

# Cabinet

## 11 July 2018



**Time and venue:**

**6.00 pm in the Court Room at Eastbourne Town Hall, Grove Road, BN21 4UG**

**Membership:**

**Councillor David Tutt (Chair); Councillors Alan Shuttleworth (Deputy-Chair) Margaret Bannister, Jonathan Dow, Stephen Holt, Colin Swansborough and John Ungar**

**Quorum: 3**

*Published: Tuesday, 3 July 2018*

## Agenda

- 1 Minutes of the meeting held on 23 May 2018. (Pages 1 - 6)**
- 2 Apologies for absence.**
- 3 Declarations of disclosable pecuniary interests (DPIs) by members as required under Section 31 of the Localism Act and of other interests as required by the Code of Conduct and regulation 12(2)(d) of the 2012 Access to Information Regulations. (Please see note at end of agenda).**
- 4 Questions by members of the public.**

On matters not already included on the agenda and for which prior notice has been given (total time allowed 15 minutes).
- 5 Urgent items of business.**

The Chairman to notify the Cabinet of any items of urgent business to be added to the agenda.
- 6 Right to address the meeting/order of business.**

The Chairman to report any requests received to address the Cabinet from a member of the public or from a Councillor in respect of an item listed below and to invite the Cabinet to consider taking such items at the commencement of the meeting.
- 7 Corporate plan refresh (Pages 7 - 26)**

Report of Director of Regeneration and Planning  
Lead Cabinet member: Councillor David Tutt

**8 Corporate performance 2017/18** (Pages 27 - 82)  
Report of Deputy Chief Executive and Director of Regeneration and Planning  
Lead Cabinet members: Councillors Stephen Holt and Colin Swansborough

**9 Medium term financial strategy** (Pages 83 - 96)  
Report of Deputy Chief Executive  
Lead Cabinet member: Councillor Stephen Holt

**10 Annual treasury management report 2017/18** (Pages 97 - 108)  
Report of Deputy Chief Executive  
Lead Cabinet member: Councillor Stephen Holt

**11 Equality monitoring policy** (Pages 109 - 124)  
Report of Director of Regeneration and Planning  
Lead Cabinet member: Councillor Colin Swansborough

**12 Housing development update** (Pages 125 - 134)  
Report of Director of Regeneration and Planning  
Lead Cabinet member: Councillor Alan Shuttleworth

**13 Leisure services options** (Pages 135 - 140)  
Report of Director of Tourism and Leisure  
Lead Cabinet member: Councillor Margaret Bannister

**14 Construction of a new Sovereign Centre** (Pages 141 - 160)  
Report of Director of Tourism and Leisure  
Lead Cabinet member: Councillor Margaret Bannister

**15 Exclusion of the public.**

The Chief Executive considers that discussion of the following item is likely to disclose exempt information as defined in Schedule 12A of the Local Government Act 1972 and may therefore need to take place in private session. The exempt information reasons are shown beneath the item listed below. Furthermore, in relation to paragraph 10 of Schedule 12A, it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information. *(The requisite notices having been given under regulation 5 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.)*

(Note: Exempt papers are printed on pink paper).

## 16 Asset investments and disposals (Pages 161 - 168)

Report of Chief Executive  
Lead Cabinet member: Councillor David Tutt

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

## Information for the public

**Accessibility:** Please note that the venue for this meeting is wheelchair accessible and has an induction loop to help people who are hearing impaired. This agenda and accompanying reports are published on the Council's website in PDF format which means you can use the "read out loud" facility of Adobe Acrobat Reader.

**Filming/Recording:** This meeting may be filmed, recorded or broadcast by any person or organisation. Anyone wishing to film or record must notify the Chair prior to the start of the meeting. Members of the public attending the meeting are deemed to have consented to be filmed or recorded, as liability for this is not within the Council's control.

**Public participation:** Please contact Democratic Services (see end of agenda) for the relevant deadlines for registering to speak on a matter which is listed on the agenda if applicable.

## Information for councillors

**Disclosure of interests:** Members should declare their interest in a matter at the beginning of the meeting.

In the case of a disclosable pecuniary interest (DPI), if the interest is not registered (nor the subject of a pending notification) details of the nature of the interest must be reported to the meeting by the member and subsequently notified in writing to the Monitoring Officer within 28 days.

If a member has a DPI or other prejudicial interest he/she must leave the room when the matter is being considered (unless he/she has obtained a dispensation).

**Councillor right of address:** Councillors wishing to address the meeting who are not members of the committee must notify the Chairman and Democratic Services in advance (and no later than immediately prior to the start of the meeting).

# Democratic Services

For any further queries regarding this agenda or notification of apologies please contact Democratic Services.

**Email:** [committees@lewes-eastbourne.gov.uk](mailto:committees@lewes-eastbourne.gov.uk)

**Telephone:** 01323 410000

**Website:** <http://www.lewes-eastbourne.gov.uk/>



**modern.gov app available**

View upcoming public committee documents on your [iPad](#) or [Android Device](#) with the free modern.gov app.

## **Cabinet**

**Minutes of meeting held in Court Room at Eastbourne Town Hall, Grove Road, BN21 4UG on 23 May 2018 at 6.00 pm**

### **Present:-**

Councillor David Tutt (Chair)

Councillors Alan Shuttleworth (Deputy-Chair), Margaret Bannister, Jonathan Dow, Stephen Holt, Colin Swansborough and John Ungar

### **Officers in Attendance:**

Robert Cottrill (Chief Executive), Alan Osborne (Deputy Chief Executive), Philip Evans (Director of Tourism & Enterprise), Ian Fitzpatrick (Director of Service Delivery), Tim Whelan (Interim Director of Service Delivery), Catherine Knight (Assistant Director of Legal and Democratic Services), Peter Finnis (Assistant Director of Corporate Governance) and Simon Russell (Committee Services Lead)

### **1 Minutes of the meeting held on 21 March 2018.**

The minutes of the meeting held on 21 March 2018 were submitted and approved and the chairman was authorised to sign them as a correct record.

### **2 Apologies for absence and welcome.**

None were reported.

Councillor Tutt welcomed Councillors Holt (financial services) and Swansborough (core support and strategic services) to the membership of the Cabinet for the municipal year, following their appointment at Annual Council on 9 May 2018. Councillor Shuttleworth had been appointed Deputy Leader, replacing the Worshipful the Mayor of Eastbourne, Councillor Gill Mattock. Tim Whelan, Interim Director of Service Delivery was also welcomed to his first meeting of the Cabinet.

### **3 Declarations of members' interests.**

Councillors Tutt and Ungar declared a prejudicial interest in agenda item 10 (housing development update) as members of Aspiration Homes LLP and Eastbourne Housing Investment Company Limited Board. They both withdrew from the room whilst this item was considered.

The Chief Executive declared a prejudicial interest in agenda item 11 (asset investments and disposals) as a non-executive director on Welbeing. He withdrew from the room whilst the item was considered.

#### **4 Questions by members of the public**

Mr Mike Hanlon asked a question to Councillor Tutt as follows:

Is the Cabinet prepared to instruct their agent to assist in the reformation of the Leasehold Panel? The Leasehold panel has been without a Chair since November and there is some doubt how quorate their meetings in the last two years have been. It is only in the last two months that it has been suggested they appoint a Chair from their own ranks. Leaseholders so far have had no say in who represents their interests.

Copies of the questions were circulated to Councillors and made available to the public attending the meeting.

Councillor Tutt confirmed that the Cabinet supported the reformation of the panel and requested that officers forward the relevant details to Mr Hanlon following the meeting.

**NOTED.**

#### **5 Waste and recycling services post June 2019.**

The Cabinet considered the report of the Interim Director of Service Delivery regarding the waste and recycling service post June 2019.

**Resolved (key decision):**

(1) To delegate authority to the Interim Director of Service Delivery in consultation with the portfolio holder for Place Services, for the procurement of fleet resources and associated hardware and IT systems to provide in-house collection and cleansing services from June 2019 at a funding level identified in the confidential paper.

(2) To approve the waiver of contract procedure rules in accordance with paragraph 4.2.1a of the council's procurement rules for the reasons set out in paragraphs 6.1 to 6.3 of the report, namely that the Council intends to purchase assets from Kier rather than tendering for purchase on the open market subject to this providing best value.

(3) To delegate to the Chief Finance Officer, the method of purchase to ensure best value for the Council.

(4) To approve funding of up to £50k for setting up and initial running of the Local Authority Controlled Company (LACC).

(5) To approve the proposed Directors of the LACC being the following post holders: Director of Regeneration and Planning, Interim Director of Service Delivery, Portfolio Holder for Place Services, the Leader of the Council and the Leader of the Opposition.

(6) To approve financial implications (as identified in the confidential paper) of taking on the lease at Courtlands Road.

(7) To note that East Sussex County Council will be handling fully co-mingled dry mixed recycling material post June 2019.

(8) To note the take-up of the new charged-for garden waste service.

**Reason for decisions:**

To maintain current waste services and provide value for money prior to completing a wider Council Waste Service Review once the service is in a LACC.

**6 Exclusion of the public.**

**Resolved:**

That the public be excluded from the remained 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 paragraph of schedule 12A and a description of the exempt information is shown below. (The requisite notice having been given under regulation 5 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.)

**7 Waste and recycling services post June 2019.**

The Cabinet considered the exempt report of the Interim Director of Service Delivery regarding the waste and recycling service post June 2019.

**Resolved (key decision):** To approve the officer recommendations, outlined in the exempt report.

*Notes: (1) The report remains exempt. (2) Exempt information reason 3 – information relating to the financial or business affairs of any particular person (including the authority holding that information).*

**8 Housing development update.**

The Cabinet considered the report of the Director of Regeneration and Planning regarding proposals for the next stage development of the Bedfordwell Road.

Councillors Tutt and Ungar both declared a prejudicial interest in this item and withdrew from the room whilst it was considered. Councillor Shuttleworth chaired the meeting for this item.

**Resolved (key decision):**

(1) Delegate authority to the Director of Regeneration and Planning, in consultation with the Portfolio Holder for Housing and the Chief Finance Officer to take all steps to progress the development of Bedfordwell Road, Eastbourne on terms equivalent or better than set out in the exempt report.

(2) Approve a corresponding Eastbourne Borough Council 18/19 capital programme budget allocation of £3m to enable the development to progress in line with paragraph 3.5 of the exempt report.

**Reason for decisions:**

To enable the Bedfordwell Road development to progress to the next stage with Cabinet approval in place for associated capital expenditure.

*Notes: (1) The report remains exempt. (2) Exempt information reason 3 – information relating to the financial or business affairs of any particular person (including the authority holding that information).*

**9 Asset investments and disposals.**

The Cabinet considered the report of the Deputy Chief Executive regarding the Council's asset investment and disposals.

Visiting member, Councillor Smart addressed the Cabinet on this item.

The Chief Executive declared a prejudicial interest in this item and withdrew from the room whilst it was considered.

**Resolved (key decision):**

(1) The Cabinet noted the decision of the board of an associated company to approve a change of ownership.

(2) The Cabinet delegated authority to finalise arrangements on behalf of the council to the Deputy Chief Executive, in consultation with the Leader of the Council and Assistant Director for Legal and Democratic Services.

**Reason for decision:**

To ratify the decision of an associated company to a change of ownership.

*Notes: (1) The report remains exempt. (2) Exempt information reason 3 – information relating to the financial or business affairs of any particular person (including the authority holding that information). (3) All officer recommendations contained in the exempt report were unanimously approved.*



**10 Redundancy and redeployment policy**

The Cabinet considered the report of the Assistant Director for Human Resources and Organisational Development. The report set out the current activity within the redundancy and redeployment procedure and actions taken to support affected individuals.

**Resolved:**

(1) That 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 be noted.

(2) That the financial implications of severance for those identified in the event that redeployment is not secured by the relevant date be agreed.

**Reason for decision:**

The organisation is currently in phase two of the joint transformation programme and actions have been taken to manage the implications of this change for displaced individuals through support, redeployment and assistance with self-marketing under the redundancy and redeployment procedure.

*Notes: (1) The report remains exempt. (2) Exempt information reasons 1 and 2 – Information relating to an individual or likely to reveal the identity of an individual.*

The meeting ended at 6.44 pm

Councillor David Tutt (Chair)

This page is intentionally left blank

<b>Report to:</b>	<b>Cabinet</b>
<b>Date:</b>	<b>11 July 2018</b>
<b>Title:</b>	<b>Corporate Plan Refresh 2018-19</b>
<b>Report of:</b>	<b>Director of Regeneration and Planning</b>
<b>Cabinet member:</b>	<b>Councillor David Tutt (Leader of the Council)</b>
<b>Ward(s):</b>	<b>All</b>
<b>Purpose of report:</b>	<b>This report sets out the results of a review and refresh which has been undertaken of the Council's four year plan (2016 – 2020) at the end of the second year.</b>
<b>Decision type:</b>	<b>Budget and policy framework</b>
<b>Officer recommendation(s):</b>	<b>Cabinet is recommended to:</b> <b>(1) To note the progress made in the second year of delivery of the Corporate Plan (paras 3.2-3.4);</b> <b>(2) to approve the design changes to the Corporate Plan (appendix A) and</b> <b>(3) to recommend that Council agrees the Council Plan contents.</b>
<b>Reasons for recommendations:</b>	<b>During the period of a four year Corporate Plan adjustments and refinements may need to be made to respond to changed circumstances and emerging opportunities. In acknowledgement of this an annual review is a helpful way of ensuring that the Plan remains focused on delivery of the organisations overall strategic objectives.</b>
<b>Contact Officer(s):</b>	<b>Name: Millie McDevitt</b> <b>Post title: Performance &amp; Programmes Lead</b> <b>E-mail: Millie.McDevitt@lewes-eastbourne.gov.uk</b> <b>Telephone number: 01323415637</b>

---

## **1 Introduction**

- 1.1 This report sets out the results of a review which has been undertaken of the Council's four year plan (2016 – 2020) at the end of the second year. The report enables the Cabinet to consider the successes and achievements to date and to

approve the further development and refinement of the Plan as it moves into its third year.

## **2 Background**

- 2.1 The Corporate Plan is a key corporate document. It sets out the Council's commitments to its residents and businesses and outlines a programme of important strategic objectives and the projects that will deliver these for the Borough. The Plan draws upon a range of statistical data, as well as the views of key stakeholders, to inform and help shape the policy priorities for the Council.
- 2.2 The Corporate Plan is a key corporate document. It sets out the Council's commitments to its residents and businesses and outlines a programme of important strategic objectives and the projects that will deliver these for the Borough. The Plan draws upon a range of statistical data, as well as the views of key stakeholders, to inform and help shape the policy priorities for the Council.
- 2.3 Progress against key success measures and project deliverables set out in the Plan has been reported to Members on a quarterly basis, as part of normal performance management arrangements (through both Scrutiny and Cabinet). This reporting will continue in 2018-19.
- 2.4 It was agreed by Council that, although covering a four year period, the Plan would be considered a dynamic document that would evolve over time. As such, an annual review was agreed. The results of the second such review are set out in this report.

## **3 Achievements in the Second Year**

- 3.1 The Council has made good progress in the past year in delivering across a range of the projects and initiatives set out in the Corporate Plan. Notably, in aligning policies across Eastbourne Borough Council and Lewes District Council, delivery of projects and initiatives is now divided into four thematic areas: Growth and Prosperity (Prosperous Economy); Housing and Development; Thriving Communities and Quality Environment. The Corporate Plan has been re-designed to reflect this (Appendix A).

### **3.2 Completed projects**

While most actions included in the Corporate Plan are long term, the following were completed in 2017-18:

3.2a Park and landscape improvements in Hampden Park;

3.2b Set up a Joint Venture for Energy & Sustainability by summer 2017. This was completed and named 'Clear Futures'.

3.2c A new Skate Park was delivered in Shinewater.

3.2d The new shared website with LDC was launched.

3.2e A new Joint Corporate Landlord Service with LDC was established.

3.2f The Princes Park café was refurbished and reopened.

### 3.3 Notable achievements:

In addition to those listed in the Corporate Plan, during the course of the year, the following major initiatives were successfully introduced:

3.3a Introduction of garden waste charging.

3.3b A new Community Lottery for Eastbourne was launched.

3.3c A range of high profile events were successfully delivered including: Airbourne; events to mark Holocaust Memorial Day and World AIDS Day.

3.3d Two iconic beach huts were installed on the seafront.

### 3.4 Housing Development:

A number of new housing developments were completed during 2017-18 and these include:

3.4a Acquisition & refurbishment of residential units at 1-5 Seaside to provide 3x1 bedroom affordable rent flats

3.4b Acquisition and refurbishment of 5 x residential units at The Avenue to provide 2x1 bedroom, 2x2 bedroom, 1 x studio flats.

3.4c Acquisition and refurbishment of 1 house on Longstone Road to provide 3x1 bedroom market rent family house.

3.4d Development of site at Sumach Close to provide 13 new homes: now known as Pear Tree Court.

3.5 As well as the projects set out in the Corporate Plan, through the year opportunities have arisen for additional areas of work to be progressed, which help to deliver the Corporate Plan objectives. Cabinet is asked to agree that these projects be included in the 2016-2020 Council Plan.

3.5a Refurbishment of Hampden Retail Park as agreed at the December 2017 Cabinet meeting.

3.5b Town centre improvements: wayfinding strategy.

3.5c Redevelopment of Bedfordwell Road and other sites to provide a pipeline of new homes.

## 4 **Scrutiny Committee**

4.1 On 11 June, the Scrutiny committee agreed to recommend air quality monitoring should be referenced in the Corporate Plan under the Quality Environment

section p8 of the refreshed Corporate Plan (Councillor Dow).

## **5 Financial Appraisal**

- 5.1 The financial aspects of all projects and actions within the Corporate Plan are either included within the approved budget for 2018/19 and the Medium Term Finance Strategy, or (in the case of new initiatives which may still be at an early planning stage) will be subject to future reports to, and approval by, Cabinet.

## **6 Legal implications**

- 6.1 There are no legal Implications arising from this report.

## **7 Risk management implications**

- 7.1 The risk management implications of individual decisions relating to the projects and initiatives covered in this report will be addressed as part of the planning and delivery of those individual projects

## **8 Equality analysis**

- 8.1 Equality Analyses are being undertaken in relation to the individual projects which make up the Corporate Plan, and therefore it has not been considered necessary to undertake an overarching analysis of the Plan as a whole.

## **9 Appendices**

- Appendix 1 Corporate Plan 2016-20- 2018 refresh

## **10 Background papers**

The background papers used in compiling this report were as follows:

1. The Corporate Plan-2016 – 2020 – Report to Cabinet 12 July 2017

<http://democracy.lewes-eastbourne.gov.uk/documents/s5982/100%20Corporate%20plan%20refresh.pdf>

2. The Corporate Plan 2016 – 2020

<https://www.lewes-eastbourne.gov.uk/about-the-councils/corporate-plans/>



# CORPORATE PLAN

## 2016-2020

UPDATED JULY 2018

## CONTENTS

Introduction	3
About Eastbourne	4
Prosperous Economy	5
Quality Environment	8
Thriving Communities	10
Housing and Development	12
Joint Transformation Programme	14
Devolved budgets	15

Our Corporate Plan brings together what you have told us through consultations about what you want Eastbourne to be like. It states the key projects and targets that will enable us to successfully deliver our priorities for our residents and realise the potential of Eastbourne as the ideal place to live, work and visit. The full consultation results are available online at [www.lewes-eastbourne.gov.uk/corporate\\_plans](http://www.lewes-eastbourne.gov.uk/corporate_plans)

Eastbourne Borough Council is committed to its continuing improvement journey, helping develop the town into a thriving destination and a great place to live and work.



### OUR VALUES:

**Valuing all people**

**Being sustainable**

**Being efficient**

We monitor the plan, reporting progress to Cabinet each quarter. It responds to changing times, and the financial context within which we operate. We refresh the plan annually.



# INTRODUCTION

## FROM THE LEADER

Cllr David Tutt



**The past 5 years have seen great change in Eastbourne along with significant economic pressures. Despite these, we continue to put value for money and the needs of our residents at the heart of all we do whilst supporting the town and its businesses to thrive.**

Eastbourne is a council that has seen significant change and we have revolutionised the way the council is structured to deliver greater efficiencies and a more customer-focused delivery of our services.

We have listened to local residents, businesses and stakeholders to find out what is important to you and how we as an authority can play our part in delivering those priorities.

We will ensure that our retained asset portfolio delivers best value in terms of efficiency and running costs. Where an asset is held for investment purposes, we will ensure that the return on investment reflects market conditions.

We are investing in Eastbourne and evidence of this is clearly visible now with Pacific House at the Sovereign Harbour Innovation Park and the works going on with the Arndale Centre and Terminus Road. Over the next few years, we will see further development in these areas as we and our partners invest in the future success of our town.

Equality and fairness lies at the heart of everything we do. We know that by providing equality of opportunity in our service provision and our work in fostering good relations between people who share different backgrounds, will help us to build an inclusive community for Eastbourne.

Over the past few years we have taken the time to build strong relationships with a number of our diverse communities, communities who previously felt that they did not have a voice, or were not confident that their voice would be listened to.

Many of our goals can only be achieved through strong partnership working with other authorities, organisations and the residents. Together, we can realise Eastbourne's true potential.

*“ We continue to put value for money and the needs of our residents at the heart of all we do whilst supporting the town and its businesses to thrive*

*”*

# ABOUT EASTBOURNE

**Eastbourne is a large town in East Sussex which is primarily a seaside resort with approximately 7km (over 4 miles) of outstanding coastline which includes Beachy Head. It is a gateway to the eastern end of the South Downs National Park, with 485 hectares (1,200 acres) of open access land as well as sites of special scientific interest.**

Eastbourne has a wide range of parks and gardens and significant areas of historic interest, including 250 listed buildings and almost 10 per cent of the built up area is protected with Conservation Area status. Eastbourne also has a range of sport and leisure facilities including: an international, high quality tennis centre developed in partnership with the Lawn Tennis Association; a number of community and borough sporting facilities; theatres; a modern art gallery; and a number of smaller venues which act as centres of local memory and heritage.

It is an outstanding seafront destination offering miles of unspoilt coast, with a preserved Victorian promenade, extending to a modern, high quality marina and berthing facility at Sovereign Harbour. The borough also offers the community and visitors a diverse range of restaurants, retail and hospitality accommodation.

The council takes care to maintain and manage Eastbourne's parks and open spaces as well as the local downland and seafront. In 2017 our flower beds in the seafront carpet

gardens and in other local parks won awards in the prestigious 'Britain in Bloom'. We also have three parks with Green Flag awards and 20 QE2 fields protected in perpetuity.

We pride ourselves in supporting sustainable transportation options in the town including through improving pedestrian access. Eastbourne has a significantly large proportion of people who walk or cycle to work – 17% compared to a national rate of 12.6% and an East Sussex rate of 12%.

*BELOW Eastbourne seafront*



# PROSPEROUS ECONOMY

Cllr Bannister  
Cabinet Member for Tourism  
and Leisure Services



**2020 Eastbourne vision:** we will have a prosperous and thriving economy which provides opportunities for businesses to grow and invest, supports employment and skills, invests in housing and regeneration along with the infrastructure to support economic growth. Eastbourne will continue to be an outstanding destination for tourism, arts, heritage and culture.

## Our success measures are:

- Reducing vacant business space in the town centre
- Attracting a high number of visitors
- Achieving high rates of tourist, visitor and accommodation spend
- Maintaining high numbers of bandstand patrons
- Maximising the collection of Council Tax and Business Rates to ensure the council has sufficient finances to provide services to residents.

*RIGHT Artists impression  
of Arndale Centre  
extension: The Beacon*



# PROSPEROUS ECONOMY



## Key outcomes:

### An outstanding seaside destination

**Vision:** Eastbourne will be a nationally recognised, outstanding seaside destination and the gateway to the South Downs National Park.

#### Achieved through

- The refurbishment of the Redoubt Fortress to increase the number of visitors and visitor satisfaction
- A new flagship restaurant at the Wish Tower

### A transformed town centre

**Vision:** Our transformed and accessible Town Centre will provide an enhanced retail and leisure offer, with high quality public spaces.

#### Achieved through

- A £85 million scheme to extend the Arndale centre (renamed The Beacon) attracting new businesses and investment
- Public realm improvements that will transform the pedestrian environment alongside the extension to the shopping centre
- 22 new retail units, 7 restaurants and a 9 screen cinema in the extended Arndale centre

### A highly employable workforce

**Vision:** Eastbourne residents will have a wide range of skills and opportunities to help make the town attractive to employers and new businesses.

#### Achieved through

- 700 + jobs in both the construction and operation phases of the Arndale development
- 114 new local construction jobs linked to the Devonshire Park redevelopment scheme
- 169 FTE additional jobs supported in Eastbourne as a result of the additional visitor spending

# PROSPEROUS ECONOMY



## Key outcomes:

### Exciting cultural activities and events

**Vision:** Eastbourne will offer a wide range of cultural activities and exciting events for both residents and visitors. It will continue to host the International Lawn Tennis Tournament and will strengthen partnership opportunities for further investment in the tourism and culture economy.

#### Achieved through

- A vibrant events programme throughout the year
- Devonshire Park investment scheme to include:
  - Restoration of Congress, Winter Garden and Devonshire Park theatres
  - Improved tennis facilities
  - Improved accessibility to Devonshire Park facilities

### Enhanced conference and business facilities

**Vision:** Eastbourne will have new and enhanced conference and business facilities which will attract inward investment and increased visitor spend.

#### Achieved through

- New contemporary business premises at Sovereign Harbour Innovation Park
- New welcome building at Devonshire Quarter to provide new conference and exhibition space and a café
- Increased number of conference delegates

### Improved infrastructure

**Vision:** Eastbourne will support improvements and investments in infrastructure to support economic growth.

#### Achieved through

- Refurbishment of Hampden Retail Park to update the existing buildings and to provide additional units to attract new retailers to this important location
- Continuing to lobby Government for a new A27 dual carriageway between Polegate and Lewes.
- Support for high speed rail services to the town.
- Support for reduced train journey time between Eastbourne and London.
- Improved cycling and walking routes throughout the town

# QUALITY ENVIRONMENT

Cllr Jonathan Dow

*Cabinet Member  
for Place Services*



**2020 Eastbourne vision:** we will have a clean and attractive low carbon town, producing less waste than before. It will have a high quality built environment, excellent parks, open spaces and be served by a number of good transport options.

## Our success measures are:

- Continuing to deliver an efficient planning application service
- Increasing the percentage of household waste sent for reuse, recycling and composting
- Effectively responding to reports of fly-tipping

*RIGHT Princes Park,  
Eastbourne*



# QUALITY ENVIRONMENT



## Key outcomes:

### High quality built and natural environment

**Vision:** Eastbourne will have a high quality built and natural environment, including public and open spaces, which highlights the cultural heritage and tourist offer of the Borough and enables the community to come together and enjoy their environment in a safe and secure way.

#### Achieved through

- Delivery of priority initiatives identified in the Eastbourne Park Supplementary Planning Document
- Initiatives and improvements to the open Downland including to improve accessibility

### Well-planned town centre

**Vision:** We will have transformed the sites that are currently not used efficiently in our town centre

#### Achieved through

- Improving the pedestrian environment in Terminus Road and Cornfield Road
- Delivering a town centre pedestrian and wayfinding strategy to provide effective orientation information to pedestrians

### A low carbon town

**Vision:** We will be moving towards becoming a low carbon town with a wide range of locally derived environmentally friendly initiatives.

#### Achieved through

- Using Clear Futures, the joint venture between Eastbourne and Lewes Council and a private sector organisation, to deliver local energy and sustainability ambitions for the next 20-30 years
- Reducing the amount of domestic waste and increased recycling

### Good public transport, cycling and walking provision

**Vision:** Eastbourne will have improved public transport, cycling and walking initiatives.

#### Achieved through

- Working with East Sussex County Council to deliver an integrated Cycling and Walking Strategy for the town

### First-class seafront and coastal links

**Vision:** We will continue to develop the seafront and coastal links as a unique and outstanding natural resource for the community and tourists, in a way that ensures development enhances our cultural heritage and is beneficial to the environment

#### Achieved through

- Ensuring developments are sympathetic and in keeping with the environment
- A revised seafront strategy

# THRIVING COMMUNITIES

**2020 Eastbourne vision:** we will have vibrant communities where diversity is valued, where people feel safe and healthy, and are able to access activities and opportunities to help them thrive.



Cllr Ungar

Cllr Shuttleworth

*Cabinet Member for Community Safety (Deputy Leader) Cabinet Member for Direct Assistance Services*



ABOVE Launch of Eastbourne local lottery

## Our success measures are:

- Maintaining an efficient Housing Benefit service
- Continuing to efficiently assist disability facilities grants
- Improving our ranking on crime and safety in relation to other local authorities

## Our 2026 Partnership vision

By 2026 Eastbourne will be a premier seaside destination within an enhanced green setting. To meet everyone's needs it will have a safe, thriving, healthy and vibrant community with excellent housing, education and employment choices, actively responding to the effects of climate change.

We will work with our partners in the Housing Forum, Community Safety Partnership, Better Together, Connecting for You, ESCC Children's Services, Eastbourne Youth Partnership, the Disability Involvement Group, Cultural Involvement Group and a wide range of other organisations.



# THRIVING COMMUNITIES



## Key outcomes:

### Well-supported families and young people

**Vision:** Eastbourne's families and young people will be supported and have access to a wide range of services, activities and facilities to help them reach their full potential

#### Achieved through

- Providing Housing Benefit and Council Tax reductions to those on low incomes
- Working with ESCC Children's Services and the Local Safeguarding Children Board
- Improving local parks and playgrounds
- Funding and supporting voluntary organisations working with children, parents and young people

### Active Communities

**Vision:** Our communities will be active in developing and taking part in a full range of cultural, sport, leisure, creative activities and events in the town

#### Achieved through

- An 'Active Eastbourne' strategy and partnership which will share resources and co-ordinate efforts to promote sport and physical activity and improve the health and wellbeing of people living, working in and visiting the town
- Developing and delivering a cultural strategy which will bring together a range of groups and activities
- Tennis programme with the aim of developing "grass roots" players and increasing the number of people playing

### Low levels of crime and anti-social behaviour

**Vision:** Eastbourne will have some of the lowest levels of crime in the South East and, as a result, our communities will feel safe

#### Achieved through

- Working with Sussex Police and our other partners to deliver our Community Safety Partnership plan

### Involved communities

**Vision:** Our communities will have the resources they need to achieve high levels of involvement in projects to meet their needs and improve their neighbourhoods

#### Achieved through

- Maintaining our community buildings and providing a new contemporary community centre at Sovereign Harbour

# HOUSING AND DEVELOPMENT



Cllr Shuttlesworth  
(Deputy Leader) Cabinet  
Member for Direct  
Assistance Services

**2020 Eastbourne vision:** we will have communities whose housing needs are met through decent, affordable and well managed homes and communities; responding to and addressing homelessness and housing needs and through providing affordable housing.

## Our success measures are:

- how many affordable homes are delivered
- number of licensed HMOs inspected
- how long it takes to provide assistance with household adaptations (disabled facilities grant)
- number of days and households in emergency accommodation

*RIGHT View from  
outskirts of Eastbourne*



# HOUSING AND DEVELOPMENT



## Key outcomes:

### Increased housing options

**Vision:** Increase the supply of housing and in particular affordable housing, deliver a well managed housing service to our tenants, respond to and address homelessness and support those in housing need

#### Achieved through

- Establishing a development pipeline within the Council's Housing Companies to deliver 200+ units
- Providing a range of housing solutions with housing partners to meet identified needs
- Supporting adaptations to existing housing stock to meet changing needs
- Developing a programme of street property acquisitions

### Affordable housing

**Vision:** The housing market in Eastbourne will provide a wide range of quality homes including affordable housing for those in need

#### Achieved through

- A new service to help people gain the most appropriate accommodation to support a healthy and independent life
- Supporting private sector developers to design/implement schemes that deliver affordable housing quotas
- Developing a pipeline programme of 58 new homes over the next 2 years over a number of locations:
  - Fort Lane
  - Langney Road
  - garage sites

### Regeneration and Development

**Vision:** Develop sites where there is a clear housing and/ or site development need through key interventions

#### Achieved through

- Acquiring stalled sites such as Bedfordwell Road Depot to develop a mixed scheme of new businesses and private and affordable homes
- Working with public sector partners to utilise shared assets
- Working with private developers to acquire affordable housing units through S106 obligations

# SUSTAINABLE PERFORMANCE

## JOINT TRANSFORMATION PROGRAMME



Cllr Holt

*Cabinet Member for  
Financial Services*



Cllr Swansborough

*Cabinet Member for Core  
Support and Strategic Services*

**Eastbourne Borough Council has set a balanced budget along with a Medium Term Financial Strategy to be managed in conjunction with this Corporate Plan, and has healthy levels of financial reserves.**

However, the council recognises the importance of value for money and the need to think long term given the reality of our changing environment and the current and future pressures on public service spending.

Eastbourne Borough Council has already achieved significant efficiencies through its Future Model programme. The development of the Customer First and Strategy & Commissioning teams have been key in changing the way services are managed and delivered.

Towards the end of 2015, Eastbourne Borough Council and Lewes District Council agreed to adopt a strategy for the development of shared services which is now referred to as the *Joint Transformation Programme*. This programme entails the integration of staff and services across Eastbourne and Lewes Councils, making services more sustainable, resilient and flexible by 2020 in order to:

- **Protect services**

Protect services delivered to local residents while at the same time reducing costs for both councils to save £2.7 million

- **Greater strategic presence**

Create two stronger organisations which can operate more strategically within the region while still retaining the sovereignty of each council

- **High quality, modern services**

Meet communities' and individual customers' expectations to receive high quality, modern services focused on local needs and making best use of modern technology

- **Resilient services**

Building resilience by combining skills and infrastructure across both councils

Both councils now share a single staff team delivering most services jointly. Over the coming year more integration will be taking place to ensure services can be delivered seamlessly across the two councils, supported by efficient IT systems.

The effectiveness of the Future Model Programme, JTP and development of the Customer First teams has been evidenced through a number of key indicators over the past few years and continues to be a focus for setting and maintaining the highest possible standards of service to our community.

# DEVOLVED BUDGETS

**We run a scheme for councillors and their communities where each of our nine council wards has been given £10,000 per year to spend on quick fix, one-off works or initiatives to improve the lives of residents. You can make a suggestion on how this money should be spent in your ward by contacting your local councillor.**

In 2017/18 approximately 40 projects were supported through the devolved budget scheme including:

## Devonshire

Allchorn Pleasure Boats; Mardi Gras; Gated Alleyway in Latimer Road; Same Sky / Princes Park; Eastbourne Volunteers

## Hampden Park

Balloon Festival; Eastbourne Stagers; Heron Park Academy; Eastbourne Junior Park Run; Bowls Club Lighting; Eastbourne Academy; Tugwell Park Goal Posts; Hampden Park in Bloom

## Langney

Goals for Eastbourne Youth Team; Bench for Langney Pond; Sevenoaks Road dropped kerbs; Sevenoak Road bench; Compass Community Arts Project – contribution; Defibrillator for the Ward at Langney Shopping Centre

## Meads

Shed etc for 1st Meads Scout Group; Gazebo marquee for Friends of Meads Parks and Gardens; Meads Magic; Wayfinder Woman Trust; Film and replacement monitor and associated electrical works at Beachy Head Countryside Centre; Meads Village Website; Heritage Centre cinema room facilities for the public

## Old Town

Two trees in East Dean Road; Motcombe Bowling Green Treatment; Trees in Pashley Road, Milton Road and Broomfield Street; Public Access Defibrillator (PAD) installed outside Upwyke House; Motcombe Gardens dig; Old Town Recreation ground notice board

## Ratton

Balloon Festival; Trees in Rodmill Drive; Ratton school; Old Rattons Residents Association – speed bumps in Estate

## St Antonys

Tree planted in Moy Avenue; Langney Exhibition; Embrace offices – computer; Langney Village Hall stairlift

## Sovereign

Mardi Gras; Floodlighting for Eastbourne Winter Wonderland Extravaganza Kingsmere; San Juan Residents Carol Service; Conqueror Hall Blinds; Haven school storage shed; Five Acre field picnic table; Kings Park Estate LED lighting; Memory Lane charity – laptop

## Upperton

Chairs for the community centre; Eastbourne Survivors: Therapy Group courses for adults who suffered abuse in childhood; Eastbourne Volunteers newsletter costs; Weaver Close Community day; St Michael & All Angels Church child safety fence around community hall; Bulb planting and removal of a tree; Gardening tools; Steam Punk Festival

This page is intentionally left blank

# Agenda Item 8

<b>Body:</b>	<b>Cabinet</b>
<b>Date:</b>	<b>11<sup>th</sup> July 2018</b>
<b>Subject:</b>	<b>Corporate Performance 2017/18</b>
<b>Report of:</b>	Deputy Chief Executive Director of Regeneration and Planning
<b>Cabinet member:</b>	Councillor Stephen Holt, Councillor Colin Swansborough
<b>Ward(s):</b>	All
<b>Purpose of the report:</b>	To update Members on the Council's performance against Corporate Plan priority actions, performance indicators and targets for the year 2017/18.
<b>Decision type:</b>	Key
<b>Recommendation:</b>	Cabinet is recommended to : <ul style="list-style-type: none"><li>i) Note the achievements and progress against Corporate Plan priorities for 2017/18, as set out in Part A of this report.</li><li>ii) Consider whether there are any particular aspects of Council progress or performance that it wishes to comment upon or consider further as part of its work programme in 2017/18.</li><li>iii) Agree the General Fund, HRA and Collection Fund financial performance for the, as set out in part B of the report.</li><li>iv) Approve the transfer from/to reserves as set out in appendix 3.</li><li>v) Approve the amended capital programme as set out in appendix 5.</li><li>vi) Note the key elements of the Statement of Accounts 2017/18 as set out in Section 6 of part B of the report</li></ul>
<b>Reasons for recommendations:</b>	To enable Cabinet members to consider specific aspects of the Council's progress and performance.

**Contact:** Jo Harper, Head of Business Strategy and Performance  
Tel 01273 085049 or email :  
[jo.harper@lewes-eastbourne.gov.uk](mailto:jo.harper@lewes-eastbourne.gov.uk)

Millie McDevitt : Performance and Programmes Lead  
Tel : 01273 085637 / 01323 415637 or email :  
[millie.mcdevitt@lewes-eastbourne.gov.uk](mailto:millie.mcdevitt@lewes-eastbourne.gov.uk)

Pauline Adams Head of Finance  
Tel: 01323 415979 or email  
[Pauline.adams@lewes-eastbourne.gov.uk](mailto:Pauline.adams@lewes-eastbourne.gov.uk)

## **1.0 Consultation**

1.1 The priority themes were developed in consultation with residents via the Residents Survey and online Survey which were both conducted throughout July and August 2015 and informed the development of the corporate plan.

## **2.0 Financial appraisal**

2.1 Project and performance monitoring and reporting arrangements are contained within existing estimates. Corporate performance information should also be considered alongside the Council's financial update as there is a clear link between performance and budgets/resources.

2.2 All the financial implications are contained within the body of the report.

## **3.0 Legal implications**

3.1 Comment from the Legal Services Team is not necessary for this routine monitoring report.

## **4.0 Equality analysis**

4.1 The equality implications of individual decisions relating to the projects/services covered in this report are addressed within other relevant Council reports or as part of programmed equality analysis. The equality implications of projects that form part of the Joint Transformation Programme are addressed through separate Equality and Fairness assessments.

## **5.0 Conclusion**

5.1 This report provides an overview of performance against the authority's priority actions and indicators for 2017/18.

5.2 The General Fund show a service variance of £123,000 which is within 0.8% of the net budget.

5.3 The HRA delivered an surplus outturn of £822,000 representing 5.2% of turnover. The HRA balance is in line with the expectation and is sufficiently robust to support the housing self-financing 30 year business plan.



- 5.4 Capital expenditure is in line with budget expectations.
- 5.5 The Collection Fund forecast for Council Tax is indicating a surplus of £1.2m and a deficit for Business Rates of £3.5m. This will be allocated to or collected from preceptors during 2018/19 and 2019/20.
- 5.6 The final audited statement of accounts will be reported to the Audit and Governance Committee on 20 September 2025 July 2018.

### **Appendices**

- Appendix 1 – Q4 Performance Overview
- Appendix 2 – General Fund
- Appendix 3 – Transfers to/from Reserves
- Appendix 4 – Housing Revenue Account
- Appendix 5 – Capital Programme

### **Background Papers:**

The Background Paper used in compiling this report were as follows:

- *Corporate Plan 2016/20* <https://www.lewes-eastbourne.gov.uk/about-the-councils/corporate-plans/>
- *Final Accounts working papers 2017/18 and Statement of Accounts 2017/18*

To inspect or obtain copies of background papers please refer to the contact officer listed above.

This page is intentionally left blank

## Part A

### Corporate Performance Q4 2017/18

#### 1.0 Introduction

- 1.1 The performance of the Council is of interest to the whole community. People expect high quality and good value for money services. Performance monitoring, and a strong performance culture helps us to ensure we continue to deliver excellent services and projects to our communities in line with planned targets.
- 1.2 This report sets out the Council's performance against its targets and projects for the fourth quarter of 2017/18 (January to March 2018) and also its position at year end, against the targets set for the full year 2017/18.
- 1.3 The Council has an annual cycle for the preparation, delivery and monitoring of its corporate and service plans. This cycle enables us regularly to review the Council's work, and the targets it sets for performance, to ensure these continue to reflect customer needs and Council aspirations.

#### 2.0 Themes and Priority Visions

- 2.1 The Corporate Plan was developed with four themes to focus delivery of improvement activity for the borough. Each of these themes had its own priority vision for how the authority and its stakeholders wanted Eastbourne to develop. Performance is measured against these themes and objectives.








#### 3.0 2017/18 Q4 and End of Year Performance Overview

- 3.1 Appendix 1 provides detailed information on progress and performance for Members' consideration, clearly setting out where performance and projects are 'on track/on target' and where there are areas of under-performance/concern. Where performance or projects have not achieved target, an explanation is provided, together with a summary of the management action that has been

taken to address this. The Appendix is structured around the key Theme areas.

3.2 The Council uses a Project and Performance Management System (Pentana - formerly known as Covalent) to record, monitor and report progress and performance. The system uses the following symbols to indicate the current status of projects and performance targets:

	Performance that is at or above target
	Project is on track
	<ul style="list-style-type: none"> <li>• Performance that is slightly below target but is within an agreed (usually +/- 5%) tolerance</li> <li>• Projects where there are issues causing significant delay, changes to planned activities, scale, cost pressures or risks</li> </ul>
	<ul style="list-style-type: none"> <li>• Performance that is below target</li> <li>• Projects that are not expected to be completed in time or within requirements</li> </ul>
	Project has completed, been discontinued or is on hold

## 4.0 Summary of Progress and Performance – Q4/ Year End 2017/18

### 4.1 Prosperous Economy

#### Achievements

- The number of affordable homes delivered was increased and the target of 30 homes was surpassed with 34 being delivered.
- The town centre vacancy rate performed consistently well against the annual target with an annual average rate of 5.67%. This compared very favourably against the national average of approximately 10%.
- The latest tourism figures available (2016) surpassed 2015 figures across the board with an increase in the numbers of bandstand patrons; an increase in paying visitors to the Redoubt Fortress and an increase in the number of visitors. Gross tourist spend went up by 16%.
- The extension to the Arndale Centre (named The Beacon) progressed well with steelworks completing. Construction remained on course on 2017/18 to enable handover of the first units to Next and H&M in Q1 of 2018/19.

#### Issues / missed targets

- 57 net additional homes were provided in Q4 against the quarter's target of 62. In 2017/18 128 net additional homes in total were completed. There are 287 dwellings currently under construction across 39 sites, and 654 dwellings with permission across 98 sites where construction has not yet commenced. This pipeline of active housing delivery should support us in achieving our target for new homes in 18/19.
- Devonshire Park: The project needed a budget increase in 2017/18. However significant deliverables were achieved in 2017/18 with the locker rooms completed; a new show court 2 has been delivered and installed in time for the 2018 tournament; irrigation systems completed; groundwork for Welcome Building complete and steelwork started.

## 4.2 Quality Environment

### Achievements

- The 2017/18 averages for all planning application targets were above target.
- The garden waste paid for service was introduced and by the end of 2017/18 had exceeded the financial target of c. £300k.
- The number of reported fly-tipping incidents was below our maximum figure of 600.
- Significant improvement works to the town centre public realm started.

### Issues

- Improvements to Hampden Park (green flag) are progressing although the original project completion date of 31 Dec 2017 was not met.
- Signage for parks and open spaces continues after delays incurred earlier on in the project resulting in the project completion date of November 2017 being missed.

## 4.3 Thriving Communities

### Achievements

- The Eastbourne local lottery launched in 2017/18 and several organisations have signed up.
- In 2017/18, Eastbourne finished 3<sup>rd</sup> lowest for crimes per 1000 population in its Most Similar Group, meeting its target of being ranked 4<sup>th</sup> or lower.

### Current issues

- The average number of days for assistance with Disabled Facilities Grants in 2017/18 was 131 days against a target of 100 days. Changes to the Occupational Therapist element of the process and building works caused delays and the target for 18/19 will be revised to only account for the part of the process within the authority's remit.
- There are 91 households living in emergency accommodation against a target of 30. A funding bid was submitted in Q4 of 2017/18 to the Ministry of Housing, Communities and Local Government to help address the issue in Eastbourne.
- Call rates (answering times and abandoned calls) performed well Q1-Q3 of 2017/18 with performance being above target. In Q4 calls regarding the garden waste paid for service and other activities during this time period resulted in higher than normal call volumes. Measures have been introduced to address peaks in calls.

## 4.4 Sustainable Performance

### Achievements

- The percentage of business rates collected exceeded our target with £34 million being collected.
- As part of the Joint Transformation Programme, in 2017/18 the Customer

First; Homes First and Neighbourhood First brands were launched. A new joint website and intranet were also delivered. Report It Lewes & Eastbourne - an app to facilitate and speed up the reporting of environmental issues such as littering and dog fouling - launched across both the borough and district in February 2018.

## **Current Issues**

- The sickness absence rate for 2017/18 was 8.25 days per full time equivalent employee which is 2.45 days over the target of 5.8. Eastbourne's sickness absence rate has historically been very low and noticeably lower than our neighbouring authorities who rarely drop below 8 days per year. A survey of 6 neighbouring councils showed average days lost for 2016/17 as 8.85. Bearing in mind the significant programme of change that a large proportion of our staff have been through this year, although 8.25 days is higher than we would wish EBC do not believe it indicates a particular concern. Managers and HR will remain vigilant to ensure appropriate support is being given and action is being taken.

## **5.0 Community Ward Projects - Devolved Budget**










- 5.1 The last section of Appendix 1 details the current Devolved Budget spend by ward and the projects that have been supported through this scheme this year.

Each ward has a total of £10,000 available to spend each year on schemes requested by the local community.

Appendix 1

## Eastbourne Borough Council Corporate Performance Report Q4 2017-18



- 1. **Prosperous Economy** .....
- 1.1 Prosperous Economy Key Performance Indicators.....
- 1.2 Prosperous Economy Projects & Programmes.....
- 2. **Quality Environment**.....
- 2.1 Quality Environment Key Performance Indicators.....
- 2.1 Quality Environment Project & Programmes.....
- 3. **Thriving Communities**.....
- 3.1 Thriving Communities Key Performance Indicators .....
- 3.2 Thriving Communities Projects & Programmes .....
- 4. **Sustainable Performance**.....
- 4.1 Sustainable Performance Key Performance Indicators .....
- 4.2 Sustainable Performance Projects & Programmes .....
- Community Projects - Devolved Ward Budgets Q4 .....

Key			
	Performance that is at or above target;		Performance that is below target Projects that are not expected to be completed in time or within requirements
	Project is on track		Project has completed, been discontinued or is on hold
	Performance that is slightly below target but is within an acceptable tolerance Projects : where there are issues causing significant delay, changes to planned activities, scale, cost pressures or risks		Data with no performance target
	Direction of travel on performance indicator : improving performance		Direction of travel on performance indicator : declining performance
	Direction of travel on performance indicator : no change		

# 1 Prosperous Economy

## 1.1 Prosperous Economy Key Performance Indicators

### a Investing in housing and economic development

KPI Description	Annual Target 2017/18	Q1 2017/18	Q2 2017/18	Q3 2017/18	Q4 2017/18			2017/18		Latest Note
		Value	Value	Value	Value	Target	Short Trend	Value	Status	
Increase the number of affordable homes delivered (gross)	30	0	0	17	17	30	▬	34		<p><b>Year End Update</b></p> <p>There were 34 homes developed this financial year which exceeded the target of 30.</p>
Increase net additional homes provided	245	5	17	49	57	62	↑	128		<p>A total of 57 net additional dwellings were completed in Q4, taking the total for the year to 128 net additional dwellings completed.</p> <p><b>Performance Improvement Plan</b></p> <p>This indicator measures additional units delivered across all sectors against the Local Plan Target.</p> <p>As noted in the Q3 report, it was challenging to achieve the annual target of 245 net additional dwellings. This is largely due 23% of planning applications granted not proceeding to construction within the year.</p> <p>So far, in the plan period (2006-2027), a total of 2,704 units have been delivered against a plan period target of 5,022. There are 2,318 units to be delivered over the remaining nine years of the plan period. The delivery in 2017/18 therefore means the annual target for 2018/19 is 258 units.</p>



KPI Description	Annual Target 2017/18	Q1 2017/18	Q2 2017/18	Q3 2017/18	Q4 2017/18			2017/18		Latest Note
		Value	Value	Value	Value	Target	Short Trend	Value	Status	
										There are 287 dwellings currently under construction across 39 sites, and 654 dwellings with permission across 98 sites where construction has not yet commenced. This pipeline of active housing delivery should support us in achieving our target for new homes in 18/19.




### b Providing opportunities for businesses to grow and invest

KPI Description	Annual Target 2017/18	Q1 2017/18	Q2 2017/18	Q3 2017/18	Q4 2017/18			2017/18		Latest Note
		Value	Value	Value	Value	Target	Short Trend	Value	Status	
Town centre vacant retail business space	7.1%	5.65%	6.77%	5.51%	5.67%	7.1%	↓	5.67%	✓	The town centre shop vacancy rate saw a marginal drop to 5.67%. The national rate has also seen a slight fall, however, local rates continue to report favourably below the national average of approximately 10%.

Page 37

### c A great destination for tourism, arts, heritage and culture


KPI Description	Annual Target 2017/18	2017/18		Latest Note
		Value	Status	
Increase numbers of bandstand patrons	30,000	48,584	✓	The Bandstand has had an extended season this year which has been very successful with an increase in spend per head and total number of patrons which was 48,584.
Increase paying visitors to the Redoubt Fortress	8,500	8,805	✓	The Redoubt reopened for the season on the 19th March and will stay open until November 2018. The property and facilities shared service team are working on a plan for the removal of the colonnade and we are expecting the demolition work to commence in the winter of 2018, which may result in the Redoubt remaining closed in 2019
Number of visitors to Eastbourne (day visitors and staying trips)	4,875,000	5,100,000	✓	Recent trends for Eastbourne show a year-on-year increase in tourism volume and value. Overall, an estimated 755,000 staying trips and 4.4 million day trips were made to the borough in 2016 (most recent data available).

KPI Description	Annual Target 2017/18	2017/18		Latest Note
		Value	Status	
Total tourist spend in Eastbourne	£300,104,000	£348,000,000		Gross spend was up in 2016 by almost 16% in 2015, and total direct visitor expenditure was £323.2 million
Total day visitor spend in Eastbourne	£129,000,000	£161,941,000		Visitors spent £20m+ on shopping, £83m+ on food and drink, £26m+ on attractions and entertainment, and £31m+ on travel.
Total holiday accommodation spend in Eastbourne	£171,104,000	£185,988,000		Overall trip expenditure increased by 8.7% from 2015. Eastbourne performed better than regional averages in terms of volume and value of overseas visitors.


## 1.2 Prosperous Economy Projects & Programmes

### a Supporting investment in infrastructure





Page 38



Project / Initiative	Description	Target Completion	Status	Update
Extension to Arndale Shopping Centre	Led and financed by Legal and General. An £85m scheme to provide 22 new retail units, 7 restaurants and 9 screen cinema.	30-Nov-2018		Steelworks are complete, and cladding work along Ashford Road is progressing well. Construction is on course to handover the first two units to Next and H&M in Q1 of 2018/19.

### b Providing opportunities for businesses to grow and invest

Project / Initiative	Description	Target Completion	Status	Update
Sovereign Harbour Innovation Park (SHIP)	New contemporary business premises at Sovereign Harbour Innovation Park	31-Mar-2022		Work on access road to serve remainder of Site 6 is complete and occupation of Pacific House is now at 80%

## c A great destination for tourism, arts, heritage and culture

Project / Initiative	Description	Target Completion	Status	Update
Refurbish the Redoubt Fortress	Restoration of the fort - Create a new entrance, lift access, opening of remaining casements, environmental improvements.	31-Mar-2020		The Redoubt is operating as normal for the 2018 season and exploring new visitor offers such as 'Children go free'. The refurbishment of the Redoubt will begin in earnest after the building closes to the public on 4 <sup>th</sup> November 2018 when the project to remove the condemned structures of the Colonnade and moat capping will start. This is the first major Capital investment in securing the building's future for over 30 years and will lead to sustainable multi-use that will help rejuvenate the building and this area of the seafront.
Wish Tower Restaurant	Scheme to deliver a flagship restaurant	01-Apr-2019		The new Wish Tower restaurant is to be delivered through Clear Futures: the Joint Venture for Energy & Sustainability. The design development is on-going by Levitt Bernstein and BP's architects, and Sunninghill have been selected as preferred contractors. The project is currently amber due to the unknown ground conditions of the site. Draft programme agreed with completion by April 2019. This is a tight timetable.
New Museum	A purpose built museum on the site of the Pavilion, which will house the story of Eastbourne, with a café, shop and education facilities.	31-Mar-2020		A shop unit in Victoria Mansions has been secured for use as a Heritage Hub/exhibition over next 1-2 years whilst longer term plans are considered. A survey is being carried out and subsequent making good of the unit (ensuring that it is dry, secure, safe and fit for purpose) will be carried out in order for the unit to be handed over to Heritage Eastbourne in September 2018. The unit will then be decorated, lit and the exhibition and other fittings will begin to be installed for opening for half term in February 2019. The exhibition is currently being designed and curated and will be a brief look at the real history of Eastbourne. The space will be used in a creative way in which design and interpretation will be key, along with a staff presence to give an extra dimension to the visitor experience and create a useful customer resource.
Devonshire Park Redevelopment	Significant investment to establish Devonshire Park as a premier conference and cultural destination to include: New welcome building: Restoration of Congress, Winter Garden and Devonshire Park Theatres: Improving Accessibility: Improving tennis facilities: New Conference/exhibition Space & Cafe: Public realm improvements	01-Dec-2020		<b>Welcome Building:</b> Concrete floor slab and finishes of inner walls of conference rooms is ongoing. Curtain wall design agreed, and steel trusses and entrance doors are being designed. <b>Public Realm:</b> South plaza design redefined for public safety and is expected in Quarter One.

Project / Initiative	Description	Target Completion	Status	Update
				<p><b>Congress:</b> Ceiling walkway construction is underway, and seating design and plan is under consideration</p> <p><b>Racquet Court:</b> Roof work is ongoing and being coordinated with the Buccaneer refurbishment.</p> <p><b>Winter Garden:</b> Scope of work was set out in March Cabinet report, and apse demolition commenced.</p> <p><b>Locker Room:</b> End of defects inspection took place in April 2018.</p> <p><b>Tennis:</b> New practice courts scope and programme established; work to commence September 2018.</p>
Vibrant Events Programme	All year round programme that attracts visitors to Eastbourne •Airbourne •Beer & Cider Festival •Cycling Festival •Magnificent Motors •Eastbourne Extreme •Beachy Head Marathon • AEGON Tennis Championship	31-Mar-2018		No significant events this quarter, but planning and development of the upcoming spring/summer programme is progressing well.
Hotel of Excellence- feasibility study	<p>To establish and run an industry standard, hotel management training school linked to an operational hotel. The concept is for students and apprentices at the hotel training school to be able to access 'real time' hotel management training opportunities, by working in and experiencing the day to day operations and service departments of a hotel in Eastbourne.</p> <p>The professional training school, housed in a nearby building to the hotel will provide first class practical and vocational skills training and education for future hotel employees, hotel management and existing hotel apprentices. Collaboration between the Eastbourne training hotel, the University of Brighton and Sussex Downs College will offer an opportunity to present a unique proposition to both clients at the hotel and the hospitality professionals of tomorrow.</p>	31-Mar-2018		The final feasibility and viability report was received in Quarter Four after which an internal meeting held to discuss the recommendations identified in the report. A meeting scheduled with partners in early Quarter One 2018/19 was held in April and the next steps for the project were agreed.

## 2 Quality Environment

### 2.1 Quality Environment Key Performance Indicators

#### a High Quality Built Environment

KPI Description	Annual Target 2017/18	Q1 2017/18	Q2 2017/18	Q3 2017/18	Q4 2017/18			2017/18		Latest Note
		Value	Value	Value	Value	Target	Short Trend	Value	Status	
Increase the percentage of Major Planning Applications processed within 13 weeks	60%	100%	75%	100%	83%	60%	↓	89%	✓	All major applications have been processed within PI target and the 2017/18 average is well above the target of 60%.
Increase the percentage of minor planning applications processed within 8 weeks	70%	88%	70%	69%	76%	70%	↑	76%	✓	Decisions remain above PI target and the 2017/18 average is above the target of 70%.
Increase the percentage of other planning applications processed within 8 weeks	80%	87%	85%	73%	76%	80%	↑	81%	✓	Q4's performance was below target and case-workers were asked to look at the speed of decision-making. Senior officers will be holding more regular case conferences and where necessary use extensions of time agreements.  Overall performance in 2017-18 was just above target.

**b A clean and attractive town**

KPI Description	Annual Target 2017/18	Q1 2017/18	Q2 2017/18	Q3 2017/18	Q4 2017/18			2017/18		Latest Note
		Value	Value	Value	Value	Target	Short Trend	Value	Status	
Decrease the number of reported fly-tipping incidents	600	82	82	76	117	150	↓	357	✓	Our target of not exceeding reported fly-tipping incidents of 600 has been achieved with only 357 reported incidents in 2017/18.


Page 42

**c Less waste and low carbon town**



KPI Description	Annual Target 2017/18	Q1 2017/18	Q2 2017/18	Q3 2017/18	Q4 2017/18			2017/18		Latest Note
		Value	Value	Value	Value	Target	Short Trend	Value	Status	
Increase the percentage of household waste sent for reuse, recycling and composting	35.00%	42.58%	40.95%	37.43%		35.00%	?	40.43%	✓	Awaiting ESCC data.

## 2.2 Quality Environment Projects and Programmes


### a High Quality Built Environment



Title	Description	Target Completion	Status	Update
Conservation area appraisals	Eastbourne has 12 conservation areas across the borough and these vary in size and character. Every 5-10 years a conservation area appraisal is required to audit the heritage value of the conservation area. This audit will identify areas of the Conservation Area that have retained heritage value and areas that are showing signals of decline, along with an assessment of whether the boundary/extent of the conservation area should be retained/extended/reduced.	31-Mar-2019		Committees have been chosen to report the content of the representations received and amendments/revisions to document. Full adoption by September 2018.

Page 43


Project / Initiative	Description	Target Completion	Status	Update
Town Centre Public Realm Improvements	Significant improvements to the pedestrian environment in Terminus Road and Cornfield Road to be delivered alongside the extension to the Arndale. Joint Partnership Project with ESCC.	01-Feb-2019		Mildren Construction was formally appointed to complete this project, and has been collaborating with Legal & General and Kier to align works programmes. In March west-bound bus stops in Terminus Road were rerouted to Gildredge Road where temporary bus shelters had been erected.
Victoria Mansions	£5m purchase by EHIC of Victoria Mansions on Terminus Road. The acquisition seeks to enhance the area by attracting new businesses and use residential units to meet the housing demand.	31-Mar-2018		All residential leaseholders have been consulted with. An operational management plan was drafted to manage the building from a 'business as usual' perspective, and Lawson Queay surveyors have been instructed to progress the specification for the roof and wider structural works.

### b Excellent parks and open spaces


Project / Initiative	Description	Target Completion	Status	Update
Eastbourne Park Initiatives	Delivery of priority initiatives identified in the Eastbourne Park Supplementary Planning Document including conservation and enhancement of the existing environmental, ecological and archaeological	31-Mar-2020		Artwork is now completed and has been shared with Councillors, local schools and ecologists. Still need to send out to EA for approval.

Project / Initiative	Description	Target Completion	Status	Update
	characteristics of Eastbourne Park for future generations. Sensitive management of the area to provide appropriate leisure and recreational uses.			Officers are presently ensuring branded artwork is good to go.  Between January and March all artwork was completed and designed for the board, and the history board was designed.  Also during Q4, kissing gates were priced and source and we went out to consultation.
Hampden Park improvements (Green Flag)	Improvements to the main entrances and to the path network in Ham Shaw woods as recommended in Hampden Park Green Flag Management Plan	31-Dec-2017		During Q4 cobbled road works installed, Welcome signs installed, vegetation cleared on entrances and Bus shelter renovated.
Parks and Open Spaces Signage	Create and roll out standard, future proof signage throughout the parks and open spaces of Eastbourne	30-Nov-2017		Q4 works:  Children's Play Area signs completed.  Approval of wording and content and font to conform to the current branding policy.  Visits to remaining signage undertaken to assess number and location of existing signs.  Liaised with Neighbourhood First to confirm facilities in each park that are to be advertised on each welcome sign

### c Less waste and a low carbon town

Project / Initiative	Description	Target Completion	Status	Update
Clear Futures (Joint Venture for Energy and Sustainability)	Set up a joint venture between Eastbourne and Lewes Council and a private sector organisation to deliver local energy and sustainability ambitions for the next 20-30 years. Suitable joint venture partner is found by May 2017. The Joint Venture will then develop a programme of work.	01-Apr-2021		The detailed design of the Wish Tower Restaurant is being finalised and a pipeline of other projects is being developed.



Project / Initiative	Description	Target Completion	Status	Update
Waste mobilisation programme - overarching	Programme encompassing the work to bring waste services back in-house from contractor Kier	31-Mar-2021		<p>Charging for garden waste collections constitutes the first key decision within the programme to bring waste services in-house. It was anticipated to raise circa £300k, but by the end of March over 6,500 bins had been registered, which translates into an income of £340k.</p> <p>Preparation for the transfer to an in-house service is going well with ESCC agreeing to handle the disposal of dry mixed fully co-mingled recycling materials from June 2019. EBC Cabinet decided in March to establish and appoint directors to a Local Authority Controlled Company, and progress is being made in key areas such as fleet procurement and depot management.</p>
EBC Garden waste Paid-for Service	£300,000 income from Green waste collections to offset contract price	01-May-2018		<p>Income target has been exceeded so financial risks for this project have reduced; over 9,800 users are registered using 10,480 bins. There was an issue with the online process which has since been improved following customer feedback.</p>
INFORMATION TECHNOLOGY	Waste service is well supported by appropriate ICT	30-Apr-2019		<p>Efforts will be stepped up to identify and harness appropriate resource and support for this critical work stream. Negotiations with systems suppliers for the purchase of industry-specific software due to begin 17 May 2018.</p>

### 3 Thriving Communities

#### 3.1 Thriving Communities Key Performance Indicators

##### a Improved Health and wellbeing

KPI Description	Annual Target 2017/18	Q1 2017/18	Q2 2017/18	Q3 2017/18	Q4 2017/18			2017/18		Latest Note
		Value	Value	Value	Value	Target	Short Trend	Value	Status	
Shorten time taken to completed adaptations for disabled people (DFG) - Eastbourne	100 days	89 days	115 days	136 days	131 days	100 days	↑	131 days	⬮	<p>All DFG's are referred to EBC following an assessment from an Occupational Therapist (OT). The OT service has altered the way it supports DFGs. In addition the OT's are no longer commissioning stair lifts which has now fallen to the Local Authority to obtain quotes for and order. All of this, combined with the introduction of our discretionary DFG policy on the 1st December has caused unpredicted delays in processing.</p> <p>This PI is due to be changed in 2018/19 to reflect the process which is within the council's control.</p>

## b Meeting Housing Needs


KPI Description	Annual Target 2017/18	Q1 2017/18	Q2 2017/18	Q3 2017/18	Q4 2017/18			2017/18		Latest Note
		Value	Value	Value	Value	Target	Short Trend	Value	Status	
Number of households living in emergency (nightly paid) accommodation	30	73	69	61	91	30	↓	91	⬮	<p>The pressure on housing continues to reflect the national and regional position. In addition, March saw an unexpected cold snap which led to a further Severe Weather Emergency Protocol (SWEPP) period weekend of 16th March. The team pre-booked 11 units of Emergency Accommodation all of which were filled by rough sleepers.</p> <p>The Homelessness Reduction Act (HRA) was introduced on 3rd April.</p> <p><b>Performance Improvement Plan</b></p> <p>The team will continue to develop the local leasing incentive scheme and offer larger prevention payments to keep clients in existing accommodation for longer. A funding bid was submitted in Q4 to the Ministry of Housing, Communities and Local Government to help address the issue in Eastbourne.</p>

## c Putting the Customer First

KPI Description	Annual Target 2017/18	Q1 2017/18	Q2 2017/18	Q3 2017/18	Q4 2017/18			2017/18		Latest Note
		Value	Value	Value	Value	Target	Short Trend	Value	Status	
Increase the percentage of calls to the contact centre answered within 30 seconds - EASTBOURNE	80%	86.17%	82.36%	83.4%	47.19%	80%	↓	73.08%	⬮	Higher than normal call volumes have resulted in lower than expected average speed of answer. New starters have continued to be trained and are in the early stages of their training and

KPI Description	Annual Target 2017/18	Q1 2017/18	Q2 2017/18	Q3 2017/18	Q4 2017/18			2017/18		Latest Note
		Value	Value	Value	Value	Target	Short Trend	Value	Status	
										<p>development. Garden waste calls are being handled by a dedicated team and we continue to implement improvements to achieve the targets.</p> <p><b>Performance Improvement Plan</b></p> <p>In the short term while the team manages the peak in contacts caused by activity such as the paid for garden waste service, it has been expanded to help answer both phone calls and emails more quickly. A 'Queue buster' has been introduced – when the longest wait reaches 5 minutes a member of the team will blast through the calls advising customers that all advisors are busy at the moment and they could go online, be re-queued or call back. This has reduced the average speed of answer and be received well by customers. A call-back system has also been implemented.</p> <p>In the longer term there is a greater emphasis to :</p> <ul style="list-style-type: none"> <li>-promote other methods of contact and self-service;</li> <li>-advertise the likely busiest call times;</li> <li>- synchronise more carefully mail-outs from services around the organisation.</li> </ul>
Reduce the numbers of abandoned calls to the contact centre - EASTBOURNE	5%	2.06%	3.42%	2.49%	23.59%	5%	↓	8.89%	⬮	<p>Higher than normal call volumes have resulted in lower than expected average speed of answer. This in turn has resulted in a higher abandonment rate. With new staff in place and currently being trained then this rate should decrease over 2018.</p> <p><b>Performance Improvement Plan</b></p> <p>As in the above PI.</p>


### d Keeping Crime and anti-social behaviour low

KPI Description	Annual Target 2017/18	Q1 2017/18	Q2 2017/18	Q3 2017/18	Q4 2017/18			2017/18		Latest Note
		Value	Value	Value	Value	Target	Short Trend	Value	Status	
Improve our ranking compared to similar authorities in relation to all crime - Eastbourne	4	4	5	5	3	4	↑	3		In the year ending June 2017 police recorded crime increased by an average of 13% nationally. However Eastbourne remains a low crime area and finishes 3rd lowest for crimes per 1000 population in its Most Similar Group in 2017/18 – exceeding the target of 4th lowest.


## 2.2 Thriving Communities Projects and Programmes

### a Improved health & wellbeing

Project / Initiative	Description	Target Completion	Status	Update
Sovereign Centre Review	A new leisure centre	31-Mar-2020		<p>Following consultation with Eastbourne Swimming Club, the design of the main pool has been enlarged and a proposal developed for the option of a diving pit. The roof form and internal layout has been amended. Client decisions are required on a number of outstanding issues before the design and Business Case can be finalised.</p> <p>A report is elsewhere on the Cabinet agenda and following a</p>




Project / Initiative	Description	Target Completion	Status	Update
				decision there will be a public consultation.
Health & Housing - East Sussex	A new countywide programme of health & housing related projects	31-Mar-2020		<p>The Health &amp; Housing Programme continues to develop through the transformation programmes of East Sussex Better Together (ESBT) and Connecting 4 You.</p> <p>ESBT is concerned with an integrated health and social care system in East Sussex - the 150-week programme to transform health and social care services. ESBT is led by NHS Hastings and Rother Clinical Commissioning Group (CCG), NHS Eastbourne, Hailsham and Seaford CCG, and East Sussex County Council).</p> <p>Connecting 4 You is a programme to improve local health and social care for the population of High Weald, Lewes and the Havens. The programme is led by High Weald Lewes Havens Clinical Commissioning Group (CCG) and East Sussex County Council, alongside community and mental health Trusts, working in partnership with Healthwatch, patients, carers and the local community and voluntary sector.</p> <p>The beds are now operational.</p> <p>The process of Reconciling Policy, Performance and Resources (the process used to develop East Sussex County Council's plans and budgets together. It is a tool used to help the Council identify key policy priorities).at East Sussex County Council means the focus is currently being given to that consultation process.</p>

## b Meeting housing need

Project / Initiative	Description	Target Completion	Status	Update
Housing & Economic Development Programme	Deliver an ambitious programme of housing development and refurbishment that provides homes and makes a positive contribution to Eastbourne's economic future	31-Mar-2020		<p>Remediation works at Bedfordwell Road have started.</p> <p>Eastbourne Garage sites planning documents almost completed.</p> <p>Northbourne Road preparations for possession of site by Westridge progressed.</p> <p>183a-b Langney Road alternative design for cluster homes has been taken to concept design. A decision has been made to build out existing planning permission.</p>

Project / Initiative	Description	Target Completion	Status	Update
Homelessness Reduction Act (HRA) Implementation	Reduce homelessness.	31-Mar-2020		<p>In terms of preparing for implementation of the HRA, the team have drafted all relevant templates and procedures for assessing clients under the new duties. There are many details of the legislation which are yet to be defined and we will need to be flexible to adapt as such issues are resolved through case law updates.</p> <p>Staff received formal training on the Act via NPSS in the last week of March, which proved very timely and informative.</p> <p>The team are working closely with neighbouring authorities around pathways for referral etc.</p>

### c Resilient & engaged communities

Project / Initiative	Description	Target Completion	Status	Update
Delivery of Community Centre to serve the Sovereign Harbour Neighbourhood	EBC working with Sovereign Harbour Community Association and Wave Leisure to deliver a £1.6m community centre	31-May-2018		Work continues to progress well. External walls and roof are complete. Windows are being installed and internal partitions are being erected.
Welfare Reform	To support those vulnerable residents affected by the government's welfare reform programme.	31-Mar-2020		<p>The Housing Benefit (HB) caseload has reduced by c800. The pressure on rent arrears continues as expected.</p> <p>Changes mean that Temporary Accommodation cases will revert to claiming HB rather than Universal Credit and the restrictions for 18-21 year olds claiming help with their rent have been removed.</p>
Community Lottery	Launch an online Eastbourne Local lottery to help fund discretionary support for Community organisations and to enable good causes to raise funds directly.	31-Jan-2018		<p>A successful launch event was held.</p> <p>Several organisations have now signed up with lottery tickets due to go on sale in May.</p>

## 4 Sustainable Performance

### 4.1 Sustainable Performance Key Performance Indicators

#### a Delivering a balanced budget

KPI Description	Annual Target 2017/18	Q1 2017/18	Q2 2017/18	Q3 2017/18	Q4 2017/18			2017/18		Latest Note
		Value	Value	Value	Value	Target	Short Trend	Value	Status	
Percentage of Council Tax collected during the year - Eastbourne	97.06%	29.19%	56.13%	83.16%	96.99%	97.06%	↑	96.99%	⚠	Council Tax collection outturn for 2017/18 is 96.99% (£60.3 million) against a target of 97.06%. In 2016/17 our collection rate was 97.06% (£57.5 million).
Percentage of Business Rates collected during the year - Eastbourne	98%	29.9%	54.72%	80.38%	98.27%	98%	↑	98.27%	✓	The Business rate collection rate for 2017/18 is 98.27% (£34 million) and 0.27% above the target rate of 98%. In 2016/17 we collected 99.18% (£34.5 million).

Page 52

#### b Managing our people & performance


KPI Description	Annual Target 2017/18	Q1 2017/18	Q2 2017/18	Q3 2017/18	Q4 2017/18			2017/18		Latest Note
		Value	Value	Value	Value	Target	Short Trend	Value	Status	
Reduce absence from work due to sickness	5.8 days	1.73 days	1.97 days	2.37 days	2.18 days	1.45 days	↑	8.25 days	⛔	Sickness absence rates remained high in Q4 at over 2 days per full time equivalent employee. This was anticipated as our HR Business Partners and managers were advising us, particularly in January and February, of large numbers of staff suffering from flu



KPI Description	Annual Target 2017/18	Q1 2017/18	Q2 2017/18	Q3 2017/18	Q4 2017/18			2017/18		Latest Note
		Value	Value	Value	Value	Target	Short Trend	Value	Status	
										<p>and stomach bugs. This was confirmed by the most frequent reasons for short term absence in Q4 being recorded as colds, flu and viruses.</p> <p>As a result the total for the year 2017/18 was 8.25 days per full time equivalent employee which is 2.45 days over the target of 5.8.</p> <p>Eastbourne's sickness absence rate has historically been very low and noticeably lower than our neighbouring authorities who rarely drop below 8 days per year. A survey of 6 neighbouring councils showed average days lost for 2016/17 as 8.85. Bearing in mind the significant programme of change that a large proportion of our staff have been through this year, although 8.25 days is higher than we would wish EBC do not believe it indicates a particular concern. Managers and HR will remain vigilant to ensure appropriate support is being given and action is being taken.</p> <p>A survey of our neighbouring authorities with an in house waste survey indicates that an average of between 9 and 11 days is usual. Bearing in mind the absence totals of Lewes and Eastbourne over recent years and those of our neighbouring authorities we are suggesting a combined target for Lewes and Eastbourne of 9 days per FTE for the financial year 2018/19. This feels like a sufficiently challenging yet realistic target. It will be our aim to reduce this to 8 days over the next two years.</p>

## 4.2 Sustainable Performance Projects and Programmes

### Delivering in partnership

Project / Initiative	Description	Target Completion	Status	Update
Joint Transformation Programme	A major programme to integrate the Eastbourne Borough Council and Lewes District Council workforces, and transform the service delivery model for both organisations. Deliver £2.7m savings while protecting services	31-Mar-2020		<p>As a major change management programme, the JTP continues to deliver the key elements of the intended transformation, including:</p> <ul style="list-style-type: none"> <li>- launch of the new Customer First, Homes First, Neighbourhood First brands creating a stronger and more visible presence</li> <li>- launch of the new joint website and intranet to enhance and modernise the way in which we engage and communicate with residents, businesses and staff</li> <li>- new IT and telephony kit has been deployed to support improved and flexible delivery of services</li> <li>- Report It Lewes &amp; Eastbourne - an app to facilitate and speed up the reporting of environmental issues such as littering and dog fouling - launched across both the borough and district in February 2018</li> <li>- Customers completed 20% of their transactions online in April 2018 compared with 7% a year earlier. This move to cheaper ways of interacting with customers supports the aspirations of the Channel Shift Strategy and allows us to focus our resources on those who need our services most.</li> </ul> <p>Delivery of the transformation is being managed within the £6.8m budget and the £2.8m of savings for JTP Phases 1 and 2 are on track to be achieved.</p> <p>Challenges within the programme are known and being managed to ensure successful delivery of the overall programme goals.</p>

## Community Projects - Devolved Ward Budgets Q3

Ward	Projects	Description	Project Spend to Date
Devonshire	Allchorn Pleasure Boats	To enable schools and the Public etc to access the public viewing gallery / building for observation purposes and talks on what we are doing, this will enable us to raise more money for the project.	£1,000.00
	Mardi Gras	To support the organisation of Eastbourne's first Mardi Gras parade on 22 July 2017.	£2,500.00
	Gated Alleyway in Latimer Road	To fit gates to prevent access to residential alleyways.	£2,055.00
	Same Sky / Princes Park	To support the Princes Park Community Fun Day.	£3,000.00
	Eastbourne Volunteers	To support volunteers, make the best use of shared resources, create a website so the public know where to go information about volunteer groups, promote inclusion and fight social isolation. These funds are to be used to assist in the production of a newsletter.	£597.00
	Boho Lights	To provide a series of workshops for schools and the community culminating in a Light Procession that commences in Eastbourne town Centre and ends at the Finale Event which is in and around Leaf Hall Community Arts centre.	£500.00
	Tree outside the Territorial Army Centre	To plant a tree outside the Territorial Centre on Seaside to improve the local area,	£250.00
	Easterbourne	To provide gifts for the participants of an Easter Bunny Hunt as well as advertise the town centre event during a quieter period of the year.	£98.00
<b>Total</b>			<b>£10,000</b>
Ward	Projects	Description	Project Spend to Date
Hampden Park	Balloon Festival	To support the organisation of Eastbourne's first Balloon Festival 29-30 July 2017.	£2,000.00
	Eastbourne Stagers	To supply new equipment to allow performances in the street and at the school venue where they currently perform.	£1,500.00
	Heron Park Academy	To provide assistance to sports development under the "Gold Sports" scheme at Heron Park Academy.	£3,000.00
	Eastbourne Junior Park Run	To encourage young people to take regular group exercise.	£500.00

Ward	Projects	Description	Project Spend to Date
	Bowls Club Lighting	To install security lighting to prevent malicious damage to a community facility in Hampden Park.	£546.10
	Eastbourne Academy	To promote performance for young people as a means of showing them that they don't need drugs or drink to get excitement and satisfaction. This will be achieved through the 'Rock Challenge'.	£200.00
	Tugwell Park Goal Posts	To replace the goalposts which had rusted away after years of use and neglect. This is a means to promote healthy sporting activity in the East Hampden Park area.	£1,260.00
	Hampden Park in Bloom	To enhance the area with new planters for Eastbourne in Bloom.	£500.00
	Duke of Edinburgh Award	To get young people to take part in the award scheme particularly the expeditions.	£485.76
<b>Total</b>			<b>£9991.86</b>
Ward	Projects	Description	Project Spend to Date
Langney	Goals for Eastbourne Youth Team	To provide Goals, footballs and accessories for Youth football teams. Langney Wanderers/ Under 12 year olds.	£500.00
	Sevenoaks Road improvements	To provide traffic calming measures to improve the environment along Sevenoaks Road, to change the character of the road for motorists to encourage calm driving with awareness of schools, parks and other road users. Part of Community Match Project with East Sussex County Council.	£4,000.00
	Bench for Langney Pond	To provide a Stanford seat style bench on concrete base (in keeping with design of other modern benches) around the Langney pond, adjacent to Sandpiper Walk. Also removal and disposal of old seat, and make good the concrete.	£1,200.00
	Dropped Kerbs in Sevenoaks Road	To support the need for improved road crossing points for people with mobility issues, especially more elderly, and those with young children and pushchairs, and others with particular needs to be able to cross busy roads more safely. Working as part of the wider scheme to improve safety in Sevenoaks Road.	£3,000.00
	Bench for Sevenoaks Road	To provide a standard recycled brown plastic bench, with back, on a concrete base, to be installed at Sevenoaks Recreation Ground.	£813.95
	Compass Community Arts	To provide a contribution to the Compass Community Arts Project at Shinewater Court.	£180.00
	Defibrillator for the Ward at Langney Shopping Centre	To provide a contribution towards public access defibrillator at Langney Shopping Centre.	£300.00

Ward	Projects	Description	Project Spend to Date
<b>Total</b>			<b>£9993.95</b>

Ward	Projects	Description	Project Spend to Date
Meads	1st Meads Scout Group	To acquire a shed (for storage) and flags for the 1st Meads Scout Group to assist in its development.	£1,575.85
	Friends of Meads Parks and Gardens	To provide a gazebo marquee for Friends of Meads Parks and Gardens	£79.84
	Meads Magic	To purchase safety equipment for annual Meads Magic event.	£92.28
	Wayfinder Woman Trust	To purchase of equipment, signage and literature for The Wayfinder Woman Trust.	£1,274.00
	Friends of Beachy Head Countryside Centre	To provide film and replacement monitor and associated electrical works at Beachy Head Countryside Centre.	£1,593.00
	Meads Village Website	To contribute towards the building of the new Meads Village Website which will help to build the Meads Village brand and increase footfall to our neighbourhood.	£1,500.00
	ECTV	To purchase HDMI Wireless video/audio transmitter to allow extended use of the Heritage Centre cinema room facilities for the public.	£200.00
	Fire Protection at the Eastbourne Heritage Centre	To improve the Fire Protection at the Eastbourne Heritage Centre.	£690.00
	Soroptomists	To provide a contribution to the expenses of a conference to be held in Eastbourne Town Hall on International Women's Day to enhance future collaboration and networking to provide services that will be of benefit in improving the lives of women and girls locally.	£500.00
	Ascham	To assist with the initial cost printing/launch of new book commemorating "The boys on the (Ascham) arch" on the centenary of the end of World War One.	£600.00

Ward	Projects	Description	Project Spend to Date
	Planter in Meads Street	To provide a large planter, installed and planted in Meads Street	£1,900.00
<b>Total</b>			<b>£9994.97</b>

Ward	Projects	Description	Project Spend to Date
Old Town	Defibrillator within Ward	To procure a Public Access Defibrillator (PAD), to be installed within Ward, to provide life saving emergency equipment that is accessible to the community, 24 hours a day.	£1,341.25
	Trees within the Ward	To plant trees two trees in East Dean Road where the stumps have been removed.	£500.00
	Motcombe Bowling Green Treatment	To provide specialist treatment to the lawns following unusual weather. This involves bring specialist machinery in to improve the conditions of the Green by the use of a grading sand injection machine. This is a one off treatment.	£500.00
	Trees within the Ward	To plant trees in Pashley Road, Milton Road and Broomfield Street.	£1,000.00
	Defibrillator for the Ward	To to procure a Public Access Defibrillator (PAD), to be installed at the outside Upwyke House.	£1,441.25
	Dig at Motcombe Gardens	To carry out a program of archaeological evaluation to be undertaken adjacent to the Dovecote, Motcombe Gardens, Eastbourne. It is a project developed by the Friends of Motcombe Gardens, local Councillors and Heritage Eastbourne.	£2,500.00
	Notice Board - Old Town Recreation Ground	To provide a complementary, lockable Notice Board which will be positioned nearby in which details will be displayed about the Friends of Old Town Rec (FoOTR) association, membership information, FoOTR committee members' contact details, activities, forthcoming meetings and events, and the Rec's Green Flag Award; together with information about wildflower planting and trees in the Rec.	£1,500.00
<b>Total</b>			<b>£8782.50</b>
Ward	Projects	Description	Project Spend to Date
Ratton	Balloon Festival	To support the organisation of Eastbourne's first Balloon Festival 29-30 July 2017.	£2,000.00

Ward	Projects	Description	Project Spend to Date
	Trees in Rodmill Drive	To plant seven (7) trees on land at the foot of Rodmill Drive.	£1,750.00
	Ratton School	To assist with the provision of new musical instruments and new science equipment etc.	£1,500.00
	Old Ratton Residents Association	To provide speed bumps to help reduce increasing problems in the Estate from vehicles speeding, usually young drivers who live on the adopted part of the Estate.	£4,750.00
<b>Total</b>			<b>£10,000</b>

Ward	Projects	Description	Project Spend to Date
St Anthony's	Tree within the Ward	Tree planted in Moy Avenue.	£350.00
	Langney Exhibition	To hold a a public exhibition to be held at Langney Village Hall for local residents and other interested people on Langney Priory and initial proposals for its future development. This is part of a process of consulting with local people about how the Priory might be used, the results of which will be used to support a bid to Heritage Lottery for funding for 80% of the costs of restoring this important building.	£442.00
	Computer for Embrace	To provide a new computer and window covering for the new office of Embrace - East Sussex.	£1,600.00
	Stair lift at Langney Village Hall	To install a stair lift at Langney Village Hall.	£2,160.00
	Sevenoaks Road improvements	To provide traffic calming measures to improve the environment along Sevenoaks Road, to change the character of the road for motorists to encourage calm driving with awareness of schools, parks and other road users. Part of Community Match Project with East Sussex County Council.	£5,448.00
<b>Total</b>			<b>£10,000</b>

Ward	Projects	Description	Project Spend to Date
Sovereign	Mardi Gras	To support the organisation of Eastbourne' s first Mardi Gras parade on 22 July 2017	£500.00

Ward	Projects	Description	Project Spend to Date
	Purple4Polio	To represent the Purple4Polio campaign where the cost that the Rotary Club pay for the bulbs is matched by Bill Gates of Microsoft and goes towards the total eradication of the Polio disease.	£314.64
	EWWE Kingsmere	To assist with Eastbourne Winter Wonderland Extravaganza Kingsmere to provide floodlighting for the Event with respect to Health & Safety requirements.	£300.00
	San Juan Residents Carol Service	To help towards the purchase of outdoor lights that will decorate the trees within the San Juan Development, and help with the printing of the promotional material including Carol Sheets, batteries for the lights and other disposable items.	£200.00
	Conqueror Hall Blinds	To match fund window blinds for the Conqueror Hall Kingsmere which is undergoing a full interior re-decoration.	£500.00
	Storage Shed at Haven School	To provide a Storage Shed for the storing of the reception classes play equipment	£462.50
	Picnic Table at Five Acre Field	To place a picnic table with wheelchair access on the land now available.	£1,480.77
	LED Lighting at Kings Park Estate	To provide match funding to provide LED lighting in the bin sheds on the King's Park Estate.	£1,770.00
	Laptop for Memory Lane	To provide a new Laptop for the Memory Lane Dementia Charity as their current second hand equipment is nearing the end of its useful life.	£469.00
<b>Total</b>			<b>£5996.91</b>

Ward	Projects	Description	Project Spend to Date
Upperton	Community Wise	To provide chairs for the community centre.	£1,413.00
	Eastbourne Survivors	To provide therapy group courses for adults who have been abused in childhood.	£1,000.00
	Eastbourne Volunteers	To help with the cost of printing copies of a Newsletter called The Volunteer to residents in the ward.	£597.00
	Weaver Close community day	To help set up resident association and for the residents to get to know one another. Funding for bouncy castles and cost of flyers.	£256.68
	Child Safety Fence	To provide a child safety fence around community hall at St Michael & All Angels Church.	£1,260.00
	Bulb Planting and removal of a tree	To plant of bulbs in grass verges in Upperton area and Hartfield and Upperton Square gardens. And tree stump removal.	£2,000.00
	Gardening Tools	To buy gardening tools for volunteer gardeners.	£200.00
	Steam Punk Festival	To assist with the cost of arranging the Eastbourne Steampunk Festival.	£500.00
	Community Kitchen	To provide a community kitchen in conjunction with the Eastbourne Allotments and Gardens	£1,000.00



Ward	Projects	Description	Project Spend to Date
		Society.	
<b>Total</b>			<b>£8226.68</b>
<b>Total of all Wards</b>			<b>£82986.87</b>

This page is intentionally left blank

## Part B

### Financial Performance Outturn 2017/18

#### 1.0 General Fund

1.1 The final outturn for service expenditure for the year 17/18 was £15.7m and is analysed as follows:

	Original Budget	Revised Budget	Actual 31.3.18	Variance
	£'000	£'000	£'000	£'000
Corporate Services	5,288	5,264	5,095	(169)
Community Services	5,896	5,444	5,305	(139)
Regeneration, Planning Policy and Assets	(336)	572	600	28
Tourism & Enterprise	3,763	3,125	3,130	5
Other Operating Income and Expenditure	(767)	(152)	-	152
<b>Service Total</b>	<b>13,844</b>	<b>14,253</b>	<b>14,130</b>	<b>(123)</b>
Capital Financing costs	1,833	1,959	1,648	(311)
<b>TOTAL EXPENDITURE</b>	<b>15,677</b>	<b>16,212</b>	<b>15,778</b>	<b>(434)</b>
Council Tax	(8,031)	(8,031)	(8,007)	24
Business Rates	(4,365)	(4,365)	(4,733)	(368)
Government Grants	(2,138)	(2,228)	(2,102)	126
<b>TOTAL FUNDING</b>	<b>(14534)</b>	<b>(14624)</b>	<b>(14842)</b>	<b>(218)</b>
Transfer to Reserves	1,143	1,588	936	(652)

Service outturn shows a favourable variance of £123,000 which resulted in a reduced sum required to be transferred from the General Fund reserve to support expenditure.

1.2 The table at **Appendix 2** shows the Council's financial outturn compared to the agreed budget at service level. A more detailed breakdown at code or transactional level is available from Financial Services.

1.3 Service expenditure variance for the year is principally as a result of:

Farms and land lettings – additional income over target	(£134k)
Solorbourne income increase from feed in tariff	(£122k)
Refuse collection contract variations	(£107k)
IT systems savings against budget	(£91k)
Bed and Breakfast lower spending than anticipated	(£72k)
Car parking income – achievement over budget target	(£68k)

These have been offset in part by the following negative variances:

Development control additional costs plus income shortfall	£92k
Buccaneer under achievement of income target	£149k
Re-profiling of savings target	£175k
Housing Benefits overpayments and subsidy	£286k

- 1.4 Any future financial implications arising from the variances will be taken into account as part of the Service and Financial Planning process.
- 1.5 The General Fund summary figures include the transfers to and from reserves as shown in **Appendix 3**. In many cases these transfers reflect items previously agreed, or at the very least where the principle of a transfer from reserves had been established as part of the overall budget strategy.
- 1.6 The balances as at 31.3.18 for usable general fund revenue reserves are as follows:

Reserve	31.3.18 £'000
General Fund	3,033
Repairs and Maintenance (Capital Programme) Reserve	1,306
Regeneration Reserve	532
Devonshire Park Reserve	1,488
Earmarked Reserves	472

## 2.0 HRA

- 2.1 HRA performance for the year 17/18 is as follows:

	Original Budget £'000	Revised Budget £'000	Actual 31.3.18 £'000	Variance £'000
<b>HRA</b>				
Income	(15,551)	(15,587)	(15,602)	(15)
Expenditure	12,717	12,653	12,449	(204)
Capital Financing & Interest	1,885	1,885	1,831	(54)
Contribution to Reserves	500	600	500	(100)
<b>Total HRA</b>	<b>(449)</b>	<b>(449)</b>	<b>(822)</b>	<b>(373)</b>

A further breakdown is shown at **Appendix 4**.

- 2.2 HRA performance shows a favourable variance of (£373,000), which is mainly due to:

Reduction in provision for Bad Debt requirement	(£112)
Take up of under occupation scheme	(£63k)
Average interest rates lower than budgeted	(£50k)

Depreciation lower than budget

(£32k)

- 2.3 The balance as at 31.3.18 on the usable Housing Revenue Accounts Reserves are as follows:

Reserve	31.3.18 £'000
HRA	5,188
Housing Regeneration and Investment Reserve	2,883
Major Repairs Reserve	510

### 3.0 Capital Expenditure

- 3.1 A summary of capital expenditure for the year is shown in **Appendix 5**.

- 3.2 The revised capital for 2017/18 was £51.6m and the outturn was £51.2m, a variance of £0.4m. A summary of the schemes is shown at Appendix 5.

- 3.3 Where schemes are being delivered over more than one year the programme has been re-profiled. Members are asked to approve the re-profiled programme for 2018/19.

- 3.4 The Capital Programme for 2018/19 totals £92.2m compared to Capital Programme approved in March 2018 of £84.8m. The changes to the Capital Programme are shown in the table below.

Summary of Capital Programme 2018/19 to 2020/21	2018/19 £'000	2019/20 £'000	2020/21 £'000
Approved Budget at 21.3.18	84,766	36,073	14,774
Re-profiled from 17/18 to 18/19	404		
Allocations no longer required	53		
Devonshire Park increase agreed Cabinet 21.3.18	4,360		
DFG allocated to SHCC Bedfordwell Road – Pump House agreed Cabinet 23.5.18	(400)		
	3,000		
<b>Current Programme</b>	<b>92,183</b>	<b>36,073</b>	<b>14,774</b>

- 3.5 Detailed comments on larger schemes:

Line No.	Comment
2	Major Works – spend was £645k less than originally estimated due to works being completed later to due to adverse weather conditions.

23	Terminus Road Improvements - Contractor due to be appointed. Works have started on site. As part of this scheme we have commissioned a consultant to deliver a Wayfinding Strategy for the Town Centre alongside the Devonshire Park Wayfinding Strategy.
24	Sovereign Harbour Community Centre - Works on site are progressing well and contractor is on schedule to complete the building ready for opening in July 2018.
69	IT – Block Allocation - Significant investment has taken place this year in storage systems, additional server capacity and replacement laptops and mobile devices to replace ageing equipment purchased during the agile working programme in 2010/11. All the 2017/18 allocation was spent and some of the allocation for 2018/19 was re-profiled and spent in 2017/18.
72	EHIC Loans (Properties purchased from EBC) - Agreed facility of £4,173k to provide loans to purchase EBC properties. Two loans totalling £900k have been agreed of which £913k has been drawn down. The remaining facility of £2,958k is available for other properties to be identified.
73	EHIC loans (Properties purchased on the open market) - Agreed facility of £5m to provide loans to purchase private properties. 12 loans totalling £2,657k have been agreed of which £2,481k has been drawn down. The remaining facility of £2,343k is available for other properties.
77 & 78	Aspiration Homes LLP Loan – Agreed a facility of £10m to provide loans to build and refurbish properties. One loan of £1.7m has been agreed to develop the site at Northbourne Road. Site purchase was completed in December 2017 and £16k of the loan was drawn down. The balance of the loan is available for drawdown as required. Works have now commenced on site. The remaining facility of £8.3m is available for new schemes being considered
79	Bedfordwell Road – Land was purchased in 2016/17. This is the subject of separate Cabinet reports. Cabinet agreed an additional allocation of £3m in May 2018 to works to the Pump House.
81	Hampden Retail Park Refurbishment – Master plan in place with 3 additional units to increase income generation. ESCC has agreed sale of land required to enable some of the utilities and strategically important for the general scheme. Drain clearance has been completed across the estate as part of the scheme. Offsite drainage works to culvert complete.
83	JTP Programme - This scheme is the subject of regular update reports to Cabinet. The budget will be spent over three years from 2016/17 to 2018/19.

87	Devonshire Park Redevelopment - Progress currently as per construction programme agreed in main contract, expected completion Feb/Mar 2019 and opens for business Spring 2019. On 23.3.18 Cabinet agreed an increase of the allocation of £9.96m. This is the subject of a separate Cabinet report. Tennis player facilities construction complete.
99	Wish Tower Restaurant – design work is being finalised. Planning application expected to be completed by July 2018. Demolition of Western View and works on site planned to start September 2018 with construction completed January 2019 and fit out by April 2019 ready for opening.

#### 4.0 Collection Fund

4.1 The Collection Fund records all the income from Council Tax and Non-Domestic Rates and its allocation to precepting authorities.

4.2 The Collection fund for the year is as follows:

	<b>Council Tax £'000</b>	<b>Business Rates £'000</b>
(Deficit recovery)/Surplus distributed	978	(854)
Debit due for year	(61,998)	(33,321)
Payments to preceptors	60,709	35,730
Transitional Relief		(556)
Allowance for cost of collection		126
Allowance for appeals		(183)
Write offs and provision for bad debts	477	203
<b>In year movement</b>	<b>166</b>	<b>1,145</b>
Balance B/fwd 1.4.17	(1,433)	2,376
<b>Balance c/fwd 31.3.18</b>	<b>(1,267)</b>	<b>3,521</b>
Allocated to:		
MCLG	-	1,761
East Sussex County Council	(930)	317
Eastbourne Borough Council	(165)	1,408
Sussex Police	(109)	-
East Sussex Fire & Rescue	(63)	35
	<b>(1,267)</b>	<b>3,521</b>

4.3 The allocation to preceptors reflects the operation of the Collection Fund for Council Tax and Business Rates which are distributed on different basis under regulations. The distributions for the estimated balance calculated at quarter 3 will be made in 2018/19. Any changes in quarter 4 will be made in 2019/20.

4.4 Council Tax performance has resulted in a £812,000 surplus for the year. As the aim of the collection fund is to break even the surplus represents an overachievement. This is due to the result of a combination of factors including better performance against the collection allowance within the Council Tax base

and a reduction in the Council Tax Reduction scheme caseload. The balance as at 31.3.18 represents 2.04% of the gross debit.

- 4.5 The Business Rate deficit of £1,999,000 for the year represents an underachievement from business rate income. This is as a result of the on-going risk from the number of outstanding business rate for backdated appeals, and in particular a number of large backdated appeal refund made during the year of £2.8m. The deficit balance as at 31.3.18 represents 10.57% of the total debit for the year.

With the introduction of the new 2017 rating list the procedure for making appeals has been changed, which is intended to speed up the process, reduce the number of appeals and provide some certainty on the financial implications to local authorities. The valuation office has only just published data relating to these appeals, therefore until this has been evaluated an estimate has had to be calculated based on experience from the previous appeals system.

## 5.0 Treasury Management

- 5.1 In accordance with legislation and codes of practice the council is required to produce an annual treasury report reviewing treasury management activities and the actual prudential and treasury indicators for 2017/18. The Treasury Management Annual Report 2017/18 is being considered as a separate report on this agenda.

## 6.0 Statement of Accounts 2017/18

- 6.1 The Accounts and Audit Regulations 2015 require the Council to formally approve and publish its Statements for the financial year ending 31 March 2018 by 31 July 2018. The draft statement is available on the Council's Website and copies can be obtained from Financial Services.
- 6.2 It is the Chief Financial Officer's (CFO) responsibility to ensure the preparation of the Statement is in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The CFO is also responsible for certifying that the accounts represent a true and fair view of the authority's financial position at 31 March.
- 6.3 Key Points of Interest on the Balance sheet are

Item	31.03.17 £'000	31.03.18 £'000	Change £'000
Creditors (money we owe)	(9,578)	(10,870)	(1,292)
Debtors (money owed to us)	22,354	32,410	10,056
Fixed Assets	333,302	379,661	46,359
Pensions Liabilities/Reserve	(43,372)	(44,352)	(980)
Long Term Investments	238	323	85
Cash and Investments	1,857	3,609	1,752
Borrowings	(65,360)	(105,424)	(40,064)
Collection Fund	761	1,244	483



Earmarked Reserves	(8,976)	(8,702)	274
General Fund Balance	(2,661)	3,032	(371)
Housing Revenue Account	(4,366)	5,188	(822)

- Debtors has increased due to the long term loans awarded in the year to Eastbourne Housing Investment Company Ltd and DWP Rent Subsidy Allowance due to the Council as at 31.3.18.
- The value of fixed assets has increased due to capital expenditure during 2017/18 (£44.9m), and the annual inflation review at the end of the financial year (£12.9m) less the charge for depreciation (£8.3m) and the write off of disposals.
- Pensions liabilities increase is due to changes in actuarial assumptions and offset by an increase of discount rate
- Cash and investments increased due to timing of borrowing.
- Borrowing has increased due to the need to borrow to finance in year capital expenditure and lock into historically low interest rates. Whilst borrowing is not attributable to individual schemes, capital expenditure which was supported by borrowing included £3m in loans to EHIC, £21m for the acquisition of land and buildings, £0.9m for HRA schemes and £8m for Devonshire Park. Short term borrowing has increased as the Council is taking advantage of the very low short term rates by taking temporary borrowing.

6.4 The external auditor (BDO) commenced work on 4<sup>th</sup> June and the accounts are open for public inspection between 1 June and 12 July 2018. All queries and questions to the Auditor must be put in writing and sent directly to BDO's offices.

This page is intentionally left blank

	Original Budget	Revised Budget	Actual	Variance
	£'000	£'000	£'000	£'000
<b>CORPORATE SERVICES</b>				
<b>Corporate Management</b>	<b>139</b>	<b>213</b>	<b>257</b>	<b>44</b>
Financial Services Team	673	638	655	17
Corporate Finance	1,189	1,193	1,153	(40)
Internal Audit and Corporate Fraud	240	285	261	(24)
<b>Strategic Finance</b>	<b>2,102</b>	<b>2,116</b>	<b>2,069</b>	<b>(47)</b>
<b>Human Resources</b>	<b>462</b>	<b>432</b>	<b>418</b>	<b>(14)</b>
<b>Business Transformation</b>	<b>1,699</b>	<b>1,537</b>	<b>1,361</b>	<b>(176)</b>
Legal Services	263	286	270	(16)
Local Democracy	623	680	720	40
<b>Legal and Local Democracy</b>	<b>886</b>	<b>966</b>	<b>990</b>	<b>24</b>
<b>TOTAL CORPORATE SERVICES</b>	<b>5,288</b>	<b>5,264</b>	<b>5,095</b>	<b>(169)</b>
<b>SERVICE DELIVERY</b>				
<b>Service Management</b>	<b>(70)</b>	<b>(89)</b>	<b>19</b>	<b>108</b>
Service Management	81	77	78	1
Case Management	633	514	527	13
Account Management	448	442	402	(40)
Specialist Advisory	4,708	4,750	4,794	44
Bereavement Services	(1,147)	(1,184)	(1,198)	(14)
<b>Case Management and Specialist Services</b>	<b>4,723</b>	<b>4,599</b>	<b>4,603</b>	<b>4</b>
Service Management	-	28	28	-
Customer Contact	866	715	714	(1)
Neighbourhood First	574	475	414	(61)
<b>Customer and Neighbourhood Services</b>	<b>1,440</b>	<b>1,218</b>	<b>1,156</b>	<b>(62)</b>
<b>Homes First</b>	<b>(197)</b>	<b>(284)</b>	<b>(473)</b>	<b>(189)</b>
<b>TOTAL SERVICE DELIVERY</b>	<b>5,896</b>	<b>5,444</b>	<b>5,305</b>	<b>(139)</b>
<b>STRATEGY, PLANNING AND REGENERATION</b>				
<b>Service Management</b>	<b>62</b>	<b>56</b>	<b>61</b>	<b>5</b>
<b>Regeneration</b>	<b>265</b>	<b>156</b>	<b>181</b>	<b>25</b>
<b>Planning</b>	<b>108</b>	<b>941</b>	<b>905</b>	<b>(36)</b>
<b>Group Head of Commercial Business</b>	<b>-</b>	<b>28</b>	<b>21</b>	<b>(7)</b>
Corporate Landlord	(2,063)	(1,979)	(1,982)	(3)
Facilities Management	310	426	452	26
<b>Estates and Property</b>	<b>(1,753)</b>	<b>(1,553)</b>	<b>(1,530)</b>	<b>23</b>

	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Business Planning and Performance</b>	<b>982</b>	<b>944</b>	<b>962</b>	<b>18</b>
<b>TOTAL STRATEGY, PLANNING AND REGENERATION</b>	<b>(336)</b>	<b>572</b>	<b>600</b>	<b>28</b>

	Original Budget	Revised Budget	Actual	Variance
	£'000	£'000	£'000	£'000
<b>TOURISM AND ENTERPRISE</b>				
Service Management	69	93	96	3
Towner	623	623	657	34
Devonshire Park Complex	-	2	2	-
Tourism and Enterprise	445	441	450	9
Catering	231	171	273	102
Heritage	188	186	171	(15)
Tourist Information	120	119	122	3
<b>Tourism and Enterprise</b>	<b>984</b>	<b>917</b>	<b>1,016</b>	<b>99</b>
Sports Delivery	269	253	227	(26)
Seafront	(30)	(27)	(95)	(68)
Events	662	734	700	(34)
Theatres	1,186	530	527	(3)
<b>TOTAL TOURISM AND ENTERPRISE</b>	<b>3,763</b>	<b>3,125</b>	<b>3,130</b>	<b>5</b>
Other Operating Income and Expenditure	(767)	(152)	-	152
<b>TOTAL SERVICE EXPENDITURE</b>	<b>13,844</b>	<b>14,253</b>	<b>14,130</b>	<b>(123)</b>

This page is intentionally left blank

**Revenue Transfers to/(from) Reserves**

<b>Reserve and Purpose</b>	<b>Transfer to (from) General Fund £</b>	<b>Transfer between reserves £</b>	<b>Comments/ Approval</b>
<b>GENERAL FUND EARMARKED RESERVE - z10112</b>			
Improvement Fund Cems and Crem	(12,708)		As per Budget strategy
Solarbourne Future Inverter Provision >10yr Warranty	(16,200)		As per Budget strategy
Eastbourne Remembrance	(6,950)		As per Budget strategy
Dovecote Dig	(1,500)		As per Budget strategy
Taxi & Private Hire	(7,385)		As per Budget strategy
Sports Park - Astro Park	20,000		As per Budget strategy
HPSC - Multi Court	7,248		As per Budget strategy
<b>STRATEGIC CHANGE RESERVE - z10125</b>			
Transformation Fund	(191,518)		As per Budget strategy
Transfer from GF (to cover redundancies)		(350,000)	As per Budget strategy
Redundancies	541,410		As per Budget strategy
<b>CAPITAL PROGRAMME RESERVE - z10127</b>			
Transfer to GF		1,000,000	Approved as part of budget setting for 2017-18
Demolition of Model Railway club	14,698		Funding capital expenditure
Spinnakers demolition	51,385		Funding capital expenditure
Five Acres Pavilion demolition	8,658		Funding capital expenditure
Future Model	25,898		Funding capital expenditure
Farm Costs	128,638		Funding capital expenditure
Princes Park Cafe Refurbishment	51,825		Funding capital expenditure
Princes Park Public Realm Work	(2,527)		Funding capital expenditure
Sea Houses Sq - Plaza Improvements	(2,965)		Funding capital expenditure
Sea Houses Sq 1-5 Seaside Refurbishment	(1,425)		Funding capital expenditure
67-69 Seaside Refurbishment	(7,540)		Funding capital expenditure
<b>REVENUE GRANTS RESERVE - z10128</b>			
Transfer to GF		10,000	Accounting adjustment requirement to met legislative requirement
Grants received in advance	(90,297)		
<b>REGENERATION RESERVE - Z10130</b>			
Hotel Training	9,863		
<b>DEVONSHIRE PARK REVIEW RESERVE</b>			
College Road costs	63,739		As per Budget strategy
Contribution from Revenue	(591,640)		As per Budget strategy
<b>OTHER RESERVES</b>			
Commerical properties service charge for future major works	(125)		Payments by tenants
Contributions towards Worm Receptor at Shinewater	6,800		
S106 funding for Lottbridge Drove Tree Maintenance	18,563		
L&G CPO COMPENSATION	628,272		Payments funded by L&G received in advance
<b>Total Movement in Transfer to and from Reserves</b>	<b>644,216</b>	<b>660,000</b>	
<b>GENERAL FUND REVENUE ACCOUNT - z10190</b>			
Insurance - Risk Management	6,000		In accordance with contractual obligations
Transfer from Capital Programme Reserve		(1,000,000)	As per Budget Strategy
Home Office CRP Grant transfer from Revenue Grant Reserves		(10,000)	
Transfer to Strategic Change Fund (to be replenished in 18/19)		350,000	As per Budget Strategy
Elections	(9,570)		
Funding of one off growth	389,300		As per Budget Strategy
Year end balance transfer	(97,670)		
<b>Total Movement in Transfer to and from General Fund balance</b>	<b>288,059</b>	<b>(660,000)</b>	

This page is intentionally left blank



<b>HOUSING REVENUE ACCOUNT 2017/18</b>				
	<b>ORIGINAL BUDGET £' 000</b>	<b>REVISED BUDGET £' 000</b>	<b>ACTUAL £' 000</b>	<b>VARIANCE £' 000</b>
<b>INCOME</b>				
Gross Rents	(14,489)	(14,489)	(14,389)	100
Charges for Services	(1,062)	(1,098)	(1,213)	(115)
<b>TOTAL INCOME</b>	<b>(15,551)</b>	<b>(15,587)</b>	<b>(15,602)</b>	<b>(15)</b>
<b>EXPENDITURE</b>				
Management Fee (Eastbourne Homes Limited)	7,361	7,261	7,261	0
Supervision and Management	1,024	1,060	1,000	(60)
Provision for Doubtful Debts	126	126	14	(112)
Depreciation and Impairment of Fixed Assets	4,206	4,206	4,174	(32)
<b>TOTAL EXPENDITURE</b>	<b>12,717</b>	<b>12,653</b>	<b>12,449</b>	<b>(204)</b>
<b>NET COST OF SERVICE</b>	<b>(2,834)</b>	<b>(2,934)</b>	<b>(3,153)</b>	<b>(219)</b>
Loan Charges - Interest	1,895	1,895	1,856	(39)
Interest Receivable	(10)	(10)	(25)	(15)
<b>NET OPERATING (SURPLUS) DEFICIT</b>	<b>(949)</b>	<b>(1,049)</b>	<b>(1,322)</b>	<b>(273)</b>
<b>Appropriations</b>				
Transfer to Reserve	500	600	500	(100)
<b>HOUSING REVENUE ACCOUNT (SURPLUS) / DEFICIT</b>	<b>(449)</b>	<b>(449)</b>	<b>(822)</b>	<b>(373)</b>
<b>HOUSING REVENUE ACCOUNT WORKING BALANCE</b>				
<b>In Hand at 1st April 2017</b>	<b>(4,366)</b>	<b>(4,366)</b>	<b>(4,366)</b>	
<b>Surplus for 2017/18</b>	<b>(449)</b>	<b>(449)</b>	<b>(822)</b>	
<b>In Hand at 31st March 2018</b>	<b>(4,815)</b>	<b>(4,815)</b>	<b>(5,188)</b>	

This page is intentionally left blank

**Summary of Capital Programme 2017 to 2021**

	<b>Actual Total 2017/18</b>	<b>Estimate Total 2018/19</b>	<b>Estimate Total 2019/20</b>	<b>Estimate Total 2020/21</b>
<b><u>Capital Programme</u></b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
HRA	6,273	7,022	4,344	4,398
Community Services	2,617	6,289	1,530	300
Tourism & Leisure	719	14,148	10,480	-
Corporate & Core Services	27,730	31,603	16,225	9,255
Asset Management	13,887	31,425	3,494	821
Pier Grant & Coastal Communities Grant	37	1,696	-	-
<b>Total Programme</b>	<b>51,263</b>	<b>92,183</b>	<b>36,073</b>	<b>14,774</b>

**Financed By:-**

Capital Receipts HRA	425	1,417	-	-
1-4-1 RTB Receipts	359	403	-	-
Capital Receipts GF	648	1,253	549	175
Grants and Contributions	9,862	8,356	2,532	300
Major Repairs Reserve	3,823	4,941	4,344	4,398
Revenue Contribution to Capital	13	541	-	-
Reserves	220	389	-	-
Section 106 Contributions	877	27	-	-
GF Borrowing (Committed)	34,087	61,169	18,318	821
GF Borrowing (Uncommitted)	-	13,687	10,330	9,080
HRA Borrowing	949	-	-	-
<b>Total Financing</b>	<b>51,263</b>	<b>92,183</b>	<b>36,073</b>	<b>14,774</b>

Line No.	Scheme	Total Scheme Approved	Total Scheme spend 2013 to 31 Mar 2017	Scheme spend 2017/18	Allocation 2017-18	Approved Allocation 2018-19	Revised Allocation 2018-19	Allocation 2019-20	Allocation 2020-21	Variance to 2017-18 Allocation	Variance to Allocation where complete	Funding	Comments
		£000	£000	£000	£000	£000	£000	£000	£000	£000			
1	<b>HOUSING REVENUE ACCOUNT</b>												
2	Major Works	-	17,599	4,522	5,167	4,250	4,896	4,344	4,398	-	645	EBC	Planned works completed
3	Environmental Improvements	-	263	23	40	40	45	-	-	-	17	EBC	Planned works completed
4	Riverbourne House Kitchen Conversion	262	-	-	-	262	262	-	-	-	-	EBC	2018-19 Allocation
5	<b>Managed by Eastbourne Homes</b>	<b>Ongoing</b>	<b>17,862</b>	<b>4,545</b>	<b>5,207</b>	<b>4,552</b>	<b>5,203</b>	<b>4,344</b>	<b>4,398</b>	-	<b>662</b>		
6	<b>Other Schemes</b>												
7	New Build Phase 2	4,217	1,190	1,253	1,375	1,652	1,774	-	-	-	122	EBC/Grant	Complete. Balance is for retention
8	Empty Homes Prog Ph2	2,394	1,766	511	526	-	45	-	-	-	15	EBC/Grant	Complete. Balance is for retention
9	<b>Total HRA</b>		<b>20,818</b>	<b>6,309</b>	<b>7,108</b>	<b>6,204</b>	<b>7,022</b>	<b>4,344</b>	<b>4,398</b>	-	<b>799</b>		
10	<b>COMMUNITY SERVICES</b>												
11	Memorial Safety Cems	40	6	9	9	25	25	-	-	-	-	EBC	Planned works completed 2017-18. Further works due 2018-19
12	Digitalise Burial Records	10	-	-	-	10	10	-	-	-	-	EBC	2018-19 Allocation
13	Ocklynge Cemetery Chapel	150	80	-	-	70	70	-	-	-	-	EBC	2018-19 Allocation
14	Main Chapel Refurb - Phase 2	26	9	13	14	3	3	-	-	-	1	EBC	Planned works completed 2017-18. Further works due 2018-19
15	Crematorium Improvements (Main Chapel)	124	-	-	-	124	124	-	-	-	-	EBC	2018-19 Allocation
16	Disabled Facilities Grants	Ongoing	3,898	788	669	2,700	2,181	1,200	-	-	119	Grant	Planned works completed
17	BEST Grant (housing initiatives)	Ongoing	1,936	99	29	247	177	-	-	-	70	Grant	Planned works completed
18	Acquisition of Land & Property	2,279	-	-	-	2,354	2,254	-	-	-	-	EBC	Schemes under investigation
19	Contaminated Land	185	114	31	31	40	40	-	-	-	-	Grant	Remaining allocation re-profiled to 2018-19
20	Coast Defences Beach Management	Ongoing	5,605	266	268	300	302	300	300	-	2	Grant	Planned works completed.
21	Cycling Strategy	41	-	-	-	41	41	-	-	-	-	EBC	2018-19 Allocation
22	Play Area Sovereign Harbour	27	-	-	-	27	27	-	-	-	-	S106	2018-19 Allocation
23	Terminus Road Improvements	500	-	-	-	500	500	-	-	-	-	EBC	2018-19 Allocation
24	Sov Harbour Community Centre	1,600	371	1,043	1,229	-	226	-	-	-	186	EBC/S106/G	Due to complete by July
25	Shinewater Skate Park	50	-	50	49	1	-	-	-	-	1	0% EBC	Complete. Balance is for retention
26	Seaside rec - Play Equipment	120	9	111	111	-	-	-	-	-	-	0% EBC	Works completed
27	Motcombe Pond	50	46	6	5	-	-	-	-	-	1	4% EBC	Works completed
28	Hampden Park - Improvements (Green Flag)	50	15	32	32	2	2	-	-	-	-	-6% EBC	Works completed
29	Old Town Rec. - Improvements (Green Flag)	25	14	9	9	3	3	-	-	-	-	-8% EBC	Works completed
30	Seaside Rec - all weather path	50	28	21	21	2	2	-	-	-	-	-2% EBC	Works completed
31	Signage Re-branding (Parks & Open Spaces)	30	-	5	10	20	25	-	-	-	5	EBC	Works ongoing. Some initial delays whilst the new branding was deliberated and agreed.
32	Tugwell Park - all weather path (Phase 1 & 2)	50	37	13	13	-	-	-	-	-	-	0% EBC	Works completed
33	Car Parking Machines	97	67	-	-	25	25	-	-	-	-	EBC	First phase works completed under budget. New allocation for 2018-19

Line No.	Scheme	Total Scheme Approved	Total Scheme spend 2013 to 31 Mar 2017	Scheme spend 2017/18	Allocation 2017-18	Approved Allocation 2018-19	Revised Allocation 2018-19	Allocation 2019-20	Allocation 2020-21	Variance to 2017-18 Allocation	Variance to Allocation where complete	Funding	Comments
		£000	£000	£000	£000	£000	£000	£000	£000	£000			
34	Public Conveniences Green St	40	37	-	-	-	-	-	-	-	-8%	EBC	Works completed
35	Shinewater Park - Scoping	20	-	-	-	20	20	-	-	-		EBC	2018-19 Allocation
36	Air Quality Monitoring Equipment	31	2	34	28	-	-	-	-	6	16%	EBC	Completed
37	Helen Gardens Play Equip	40	-	39	-	40	1	-	-	39		EBC	Virtually complete
38	Chiltern Close Play Equip	25	-	-	-	25	25	-	-	-		EBC	2018-19 Allocation
39	Oak Tree Lane Play Equip	35	-	-	-	35	35	-	-	-		EBC	2018-19 Allocation
40	Mulberry Close Play Equip	30	-	-	-	-	-	30	-	-		EBC	2019-20 Allocation
41	Lower Holywell Public Con	50	-	-	-	50	50	-	-	-		EBC	2018-19 Allocation
42	Redoubt Public Convenience	40	-	-	-	40	40	-	-	-		EBC	2018-19 Allocation
43	Refurbishment of Public Facilities	81	-	-	-	81	81	-	-	-		EBC	2018-19 allocation
44	<b>Total Community Services</b>		<b>12,274</b>	<b>2,569</b>	<b>2,527</b>	<b>6,785</b>	<b>6,289</b>	<b>1,530</b>	<b>300</b>	<b>42</b>			
45	<b>TOURISM &amp; LEISURE</b>												
46	Volleyball Court	25	7	-	-	18	19	-	-	-		EBC	2018-19 Allocation
47	Sports Park Flood Lights	30	-	-	-	30	30	-	-	-		EBC/External	2018-19 Allocation
48	Re-surface Tennis Courts	265	242	-	-	23	23	-	-	-		EBC/External	2018-19 Allocation
49	ILTC - Air Conditioning	60	-	-	20	40	60	-	-	20		EBC	2018-19 Allocation
50	Redoubt - Stair Climber	20	-	-	18	2	20	-	-	18		EBC	2018-19 Allocation
51	Colonnade Removal	500	-	-	-	500	500	-	-	-		EBC	2018-19 Allocation
52	Redoubt - Asphalt Gun Platform	50	-	-	-	50	50	-	-	-		EBC	2018-19 Allocation
53	HPSC - Changing Rooms	20	-	-	-	20	20	-	-	-		EBC	2018-19 Allocation
54	Iconic Beach Huts	90	-	106	90	-	-	-	-	16	18%	EBC	Completed
55	Equipment at Devonshire Park	120	20	46	50	50	54	-	-	4		EBC	2017-18 allocation spent. New allocation for 2018-19
56	Sovereign Centre	24,280	270	441	500	13,030	13,089	10,480	-	59		EBC	Initial planning work in progress.
57	Sovereign Centre Skate Park	200	-	-	-	200	200	-	-	-		EBC	2018-19 Allocation
58	Changing Places	69	-	72	69	-	-	-	-	3	4%	External	Completed
59	Wash Down - Devonshire Park	20	-	19	20	-	1	-	-	1		EBC	Completed
60	Seafront Van	13	-	-	-	13	13	-	-	-		EBC	2018-19 Allocation
61	Sports Park Astro Pitch	35	-	35	35	-	-	-	-	-	0%	EBC	Completed
62	Sports Park Lighting	60	-	-	-	60	60	-	-	-		EBC	2018-19 Allocation
63	Signage	10	-	1	-	10	9	-	-	1		EBC	2018-19 Allocation
64	<b>Total Tourism &amp; Leisure</b>		<b>539</b>	<b>720</b>	<b>802</b>	<b>14,046</b>	<b>14,148</b>	<b>10,480</b>	<b>-</b>	<b>-</b>	<b>82</b>		
65	<b>CORPORATE SERVICES</b>												
66	Carbon Reduction Works	434	172	63	50	212	199	-	-	13		EBC	2018-19 Allocation
67	Invest to Save	80	-	-	-	80	40	80	80	-		EBC	Available for schemes to be identified
68	Investment Capital	5,600	1,150	85	85	4,365	4,365	-	-	-		External	Schemes to be identified
69	IT - Block Allocation	Ongoing	561	678	517	301	140	175	175	161		EBC	Planned works on schedule.
70	EHIC - Loan (Gowland Ct)	1,850	1,835	-	-	15	15	-	-	-		EBC	Property purchased 26.11.15. Full loan for works not yet drawn down
71	EHIC - Revolving Credit	250	65	95	100	150	155	-	-	5		EBC	Available for drawdown as required
72	EHIC - Loan Facility (EBC purchases)	4,173	450	698	678	3,045	3,025	-	-	20		EBC	Further schemes to be identified
73	EHIC - Loan Facility (Private Properties)	5,000	490	1,991	2,004	1,255	1,269	1,250	-	13		EBC	Further properties to be identified

Line No.	Scheme	Total Scheme Approved	Total Scheme spend 2013 to 31 Mar 2017	Scheme spend 2017/18	Allocation 2017-18	Approved Allocation 2018-19	Revised Allocation 2018-19	Allocation 2019-20	Allocation 2020-21	Variance to 2017-18 Allocation	Variance to Allocation where complete	Funding	Comments	
		£000	£000	£000	£000	£000	£000	£000	£000	£000				
74	EHIC - new mixed tenure homes	20,000	-	-	-	8,000	8,000	6,000	6,000	-		EBC	Schemes being considered	
75	EHIC - Victoria Mansions	4,035	2,960	110	105	970	965	-	-	5		EBC	Available for drawdown as required	
76	Aspiration Homes - Credit facility	100	-	-	-	-	100	-	-	-			Available for drawdown as required	
77	Aspiration Homes - Loans	8,300	-	-	-	2,300	2,300	3,000	3,000	-		EBC	Schemes being considered	
78	Aspiration Homes - Northbourne Road	1,700	-	16	30	1,670	1,684	-	-	-	14	EBC	Initial drawdown Dec 2017. Available for drawdown as required	
79	Bedfordwell Road - Land	6,100	1,604	547	196	1,300	3,949	-	-	351		EBC	Purchase completed 2016-17. Works being planned.	
80	Hampden Retail Park	18,840	35	18,815	18,806	-	-	-	-	9	0%	EBC	Completed April 2017	
81	HPK Retail Refurbishment	9,000	-	252	150	4,850	4,748	4,000	-	102		EBC	Initial planning underway. Works to start 2018-19	
82	Buccaneer Pub	2,030	-	1,667	1,700	100	363	-	-	-	33	EBC	Purchase completed Q1. Refurbishment expected to complete Q1 of 2018-19	
83	JTP Programme Office	6,878	2,296	2,575	1,543	1,319	287	1,720	-	1,032		EBC	Planned works on schedule.	
84	Mayor's Car	20	-	18	18	-	-	-	-	-	-10%	EBC	Completed	
85	<b>Total Corporate Services</b>		<b>11,618</b>	<b>27,610</b>	<b>25,982</b>	<b>29,932</b>	<b>31,604</b>	<b>16,225</b>	<b>9,255</b>	<b>1,628</b>				
86	<b>Asset Management</b>													
87	Devonshire Park Redevelopment Project	53,960	6,064	13,839	14,600	25,621	34,742	2,994	321	-	761	EBC	On target. Subject of separate Cabinet report	
88	Town Hall Community Hub	20	-	-	-	20	20	-	-	-	-	EBC	2018-19 Allocation	
89	The Point - improvements	20	-	12	12	8	8	-	-	-	-	EBC	Planned works completed 2017-18. Further works due 2018-19	
90	Towner - improvements	75	-	14	75	-	61	-	-	-	61	EBC	Planned works completed 2017-18. Further works due 2018-19	
91	ILTC - Improvements	30	-	-	-	-	30	-	-	-	-	EBC	2018-19 Allocation	
92	EDGC - improvements	26	-	41	26	-	-	-	-	-	15	58%	EBC	Completed. Additional works identified
93	Bankstand Renovations	100	-	-	-	-	100	-	-	-	-	EBC	2018-19 Allocation	
94	Wish Tower - Improvements	90	-	-	-	-	90	-	-	-	-	EBC	2018-19 Allocation	
95	Downalnd Water Scheme	24	-	-	-	-	24	-	-	-	-	EBC	2018-19 Allocation	
96	Asset Management - Block Allocation	Ongoing	-	-	338	500	349	500	500	-	338	EBC	Schemes to be identified	
97	<b>Total Asset Management</b>		<b>6,064</b>	<b>13,906</b>	<b>15,051</b>	<b>26,149</b>	<b>35,424</b>	<b>3,494</b>	<b>821</b>	<b>-</b>	<b>384</b>			
98	<b>Grant Funded Schemes</b>													
99	Wish Tower Restaurant	1,800	75	50	75	1,650	1,674	-	-	-	25	Grant	Works planned for 2018-19	
100	Statue Sculpture Installation	22	1	-	22	-	22	-	-	-	22	Grant	Works planned for 2018-19	
101	<b>Total Grant Funded Schemes</b>		<b>76</b>	<b>50</b>	<b>97</b>	<b>1,650</b>	<b>1,696</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47</b>			
102	<b>General Fund</b>		<b>30,571</b>	<b>44,855</b>	<b>44,459</b>	<b>78,562</b>	<b>89,161</b>	<b>31,729</b>	<b>10,376</b>	<b>1,157</b>				
103	<b>HRA</b>		<b>20,818</b>	<b>6,309</b>	<b>7,108</b>	<b>6,204</b>	<b>7,022</b>	<b>4,344</b>	<b>4,398</b>	<b>-</b>	<b>799</b>			
104	<b>Total</b>		<b>51,389</b>	<b>51,164</b>	<b>51,567</b>	<b>84,766</b>	<b>96,183</b>	<b>36,073</b>	<b>14,774</b>	<b>358</b>				

# Agenda Item 9

<b>Report to:</b>	<b>Cabinet</b>
<b>Date:</b>	<b>11<sup>th</sup> July 2018</b>
<b>Title:</b>	<b>Medium Term Financial Strategy 2019-2022</b>
<b>Report of:</b>	<b>Deputy Chief Executive (Chief Finance Officer)</b>
<b>Cabinet member:</b>	<b>Councillor Stephen Holt</b>
<b>Ward(s):</b>	<b>All</b>
<b>Purpose of report:</b>	<b>To set out an overarching financial strategy to support the Council's strategic priorities and plans over a four year period.</b>
<b>Decision type:</b>	<b>Key decision</b>
<b>Office recommendations:</b>	<b>Members are asked to:</b>  i) <b>Approve the updated medium term financial strategy and associated plan 2019-22 as summarised in Appendix 2.</b>  ii) <b>Agree the balance of assumptions made in the strategy</b>  iii) <b>Request that the emerging budget proposals for 2019/20 be brought to Cabinet in December prior to detailed consultation and that the MTFs be represented if material changes arise in the interim.</b>  iv) <b>Agree the principal risks of the strategy in Appendix1.</b>
<b>Reason for recommendations</b>	<b>The Council is required to set out a medium term financial outlook which sets financial policy as well as taking account of other major policies and its corporate plan. The strategy is refreshed annually to take account of changes in the external environment as well as performance.</b>
<b>Contact Officer:</b>	<b>Alan Osborne, Chief Finance Officer, Tel 01323 415149 or internally on ext 5149</b>

## 1.0 Introduction

The Council's Medium Term Financial Strategy is a Rolling 3 year Strategy that takes 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 Joint Transformation Programme with Lewes District Council
- The Council's corporate plan
- The major service strategies and plans

1.1 The MTFs was last approved in July 2017 and set the scene for the 2018/19 budget setting process as well as a informing a three year rolling service and financial planning cycle.

1.2 In common with most authorities the medium term outlook for the Council is extremely challenging and in order to protect and improve services an ambitious ongoing programme of savings and new income streams is key to success. With more radical measures required, it is essential that the Council takes a longer term approach to savings as more radical

savings initiatives will inevitably take longer to plan and deliver.

- 1.3 Over the life of the last 8 years the Government has effectively reduced the general support to the Council by some 60% in cash terms which equates to over 70% in real terms. Government funding is expected to fall a further 20% in real terms to 2022/23.
- 1.4 In order to protect front line services the Council put in place a priority based budget system that has kept pace with the scale of cuts to funding and made provision for reinvestment in services.
- 1.5 The Council's Joint Transformation Programme (JTP) provides the methodology to deliver efficiencies and support the Councils separate corporate plans. The MTFs identifies and directs resources at a strategic level, which are then detailed via the service and financial planning and budget setting process.
- 1.6 In setting annual budgets the Council uses its "Golden Rule" of meeting its ongoing budget requirement from ongoing resources in each year. Technically, the rule applies to the cycle of the MTFs, as it is reasonable to use reserves to smooth out the budget requirement as savings accrue over the cycle. By not using reserves in this manner it means that reserves over the minimum level are available for one off investments in services decided via the service and financial planning process.
- 1.7 The Council, as a registered social landlord is obliged to run a Housing Revenue Account (HRA) that is statutorily ring-fenced from its general fund. A 30 year rolling business plan has been adopted for the HRA. The Council is working in partnership with Eastbourne Homes Ltd its wholly owned subsidiary to deliver efficiency savings in partnership using shared services. All savings accruing to the HRA are reinvested in housing services. During the last three years over £1m of ongoing efficiencies has been realised. This has offset the fact that rents have been reduced 1% year on year for 3 years, and will continue to do so for one more year until 2020.

## **2.0 Sustainable finance**

- 2.1 The basic legal definition of a balanced budget is that planned expenditure can be met from income and reserves.
- 2.2 Whilst that definition is the legal minimum, it does not provide for sustainability if reserves are used in the long term to resource any differences between ongoing expenditure commitments and ongoing incoming resources.
- 2.3 Therefore it is a given that over the cycle of this MTFs ongoing expenditure must be financed from ongoing resources with only non recurring investments being met from reserves over and above the minimum.
- 2.4 As with all Councils, the effect of inflation is felt on gross expenditure, whilst any increase in council tax or grant is based on a net position. This "gearing effect" means that there is a natural gap of c£300k per annum that needs to be met from efficiencies (approximately 2% of net spend) if services are to be protected. This is on top of the Government reductions outlined in 1.3.
- 2.5 Given the current reduction in grant and the inability to raise council tax in real terms due to capping criteria, the Council has to look to longer term measures to maintain sustainable finances.

## **3.0 The impact of the capital programme**

- 3.1 The Capital Programme also has an effect on the Councils revenue finances as any investments that cannot be met from grants, contributions, capital receipts or straight



revenue funding need to be met from borrowing. This has to be repaid with interest from revenue and/or capital receipts over time.

3.2 The General Fund policy is to use borrowing only on a business case basis. Any such borrowing is fully financed by way of interest charges and the Minimum Revenue Provision (MRP) which is the capital repayment. As new schemes that require borrowing are approved, the Council has to make provision for repayment via the capital financing budget. In order to keep this sustainable a stability mechanism that pools the following budgets is maintained.

- Interest earned
- Interest payable on debt
- Minimum Revenue Provision
- Revenue contributions to the capital programme (to balance)

3.3 It is up to Councils to set their own MRP and balances of Capital Receipts and Contributions can be offset to reduce this liability in the short term, although this only provides for short term relief against the cost of capital. Any budget surplus from interest and MRP is recycled into the capital programme by way of a transfer to the “capital programme reserve”. This system creates a stabiliser mechanism between interrelated budgets.

3.4 Capital investment can be used as “invest to save” therefore borrowing is an important tool in the overall financial strategy where savings on schemes exceed the cost of capital. More recently it has been necessary to look for investments that have a yield over and above the borrowing costs to make a net contribution to the general fund. The Council has also taken advantage of schemes that give a return by providing a guarantee to a third party rather than incurring debt, contingent liabilities and corresponding assets are shown on the Council’s balance sheet to reflect this.

#### **4.0 The National Financial Picture**

4.1 The current Government has set an objective to continue reducing the nation’s budget deficit within the next 7 years (2025).

4.2 This will involve various measures that will reduce and redistribute the amount of resources to local government including:

- A further reduction in general central government support 2019-2020
- The implementation of the next spending review (2020-2024) following the “fair funding review”
- The possibility of a general council tax revaluation
- Reducing the amount of resource available to MHCLG as it is not a “protected Department” which will impact on specific grants
- Further year on year reductions in Housing benefit administration grant
- Changes to business rates including revaluations every 3 years

4.3 The current extended period of low interest rates reduces the income to the council as it generates investment income due to positive cash flow and reserve balances. Any debt is taken at fixed rates and it is important to manage all capital financing and treasury management as one budget as described in section 3.

- 4.4 The Government continues to target an inflationary rate of 2% using its preferred method of Consumer Price Index (CPI) and is currently above target, although the Bank of England that is responsible for achieving the target has indicated that the current rate is due to short term effects principally oil prices and food as well as the effect of a continued lower exchange rate.
- 4.5 The main effect of the national deficit reduction programme to this Council has been the amount made available via the Revenue Support Grant (RSG). The Council received £8.9m in RSG in 2010/11. Whilst a scheme to retain an element of business rates was introduced in 2013, the Council is now receiving £0.4m of RSG in 2018/19. This will be zero by 2019/20.
- 4.6 Against this backdrop service demands on Councils are ever increasing with demographics and increased expectation.
- 4.7 In his last autumn statement, the chancellor relaxed the cap on public sector pay rises that previously stated that they should not increase above 1% per annum until at least 2020. The Chancellor indicated that rises should not be greater than inflation. A 2% pay award for Local Government Staff was agreed in early 2018 with the exception of chief officers who have been offered 1%.
- 4.8 The Government has already reduced the benefits paid to members of the local government pension scheme, by pegging future increases to the CPI instead of RPI. This has had the effect of increasing the overall funding of pensions schemes and therefore reduces the demand for future increases in employer contributions. A career average revalued scheme (CARE) came into being on 1.4.14 with employee contributions lifted and benefits reduced. The scheme actuary of the East Sussex Pension Fund announced new employer rates effective from 1.April.2018 in January 2017. This was part of an overall increase of 1% over three years. The fund aims to limit increases to 1% each triennial review.

## **5.0 The strategy commentary and main assumptions**

### **5.1 Issues arising from previous years**

The Foundation of any sound financial plan is a predictable budget to outturn position. The 2017/18 outturn, whilst containing normal variances in year, resulted in a positive overall variance on service costs. Many of the credits are potentially recurring and the majority of the adverse variances were one off.

### **5.2 Inflation on goods and services**

The Government has a long term commitment to retain an inflation rate of 2% per annum (CPI) however rates are currently 2.4% and predicted to be around 2.2% by the end of the year falling back into target in 2018.

The Council, in common with most, does not add inflation each year to all its supplies and services budgets as this would add some £350,000 per annum.

Therefore continuous efficiency improvement of approximately £100,000 per annum is assumed. This results in an allowance for non-pay inflation of £250,000 per annum in the strategy. In 2019 the Council will reassume the provision for waste and recycling services currently provided under contract, the assumption is that the service will be delivered for the same cost. A local authority controlled company (LACC) is currently being set up to deliver the service.

### **5.3 Pay inflation**

One of the major costs in a District Council is the cost of its employees. This accounts for some £12m for this Council.

The recent economic climate and caps on public sector pay has led to some cost relief in this respect.

The strategy assumes the following increases based on the Government announcements and inflation targets:

<b>Year</b>	<b>Pay inflation</b>
2019/20	2%
2020/21	2%
2021/22	2%

In addition the Council has to honour contractual increments and an allowance of £60,000 (0.5%) per annum is assumed in the strategy.

The Council was required to pay 0.5% as an “apprenticeship levy” from April 2017. The Council continues to work with accredited suppliers and is aiming to make the levy cost neutral by identifying posts within the new joint structures with Lewes DC that qualify under the scheme.

#### 5.4 Pension costs

The triennial revaluation of the fund was announced in January 2017 and set rates effective from 2018/19. With the recent change from RPI to CPI as the annual index, and the changes arising from the Pensions Bill including Career Averaged Revalued Earnings (CARE) instead of the previous final salary scheme, the strategy assumes modest increases in employer contributions after the current revaluation period of 1% over 3 years.

#### 5.5 Fees and charges

The Council currently receives income from fees and charges for its services of c£18m.

Individual service and financial plans will still strive to achieve some real terms increases where it is felt appropriate and achievable as well as new income streams to reduce the long term dependency on government grants.

In addition to updating existing fees and charges the Council is seeking new income streams to replace Government grants and targets of £1.4m of recurring income over 3 years are included in this strategy.

#### 5.6 Interest Rates

The current bank “base rate” is 0.5% and has been since 2017.

There are differing forecasts in the future profile of interest rates which are largely dependent on a recovery and inflationary pressures in the economy. Most analysts now predict that there will be a very slow recovery and rates will only increase modestly from 2019.

The strategy assumes no increase in overall yield from interest rate rises over the life of the MTFS. Any increases that do occur will have a short term effect of increasing the amount of resources available to the Council (around £50k per percentage point) however the strategy will need to recycle these into capital financing as longer term interest rates used for borrowing purposes will increase too. The stabiliser mechanism as outlined in 3.2 will be used to smooth any effects of changes in interest rates over the life of the MTFS.

#### 5.7 Council Tax

It is inevitable that surpluses and deficits will arise due to the fact that the tax base has to be estimated 3 months before the start of the year and the actual position is subject to

collection fund performance as well as changes in the tax base in year. However in recent years these have been well managed. The collection rate for budget purposes of 98.25% is assumed from 2018/19 which is consistent with current performance.

The strategy assumes rises of 3% (based on Government announcement in December 2017) from 2019/20 and 2% from 2020/21 i.e. no real terms (based on target CPI) increase in council tax.

The strategy also assumes increases (0.5%) each year in the overall council tax base. The Base will be reassessed annually as part of each budget setting process. Each 1% increase in the tax base yields approximately £85,000 per annum of additional tax.

## 5.8 Government Grants/Retained Business Rates

The Council currently receives £0.4m of revenue support grant. This is set to reduce to zero by 2019/20.

In addition the Council retains a proportion of business rates (c£4m) collected based on 40% of the real increase in those collected using a base year of 2011/12.

The East Sussex Councils re-joined a pooling arrangement and this should lead to the Council retaining a further £200k of rates in 2018/19. Arrangements for 2019/20 are yet to be finalised and the Government has indicated that it will move to a 75% retention system in 2021/22.

From time to time the Government will make adjustments to business rates scheme, for which it reimburses Councils for the loss of retained rates by way of a "section 31" grant. An example is for small business rate reliefs.

There are still backdated appeals on rates and the Council has had to make immediate provision for these appeals. This along with relief schemes being given by Government and funded through s31 grants means that for the foreseeable future there will be a deficit on the business rates collection fund that is recovered in proportion to retained rates in future years.

The strategy assumes that business rate retention will rise by 2% per annum, although initiatives such as the Town Centre and should contribute to further retention in future years.

The new Homes Bonus is a reward grant that currently gives c£10,000 for each new property brought into use/constructed and is paid over four years. The funding stream is currently of £0.3m per annum in 2018/19. A threshold of 0.4% growth was introduced in the 2017/18 settlement in order to fund adult care demands in upper tier authorities, no NHB is paid until the threshold is reached (around 180 new homes for Eastbourne each year)

It is assumed that the Council will not go over the threshold in future years

The overall amount of the main general grants from Government is therefore as follows:

<b>Funding</b>	<b>2019/20 £m</b>	<b>2020/21 £m</b>	<b>2021/22 £m</b>
RSG	0	0	0
Business Rates and s31 grants	4.4	3.9	4.0
Business Rate Pool	0.2	0	0
New Homes Bonus	0.2	0.2	0.1
Other grants	0.1	0.1	0.1
<b>TOTAL</b>	<b>4.9</b>	<b>4.2</b>	<b>4.2</b>

## 5.9 Savings and income streams

Taking all known factors and assumptions as outlined above the Council needs make an average level of new additional savings and/or new income streams of £900k per annum over the life of the MTFs.

Whilst these programmes have stretch targets that have been agreed as part of each individual programme, this strategy assumes the following bankable savings accruing as set out below. This does not alter the targets set for each programme, but merely reflects what can reasonably be counted at this stage. Service and financial planning will provide more certainty as each year approaches.

<b>Programme</b>	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Shared services including Joint transformation programme	0.1	0.1	0
Procurement	0	0.1	0.1
Cultural Services	0.1	0.5	0.4
New income Streams and inflation on income	0.6	0.8	0.3
<b>Total</b>	<b>0.8</b>	<b>1.5</b>	<b>0.8</b>

## 5.10 The Housing Revenue Account (HRA)

The HRA is ring fenced from the General Fund although should it fall into deficit then it would have to be subsidised by the general fund.

Transactions between the HRA and the general fund comprise three main elements:

- Interest on the HRA balances paid to the HRA
- Debt charges paid by the HRA to the General Fund
- Recharges from the General Fund to the HRA for support services

For the purposes of this strategy it is assumed that there is no change to the existing overall level of transactions between the accounts.

From 2012/13 the HRA became self-financing with the ending of the HRA subsidy system. Responsibility for setting rent levels is now localised however controls over rent levels and borrowing limits remain.

A 30 year business plan was adopted by the Council February 2012, and the HRA is subject to an annual refresh.

Substantial reform to the HRA has been brought about by the Housing and Planning Act 2016 and the Finance Bill which included a reduction in HRA rents of 1% per annum for four years 2016-2020 (previously subject to a CPI increase)

Rents are due to increase again using CPI from 2020/21.

Eastbourne Homes (EHL) receives approximately half of the total expenditure in the HRA under a long term management agreement.

EHL has reduced its management fee by £100k in cash terms over the last 7 years as well

as absorbing inflation by efficiency savings. This has kept the HRA on a sustainable footing for the foreseeable future.

## **6.0 Reserves**

6.1 The Council has four main revenue reserves:

### Revenue

- General fund reserve – as a contingency and support the corporate plan
- Strategic change fund – to support the JTP programme
- Capital Programme reserve – to support the capital programme
- Economic regeneration fund – to support local initiatives
- Devonshire Park revenue reserve – to support the capital scheme

In addition there is one principal usable capital reserve

- Usable Capital Receipts – earmarked for future capital schemes

In addition the Council holds funds on behalf of others e.g. section 106 contributions.

6.2 The strategy estimates the opening balance available to the unearmarked general fund to be £3.5m. There is a planned draw on reserves to meet non-recurring expenditure in subsequent years at around £250k per annum. No assumption on in future year underspends is assumed in the strategy.

6.3 The previous MTFS recommended a minimum general fund reserve of at least £2m. The budget paper in February itemised the risks and as they have not changed materially in the interim, it is assumed that the minimum level of reserves is fixed at £2m for the MTFS.

6.4 The strategic change fund was established in order to help facilitate the release of ongoing savings. This reserve is a key enabler for change and it will need replenishing in time.

6.5 The capital programme reserve had a balance of over £1.3m at 31.3.18 and has been used to support the asset management plan, high priority and corporate asset non capital items are financed from this fund where they cannot be met from the service budgets.

6.6 The Council has had a conscious policy of keeping reserve levels above minimum levels in reaction to the challenging economic climate and the continued squeeze on public sector spending. The MTFS summary (appendix 2) shows that the unearmarked general reserve will average £3m over the life of the MTFS to an estimated £2.8m by 2022, excluding any underspends during the period.

## **7.0 Risks**

7.1 The main risks arising from this strategy and actions to manage are included at **appendix 1**.

## **8.0 Consultation**

8.1 The MTFS starts the period of consultation and a separate paper on the agenda on the Councils improvement journey makes recommendations on the consultation processes from now until the budget setting in February 2018.

8.2 It is a requirement to consult with the business and voluntary sectors over the detailed budget proposals that will emerge from this strategy in the autumn.

8.3 The Joint Staff Committee is briefed regularly as the process emerges.

8.4 The Council's staff are consulted routinely via the Managers Forum as well as participating in the service and financial planning process annually.

## **9.0 Conclusions**

9.1 In order to maintain sustainable finances and fund its ambitions, the Council will need to make new efficiency savings or income streams averaging £1m per annum for the next three years.

9.2 Due to the scale of the challenge the programme of change will require more radical measures for savings that often have a lead in period of 1 to 2 years, therefore the JTP programme is a key enabler to meeting this challenge as well as developing new income streams.

9.3 The MTFS both collects the financial effects of demand and supply changes and informs the corporate change agenda.

**Alan Osborne**  
**Deputy Chief Executive and Chief Finance Officer**

### **Background Papers:**

The Background Papers used in compiling this report were as follows:

#### *Cabinet Reports:*

- *Budget and Council Tax Setting February 2018.*
- *MTFS – July 2017.*
- *Draft Statement of Accounts – May 2018.*
- *Performance Monitoring Reports - Quarterly*

*Audit and Governance Committee - Final Accounts - September 2017.*

To inspect or obtain copies of background papers please refer to the contact officer listed above.

Risk/Effect	Contained in MTFS	Other Mitigating Measures
Income Reductions due to demand changes	<ul style="list-style-type: none"> <li>• Statutory recession hit income budgets adjusted each year as part of service and financial planning</li> <li>• The economic regeneration reserve set aside to aid regeneration and contribute new sources of income</li> <li>• Interest budget set at current low interest rate</li> <li>• Unachievable income budgets reviewed during service and financial planning and adjusted</li> <li>• Programme savings targets being set higher than the assumed delivery in the MTFS</li> <li>• Reserves above the minimum level</li> </ul>	<ul style="list-style-type: none"> <li>• Service and financial plans to test possible income generation activities and price sensitivity</li> <li>• New sources of income explored in service and financial Plans annually across three year horizon</li> <li>• Planning at 2 levels in service and financial planning process to challenge assumptions</li> </ul>
Government Support Being Reduced even further than forecast	<ul style="list-style-type: none"> <li>• Assumption follows the Governments announcements to date</li> <li>• Prudent estimates of future income flows</li> <li>• Zero basing of reward / new burdens grants</li> <li>• Reserves above minimum level</li> </ul>	<ul style="list-style-type: none"> <li>• Possibility of service alterations to a modified level</li> <li>• Change assumptions during budget setting</li> <li>• Update MTFS early in the event of material change</li> <li>• Priority based budget system has flexibility to adapt</li> </ul>
Benefits Performance reducing due to scale of changes	<ul style="list-style-type: none"> <li>• No overall surplus built into subsidy budget</li> </ul>	<ul style="list-style-type: none"> <li>• Service review of delivery arrangements</li> <li>• Mobilise resources from other areas if performance hit by staffing shortages</li> <li>• Relieve service with one off resources to avoid performance drop</li> </ul>



Savings not being delivered	<ul style="list-style-type: none"> <li>• Reserves above minimum level can be used to smooth out fluctuations</li> <li>• Level of Revenue contribution to capital can be varied in the short term</li> </ul>	<ul style="list-style-type: none"> <li>• Use compensating savings in short term</li> <li>• Reduce discretionary spend in year</li> <li>• Review minimum revenue provision to slow down capital repayments</li> <li>• Review vacancy management policy in year</li> </ul>
-----------------------------	---	--

This page is intentionally left blank

**Summary of MTFFS 2018-2022**  
**General Fund**

**Appendix 2**

	<u>2019/20</u>	<u>2020/21</u>	<u>2021/22</u>
<b>Adjusted Base Budget</b>	<b>13,496</b>	<b>13,621</b>	<b>13,123</b>
<b>Pay and Price Inflation</b>			
Pay Award and Increments	300	300	300
Pension costs	30	30	30
National Living Wage	20	0	0
Inflation on Contracts	250	250	250
Capital Financing	300	400	500
<b>Total Budget Demand</b>	<b>14,396</b>	<b>14,601</b>	<b>14,203</b>
<b>External Funding</b>			
RSG	0	0	0
Retained Business Rates	(4,394)	(3,905)	(3,978)
Business Rates Pool	(200)	0	0
Other Government Grants	(147)	(147)	(147)
New Homes Bonus	(208)	(143)	(122)
<b>Total External Funding</b>	<b>(4,949)</b>	<b>(4,195)</b>	<b>(4,247)</b>
<b>Council Tax</b>	<b>(8,522)</b>	<b>(8,778)</b>	<b>(9,041)</b>
<b>Council Tax Surplus</b>	<b>(150)</b>	<b>(150)</b>	<b>(150)</b>
<b>Total Sources of Funding</b>	<b>(13,621)</b>	<b>(13,123)</b>	<b>(13,438)</b>
<b>Gap in Funding</b>	<b>775</b>	<b>1,478</b>	<b>765</b>
Inflation on Income	(100)	(100)	(100)
JTP- Shared Transformation	(100)	(100)	0
Cultural Services-Business Plan	(100)	(300)	(420)
VAT Exemption - cultural services	0	(250)	0
Procurement Savings-Arts	0	(50)	(50)
New Income Streams	(500)	(700)	(200)
<b>Residual Gap / (Surplus)</b>	<b>(25)</b>	<b>(22)</b>	<b>(5)</b>
General Reserves B/F	(3,500)	(3,275)	(3,047)
Non recurring service investments	250	250	250
Budget balance from (to) reserves	(25)	(22)	(5)
<b>Reserves C/F</b>	<b>(3,275)</b>	<b>(3,047)</b>	<b>(2,802)</b>

This page is intentionally left blank

<b>Report to:</b>	<b>Cabinet</b>
<b>Date:</b>	<b>11<sup>th</sup> July 2018</b>
<b>Title:</b>	<b>Treasury Management Annual Report 2017-18</b>
<b>Report of:</b>	<b>Deputy Chief Executive</b>
<b>Cabinet member:</b>	<b>Councillor Stephen Holt, Financial Services</b>
<b>Ward(s):</b>	<b>All</b>
<b>Purpose of report:</b>	<b>To report on the activities and performance of the Treasury Management service during 2017/2018</b>
<b>Decision type:</b>	<b>Budget and Quality Framework</b>
<b>Officer recommendation(s):</b>	<b>(1) Agree the annual Treasury Management report for 2017/18.</b> <b>(2) Approve the 2017/18 prudential and treasury indicators included.</b> <b>(3) Approve the re-profiling of the Authorised Limit and Operational Boundary.</b>
<b>Reasons for recommendations:</b>	<b>Requirement of CIPFA Treasury Management in the Public Sector Code of Practice (the Code) and this has to be reported to Full Council in September 2018.</b>
<b>Contact Officer(s):</b>	<b>Name: Janet Martin</b> <b>Post title: Principal Accountant</b> <b>E-mail: janet.martin@lewes-eastbourne.gov.uk</b> <b>Telephone number: 01323 415983</b>

---

## **1 Introduction**

1.1 This Council is required through regulations issued under the Local Government Act 2003 to produce an annual treasury report reviewing treasury management activities and the actual prudential and treasury indicators for 2017/18. This report meets the requirements of both the CIPFA Code of Practice on Treasury Management (the Code) and the CIPFA Prudential Code for Capital Finance in Local Authorities (the Prudential Code).

During 2017/18 the minimum reporting requirements were that the full Council should receive the following reports:

- an annual treasury strategy in advance of the year (Council 22 February 2017)
- a mid year (minimum) treasury update report (Council 15 November 2017)

- an annual report following the year describing the activity compared to the strategy (this report).

In addition Treasury Management updates are included in the quarterly performance management reports, considered by both the Cabinet and Scrutiny Committee.

Recent changes in the regulatory environment place a much greater onus on Members for the review and scrutiny of treasury management policy and activities. This report is important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by members.

This Council also confirms that it has complied with the requirement under the Code to give prior scrutiny to all of the above treasury management reports by the Audit & Governance Committee before they were reported to the full Council. Member training on treasury management issues was undertaken on 23 November 2015 in order to support Members' scrutiny role.

1.2 This report summarizes:

- Capital activity during the year;
- Impact of this activity on the Council's underlying indebtedness (the Capital Financing Requirement (CFR));
- Reporting of the required prudential and treasury indicators and changes to be approved;
- Overall treasury position identifying how the Council has borrowed in relation to this indebtedness, and the impact on investment balances;
- Summary of interest rate movements in the year;
- Debt activity and investment activity.

## **2.0 The Council's Capital Expenditure and Financing 2017/18**

2.1 The Council undertakes capital expenditure on long-term assets. These activities may either be:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council's borrowing need; or
- If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.

The actual capital expenditure forms one of the required prudential indicators. The table below shows the actual capital expenditure and how this was financed.

	2016/17 Actual £m	2017/18 Estimate £m	2017/18 Actual £m
Non-HRA capital expenditure	21.19	71.3	45.0
HRA capital expenditure	5.76	8.8	6.3
<b>Total capital expenditure</b>	<b>26.95</b>	<b>80.1</b>	<b>51.3</b>
Resourced by:			
• Capital receipts	3.00	4.0	1.4
• Capital grants & external funding	5.93	10.3	9.9
• Capital Reserves	3.84	6.6	4.9
• Revenue	-	0.6	-
<b>Use of internal balances/ borrowing</b>	<b>14.18</b>	<b>58.6</b>	<b>16.2</b>

### 3.0 The Council's overall borrowing need

3.1 The Capital Financing Requirement (CFR) represents the Council's total underlying need to borrow to finance capital expenditure, i.e. capital expenditure that has not been resourced from capital receipts, capital grants and contributions or the use of reserves. Some of this borrowing is from the internal use of cash balances.

3.2 Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council's cash position to ensure sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies (such as the Government, through the Public Works Loan Board [PWL] or the money markets), or utilising temporary cash resources within the Council.

3.3 **Reducing the CFR** – the Council's (non HRA) underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Council is required to make an annual revenue charge, called the Minimum Revenue Provision (MRP), to reduce the CFR. This is effectively a repayment of the non-Housing Revenue Account (HRA) borrowing need (there is no statutory requirement to reduce the HRA CFR). This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.

The total CFR can also be reduced by:

- the application of additional capital financing resources (such as unapplied

capital receipts); or

- charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).

3.4 The Council's 2017/18 MRP Policy (as required by CLG Guidance) was approved as part of the Treasury Management Strategy Report for 2017/18 on 8 February 2017.

The Council's CFR for the year is shown below, and represents a key prudential indicator. The figures include a credit sales agreement on the balance sheet, which increases the Council's borrowing need, the CFR.

CFR	31 March 2017 Actual £m	31 March 2018 Original Indicator £m	31 March 2018 Actual £m
Opening balance	75.09	88.9	88.9
Add unfinanced capital expenditure (per table 2.0)	14.18	58.6	35.0
Less MRP	(0.39)	(1.3)	(1.3)
Closing balance	88.88	146.2	122.6

3.5 The borrowing activity is constrained by prudential indicators for net borrowing and the CFR, and by the Authorised Limit.

**Net borrowing and the CFR** - in order to ensure that borrowing levels are prudent over the medium term the Council's external borrowing, net of investments, must only be for a capital purpose. This essentially means that the Council is not borrowing to support revenue expenditure. Net borrowing should not therefore, except in the short term, have exceeded the CFR for 2016/17 plus the expected changes to the CFR over 2017/18 and 2018/19. This indicator allows the Council some flexibility to borrow in advance of its immediate capital need in 2016/17. The table below highlights the Council's net borrowing position against the CFR. The Council has complied with this prudential indicator.

	31 March 2017 Actual £m	31 March 2018 Original £m	31 March 2018 Actual £m
Net borrowing position	55.10	124.0	105.1
CFR	88.88	146.2	122.6

**The Authorised limit** - the Authorised limit is the "affordable borrowing limit" required by s3 of the Local Government Act 2003. The Council does not have the power to borrow above this level. The table below demonstrates that during



2017/18 the Council has maintained gross borrowing within its Authorised limit.

**The operational boundary** – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary is acceptable subject to the Authorised limit not being breached.

**Actual financing costs as a proportion of net revenue stream** - this indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

	2017/18
Authorised limit	£161.2m
Maximum gross borrowing position	£124.0m
Operational boundary	£146.2m
Average gross borrowing position	£89.1m
Financing costs as a proportion of net revenue stream:	
Non HRA	10.3%
HRA	12.3%

#### 4.0 Treasury Position as at 31 March 2018

##### 4.1

The Council's debt and investment position is organised by staff within Financial Services in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through Member reporting detailed in the summary, and through officer activity detailed in the Council's Treasury Management Practices. At the beginning and the end of 2017/18 the Council's treasury position was as follows:

TABLE 1	31 March 2017 Principal	Rate/Return	31 March 2018 Principal	Rate/Return
Fixed rate funding:				
-PWLB	£46.55m		£67.6m	
-Market	£13.50m		£37.5m	
- Serco Paisa	£0.76m		£0.4m	
<b>Total debt</b>	<b>£65.81m</b>	<b>3.66%</b>	<b>£105.5m</b>	<b>2.87%</b>
CFR	£88.9m		£122.6m	
Over/ (under)	(£23.09m)		(£17.2m)	

borrowing				
<b>Total investments</b>	<b>£0m</b>		<b>£0m</b>	

The Council held cash balances of £3.6m in a current account and on call on which interest of 0.4% and 0.5% was being earned.

4.2 The maturity structure of the debt portfolio excluding Serco Paisa was as follows:

	31 March 2017 Actual £m	2017/18 Original limits £m	31 March 2018 Actual £m
Under 12 months	10.00	4.00	23.00
12 months and within 24 months	4.00	-	5.00
24 months and within 5 years	9.02	12.0	14.02
5 years and within 10 years	4.14	2.1	1.52
10 years and above	37.89	59.6	61.51

The exposure to fixed and variable rates (including Serco Paisa) was as follows:

	31 March 2017 Actual £m	2017/18 Original Limits £m	31 March 2018 Actual £m
Principal - Debt Fixed rate	65.81	124.0	105.5
Principal – Investments Variable rate	0	N/a	0

## 5.0 The Strategy for 2017/18

5.1 The expectation for interest rates within the treasury management strategy for 2017/18 anticipated that Bank Rate would not start rising from 0.25% until quarter 2 2019 and then only increase once more before 31.12.19. There would also be gradual rises in medium and longer term fixed borrowing rates during 2017/18 and the two subsequent financial years. Variable, or short-term rates, were expected to be the cheaper form of borrowing over the period. Continued uncertainty in the aftermath of the 2008 financial crisis promoted a cautious approach, whereby investments would continue to be dominated by low counterparty risk considerations, resulting in relatively low returns compared to borrowing rates.

In this scenario, the treasury strategy was to postpone borrowing to avoid the cost of holding higher levels of investments and to reduce counterparty risk.

During 2017/18, longer term PWLB rates were volatile but with little overall direction, whereas shorter term PWLB rates were on a rising trend during the second half of the year.

## 6.0 Borrowing Outturn for 2017/18

### 6.1 Treasury Borrowing.

**Borrowing** – new loans totalling £24m were drawn down from PWLB in 2017/18 to fund the net unfinanced capital expenditure and to replace maturing loans. Various temporary loans were taken to cover cash flow requirements. The loans drawn were all fixed rate as follows:

<b>Lender - Temp Debt</b>	<b>Principal £m</b>	<b>Interest Rate</b>	<b>Start Date</b>	<b>Maturity</b>
Runnymede DC	2.0	0.30%	10/02/2017	10/05/2017
Middlesbrough BC	5.0	0.36%	22/03/2017	15/05/2017
Runnymede DC	2.0	0.35%	10/05/2017	21/08/2017
Middlesbrough BC	5.0	0.30%	15/05/2017	09/08/2017
Lewes DC	3.0	0.32%	30/05/2017	30/08/2017
N Yorkshire CC	5.0	0.45%	30/05/2017	29/05/2018
Edinburgh CC	4.5	0.20%	30/06/2017	31/07/2017
Manchester CC	3.5	0.18%	31/07/2017	08/09/2017
Middlesbrough BC	5.0	0.17%	09/08/2017	08/09/2017
Lewes DC	3.0	0.26%	30/08/2017	30/11/2017
Lewes DC	4.0	0.25%	08/09/2017	08/12/2017
Middlesbrough	6.0	0.19%	25/09/2017	26/10/2017
Middlesbrough BC	2.0	0.30%	20/10/2017	05/01/2018
Middlesbrough	6.0	0.20%	26/10/2017	24/11/2017
Middlesbrough BC	6.0	0.37%	24/11/2017	31/01/2018
Middlesbrough BC	1.0	0.37%	24/11/2017	31/01/2018
Vale of Glamorgan CC	3.0	0.40%	30/11/2017	19/02/2018
Middlesbrough BC	7.0	0.40%	31/01/2018	09/03/2018
Vale of Glamorgan CC	3.0	0.70%	19/02/2018	20/08/2018
N Yorkshire CC	4.0	0.85%	09/03/2018	20/04/2018
Middlesbrough BC	7.0	0.70%	14/03/2018	15/05/2018

<b>Lender - Long Term Debt</b>	<b>Principal £m</b>	<b>Interest Rate</b>	<b>Start Date</b>	<b>Maturity</b>
PWLB	2.0	2.43%	15/05/2017	24/09/2058
PWLB	2.0	2.41%	15/05/2017	24/03/2062
PWLB	2.0	2.40%	15/05/2017	24/03/2065
PWLB	2.0	2.33%	22/05/2017	24/09/2066
PWLB	2.0	2.33%	22/05/2017	24/03/2067
PWLB	2.0	2.39%	11/08/2017	24/09/2066
PWLB	2.0	2.33%	15/08/2017	24/09/2065
PWLB	2.0	2.30%	31/08/2017	24/09/2062

PWLB	2.0	2.38%	23/11/2017	24/03/2064
PWLB	4.0	2.40%	01/03/2018	24/09/2067
PWLB	2.0	2.33%	22/03/2018	24/09/2064

This compares with a budget assumption of borrowing at an interest rate of 3.0%.

**Rescheduling** – no debt rescheduling was carried out during the year as there was no financial benefit to the Council.

**Repayment** – £3m of long term PWLB debt was repaid at maturity on 24 September 2017. Various temporary loans were repaid during the year, see table above.

**Summary of debt transactions** – the overall position of the debt activity resulted in a fall in the average interest rate by 0.79%, representing a saving to the General Fund.

## 7.0 Interest Rates in 2017/18

7.1 The tight monetary conditions following the 2008 financial crisis continued through 2017/18 with little material movement in the shorter term deposit rates.

7.2 Bank Rate was at an historical low of 0.25% during the year until November 2017 when it rose to 0.5%. Investment rates remained very low. With many financial institutions failing to meet the Council's investment criteria, the opportunities for investment returns were limited. The investment rates at the beginning, average and end of the year are provided below.

Investment Term	Interest Rate March 2017	Average Rate	Interest rate April 2018
Overnight	0.11%	0.28%	0.45%
1 Month	0.13%	0.31%	0.50%
3 Months	0.21%	0.48%	0.75%
6 Months	0.37%	0.63%	0.90%
12 Months	0.59%	0.79%	1.00%

The PWLB rates (including the 0.2% reduction for Certainty Rate) at the beginning, average and end of the year are provided below.

Loan Term	Interest Rate March 2017	Average Rate	Interest rate April 2018
1 Year	0.83%	1.14%	1.45%
5 Years	1.24%	1.55%	1.86%
10 Years	1.91%	2.07%	2.24%
25 Years	2.60%	2.58%	2.56%
50 Years	2.35%	2.31%	2.28%

## 8.0 Investment Outturn for 2017/18

8.1 **Investment Policy** – the Council’s investment policy is governed by CLG guidance, which was been implemented in the annual investment strategy approved by the Council on 22 February 2017. This policy sets out the approach for choosing investment counterparties, and is based on credit ratings provided by the three main credit rating agencies supplemented by additional market data (such as rating outlooks, credit default swaps, bank share prices etc.).

8.2 The investment activity during the year conformed to the approved strategy, and the Council had no liquidity difficulties.

8.3 **Resources** – the Council’s longer term cash balances comprise, primarily, revenue and capital resources, although these will be influenced by cash flow considerations. The Council’s core cash resources comprised as follows, and met the expectations of the budget:

Balance Sheet Resources	31 March 2017 £m	31 March 2018 £m
Balances	2.66	3.03
Earmarked reserves	8.98	8.70
HRA	4.37	5.19
Major Repairs Reserve	0.51	0.86
Capital Grants & Contributions	5.61	4.77
Usable capital receipts	5.16	7.54
<b>Total</b>	<b>27.29</b>	<b>30.09</b>

8.4 **Investments held by the Council** - the Council maintained an average balance of £8.3m of internally managed funds. The internally managed funds earned an average rate of return of 0.46%. The comparable performance indicator is the average 7-day LIBID rate, which was 0.36%. This excludes the Council’s investment with Lloyds Bank of £1m for 5 years (maturing January 2019) at 3.03% which supports the Local Authority Mortgages Scheme (LAMS).

## 9.0 The Economy and Interest Rates Forecast

9.1 During the calendar year of 2017, there was a major shift in expectations in financial markets in terms of how soon Bank Rate would start on a rising trend. After the UK economy surprised on the upside with strong growth in the second half of 2016, growth in 2017 was disappointingly weak in the first half of the year which meant that growth was the slowest for the first half of any year since 2012. The main reason for this was the sharp increase in inflation caused by the devaluation of sterling after the EU referendum, feeding increases into the cost of imports into the economy. This caused a reduction in consumer disposable income and spending power as inflation exceeded average wage increases. Consequently, the services sector of the economy, accounting for around 75% of GDP, saw weak growth as consumers responded by cutting back on their expenditure. However, growth did pick up modestly in the second half of 2017. Consequently, market expectations during the

autumn, rose significantly that the MPC would be heading in the direction of imminently raising Bank Rate. The minutes of the MPC meeting of 14 September indicated that the MPC was likely to raise Bank Rate very soon. The 2 November MPC quarterly Inflation Report meeting duly delivered by raising Bank Rate from 0.25% to 0.50%.

The 8 February MPC meeting minutes then revealed another sharp hardening in MPC warnings on a more imminent and faster pace of increases in Bank Rate than had previously been expected.

Market expectations for increases in Bank Rate, therefore, shifted considerably during the second half of 2017-18 and resulted in **investment rates** from 3 – 12 months increasing sharply during the spring quarter.

**PWLB borrowing rates** increased correspondingly to the above developments with the shorter term rates increasing more sharply than longer term rates. In addition, UK gilts have moved in a relatively narrow band this year, (within 25 bps for much of the year), compared to **US treasuries**. During the second half of the year, there was a noticeable trend in treasury yields being on a rising trend with the Fed raising rates by 0.25% in June, December and March, making six increases in all from the floor. The effect of these three increases was greater in shorter terms around 5 year, rather than longer term yields.

The major UK landmark event of the year was the inconclusive result of the general election on 8 June. However, this had relatively little impact on financial markets.

9.2 The Council’s treasury advisor, Link (previously known as Capita), provides the following forecast as at 20<sup>th</sup> June 2018:

Bank Rate													
	NOW	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Link Asset Services	0.50%	0.50%	0.50%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.50%	1.50%
Capital Economics	0.50%	0.50%	0.75%	1.00%	1.00%	1.25%	1.25%	1.50%	1.50%	1.50%	1.50%	1.75%	-
5yr PWLB Rate													
	NOW	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Link Asset Services	1.84%	1.90%	2.00%	2.00%	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%	2.40%	2.50%	2.50%
Capital Economics	1.84%	1.80%	2.00%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	2.40%	-
10yr PWLB Rate													
	NOW	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Link Asset Services	2.27%	2.40%	2.40%	2.50%	2.60%	2.60%	2.70%	2.80%	2.80%	2.90%	2.90%	3.00%	3.00%
Capital Economics	2.27%	2.30%	2.40%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	2.80%	-
25yr PWLB Rate													
	NOW	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Link Asset Services	2.65%	2.70%	2.80%	2.90%	3.00%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%	3.50%	3.50%
Capital Economics	2.65%	2.85%	2.95%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	3.30%	-
50yr PWLB Rate													
	NOW	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
Link Asset Services	2.41%	2.40%	2.50%	2.60%	2.70%	2.80%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%
Capital Economics	2.41%	2.65%	2.80%	3.15%	3.15%	3.15%	3.15%	3.15%	3.15%	3.15%	3.15%	3.15%	-

The Link central forecast is for the Bank Rate to increase to 0.75% in quarter 2 of 2019.

## 10 **Executive Summary and Conclusion**

10.1 During 2017/18, the Council complied with its legislative and regulatory requirements. The key actual prudential and treasury indicators detailing the impact of capital expenditure activities during the year, with comparators, are as follows:

Actual prudential and treasury indicators	2016/17 Actual £m	2017/18 Original £m	2017/18 Actual £m
Actual capital expenditure	26.95	80.1	51.3
Total Capital Financing Requirement:			
• Non-HRA	47.18	103.7	80.0
• HRA			
• Total	<u>41.70</u>	<u>42.5</u>	<u>42.6</u>
	88.88	146.2	122.6
Net borrowing	65.1		105.1
External debt	65.1		105.1
Investments (all under 1 year)	-		-

Other prudential and treasury indicators are to be found in the main body of this report. The Deputy Chief Executive also confirms that borrowing was only undertaken for a capital purpose and the statutory borrowing limit (the Authorised limit), was not breached.

The financial year 2017/18 continued the challenging environment of previous years; low investment returns and continuing counterparty risk continued.

## 11 **Corporate plan and council policies**

11.1 The priority themes were considered as part of the overall Capital Programme which forms part of the Treasury Management Strategy.

## 12 **Financial appraisal**

12.1 Financial appraisals were considered as part of the overall Capital Programme which forms part of the Treasury Management Strategy.

## 13 **Legal implications**

13.1 Comment from the Legal Services Team is not necessary for this routine monitoring report.

## 14 **Risk management implications**

14.1 Risks relating to the timing of borrowing and terms of borrowing are considered and advice is provided by Link. Risk management is considered for each of the

schemes within the Capital Programme.

**15 Equality analysis**

15.1 Equality issues are considered

**16 Appendices**

There are no appendices to this report.

**17 Background papers**

The Background Papers used in compiling this report were as follows:

CIPFA Treasury Management in the Public Services code of Practice (the Code)  
Cross-sectorial Guidance Notes  
CIPFA Prudential Code  
Treasury Management Strategy and Treasury Management Practices adopted  
by the Council on 18 May 2010.

To inspect or obtain copies of background papers please refer to the contact officer listed above.



<b>Report to:</b>	<b>Cabinet</b>
<b>Date:</b>	<b>11 July 2018</b>
<b>Title:</b>	<b>Joint Equality Monitoring Policy</b>
<b>Report of:</b>	<b>Director of Regeneration and Planning</b>
<b>Cabinet member:</b>	<b>Councillor Colin Swansborough (Cabinet Member for Core Support and Strategic Services)</b>
<b>Ward(s):</b>	<b>All</b>
<b>Purpose of report:</b>	<b>To seek approval for a Joint Equality Monitoring Policy</b>
<b>Decision type:</b>	<b>Key Decision</b>
<b>Officer recommendation(s):</b>	<b>(1) to approve the Joint Equality Monitoring Policy set out at Appendix A</b>  <b>(2) to delegate authority to the Director of Service Delivery in consultation with the Cabinet Member for Direct Assistance Services to make any amendments to the approved text set out in the appendices to the Policy to align with the Census 2021 questions when these are published.</b>
<b>Reasons for recommendations:</b>	<b>An Equality Monitoring Policy is required to ensure the Council meets its legal duties under Equality Act 2010 and collects the information required to fulfil its Public Sector Equality Duty (PSED) whilst complying with the General Data Protection Regulation (GDPR) and the Data Protection Act 2018.</b>
<b>Contact Officer(s):</b>	<b>Name: Pat Taylor; Anthony Howell</b> <b>Post title: Strategy and Partnerships Lead – Thriving Communities; Policy and Engagement Coordinator</b> <b>E-mail: <a href="mailto:pat.taylor@lewes-eastbourne.gov.uk">pat.taylor@lewes-eastbourne.gov.uk</a>;</b> <b><a href="mailto:Anthony.howell@lewes-eastbourne.gov.uk">Anthony.howell@lewes-eastbourne.gov.uk</a></b> <b>Telephone number: 01323 415909; 01273 085355</b>

---

## **1 Introduction**

- 1.1 The Joint Equality Monitoring Policy is required in order to underpin the council's approach to ensuring that full consideration of equality and fairness is given in the development, design and delivery of all services and policies and in the recruitment and development of staff.
- 1.2 Section 149 of the Equality Act 2010 imposes a legal duty, known as the Public

Sector Duty (Equality Duty), on all public bodies, to consider the impact on equalities in all policy and decision making. The Equality Act 2010 requires all public bodies to promote equal opportunities on all protected discrimination grounds. The collection of data is required to demonstrate compliance.

- 1.3 The Public Sector Duty (Section 149 of the Equality Act 2010) requires a public authority, in the exercise of its functions, to:
- consider the need to eliminate unlawful (direct or indirect) discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010;
  - advance equality of opportunity between people who share a protected characteristic and those who do not share it; and
  - foster good relations between people with a protected characteristic and those who do not share it.
- 1.4 The characteristics that are protected by the Equality Act 2010 are:
- Age
  - Disability
  - Gender reassignment
  - Marriage or civil partnership (but only in respect of eliminating unlawful discrimination)
  - Pregnancy and maternity
  - Race - this includes ethnic or national origins, colour or nationality
  - Religion or belief - this includes lack of belief
  - Sex
  - sexual orientation.
- 1.5 The collection and monitoring of information, which includes personal data, assists in setting the framework for the development of Equality and Fairness Objectives and Action Plans, as required under the public sector equality duty (2010), and for the day to day consideration of equality and fairness in council work. This data collection and processing needs to be done in compliance with the Equality Act 2010 and with current data protection legislation.
- 1.6 The Equality Act 2010: Technical Guidance on the Public Sector Equality Duty (PSED) published by the Equality and Human Rights Commission states that, in order to give proper consideration to the aims set out in the PSED general duty, a public authority will need to have 'sufficient evidence of the impact of its policies and practices are having, or are likely to have, on people with different protected characteristics.' The courts have made clear the need to collate relevant information in order to have evidence-based decision making and be able to demonstrate this. Adequate and accurate equality evidence, properly understood and analysed, is therefore regarded as essential for complying with the PSED.
- 1.7 Legislation governing the privacy of personal data has changed recently. The General Data Protection Regulation ('GDPR') came into force across the European Union on 25 May 2018, placing more emphasis on being accountable for and transparent about the processing of personal data. In the UK, GDPR will

be supplemented by the Data Protection Act 2018 (when in force) which, among other provisions, repeals the Data Protection Act 1998. Consequently, the council's Equality Monitoring Policy (2012), which relies on the collection of personal data, needs updating.

- 1.8 Because the information collected to monitor equality and fairness includes personal data, the council's policy on this activity must comply with current data protection legislation, namely the GDPR and the Data Protection Act 1998 or 2018 (as applicable).
- 1.9 The GDPR sets out how personal information can be used by government, companies and other organisations and places a strong emphasis on being accountable for and transparent about our lawful basis for processing data.
- 1.10 Given the requirement to update the 2012 Equality Monitoring Policy of Lewes District Council, the opportunity to develop an aligned policy covering the monitoring practices of equality data across both councils has arisen.
- 1.11 The Joint Equality Monitoring Policy sets the principles under which Lewes District Council and Eastbourne Borough Council, and relevant contractors delivering services on their behalf, will monitor the equality characteristics of staff and service users. The term 'services' covers internal services and functions (such as personnel), as well as services provided for businesses and residents (such as street cleaning).
- 1.12 Equality monitoring supports effective corporate planning and decision-making. It is used to scrutinise access to services; fairness of outcomes, and satisfaction and complaints and assists in the development and delivery of the council's Equality and Fairness Objectives and Action Plans, and with the day to day consideration of equality and fairness in council work. The data collected will be used in the 'functional' equality and fairness assessments carried out across services as set out in the council's Action Plans, and in the equality and fairness assessments completed to inform Members of the impact of their decisions.
- 1.13 The proposed Joint Equality Monitoring Policy will underpin the council's approach to the collection, processing and use of this data in compliance with GDPR and will assist the council in ensuring its recruitment, services, activities, policies and decision-making benefit all sectors of the community and specifically groups protected under the Equality Act 2010 who might otherwise be adversely affected by council decisions and activities.

## **2 Proposal**

- 2.1 Cabinet is asked to approve the Joint Equality Monitoring Policy set out at Appendix A.
- 2.2 The introductory text explains that the Policy has been written with reference to the Equality Act 2010, GDPR and the Data Protection Act 2018. It emphasises that the GDPR places a strong emphasis on being accountable for and transparent about our lawful basis for processing data.

- 2.3 Sections 2 and 3 set out the principles of equality data collection, including the general presumption in favour of equality monitoring, but giving guidance on when equality data should not be collected.
- 2.4 Section 4 deals with the format of monitoring questions and section 5 covers confidentiality and data protection.
- 2.5 Section 6 provides guidelines on how equality data is to be used and explains that a review of the equality monitoring data collected and analysed will be included within Functional Equality and Fairness Reviews to be carried out as part of the development of new strategies, policies and/or services and as part of an agreed programme of functional reviews.
- 2.6 Responsibility for ensuring appropriate collection, processing and use of equality data within their service areas rests with the Heads of Services.
- 2.7 Appendix 1 – Core Text and Questions provides a standardised text to be used in the collection of all equality monitoring data. Appendix 2 – Options for Additional Text is for use only where there is a service need to collect data on one or more additional protected characteristics.

### **3 Outcome expected and performance management**

- 3.1 The expected outcomes of the proposed policy are that employment and other policies and practices comply with equal treatment laws, equal access to services and opportunities provided by the council for all residents and increased fairness, inclusion and participation in activities.
- 3.2 The policy and its appendices will provide officers with clear guidelines to ensure that the council's policies and practices comply with equality legislation and data protection regulations. The principles set out in the policy will allow officers to make a judgement about when they should and should not collect data, what data is appropriate to collect and how this should be processed and used.

### **4 Consultation**

- 4.1 The council consulted in 2018 both on the Joint Equality and Fairness Policy and on its Equality Objectives 2018 to 2021. Given this earlier consultation and that the proposed Policy has been drafted to comply with changes in legislation, it has not been considered appropriate to conduct a separate consultation exercise.
- 4.2 The draft policy was presented to the Joint Equality and Fairness Stakeholder Group who asked that questions on Gender Reassignment be included and that an 'other' option be included in the monitoring forms alongside the 'male/ female' question and alongside the question on sexual orientation.

Whilst these additional questions and options may produce very few responses, they allow people who identify differently to say so, and may provide an indication of changes in the way people identify over time. As there is no prohibition on including these options, the draft policy and standard text options have been amended accordingly.

## **5 Corporate plan and council policies**

5.1 The proposed policy will cover all council functions ensuring the recruitment and development of staff and services to all our customers are fair and inclusive.

## **6 Business case and alternative option(s) considered**

6.1 The proposed policy will ensure the council complies with its legal duties. The policy has been drafted in response to changes in legislation and with reference to GDPR, the Data Protection Act 2018 and the Equality Act: Technical Guidance on the PSED. Alternative options have not been considered.

## **7 Financial appraisal**

7.1 Equality monitoring was established following the introduction of the Equality Act 2010 and has, since then, been a regular activity carried out by service teams as part of their ongoing service improvement. The new policy updates and clarifies the principles and processes for equality monitoring but does not introduce any new area of work. There are therefore no direct costs arising from the proposed policy.

## **8 Legal implications**

8.1 The implications of recent changes to data protection law are specified in the body of the report. The privacy of individuals whose personal data are collected and analysed for equality and monitoring purposes must be respected This is achieved by processes that adhere to current data protection legislation.

*Lawyer consulted 24 May 2018*

*Legal ref: 007349-EBC-OD*

## **9 Risk management implications**

9.1 The following risks will arise if the recommendations are not implemented:

- Failure to comply with statutory obligations under the Equality Act 2010 and
- Increased risk of incurring vicarious liability for acts of discrimination, harassment or victimisation in the event of litigation
- Failure to comply with statutory obligations under the Data Protection Act 2018 and GDPR.

## **10 Equality analysis**

10.1 An Equality and Fairness Analysis has been completed for the proposed policy and is available from the report author. No actions have been identified.

10.2 The Analysis sets out the differences between equality monitoring data which may be collected as 'standard'; additional equality monitoring data which may be collected where there is a service need for this; and data which should not be

collected, namely on gender reassignment. The Analysis states that the draft policy has been developed with reference to the Equality Act 2010: Technical Guidance to the Public Sector Equality Duty.

## 11 Appendices

- Appendix A – Draft Joint Equality Monitoring Policy

## 12 Background papers

The background papers used in compiling this report were as follows:  
**(please provide a URL link to each paper)**

- Joint Equality Monitoring Policy – Equality and Fairness Analysis
- Joint Equality and Fairness Policy
- Equality Objectives
- [Equality Act: Technical Guidance to the Public Sector Equality Duty : England](#)
- Information Commissioners Office (ICO). Guide to the General Data Protection Regulation (GDPR). <https://ico.org.uk/for-organisations/guide-to-the-general-data-protection-regulation-gdpr/>
- European Commission. European handbook on equality data (2016 revision). [http://ec.europa.eu/newsroom/just/item-detail.cfm?item\\_id=54849](http://ec.europa.eu/newsroom/just/item-detail.cfm?item_id=54849)

## Appendix A



Lewes District Council



Working in partnership with **Eastbourne Homes**

### **Lewes District Council and Eastbourne Borough Council**

#### **Joint Equality Monitoring Policy (2018)**

The Joint Equality Monitoring Policy has been written with reference to the Equality Act 2010, the General Data Protection Regulation (GDPR) and the Data Protection Act 2018.

The GDPR places a strong emphasis on being accountable for and transparent about our lawful basis for processing data.

Section 149 of the Equality Act 2010 imposes a legal duty, known as the Public Sector Duty (Equality Duty), on all public bodies, to consider the impact on equalities in all policy and decision making. The Equality Act 2010 requires all public bodies to promote equal opportunities in relation to all groups protected under the Act. The collection of data is required to demonstrate compliance.

The Joint Equality Monitoring Policy sets out the principles under which Lewes District Council and Eastbourne Borough Council, and relevant contractors delivering services on the councils' behalf, will monitor the equality characteristics of staff and service users.

The term "services" covers internal services and functions (such as personnel), as well as services provided for businesses and residents (such as street cleaning).

#### **1. Purpose of equality monitoring**

1.1 Equality monitoring is used to scrutinise:

- Access to services
- Fairness of outcomes
- Satisfaction and complaints.

It supports effective corporate planning and decision making.

1.2 Equality monitoring helps the council to meet its Equality Duty (Equality Act 2010) to eliminate discrimination, advance equality of opportunity and deliver services that meet the needs of our diverse community.

## **2. Overall approach**

2.1 The approach taken to equality monitoring must be reasonable and proportionate, in accordance with best practice recommendations from the Equality and Human Rights Commission.

2.2 Equality monitoring data will be collected only if it is:

- To be used to scrutinise and improve services;
- Unavailable from other sources;
- Practical to collect – seriously incomplete data cannot be used for scrutiny;
- Relevant to the service – data on age, sex, disability, ethnicity, and residential area will normally be collected. Data on other protected equality characteristics and socio-economic status will be collected if there is a specific need to do so.

## **3. Applicability**

3.1 There will be a general presumption in favour of equality monitoring. However, services will not be required to collect data where:

- The service is universal e.g. it is not necessary to monitor the equality characteristics of all council tax payers;
- There is no request for service e.g. general enquiries;
- The service has no relevance to equality.

3.2 Monitoring data will be recorded for customers and staff members. Where an individual applies to the Council for a service more than once or for more than one service, any equality monitoring data collected with each application will be recorded separately (e.g. three applications in one year by one individual will result in three equality monitoring records).

3.3 Heads of Service will make arrangements for the collection of equality monitoring data by their service area, in accordance with this policy. The arrangements will include consideration of the point at which it is most appropriate to collect equality monitoring data for an individual service. Each service area will set its own working practice e.g. monitoring may be at the point the service is requested, or when it has been delivered. In some circumstances, it may be appropriate to monitor a statistically valid sample of service requests or service units delivered.

## **4. Format of monitoring questions**

4.1 All equality monitoring questions will use the approved Council text, which is based on the questions asked in the 2011 census. The approved text will be reviewed following publication of the questions to be included in the 2021 Census for England and Wales.



4.2 The approved text includes an explanation of the purpose of monitoring and the procedure relating to confidential storage and handling of data.

## **5. Confidentiality and data protection**

5.1 Equality monitoring data must be treated in accordance with the requirements of the Data Protection Bill 2017 and the Council's Data Protection principles and guidance.

5.2 Equality monitoring data will be separated from the rest of the document (e.g. job application, complaint, service request) at the point of receipt by a department. It must not be linked to the processing of the document or request in any way, but if used to monitor fairness, will be linked to a record of the outcome.

5.3 The Heads of Service will be responsible for ensuring that equality monitoring data collected by their department is stored securely and confidentially. Access to the data will be on a strictly need to know basis.

5.4 The Heads of Service will be responsible for ensuring that the data collected by their department is retained for no longer than is necessary, before being securely disposed of / deleted from our systems e.g. information on service uses may be deleted after it has been analysed; information on personnel will form part of their personnel record and will be retained for the duration of their employment.

5.5 Equality monitoring data must not be shared with any other organisations (except relevant contractors) and will only be used for statistical monitoring purposes.

## **6. Scrutiny**

6.1 The Heads of Service will arrange for ensuring equality monitoring data is scrutinised on a regular basis, and compared with benchmarks such as the population profile, to ensure services identify trends or patterns which are unexpected or may indicate differences relating to access, fairness or satisfaction for people who share different equality characteristics e.g. older/younger; male/female etc.

6.2 Heads of Service will be responsible for ensuring that reasonable steps are taken to investigate patterns and trends when appropriate. These steps may include a full equality analysis.

- 6.3 Heads of Service will be responsible for ensuring their equality monitoring arrangements and scrutiny serve the purposes set out in section 1 above, and are focused on service improvement.
- 6.4 Heads of Service will be responsible for taking any appropriate actions which are identified by scrutiny of equality monitoring data, in order to eliminate discrimination, advance equality of opportunity and deliver services that meet the needs of our diverse community.
- 6.5 A review of the equality monitoring data collected and analysed will be included within Functional Equality and Fairness Reviews to be carried out as part of the development of new strategies, policies and/or services and as part of an agreed programme of functional reviews.

#### **Appendix 1 – Core Text and Questions**

#### **Appendix 2 – Options for Additional Text**

## **Appendix 1 – Core Text and Questions**

### **Guidance**

The core equality monitoring questions are the Council’s “default” position. These questions ask about age, sex, ethnicity, disability and residential area.

The Equality Monitoring Policy explains that data on equality characteristics other than age, sex, ethnicity, disability and residential area must only be collected if there is a specific need to do so. See Appendix 2 for optional text and questions on additional equality characteristics.

The **appearance** of the core text and questions can be altered to suit the style of any document. However, the wording must NOT be altered because it is based on the 2011 Census, and the monitoring results must be comparable over time and between departments.

The Equality Monitoring Policy will be reviewed following publication of the questions to be included in the 2021 Census for England and Wales.

### **Core Text and Questions**

These are given on the next page. The text at the start explains what the respondent should do. There is a data protection statement at the end of the questions which must be included.

### **Equality Monitoring Questions**

Please help us ensure our services are accessible and meet everyone’s needs as fairly as possible by answering the questions on this form. We collect this information to build up an accurate picture of the communities using our services and the outcome of their service requests. Please feel free to leave out questions you do not wish to answer. All the information in this questionnaire is confidential and will be held separately from your personal details or anything identifying you personally.

Please put an ‘x’ in the appropriate box

If you prefer not to fill in any of the boxes, please leave them blank.

**Thank you - by completing this form you are helping us to ensure that our services are fair and open to all.**

Your name will not be linked to the equality data when we monitor or report on it.

**What is your sex?**

Male		Female		Other	
------	--	--------	--	-------	--

**What is your age?**

Under 18		18 - 24		25 - 34		35 - 44	
45 - 54		55 - 64		65 - 74		75+	

**What is your ethnic group? Ethnic groups are defined by the 2011 census.**

**A. White**

English / Welsh / Scottish / Northern Irish / British	
Irish	
Gypsy or Irish Traveller	
Any other White background, write in box	

**B. Mixed / multiple ethnic groups**

White and Black Caribbean	
White and Black African	
White and Asian	
Any other Mixed / multiple ethnic background, write in box	

**C. Asian / Asian British**

Asian / Asian British	
Indian	
Pakistani	
Bangladeshi	
Chinese	
Any other Asian background, write in box	

**D. Black / African / Caribbean / Black British**

African	
Caribbean	
Any other Black / African / Caribbean background, write in box below	

E. Other ethnic group

Arab	
Any other ethnic group, write in box	

**Are your day-to-day activities limited because of a health problem or disability which has lasted, or is expected to last, at least 12 months?**

Yes, limited a lot:		Yes, limited a little:		No:	
---------------------	--	------------------------	--	-----	--

**Where do you live?**

Eastbourne		Lewes District	
Other (please say where)			

**If you are a resident of Lewes District, where do you live:**

Lewes town		Newhaven		Peacehaven / Telscombe / East Saltdean	
Seaford		Village / countryside north of A27		Village / countryside south of A27	

**Data Protection Statement**

Lewes District Council collects equality data to monitor fairness – to ensure our services are accessible to all, and that we are meeting the needs of different groups. The responses we receive to equality monitoring questions are separated from other information a person has provided to avoid any risk of bias. The Council stores equality data securely and confidentially. The information is kept no longer than is necessary for monitoring purposes, before being securely disposed of/ deleted from our systems. Equality data is not shared with any other organisations (except authorised external agencies - to ensure diversity and equality needs are met) and will only be used for statistical analysis and reporting.

## Appendix 2 – Options for Additional Text

### 1. Accessibility

You may wish to add text to make the monitoring form more accessible:

**This form is also available in big print and other formats.**

**Please contact .....**

### 2. Guidelines for use of Optional Equality Monitoring Questions

The core equality monitoring questions set out in Appendix 1 are the Council's "default" position. Those questions ask about sex, age, ethnicity, disability and residential area.

The Equality Monitoring Policy explains that data on equality characteristics other than age, gender, ethnicity, disability and residential area must only be collected **if there is a specific need to do so**. For example, there may be a specific need to ask about the religion or belief of respondents to a survey relating to the Council's cemetery service, because the service should meet the diverse needs of people with different faiths. However, it is much less likely that a parking survey would need to ask such a question.

Where a specific need exists, questions may be asked about religion or belief; sexual orientation; gender reassignment; socio-economic status and/or marital or civil partnership status.

You must seek authorisation from your Chief Officer before including any of the additional optional questions listed below in equality monitoring. Choose only the relevant question(s).

The **appearance** of the optional questions can be altered to suit the style of any document. However, the wording must NOT be altered because it is based on the 2011 Census, and the monitoring results must be comparable over time and between departments.

The Equality Monitoring Policy will be reviewed following publication of the questions to be included in the 2021 Census for England and Wales.

### 3. Wording for optional equality monitoring questions

Please put an 'x' in the appropriate box.

If you prefer not to fill in any of the boxes, please leave them blank.

**Thank you - by completing this form you are helping us to ensure that our services are fair and open to all.**

Your name will not be linked to the equality data when we monitor or report on it.

**What is your religion?**

No religion		Christian		Buddhist		Hindu	
Jewish		Muslim		Sikh		Other	
If you selected 'other' please describe your religion:							

**Sexual orientation. Are you?**

Bi/Bisexual		Gay woman / lesbian	
Heterosexual / straight		Gay man	
Other			

**Does your gender identity match your sex as registered at birth?**

Yes		No		Prefer not to say	
-----	--	----	--	-------------------	--

**Are you? Please tick all that apply**

In paid work...	Not in paid work...
An employee	Retired
On a government-sponsored training scheme	A student
Self-employed or freelance	A carer
Working for your own or your family's business	Looking after home or family
	Long term sick or disabled
	Actively looking for work
	Other (e.g. volunteering)

**What is your legal marital or same-sex civil partnership status?**

Never married and never registered a same-sex civil partnership		Divorced or formerly in a same-sex civil partnership which is now legally dissolved	
Married or in a registered same-sex civil partnership		Widowed or the surviving partner from a same-sex civil partnership	
Separated, but still legally married or still legally in a same-sex civil partnership			

**Data Protection Statement**

Lewes District Council collects equality data to monitor fairness – to ensure our services are accessible to all, and that we are meeting the needs of different groups. The responses we receive to equality monitoring questions are separated from other information a person has provided to avoid any risk of bias. The Council stores equality data securely and confidentially. The information is kept no longer than is necessary for monitoring purposes, before being securely disposed of/ deleted from our systems. Equality data is not shared with any other organisations (except authorised external agencies - to ensure diversity and equality needs are met) and will only be used for statistical analysis and reporting.



<b>Body:</b>	<b>Cabinet</b>
<b>Date:</b>	<b>11<sup>th</sup> July 2018</b>
<b>Subject:</b>	<b>Housing development update</b>
<b>Report Of:</b>	<b>Ian Fitzpatrick, Director of Regeneration &amp; Planning</b>
<b>Cabinet member:</b>	<b>Councillor Alan Shuttleworth</b>
<b>Ward(s)</b>	<b>All</b>
<b>Purpose</b>	<b>This report sets out proposals for the next stage of housing development utilising previously approved loan facilities to Eastbourne Housing Investment Company Limited and Aspiration Homes LLP.</b>
<b>Decision Type:</b>	<b>Key decision.</b>
<b>Recommendations:</b>	<p><b>(1) To note the Council’s housing development pipeline of homes to be delivered through the Housing Revenue Account (“HRA”), Aspiration Homes (“AHLLP”) &amp; Eastbourne Housing Investment Company (“EHICL”) by a mix of purchasing land for new development and acquisitions of existing properties.</b></p> <p><b>(2) To give delegated authority to The Director of Regeneration and Planning in consultation with the Lead Member for Housing, to dispose of land currently held in the HRA as listed in the programmes set out in this report and identified as held within the HRA to Aspiration Homes or EHICL pending due diligence. This delegation is to include authorisation not to dispose by auction or invitation of tenders following public advertisements is usually required by the Council’s Contract Procedure Rules (para 18.1). To further give delegated authority to the Director of Regeneration and Planning in consultation with the Lead Member for Housing to determine the terms for the disposals that may be below market value.</b></p> <p><b>(3) In relation to loans from the Council to:</b></p> <p><b>(a) note the loan amounts associated with the delegation at paragraph 2 above as follows:</b></p> <p><b>(i) loan amount of up to £6,900,000 required to develop or acquire the homes set out under the AHLLP programme that will be covered by £10m loan facility approved in the 2017/21 Capital Programme; and</b></p> <p><b>(ii) loan amount of up to £6,600,000 required to develop or acquire the homes set out under the EHICL programme that will be covered by £20m loan facility approved in the 2017/21 Capital Programme;</b></p> <p><b>(b) agree that the Council makes a further loan facility available of up to £10m on market terms to Eastbourne</b></p>

**Housing Investment Company Ltd (EHICL) for the purpose of enabling the company to purchase residential accommodation under the existing programme relating to the purchase of such accommodation; and**

**(c) authorise the Deputy Chief Executive, in consultation with the Lead Member for Finance, to determine the terms of any loan which is to be offered.**

**(4) To approve a Housing Strategy feasibility budget of £200,000 for site assessments related to housing development. This budget will be spent on emerging development opportunities within the programme.**

**(5) To authorise the Assistant Director for Legal and Democratic Services to ensure that a “Funding Agreement” pursuant to the existing “Deed of Entrustment” is entered into by Aspiration Homes with the Council so that right to buy receipts are appropriated in accordance with legislative requirements and the retention agreement with Government in relation to “social housing”. To give delegated authority to The Director of Regeneration and Planning to determine the terms of such agreements.**

**(6) To delegate authority to the Director of Regeneration and Planning and the Lead Member for Housing (and where appropriate the Deputy Chief Executive and Assistant Director – Legal and Democratic Services) to progress the projects through the Clear Futures Energy & Sustainability Joint Venture if they consider it appropriate, and at an appropriate future stages to decide if the projects should be put forward to the Clear Futures Steering Board for inclusion as Part 1 and/or Part 2 projects**

**Reasons for recommendations:**

**(1) The pipeline shows the scale and detail of the Council’s current housing development programme.**

**(2) The locations listed in the report have a variety of pre-construction issues to resolve, and may be brought forward in a number of different phases. By giving delegation to the Director of Regeneration and Planning, disposal and delivery of housing can take place as site issues are resolved.**

**(3) In order for either entity (AHLLP or EHICL) to purchase land from the Council and develop them for housing they will require access to up front capital investment. To continue the street acquisitions programme under EHICL and purchase further property.**

**(4) Sites require significant assessment before establishing viability. This feasibility budget will allow assessments to take**

place earlier and speed up housing delivery.

**(5) For Aspiration Homes to use Right to Buy receipts to fund new affordable housing the necessary legal agreements need to be in place to allow this and these must be used in accordance with the terms of our right to buy receipt retention agreement**

**(6) The involvement of Clear Futures may sometimes significantly improve a range of efficiencies in the delivery of the projects.**

**Contact:**

**Laura Webster, Development Project Manager**

**Telephone:01323 415616**

**E-mail address : [laura.webster@lewes-eastbourne.gov.uk](mailto:laura.webster@lewes-eastbourne.gov.uk)**

---

## **1.0 Background**

- 1.1 In March 2017 Cabinet approved the allocation of up to £30m for the delivery of new mixed tenure homes and associated activities.
- 1.2 (EHICL) has been allocated £20m by the way of loan. (AHLLP) has been allocated £10m by way of loan. On 7<sup>th</sup> February 2018 these budgets were approved in the cabinet paper titled General fund revenue budget 2018/19 and capital programme 2017/21.
- 1.3 In December 2017 cabinet approved associated loans to AHLLP regarding the acquisition and development of Northbourne Road for a total of £1,700,000.
- 1.4 In July 2016 Cabinet approved that the council made a loan facility available of up to £5m on market terms to Eastbourne Housing Investment Company Ltd (EHICL) for the purpose of enabling the company to purchase residential street property and that the (then) senior head of community, in consultation with the lead cabinet members for community and finance, be granted delegated authority to agree the whole scheme lending parameters for purchases, to include types of property and financial viability.
- 1.5 The report highlighted: a housing need due to the increased demand for accommodation and placements in temporary accommodation; significant pressures on social housing (council housing managed by Eastbourne Homes Ltd and housing managed by registered providers); as well as increasing difficulties for tenants to secure private rented accommodation and how the new housing provided by EHICL would assist the Council meet its wider economic and regeneration aims.

## **2.0 AHLLP Programme**

- 2.1 Aspiration Homes was incorporated on 30th June 2017 as a Limited Liability Partnership with Lewes District Council with the primary purpose of delivering new affordable housing. An initial programme has been agreed to develop new sites.

2.2 These sites are:

	<b>Number of homes</b>	<b>Acquiring Organisation</b>	<b>Tenure</b>
183 Langney Road	10	Aspiration Homes	Affordable Rent
Biddenden Close	5	Aspiration Homes	Affordable Rent
Lanark Court 1	4	Aspiration Homes	Affordable Rent
Lanark Court 2	4	Aspiration Homes	Affordable Rent
Timberley Road	4	Aspiration Homes	Affordable Rent
Westerham Road	TBC	Aspiration Homes	Affordable Rent
Northbourne Road	12	Aspiration Homes	Affordable Rent
		Total Homes =	Up to 45
		Loan facility required up to =	£6,900,000

2.3 Recommendation 3(a) of this report outlines the associated loan facility required to fund these projects previously approved under the 2017/21 capital programme.

2.4 The terms of these loans to AHLLP are to be delegated to Deputy Chief Executive, in consultation with the Lead Member for Finance, to determine the terms of any loan which is to be offered.

2.5 This would leave £3,100,000 of the initial loan (of £10,000,000) remaining for further affordable housing development.

2.6 The majority of project loans will not be drawn down by AHLLP until planning permission is achieved. The project costs up to planning approval will be forward funding by the revolving feasibility budget.

### 3.0 EHICL programme

3.1 EHICL was incorporated on the 1st May 2015 to deliver increased housing options through a range of tenures for Eastbourne Borough Council.

3.2 EHICL have delivered over 50 homes so far comprising mainly of street acquisitions and refurbishment of existing council assets.

3.3 The next phase of delivery will focus on either private or mixed tenure developments to increase EHICLs portfolio. The identified projects are as follows, with several more under consideration:

	Number of homes	Acquiring Organisation	Tenure
Brede Close	6	EHICL	Private Rent
Cavendish Place	Up to 47 with retail	EHICL	Private Rent
		Total Homes =	53
		Estimated Land/Development Costs up to =	£6,600,000

- 3.4 Recommendation 3(a) of this report outlines the associated loan facility required to fund these projects previously approved under the 2017/21 capital programme.
- 3.5 This would leave £13,400,000 remaining of the initial loan (of £20,000,000) for further housing developments.
- 3.6 The project loan will not be drawn down by EHICL until planning permission is achieved. The project costs up to planning approval will be forward funding by the revolving feasibility budget.

#### **4.0 Revolving feasibility budget facility**

- 4.1 Before a new housing development site can be established as viable, there is extensive due diligence required including surveys and initial architect assessments.
- 4.2 At present, there is no allocated budget within EBCs Housing Strategy programme to allow for this upfront work. It is recommended up to £200,000 would allow enough headroom for sites to progress as quickly as possible.
- 4.3 If sites are progressed to the point of planning permission being achieved, the developing company will cover these costs as part of the purchase value. These costs will then be recycled back into the feasibility budget for future work.
- 4.4 If the site were not to progress these costs will become abortive and be deducted from the overall feasibility budget. On occasion, it may be some sites are not progressed but their abortive fees could be covered as part of a wider programme.

#### **5.0 Street Acquisitions budget**

- 5.1 To date EHICL has successfully acquired 15 x new residential units using approximately £2.2m of the initial funding approved, providing a variety of new homes and meeting a range of needs.
- 5.2 The remainder of the initial £5m loan, approximately £2.8m, has been ring-fenced by the EHICL Board to acquire the 15 x residential leaseholders within Victoria Mansions, helping to achieve the long-term strategy for the site.
- 5.3 Following the success of the street acquisitions programme so far EHICL would like to continue the programme under the same criteria as previously agreed at the July 2016 Cabinet and by securing a further loan facility of £10m with an aim to acquire a further 60-80 units. Recommendation 3(b) of this report outlines the further loan facility.

## 6.0 Key Risks

The key risks and mitigations are set out in the following table:

Ref	Risk	Mitigations
1	AHLLP or EHICL unable to serve loans	Each loan provided to AHLLP or EHICL has a legal charge in EBCs benefit in the event of a default.
2	Public objection to housing development	Public Consultations to be held as early as possible to allow feedback to be incorporated into designs.
3	Abortive fees under the feasibility budget	Where possible, abortive fees will be wrapped up into the wider development programme. Initial outlay will be kept to a minimum.

## 7.0 Staffing and resources

7.1 There are no direct staff implications. Acquisition and future management of development project will be within current resources in the initial phases. Allowance has been made within the scheme appraisal for appropriate initial resources, as may be required to deliver the projects.

## 8.0 Delivery through Clear Futures

8.1 The development of future new homes under this programme will primarily be through the Council's procurement and delivery framework, Clear Futures. It was developed by Lewes and Eastbourne Councils in a contractual joint arrangement with Robertson Capital Projects Limited and AECOM Limited, with a focus of innovative, sustainable development.

## 9.0 Legal Implications

### 9.1 Contract Procedure Rules (Section 2 – Disposal of interests in land)

The Council's CPRs say that no sale of land where the value exceeds £50,000 or £25,000 if amenity land shall be made except after auction or the invitation of tenders or expressions of interest following appropriate public advertisement, unless authorised by Cabinet.

The disposals of the various sites identified in this report have been authorised by Cabinet by the giving of delegated authority in accordance with Recommendation 2 of this report.

### Disposal powers for land held in the HRA

Section 32 of the Housing Act 1985 requires that the Secretary of State's consent for the disposal of land held for the purposes of that Act (i.e. HRA land). The General Housing Act Consents 2013 apply to the disposal of land under Section 32.

Consent A3.2 of the General Consent enables the Council to dispose of vacant land at any price determined by it. "vacant", in this context means land on which (a) no dwellinghouses have been built or (b) where dwelling-houses have been built, such

dwellinghouses have been demolished or are no longer capable of human habitation and are due be demolished.

If the Council are intending to dispose of the vacant land at less than market value then it will need to comply with the General consent for Financial Assistance (gratuitous benefit) and also the rules on State aid.

#### Financial Assistance Section 24/25 Local Government Act 1988

The Council, with the Secretary of State's consent, can provide any person with financial assistance for the purposes of, or in connection with, the acquisition, construction, conversion, rehabilitation, improvement, maintenance or management (whether by that person or by another) of any property which is or is intended to be privately let as housing accommodation. The Council also needs the Secretary of State's consent if it wishes to provide a "gratuitous benefit" such as the disposal of an interest in land or property at significantly less than its market value.

The General Consent C under section 25 of the Local Government Act 1988 (Local Authority assistance for privately let housing) 2010 enables the Council to provide a loan to AH or EHICL for this purpose. It does not allow the disposal of an interest in land or property as a gratuitous benefit.

The General Consent AA issued under section 25 of the Local Government Act 1988 (Local Authority assistance for privately let housing) 2014 does allow for the disposal of land at less than market value of vacant HRA land subject to a number of conditions which includes that the development is for "privately let housing" completed within 3 years of disposal (provision may be made for that date to be varied in the event of circumstances beyond the purchaser's control); completion of the disposal is by transfer of the freehold, assignment of a lease with an unexpired term of 99 years or more or grant of a lease for a term of 99 years or more; any housing accommodation on the land at disposal is vacant and is not to be used again for housing and is to be demolished; the Council is not, under any agreement or other arrangement made on or before the disposal, entitled to manage or maintain any of the housing accommodation to be developed on the land. No further consent of the Secretary of State to a disposal under this consent shall be required by virtue of section 32(2) Housing Act 1985.

#### State aid

In disposing of any land or interest in land the Council must ensure that it does so in accordance with State aid rules. The European Commission's Communication on the Sale of Land (the "Land Communication") sets out an automatic assumption that no State aid is present in a sale of land and buildings provided its terms are followed. The Land Communication requires the sale of land for "market value" through (i) an open and unconditional bidding process or (ii) an expert valuation. If the vacant land is not to be disposed of at market value then the Council will be able to ensure state aid compliance by using the Services of General Economic Interest (SGEI) Decision of the European Commission Decision of 20 December 2011 if the properties are to be "social housing" as defined under that provision and the requirements of that Decision are put in place in advance and the on-going requirements of the Decision are then followed. For this purpose the Council has already entered into a Deed of Entrustment with Aspiration Homes and would require the entry into a further Funding Agreement in relation to any new

development where a subsidy or funding is being provided.

It is also possible to provide a loan on non-commercial terms or grant funding under the SGEI Decision so that Aspiration Homes could purchase the land/properties at market value from the Council.

Right to Buy receipts will be passed to Aspiration Homes under the SGEI Decision.

#### Other issues

Further advice will be obtained in relation to the terms of any loan agreement from the Council to Aspiration Homes and EHICL, including any SDLT payable on the purchase and any other necessary issues.

[007365-LDC- KS 25 May 2018]

### **10.0 Finance Implications**

#### 10.1 Financial implications for the Council are:

Capital receipts from sale of land: Disposal of land to Aspiration Homes/EHICL will generate capital receipts for the council, which can be used to finance future capital projects or for the repayment of borrowing.

Retained right to buy receipts: under an agreement with the Government, the Council has retained a share of the receipts generated under Right to Buy on condition that the amounts retained are used within a rolling three year period to part-fund the development of new affordable housing. Retained receipts used in this way must not exceed 30% of the development costs. Any retained receipts not used within three years must be paid to the Government (with interest). The agreement with the Government allows the Council to pass the retained receipts to another body for use in the development of affordable homes. Through this mechanism the Council could make a grant to Aspiration Homes (a condition within the Government agreement precludes a grant payment to EHICL).

The Council can make long term loans to Aspiration Homes/EHICL enabling them to fund their development costs. The approved capital programme currently includes a provision of £30m in total for such loans. A loan facility agreement is in place with Aspiration Homes which sets out the core principles of any loan. It is recommended that the terms of any loan offered would be determined by the Deputy Chief Executive in consultation with the Lead Member for Finance. A range of factors would be considered including the duration of the loan and market interest rates at the time of the loan advance. Any loan would be secured against the property assets of Aspiration Homes/EHICL. Interest paid to the Council by Aspiration Homes/EHICL would be credited to the General Fund. The Council will need to borrow to cover these loans and any such borrowing will be undertaken in line with the Councils Treasury Management Strategy. The cost of servicing this new General Fund borrowing would be less than the interest payments received from Aspiration Homes/EHICL, generating a net income stream for the Council.

### **11.0 Equalities and diversity**

#### 11.1 The provision of good quality housing with a mix of tenure and affordability helps



meet the needs of the community. Affordable housing allows the Council to provide assistance to those most in need within our community.

**12.0 Appendices**

None

**13.0 Background Papers**

None

**Lead Officer name:**

**Laura Webster**

**Job Title:**

**Development Project Manager**

This page is intentionally left blank

- Body:** Cabinet
- Date:** 11<sup>th</sup> July 2018
- Title:** Proposal to transfer EBC Leisure Services facilities to be operated by Wave Leisure
- Report of:** Director of Tourism & Enterprise
- Cabinet member:** Cllr M Bannister
- Ward(s):** Hampden Park, Old Town, Shinewater
- Purpose of the report:** To transfer management of the four EBC Leisure Centres and Motcombe Pool to a new operator and enter into new arrangements with Wave Leisure Ltd.
- Decision type:** Key
- Recommendation:** Cabinet is recommended to:
- (1) Approve measures to create new Agreements with Wave Leisure to operate the four Leisure Centres (Eastbourne Sports Park; Hampden Park; Shinewater; Cavendish) and Motcombe Pool as of 1<sup>st</sup> April 2019. To delegate authority to the Director of Tourism and Enterprise, in consultation with the Cabinet Member for Tourism & Enterprise, to negotiate and conclude any lease, contract, grant and other arrangements to allow for the operation of these Centres in the most efficient structure to achieve this outcome ensuring compliance with all legal requirements.**
  - (2) To approve future monitoring of the Agreement provided by Wave in the form of an Annual Report to Cabinet.**
  - (3) Approve measures for Wave to operate Regency Community Centre. To delegate authority to the Director of Tourism and Enterprise, in consultation with the Cabinet Member for Tourism & Enterprise, to negotiate and conclude any lease, contract, grant and other arrangements to allow for the operation of Regency Community Centre in the most efficient structure to achieve this outcome ensuring compliance with all legal requirements.**
  - (4) Agree that the delegations at a) and c) above include authorisation not to dispose by auction or invitation of tenders following public advertisement (sought under**

**Contract Procedure Rule 18.1).**

- (5) Resolve that any leases to be granted to Wave Leisure to allow them to occupy premises outlined in this report will help the Council to secure the promotion or improvement of the social well-being of the Council's area.**

**Reasons for recommendations:** To enable improved management and investment opportunities for the existing four 'dry' leisure sites and Motcombe Pool with an emphasis on improving community participation in sports activities and improving the well-being of the local community through a more active lifestyle.

**Contact:** **Phil Evans, Director of Tourism and Enterprise,**  
[Philip.evans@lewes-eastbourne.gov.uk](mailto:Philip.evans@lewes-eastbourne.gov.uk) (01323 415411).

This report seeks approval for work to begin to negotiate new operating contracts with Wave Leisure to run the four Leisure Centres currently run by EBC; Regency Community Centre; and Motcombe Pool, owned by EBC but operated by SERCO; and for Wave to take over operations at Motcombe Pool when the contract expires on 31<sup>st</sup> March 2019 and for the grant of a new lease to Wave to enable it to occupy.

## **1.0 Introduction**

- 1.1 Of the 4 dry side centres, 3 are based on school/college sites and subject to dual use arrangements with East Sussex CC/and the relevant school/college. The fourth centre is the Shinewater Sports Centre, which although next to a school there is no formal user agreement in place. Both ESCC and 2 of the schools/colleges have confirmed that they wish these arrangements to continue. The JUA (Joint User Agreement) at the third site, Cavendish School ends in April 2019 and three options will be proposed to the School Board in July 2018. The preferred option will be that the JUA is renewed more or less under the same terms. However as the school owns the facility they can opt to either run it themselves or chose an independent partner to operate with. When the JUA expires at Cavendish Sports Centre, then ESCC will no longer have any involvement in the site and the funding from ESCC will cease. Currently ESCC and Cavendish Academy contribute £12,500 respectively. Cavendish Academy has been clear that they are happy to enter in to a JUA with EBC after April 2019 and continue with the £12,500 contribution but are not in a position to increase the funding to cover the ESCC element.

The centres vary in age but most of the buildings, plant and key infrastructure are more than 25 years old. The buildings are designed primarily for community use and although functional and generally fit for purpose, have limited appeal to the visitor market. They are all located across the borough and some way from the seafront but with close proximity to local housing. All four centres are used by community groups, local sports groups and schools.

1.2 At present the Sovereign Centre and Motcombe Pool are operated by Eastbourne Leisure Trust/Serco. The contract and lease with ELT ends in April 2019.

Motcombe Pool is a Victorian structure. Although it is generally in sound condition, it has suffered from equipment failure in recent months (in the form of a major pipe leak) but this has now been repaired and the pool is operating normally. Motcombe is primarily a community pool used by local residents and schools. It would seem logical to separate its operation and management from the Sovereign Centre as its facilities are more likely to be used by local residents than visitors.

1.3 Regency Community Centre - this Community Centre has core bookings Monday – Friday, generating a modest income and is hired out at weekends as a self-contained space for parties. A flat hire fee is charged and the centre is operated on a caretaker basis, with the centre unlocked and locked at the end of the day and the hirer, hiring on a dry hire basis

1.4 Wave Leisure operates the leisure centres and pools owned by Lewes District Council (LDC) and was set up on a not-for-profit basis in 2006. It has built up a good relationship with LDC and has invested in various improvements in its facilities since undertaking the contract, including major gym refurbishment and fit out. It attracted over 1 million leisure centre visits in 2016/17. Wave Leisure operates as a registered charity and re-invests any surplus it makes in the facilities it operates.

## **2.0 Rationale for working with Wave**

2.1 Wave is a relatively small provider in the leisure centres field with its focus being on Lewes and the south-east. It is based in Seaford and has been operating since 2006. Over the past decade it has slowly expanded its remit to include eight leisure facilities and has contracts in Kent and East Sussex. As a smaller operator based on a not-for-profit model, all of its surplus is re-invested into its facilities. It is also very proactive in working with the wider health sector and has introduced innovative devices such as 'Boditrax' to enable users to monitor their health and well-being with the ability to work-out at home as well as in the gym. The system can also provide personalised body composition results including bone density, muscle mass, hydration levels, etc.

As part of its commitment to improving community health, Wave targets hard to reach groups such as the elderly, those recovering from medical treatment, people with disabilities and the very young, to encourage an active lifestyle. 23,000 older people in Lewes visited leisure centres in Lewes last year participating in sports such as walking football. Wave's commitment to community outreach, its experience in dealing with GP referrals and its drive to reduce hospital admissions will have wider non-economic impacts and benefits to support the Active Eastbourne Strategy and to contribute to our Equalities agenda.

2.2 The Leisure Centres are currently operated by the Tourism and Enterprise Department but priorities for investment in Eastbourne's discretionary provision have focussed more on developing the sport and cultural offer at Devonshire Park as part of the wider Devonshire Quarter redevelopment. The Leisure Centres operate successfully but there has been very limited opportunity for investment in

new kit or infrastructure. If Wave was to be offered the opportunity to operate and manage the Leisure Centres, it is anticipated that staff would be transferred under TUPE conditions and with no additional cost to the Council, Wave could use their expertise and economy of scale to more efficiently manage the current EBC facilities.

- 2.3 The transfer of management to Wave would not present any specific monitoring issues. Wave would be required to produce an Annual Report to Cabinet demonstrating performance against an Annual Service Delivery Plan. In addition to this, specific Performance Indicators (PIs) would be created to feed into the Corporate Plan. There would be formal monthly reporting to the Head of Tourism and Enterprise to deal with routine management issues but it would be anticipated that ongoing communication would operate similar to the existing reporting arrangements.
- 2.4 Wave would be obliged to provide a Health and Safety Report to monitor any issues and to have an ongoing programme to reduce risk and liability.
- 2.5 EBC would maintain ownership of the buildings that it owns and a full repairing lease would apply with the operator.
- 2.6 One of the key aspirations of employing Wave is to drive up customer satisfaction and based on their experience of operating leisure centres at Lewes, Maidenhead and other locations and the good customer feedback they receive, EBC would be looking to raise customer satisfaction at the Eastbourne sites. Regular Customer Satisfaction Reporting would be another integral component of the agreement.

### **3.0 Financial implication**

- 3.1 There are no additional financial implications presented by a transfer of EBC operations to Wave and it is proposed that the operating budget remains the same as at present.

### **4.0 Corporate plan and council policies**

- 4.1 This project will contribute to Thriving Communities: Active Communities agenda and supporting the Active Eastbourne Strategy.

### **5.0 Risk Management**

- 5.1 One of the joint user agreements with East Sussex County Council will come up for renewal after 1<sup>st</sup> April 2019. The agreement at the Sports Park will need to be renegotiated in 2019 due to changes in the land use. EBC will lead on negotiations regarding the joint user agreements.

### **6.0 Legal Implications**

- 6.1 In relation to the joint user agreements, the Council is undertaking due diligence to ascertain whether any specific notice or conditions are required to enable the operating element of the agreements to be transferred to Wave/new agreements entered into with Wave. The Council will only be able to grant/transfer to Wave the interest in the sites that it holds.

The Council's Contract Procedure Rules say that no lease of land where the estimated rent exceeds £25,000 per annum shall be made except after auction or the invitation of tenders or expressions of interest following appropriate public advertisement, unless authorised by Cabinet.

The delegations above include authorisation not to dispose by auction or invitation of tenders following public advertisement (sought under Contract Procedure Rule 18.1).

Where it is necessary for the Council to grant a lease (e.g. in relation to Regency Community Centre and Motcombe Pool) the leases are to be structured so that the grant of the lease (i.e. the grant of a right to exclusive possession of land for a determinable period of time) is the main object rather than the delivery of detailed and enforceable service obligations (i.e. under a public service contract or public services concession contract). The lease of land and existing buildings by the Council is not in itself subject to the European public procurement regime and regulations.

The Council cannot dispose of land held in the general fund for a consideration less than the best that can be reasonably obtained in the market, except with the consent of the Secretary of State. Disposal includes leasehold sales where the lease term exceeds seven years.

The Secretary of State has given a general consent for the purpose of land disposals by local authorities (Circular 06/03). Specific consent is not required for the disposal of any interest in land that the authority considers will help it to secure the promotion or improvement of the economic, social or environmental well-being of its area. Disposal at less than best consideration under the general consent is subject to the conditions that: the undervalue does not exceed £2 million; the disposal is State aid compliant; and the land is not held as housing land or under the Planning Acts. Therefore, all proposed transactions where the aggregate of "undervalue" exceeds the £2 million threshold will require the specific consent of the Secretary of State.

Recommendation e) asks Cabinet to resolve that the leases will help the Council to secure the promotion or improvement of the social well-being of the Council's area. This gives the Director scope to negotiate terms that may result in an undervalue provided that there are positive outcomes for social well-being.

Valuation advice will be needed to ensure that these requirements are complied with.

In disposing of any land or interest in land the Council must ensure that it does so in accordance with State aid rules. The Director will have to ensure that the leases are compliant with State aid rules. Typically this would be through the disposal at market value through (i) an open and unconditional bidding process or (ii) an expert valuation. In this case if the Council is intending to grant a lease on terms that provide a subsidy (ie not market value) then the comments on State aid below will be relevant.

The Council is intending to provide Wave Leisure with grant funding (which may

include a lease at less than market value) in relation to the operation of the facilities. Under a grant agreement, the funder makes a payment to the recipient for a specific purpose. The recipient is not obliged to deliver any services to the funder, although the funder may claw back grant which has not been spent or is misapplied. A grant arrangement does not create a contract that is subject to public procurement rules.

Grant funding and other subsidy will be State Aid if it is an advantage given by public authorities on a selective basis to undertakings (broadly, organisations that put goods or services on a market) which could potentially distort competition and affect trade in the European Union. The arrangements proposed with Wave Leisure should fall outside of the definition of State aid because the services provided cater to a local market and such activities will have no effect on cross border trade. In particular, Wave Leisure (as the beneficiary) only supplies services to a limited area within a Member State and it is unlikely to attract customers from other Member States so that the assistance given to it by the Council will not have more than a marginal effect on the conditions of cross-border investments or establishment if any.

The amount of subsidy required can be benchmarked against current operating costs to ensure value for money.

[26 June 5279-EBC-KS][27 June 5279-EBC-CJEC]

## **7.0 Equality analysis**

- 7.1 Wave Leisure has a good record in terms of satisfying equalities and fairness objectives and is proactive in its inclusiveness agenda. It undertakes equality monitoring and reporting on its existing sites in Lewes. Under any new Agreement the same monitoring measures will be harmonised for the sites in Eastbourne. A full equality analysis will be carried out prior to the Agreement being signed and consultation with DIG will ensure that Wave adapts any measures needed to improve accessibility.

Equality and fairness reports will be prepared in accordance with EBC policies and procedures.

## **8.0 Conclusion**

- 8.1 Whilst there would be no financial savings as the budget would be transferred in its entirety and EBC will have to underwrite any shortfall within the income targets. There would be clear benefits of Wave operating the Eastbourne sites. Wave would be well placed to deliver the aspirations of the Active Eastbourne Strategy, Wave have a track record of receiving grant funding and growing the GP Referral scheme.



<b>Body:</b>	<b>Cabinet</b>
<b>Date:</b>	<b>11<sup>th</sup> July 2018</b>
<b>Subject:</b>	<b>Proposals for the construction of a new swimming and leisure complex and the Interim Management of the Existing Sovereign Centre</b>
<b>Report of:</b>	<b>Director of Tourism &amp; Enterprise</b>
<b>Cabinet member:</b>	<b>Cllr Margaret Bannister</b>
<b>Ward(s):</b>	<b>Sovereign</b>
<b>Purpose of the report:</b>	<b>To report on the proposed design, budget and construction mechanism for the construction of a new swimming and leisure complex and the interim management of the existing centre following the expiry of the current arrangements with ELT and Serco</b>
<b>Decision type:</b>	<b>Key</b>
<b>Recommendation:</b>	<b>Cabinet is recommended to:</b>  <b>(1) Approve one of the proposed Options for the construction of a new swimming and leisure complex</b>  <b>(2) Delegate to the Director of Tourism &amp; Enterprise, in consultation with the Cabinet Member for Tourism &amp; Enterprise, authority to make amendments to the design and business case which result from further analysis of the preferred Option, the planned public consultation and planning application processes</b>  <b>(3) Approve the requisite variation to the capital programme for the preferred Option</b>  <b>(4) Approve the appointment of CLEAR Sustainable Futures (CSF) to deliver this scheme</b>  <b>(5) Instruct officers to discontinue the current procurement process (OJEU Ref: 2017/S 098-194542) for the operator of the new Sovereign Centre</b>  <b>(6) approve the appointment of Wave Leisure Trust Ltd to operate the existing centre from 1<sup>st</sup> April 2019 until the new Leisure Centre is open and to delegate authority to the Director of Tourism &amp; Enterprise, in consultation with the Cabinet Member for Tourism &amp; Enterprise, to negotiate and conclude the documentation (including any lease that is</b>

required) to allow for the delivery of these services in the most efficient structure ensuring compliance with all legal requirements . This delegation is to include authorisation i) not to dispose by auction or invitation of tenders following public advertisement (sought under Contract Procedure Rule 18.1) and ii) to waive any requirement for a competitive process to award a sub-threshold services contract (Contract Procedure Rule 2.4.1.a)

(7) Instruct Officers to seek further advice on the optimal financial structure of the new operator contract and report to a future Cabinet on proposals to select an operator for the new swimming and leisure complex

(8) Delegate to the Director of Tourism & Enterprise in consultation with the Cabinet Members for Tourism and Enterprise and Financial Services, the Chief Finance Officer and the Lawyer to the Council authority to work on the detailed development, management and approval of the scheme and of all the documentation required to deliver the project. Such delegation to include approval to allowing exceptions to the Council's Contract Procedure Rules should that be necessary.

**Reasons for recommendations:**

To finalise the development plan for a new swimming and leisure complex in Eastbourne

**Contact:**

Graham Cook, Programme Manager, Devonshire Park  
Redevelopment – [graham.cook@lewes-eastbourne.gov.uk](mailto:graham.cook@lewes-eastbourne.gov.uk)  
07880 787147

## **Executive Summary**

This report seeks approval for a revised design and funding for the construction of a new swimming and leisure complex. The Centre will be constructed through the council's joint venture arrangement with CSF.

The second part of this report to this Cabinet addresses the issue of managing the existing Centre in the short term after the existing arrangements with ELT/Serco expire.

The proposed design differs from that considered by the Cabinet in December 2016 in that:

- the main pool has been enlarged;
- the Flow Rider and Trampoline Hall are omitted;
- a 4 court sports hall is included with options for its use;
- an option to include a Diving Pit in an enlarged training pool is also considered.

Given the options noted above four capital/revenue models have been developed:

- Option A -This option includes a wide range of dry side activities and is based on a family focused Activity Centre rather than a traditional Sports Hall. It does not include diving. It is the best performing option in revenue terms
- Option B – this Option retains a traditional Sports Hall and the mix of activities that currently supports but does not include diving
- Option C – this is based on Option A with the addition of Diving which increases the capital cost by £0.8m and has poorer revenue return
- Option D – this is based on Option B with the addition of Diving and in revenue terms is the poorest performing of all the options

The project team has explored the opportunity to obtain Sport England funding to support a Diving Pit and this is not available at this time.

## **1.0 Introduction**

1.1 The Cabinet of 13th December 2016, approved a scheme to construct a new swimming and leisure complex leisure to replace the current Sovereign Centre. The old Centre was constructed in the 1970's and has been very successful but has now reached the end of its life.

A budget of £24.28m was agreed (an additional £200k was added the budget for repairs to the adjacent skate park). The objective of the project was to secure a new centre to meet the needs of residents and visitors while reducing the current annual cost.

The Council also considered the refurbishment of the existing Centre which at the time was estimated to cost some £12.5m. This was rejected as it would not provide long term value for money, would be less commercially attractive to operators, would not allow the council to pass as much building risk to an operator as a new build and would cause substantial disruption to users throughout construction. Refurbishment might also engender more unknown risks and time delays caused by such items as removal of asbestos.

The council remains determined to continue to provide access to the old Sovereign Centre throughout construction of the new complex

1.2 The current centre is managed by Eastbourne Leisure Trust and Serco. Those contracts come to an end on 31<sup>st</sup> March 2019. It is proposed that as an interim arrangement and until the new Leisure Centre is opened, the operations of the existing Sovereign Centre are managed by Wave Leisure Trust from 1<sup>st</sup> April 2019.

1.3 Since the decision to plan a new centre the council has been engaged in detailed discussions with the Eastbourne Swimming Club about the scale and configuration of the pools. This has included consideration of whether or not to include diving facilities – this was excluded from the 2016 scheme.

1.4 Following finalisation of the revised design the Business Case supporting the scheme has been re-evaluated.

## 2.0 Revised scope of the new centre

2.1 Following detailed discussions with Eastbourne Swimming Club and a review of the Business Case options the schedule of facilities proposed in the two main options are set out below (Table 1). In addition it is possible to add a diving pit to each option.

It is the opinion of the council's business plan advisor (FMG) that Option A (with the potential of diving) would provide a family and leisure sport destination which would draw residents, holiday makers and day visitors. It is seen to most closely meet the objectives originally identified by the Council;

*...to provide a facility for wet day visitors, to encourage use of the eastern part of the seafront, promote the town as a visitor attraction for young families and to address the needs of our foreign students, university students and young residents...*

2.2 Table 1 – Schedule of Facilities

Facilities	Option A	Option B
Fitness: 130 stations	130	130
Studio Space: 3 studios including dedicated cycle studio	3	3
Main Pool Tank: 8 lane x 25m (lane width of 2m)	8 lane x 25m	8 lane x 25m
Leisure Water including wave machine*	319m <sup>2</sup>	319m <sup>2</sup>
Learner Water: 20m x 8m with a moveable floor which drops to 2m deep	160m <sup>2</sup>	160m <sup>2</sup>
Children Splash Area	31m <sup>2</sup>	31m <sup>2</sup>
Spectator Seating	204	204
Diving Pool:	See Option C	See Option D
Flexible Hall Area 695m <sup>2</sup> plus storage 54m <sup>2</sup>	Family Activity Zone	Traditional 4 badminton courts
Clip and Climb: No of challenges	21 (150m <sup>2</sup> )	12 (131m <sup>2</sup> )
Soft Play: 3 levels high	150m <sup>2</sup>	50m <sup>2</sup>
Party Rooms: 2	2	2
Wet and Dry changing appropriate to scale of facilities	Yes	Yes
Kitchen and 170 seats	Yes	Yes
Offices, plant, staff area etc	Yes	Yes
Car Parking (Spaces)	280	280

2.3 Drawings illustrating the new design are shown at Annex 1. They reflect the inclusion of a sports hall sized room. Further discussions have indicated the

benefits of opening this area into the café, Clip and Climb and Soft Play areas to create a Family Activity Zone (Option A). This can be provided within the overall site footprint

- 2.4 The pool layout has been altered since the original design of 6 lanes to provide an 8 lane by 2m by 25m lane main pool. To support competition use the number of spectator seats has been increased from 145 to 204.
- 2.5 The location of the pools has been reversed to move the Fun Pool closest to the entrance and the café.
- 2.6 The original scheme did not include a Diving Pit. The project team has considered the provision of a pit with four boards within a widened Training Pool that has a split moveable floor able to provide the required depth for diving. This option is supported by the Swimming Club because it secures diving and also provides more swimming training space through the use of the width of the extended pool. A drawing illustrating the inclusion of a Diving Pit is shown at Annex 2.

This addition to the scheme would cost a further £0.8 in capital to provide the greater pool width/depth, the impact on the overall footprint, the diving boards and additional water treatment. The revenue impact of this is considered further in the Business Case evaluation at Section 7 below.

- 2.7 The Wave Rider included in the original scheme has been omitted as a more detailed analysis of the business case demonstrated that the return was unlikely to be neither sufficient nor consistent enough.
- 2.8 As noted at Table 1 above the dedicated Trampoline Hall has been omitted and instead a flexible Hall of 695m<sup>2</sup> plus storage is included. This Hall in Options A/C will have a boutique 8 lane ten pin bowling and a smaller trampoline zone, which together with part of the cafe area and enlarged clip and climb and soft play spaces will create a Family Activity zone of some 1,000m<sup>2</sup>. The combination will create a destination theme. The four selected elements will provide a broad offer that is tried and tested and mitigates the operating risk and rent flow to the Council. The differing age ranges that Option A would serve are set out in Table 2 below:

Table 2 – Adventure Centre Age Ranges

Ages	0 – 3	4 - 11	12 - 15	16 - 18	18+
Adventure Play (150m <sup>2</sup> )	✓	✓			
Clip and Climb (150m <sup>2</sup> )		✓	✓	✓	✓
Trampoline Zone (150m <sup>2</sup> )	✓	✓	✓	✓	✓
8 Lane - Ten Pin Bowling (400m <sup>2</sup> )		✓	✓	✓	✓

- 2.9 If Option A was adopted the majority of activities which currently take place in the Sports Hall can be relocated to the council’s four other dry side centres,

three of which are adjacent to public transport.

- 2.10 The cafe servery and reception will be combined allowing the most efficient use of staffing. The cafe seating will enable views of the Fun Pool, Climbing Walls and Soft Play and will also be accessible to non-users who are walking the seafront.
- 2.11 The Centre will include accessible and family change cubicles, a lift and a Changing Places room to provide facilities for severely disabled patrons. Access to the main pool and training pool will be by means of hoists. There will be 10 Blue Badge parking spaces at the same level as the main entrance.
- 2.12 Assuming a scheme is approved by Cabinet the key dates for implementation are as follows (Table 3).

Table 3

<b>Activity</b>	<b>Date</b>
Cabinet Decision	11 <sup>th</sup> July 2018
Public Consultation	August/early September
Planning Application – submission /determination	1 <sup>st</sup> December 2018/ 12 <sup>th</sup> March 2019
Procurement and Stage 4 design conclude	19 <sup>th</sup> April 2019
Sign Off fully priced scheme	May 2019
Contract Close	7 <sup>th</sup> June 2019
Construction and Fit Out – start/finish	10 <sup>th</sup> June 2019/18 <sup>th</sup> December 2020

### **3.0 Skate Park**

- 3.1 It is proposed that the skate park footprint will be altered and re-equipped in a phased manner to allow part of it to be operational during the construction of the new Centre.
- 3.2 The site of the existing skate park (shown by the irregular grey line on the drawing at Annex1) overlaps with the view lines from the planned café.
- 3.3 It is proposed to move approximately 50% of the skate park eastwards as shown by the grey shaded lozenge at Annex 1. As well as addressing the view line, this will also free space for the contractor to site a compound, thus reducing pressure for them to make use of the existing car park.

## **4.0 Consultation**

- 4.1 The design has been driven by the needs of the Business Case, optimising accessibility for the widest range of users and recognition of the prominent seafront site occupied by the centre.
- 4.2 Eastbourne Disability Improvement Group was consulted at the early development of the design. The issues they were particularly interested in continue to be addressed in the revised design. This will include provision of a Changing Places room. They will continue to be a key consultee as the design is developed and an Equalities Impact Assessment (EIA) will form part of this process.
- 4.3 The redesigned wet facilities are a result of the detailed consultation with Eastbourne Swimming Club.
- 4.4 If approval is given to the scheme a wide ranging public consultation will take place during the late summer. This will include briefing for Serco staff; staffed/unstaffed public displays at various locations, with a permanent display at the existing site, a targeted meeting with existing user groups and a press/social media campaign to highlight the consultation. The outline of the scheme will be emailed to a database of both residents and visitors. Any comments or questions can be emailed to a bespoke email address.

## **5.0 Corporate plan and council policies**

- 5.1 This project is a key element contributing to the Corporate Plan, Prosperous Economy theme. The new centre will create a regional swimming and leisure destination, increasing dwell time and visitor spend, increases in capacity in both swimming and the number of stations within the gym will ensure additional yield. Furthermore with the addition of dry side activities it is anticipated that the number of patrons and catchment will increase. Ultimately increases to staff numbers will be required.

## **6.0 Scheme Costs**

- 6.1 In 2016 a capital budget of £24.28m was approved.
- 6.2 The revised designs set out in this report are estimated to cost £26.6m for construction, professional fees, framework costs, surveys and other enabling costs. This estimate includes provision for contingency and inflation. In addition debt charges while the centre is under construction are estimated at £1.7m giving a total scheme cost of £28.3m.

6.3 The key reasons for the increases in budget are as follows (Table 4):

Table 4

<b>Reason for Increase</b>
Increase in floor area by some 100m <sup>2</sup> due primarily to enlarged main pool as agreed with Swimming Club
Additional inflation allowance due to later dates for construction
Allowance for a CCTV based drown detection system – now guidance but likely to be regulation soon
Increase in spectator seating to 204 to support competition use
Allowance for second electricity sub-station to serve Monarch House as the current sub-station is within the existing Centre
Review of finishes used for facade and roof
Updated market testing of prices for mechanical and electrical plant
Review of ductwork allowances for electricity distribution
Change in procurement route
Inclusion of the cost of debt finance while the centre is under construction

6.4 Options with diving add £0.8m to the scheme cost.

## 7.0 Business Case

7.1 The 2016 Business Case identified that the proposed scheme (which included a Trampoline Centre) would generate an annual return to the Council of £50k after payment of funding costs. This compared to current annual costs of £340k, a net positive movement of £390k.

7.2 The revised Business Cases options are set out in Table 5 below. In each case the cost of debt while the Centre is under construction has been added to the construction cost. The figures all reflect trading at Year 3 when it is assumed costs and income will have stabilised. The net cost shown is after repayment of debt costs and compares to the current annual cost of £340k.

7.3 Table 5- Business Case - net cost to the Council at Year 3

Option	£k Net Cost pa
Option A – Activity Centre without diving	134
Option B – traditional Sports Hall without diving	293
Option C - Activity Centre with diving	164
Option D – traditional Sports Hall with diving	322



## **8.0 External Funding**

8.1 The project team have discussed the potential of grant funding for this facility with Sport England and it is clear that this will not be available at this time. Sport England and the council's business plan advisor (FMG Consulting), have identified the need for considerable work to align the council's and partner's health and sports strategies and carryout user/non-user research by means of the Sport England approved research tool, before a grant application could be considered. Even then it must be recognised that the grant fund is heavily over-subscribed.

If the Council wished to proceed with a Sport England bid it is estimated this work would take a total of some 12-18 months.

8.2 The Leader has asked for a further meeting with Sport England which is being arranged.

## **9.0 Operation of the Sovereign Centre**

9.1 The procurement process to select an operator for the new Sovereign Centre commenced with the publication of a notice in OJEU on the 19 May 2017 with the deadline for the submissions of requests to be invited to participate being 16 June 2017. The notice indicated that the facility was expected to be open in November 2019. In the light of the changes to the overall proposal and delivery date for the new centre, the consequent delay to the operator procurement process and the loss of bidders from the shortlist while the procurement has been suspended , it is felt that there is a further need to consider the market and options for an operator and it is considered appropriate to discontinue the procurement process without the award of a contract now

9.2 The revised timescale for building a new leisure centre has created the need for the Council to consider an interim arrangement for managing the current centre between the current contract finishing on 31<sup>st</sup> March 2019 and the opening of the new centre which is likely to be some 20 months after that date. An interim operator will therefore be needed.

9.3 It is proposed to set up an operating contract for the interim period using Wave Leisure. Wave has a good working relationship with Lewes District Council and has delivered consistently good performance across the leisure centres it operates across the District. The managing and reporting mechanisms deployed at Lewes could be adapted between EBC and Wave during this interim period.. Meanwhile, it is proposed in a separate paper to Cabinet that Wave Leisure will take over the four [dry] leisure centres operated by EBC, along with Motcombe Pool and Regency Community Centre. By securing an interim operator, EBC can ensure that the Sovereign Centre remains open and caters for the existing user groups throughout the build time of the new centre.

9.4 Existing staff at the Sovereign Centre are currently employed by ELT or Serco and can be transferred to the new operator under TUPE conditions.

- 9.5 Current plant and equipment is nearing the end of its life but it is anticipated that it will be able to operate over this interim period. There will however be a need to supply gym equipment as it is anticipated that the current operator will remove all the equipment it owns. Wave Leisure operates eight leisure centres and would be willing to supply gym equipment for the interim period. This would most likely comprise reconditioned kit or leased kit from one of its other sites and would be of a standard that matches or improves upon the condition of the existing equipment at the Sovereign Centre.
- 9.6 This transfer arrangement will be an exception to Contract Procedure Rules as it will be the award of a below threshold services contract without competition.

## 10.0 Risk Management

- 10.1 The project team has identified the following key risks and mitigations (Table 6)

Table 6

<b>Risk</b>	<b>Mitigation</b>
<u>Do nothing:</u> <ul style="list-style-type: none"> <li>The existing centre is nearing the end of its operational life which may result in eventual closure should significant plant failures occur.</li> <li>Any further delay to progressing with a replacement facility will result in costs increasing due to inflation forecasts.</li> </ul>	Proceed with proposed development of replacement of Sovereign Centre.
<u>Maintenance of existing facility to opening of new Centre:</u> <ul style="list-style-type: none"> <li>Costs of maintenance of the existing facility, including major plant replacement, may impact on available finance for the development of the existing facility.</li> </ul>	Proceed with proposed development of replacement of Sovereign Centre as soon as practical.
<u>Views of the Council's insurer (Zurich):</u>	A meeting was held with Zurich on 21 <sup>st</sup> June 2018 to discuss the latest iteration of the scheme. It was a constructive meeting and a good working relationship has been formed.

<p><u>Skate Park closure:</u></p> <ul style="list-style-type: none"> <li>• Due to the proximity of the Skate Park to the new building, the Skate Park might need to be closed during the construction period.</li> <li>• Costs for temporarily or permanently relocating the Skate Park have not been included within the project costs.</li> </ul>	<p>Work with contractors to retain Skate Park use throughout the construction period and relocate some 50% of the Skate Park footprint eastwards in order to provide site compound space to the contractor</p>
<p><u>Temporary parking:</u> It is highly likely that a number of existing parking spaces will be lost during the construction period.</p>	<p>Work with the operator, the construction contractor and users to establish a suitable approach to parking during the construction period. We anticipate making use of spare capacity at a nearby EBC car parks.</p>
<p><u>Loss of momentum or continuity of Project Team:</u> Retention of the existing project management and design team is critical to ensuring the Council's expectations are met and the design progresses to meet suggested timescales. Project knowledge may be lost should the design team, or members of the design team, be allocated to other projects during any delay to progressing the replacement of the Sovereign Centre.</p>	<p>Proceed with the proposed development as soon as practical and ensure appointments are made with the existing design and project management team under the CSF framework.</p>
<p><u>Failure to achieve Operator contribution:</u> There is a risk that the forecast contribution from the Operator may not be achieved.</p>	<p>Work to ensure the Business Case closely reflects market sentiment</p>
<p><u>Procurement:</u> It is critical that a contractor with 'wet leisure' experience is appointed for this project.</p>	<p>CSF have recognised this need in their selection of potential contractors</p>

<p><u>Co-ordination and completeness of design information:</u> The latest design is to be fully co-ordinated with all design disciplines and pool filtration and flume requirements. The design information is currently RIBA Stage 2 which may result in minor amendments to the overall scheme design as the programme progresses.</p>	<p>The project plan and budget will allow capacity for the design and costings to be revised</p>
<p><u>Drowning detection system:</u> A number of operators are responding to changing market guidance by installing drowning detection systems. It is understood that the installation of a system will be a recommendation in the next iteration of guidance.</p>	<p>A drowning detection system has been included in the latest design</p>
<p><u>Location of site, weather risk:</u> The site is in an exposed location so periods of downtime due to wind or other weather conditions may be more than a typical site.</p>	<p>This risk will be highlighted to potential contractors and their plans for coping with adverse weather will form part of the evaluation of tenders</p>

## 11.0 Summary of Financial Implications

11.1 All Options (albeit marginal in the case of OptionD) demonstrate an improvement against the current annual cost of £340k per annum after taking account of capitalised interest and repayment over 40 years.

None of the schemes takes into account the potential capital receipt from the existing site as the future of the existing site will be determined separately. A Task Group of the Scrutiny Committee is currently examining options for the site.

The Council's medium term financial strategy does not currently assume any net saving from the scheme, equally however it does not allow for any growth in the cost of the service.

The principal financial risks are:

- a) An overrun on the capital scheme requiring further financing costs – by using CSF to build the new centre this can be substantially mitigated.
- b) The trading position of the new centre will not meet the expected budget – by building some flexibility into the design and maintaining the existing centre operation in tandem, this risk is reduced but not eliminated.

## **12.0 Legal Implications relating to the construction of the replacement Sovereign Centre**

12.1 The Council will construct this scheme using the joint venture arrangement (CLEAR Futures) it has established through an EU compliant competitive procurement. The contract will be with Robertson Capital Projects Limited (“RCP”) and AECOM Limited (“AECOM”) who are referred to in this report as “CLEAR Sustainable Futures (CSF)”. The current design team and the external project manager will be novated to CSF.

12.2 An initial Report on Title has been obtained for the proposed new site, which has revealed some title issues that need to be resolved.

There are some steps that need to be taken to ensure that the Council has a clean title for the whole site and to enable construction to proceed.

## **13.0 Legal Implications relating to the Interim Management of the Existing Centre**

13.1 This legal advice assumes that all current contracts, leases etc have been brought to an end by the time that the Interim Management takes place. Due diligence is being carried out to confirm that this is the case.

### 13.2 Property issues

It will be necessary to grant a lease to Wave Leisure to allow them to occupy the existing Centre until the new Leisure Centre is open.

The Council’s Contract Procedure Rules say that no lease of land where the estimated rent exceeds £25,000 per annum shall be made except after auction or the invitation of tenders or expressions of interest following appropriate public advertisement, unless authorised by Cabinet. The delegations above include authorisation not to dispose by auction or invitation of tenders following public advertisement (sought under Contract Procedure Rule 18.1).

The arrangement is to be structured as a public services contract so that the lease under which Wave occupies the building will be incidental to that contract.

The Council cannot dispose of land held in the general fund for a consideration less than the best that can be reasonably obtained in the market, except with the consent of the Secretary of State. Disposal includes leasehold sales where the lease term exceeds seven years. The lease to Wave will be for a term of less than seven years.

In disposing of any land or interest in land the Council must ensure that it does so in accordance with State aid rules. The Director will have to ensure that the leases are compliant with State aid rules. Typically this would be through the disposal at market value through (i) an open and unconditional bidding process or (ii) an expert valuation. State aid rules can also be met through the application of the Market Economy Operator Principle.

### 13.3 Operational Issues

The Council intends to award Wave Leisure a services contract to operate the existing leisure centre until its replacement. The total estimated value of that contract is less than the applicable threshold under the Public Contract Regulations 2015 of £615,278. This means that there is no requirement on the Council to run a competitive process advertised in OJEU. In addition the contract is not regarded to be of certain cross-border interest and so the General Treaty obligations will not require any form of competitive process. The recommendations above include a waiver under the Contract Procedure Rules to waive any requirement for a competitive process to award a sub-threshold services contract (Contract Procedure Rule 2.4.1.a). The payments to be made under the services contract can be benchmarked against the existing contract with ELT/Serco and current operating costs to ensure value for money and no over compensation for the services received.

### 14.0 **Equality analysis**

14.1 A full equality analysis will be carried out should the council decide to proceed with a new centre. However, what is clear is that a new centre :

- will be easier to navigate
- will have Blue Badge parking immediately adjacent to the entrance
- will have a Changing Places Facility
- will have pools and fun water with easier access
- will have changing facilities suitable for all types of users
- will enable the operator to offer a wide programme

Equality and fairness reports will be prepared in accordance with EBC policies and procedures.

### 15.0 **Conclusion**

15.1 The revised scheme set out in this report reflects further consideration of the leisure market and input from Eastbourne Swimming Club. It provides a range of options and sets out the operational and financial implications of each. The Option A scheme will provide a facility mix and financial return which most closely matches the Council's original objectives for the project.

## **Appendices**

Annex 1 – Proposed Design

Annex 2 – Diving Pit Option

## **Background papers**

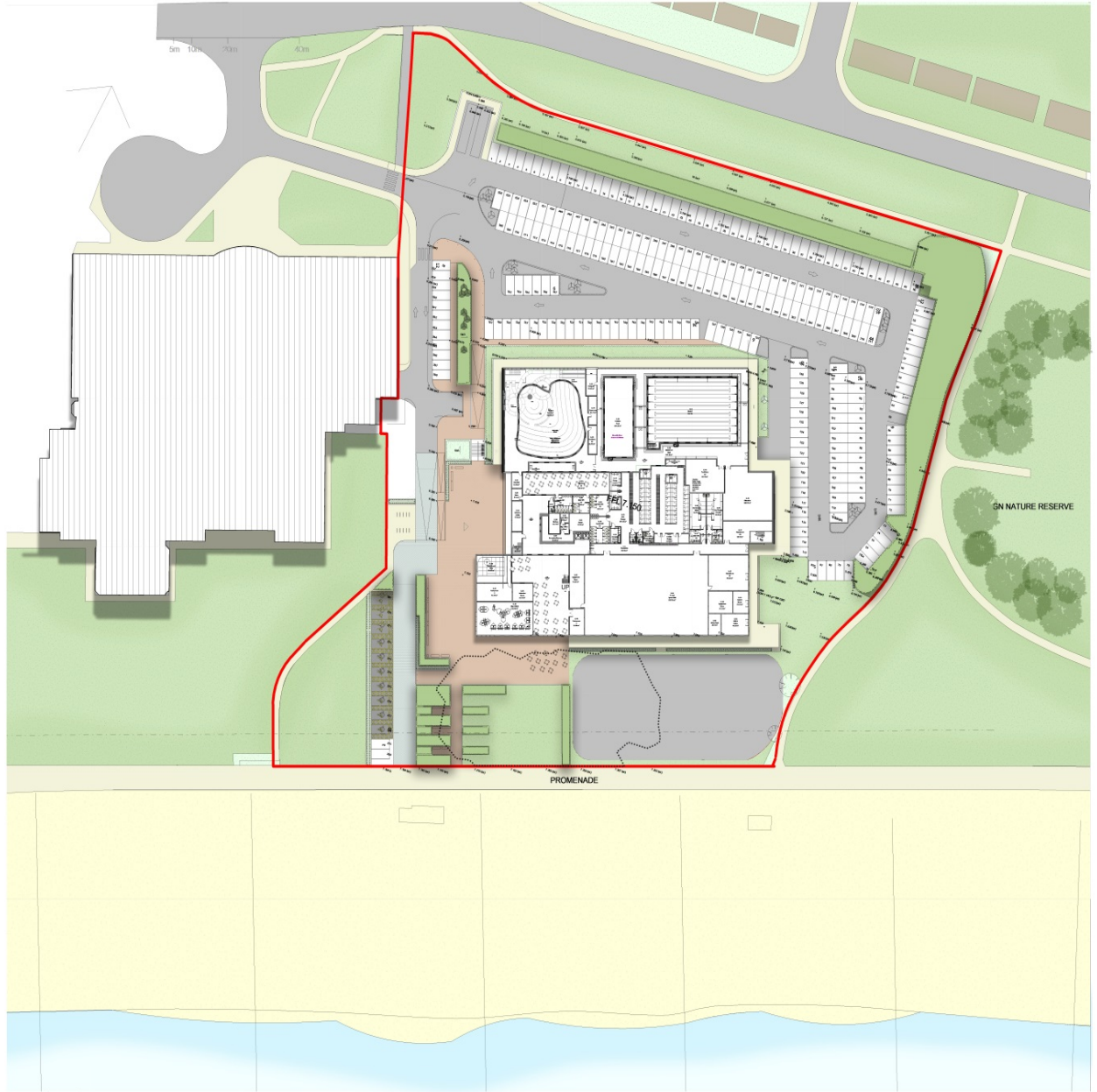
The background papers used in compiling this report were as follows:

Stage 3A revised design and budget - Hadron Consulting, GT3 Architects and Aecom  
Quantity Surveyors (part of CLEAR Futures)

To inspect or obtain copies of background papers please refer to the contact officer listed above.

## Annex 1 – Proposed Design

Site Plan – existing site of Skate Park shown by irregular grey line between Centre and promenade and proposed site shown by adjacent grey shaded lozenge



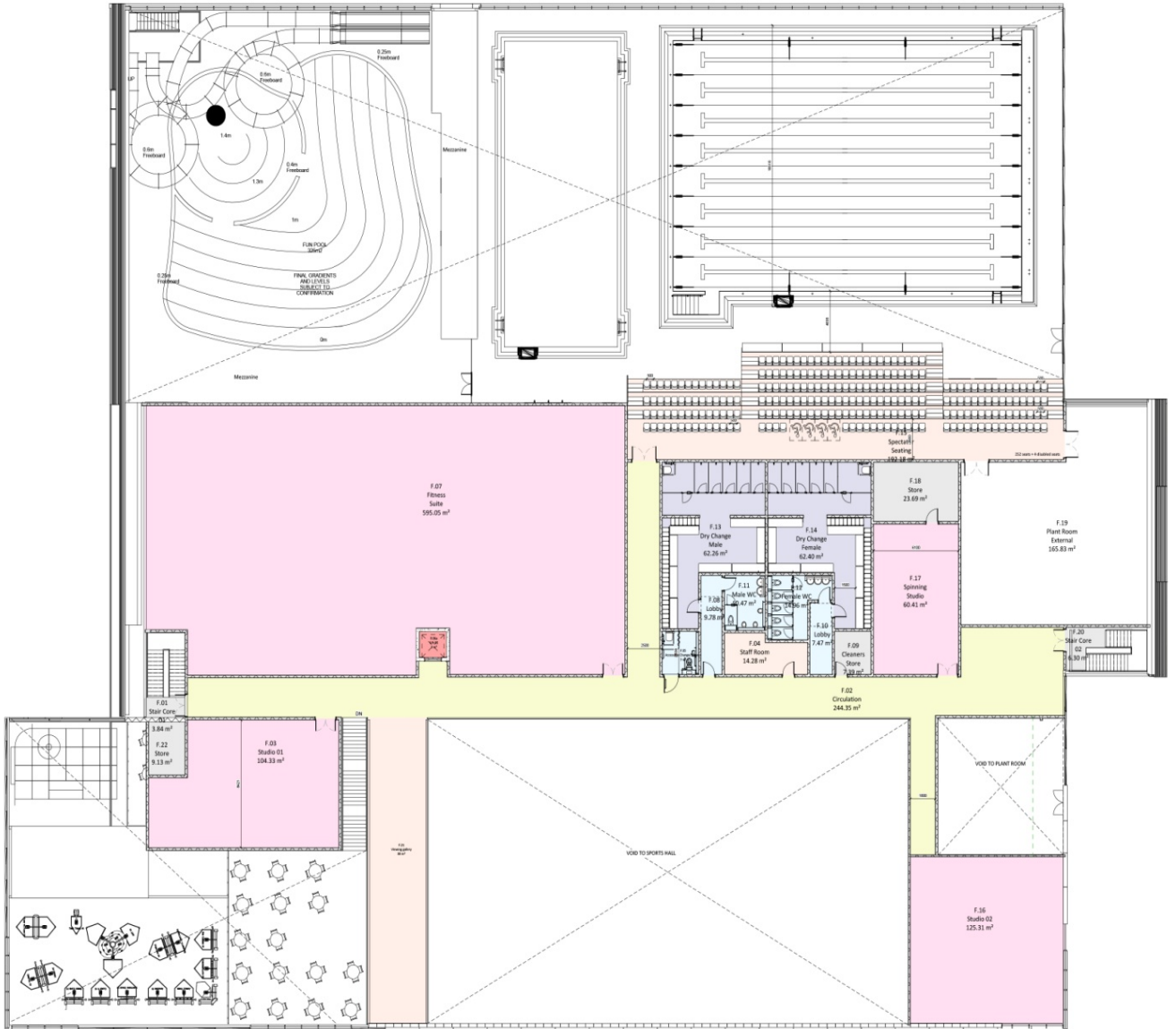
Proposed Site Plan



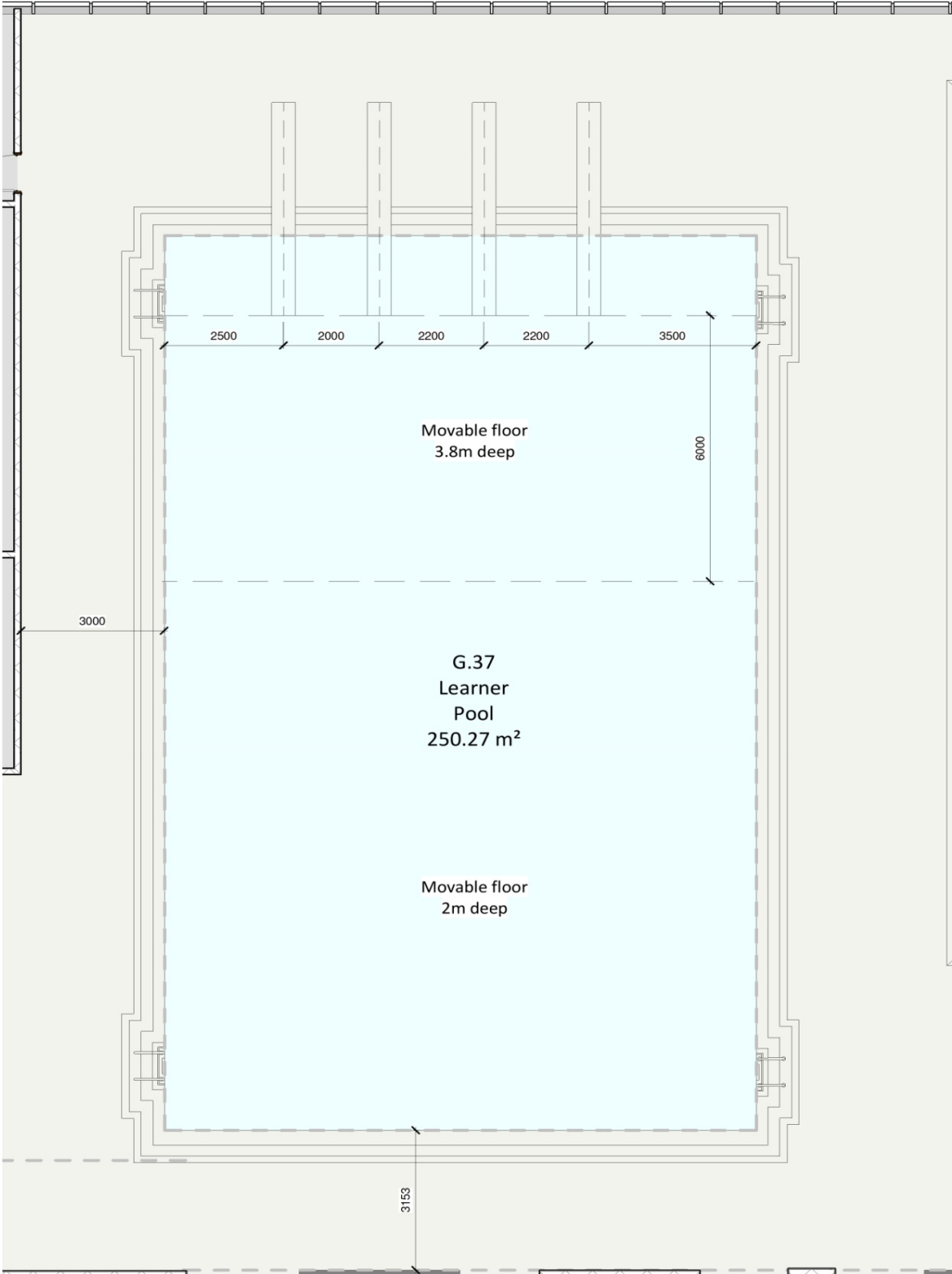
# Ground Floor



First Floor



Annex 2 - Diving Pit Option



This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A  
of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank