provide continued welfare reform support & advice. |
| Increased insurance premiums as a result of national or international storm damage claims over the longer term | 3 | 2 30% increase = £0.21m | 6 | Would require compensating savings to be identified in 2021/22 and future years. | Insurance premiums have been retendered and are reviewed annually. Continued emphasis on risk management to help prevent future claims. |

| Risk | Likelihood (L) | Impact (I) | Risk = (L) x (I) | Possible Impact on Financial Strategy | Mitigation / Management |
|-----------------------------------------------------------------------------------------------------------------------|-----------------------|----------------------------------------------------|-------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Long term borrowing rates higher than anticipated | 2 | 2 0.1% higher = £0.02m for £20m borrowing | 4 | Would increase borrowing costs budget over the long-term. Would hinder business cases involving borrowing and make invest-to-save schemes less financially attractive | Closely monitor long term borrowing rates and future borrowing requirements to help identify the best time to borrow, supported by independent advisors. Trigger rates have been incorporated into decision making for new borrowing to ensure the council benefits from low interest rates in a fluctuating market. Under-borrowing (using available cash balances) remains a viable short term strategy. |
| Major civil incident occurs e.g. storm, flooding, riot | 2 | 3 Estimated "Bellwin" threshold = £0.4m | 6 | Budget overspend / reduction in reserves / working balance. Pressures on other budgets. The council would have to meet the costs of uninsured risks in addition to the "Bellwin" threshold. | Ensure adequate levels of reserves and working balance to cover threshold expenditure. Ensure appropriate insurance cover is in place and that the Insurance Fund is sufficient to cover uninsured risks. |
| Severe winter weather places additional spending pressures on winter maintenance and other budgets across the council | 3 | 3 Depends on severity of weather event | 9 | Need to use reserves. | Advance planning to minimise possible disruption. A plan to replenish reserves in future years would be required. |
| Cost overruns occur on schemes in the agreed capital programme | 3 | 2 1% cost overrun on total programme = £2.2m | 6 | Reserves or other capital resources redirected to fund overspend. Unable to meet capital investment needs. Increased borrowing requirement. | Effective cost control and expenditure monitoring. Flexibility within or across programmes to re-profile expenditure if necessary. Flexing Capital Financing Strategy or HRA self-financing |

| Risk | Likelihood (L) | Impact (I) | Risk = (L) x (I) | Possible Impact on Financial Strategy | Mitigation / Management |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|------------------------------------------------------------|------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | | | strategy as appropriate. |
| Capital receipts lower than anticipated | 3 | 3 10% reduction in receipts = £2.0m (including JV) | 9 | Fewer resources available for regeneration programmes, Workstyles, Modernisation, and Digital and IT infrastructure, | Flexible capital programme that allows plans to be reduced or re-profiled. Alternative site disposal plans are capable of being accelerated if necessary. Borrowing is an option for invest-to-save schemes. |
| Income from business rates is lower than expected due to successful rating appeals / higher levels of relief awarded / redevelopment of existing sites gives temporary reduction / collection performance declines | 3 | 3 1% of forecast retained business rates income = £0.6m | 9 | Would require an increased budget gap to be addressed in the following financial year. | Make appropriate provisions in resource forecasts. Respond to MHCLG consultations on business rates changes. Detailed monitoring of business rates yield and collection to ensure it reflects the latest known position. Corporate approach to economic development and city regeneration. |
| Further risks affecting 2022/23 onwards | | | | | |
| Potential transfer to 75% retained business rates results in a net loss of resources from combined impact of: <ul style="list-style-type: none"> Reduced grant funding including the RSG; New responsibilities transferred to authorities; Increased business rates income; Downward changes in | 3 | 4 1% reduction in Settlement Funding Assessment = £0.7m | 12 | Transfer was expected to involve major transfers of functions and funding (e.g. Public Health and RSG) of approximately £30m and therefore creates significant uncertainty over resource levels. Would require an increased budget gap to be addressed in the following financial year/s. | Engage fully in upcoming and future government consultations to ensure there is early warning of any adverse consequences. Government is currently taking stock of potential reforms to local government finance having delayed this proposal a further year |

| Risk | Likelihood (L) | Impact (I) | Risk = (L) x (I) | Possible Impact on Financial Strategy | Mitigation / Management |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|------------------------------------------------------------|-------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| business rates tax base have bigger impact than the current 49% exposure | | | | | |
| The Government's Fair Funding Review results in lower Relative Needs leading to reduced government resources : - <ul style="list-style-type: none"> • Reduced grant funding • Higher Business Rates tariff payment | 3 | 4 1% reduction in Settlement Funding Assessment = £0.7m | 12 | Would require an increased budget gap to be addressed in the following financial year/s. | Engage fully in government consultations. Ensure core data used to determine relative needs is accurate and up to date. Government is currently taking stock of potential reforms to local government finance having delayed this proposal a further year. |
| Business Rates revaluation appeals result in losses of business rate income in excess of the provision for appeals. | 3 | 4 1% of forecast retained business rates income = £0.6m | 12 | Would require an increased budget gap to be addressed. Limited protection from safety net is afforded at 7.5% below baseline funding. | Respond to any government consultation on changes to the distribution mechanism. Continued liaison with VOA to ensure good access to data. Monitor the impact of appeals throughout the remaining revaluation period. |
| MTFS pay assumptions for 2022/23 onwards are lower than agreed pay awards and other pay related costs | 3 | 3 0.5% change in pay award = £0.6m for the general fund | 9 | Impact on budget gap if pay provisions are insufficient to meet increased ongoing costs arising from transformation, pay awards and/or impact of the National Living Wage. | Monitor progress on pay award negotiations and wider national settlements. |
| Cash reductions in remaining unringfenced government grants in 2022/23 and beyond are above levels included in future years' | 4 | 4 5% reduction in unringfenced government | 16 | Would require an increased budget gap to be addressed in the following financial year | Provisions for reductions are made in MTFS resource forecasts. Develop strategies to identify |

| Risk | Likelihood (L) | Impact (I) | Risk = (L) x (I) | Possible Impact on Financial Strategy | Mitigation / Management |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|------------------------------------------------------------|-------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| budgets | | grants = £1.5m | | | priorities and mitigate impact of reductions. |
| Reduction in Dedicated Schools Grant following review of existing formula and introduction of a national formula funding model for distribution between schools | 2 | 2 1% of DSG = £1.8m | 4 | Additional pressure on schools' budgets. However, the government has promised £14.3bn additional funding for schools over the next 3 years. | Detailed monitoring of schools' budgets including 'licenced deficit' recovery plans. |
| Forecast resources from 2022/23 onwards lower than forecast in the MTFS | 3 | 4 1% reduction in Settlement Funding Assessment = £0.7m | 12 | Would require an increased budget gap to be addressed in the following financial year/s. | Lobby LGA and government over future spending totals, particularly long term funding of social care. Lobby for greater overall share of funding assessment (SFA) and respond in detail to any further consultation |
| Government changes to business rates (e.g. cap on multiplier, enhanced or new reliefs) are not fully funded through ongoing section 31 compensation grants | 2 | 4 Estimated value of Section 31 grant = £7.2m | 6 | Would require an increased budget gap to be addressed in the following financial year/s. | Lobby MHCLG to ensure any new measures impacting on business rates income are fully funded. |
| Energy and fuel prices increase above budgeted provision | 3 | 2 10% increase to the general fund = £0.33m | 6 | Would reduce resources within budgets creating the need to find compensating savings. However, higher electricity prices would mean that the share of electricity income from the Energy From Waste plant will increase to offset some of the cost increase. | Reduce consumption and implement measures to generate energy. Monitor energy/fuel market contracts closely and consider alternative procurement routes if necessary. Service pressures provide some cover for higher inflation. |

| Risk | Likelihood (L) | Impact (I) | Risk = (L) x (I) | Possible Impact on Financial Strategy | Mitigation / Management |
|--------------------------------------------------|-----------------------|-----------------------------|-------------------------|------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Investment interest rates lower than anticipated | 2 | 3 0.1% lower = £0.07m | 6 | Would need more reserves to cover any shortfall in the investment interest budget. | Keep investment strategy under constant review although investment interest at historically low levels and reflected in budget estimates. Work with Treasury Advisers to maximise return within agreed risk parameters. Seek decisions from members for changes to risk appetite, counterparties or investment strategy if market availability moves outside of current parameters. |

Key: **Likelihood (L)** (of occurrence): 1 – Almost impossible, 2 – Unlikely, 3 – Possible, 4 – Likely, 5 – Almost certain.
Impact (I): 1 – Insignificant, 2 – Minor, 3 – Moderate, 4 – Major, 5 – Catastrophic or fantastic.
Risk Score (L) x (I): 1 to 3 Low, 4 to 7 Moderate, 8 to 14 Significant, 15 to 25 High.

Budget 2021/22 Equality Impact Assessments (EIAs) for impacts on Service-Users and Staff: Legal Duties, Process, Assessment and Planned Actions

Summary

The council is legally required under s149 of the Equality Act 2010 to evidence how it has considered its equality duty in its budget-setting process. Evidence can be provided in different forms but it is commonly held across local authorities that the most effective method is the completion of Equality Impact Assessments (EIAs). These have been undertaken on all budget proposals where there may be a potential impact on service-users and on staff, related to their legally protected characteristics.

Members are referred to the full text of s149 of the Equality Act 2010 – included at Appendix A the end of this document – which must be considered when making a decision on the matters set out in this report.

All budget EIAs are available in Appendix 7 and should be considered alongside the relevant budget proposal. Within the EIAs, impacts are identified and mitigating actions proposed, where possible.

This document explains the EIA process, identifies the cumulative impacts across all the proposals relating to service-users, and lists overall planned mitigating actions. The budget reductions will inevitably impact on specific individuals and groups, but the proposed mitigating actions are intended to reduce these as far as possible, with monitoring of actual impact to enable appropriate interventions as proposals are implemented.

Service-User EIAs

In terms of overall assessment of impact, the impacts of 8 EIAs are rated as 1 (the lowest impact out of 5); 4 are rated at 2 (out of 5); and 4 are rated at 3 (out of 5). No EIAs identified impacts at 4 or 5 (the highest impacts).

At this stage, the impacts identified across the budget proposals are on the following groups of service-users:

- Age: younger people and older people
- Disability
- Ethnicity
- Women
- Carers

The mitigating actions identified (in bold) are summarised below (full details in section 4). These will be followed up with the relevant directorates and services:

- **Response and recovery during COVID19** – continue to respond effectively to the pandemic, adapting services to support communities across the city with their specific needs and assets and keeping our workforce safe and supported.
- **Impact of Covid-19:** Core to the council's approach (outlined in some budget proposals) are early intervention and prevention, staff capacity to respond flexibly to meet changing needs, and collaboration with partners. Covid-19 creates potential significant challenges to this: limiting staff capacity, requiring a focus on emergency response, generating extra demand, and changing the national and local funding landscape. Long-term impacts of the pandemic are also, as yet, unknown.

- **Taking an asset-based approach** - requires an understanding of the different levels of resource and resilience for different groups and individuals.
- **Targeted interventions and prioritisation of support** - must be based on up-to-date information to identify the greatest need and the most effective actions.
- **Close monitoring and evaluation** of service-user experience and progress to identify impacts early and to act on trends.
- **Engagement** - with all stakeholders to influence and communicate changes and enable effective support during transitions.
- **Earlier interventions and preventative work** – EIAs are critical to ensure there are no unintended impacts for individuals or groups.
- **Supporting independence** – working with service-users who are ready to move on to more independence and offering support to people, to enable resources to be redirected.
- **Integration of Health & Adult Social Care** - provides opportunities for more effective and linked-up provision. Ongoing EIAs remain a core need in this process.
- **Reviewing, renegotiating or combining services** – service-users’ diverse needs must be embedded in the commissioning process from bidding to monitoring/evaluation.
- **Increasing collaboration between services in the council and with other agencies in the city** – can maximise the impact of services. However, financial pressures can restrict capacity and resource to develop and/or participate in collaborations.
- **Digital inclusion** - can increase convenience, support independence and provide tailored support. However, accessibility and other contact channels must be embedded.

Staff

For all proposals relating to staff, the following mitigating actions will be in place, as well as any service specific actions identified through the service specific staffing EIAs:

- Involve staff in service redesign discussions using the [service redesign toolkit](#).
- Use staffing equalities data to inform decision making.
- Apply the council’s policies and procedures equitably and appropriately.
- Review vacant posts, use of agency employees etc. to minimise the impact.
- Manage redeployment on a corporate level.
- Where there may be a reduction of posts consider offer of voluntary severance.
- Where there will be compulsory redundancy ensure that selection processes are clear and unbiased, and that processes take into account any individual needs.
- Ensure processes and criteria related to selection for voluntary redundancy are clear and transparent and use the compensation panel appropriately.
- Ensure managers involved in selection have completed relevant training including the Fair and Inclusive briefing sessions.
- HR to support and advise managers delivering service changes.
- Offer all employees one to one meetings and relevant transition support.
- Attach the summary EIA to each consultation document, and continue to assess equality impacts through the consultation process.
- Ensure reasonable adjustments are put in place for individual members of staff.

- Ensure staff and managers are aware of the range of support and training available during the consultation process regarding mental health support including individual reasonable adjustments, staff wellbeing information, counselling services and occupational health/risk assessment support where required.

Full details of all impacts and actions are below.

1. Introduction

1.1 This report describes the process of Equality Impact Assessment (EIA) made on the budget proposals for 2021/22 and analyses the findings. The council has legal duties under s149 of the Equality Act 2010 to consider the needs of diverse people in our budget-setting processes and address negative impacts where possible.

1.2 Budget EIAs are an effective way, but not the only way, to evidence how the council is meeting this duty and should be considered by members in decision-making. Budget EIAs are available in Appendix 7.

1.3 The aims of an Equality Impact Assessment become especially important at times of straitened budgets, enabling us to:

- think about what the council is trying to achieve;
- consider what potential impact the decision will have on different groups;
- target resources to those who are most vulnerable;
- fund services which respond to people's diverse needs; and
- save money by getting it right first time.

1.4 This report describes:

- the council's legal duties in the budget-setting process (section 2)
- council-wide cumulative impacts on service-users identified at this stage (section 3)
- the over-arching actions which will be needed to mitigate negative impacts and maximise positive impacts (section 4)
- impacts identified from known data on staff across all proposals, across the council and in specific directorates (section 5)
- council-wide mitigating actions, to reduce/remove negative impacts on staff (section 6)
- the national and local context (sections 7 and 8)
- the council's approach to and aims in EIA as part of decision-making (section 9).

2. Our legal duties

2.1 Under the equality duty set out in s149 of the Equality Act 2010 (Appendix A), public authorities must have 'due regard' to the need to eliminate unlawful discrimination, harassment and victimisation; to advance equality of opportunity; and to foster good

relations between people who share a protected characteristic and those who do not.

- 2.2** The protected groups covered by the equality duty are: age, disability, gender reassignment, pregnancy and maternity, race/ethnicity, religion or belief, sex and sexual orientation. The duty also covers marriage and civil partnerships (only in respect of eliminating unlawful discrimination). Assessment has also been included of impacts and actions in relation to child poverty.
- 2.3** The law requires that public authorities demonstrate that they have paid conscious and rigorous attention to the equality duty aims in their decision-making.
- 2.4** By law, our assessments of impact on equality must:
- Contain enough information to enable a public authority to demonstrate it has had 'due regard' to the aims of the equality duty in its decision-making;
 - Consider ways of mitigating or avoiding any adverse impacts.
- 2.5** The Public Sector Equality Duty (PSED) does not prevent councils from making difficult decisions such as reorganisations and relocations, redundancies, and service reductions, nor does it prevent decisions which may affect one group more than another group.
- 2.6** The duty does enable public bodies to demonstrate that they are making financial decisions in a fair, transparent and accountable way. This involves considering the needs and the rights of different members of the community, how impacts will affect them and mitigating negative impacts as fully as possible.
- 2.7** Nationally, there have been a number of successful legal challenges to funding decisions because public authorities have failed to meet the requirements of s149. In such cases, the public authority may have to start the decision-making process again, with improved consultation and evidence-gathering to identify the impact on particular groups.

“Even when the context of decision-making is financial resources in a tight budget, that does not excuse compliance with the PSEDs [Public Sector Equality Duties], and there is much to be said for the proposition that even in straitened times the need for clear, well informed decision-making when assessing the impacts on less advantaged members of society is as great, if not greater.”
Blake J in R (Rahman) v Birmingham City Council
[2011] EWHC 944 (Admin)

- 2.8** Members are referred to the full text of s149 of the Equality Act 2010 (Appendix A) which must be considered when making a decision on the matters set out in this report.

3. Impacts identified on Service-Users across all proposals

- 3.1** The EIA process and consultation have identified whether or not impacts are likely to be different for a person because of their protected characteristic (with a focus on where impacts may be worse) and if so, list the proposed mitigating actions.

3.2 There has also been an overall assessment in each EIA of:

- the impact of funding changes from one service on another across the council (cumulative impacts);
- consideration of what mitigating actions can be taken, and how we can monitor, evaluate and take action on impacts which may occur.

3.3 The overall assessment is that the proposals put forward have all been considered within the framework of the council's legal duties under the Equality Act 2010 and due regard has been given to the potential impacts on people linked to or arising from their legally protected characteristics. Given budget reductions, there are likely to be impacts on specific individuals and groups. However, proposed mitigating actions will reduce these as far as possible, and monitoring of actual impact will enable appropriate interventions as proposals are implemented.

3.4 In terms of overall assessment of impact, the impacts of 8 EIAs are rated as 1 (the lowest impact out of 5); 4 are rated at 2 (out of 5); and 4 are rated at 3 (out of 5). No EIAs identified impacts at 4 or 5 (the highest impacts).

At this stage, the impacts identified across the budget proposals are on the following groups of service-users, largely reflecting groups of people who are more likely to be eligible for and use council services:

- Age: younger people and older people
- Disability
- Ethnicity
- Women
- Carers

3.5 The EIAs do highlight concerns about the council's ability to increase equality and inclusion, as prioritised in our Corporate Plan. Therefore, key activities have been identified to ensure continued progress against this aim. More details are below.

4. Service-Users: Proposed Mitigating Actions

4.1 The EIA template highlights where officers identify a cumulative impact linked to other services or the wider local/national context. The Communities, Equality & Third Sector team has also considered all the EIAs to assess where groups may be impacted by more than one change across the council.

4.2 Impacts identified in section 3 (above) are the result of proposed changes to a number of services including some specifically focused on provision for these groups. Specific actions to mitigate as far as possible impacts arising from each proposal are defined within the relevant EIAs. In addition, council-wide mitigating actions are detailed below.

4.3 Overall mitigating actions identified from EIAs:

- **Response and recovery during Covid-19** – continue to respond effectively to the pandemic, adapting services to support communities across the city with

their specific needs and assets and keeping our workforce safe and supported. Ongoing impact assessment is embedded into service responses and the recovery and renewal process.

- **Impact of Covid-19:** Core to the council's approach (outlined in some budget proposals) are early intervention and preventative work, staff capacity to respond flexibly to meet changing needs, and collaboration with other services, CVS and statutory partners. The Covid-19 context creates potential significant challenges to this: limiting staff capacity, requiring a focus on emergency response, generating extra demand for some services, and changing the national and local funding landscape, so that some alternative funding sources are reduced. There are likely to be long-term impacts of the pandemic that cannot yet be foreseen, contributing to a high level of uncertainty for services.
- **Working towards an asset-based approach** - requires an understanding of the different levels of resource and resilience for different groups and individuals.
- **Targeted interventions and prioritisation of support** - must be based on up-to-date knowledge, data and feedback from local groups to identify the greatest need and the best forms of intervention, communications and engagement.
- **Better monitoring and evaluation** of service-user experience and progress to identify impacts early and to act on trends.
- **Improving engagement** with service-users, carers, families, CVS groups and other stakeholders to enable people to give views on and influence changes; communicate changes to minimise negative impacts and anxiety; enable effective support during transitions; and understand alternative forms of support for themselves and the service-user.
- **Supporting independence** – working with service-users who are ready to move on to more independence and offering support to people, to enable resources to be redirected.
- **Integrated commissioning of Health & Adult Social Care** - provides opportunities for streamlining of more effective and linked-up provision. Ongoing assessment of the equality impacts (by all providers) remains a core need to ensure that services remain accessible, appropriate and effective for everyone.
- **Reviewing, renegotiating or combining services** - creates opportunities for better links between services and a more consistent experience for service-users. It remains vital to be clear that the needs of service-users are as diverse as the service-users themselves and provision must be flexible and responsive and maintain focused interventions where required. Requirements throughout the commissioning process from bidding to monitoring/evaluation must embed these principles.
- Increasing collaboration between services in the council and with the voluntary and community sector and other partners in the city – can maximise the impact of services and funding decisions for the benefit of residents. However, financial pressures can restrict capacity and resource to develop and/or participate in collaborations.
- **Digital inclusion** - can increase convenience, support independence and provide tailored support, particularly in the context of Covid-19. However, accessibility and availability of other forms of contact must be considered and embedded.

4.4 Other mitigating actions

4.4.1 Ongoing council approaches, such as Equality Impact Assessment and the aims in the council's Equality and Inclusion Strategy are a critical part of minimising or avoiding negative impacts on specific groups protected in law.

4.4.2 Equality monitoring and analysis to evaluate trends and identify actions, and robust equality impact assessments which actively engage stakeholders are fundamental to meeting our legal duties and corporate commitments. Senior managers will continue to have responsibility for overseeing these processes as decisions are made and service changes take place.

5. Staff: Impacts identified across all proposals

5.1 The Restructure EIA template is completed so the council can evidence compliance with the Equality Act 2010: thinking about the aims of the Equality Duty during decision-making processes and ensuring equality issues inform our budget decisions. This approach also supports the Council's Fair and Inclusive agenda. It is also reasonable and proper for the Council to consider factors such as service requirements, customer needs, and statutory or legal obligations.

5.2 At this stage in the process, it is not possible to identify which specific staff members will be affected by the proposed reductions in staffing in any service. Therefore, the analysis of data highlights where a particular service profile differs from the council workforce profile. Where groups of staff sharing legally protected characteristics are under- or over-represented in a service, due regard and conscious attention will be paid during decision-making, to avoid, as far as possible, further reduction in under-represented groups and/or disproportionate impacts on any groups. The analysis will be used by managers in consultation and in decision-making.

5.3 For groups of over 20 staff, equalities data has been used to assist the identification of potential impacts. Where there are fewer than 20 staff affected data has not been produced to protect the confidential sensitive equalities information provided by staff. EIAs have been completed in these instances with regard to known information about the staff group and proposals made.

5.4 Information which might identify individuals has been withheld from this document to protect confidentiality, but all information has been provided to managers and will be used to inform the implementation of agreed proposals.

5.5 Managers have assessed the equalities impacts and completed EIAs where the impacts on staff are known at this stage. This assessment process will continue through staff consultation allowing staff and unions to raise specific issues not identified via the completed EIAs.

5.6 The EIA template highlights where officers identify an impact linked to the profile of the workforce across the Council in terms of legally protected groups as compared to the make-up of groups affected by the budget proposals. HR has considered all the EIAs, although consideration of potential impacts will need to be kept under

review as the detail of some proposals become clearer and through staff consultation processes.

- 5.7** It is not currently proposed to change or withdraw any proposal based on potential impact. Because the proposals are broad at this stage many of the actions are currently generic. The outcome of EIAs will guide the consultation process and inform the implementation of changes.

6 Staff: Council-wide Mitigating Actions:

In addition to the specific mitigations identified in each service area the Council has guidance, procedures and approaches for managing change that are designed to ensure change is managed fairly and groups sharing protected characteristics are not negatively impacted:

- 6.1** Involve staff in service redesign discussions using the [service redesign toolkit](#).
- 6.2** Attach the summary EIA to each consultation document, and continue to assess equality impacts through the consultation process.
- 6.3** Ensure the council's relevant policies and procedures are equitably and appropriately applied (e.g. redeployment, development of new post details etc) to ensure that no adverse impact is created for employees in minority groups. Use staffing equalities data to inform decision-making.
- 6.4** Review vacant posts, use of agency employees etc to minimise the impact on current substantive post holders.
- 6.5** Manage redeployment at a corporate level.
- 6.6** Where proposals may result in a reduction of posts consider the offer of voluntary redundancy to mitigate the impact of potential compulsory redundancy processes. Ensure processes and criteria related to selection for voluntary redundancy are clear and transparent and use the compensation panel appropriately.
- 6.7** Where there will be a potential compulsory redundancy situation, ensure that selection processes are clear and unbiased, and that processes take into account any individual needs.
- 6.8** Ensure managers involved in selection have attended the Fair and Inclusive briefing sessions, completed corporate recruitment and selection training and are signposted to the Equality & Diversity training opportunities.
- 6.9** Ensure that managers delivering service changes are appropriately supported and advised in relation to all employee equalities.
- 6.10** Ensure all employees are offered one to one meetings to discuss their circumstances and any concerns they may have.
- 6.11** Ensure staff and managers are aware of the range of support and training available during the consultation process regarding mental health support including individual

reasonable adjustments, staff wellbeing information, counselling services and occupational health/risk assessment support where required.

7. National context

7.1 The budget proposals are being developed within ongoing national changes which may have an equalities impact, including (not exclusively):

- Ongoing roll-out of welfare reforms and transfer to Universal Credit;
- Ongoing pressures on public sector budgets, particularly Adult Social Care;
- Britain leaving the EU;
- Potential reforms to Adult Social Care and Health; and
- Covid-19 has highlighted and increased existing inequality.

8. Local context

8.1 The council's priorities defined in 'Our Plan 2020 to 2023' agreed by Policy & Resources Committee in December 2019 are collected within the vision for 'a fairer city, a sustainable future'. The priorities are:

- A city to call home
- A city working for all
- A stronger city
- A growing and learning city
- A sustainable city
- A healthy and caring city

These match with the Brighton & Hove Connected priorities for the whole city, as contained in the Sustainable Community Strategy: 'Brighton & Hove: The Connected City'.

8.2 Relevant local priorities and context includes:

- Covid-19: citywide structure with cross-sector representation to identify and respond to equality priorities based on wide engagement and local/national data. This includes a Vulnerable People workstream and other workstreams to focus on different protected groups;
- Close partnership working across social care and health both for children's services and adults, particularly through the 'Better Lives, Stronger Communities' integration initiative;
- Using Modernisation Boards across the council to drive service redesign that will lead to greater collaboration with partners and communities to provide better, more joined-up outcomes for everyone;
- A joint approach to public services as a whole for the city through the City Management Board;
- Greater alignment between the development of the medium-term financial strategy and Corporate Plan 2020-2023;
- Proactive work to support financial inclusion and collaborative approach to welfare support across the council and with partners;

- A focus on improving educational attainment and opportunities for access to employment for our young people.
- Responding to the climate emergency – making the city carbon neutral by 2030 by focusing on the city’s transport network.
- The council’s pledge to become anti-racist and to work with partners towards an anti-racist city.

9. Brighton & Hove City Council Approach and Process

- 9.1** The council most commonly uses a Budget EIA process to screen and identify the main potential disproportionate impacts arising because of people’s legally protected characteristics and, for service-users, on child poverty. Where relevant they draw on existing service EIAs.
- 9.2** The aims of an Equality Impact Assessment become especially important at times of straitened budgets, enabling us to:
- think about what the council is trying to achieve;
 - consider what potential impact the decision will have on different groups;
 - target resources to those who are most vulnerable;
 - fund services which respond to people’s diverse needs; and
 - save money by getting it right first time.
- 9.3** Service leads or HR completed EIAs on budget proposals where the proposed changes potentially impact on service provision and/or on staff. The document presented to Members lists all the disproportionate impacts on groups because of their protected characteristic. It also identifies the planned actions to mitigate negative impacts.
- 9.4** All the EIAs have been reviewed by the Communities, Equality and Third Sector Team and/or Human Resources. The Executive Leadership Team has agreed and supported the process, as well as considering the impacts of specific funding decisions.
- 9.5** The Human Resources team has assessed equalities impacts on staff arising from the proposals. Information from staff consultation processes was incorporated into these EIAs, where available.
- 9.6** Since the equality duty is a continuing duty which must be complied with when implementing and reviewing a decision, assessment of equality impacts and responses to them will continue after budget decisions are agreed. Data from these EIAs will also be shared with relevant managers, to enable them to identify the best ways to implement the decisions to minimise negative or disproportionate impacts on legally protected and socially excluded groups.
- 9.7** All political groups are able to present alternative budget proposals and/or budget amendments. Where substantial alternative proposals or amendments are submitted these will have been screened by officers and advice given as to whether there is any new or additional cumulative equality impact requiring either a revised Budget EIA or a new EIA. Where proposals are not substantial (most amendments), officers will screen the amendment and will normally advise that either an EIA is not required or that an existing Budget EIA remains valid.

Appendix A

149 Public sector equality duty

- (1) A public authority must, in the exercise of its functions, have due regard to the need to—
 - (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- (2) A person who is not a public authority but who exercises public functions must, in the exercise of those functions, have due regard to the matters mentioned in subsection (1).
- (3) Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to—
 - (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
 - (b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
 - (c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- (4) The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.
- (5) Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to—
 - (a) tackle prejudice, and
 - (b) promote understanding.
- (6) Compliance with the duties in this section may involve treating some persons more favourably than others; but that is not to be taken as permitting conduct that would otherwise be prohibited by or under this Act.
- (7) The relevant protected characteristics are —
 - age;
 - disability;
 - gender reassignment;

- pregnancy and maternity;
- race;
- religion or belief;
- sex;
- sexual orientation.

(8) A reference to conduct that is prohibited by or under this Act includes a reference to—

- (a) a breach of an equality clause or rule;
- (b) a breach of a non-discrimination rule.

(9) Schedule 18 (exceptions) has effect.

Budget 2020/21: Equality Impact Assessments – Service-Users and Staff

The council is legally required by the Equality Act 2010 to evidence how it has rigorously considered its equality duties in the budget-setting process. To achieve this, Equality Impact Assessments (EIAs) have been completed on all budget proposals with a potential impact on service-users, related to their legally protected characteristics.

EIAs assess how proposals may impact on specific groups differently (and whether/how negative impacts can be reduced or avoided) so that these consequences are explicitly considered. Further assessment will be made through the budget consideration process and in relation to implementation, if budget proposals are accepted. An assessment of the cumulative impacts across proposals and impacts on staff are available in Appendix 6.

Members are referred to the full text of s149 of the Equality Act 2010 – included at the end of this document – which must be considered when making decisions on budget proposals.

| Equality Impact Assessments describing impacts on Service-Users | | |
|------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|-------------------|
| Directorate | Service | EIA number |
| Families, Children & Learning | Health, SEN & Disability: Children’s Disability Service – Direct Payments | 1 |
| | Health, SEN & Disability: Services for children with disabilities | 2 |
| | Health, SEN & Disability: Learning Disabilities Community Care | 3 |
| | Standards and Achievements | 4 |
| | Children’s Centres | 5 |
| | Early Years and Childcare | 6 |
| | Social work and legal: s.17 expenditure | 7 |
| | Safeguarding and Care: Children’s Agency Placements | 8 |
| | Community Care (Physical Support and Sensory Support / Memory & Cognition / Mental Health Support) | 9 |

| | | |
|----------------------------------------------------------------|--------------------------------------------------------------------------------|-------------------|
| Health & Adult Social Care | Assessment and Provider Services | 10 |
| | Commissioning | 11 |
| Economy, Environment, and Culture | City Transport - Traffic Management Group | 12 |
| | Parking Services Group | 13 |
| | City Environment – City Parks | 14 |
| Housing, Neighbourhoods and Communities | Libraries | 15 |
| Finance & Resources | There are no service-user EIAs required for proposals in these services | - |
| Strategy, Legal & Governance | Life Events | 16 |
| Equality Impact Assessments describing impacts on Staff | | |
| Directorate | Service | EIA number |
| Families, Children & Learning | There are no service-user EIAs required for proposals in these services | - |
| Health & Adult Social Care | There are no service-user EIAs required for proposals in these services | - |
| Economy, Environment, and Culture | Property: Premises Concierge Services | S1 |
| | Property: Premises and Facilities Management | S2 |
| | Property: Premises Helpdesk and Business Services | S3 |

| | | |
|--------------------------------------------------------|-------------------------------------------------|-----------|
| Housing, Neighbourhoods and Communities | Communities, Equality & Third Sector | S4 |
| Finance & Resources | Revenues & Benefits | S5 |
| Strategy, Legal & Governance | Communications | S6 |

The text of s149 of the Equality Act 2010 is at the end of this document.

Families, Children & Learning

Budget Equality Impact Assessment 2021/22 – Service-Users

| | | |
|-----------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| 1. Service Area | Families, Children & Learning: Health, SEN & Disability - Children's Disability Service | 2. EIA No. 1 |
| 3. Head of Service | Carl Campbell, Head of Service 0-25 | |
| 4. Budget Proposal | What is the proposal? | |
| | <ul style="list-style-type: none"> • Direct payments saving = £40,000 (total budget £573,000) Direct Payments saving achieved by: <ul style="list-style-type: none"> • Correctly allocating costs for clients' post-18 which have already been captured in pressures calculation in adult's community care budget. | |
| 5. Summary of impacts | Highlight the most significant disproportionate impacts on groups | |
| | Disproportionate impacts identified on the following characteristics: Age (young people) <ul style="list-style-type: none"> • There is uncertainty about the ongoing and future impact of Covid-19 and the levels of support required by families particularly if Drove Road and Tudor House are at full capacity. Therefore, if demand rises and cannot be accommodated within current resources the reduction in budget may mean that children and young people (CYP) will not be able to access out of school activities, placing more pressure on the home and parents' ability to cope. • Reduction in the amount of funding to provide CYP with SEND access to out of school activities risks family breakdown and therefore an increase in the use of respite provision and possible agency placement. | |
| 6. Assess level of impact (1 = low, 5 = high) | 3 | |

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| 7. Key actions to reduce negative impacts | What actions are planned to reduce/avoid negative impacts and increase positive impacts? |
| | <ul style="list-style-type: none"> • Alternative/replacement support options to be available for some young people through the Extended Day. • Additional use of community groups and other funding streams. • Close liaison with parent/carers groups such as PaCC and Amaze in order to improve communication and the co-production of information for alternative support options. |
| 8. Full EIA? | Full EIA not required as risks are known where there is ongoing PaCC and Amaze engagement in relation to this. |
| 9. Monitoring and Evaluation | How will you monitor the impact of this proposal and the success of your mitigating actions on these groups over the coming year (or more)? |
| | <ul style="list-style-type: none"> • Impact upon service users will be monitored via Strengthening Families Assessments, Social Care Reviews and EHCP Annual Reviews • Monitor the outcomes of the resource panel through Social Care review process. • Use of data and performance reports to monitor the progress of service users. • There will be a particular focus upon the impact on service users who are in care or subject to Child Protection Plans. |
| 10. Cumulative impacts | Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal? Please explain these impacts. |
| | <ul style="list-style-type: none"> • Additional support may not be available to families if there are funding challenges for providers in the Community and Voluntary Sector. |

Budget Equality Impact Assessment 2021/22 – Service-Users

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| 1. Service Area | Families, Children & Learning: Health, SEN & Disability; Children's Disability Service | 2. EIA No. 2 |
| 3. Head of Service | Carl Campbell, Head of Service 0-25 | |
| 4. Budget Proposal | <p>What is the proposal?</p> <hr/> <p><u>Savings</u></p> <ul style="list-style-type: none"> Services for children with disabilities: £70,000 <p>For services for children with disabilities these savings will be made by:</p> <ul style="list-style-type: none"> Establishment of a Commissioning Team for the HSEND branch to review the value for money of current contracts and high cost placements. Progress the recommendations of the Peopletoo review for children's in-house respite provision. Expansion of the Extended Day through a range of invest to save initiatives Development of complex needs foster care service to prevent the need to make high cost agency placements | |
| 5. Summary of impacts | <p>Highlight the most significant disproportionate impacts on groups</p> <hr/> <p>Disproportionate impacts identified on the following characteristics: Age (young people)</p> <ul style="list-style-type: none"> Possible re-location of children and young people (CYP) from high cost agency placements through returning to the city. Wrap around planning will be required to ensure this is experienced as a positive experience by service users. | |
| 6. Assess level of impact (1 = low, 5 = high) | 3 | |
| | What actions are planned to reduce/avoid negative impacts and increase positive impacts? | |

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| 7. Key actions to reduce negative impacts | <ul style="list-style-type: none"> • Expand the Extended Day through invest to save initiatives thereby reducing the pressure on respite provision. • Savings achieved through the new HSEND Commissioning Team by re-negotiation / re-tendering / bringing in-house Children's Disability Service contracts. Calculated at 10% of current contract value. • Consideration of the provision of full time in house residential provision for CYP with complex needs that reduces pressure both on respite provision and agency placements. • Through developing a complex needs foster care service prevent the need for CYP to be placed in high cost agency placements. • Review those CYP currently in high cost agency placements and plan a return to the city through the further development of the local offer. |
| 8. Full EIA? | <p>Full EIA not required at this stage. However, a further EIA may be necessary regarding the impact of re-locating young people.</p> |
| 9. Monitoring and Evaluation | <p>How will you monitor the impact of this proposal and the success of your mitigating actions on these groups over the coming year (or more)?</p> <ul style="list-style-type: none"> • Impact upon service users will be monitored via Strengthening Families Assessments, Social Care Reviews and EHCP Annual Reviews • Use of data and performance reports to monitor the progress of service users • There will be a particular focus upon the impact on service users who are in care or subject to Child Protection Plans • Head of Service and other managers will monitor the impact upon decision making and care planning for service users |
| 10. Cumulative impacts | <p>Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal? Please explain these impacts.</p> <ul style="list-style-type: none"> • Additional support may not be available to families if there are funding challenges for providers in the Community and Voluntary Sector whilst the Commissioning Team are reviewing contracts and considering what provision and services will be required to future proof the city for CYP with SEND. • The further development of a foster care service, in-house residential, short breaks and respite providers will be delayed if Covid 19 continues to impact upon service development because of staff capacity and absence. |

Budget Equality Impact Assessment 2021/22 – Service-Users

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| 1. Service Area | Families, Children & Learning: Health, SEN & Disability - Adult Learning Disability Assessment | 2. EIA No. 3 |
| 3. Head of Service | Cameron Brown, Head of Service 25+ | |
| 4. Budget Proposal | What is the proposal? | |
| | The saving of £950,000 will be achieved by reducing the spend on the Learning Disabilities Community Care Budget. | |
| 5. Summary of impacts | Highlight the most significant disproportionate impacts on groups | |
| | <p>Disproportionate impacts identified on the following characteristics: Disability (learning disabilities and autistic spectrum conditions), Carers, Ethnicity, Gender Reassignment, Sexual Orientation</p> <p>Vulnerable people in the City are assessed in accordance with the Care Act 2014 to see if their eligible needs need to be met with care and support.</p> <p>Approximately 800 adults with a learning disability and / or autism have eligible needs and are currently receiving a service paid for via the Community Care budget. Services being provided are: Residential Care, Supported Living, Community Support and Day Options.</p> <p>Any reduction in the community care budget will have a direct effect on the amount or the way support and care is offered.</p> <p>Care costs are steadily increasing and there is an increasing level of complex needs being identified resulting in higher care costs. This is a trend reflected nationally as well as locally. For people and their families there could be a perceived reduction in the level of service they receive or potentially a change in provider and approach, which can be unsettling for users and families/carers.</p> <p>Disability: managing these conversations will require staff to manage any changes in expectations carefully and skilfully. Direct payments must continue to be promoted (Care Act 2014) as a way to deliver more creative and sustainable modes of support and care, which will also be more person centred.</p> | |

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| | <p>Ethnicity: People from BME groups may continue to face disproportionate impacts, for example reduction in budgets for translators or for more in-depth work.</p> <p>Gender reassignment: As we are trying to increase engagement with trans people, and recent research shows that despite the city being 'trans-friendly', discrimination, abuse and isolation are still a problem, any reduction in funding may impact negatively on any extra initiatives in this area.</p> <p>Sexual orientation: Some LGB people still remain silent or hidden. At a time of resource realignment there is a risk that these groups become more distant or marginalised.</p> <p>Other groups: People with Learning Disabilities who are in transition from Children's to Adults' services at this time of resource realignment may be adversely affected, as transition can take longer if not managed creatively and resources are not targeted effectively. This can mean young people with Learning Disabilities could experience a delay in accessing services they are entitled to when reaching 18, such as extra benefits.</p> <p>The Care Act 2014 places a requirement on Local Authorities to assess Carers. Work provided by carers in the city is of huge value, representing a huge saving. Any funding restrictions could have a direct effect on carers to continue in their caring role.</p> |
| <p>6. Assess level of impact (1 = low, 5 = high)</p> | <p>2: There is an obligation to meet statutory need and there is a clear plan to implement a method of operating using the wellbeing and prevention approach as well as an asset-based approach to our support and care offer: see below.</p> |
| <p>7. Key actions to reduce negative impacts</p> | <p>What actions are planned to reduce/avoid negative impacts and increase positive impacts?</p> <hr/> <p>The Care Act asks for more than just Adult Social Care to offer support to people, instead recognising that in a city-wide approach must be embraced, encompassing all services from housing through to leisure, to enhance the lives of vulnerable people.</p> <p>Therefore, a new asset-based approach is required, a fundamental and radical rethink to help develop a new conversation with the public about how people, friends and families as well as communities can help people to remain independent.</p> <p>The integration agenda with health gives opportunities to reduce duplication and work in a more joined-up way to proactively identify those people who may be at risk of going into hospital or residential care and thus</p> |

manage risk, help people to live life and have a good death. Together we will ensure improvements in consistency particularly around the giving of information and advice to service users in how to access information, and get support to manage their own care needs.

We aim to carry this out by:

- Providing individuals living with families support to manage and sustain their care arrangements for as long as possible.
- Ensuring the right level of support takes place in the most appropriate setting; maximising independence, health and wellbeing.
- Continuing to offer personal budgets to clients to meet support needs in cost effective way, and promoting direct payments as a means of stimulating more creativity and choice about how people can meet their eligible needs.

Technology must be available for people to be supported remotely and in a modern way from telecare through to telehealth and other technologies and a raft of equipment which can help people remain independent.

A new reviewing framework will invite our partners to join us in reviewing people in a timely way and is intended to release care capacity and target those most in need. Reviews will also include a focus on readiness to move on to more independence, and therefore release some resources for those who need more support.

New and VFM commissioning of appropriate supported living and accommodation services for people with Learning Disabilities will add to the savings in the long term and increase the quality of life for a small but significant cohort of people.

A new reviewing framework across Adult Social Care of our Independent Sector Providers, which includes integrating a digital platform for Performance, Activity and Quality information, will invite our partners to join us in ensuring we only gather and report on information that is needed in a timely way, and help us to ensure support is outcome focused, and resources are directed to those that are most in need.

An enhanced crisis provision service within Children's Learning Disability Team will provide targeted prevention work to the highest need service users in the city, working to prevent hospital admissions and placement breakdowns, which can result in higher cost placements being required in the future.

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| | <p>The Service will comply with the new Accessible Information Standards (S.250) of the Health and Social Care Act 2012.</p> <p>Commissioners across Children's and Adults' services will work together with providers to prioritise assignment of resources and ensure that the additional focus on all protected groups can continue.</p> |
| 8. Full EIA? | Full EIA not required |
| 9. Monitoring and Evaluation | <p>How will you monitor the impact of this proposal and the success of your mitigating actions on these groups over the coming year (or more)?</p> <ul style="list-style-type: none"> • Service users will have their statutory individual Care Reviews • Contracts will be monitored via the Commissioning and Performance Team |
| 10. Cumulative impacts | <p>Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal? Please explain these impacts.</p> <p>Housing is a key player to deliver good support and care. Any significant reduction in access to suitable housing will have a direct effect on the Community Care Budget.</p> <p>Public Health as a partner is key in promoting wellbeing and healthy lives: this is critical to stem any future and immediate demand.</p> <p>The CCG are a key partner and currently there are some joint funding arrangements in place to share some community care costs for people being discharged from specialist LD hospitals. Any reduction in funding from the CCG would have a direct effect on the community care budget.</p> |

Budget Equality Impact Assessment Template 2021/22 – Service-Users

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| 1. Service Area | Families, Children & Learning: Standards & Achievement | 2. Proposal No. 4 |
| 3. Head of Service | Mark Storey (Head of Education Standards and Achievement) | |
| 4. Budget Proposal | <p>What is the proposal?</p> <hr/> <p>Standards & Achievement - Non DSG is a budget of £329,000 in 2020/21. The budget is for core school intervention team, commissioned school partnership advisers, used to fund all school improvement activity and a range of school support. This work covers a range of statutory functions including school improvement, intervening if a school is failing or at risk of failure, assessment, RE, Equalities and anti-bullying and PSHCE and addressing disadvantaged outcomes.</p> <p>Key focus promoting high standards (particularly for disadvantaged pupils), includes facilitating and leading the education partnership; supporting Head appointments, liaison with Ofsted and working with partnerships and individual schools to maintain and improve standards. In particular the team intervenes when schools are at risk of failure (schools causing concern). A significant part of this budget is used to fund school improvement work and interventions for Schools causing concern.</p> <p>The proposal is for a cost saving of £25,000.</p> <div style="border: 1px solid black; height: 20px; width: 40%; margin-top: 10px;"></div> | |
| 5. Summary of impacts | <p>Highlight the most significant disproportionate impacts on groups</p> <hr/> <p>Disproportionate impacts identified on the following characteristics: Age (younger), Ethnicity, Child Poverty</p> <p>There is a clear link between school improvement work and outcomes for disadvantaged pupils and families. This money is likely to have been spent on school improvement and interventions that support schools in areas of high deprivation eg: St Mark's (Whitehawk), Moulsecoomb, Homewood. Removing funding therefore could impact on educational attainment and quality of school provision for disadvantaged groups and families.</p> | |

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| | <p>As some of the school improvement work supports disadvantage and this work gets reduced slightly then there could be a link between cutting this budget and support for English as an Additional Language (EAL) and BAME pupils. There is a disproportionately high number of disadvantaged pupils who are EAL and BME.</p> <p>The funding cut will not directly affect any statutory RE support but it does come from same budget. SACRE funding will be ring-fenced.</p> |
| 6. Assess level of impact (1 = low, 5 = high) | 3 |
| 7. Key actions to reduce negative impacts | What actions are planned to reduce/avoid negative impacts and increase positive impacts? |
| | <ul style="list-style-type: none"> • We monitor standards and school improvement work that is taking place via standards report. • We look to partnerships more for schools to provide support for each other. • We look for more opportunities for funding via Regional Schools Commissioner (RSC) when available. • As we reduce support in certain schools we can look to any alternative methods of funding such as directly from DfE. We cannot predict however if any such schemes will exist. • We develop an anti-racist strategy to benefit BME and EAL groups. • Specifically ringfence SACRE money within budget |
| 8. Full EIA? | Not needed |
| 9. Monitoring and Evaluation | How will you monitor the impact of this proposal and the success of your mitigating actions on these groups over the coming year (or more)? |
| | GCSE and primary outcomes of disadvantaged pupils. This is done within the annual standards report |
| 10. Cumulative impacts | Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal? Please explain these impacts. |
| | Development of anti-racist strategy, if funded, could mitigate some of the impact on BAME families. |

Budget Equality Impact Assessment Template 2021/22 – Service-Users

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| 1. Service Area | Families, Children & Learning: Children’s Centres | 2. EIA No. 5 |
| 3. Head of Service | Caroline Parker | |
| 4. Budget Proposal | <p>What is the proposal?</p> <hr/> <ul style="list-style-type: none"> • Fund the contribution to Turnerland Nursery from the early years block of the Dedicated Schools Grant. Note: this is just a change of funding stream so will not impact the service. (£55,000) • Charge for accommodation of health visitors in Children's Centres: this will be funded by Public Health so there is no service impact (£33,000) • Not to fill Children’s Centre vacancies (£50,000). The total Children’s Centre budget is £1.553 million so this is 3% of the total budget. The reduction will have a small impact on reception work and support for universal groups. | |
| 5. Summary of impacts | <p>Highlight the most significant disproportionate impacts on groups</p> <hr/> <p>Potential disproportionate impacts identified on the following characteristics: Age (younger) and Sex (women)</p> <ul style="list-style-type: none"> • Impacts will be small because of the small size of the reduction: 3.2% • Children’s Centres are mainly used by children under 5 and women so any impact will have a disproportionate impact on these groups. • No impact is identified relating to ethnicity as attendance at children’s centre groups by children from different ethnicity and race is similar to the citywide population. However, equalities monitoring of the use of the children’s centre food bank during Covid-19 has shown that proportion of families using the service from BAME groups has been higher than the citywide average. | |
| 6. Assess level of impact (1 = low, 5 = high) | 1 | |

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| 7. Key actions to reduce negative impacts | What actions are planned to reduce/avoid negative impacts and increase positive impacts? |
| | <ul style="list-style-type: none"> • Any negative impacts will be small. Children’s Centres will continue to give priority to groups and home / virtual visits for families facing disadvantage. This includes disabled children and children who are identified as at risk of not achieving a good level of development, living in low-income families, or lacking a stimulating home learning environment. • Continue to target services on BAME families facing multiple disadvantages including those supported by the Food Bank • To continue partnership working with other agencies in the city who support families living in poverty to ensure these families can access services. To consider the learning from Covid-19 to look at whether continuing to provide virtual group and 1-1 support can be effective for some families. |
| 8. Full EIA? | Not needed |
| 9. Monitoring and Evaluation | How will you monitor the impact of this proposal and the success of your mitigating actions on these groups over the coming year (or more)? |
| | To monitor the protected characteristics of families accessing services to ensure disadvantaged families access services. |
| 10. Cumulative impacts | Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal? Please explain these impacts. |
| | None identified. |

Budget Equality Impact Assessment Template 2021/22 – Service-Users

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| 1. Service Area | Families, Children & Learning: Early years and childcare | 2. EIA No. 6 |
| 3. Head of Service | Caroline Parker | |
| 4. Budget Proposal | <p>What is the proposal?</p> <p>Move more training for early years providers to a virtual offer and a small reduction in business and childcare development support: saving of £20,000</p> <p>During Covid-19 most of the early years training programme has moved on-line. The intention is to continue with more on-line courses which are easy for childcare staff to access and to save some venue and organisation costs. Most of the training programme is paid for by fees from childcare providers. There will be a 10% reduction in support for business and development support for childcare providers in the city.</p> | |
| 5. Summary of impacts | <p>Highlight the most significant disproportionate impacts on groups</p> <p>Disproportionate impacts identified on the following characteristics: Age (younger), Sex (women)</p> <p>The change in training and reduced support may lead to a small reduction in the quality and sustainability of childcare in the city. Childcare is used by children under five and women who tend to rely on childcare the most. Women also make up the majority of the childcare workforce.</p> <p>No changes to the support or training for children with SEND are planned. Children with SEND will continue to be supported by additional support funding and training for staff provided by B&H Inclusion Support Service.</p> | |
| 6. Assess level of impact (1 = low, 5 = high) | 1 | |

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| 7. Key actions to reduce negative impacts | What actions are planned to reduce/avoid negative impacts and increase positive impacts? |
| | <ul style="list-style-type: none"> • To ensure that support is targeted on settings which most need support based on Ofsted inspections and the number of disadvantaged children attending. • The training programme will include anti-racist training. The Ethnic Minority Achievement Service (EMAS) also provide support and training to settings with children with English as an additional language. |
| 8. Full EIA? | Not needed |
| 9. Monitoring and Evaluation | How will you monitor the impact of this proposal and the success of your mitigating actions on these groups over the coming year (or more)? |
| | <ul style="list-style-type: none"> • Through management scrutiny of effectiveness of support to early years settings • Monitoring access to training by all settings in the city |
| 10. Cumulative impacts | Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal? Please explain these impacts. |
| | None |

Budget Equality Impact Assessment Template 2021/22 – Service-Users

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| 1. Service Area | Families, Children & Learning: Safeguarding & Care | 2. EIA No. 7 |
| 3. Head of Service | Anna Gianfrancesco, Interim Assistant Director | |
| 4. Budget Proposal | What is the proposal? | |
| | A reduction of the budget for section 17 by £75,000. | |
| 5. Summary of impacts | Highlight the most significant disproportionate impacts on groups | |
| | <p>Disproportionate impacts identified on the following characteristics: Age (younger)</p> <p>Section 17 of the Children Act 1989 states that it is the general duty of every local authority to safeguard and promote the welfare of children within their area who are in need; and so far as it is consistent with that duty, to promote the upbringing of such children by their families.</p> <p>Financial assistance in terms of goods or services, or in exceptional circumstances cash, can be provided to a child, parent or carer under Section 17(6) Children Act 1989 to address identified needs to safeguard and promote a child's welfare where there is no other legitimate source of financial assistance.</p> <p>The payment must be to support and promote the welfare of the child.</p> <p>A reduction in the monies available under s.17 will have a direct impact on the vulnerable children and young people in the city as the money is directly used to support their needs and welfare.</p> <p>While services have in previous years worked to reduce the spend under s.17, through greater use of alternative funding streams via charities, grants etc as a result of Covid-19 we have seen an increase in spend and support given to families through s.17. If there continues to be a rise in the number of families experiencing financial hardship and requiring s.17 support we will struggle to meet the needs of all the families.</p> | |

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| 6. Assess level of impact (1 = low, 5 = high) | 3 |
| 7. Key actions to reduce negative impacts | <p>What actions are planned to reduce/avoid negative impacts and increase positive impacts?</p> <hr/> <ul style="list-style-type: none"> • We will continue to seek alternative funding streams. • To work with social workers to consider how best to support families who are experiencing financial hardship or requiring support via s.17. • Ensure those families who require s.17 financial support have robust plans in place that is working to address the children's needs, while ensuring the financial support within the plan and the family are able to address ongoing need. |
| 8. Full EIA? | No |
| 9. Monitoring and Evaluation | <p>How will you monitor the impact of this proposal and the success of your mitigating actions on these groups over the coming year (or more)?</p> <hr/> <p>Through the monitoring of the budget: S.17 has been devolved to teams and we are able to monitor at an operational level and if needed undertake an audit of team's spend.</p> |
| 10. Cumulative impacts | <p>Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal? Please explain these impacts.</p> <hr/> <p>The impact of Covid-19 and possible impact of Brexit (job losses and reduced income) is likely to lead to an increase in families needing support under s.17.</p> |

Budget Equality Impact Assessment Template 2021/22 – Service-Users

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| 1. Service Area | Families, Children & Learning: Children’s Safeguarding & Care - Children’s Agency Placements | 2. EIA No. 8 |
| 3. Head of Service | Anna Gianfrancesco, Interim Assistant Director | |
| 4. Budget Proposal | <p>What is the proposal?</p> <p>A £283,000 saving on the cost of agency placements for children in the care of Brighton & Hove City Council.</p> <p>This will be achieved by via:</p> <ul style="list-style-type: none"> • Further embedding on the model of social work practice, in particular Lead Practitioners within the Partners in Change Hub, to enable more children to be safely supported within their families resulting in a further decrease in the number of Children in Care. Since October 2015 CIC numbers have reduced by 19% until March 2020. While we have seen a slight rise in the number of children in care during the Covid-19 period, this is in part due to a delay in court proceedings with children waiting to be put on a Special Guardianship Order and placed with family and friends. This would allow numbers to drop back to a pre-Covid-19 level. We envisage then continuing to build on the reductions in care that have been made. • Further increasing the number of in-house foster placements and reducing reliance on more expensive independent provider provision. • Provision of high quality, value for money provision through contracted services with external providers supported by the children's services framework contract arrangements and preferred provider guidelines. • Developing a framework for care leavers. • Relationship based social work practice and the specialist adolescence service to continue to divert children from the care system. • For those already in care, a stepping down to in house and/or less expensive placements. • Continued scrutiny of placement costs contributing to a reduction in unit costs. | |
| | Highlight the most significant disproportionate impacts on groups | |

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| 5. Summary of impacts | <p>Disproportionate impacts identified on the following characteristics: Age (younger)</p> <p>Brighton & Hove City Council has a statutory duty to provide alternative care for children who otherwise would suffer significant harm if left in the care of their family. These proposals would not impact upon the threshold for children to come into the care system. The savings are primarily related to reducing the cost of placements by providing in-house alternatives rather than more expensive agency placements and by supporting families, in the wider sense, to provide safe and effective care so their children can remain in their care.</p> |
| 6. Assess level of impact (1 = low, 5 = high) | <p>1</p> |
| 7. Key actions to reduce negative impacts | <p>What actions are planned to reduce/avoid negative impacts and increase positive impacts?</p> <hr/> <p>Continuing the actions defined in the model of practice, which are proving effective:</p> <ul style="list-style-type: none"> • Continued embedding of relationship-based practice with a focus on a proportionate, strengths-based approach, monitored via Quality Assurance activity and scrutinised via FCL Performance Board. • Continuation of Entry to Care Panel chaired by Assistant Director to ensure that those children who need to be in the care of the Local Authority receive a timely and effective response • Continuing use of placement review board to have oversight of placements within the independent sector. |
| 8. Full EIA? | <p>Not needed</p> |
| 9. Monitoring and Evaluation | <p>How will you monitor the impact of this proposal and the success of your mitigating actions on these groups over the coming year (or more)?</p> <hr/> <ul style="list-style-type: none"> • An ongoing evaluation of the model of practice is in place, which oversees the quality of services provided to children in need. • Regular quality assurance activity takes place which is overseen by FCL Performance Board, chaired by Executive Director for FCL • Entry to Care Panel, chaired by Assistant Director Children's Safeguarding & Care, will continue to ensure that children who need to be placed in LA care receive a timely and effective service. • Placement review board will continue to have oversight of placements made in the independent sector |

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| <p>10. Cumulative impacts</p> | <p>Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal? Please explain these impacts.</p> |
| | <p>Increasing social work demand due to unforeseen social, policy or demographic changes could increase the impact of these proposals.</p> |
| | <p>The impact of growing levels of inequality and results of Brexit and Covid-19, within Brighton & Hove, alongside decreasing access to services to mitigate levels of inequality, could lead to greater levels of demand upon social work services.</p> <p>The increasing number of children in care nationally is putting pressure on the availability of placements, this along with increasing costs care providers have incurred due to Covid-19 has led to an increase in placement costs. If these costs continue to increase this will put significant pressure on the budget, even with falling numbers in care.</p> |

Health and Adult Social Care

Budget Equality Impact Assessment Template 2021/22 – Service-Users

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| 1. Service Area | Health and Adult Social Care: Physical Support and Sensory Support / Memory & Cognition / Mental Health Support | 2. EIA No. 9 |
| 3. Head of Service | Grace Hanley | |
| 4. Budget Proposal | <p>What is the proposal?</p> <p>The overall net budget for this service area is £36,982,000 and the proposed saving is £3,780,000.</p> <p>This is proposed to be done by continuing with the agreed direction of travel for Adult Social Care focusing upon reducing demand through a number of approaches:</p> <ul style="list-style-type: none"> • increasing the reablement offer to those who require it • managing the care market through a hospital discharge and Discharge-to-Assess bed project • negotiating costs to the Local Authority with care providers • reviewing service agreements and improving care system controls • recommissioning of extra care block contracts • redevelopment of a social care building to provide services in City • reduction of long-term care placements through improved care pathways. • negotiate the existing Community Equipment Services contract. | |
| 5. Summary of impacts | <p>Highlight the most significant disproportionate impacts on groups</p> <p>Disproportionate impacts identified on the following characteristics: Age (older), Disability (mental health, physical and sensory impairments)</p> <p>Community Care budget funds packages of care to meet statutory responsibilities across adult care groups apart from Learning Disability and Mental Health. Services include community support, home care, supported accommodation, residential and nursing care. The proposals could impact on all these service user groups.</p> | |

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| | <p>Increasing the opportunity for reablement thus reducing the need for long term care will positively impact in that it will enable people to be more independent, requiring less ongoing care and the ability to stay living in their own home for longer. However, reablement is a short-term intervention, and if some long-term care is required after reablement this may require a change of service provider, which some people and families may find unsettling.</p> <p>Increasing the Discharge to Assess options enables quicker discharge from hospital when medically fit to do so, and improved reablement and assessment for the person, supporting people to get the right care following hospital admission. Again, this may require a change of ongoing care provider if long term care is required after this period of reablement and assessment, which some people and families may find unsettling.</p> <p>Redevelopment of a social care building will provide additional care within the City, reducing the need for people to go out of City to receive required care. A full EIA will be developed on this proposal.</p> <p>Reviewing service agreements and improving care system controls has no impact on service provision.</p> <p>The proposed negotiated contract costs to the Local Authority has no impact on service provision.</p> |
| <p>6. Assess level of impact (1 = low, 5 = high)</p> | <p>2: The Community Care budget is used to purchase services for a range of vulnerable people and their carers and proposals will impact on older people, people with mental health issues, a physical disability, long term conditions, sensory impairment and those with substance misuse problems</p> |
| <p>7. Key actions to reduce negative impacts</p> | <p>What actions are planned to reduce/avoid negative impacts and increase positive impacts?</p> <ul style="list-style-type: none"> • Assessments undertaken to establish care needs will be person centred and take into account individual needs and requirements • Those in a caring role will be offered a Carer's Assessment and a person budget, in line with the requirements of the Care Act, to enable them to maintain their caring role and the right care is available • The provision of a direct payment will be made where appropriate to enable choice and control of care provision • Quality of commissioned care and reablement outcomes will be monitored |
| <p>8. Full EIA?</p> | <p>A full EIA will be developed as part of the proposal of redeveloping a social care building.</p> |
| | <p>How will you monitor the impact of this proposal and the success of your mitigating actions on these groups over the coming year (or more)?</p> |

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| <p>9. Monitoring and Evaluation</p> | <ul style="list-style-type: none"> • The Annual User Survey will monitor effectiveness and any negative impacts. • Customer Feedback monitors specific user experience. • The statutory review process will also monitor impact. • Quality Monitoring arrangements will monitor quality of care, linking with Care Quality Commission outcomes. |
| <p>10. Cumulative impacts</p> | <p>Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal? Please explain these impacts.</p> <hr/> <p>Any changes in Health Service provision in the city can impact particularly on those people the Community Care budget supports. This will be closely monitored through the integrated health agenda and other joint planning mechanisms.</p> |

Budget Equality Impact Assessment Template 2021/22 – Service-Users

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| 1. Service Area | Health and Adult Social Care: Assessment and Provider Services | 2. EIA No. 10 |
| 3. Head of Service | Michelle Jenkins | |
| 4. Budget Proposal | What is the proposal? | |
| | <p>The budget for this area is £15,496,000 and the proposed saving is £425,000 proportionally from across all service areas.</p> <p>This is proposed to be achieved through redesign of the service offer and service pathways to enhance cost effectiveness. This will be enhanced by redesign of internal digital systems to create improved workflow and streamlined pathways for customers, reducing duplication across the service.</p> <p>A range of options are being considered focussed on management and running costs, including a review of costs. Impact on front line service provision will be minimal.</p> | |
| 5. Summary of impacts | Highlight the most significant disproportionate impacts on groups | |
| | No disproportionate negative impacts on service-users sharing protected characteristics are identified. | |
| 6. Assess level of impact (1 = low, 5 = high) | 1 | |
| 7. Key actions to reduce negative impacts | What actions are planned to reduce/avoid negative impacts and increase positive impacts? | |
| | None required | |

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| <p>8. Full EIA?</p> | <p>If the plans develop require changes to service delivery such as building use, a full EIA will be required, though this is not anticipated.</p> |
| <p>9. Monitoring and Evaluation</p> | <p>How will you monitor the impact of this proposal and the success of your mitigating actions on these groups over the coming year (or more)?</p> <hr/> <p>Standard monitoring practices such as Customer Feedback, Service Monitoring will be in place</p> |
| <p>10. Cumulative impacts</p> | <p>Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal? Please explain these impacts.</p> <hr/> <p>None</p> |

Budget Equality Impact Assessment Template 2021/22 – Service-Users

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| 1. Service Area | Health and Adult Social Care: Commissioning | 2. EIA No. 11 |
| 3. Head of Service | Andrew Witham | |
| 4. Budget Proposal | <p>What is the proposal?</p> <p>The budget for this area is £10,200,000 and the savings proposal is £310,000.</p> <p>The directorate has reviewed the overall provision of Supported Accommodation services which has a substantial budget. Savings have been enabled by recommissioning contracts, using alternative provision and identifying some process and staffing efficiencies (vacancy management). £0.040m of this saving is also identified through reviewing the Home Care system contract and delivering the service via an in-house option.</p> <p>The savings proposals in detail are:</p> <ul style="list-style-type: none"> • Tenancy access service being funded through alternative funding not impacting on HASC budget • A vacant link project post not being replaced within 2021/22. • A volunteer arrangement for short stay for homeless adults to be discontinued. • A proposal for arrangements for accommodation during the pandemic not to be actioned. • Creation of an in-house software option, removing the need for contracted service provision. | |
| 5. Summary of impacts | <p>Highlight the most significant disproportionate impacts on groups</p> <p>No disproportionate negative impacts on service-users sharing protected characteristics are identified.</p> <ul style="list-style-type: none"> • The savings proposals are not impacting the volume of supported accommodation available. • The link project post was in place to develop and create links to community and voluntary groups. These links are now in place and there are alternative arrangements to sustain this work. • Tenancy access scheme has increased and is continuing but with an alternative funding arrangement. • The volunteer short stay arrangement for homeless adults was not being utilised for the cohort it was funded for, and no rough sleeping clients have been accommodated through this scheme in the year. | |

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| | <ul style="list-style-type: none"> Proposed pandemic arrangements were requested via the Ministry of Housing Communities and Local Government (MHCLG). However, the MHCLG has now confirmed it will not be progressing with these proposals, so funding for this has been released with no impact on existing services. Creating an inhouse software option for home care does not impact on service provision. |
| 6. Assess level of impact (1 = low, 5 = high) | 1 |
| 7. Key actions to reduce negative impacts | What actions are planned to reduce/avoid negative impacts and increase positive impacts? |
| | None needed |
| 8. Full EIA? | Not needed |
| 9. Monitoring and Evaluation | How will you monitor the impact of this proposal and the success of your mitigating actions on these groups over the coming year (or more)? |
| | Monitored through the Homeless Reduction Board |
| 10. Cumulative impacts | Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal? Please explain these impacts. |
| | None identified |

Economy, Environment and Culture

Budget Equality Impact Assessment Template 2021/22 – Service-Users

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| 1. Service Area | Economy, Environment and Culture: City Transport - Traffic Management Group | 2. EIA No: 12 |
| 3. Head of Service | Andrew Westwood | |
| 4. Budget Proposal | <p>What is the proposal?</p> <hr/> <p>Highway Fees</p> <ul style="list-style-type: none"> Increasing licence fees for skips, scaffolds, hoardings, materials and A-Boards (highway licences) by a maximum of 5% Increasing application fees for dropped kerbs and crossovers for vehicle access to a property by 20% <p>The increases amount to approximately £32,000 per annum which will enable the Council to continue recovering the cost of administering these services.</p> | |
| 5. Summary of impacts | <p>Highlight the most significant disproportionate impacts on groups</p> <hr/> <p>Disproportionate impacts identified on the following characteristics: Age (older people), Disability</p> <p>Increasing the fee for a vehicle crossover application may discourage people from applying and have a greater impact on those who are more reliant on a car to travel; particularly older and/or disabled people.</p> <p>Increasing licence fees for skips, scaffolds, hoardings, materials and A-Boards may have a detrimental impact on the recovery of the local economy, depending on the buoyancy of the construction industry and retail sector, and if future restrictions are placed on businesses and movement as a result of the pandemic.</p> <p>Increasing fees may result in increased avoidance leading to extra costs for monitoring and enforcement.</p> | |

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| 6. Assess level of impact (1 = low, 5 = high) | 2 |
| 7. Key actions to reduce negative impacts | <p>What actions are planned to reduce/avoid negative impacts and increase positive impacts?</p> <hr/> <p>No specific mitigating actions are planned, but the proportion of Blue Badge holders applying for cross overs will be monitored during the year to establish if the increased fee could be having a greater impact on disabled car users.</p> |
| 8. Full EIA? | Not required. |
| 9. Monitoring and Evaluation | <p>How will you monitor the impact of this proposal and the success of your mitigating actions on these groups over the coming year (or more)?</p> <hr/> <ul style="list-style-type: none"> • The number of highway licences and crossover applications made will be monitored throughout the year and compared with previous levels of demand, to ascertain whether there has been a drop in demand or people are trying to avoid the fee. • Highway enforcement officers will continue to monitor the impact of the proposals on the ground, as part of their regular inspection regime. • The proportion of Blue Badge holders applying for crossovers will also be monitored. |
| 10. Cumulative impacts | <p>Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal?</p> <hr/> <p>The concessionary travel scheme for disabled passes has been expanded to 24-hour use. This may mitigate some of the potentially disproportionate impacts of increasing vehicle crossover application fees on disabled people by providing improved access to public transport as an alternative mode of transport to the car. This will depend on the location of the crossover in relation to bus routes.</p> |

Budget Equality Impact Assessment Template 2021/22 – Service-Users

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| 1. Service Area | Economy, Environment and Culture: Parking Services Group | 2. EIA No: 13 |
| 3. Head of Service | Charles Field | |
| 4. Budget Proposal | <p>What is the proposal?</p> <hr/> <p>Parking Fees & Charges</p> <ul style="list-style-type: none"> • Raising price of resident permits – Freezing quarterly and half yearly prices to reduce costs to those who find the upfront annual costs more difficult. The price of instalments through the year will now be the same as the annual fee. • Increasing on-street tariffs across the city by 9.5% • Transition of some free limited waiting bays in parking zones to paid parking. • Increases to Business permits. • Increasing tariffs in four off-street car parks (Trafalgar Street, The Lanes, Regency Square and London Road) by 15% and other off street car parks by 10%. • Increasing the hours of the King Alfred and Black Rock Car parks from finishing at 6pm to 8pm. <p>The increases will meet traffic management objectives, including improving air quality, reducing demand and congestion as well as achieving a higher turnover of spaces and supporting economic growth in the city.</p> <p>Under section 55 of the Road Traffic Regulation Act 1984, the defined ‘Parking Surplus’ arising from on-street parking permits, tariffs and penalty charge notices must be used for transport and highways related projects and expenditure such as supported bus services, concessionary fares, financing costs of transport and parking related capital investments and environmental improvements. Where the council already provides funding for transport and highways related budgets from its General Fund budget, increases to the Parking Surplus can be lawfully applied to fund these budgets, which can thereby release equivalent General Fund resources. The council may use the released resources for any purpose within its duties and powers, including releasing resources for savings. In this way, these measures will release £1.562m budget savings.</p> | |
| | Highlight the most significant disproportionate impacts on groups | |

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| <p>5. Summary of impacts</p> | <p>Disproportionate impacts identified on the following characteristics: Age (older people), Disability, Carers</p> <p>Any increase in price for fees and charges allows for a decrease in demand from users. Members of the public may choose not to pay to park on or off street due to price increases. This may create additional barriers and disadvantage for some older and disabled people.</p> <p>This could lead to inclusion issue with impacts on lower income residents as the amount they pay to park on and off street would increase. However, these proposals are in line with transport objectives of supporting sustainable transport options and reducing vehicles. Although it is appreciated that not all disabled people can use public transport.</p> <p>This may mean carers have to pay more if they live in a different parking zone to the person they visit although there are carers' permit or visitor permits available.</p> <p>The increase in hours of the King Alfred and Black Rock Car parks may have an impact on all users to local facilities as they would need to pay to park between 6pm and 8pm.</p> |
| <p>6. Assess level of impact (1 = low, 5 = high)</p> | <p>2</p> |
| <p>7. Key actions to reduce negative impacts</p> | <p>What actions are planned to reduce/avoid negative impacts and increase positive impacts?</p> <p>Officers will work to ensure any increase in fees will avoid negative impacts as much as possible. Fee increases are targeted at areas where parking is at capacity to help provide drivers with better access to currently congested areas.</p> <p>In terms of resident permits the proposals keep quarterly prices the same where possible to reduce costs to those who find the upfront annual costs more difficult. The price of instalments for resident permits is now the same price as paying annually.</p> <p>The ongoing work identifying Blue Badge fraud frees up parking spaces for eligible blue badge holders and we will continue with Blue Badge fraud investigation work to protect disabled bays from misuse.</p> |

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| | <p>The cost of professional carers permits and carers permits remain unchanged to reflect the positive impact this brings to all members of society.</p> <p>Any surplus parking income is mainly spent on providing free concessionary bus passes for elderly and disabled people to encourage alternative sustainable transport choices.</p> |
| 8. Full EIA? | Not required. |
| 9. Monitoring and Evaluation | <p>How will you monitor the impact of this proposal and the success of your mitigating actions on these groups over the coming year (or more)?</p> <ul style="list-style-type: none"> • Regular review meetings are held to review on-street and off-street parking usage. • Parking Services have applied for and been awarded People's Parking accreditation. This scheme was set up to provide independent feedback about the facilities and public car park experience from a disabled user perspective, with regular monitoring and reviews. • Parking Services have also received Park Mark accreditation from the police for our off-street car parks as safe car parks to use. It is nationally recognised and we receive significant feedback that we were chosen via the Park Mark website. • Parking Services produce an annual Parking Annual Report providing transparency and meaningful insight into the overall service including how and where funding is raised and distributed. |
| 10. Cumulative impacts | <p>Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal?</p> <p>We have expanded Concessionary travel scheme for disabled passes for 24 hour use which will mitigate some of the impacts from increases to fees & charges by encouraging / improving access to public transport use.</p> |

Budget Equality Impact Assessment Template 2021/22 – Service-Users

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| 1. Service Area | City Environment: City Parks | 2. EIA No. 14 |
| 3. Head of Service | Rachel Chasseaud, Assistant Director | |
| 4. Budget Proposal | <p>What is the proposal?</p> <p>Self-management of sports facilities. This will save £50,000.</p> <p>Work has already started to enable more sports users to run their own facilities within parks by transferring management to sports clubs and community interest companies. This budget proposal will extend this work. Council is currently working with the governing bodies of Football, Tennis, Rugby and Cricket.</p> <p>Experience indicates that under self-management, facility managers have a far greater understanding of who is using their facilities, than the council does. This, coupled with the drive of the various sports governing bodies to meet their own equalities targets, means that the self-managed facilities with a strong governing body involvement, work hard to deliver on equalities. Examples of this include Brighton & Hove Cricket Club and Hove Rugby Club – sports that are traditionally male dominated - both now having well developed women’s teams.</p> <p>Where we have council-run facilities and strong governing bodies exist, they are involved in assessing the suitability of any self-management proposals put forward, governing bodies are, generally, key to future funding opportunities so there is a strong incentive for self-managed facilities to meet their equalities responsibilities on an ongoing basis.</p> <p>Through the budget proposals, the council will have less influence on the fees charged. However, evidence to date indicates that self- managed facilities have generally demonstrated better control of charging, rather than charging more than the fees originally set by the council.</p> <p>Less evasion of fees, coupled with external funding drawn in by self-managed clubs, has enabled facility improvements on most self-managed sites. Self-managed facilities often offer free taster sessions, and some operate bursaries for less well-off players, but they do not offer free facilities.</p> <p>In general, under council control, free facilities were often the result of the difficulty of collecting fees due rather than a decision not to charge.</p> | |

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| | <p>There are people who currently pay nothing for sports facilities who will have to pay going forward some of whom will inevitably be financially disadvantaged.</p> <p>The knowledge and control of self-managed facilities also means that the safeguarding of users is more effective with practices such as coaching regulated and standards set and observed.</p> |
| 5. Summary of impacts | Highlight the most significant disproportionate impacts on groups |
| | <p>No disproportionate negative impacts on service-users sharing protected characteristics are identified.</p> <p>There are people who currently pay nothing for sports facilities who will have to pay going forward some of whom will inevitably be financially disadvantaged. However, there is no specific impact identified on people sharing protected characteristics. Evidence to date indicates that self- managed facilities have generally demonstrated better control of charging</p> |
| 6. Assess level of impact (1 = low, 5 = high) | 1 |
| 7. Key actions to reduce negative impacts | What actions are planned to reduce/avoid negative impacts and increase positive impacts? |
| | No mitigations are needed. |
| 8. Full EIA? | Not needed |
| 9. Monitoring and Evaluation | How will you monitor the impact of this proposal and the success of your mitigating actions on these groups over the coming year (or more)? |
| | Monitoring will be completed by clubs rather than by the council. |
| 10. Cumulative impacts | Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal? Please explain these impacts. |
| | None |

Housing, Neighbourhoods & Communities

Budget Equality Impact Assessment Template 2021/22 – Service-Users

| | | |
|-----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|
| 1. Service Area | Libraries & Information Services | 2. EIA No. 15 |
| 3. Head of Service | Sally McMahon / Kate Rouse | |
| 4. Budget Proposal | <p>What is the proposal?</p> <p>The proposal is to modify library operations to reduce costs and to take advantage of automation to reduce the administrative costs of the Bibliographic Service saving £98,000.</p> | |
| 5. Summary of impacts | <p>Highlight the most significant disproportionate impacts on groups</p> <p>None identified</p> | |
| 6. Assess level of impact (1 = low, 5 = high) | 1 | |
| 7. Key actions to reduce negative impacts | <p>What actions are planned to reduce/avoid negative impacts and increase positive impacts?</p> <p>No impacts anticipated for customers as any staffing time is being removed from non-customer facing time.</p> | |
| 8. Full EIA? | No | |

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| 9. Monitoring and Evaluation | How will you monitor the impact of this proposal and the success of your mitigating actions on these groups over the coming year (or more)? |
| | Libraries already collect substantial amounts of data about usage and this would be used to continue to monitor the impact of any changes. |
| 10. Cumulative impacts | Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal? Please explain these impacts. |
| | None identified |

Finance & Resources

There are no service-user EIAs required for proposals in these services.

Strategy, Governance & Law

Budget Equality Impact Assessment Template 2021/22 – Service-Users

| | | |
|-----------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------|
| 1. Service Area | Strategy, Governance & Law: Life Events | 2. EIA No. 16 |
| 3. Head of Service | Paul Holloway | |
| 4. Budget Proposal | What is the proposal? | |
| | Service Redesign proposals in Bereavement Services, Registration Services and Electoral Services along with introduction of new software at Woodvale will drive efficiency and modernisation across Life Events over the three year period. Saving £35,000 per year. | |
| 5. Summary of impacts | Highlight the most significant disproportionate impacts on groups | |
| | <p>No disproportionate negative impacts on service-users sharing protected characteristics are identified.</p> <p>It is not anticipated that any of the proposals have adverse impact on customers sharing protected characteristics as the savings relate to changes to more flexible staff structures. Changes to software systems will impact positively for customers at Bereavement Services. Consideration of fees and charges changes will not adversely affect any protected groups. Any increases to fees and charges will all groups equally. Cremations and burials for children under 17 years old remain free.</p> <p>A report relating to funeral poverty has been produced by the Competitions and Marketing Authority and Any proposals to increase fees and charges for Bereavement Services would be based on the findings of the report.</p> | |

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| 6. Assess level of impact (1 = low, 5 = high) | 1 - Any agreed fees and charges increases will impact across all customers in both Registration and Bereavement. Proposals are based on the current pandemic situation with minimal increases proposed, due to the current restrictions of numbers for both Registration ceremonies, and funeral services at Woodvale |
| 7. Key actions to reduce negative impacts | <p>What actions are planned to reduce/avoid negative impacts and increase positive impacts?</p> <hr/> <p>Service redesigns will create more flexibility to provide services to our customers, maintaining the quality of services regularly fed back to the service by the Customer Insight work undertaken. A new software system at Bereavement Services will provide efficiencies over the 3 year period, with processes improved through streamlining.</p> |
| 8. Full EIA? | <p>Not required</p> |
| 9. Monitoring and Evaluation | <p>How will you monitor the impact of this proposal and the success of your mitigating actions on these groups over the coming year (or more)?</p> <hr/> <p>Income will be monitored through TBM monthly reporting. Redesigns will provide small savings and lead to some efficiencies over the 3 year period.</p> |
| 10. Cumulative impacts | <p>Might related proposals from other service areas (or other changes) worsen or mitigate impacts from your proposal? Please explain these impacts.</p> <hr/> <p>None</p> |

Equality Impact Assessments describing impacts on Staff

| EIA No. S1 | EIA Proposal | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <p>Economy, Environment & Culture: Property & Design – Premises Concierge Services</p> <p>£40,000 saving anticipated from staffing due to the reduction in face to face customer service and channel shift during the Covid 19 pandemic. There is a planned review of the corporate main council accessibility line/switchboard that will be undertaken by the Customer Experience team in Performance Improvement Programmes later in the year. If there are any staffing impacts arising from the review, staff and unions will be consulted on any proposed changes.</p> | |
| Groups potentially impacted | Impacts identified | Specific Mitigating Actions (in addition to the generic actions identified above) |
| <p>Note: As not more than 20 employees are affected, to preserve employee confidentiality, no employee equalities data has been gathered or analysed from the council’s employee database. Comments are based on evident information.</p> | <p>We know in the council as a whole and in the EEC Directorate that a number of groups of people who share protected characteristics are under-represented. This is also the case in the Property & Design team, with the exception of White Irish profile exceeding the council target, and BME profile very close to reaching the council target.</p> | <p>No specific mitigation: Council policies and support processes to be equitably applied. Including:</p> <ol style="list-style-type: none"> 1. Offer all employees job application, interview and other support as needed. 2. Consider the need for appropriate support and training to re-skill employees in new working methods. 3. Ensure that all appropriate reasonable adjustments are made for disabled employees as required during and after the restructure process. 4. Sign posting staff to appropriate forums (BME, LGBT, women, disability and carers) 5. Review communications approach options (plain English etc) and monitor understanding. 6. Support to part-time staff in identifying opportunities and consideration of other roles as job share roles as needed. |

Budget 2021-22: Equality Impact Assessments – Staff

| EIA No. S2 | EIA Proposal | |
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| | <p>Economy, Environment & Culture: Property & Design – Premises and Facilities Management</p> <p>£30,000 saving identified from staffing as the Building Surveying administrative requirement can be reduced owing to the removal of duplication in schools liaison, which is carried out in the service directly with school management teams.</p> | |
| Groups potentially impacted | Impacts identified | Specific Mitigating Actions (in addition to the generic actions identified above) |
| <p>Note: As not more than 20 employees are affected, to preserve employee confidentiality, no employee equalities data has been gathered or analysed from the council’s employee database. Comments are based on evident information.</p> | <p>We know in the council as a whole and in the EEC Directorate that a number of groups of people who share protected characteristics are under-represented. This is also the case in the Property & Design team, with the exception of White Irish profile exceeding the council target, and BME profile very close to reaching the council target.</p> | <p>No specific mitigation: Council policies and support processes to be equitably applied, including:</p> <ol style="list-style-type: none"> 1. Offer all employees job application, interview and other support as needed. 2. Consider the need for appropriate support and training to re-skill employees in new working methods. 3. Ensure that all appropriate reasonable adjustments are made for disabled employees as required during and after the restructure process. 4. Sign posting staff to appropriate forums (BME, LGBT, women, disability and carers) 5. Review communications approach options (plain English etc) and monitor understanding. 6. Support to part-time staff in identifying opportunities and consideration of other roles as job share roles as needed. |

Budget 2021-22: Equality Impact Assessments – Staff

| EIA No. S3 | EIA Proposal | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <p>Economy, Environment & Culture: Property & Design – Premises Helpdesk and Building Services</p> <p>£10,000 saving anticipated as a staffing reduction, due to implementation of a new Helpdesk data recording system that enables better reporting, early warning notification on Key Performance Indicators and intensive filtering applications. When the system has embedded, the impacts on staff will be reviewed later in the year, and staff and unions will be consulted on any proposed changes.</p> | |
| Groups potentially impacted | Impacts identified | Specific Mitigating Actions (in addition to the generic actions identified above) |
| <p>Note: As not more than 20 employees are affected, to preserve employee confidentiality, no employee equalities data has been gathered or analysed from the council's employee database. Comments are based on evident information.</p> | <p>We know in the council as a whole and in the EEC Directorate that a number of groups of people who share protected characteristics are under-represented. This is also the case in the Property & Design team, with the exception of White Irish profile exceeding the council target, and BME profile very close to reaching the council target.</p> | <p>No specific mitigation: Council policies and support processes to be equitably applied, including:</p> <ol style="list-style-type: none"> 1. Offer all employees job application, interview and other support as needed. 2. Consider the need for appropriate support and training to re-skill employees in new working methods. 3. Ensure that all appropriate reasonable adjustments are made for disabled employees as required during and after the restructure process. 4. Sign posting staff to appropriate forums (BME, LGBT, women, disability and carers) 5. Review communications approach options (plain English etc) and monitor understanding. 6. Support to part-time staff in identifying opportunities and consideration of other roles as job share roles as needed. |

Budget 2021-22: Equality Impact Assessments – Staff

| EIA No. S4 | EIA Proposal | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <p>Communities, Equality & Third Sector Small redesign and restructure of the service should be able to achieve a staffing efficiency of 1 FTE across the service by integrating workloads.</p> | |
| Groups potentially impacted | Impacts identified | Specific Mitigating Actions (in addition to the generic actions identified above) |
| <p>Note: As not more than 20 employees affected to preserve employee confidentiality, no employee equalities data has been gathered or analysed from the council's employee database. Comments below are based on evident information.</p> | <p>We know that the council as a whole and in the directorate that most protected characteristics are under-represented. In Housing, Neighbourhoods and Communities, this is the case for BME and White Other staff.</p> | <ol style="list-style-type: none"> 1. Ensure staff support information is made clear in the staff consultation document. 2. Ensure management, trade union and HR support is available for all staff. 3. Ensure there are opportunities in the consultation process for staff to raise any issues in relation to protected characteristics. 4. Ensure any reasonable adjustments are considered and implemented as appropriate 5. Ensure that mental health support is highlighted to staff throughout the consultation in recognition that change management can impact adversely on mental health/stress/anxiety. |

Budget 2021-22: Equality Impact Assessments – Staff

| EIA No. S5 | EIA Proposal | |
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| | <p>Finance and Resources: Revenues and Benefits</p> <p>This service includes the administration of Housing Benefits, Council Tax, Council Tax Reduction awards and management of Welfare Support (Hardship) & Rights services. In the Council's budget proposals for 2021/2022 it is proposed that savings will be identified through a redesign of the service, based on the continued downsizing of the Housing Benefit caseload element of Revenues and Benefits as cases move to Universal Credit managed by the Department for Work and Pensions.</p> | |
| Groups potentially impacted | Impacts identified | Specific Mitigating Actions (in addition to the generic actions identified above) |
| <p>In broad terms the proposal to reduce staffing has the potential to have an impact on the following protected characteristics:</p> <ul style="list-style-type: none"> • Disability • Ethnicity • Sexual Orientation | <p>Age: Council targets for age have not yet been established. The age distribution of staff in the service follows a similar pattern to the Council, although whereas the Council's highest proportion of staff are in the 50-54 age range, in Revenues and Benefits this is slightly younger at 45-49 years old. Any reduction in staff could affect the age distribution.</p> <p>Disability: The council is just below the disability target of 8%; the directorate however has exceeded the target and currently has 9.35% of staff who have declared they have a disability. The service area is higher than the Council and above the directorate average, at 11.11%. Disabled employees may be more likely to:</p> | <p>Age: No further actions required beyond the generic ones that apply across the board.</p> <p>Disability:</p> <ol style="list-style-type: none"> 1. Ensure that all appropriate reasonable adjustments are made for disabled employees. 2. Utilise the support of appropriate non-council agencies to support employees where appropriate and necessary. 3. Positive action including skills interview training and internal coaching. 4. Review communications approach options (plain English etc) and monitor engagement. |

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| | <ul style="list-style-type: none"> • Experience barriers to accessing information and getting their views heard. • Suffer from a possible lack of employer awareness and information regarding disability. • Experience barriers regarding technology and equipment required to perform their role. • People with mental health needs may be impacted by the stress/anxiety caused by the change process. <p>Note: 13.47% of employee disability data is not known in the service area. The analysis above is based on declared data only.</p> <p>Ethnicity: The council is below the BME target of 9% and the directorate is also below target at 7.37%. The council and the directorate are below the White Other group target. The Revenues and Benefits service area employs above the average BME employees compared to the council and the directorate as a whole and is above the target, with 10% staff identifying as BME. The number of White Other staff in the service however is below the Council and directorate average, at 6.51% and therefore proposals may further erode this group in the workforce. Employees from ethnic minority groups are more likely to:</p> <ul style="list-style-type: none"> • Experience language barriers. | <p>5. Work with support services (such as IT&D and HROD) to identify solutions to overcome barriers relating to technology and equipment.</p> <p>6. The council now offers an online training course on conducting virtual interviews, which covers barriers managers need to be aware of if interviewing virtually. Ensure managers have completed this training ahead of interviews taking place as part of restructure proposals.</p> <p>7. A range of support to be provided in the staffing communication and consultation process regarding mental health support including individual reasonable adjustments, staff wellbeing information, counselling services and occupational health/risk assessment support where required.</p> <p>Ethnicity:</p> <ol style="list-style-type: none"> 1. Positive action to include training on interview skills, coaching and signposting to BME Workers' Forum. 2. Review communications approach options (plain English etc) and monitor engagement. 3. Ensure all staff and managers have attended the mandatory Fair and Inclusive briefings |
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| | <ul style="list-style-type: none"> • Suffer from a possible lack of employer awareness and information regarding ethnicity. <p>Note: 10.88% of staff are unknown. The analysis above is based on declared data only.</p> <p>Sex: The council is below the male employee target but the directorate is very close to target. The profile of the staff in this service is similar to that of the directorate, with 51.3% of female staff and 48.7% of male staff.</p> <p>Religion & Belief: Council targets for religion/belief have not yet been established. Compared to the council and directorate the number of staff in the service declaring they have no religion is average. Note: 18% of religion/belief employee data is not known in the service The analysis above is based on declared data only</p> <p>Sexual orientation: The council and directorate are above the LGB employee target, and the service area is significantly above target at 16.44%. LGBTQ employees groups may be more likely to suffer from a possible lack of employer awareness and information regarding LGB issues. Note: 13.47% of sexual orientation employee data is not known. The analysis above is based on declared data only.</p> | <p>Sex:</p> <ol style="list-style-type: none"> 1. Positive action to include training on interview skills 2. Support to part-time staff in identifying opportunities and consideration of other roles as job share roles. <p>Religion & Belief: No further actions required beyond the generic ones that apply across the board.</p> <p>Sexual orientation:</p> <ol style="list-style-type: none"> 1. Positive action including skills interview training and internal coaching as well as signposting to LGBTQ Forum 2. Providing skills interview training and internal coaching; |
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Budget 2021-22: Equality Impact Assessments – Staff

| EIA No. S6 | EIA Proposal | |
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| | <p>Strategy Governance and Law: Communications</p> <p>The Communications Team provide advice to all councillors and staff on communications. From crafting engaging content, to project managing campaigns that help change behaviors, Brighton & Hove City Council’s Communications Team provides a fully integrated service that covers marketing, public relations, film-making and copywriting; Internal communications; Media relations; Consultation and engagement, and Digital communications. The team are also responsible for emergency and crisis communications, supporting the council and the city in the immediate aftermath of a significant incident and in the recovery stages.</p> <p>In the Council’s budget proposals for 2021/2022 it is proposed that savings will be identified through a redesign of the service.</p> | |
| Groups potentially impacted | Impacts identified | Specific Mitigating Actions (in addition to the generic actions identified above) |
| <p>In broad terms the proposal to reduce staffing has the potential to have an impact on the following protected characteristics:</p> <ul style="list-style-type: none"> • Ethnicity • Sex • Sexual Orientation | <p>Age: Council targets for age have not yet been established. The age distribution of staff in the service follows a different pattern to the Council, where the Council’s highest proportion of staff are in the 50-54 age range. In the Communications team there is more of an even distribution across all age ranges, with 42% of staff aged under 45 years old.</p> <p>Disability: The council and directorate are just below the disability target of 8%. The</p> | <p>Age: No further actions required beyond the generic ones that apply across the board.</p> <p>Disability: No further actions required beyond the generic ones that apply across the board.</p> |

Communications service has no employees who have declared they have a disability. Disabled employees may be more likely to:

- Experience barriers to accessing information and getting their views heard.
- Suffer from a possible lack of employer awareness and information regarding disability.
- Experience barriers regarding technology and equipment required to perform their role.

Note: 16.67% of employee disability data is not known in the service. The analysis above is based on declared data only

Ethnicity:

The council is below the BME target of 9% and the directorate is just below target at 8.92%. The council and the directorate are below the White Other group target. The Communications service area employs below the average BME employees compared to the council and the directorate as a whole, with 4.55% staff identifying as BME, therefore proposals may further erode this group in the workforce. The service has no staff who identify as White Other staff. Employees from ethnic minority groups are more likely to:

- Experience language barriers.
- Suffer from a possible lack of employer awareness and information regarding ethnicity.

Ethnicity:

1. Positive action to include training on interview skills, coaching and signposting to BME Workers' Forum.
2. Review communications approach options (plain English etc) and monitor engagement.
3. Ensure all staff and managers have attended the mandatory Fair and Inclusive briefings

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| | <p>Note: 8.33% of the employee ethnicity data is not known in the service The analysis above is based on declared data only</p> <p>Sex: The council and directorate are below the male employee target. The profile of male staff in this service is above that of the directorate but is still below target, with 39% of male staff, therefore proposals may further erode this group in the workforce.</p> <p>Religion & Belief: Council targets for religion/belief have not yet been established. Compared to the council and directorate the number of staff in the service declaring they have no religion is above average at 65%. Note: 20.83% of religion/belief employee data is not known in the service. Analysis above is based on declared data only</p> <p>Sexual orientation: The council is above the LGBT employee target, whilst the directorate is just below target. The service area is also below target, with 9.52% of staff identifying as LGBT, therefore proposals may further erode this group in the workforce. LGBTQ employees may be more likely to suffer from a possible lack of employer awareness and information regarding LGBTQ issues. Note: 12.5% of employee sexual orientation data is not known in the service. Analysis above is based on declared data only.</p> | <p>Sex:</p> <ol style="list-style-type: none"> 1. Providing managers with training on interview skills <p>Religion & Belief: No further actions required beyond the generic ones that apply across the board.</p> <p>Sexual orientation:</p> <ol style="list-style-type: none"> 1. Providing skills interview training and internal coaching; 2. Signposting staff to the LGBTQ Forum |
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Equality Act 2010: section 149 Public Sector Equality Duty

- (1) A public authority must, in the exercise of its functions, have due regard to the need to —
- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- (2) A person who is not a public authority but who exercises public functions must, in the exercise of those functions, have due regard to the matters mentioned in subsection (1).
- (3) Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to —
- (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
 - (b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
 - (c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- (4) The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.
- (5) Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to—
- (a) tackle prejudice, and
 - (b) promote understanding.
- (6) Compliance with the duties in this section may involve treating some persons more favourably than others; but that is not to be taken as permitting conduct that would otherwise be prohibited by or under this Act.
- (7) The relevant protected characteristics are—
- age;
 - disability;
 - gender reassignment;
 - pregnancy and maternity;
 - race;

- religion or belief;
- sex;
- sexual orientation.

(8) A reference to conduct that is prohibited by or under this Act includes a reference to—

- (a) a breach of an equality clause or rule;
 - (b) a breach of a non-discrimination rule.
- (9) Schedule 18 (exceptions) has effect.

Subject: **Housing Revenue Account Budget & Capital Investment Programme 2020/21 and Medium-Term Financial Strategy** – Extract from the proceedings of the Housing Committee meeting held on the 20 January 2021.

Date of Meeting: **11 February 2021**

Contact Officer: Name: **Shaun Hughes** Tel: **01273 290569**

E-mail: shaun.hughes@brighton-hove.gov.uk

Wards Affected: **All Wards**

FOR GENERAL RELEASE

Action Required of Policy & Resources Committee:

To receive the recommendations of the Housing Committee for consideration.

Recommendation:

- (1) That the updated HRA revenue budget for 2021/22 as shown in Appendix 2 be agreed; and recommended to Council for approval; and
- (2) That the 3-year programme as set out in Appendix 4 be noted and that the Capital Programme Budget of £38.395m for 2021/22 be agreed and recommended to Council for approval.

BRIGHTON & HOVE CITY COUNCIL

HOUSING COMMITTEE

4.00pm 20 JANUARY 2021

VIRTUAL MEETING

MINUTES

Present: Councillor Gibson (Joint Chair), Hugh-Jones (Joint Chair), Phillips (Deputy Chair), Williams (Opposition Spokesperson), Mears (Group Spokesperson), Atkinson, Barnett, Fowler, Hill and Osborne.

PART ONE

127 HOUSING REVENUE ACCOUNT BUDGET & CAPITAL INVESTMENT PROGRAMME 2020/21 AND MEDIUM-TERM FINANCIAL STRATEGY

127.1 Craig Garoghan presented the report to the committee.

127.2 Councillor Atkinson was informed that the provision of £3m has been set aside in the capital programme for the general acquisition of properties in the HRA. This can be used for purchases of homes to be used for general needs or temporary accommodation but will be dependent on the business case needs. The budget proposes the continuation of the funding of up to £40,000 for adult learning services to support ongoing work across council housing estates. The 30 year forecast will include increased provision for bad depts.

127.3 Councillor Mears was informed that the £40,000 for adult learning will contribute to schemes at Whitehawk and Hangleton & Knoll. It was confirmed that a breakdown of costs in the Housing Revenue Account (HRA) budget will be sent to the committee members. With regard to the fleet transfer it was noted that some procurement will be required to replace some of the old vehicles. A stock condition survey will form part of the asset management survey which will come back to the Housing committee. It was noted that the Fire Services report relating to the Pankhurst Avenue flats fire was still awaited, however, actions have been taken and the report is currently under review. The ventilation system at the Housing Centre is the responsibility of the tenant, Brighton and Hove City Council (BHCC). It was noted that as the service costs increase the hedge rate will also need to increase to keep inline. The councillor noted that tenants had agreed to funds from the HRA but no more.

127.4 Councillor Williams considered that a full report from the Fire Service on the fire at Pankhurst Avenue would be very important, as would be a complete breakdown of financial situation regarding in house services. The councillor considered the post of an early intervention officer was much needed. It was noted that there had been excellent reports of the adult learning at Whitehawk and considered this money well spent.

127.5 Councillor Hugh-Jones considered the retro fitting items to increase carbon efficiency into council homes produced massive benefits. The increase in housing stock via home purchases was considered good as was the stock condition survey. The investment in homes was good all round. The adult learning at Whitehawk was considered good and noted that courses will be increased. The provision of £4m towards sustainability was also considered good.

127.6 Councillor Gibson considered the report to be positive with a strong budget. It was considered that the building of new homes increased community wealth. Efforts to install photovoltaic panels need to double as it was considered that expectations need to be exceeded.

127.7 The Chair put the recommendations to a vote and they were agreed by 8 votes with 2 abstentions.

127.8 RESOLVED:

- (1) That a rent increase of up to 1.5% in line with government legislation as detailed in paragraph 4.15 of the report be approved;
- (2) That the service charges and fees as detailed in Appendix 3 to the report be approved;
- (3) That the proposal to set up a capital reserve of £4.010m for use in 2021/22 and beyond as discussed in paragraph 4.13 be noted;
- (4) That the proposal to use £1.200m of the Direct Revenue Funding to fund Housing First purchases as discussed in paragraph 4.11 be noted;
- (5) That the proposal to use £0.680m of the Direct Revenue Funding to fund general acquisition purchases as discussed in paragraph 4.12 be noted;
- (6) That the current HRA forecast outturn for 2020/21 in Appendix 1 to the report of a £0.860m underspend be noted;
- (7) That the Medium-Term Financial Strategy and 30-year financial projections shown in Appendix 5 to the report be noted;
- (8) That the requirement that further work on identifying resources will have to be considered to meet Carbon neutral aims 2030 be noted;
- (9) That the updated HRA revenue budget for 2021/22 as shown in Appendix 2 be agreed and recommended to full Council for approval.
- (10) That the 3-year programme as set out in Appendix 4 be noted and that the Capital Programme Budget of £38.395m for 2021/22 be agreed and recommended to full Council for approval.

127.9 RESOLVED TO RECOMMEND:

- (1) That the HRA revenue budget for 2021/22 as shown in Appendix 2 be approved;
and
- (2) That the 3-year programme as set out in Appendix 4 be noted and the Capital Programme Budget of £38.395m for 2021/22 be approved.

| | | | |
|--------------------------|----------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------|
| Subject: | Housing Revenue Account Budget & Capital Investment Programme 2020/21 and Medium Term Financial Strategy | | |
| Date of Meeting: | 11 February 2021 25 February 2021 – Budget Council 20 January 2021 – Housing Committee | | |
| Report of: | Acting Chief Finance Officer Executive Director for Housing, Neighbourhoods & Communities | | |
| Contact Officer: | Name: | Craig Garoghan Martin Reid | Tel: 01273 29-1262 01273 29-3321 |
| | Email: | craig.garoghan@brighton-hove.gov.uk Martin.Reid@brighton-hove.gov.uk | |
| Ward(s) affected: | All | | |

FOR GENERAL RELEASE

1 PURPOSE OF REPORT AND POLICY CONTEXT

- 1.1 This report presents the proposed Housing Revenue Account (HRA) revenue and capital budget for 2021/22 as required by the Local Government & Housing Act 1989. Members are required to consider the revenue budget proposals including investments and re-investments (service pressures) and changes to rents, fees and charges and the capital programme. This report also sets out the Medium Term Financial Strategy and a 30 year financial forecast.
- 1.2 The HRA contains the income and expenditure relating to the council's social landlord duties covering approximately 11,700 rented properties and 2,900 leasehold properties. The income and expenditure relating to these properties, including rent rebates, is accounted for separately from the council's other services and activities which form part of the council's General Fund.
- 1.3 Investment continues within the HRA to ensure council homes are maintained to the Brighton & Hove decent homes standard, to provide investment to reduce the carbon footprint of council housing and to increase the number of affordable homes available across the city to help tackle the City's housing crisis. The capital investment proposal for 2021/22 is a total of £69.819m over the following areas:
- £44.539m on Delivery of New Council Homes
 - £17.940m on Improving Housing Quality & Standards
 - £4.390m on Sustainability & Carbon Reduction
 - £2.480m on Tackling Inequality
 - £0.470m on Supporting well-run services for the city

2 RECOMMENDATIONS:

That the Housing Committee:

- 2.1 Approves a rent increase of up to 1.5% in line with government legislation as detailed in paragraph 4.15 of the report.
- 2.2 Approves the service charges and fees as detailed in Appendix 3 to the report.
- 2.3 Notes the proposal to set up a capital reserve of £4.010m for use in 2021/22 and beyond as discussed in paragraph 4.13.
- 2.4 Notes the proposal to use £1.200m of the Direct Revenue Funding to fund Housing First purchases as discussed in paragraph 4.11.
- 2.5 Notes the proposal to use £0.680m of the Direct Revenue Funding to fund general acquisition purchases as discussed in paragraph 4.12.
- 2.6 Notes the current HRA forecast outturn for 2020/21 in Appendix 1 to the report of a £0.860m underspend.
- 2.7 Notes the Medium-Term Financial Strategy and 30-year financial projections shown in Appendix 5 to the report.
- 2.8 Notes the requirement that further work on identifying resources will have to be considered to meet Carbon neutral aims 2030.

That Housing Committee approves and recommends to Policy & Resources Committee:

- 2.9 That the updated HRA revenue budget for 2021/22 as shown in Appendix 2 be agreed and recommended to full Council for approval;
- 2.10 Notes the 3-year programme as set out in Appendix 4 and that the Capital Programme Budget of £38.395m for 2021/22 be agreed and recommended to full Council for approval.

That Full Council:

- 2.11 Approves the HRA revenue budget for 2021/22 as shown in Appendix 2.
- 2.12 Notes the 3-year programme as set out in Appendix 4 and approves the Capital Programme Budget of £38.395m for 2021/22

3 HRA BUDGET STRATEGY

- 3.1 The HRA budget aims to balance the priorities of both the council and council housing residents in the context of the council's Housing Strategy, HRA Asset Management Strategy, and the Housing Committee's priorities and work plan 2019-23 which sets out the overall direction for Housing over the 4-year period. As well as these, the budget strategy considers the significant legal and regulatory changes following the review of building safety standards.
- 3.2 The budget strategy also reflects the council's decision to bring the delivery of the Repairs & Maintenance Service back in house from March 2020. This includes further investment in proposals to ensure that customer service, quality assurance, responsive repairs and empty property refurbishments, planned maintenance and improvement programmes, and major capital projects continue to be delivered efficiently and provide value for money for tenants and leaseholders.

Housing Committee Priorities and Work Plan 2019 to 2023

- 3.3 The priorities and work plan for the Housing Committee and Housing service for the four year period of 2019-2023 was agreed in September 2019 in order to inform future reporting to Committee on:
 1. key areas of officer focus and delivery;
 2. budget strategy, asset review, investment plans and resource allocation;
 3. resident engagement and formal consultation;
 4. engagement and consultation with partners and key stakeholders.
- 3.4 Key elements of the work plan in relation to the HRA Revenue Budget and Capital Investment Programme 2021/22 include:

Providing additional affordable homes:

1. Continued delivery against the target of 800 additional council homes, including new builds and purchasing homes.
2. Develop the existing Hidden Homes programme.

Achieving carbon reductions and sustainability in housing including addressing fuel poverty:

3. Develop an action plan to ensure housing contributes to making the city carbon neutral by 2030.
4. Develop a new PV and energy efficiency strategy for council homes.

Improving council housing and community involvement:

5. Work with tenants to develop a 'decent environment' standard.
6. Develop a fire safety programme with tenants and residents.

- 3.5 The Housing Strategy priorities included in developing the HRA Revenue Budget and Capital Programme are:

Priority 1: Improving Housing Supply

Respond to the opportunities to increase housing supply following the lifting of the HRA borrowing cap, and deliver at least 800 additional council homes within 4 years utilising the cross directorate housing delivery team to drive projects forward, including:

1. Continue the 'New Homes for Neighbourhoods' programme. The programme has been successful and since summer 2015 has completed 225 new council homes across 14 projects. It has sites currently identified for an estimated total of 470 additional new affordable homes.
2. Maintain and enhance the Hidden Homes programme to refurbish and convert under-used or unused spaces within existing council stock into new homes. 15 new homes have been delivered since the inception of the programme with a further 11 due to be delivered in 2021/22. Planning permission has also been granted for a further three homes at Manor Road, Whitehawk. A pipeline of potential sites has been developed to deliver approximately 18 homes by 2023.
3. Continue to increase the supply of council owned temporary accommodation allowing the council to achieve savings against the costs of procuring more expensive accommodation from the private market either through existing frameworks or spot purchase. The conversion of Oxford Street, Brighton provides for 10 new temporary accommodation homes and is due for completion in 2021. In September 2020 the council completed the purchase of 38 self-contained flats at Gladstone Court, Brighton for new emergency accommodation. New opportunities continue to be assessed to increase the provision of council owned temporary and emergency accommodation, where cost effective to do so.
4. Continuation of the Home Purchase Policy scheme which has so far enabled the council to buy 78 properties since its inception in September 2017 with a further 28 going through the sales process, and other applications being assessed this financial year. This report proposes an additional budget of £14.313m for 2021/22 which will, if approved, provide for the purchase of approximately 60 more properties. The council will continue to look at purchasing affordable housing units supplied as part of new housing developments in the city (typically known as S106 sites) as well as making use of the increased Scheme of Delegations limit to £0.500m afforded to officers.
5. Continued purchase of homes for use under the Housing First project with a proposed budget of £4.000m set aside for the purchase of up to 18x1 bed properties and funding this from Direct Revenue Funding and borrowing as described in paragraph 4.11.
6. The provision of £3.000m has also been set aside in the capital programme for opportunities which may arise for the general acquisition of properties in the HRA. This can be used for purchases of homes to be used for General Needs or Temporary Accommodation but will be dependent on the business case, which will be subject to review by the Housing Supply Member Board and subsequently approved by Housing Committee. The funding is proposed to come from Direct Revenue Funding and borrowing as outlined in paragraph 4.12.

7. Commission new, adapted homes and ensure best use of existing adapted and/or accessible housing to promote independent living, to deliver cost benefits to health and social Care services (Children and Adults).

Priority 2: Improving Housing Quality

8. Ensure the council's landlord obligations with regards to health and safety, including continuing to review and enhance fire safety measures for residents.
9. In line with the new arrangements for the delivery of repairs in-house, a stock condition survey was undertaken in early 2020. This will allow the council to review and plan for future investment in the quality of its homes, including addressing issues that may not have been fully picked up under the existing investment and programme plans. The council will undertake a rolling 20% of surveys each year over the next five years to ensure all the council housing stock is surveyed.
10. Continue to respond to emerging guidance around building safety standards and the draft Building Safety Bill following the Grenfell Tower tragedy.
11. To work in consultation with tenants and leaseholders to agree planned and major works programmes based on updated information on our stock for the provision of planned maintenance, improvement programmes and major capital projects and develop a new Asset Management Strategy.
12. Continue to promote the Improved building, space and environmental standards in all new council homes being built to high sustainability levels.
13. Continue to improve council housing sustainability standards and maintain 100% Decent Homes Standard compliance whilst investing in other priorities that promote the health and wellbeing of residents.
14. Continue to improve the energy efficiency performance of both the council's housing stock, and from our own service delivery and other activities (e.g. future fleet procurement). To support the city's objective of becoming carbon neutral by 2030 as outlined in the Housing Action Towards Carbon Neutral 2030 Report for Housing Committee to consider.
15. Support for improvements and initiatives to reduce fuel poverty, will be maintained and enhanced where possible.
16. Improve shared areas of the council's housing estates through the environmental improvements budget to respond with greater speed to issues impacting on tenants' satisfaction with their estates and their neighbourhoods.

Priority 3: Improving Housing Support

17. Ensure that as services are reviewed, they are safe for all and that we improve accessibility of our customer facing services both in person and online.
18. Continued investment in specialist tenancy management and support services for vulnerable council housing residents and work with the Community Safety Team to resolve issues including anti-social behaviour and harassment in a timely manner.

19. Early intervention for families struggling with issues such as their housing costs and sustaining their tenancy, including through money advice and tenancy support.
20. Ensure that adaptations are carried out at the right time to support people to stay in their homes when they want to.
21. Through the use of the Transfer Incentive Scheme support tenants to 'downsize' when they choose and provide a range of options for them, including accessible tools to support decision making.
22. Improve links between seniors housing schemes and surrounding communities.
23. Ensure new housing developments include community spaces, where need is identified, and resources allow.
24. Ensure tenants continue to be supported during and after the COVID-19 pandemic.

Council Housing (HRA) Asset Management Strategy

- 3.6 The HRA Asset Management Strategy acts as a link between Housing Strategy priorities and investment programmes and reflects the Housing Committee Work Plan 2019-23. In 2016 the HRA Asset Management Strategy was agreed following extensive consultation and work with residents with an Asset Strategy Review reported to the then Housing & New Homes Committee on 20 September 2017 following the Grenfell Tower tragedy. A further update on Health & Safety was reported to Housing Committee on 13 November 2019. As outlined above, following our recent stock condition survey, we propose to work in consultation with tenants and leaseholders to develop a new Asset Management Strategy over Spring/Summer 2021 ahead of presenting to Housing Committee
- 3.7 The key objectives of the strategy are to:
 25. Provide a framework for investment and maintenance of homes and neighbourhoods to provide safe, good quality housing and support services;
 26. To invest in zero carbon initiatives to support the city's commitment of becoming carbon neutral by 2030;
 27. Ensure financial viability of the HRA in the long and the short term
- 3.8 The proposed Capital Investment Programme shown in Appendix 4 supports all of these objectives as discussed in Section 5 below.

4 HRA REVENUE BUDGET PROPOSALS 2020/21

- 4.1 The HRA is a ring-fenced account which covers the management and maintenance of council owned housing stock. This must be in balance, meaning that the authority must show in its financial planning that HRA income meets expenditure and that the HRA is consequently viable.
- 4.2 Although the HRA is not subject to the same funding constraints as the General Fund it still follows the principles of value for money and equally seeks to improve efficiency and achieve cost economies wherever possible. Benchmarking of both service quality and cost with comparator organisations is used to identify opportunities for better efficiency and service delivery.

- 4.3 The forecast spend for the HRA in 2020/21 is shown in Appendix 1 and is estimated to be £0.860m. Part of the forecast underspend has been used to create an earmarked reserve of £0.440m for responsive repairs and maintenance works in future years as approved by Policy & Resources Committee on 3 December 2020. Any further underspending in the Repairs and Maintenance Service between now and the end of the financial year will be used to top-up this reserve, subject to business needs. This will be used to support the delivery of the repairs and maintenance programme during 2021/22 to catch-up on repairs not completed in this financial year due to the impact of Covid-19. The remainder of any underspend currently estimated at £0.420m will contribute to the sustainability and retrofit reserve.
- 4.4 The proposed HRA budget for 2021/22 is shown in Appendix 2 with the main budget variations, areas for investment and other changes in resources shown below.

Investments and Re-investments

- 4.5 The budget provides funding of £1.320m for the following new priority areas for investment (detailed in Appendix 2, note 3):
1. An investment of £0.220m to increase resources by a further 4.7 full time equivalent (FTE) posts to deliver the in-house Repairs & Maintenance Service during 2021/22 and beyond.
 2. An increase in salary on-costs of £0.350m is required to meet the uptake of the Local Government Pension Scheme and the actual cost of staff allowances, compared to the budget assumptions for 2020/21 following the TUPE transfer of staff from Mears.
 3. A one- year investment of £0.437m to keep the transition team in place to deliver the final phase of the delivery of the in-house Repairs & Maintenance Service. This includes priority work on harmonisation of staff terms and conditions; procuring a works management system; procuring a materials supply chain; setting up a supply chain for repairs and maintenance contractors; out of hours call centre; and vehicle fleet procurement. In addition, the transition team are responsible for major works contractor procurement and framework set up.
 4. The budget includes a provision of £0.163m for an additional 1.81 FTE in Property & Investment and the costs of consultancy services to carry out a review of the new building safety guidance. This investment will enable the council to fully understand and start to implement the complex legal and regulatory changes following the publication of the draft Building Safety Bill following the Grenfell Tower tragedy. Future costs of delivering this will be worked up during 2021/22, it is anticipated there will be significant revenue and capital costs that need to be considered in order to deliver the required changes.
 5. An investment of £0.050m toward 2 FTE to work on achieving our priorities of carbon reductions and sustainability in housing, including addressing fuel poverty and setting ambitious fuel poverty targets. This is the net increase in budget requirement following a review of the current structure and budget in place. In addition to this a further one year investment of £0.025m is provided for consultancy work to advise the council on the

measures required to implement the carbon reduction and sustainability measures on council housing stock and to ensure all necessary due diligence is undertaken.

6. An investment of £0.075m is required to increase the budget for the extra legal costs involved with the disrepair claims made under the 'Homes (Fitness for Human Habitation) Act 2018' following its introduction on 31 March 2019. The rise is due to the publicity around these from 'no win, no fee' legal practices who are targeting social housing tenants.

Other Key Changes

- 4.6 The 2021/22 budget also provides for a range of other inflationary costs, pressures and income. These changes in resources are listed under 'Other Changes' in Appendix 2 and are described in Note 4.
- 4.7 The Estates Development Budget (EDB) is no longer part of the HRA capital programme but has been transferred into the revenue budget with no reduction in resources available. Examination of expenditure over a number of years indicated that the majority of expenditure has been of a revenue nature and therefore this year the revenue budget includes £0.247m for EDB within the employee and supplies & services headings as this service transferred in-house from Mears during 2020/21. The current budget strategy uses EDB reserves of £0.240m to support this, augmenting this budget to a total of £0.487m for 2021/22 if necessary. A reserves table is shown in Appendix 2 (note 4).
- 4.8 The budget proposals include a decrease in leaseholder service charge income of £2.653m. This reflects the volume of work that will be billed in 2021/22 following a full review of the works forecast to be completed by March 2021. A number of projects will not have been completed this financial year and the associated service charges will be adjusted and billed to leaseholders in September 2021. As previously reported to members, the procurement of planned and major works contracts was paused and delayed owing to Covid-19. The pandemic has also impacted on progress of projects that were on site.
- 4.9 The budget proposes the continuation of the funding of up to £0.040m for adult learning services to support ongoing work across council housing estates. Area panels will be consulted prior to the start of the new academic year. The outcome of this consultation will determine the level of contribution; however it will not exceed £0.040m.
- 4.10 The net revenue budget results in an initial surplus of £21.500m which is then used to provide 'Direct Revenue Funding' (shown within expenditure at Appendix 2) in support of the capital programme discussed in section 5 of this report.
- 4.11 The Direct Revenue Funding which is required to fund the investment in existing homes is £15.610m. This leaves a balance in funding resources of £5.890m for use against other housing initiatives during 2021/22 and beyond. To ensure the good progress continues with the Housing First home purchases it is proposed to use £1.200m of this balance to fund 30% of a new £4.000m budget included in the capital programme (Appendix 4) with the remainder being funded from HRA borrowing. This will enable the purchase of up to 18x1 bed properties, ensuring the borrowing required can be repaid from the new

rental income. There is the potential that further Government funding will also be made available to fund the delivery of Housing First properties, where this is the case this will continue to be optimised and used to deliver these properties. There is revenue funding in Adult Social Care budgets for this service in place already for an additional 10 homes with the remaining 8 homes subject to additional resources being sought during the year.

- 4.12 To continue the new provision of affordable housing at pace, a budget of £3.000m has been included for purchases of homes outside of the Home Purchase Policy and Housing First; this would allow between 10-15 purchases, depending on the price agreed. To fund this, it is proposed to fund £0.680m from the available Direct Revenue Funding and the balance from HRA borrowing. This ensures that the purchases will remain viable in the long term for the HRA.
- 4.13 The remaining £4.010m of Direct Revenue Funding in an earmarked reserve. This reserve will be used to fund the cost of delivering sustainability initiatives in the HRA in relation to the city's target of achieving zero carbon status by 2030 and retrofit work required on existing housing stock. These costs are likely to be substantial over the coming years and the HRA need to be setting aside resources in order to deal with this.
- 4.14 The impact of using the Direct Revenue Funding in this manner is that the borrowing requirement for 2022/23 increases. However, most treasury experts expect the interest rate outlook to remain low for at least 24 months and therefore this is sustainable within the HRA financial plan based on current assumptions. A review of the HRA's reserves and borrowing position will be carried out on an annual basis and reported in accordance with the financial regulations and procedures.

Rents and Service Charges

- 4.15 Social rents for council homes are calculated in accordance with government guidelines. Rent restructuring rules still apply and Target Rents for each property are calculated based on the relative property values, bedroom size and local earnings. Target Rents will apply to the granting of all new tenancies. The MHCLG announced an increase to social housing rents limited to the September Consumer Price Index (CPI) plus 1% for 5 years from 2020/21. The CPI at September 2020 was 0.5% and therefore this budget proposes rent increases of a maximum of 1.5%. When setting the affordable rents and living wage rents for individual properties consideration is given to the prevailing rates for LHA and the living wage for the new financial year. This is compared against the 1.5% increase to ensure they do not exceed the agreed uplift.
- 4.16 Last year was the first year of rent increases following a period of an annual 1% rent reduction for the 4 years prior to 2020/21. This means that for 2021/22, the average rent will increase from £86.36 to £88.18, an average rent increase of £1.82 per week. This is identified in Appendix 2 (note 4).
- 4.17 Rents are not calculated to consider any service charges and only include charges associated with the occupation of a dwelling, such as maintenance of the building and general housing management services. Service charges are therefore calculated to reflect additional services which may not be provided to every tenant or which may relate to communal facilities rather than to a specific

occupation of a house or flat. Different tenants may receive different types of services reflecting their housing circumstances. All current service charges are reviewed annually to ensure full cost recovery and to identify any service efficiencies which can be offset against inflationary increases, to keep increases to a minimum. The proposed fees and service charges for 2021/22 are set out in Appendix 3.

- 4.18 For 2021/22, most service charge increases are close to the current levels of cost inflation for the individual services. Heating charges are calculated to take account of changes in consumption as well as any price changes from the energy companies. On average, communal heating charges are proposed to increase by 1.6% for those with electric heating systems and decrease by 0.5% for blocks with communal gas boilers but changes in the service charges to individual blocks will vary from a reduction of £0.70p per week to an increase of £0.49p per week. Appendix 3 shows the estimated average service charge paid per week for each service and the average increase.

Reserves position and one-off funding

- 4.19 The projected level of general HRA reserves at 1 April 2021 and 31 March 2022 are shown in Appendix 2 (note 5). A minimum reserve of £3.000m is recommended to meet general legal and financial risks including higher than expected inflationary pressures, cost overruns, legal challenges and other contingencies. After taking this into account, current estimates mean that the level of usable reserves will be £5.466m at 1st April 2021. This is being held at this level in addition to the minimum reserve to allow for the following costs and uncertainties:
7. One off funding in 2021/22 for the adult learning services provision of £0.040m.
 8. One off funding in 2021/22 for the investment in ICT project of £0.150m resources to bring forward the projects to replace the Asset Management System and Works Management System.
 9. The cost of the harmonisation of staffing contracts across the in-house service are unknown at this time. A full review of the on-going cost implications of this will be undertaken during 2021/22 for inclusion in the base budget for 2022/23.
 10. Levels of investment that may be required as a result of the outcome of the draft Safety Bill and the recommendations of the “Building a Safer Future” programme delivered by Ministry of Housing, Communities and Local Government (MHCLG) to improve safety and minimise the risk of fire in high rise buildings. The capital programme already includes £1.000m for new fire doors and £1.200m for sprinklers (installation of any sprinkler system is subject to consultation with residents);
 11. Cost of contract harmonisation following the TUPE of staff from Mears. Future costs will be built into the base budget as per paragraph 4.6.
 12. There are general risks around the stock condition which could give rise to a short term financial impact. The Social Housing white paper “The charter for social housing residents” indicates government will review the Decent Homes standard to consider if it should be updated. Future changes may impact on the required investment levels in order to maintain 100% compliance with the standard.

- 4.20 Other reserves are in place to support specific areas of spend within the HRA, these can be found Appendix 2 to this report.
- 4.21 The council's Section 151 Chief Finance Officer has reviewed the level of reserves and provisions in accordance with the principles of Section 25 of the Local Government Act 2003 and considers them to be adequate and reasonable for their purpose in the context of the removal of the debt cap and the self-financing mechanism applicable to the HRA.
- 4.22 The Housing Committee Work Plan priorities include consultation with tenants and residents to develop the following: a 'decent environment' standard; a policy for extending participatory budgeting; and a fire safety programme. These priorities as well as ongoing service reviews will continue to be undertaken in 2021/22 to ensure that resources accounted for in the HRA budget are set correctly, that Value for Money is being provided and that we are meeting the needs of our residents. Where it is deemed that additional resources are required to further improve a service, an individual business case will need to be approved. Within the current resources there is the flexibility to switch resources where necessary whilst keeping core services running. Any major changes in budget resources during the year will come back to Committee.

5 HRA CAPITAL PROGRAMME 2020/21

- 5.1 The Capital Programme targets investments that will ensure that the HRA maintains and improves, where possible, the quality of housing in line with the Asset Management Strategy outlined in section 3 above.
- 5.2 The Housing Capital Programme seeks to provide substantial investment in the council's housing stock and improve the quality of homes. The implementation of the proposed programme will take account of all relevant best practice guidelines and has been informed by the priorities agreed in the Housing Committee Work Plan (2019-23), HRA Asset Management Strategy and the Asset Strategy Review report to Housing & New Homes Committee 20 September 2017. The Programme also reflects the delivery of planned maintenance, improvement programmes and major capital projects to council housing stock.
- 5.3 The council has faced significant challenges this financial year in the delivery of planned and major works capital programmes. As previously reported to Housing Committee, due to the Covid-19 outbreak planned works procurement was paused on 18 March 2020, recommencing on 15 June 2020. This significantly delayed completion of procurement and mobilisation of our planned maintenance and improvement works programme. The procurement of a multi-contractor framework for major capital works was impacted upon by the need to focus resources on the planned works procurement along with a delay due to Covid-19. Planned and major works programmes already on site were also delayed due to the pandemic. In light of this and the challenges that the COVID-19 pandemic continues to present, a review has been undertaken of the capital investment programme to ensure the correct level of investment is proposed to maintain and improve stock to the required standard but also provide a programme that is deliverable during the next financial year.

- 5.4 This report recommends that for 2021/22, a budget of £15.610m is approved for investment in existing housing stock and a further £22.635m for the supply of new affordable housing.
- 5.5 The proposed 2021/22 budget for investment in existing housing stock is lower than last year's budget as a result of the due diligence work which continues to be undertaken on new contracts and managing this through the COVID-19 pandemic. To ensure that priority is given to key areas such as Health & Safety, a review has been carried out of the 3 year capital programme outlined in appendix 4. This has meant that there has been some smoothing of expenditure from year 1 to years 2 and 3 to present a programme that is deliverable, whilst maintaining the investment in stock that is required.
- 5.6 The review needed to consider the reprofiled budget of £9.520m from 2020/21 as reported in the month 7 Budget Monitoring Report to P&R Committee. Therefore, the total investment programme for 2021/22 is £25.280m.
- 5.7 The level of investment in existing stock over the next 3 financial years however, totals £79.680m, this sees an increase of £8.453m from last year's 3 year budget estimate.
- 5.8 The total proposed programme for 2021/22 and the funding arrangements totalling £69.819m are shown in Appendix 4. This programme includes budget of £31.424m that has already been approved, for example, where individual scheme approval has been sought for new build schemes or where budgets for existing schemes have been reprofiled, as approved by Policy & Resources Committee. It is proposed to use the capital reserve of £2.900m set aside during the 2020/21 HRA budget report to fund part of the proposed 2021/22 capital programme.
- 5.9 The 2021/22 programme continues to prioritise the council's landlord obligations with regards to health and safety, including continuing to review and enhance fire safety measures for residents and those visiting or working on council homes. This is a key responsibility and, as such, through the capital programme proposals, it is ensured that the investment required is maintained and made available ahead of other investment decisions. This includes good practice procedures and resources to support the management of asbestos, fire risk, legionella, gas and electrical equipment, amongst others. This budget continues to support funding for enhanced works to reduce fire risk.
- 5.10 The Capital Programme is a key part of implementing the main aims of the long-term asset management approach, which aims to maximise investment in homes and support reductions in responsive repairs need whilst providing safe, good quality housing and support services, and also supporting new housing supply and financial viability for the HRA.
- 5.11 Other assets, such as car parks and garages, receive investment to ensure both health and safety compliance and best use of these assets. There is a review being undertaken of the garages and car parks held in the HRA, this will include a review of the investment required to maintain them in future years to ensure that it is set at the correct level.
- 5.12 Based on feedback from residents on their priorities, the programme continues the commitment to invest in environmental improvements to estates, external and common way repairs and decorations across the city subject to resident

consultation and analysis of information to establish if replacement works are necessary.

- 5.13 The approved capital programme for 2020/21 included investment in environmental improvements around estates of £0.400m. A total budget of £0.500m was approved for this work, £0.400m in the capital programme and £0.100m in revenue. This level of investment continues in the proposals for 2021/22, however, this budget proposes that £0.280m is included in the capital programme and £0.220m in the revenue budget, given the nature of spend to date.
- 5.14 As well as works relating to general environmental improvements outlined above. An investment of £0.510m over the next 3 financial years to refurbish 10 out of the 15 HRA owned playgrounds is included, subject to approval of the report to the Environment, Transport and Sustainability (ETS) committee on 19th January 2021. If this proposal is not approved at ETS committee the capital investment will reduce and therefore make those resources available for any in year approved business cases bought forward.
- 5.15 The Housing Fire Health & Safety Update report to Housing & New Homes Committee on 19 September 2018 updated members on the continued joint work with East Sussex Fire & Rescue Service (ESFRS) in response to housing fire health & safety matters arising following the Grenfell Tower tragedy. In particular, concerning fire doors and sprinklers. In light of this, the programme continues to provide investment of £2.510m in 2021/22, £2.420m in 2022/23 and £1.710m in 2023/24 for potential additional works arising from the government's review of the Grenfell fire tragedy. This is also supported by the delivery of a new contract for the replacement of doors.
- 5.16 Helping residents to live in well-insulated, efficiently heated, healthy homes remains a key long-term commitment, which is supported through the capital programme and setting aside of resources in a reserve. Past progress on achieving this has been consistently good, with national Standard Assessment Procedure (SAP) energy rating performance monitoring being used to benchmark these. Key investments that contribute to these include installing energy efficient heating systems, high efficiency boilers, heating controls, efficient doors, windows, insulation and renewable or community energy schemes, where appropriate. In line with the Housing Committee Work Plan, the council will work collaboratively to ensure housing contributes to making the city carbon neutral by 2030. as outlined in the Housing action towards Carbon Neutral 2030 report presented to Housing Committee.
- 5.17 A report presented to the June 2020 Housing Committee received approval for budget of £1.750m to deliver new Solar PV panels across the housing stock, this has been included in the budget proposals outlined in appendix 4. In addition to this capital programme includes the budget to increase the supply further subject to a report being presented to Housing Committee no later than the fourth quarter of 2021 i.e. ahead of 2022 Budget Council. It is recognised that further allocation within the budget may be required.
- 5.18 Investment also includes £2.540m in 2021/22 to replace old inefficient heating systems and £1,100m to install a district heating network at Elwyn Jones Court. A further £4.800m over the following two years is also provided to continue to

replace inefficient heating systems across all stock and to consider a range of opportunities to improve the energy rating of the council stock and to identify projects that will help to contribute to the target of being carbon neutral by 2030

6 HRA MEDIUM TERM & 30 YEAR FINANCIAL FORECASTS

- 6.1 The introduction of self-financing in 2012 provided additional resources from the retention of all rental income and, through greater control locally, enabled longer term planning to improve the management and maintenance of council homes.
- 6.2 The medium term and 30 year financial forecasts are provided in Appendix 5 along with the business planning assumptions used for income and expenditure.
- 6.3 Since the Government removed the restrictions on borrowing in the HRA in October 2018, the council has developed plans to build and purchase additional council homes in the City. The current plans to deliver at least 800 additional council homes in the city by April 2023 have been incorporated in the capital programme 2021/22 – 2023/24 where scheme approval has already been given as well as those schemes in the pipeline in the 30 Year business plan.
- 6.4 Essentially, the financial plan shows that the HRA has healthy financial indicators to borrow to source future funding for regeneration and development. However, any borrowing must remain affordable. This means that each scheme should be funded either from the new rental stream (net of any management and maintenance costs), set aside resources or from current tenants' rents, rent rebates (Housing Benefits) and service charges. The current 30 year forecast assumes the building and purchasing of new homes in the next five years to 2025/26 will be in line with the pipeline shown in Appendix 5. This includes projects that will be presented to future Housing Committees and Policy & Resources Committees for final scheme and budget approval
- 6.5 Revenue reserves have been maintained in the business plan at a minimum set out in paragraph 4.19 for the time being, but this will be revised annually, this is to ensure that there are sufficient reserves in place to help fund the cost of complying with the new Building Safety Bill and any harmonisation costs associated with the new house Repairs & Maintenance Service. A working balance of £3.000m will be maintained as a minimum during the course of the 30 year business plan.
- 6.6 The MHCLG announced an increase to social housing rents limited to the Consumer Price Index (CPI) plus 1% for 5 years from 2020/21. Therefore, the 30 year business plan shown at Appendix 5 assumes rent increases of CPI plus 1% for 4 years from 2021/22 and increases at CPI thereafter. Assuming other factors remain stable, this will help to sustain the HRA in the medium term.

7 ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 7.1 The budget process allows all parties to engage in the scrutiny of budget proposals and put forward viable alternative budget proposals to Budget Council on 25 February 2021. Budget Council has the opportunity to debate

both the proposals recommended by Policy & Resources Committee at the same time as any viable alternative proposals.

The government annually sets a limit rent, set to include CPI plus 1% increase, which is used to determine how much housing benefit subsidy is received from the Department for Work and Pensions. Rises above the limit rent would reduce the amount of subsidy receivable by the council.

8 COMMUNITY ENGAGEMENT & CONSULTATION

- 8.1 Consultation with tenant representatives on the Citywide Conference group on how budget consultation might be undertaken concluded that, in view of Covid-19 restrictions and timescales, rather than attempt to do something this year that would not be very inclusive, planning would start now for earlier, prolonged, and more inclusive consultations regarding next year's budget. Information about the budget would however be shared with residents, and the Estate Development Budget, over which residents have control, would remain intact. Ideas were gathered regarding the content, style and methods for consultation work from the spring of next year, and residents in the meeting are keen to continue to shape this work.
- 8.2 In the meantime, the Council will continue to use information gleaned from the various areas of tenant feedback over the past two years, as well as safety priorities and asset management data to inform budget priorities.

9 CONCLUSION

- 9.1 The Local Government and Housing Act 1989 requires each local authority to formulate proposals relating to income from rent and charges, expenditure on repairs, maintenance, supervision and management, capital expenditure and any other prescribed matters in respect of the HRA. In formulating these proposals using best estimates and assumptions, the Authority must set a balanced account. This budget report provides a capital programme, break-even revenue budget and recommends rent proposals in line with current government guidance.
- 9.2 This report also provides the latest medium and long term forecasts for the HRA. However, there are a number of uncertainties due to impending government legislation, which mean that the current forecasts should be treated with caution.

10 FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 10.1 The financial implications are contained within the main body of the report.

Finance Officer Consulted: Craig Garoghan

Date: 08/01/2020

Legal Implications:

- 10.2 In its landlord role, the council has contractual obligations to its tenants and leaseholders to maintain the structure of its housing stock. These obligations are complemented by statutory duties in the Landlord and Tenant Act 1985 as amended. The council must comply with other statutory regimes, including those relating to health and safety, legionella and fire safety. It is likely that

further statutory requirements will be imposed if the Building Safety Bill and Fire Safety Bill currently making their way through Parliament are enacted. The measures outlined in the report will assist the council in discharging those duties.

The Housing and Local Government Act 1989 regulates the HRA. The requirement in the Act to set a balanced budget is referenced in sections 4.1 and 9.1 of the report.

Lawyer Consulted: Liz Woodley

Date: 16/12/2020

Equalities Implications:

- 10.3 The HRA budget funds services to people with a range of needs including related to age, vulnerability or health. All capital programme projects undertaken include full consideration of various equality issues and specifically the implications of the Equality Act. To ensure that the equality impact of budget proposals are fully considered as part of the decision making process, equality impact assessments have been developed on specific areas where required.

Sustainability Implications:

- 10.4 The HRA budget will fund a range of measures and contribute to a reserve to fund future sustainability initiatives in the HRA and retrofit works required that will benefit and sustain the local environment. This capital programme supports the affordable warmth and fuel poverty strategy brought forward from Public Health. Housing is a key contributor to the Carbon Emissions reduction commitment to make the city carbon neutral by 2030. The proposals will help to reduce the number of residents affected by fuel poverty and rising energy costs.
- 10.5 Project briefs are issued on all capital projects and require due consideration of sustainability issues, including energy conservation and procurement of materials from managed and sustainable sources.

Any other Significant Implications:

- 10.6 Financial risks have been assessed throughout the development of the council's HRA annual budget and 30 year financial model. A number of key sensitivities and scenarios are modelled to ensure that the service understands the business impact of decision making and include areas such as:
2. Impacts of the government's Housing & Planning Act and Welfare Reform legislation;
 3. Potential impact of any post Grenfell tragedy review of building regulations and / or standards;
 4. Inflationary risk where expenditure inflation is greater than income, particularly the risks around build cost inflation and future governments social rent policy;
 5. Managing interest rate fluctuations and the debt portfolio;
 6. Long term capital and maintenance responsibilities compared with available resources;

7. Balancing regeneration and redevelopment needs with tenants' priorities.

SUPPORTING DOCUMENTATION

Appendices:

1. Appendix 1: HRA Revenue Forecast Outturn 2020/21 (Month 7)
- 11 Appendix 2: HRA Budget 2021/22
- 12 Appendix 3: Fees and Service Charges 2021/22
- 13 Appendix 4: Capital Programme and Funding 2021/22 – 2023/24
- 14 Appendix 5: HRA Medium Term Financial Strategy & 30 Year Financial Forecast

Documents in Members' Rooms

None

Background Documents

None

Appendix 1 – Forecast Outturn 2019/20 at Month 7

| Housing Revenue Account (HRA) TBM Forecast | 2020/21 |
|---------------------------------------------------|-----------------------------|
| | Forecast Outturn |
| Note | 1 |
| | £'000 |
| SUBJECTIVE ANALYSIS | |
| Expenditure | |
| Employees | 15,783 |
| Premises - Repairs | 3,941 |
| Premises - Other | 2,822 |
| Transport | 974 |
| Contribution to Bad Debt Provision | 609 |
| Supplies & Services | 2,609 |
| Support Services | 4,000 |
| Third Party Payments | 196 |
| Direct Revenue Funding | 23,683 |
| Capital Financing Costs | 6,144 |
| Total Expenditure | 60,761 |
| Income | |
| Rents Dwellings | (51,722) |
| Rents Car Parking / Garages | (885) |
| Commercial Rents | (620) |
| Service Charges | (7,942) |
| Other Recharges & Income | (452) |
| Total Income | (61,621) |
| DEFICIT / (SURPLUS) | (860) |
| OBJECTIVE ANALYSIS | |
| Housing Management & Support | (30) |
| Income, Inclusion & Improvement | (30) |
| Tenancy Services | 340 |
| Property & Investment | 255 |
| Repairs & Maintenance | (1,150) |
| Head of Regeneration | (135) |
| Capital Financing | (110) |
| DEFICIT / (SURPLUS) | (860) |

Appendix 1 – Forecast Outturn 2019/20 at Month 7

| HRA Forecast Outturn as at Month 7 – Significant Variances | £'000 |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| <p>COVID-19 restrictions have had a significant impact on the delivery of the programmed works for 2020/21. Procurement work is now progressing well and in the final stages for planned works and major works frameworks are set to go out to tender shortly. The proposal is to earmark £0.440m of this forecast underspend across the service, with a recommendation that any further underspending in the Repairs and Maintenance Service between now and the end of the financial year will be used to top-up this reserve, subject to business needs.</p> | (1,535) |
| <p>COVID-19 has delayed the implementation of new structures for the delivery of new housing as well as other underspends across the staffing structure. Offsetting these underspends is an increase in support provided to tenants in Tenancy Services due in part to COVID-19.</p> | (164) |
| <p>Significant reprofiling of HRA capital expenditure from 2019/20 into 2020/21 impacts on the timing of when borrowing is required to be undertaken to fund the expenditure. This has resulted in lower interest charges being incurred during 2020/21, compared to the original budget forecast.</p> | (110) |
| <p>Tenancy Services assist tenants to down-size or to move into more suitable or accessible accommodation. Each case takes time to complete and current expenditure levels indicate that the Transfer Incentive Scheme budget will be underspent by £0.070m.</p> | (70) |
| <p>It is estimated that there will be less rental income for Temporary Accommodation units in the HRA than expected due to delays to the completion of schemes to provide council owned TA and fewer home purchase properties being used for TA than budgeted. This is partly offset by more income for general needs and sheltered housing.</p> | 55 |
| <p>An overspend on the use of temporary accommodation for council housing tenants as well as an overspend on laundry costs where there has been a reduction in the collection of charges. These are offset by other minor underspends on supplies and services.</p> | 81 |
| <p>There has been additional spend against agency staff in the estates services team due to the increased cleaning requirements as a result of COVID-19. There has also been an increase in security costs at two central blocks of flats to ensure the safety of residents.</p> | 243 |
| <p>A lower than expected level of leasehold service charge is being forecast for major works in 2020/21. Due to the COVID-19 restrictions in place it has taken longer to complete or reach final account on one large major project and a couple of smaller projects. This has been offset by the projected income for annual service charges is slightly more than budget assumptions.</p> | 640 |
| TBM Month 7 Variance | (860) |

Appendix 2 – HRA Revenue Budget 2021/22

| | 2020-21 | Budget Changes | | | | 2021-22 |
|--------------------------------------------|-----------------|----------------|----------|-----------------------------|----------------|-----------------|
| | Adjusted budget | Inflation | Savings | Investment & Re-investments | Other Changes | Original Budget |
| Note | | 1 | 2 | 3 | 4 | |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| SUBJECTIVE ANALYSIS | | | | | | |
| Expenditure | | | | | | |
| Employees (data a) | 15,841 | 125 | 0 | 1,170 | 55 | 17,191 |
| Premises - Repairs | 4,414 | 36 | 0 | 0 | 0 | 4,450 |
| Premises - Other | 2,830 | 21 | 0 | 0 | 0 | 2,851 |
| Transport | 953 | 7 | 0 | 0 | 0 | 960 |
| Contribution to Bad Debt Provision | 609 | 5 | 0 | 0 | 0 | 614 |
| Supplies & Services | 3,248 | 23 | 0 | 150 | 0 | 3,421 |
| Support Services (data b) | 3,999 | 23 | 0 | 0 | 316 | 4,338 |
| Third Party Payments | 144 | 3 | 0 | 0 | 16 | 163 |
| Direct Revenue Funding | 24,123 | 0 | 0 | 0 | (2,623) | 21,500 |
| Capital Financing Costs | 6,197 | 0 | 0 | 0 | (112) | 6,085 |
| Total Expenditure | 62,358 | 243 | 0 | 1,320 | (2,348) | 61,573 |
| Income | | | | | | |
| Rents Dwellings | (51,716) | (772) | 0 | 0 | (810) | (53,298) |
| Rents Car Parking / Garages | (954) | (19) | 0 | 0 | 0 | (973) |
| Commercial Rents | (620) | 0 | 0 | 0 | 0 | (620) |
| Service Charges | (8,635) | (6) | 0 | 0 | 2,438 | (6,203) |
| Other Recharges & Income | (433) | (6) | 0 | 0 | 0 | (439) |
| Contribution from Useable Revenue Reserves | 0 | 0 | 0 | 0 | (40) | (40) |
| Total Income | (62,358) | (803) | 0 | 0 | 1,588 | (61,573) |
| DEFICIT / (SURPLUS) | 0 | (560) | 0 | 1,320 | (760) | (0) |
| OBJECTIVE ANALYSIS | | | | | | |
| Housing Management & Support | 4,155 | 15 | 0 | 50 | (142) | 4,078 |
| Income, Inclusion & Improvement | (46,905) | (712) | 0 | 0 | (464) | (48,081) |
| Tenancy Services | 2,700 | 7 | 0 | 0 | (132) | 2,575 |
| Property & Investment | (729) | 44 | 0 | 263 | 2,889 | 2,467 |
| Repairs & Maintenance | 9,905 | 79 | 0 | 1,007 | (213) | 10,778 |
| Head of Regeneration | 554 | 7 | 0 | 0 | 77 | 638 |
| Capital Financing | 30,320 | 0 | 0 | 0 | (2,775) | 27,545 |
| DEFICIT / (SURPLUS) | 0 | (560) | 0 | 1,320 | (760) | (0) |

Appendix 2 – HRA Revenue Budget 2021/22

Note 1 Inflation:

Inflation of 0.75% has been applied to Direct Employees, and 1% to Premises, Transport and Supplies & Services. Adjustments are made to specific areas based on known inflation above or below the standard 1% applied. Most income budgets are zero-based (that is they are recalculated each year rather than changing incrementally) and therefore budgets are estimated based on known increases in costs or inflation.

Note 2 Savings:

There are no savings in the budget for 2021/22 due to the nature of the new Repairs & Maintenance Service and the level of uncertainty over costs.

Note 3 Service Pressures and Priority Areas for Investment:

| Service Pressures and priority areas for investment | £'000 |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|
| Increase in the number of staff joining the BHCC Pension scheme and the actual cost of staff allowances, compared to the budget assumptions for 2020/21. | 350 |
| Increase in staffing budget to reflect the establishment costs of the in-house Repairs and Maintenance Service. This reflects an increase in overall staff numbers of 4.71FTE | 220 |
| Investment for an additional year for the Transition team to continue to assist with the continued implementation of the in house Repairs and Maintenance Service | 437 |
| Investment for an additional 1.81 fte in Property & Investment to ensure compliance with draft Building Safety Bill. | 113 |
| A net investment of an additional 2 fte to work on sustainability and energy improvement initiatives. | 50 |
| Increased provision for compensation costs relating to disrepair claims | 75 |
| One year external consultation costs to assist with the implementation of the new Building Safety policy | 50 |
| One year investment for consultancy work in relation to implementing sustainability measures across Housing | 25 |
| Total Service Pressures and priority areas for investment | 1,320 |

Appendix 2 – HRA Revenue Budget 2021/22

Note 4 Other Changes:

| Other Changes | £'000 |
|-----------------------------------------------------------------|--------------|
| Additional superannuation costs to support the in-house service | 55 |
| Other changes to Supplies and Services and Third Party payments | 16 |
| Increase in Support Service Charges | 316 |
| Change to Direct Revenue Funding | (2,623) |
| Net decrease in capital financing costs | (112) |
| Net increase in rental income from the new home's rents | (810) |
| Net increase in Service charge income from council tenants | (215) |
| Net decrease in Leaseholder Service Charge income | 2,653 |
| Contribution from General Reserves | (40) |
| Total Other Changes | (760) |

Appendix 2 – HRA Revenue Budget 2021/22

Note 5 Projected Reserves:

| Item | Estimated Balance as at 01/04/21 £'000 | Planned Use 2021/22 £'000 | Estimated Balance as at 31/03/22 £'000 | Review Arrangements | Conclusion |
|--------------------------------------------------|----------------------------------------|---------------------------|----------------------------------------|--------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| HRA Reserves | | | | | |
| HRA Working Balance | (3,000) | | (3,000) | Following closure of accounts. | A minimum working balance of £3m is recommended by the Chief Finance Officer in accordance with the requirements of Section 25 of the Local Government Act 2003. |
| HRA General Reserves | (5,466) | 190 | (5,276) | Following closure of accounts. | Any residual balance is to pay for any extra H&S costs post Grenfell and risk around new repairs service and Harmonisation. |
| Capital Reserves | (2,900) | 2,900 | | Following closure of accounts. | |
| Repairs & Maintenance | (440) | 440 | | Following closure of accounts. | Earmarked for costs incurred during 2021/22. |
| Rent Reduction Reserve | (910) | 910 | | Following closure of accounts. | Earmarked to fund acquisitions in order to reduce the rents on eligible properties during 2021/22. |
| Setup Mobilisation Housing Repairs Cont. Reserve | | | | Following closure of accounts. | |
| EDB Reserves | (240) | | (240) | Following closure of accounts. | Earmarked to support the revenue budget of £0.247m bringing the total available for EDB to £0.487m. |
| HRA - Renewable Energy Projects | (175) | | (175) | Following closure of accounts. | |
| Sustainability and retrofit reserve | (4,010) | | (4,010) | Following closure of accounts. | Earmarked for costs in future years for sustainability measures and retrofit works required on Housing stock. |
| | (17,141) | 4,440 | (12,701) | | |

Appendix 2 – HRA Revenue Budget 2021/22

Data Table A - Employee Full Time Equivalent (FTE) Reconciliation

The table below includes FTE numbers for the proposed service pressures.

| Employee Full Time Equivalents (FTE) (Table Data A) | FTE |
|----------------------------------------------------------------------------|---------------|
| Original FTE 2020/21 | 487.75 |
| Changes for 2020/21: | |
| Property & Investment structure changes 2020/21 | (0.50) |
| Adjusted FTE | 487.25 |
| Service Pressures: | |
| Additional staff to support the Repairs & Maintenance of the housing stock | 4.71 |
| Additional P&I Staff | 3.81 |
| 2021/22 FTE | 495.77 |

Data Table B - Support Service and Other Charges Analysis

The table below provides a breakdown of the support service charges for 2021/22 and compares this to 2020/21.

| Charging Service | Adjusted Budget 2020/21 £'000 | Budget 2021/22 £'000 |
|---------------------------|--------------------------------------|-----------------------------|
| Support Functions: | | |
| Insurance Costs | 837 | 963 |
| ICT | 878 | 921 |
| Finance | 280 | 308 |
| Legal | 270 | 324 |
| Democratic | 243 | 243 |
| Human Resources | 325 | 320 |
| Property | 198 | 158 |
| Tenancy Fraud | 64 | 65 |
| Procurement | 59 | 130 |
| Business Operations | 51 | 57 |
| Communications | 25 | 25 |
| Director | 61 | 61 |

Appendix 2 – HRA Revenue Budget 2021/22

| Charging Service | Adjusted Budget 2020/21 £'000 | Budget 2021/22 £'000 |
|--------------------------------|----------------------------------|-------------------------|
| Other charges: | | |
| Youth Service | 250 | 255 |
| Discretionary Community Grants | 145 | 148 |
| Disabled Adaptations | 120 | 122 |
| Field Officer support | 50 | 52 |
| Family Coach funding | - | - |
| Apprenticeship Levy | 31 | 31 |
| Homing in and Area Panels | 30 | 30 |
| Energy Efficiency Support | 26 | 28 |
| Pest Control Services | 40 | 41 |
| Noise Pollution | 16 | 16 |
| Adult Learning | - | 40 |
| Total | 3,999 | 4,338 |

Appendix 3 - Tenant Service Charges

All fees and service charges are reviewed annually to ensure full cost recovery (where appropriate) and also to identify any service efficiencies that can be offset against inflationary increases to keep increases to a minimum. Proposed fees and service charges for 2021/22 are detailed below. Please note that for the comparable 2020/21 figures, the average weekly charge may differ from the previous year's budget report as a result of stock changes (for example new builds and Right to Buy Sales).

| Service Charges Eligible for Housing Benefit | Tenants Charged (No.) | Approx. not eligible for Housing Benefit (No.) | 2020/21 Average Weekly Charge £ | 2021/22 Average Weekly Charge £ | Average Increase/Decrease £ | Average Increase/Decrease % | Comments |
|-----------------------------------------------------|------------------------------|-------------------------------------------------------|----------------------------------------|----------------------------------------|------------------------------------|------------------------------------|----------------------------------------------------------------------------------------------------|
| Communal Cleaning | 5,361 | 2556 | £3.03 | £3.12 | £0.09 | 3.02% | The increase reflects pay and price inflation. |
| Door Entry Servicing and Maintenance | 4,492 | 2016 | £0.50 | £0.53 | £0.03 | 6.0% | The increase reflects annual contract inflation. |
| Electricity - Communal Ways | 5,385 | 2577 | £0.95 | £0.97 | £0.02 | 2.1% | The change is mainly as a result of higher electricity prices. |
| Grounds Maintenance | 5,696 | 2502 | £0.73 | £0.75 | £0.02 | 2.7% | The increase reflects annual contract inflation. |
| Lift Servicing and Maintenance | 2,561 | 931 | £0.98 | £1.04 | £0.06 | 6.0% | The increase reflects annual contract inflation and reflects reactive repair costs. |
| Seniors Housing - Common Ways | 877 | 169 | £9.01 | £9.66 | £0.65 | 7.2% | The increase reflects pay and price inflation and increases to cleaning schedules in some schemes. |
| Seniors Housing - Intensive Management | 873 | 166 | £22.02 | £22.87 | £0.85 | 3.86% | The increase is mainly due to increased staff costs (a nationally agreed pay increase). |
| Seniors Housing - Laundry | 848 | 163 | £2.00 | £2.30 | £0.30 | 15% | The increase reflects the need to recover the costs of laundries. |

| Service Charges Eligible for Housing Benefit | Tenants Charged (No.) | Approx. not eligible for Housing Benefit (No.) | 2020/21/ Average Weekly Charge £ | 2021/22 Average Weekly Charge £ | Average Increase/ Decrease £ | Average Increase/ Decrease % | Comments |
|----------------------------------------------------------|------------------------------|-------------------------------------------------------|-----------------------------------------|----------------------------------------|-------------------------------------|-------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|
| TV Aerials | 5,746 | 2530 | £0.79 | £0.81 | £0.02 | 2.5% | The increase reflects annual servicing contract inflation and reactive repairs. |
| Video Entry Servicing and Maintenance | 146 | 71 | £1.00 | £1.06 | £0.056 | 6.0% | The increase reflects annual contract inflation and reactive repairs |
| Service Charges NOT Eligible for Housing Benefit: | | | | | | | |
| Communal Heating – Electricity | 81 | N/A | £10.96 | £11.13. | £0.17 | 1.6% | The change reflects changes in consumption and forecast higher electricity prices. |
| Brooke Mead Electric heating | 45 | N/A | £4.71 | £11.46 | £6.75 | 142.5%(*) | (*)This large increase is offset by a large decrease in gas heating charges of £7.45 per week. Overall a reduction of 4.6% for heating. |
| Communal Heating – Gas | 1,236 | N/A | £6.76 | £6.73 | -£0.03 | -0.5% | The change is the result of forecast higher gas prices but lower levels of consumption. |
| Garages and Car Parking | 2,629 | N/A | £9.39 | £9.58 | £0.19 | 2.0% | The increase reflects pay and price inflation. |
| Mobility Scooter and Cycle Storage | 35 | N/A | £2.50 | £2.50 | £0.00 | 0.0% | No change is proposed for 2021/22. |
| Seniors Housing - Guest Rooms | N/A | N/A | £15.50 | £15.50 | £0.00 | 0.0% | No change is proposed for 2021/22 |
| Water Charges | 242 | N/A | £4.69 | £4.83 | £0.14 | 3.0% | The increase is due to forecast inflation increase of 3% for water charges. |

| EXPENDITURE | P&R Original Budget 2020/21 | Proposed Budget 2021/22 | Previously Approved Budget 2020/21 | Total Budget 2021/22 | Provisional Budget 2022/23 | Provisional Budget 2023/24 | Description |
|-----------------------------------------|--------------------------------------|-------------------------------|---------------------------------------------|----------------------------|----------------------------------|----------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | £'000 | £'000 | £'000 | £'000 | £'000 | |
| Delivery of New Council Homes | | | | | | | |
| Home Purchase Policy | 15,612 | 18,313 | 3,544 | 21,857 | 12,715 | 6,890 | Continued delivery of the Home Purchase Policy. The new 2021/22 budget request includes £14.313m allowing to purchase up to 55 properties for use as General Needs and Temporary Accommodation. In addition to this a further £4.000m is allocated to purchase up to 18 properties for use as Housing First. |
| General Housing Acquisitions | 1,448 | 3,000 | | 3,000 | | | Budget for the purchase of properties outside of the Home Purchase Policy, where opportunities and business cases present themselves. This budget would enable the purchase of between 10-15 properties. |
| Feasibility | 150 | 150 | | 150 | 150 | 150 | Feasibility budget required to bring forward the new supply pipeline. |
| Converting spaces in existing buildings | 2,012 | 1,172 | | 1,172 | 1,870 | | Continued delivery of the hidden homes scheme where underutilised spaces are converted into new council homes. |
| Oxford Street Conversion | 600 | | | | | | |
| Selsfield Drive | 3,246 | | | | | | |
| Buckley Close | 47 | | | | | | |
| New Homes Budget | 3,310 | | 3,310 | 3,310 | | | Budget already approved in 2020/21. This is to be earmarked against a new build scheme. |
| Victoria Road | 8,147 | | 8,730 | 8,730 | 3,076 | | Previous budget approved for Victoria Road profiled in the financial years to match the latest delivery programme. |
| Design Competition | 2,200 | | 2,000 | 2,000 | | | Previous budget approved for Frederick Street and Rotherfield Crescent profiled in the financial years to match the latest delivery programme. |
| Moulsecoomb Hub land | | | 4,320 | 4,320 | | | Appropriation of land at the Moulsecoomb Hub site in readiness for the delivery of approximately 226 homes. |
| Belgrave Day Centre, Portslade | | | | | 10,860 | | Purchase of 49 homes from HBH LLP at the Portslade site approved at the joint Housing and Policy & resources Committee on 21 October 2020. |

| EXPENDITURE | P&R Original Budget 2020/21 | Proposed Budget 2021/22 | Previously Approved Budget 2020/21 | Total Budget 2021/22 | Provisional Budget 2022/23 | Provisional Budget 2023/24 | Description |
|-------------------------------------------------------------------------|--------------------------------------|-------------------------------|---------------------------------------------|----------------------------|----------------------------------|----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | £'000 | £'000 | £'000 | £'000 | £'000 | |
| Coldean Lane, North of Varley Halls | | | | | 30,360 | | Purchase of 127 homes from HBH LLP at the Coldean site approved at the joint Housing and Policy & resources Committee on 21 October 2020. |
| Total Delivery of New Council Homes | 36,772 | 22,635 | 21,904 | 44,539 | 59,031 | 7,040 | |
| Improving Housing Quality | | | | | | | |
| Main Door Entry Systems & CCTV | 700 | 570 | 250 | 820 | 850 | 800 | Repair and replacement of Main Entrance Doors. Long term programme of door entry system replacements, as systems fail or reach the end of their serviceable life, with spare parts unable to be sourced. These two programmes are reviewed alongside each other and works coordinated where feasible to ensure value for money. Installation and upgrade of CCTV systems to increase security of blocks. |
| Water Tanks, Ventilation, Lighting & Lightning Protection & Fire Alarms | 750 | 620 | | 620 | 620 | 620 | Projects help meet statutory requirements and ensure safety and welfare for residents through replacement and improvements. |
| Lifts | 417 | 390 | | 390 | 390 | 390 | The lift replacement and upgrade programme is a long-term commitment to council residents. The majority of lifts have now been replaced since its inception, and the programme is under ongoing review to ensure it continues to provide good value for money. |
| Fire Safety & Asbestos Management | 2,820 | 560 | 1,950 | 2,510 | 2,420 | 1,710 | Effectively managing the risks of both fire and asbestos materials is an ongoing need. Includes both statutory requirements and provision for enhanced fire safety measures. In particular, including provision for a programme of retro-fitting of sprinklers, which continues, subject to consultation with residents. |
| Minor Capital Works | 324 | 320 | | 320 | 320 | 320 | Investment in smaller capital repairs across the HRA stock as well as investing in car parks and garages. |
| Roofing | 1,590 | 897 | 603 | 1,500 | 1,320 | 1,100 | Helps to extend the life of assets, improves insulation and reduces responsive repairs. |

| EXPENDITURE | P&R Original Budget 2020/21 | Proposed Budget 2021/22 | Previously Approved Budget 2020/21 | Total Budget 2021/22 | Provisional Budget 2022/23 | Provisional Budget 2023/24 | Description |
|----------------------------------------------|--------------------------------------|-------------------------------|---------------------------------------------|----------------------------|----------------------------------|----------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | £'000 | £'000 | £'000 | £'000 | £'000 | |
| Condensation & Damp Works | 250 | 280 | | 280 | 280 | 280 | Health and welfare of council residents is assisted by tackling issues arising from condensation and damp in properties. |
| Major Structural works | 2,795 | 1,596 | 2,704 | 4,300 | 7,700 | 5,800 | Meeting our landlord obligations through maintaining the structural and general external integrity of properties. |
| Seniors housing quality improvement works | 206 | | | | | | |
| Major Empty Property works | 80 | 110 | | 110 | 110 | 110 | Extensive refurbishment of empty homes prior to re-letting. |
| Cyclical Repairs & Decorations | 1,363 | 1,122 | 458 | 1,580 | 3,060 | 2,790 | External and common way repairs and decorations across the city help reduce ongoing costs and keep properties well maintained. Property & Investment team work closely with residents to ensure internal decorations in blocks are consistently delivered across the city. |
| Future capital projects | 457 | 145 | 275 | 420 | 340 | 340 | Specialist and other surveys to support future programmes. |
| Brighton & Hove Standard Works | | | | | | | |
| Dwelling Doors | 227 | 246 | 104 | 350 | 250 | 250 | Replacing doors to properties with secure and efficient design helps residents feel safer. This programme includes the provision of fire-rated doors to dwellings where required. |
| Kitchens & Bathrooms | 1,533 | 1,338 | 702 | 2,040 | 1,950 | 1,670 | This budget helps to ensure homes comply with the Brighton & Hove Standard. |
| Rewiring - Domestic/ Communal | 1,227 | 723 | 567 | 1,290 | 1,420 | 1,250 | Safe and reliable and compliant electrical installations and efficient lighting are supported from this budget. |
| Windows | 965 | 1,037 | 373 | 1,410 | 1,490 | 1,270 | Window replacement programmes meet the council's landlord obligations, improve energy efficiency, warmth and reduce ongoing repair costs. |
| Sustainability & Carbon Reduction | | | | | | | |
| Domestic/Communal Heating Improvements | 2,104 | 2,240 | | 2,240 | 2,200 | 2,200 | Efficient and modern replacement heating systems improve thermal comfort, reduce carbon emissions and resident fuel costs. |

| EXPENDITURE | P&R Original Budget 2020/21 | Proposed Budget 2021/22 | Previously Approved Budget 2020/21 | Total Budget 2021/22 | Provisional Budget 2022/23 | Provisional Budget 2023/24 | Description |
|--------------------------------------------------------------|--------------------------------------|-------------------------------|---------------------------------------------|----------------------------|----------------------------------|----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | £'000 | £'000 | £'000 | £'000 | £'000 | |
| Elwyn Jones Court - Heating Project | 600 | 500 | 600 | 1,100 | | | A low/zero carbon system of ground source heat pumps and new heating distribution system will bring benefits to both residents and the environment by reducing the need for fossil fuel use. The existing heating system is no longer considered fit for purpose and requires replacement. |
| Home Energy Efficiency, Insulation improvements & Renewables | 489 | 76 | 224 | 300 | 200 | 200 | Many homes now benefit from solar panels. This programme will help take up a range of opportunities to further improve the energy rating of our homes and to identify projects that will help move towards zero carbon from our service delivery activities by 2030. |
| New Solar Panels Programme | 100 | 750 | | 750 | 1,800 | 1,100 | Policy & Resources Committee approved a budget of £1.750m for the delivery of 500 solar panels split evenly over 2021/22 and 2022/23. The delivery has been profiled to match the resources available as well as making provision for a further 500 solar panels to be delivered as part of this programme by 2023/24. A project manager has been included as part of this at an estimated cost of £0.050m per annum. |
| Tackling Inequality | | | | | | | |
| Environmental Improvements | 257 | 400 | | 400 | 365 | 585 | This budget funds environmental and communal area improvement work based on resident priorities. It also includes provision for the refurbishment of 10 out of the 15 housing owned playgrounds (as reported to ETS Committee in January 2021) over the next 3 years, totalling investment of £0.510m; broken down as 2021/22 £0.120m, 2022/23 £0.085m and 2023/24 £0.305m. |
| Disabled Aids & Adaptations | 1,150 | 1,470 | | 1,470 | 1,600 | 1,600 | Enabling vulnerable residents continue to live independently in their homes through investment in housing adaptations. |
| Conversions & Extensions | 537 | 220 | 390 | 610 | 550 | 550 | Tackling overcrowding across the city is of key importance to ensure good quality housing. |

| EXPENDITURE | P&R Original Budget 2020/21 | Proposed Budget 2021/22 | Previously Approved Budget 2020/21 | Total Budget 2021/22 | Provisional Budget 2022/23 | Provisional Budget 2023/24 | Description |
|--------------------------------------------------------------|--------------------------------------|-------------------------------|---------------------------------------------|----------------------------|----------------------------------|----------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | £'000 | £'000 | £'000 | £'000 | £'000 | |
| Total Investment in existing Housing Stock | 20,941 | 15,610 | 9,200 | 24,810 | 29,235 | 24,935 | |
| Supporting well-run services for the city | | | | | | | |
| Housing ICT Budget | 70 | 150 | | 150 | 150 | 80 | ICT requirements across the HRA continue to be reviewed to ensure the systems in place are fit for purpose and provide VFM. Business cases are being worked up looking at the replacements asset management and works management systems, with a report being taken to Housing Committee later in 2021 for budget approval. Once the final business case and budget has been approved it will form part of the HRA Capital Investment programme in 2021/22 and 2022/23. The investment shown here is for the Housing Project team resource (2.75FTE). |
| Housing Centre - Heating and Ventilation | 600 | | 320 | 320 | | | The new heating, cooling and ventilation system for the Housing Centre brings the opportunity to help deliver a more sustainable future. The aim is to significantly reduce the carbon emissions related to our service delivery activities through this investment. The existing system is in poor condition and is now not considered fit for purpose. |
| Total Supporting well-run services for the city | 670 | 150 | 320 | 470 | 150 | 80 | |
| Total Programme | 58,383 | 38,395 | 31,424 | 69,819 | 88,416 | 32,055 | |
| Programme Funding | | | | | | | |
| Revenue Contribution to investment in existing housing stock | | 19,620 | 9,520 | 29,140 | 25,155 | 29,059 | Funding from Direct Revenue Funding, includes £4.010m to be set aside for fund future investment required for sustainability initiatives across the HRA.. |
| Revenue Contribution to New Housing supply | | 1,880 | | 1,880 | | | A proportion of the available Direct Revenue Funding set aside to contribute to the funding of the Housing First budget of £4.000m and additional £3.000m set aside for general acquisitions. |

| EXPENDITURE | P&R Original Budget 2020/21 | Proposed Budget 2021/22 | Previously Approved Budget 2020/21 | Total Budget 2021/22 | Provisional Budget 2022/23 | Provisional Budget 2023/24 | Description |
|---------------------------------|--------------------------------------|-------------------------------|---------------------------------------------|----------------------------|----------------------------------|----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | £'000 | £'000 | £'000 | £'000 | £'000 | |
| Borrowing | | 12,562 | 16,537 | 29,099 | 43,061 | 370 | Borrowing required mainly for new build development. |
| HRA reserves | | 3,550 | | 3,550 | 500 | 500 | Useable revenue and capital reserves |
| Capital Receipts | | | | | 450 | | Capital receipts for use against new housing delivery |
| RTB Receipts | | 2,349 | 2,754 | 5,103 | 923 | 1,946 | Retained RTB receipts for New Build |
| Energy Grants/FITs | | 180 | | 180 | 180 | 180 | Funding received to support sustainability and carbon projects. |
| Grant Funding | | | 340 | 340 | 14,784 | | LRF grant received and Homes England grant for the purchase of HBH LLP Properties. |
| Commuted Sums | | 1,354 | 2,273 | 3,627 | 3,363 | | Funding to support the purchase of properties through the Home Purchase Policy. |
| Earmarked rent reserve | | 910 | | 910 | | | Earmarked reserve to fund the Home Purchase Policy as agreed by Housing Committee in September 2019, utilised to reduce rents on properties purchased by the council. |
| Total Funding | 62,224 | 42,405 | 31,424 | 73,829 | 88,416 | 32,055 | |
| Excess Funding available | 3,841 | 4,010 | | 4,010 | | | Excess Revenue Contribution after funding the existing housing stock investment of £15.610m and £1.880m for housing first purchases. To be transferred to reserves and earmarked for sustainability initiatives and retrofit measures in future years on new and existing stock. |

Appendix 5 - HRA MEDIUM TERM FINANCIAL STRATEGY AND 30 YEAR FINANCIAL FORECAST

Medium Term Financial Strategy (MTFS)

The Medium Term Financial revenue position provides a cumulative surplus of £75.714m that can be used to support the delivery of the Capital Programme during this period. The MTFS includes provision for bringing the repairs and maintenance back in house and is reflected in the increased management costs to account for the increase in staff requirements and also the increase in revenue repairs costs. The rental income includes increases of CPI+1%, outlined in the central government announcement in 2018.

HRA Medium Term Financial Strategy

| | 2021/22 £'000 | 2022/23 £'000 | 2023/24 £'000 |
|----------------------------|------------------|------------------|------------------|
| Expenditure | | | |
| Management & Service Costs | 19,366 | 19,420 | 19,544 |
| Repairs and Maintenance | 12,627 | 13,468 | 14,381 |
| Other Costs | 1,098 | 1,112 | 1,120 |
| Borrowing costs | 6,120 | 5,752 | 6,109 |
| Total Expenditure | 39,211 | 39,752 | 41,154 |
| Income | | | |
| Rental Income | (52,685) | (57,426) | (62,407) |
| Service Charges (Tenants) | (5,270) | (5,341) | (5,402) |
| Other Income | (2,756) | (2,140) | (2,404) |
| Total Income | (60,711) | (64,907) | (70,213) |
| Net Revenue Income | (21,500) | (25,155) | (29,059) |

30 Year financial forecast

The introduction of self-financing provided local authorities with the opportunity to develop longer term planning to improve the management and maintenance of council homes. From April 2016, the Welfare Reform and Work Act 2016 introduced that rents should be reduced by 1% per annum for four years commencing in 2016/17, the final year of this decrease was 2019/20. The government then announced in 2018 that social rents could be increased by a maximum of CPI+1% over a 5 year period commencing in 2020/21.

The current financial plan projections shown below continue to provide a balanced business plan and show surpluses of £260.248m over 30 years, which allows for regeneration and new investment within the HRA. This surplus has increased since last year's plan mainly due to the assumptions around financing costs reducing in the early years of the plan as well as an increase in new homes of nearly 400 since last year's assumptions, these have been offset by an increase in the provisions made for the repairs and maintenance contract back in house and increasing the investment in stock compared to last year's assumptions, supported by the data obtained from the asset management system. The increase in stock investment is mainly in relation to the inclusion of budget in future years for work required to be carried out to meet the city's target of being carbon neutral by 2030. It also assumes that the repairs and maintenance and the capital investment programme are subject to inflation at RPI instead of the previously assumed CPI rate following advice from our business planning consultants. However, there are some uncertainties around the costs of the new repairs and maintenance service and as it becomes established, the business plan will be updated to reflect any efficiencies that the new service can make.

There are still some uncertainties due to government legislation which may have a significant impact on the long term health of the financial plan. These are listed below:

- The Welfare Reform and Work Act 2016 continues to be implemented with the reduction of the benefit cap to £20,000 per annum during 2016/17, the single room rates extended to people under 35, the roll out of Universal Credit in 2017 and the reduction in tax credits implemented from October 2017. These reforms are expected to affect many tenants' ability to pay their rent. A review of the current arrears means there is no requirement to increase the budget for the bad debt provision for 2021/22. However, it continues to be difficult to accurately predict to what extent this will impact on HRA resources longer term and will be kept under review.

- Uncertainty of future rent policy. Even though there has been an announcement to allow increases in rents of CPI plus 1% for five years, any future rent policy may reduce or freeze rent increases.
- Any additional investment requirements arising from the proposed Building Safety law and the and the Social Housing white paper “The charter for social housing residents” and the included government review of the Decent Homes Standard.
- The implications of the Social Housing white paper and what this means for the long term investment in the HRA’s stock, management services and wider estates work.

30 Year Forecast – Assumptions

The 30 year financial forecast has been developed based on the following assumptions:

- A general inflation of CPI assumed as an average of 1.8% for years 1 to 30. Applied to the majority of costs and income in the HRA, with the only exceptions being the repairs and maintenance costs and capital investment programme which assumed to increase by the RPI rate.
- A general inflation of RPI assumed as an average of 2.6% for years 1 to 30.
- The forecast includes the council’s commitment to deliver a minimum of 800 new affordable homes. A pipeline for the delivery of new affordable homes has been developed that exceeds the 800 homes target over a 5 year period. The investment for this is £277.546m, based on current cost rates. The delivery programme utilises current and estimated right-to-buy receipts, commuted sums, potential grant funding and HRA borrowing. There is no further allowance for any future regeneration schemes beyond 2024/25.
- Rents are assumed to increase by CPI+1% for three years and revert to CPI thereafter.

The 30 year financial plan will continue to be updated to reflect the impact of the changes resulting from government legislation and the 2020/21 budget proposals. This will enable a review of future opportunities for additional investment in existing housing stock and building new homes both within the HRA and through alternative delivery models.

| | Years 1-5 | Years 6-10 | Years 11-20 | Years 21-30 | Total |
|--------------------------------|------------------|------------------|------------------|--------------------|--------------------|
| | £'000 | £'000 | £'000 | £'000 | £'000 |
| Expenditure | | | | | |
| Management & Service Costs | 98,811 | 107,428 | 248,837 | 303,196 | 758,272 |
| Repairs and Maintenance | 70,668 | 81,378 | 191,310 | 236,621 | 579,977 |
| Other Costs | 5,609 | 6,031 | 13,962 | 17,019 | 42,621 |
| Borrowing costs | 33,532 | 47,881 | 82,980 | 83,869 | 248,262 |
| Total Expenditure | 208,620 | 242,718 | 537,089 | 640,705 | 1,629,132 |
| Income | | | | | |
| Rental Income | (303,708) | (340,122) | (770,589) | (909,960) | (2,324,379) |
| Service Charges (Tenants) | (20,241) | (21,530) | (49,330) | (58,987) | (150,088) |
| Other Income | (18,756) | (20,903) | (54,284) | (64,246) | (158,189) |
| Total Income | (342,705) | (382,555) | (874,203) | (1,033,193) | (2,632,656) |
| Net Revenue Income | (134,085) | (139,837) | (337,114) | (392,488) | (1,003,524) |
| Capital Expenditure | | | | | |
| Capital Investment programme | 131,683 | 95,927 | 209,463 | 311,956 | 749,029 |
| Development | 277,546 | - | 2,043 | 4,386 | 283,975 |
| Total Expenditure | 409,229 | 95,927 | 211,506 | 316,342 | 1,033,004 |
| Funded By: | | | | | |
| Other Capital Income | (85,575) | - | - | - | (85,575) |
| Borrowing | (195,876) | - | - | - | (195,876) |
| HRA Reserves | - | - | (10,431) | (38,683) | (49,114) |
| Direct Revenue Funding | (127,778) | (95,927) | (201,075) | (277,659) | (702,439) |
| Total Funding | (409,229) | (95,927) | (211,506) | (316,342) | (1,033,004) |
| Opening HRA reserves | (8,466) | (14,584) | (58,494) | (184,102) | (8,466) |
| (To) / From Reserves | (6,118) | (43,910) | (125,608) | (76,146) | (251,782) |
| Cash surplus at year 30 | (14,584) | (58,494) | (184,102) | (260,248) | (260,248) |

| | | | |
|--------------------------|--------------------------------------------------------------|-----------------------------------------|---------------------|
| Subject: | Targeted Budget Management (TBM) 2020/21: Month 9 | | |
| Date of Meeting: | 11 February 2021 | | |
| Report of: | Acting Chief Finance Officer | | |
| Contact Officer: | Name: | Jeff Coates | Tel: 29-2364 |
| | Email: | Jeff.Coates@brighton-hove.gov.uk | |
| Ward(s) affected: | All | | |

FOR GENERAL RELEASE

1 PURPOSE OF REPORT AND POLICY CONTEXT:

- 1.1 The Targeted Budget Monitoring (TBM) report is a key component of the council's overall performance monitoring and control framework. This report sets out the forecast risks as at Month 9 (December) on the council's revenue and capital budgets for the financial year 2020/21.
- 1.2 As set out in the General Fund Revenue Budget 2020/21 report to Budget Council, £7.825m was provided for in the budget for reinvestment in identified cost and demand pressures across social care and £7.220m for reinvestment in other priority service areas. These sums were expected to meet identified demand-led, cost and income pressures in 2020/21. The council also set aside a risk provision of £0.750m to mitigate potential demand risks and/or any difficulties in delivering savings targets. However, since setting the budget the Coronavirus outbreak has had a severe financial impact on the city and the council for which significant financial support from government has been required. The financial position has been reported through regular financial update reports to Policy & Resources Committee throughout the year. This report provides the latest forecast and includes memorandum information to indicate the element of the forecast attributable to the pandemic.
- 1.3 The latest forecast for 2020/21 as at Month 9 is a £4.812m underspend on the General Fund revenue budget. This includes a forecast underspend of £0.035m on the council's share of the NHS managed Section 75 services. This is a further substantial improvement of £4.842m from Month 7 reflecting underlying improvements in income and expenditure as shown in paragraph 4.4 below.

As noted above, the council set aside a £0.750m risk provision to mitigate risks identified at the time of setting the budget. However, £0.575m of this now needs to be held against the additional costs of the pay award, now confirmed at 2.75%, and the remaining £0.175m has already been released in the forecast outturn position above.
- 1.4 The report also indicates that £3.195m (31%) of the substantial savings package in 2020/21 of £10.291m is at risk. Most of this (£2.555m) is due to pressures arising from Covid-19 for which grant support has been provided.

2 RECOMMENDATIONS:

That the Policy & Resources Committee:

- 2.1 Notes the forecast risk position for the General Fund, which indicates an underspend of £4.812m. This includes an underspend of £0.035m on the council's share of the NHS managed Section 75 services.
- 2.2 Notes the forecast net Collection Fund deficit of £8.530m.
- 2.3 Notes the forecast for the Housing Revenue Account (HRA), which is currently an underspend of £0.583m.
- 2.4 Notes the forecast risk position for the Dedicated Schools Grant which is an underspend of £0.267m.
- 2.5 Notes the forecast outturn position on the capital programme which is a forecast underspend of £5.340m.
- 2.6 Agrees to pause the disposal of non-core assets intended for the Stanmer Traditional Agricultural Buildings scheme pending the outcome of the City Downland Estate Plan (CDEP) as set out at paragraph 9.4

3 CONTEXT/ BACKGROUND INFORMATION

Targeted Budget Management (TBM) Reporting Framework

- 3.1 The TBM framework focuses on identifying and managing financial risks on a regular basis throughout the year. This is applied at all levels of the organisation from Budget Managers through to Policy & Resources Committee. Services monitor their TBM position on a monthly or quarterly basis depending on the size, complexity or risks apparent within a budget area. TBM therefore operates on a risk-based approach, paying particular attention to mitigation of growing cost pressures, demands or overspending through effective financial recovery planning together with more regular monitoring of high risk demand-led areas as detailed below.
- 3.2 The TBM report is normally split into the following sections:
 - i) General Fund Revenue Budget Performance
 - ii) Housing Revenue Account (HRA) Performance
 - iii) Dedicated Schools Grant (DSG) Performance
 - iv) NHS Controlled S75 Partnership Performance
 - v) Capital Investment Programme Performance
 - vi) Capital Programme Changes
 - vii) Implications for the Medium Term Financial Strategy (MTFS)
 - viii) Comments of the Chief Finance Officer (statutory S151 officer)

4 General Fund Revenue Budget Performance (Appendix 4)

- 4.1 The General Fund includes general council services, corporately-held budgets and central support services. Corporate Budgets include centrally held provisions and budgets (e.g. insurance). Note that General Fund services are accounted for separately to the Housing Revenue Account (Council Housing). Note also that although part of the General Fund, financial information for the Dedicated Schools Grant is shown separately as this is ring-fenced to education provision (i.e. Schools).
- 4.2 The table below shows the forecast outturn for council-controlled revenue budgets within the General Fund. These are budgets under the direct control and management of the Executive Leadership Team. More detailed explanation of the variances can be found in Appendix 4. Please note that the 'COVID Variance' column is a memorandum-only column identifying the extent of the 'Forecast Variance' attributable to the pandemic.

| Forecast Variance Month 7 £'000 | Directorate | 2020/21 Budget Month 9 £'000 | Forecast Outturn Month 9 £'000 | Forecast Variance Month 9 £'000 | COVID Variance Month 9 £'000 | Forecast Variance Month 9 % |
|------------------------------------|---------------------------------------|---------------------------------|-----------------------------------|------------------------------------|---------------------------------|--------------------------------|
| 1,367 | Families, Children & Learning | 92,812 | 93,577 | 765 | 2,705 | 0.8% |
| 8,504 | Health & Adult Social Care | 64,820 | 70,935 | 6,115 | 7,526 | 9.4% |
| 8,245 | Economy, Environment & Culture | 39,841 | 47,671 | 7,830 | 11,984 | 19.7% |
| 5,151 | Housing, Neighbourhoods & Communities | 16,669 | 18,210 | 1,541 | 1,792 | 9.2% |
| 1,264 | Finance & Resources | 20,970 | 22,022 | 1,052 | 236 | 5.0% |
| 165 | Strategy, Governance & Law | 5,450 | 5,599 | 149 | 423 | 2.7% |
| 24,696 | Sub Total | 240,562 | 258,014 | 17,452 | 24,666 | 7.3% |
| (4,222) | Corporately-held Budgets | (8,204) | (9,424) | (1,220) | 319 | -14.9% |
| 2,800 | Corporate PPE Costs | 0 | 2,200 | 2,200 | 2,200 | 0.0% |
| (23,244) | Covid 19 Grant | 0 | (23,244) | (23,244) | (23,244) | 0.0% |
| 30 | Total General Fund | 232,358 | 227,546 | (4,812) | 3,941 | -2.1% |
| 11,818 | Collection Fund Deficit * | | | 8,530 | | |
| 11,848 | Total Forecast Deficit | | | 3,718 | | |

* The government will provide 75% grant funding support for the Collection Fund deficit and will allow the remaining deficit to be spread over 3 years.

- 4.3 The position above shows an overall improvement compared with TBM Month 7 of £4.842m together with an improvement of £3.288m in the Collection Fund deficit projection following a review of the tax bases. The TBM improvement arises from a mixture of improved expenditure forecasts and an improvement in the overall income forecasts including Sales, Fees & Charges compensation grant. This shows a net reportable deficit of £3.718m in 2020/21.
- 4.4 The Budget Update report to the July committee meeting took the TBM Month 2 forecast and looked at possible scenarios for the remainder of the financial year. Officers' best estimate of the position was set out in the 'Moderate View' scenario which started with the TBM Month 2 forecast as the base position. The table below compares the 'Moderate View' scenario reported to committee in July with an updated position as at Month 9.

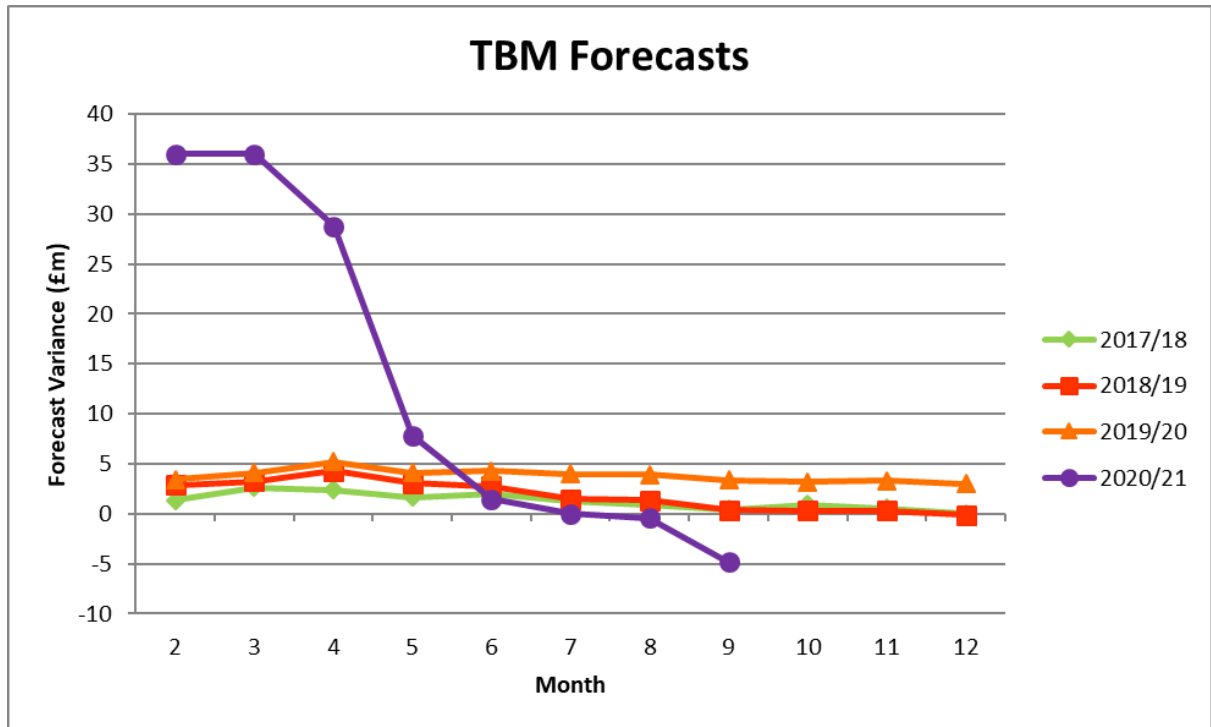
| Updated Scenario (Moderate View) | Moderate View Forecast (July P&R) (£m) | TBM Month 9 Forecast (£m) | Difference Better (-) Worse (+) (£m) |
|-------------------------------------------|----------------------------------------|---------------------------|--------------------------------------|
| Base position: TBM Forecast Month 2 (May) | 36.003 | 36.003 | 0 |

| | | | |
|-----------------------------------------------|---------------|---------------|----------------|
| Improvement due to speed of recovery (Income) | -5.000 | -9.479 | -4.479 |
| Further Mitigations (i.e. cost improvements) | -3.000 | -8.678 | -5.678 |
| Continued Capital Programme pause | -0.500 | -0.492 | +0.008 |
| Further government COVID-19 funding | -10.000 | -22.166 | -12.166 |
| Revised Outturn Overspend 2020/21 | 17.503 | -4.812 | -22.315 |
| Forecast Collection Fund Deficit 2020/21 | 10.000 | 8.530 | -1.470 |
| Total Projected Deficit 2020/21 | 27.503 | 3.718 | -23.785 |

This table is provided to aid understanding of movements since July. The final column shows that there have been improvements in income, costs and grant forecasts resulting from the following:

- Improved income performance due to the busier than expected summer together with the Sales, Fees & Charges compensation grant. Later lockdowns have also not had the same breadth of impact on economic activity;
- Significant additional NHS income for discharge-to-assess care placements which is reflected in the Health & Adult Social Care forecast;
- Improved costs through effective financial management across the board including, significantly, a reduced forecast of PPE costs of £0.561m, and a reduced capital financing forecast of £0.466m due to reported delays to capital scheme which therefore reduces the Minimum Revenue Provision requirement;
- Substantial additional funding support from government for Emergency Response costs (i.e. excluding income losses) and outbreak containment which was £12.166m higher than estimated in July;
- An improved Collection Fund forecast due to a stabilisation of Council Tax Reduction claimants and a lower than expected impact on in-year collection performance.

4.5 The chart below shows the monthly forecast variances for 2020/21 and the previous three years for comparative purposes, however, the impact of the pandemic clearly makes comparisons difficult as this financial year has a very unusual forecast profile.

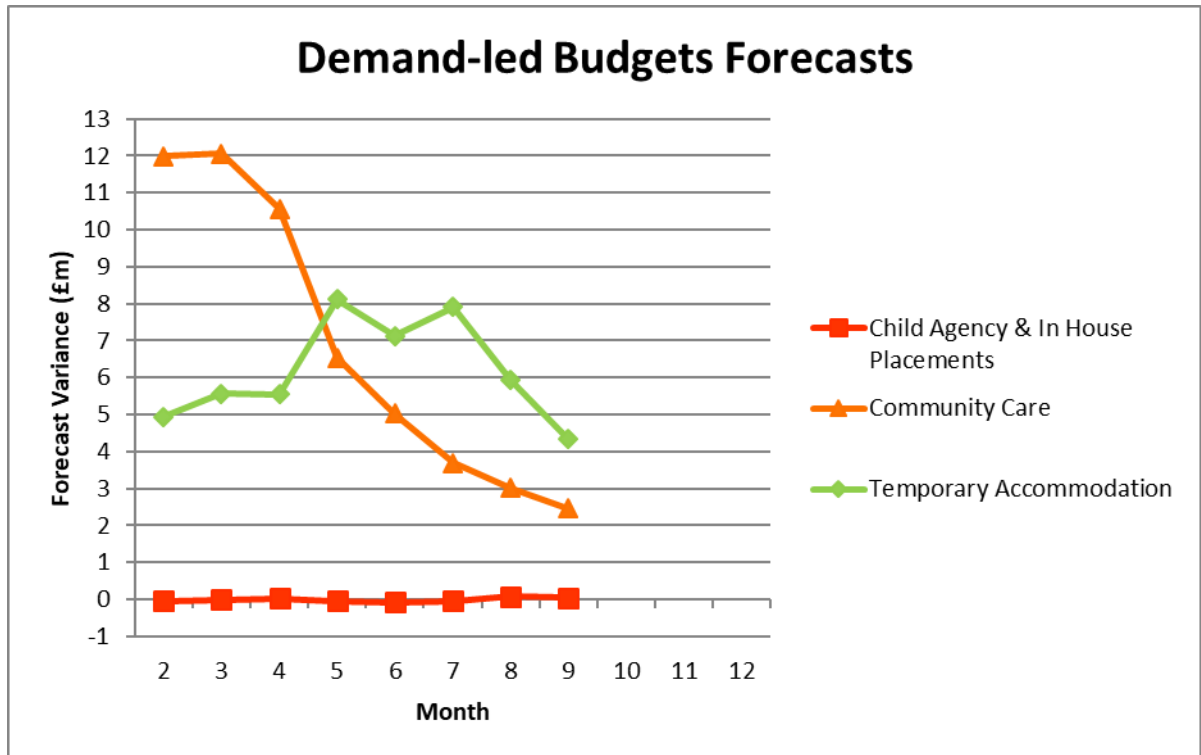


Demand-led Budgets

- 4.6 There are a number of budgets that carry potentially higher financial risks and therefore could have a material impact on the council's overall financial position. These are budgets of corporate significance where demand or activity is difficult to predict and where relatively small changes in demand can have significant implications for the council's budget strategy. These can include income related budgets. These therefore undergo more frequent and detailed analysis.

| Forecast Variance Month 7 £'000 | Demand-led Budget | 2020/21 Budget Month 9 £'000 | Forecast Outturn Month 9 £'000 | Forecast Variance Month 9 £'000 | COVID Variance Month 9 £'000 | Forecast Variance Month 9 % |
|---------------------------------|------------------------------------|------------------------------|--------------------------------|---------------------------------|------------------------------|-----------------------------|
| (48) | Child Agency & In House Placements | 21,997 | 22,043 | 46 | 438 | 0.2% |
| 3,694 | Community Care | 70,775 | 73,242 | 2,467 | 2,549 | 3.5% |
| 7,904 | Temporary Accommodation | 3,253 | 7,586 | 4,333 | 5,391 | 133.2% |
| 11,550 | Total Demand-led Budget | 96,025 | 102,871 | 6,846 | 8,378 | 7.1% |

The chart below shows the monthly forecast variances on the demand-led budgets for 2020/21.



It should be noted that the Community Care trend is not a reflection of underlying trends in activity which have remained significantly higher than budgeted. The line has fallen primarily due to substantial NHS income being received during the year in respect of hospital Discharge-to-Assess placements of which approximately £8m is expected to be received in total.

TBM Focus Areas

The main pressures identified at Month 7 are across parts of Families, Children & Learning, Health & Adult Social Care, Homelessness, Transport and Culture, Tourism & Sport. Information about these pressures and measures to mitigate them are summarised below:

- 4.7 **Families, Children & Learning:** The current projected position identifies potentially significant cost pressures: £1.558m on Services for Children with Disabilities; £0.429m on services for Adults with Learning Disabilities and £0.891m on Home to School Transport. However, there is a forecast underspend on Children in Care placements of (£1.175m) together with other favourable variances of (£0.938m) This results in a forecast £0.765m overspend as at Month 9. An estimated £2.705m of the forecast spend relates to Covid-19 – this is a combination of loss of income, impact on savings targets and additional expenditure given the need to mitigate health risks posed by Covid-19. Work will continue in implementing financial recovery plans, but it is anticipated that demand for statutory social care services will increase as families exit lock down. This could put additional demand on budgets.

The projected position for the Dedicated Schools Grant is an underspend of £0.267m. This is largely due to some significant overspends in the high needs block, most significantly mainstream school's top-up funding £0.223m and education agency placements £0.392m. These pressures are offset by an underspend in the early years block mainly due to lower spring term free entitlement levels and one-off changes to the apportionment of costs between education and children's social care budgets.

- 4.8 **Adults Services:** The service is facing significant challenges in 2020/21 in mitigating the risks arising from increasing demands from client needs, supporting more people

to be discharged from hospital when they are ready and maintaining a resilient local provider market. This is alongside supporting vulnerable clients during the coronavirus pandemic, delivering a significant financial recovery plan and developing integration plans through the Better Care Fund.

- Service pressure funding of £3.900m, including Better Care and Winter Pressure funding, has been applied in 2020/21 and used to fund budget pressures resulting from the increased demands and complexity in the city. However, £1.550m was needed to backfill the reduction in CCG funding contributions. Over the last two years there has been an overall £3.750m reduction in CCG funding due to pressures on local NHS budgets, however, this has all been borne by the HASC budget although CCG funding also relates to services in other directorates.
- At this stage, £2.962m of the total financial recovery plan of £4.387m is forecast as unachievable in this financial year. This is predominantly due to Covid-19.
- Overall, HASC is forecasting to overspend by £6.115m in 2020/21 which clearly indicates the scale of the current challenges. This is net of £7.8m NHS funding. Actions are focused on attempting to manage demands on and costs of community care placements across Assessment Services and making the most efficient use of available funds. The majority of the forecast overspend is a result of:
 - Covid-19 related spend £7.632m, largely funded by NHS contributions;
 - Unfunded element of cumulative CCG funding reductions of £0.361m;
 - £0.500m due to System control issues following the implementation of new software in April 2018, which have been identified and are being addressed.
- The HASC directorate has a Modernisation Programme which aims to implement a consistent strengths-based approach across key work streams, ensuring robust pathways are in place, developing a community reablement offer and re-designing the front door service. Currently the Health & Social Care system is under considerable pressure and this is generating additional costs for the council due to:
 - Pressures on NHS budgets resulting in reduced funding contributions from the CCG;
 - Significant pressures on the acute hospital resulting in increased costs to support timely discharge into residential and nursing home care;
 - Ongoing transformation of GP practices and enhancement of their clinical screening and general medical services which contribute to preventative support;
 - Pressures on NHS outreach and other preventative services including community nursing (known as Integrated Primary Care Teams);
 - There is also focus nationally on improving rates of hospital discharge in order to accommodate winter pressures.

The funding of all care packages is scrutinised for Value for Money, ensuring that eligible needs are met in the most cost-effective manner which will not always meet people's aspirations. Established safeguards are in place to provide assurance within this process.

- 4.9 **Housing Services and Temporary Accommodation (TA):** is now forecast to overspend by £2.372m with a further overspend of £1.961m for housing of rough sleepers to 31 March 2021, totalling £4.333m. However, the report details financial recovery measures of £3.050m using Flexible Homelessness Support Grant (FHSG) and collecting Housing Benefit from rough sleepers to reduce this overspend to £1.283m. This is a reduced level of overspend when compared to a forecast

overspend of £4.954m at month 7, but the reduction is because this is now shown net of the HNC directorate's proportion of the Next Steps Accommodation Programme (NSAP) grant and that there has been a reduction in the forecast level of TA repairs costs, due to the pandemic and lockdown 3. The total overspend of £4.333m has four main elements as follows:

- a pressure of £0.761m arising from the continued higher volumes of TA being required for 'business as usual' (estimated 105 households) due to the continuing local pressures and impact of the Homelessness Reduction Act which introduced a relief duty of 56 days prior to concluding statutory duties that might be owed. The service has seen continued levels of overspending as in 2019/20 on other areas of TA such as income collection which means that £0.350m of savings are unlikely to be met. However, spend on repairs of the council's leased TA properties is now forecast to underspend due to Covid restrictions and this has reduced the forecast spend by £0.750m when compared to the forecast at month 7. This is good news for the spend in 2020/21 but it could represent a budget pressure for 2021/22. The numbers in spot purchase accommodation at the end of 2019/20 were high at over 100 and so, due to the pandemic and the difficulties with moving people on from temporary accommodation, it is assumed that numbers will remain similarly high for the remainder of the year. The budget is set at an average of 36 units of accommodation throughout the year, hence the forecast overspend.
- the number presenting as homeless has then risen sharply between March and September as a result of the pandemic and housing those at risk of rough sleeping as part of the response to the 'everyone in' initiative. This has led to a further forecast overspend of £1.911m. As at the end of December an additional 114 clients were housed over and above the 105 units in spot purchase pushing total units to 219. The number of spot purchase units had reduced during December, however in the first 2 weeks of January the total units increased to 255. The forecast assumes this will continue to increase by a further 10 per month as there are limited move on options at this time.
- forecast underspend of £0.300m relating to the new investment funding for an enhanced level of service for emergency short term accommodation. This assumes the new contract is not in place during 2020/21.
- a further pressure of £1.961m net of grant for the cost of hotel and university accommodation and move on costs for housing rough sleepers to 31 March 2021 as part of the 'everyone in' initiative. The underlying forecast costs of £4.290m are higher by £0.390m compared to month 7 partly due to the recent agreement to continue to house those at risk of rough sleeping and the inability to decant hotels as originally planned. However, the Next Steps Accommodation Programme (NSAP) grant has now been allocated between the HASC and HNC directorates and this forecast now assumes grant of £2.329m for HNC, reducing the net overspend. The service is planning to move all those housed at 30th September in hotels and guest houses into more sustainable accommodation by 31 March 2021 which is a condition of the NSAP grant. However, given the volume of households requiring TA, and the amount of people in spot purchase accommodation and reflecting that the council is currently housing over 300 households outside the city, some hotels will still be required during 2021/22 and the Budget Report, elsewhere on this agenda, includes proposals for this.

Housing is undertaking an overarching Temporary Accommodation 'end to end' Improvement Programme with support resource from Performance & Improvement Team. This work will include considering how to reduce the use and length of stay in

Temporary Accommodation and be linked to improving homeless prevention and enabling move on to more sustainable accommodation. The review will also include an assessment of void turnaround processes, income collection and repairs.

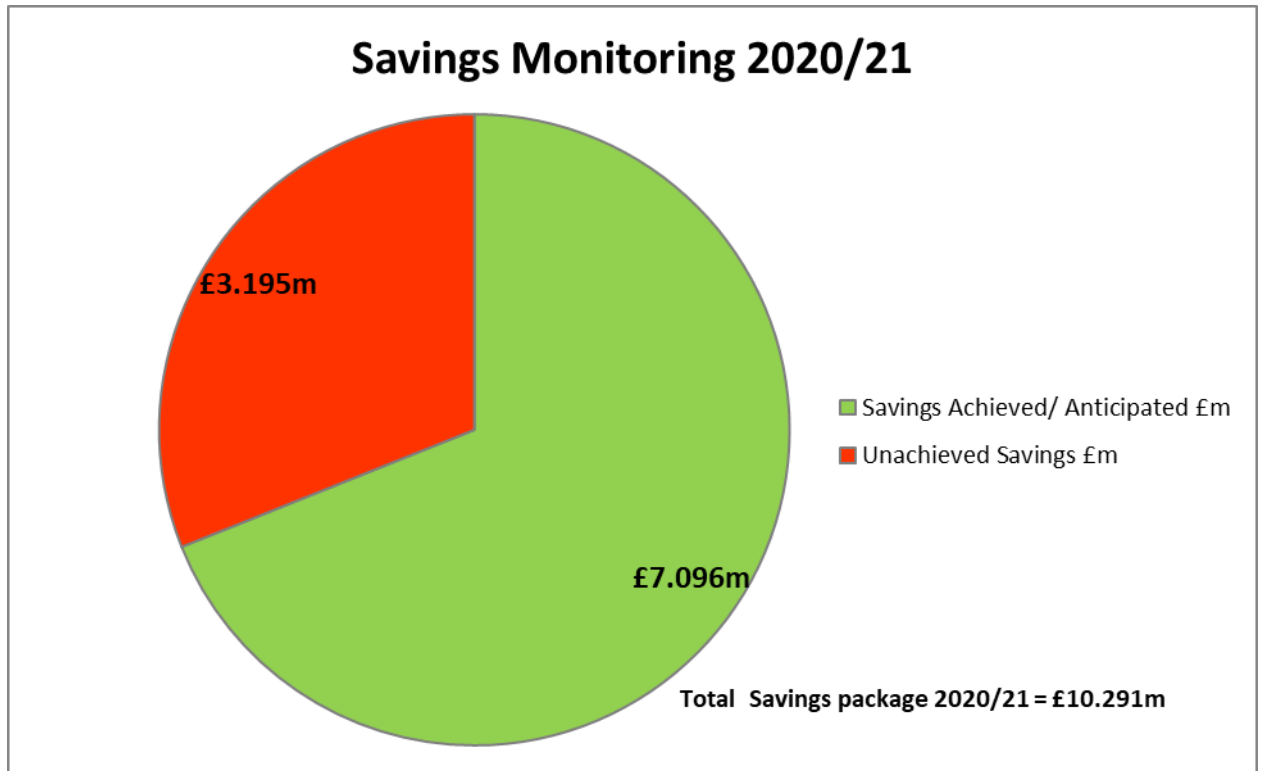
- 4.10 **Environment, Economy & Culture:** The Directorate has substantial income budgets for parking, planning and venues and for the council's commercial property portfolio, all of which are dependent on visitor numbers and commercial activity. There is also a challenging additional income target for Parking Services of £3.800m for 2020/21. These activities and services have been heavily impacted by the Covid-19 lockdown and the forecast is for significant income shortfalls compared to budget for 2020/21 in all these areas.

Month 9 has seen a significant deterioration in the directorate's forecast outturn mainly the result of the impact of the latest lockdown on parking income forecasts. After forecast Sales, Fees and Charges grant, this loss is more than offset by new income for the Brighton Centre (rental for use as a vaccination centre).

The overall position (including the latest forecasts for Sales, Fees and Charges grant income) has seen the forecast overspend reduce by £0.415m between Month 7 and Month 9 (£8.245m to £7.830m).

Monitoring Savings

- 4.11 The savings package approved by full Council to support the revenue budget position in 2020/21 was £10.291m following directly on from a £12.236m savings package in 2019/20. This is very significant and follows 8 years of substantial packages totalling over £142m that have been necessary to enable cost and demand increases to be funded alongside managing reductions in central government grant funding.
- 4.12 Appendix 4 provides a summary of savings in each directorate and indicates in total what is anticipated/achieved or is at risk. Appendix 5 summarises the position across all directorates and presents the entire savings programme. The graph below provides a summary of the latest position and indicates that £3.195m (31%) is currently at risk. Of this £2.555m is in respect of pressures relating to Covid-19. Mitigation of these risks will be included in the development of services' financial recovery actions as far as possible.



5 Housing Revenue Account Performance (Appendix 4)

5.1 The Housing Revenue Account is a separate ring-fenced account within the General Fund that covers income and expenditure related to the management and operation of the council's housing stock. Expenditure is generally funded by Council Tenants' rents and housing benefits. The forecast outturn is currently an underspend of £0.583m and more details are provided in Appendix 4. Underspends are added to HRA reserves to support future HRA service and/or capital investment.

6 Dedicated Schools Grant Performance (Appendix 4)

6.1 The Dedicated Schools Grant (DSG) is a ring-fenced grant within the General Fund which can only be used to fund expenditure on the schools budget. The schools budget includes elements for a range of services provided on an authority-wide basis including Early Years education provided by the Private, Voluntary and Independent (PVI) sector, and the Individual Schools Budget (ISB) which is divided into a budget share for each maintained school. The forecast outturn is an underspend of £0.267m and more details are provided in Appendix 4. Under the Schools Finance Regulations any underspend or overspend must be carried forward within the schools budget.

7 NHS Managed S75 Partnership Performance (Appendix 4)

7.1 The NHS Trust-managed Section 75 Services represent those services for which local NHS Trusts act as the Host Provider under Section 75 Agreements. Services are managed by Sussex Partnership Foundation Trust (SPFT) and include health and social care services for Adult Mental Health and Memory and Cognitive Support Services.

7.2 This partnership is subject to separate annual risk-sharing arrangements and the monitoring of financial performance is the responsibility of the respective host NHS Trust provider. Risk-sharing arrangements result in financial implications for the council where a partnership is underspent or overspent at year-end and hence the performance of the partnership is included within the forecast outturn for the Health &

Adult Social Care directorate. An underspend of £0.035m is currently forecast and more details are provided in Appendix 4.

8 Capital Programme Performance and Changes

8.1 The table below provides a summary of capital programme performance by Directorate and shows that there is a forecast underspend of £5.340m at this stage.

| Forecast Variance Month 7 £'000 | Directorate | Reported Budget Month 9 £'000 | Forecast Outturn Month 9 £'000 | Forecast Variance Month 9 £'000 | Forecast Variance Month 9 % |
|------------------------------------|---------------------------------------|----------------------------------|-----------------------------------|------------------------------------|--------------------------------|
| 0 | Families, Children & Learning | 11,453 | 11,453 | 0 | 0.0% |
| 0 | Health & Adult Social Care | 693 | 693 | 0 | 0.0% |
| 0 | Economy, Environment & Culture | 70,300 | 70,310 | 10 | 0.0% |
| 0 | Housing, Neighbourhoods & Communities | 2,597 | 2,597 | 0 | 0.0% |
| (2,417) | Housing Revenue Account | 51,222 | 46,094 | (5,128) | -10.0% |
| 0 | Finance & Resources | 3,395 | 3,173 | (222) | -6.5% |
| 0 | Strategy, Governance & Law | 1,347 | 1,347 | 0 | 0.0% |
| (2,417) | Total Capital | 141,005 | 135,665 | (5,340) | -3.8% |

8.2 Appendix 6 shows the changes to the capital budget and Appendix 7 provides details of new schemes for 2020/21 to be added to the capital programme which are included in the budget figures above. Policy & Resources Committee's approval for these changes is required under the council's Financial Regulations. The following table shows the movement in the capital budget since approval at Budget Council.

| Summary of Capital Budget Movement | Reported Budget Month 9 £'000 |
|------------------------------------------------------------|----------------------------------|
| Budget approved as at previous TBM month 7 | 167,104 |
| Changes reported at other committees and already approved | 7,441 |
| New schemes to be approved in this report (see Appendix 5) | 528 |
| Variations to budget (to be approved) | (148) |
| Reprofiling of budget (to be approved) | (33,920) |
| Slippage (to be approved) | 0 |
| Total Capital | 141,005 |

8.3 Appendix 6 would also normally provide details of any slippage into next year. However, due to the impact of the pandemic programme managers have made estimates of necessary reprofiling of schemes which it would not be appropriate to describe as normal slippage. The level of reprofile requests is therefore much higher than normal and could increase further due to the current lockdown.

9 Implications for the Medium Term Financial Strategy (MTFS)

9.1 The council's MTFS sets out resource assumptions and projections over a longer term. It is periodically updated including a major annual update which is included in the annual revenue budget report to Policy & Resources Committee and full Council. This section highlights any potential implications for the current MTFS arising from in-year

TBM monitoring above and details any changes to financial risks together with any impact on associated risk provisions, reserves and contingencies. Details of Capital Receipts and Collection Fund performance are also given below because of their potential impact on one-off or future resources.

Capital Receipts Performance

- 9.2 Capital receipts are used to support the capital programme. Any changes to the level of receipts during the year will impact on future years' capital programmes and may impact on the level of future investment for corporate funds and projects such as the Strategic Investment Fund, Modernisation Fund, Asset Management Fund and the Information, Technology and Digital Investment Fund. The planned profile of capital receipts for 2020/21, as at Month 9, is £10.962m which includes significant receipts expected from the land transferring to the Housing Joint Venture, a number of lease extensions, and property sales identified to support Stanmer redevelopment (however, see paragraph 9.4 below). To date there have been receipts of £2.422m in relation to the disposal of Oxford Street Car Park, 8 Greenways Cottages at Ovingdean, the overage settlement for the Shoreham Airport, a deed of variation for Brighton Marina, some small leases and some minor loan repayments. The capital receipts performance will be monitored over the coming months against capital commitments.
- 9.3 The forecast for the 'right to buy sales' in 2020/21 (after allowable costs, repayment of housing debt and forecast receipt to central government) is that an estimated 30 to 40 homes will be sold with a maximum useable receipt of £0.515m to fund the corporate capital programme and net retained receipt of up to £4.000m available to re-invest in replacement homes. To date 17 homes have been sold in 2020/21.
- 9.4 In relation to disposals to support the Stanmer Traditional Agricultural Buildings project, further to consideration at the member Asset Management Board regarding the disposal of non-core agricultural assets to support the scheme, it is proposed to pause the disposal of non-core assets (including Bellview Cottages) pending:
- i) the outcome of the consultation on the future of the Downland estate and the plans for its future management (since some of these buildings may be needed to facilitate future plans) to be reported to Policy & Resources Committee; and
 - ii) should the receipts not be required in whole or in part, to give consideration of disposal of assets to the HRA or a social housing provider, recognising the acute housing need in the city.

Collection Fund Performance

- 9.5 The Collection Fund is a separate account for transactions in relation to council tax and business rates. Any deficit or surplus forecast on the collection fund relating to council tax is distributed between the council, Sussex Police and Crime Commissioner and East Sussex Fire Authority, whereas any forecast deficit or surplus relating to business rates is shared between the council, East Sussex Fire Authority and the government.
- 9.6 The council tax collection fund is forecast to be in deficit by £5.902m of which £5.372m relates to the current year equating to 3.0% of the budgeted income and £0.530m from the deficit brought forward.
- 9.7 The main contributors to the deficit are forecast losses in collection of £1.635m relating to both the current year and the collection of arrears, increased Council Tax Reduction (CTR) awards of £2.120m, continuing increases in Severely Mentally Ill (SMI) exemptions (including backdated elements) of £0.450m, and shortfalls in liability in part due to less properties being added to the valuation list at £0.690m. In addition, there are higher than forecast awards of other discounts totalling £0.520m (includes

Single Person Discounts and disregards for students and SMI claimants). The council's share of the overall forecast council tax deficit is £5.010m.

- 9.8 The business rates collection fund is forecast to be in deficit by £7.184m. This is based on the estimated impact of COVID-19 on reduced collection of business rates income and potential business failures equating to 5% of the original net rates payable and increased empty property relief. The council's 49% share of the deficit is £3.520m.
- 9.9 The combined collection fund deficit of £8.530m will be spread over three years and partially offset partly by government funding (at 75%). The one-off resources to meet the first year of the residual deficit will form part of the consideration of one-off resources required in setting the 2021/22 budget, including consideration of internally borrowing from reserves to financially smooth any impact.

Reserves, Budget Transfers and Commitments

- 9.10 The creation of reserves, the approval of budget transfers (virements) of over £0.250m, and agreement to new financial commitments of corporate financial significance that are not provided for in the council's approved Budget and Policy Framework require Policy & Resources Committee approval in accordance with the council's Financial Regulations and Standard Financial Procedures. There are no items requiring approval at this time.

10 ANALYSIS & CONSIDERATION OF ANY ALTERNATIVE OPTIONS

- 10.1 The provisional outturn position on the General Fund is an underspend of £4.812m. This includes a forecast underspend of £0.035m on the council's share of the NHS managed Section 75 services. Together with a forecast deficit on the Collection Fund of £8.530m, this indicates a current net deficit of £3.718m. However, this is before applying the government's 75% funding for Collection Fund deficits.
- 10.2 The forecast underspend can be utilised to support any one-off resource requirements in 2021/22 including cover for any identified one-off costs (e.g. 2021/22 Covid-19 one-off costs) or proposed one-off investments as well as contributing to the residual Collection Fund deficit. One-off resource requirements will be set out in detail in the General Fund budget report to the February Policy & Resources Committee and will consider and requirement for internally borrowing from reserves (financial smoothing) to manage any outstanding one-off resource shortfall.
- 10.3 Any worsening of the forecast by the end of the financial year compared to that assumed in setting the 2021/22 budget would normally need to be funded from general reserves and balances, which would then need to be replenished to ensure that the working balance did not remain below the recommended level of £9.000m.

11 COMMUNITY ENGAGEMENT & CONSULTATION

- 11.1 No specific consultation has been undertaken in relation to this report.

12 CONCLUSION AND COMMENTS OF THE CHIEF FINANCE OFFICER (S151 OFFICER)

- 12.1 The forecast underspend at Month 9 shows a significant improvement and now indicates a substantial underspend for 2020/21 on directorate services and an improved Collection Fund deficit. This is a favourable position given the very significant forecast deficits estimated early in the financial year following the first lockdown. The receipt of very significant government grant support is an important factor but the forecast underspend on services has also been contributed to through proactive action taken on costs and income during the year, including the pursuit of furlough claims wherever possible.

12.2 Financial management action started early in the year in response to potential financial risks as announcements of government funding were uncertain and only came through over a period of many months, often in tranches and often with uncertainty regarding grant conditions, particularly regarding the Sales, Fees & Charges compensation grant. This proactive action has stood the authority in good stead and means that it has now achieved an underspend that can help to support the 2021/22 budget, which can include support for one-off priority investments and contribute to meeting estimated one-off Covid-19 shortfalls, including the residual Collection Fund deficit.

13 FINANCIAL AND OTHER IMPLICATIONS

Financial Implications:

13.1 The financial implications are covered in the main body of the report. Financial performance is kept under review on a monthly basis by the Executive Leadership Team and the management and treatment of forecast risks is considered by the Audit & Standards Committee as part of its review of strategic risks.

Finance Officer Consulted: Jeff Coates Date: 25th January 2021

Legal Implications:

13.2 Decisions taken in relation to the capital and revenue budget must enable the council to observe its legal duty to achieve best value by securing continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. The council must also comply with its general fiduciary duties to its Council Taxpayers by acting with financial prudence, and bear in mind the reserve powers of the Secretary of State under the Local Government Act 1999 to limit Council Tax & precepts.

Lawyer Consulted: Elizabeth Culbert Date: 29th January 2021

Equalities Implications:

13.3 There are no direct equalities implications arising from this report.

Sustainability Implications:

13.4 Although there are no direct sustainability implications arising from this report, the council's financial position is an important aspect of its ability to meet council priorities. In addition, the council's response to managing the impact of the pandemic will be important to demonstrate that in a worst case scenario, it has plans to manage the financial impact and maintain its longer term financial resilience and sustainability.

Risk and Opportunity Management Implications:

13.5 The council's revenue budget and Medium Term Financial Strategy contain risk provisions to accommodate emergency spending, even out cash flow movements and/or meet exceptional items. The council maintains a recommended minimum working balance of £9.000m to mitigate these risks. The council also maintains other general and earmarked reserves and contingencies to cover specific project or contractual risks and commitments. However, current reserves and balances were not set at a level to manage financial shocks of the scale of the pandemic and any depletion of reserves and balances to manage this position will normally require a plan for replenishment in future years.

SUPPORTING DOCUMENTATION

Appendices:

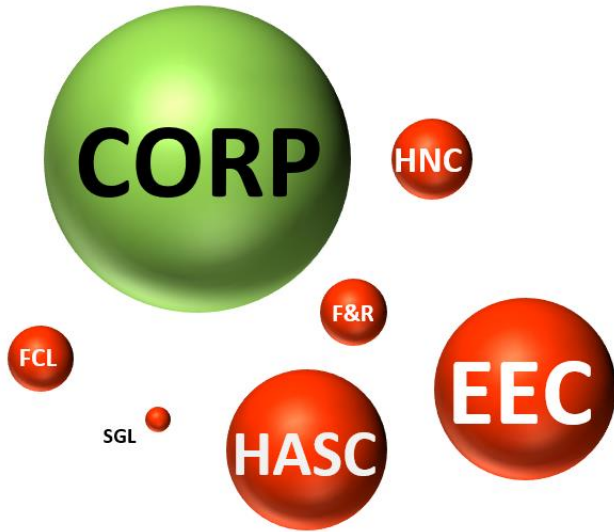
1. Financial Dashboard Summary
2. Revenue Budget Movement Since Month 7
3. Revenue Budget RAG Ratings
4. Revenue Budget Performance
5. Summary of 2020/21 Savings Progress
6. Capital Programme Performance
7. New Capital Schemes

Documents in Members' Rooms:

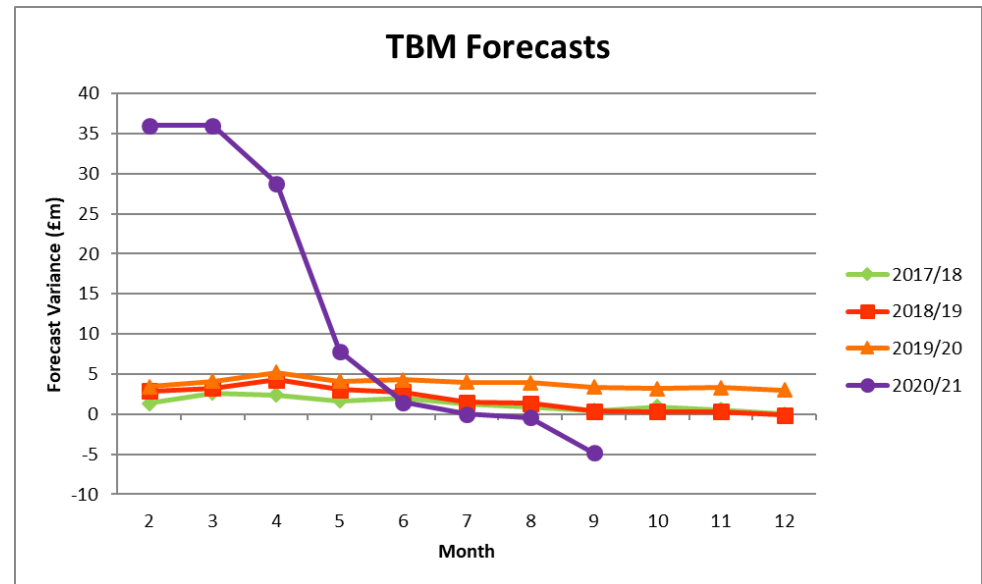
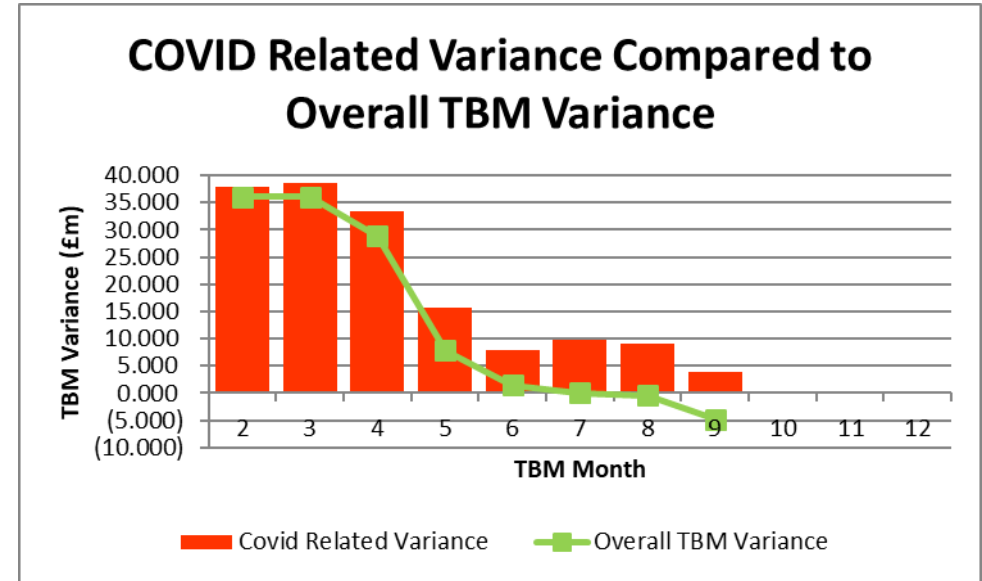
None.

Background Documents:

None.



Red = overspent.
Green = Underspent.
Size of bubble indicates scale of under or overspend.
If a directorate is not shown then a break even position is forecast.

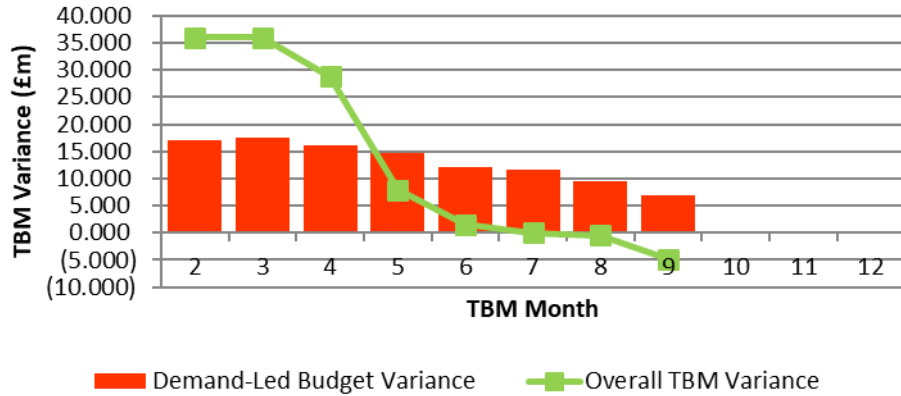


Direction of Travel

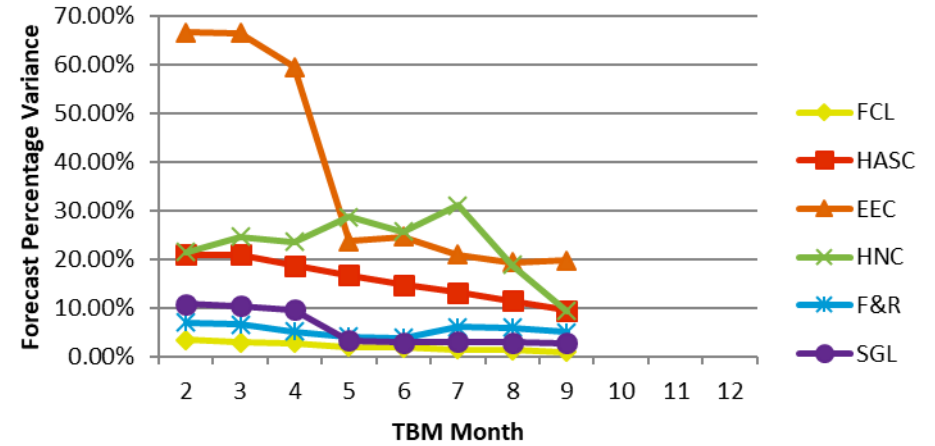
| Directorate/Fund | Forecast Variance Month 9 | Forecast Variance Month 9 | Change From Month 7 | RAG Rating Month 9 |
|---------------------------------------|---------------------------|---------------------------|---------------------|--------------------|
| | £'000 | % | | |
| General Fund Services: | | | | |
| Families, Children & Learning | 765 | 0.8% | ↑ | Red |
| Health & Adult Social Care | 6,115 | 9.4% | ↑ | Red |
| Economy, Environment & Culture | 7,830 | 19.7% | ↑ | Red |
| Housing, Neighbourhoods & Communities | 1,541 | 9.2% | ↑ | Red |
| Finance & Resources | 1,052 | 5.0% | ↑ | Red |
| Strategy, Governance & Law | 149 | 2.7% | ↑ | Amber |
| Corporately-held Budgets | (22,264) | -271.4% | ↓ | Green |
| Total General Fund | (4,812) | -2.1% | ↑ | Green |
| Dedicated Schools Grant (DSG) | (267) | -38.0% | ↑ | Green |
| Housing Revenue Account | (583) | -14.9% | ↓ | Green |

↑ = Improving position, ↓ = Worsening position

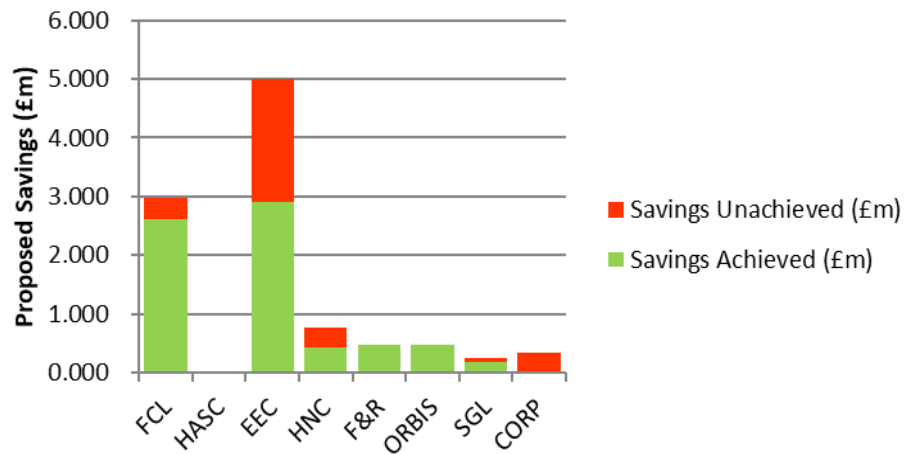
Demand-Led Variance Compared to Overall TBM Variance



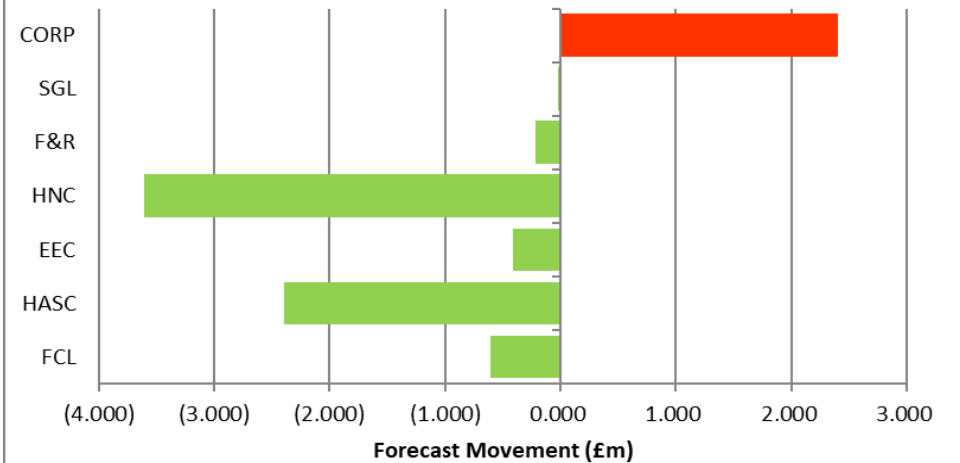
Forecast Percentage Variance



Savings Monitoring



TBM Forecast Movement Month 7 to Month 9



Appendix 2 – Revenue Budget Movement Since Month 7

| Service | Forecast Variance Month 7 £'000 | Forecast Variance Month 9 £'000 | Movement £'000 | COVID Movement £'000 | Explanation of Main Movements |
|------------------------------------------------|------------------------------------|------------------------------------|-------------------|-------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Director of Families, Children & Learning | (1) | (11) | (10) | 0 | |
| Health, SEN & Disability Services | 1,966 | 1,987 | 21 | 0 | |
| Education & Skills | 1,014 | 867 | (147) | 0 | Mainly relates to Home to School Transport |
| Children's Safeguarding & Care | (1,616) | (2,049) | (433) | 0 | Increasing Asylum Seeker grant funding, ongoing social work vacancies and improvements in assumptions on secure placements. |
| Quality Assurance & Performance | 4 | (29) | (33) | 0 | |
| Further Financial Recovery Measures | 0 | 0 | 0 | 0 | |
| Total Families, Children & Learning | 1,367 | 765 | (602) | 0 | |
| Adult Social Care | 3,443 | 2,681 | (762) | (2,777) | Reduction in ongoing Covid-19 costs following long-term reviews and transition from NHS funding |
| S75 Sussex Partnership Foundation Trust (SPFT) | 313 | (35) | (348) | (1,286) | Reduction in ongoing Covid-19 costs following long-term reviews and transition from NHS funding |
| Integrated Commissioning | 4,748 | 3,469 | (1,279) | (1,834) | Reflects allocation of MHCLG Next Steps Accommodation Programme (NSAP) grant (Covid-19). |
| Public Health | 0 | 0 | 0 | 23 | |
| Further Financial Recovery Measures | 0 | 0 | 0 | (84) | Further financial recovery measures realised. |
| Total Health & Adult Social Care | 8,504 | 6,115 | (2,389) | (5,958) | |
| Transport | 4,588 | 5,199 | 611 | 583 | £0.5m of the increase in the net overspend is the forecast impact of the latest lockdown on both on and off street parking income. The forecast assumes that the substantial reduction in seen in early January continues for the rest of 2020/21. This is after the reclaim of Sales, Fees and Charge grant. The balance is a range of smaller net changes in the outturn forecasts for the rest of Highways and Transport. |

Appendix 2 – Revenue Budget Movement Since Month 7

| Service | Forecast Variance Month 7 £'000 | Forecast Variance Month 9 £'000 | Movement £'000 | COVID Movement £'000 | Explanation of Main Movements |
|-------------------------------------------------|--------------------------------------------|--------------------------------------------|---------------------------|---------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| City Environmental Management | 700 | 800 | 100 | 500 | The increased forecast outturn of £0.1m is the net result of £0.2m substantially increased operational agency staff costs driven by the latest lockdown (higher levels of sickness and shielding) offset by greater efficiencies (reduced costs) in Fleet and Maintenance (£0.1m). |
| City Development & Regeneration | 36 | (50) | (86) | 9 | Lower than expected salaries costs and costs for Initiatives within Major Projects. There has also been some additional income received from Housing for Building Control work. |
| Culture, Tourism & Sport | 1,671 | 761 | (910) | (384) | Partly due to income to be received (£739k) by Brighton Centre for use as a Vaccination Centre from December to March. There has also been further income received within Venues and Museums for the furlough scheme (£132k) which was not previously included in the forecast. The second lockdown has also caused further reductions in premises costs and casual staff expenditure. The Covid-19 movement is due to a more prudent assumption being made for the Sales, Fees and Charges grant claim. |
| Property | 1,250 | 1,120 | (130) | (220) | The improved forecast is the result of range of forecast movements across Property Services including forecasts for lower utilities costs and service charge reconciliations. |
| Further Financial Recovery Measures | 0 | 0 | 0 | 0 | |
| Total Economy, Environment & Culture | 8,245 | 7,830 | (415) | 488 | |
| Housing General Fund | 7,988 | 4,479 | (3,509) | (3,509) | Reflects the HNC directorate's share of the NSAP Rough Sleeper Grant and revised |

Appendix 2 – Revenue Budget Movement Since Month 7

| Service | Forecast Variance Month 7 £'000 | Forecast Variance Month 9 £'000 | Movement £'000 | COVID Movement £'000 | Explanation of Main Movements |
|--------------------------------------------------------|------------------------------------|------------------------------------|-------------------|-------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | | | costings for compliance with the grant (£3.239m). Other changes include an increase in the forecast cost of hotel accommodation £0.390m; reduction in forecast for Temporary Accommodation (TA) repairs costs (£0.750m), reduced forecast for contribution to TA bad debt provisions (£0.078m); £0.062m for extra homelessness prevention officer costs; and extra net costs of TA including food costs £0.196m. |
| Libraries | 143 | 143 | (0) | 0 | |
| Communities, Equalities & Third Sector | 170 | 169 | (1) | 0 | Minor variances. |
| Safer Communities | 0 | (0) | (0) | 0 | |
| Further Financial Recovery Measures | (3,150) | (3,250) | (100) | (100) | More Housing Benefit from rough sleepers |
| Total Housing, Neighbourhoods & Communities | 5,151 | 1,541 | (3,610) | (3,609) | |
| Finance (Mobo) | (66) | (70) | (4) | 0 | Minor variance. |
| HR & Organisational Development (Mobo) | 119 | 97 | (22) | 0 | Additional grant funding and salary adjustments. |
| IT&D (Mobo) | 0 | 0 | 0 | 0 | |
| Procurement (Mobo) | 0 | 0 | 0 | 0 | |
| Business Operations (Mobo) | 97 | 164 | 67 | 0 | Projected underachievement of staff advertising recharge income (lower activity). |
| Revenues & Benefits (Mobo) | 376 | 254 | (122) | (34) | New Burdens funding, reduced bank charges and Sales, Fees and Charges compensation grant. |
| Housing Benefit Subsidy | 552 | 557 | 5 | 0 | Minor variance. |
| Contribution to Orbis | 186 | 50 | (136) | 0 | New underspends reported in Orbis Partnership. |
| Further Financial Recovery Measures | 0 | 0 | 0 | 0 | |
| Total Finance & Resources | 1,264 | 1,052 | (212) | (34) | |
| Corporate Policy | 0 | 0 | 0 | 0 | |

Appendix 2 – Revenue Budget Movement Since Month 7

| Service | Forecast Variance Month 7 £'000 | Forecast Variance Month 9 £'000 | Movement £'000 | COVID Movement £'000 | Explanation of Main Movements |
|---------------------------------------------|----------------------------------------------------|----------------------------------------------------|---------------------------|-------------------------------------|--------------------------------------------------------------------------------------------------------------------|
| Legal Services | (50) | (115) | (65) | 0 | Reduction in staff cost projection. |
| Democratic & Civic Office Services | 0 | (9) | (9) | 0 | Minor variances. |
| Life Events | 201 | 183 | (18) | 0 | Further income pressures. |
| Performance, Improvement & Programmes | (6) | (6) | 0 | 0 | |
| Communications | 20 | 96 | 76 | 0 | Additional Covid-19 costs for new lockdowns. |
| Further Financial Recovery Measures | 0 | 0 | 0 | 0 | |
| Total Strategy, Governance & Law | 165 | 149 | (16) | 0 | |
| Bulk Insurance Premia | 0 | 0 | 0 | 0 | |
| Capital Financing Costs | (753) | (1,219) | (466) | 0 | Interest receivable from increased balances. |
| Levies & Precepts | 0 | 0 | 0 | 0 | |
| Unallocated Contingency & Risk Provisions | (217) | (217) | 0 | 0 | |
| Unringfenced Grants | (26,712) | (23,283) | 3,429 | 3,429 | Transfer of homelessness and rough sleeper accommodation and support costs grant to Housing and Adult Social Care. |
| Other Corporate Items | 3,016 | 2,455 | (561) | (600) | Reduced forecast spend on PPE. |
| Further Financial Recovery Measures | 0 | 0 | 0 | 0 | |
| Total Corporately-held Budgets | (24,666) | (22,264) | 2,402 | 2,829 | |
| Total General Fund | 30 | (4,812) | (4,842) | (6,284) | |

Appendix 3 – Revenue Budget RAG Ratings

| RAG Rating Key: | RAG for Service Areas | RAG for Directorates ⁽¹⁾ | RAG for General Fund |
|-----------------|------------------------------------------------------------------------------|------------------------------------------------------------------------------|--------------------------------------------------------------------------------|
| Red | Forecast overspend of 5% or more or £0.100m whichever is lower | Forecast overspend of 5% or more or £0.250m whichever is lower | Forecast overspend of 0.5% or more or £1.000m whichever is lower |
| Amber | Forecast overspend of less than 5% of budget or £0.100m, whichever is lower. | Forecast overspend of less than 5% of budget or £0.250m, whichever is lower. | Forecast overspend of less than 0.5% of budget or £1.000m, whichever is lower. |
| Green | Breakeven or forecast underspend | Breakeven or forecast underspend | Breakeven or forecast underspend |

| Service | 2020/21 Budget Month 9 £'000 | Forecast Variance Month 9 £'000 | Forecast Variance Month 9 % | RAG Rating Month 9 |
|--------------------------------------------------------|---------------------------------|------------------------------------|--------------------------------|--------------------|
| Director of Families, Children & Learning | 104 | (11) | -10.6% | Green |
| Health, SEN & Disability Services | 42,545 | 1,987 | 4.7% | Red |
| Education & Skills | 7,831 | 867 | 11.1% | Red |
| Children's Safeguarding & Care | 40,874 | (2,049) | -5.0% | Green |
| Quality Assurance & Performance | 1,458 | (29) | -2.0% | Green |
| Total Families, Children & Learning | 92,812 | 765 | 0.8% | Red |
| Adult Social Care | 35,540 | 2,681 | 7.5% | Red |
| S75 Sussex Partnership Foundation Trust (SPFT) | 18,373 | (35) | -0.2% | Green |
| Integrated Commissioning | 10,503 | 3,469 | 33.0% | Red |
| Public Health | 404 | 0 | 0.0% | Green |
| Total Health & Adult Social Care | 64,820 | 6,115 | 9.4% | Red |
| Transport | (2,652) | 5,199 | 196.0% | Red |
| City Environmental Management | 32,324 | 800 | 2.5% | Red |
| City Development & Regeneration | 3,562 | (50) | -1.4% | Green |
| Culture, Tourism & Sport | 4,565 | 761 | 16.7% | Red |
| Property | 2,042 | 1,120 | 54.8% | Red |
| Total Economy, Environment & Culture | 39,841 | 7,830 | 19.7% | Red |
| Housing General Fund | 6,213 | 1,429 | 23.0% | Red |
| Libraries | 4,786 | (57) | -1.2% | Green |
| Communities, Equalities & Third Sector | 2,953 | 169 | 5.7% | Red |
| Safer Communities | 2,717 | (0) | 0.0% | Green |
| Total Housing, Neighbourhoods & Communities | 16,669 | 1,541 | 9.2% | Red |
| Finance (Mobo) | 273 | (70) | -25.6% | Green |
| HR & Organisational Development (Mobo) | 1,104 | 97 | 8.8% | Red |
| IT&D (Mobo) | 4,427 | 0 | 0.0% | Green |
| Procurement (Mobo) | (254) | 0 | 0.0% | Green |
| Business Operations (Mobo) | (185) | 164 | 88.6% | Red |
| Revenues & Benefits (Mobo) | 5,389 | 254 | 4.7% | Red |
| Housing Benefit Subsidy | (751) | 557 | 74.2% | Red |
| Contribution to Orbis | 10,967 | 50 | 0.5% | Amber |
| Total Finance & Resources | 20,970 | 1,052 | 5.0% | Red |
| Corporate Policy | 647 | 0 | 0.0% | Green |
| Legal Services | 1,555 | (115) | -7.4% | Green |
| Democratic & Civic Office Services | 1,810 | (9) | -0.5% | Green |
| Life Events | 109 | 183 | 167.9% | Red |
| Performance, Improvement & Programmes | 674 | (6) | -0.9% | Green |

Appendix 3 – Revenue Budget RAG Ratings

| Service | 2020/21 Budget Month 9 £'000 | Forecast Variance Month 9 £'000 | Forecast Variance Month 9 % | RAG Rating Month 9 |
|-------------------------------------------|---------------------------------------|------------------------------------------|--------------------------------------|--------------------------|
| Communications | 655 | 96 | 14.7% | Red |
| Total Strategy, Governance & Law | 5,450 | 149 | 2.7% | Amber |
| Sub Total | 240,562 | 17,452 | 7.3% | |
| Bulk Insurance Premia | 3,107 | 0 | 0.0% | Green |
| Capital Financing Costs | 7,726 | (1,219) | -15.8% | Green |
| Levies & Precepts | 211 | 0 | 0.0% | Green |
| Unallocated Contingency & Risk Provisions | 364 | (217) | -59.6% | Green |
| Unringfenced Grants | (29,190) | (23,283) | -79.8% | Green |
| Other Corporate Items | 9,578 | 2,455 | 25.6% | Red |
| Total Corporate Budgets | (8,204) | (22,264) | -271.4% | Green |
| Total General Fund | 232,358 | (4,812) | -2.1% | Green |

| | | | | |
|-----------------------------------------|----------|-------|--------|-------|
| Capital Financing | 25,964 | (110) | -0.4% | Green |
| Housing Management & Support | 4,155 | (74) | -1.8% | Green |
| Head of City Development & Regeneration | 590 | (135) | -22.9% | Green |
| Income Involvement Improvement | (46,905) | (246) | -0.5% | Green |
| Repairs & Maintenance | 10,315 | (670) | -6.5% | Green |
| Property & Investment | (709) | 161 | 22.6% | Red |
| Tenancy Services | 2,680 | 492 | 18.4% | Red |
| Total Housing Revenue Account | (3,910) | (583) | -14.9% | Green |

| | | | | |
|----------------------------------------------|-----------|-------|--------|-------|
| Individual Schools Budget (ISB) | 131,853 | 0 | 0.0% | Green |
| Early Years Block (inc delegated to Schools) | 13,732 | (381) | -2.8% | Green |
| High Needs Block (exc delegated to Schools) | 22,017 | 27 | 0.1% | Amber |
| Exceptions and Growth Fund | 3,414 | 87 | 2.5% | Amber |
| Grant Income | (170,313) | 0 | 0.0% | Green |
| Total Dedicated Schools Grant (DSG) | 703 | (267) | -38.0% | Green |

(1) In the above tables the Dedicated Schools Grant and Housing Revenue Account are treated as Directorates for the purposes of RAG rating.

Families, Children & Learning

Revenue Budget Summary

| Forecast Variance Month 7 £'000 | Service | 2020/21 Budget Month 9 £'000 | Forecast Outturn Month 9 £'000 | Forecast Variance Month 9 £'000 | COVID Variance Month 9 £'000 | Forecast Variance Month 9 % | 2020/21 Savings Proposed £'000 | Savings Achieved/ Anticipated £'000 | Savings At Risk £'000 |
|------------------------------------------|-------------------------------------------|---------------------------------------|-----------------------------------------|------------------------------------------|---------------------------------------|--------------------------------------|-----------------------------------------|----------------------------------------------|--------------------------------|
| (1) | Director of Families, Children & Learning | 104 | 93 | (11) | 4 | -10.6% | 0 | 0 | 0 |
| 1,966 | Health, SEN & Disability Services | 42,545 | 44,532 | 1,987 | 1,712 | 4.7% | 1,376 | 1,132 | 244 |
| 1,014 | Education & Skills | 7,831 | 8,698 | 867 | 564 | 11.1% | 206 | 167 | 39 |
| (1,616) | Children's Safeguarding & Care | 40,874 | 38,825 | (2,049) | 425 | -5.0% | 1,362 | 1,287 | 75 |
| 4 | Quality Assurance & Performance | 1,458 | 1,429 | (29) | 0 | -2.0% | 38 | 38 | 0 |
| 1,367 | Total Families, Children & Learning | 92,812 | 93,577 | 765 | 2,705 | 0.8% | 2,982 | 2,624 | 358 |

The COVID variances shown in the tables above and below are included within the “Forecast Variance” and “Key Variances” columns.

Explanation of Key Variances (Note: FTE/WTE = Full/Whole Time Equivalent)

| Key Variances £'000 | COVID Variances £'000 | Service Area | Variance or Financial Recovery Measure Description |
|-------------------------------------------|-----------------------------|-----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Director of Families, Children & Learning | | | |
| (11) | 4 | Other | Minor variances. |
| Health, SEN & Disability Services | | | |
| 1,221 | 233 | Demand led - Children's Disability Placements | The number of placements and unit costs are forecast to be significantly in excess of budget with particular pressure on external residential provision. There have been six new high cost residential placements in the current financial year, partly linked to COVID-19 and the additional pressure this has placed on families. There has also been a one-off change to the apportionment of recharges between education and social care provision to reflect increased social care needs |
| 287 | 129 | In-house disability services | There is an underlying budget pressure in in-house respite provision and additional staffing requirements due to COVID-19. |
| 244 | 1,293 | Adults LD - community care | The overspend is largely attributable to COVID-19 - £0.967m of planned savings are not achievable (of which £0.811m is linked to COVID-19) and it is estimated that additional payments to providers in support of COVID-19 will be £0.482m. |

Appendix 4 – Revenue Budget Performance

| Key Variances £'000 | COVID Variances £'000 | Service Area | Variance or Financial Recovery Measure Description |
|-------------------------------|--------------------------|------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | However, client numbers have stabilised compared to earlier forecasts and this has helped to mitigate the overall level of overspend. |
| 122 | 40 | Children's Disability Direct Payments | One-off Increase in apportionment of the social care element of direct payments. Some additional direct payments to support families linked to COVID-19. |
| 160 | 0 | Section 17 Preventive Payments | High cost emergency support arrangements with costs split between the local authority and CCG. |
| (47) | 17 | Other | Minor variances. |
| Education & Skills | | | |
| 891 | 368 | Home to School Transport | For 2020/21 the forecast overspend is £0.891m, of which £0.368m relates to additional costs as a result of COVID-19. Excluding COVID-19 related costs, the forecast overspend for 2020/21 has reduced from the initial estimate of £1.200m to £0.523m. It must be stressed that the forecast of COVID-19 costs is subject to a number of unknown variables and may significantly change. The forecast has improved significantly following the route planning work undertaken by the Home to School Transport Team for the new academic year. The figures include the impact of supplier relief payments and the additional costs from social distancing measures from September. The forecast includes an assumption at this stage re Government Grants for home to school and college transport. The grants are announced on a term by term basis and the allocations are agreed in co-operation with the transport department. The full year cost in 2021/22 is expected to be £1.486m higher. |
| 130 | 162 | Council Nurseries and Children's Centres | There has been a significant loss of fee income against budget due to lower numbers of children. However, the service is using the Coronavirus Job Retention Scheme (CJRS). This will mean reimbursement for staff costs as a result of furloughing, with an amount of £0.101m estimated. In addition, the Government is providing a scheme to support local authorities with the impact of lost income due to COVID-19 and it is estimated that £0.392m will be recovered through this mechanism. For spring term 2021 the decision to close council nurseries to all but vulnerable and key worker children will have a detrimental impact on the levels of free entitlement income. This is estimated at £0.150m. The reduction in children means expenditure on staffing, particularly sessional and agency staff across most council nurseries has reduced. Overall, a net overspend of £0.150m is being forecast against council nurseries. |

Appendix 4 – Revenue Budget Performance

| Key Variances £'000 | COVID Variances £'000 | Service Area | Variance or Financial Recovery Measure Description |
|--------------------------------------------|----------------------------------|------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | There is also an estimated £0.020m underspend relating to the council's Children's Centres. |
| (154) | 34 | Other | Minor variances on other budgets. The COVID-19 costs relate to delays in implementing savings within the Skills & Employment service. |
| Children's Safeguarding & Care | | | |
| (1,175) | 205 | Demand-Led - Children's placements | The underspend relates to a number of different factors. There has been an increase in the level of grant available for care leavers and Unaccompanied Asylum Seeking Children. Despite overall numbers of children being placed in high cost placements increasing in recent months it is still within the budgeted level. The average unit costs for placements is increasing and is marginally higher than budgeted but overall the combination of these factors results in the underspend of £1.175m. |
| (213) | 55 | Preventive/S17 | There is a significant underspend projected across the Preventive budgets. It is anticipated that, with continued scrutiny and current controls on spending, a year end underspend will be realised in 2020/21 despite the additional costs relating to COVIDd-19. |
| 83 | 0 | Legal Fees | There has been a significant increase in demand for child protection legal work in recent weeks. Cases are taking longer for a number of reasons and new cases need to be allocated. It is, therefore anticipated that there will be additional costs incurred by the in-house legal team resulting in the overspend of £0.083m |
| (242) | 28 | Social Work Teams | The underspend is primarily due to the difficulty in recruiting psychologists in the Partners in Change hub and the recharge of costs from Sussex Partnership Foundation Trust (SPFT). In addition there have been a number of vacant posts across the service. |
| (91) | 73 | Contact Service | Activity levels are down from previous years and this has resulted in the forecast underspend. However, this may be, in part, an impact of COVID-19. |
| (190) | 0 | Adolescent service | The underspend in the adolescent service reflects the difficulty in recruiting to various vacant posts across the service. |
| (100) | 0 | Partners in Change Contracts | Contracts with SPFT and other partners have been re-negotiated reducing the cost to the Council. |
| (121) | 64 | Other | Minor variances. |
| Quality Assurance & Performance | | | |
| (29) | 0 | Other | Minor variances. |

Health & Adult Social Care (HASC)

Revenue Budget Summary

| Forecast Variance Month 7 £'000 | Service | 2020/21 Budget Month 9 £'000 | Forecast Outturn Month 9 £'000 | Forecast Variance Month 9 £'000 | COVID Variance Month 9 £'000 | Forecast Variance Month 9 % | 2020/21 Savings Proposed £'000 | Savings Achieved/ Anticipated £'000 | Savings At Risk £'000 |
|------------------------------------------|-------------------------------------------------|---------------------------------------|-----------------------------------------|------------------------------------------|---------------------------------------|--------------------------------------|-----------------------------------------|----------------------------------------------|--------------------------------|
| 3,443 | Adult Social Care | 35,540 | 38,221 | 2,681 | 1,321 | 7.5% | 0 | 0 | 0 |
| 313 | S75 Sussex Partnership Foundation Trust (SPFT) | 18,373 | 18,338 | (35) | 411 | -0.2% | 0 | 0 | 0 |
| 4,748 | Integrated Commissioning | 10,503 | 13,972 | 3,469 | 2,742 | 33.0% | 0 | 0 | 0 |
| 0 | Public Health | 404 | 404 | 0 | 90 | 0.0% | 0 | 0 | 0 |
| 8,504 | Total Health & Adult Social Care | 64,820 | 70,935 | 6,115 | 4,564 | 9.4% | 0 | 0 | 0 |
| 0 | Further Financial Recovery Measures (see below) | - | 0 | 0 | 2,962 | - | - | - | - |
| 8,504 | Residual Risk After Financial Recovery Measures | 64,820 | 70,935 | 6,115 | 7,526 | 9.4% | 0 | 0 | 0 |

The COVID variances shown in the tables above and below are included within the “Forecast Variance” and “Key Variances” columns.

Explanation of Key Variances

| Key Variances £'000 | COVID Variances £'000 | Service Area | Variance or Financial Recovery Measure Description |
|-------------------------------------------------|-----------------------------|--------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Further Directorate Financial Recovery Measures | | | |
| 0 | 2,962 | Further Financial Recovery Measures projection | The initial recovery measures have now been incorporated into the forecast above. The Directorate is working on additional measures and confirming plans to further mitigate the current forecast. |
| Adult Social Care | | | |
| 2,047 | 844 | Demand-Led Community Care - Physical & Sensory Support | The forecast number of placements/packages is 2,243 WTE, which is below the budgeted level of 2,321 WTE placements. However, the average unit cost of a placements/packages is significantly higher than the budgeted level at £202 per week (£24 per week above budget per client). The combination of the number of adults placed being 78 WTE below the budgeted level and the increased unit costs result in the overspend of £2.047m. Therefore, the overall activity is in-line with the |

Appendix 4 – Revenue Budget Performance

| Key Variances £'000 | COVID Variances £'000 | Service Area | Variance or Financial Recovery Measure Description |
|-------------------------------------------------------|--------------------------|----------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | <p>budget however the unit costs are 13% above budget and causing a significant pressure. This is due to increasing numbers of placements (many of which are hospital discharges) being made at high unit costs as a result of COVID-19 and underlying increased costs such as cleaning, PPE, training, etc which are expected to be ongoing after the end of the pandemic.</p> <p>A significant portion of the current overspend is attributable to COVID-19 - £0.844m for the costs of increased demand for care packages and care home placements, and additional payments to providers in support of COVID-19, net of NHS England funding.</p> |
| 187 | 0 | Demand-Led Community Care - Substance Misuse | There are relatively small numbers of clients within this service and this is in line with the budgeted demand. The average unit cost is higher than the budgeted unit cost resulting in the overspend of £0.187m. |
| (474) | 96 | Assessment teams | This is due to a number of temporary vacancies across the Assessment teams. |
| 897 | 380 | In house services | There is an underlying budget pressure in in-house provision. There are also additional staffing requirements and income pressures due to COVID-19 |
| 24 | 1 | Other | Minor variances. |
| S75 Sussex Partnership Foundation Trust (SPFT) | | | |
| 33 | 222 | Demand-Led - Memory Cognition Support | <p>The number of forecast placements are higher than budgeted resulting in the overspend projection of £0.033m.</p> <p>The forecast number of placements/packages is 407 WTE which is above the budgeted level of 397 WTE placements. The average unit cost, which had seen increase in previous years, is below the budgeted level at £335 per week (£7 per week below budget). Therefore, the overall activity is 9 WTE above budget and the unit costs are 2% below budget. A significant portion of spend is attributable to COVID-19 - £0.222m for the ongoing costs for increased demand for care packages and care home placements, and additional payments to providers in support of COVID-19</p> |
| (51) | 189 | Demand-Led - Mental Health Support | <p>The average unit cost is less than anticipated and this results in the underspend projection of £0.051m.</p> <p>There is an increasing need and complexity within this client group and the forecast number of placements/packages is 484 WTE, which is above the budgeted level of 418 WTE placements. The average unit cost of a placements/package is lower than the budgeted level at £313 per week (£52 per</p> |

Appendix 4 – Revenue Budget Performance

| Key Variances £'000 | COVID Variances £'000 | Service Area | Variance or Financial Recovery Measure Description |
|---------------------------------|----------------------------------|---------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | week less than the budget per client). A significant portion of spend is attributable to COVID-19 - £0.189m for the ongoing costs for increased demand for care packages and care home placements, and additional payments to providers in support of COVID-19 |
| (17) | 0 | Staffing Teams | This is due to a number of temporary vacancies across the Assessment teams. |
| Integrated Commissioning | | | |
| 361 | 0 | External Funding | £0.361m is the net pressure to the Council following recurrent reductions in funding from Brighton & Hove CCG. The Council has allocated reinvestment funding to mitigate this however the pressure of £0.361m remains. |
| 2,907 | 2,683 | Contracts | The overspend is attributable to COVID-19 and reflects the forecast statutory costs to support verified rough sleepers. The additional costs are partially offset by the MHCLG emergency accommodation grant and Next Steps Accommodation Programme grant. |
| 201 | 59 | Commissioning teams | The overspend relates to additional staffing costs within the commissioning, performance and management teams. |
| Public Health | | | |
| 0 | 90 | Other | Minor variances. |

Economy, Environment & Culture

Revenue Budget Summary

| Forecast Variance Month 7 £'000 | Service | 2020/21 Budget Month 9 £'000 | Forecast Outturn Month 9 £'000 | Forecast Variance Month 9 £'000 | COVID Variance Month 9 £'000 | Forecast Variance Month 9 % | 2020/21 Savings Proposed £'000 | Savings Achieved/ Anticipated £'000 | Savings At Risk £'000 |
|------------------------------------------|--------------------------------------|---------------------------------------|-----------------------------------------|------------------------------------------|---------------------------------------|--------------------------------------|-----------------------------------------|----------------------------------------------|--------------------------------|
| 4,588 | Transport | (2,652) | 2,547 | 5,199 | 5,546 | 196.0% | 3,877 | 2,109 | 1,768 |
| 700 | City Environmental Management | 32,324 | 33,124 | 800 | 1,200 | 2.5% | 265 | 265 | 0 |
| 36 | City Development & Regeneration | 3,562 | 3,512 | (50) | 424 | -1.4% | 155 | 126 | 29 |
| 1,671 | Culture, Tourism & Sport | 4,565 | 5,326 | 761 | 3,694 | 16.7% | 260 | 233 | 27 |
| 1,250 | Property | 2,042 | 3,162 | 1,120 | 1,120 | 54.8% | 447 | 176 | 271 |
| 8,245 | Total Economy, Environment & Culture | 39,841 | 47,671 | 7,830 | 11,984 | 19.7% | 5,004 | 2,909 | 2,095 |

The COVID variances shown in the tables above and below are included within the “Forecast Variance” and “Key Variances” columns.

Explanation of Key Variances

| Key Variances £'000 | COVID Variances £'000 | Service Area | Variance or Financial Recovery Measure Description |
|---------------------------|-----------------------------|------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Transport | | | |
| 13,500 | 13,500 | Parking Services | Parking Services is forecasting a substantial additional loss of income against budget as a result of the latest lockdown (£13.500m compared to £11.400m at Month 7). The forecast assumption is that the lockdown impact continues to the end of March 2021. Parking income is a demand led activity which can be difficult to predict and may also be negatively impacted by the COVID-19 infection control measures. The income losses are substantially COVID-19 related, however, there is significant IT&D work required for some of the fees and charges agreed for 2020/21. Therefore, this may be a small part of the parking losses and these agreed changes will not be operational until early 2021. The overall parking income position is being kept under constant review and may potentially deteriorate. |
| 202 | 279 | Transport Projects and Engineering | Payments to Bus Operators are forecast to exceed budget by £0.176m. This may be mitigated by other public transport Government funding of £0.146m. Bus Shelter Advertising Income is expected to be short of budget by £0.103m because |

Appendix 4 – Revenue Budget Performance

| Key Variances £'000 | COVID Variances £'000 | Service Area | Variance or Financial Recovery Measure Description |
|--------------------------------------|--------------------------|-------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | of an agreement in principle with CCUK for one missed quarterly payment (COVID-19 related). Bus Shelter expenditure in Valley Gardens of £0.109m is now forecast but is partially offset by a forecast underspend of £0.062m elsewhere in the City. A National Trust voluntary contribution towards Breeze up to the Downs is forecast not to be received: £0.015m. |
| 97 | 367 | Traffic Management | There is a COVID-19 related shortfall of £0.128m in Road Work Permit Fees. Costs in implementing Street Manager software are forecast to exceed budget by £0.050m. Highways Licensing income is forecast to underachieve due to waived Tables and Chairs licence fees of £0.101m (COVID-19) and reduced forecast Skip income of £0.074m and A-Board Income of £0.004m (both COVID-19 related). Other COVID-19 related highway regulation costs of £0.060m are also forecast. These are partially offset by Hoarding Licence income (£0.186m) and Scaffold Licence income (£0.076m) both forecast to exceed budget. Also, Street works fees are now forecast to exceed budget by £0.043m as contractors' work volumes are continuing to increase. |
| (8,600) | (8,600) | Sales, Fees and Charges Grant | This is the estimated value of the grant due to be claimed based on the latest eligible forecast losses of income driven by the COVID-19 outbreak. An estimated £8.300m is related to Parking Services and the balance (£0.300m) to the rest of Transport. |
| City Environmental Management | | | |
| 1,000 | 800 | City Clean | £0.900m of the forecast overspend is waste collection and street cleansing (operational) agency costs substantially driven by COVID-19 staffing related shortfalls during the latest lockdown. In addition, there is a £0.100m COVID-19 related net forecast loss of commercial income (garden and trade waste after reduced disposal costs) which has deteriorated due to the second lockdown. Service delivery is under review and measures are being put in place to reduce costs such as service improvement plans, rationalisation of bin/box deliveries and a mobile collection team to more efficiently support rounds. However, there are cost pressures which cannot be mitigated such as beach clean ups. |
| 0 | 400 | Waste Disposal | The £0.400m forecast overspend is the estimated impact of COVID-19 on the waste disposal contract (for example: increased volume of household waste during lockdown). This has reduced from £0.600m at Month 2 and is assumed to be funded from the Waste PFI reserve so will have no impact on the bottom line. Any income from the Government's Sales, Fee and Charges grant if appropriate will be |

Appendix 4 – Revenue Budget Performance

| Key Variances £'000 | COVID Variances £'000 | Service Area | Variance or Financial Recovery Measure Description |
|--------------------------------------------|--------------------------|---------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | managed through the Waste PFI reserve at the year end (for example; recycling income losses if these materialise). |
| 0 | 100 | City Parks | An in-year spending pressure mainly for emergency tree maintenance (Dutch Elm disease related) is being contained within existing Parks Services budgets. This is the cost of essential public health and safety works to remove dead trees. However, this will need substantial additional works in 2021/22. Park Services budgets are being actively managed to bring the service in on budget. |
| (400) | 0 | Fleet & Maintenance | Fleet & Maintenance are forecast to be underbudget by £0.400m with additional COVID-19 related costs contained within existing budgets which is an improvement of £0.100m since Month 7. Progress has been made in Fleet and Maintenance to control and reduce costs which has now delivered results. For example, vehicle hire costs are lower than at the same point last year. |
| 200 | 100 | Head of City Environmental Management | There is a £0.100m management/service improvement team pressure which was funded from the Modernisation Fund in 2019/20. This team and also part of Strategy & Projects (see below) are working to deliver the service improvements and operational reviews to deliver cost reductions going forward. This also includes £0.100m of the additional waste disposal COVID-19 related costs (stewarding at the household waste disposal sites). |
| 300 | 100 | Strategy & Projects | There is a £0.200m management/service improvement team pressure which was funded from the Modernisation Fund in 2019/20. This pressure is reflected in the 2021/22 budget proposals to ensure continued funding and support for ongoing modernisation programmes and operational reviews of the service aimed at achieving service improvements and medium term cost reductions. This also includes a forecast loss of income due to COVID-19 such as not charging for public toilets. |
| (300) | (300) | Sales, Fees and Charges Grant | This is the estimated value of the grant due to be claimed based on the latest eligible forecast losses of income driven by the COVID-19 outbreak. |
| City Development & Regeneration | | | |
| 876 | 1,000 | Development Planning | Loss of Planning and Building Control income due to COVID-19. Some assumptions were made for Planning income to start returning to normal levels from October onwards. |
| (100) | 0 | Planning Policy and Major Projects | Principal Planning Officer post forecast to be vacant for eight months and part time Waste Planning post vacant. |

Appendix 4 – Revenue Budget Performance

| Key Variances £'000 | COVID Variances £'000 | Service Area | Variance or Financial Recovery Measure Description |
|-------------------------------------|----------------------------------|--------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (260) | 0 | Sustainability & International | Primarily, delays in recruiting for Biodiversity Officer and a post within City Wide Food projects among other vacancy management savings. |
| 40 | 0 | Assistant Director - EEC | Overspend on Firstcare Attendance Management fees not budgeted for. |
| (80) | 0 | Major Projects | Underspend on salaries and lower than expected costs for initiatives. |
| 74 | 24 | Economic Development | Additional spend on Brighton & Hove Economic Partnership and other costs due to COVID-19. |
| (600) | (600) | Sales, Fees and Charges Grant | This is the estimated value of the grant due to be claimed based on the latest eligible forecast losses of income driven by the COVID-19 outbreak. |
| Culture, Tourism & Sport | | | |
| 1,899 | 2,673 | Royal Pavilion and Museums | Loss of income due to closure of all buildings from COVID-19. Some overspend is offset by reduced expenditure on some costs such as building maintenance and staff costs. |
| 28 | 0 | Arts | Additional staffing costs and Legal fees to be paid related to the Trust. |
| 1,107 | 2,124 | Sports and Leisure | Loss of income due to COVID-19, including rent reductions on seafront properties and assumed closure of Volks Railway for the whole year. |
| 1,127 | 2,122 | Venues | Loss of income from cancelled events due to COVID-19 and assumes venues will remain closed till end of March 2021. Some loss of income is offset from reduced staff and building costs. |
| 200 | 375 | Tourism and Marketing | Loss of income due to result of reduced visitor/tourist numbers and cancellation of conferences due to COVID-19. Also includes £0.100m overspend for waived Partnership Fees as agreed by Policy & Resources sub-committee on 29th May 2020. |
| (3,600) | (3,600) | Sales, Fees and Charges Grant | This is the estimated value of the grant due to be claimed based on the latest eligible forecast losses of income driven by the COVID-19 outbreak. |
| Property | | | |
| 1,120 | 1,120 | Property | The fast changing impact of COVID-19 has continued to put increasing pressures on many Property budgets. Increased cleaning specifications, deep cleans requested and specific cleaning materials in increased volumes has led to pressures within the Building Cleaning Service. Increased need for Security for many areas, the need to secure sites where work was paused due to COVID-19 and cover for staff in isolation has resulted in a large pressure within the Premises/Concierge Service. Some reductions in provision are starting to materialise in some areas which reduces the forecast pressure. Many building projects have been put on hold resulting in much uncertainty around fee income to |

Appendix 4 – Revenue Budget Performance

| Key Variances £'000 | COVID Variances £'000 | Service Area | Variance or Financial Recovery Measure Description |
|---------------------------|-----------------------------|-------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | <p>the Technical Services Team but some new projects will hopefully reduce the expected fee income shortfall slightly. The Energy Team have reviewed expected gas prices and have now been able to reduce the expected full year costs accordingly. COVID-19 has put pressure on some council commercial tenants particularly those dependent on the travel industry. Estates have been liaising with tenants who are struggling with their rental payments to negotiate and conclude alternative payment arrangements, deferral or reduction on a case by case basis. A process for considering these cases was implemented and the second tranche of rent reductions led to further expected income loss. The Month 9 position also shows some further improvements due to rent reviews, new leases and the receipt of some back-dated rent plus the recent service charge account reconciliation provided a one off adjustment to the revenue account which offset £0.100m of the shortfall.</p> |
| 0 | 0 | Sales, Fees and Charges Grant | <p>The estimated value of the grant due to be claimed based on the latest eligible forecast losses of income driven by the COVID-19 outbreak is not material for Property Services as commercial rental income is not eligible.</p> |

Housing, Neighbourhoods & Communities

Revenue Budget Summary

| Forecast Variance Month 7 £'000 | Service | 2020/21 Budget Month 9 £'000 | Forecast Outturn Month 9 £'000 | Forecast Variance Month 9 £'000 | COVID Variance Month 9 £'000 | Forecast Variance Month 9 % | 2020/21 Savings Proposed £'000 | Savings Achieved/ Anticipated £'000 | Savings At Risk £'000 |
|------------------------------------------|----------------------------------------------------|---------------------------------------|-----------------------------------------|------------------------------------------|---------------------------------------|--------------------------------------|-----------------------------------------|----------------------------------------------|--------------------------------|
| 7,988 | Housing General Fund | 6,213 | 10,692 | 4,479 | 3,700 | 72.1% | 500 | 150 | 350 |
| 143 | Libraries | 4,786 | 4,929 | 143 | 143 | 3.0% | 89 | 89 | 0 |
| 170 | Communities, Equalities & Third Sector | 2,953 | 3,122 | 169 | 185 | 5.7% | 11 | 11 | 0 |
| 0 | Safer Communities | 2,717 | 2,717 | (0) | 54 | 0.0% | 170 | 170 | 0 |
| 8,301 | Housing, Neighbourhoods & Communities | 16,669 | 21,460 | 4,791 | 4,082 | 80.8% | 770 | 420 | 350 |
| (3,150) | Further Financial Recovery Measures (see below) | - | (3,250) | (3,250) | (2,290) | - | - | - | - |
| 5,151 | Residual Risk After Financial Recovery Measures | 16,669 | 18,210 | 1,541 | 1,792 | 9.2% | 770 | 420 | 350 |

The COVID variances shown in the tables above and below are included within the “Forecast Variance” and “Key Variances” columns.

Explanation of Key Variances

| Key Variances £'000 | COVID Variances £'000 | Service Area | Variance or Financial Recovery Measure Description |
|-------------------------------------------------|-----------------------------|------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Further Directorate Financial Recovery Measures | | | |
| (2,300) | (1,540) | Temporary Accommodation (TA) | Appropriate use of Flexible Homelessness Support Grant (FHSG) of £0.760m to offset overspends on business as usual TA overspends. A further £1.540m as a contribution towards the additional costs of homelessness caused by COVID-19. All other financial recovery measures have now been incorporated into the main forecasts. |
| (750) | (750) | Rough Sleeper Housing Benefit (HB) | This is the current estimate of HB collectable from rough sleepers/homeless in hotels to reduce COVID-19 pressures up to March 2021. The team have endeavoured to complete HB forms with residents where possible. Working remotely has made this difficult in many cases and once people are in accommodation the incentive to communicate with us diminishes. Housing Needs |

Appendix 4 – Revenue Budget Performance

| Key Variances £'000 | COVID Variances £'000 | Service Area | Variance or Financial Recovery Measure Description |
|-----------------------------|--------------------------|-------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | staff are going out on site to pick up issues, and will keep this under review as restrictions due to COVID-19 change. |
| (200) | 0 | Libraries | Managing the Library PFI contract very closely and through effective management, improved performance and projected low inflationary increases, the Library Service will be able to reduce PFI costs by at least £0.200m in future years (i.e. reduce the PFI reserve) based on current PFI Unitary Payments. |
| Housing General Fund | | | |
| 2,372 | 1,611 | Temporary Accommodation | <p>£0.923m overspend due to higher levels of households using spot purchase accommodation than budgeted. The budget assumes an average of 36 units of spot purchase accommodation through the year and at the end of January there were 105 units for statutory homeless accommodation in use. The forecast assumes numbers will continue at this level as any successful move-ons will likely be replaced with new statutory homeless clients. Continued similar levels of overspending as in 2019/20 on other areas of TA such as income collection and void loss mean that £0.350m of savings are unlikely to be met. However this forecast now includes no overspend on repairs costs for leased TA properties, given that catch up repairs are now unlikely to happen by the year end. This forecast includes the use of £0.098m reserves following review of the Damage Deposit Guarantee Scheme Reserve.</p> <p>Forecast underspend of £0.162m relating to spend on repairs and void works. The volume of repairs and void works to leased accommodation has reduced due to the restrictions as a result of COVID-19. With continuing restrictions in place, the forecast assumes this reduced level of spend for the rest of the year.</p> <p>Forecast underspend of £0.300m relating to the new investment funding for an enhanced level of service for emergency short term accommodation. This assumes a new contract is not in place during 2020/21.</p> <p>Forecast net £1.911m overspend from higher levels of households using spot purchase accommodation as a result of COVID-19 for those housed as part of the 'everyone in' initiative up to March 2020. This forecast includes the extra HB income (£0.600m) due to be collected as a result of this increase. As at the end of December an additional 114 clients were housed over and above the 105 units in</p> |

Appendix 4 – Revenue Budget Performance

| Key Variances £'000 | COVID Variances £'000 | Service Area | Variance or Financial Recovery Measure Description |
|------------------------|--------------------------|-----------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | spot purchase, increasing total units to 219. The number of spot purchase units had reduced during December, however in the first two weeks of January the total units increased to 255. The forecast assumes this will continue to increase by a further 10 per month as there are limited move-on options at this time. This forecast also now includes food costs to the end of March 2021. |
| 1,961 | 1,961 | Rough Sleeper Accommodation | This relates to the cost of hotel and University accommodation and move on costs for housing rough sleepers to 31 March 2021 as part of the 'everyone in' initiative by the Government. The forecast gross costs are higher at £4.290m compared to a cost of £3.900m at Month 7. This is partly due to the recent agreement at Policy & Resources Committee to continue to house those at risk of rough sleeping which has meant that hotels are not being decanted as planned. However, the Next Steps Accommodation Programme (NSAP) grant has now been allocated between the HASC and HNC directorates and this forecast now assumes grant of £2.329m, reducing the net overspend. Note that income from HB for this group is shown in financial recovery measures above. The costs of support, security costs etc. are shown in the forecast for HASC. |
| (86) | (150) | Private Sector Housing | Forecast underspend of £0.150m relating to the new investment funding of £0.150m for the further enforcement work with private sector landlords. This assumes no spend during 2020/21. This underspend is offset by a forecast overspend of £0.060m relating to Minimum Energy Efficiency Standard fine income which is not achievable. |
| 80 | 69 | Seaside Homes | Forecast overspend of £0.066m mainly due to shortfalls in income collection due, in part, to the impact of Universal Credit. There is also a forecast overspend of £0.069m for a possible reduction in rent payments from those self payers and those in receipt of Universal Credit facing more hardship as a result of COVID-19. These are offset by the release of the Seaside Homes revenue reserve of £0.055m. . |
| 209 | 209 | Housing Options | Additional staffing costs to undertake assessments of rough sleepers and other newly accommodated households under COVID-19 provision. The contracts for these staff have been extended to the end of the financial year. |
| (100) | | Travellers | Underspend due to staff vacancies, and reduced rubbish clearance and legal costs. |
| 43 | 0 | Various | Minor variances. |
| Libraries | | | |

Appendix 4 – Revenue Budget Performance

| Key Variances £'000 | COVID Variances £'000 | Service Area | Variance or Financial Recovery Measure Description |
|---------------------------------------------------|--------------------------|----------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 143 | 143 | Loss of Libraries Income | Libraries business as usual budget is currently forecast to break-even with all savings met. There is an estimated loss of income due to COVID-19 from shop sales, meeting space bookings, fines and charges of £0.475m. Currently assuming very little income for the whole financial year. This has been mitigated by the assumed Sales Fees and Charges Grant of £0.297m. Mitigating actions of £0.035m have also been identified to cover some of this shortfall. |
| Communities, Equalities & Third Sector | | | |
| 185 | 185 | Vulnerable People cell | This is an estimate of the extra Food Partnership costs as a result of COVID-19. |
| (16) | 0 | General | Minor variances. |
| Safer Communities | | | |
| 54 | 54 | Loss of licensing income | The estimated impacts of COVID-19 on Environmental Health and Licensing income are: Taxi Licensing shortfall (£0.100m); Licensed Premises (£0.033m); Street Trading (£0.017m) and other fees (£0.038m). This is offset by the assumed level of Sales, Fees and Charges grant of £0.106m. The service has also identified further mitigating actions to cover £0.028m of the pressure. |
| (54) | 0 | Environmental Health & Licensing | Net underspend against staffing, as a result of vacancies across the service. |

Appendix 4 – Revenue Budget Performance

Finance & Resources

Revenue Budget Summary

| Forecast Variance Month 7 £'000 | Service | 2020/21 Budget Month 9 £'000 | Forecast Outturn Month 9 £'000 | Forecast Variance Month 9 £'000 | COVID Variance Month 9 £'000 | Forecast Variance Month 9 % | 2020/21 Savings Proposed £'000 | Savings Achieved/ Anticipated £'000 | Savings At Risk £'000 |
|------------------------------------------|----------------------------------------|---------------------------------------|-----------------------------------------|------------------------------------------|---------------------------------------|--------------------------------------|-----------------------------------------|----------------------------------------------|--------------------------------|
| (66) | Finance (Mobo) | 273 | 203 | (70) | 0 | -25.6% | 0 | 0 | 0 |
| 119 | HR & Organisational Development (Mobo) | 1,104 | 1,201 | 97 | 30 | 8.8% | 0 | 0 | 0 |
| 0 | IT&D (Mobo) | 4,427 | 4,427 | 0 | 22 | 0.0% | 225 | 225 | 0 |
| 0 | Procurement (Mobo) | (254) | (254) | 0 | 1 | 0.0% | 0 | 0 | 0 |
| 97 | Business Operations (Mobo) | (185) | (21) | 164 | 12 | 88.6% | 0 | 0 | 0 |
| 376 | Revenues & Benefits (Mobo) | 5,389 | 5,643 | 254 | 171 | 4.7% | 250 | 250 | 0 |
| 552 | Housing Benefit Subsidy | (751) | (194) | 557 | 0 | 74.2% | 0 | 0 | 0 |
| 186 | Contribution to Orbis | 10,967 | 11,017 | 50 | 0 | 0.5% | 477 | 477 | 0 |
| 1,264 | Total Finance & Resources | 20,970 | 22,022 | 1,052 | 236 | 5.0% | 952 | 952 | 0 |

Mobo = Specific budget items held by Orbis but **Managed on behalf of** the relevant partner i.e. they are sovereign, non-partnership budgets. Under or overspends on Mobo budgets fall directly to the relevant partner whereas Orbis Operational budget variances are shared in accordance with the Inter-Authority Agreement (IAA).

The COVID variances shown in the tables above and below are included within the “Forecast Variance” and “Key Variances” columns.

Explanation of Key Variances

| Key Variances £'000 | COVID Variances £'000 | Service Area | Variance or Financial Recovery Measure Description |
|----------------------------------------|-----------------------------|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (70) | 0 | Finance (Mobo) | The vacant post of the Executive Director is anticipated to save £0.130m this year, net of acting up costs. This will be partially offset by higher external audit costs of £0.040m and other additional contractual costs of £0.020m including FirstCare. |
| HR & Organisational Development (Mobo) | | | |

Appendix 4 – Revenue Budget Performance

| Key Variances £'000 | COVID Variances £'000 | Service Area | Variance or Financial Recovery Measure Description |
|---------------------------------------|-----------------------------|-------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 97 | 30 | Human Resources | The service is declaring an overspend of £0.097m at Month 9, reducing the pressure by £0.030m from last month through additional grant funding and salary adjustments in Learning & Development and Workforce Development budgets. There remains a pressure against the funding of union time of £0.033m, this is lower as a result of the Unison branch secretary vacancy and will increase in the new financial year when the post is filled. There are income pressures within the service of £0.060m and other net costs elsewhere of £0.004m. Within these forecast figures, the service has incurred costs relating to COVID-19 of £0.030m. The service have put forward a pressure funding request of £0.256m through the budget setting process. |
| Business Operations (Mobo) | | | |
| 164 | 12 | Business Operations | The service is predicting a pressure of £0.164m, an increase of £0.070m since Month 7 due a projected shortfall in staff advertising income. The rest is due mainly to extra BHCC system costs including significant ICON Hosted implementation costs. This figure includes COVID-19 costs of £0.012m, mostly for payment of overtime |
| Revenues & Benefits (Mobo) | | | |
| 254 | 171 | Revenues & Benefits | The service is forecast to overspend by £0.254m. The main element of the forecast overspend is a forecast shortfall in court costs income of £0.425m for which £0.171m relates to the impact of COVID-19. Staffing costs are being offset on a one-off basis from a combination of new burdens and grant funding resulting in net saving of £0.173m. |
| Housing Benefit Subsidy | | | |
| 557 | 0 | Housing Benefit Subsidy | The overall forecast is for a pressure of £0.557m which is £0.005m worse than Month 7. Within this there is a projected surplus of £0.060m relating to the collection of overpayments of former Council Tax Benefit and this is £0.005m worse than Month 7. There is an overspend of £0.617m on the main subsidy budgets. Within this there is a pressure of £0.529m (unchanged from Month 7) relating to a particular benefit type for vulnerable tenants which is not fully subsidised. The net position on the collection of overpayments is £0.070m worse than budget and there are other minor adverse variances of £0.018m. |
| F&R Contribution to ORBIS | | | |

Appendix 4 – Revenue Budget Performance

| Key Variances £'000 | COVID Variances £'000 | Service Area | Variance or Financial Recovery Measure Description |
|------------------------------------|--------------------------------------|-----------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 50 | 0 | Contribution to Orbis | This is forecast to overspend by £0.050m, BHCC's share of the forecast Orbis overspend of £0.412m, mostly due to an overall pressure within Business Operations of £0.750m due to the risk of not achieving this year's savings. There are staffing underspends in IT&D of £0.070m, and in Month 9 significant improvements of over £0.200m to forecasts in Management, Finance and Centres of Expertise, mostly staff related. |

Strategy, Governance & Law

Revenue Budget Summary

| Forecast Variance Month 7 £'000 | Service | 2020/21 Budget Month 9 £'000 | Forecast Outturn Month 9 £'000 | Forecast Variance Month 9 £'000 | COVID Variance Month 9 £'000 | Forecast Variance Month 9 % | 2020/21 Savings Proposed £'000 | Savings Achieved/ Anticipated £'000 | Savings At Risk £'000 |
|------------------------------------------|------------------------------------------|---------------------------------------|-----------------------------------------|------------------------------------------|---------------------------------------|--------------------------------------|-----------------------------------------|----------------------------------------------|--------------------------------|
| 0 | Corporate Policy | 647 | 647 | 0 | 0 | 0.0% | 27 | 27 | 0 |
| (50) | Legal Services | 1,555 | 1,440 | (115) | 0 | -7.4% | 103 | 103 | 0 |
| 0 | Democratic & Civic Office Services | 1,810 | 1,801 | (9) | 0 | -0.5% | 12 | 12 | 0 |
| 201 | Life Events | 109 | 292 | 183 | 315 | 167.9% | 8 | 0 | 8 |
| (6) | Performance, Improvement & Programmes | 674 | 668 | (6) | 0 | -0.9% | 49 | 49 | 0 |
| 20 | Communications | 655 | 751 | 96 | 108 | 14.7% | 44 | 0 | 44 |
| 165 | Total Strategy, Governance & Law | 5,450 | 5,599 | 149 | 423 | 2.7% | 243 | 191 | 52 |

The COVID variances shown in the tables above and below are included within the “Forecast Variance” and “Key Variances” columns.

Explanation of Key Variances

| Key Variances £'000 | COVID Variances £'000 | Service Area | Variance or Financial Recovery Measure Description |
|------------------------------------|-----------------------------|----------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Legal Services | | | |
| (115) | 0 | Legal Services | An underspend of £0.115m at month 9, up from £0.050m previously. This is due to voluntary reduction in hours, holding some recruitment and achievement of additional income. Within this figure is also a small pressure from COVID-19 relating to fee income pressure |
| Democratic & Civic Office Services | | | |
| (9) | 0 | | Minor variances. |
| Life Events | | | |
| 183 | 315 | Life Events | There were income pressures of £0.623m (up from £0.557m at Month 7) which are reduced to £0.315m after government funding relating to COVID-19 restrictions, as follows: |

Appendix 4 – Revenue Budget Performance

| Key Variances £'000 | COVID Variances £'000 | Service Area | Variance or Financial Recovery Measure Description |
|--------------------------------------------------|-----------------------------|------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | <ul style="list-style-type: none"> • Registrars – up to £0.409m (reduced to £0.189m) as a result of the latest lockdown and following all Registration services being suspended during the first lockdown and telephone death registration only. • Bereavement - £0.119m (reduced to £0.113m). Memorials, Cemetery and Mortuary income pressure accounted for £0.177m, where the resources within the service had to work flexibly with adherence to safe distancing, so priority had been to provide cremations and burials and it was unable to resource other services. This was partly offset by an £0.058m overachievement in burials and cremations themselves as a result of increased funerals. • Land Charges - £0.095m (reduced to £0.013m) a further improvement this month due to stamp duty relaxation. However, the large pressure is the result of the major slump in activity due to closure of housing market, and ongoing uncertainty in this area of the economy. <p>There are expected vacancy savings of £0.184m, from the Elections Team (£0.108m), Bereavement (£0.040m) and Registrars (£0.036m). Elsewhere in the service there are expected pressures in the Public Funerals service of £0.045m, and other overspends generally of £0.007m.</p> |
| Performance, Improvement & Programmes | | | |
| (6) | 0 | Performance Team | Minor variances. |
| Communications | | | |
| 96 | 108 | Communications | There is an expected pressure of £0.096m, taking into account recent increases in COVID-19 costs. There are £0.108m pressures attributable to COVID-19, being unachievable restructuring savings (£0.044m), and extra advertising and distribution costs (£0.064m). These costs |

Appendix 4 – Revenue Budget Performance

| Key Variances £'000 | COVID Variances £'000 | Service Area | Variance or Financial Recovery Measure Description |
|---------------------------|-----------------------------|--------------|----------------------------------------------------------------------------------------------|
| | | | are slightly reduced however by underspends in staffing and also in the Graphic Design Team. |

Corporately-held Budgets

Revenue Budget Summary

| Forecast Variance Month 7 £'000 | Service | 2020/21 Budget Month 9 £'000 | Forecast Outturn Month 9 £'000 | Forecast Variance Month 9 £'000 | COVID Variance Month 9 £'000 | Forecast Variance Month 9 % | 2020/21 Savings Proposed £'000 | Savings Achieved/ Anticipated £'000 | Savings At Risk £'000 |
|------------------------------------------|-------------------------------------------|---------------------------------------|-----------------------------------------|------------------------------------------|---------------------------------------|--------------------------------------|-----------------------------------------|----------------------------------------------|--------------------------------|
| 0 | Bulk Insurance Premia | 3,107 | 3,107 | 0 | 0 | 0.0% | 0 | 0 | 0 |
| (753) | Capital Financing Costs | 7,726 | 6,507 | (1,219) | 0 | -15.8% | 0 | 0 | 0 |
| 0 | Levies & Precepts | 211 | 211 | 0 | 0 | 0.0% | 0 | 0 | 0 |
| (217) | Unallocated Contingency & Risk Provisions | 364 | 147 | (217) | 0 | -59.6% | 0 | 0 | 0 |
| (26,712) | Unringfenced Grants | (29,190) | (52,473) | (23,283) | (23,244) | -79.8% | 0 | 0 | 0 |
| 3,016 | Other Corporate Items | 9,578 | 12,033 | 2,455 | 2,519 | 25.6% | 340 | 0 | 340 |
| (24,666) | Total Corporately-held Budgets | (8,204) | (30,468) | (22,264) | (20,725) | -271.4% | 340 | 0 | 340 |

The COVID variances shown in the tables above and below are included within the “Forecast Variance” and “Key Variances” columns.

Explanation of Key Variances

| Key Variances £'000 | COVID Variances £'000 | Service Area | Variance or Financial Recovery Measure Description |
|------------------------------------------------------|-----------------------------|------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|
| Capital Financing Costs | | | |
| (1,140) | 0 | Interest Payable and Minimum Revenue Provision (MRP) | Reduction in cost of financing debt and MRP due to previously paused schemes within Capital Programme. |
| (69) | 0 | Interest receivable | Increased balances compared to expectation, leading to a number of longer term deals being undertaken to improve yield. |
| (10) | 0 | Debt Management Expenses | Removal of brokerage costs as a result of no longer requiring new debt in 2020/21. |
| Unallocated Contingency & Risk Provisions | | | |
| (175) | 0 | Release of risk provision | The general risk provision of £0.750m has £0.575m earmarked against the 2020/21 pay award and the remaining £0.175m is being released. |

Appendix 4 – Revenue Budget Performance

| Key Variances £'000 | COVID Variances £'000 | Service Area | Variance or Financial Recovery Measure Description |
|------------------------------|--------------------------|-----------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| (42) | 0 | Release of residual carbon neutral allocation | Pausing of capital programme has released this amount from the £0.200m allocated for Carbon Neutral |
| Unringfenced Grants | | | |
| (23,244) | (23,244) | Covid 19 Grant | This is the amount of COVID-19 grant allocated to the council in four tranches. £7.857m relates to the remaining allocation carried forward to 2020/21 from the first tranche of £8.157m and there is £8.048m, £2.557m and £4.782m in respect of the second to fourth tranches. |
| (39) | 0 | Extended Rights to Free Transport | Higher than forecast grant allocation for 2020/21 for Local Reform and Community Voice grant and Extended Rights to Free Transport. |
| Other Corporate Items | | | |
| 2,200 | 2,200 | PPE | Estimates of PPE reflect demands on the service and the decision to charge certain external customers for provision. This estimate could be volatile depending on the changing requirements for managing the pandemic. |
| 229 | 229 | Covid 19 Death Management | The council's share of current forecast expenditure as part of the Sussex Resilience Forum. |
| (103) | 0 | Pensions | Overpayment from 2019/20 of £0.068m and an in year variance of £0.035m. |
| 90 | 90 | Laptops for homeworking | Cost of purchasing laptops for homeworking during the pandemic. |
| 39 | 0 | Repayment of Reserves | Approved repayment of SWAMP reserve (over 10 years). |

Housing Revenue Account (HRA)

Revenue Budget Summary

| Forecast Variance Month 7 £'000 | Service | 2020/21 Budget Month 9 £'000 | Forecast Outturn Month 9 £'000 | Forecast Variance Month 9 £'000 | COVID Variance Month 9 £'000 | Forecast Variance Month 9 % |
|------------------------------------------|-----------------------------------------|---------------------------------------|-----------------------------------------|------------------------------------------|---------------------------------------|--------------------------------------|
| (110) | Capital Financing | 25,964 | 25,854 | (110) | 0 | -0.4% |
| (30) | Housing Management & Support | 4,155 | 4,081 | (74) | 86 | -1.8% |
| (135) | Head of City Development & Regeneration | 590 | 455 | (135) | (60) | -22.9% |
| (30) | Income, Involvement & Improvement | (46,905) | (47,152) | (246) | 231 | -0.5% |
| (1,150) | Repairs & Maintenance | 10,315 | 9,645 | (670) | (650) | -6.5% |
| 255 | Property & Investment | (709) | (548) | 161 | (150) | 22.6% |
| 340 | Tenancy Services | 2,680 | 3,172 | 492 | 290 | 18.4% |
| (860) | Total Housing Revenue Account | (3,910) | (4,493) | (583) | (253) | -14.9% |

The COVID variances shown in the tables above and below are included within the “Forecast Variance” and “Key Variances” columns.

Explanation of Key Variances

| Key Variances £'000 | COVID Variances £'000 | Service Area | Variance Description |
|------------------------------|-----------------------------|---------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Capital Financing | | | |
| (110) | 0 | Financing costs | Significant reprofiling of HRA capital expenditure from 2019/20 into 2020/21 impacts on the timing of when borrowing is required to be undertaken to fund the expenditure. This has resulted in lower interest charges being incurred during 2020/21, compared to the original budget forecast. |
| Housing Management & Support | | | |
| (110) | 0 | Transfer Incentive Scheme | This service assists tenants to down-size or to move into more suitable or accessible accommodation. Each case takes time to complete and current expenditure levels indicate that this budget will be underspent by £0.110m. |

Appendix 4 – Revenue Budget Performance

| Key Variances £'000 | COVID Variances £'000 | Service Area | Variance Description |
|----------------------------------------------------|-----------------------------|--------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 86 | 86 | Temporary Accommodation (TA) - Rents | Less rental income for Temporary Accommodation units in the HRA than expected due to delays to the completion of schemes to provide council owned TA and fewer home purchase properties being used for TA than budgeted. This is partly offset by more income for general needs housing. |
| (50) | 0 | Employee costs | Projected underspend against staff training and agency staff budget. |
| Head of City Development & Regeneration | | | |
| (135) | (60) | Staffing | Staffing underspends as COVID-19 has meant delayed recruitment. |
| Income, Involvement & Improvement | | | |
| (164) | 0 | Employee costs | Underspend on employee costs of £0.164m across Performance & Improvement, Income Management Team, Rent Accounting Team and Customer Service team. |
| (258) | 0 | Provision for Bad Debts | Underspend on the contribution to bad debt provision. The budget for this contribution was increased as part of the budget setting process for 2020/21 in anticipation of the continuation of the trend seen in 2019/20 of increasing arrears. However, the arrears levels in the HRA have stabilised during 2020/21, even with the pandemic and therefore this budget is forecast to underspend. |
| 180 | 180 | General Needs - Rents | Overspend due to the increase in rent loss from properties being empty. This is due to the delays caused by the pandemic where lettings were put on hold and also challenges of re-starting the service after the initial lockdown. |
| 51 | 51 | Laundries costs | Non collection of laundry charges as a result of infection control issues caused by the pandemic. |
| (28) | 0 | Resident Involvement | An underspend on printing costs. |
| (27) | 0 | Other | Other minor variances across the service. |
| Repairs & Maintenance | | | |
| (670) | (650) | Repairs & Maintenance | There is a significant underspend forecast across the service, mainly due to the impact of reduced activity due to COVID-19. Spend against Responsive Repairs and Empty Properties sub-contractors and materials is expected to be approximately £0.650m less than budgeted, owing to the first five months of operation |

Appendix 4 – Revenue Budget Performance

| Key Variances £'000 | COVID Variances £'000 | Service Area | Variance Description |
|----------------------------------|-----------------------------|---------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | being impacted by the COVID-19 restrictions in place and the service attending to emergency repairs only. Vacancies were also held, pending the full service resuming which accounts for a further £0.200m underspend and other running costs (mainly reduced fuel costs) are £0.100m less than budgeted. The Estates Development Budget is also expected to underspend by approximately £0.160m. Given the significant backlog in works, an earmarked reserve was created at Month 7 in recognition that these works will over-run into 2021/22. The initial sum allocated was £0.440m reflecting the increase in forecast underspend across the service since Month 5, with a recommendation that any further underspending in the Repairs and Maintenance Service between now and the end of the financial year will be used to top-up this reserve, subject to business needs. |
| Property & Investment | | | |
| 791 | 0 | Leaseholder - Service Charges Major Works | A lower than expected level of leasehold service charge is being forecast for major works in 2020/21. Provision in the HRA budget allowed for billing of £3.600m, based on likely completion times for a large number of projects. Due to the COVID-19 restrictions in place it has taken longer to complete or reach final account on one large major project and a couple of smaller projects, resulting in a lower level of £2.800m actually billed in 2020/21 with the remainder forecast for billing in 2021/22. |
| (150) | 0 | Leaseholder - Service Charges | Projected income for annual service charges is slightly more than budget assumptions. |
| (330) | 0 | Repairs & Improvement | An underspend is forecast due to changes in the timescales for recruiting additional staff to support the new arrangements for planned and major works. This is as a result of changes to programme start dates whilst procurement work was paused through the COVID-19 pandemic. |
| (150) | (150) | Mechanical & Electrical (M&E) - Service contracts | A forecast underspend is expected against the servicing and maintenance contracts across M&E, as a result of the COVID-19 restrictions. |

Appendix 4 – Revenue Budget Performance

| Key COVID | | | | |
|------------------|-------|-------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--|
| Variances | | Variances | | |
| £'000 | £'000 | Service Area | Variance Description | |
| Tenancy Services | | | | |
| 212 | 212 | Estates Cleaning | There has been additional spend against agency staff in the estates services team due to the increased cleaning requirements as a result of COVID-19. | |
| 108 | 70 | Other Employee costs | Extra staff costs in tenancy management and re-housing teams in part due to COVID-19 and also staff turnover has been lower than expected at budget setting time leading to an overspend on these budgets. | |
| 125 | 0 | Security costs | Overspend largely relates to the use of security guards at two central blocks of flats to ensure the safety of residents at risk. | |
| 61 | 0 | Temporary Accommodation | An overspend on the use of temporary accommodation for council housing tenants. | |
| 33 | 33 | Rents & Service Charges | Income from rents and service charges for Seniors Housing is slightly lower than budget assumptions due to increases in void losses. | |
| (47) | (25) | Transport and Supplies | Other minor underspends on transport and supplies across this service. | |

Appendix 4 – Revenue Budget Performance

Dedicated Schools Grant (DSG)

Revenue Budget Summary

| Forecast Variance Month 7 £'000 | Service | 2020/21 Budget Month 9 £'000 | Forecast Outturn Month 9 £'000 | Forecast Variance Month 9 £'000 | COVID Variance Month 9 £'000 | Forecast Variance Month 9 % |
|------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|-----------------------------------|------------------------------------|---------------------------------|--------------------------------|
| 0 | Individual Schools Budget (ISB) | 131,853 | 131,853 | 0 | 0 | 0.0% |
| (313) | Early Years Block (excluding delegated to Schools) <i>(This includes Private Voluntary & Independent (PVI) Early Years 3 & 4 year old funding for the 15 hours free entitlement to early years education)</i> | 13,732 | 13,351 | (381) | 9 | -2.8% |
| 484 | High Needs Block (excluding delegated to Special Schools) | 22,017 | 22,044 | 27 | 74 | 0.1% |
| 177 | Exceptions and Growth Fund | 3,414 | 3,501 | 87 | 100 | 2.5% |
| 0 | Grant Income | (170,313) | (170,313) | 0 | 0 | 0.0% |
| 348 | Total Dedicated Schools Grant (DSG) | 703 | 436 | (267) | 183 | -38.0% |

The COVID variances shown in the tables above and below are included within the “Forecast Variance” and “Key Variances” columns.

Explanation of Key Variances

| Key Variances £'000 | COVID Variances £'000 | Service Area | Variance Description |
|-----------------------------------------------------------|--------------------------|-------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Early Years Block (including delegated to Schools) | | | |
| (150) | 0 | Early Years Free Entitlement | Lower free entitlement payments to council nurseries in spring term due to decision to limit attendance to vulnerable and key worker children only. |
| (240) | 0 | Early Years Unallocated | Balance of DSG underspend from 2019/20 to be used to offset wider DSG overspends in 2020/21. |
| 9 | 9 | Other | Minor variances. |
| High Needs Block (excluding delegated to Schools) | | | |
| 392 | 74 | Educational Agency Placements | There has been an increase in the cost of some bespoke tuition packages, some of which relates to COVID-19. The agency budget has also been impacted due to a lack of local provision for cognitively able children with Autism |

Appendix 4 – Revenue Budget Performance

| Key Variances £'000 | COVID Variances £'000 | Service Area | Variance Description |
|-----------------------------------|--------------------------|--------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | and Anxiety/Social Emotional Mental Health (SEMH) needs who have not been able to manage in local mainstream schools despite intervention from external agencies. Furthermore, there is an increasing cost of the education packages linked to external residential disability placements |
| 223 | 0 | Mainstream top-up | There has been overall significant growth both in terms of Education and Health Care Plan (EHCP) numbers and the unit rate of top-up funding assigned. There has been a particular increase in demand through higher numbers of EHC needs assessments for early years children with complex needs from nursery into primary mainstream reception classes in September 2020 requiring high levels of support. |
| (99) | 0 | Specialist Provision - Resource Bases | Increased provision for the new Cullum Centre - not yet at full capacity from September. |
| 65 | 0 | BHISS | Increases in staffing costs in excess of generated income. |
| (500) | 0 | High needs recharges | A one-off reduction in the level of high needs recharges between education and social care budget areas. |
| (54) | 0 | Other | Minor variances. |
| Exceptions and Growth Fund | | | |
| 50 | 56 | Ethnic Minority Achievement Service (EMAS) | Loss of income in the EMAS service due to COVID-19 |
| 17 | 44 | Access to Education | This is as a result of the estimated loss of fines income due to COVID-19. |
| 20 | 0 | Other | Minor variances. |

Savings Monitoring 2020/21

General Fund

| Directorate | 2020/21 Savings Proposed £'000 | Savings Achieved/ Anticipated £'000 | Savings At Risk £'000 | COVID Element of At Risk £'000 |
|---------------------------------------|-----------------------------------------|----------------------------------------------|--------------------------------|-----------------------------------------|
| Families, Children & Learning | 2,982 | 2,624 | 358 | 244 |
| Health & Adult Social Care | 0 | 0 | 0 | 0 |
| Economy, Environment & Culture | 5,004 | 2,909 | 2,095 | 2,009 |
| Housing, Neighbourhoods & Communities | 770 | 420 | 350 | 0 |
| Finance & Resources | 475 | 475 | 0 | 0 |
| ORBIS | 477 | 477 | 0 | 0 |
| Strategy, Governance & Law | 243 | 191 | 52 | 52 |
| Corporate Budgets | 340 | 0 | 340 | 250 |
| Total Directorate Savings | 10,291 | 7,096 | 3,195 | 2,555 |

Housing Revenue Account

| Directorate | 2020/21 Savings Proposed £'000 | Savings Achieved/ Anticipated £'000 | Savings At Risk £'000 | COVID Element of At Risk £'000 |
|--------------------------|-----------------------------------------|----------------------------------------------|--------------------------------|-----------------------------------------|
| Housing Revenue Account | 0 | 0 | 0 | 0 |
| Total HRA Savings | 0 | 0 | 0 | 0 |

Families, Children & Learning – Capital Budget Summary

| Forecast Variance Month 7 £'000 | Unit | Reported Budget Month 7 £'000 | Reported at Other Committees £'000 | New Schemes £'000 | Variations, Slippage & Reprofiles £'000 | Reported Budget Month 9 £'000 | Forecast Outturn Month 9 £'000 | Forecast Variance Month 9 £'000 | Forecast Variance Month 9 % |
|------------------------------------|-------------------------------------------|----------------------------------|---------------------------------------|----------------------|--------------------------------------------|----------------------------------|-----------------------------------|------------------------------------|--------------------------------|
| 0 | Director of Families, Children & Learning | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| 0 | Health, SEN & Disability Services | 64 | 0 | 22 | 0 | 86 | 86 | 0 | 0.0% |
| 0 | Education & Skills | 33,432 | 0 | 0 | (22,212) | 11,220 | 11,220 | 0 | 0.0% |
| 0 | Schools | 42 | 0 | 33 | 0 | 75 | 75 | 0 | 0.0% |
| 0 | Children's Safeguarding & Care | 72 | 0 | 0 | 0 | 72 | 72 | 0 | 0.0% |
| 0 | Quality Assurance & Performance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| 0 | Total Families, Children & Learning | 33,610 | 0 | 55 | (22,212) | 11,453 | 11,453 | 0 | 0.0% |

Details of Variation requests and explanations of significant Forecast Variances, Slippage or Reprofiles are given below:

| Detail Type | Amount £'000 | Project | Description |
|--------------------|-----------------|---------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Education & Skills | | | |
| Variation | 100 | Healthy Pupils\Surrenden Pool | Variation from Education Capital Maintenance Grant budget to support the Surrenden Pool project. |
| Variation | 185 | Additional Devolved Formula Capital 2018-19 | Realignment of budgets within Education and Skills. |
| Variation | (285) | Capital Maintenance 2019/20 | Variation of Capital Maintenance Grant adjusted to support the Surrenden Pool schemes plus realignment of budget for Education and Skills budget. |
| Reprofile | (19,100) | New Pupil Places | The New Pupil Places grant allocation was reported to this committee in March 2020 within the Education Capital Resources and Capital Investment Programme and included a number of projects for secondary school places as well as SEND review works and unallocated grant to be reviewed. During the year works have been delayed due to the closure of schools resulting from the Covid-19 pandemic. A reprofile of these schemes is required into 2021/22 and will be reported back to this committee through the Education Capital Report for 2021/22 |

Appendix 6 – Capital Programme Performance

| Detail Type | Amount £'000 | Project | Description |
|--------------------|-------------------------|-----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Reprofile | (266) | Universal Free School Meals | Spend on this budget which mainly relates to investment into school kitchens and equipment etc has been delayed due to the Covid-19 pandemic whilst schools have closed. The work will recommence in 2021/22. |
| Reprofile | (780) | Capital Maintenance 2019/20 | The Education Capital Maintenance works that were reported to this committee in March 2020 including the 2019/20 works have been further delayed due to the closure of schools resulting from the Covid-19 pandemic. A reprofile of these schemes is required into 2021/22. |
| Reprofile | (2,040) | Capital Maintenance 2020/21 | The Education Capital Maintenance works that were reported to this committee in March 2020 have been delayed due to the closure of schools resulting from the Covid-19 pandemic. A reprofile of these schemes is required into 2021/22. |
| Reprofile | (26) | Capital Maintenance 2017/18 | Reprofile of less than £0.100m. |

Health & Adult Social Care – Capital Budget Summary

| Forecast Variance Month 7 £'000 | Unit | Reported Budget Month 7 £'000 | Reported at Other Committees £'000 | New Schemes £'000 | Variations, Slippages & Reprofiles £'000 | Reported Budget Month 9 £'000 | Forecast Outturn Month 9 £'000 | Forecast Variance Month 9 £'000 | Forecast Variance Month 9 % |
|------------------------------------|------------------------------------------------|----------------------------------|---------------------------------------|----------------------|---------------------------------------------|----------------------------------|-----------------------------------|------------------------------------|--------------------------------|
| 0 | Adult Social Care | 178 | 0 | 0 | 0 | 178 | 178 | 0 | 0.0% |
| 0 | Integrated Commissioning | 515 | 0 | 0 | 0 | 515 | 515 | 0 | 0.0% |
| 0 | S75 Sussex Partnership Foundation Trust (SPFT) | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| 0 | Public Health | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| 0 | Total Health & Adult Social Care | 693 | 0 | 0 | 0 | 693 | 693 | 0 | 0.0% |

Details of Variation requests and explanations of significant Forecast Variances, Slippage or Reprofiles are given below:

There are no variation requests or forecast variances, slippage and reprofiles to report for this directorate.

Appendix 6 – Capital Programme Performance

Economy, Environment & Culture (excluding Housing Revenue Account) – Capital Budget Summary

| Forecast Variance Month 7 £'000 | Unit | Reported Budget Month 7 £'000 | Reported at Other Committees £'000 | New Schemes £'000 | Variations, Slippages & Reprofiles £'000 | Reported Budget Month 9 £'000 | Forecast Outturn Month 9 £'000 | Forecast Variance Month 9 £'000 | Forecast Variance Month 9 % |
|------------------------------------|--------------------------------------|----------------------------------|---------------------------------------|----------------------|---------------------------------------------|----------------------------------|-----------------------------------|------------------------------------|--------------------------------|
| 0 | Transport | 19,840 | 0 | 0 | 1,203 | 21,043 | 21,043 | 0 | 0.0% |
| 0 | City Environmental Management | 9,674 | 0 | 50 | (283) | 9,441 | 9,441 | 0 | 0.0% |
| 0 | City Development & Regeneration | 16,627 | 0 | 10 | (1,185) | 15,452 | 15,452 | 0 | 0.0% |
| 0 | Culture, Tourism & Sport | 14,582 | 0 | 218 | (2,058) | 12,742 | 12,742 | 0 | 0.0% |
| 0 | Property | 14,971 | 121 | 0 | (3,469) | 11,622 | 11,632 | 10 | 0.1% |
| 0 | Total Economy, Environment & Culture | 75,693 | 121 | 278 | (5,793) | 70,300 | 70,310 | 10 | 0.0% |

Details of Variation requests and explanations of significant Forecast Variances, Slippage or Reprofiles are given below:

| Detail Type | Amount £'000 | Project | Description |
|--------------------------------------------|-----------------|-----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Transport | | | |
| Variation | 1,223 | Maintenance of Principal Roads | The DfE have confirmed in late Autumn the year's final allocation for both the Transport Incentive Fund and Pothole and Challenge Fund for 2020/21. This has resulted in an additional grant funding of £1.223m that will be used to support the Local Transport plan. |
| Variation | (20) | SCAPE Carden AV & Norton Rd | Variation of less than £0.100m. |
| City Environmental Management | | | |
| Variation | (283) | Citywide Play area improvement contract | New Playground Refurbishment Programme added to 2021/22 Capital programme incorporating funding from this project. See separate report on this committee and included within the Budget Report to February P&R Committee. |
| City Development & Regeneration | | | |
| Variation | 52 | Various | Variations of less than £0.100m across the following schemes: £0.010m - Circus Street Development £0.020m - Madeira Terraces Regeneration £0.020m - Sustainability & Carbon Reductions Investment £0.022m - Full Fibre Network |

Appendix 6 – Capital Programme Performance

| Detail Type | Amount £'000 | Project | Description |
|-------------------------------------|-------------------------|-------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | £(0.020)m - Eastern Seafront Masterplan |
| Reprofile | (619) | Contribution to Housing JV | Re-profile of budget to match the latest delivery programme of the LLP. Site acquisition and associated fees as well as the first tranche of construction works are due this financial year. |
| Reprofile | (618) | Sustainability & Carbon Reductions Investment (SCRIF) | This project has been paused for much of the year and the council will not be running another SCRIF round before year end. A reprofile of the budget is required into 2021/22 when the project recommences. |
| Culture, Tourism & Sport | | | |
| Variation | (28) | Volks Railway HLF - Delivery Stage | Variation of less than £0.100m. |
| Reprofile | (680) | Saltdean Lido replacement library | See below - part of Saltdean Lido project. |
| Reprofile | (1,350) | Saltdean Lido Restoration | Saltdean Lido CIC (SLCIC) have recently received a partial permission to start from the National Heritage Lottery Fund (NHLF) to progress the restoration project with the appointment of professional services. Therefore, funding for the project will need to be reprofiled, as the substantive building costs of the restoration will occur in future financial years. |
| Property | | | |
| Reported at other Committee | 300 | Portslade Sixth Form Conversion | Budget required for commencement of the refurbishment of the former Portslade Sixth Form College site ahead of staff relocation. Approved as part of the Mouslecoomb Hub and Housing report to P&R Committee on 30 April 2020. |
| Reported at other Committee | (179) | Commercial Property Portfolio Repairs | Realignment of budgets within Property Services. |
| Variation | 101 | Brighton Centre Lift Refurbishment | Accessible lift 3 repair works were not economically viable and essential repairs were required for phase 1 and phase 2 of the works. This has resulted in a variation to the budget being met from other underspend maintenance projects reported elsewhere in this report. |
| Variation | (161) | Various | Variations of less than £0.100m across the following schemes: £(0.011)m - Asbestos Surveys £(0.038)m - Statutory DDA Access Works Fund £(0.006)m - Corporate Fire Risk Assessments £(0.013)m - Legionella Works |

Appendix 6 – Capital Programme Performance

| Detail Type | Amount £'000 | Project | Description |
|-------------|-----------------|-----------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | <p>£(0.018)m - Corp. Elec. meeting room booking SW</p> <p>£(0.012)m - Hollingdean Depot Pedestrian Footbridge</p> <p>£(0.019)m - Btn Town Hall Flat Roof</p> <p>£(0.060)m - Workstyles Phase 4</p> <p>£(0.016)m - Sewerage pipes land at Waterhall</p> <p>£(0.008)m - Nevill Pavilion Maintenance Works</p> <p>£(0.035)m - Bart's House Mechanical Ventilation - AMF</p> <p>£0.095m - Security & Entrance Works Hollingdean Depot - AMF</p> <p>£(0.020)m - Brighton Centre Roofing Works</p> <p>£(0.045)m - Pavilion Building Structural Repairs</p> <p>£0.045m - Hove Library Phase 1 Roof Repairs & Ext Decorations</p> |
| Reprofile | (131) | Madeira Terrace Structural Repair & Resurface | Delays to the propping phase and still to be tendered. Expected to be started by March 2021 with the main bulk of the work undertaken during 2021/22. |
| Reprofile | (230) | Bart's Cladding & Window Replace Phase 1 | Delays to the scaffolding but 50% of the work expected to be delivered by the end of 2020/21 with the remaining work reprofiled into 2021/22. |
| Reprofile | (900) | Workstyles Phase 4 | This budget supports the resources and investment for planned Workstyles projects some of which have been reprioritised to support the recovery from the coronavirus pandemic and will continue into 2021/22 financial year. |
| Reprofile | (180) | BTH - PMB Contribution to Refurbishment | The refurbishment is on hold whilst a phased programme of fire precaution improvements and other works has been costed. The fire consultant's report has been finally received. That needs to be worked up into a specification with drawings. Works will start late in the new year now. |
| Reprofile | (1,450) | Workstyles 4 Moulsecoomb Hub & Housing | The construction element of the Moulsecoomb Hub and Housing project is due to commence in 2021/22 which is when the vast majority of the budget will be required. This has partly been delayed due to the coronavirus pandemic. Planning, design and consultation is underway and will also continue into the next financial year. |

Appendix 6 – Capital Programme Performance

| Detail Type | Amount £'000 | Project | Description |
|--------------------|-------------------------|---------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Reprofile | (100) | Planned Maintenance for Council Leisure Buildings | Delays to the programme due to the closure of buildings resulting from the Covid-19 pandemic. Work is profiled to recommence during 2021/22. |
| Reprofile | (197) | Park residential property repairs | It has not been possible to access the sites during the year as a result of the Covid-19 pandemic. Work will need to be reprofiled into 2021/22. |
| Reprofile | (221) | Various | Reprofiles of less than £0.100m across the following schemes: £(0.071)m - Brighton Centre Lift Refurbishment £(0.020)m - Brighton Centre Roofing Works £(0.050)m - King Alfred Cathodic Protection System Repairs £(0.045)m - Hollingdean Depot £(0.035)m - Statutory DDA Access Works Fund |

Housing, Neighbourhoods & Communities (excluding Housing Revenue Account) – Capital Budget Summary

| Forecast Variance Month 7 £'000 | Unit | Reported Budget Month 7 £'000 | Reported at Other Committees £'000 | New Schemes £'000 | Variations, Slippages & Reprofiles £'000 | Reported Budget Month 9 £'000 | Forecast Outturn Month 9 £'000 | Forecast Variance Month 9 £'000 | Forecast Variance Month 9 % |
|------------------------------------|---------------------------------------------|----------------------------------|---------------------------------------|----------------------|---------------------------------------------|----------------------------------|-----------------------------------|------------------------------------|--------------------------------|
| 0 | Housing General Fund | 2,572 | 0 | 0 | (262) | 2,310 | 2,310 | 0 | 0.0% |
| 0 | Libraries | 287 | 0 | 0 | 0 | 287 | 287 | 0 | 0.0% |
| 0 | Communities, Equalities & Third Sector | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| 0 | Safer Communities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| 0 | Total Housing, Neighbourhoods & Communities | 2,859 | 0 | 0 | (262) | 2,597 | 2,597 | 0 | 0.0% |

Details of Variation requests and explanations of significant Forecast Variances, Slippage or Reprofiles are given below:

| Detail Type | Amount £'000 | Project | Description |
|----------------------|-----------------|----------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Housing General Fund | | | |
| Variation | (262) | LDV - On-Going Costs | This capital scheme relates to capital works on Brighton & Hove Community Seaside Homes' (LDV)s properties, subsequent to development works and under the management of Temporary Accommodation. This scheme is funded by a management fee paid to the council from Seaside Homes and managed within the funding limits. As reported against HRA capital, planned programmes for this year have been significantly impacted by COVID-19, in addition programmes were forecast to begin later in the year as a result of significant procurement activity on both planned works contract and major works contracts. Procurement processes for planned term contracts were paused in March 2020 as a result of the pandemic and restarted in June 2020. The procurement progressed well since restarting and completed in November 2020. |

Housing Revenue Account (HRA) – Capital Budget Summary

| Forecast Variance Month 7 £'000 | Unit | Reported Budget Month 7 £'000 | Reported at Other Committees £'000 | New Schemes £'000 | Variations, Slippages & Reprofiles £'000 | Reported Budget Month 9 £'000 | Forecast Outturn Month 9 £'000 | Forecast Variance Month 9 £'000 | Forecast Variance Month 9 % |
|------------------------------------|---------------------------------|----------------------------------|---------------------------------------|----------------------|---------------------------------------------|----------------------------------|-----------------------------------|------------------------------------|--------------------------------|
| 430 | City Development & Regeneration | 12,520 | 7,320 | 0 | (4,579) | 15,261 | 16,036 | 775 | 5.1% |
| (2,847) | Housing Revenue Account | 36,988 | 0 | 195 | (1,222) | 35,961 | 30,058 | (5,903) | -16.4% |
| (2,417) | Total Housing Revenue Account | 49,508 | 7,320 | 195 | (5,801) | 51,222 | 46,094 | (5,128) | -10.0% |

Details of Variation requests and explanations of significant Forecast Variances, Slippage or Reprofiles are given below:

| Detail Type | Amount £'000 | Project | Description |
|---------------------------------|-----------------|------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| City Development & Regeneration | | | |
| Reported at other committees | 7,320 | Estate Regeneration New Build | In April 2020 Policy & Resources Committee approved a budget for the appropriation of land at Moulsecoomb Hub of £7.320m. The appropriation is broken down into 3 phases. Phase one which totals £3.000m is due to completed in 2020/21. The final two phases will take place over the next two financial years. |
| Reprofile | (135) | Design Competition | The Party Wall awards have been delayed as negotiations are still ongoing. This will cause a slight delay to start on site pushing back additional fees under RIBA stage 5. |
| Reprofile | (124) | Victoria Road | A revised cashflow for the delivery of the sports pavilion has been received, which shows a reduction in expenditure for 2021/22. The budget is still required for the delivery of the new housing development and will form the budget required for 2022/23. |
| Reprofile | (4,320) | Estate Regeneration New Build | In April 2020 Policy & Resources Committee approved a budget for the appropriation of land at Moulsecoomb Hub of £7.320m. The appropriation is broken down into 3 phases. Phase one which totals £3.000m is due to completed in 2020/21. The final two phases will take place over the next two financial years. |
| Variance | 111 | Redevelopment of HRA Vacant Garage Sites | The final accounts for the construction of 12 homes at Kensington Street are due to be settled this financial year. This has been delayed due to COVID-19 related issues. These costs were expected and form part of the overall scheme costs reported to date. This was a complex project with a of issues that caused an increase in scheme costs due to the constrained nature of the sites. |

Appendix 6 – Capital Programme Performance

| Detail Type | Amount £'000 | Project | Description |
|--------------------------------|-------------------------|-----------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Variance | 363 | Selsfield Drive | Increase in Agreed Maximum Price for scheme as reported to Housing Supply Member Board. |
| Variance | 326 | Buckley Close | Construction of these homes completed in May 2020; the final accounts are due to be settled this year following the defects period. These costs were expected and form part of the overall scheme costs reported to date. The variance relates to a number of unforeseen issues identified as the project progressed such as significant works to the retaining structure behind the new homes as reported to Housing Supply Member Board. |
| Variance | (25) | Various | Variances of less than 0.100m across the following schemes: £(0.026)m - Whitehawk (Findon Road) Development £0.001m - Wellsbourne Development |
| Housing Revenue Account | | | |
| Variation | (770) | Various | Variations of less than 0.100m across the following schemes: £(0.006)m - Heating Water Tanks & Boiler Systems £(0.011)m - Minor Capital Works £(0.004)m - Empty Properties £(0.006)m - Car Parks & Garages £(0.086)m - Roofing £(0.051)m - Windows £(0.012)m - Doors £(0.004)m - Environmental Improvements £(0.008)m - Communal Rewire £(0.058)m - Domestic Rewire £(0.011)m - City-Wide Loft Conv & Ext Project £(0.013)m - Condensation & Damp Works £(0.023)m - Door Entry Systems & CCTV £(0.015)m - Communal Fire Alarms £(0.001)m - Sheltered Services System £(0.017)m - Ventilation £(0.009)m - Water Tanks £(0.043)m - Lifts £(0.003)m - Fencing £(0.004)m - Feasibility and Design - P&I £(0.004)m - Block Conversions |

Appendix 6 – Capital Programme Performance

| Detail Type | Amount £'000 | Project | Description |
|-------------|-----------------|-------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | <p>£(0.077)m - Fire Safety £(0.010)m - Communal Boilers £(0.056)m - Domestic Boiler and system installation £(0.058)m - Structural Repairs £(0.009)m - Home Energy Efficiency & Renewables £(0.074)m - External Decorations & Repairs £(0.015)m - Main Entrance Doors £(0.013)m - Bathrooms £(0.069)m - Kitchens</p> |
| Reprofile | (400) | New Housing Management ICT system | The system implementation has been delayed due to COVID-19. The new system is expected to go live in the first quarter of 2021/22 with on-going work expected in the year. |
| Reprofile | (52) | Home Energy Efficiency & Renewables | Reprofile of less than £0.100m. |
| Variance | (190) | Communal Boilers | A planned communal boiler upgrade project is being reviewed to assess the options for delivery of this project following feedback from stakeholders. |
| Variance | (432) | External Decorations & Repairs | As reported at months 2, 5 and 7 the planned programmes for this year have been significantly impacted by COVID-19, in addition programmes were forecast to begin later in the year as a result of significant procurement activity on both planned works contract and major works contracts. Procurement processes for planned term contracts were paused in March 2020 as a result of the pandemic and restarted in June 2020. The procurement progressed well since restarting and completed in November 2020. Progress has been closely monitored and the council has reviewed budget allocations for 2021/22 as a result of the delays to the programme. |
| Variance | (377) | Roofing | As above. |
| Variance | (344) | Domestic Rewire | As above. |
| Variance | (339) | Kitchens | As above. |
| Variance | (319) | Windows | As above. |
| Variance | (214) | Condensation & Damp Works | As above. |
| Variance | (120) | Main Entrance Doors | As above. |
| Variance | (104) | Doors | As above. |

Appendix 6 – Capital Programme Performance

| Detail Type | Amount £'000 | Project | Description |
|-------------|-----------------|-------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Variance | (430) | Fire Safety | Programme spend is less than budgeted, due to the COVID-19 restrictions that have been in place. This has meant that planned work has not been undertaken over the majority of the financial year. Programmes are now underway and progress is being closely monitored. |
| Variance | (200) | Lifts | As above. |
| Variance | (195) | Communal Fire Alarms | As above. |
| Variance | (180) | Ventilation | As above. |
| Variance | (135) | Door Entry Systems & CCTV | As above. |
| Variance | (120) | Water Tanks | As above. |
| Variance | (1,800) | Extended Home Purchase Scheme | The cost of purchasing properties are lower than anticipated coupled with an exemption for paying SDLT on the purchases has resulted in an underspend for this year. This level of spend still delivers 30 units for the Next Steps Accommodation Programme. |
| Variance | (404) | Various | <p>Variances of less than 0.100m across the following schemes:</p> <ul style="list-style-type: none"> £(0.099)m - Heating Water Tanks & Boiler Systems £(0.099)m - Home Energy Efficiency & Renewables £(0.093)m - Environmental Improvements £(0.063)m - Bathrooms £(0.056)m - Communal Rewire £(0.056)m - Block Conversions £(0.044)m - City-Wide Loft Conv & Ext Project £(0.043)m - Empty Properties £(0.005)m - Sheltered Services System £0.037m - Structural Repairs £0.050m - Car Parks & Garages £0.067m - Minor Capital Works |

Finance & Resources - Capital Budget Summary

| Forecast Variance Month 7 £'000 | Unit | Reported Budget Month 7 £'000 | Reported at Other Committees £'000 | New Schemes £'000 | Variations, Slippages & Reprofiles £'000 | Reported Budget Month 9 £'000 | Forecast Outturn Month 9 £'000 | Forecast Variance Month 9 £'000 | Forecast Variance Month 9 % |
|------------------------------------------|---------------------------------|----------------------------------------|---------------------------------------------|-------------------------|------------------------------------------------------|----------------------------------------|-----------------------------------------|------------------------------------------|--------------------------------------|
| 0 | Finance | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| 0 | HR & Organisational Development | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| 0 | IT & D | 3,395 | 0 | 0 | 0 | 3,395 | 3,173 | (222) | -6.5% |
| 0 | Procurement | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| 0 | Business Operations | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| 0 | Revenues & Benefits | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| 0 | Total Finance & Resources | 3,395 | 0 | 0 | 0 | 3,395 | 3,173 | (222) | -6.5% |

Details of Variation requests and explanations of significant Forecast Variances, Slippage or Reprofiles are given below:

There are no variation requests or forecast variances, slippage and reprofiles to report for this directorate.

Strategy Governance & Law - Capital Budget Summary

| Forecast Variance Month 7 £'000 | Unit | Reported Budget Month 7 £'000 | Reported at Other Committees £'000 | New Schemes £'000 | Variations, Slippages & Reprofiles £'000 | Reported Budget Month 9 £'000 | Forecast Outturn Month 9 £'000 | Forecast Variance Month 9 £'000 | Forecast Variance Month 9 % |
|------------------------------------------|---------------------------------------------|----------------------------------------|---------------------------------------------|-------------------------|------------------------------------------------------|----------------------------------------|-----------------------------------------|------------------------------------------|--------------------------------------|
| 0 | Corporate Policy | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| 0 | Legal Services | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| 0 | Democratic & Civic Office Services | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| 0 | Life Events | 38 | 0 | 0 | 0 | 38 | 38 | 0 | 0.0% |
| 0 | Performance, Improvement & Programmes | 1,309 | 0 | 0 | 0 | 1,309 | 1,309 | 0 | 0.0% |
| 0 | Communications | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0.0% |
| 0 | Total Strategy, Governance & Law | 1,347 | 0 | 0 | 0 | 1,347 | 1,347 | 0 | 0.0% |

Details of Variation requests and explanations of significant Forecast Variances, Slippage or Reprofiles are given below:

There are no variation requests or forecast variances, slippage and reprofiles to report for this directorate.

Note: There are currently no capital budgets to report on for Corporate Budgets.

New schemes and Future Years Variations to be added to the Capital Programme for 2020/21 to be approved

| New Capital Project Approval Request | |
|---------------------------------------------|-------------------------|
| Directorate: | Housing Revenue Account |
| Unit: | Property & Investment |
| Project Title: | Aerial Systems Upgrade |
| Total Project Cost (All Years) £: | 195,000 |

Purpose, Benefits & Risks:

Planned work to upgrade some of our aerial systems to make them compatible with Sky Q – the service that Sky currently offers – as well as carrying out some repairs that are needed.

These works will need to be undertaken at some point in the future and the existing contract allows for these types of work, whilst the new one (planned for April 2021 onwards) will not as it is for repair and maintenance only, therefore these works need to be completed before the end of March 2021.

Capital Expenditure Profile (£'000):

| Funding Source (see guidance below) | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | Total All Years |
|--------------------------------------------|----------------|----------------|----------------|----------------|----------------|------------------------|
| <i>Revenue contribution</i> | 195 | 0 | 0 | 0 | 0 | 195 |
| Total Estimated Costs & Fees | 195 | 0 | 0 | 0 | 0 | 195 |

Financial Implications:

The funding will be met from the existing revenue contribution to the capital programme, as there is a significant underspend across the HRA capital programme as reported as part of the main TBM report. Any maintenance costs will be met from within existing revenue budgets.

| New Capital Project Approval Request | |
|---------------------------------------------|--------------------------------|
| Directorate: | Families, Children & Learning |
| Unit: | Schools – Longhill High School |
| Project Title: | Upgrade of Computers |
| Total Project Cost (All Years) £: | £33,000 |

Purpose, Benefits & Risks:

The purpose of the investment is to purchase 100 computers to upgrade computer suites.

| Capital Expenditure Profile (£'000): | | | | | | |
|---------------------------------------------|----------------|----------------|----------------|----------------|----------------|------------------------|
| Funding Source (see guidance below) | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | Total All Years |
| <i>Capital Borrowing</i> | 33 | 0 | 0 | 0 | 0 | 33 |
| Total Estimated Costs & Fees | 33 | 0 | 0 | 0 | 0 | 33 |

Financial Implications:

The total cost of the borrowing for this scheme is £34,702 including interest repayable over 5 years. Longhill School has traditionally used capital borrowing to fund the update of its computer equipment. The school is no longer in licensed deficit, and the annual repayments of £6,940 commencing in financial year 2021/22, will be built into their revenue budget plan, and can be accommodated.

| New Capital Project Approval Request | |
|---------------------------------------------|---------------------------------------------------------|
| Directorate: | Families, Children and Learning |
| Unit: | Adult Social Care Learning Disabilities – Preston Drove |
| Project Title: | Vehicle Purchase |
| Total Project Cost (All Years) £: | £21,500 |

| Purpose, Benefits & Risks: |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Services users at Preston Drove have learning Disabilities and their support needs require the use of a car to manage safely. They cannot access public transport.</p> <p>The loan repayments will be covered by the transport contributions paid for by the service-users.</p> |

| Capital Expenditure Profile (£'000): | | | | | | |
|---------------------------------------------|----------------|----------------|----------------|----------------|----------------|------------------------|
| Funding Source (see guidance below) | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | Total All Years |
| <i>Capital Borrowing</i> | 21.5 | 0 | 0 | 0 | 0 | 21.5 |
| Total Estimated Costs & Fees | 21.5 | 0 | 0 | 0 | 0 | 21.5 |

| Financial Implications: |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>The vehicle purchase will be financed through capital borrowing with the financing costs repaid through the revenue service budget. Currently the service receives transport contributions from residents that cover the annual repayment of the borrowing scheme.</p> |

| New Capital Project Approval Request | |
|---------------------------------------------|-----------------------------------------|
| Directorate: | Economy, Environment & Culture |
| Unit: | City Environment Management |
| Project Title: | Seafront Lockup Health and Safety Works |
| Total Project Cost (All Years) £: | £50,000 |

| Purpose, Benefits & Risks: |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Urgent capital investment is required to carry out essential health and safety work at the seafront lockup which is the rest and toilet facility for council staff. There are currently insufficient toilet and wash facilities at the seafront lockup resulting in staff traveling to alternate locations which is not sustainable and a potential health risk. |

| Capital Expenditure Profile (£'000): | | | | | | |
|---------------------------------------------|----------------|----------------|----------------|----------------|----------------|------------------------|
| Funding Source (see guidance below) | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | Total All Years |
| <i>Capital Borrowing</i> | 50 | 0 | 0 | 0 | 0 | 50 |
| Total Estimated Costs & Fees | 50 | 0 | 0 | 0 | 0 | 50 |

| Financial Implications: |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| The health and safety works will be financed through capital borrowing with the financing costs repaid through the council's corporate revenue budget. The borrowing costs have been built into the General Fund revenue budget for 2021/22. |

| New Capital Project Approval Request | |
|------------------------------------------|--------------------------------------------|
| Directorate: | Economy, Environment & Culture |
| Unit: | Culture, Tourism & Sport – Sport & Leisure |
| Project Title: | Stanley Deason 3G Pitch Replacement |
| Total Project Cost (All Years) £: | £415,000 |

Purpose, Benefits & Risks:

The 3G pitch at Stanley Deason Leisure Centre is in urgent need of replacement. It is now 9 years old and has reached the end of its predicted lifespan. It has been used extensively since installation in 2012 by numerous football groups as well as GBMET and has been extremely popular. The participation levels for football increased substantially from the pre 3G pitch levels and the associated income created has made the site more financial sustainable. Unfortunately, a quarter of the pitch has now been deemed as dangerous in terms of Health and Safety and has had to be taken out of use. The rest of the pitch is also in a poor condition. It is a BHCC contractual responsibility to ensure the facility is replaced and if not replaced then Freedom Leisure, as our Operator, could claim under the terms of the contract for loss of income. Replacement works have been costed up by independent consultants and assuming the existing shock pad is still in good condition the cost has been estimated at £0.415m. The lighting columns are thought to be over 20 years old along with the fencing and whilst the pitch is being replaced it would provide economies of scale if these were also replaced at the same time as the pitch by the contractor. The funding will need to come from existing capital budgets and direct revenue funding in future years.

Capital Expenditure Profile (£'000):

| Funding Source (see guidance below) | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | Total All Years |
|-----------------------------------------|------------|-----------|-----------|-----------|----------|-----------------|
| <i>Direct Revenue Contributions</i> | 188 | 0 | 80 | 80 | 0 | 348 |
| <i>Specific Reserves</i> | 0 | 67 | 0 | 0 | 0 | 67 |
| Total Estimated Costs & Fees | 188 | 67 | 80 | 80 | 0 | 415 |

Financial Implications:

Once completed, the facility will be operated by Freedom Leisure as part of the Sports Facilities contract. There will be no direct financial implications for BHCC as ongoing management and maintenance costs will be managed by Freedom Leisure. There will however be a requirement for an ongoing £0.025m/annum sinking fund to enable capital replacement by BHCC again in 8-10 years. The capital costs of the project will be funded by £0.188m of revenue contributions this financial year with £0.067m from the Sports Facilities Reserve in 2021/22 and revenue contributions of £0.080m in 2022/23 and 2023/24.

| New Capital Project Approval Request | |
|---------------------------------------------|-------------------------------------------------|
| Directorate: | Economy, Environment & Culture |
| Unit: | Culture, Tourism & Sport – Sport & Leisure |
| Project Title: | Withdean Sports Complex – Soft Play Development |
| Total Project Cost (All Years) £: | £473,000 |

Purpose, Benefits & Risks:

The offer at Withdean Sports Complex for under 12s is fairly limited. There are sports activities such as climbing, tennis lessons and athletics, however, the provision for young children should be expanded to better meet the needs of family orientated customers and the local area. A number of S106 allocations for the development of indoor sports have been identified and pooled to support helping improve and develop the existing sports facilities provision. A Sports Facilities Investment Plan has also recently been undertaken by external consultants and this also highlights the need and requirement for such an offer within the Sports Facilities Portfolio. The proposal is also supported by Freedom Leisure as the current operator to help increase the long term financial sustainability of the facility and improve the physical activity offer to its customers and local community. In the current situation it is even more important that the health and wellbeing of children is considered into the future and the ability to play and exercise is a key in supporting both their physical activity levels and mental health.

Capital Expenditure Profile (£'000):

| Funding Source (see guidance below) | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | Total All Years |
|-----------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|------------------------|
| <i>Direct Revenue Contributions</i> | 30 | 25 | 25 | 25 | 0 | 105 |
| <i>External Contributions – Section 106 Contributions</i> | 0 | 368 | 0 | 0 | 0 | 368 |
| Total Estimated Costs & Fees | 30 | 393 | 25 | 25 | 0 | 473 |

Financial Implications:

Some of the S106 monies have a limited timeframe to be spent. At least £0.031m needs to be spent on capital improvements at Withdean Sports Complex for Indoor Sport before Autumn 2021. This project has been assessed by the Sports Facilities Team and Freedom Leisure as the most advantageous scheme to take ahead at this time in terms of the time scale for delivery and positive impact on the existing sports facilities offer. Once completed the new facility will be operated by Freedom Leisure as part of the Sports Facilities contract. There will be no ongoing direct financial implications for BHCC as all ongoing costs would sit with Freedom Leisure. The capital costs will be funded by £0.105m of revenue contributions and £0.368m of Section 106 funding.

| New Capital Project Approval Request | |
|---------------------------------------------|---------------------------------|
| Directorate: | Economy, Environment & Culture |
| Unit: | City Development & Regeneration |
| Project Title: | Dukes Mound Arches |
| Total Project Cost (All Years) £: | £10,000 |

Purpose, Benefits & Risks:

The location of these arches provides an opportunity to assist with wider regeneration of the eastern seafront as it can offer a “staging front” for drawing visitors along to Black Rock and the Marina. The City Development and Regeneration major projects team will commence work on exploring the options and funding sources / bids for the opportunity to increase potential revenue returns at this site. This budget forms part of the council’s annual corporate Strategic Investment Fund (SIF).

Capital Expenditure Profile (£'000):

| Funding Source (see guidance below) | 2020/21 | 2021/22 | 2022/23 | 2023/24 | 2024/25 | Total All Years |
|--------------------------------------------|----------------|----------------|----------------|----------------|----------------|------------------------|
| <i>Capital Receipts</i> | 10 | 0 | 0 | 0 | 0 | 10 |
| Total Estimated Costs & Fees | 10 | 0 | 0 | 0 | 0 | 10 |

Financial Implications:

The project will be financed from the Council’s 2020/21 Strategic Investment Fund which is financed using corporate capital receipts. The council allocates an annual sum of £0.250m pa to support major projects investment. The SIF is financed using capital receipts balances.

Capital Variation Approval Request

| | |
|----------------------------------|---------------------------------------------------|
| Service: | Culture |
| Project title: | Royal Pavilion Estate (Phase 1) |
| Total Project Costs (All Years): | £30.403m (including Variation request of £2.459m) |

Purpose, benefits and risks:

The project has experienced a number of unforeseen issues resulting in increased project costs due to the following:

- the Covid-19 pandemic resulting in delays to the timetable and increased costs;
- a procurement exercise and appointment of new contractors to undertake recovery works and completion of the project following the previous contractor going into administration; and
- Additional costs following substantial structural works on the Corn Exchange roof to rectify serious defects.

The additional cost of work will be profiled into the council’s 2021/22 capital programme. A review of the current fundraising contribution to the project has identified that it is also at risk and the situation is being monitored closely.

Capital expenditure profile (£’000):

| Year | 2020/21 | 2021/22 | Future Years | TOTAL |
|----------------------------------------|---------------|--------------|--------------|---------------|
| Variation: Capital Borrowing | 6,000 | 1,000 | 0 | 7,000 |
| Variation: Grants with Conditions HLF | 928 | 1,000 | 0 | 1,928 |
| Variation: Grants with Conditions ACE | 1,204 | 459 | 0 | 1,663 |
| External Contributions | 830 | 0 | 0 | 830 |
| Borrowing (Brighton Dome Festival Ltd) | 1,273 | 0 | 0 | 1,273 |
| Total estimated costs and fees | 10,235 | 2,459 | 0 | 12,694 |

Financial implications:

Note, the actual spending on this project up to 31 March 2020 was £17.709m which is not shown in the table above. A combination of significant additional costs (as detailed above) and delays to the programme whilst a new contractor was appointed plus additional costs incurred due to the delay around Covid-19 have resulted in an increase to the delivery of the project which is due to be

completed in December 2021. This significant variation will be funded from a combination of £1.000m borrowing and additional grants of £1.459m.

Over the autumn the council has made bids to both the National Lottery Heritage Lottery (NLHF) and the Arts Council England (ACE) for additional financial support. ACE have confirmed that funding of £0.459m from the ACE Cultural Capital Kickstart allocation that supports costs that have arisen as a result of the Covid-19 pandemic. This funding is required to be spent by 31 March 2022. An additional £1.0m has been bid to the Heritage Capital Kickstart Fund and confirmation of this award is awaited. This funding is part of the Department for Digital, Culture, Media and Sport's Culture Recovery Fund package and similarly addresses funding shortfalls and cost pressures arising from the Covid-19 pandemic.

An additional £1.000m is required to fund the estimated capital shortfall which will be required to be met from borrowing. Given the scheme's importance to the city, local businesses and the visitor economy, it is proposed to utilise borrowing with the financing costs being met from within the council's general fund revenue budget and this is incorporated into the 2021/22 General Fund Budget reported to this committee. The estimated additional financing costs for this borrowing is £0.054m per annum.

