

Cabinet



Minutes of meeting held on Wednesday, 8 July 2015 at 6.00 pm

Present:-

Councillors **David Tutt** (Chairman and Leader of the Council), **Gill Mattock** (Deputy Chairman and Deputy Leader of the Council), **Margaret Bannister**, **Troy Tester** and **Steve Wallis**.

(An apology for absence was reported from Councillor Alan Shuttleworth)

10 Minutes of the meeting held on 1 June 2015

The minutes of the meeting held on 1 June 2015 were submitted and approved and the chairman was authorised to sign them as a correct record.

11 Declarations of interests by members.

Councillor Tutt declared personal interests in minute 13 (medium term financial strategy) as a member of the East Sussex Pension Fund Committee and in minute 14 (sustainable service delivery strategy) as a non-executive director of iESE (the Improvement and Efficiency Enterprise). He chose to remain present for both items.

12 Annual accounts 2014/15.

12.1 Cabinet considered the report of the Financial Services Manager presenting the annual accounts and final budget outturn figures for 2014/15 for the information of the Cabinet. Under the Accounts and Audit Regulations 2011 the deadline for the Council to approve the annual accounts was 30 September, after the external audit had been completed.

12.2 A report to the Cabinet meeting on 1 June 2015 had set out the provisional outturn for 2014/15. The forecast was for a credit variance of £216,000 on service expenditure. Since that time the work on closing the accounts had been completed and the final outturn confirmed. The general fund final service outturn was a favourable variance of £15,000. The outturn formed part of the draft statement of accounts reported to the Audit and Governance Committee on 24 June 2015. The committee would be asked to formally approve the accounts at their September meeting.

12.3 The main change from the details of the service variances reported to the June Cabinet related to an adjustment for movements in bad debt provision, lower than expected government grants to support business rates reliefs and government support to compensate below inflation increases charged to business ratepayers.

12.4 The general fund balance at 31 March 2015 was £4.899m. Details of other reserves were included in the accounts. In addition to the transfers to and from reserves as approved by Cabinet on the 1 June 2015, a transfer of £488,015 was made to the capital programme reserve in line with the budget strategy representing the balancing mechanism on capital financing costs. This included savings on external interest payable due to the continued use of internal balances and the actual timing of capital spending incurred compared to the expected cash flow profile. The final capital expenditure figure for the year was £17.6m compared to a revised budget of £19.0m a variance of £1.4m or 7.8%.

12.5 The housing revenue account (HRA) figure previously reported to Cabinet in June had been a favourable variance of £186,000. The final net expenditure for the year was £445,500; a variance against budget of £137,000. This movement in variance was due to a reduction in the level of the provision for bad debts. The HRA balance as at 31 March 2014 was £3.150m. Transfer of £700,000 was made to the housing regeneration and investment reserve in line with the budget strategy and the 30 year housing business plan. This represented the variance between the budgeted and actual depreciation allowance.

12.6 The external auditor was due to commence work on 20 July and the accounts would be open for public inspection between 13 July and 7 August 2015. The date for questioning the external auditor had been set as 10 August 2015 until the end of the audit.

12.7 An overview of the accounts was appended to the report. The full accounts were available to view on the council's website. Councillor Mattock expressed her appreciation for the work undertaken by the Financial Services Manager and her team for their work in presenting the annual accounts.

12.8 Resolved (key decision): (1) That the final outturn for 2014/15 be agreed.

(2) That the transfer to reserves and provisions as set out in paragraphs 2.3 and 3.2. of the report be approved.

13 Medium term financial strategy 2016-20 (KD).

13.1 Cabinet considered the report of the Deputy Chief Executive and Chief Finance Officer. The council's medium term financial strategy (MTFS) was a rolling 4 year strategy that took into account:

- The external financial environment
- The overall financial demands of services
- The council's existing and projected financial resources
- The council's political priorities and stated aims
- The council's sustainable service delivery strategy
- The council's corporate plan
- The major service strategies and plans

13.2 Over the life of the last parliament the coalition government had effectively reduced the general support to the council by some 40% in cash terms which equated to over 50% in real terms. Government funding was expected to fall a further 30% over the next parliamentary cycle to 2020. The government had set an objective to eliminate the nation's budget deficit by the end of the parliament. This would involve various measures that will reduce the amount of resources to local government including:

- A further reduction in general central government support 2016-2020.
- Reducing the amount of resource available to DCLG as it was not a "protected" department which would impact on specific grants.
- Increasing in the funding for new homes bonus (NHB) paid for by further reducing the revenue support grant (RSG).
- A further year on year reduction in housing benefit administration grant (on top of the £200,000 reduction in the last 4 years).

13.3 The Deputy Chief Executive gave an update on measures announced in the Chancellor's budget statement made earlier in the day of this meeting. This confirmed the assumptions made in the MTFS of a further 30% reduction in government grant to 2020. The anticipated cost to the council of the proposed increase in the national minimum wage for those over 25 would be offset by the cap to be imposed on public sector pay of 1% (against an assumed MTFS provision of 2%).

13.4 In order to protect front line services the council had put in place a priority based budget system that had kept pace with the scale of cuts to funding and made provision for reinvestment in services. The council had set out its stall to become less dependent on day to day revenues to run services, instead opting to use any spare financial capacity to enhance the capital programme. The council's DRIVE programme provided the programme to deliver efficiencies that support the council's corporate plan. The MTFS and capital strategy identified and directed resources at a strategic level, which were then compounded via the service and financial planning and budget setting process.

13.5 In setting the last six annual budgets the council had achieved its "golden rule" of meeting its ongoing budget requirement from ongoing resources in each year. Technically, the rule applied to the cycle of the MTFS, and it was reasonable to use reserves to smooth out the budget as savings accrued over the cycle. By not using reserves in this manner it had meant that reserves over the minimum level were available for one off investments in services decided via the service and financial planning process.

13.6 The council, as a registered social landlord, was obliged to run a housing revenue account (HRA) that was statutorily ring-fenced from its general fund. A 30 year rolling business plan had been adopted for the HRA. The council was working in partnership with Eastbourne Homes Ltd. (EHL), a wholly owned subsidiary, to deliver efficiency savings in partnership using shared services. All savings accruing to the HRA were

reinvested in housing services. During the last 2 years over £500,000 of ongoing efficiencies had been realised and built into the EHL budget.

13.7 The report set out the council's strategy in relation to dealing with the effects of inflation in the costs of goods and services and pay, pension costs, fees and charges, interest rates, council tax, government grants and retained business rates, savings, the scope for new or enhanced service provision the housing revenue account, reserves and the mitigation of risks. Appendix 1 to the report set out the potential risks and mitigating measures available to the council. Appendix 2 provided a summary of the MTFS 2016/2020 and showed that the general reserve would be reduced over the life of the MTFS to an estimated £3m excluding any windfalls or underspends. In order to maintain sustainable finances and fund its ambitions, the council would need to make new efficiency savings or income streams averaging £0.6m per annum for the next four years; a cumulative saving of approximately £2.5m.

13.8 Resolved (key decision): (1) That the updated medium term financial strategy and associated plan 2016-20, as summarised in appendix 2 of the report, be approved.

(2) That the balance of assumptions made in the strategy be agreed.

(3) That that the emerging budget proposals for 2016/17 be brought to Cabinet in December prior to detailed consultation.

(4) That the principal risks of the strategy in appendix1 of the report be approved.

(Note: See minute 11 above for personal interest declared by Councillor Tutt.)

14 Sustainable service delivery strategy (SSDS) - update (KD).

14.1 Cabinet considered the report of the Deputy Chief Executive updating members on the progress made within the SSDS programme, with particular reference to the implementation of shared corporate services, the 'Future Model' programme plan (phase two); and the corporate landlord implementation plan.

14.2 The publication of the final target operating model (TOM) enabled the staff recruitment process to begin, and the first (internal) phase of this was completed in early June. External recruitment to the vacant roles began in June and would continue over the rest of the summer. Successful recruitment to vacant roles in the new structure would be a factor in the timetable for the implementation of the new teams and processes. The number of staff in scope of phase two was reduced from 219.5 to 168.1 full time equivalent (FTE) roles. There were 141.5 FTE roles in the new model, a reduction of 26.6. Following internal recruitment there were 34.6 FTE redundancies, of which 17.9 were as a result of voluntary redundancy requests. Implementation of new

systems and ways of working was being undertaken on a phased basis with the current focus on housing services.

14.3 Another major programme milestone was the successful relocation of Eastbourne Homes Ltd. (EHL) from Ivy House to 1 Grove Road and the completion of the redesign of the customer contact centre at 1 Grove Road. Following the EHL relocation and a detailed analysis of the outcomes of the recruitment process, the programme savings were estimated to amount to £1.45 million, which included £1.2 million of staff related savings (consistent with the original business case estimates).

14.4 The human resources (HR) and legal shared services went live on schedule in April 2015, with Eastbourne BC hosting the HR shared service and Lewes DC hosting the legal shared service. Staff transfer under TUPE had been completed successfully and all bar one staff member were in post. The next step will be the development of service level agreements (SLAs) for both services. The early success of the arrangements had already resulted in some interest from other authorities about potentially joining the service in future.

14.5 The information technology (IT) shared services roadmap was currently being developed and envisaged a 5-year transition programme. Due to the different financial systems used by EBC and LDC, the shared service opportunities for finance were currently focussing on sharing expertise across the two authorities and moving to common financial reporting formats. The alignment of the property teams across EBC and LDC was ongoing, with recruitment to joint posts underway and a shared statutory compliance officer in post.

14.6 In October the 2 councils' cabinets had authorised their chief executives, in consultation with the respective council leaders, to take advantage of opportunities as and when they arose to align systems or posts in order to generate benefits in terms of quality, savings or resilience. Since then a number of opportunities had been taken to do this, namely:

- Two further shared roles at senior management level (Senior Head of Planning, Regeneration and Assets and Senior Head of Tourism and Leisure).
- Shared printing service, hosted by EBC.
- Sharing of specialist skills around council tax and the community infrastructure levy (CIL).
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14.7 Resolved (key decision): (1) That the SSDS progress update be agreed.

(2) That the range of additional shared roles and services currently emerging between Eastbourne Borough Council and Lewes District Council and the commitment to future shared services outlined in the report be agreed.

(Note: See minute 11 above for personal interest declared by Councillor Tutt.)

15 **Seafront local plan - issues and options report (KD).**

15.1 Councillor Jenkins addressed the Cabinet welcoming the report and emphasising the need to ensure that as wide a range of local groups were encouraged to respond to the consultation opportunity.

15.2 Cabinet considered the report of the Senior Head of Planning, Regeneration and Assets presenting an issues and options report for consultation with public and stakeholders as prelude to the approval of a comprehensive seafront local plan. The council's local development scheme (LDS), which outlines the work programme for the production of planning policy documents, identified the preparation of a seafront local plan to maximise the seafront's contribution to the town as a defining asset and significant contributor to the local economy. The issues and options report would provide the context and background to the seafront, identify a vision for the future of the seafront up to 2035, identify the key issues that a local plan ought to address, and present a range of strategic options based around different themes for the future direction of the plan.

15.3 The issues for the seafront identified in the report were:

- Accessibility to and along the seafront.
- Managing the supply of tourist accommodation.
- Under-utilisation of sites along the seafront.
- Limited provision of leisure and community facilities.
- Widening the appeal of the seafront.
- Protection of the natural and built environment.
- Lack of opportunities for seafront activities.
- Effects of working beaches.
- Quality of public realm.
- Future infrastructure requirements.

The issues and options report presented a series of options for how the seafront could change in the future, based around a number of themes.

15.4 The seafront issues and options report would be subject to a 12 week formal consultation between 17 July and 9 October 2015. This would coincide with the peak tourist season during which the seafront will be used heavily. It was anticipated that a further report would be submitted to Cabinet in 2016, outlining the representations received and considered in the production of a draft seafront local plan.

15.5 Resolved (key decision): (1) That the seafront local plan issues and options report be approved for consultation with the community and key stakeholders between July and October 2015.

(2) That the Senior Head of Planning, Regeneration and Assets, in consultation with the lead Cabinet member, be given delegated authority to make minor amendments before the commencement of the 12 week consultation period.

16 Community infrastructure levy (CIL) governance arrangements (KD).

16.1 Councillors Jenkins and Freebody addressed the Cabinet. Councillor Jenkins expressed concerns that under the CIL regulations developers would delay making their contributions and that smaller development sites were not subject to the levy. Councillor Freebody argued that a link should be made between CIL funded expenditure and the neighbourhoods where the development that generated the funds had taken place.

16.2 Cabinet considered the report of the Senior Head of Regeneration, Planning and Assets. The community infrastructure levy (CIL) had been introduced by the government in 2010 as a mechanism to allow local planning authorities to raise funds from liable developments in order to pay for the infrastructure that is required to support new development across the town. CIL would be used to help fund strategic infrastructure, as identified in the council's infrastructure delivery plan.

16.3 It was estimated that total CIL receipts for Eastbourne Borough Council for CIL liable planned residential and retail development within Eastbourne core strategy local plan (up to 2027) would be in the region of £2-3m. It was noted that CIL was just one of many funding streams that could be used to fund infrastructure projects, and would only go some way in meeting the overall infrastructure costs to support development in Eastbourne.

16.4 The council had adopted its CIL charging schedule on 1 April 2015. The charging schedule was found sound at examination, subject to one modification, which was to exclude residential apartments.

16.5 The purpose of this report was to set out options and recommendations on how the council would decide to allocate money, collected through CIL contributions, to specific infrastructure projects. It would also formalise the arrangements for the transfer of money, and identify the relevant decision making bodies and groups that would be involved in the process.

16.6 It was considered that the council should adopt an automatic distribution approach of overall CIL revenue to specific infrastructure funds, as this would save on time and resources and would allocate CIL monies fairly, based on priorities. This would remove the burden of determining on a case by case basis, the amount of money that should be proportioned/allocated. There are 4 main funds that CIL money could be allocated to:-

- County council fund – for infrastructure that would be delivered by the county, e.g. education provision, transport.
- Other infrastructure providers fund – for infrastructure that would be delivered by external partners, e.g. flood storage provision.
- Eastbourne neighbourhoods fund – to be retained by Eastbourne Borough Council for localised spending on specific capital neighbourhood projects.

- Administration fund – to be retained by Eastbourne Borough Council to meet the costs of administering CIL, e.g. software and maintenance costs.

16.7 The proposed CIL governance framework (appendix 2 to the report) identified the percentage of CIL revenue that could be automatically transferred to each fund at relevant timescales. These percentages reflected the desire to:

- Use CIL revenue to recoup administration costs incurred by the council in setting up, monitoring and maintaining CIL processes (5%).
- Spend a meaningful proportion of CIL revenue on local neighbourhood infrastructure (15%).
- Allocate a high proportion of CIL monies to the county council and other infrastructure funds (80%), in order to pass monies externally so that they could be spent on strategic infrastructure identified as a high priority in the council's infrastructure delivery plan.

16.8 It was proposed that bidding would be undertaken by external infrastructure providers for the county council and other infrastructure providers funds on a 6-monthly cycle. An outline of the bid details that would be required was given in the report and it was noted that further work would be undertaken to finalise the bidding process. It was recommended that cabinet (who already had authority as a decision making body) were given a further specific remit to ultimately determine CIL bids, based on the advice and recommendations of the local plan steering group (as a CIL advisory board). The process of decision making was illustrated in appendix 2 to the report. A separate process would operate for the neighbourhood fund where the council's capital programme steering group would identify neighbourhood projects which could be delivered wholly or partly through CIL monies, which would then be reported to Cabinet for approval. These arrangements would be reviewed after 12 months operation (or sooner if necessary).

Resolved (key decision): That the CIL Governance Framework, as set out in the report, be taken forward, and form the basis upon which the council will manage the spending of CIL receipts.

17 Regulatory services enforcement policy and service standards (KD).

17.1 Cabinet considered the report of the Senior Head of Community. Local authorities were required to publish a clear set of service standards, including their enforcement policy, explaining how they responded to non-compliance. Regulatory services covering environmental health and licensing functions included pollution control, food hygiene, health and safety, private housing and various licensing activities (premises, taxi and private hire, gambling and ancillary functions). Draft regulatory services enforcement policy and service standards were appended to the report.

17.2 Consultation would take place with representative groups prior to the documents being adopted by Council. The groups identified so far were the Eastbourne Hospitality Association, Eastbourne and District Chamber of Commerce, the Eastbourne, Lewes and Wealden branch of the Federation of Small Businesses, and the National Landlords' Association.

17.3 Resolved (key decision): (1) That the Senior Head of Community, in consultation with the lead Cabinet member, be given delegated authority to agree the final regulatory services enforcement policy and service standards.

(2) That following public/stakeholder consultation, full Council be asked to adopt the regulatory services enforcement policy and service standards.

18 Community and housing grants (KD).

18.1 Cabinet considered the report of the Senior Head of Community. The community grants programme was split between major grants which were awarded for a 3-year period for grants of more than £10,000 each year and small grants of up to a maximum of £10,000 which were awarded for one year only. These grants were awarded in line with the community grants policy approved by Cabinet (last revised on 16 July 2014). Housing grants had been paid for specific services to prevent homelessness in Eastbourne from grant monies received from the Department of Communities and Local Government (DCLG) previously ring-fenced for this purpose.

18.2 It was now proposed to integrate the process of awarding grants and although the homelessness grant from the DCLG was no longer ring-fenced, it was recommended that equivalent funding (at £58,500) continue to be used to deliver homelessness prevention services, with £2,000 being allocated to Eastbourne and Wealden YMCA for their work educating school students about the realities of homelessness and the balance allocated in line with community grants policies and procedures.

18.3 The current community grants policy referred to the budget of £180,000 available for major grants in recent years. In practice, Cabinet had awarded major grants totalling £203,000 in the last 3 years to protect voluntary sector partners from reductions in funding. The Grants Task Group had recommended that a budget of £203,000 be set for the next 3 years (2016/17 to 2018/19) in view of the continued financial pressures faced by the voluntary sector and to demonstrate the council's ongoing commitment to the voluntary and community sector. This would require an increase in the community grants budget from the current level of £240,000 to £263,000.

18.4 Funding priorities for major and housing grants should be for the provision of advice and financial inclusion services, youth engagement, homelessness and to those providing support for voluntary and community organisations. These priorities were proposed on the basis

that they contributed significantly to the council's own corporate priorities and services and to those of its partners in the wider community. In considering these priorities, the Grants Task Group had also taken account of alternative sources of funding available through East Sussex County Council health and social care commissioning grants prospectus, the Department of Work and Pensions and community safety/police and crime commissioner funding. The group proposed a major and housing grants prospectus (appendix 1 to the report) giving more detail on the priorities under each of the broad headings. This was designed to give voluntary and community organisations greater clarity on the outcomes sought by the Council and guidance on how the council would assess applications.

18.5 Priorities for small grants were agreed by Cabinet each year for the year ahead. These priorities were changed from year to year to ensure a fair distribution of funding to different types of project and to ensure that emerging needs were reflected. Priority was also given each year to projects which promoted inclusion and the needs of those communities and groups protected under the Equality Act 2010. It was recommended that this policy remain unchanged. For 2016/17 it was proposed that small grants be awarded on the basis of the following priorities: Promotion of digital inclusion, promotion of emotional health and wellbeing and services to children and families.

18.6 Resolved (key decision): (1) That the process for awarding housing grants be aligned with the community grants programme.

(2) That the overall budget for community and housing grants in 2016/17 to 2018/19 be £263,000 subject to final budget setting in each year.

(3) The priorities for the major grants programme and for housing grants 2016/17 to 2018/19 be agreed.

(4) That the priorities for the small grants programme 2016/17 be agreed.

(5) That the changes to the community grants policy to reflect the foregoing decisions, as set out in the appendix to the report, be agreed.

19 Joint Eastbourne youth strategy 2015 to 2018 (KD).

19.1 Cabinet considered the report of the Senior Head of Community and the work of the Eastbourne Youth Partnership. The last joint Eastbourne youth strategy had been approved in 2011 and laid the basis for the partnership's work since then. Key achievements of the 2011 to 2015 strategy had included the provision of new groups and activities for young people around the town, delivery of a youth bank funding over 40 youth-led groups, and a number of events for young people and for the agencies working with them.

19.2 The partnership had recently developed a new strategy for 2015 to 2018 following extensive consultation with young people and partner organisations (appendix 1 to the report). The action plan had been developed through a workshop and follow-up discussions with key partners. Membership of the partnership was open to any organisation which currently worked with young people and contributed to delivering the joint strategy. Details of the current membership were given in the report.

19.3 The strategy identified a number of areas where progress had been made since 2011 and the main areas which partners wished to focus on over the next 3 years. Based on an analysis of local statistics and the experience of key partners, the following priorities had been identified:

- Maintain the number and range of affordable, accessible clubs and activities and raise the profile of what's available.
- Help young people to stay healthy – with a particular emphasis on weight management and physical activities.
- Help young people to stay safe – particularly around sexual abuse and bullying.
- Provide more, improved and better publicised services that support emotional health of young people.
- Explore safer transport options.

19.4 Resolved (key decision): That the joint Eastbourne youth strategy 2015 to 2018 be approved.

20 Exclusion of the public.

Resolved: That the public be excluded from the remainder of the meeting as otherwise there was a likelihood of disclosure to them of exempt information as defined in schedule 12A of the Local Government Act 1972. The relevant paragraphs of schedule 12A and descriptions of the exempt information are shown beneath the items below. (*The requisite notices having been given under regulation 5 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.*)

21 Summary of confidential proceedings for information.

(*Note: The full minutes of the under-mentioned items are set out in the confidential section of these minutes. The reports remain confidential.*)

(a) Redundancy and redeployment - activity update.

Cabinet noted that 16 employees were currently subject to the procedure at present. They noted the actions taken to manage implications of change for displaced individuals through support, redeployment and assistance with self marketing under the redundancy and redeployment procedure and the use of the procedure in managing the change resulting from implementation of phase two of Future Model.

Exempt information reasons 1 and 2 – Information relating to an individual or likely to reveal the identity of an individual.

(b) Housing and economic development programme.

21b.1 Cabinet approved proposals for the council's recently established asset holding company, Eastbourne Housing Investment Co. Ltd. (EHICL), to acquire its first property. The acquisition would be achieved by means of a loan granted to the company by the council on market terms. The report set out full details of the business case for the acquisition and demonstrating the economic viability of the project and conformity with the council's objectives in establishing the company in order to foster regeneration, economic development, employment and training. The property in question comprised a commercial unit, together with flats and garage spaces and its acquisition, together with associated environmental improvements, would have a positive regenerative impact upon the locality.

21b.2 The report also sought Cabinet's confirmation that the directors of the new company would be the relevant office holders for the positions of Leader, lead Cabinet member for housing, Senior Head of Communities, Head of Planning, Regeneration and Assets and the Chair of Eastbourne Homes Ltd. Cabinet confirmed these appointments and noted that these would be re-confirmed at the annual council meeting each year in line with the council's usual arrangements for council body appointments.

Exempt information reason 3 – Information relating to the financial or business affairs of any particular person (including the authority holding that information).

The meeting closed at 6.52 pm

Councillor David Tutt
Chairman