

Cabinet

10 December 2020



Time: 2.30 pm

PLEASE NOTE: This will be a 'virtual meeting', held remotely in accordance with section 78 of the Coronavirus Act 2020 and section 13 of the related regulations.

Members of the press and public can view the meeting by clicking on the link provided on the agenda page on the Council's website or calling the number provided.

Instructions for members of the committee, officers and other participants to join the meeting have been circulated separately.

Membership:

**Councillor James MacCleary (Chair); Councillors Zoe Nicholson (Vice-Chair).
Matthew Bird, Julie Carr, Chris Collier, Johnny Denis, William Meyer, Emily O'Brien
and Ruth O'Keeffe**

Quorum: 4

Published: Wednesday, 2 December 2020

Agenda

1 Minutes of the meeting held on 12 November 2020 (Pages 5 - 10)

2 Apologies for absence

3 Declarations of interest

Disclosure by councillors of personal interests in matters on the agenda, the nature of any interest and whether the councillor regards the interest as prejudicial under the terms of the Code of Conduct.

4 Urgent items

Items not on the agenda which the Chair of the meeting is of the opinion should be considered as a matter of urgency by reason of special circumstances as defined in Section 100B(4)(b) of the Local Government Act 1972. A supplementary report will be circulated at the meeting to update the main reports with any late information.

5 Public question time

To deal with any questions received from members of the public in accordance with Council Procedure Rule 11 (if any).

6 Written question from councillors

To deal with written questions which councillors may wish to put to the Chair of the Cabinet in accordance with Council Procedure Rule 12 (if any).

7 Matters referred to the Cabinet

Matters referred to the Cabinet (whether by the Policy and Performance Advisory Committee or by the Council) for reconsideration by the Cabinet in accordance with the provisions contained in the Policy and Performance Advisory Procedure Rules or the Budget and Policy Framework Procedure Rules set out in part 4 of the Council's Constitution.

None.

8 Community Wealth Building (Pages 11 - 26)

Report of Deputy Chief Executive and Director of Regeneration and Planning
Lead Cabinet member: Councillor Zoe Nicholson

9 Support for local people in financial distress (Pages 27 - 32)

Report of Director of Service Delivery
Lead Cabinet member: Councillor Zoe Nicholson

10 General fund revenue budget update (Pages 33 - 38)

Report of Chief Finance Officer
Lead Cabinet member: Councillor Zoe Nicholson

11 Council tax base and non-domestic rate income for 2021/22 (Pages 39 - 50)

Report of Chief Finance Officer
Lead Cabinet member: Councillor Zoe Nicholson

12 Portfolio progress and performance report quarter 2 - 2020-2021 (Pages 51 - 60)

Report of Deputy Chief Executive and Director of Regeneration and Planning
Lead Cabinet member: Councillor Chris Collier

13 Finance update - performance quarter 2 - 2020-2021 (Pages 61 - 72)

Report of Chief Finance Officer
Lead Cabinet member: Councillor Zoe Nicholson

**14 Community Infrastructure Levy Recommendations for Spending
(Pages 73 - 86)**

Report of Deputy Chief Executive and Director of Regeneration and Planning
Lead Cabinet member: Councillor Emily O'Brien

15 Newhaven - Towns Fund (Pages 87 - 98)

Report of Deputy Chief Executive and Director of Regeneration and Planning
Lead Cabinet member: Councillor James MacCleary

**16 Memorandum of Understanding between Environment Agency and Lewes District Council relating to coastal risk management at Telscombe Cliffs
(Pages 99 - 122)**

Report of Director of Service Delivery
Lead Cabinet members: Councillors Matthew Bird and Emily O'Brien

17 North Street Quarter - scheme delivery (Pages 123 - 128)

Report of Deputy Chief Executive and Director of Regeneration and Planning
Lead Cabinet member: Councillor Zoe Nicholson

(This report contains an exempt appendix. Any discussion of this must take place at item 19 following exclusion of the public.)

18 Exclusion of the public

The Chief Executive considers that discussion of the following items 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 items 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).

**19 North Street Quarter - scheme delivery - Exempt Appendix 1
(Pages 129 - 144)**

Report of Deputy Chief Executive and Director of Regeneration and Planning
Lead Cabinet member: Councillor Zoe Nicholson

Exempt information reasons 3 – Information relating to the financial and business affairs of any particular person (including the authority holding that information) and 5 – Information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

Information for the public

Accessibility:

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.

Public participation:

Please contact Democratic Services (see end of agenda) for the relevant deadlines for registering to submit a speech on a matter which is listed on the agenda if applicable. Where speeches are normally allowed at a Committee, live public speaking has temporarily been suspended for remote meetings. However, it remains possible to submit speeches which will be read out to the committee by an Officer.

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 meeting while the matter is being considered (unless he/she has obtained a dispensation).

Councillor right of address:

A member of the Council may submit a question to ask the Chair of a committee or sub-committee on any matter in relation to which the Council has powers or duties or which affect the District and which falls within the terms of reference of that committee or subcommittee.

A member must give notice of the question to the Head of Democratic Services in writing or by electronic mail no later than close of business on the fourth working day before the meeting at which the question is to be asked.

Other 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.

Democratic Services

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

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Cabinet

Minutes of meeting held remotely on 12 November 2020 at 2.30 pm.

Present:

Councillor James MacCleary (Chair).

Councillors Zoe Nicholson (Vice-Chair), Matthew Bird, Julie Carr, Chris Collier, Johnny Denis, William Meyer, Emily O'Brien and Ruth O'Keeffe.

Officers in attendance:

Robert Cottrill (Chief Executive), Homira Javadi (Chief Finance Officer), Ian Fitzpatrick (Deputy Chief Executive and Director of Regeneration and Planning), Tim Whelan (Director of Service Delivery), Becky Cooke (Assistant Director for Human Resources and Transformation), Oliver Dixon (Head of Legal Services), Jo Harper (Head of Business Planning and Performance), Matt Hitchen (Senior Planning Policy Officer) and Simon Russell (Head of Democratic Services).

Also in attendance:

Councillor Isabelle Lington (Leader of the Opposition), Councillor Imogen Makepeace, Councillor Joe Miller (Chair of Policy and Performance Advisory Committee) and Councillor Julian Peterson (Chair of Audit and Standards Committee).

13 Minutes of the meeting held on 24 September 2020

The minutes of the meeting held on 24 September 2020 were submitted and approved and the Chair was authorised to sign them as a correct record.

14 Apologies for absence

None were reported.

15 Declarations of interest

None were declared.

16 Support for a Universal Basic Income pilot in Lewes District

The Cabinet considered the request from Councillor Makepeace in relation to asking the government to launch a pilot of Universal Basic Income (UBI) in the district. UBI is a payment to cover the basic cost of living and is given to all citizens regardless of employment status, wealth or marital status and is not means-tested.

Councillor Makepeace addressed and presented the item to Cabinet.

Cabinet unanimously supported the request and conveyed their thanks to Councillor Makepeace for submitting the item.

Visiting members, Councillors Miller, Linington and Peterson addressed the Cabinet on this item and raised concerns on the concept of UBI.

Resolved (Non-key decision):

(1) To establish a forum for councillors and local partners and stakeholder groups, and with local partners to raise awareness and understanding of UBI.

(2) That the Leader of the Council on behalf of the Council and our residents, write to the Secretary of State for Work and Pensions, the Chancellor of the Exchequer, the leader of the party in Government, their counterparts in all opposition political parties in parliament to articulate the following:

- The current benefit system is failing citizens, with Universal Credit causing hardship to many in Lewes District
- There is a danger of increasing numbers of people facing poverty as a result of the coronavirus crisis;
- Trialling a UBI is needed, as a UBI has the potential to help address key challenges such as inequality, poverty, precarious employment, loss of community, and breach of planetary boundaries through:
 - (i) Giving employers a more flexible workforce whilst giving employees greater freedom to change their jobs;
 - ii) Valuing unpaid work, such as caring for family members and voluntary work;
 - iii) Removing the negative impacts of benefit sanctions and conditionality;
 - iv) Giving people more equal resources within the family, workplace and society;
 - v) Breaking the link between work and consumption, thus helping reduce strain on the environment;
 - vi) Enabling greater opportunities for people to work in community and cultural activities or to train or re-skill in areas that will be needed to transition to a lower carbon economy.
- The success of a UBI pilot should be measured by health and well-being and community benefit alongside economic and employment impacts;

- Lewes District is ideally placed to pilot a UBI, given its economic and geographic diversity.

Reason for decision:

As set out in report.

17 Recovery and reset programme

The Cabinet considered the report of the Chief Executive, updating them on the progress of the Recovery and Reset programme and wider District recovery.

The programme was a key element of tackling the budget shortfall of around £12 million over the next four years and supporting the community. Given the significant level of organisational change to deliver services, the requested allocation of £250,000 to the capital programme would enable the Council to invest in IT systems and extra resources that were needed for early stages of delivery.

The Policy and Performance Advisory Committee, at its meeting on 3 November 2020, made the following recommendations to Cabinet:

To support the recommendations in the report subject to consideration by the Cabinet of the following amendments:

- (1) That the Cabinet considers supporting local people in financial distress with a focus on schemes such as council tax relief;**
- (2) That the Cabinet support a campaign to allow pubs to make off-sales of alcohol in sealed containers for consumption at home during lockdown; and**
- (3) That the Cabinet approval of the requested allocation of £250,000 to the Capital Programme is made subject to the approval of the Recovery and Reset Board.**

The recommendations from the Policy and Performance Advisory Committee (PPAC), were presented by Councillor Joe Miller, Chair of PPAC and considered by Cabinet during their discussions.

Visiting member and Leader of the Opposition, Councillor Linington addressed the Cabinet on this item. In reference to the recommendations from PPAC, it was clarified that since the meeting on 3 November 2020, the government had announced that pubs would be allowed to make off-sales of alcohol in sealed containers for consumption at home during lockdown. Councillor Linington also made a reference to PPAC's third recommendation and sought further details on what the £250,000 would be spent on.

In addressing PPAC's first recommendation, Councillor Nicholson expressed a wish to explore ways of supporting local people in financial distress, looking at a public consultation, with a view to revising the council tax reduction scheme in future years. A formal paper on the council tax reduction scheme would be considered by Cabinet at its December meeting.

The Cabinet unanimously agreed to make additional resolutions, incorporating PPAC's first and second recommendations. A revision to Cabinet's second resolution was made, in an attempt to match the intention of PPAC's third recommendation and also to accord with the Council's constitution. This was detailed in full below. Following discussions, Councillor Miller withdrew PPAC's third recommendation.

Resolved (Key decision):

(1) To note the progress made with the Recovery and Reset Programme.

(2) To approve an allocation of £250k to be added to the capital programme to ensure immediate start of the Council's Recovery & Reset work, with detailed advice from the cross party Recovery and Reset Board.

(3) To explore supporting local people in financial distress with a focus on schemes such as council tax relief.

(4) To support a campaign to allow pubs to make off-sales of alcohol in sealed containers for consumption at home during lockdown.

Reason for decisions:

The Recovery and Reset Programme provides a structured and accountable approach for delivering the level of significant organisational change needed to respond to current and future challenges.

18 Responses to Government consultation on reforms to the planning system

The Cabinet considered the report of the Deputy Chief Executive and Director of Regeneration and Planning regarding the Council's submitted responses to the consultations on the Government's 'Planning for the future' White Paper and 'Changes to the current planning system' proposals for reforming the planning system.

The report detailed the authority's response, raising strong concerns and objections to the government proposals, that would see the housing requirement for Lewes district nearly double, from 483 to 800 properties a year and potentially lead to 37% fewer affordable homes.

Cabinet expressed their thanks to Matthew Hitchen, Senior Planning Policy Officer and his team for their work in helping members understand the proposals.

Visiting member and Chair of Policy and Performance Advisory Committee, Councillor Miller addressed the Cabinet on this item, welcoming the general principle behind the white paper.

Resolved (Non-key decision):

To note the responses submitted to the Government's consultations on reforms to the planning system.

Reason for decision:

To update Cabinet on the responses submitted to the Government's consultations on reforms to the planning system

The meeting ended at 3.55 pm

Councillor James MacCleary (Chair)

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|-------------------------------------|---|
| Report to: | Cabinet |
| Date: | 10 December 2020 |
| Title: | Community Wealth Building |
| Report of: | Ian Fitzpatrick, Deputy Chief Executive and Director of Regeneration and Planning |
| Cabinet member: | Cllr Zoe Nicholson, Deputy leader of the Council and Cabinet member for finance and assets |
| Ward(s): | All |
| Purpose of report: | To provide Cabinet with the results of a diagnostic investigation undertaken into Community Wealth Building and to seek endorsement of the resultant Reimagining Lewes District Action Plan. |
| Decision type: | Key |
| Officer recommendation(s): | (1) To note the progress made in relation to community wealth building (2) To note the findings of the diagnostic study undertaken by the Centre for Local Economic Strategies set out at Appendix 1, and (3) To agree the Reimagining Lewes District Action Plan set out at Appendix 2. |
| Reasons for recommendations: | The Council is committed to developing a Community Wealth Building approach as part of the Corporate Plan adopted in February 2020. |
| Contact Officer(s): | Name: Jo Harper Post title: Head of Business Planning and Performance E-mail: jo.harper@lewes-eastbourne.gov.uk Telephone number: 01273 085049 |

1 Introduction

- 1.1 In its Corporate Plan, adopted in February 2020, the council has made a commitment to community wealth building (CWB). The principles of CWB are to use the combined power of institutions, businesses and communities in order to retain as much wealth as possible in the local economy; creating opportunity locally, creating new local jobs and new locally owned enterprises. As has been set out in previous reports, the CWB approach comprises five pillars, which are;

- Shared ownership of the economy between public, business and community sectors
- Making financial power work for local places
- Fair employment and just labour markets
- Progressive procurement of goods and services
- Socially productive use of land and property

- 1.2 The council commissioned the Centre for Local Economic Strategies (CLES) to undertake a diagnostic study and consequently offer recommendations to the council on how it could deliver a CWB based approach to its work. This report presents the outcomes of that study and seeks Cabinet’s consideration of recommendations and a suggested work programme arising from it.
- 1.3 Cabinet will recall that, alongside considering how the council itself will adopt a CWB approach to its work, dialogue has also been taking place with key partners, through recent Recovery Summits, and in other forums, as to how a wider CWB approach could be adopted with the district to assist recovery.
- 1.4 In the Corporate Plan, the CWB approach sits alongside Sustainability and carbon reduction as the two main policy drivers for the council. It should be noted that there are close synergies between these two areas of work. Enabling a green recovery is a central part of delivering CWB. Conversely, the action plan set out at Appendix 2 of this report will be key to delivering elements of the Sustainability and Climate Change strategy (due for adoption in February 2021) and achieving zero net carbon by 2030.

2 Key findings of the diagnostic study

- 2.1 CLES undertook their diagnostic study during the summer of 2020. This involved in-depth interviews with a range of council staff and partners, as well as consideration of various council policy and strategy documentation.
- 2.2 The study aimed to provide the council with an assessment of how its current approaches aligned with CWB principles, and to provide recommendations regarding further actions that could be taken to better embed CWB, both within the council and the district more widely. Appendix 1 sets out a summary of CLES’s findings. It is encouraging to note that the council is considered to already be taking a strong CWB approach however, a number of key recommendations are made to enable the council to achieve a joined up, strategic approach. CLES commented that;

“Community Wealth Building stands at the heart of LDC’s core aspirations to tackle climate emergency and build a fair and sustainable local economy. “Building Community Wealth” is one of the three major focus areas of LDC’s Corporate Plan for 2020-24, which sets out the ambitions to “encourage local use of our financial resources, as much as possible” and to “prioritise investment into local economies”. LDC has had considerable success in getting these issues on the regional political agenda, both at East Sussex Level, and in the Greater Brighton region - and is looked to, and has been tasked to lead on issues of progressive procurement and supply chain decarbonisation. A wide

range of good practice already exists to support these objectives, across various departments within LDC.

However, despite these clear high-level ambitions, and despite many pockets of good practice, LDC's community wealth building efforts have yet to be drawn together into a coherent, joined-up strategy.... While much impressive activity is taking place around economic regeneration, particularly in the Newhaven Enterprise Zone, the council does not currently have any explicit wider economic development strategy. Similarly, while a range of good practice exists around the development of its own workforce, it does not yet have a systematic workforce strategy linked to its wider community wealth building objectives."

2.3 It is noted that the council has already implemented a range of actions which promote local wealth building, such as;

- Retaining an in-house waste and recycling service
- Recent insourcing of some services, with more planned
- A new East Sussex-based social enterprise procured for the management of Newhaven Enterprise Centre earlier this year
- Implementation of a Local Employment and Training pilot in Newhaven (Technical Guidance Note agreed at Cabinet 9 July 2020)
- Bidding to the Future High Streets Fund for Newhaven, with a focus on creation of small, start-up space focused on local entrepreneurship
- Ongoing delivery of LEAP programme to provide local skills needed to start and grow a business locally and provide advice to existing businesses
- Implementation of 'EatLocal' and 'ShopsLocal' websites to promote local suppliers, producers and independent retailers
- A MakeLocal site is also under development to support the local creative and manufacturing sectors

2.4 The recommendations made by CLES have been encapsulated in a Reimagining Lewes District Action Plan which is set out at Appendix 2. Cabinet is asked to agree this action plan for implementation.

2.5 In the Reimagining Lewes District Action Plan, Cabinet's attention is drawn to action 4.3 which is to review potential asset disposals through a lens of community wealth building. To progress this action, in line with the programme of work already agreed through Recovery and Reset, a feasibility study is currently being undertaken into future accommodation options for the council, looking at all buildings, including Southover House. The recommendations of this study will be considered by the Strategic Property Board shortly.

3 Community Wealth Building in the District

3.1 As well as considering its own direct role in relation to CWB, the council has been working to influence the development of recovery plans, both of Team East Sussex *East Sussex Reset - Six missions: Recovery as opportunity*¹ and the

¹ <https://www.eastsussex.gov.uk/media/16223/east-sussex-reset-recovery-as-opportunity.pdf>

Greater Brighton Economic Board² to encourage CWB principles to be applied. This has resulted in ‘think local, act local’ being embedded as a key mission in the Team East Sussex Plan. The plan encourages “businesses and public sector organisations to focus their procurement on local contractors, suppliers and providers”. The Greater Brighton Economic Board has also committed to a three pillared approach to recovery bringing together economic resilience, environmental resilience and social resilience, in order to tackle inequality and promote social inclusion.

3.2 To further influence CWB in the district, the council has run two Recovery Summits, in July and October this year. These have engaged key local organisations and partners in dialogue around the CWB agenda. The events focused on how the challenges faced in light of the Covid-19 pandemic can be tackled in a way which builds community wealth. A third event is planned for January 2021, which will continue the exploration of key identified areas, including;

- Targeting and addressing inequality in the district
- Widening the mutual interest in anchor institutions as a power for good via the East Sussex Recovery strategy work
- Digital inclusion
- How we re-use, re-think and re-purpose the assets we all use and own across the district
- Connecting the greening of our economy with creating employment opportunities

A wide range of local stakeholders have attended these two events and have shown a real interest and commitment to working collaboratively on these areas. Through the Reimagining Lewes District Action Plan further work will be undertaken to mobilise a district-wide approach, in particular focusing on working with others to enable the development of the green economy.

4 Outcome expected and performance management

4.1 The Reimagining Lewes District Action Plan at Appendix 2 will be embedded into the service plans of relevant teams across the council to enable implementation as part of the councils’ core business. Progress against these plans will be reported regularly to the Lead Cabinet Member, with reports to Cabinet annually.

5 Consultation

5.1 As part of the diagnostic study, CLES engaged widely with key partners and stakeholders. In addition, as a precursor to the second Recovery Summit, a survey was undertaken with key partners to capture information about their involvement and contributions to CWB driven recovery. The responses received will help to shape planning for the third Summit in January 2021.

² <https://greaterbrighton.com/covid-bounceback-plan-agreed-by-greater-brighton/>

6 Corporate plan and council policies

- 6.1 One of the four main themes in the Corporate Plan adopted in February 2020 is Community Wealth Building. It is stated that *“We need a people-centred approach to local economic development, which redirects wealth back into the local economy, and places control and benefits into the hands of people”* the plan goes on to commit that *“We will work with key local institutions, our county council, local businesses, police and NHS partners to provide more local employment. We will change the way we outsource services, supporting more local businesses to deliver council services, and we will bring services in-house or establish social enterprises where additional social value can be demonstrated.”*

7 Financial appraisal

- 7.1 There are no specific financial implications directly associated with this report at this stage. Should there be financial considerations as a result of adopting the Action Plan then these will be quantified when progressing the workstreams and addressed accordingly in accordance with the overall Budget and Policy Framework.

8 Legal implications

- 8.1 There will be a need to address the detailed legal issues that arise in taking forward individual elements of the Reimagining Lewes District Action Plan as they develop further. However, there are existing legislative general provisions which support the overall Community Wealth Building Approach as follows:
- a) Local Government Act 1999: As a best value authority the council must make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.
 - b) Public Services (Social Value) Act 2012: This provides that the council must consider how what it procures might improve the economic, social and environmental well-being of the relevant area; and how in conducting the procurement process, it might act with a view to securing that improvement.
- 8.2 The Government also published a Procurement Policy Note in September 2020 launching a new model to deliver social value through its commercial contracts. The PPN requires social value should be explicitly evaluated in all central government procurement, where the requirements are related and proportionate to the subject-matter of the contract, rather than just ‘considered’ as currently required under the Public Services (Social Value) Act 2012. It notes that unnecessary burdens should not be placed on commercial teams or suppliers.

[009681-LDC-CJEC 10 November 2020]

9 Risk management implications

- 9.1 There are no direct risks implications arising from this report. Following consideration by Cabinet, risk analyses and risk management of the Reimagining Lewes District Action Plan will be undertaken, as the various proposed workstreams are progressed.

10 Equality analysis

- 10.1 As is stated at para 3.2 of this report, targeting and addressing inequality in the district is central to what the CWB agenda is aiming to achieve. Potentially it will go far in supporting the council to meet its Public Sector Equality Duty, particularly around advancing equality of opportunity. Following consideration by Cabinet, an equality and fairness analysis will be undertaken on the action plan to ensure all opportunities for reducing inequalities through this work are maximised, and due consideration given to the make-up of our local communities.

11 Environmental sustainability implications

- 11.1 Within the Corporate Plan the objectives around CWB, carbon reduction and sustainability are intrinsically linked. For example the council has committed to use its power as a public sector body to buy and procure locally, and create local supply chains and ecosystems of enterprises, focussing on decarbonising our housing stock, through use of circular economy principles. It is also stated in the Corporate Plan, in relation to CWB, that the council will develop local skills, supply chains and employment through partnership working with public sector organisations, social enterprises, cooperative businesses, as well as other forms of business, particularly focussing on clean, green technologies.

12 Appendices

Appendix 1 – Executive Summary of CLES Diagnostic Report
Appendix 2 – Reimagining Lewes District Action Plan

13 Background papers

None

Executive Summary

Lewes District Council commissioned the Centre for Local Economic Strategies (CLES) to explore opportunities for embedding the principles of community wealth building, as set out in the Lewes District Council Corporate Plan 2020-2024. Our Diagnostic has highlighted opportunities to work with a wider set of anchor institutions to deepen the impact of this work and generate community wealth over a larger footprint.

There are clear opportunities to work collaboratively at a sub-regional and a county level. Adopting a range of community wealth building strategies at a scale that draws on the combined power of anchor institutions, businesses and communities can retain wealth in the local economy, whilst also improving local opportunities by creating new local jobs and new locally-owned enterprises.

About Community Wealth Building

Our model of community wealth building is built up from 5 pillars of activity, which when developed consecutively and collaboratively, builds a platform for greater local & community ownership of the economy.

5 Pillars of Community Wealth Building

- 1) Anchor commissioning and procurement;
- 2) Socially productive use of land and property;
- 3) Fair employment and just labour markets;
- 4) Making financial power work for local places;
- 5) Grow local & community ownership of the economy.

Community wealth building harnesses the power and influence of anchor institutions i.e. large established organisations, from the public, private and social sectors, that are rooted in their local communities. Unlike multinational corporations, these organisations are unlikely to move out of a place and have a clear interest in the long-term wellbeing of residents.

CLES recommends the tasking of the Recovery and Reset Programme (specifically the Restart Pillar), with the development of monitoring of the delivery of a 'Re-imagining Lewes District Action Plan' informed by this report. We would suggest nominating Community Wealth Building champions – one councillor and one officer – to support the embedding of community wealth building principles as the council moves forward. The development of the action plan should inform the development of a Re-imagining Lewes District Anchor Network, ensuring wider anchor institutions are enabled to play a role in the delivery of corporate plan objectives.

While many anchor institutions are already active in their localities, a community wealth building lens opens up an opportunity to place a more explicit emphasis on their role in local economic development. Addressing each pillar in turn, we set out how embedding community wealth building in a wider partnership and with wider stakeholders can support the delivery of both the Greater Brighton COVID-19 Sustainable Recovery Plan and the East Sussex Economic Recovery plan.

Progressive procurement of goods and services

Understanding procurement as a tool for economic development and maximising the use of all resources and levers means that better value for the Council and citizens can be generated. LDC has taken a lead on progressive procurement in the sub-region and can use this opportunity to influence on a wider geographical footprint. Moving forward, we recommend:

- Developing capacity for a more strategic approach to procurement & commissioning;
- Internally raising awareness/providing training on this strategic intent;
- Embedding procurement/commissioning within economic development;
- Developing an analysis of Lewes procurement & commissioning spend;
- Developing local market intelligence and a gap analysis;
- Developing a localised social value framework/toolkit;
- Seeking clarity on the role of social value monitoring.

Fair employment and just labour markets

Employment and skills are key elements in developing an inclusive local economy. This is not just a matter of equipping people with the commensurate skills that firms need, but also of strengthening the self-worth and confidence of citizens and supporting all people to realise their full potential. Lewes has strong examples of internal practice, well-developed relationships with key anchors (e.g. East Sussex College Group) and impressive approaches in the Newhaven Enterprise Zone. In building on these strengths, and setting an example for the wider public and private sector, CLES recommends:

- Exploring Living Wage Foundation accreditation, encouraging others to follow;
- Developing a deeper understanding of the council workforce to ensure recruitment supports people who may be marginalised where appropriate.
- Developing a LDC workforce development action plan to open pathways for people to be supported;
- Building anchor relationships around employment and labour force and share internal practices;
- Exploring the potential for a Lewes Good Employment Charter, to engage the private sector at large;
- Understanding how the local skills pipeline aligns with ambitions and work with key anchor institutions to influence skill strategy refreshes.

Socially productive use of land and assets

Land and assets form a key element of community wealth building. Whilst a traditional economic development approach might only measure the value of these assets in economic terms, developing a community wealth building approach in LDC would see these assets harnessed to serve the common good. Policies around Community Asset Transfer have been developing, and a number of early-stage Community Land Trusts are in development. In ensuring socially productive use of land and assets, CLES recommends:

- Reviewing with local anchor institutions how public sector land & assets may support insourcing and social entrepreneurialism;
- Developing a meanwhile use plan in anticipation of retail vacancy, supporting high streets to remain vibrant;
- Reviewing all potential asset disposals through a lens of community wealth building;
- Identifying a council lead for Community Land Trusts/Community Led Housing/Community Energy to advance these opportunities;
- Developing a Technical Guidance Note for social value in planning, building on local labour clauses;
- Acquiring property & land via the Lewes Housing Investment Company (LHIC) to support SME builders/community land trusts/community led housing.

Making financial power work for local places

Access to credit is the life blood of many small businesses. Without it they struggle to operate and compete with larger firms to provide goods and services. Community wealth building seeks to increase flows of investment within local economies by harnessing the wealth that exists locally, rather than by seeking to attract national or international capital. LDC has a long-held ambition to find ways of unlocking more of the private capital which exists in the district for generative use, in moving forward with partners across East Sussex and Greater Brighton, CLES recommends:

- Lobbying East Sussex Pension Fund to invest in local infrastructure;
- Explore the role of anchor institutions in the development of start-up and patient capital funding which can support a fair and green transition;
- Develop low carbon investment propositions for everyday investors;
- Take steps towards a Regional Community Bank/Mutual;
- In doing so, support and promote the East Sussex Credit Union.

Grow local & community ownership of the economy

Community wealth building is concerned with the governance, ownership and management of the businesses and enterprises which make up the everyday economy. This means creating an economy where there are more SMEs, municipally-owned companies, and other forms of ownership such as co-operatives, community businesses and mutually owned businesses. The

Newhaven Enterprise Centre and the Local Enterprise and Apprenticeship Platform (LEAP) provide a solid base from which LDC can grow greater local & community ownership of the economy. CLES recommends:

- Building strategic relationships with VCSE infrastructure bodies through a lens of community wealth building;
- Building awareness of routes to social entrepreneurialism with a council lead to work at the interface of the council and the VCSE sector;
- Building on the LEAP programme, develop a pre start-up support programme for social entrepreneurs;
- Connecting anchor procurement/commissioning, public land & assets and financial infrastructure with a growing social entrepreneurialism;
- Taking an active role in supporting local and community ownership in the economy.

Section 9 of this report sets out an action plan with the recommendations divided in short, medium and long term.

Sectors

We have further explored three sectors of the economy, where collaboratively anchor institutions across Greater Brighton and East Sussex can work together to apply community wealth building principles.

Retrofit

With significant progress towards full decarbonisation required within the next decade, major steps forward will be required in the next few years. With an existing committed spend of £1 billion on maintenance and refurbishment of the council owned homes in East Sussex over the next 7 years, there is an opportunity to examine how these funds could be effectively directed towards the twin aims of the decarbonisation of housing stock and community wealth building.

To achieve this there is a need for clarity and certainty in the aims and targets of any large-scale programme of retrofit, so that suppliers and installers have some certainty of demand and can confidently invest and grow to meet this. It is however clear from our review of the existing sector that there are not currently enough suppliers and installers with the capacity to comfortably meet demand for high quality retrofit in the timescales required.

Energy saving/generation

Bringing together public sector land and assets, with a local financial architecture (e.g. suggested Local Energy Fund) along with developing a strategic relationship with VCSE infrastructure bodies will be key to supporting the growth of the community energy sector, ensuring community wealth is built and retained in our transition to a net zero economy.

Anchor institutions can use a combination of their capital reserves and their purchasing power to drive this energy transition and support local community

energy groups run to scale up and deliver renewable energy projects. Through the generation of surplus income, community energy groups can deliver energy saving and retrofit advice to households and mentor other community energy projects, growing a sector which can be a key partner in delivering a net carbon economy by 2030.

Foundational economy sectors

High-skilled, high-tech sectors currently occupy an important place within LDC's regeneration activities in Newhaven. However, evidence from other parts of the UK suggests that approaches to local development that bet too heavily on 'high-value' high-tech sectors as the route to prosperity often fail to benefit most local low-skilled residents. In the context of Covid-19 recovery and reform, it is also important to combine these efforts with initiatives to improve opportunities for decently paid and fulfilling work in the foundational economy. These are the often unglamorous and low-paid sectors which meet the everyday needs of households and businesses, from food to care.

These sectors currently employ approximately one third of the population in Lewes District, and in certain foundational sectors, like health and social care, this is likely to continue increasing. These sectors already feature as a priority in the East Sussex Growth strategy. It would be valuable to explore 'hospitality to health' schemes to facilitate retraining workers in under-pressure sectors such as hospitality, into growth sectors such as health and social care. Anchor institutions can work together in social care commissioning to stimulate the growth of new, local and socially owned business models which build wealth locally.

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Re-imagining Lewes District Action Plan

Short term – in next 2 months

Medium term – by April 2021

Longer term – timescales to be developed

1. Lewes District Council as a Community Wealth Building Council

| Recommendation | Action |
|---|---|
| <u>Short term</u> | |
| 1.1 Re-imagining Lewes District Action Plan | This document will form the action plan. |
| 1.2 Re-imagining Lewes District internal board | The Cabinet and Recovery and Rest Board will oversee the delivery of this action plan. |
| 1.3 Nominate Community Wealth Building champions – officer and member | The Deputy Leader of the Council and Cabinet member for finance and assets will be the Member Lead, with Deputy Chief Executive and Director of Regeneration and Planning being the officer champion. |
| 1.4 Alignment between CWB and Sustainability/Climate Change | Clear alignment between these two work areas will be set out in the Sustainability and Climate Change Strategy (presented to Cabinet in February 2021). |
| <u>Medium Term</u> | |
| 1.5 Develop Re-imagining Lewes District Anchor Network/sub-groups | Build on networks established through Recovery Summits and other key partnerships |

2. Progressive procurement of goods and services

| Recommendation | Action |
|--|--|
| <u>Short Term</u> | |
| 2.1 Developing capacity for a strategic approach to procurement & commissioning with Orbis partnership | Done. Strategic Procurement Manager appointed. |
| 2.2 Raise awareness/provide training on the strategic intent for procurement & commissioning | To be progressed by Strategic Procurement Manager. |
| 2.3 Embed procurement and commissioning as an economic development function | To be progressed by Strategic Procurement Manager in conjunction with Head of Regeneration |
| 2.4 Seek clarity on the role of social value monitoring | To be progressed by Strategic Procurement Manager. |
| <u>Medium Term</u> | |
| 2.5 Develop an analysis of procurement & commissioning spend | To be progressed by Strategic Procurement Manager. |
| 2.6 Develop local market intelligence and a gap analysis | To be progressed by Strategic Procurement Manager, building on information provided by Carbon Coop research. |
| 2.7 Develop a localised social value framework/toolkit | To be progressed by Strategic Procurement Manager. |

| | |
|--|--|
| <u>Longer Term</u> | |
| 2.8 Share practice with local anchor institutions (inc. county) and encourage adoption of a similar approach | To be progressed by Strategic Procurement Manager in conjunction with Re-imagining Lewes District Anchor Network |

3. Fair employment and just labour markets

| Recommendation | Action |
|---|---|
| <u>Short Term</u> | |
| 3.1 Explore Living Wage Foundation accreditation | To be progressed by Assistant Director of HR and Transformation. |
| 3.2 Develop a deeper understanding of the Council workforce | To be progressed by Head of HR. |
| <u>Medium Term</u> | |
| 3.3 Develop a Council workforce development action plan | To be progressed by Head of HR. |
| 3.4 Build anchor relationships around employment and labour force | To be progressed by Assistant Director of HR and Transformation with initial focus on relationships with East Sussex College Group. |
| <u>Longer Term</u> | |
| 3.5 Explore the potential for a Good Employment Charter | To be progressed by Head of HR. |

4. Socially productive use of land and assets

| Recommendation | Action |
|---|---|
| <u>Short term</u> | |
| 4.1 Review how public sector land & assets may support insourcing and social entrepreneurialism | To be led by Deputy Chief Executive and Director of Regeneration and Planning |
| 4.2 Develop a meanwhile use plan in anticipation of retail vacancy (council and private sector landlords) | To be led jointly by Head of Property, Delivery and Compliance and Head of Regeneration |
| <u>Medium Term</u> | |
| 4.3 Review potential asset disposals through a lens of community wealth building | To be led by Head of Commercial Business Development |
| 4.4 Identify a council lead for Community Land Trusts/Community Led Housing/Community Energy | To be identified within the Commercial Business Development team |
| <u>Long Term</u> | |
| 4.5 Incorporate social value into new sustainability checklist in planning and build CWB approaches into future planning policies | To be progressed by Head of Planning |
| 4.6 Lewes Housing Investment Company as a vehicle for acquiring land and assets | To be progressed by Head of Commercial Business Development |

5. Making financial power work for local places

| Recommendation | Action |
|---|---|
| <u>Short Term</u> | |
| 5.1 Lobby East Sussex Pension Fund | Lobbying undertaken in 2019 and further action to be considered. |
| 5.2 Explore the role of anchors (Inc. LDC) in the development of start-up and patient capital funding | To be led by Deputy Chief Executive and Director of Regeneration and Planning |
| 5.3 In doing so, support and promote the East Sussex Credit Union | To be led by Head of Business Planning and Performance |
| <u>Medium Term</u> | |
| 5.4 Work with partners to develop Low Carbon investment propositions for everyday investors | To be led by Deputy Chief Executive and Director of Regeneration and Planning |
| <u>Longer Term</u> | |
| 5.5 Take steps towards an East Sussex Community Bank/Mutual | To be led by Deputy Chief Executive and Director of Regeneration and Planning |

6. Plural ownership of the economy

| | |
|--|---|
| <u>Short Term</u> | |
| 6.1 Build strategic relationships with VCSE infrastructure bodies (e.g. Sussex Community Development Association (SCDA), 3VA and Action in Rural Sussex) | To be led jointly by Head of Regeneration and Head of Business Planning and Performance |
| 6.2 Build awareness of routes to social entrepreneurialism | To be led by Head of Regeneration |
| <u>Medium Term</u> | |
| 6.3 Develop/flex pre business start-up support programme for social entrepreneurs | To be progressed by Head of Regeneration |
| 6.4 Take an active role in supporting local and community ownership | To be progressed by Head of Regeneration |
| <u>Longer Term</u> | |
| 6.5 Connect anchor procurement/commissioning, public land & assets and financial infrastructure with growing social entrepreneurialism | To be led by Deputy Chief Executive and Director of Regeneration and Planning |

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| | |
|-------------------------------------|---|
| Report to: | Cabinet |
| Date: | 10 December 2020 |
| Title: | Support for local people in financial distress |
| Report of: | Tim Whelan, Director of Service Delivery |
| Cabinet member: | Councillor Zoe Nicholson (Cabinet Member Portfolio Holder for Finance and Assets) |
| Ward(s): | All |
| Purpose of report: | To advise members of the options available to increase financial support to people in financial distress and deliver an increase in the Council tax reduction scheme. |
| Decision type: | Key |
| Officer recommendation(s): | (1) That Cabinet adopt option (c), set out at paragraph 5.2 of this report (2) That Cabinet agrees to continue to support the Minimum Income Floor pilot for the self employed |
| Reasons for recommendations: | The recommended option provides significant support from funds currently available to the Council. |
| Contact Officer(s): | Name: Bill McCafferty Post title: Functional Lead for Thriving Communities E-mail: bill.mccafferty@lewes-eastbourne.gov.uk Telephone number: (01323) 415171 |

1 Introduction

- 1.1 At its meeting on 12 November 2020, the Cabinet considered a report on the Recovery and Reset Programme and, having considered recommendations from the Policy and Performance Advisory Committee, resolved (among several other resolutions made) to explore supporting local people in financial distress with a focus on schemes such as council tax relief.

The Council has three schemes in place to help residents meet their council tax liabilities. They are:

1. The Local Council Tax Reduction Scheme (LCTR) for working age.
2. Council Tax Exceptional Hardship Payments (EHP).
3. The Council Tax Hardship Fund.
4. The pilot for removal of the minimum income floor for the self employed.

2 The Local Council Tax Reduction Scheme (LCTR) for working-age

2.1 The LCTR has been in place since April 2013. The scheme for 2020/21 awards a council tax reduction up to maximum of 80% of a person's council tax liability and is means-tested.

There is a separate scheme for pensioners which is set by government and awards up to 100% of council tax liability

2.2 The Council can revise their LCTR scheme for the following year through adoption by full Council.

Before revising a scheme the Council must, as required by the Local Government Finance Act 1992, in the following order:

- Consult any major precepting authority which has power to issue a precept to it,
- Publish a draft scheme in such manner as it thinks fit, and
- Consult such other persons as it considers are likely to have an interest in the operation of the scheme.

2.3 The current cost of the scheme is c£7m and is met by the Council and preceptors in proportion to their share of council tax:

| | % of Council Tax | cost |
|-----------------------------|------------------|------------|
| East Sussex County Council | 70.68% | £4,947,414 |
| Lewes District Council | 9.93% | £694,784 |
| Town and Parish Council | 5.40% | £378,147 |
| Police | 9.47% | £662,885 |
| East Sussex Fire and Rescue | 4.53% | £316,770 |

3 The Council Tax Exceptional Hardship Scheme (EHP)

3.1 The EHP scheme was introduced in April 2016 when the Council adopted the current LCTR scheme. The scheme was funded by the Council and preceptors to the sum of c£39,000. It is intended to provide additional financial support to working-age recipients of LCTR or the self-employed who don't qualify due to the application of the minimum-income floor and are facing exceptional hardship

In addition, the removal of the Class C discount has contributed a further c£20,000 to the scheme.

There is currently £41,000 remaining in the scheme.

4 Council Tax Hardship Fund

- 4.1 The government introduced the Council Tax Hardship Fund as part of its response to the Covid-19 pandemic. The Council received £816,500 as its share.

The instructions from the Government were for awards to be made to working-age recipients of LCTR in 2020/21 up to £150.00 or the amount required reducing their liability down to zero.

The Council have, as at 30 October 2020, made 3,742 awards totalling £550,538, leaving £265,962.

As well as continuing to make awards to new LCTR claimants, the Account Management Team are currently using this fund to help those most financially challenged pay their council tax.

Based on current spend there is likely to be c£210,000 remaining in the fund at 31 March 2021.

- 4.2 Any unspent funds can be used as local welfare provision and can be carried forward to 2021/22.

5 Proposal

- 5.1 That Cabinet adopt the preferred options set out below to provide additional financial support to working-age recipients of CTR.

- 5.2
- a) Retain the current schemes as they are.
 - b) Use some, or all, of the remaining funds in the EHP scheme to make a one-off payment to certain groups e.g. working-age LCTR recipients.
 - c) Use the remaining funds such as the Council Tax Hardship scheme to make one-off payments to working-age LCTR recipients to achieve an award maximum of 90% of a person's council tax liability.
 - d) Use the remaining funds in the EHP scheme and the Council tax Hardship Fund to make a one-off payment to certain groups.
 - e) Continue the awards for self-employed customers impacted by the Minimum Income Floor.

6 Outcome expected and performance management

- 6.1 That those people in financial distress receive additional financial support to meet their council tax liabilities and receive further Council tax relief.
- 6.2 Regular monitoring of the financial support awardee will be undertaken.

7 Business case and alternative option(s) considered

7.1 No other options considered.

8 Financial appraisal

8.1 Option a) would be the simplest to achieve with no additional administration costs although it would not achieve an aim of increasing support to working-age recipients of a council tax reduction.

Option b) Would allow the Council to make a one-off payment of c£10.00 to each claimant. This is based on an anticipated caseload of 3,400 at 1 April 2021 plus a further 1,000 claims being received in 2021/22.

Option c) would allow the Council to make awards to each working-age claimant. This option would increase support to working age claimant equivalent to a c90% reduction of their council tax liability

Option d) would increase support to whichever groups are chosen. The current EHP policy would need to be revised and adopted by Cabinet. This would allow the Council to make a one-off payment of c£47.00 to each claimant.

Option e) Additional awards for self-employed customers impacted by the Minimum Income Floor are already made from the EHP Scheme, which can continue to support this.

Options b), c) and d) have no impact on the setting of the Council Tax base.

Options b), c) and d) would increase administration costs, require staff to make awards on a claim-by-claim basis. Officers would need to consider the timing of this work in relation to annual billing. If carried out after the annual billing exercise the taxpayer would receive two bills, the first showing the LCTR awarded and the second showing the LCTR and the additional award.

8.2 Any increase in support under the LCTR scheme will increase costs for the Council and preceptors.

| | Increase compared to retaining current scheme |
|---------------|---|
| LDC | £50,942.41 |
| County | £359,546.08 |
| Police | £48,174.19 |
| Fire | £23,020.76 |
| Town & Parish | £27,481.29 |

8.3 The Council Tax base for 2021/22, is based on the current approved LCTR scheme. It should also be noted that the tax base must be calculated between

01 December and 31 January for the next financial year and preceptors informed of this calculation. Therefore, any changes to the LCTR scheme approved by Council after the 31 January would only be reflected in the 2022/23 tax base.

- 8.4 The options set out in the body of the report show what level of support can be provided within the constraints of the funding available. These have no impact on the tax base and therefore other preceptors. The costs of the scheme will be met from within existing Council resources.

9 Legal implications

- 9.1 The lawful process for revising a billing authority's Council's Council Tax Reduction Scheme is set out at paragraph 2.2 above. The need to set the 2021/22 Council Tax Base between 1 December 2020 and 31 January 2021 means there is now insufficient time to bring about a revised Council Tax Reduction Scheme for 2021/22. This is because the Council Tax Base is set in accordance with (among other factors) the *currently* approved Council Tax Reduction Scheme. Even if the obligatory consultation process for a revised 2021/22 scheme were followed, the consultation outcome and adoption of a new scheme by full Council would not occur until February 2021, resulting in a scheme that would be inconsistent with the Council Tax Base already issued for 2021/22.

- 9.2 Instead, Cabinet can lawfully achieve its aim of supporting local people in financial distress by choosing from the four options set out at paragraph 5.2 above, having considered their respective merits as set out at paragraph 8.1.

Lawyer consulted 18.11.20

Legal ref: 009658-LDC-OD

10 Risk management implications

Any revision to the Council Tax Reduction Scheme which had not followed the process required by the Local Government Finance Act 1992 would be susceptible to legal challenge which, if successful, could result in the court declaring the scheme null and void. Reputational harm to the Council would also be likely. In addition, and for the reasons given at paragraph 7.1, it is now too late to begin the process needed to bring about a revised Council tax Reduction Scheme for 2021/22.

11 Equality analysis

An Equality Impact Analysis will be undertaken on the option that Cabinet decides on.

12 Environmental sustainability implications

- 12.1 Nothing in this report has any adverse environmental implications.

13 Appendices

None

14 Background papers

None

| | |
|------------------------------------|---|
| Body: | Cabinet |
| Date: | 10 December 2020 |
| Subject: | General Fund Revenue Budget Update |
| Report Of: | Homira Javadi, Chief Finance Officer |
| Cabinet member | Councillor Zoe Nicholson (Deputy Leader and Cabinet Member for Finance and Assets) |
| Ward(s) | All |
| Purpose | To provide an update on the 2020/21 revenue budget and 2021/22 draft revenue budget. |
| Decision Type: | Non Key Decision |
| Officer Recommendation(s): | To note the latest budget positions as set out in the report. |
| Reason for recommendations: | To progress the budget setting process and update Cabinet on the background to this. |
| Contact: | Homira Javadi, Chief Finance Officer E-mail address: Homira.Javadi@lewes-eastbourne.gov.uk |

1.0 Introduction

- 1.1 Cabinet received an update on the **Medium Term Financial Strategy** (MTFS) in September, which set out the initial assessment of the current financial position. It reflected the impact the pandemic was having on the Council's financial position, in terms of lost income from fees and charges, delayed savings, additional direct costs and the new financial support being given by Government.
- 1.2 The report forecast a deficit in the current year of £4m, with future years deficits of between £2.8m to £1.5m (2021/22 to 2024/25), as shown in the following table:

| | 2020/21 £000's | 2021/22 £000's | 2022/23 £000's | 2023/24 £000's | 2024/25 £000's |
|---------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Net Revenue Budget | 14,859 | 14,625 | 14,625 | 14,625 | 14,625 |
| Covid Impact: | | | | | |
| Additional Costs | 2,200 | | | | |
| Income Shortfall | 1,900 | 750 | | | |
| Covid-19 Grant | (1,223) | | | | |
| Income Recovery Grant | (900) | | | | |
| Recovery & Reset | | (600) | (600) | (600) | (600) |
| Net Inflation | | 246 | 302 | 347 | 384 |
| Spending Review | | TBC | | | |
| Net Revenue Budget | 16,836 | 15,021 | 14,327 | 14,372 | 14,409 |
| Financing | (12,825) | (12,240) | (12,419) | (12,639) | (12,914) |
| | | | | | |
| Budget Shortfall | 4,011 | 2,781 | 1,908 | 1,733 | 1,495 |

2.0 Revised 2020/21 Revenue Budget & 2021/22 Draft Budget

2.1 The position has now been updated following a detailed review of the 2020/21 budget, and production of a draft 2021/22 budget. The following table shows how the updated budgets compare with the previous MTFS forecasts.

| | 2020/21 | |
|---|--------------------------|-----------------------------|
| | MTFS (Sept) £000's | Revised Budget £000's |
| 2019/20 Recurring Pressures | 1,192 | 1,210 |
| Savings Changes | 842 | |
| Net Increase in Cost of Services | 2,034 | 1,210 |
| Covid-19 Impact: | | |
| Direct Costs - food packages, IT costs, PPE, staffing etc | 1,200 | 1,000 |
| Additional Costs - Hsg Benefits (temporary accomm etc) | 1,000 | 786 |
| Income Shortfalls - net of income recovery grant | 1,000 | 866 |
| Emergency Covid-19 Grant | (1,223) | (1,449) |
| | 1,977 | 1,203 |
| Funding – Removal of Business Rates Pool income | - | 250 |
| Forecast Budget Shortfall | 4,011 | 2,663 |

| | 2021/22 | |
|----------------------------------|--------------------------|---------------------------|
| | MTFS (Sept) £000's | Draft Budget £000's |
| Forecast Budget Shortfall | 2,781 | 2,472 |

- 2.2 The table shows that the position for the current financial year (2020/21) has improved from the previous forecast shortfall of £4m to £2.7m. The previous increase in the cost of services is lower than forecast, as are the additional costs and income shortfalls resulting from the pandemic. Overall, the position has improved by £1.348m. Full details of the variances will be provided in future reports.
- 2.3 The draft budget for 2021/22 has also improved slightly from an initial budget shortfall forecast of £2.8m to £2.5m.

3.0 Reserves

- 3.1 The amount held in the General Fund Uncommitted Reserve, which acts as a buffer against negative movements in the budget, is projected to be £2.6m as at 31 March 2021. This is after allowing for the transfer to the newly created £1.8m Covid-19 Reserve. The combined sums set aside in these reserves are sufficient to cover the current year shortfall. However, drawing on reserves to such an extent is not financially sustainable, therefore it is essential that further savings are identified to address the position.
- 3.2 A full review of reserves will be undertaken alongside the continuing budget review process and will be formally reported to Cabinet in February. The current position is shown in the table below.

| Reserves Summary | Balance as at 01-April-20* £000's | Transfers into Reserves £000's | Transfers out of Reserves £000's | Balance as at 31-Mar-21 £000's |
|-------------------------------------|--|---|---|---|
| Asset Maintenance | (2,200) | - | 300 | (1,900) |
| Economic Regeneration | (1,666) | (304) | - | (1,970) |
| Managing In-Year Economic Downturn | (296) | - | 296 | 0 |
| Revenue Grants & Contributions | (503) | - | - | (503) |
| Strategic Change | (1,265) | - | 300 | (965) |
| Vehicle & Equipment Replacement | (751) | - | - | (751) |
| Elections Reserve | 0 | (30) | - | (30) |
| Business Rates Equalisation Reserve | 0 | (1,067) | 104 | (963) |
| Covid-19 (new reserve) | 0 | (1,800) | - | (1,800) |
| Total Earmarked Reserves | (6,681) | (3,201) | 1,000 | (8,882) |
| General Fund Reserve | (3,425) | - | 800 | (2,625) |
| Total Reserves | (10,106) | (3,201) | 1,800 | (11,507) |

4.0 Budget Review Process

- 4.1 In light of the above, the budget review process will continue in respect of the current financial year. This will also inform the monthly returns to MHCLG which continue to be submitted, with the 8th round due on 11 December. In addition to this the next claim for income loss recovery grant is also due in December.

- 4.2 During November Cabinet Portfolio Holders and Directors met to review their respective budget areas. The outcome of those meetings will be developed into formal 2021/22 budget proposal during December. Following this member briefings will be arranged in January to consider the latest budget position and budget proposals, and allow for the relevant scrutiny and consultation processes to take place.
- 4.3 Clearly at this stage there are still significant financial challenges to address in order to ensure the budget shortfall is addressed in the current year, and a balanced budget approved by Full Council in February.
- 4.4 Future updates will also include the Housing Revenue Account and the combined Capital Programme, which are currently still being reviewed and updated.

5.0 Spending Review 2020

5.1 The Spending Review was announced on 25 November and the key headline messages for Local Government were as follows:

- Core spending power to increase by an estimated 4.5% in cash terms.
- Additional emergency Covid funding.
- Providing additional grant funding to help local authorities support household that are least able to afford council tax payments.
- 75% compensation for Council Tax and Business Rates deficits.
- 3 months extension to the income recovery compensation scheme.
- Maintaining the existing New Homes Bonus scheme for a further year.
- Additional funding to support rough sleepers and those at risk of homelessness.
- Council Tax threshold maintained at 2%.
- Public Sector pay freeze

5.2 At the time of writing the report the exact impact of the individual elements of the Spending Review had not been published by MHCLG. However, it is clear that they will have a positive impact on the £2.5m deficit currently being forecast for 2021/22.

5.3 Once the details are announced the 2021/22 position will be updated and fed into the on-going budget review, with further updates being presented to members in due course.

6.0 Implications

6.1 Financial

None arising directly from this report.

6.2 Legal

None arising directly from this report.

6.3 Risk Management implications

None arising directly from this report.

A full risk assessment will be provided as part of the final budget setting report presented to Council in February.

6.4 Equality Analysis

The equality implication of any individual decisions relating to services reviewed as part of the budget review will be in other relevant Council reports.

7.0 Environmental Sustainability Implications

The environmental sustainability implication of any individual decisions relating to services reviewed as part of the budget review will be in other relevant Council reports.

8.0 Conclusion

The Council faces considerable financial challenges as a result of the pandemic and the impact it has had on the Council's financial position. However, savings will need to be identified in order to ensure the Council can stay within budget for 2020/21 and set a balanced budget for 2021/22.

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| Report to: | Cabinet |
| Date: | 10 December 2020 |
| Title: | Council Tax Base and Non-Domestic Rates income for 2021/22 |
| Report of: | Homira Javadi, Chief Finance Officer |
| Cabinet member: | Councillor Zoe Nicholson (Cabinet Member Portfolio Holder for Finance and Assets) |
| Ward(s): | All |
| Purpose of report: | To approve the Council Tax Base and net yield from Business Rate Income for 2021/22 in accordance with the Local Government Finance Act 1992. |
| Decision type: | Key Decision |
| Officer recommendation(s): | <ul style="list-style-type: none">i) Agree the provisional Council Tax Base of 36,711.4 for 2021/22 for the whole area and that the Council Tax Base for each of the Town and Parish areas of the District shall be as set out in Appendix 2 of this reportii) Agree that the Chief Finance Officer, in consultation with the Portfolio Holder for Finance and Assets, determine the final amounts for the Council Tax Base for 2021/22.iii) Agree that the Chief Finance Officer, in consultation with the Portfolio Holder for Finance and Assets, determine net yield from Business Rate income for 2021/22. |
| Reasons for recommendations: | Cabinet is required to approve the Tax Base which will be used for the purposes of calculating the 2021/22 Council Tax |
| Contact Officer(s): | Name: Homira Javadi, Chief Finance Officer Tel: 01323 415512 or email Homira.Javadi@lewes-eastbourne.gov.uk |

1. Introduction

- 1.1. The Council is required to set its Council Tax Base for the forthcoming year. This calculation is used as the basis for the amount of income the Council will precept from the Collection Fund.
- 1.2. The Local Authorities (Calculation of Council Tax Base) Regulations 1992 prescribe that the billing authority (this council) must supply the precepting authorities (the County, Police and Fire authorities) with the calculation of the Council Tax Base. This information must be supplied between 01 December and 31 January in the financial year preceeding the financial year for which the calculation is being made.
- 1.3. Non-Domestic Rating (Rates Retention) Regulations 2013 also sets out a timetable for informing the Government and precepting authorities of the business rate income calculation. This information is completed via a Government return (NNDR1) which must be submitted by 31 January in the financial year proceeding the financial year for which the calculation is being made.
- 1.4. In order to assist the precepting authorities with their financial planning it is helpful to provide the information during December rather than wait for the January deadline.

2. Council Tax Base 2021/22

- 2.1. The Council Tax Base is the estimated full year equivalent number of chargeable dwellings. This is expressed as the equivalent number of Band D dwelling with two or more liable adults.
- 2.2. In making this estimate, account must be taken of discounts, disabled relief and property exemptions. Movements on and off the valuation list during the year must also be taken into account – e.g. where new properties have been built or old ones converted or demolished.
- 2.3. The basic calculation as determined by primary legislation is that the Council arrives at it's Council Tax Base by multiplying its Relevant Amount by its estimated Collection Rate.

3. Relevant amount

- 3.1. The Relevant Amount for each Band is the estimated full year equivalent number of chargeable dwellings in the Band expressed as equivalent number of Band D dwellings. The Government's Valuation Office assesses the relative value of each property with the borough and places it in one of the eight bands. A conversion factor is then applied to each band in order to obtain the equivalent number of Band D property as set out below

| Band | Valuation (at 1 April 1991) | Conversion Factor as proportion of Band D |
|------|-----------------------------|---|
| A | Less than £40,000 | 6/9 |
| B | £40,001 - £52,000 | 7/9 |
| C | £52,001 - £68,000 | 8/9 |
| D | £68,001 - £88,000 | 9/9 |
| E | £88,001 - £120,000 | 11/9 |
| F | £120,001 - £160,000 | 13/9 |
| G | £160,001 - £320,000 | 15/9 |
| H | Over £320,001 | 16/9 |

3.2 Deductions are made to the aggregate number of properties in each band in respect of various discounts such as empty properties and single persons. An adjustment is also made to reflect the impact of the Council Tax Reduction Scheme.

3.3 The results for each Band are then added together to arrive at the overall Band D or Relevant Amount. For 2021/22 this totals 37,714.6 equivalent properties.

3.4 The Relevant Amount has reduced by 247.7 (0.66%) Band D equivalent dwellings from 2020/21. This is the net impact of increases in the total number of properties, reduced discounts and reductions in the Council Tax Reduction Scheme.

4. Collection Rate

4.1. The Collection Rate is the Council's estimate of the proportion of the overall Council Tax collectable for 2021/22 that will ultimately be collected.

4.2. The key elements in making this calculation are losses on collection, appeals against valuation, changes in circumstances (e.g. application for discounts in respect of single person's occupancy or disability) and other adjustments. These other adjustments to bills can arise for a variety of reasons including bankruptcy, death and exemptions, plus an allowance for uncollectable debts.

4.3. The current level of Council Tax collection is forecast to show an in-year deficit balance of £263,000 at the end of 2020/21, and this would indicate that the current collection rate of 98.25% is too high and should be adjusted downwards to 97.34% going forward.

5. Council Tax Base

5.1. Taking the Relevant Amount of 37,714.6 and applying the Collection Rate of 97.34% produces a Council Tax Base for 2021/22 of 36,711.4.

5.2. The Council Tax Base has reduced by 0.27% compared with 2020/21. This is equivalent to a reduction of 99.84 Band D dwellings. The detailed number of properties is shown at Appendix 1.

5.3. The Council's Medium Term Financial Strategy is updated annually to take account of movement in the Council Tax Base. The assumed tax base for the current MTFS was 36,811.5. Therefore, the reduction of 99.84 properties would equate to a reduction in Council Tax income of £21k based on the current Band D Council Tax charge of £209.53.

6. Town and Parish Council's Tax Base:

6.1. Cabinet is recommended to approve the constituent parts for the total tax base relating to Town and Parish Councils shown at Appendix 2. These will be used to calculate the Special Expenses Council Tax amounts for 2021/22, as well as the council tax requirement for each Town and Parish Council to meet their own budget (precept) requirements. The Towns and Parishes will be advised of these individual tax bases following this meeting in order that each can assess the impact of the precept in its area.

7. Business rate income

7.1. The Local Government Finance Act 2012 introduced a new system for the local retention of business rates. This means that the Council is required to formally approve the expected business rate income for the forthcoming year. The estimate for the 2021/22 financial year must be approved by 31 January 2021.

7.2. The Business Rate income is collated on the Government's National Non-Domestic Rates (NNDR1) form which shows the net rate income yield for the central and local shares of the business shares of the business rates. The actual NNDR1 form and guidance notes have not yet been received.

7.3. The net business rate yield is calculated using the total expected gross income by multiplying the Rateable value by the nationally set multipliers (for 2020/21 these are 51.2p standard and 49.9p for small businesses). These multipliers are uplifted annually by the September CPI rate which was 0.5%, but this increase is still to be confirmed by Government. This gross yield is then adjusted for mandatory and discretionary reliefs, an allowance for cost of collection, adjustment for changes in Rateable Value due to growth or reduction in property numbers, estimated losses on collection and an allowance for appeals.

7.4. The resulting calculation is the net business rate yield which is shared as follows:

50% to Central Government
40% to Local Billing Authority (this council)
9% to the County
1% to the fire authority.

7.5. The local share is then payable to the Council's General Fund. All other adjustments to the overall level of Business rate income are then accounted for within the General Fund.

- 7.6. The final amount of business rates income retained by the Council is adjusted by deduction tariff and levy payments.
- 7.7. The system of tariff or top up is to redress the balance of Business Rate income nationally to ensure that no local authority is worse off as a result of business rate income at the outset of the rates retention scheme in 2013. This authority currently makes a tariff payment, and information on the level of tariff payment will be announced as part of the Government grant settlement figures.
- 7.8. Levy payments allow authorities to retain a proportion their growth. The levy has been set at 50% of the growth over the baseline allowance set by Government.
- 7.9. On 1 April 2017, an Enterprise Zone (EZ) was established for a defined area of Newhaven. Non-domestic properties within the EZ are eligible for business rates discounts, the cost of which will be reimbursed to the Council by government grant. The Council will retain the benefit of growth in the business rates base arising from businesses expanding within or relocating to the EZ for reinvestment in Newhaven, as agreed with the Local Economic Partnership (LEP) and the EZ's Strategic Board.

8. Setting the Business Rate Income

- 8.1. As the final figures required to set the Business Rates Income are not yet available, Cabinet is asked that delegated authority be given to the Chief Finance Officer, in consultation with the Portfolio Holder for Finance.

9. Business Rate Pooling

- 9.1. The Council is working within a Business Rate Pool with the other East Sussex Borough and District Councils, East Sussex County Council and East Sussex Fire Authority. Under this arrangement, 50% of any growth in business rate income which would otherwise be paid as level to the Government can be retained by the Pool to be redistributed to its participating authorities in accordance with an agreed memorandum of understanding. At the time of writing this report East Sussex bid for the 75% business rate retention pilot has been submitted and we are awaiting the outcome. Further details will be provided as part of the Budget report in February.
- 9.2. In recognition of the current economic climate and the impact Covid-19 is having on businesses, no redistribution from the Pool has been assumed for 2021/22.

10. Collection Fund Performance

- 10.1. As at 31 March 2020 the Collection Fund showed a surplus of £2,392,387 (£937,533 Council Tax and £1,454,854 Business Rates). A net £703,508 is being distributed to Council Tax and Business Rates preceptors during 2020/21, leaving a balance of £1,688,879 to be distributed in 2021/22.
- 10.2. The Council has to estimate the overall surplus/deficit at 31 March 2021 and inform precepting authorities in January 2021 of this estimate in order that the amount is included in the 2021/22 precept figures.

10.3. Current monitoring figures indicate a surplus by 31 March 2021 of £263,000 for Council Tax; this will be revisited in January and the results reported to members as part of the budget report to the February Cabinet. Any surplus or deficit is allocated to preceptors in 2021/22 in proportion to the 2020/21 Band D Council Tax. For Lewes this represents a 9.93% share of the total.

10.4. The calculation on the Business Rate income element of the Collection Fund currently indicates a deficit balance of £825,700. Any surplus or deficit is allocated in 2021/22 in accordance with the proportions given at paragraph 7.4 above.

11. Outcome expected and Performance Management.

11.1. Once the Council Tax Base and the estimate balance on the Council Tax element of the Collection Fund has been determined, East Sussex County Council, Sussex Police and Crime Commissioner and East Sussex Fire Authority will be notified.

11.2. Once the NNDR1 for 2021/22 has been completed and the estimated balance on the Business Rate element of the Collection Fund has been determined, this will be submitted to Central Government and both East Sussex County Council and East Sussex Fire Authority will be notified.

11.3. Council Tax and Business Rates income and payments to precepts are accounted for in the Collection Fund which is regularly monitored and reported to members as part of the quarterly performance monitoring report.

12. Financial appraisal

12.1. The Council Tax Base will be used to calculate the level of Council Tax requirement that will be recommended to the Council on 22 February 2021.

12.2. The net yield from Business Rates income will be used to calculate the amount of retained Business Rates to be credited to the General Fund.

13. Legal implications

13.1. The Council Tax Base must be calculated in accordance with the Local Government Finance Act 1992 and the Local Authorities (Calculation of Council Tax Base) Regulations 2012.

13.2. Under these regulations, the billing authority (this council) is required to calculate its Council Tax base by 31 January for the next financial year and inform all its preceptors of this calculation.

The legislation further provides that, where a billing authority fails to notify each of the major precepting authorities of this calculation, it can be determined by those precepting authorities on the basis of all the information available and with reference to the preceding year's amount.

- 13.2. It is a requirement of the Non-Domestic Rating (Rates Retention) Regulations 2013 for the billing authority (this council) to notify MHCLG and precepting authorities of its calculation of expected rate income by 31 January preceding the commencement for the next financial year.

If the billing authority fails to comply with this requirement the Secretary of State may make the calculation instead and inform precepting authorities of the calculation.

14. Risk management implications

- 14.1. If the Council did not set a Council Tax Base this can be imposed by the precepting authorities with the potential that an incorrect Band D Council Tax could be set. This would have implications for the Council Tax income for the Preceptors, Parishes and Town Councils, this Council and the performance of the Collection Fund.

15. Equality analysis

- 15.1. There are no equality implications to this report.

16. Conclusion

- 16.1. The provisional Council Tax Base for 2021/22 has been calculated in accordance with the relevant legislation. Summary calculations are set out within the attached appendix.
- 16.2. The figures required to set the Business Rate Income are not yet available as the NNDR1 form and guidance notes have not yet been received from the MHCLG.
- 16.3. It is recommended that delegated authority be given to the Chief Finance Officer, in consultation with the Portfolio holder for Finance and Assets, to agree the final figures for both calculations.

17. Appendices

- Appendix 1 – Summary of property numbers and Council Base Calculation.
- Appendix 2 – Total tax base for Town and Parish Councils.

18. Background papers

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

- Local Government Finance Act 1992
- The Local Authorities (Calculation of Council Tax Base) Regulations 2012

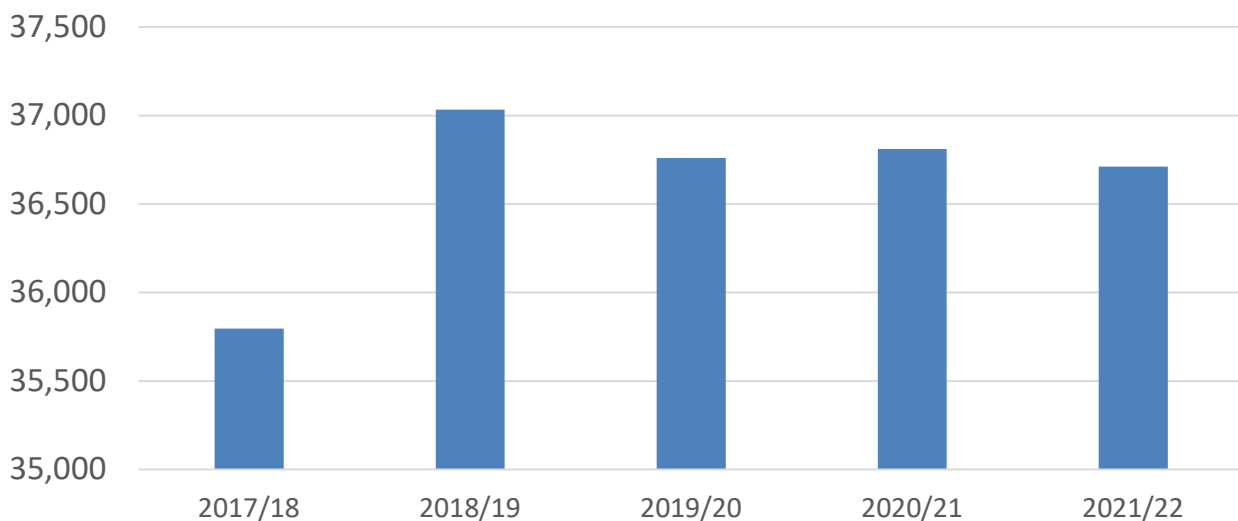
- The Non-Domestic Rating (Rates Retention) Regulation 2013
- Calculation of Council Tax Base – CTB (October 2020) form.

Tax Base Comparison between years

Appendix 1

| | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| NUMBER OF DWELLINGS | | | | | |
| Valuation List as at November | 43,672 | 44,150 | 44,251 | 44,497 | 44,821 |
| Less discounts equated to property numbers | -3,948 | -4,032 | -4,306 | -4,417 | -3,976 |
| Add Premiums equated to property numbers | 37 | 43 | 47 | 47 | 50 |
| Total equivalent property numbers | 39,761 | 40,161 | 39,992 | 40,126 | 40,895 |
| Estimated changes in year | 150 | 317 | 366 | 152 | 216 |
| Less Local Council Tax Reduction Scheme | -4,548 | -3,921 | -4,129 | -3,951 | -4,613 |
| Total Number of Properties | 35,363 | 36,557 | 36,229 | 36,327 | 36,498 |
| % increase (decrease) | | 3.37% | -0.90% | 0.27% | 0.47% |
| TAXBASE CALCUATION | | | | | |
| Relevant Amount (Band D Equilavant) | 36,527.7 | 37,712.8 | 37,415.2 | 37,466.9 | 37,714.6 |
| Collection Rate | 98.00% | 98.20% | 98.25% | 98.25% | 97.34% |
| Council Tax Base | 35,797.1 | 37,034.0 | 36,760.4 | 36,811.2 | 36,711.4 |
| % increase | | 3.46% | -0.74% | 0.14% | -0.27% |

Council Tax Base - Band D Equivalent



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Appendix 2

| Council Tax Base Calculation 2021/22 - Band D Equivalents | | | | | | | | | | | |
|--|-------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|---------------|-----------------|-----------------------------------|
| Town/Parish Area | DISA | Band A | Band B | Band C | Band D | Band E | Band F | Band G | Band H | Total | Collection Rate 97.34% |
| Barcombe | 0.0 | 11.5 | 26.5 | 90.7 | 94.4 | 110.5 | 139.9 | 163.9 | 15.5 | 652.9 | 635.5 |
| Chailey | 0.0 | 29.6 | 42.4 | 163.8 | 144.8 | 190.7 | 300.1 | 408.2 | 48.5 | 1,328.0 | 1,292.7 |
| Ditchling | 0.0 | 6.5 | 16.7 | 60.1 | 68.0 | 316.0 | 185.6 | 422.7 | 68.0 | 1,143.5 | 1,113.1 |
| East Chiltington | 0.0 | 1.3 | 4.5 | 51.0 | 40.2 | 9.2 | 16.7 | 55.0 | 18.5 | 196.4 | 191.1 |
| Falmer | 0.0 | 1.2 | 5.7 | 14.0 | 17.5 | 13.9 | 4.3 | 10.0 | 2.0 | 68.5 | 66.7 |
| Firle | 0.0 | 2.8 | 11.5 | 18.1 | 26.0 | 27.7 | 9.8 | 24.6 | 8.0 | 128.4 | 125.0 |
| Glynde & Beddingham | 0.0 | 3.8 | 9.3 | 64.4 | 14.5 | 23.4 | 24.3 | 32.5 | 19.0 | 191.1 | 186.0 |
| Hamsey | 0.0 | 14.2 | 17.0 | 56.5 | 36.1 | 54.9 | 37.7 | 50.4 | 15.0 | 281.8 | 274.3 |
| Iford | 0.0 | 0.7 | 1.8 | 3.1 | 12.8 | 35.2 | 16.6 | 16.3 | 6.0 | 92.4 | 89.9 |
| Kingston | 0.0 | 9.1 | 4.1 | 4.8 | 14.0 | 55.5 | 182.9 | 147.9 | 14.5 | 432.8 | 421.3 |
| Lewes | 0.4 | 164.8 | 645.0 | 1,807.8 | 1,298.9 | 904.7 | 669.6 | 719.5 | 34.0 | 6,244.7 | 6,078.6 |
| Newhaven | 0.8 | 316.5 | 896.9 | 1,266.1 | 825.2 | 395.5 | 74.8 | 22.1 | 1.0 | 3,799.0 | 3,697.9 |
| Newick | 0.0 | 8.8 | 16.1 | 125.9 | 211.7 | 246.2 | 241.0 | 268.8 | 13.0 | 1,131.4 | 1,101.3 |
| Peacehaven | 0.8 | 391.2 | 471.3 | 1,997.1 | 1,433.2 | 473.7 | 146.0 | 20.9 | 2.0 | 4,936.3 | 4,805.0 |
| Piddinghoe | 0.0 | 1.2 | 1.9 | 20.6 | 8.5 | 25.6 | 44.8 | 30.0 | 0.0 | 132.5 | 129.0 |
| Plumpton | 0.0 | 7.8 | 11.6 | 91.3 | 145.1 | 112.8 | 103.6 | 186.7 | 23.5 | 682.5 | 664.4 |
| Ringmer | 0.0 | 15.1 | 57.6 | 306.1 | 604.3 | 424.5 | 309.4 | 192.6 | 25.0 | 1,934.7 | 1,883.3 |
| Rodmell | 0.0 | 5.1 | 9.8 | 25.1 | 12.1 | 20.4 | 36.8 | 90.6 | 19.5 | 219.3 | 213.5 |
| St Ann Without | 0.0 | 1.8 | 2.3 | 4.9 | 6.8 | 4.9 | 10.8 | 9.6 | 0.0 | 41.1 | 40.0 |
| St John Without | 0.0 | 0.0 | 0.0 | 6.2 | 1.8 | 2.4 | 1.4 | 12.5 | 2.0 | 26.4 | 25.7 |
| Seaford | 0.4 | 503.8 | 736.4 | 2,160.8 | 2,240.8 | 2,303.2 | 1,334.3 | 432.7 | 4.0 | 9,716.4 | 9,457.9 |
| Southease | 0.0 | 0.5 | 0.8 | 1.8 | 1.8 | 4.6 | 4.3 | 7.5 | 2.0 | 23.2 | 22.6 |
| South Heighton | 0.0 | 17.5 | 22.6 | 172.4 | 22.8 | 18.0 | 7.5 | 11.3 | 2.0 | 274.0 | 266.7 |
| Streat | 0.0 | 2.0 | 0.0 | 7.4 | 13.3 | 5.5 | 9.4 | 38.0 | 6.0 | 81.7 | 79.5 |
| Tarring Neville | 0.0 | 2.0 | 0.9 | 2.7 | 1.0 | 1.2 | 0.0 | 1.7 | 0.0 | 9.4 | 9.2 |
| Telscombe | 0.0 | 80.9 | 216.7 | 837.6 | 967.1 | 362.7 | 62.5 | 29.2 | 5.0 | 2,561.6 | 2,493.5 |
| Westmeston | 0.0 | 5.3 | 2.3 | 6.7 | 15.5 | 30.8 | 25.9 | 53.3 | 23.5 | 163.3 | 159.0 |
| Wivelsfield | 0.0 | 9.0 | 26.0 | 163.2 | 277.4 | 250.1 | 257.6 | 210.0 | 28.0 | 1,221.2 | 1,188.7 |
| TOTAL | 2.5 | 1,613.9 | 3,257.7 | 9,530.1 | 8,555.3 | 6,423.7 | 4,257.8 | 3,668.1 | 405.5 | 37,714.6 | 36,711.4 |

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Agenda Item 12

| | |
|-------------------------------------|--|
| Report to: | Cabinet |
| Date: | 10 December 2020 |
| Title: | Portfolio Progress and Performance Report 2020/21- Quarter 2 |
| Report of: | Ian Fitzpatrick, Deputy Chief Executive/ Director of Regeneration and Planning |
| Cabinet member: | Councillor Chris Collier, Cabinet member for performance and people |
| Ward(s): | All |
| Purpose of report: | To consider the Council's progress and performance in respect of key projects and targets for the second quarter of the year (July-September 2020) as shown in Appendix 1. |
| Decision type: | Non-key |
| Officer recommendation(s): | Note progress and performance for Quarter 2 |
| Reasons for recommendations: | To enable Cabinet members to consider specific aspects of the Council's progress and performance. |
| Contact Officer(s): | Name: Millie McDevitt Post title: Organisational Effectiveness and Performance lead E-mail: Millie.McDevitt@lewes-eastbourne.gov.uk Telephone number: 01273 085637 / 01323 415637 |

1 Introduction

- 1.1 The Council has an annual cycle for the preparation, implementation and monitoring of its business plans and budgets. 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.
- 1.2 It is important to monitor and assess progress and performance on a regular basis, to ensure the Council continues to deliver priority outcomes and excellent services to its customers and communities.

2 Revised format

- 2.1 Appendix 1 provides a high level summary of progress and performance. The summary shows where performance and projects are 'on track/on target' and where there are areas of risk, concern or under-performance. Where performance or projects are 'off track/below target', an explanation of the management action being taken to address this is also provided
- 2.2 During this quarter, review of the corporate performance report was under-taken to

ensure it was still in the most useful format it could be. It was proposed that performance indicators of most interest to the community should be reported at the beginning of the report. The remaining performance indicators follow. It was also agreed with Cabinet members that commentary should continue to be given where performance is going off-track. This maintains transparency of the council's performance levels whilst avoiding out of date notes.

A list of projects with updates is still provided.

- 2.3 The Performance team is also supporting the Recovery and Restart Programme, ensuring that delivery of that is achieved in order to deliver the Corporate Plan aspirations.

3 Corporate plan and council policies

- 3.1 This report sets out the Council's performance in the second quarter of 2020/21 against its aspirations as set out in the Corporate Plan 2020-24.

4 Financial appraisal

- 4.1 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 reports (also reported to Cabinet each quarter) as there is a clear link between performance and budgets/resources.

5 Legal implications

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

6 Risk management implications

- 6.1 It is important that corporate performance is monitored regularly otherwise there is a risk that reductions in service levels, or projects falling behind schedule, are not addressed in a timely way.

7 Equality analysis









- 7.1 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 formed part of the Joint Transformation Programme were addressed through separate Equality and Fairness assessments.

8 Appendices











- Appendix 1 – Portfolio Progress and Performance Report (Quarter 2 2020/21)



Lewes District Council Portfolio Progress and Performance Report Quarter 2 2020-2021 (July to Sep 2020)

- **Councillor James MacCleary**, Leader of the Council, Chair of Cabinet and Cabinet member for regeneration and prosperity
- **Councillor Zoe Nicholson**, Deputy leader of the Council and Cabinet member for finance and assets
- **Councillor Matthew Bird**, Cabinet member for sustainability
- **Councillor Julie Carr**, Cabinet member for recycling, waste and open spaces
- **Councillor Chris Collier**, Cabinet member for performance and people
- **Councillor Johnny Denis**, Cabinet member for communities and customers
- **Councillor William Meyer**, Cabinet member for housing
- **Councillor Emily O'Brien**, Cabinet member for planning and infrastructure
- **Councillor Ruth O'Keeffe**, Cabinet member for tourism and devolution













| Key | | | |
|---|--|--|---|
|  | Performance that is at or above target Project is on track |  | Performance that is below target Projects that are not expected to be completed in time or within requirements |
|  | Project has been 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 |
|  | Direction of travel on performance indicator : improving performance |  | Direction of travel on performance indicator : declining performance |
|  | Direction of travel on performance indicator : no change |  | Data with no performance target |

















Key Performance Indicators

| KPI Description | Annual Target 2020/21 | Q2 2019 Value | Q1 2020 Value | Q2 2020 | | | | Latest Note |
|--|-----------------------|---------------|---------------|---------|--------|---|---|---|
| | | | | Value | Target | Status | Short Trend | |
| 1.(Finance) Maximise amount of Council Tax collected during the year | 98.25% | 57.07% | 28.48% | 56.51% | 57.07% |  |  | The collection rate is 0.56% below target Targets have been revised from September onwards to track actual collection against 2019/20 as we deem this to be a more effective and realistic measurement of performance this year because of the impact of the Covid pandemic on collection. Customers identified as being in potential hardship will be sent an additional letter. Further support will be provided to the most financially vulnerable customers through the surplus funds in the Covid Council Tax hardship fund. The Revenue Collection Team continue to handle the majority of customer contact relating to recovery and where possible either obtain payment in full, or agree repayment plans to clear the arrears by the end of the financial year where possible. |
| 2.(Finance) Maximise amount of Business Rates collected during the year | 98.25% | 55.28% | 27.91% | 54.78% | 55.28% |  |  | The collection rate is 0.50% below target. The Revenue Collection Team continue to handle the majority of customer contact relating to recovery and where possible either obtain payment in full, or agree repayment plans to clear the arrears by the end of the financial year where possible. |
| 3.(Community and Customers) Average number of days to process new claims for housing/council tax benefit | 22.0 | 23.1 | 15.2 | 13.0 | 22.0 |  |  | Close monitoring of the new claims being received and moving resources when needed have enabled the team to continue to perform well ahead of target. |
| 4.(Community and Customers) Average days to process change of circs. (Housing/Council Tax Benefit) | 8.0 | 10.5 | 6.8 | 5.0 | 8.0 |  |  | Performance on track. Please see note above. |
| 5.(Community and Customers) Increase the percentage of calls to the contact centre answered within 60 seconds. | 80% | 88.9% | 88.78% | 96.94% | 80% |  |  | The Customer Advisors continue to work hard on maintaining the improved performance, where we have hit and exceeded the SLA of 80% of all calls answered within 60 seconds for all 3 Quarter months. With all members of the Customer Contact team now having the correct equipment to work from home, staff see themselves based at home as per current government guidelines for the majority of their working week. We still see anything between 10-15 members of the team in the office for various |

| KPI Description | Annual Target 2020/21 | Q2 2019 Value | Q1 2020 Value | Q2 2020 | | | | Latest Note |
|--|-----------------------|---------------|---------------|---------|--------|---|---|---|
| | | | | Value | Target | Status | Short Trend | |
| | | | | | | | | <p>reasons, including only being able to take payments over the phone whilst in the office, welfare reasons for not being able to work from home all or part of the week and continuing to receive and manage incoming and outgoing post requirements.</p> <p>our focus will continue to remain on not only maintaining performance, but also ensuring we are up to date on any new government guidelines as a result of COVID19 and ensuring plans are in place for any lockdown – i.e. ensuring all Customer Advisors are up to date on handling the additional contact through the Community Hubs and ensuring we have 'local staff' able to come to the office for payments and post related duties should travelling/public transport be disrupted. In addition to this we continue to review the team's training, mainly around Social Media and Webchat, to ensure that the team have a variety of service areas to cover for greater resilience and ensure a variation of workloads for those largely based at home all week.</p> <p>Number of telephone calls: July- 6505; August -6237; September - 6859</p> <p>Average time (in seconds) to answer calls: July-15; August-20; September - 27</p> <p># of calls to Coronavirus helpline (Joint with Eastbourne): July-374; August - 237; September -234</p> |
| <p>6.(Housing) Number of households living in emergency (nightly paid) accommodation (L) Decrease total number of households living in emergency (nightly paid) accommodation</p> | | 49 | 45 | 45 | |  |  | <p>Over September the increased number of homeless presentations, seen in August and end-July, which is believed to be due to the summer period and easing of lock down measures, has continued.</p> <p>Over Q2 there were 579 new homeless presentations, compared to 427 in Q1; an increase of 35.5%.</p> <p>Despite this the team have been performing well and the number of households in EA remained steady over September.</p> <p>During September we set out our response to changes in the length of notice period for s.8 and s.21 notices. Landlords are now required to give tenants 6 months' notice, with some exceptions, which gives us more time to work with a customer before they become homeless, if they access our services early on.</p> |

Performance Indicators

| PI Description | Annual Target 2020/21 | Q2 2019 Value | Q1 2020 Value | Q2 2020 | | | |
|---|-----------------------|---------------|---------------|---------|---|---|---|
| | | | | Value | Status | Short Trend | Latest note |
| 7.Sustainability: Air Quality: Number of times nitrogen dioxide levels exceed national air quality objectives (200 µg/m3 hourly mean ave.) | 18 | 0 | 0 | 0 |  |  | Nothing to report |
| 8.Community & Customers: Number of ASB reports | Data only | | 419 | 418 | Data only |  | Reports being monitored and investigated |
| 9.Community & Customers: Number of bonfire complaints | Data only | | 81 | 19 | Data only |  | Reports being monitored and investigated |
| 10.Community & Customers: Proportion of customer processes initiated online | Data only | | 32.88% | 23.87% | Data only |  | For monitoring only |
| 11.Community & Customers: Total number of complaints received (L) | 0 | 143 | 98 | 149 | Data only |  | For monitoring only |
| 12.Housing: Decrease average number of days to re-let Council homes (excluding temporary lets) | 18 | 29.3 | 8.0 | 67.6 |  |  | The impact of lockdown prevented works being carried out to void properties with only limited works being carried out in the last few weeks of quarter 2. In addition, contractors furloughing some staff and a shortage of some materials for many aspects of internal works has had a detrimental impact on void performance. |
| 13.Housing: DFGs - Time taken from council receiving a fully complete application to the council approving the grant | 28 days | 7 days | 4 days | 10 days |  |  | Performance on track |
| 14.Housing: Rent arrears of current tenants (expressed as a percentage of rent debit) (L) | 4% | 5.19% | 5.02% | 4.35% |  |  | A rent action plan is in place and extensive work continues to be undertaken with all our rent accounts and a number of repayment arrangements in place. Although performance in Quarter 2 was slightly below the previous quarter there has been the continued improvement from quarter 4, 2019 despite the economic challenges of Covid. The team continues signposting tenants to get the appropriate assistance to maximise entitlements. They encourage tenants to pay regularly and actively promote tenants to pay via Direct Debit at every opportunity. |

| PI Description | Annual Target 2020/21 | Q2 2019 Value | Q1 2020 Value | Q2 2020 | | | |
|---|--------------------------------|---------------|------------------|-------------------------|---|---|---|
| | | | | Value | Status | Short Trend | Latest note |
| 15.Planning: % of appeals allowed against the authority's decision not to grant planning permission | 10.0% | 20.0% | 100.0% | 75.0% |  |  | 3 out of 4 appeals allowed. LW/19/0523 – Seaford – The inspector considered that the small business (dog grooming) would not adversely impact on the character of the area, the living conditions of neighbours or highway safety. LW/19/0750 – Newhaven – the Inspector did not consider that the raised balcony would have a harmful impact on neighbouring amenity (this was a committee decision to refuse). A linked appeal (enforcement) which required the balcony to be removed was also allowed judging there to be no detrimental impact. |
| 16. Planning: Exceed government targets for the % of major applications determined within 13 weeks - LDC | 60% | 100% | 75% | 66.67% |  |  | Performance on track |
| 17.Planning: Exceed government targets for the % of minor applications determined within 8 weeks- LDC | 70% | 88.33% | 83.5% | 83.7% |  |  | Performance on track |
| 18.Recycling & Waste: KG waste collected per household | Data only | 162.22 | 102.3 | 102.9 | Data only |  | Monitoring only |
| 19.Recycling & Waste: Percentage of household waste sent for reuse, recycling and composting | 43.00% | 41.69% | 38.09% | Data unavailable | |  | Data not available at time of report publishing from third party |
| 20.Recycling & Waste: Total number of reported fly-tipping incidents | No more than 200 | 39 | 65 | 103 |  |  | Reports being monitored and investigated |
| 21.People & Performance: Number of people registering for our email service | 2,004 (501 per quarter) | 696 | 2,706 | 3,359 |  |  | Performance on track |
| 22.People & Performance: Number of new sign-ups to the Councils' social media channels | 600 (150 per quarter) | 225 | 403 | 264 |  |  | Performance on track |
| 23.People & Performance: Staff: Average days lost per FTE employee due to sickness (J) | 8.0 days | 2.1 days | 1.63 days | 1.56 days |  |  | Performance on track |

Projects

| Project / Initiative | Description and update | Target completion |
|---------------------------------------|---|---------------------------------|
| Devolution of Open Spaces | <p>Telscombe & Newhaven devolution</p> <p>Update: Telscombe Town Council has now been provided with all information requested and is considering whether it wishes to proceed with devolution of Telscombe Playing Fields.</p> <p>Awaiting input from Newhaven TC solicitors on a number of issues . Riverside Park - moving forward with LDC agreements with Newhaven Town Council.</p> <p>Devolution Committee postponed until early 2021 to allow time for discussion with Town and Parish Councils regarding the updated devolution list. Discussions have been delayed as a result of CV-19.</p> | Q1 2024/25 |
| Neighbourhood Planning | <p>Neighbourhood plans for Chailey and Peacehaven & Telscombe</p> <p>Update: Chailey: The Neighbourhood Plan succeeded at Referendum. Recommended modifications are being made by the Parish Council and Steering Group.</p> <p>Peacehaven & Telscombe: The draft Plan and evidence is progressing through preparation. The residents are currently being consulted on the Masterplan to accompany the NP.</p> | Q3 2021/22 |
| Progress Local Plan review | Develop progressive planning and infrastructure policy and commission evidence to underpin local plan part 1 review - leading towards late 2023 adoption of greenest local plan | Q4 2023 |
| Upper Ouse Flood Protection and Water | <p>3 year programme of flood protection work across the District</p> <p>Update: Sussex Flow Initiative on target - OART projects pushed back due to Covid 19 ,but still progressing. Identification of pipeline projects have been identified if budget/delivery permits</p> | Q3 2022. |
| North Street Quarter | Regeneration of the North Street Quarter area in Lewes to provide over 400 homes; health hub; car park and new commercial space. | See report to Cabinet elsewhere |

| Project / Initiative | Description and update | Target completion |
|--|--|---|
| | <p>Update: A report relating to NSQ is elsewhere on this agenda. North Street Quarter Ltd (NSQL) commenced marketing the scheme for a developer (for all three phases) on 22 June 2019. Best and final offers were received by 9 December 2019.</p> <p>NSQL and the Council have continued to discuss terms with a prospective developer.</p> <p>The Cabinet meeting of 26 March 2020 granted delegated authority for the Council to enter into a Exclusivity 'lockout' agreement' with NSQL's preferred developer in order that it can carry out its own due diligence and detailed site investigations, and negotiate contractual arrangements / commit to a proposed contract without competition from third parties.</p> <p>A timeframe for delivery of the NSQ will only be available once a developer has been confirmed / appointed. A report will be tabled at a future Cabinet meeting which will seek authority for the Council to enter into the necessary agreement(s) with a developer.</p> | |
| Newhaven Flood Alleviation Scheme (Environment Agency) | <p>Enabling the delivery of key infrastructure projects in Newhaven</p> <p>Update: Negotiations ongoing with Network Rail to ensure critical rail possessions for remaining works.</p> | Q4 2020/2021 |
| Newhaven Enterprise Zone | <p>NEZ covers 8 key sites of strategic importance with the aim of driving economic growth through the creation of up to 55,000m²; of new employment floor space, refurbishing 15,000m²; of existing employment floor space and creating / sustaining up to 2,000 FTE jobs over a 25-year period.</p> <p>Update: Newhaven Launch held on 24th July. Two virtual masterclasses held on 27th August and 9th September. Newhaven champions meetings held.</p> | Q4 2041/42 |
| Newhaven Town Centre | <p>Delivery of mixed use regeneration scheme within NEZ.</p> <p>Update: Awaiting outcome of council's bid under the Government's Future High Streets fund.</p> | Milestone- funding confirmation in Q3 2020/21 |
| Railway Quay Newhaven | <p>Delivery of mixed use regeneration scheme within NEZ.</p> <p>Update: Awarded £500k grant from the Government to develop waterside café and active travel hub</p> | Q4 2020/21 |
| Springman House- Blue light services hub | <p>Relocation of key emergency services to create a blue light services hub that supports delivery of the North Street Quarter.</p> <p>Update: No further update on proposals for the Springman site will be available until an NSQ Developer is appointed.</p> <p>The Council is currently preparing a planning application to demolish the Springman House building. Demolition will enable further intrusive ground investigations to take place on the site and will mean that any new development can progress quicker in the future.</p> | Linked to NSQ Developer appointment |
| Housing Development Programme - LDC | <p>Delivery of affordable homes as set out in the Corporate Plan</p> <p>Update: Ongoing development of sites</p> | Q4 2024 |

| | |
|-------------------------------------|---|
| Body: | Cabinet |
| Date: | 10 December 2020 |
| Subject: | Finance update – Performance Quarter 2 2020/21 |
| Report of: | Homira Javadi, Chief Finance Officer |
| Cabinet member: | Councillor Zoe Nicholson (Cabinet Member Holder for Finance and Assets) |
| Ward(s): | All |
| Purpose of the report: | To update members on the Council’s financial performance in Quarter 2 2020/21 |
| Decision type: | Non Key |
| Recommendation: | Cabinet is recommended to <ol style="list-style-type: none">1. Note the General Fund, HRA and Collection Fund financial performance for the quarter ended September 2020.2. Agree the amended capital programme as set out in Appendix 2. |
| Reasons for recommendations: | To enable Cabinet members to consider specific aspects of the Council’s financial performance. |
| Contact: | Homira Javadi, Chief Finance Officer Tel: 01323 415512 or email Homira.Javadi@lewes-eastbourne.gov.uk |

1.0 Introduction

- 1.1 It is essential to ensure that the Council has a sound financial base from which to respond to changing activity levels and demand for statutory services and to ensure that, when appropriate, its finances are adjusted in response to reducing income levels and inflationary pressures on expenditure.
- 1.2 A report on the financial performance following the end of each quarter is made to Cabinet to ensure that the financial health of the General Fund, Housing Revenue Account and Capital Programme activities are kept under continual review.

2.0 General Fund

2.1 General Fund performance of the quarter is shown in the table below:

| Department | Full Year Current Budget £'000 | Profiled Budget £'000 | Actual to 30th Sept £'000 | Variance to date £'000 |
|--|---|-----------------------------|---------------------------------|------------------------------|
| SUMMARY | | | | |
| Corporate Services | 5,643 | 3,294 | 3,304 | 10 |
| Service Delivery | 9,048 | 4,118 | 4,786 | 668 |
| Regeneration, Planning & Assets | 764 | 607 | 962 | 355 |
| Tourism & Enterprise Services | 434 | 219 | 312 | 93 |
| Recharges to the Housing Revenue Account | (4,035) | (2,018) | (2,018) | - |
| Total Service Expenditure | 11,854 | 6,220 | 7,346 | 1,126 |
| Corporate Efficiency Savings | (720) | - | - | - |
| Capital Financing and Interest | 1,050 | (8) | (8) | - |
| Contributions to/(from) Reserves | 2,092 | - | - | - |
| Net Expenditure | 14,276 | 6,212 | 7,338 | 1,126 |
| | | | Quarter 1 Variance | 697 |
| | | | Increase | 429 |

2.2 The position at the end of September shows a negative variance of £1.126m on net expenditure, which is an increase of £429k on the previous quarter. Variances as at 30 September included:

| | |
|--|--------|
| Car Parking – net shortfall (mainly income related) | £141k |
| Corporate Landlord – net shortfall (mainly income related) | £165k |
| Facilities Management – operational savings | (£29k) |
| Planning – income shortfall plus extra consultancy spend | £14k |
| Regeneration – reduced rental income (Newhaven Centre) | £83k |
| Building Control – reduced income | £50k |
| Licensing – net reduction in income | £44k |
| Health & Safety – cost of investigation | £31k |
| Housing Benefits Payments & Subsidy – | |
| Mainly shortfall in subsidy on emergency accommodation | £407k |
| Revenues – reduced summons income | £125k |
| Waste & Recycling – net overall savings | (£42k) |
| Homelessness (incl B&B) – increased cost re placements | £75k |
| Leisure Centres – income shortfall & additional building costs | £78k |

2.3 The impact of the pandemic and associated lockdown continues to have a significant impact on the Council's financial position, in particular on income which is down some £646k at the end of September.

2.4 The £1.126m current shortfall is expected to increase as the impact of the second lockdown takes effect with further reductions in income and continued increased

cost pressures, in particular relating to homelessness and temporary accommodation.

2.5 The current deficit is after allowing for the Government's £1.224m emergency Covid-19 grant which is being used to cover the cost of food packages, additional staffing costs in Revenues, additional ICT costs and increased homelessness and housing benefit costs. A fourth additional tranche of funding (£225k) has also been received in November which is anticipated to be allocated to similar increased spending pressures relating to the latest lockdown.

2.6 **Reserves** - The amount held in the General Fund Uncommitted Reserve, which acts as a buffer against negative movements in the budget, is projected to be £2.6m at 31 March 2021. This is after allowing for the transfer to the newly created Covid-19 Reserve. Whilst this is sufficient to cover the current shortfall it is clear that the position will worsen. The 2020/21 budget is currently being reviewed and a revised budget position will be presented to Cabinet in December.

2.7 The table below shows the projected movements in each Reserve in 2020/21 and the balance at the end of the year. Note that the £1.8m Covid-19 Reserve has been established from contributions totalling £1m from four earmarked reserves and £800k from the General Fund Reserve.

| Reserves Summary | Balance as at 01-April-20* £000's | Transfers into Reserves £000's | Transfers out of Reserves £000's | Balance as at 31-Mar-21 £000's |
|-------------------------------------|---|--|--|--|
| Asset Maintenance | (2,200) | - | 300 | (1,900) |
| Economic Regeneration | (1,666) | (304) | - | (1,970) |
| Managing In-Year Economic Downturn | (296) | - | 296 | 0 |
| Revenue Grants & Contributions | (503) | - | - | (503) |
| Strategic Change | (1,265) | - | 300 | (965) |
| Vehicle & Equipment Replacement | (751) | - | - | (751) |
| Elections Reserve | 0 | (30) | - | (30) |
| Business Rates Equalisation Reserve | 0 | (1,067) | 104 | (963) |
| Covid-19 (new reserve) | 0 | (1,800) | - | (1,800) |
| Total Earmarked Reserves | (6,681) | (3,201) | 1,000 | (8,882) |
| General Fund Reserve | (3,425) | - | 800 | (2,625) |
| Total Reserves | (10,106) | (3,201) | 1,800 | (11,507) |

* Note that the opening balances are still subject to the completion of the 2019/20 audit of accounts.

3.0 Housing Revenue Account

3.1 HRA performance for the quarter is as follows:

| Housing Revenue Account Summary | Current Budget £'000 | Profiled Budget £'000 | Actual to 30th June £'000 | Variance to date £'000 |
|---------------------------------|-------------------------|--------------------------|------------------------------|---------------------------|
| Income | (16,511) | (7,335) | (7,335) | - |
| Expenditure | 14,290 | 5,663 | 5,532 | (131) |
| Capital Financing & Interest | 1,886 | 943 | 943 | - |
| Total HRA | (335) | (729) | (860) | (131) |
| Quarter 1 Variance | | | | (271) |
| Reduction | | | | (140) |

A further breakdown is shown at **Appendix 1**.

3.2 The position at the end of September shows a favourable variance in expenditure of £131k, which is a reduction of £140k on the previous quarter. The main area of underspend relates to repairs and maintenance (£172k) which has been delayed due to Covid-19.

4.0 Capital Expenditure

4.1 The detailed capital programme at **Appendix 2**, provides a summary of spend for quarter 1 compared to the allocation for 2020/21.

4.2 The Capital Programme for 2020/21 totals £49.778m compared to the original Capital Programme approved by Council 24 February 2020 of £44.575m. The changes to the Capital Programme are shown in the table below.

| Capital Programme Summary | 2020/21 £'000 |
|---|------------------|
| Original Approved Budget | 44,575 |
| Brought forward 2019/20 schemes | 4,752 |
| Re-profiled 2019/20 schemes | 16,464 |
| Approved Variations | 474 |
| Variations requiring approval | |
| HRA Schemes – reallocations within programme (nil impact) | - |
| Disabled Facilities Grants – reduction in available budget | (40) |
| Regeneration – allocation to Blue Light Services Hub (nil impact) | - |
| Community Infrastructure – increase in allocations | 40 |
| Current Programme | 66,265 |

4.3 Spend at the end of September totalled £8.347m against a revised budget of £66.265m.

5.0 Collection Fund

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

5.2 The Collection fund for the year is as follows:

| | Council Tax £'000 | Business Rates £'000 |
|--|----------------------------------|-------------------------------------|
| Surpluses Brought Forward 01 April 2020 | (938) | (1,455) |
| Total Collectable Income for year* | (79,172) | (15,399) |
| Payments to Preceptors | 78,260 | 24,729 |
| Write offs, provisions for bad debts and appeals | 1,587 | 971 |
| Additional Business Rate Reliefs – as a result of Covid-19 | - | (8,020) |
| Estimated Balance 31 March 2021 – (Surplus) / Deficit | (263) | 826 |
| Allocated to: | | |
| Government | - | |
| East Sussex County Council | (186) | 413 |
| Lewes District Council | (40) | 330 |
| Sussex Police | (25) | 75 |
| East Sussex Fire & Rescue | (12) | 8 |
| | (263) | 826 |

* This represents the latest total amount of income due for the year and allows for changes as a result of discounts, exemptions and reliefs, as well as increases in the Council Tax and Business Rate bases.

5.3 The allocation to preceptors reflects the operation of the Collection Fund for Council Tax and Business Rates which are distributed on different bases under regulations. The distributions for the estimated balance calculated at quarter 3 will be made in 2021/22.

5.4 Council Tax is showing a surplus of £263k for the quarter (Qtr1 £228k). However, this represents an in-year deficit of £675k as there was a surplus of £938k brought forward from the previous year. The Council's share of the overall forecast surplus is £40k. The position continues to be monitored on a monthly basis and the final surplus or deficit will be formally set in January 2021. It should be noted that, should the position change, under new accounting regulations brought in by Government in response to Covid-19, deficits can be spread over three financial years from 2021-2024.

5.5 There is a Business Rates deficit of £826k at the end of September (Q1 £212k). This represents an in-year deficit of £2.281m as there was a surplus of £1.455m brought forward from the previous year. There continues to be a significant risk associated with business rate income, despite the additional business rate reliefs (£8m) that have been given by Government. The latest deficit would be split between the relevant preceptors with Lewes's share equating to £330k. This would be spread over the following three financial years. The exact surplus or deficit position will be determined in January 2021.

6.0 Financial implications

As set out in the report.

7.0 Legal implications

None associated with the report.

8.0 Risk management implications

Continued monitoring of the Council's financial position is essential to ensure it remains within budget, and can take necessary action if and when required.

9.0 Equality analysis

This Finance update is a routine report for which detailed Equality Analysis is not required to be undertaken. The equality implications of individual decisions relating to the projects/services covered in this report are addressed within other relevant Council reports.

10.0 Environmental sustainability implications

None associated with the report.

Appendices

- Appendix 1 – Housing Revenue Account
- Appendix 2 – Capital Programme

Background papers

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

- Budget monitoring 20/21 working papers

Appendix 1

Housing Revenue Account 2020/21

| | Original Budget £000's | Q2 Profiled Budget £000's | Q2 Actual £000's | Variance £000's |
|---|---------------------------|------------------------------|---------------------|--------------------|
| INCOME | | | | |
| Dwelling Rents | (14,669) | (7,335) | (7,335) | 0 |
| Non-Dwelling Rents | (456) | (228) | (228) | 0 |
| Charges for Services and Facilities | (1,203) | (602) | (602) | 0 |
| Contributions towards Expenditure | (183) | (92) | (92) | 0 |
| GROSS INCOME | (16,511) | (8,256) | (8,256) | 0 |
| EXPENDITURE | | | | |
| Repairs and Maintenance | 4,546 | 1,762 | 1,590 | (172) |
| Supervision and Management | 2,281 | 191 | 251 | 60 |
| Special Services | 1,376 | 596 | 540 | (57) |
| Rents, Rates, Taxes and Other Charges | 182 | 161 | 199 | 38 |
| Increase in Impairment of Debtors | 150 | 75 | 75 | 0 |
| Depreciation of Fixed Assets | 5,116 | 2,558 | 2,558 | 0 |
| Amortisation of Intangible Assets | 3 | 2 | 2 | 0 |
| Debt Management Costs | 46 | 23 | 23 | 0 |
| GROSS EXPENDITURE | 13,700 | 5,368 | 5,237 | (131) |
| NET COST OF HRA SERVICES | (2,811) | (2,888) | (3,019) | (131) |
| HRA share of Corporate and Democratic Core | 590 | 295 | 295 | 0 |
| NET OPERATING COST OF HRA | (2,221) | (2,593) | (2,724) | (131) |
| Capital Financing and Interest Charges | | | | |
| Interest Payable | 1,922 | 961 | 961 | 0 |
| Interest Receivable | (36) | (18) | (18) | 0 |
| Total Capital Financing and Interest Charges | 1,886 | 943 | 943 | 0 |
| HRA (SURPLUS) / DEFICIT | (335) | (1,650) | (1,781) | (131) |

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CAPITAL PROGRAMME 2020/2021

APPENDIX 2

| Line | | Original Programme 2020/21 | B/F 2019/20 | Re-profiled 2019/20 | Approved Variations | Variations Awaiting Approval | Proposed Programme 2020/21 | Expenditure at Q2 2020/21 |
|------|---|----------------------------|------------------|---------------------|---------------------|------------------------------|----------------------------|---------------------------|
| 1 | HRA HOUSING CAPITAL PROGRAMME | £ | £ | £ | £ | £ | £ | £ |
| 2 | Buy-back of RTB Properties | 200,000 | - | - | - | - | 200,000 | - |
| 3 | New Acquisitions and New Build | 9,854,000 | - | - | (5,833,000) | (299,854) | 3,721,146 | - |
| 4 | Fort Road New Housing Development | - | 670,987 | - | 4,000 | 207,084 | 882,071 | 882,071 |
| 5 | Ashington Gardens, Peacehaven New development | - | 52,990 | - | - | 6,020 | 59,010 | 59,010 |
| 6 | Saxonbury Redevelopment | - | 1,366,591 | - | 300,000 | - | 1,666,591 | 1,584,346 |
| 7 | Feasibility Works | - | - | (65,838) | 150,000 | - | 84,162 | 19,736 |
| 8 | Old Hamsey Lakes Development | - | - | - | 3,133,000 | 13,459 | 3,146,459 | 3,146,459 |
| 9 | Oakfield House (Plumpton Green) | - | - | - | 2,250,000 | - | 2,250,000 | - |
| 10 | Newhaven Old Police Station Development | - | - | - | - | 57,636 | 57,636 | 57,636 |
| 11 | Newhaven Old Fire Station Development | - | - | - | - | 10,098 | 10,098 | 10,098 |
| 12 | Long Park Corner, Ditchling Development | - | - | - | - | 3,429 | 3,429 | 3,429 |
| 13 | Lewes Infills Development | - | - | - | - | 2,128 | 2,128 | 2,128 |
| 14 | Improvements to Stock | 4,448,000 | - | - | (4,000) | - | 4,444,000 | 753,961 |
| 15 | Disabled Adaptations | 415,000 | - | - | - | - | 415,000 | - |
| 16 | Sustainability Initiatives Pilot | 500,000 | - | (20,482) | - | - | 479,518 | 1,832 |
| 17 | Recreation & Play Areas | 50,000 | - | - | - | - | 50,000 | 26,636 |
| 18 | TOTAL HRA HOUSING INVESTMENT CAPITAL PROGRAMME | 15,467,000 | 2,090,568 | (86,320) | - | - | 17,471,248 | 6,547,341 |
| 19 | GENERAL FUND HOUSING CAPITAL PROGRAMME | | | | | | | |
| 20 | Private Sector Housing Support | 135,000 | - | - | - | - | 135,000 | 5,713 |
| 21 | Mandatory Disabled Facilities Grants | 1,001,000 | - | - | - | (39,750) | 961,250 | 448,112 |
| 22 | TOTAL GENERAL FUND HOUSING INVESTMENT CAPITAL PROGRAMME | 1,136,000 | - | - | - | (39,750) | 1,096,250 | 453,825 |
| 23 | LHIC - Loans for Delivery of Mixed Tenure Homes | | | 2,499,935 | | | 2,499,935 | |
| 24 | LHIC/Aspiration Homes - Loans to facilitate delivery of new homes | 1,250,000 | 995,000 | 13,943,700 | - | - | 16,188,700 | - |
| 25 | TOTAL LOANS TO HOUSING COMPANIES | 1,250,000 | 995,000 | 16,443,635 | - | - | 18,688,635 | - |
| 26 | TOTAL HOUSING | 17,853,000 | 3,085,568 | 16,357,315 | - | (39,750) | 37,256,133 | 7,001,166 |
| 27 | GENERAL FUND NON HOUSING CAPITAL PROGRAMME | | | | | | | |
| 28 | Joint Transformation Programme (JTP) | - | - | - | - | - | - | 105,332 |
| 29 | TOTAL JTP | - | - | - | - | - | - | 105,332 |
| 30 | Regeneration | | | | | | | |
| 31 | Commercial Property Acquisition & Development | 1,000,000 | - | - | - | (10,883) | 989,117 | - |
| 32 | NSQ - North Street Quarter | 2,000,000 | 16,132 | - | - | - | 2,016,132 | 12,856 |

| Line | | Original Programme 2020/21 | B/F 2019/20 | Re-profiled 2019/20 | Approved Variations | Variations Awaiting Approval | Proposed Programme 2020/21 | Expenditure at Q2 2020/21 |
|------|---|----------------------------|------------------|---------------------|---------------------|------------------------------|----------------------------|---------------------------|
| 33 | NSQ - Springman House | - | - | - | - | - | - | - |
| 34 | NSQ - Commercial Development Springman House | - | - | - | - | - | - | - |
| 35 | NSQ - Blue Light Services Hub | - | - | - | - | 10,883 | 10,883 | 10,883 |
| 36 | NSQ - Temporary Car Park | - | - | - | - | - | - | - |
| 37 | NSQ - North Street Commercial Property Acquisition/ Development | - | - | - | - | - | - | - |
| 38 | Construction of Avis Way Depot, Newhaven | 2,100,000 | 520,263 | - | - | - | 2,620,263 | 25,014 |
| 39 | Seaford Health Hub | 18,550,000 | 31,580 | - | - | - | 18,581,580 | 8,782 |
| 40 | Caburn House, Lewes | - | 191,967 | - | - | - | 191,967 | 672 |
| 41 | Asset Development Newhaven | 1,300,000 | 66,578 | - | - | - | 1,366,578 | 2,343 |
| 42 | TOTAL REGENERATION | 24,950,000 | 826,520 | - | - | - | 25,776,520 | 60,550 |
| 43 | Asset Management | 850,000 | 157,698 | - | - | - | 1,007,698 | 188,581 |
| 44 | Creative Hub Lewes (4 Fisher Street) | - | 250,000 | - | - | - | 250,000 | 94,962 |
| 45 | TOTAL ASSET MANAGEMENT | 850,000 | 407,698 | - | - | - | 1,257,698 | 283,543 |
| 46 | Indoor Leisure Facilities - Major Repairs and Improvements | 50,000 | 63,963 | - | - | - | 113,963 | 2,813 |
| 47 | TOTAL INDOOR LEISURE FACILITIES (MAJOR REPAIRS AND IMPROVEMENTS) | 50,000 | 63,963 | - | - | - | 113,963 | 2,813 |
| 48 | Community Infrastructure | - | - | - | 447,407 | 39,795 | 487,202 | 487,202 |
| 49 | TOTAL COMMUNITY INFRASTRUCTURE | - | - | - | 447,407 | 39,795 | 487,202 | 487,202 |
| 50 | Service Delivery | 329,000 | - | - | 16,150 | - | 345,150 | 113,055 |
| 51 | TOTAL SERVICE DELIVERY | 329,000 | - | - | 16,150 | - | 345,150 | 113,055 |
| 52 | Specialist | 158,000 | - | - | - | - | 158,000 | 51,568 |
| 53 | TOTAL SPECIALIST | 158,000 | - | - | - | - | 158,000 | 51,568 |
| 54 | Coastal Defence Works | 100,000 | - | - | - | - | 100,000 | 11,830 |
| 55 | TOTAL COASTAL DEFENCE WORKS | 100,000 | - | - | - | - | 100,000 | 11,830 |
| 56 | Parks, Pavilions etc. - Remedial works | 50,000 | 252,010 | 106,630 | 10,436 | - | 419,076 | 158,835 |
| 57 | TOTAL PARKS, PAVILIONS, ETC, - REMEDIAL WORKS | 50,000 | 252,010 | 106,630 | 10,436 | - | 419,076 | 158,835 |
| 58 | Information Technology (IT) | 185,000 | 34,924 | - | - | - | 219,924 | 71,498 |
| 59 | TOTAL INFORMATION TECHNOLOGY (IT) | 185,000 | 34,924 | - | - | - | 219,924 | 71,498 |
| 60 | Finance Transformation | 50,000 | 81,158 | - | - | - | 131,158 | - |
| 61 | TOTAL FINANCE TRANSFORMATION | 50,000 | 81,158 | - | - | - | 131,158 | - |
| 62 | TOTAL GENERAL FUND NON HOUSING CAPITAL PROGRAMME | 26,722,000 | 1,666,273 | 106,630 | 473,993 | 39,795 | 29,008,691 | 1,346,226 |

| Line | | Original Programme 2020/21 | B/F 2019/20 | Re-profiled 2019/20 | Approved Variations | Variations Awaiting Approval | Proposed Programme 2020/21 | Expenditure at Q2 2020/21 |
|------|--|----------------------------|------------------|---------------------|---------------------|------------------------------|----------------------------|---------------------------|
| 63 | TOTAL OVERALL CAPITAL PROGRAMME | 44,575,000 | 4,751,841 | 16,463,945 | 473,993 | 45 | 66,264,824 | 8,347,391 |
| 64 | CAPITAL PROGRAMME FUNDING | | | | | | | |
| 65 | Borrowing | 27,059,000 | | | | | 43,908,273 | |
| 66 | Capital Receipts | 4,037,000 | | | | | 12,627,990 | |
| 67 | Reserves | 12,342,000 | | | | | 7,531,165 | |
| 69 | Capital Grants (Non-Governmental Public Bodies) | 1,001,000 | | | | | 1,082,120 | |
| 70 | Other Capital Contributions | | | | | | 209,198 | |
| 71 | Planning Section 106 Contributions | | | | | | 194,440 | |
| 72 | CIL Contributions | | | | | | 543,202 | |
| 73 | Capital Expenditure Financed from Revenue (General Fund) | 136,000 | | | | | 168,436 | |
| 75 | TOTAL CAPITAL PROGRAMME | 44,575,000 | | | | | 66,264,824 | |
| | | | | | | | | |

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| Report to: | Cabinet |
| Date: | 10 December 2020 |
| Title: | Recommendations for Community Infrastructure Levy Spending |
| Report of: | Ian Fitzpatrick, Deputy Chief Executive and Director of Regeneration and Planning |
| Cabinet member: | Cllr Emily O'Brien, Cabinet member for planning and infrastructure |
| Ward(s): | All in Lewes District |
| Purpose of report: | To seek Cabinet approval to release CIL funds, as recommended by the CIL Executive Board, to assist in the delivery of certain infrastructure projects required to support development in the district |
| Decision type: | Key |
| Officer recommendation(s): | To agree the release of funds from the CIL governance pots as recommended by the CIL Executive Board. |
| Reasons for recommendations: | To support the delivery of the right level and type of infrastructure to support the growth identified for the local planning authority in the adopted Joint Core Strategy. |
| Contact Officer(s): | Name: Emma Kemp Post title: Senior Planning Policy Officer E-mail: Emma.Kemp@lewes-eastbourne.gov.uk Telephone number: 01273 085756 |

1 Introduction

- 1.1 The Community Infrastructure Levy (CIL) is a charge that local authorities can impose on new development to help raise funds to deliver infrastructure that is required to support development and growth in their area. The Lewes District CIL Charging Schedule came into force on 1 December 2015 and applies to liable

developments granted permission on or after this date in the area of the district for which Lewes District Council is the local planning authority. CIL is payable when works to implement a planning permission commence. As at 28th October 2020 the Council has collected £7,432,202.48 of CIL apportioned as follows between the difference pots in line with the CIL Regulations 2010 (as amended), the National Planning Practice Guidance (2014) and the Council's bespoke CIL governance (2014, 2016, 2020):

| | Total CIL Collected since adoption | Process |
|-------------------------------------|---|---|
| CIL Admin | £371,390.37 | Applies to cost of administrative expenses for collection and enforcement in line with Regulation 61 |
| Neighbourhood Portion | £1,274,969.67 | Passed to Town and Parish Councils twice yearly (April, October) who must spend it in line with Regulation 59C |
| Strategic Pot | £3,507,151.96 | Infrastructure providers will be invited to bid to help deliver strategic infrastructure identified as fundamental to support development. The CIL Executive Board will make spending recommendations to Cabinet |
| Local Fund Pot | £1,157,168.49 | Infrastructure providers will be invited to bid to help deliver local and community infrastructure. The CIL Management Board will make spending recommendations to be reviewed by the CIL Executive Board and subject to Cabinet's approval |
| Community Pot | £1,117,957.34 | |
| Community Small Projects Pot | £3599.96 | |

- 1.2 There are two CIL boards. Each board is made up of Members and officers to ensure consistent assessment of bids, aligning the district's infrastructure needs with the requirements of the CIL Regulations. The bespoke governance arrangements allow Members to participate in the process of assessing the infrastructure bids. Other stakeholders as necessary may be invited to provide comments to feed into the assessment process.
- 1.3 The CIL Regulations determine that CIL receipts received by the planning authority

must be applied to the provision, improvement, replacement, operation or maintenance of infrastructure that is required to support development. It should be noted that Town and Parish Councils have more flexibility as to how they spend their neighbourhood portion, they can also spend it on anything else that is concerned with addressing the demands that development places on an area.

- 1.4 CIL is intended to focus on the provision of new infrastructure and should not be used to remedy pre-existing deficiencies in infrastructure provision unless those deficiencies will be made more severe by new development. It can however be used to increase the capacity of existing infrastructure or repair failing existing infrastructure, if it can be demonstrated that these works are necessary to support new development

2 Proposal

- 2.1 Expressions of Interest were invited from infrastructure providers in July 2020. An initial assessment was carried out by officers to determine if the project met the regulatory requirements to be able to make a formal bid. Projects that qualified to make a formal bid were then invited to do in September 2020. Presentations of the bids were made to the relevant board for further discussion.

- 2.2 The CIL Management Board assessed the bids received in the Local and Community pots and made recommendations for spending to the CIL Executive Board. The CIL Executive Board reviewed the recommendations of the CIL Management Board, assessed the bids received in the Strategic Pot and made the final recommendations for spending the CIL revenue to Cabinet.

- 2.3 Infrastructure providers were encouraged to provide as much detail as possible to support their bids. The following information was required to allow each bid to be assessed:

- What is the infrastructure project?;
- What is the timetable for delivery?;
- What is the overall cost and outline breakdown of costs?;
- Is the project in the Council's IDP/ relevant neighbourhood plan or any other planning document?;
- What is the relationship to development recently permitted in the area?;
- How the project will be of benefit to the Community;
- What other source of funding are contributing to the project?;
- Risk assessments for Governance, Safety and Environment;

- 2.4 When reviewing the bids, the following criteria were considered:

- Is the project '*infrastructure*' as defined by the CIL Regulations?;
- Is the project deliverable, with or without CIL funding?;

- What are the public benefits of the project and what level of community support has the project received?;
- How does it fit within the Council's priorities (does it deliver what is absolutely critical to deliver the Core Strategy growth)?; and
- Does it make use of 'match funding' or dovetailing of funding from other sources?

2.5 The recommendations from the CIL Executive Board for funding approval are presented by the Governance pot from which the funds would be released.

2.6 Where bids have been unsuccessful at this round of assessment, feedback has been provided to the bidder. Where insufficient evidence has been provided to support funding, feedback includes how the bid could be strengthened for a future resubmission.

2.7 Recommendations for spending from the Strategic Pot

| Project (description) | Amount allocated |
|--|-------------------------|
| East Sussex County Council – New form of entry at the Seahaven Academy, Newhaven. | £650,000.00 |
| Mid Sussex District Council – Burgess Hill to Haywards Heath creation of all year accessible cycling and walking route. | £350,000.00 |
| South Downs National Park Authority – Egrets Way Phase 6 of the route from Newhaven to Piddinghoe | £100,000.00 |
| TOTAL | £1,100,000.00 |

2.8 Recommendations for spending from the Local Fund Pot

| Project (description) | Amount allocated |
|---|-------------------------|
| Wivelsfield Village Hall – Phase 2 Improvement Works | £31,639.00 |
| Wivelsfield Village Hall –Phase 3 Improvement Works | £158,139.00 |
| Ditchling Keymer Road Car Park – creation of car park in Ditchling Village | £100,000.00 |
| Telscombe Bus Stop – provision of new bus shelter on Bannings Vale in East Saltdean. | £8500.00 |

| | |
|---|--------------------|
| Seaford – Tennis Courts at the Salts Recreation Ground | £40,000.00 |
| Peacehaven – Improvements to the access into Centenary Park | £30,000.00 |
| Peacehaven – Wildflower Planting, Water Fountain and Dell Communication Board | £6,000.00 |
| Hamsey - All-weather track around Beechwood Park | £17,000.00 |
| Newhaven Sustainability Hub – funds towards to Sidings Sustainability Hub Project Phase 2. | £348,554.00 |
| TOTAL | £739,832.00 |

2.9 Recommendations for spending from the Community Pot

| Project (description) | Amount allocated |
|---|-------------------------|
| CTLA (Community Transport for Lewes District Area – 1 Vehicle | £29,640.00 |
| Havens Cars – Community Transport 2 vehicles | £70,000.00 |
| Sussex Police – new ANPR Cameras for Seaford, Newhaven and Peacehaven | £23,600.00 |
| ESFRS- Improvements to Barcombe Fire Station | £156,000.00 |
| ESFRS- Improvements to Seaford Fire Station | £133,000.00 |
| Ringmer Football Club – Seating stands, goals and standing area | £61,800.00 |
| Ringmer Village Hall – Improvements to the building including extensions and new kitchen areas | £95,296.00 |
| Ringmer Bowls Club – new pavilion | £35,000.00 |
| Ringmer Cricket Club – electronic Scoreboard | Up to £4261.00 |
| Meridian Surgery Peacehaven - car parking improvements to enhance facilities | £41,199.00 |
| St Francis Sports Club, Haywards Heath - Swimming Pool Changing Room improvements | £200,000.00 |
| TOTAL | £849,796.00 |

2.10 The table below provides a summary of the amount of CIL funds that this report is recommending for spending from each CIL pot, and the amount remaining available

as at 28th October 2020 if the recommendation of this report is approved.

| | Total recommendation for spending | Total available in pots if recommendation is approved |
|-----------------------|--|--|
| Strategic Pot | £1,100,000.00 | £2,628.87 |
| Local Fund Pot | £739,832.00 | £0.27 |
| Community Pot | £849,796.00 | £80,959.81 |

3 Outcome expected and performance management

- 3.1 It is expected that the projects receiving funding will be implemented in a timely manner. The CIL Officer will monitor the progress of projects and report to the Head of Service as required.

4 Consultation

- 4.1 Not applicable

5 Corporate plan and council policies

- 5.1 The release of funds that have been generated from the Community Infrastructure Levy to support the projects identified in this report is therefore supporting delivery of this Infrastructure in line with the current Corporate Plan for Lewes District Council.

6 Business case and alternative option(s) considered

- 6.1 Not Applicable

7 Financial appraisal

- 7.1 The timeframe of the release of the funds will be agreed with the successful bidders to ensure the deliverability of the projects as well as minimising the risk for the Council.
- 7.2 Prior to funding being released, up to date quotes will be required to be reviewed by the Senior Planning Policy Officer and Finance Officer to ensure the project is still in line with the information provided at the time the bid was submitted and that the work is still able to be successfully implemented.

7.3 Monitoring the delivery of projects will rest with the Senior Planning Policy Officer (Infrastructure) and will be overseen by Finance.

8 Legal implications

8.1 Section 216(2) of the Planning Act 2008 and regulation 59 of The Community Infrastructure Levy Regulations 2010 provide that a Council that charges CIL must apply it, or cause it to be applied, to supporting development by funding the provision, improvement, replacement, operation or maintenance of infrastructure. In this context, "infrastructure" is defined as:-

- (a) roads and other transport facilities,
- (b) flood defences,
- (c) schools and other educational facilities,
- (d) medical facilities,
- (e) sporting and recreational facilities, and
- (f) open spaces

8.2 Planning Practice Guidance states that this definition allows the levy to be used to fund a very broad range of facilities such as play areas, parks and green spaces, cultural and sports facilities, academies and free schools, district heating schemes and police stations and other community safety facilities. Charging authorities may not use the levy to fund affordable housing.

8.3 Local authorities must spend the levy on infrastructure needed to support the development of their area, and they will decide what infrastructure is needed. The levy is intended to focus on the provision of new infrastructure and should not be used to remedy pre-existing deficiencies in infrastructure provision unless those deficiencies will be made more severe by new development.

8.4 The levy can be used to increase the capacity of existing infrastructure or to repair failing existing infrastructure, if that is necessary to support development.

8.5 There are no detailed legal requirements as to how the funding decisions are to be made, however a CIL Governance Framework for Lewes District Council was approved by Cabinet in November 2016.

Legal Implications provided 09.11.20 LDC 9665- JCS

9 Risk management implications

9.1 If the recommendations set out in this report are not agreed there is risk that the required infrastructure across the district will not be delivered and the objectives of the Local Plan and associated Neighbourhood Plan and Infrastructure Delivery Plan are not met. Environmental Risk and Sustainability Risk haven been discussed in

more detail in section 11 of this report.

10 Equality analysis

- 10.1 An Equality Analysis has been completed alongside this report and considered the potential impact of these recommendations. Overall, positive impacts are anticipated for communities, particularly the characteristics of age and disability as many of the recommendations would improve accessibility and wellbeing. There would be enhancements to provisions accessed by the community, potentially boosting mental and physical health and community interaction and cohesion.

11 Environmental sustainability implications

- 11.1 Each of the bids submitted as part of the formal applications process had to provide a response to an Environmental Impact questions. This has then been assessed by the Senior Planning Policy Officer to determine if there are any negative Environmental impacts and if so have they been mitigated appropriately. This has then been presented to the CIL Boards when assessing each bid submitted.
- 11.2 Bids increasing Cycle Provision decrease the Carbon Footprint within the district through reducing the amount of vehicles on the roads by enabling non- motorised travel and through easing congestion on commuter routes, therefore having a positive Environmental Impact. Where building works are being undertaken, where possible the projects will utilise recycled materials, thermal efficient products to minimise the impact to environment.
- 11.3 Many projects recommended for CIL funds aim to improve access to outdoor facilities and improve greenspaces which will enhance the environment and also raise people's awareness of their natural environment.
- 11.4 Two out of three vehicles being recommended for Community Travel are electric vehicles and where the diesel vehicle is concerned this has the potential to reduce the amount of trips being undertaken in single cars therefore also reducing carbon emissions.

12 Appendices

- Appendix 1 – CIL Bid Summaries for recommended bids.

13 Background papers

- Lewes District Local Plan Part 1: Joint Core Strategy 2010-2030, May 2016
<http://www.lewes-eastbourne.gov.uk/resources/assets/inline/full/0/257159.pdf>
- Lewes District Local Plan Part 2 - <https://www.lewes-eastbourne.gov.uk/planning-policy/lewes-local-plan-part-2-site-allocations-and->

- [development-management-policies/?assetdet43c22f64-9732-45b3-9c3e-026523402f1f=287648](https://www.lewes-eastbourne.gov.uk/planning-policy/lewes-local-plan-part-2-site-allocations-and-development-management-policies/?assetdet43c22f64-9732-45b3-9c3e-026523402f1f=287648)
- Infrastructure Delivery Plan, January 2020 <https://www.lewes-eastbourne.gov.uk/planning-policy/lewes-local-plan-part-2-site-allocations-and-development-management-policies/?assetdet43c22f64-9732-45b3-9c3e-026523402f1f=287648>
 - Cabinet report – Community Infrastructure Levy Governance. November 2014 <https://democracy.lewes-eastbourne.gov.uk/Data/Lewes%20District%20Council%20Cabinet/201411201430/Agenda/2b1KknllKm8nnObiQYSSm4byT9Tw3.pdf>
 - Cabinet report – Community Infrastructure Levy Governance Review, November 2016 report <https://democracy.lewes-eastbourne.gov.uk/Data/Lewes%20District%20Council%20Cabinet/201611161430/Agenda/Jt6ocM0Ahw2ARi0bHWorFUuca5QKZK.pdf> and appendices <https://democracy.lewes-eastbourne.gov.uk/Data/Lewes%20District%20Council%20Cabinet/201611161430/Agenda/iFRRDudBfLOzln2qMmlg7lhIMUpFo1.pdf>
 - Cabinet Report - CIL Governance Review Update March 2020: <https://democracy.lewes-eastbourne.gov.uk/ieDecisionDetails.aspx?ID=624>

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| CIL Pot funds to be provided from | Infrastructure Provider | Items being bid for | Amount Requested | Total Project Cost Estimate | PROPOSED BID AWARDED |
|-----------------------------------|-----------------------------------|--|------------------|-----------------------------|----------------------|
| Strategic | SDNP | Phase 6 Egrets Way- Cycle Path surfacing section wholly within SDNP | £100,000.00 | £931,250.00 | £100,000.00 |
| Strategic | ESCC | Seahaven Academy Expansion 1 new form of entry | £650,000.00 | £4,750,000.00 | £650,000.00 |
| Strategic | Mid Sussex Council | Cycle Way - Haywards Heath to Burgess Hill | £400,000.00 | £1,200,000.00 | £350,000.00 |
| Local Pot | Lewes District Council - Newhaven | Newhaven Sustainability Hub, sea containers fit out and installation | £684,700.00 | £1,385,369.00 | £348,554.00 |
| Local Pot | Ditchling Parish Council | Car Park at Keymer Road, Disabled Spots, Bike Racks and construction costs | £100,000.00 | £265,000.00 | £100,000.00 |
| Local Pot | Seaford Town Council | Resurfacing Tennis courts - additional £40,000.00 on previous bid to reduce loam amount from LTA | £40,000.00 | £197,089.00 | £40,000.00 |
| Local Pot | Hamsey Parish Council | To install an all-weather path around Beechwood Rural Park, to provide better access to the facilities for wheelchair and buggy users. | £17,000.00 | £27,000.00 | £17,000.00 |
| Local Pot | Wivelsfield Parish Council | Phase 2 Village Hall Improvements - disabled access and storage facilities | £31,639.00 | £63,278.00 | £31,639.00 |

| | | | | | |
|---------------|----------------------------|---|-------------|-------------|-------------|
| Local Pot | Wivelsfield Parish Council | Phase 3 - Parish Council Office/ Library services and Community Public Toilets | £158,139.00 | £316,278.00 | £158,139.00 |
| Local Pot | Peacehaven Town Council | Dell improvements, Heritage and information board, water fountains and wildflower planting | £6,000.00 | £8,000.00 | £6,000.00 |
| Local Pot | Peacehaven Town Council | Access improvements to Centenary Park, for pedestrians and enable disabled access. | £30,000.00 | £40,000.00 | £30,000.00 |
| Local Pot | Telscombe | Bus Stop | £8,500.00 | £14,534.00 | £8,500.00 |
| Community Pot | Meridian Surgery | Car Park Improvements | £41,199.00 | £79,199.00 | £41,199.00 |
| Community Pot | Ringmer Village Hall | Removal of the wall between former Parish office and Rogers Room including fit out costs. Building a small extension and refurbish the kitchen to cope with increased demand from users. Refurbish the Symons Hall kitchen. | £95,296.00 | £127,296.00 | £95,296.00 |
| Community Pot | CTLA | 1 MPV Vehicle | £29,640.00 | £29,640.00 | £29,640.00 |
| Community Pot | Havens Cars | 2 Electric Vehicles and Electric charging points to assist in Community Transport - shopping doctors hospitals etc | £70,000.00 | £100,000.00 | £70,000.00 |
| Community Pot | Sussex Police | ANPR Cameras for Peacehaven, Seaford and Newhaven | £23,600.00 | £23,600.00 | £23,600.00 |
| Community Pot | ESFRS | Barcombe Fire Station | £156,000.00 | £312,000.00 | £156,000.00 |
| Community Pot | ESFRS | Seaford Fire Station | £133,000.00 | £266,000.00 | £133,000.00 |

| | | | | | |
|---------------|------------------------|---|-------------|-------------|----------------|
| Community Pot | Ringmer Football Club | Goals for senior football - £4,200 Goals for junior football - £12,500 (5 sets of moveable goals - self weighted with wheels) so that various age groups can train on the pitch concurrently Seating | £61,800.00 | £89,000.00 | £61,800.00 |
| Community Pot | Ringmer Bowls Club | New Pavilion/Clubhouse | £35,000.00 | £106,184.35 | £35,000.00 |
| Community Pot | Ringmer Cricket Club | Electronic Scoreboard for Cricket/Stoolball Club | £4,261.00 | £5,682 | up to £4261.00 |
| Community Pot | St Francis Sports Club | Improvements to Swimming Pool Changing Rooms and Parking Facilities | £200,000.00 | £462,491.00 | £200,000.00 |

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| Report to: | Cabinet |
| Date: | 10 December 2020 |
| Title: | Newhaven – Towns Fund |
| Report of: | Ian Fitzpatrick, Deputy Chief Executive and Director of Regeneration and Planning |
| Cabinet member: | Cllr James MacCleary, Leader of the Council |
| Ward(s): | Newhaven North and Newhaven South |
| Purpose of report: | To provide an update on progress with the submission to the Towns Fund for Newhaven. |
| Decision type: | Non-key decision |
| Officer recommendation(s): | (1) To note the bid being prepared for submission to the Towns Fund and the decision-making of the Newhaven Town Deal Board. (2) To authorise the Director of Regeneration and Planning to submit the Towns Fund bid by 29 January 2021 in line with Government requirements. |
| Reasons for recommendations: | (1) The Towns Fund is a £3.6billion Government funding pot. Newhaven has been shortlisted to submit a bid of up to £25m of capital funding that will contribute to economic recovery and growth. |
| Contact Officer(s): | Name: Peter Sharp Post title: Head of Regeneration E-mail: peter.sharp@lewes-eastbourne.gov.uk Telephone number: 01273 085044 |

1 Introduction

Towns Fund

- 1.1 Newhaven is one of 101 towns shortlisted for the Government's Towns Fund. Newhaven is being asked to develop a Town Investment Plan to access funding of up to £25 million via the Town Deal process. It is planned to submit this Plan by 29 January 2021, as part of the third cohort of bidding towns.
- 1.2 The overarching aim of the Towns Fund is "*to drive the sustainable economic regeneration of towns to deliver long-term economic and productivity growth*". The core elements of this goal are:

- **Urban Regeneration**

Ensuring towns are thriving places for people to live and work, including by:

- Increasing density in town centres
- Strengthening local economic assets including local cultural assets
- Site acquisition, preparation, remediation, and / or development
- Making full use of planning tools to bring strategic direction and change.

- **Skills and Enterprise Infrastructure**

- Driving private sector investment and small business development
- Ensuring towns have the space to support skills and small business development.

- **Connectivity**

- Developing local transport schemes that complement regional and national networks
- Supporting the delivery of improved digital connectivity.

- 1.3 Members should note that the funding available is primarily capital, and as such must be used to provide infrastructure rather than deliver training programmes or other revenue-funding initiatives. The Towns Fund programme lasts for six years.

2 **Proposal**

Newhaven Town Deal Board

- 2.1 As part of the Towns Fund process, a Town Deal Board was formed. This met for the first time on 12 February 2020 and has met regularly to agree the Vision, Investment Themes and the Interventions proposed for funding via the Towns Fund.

- 2.2 The Town Deal Board is chaired by a private sector businessperson, with representatives from the Council, alongside Maria Caulfield MP, Baroness Whitaker and representatives from Newhaven Town Council, East Sussex County Council, the Greater Brighton Economic Board, South East Local Enterprise Partnership, Newhaven Enterprise Zone, Central Government, community, education and business representatives.

- 2.3 The Board has final sign-off on the Town Investment Plan for Newhaven. Members should note that the Council will be the Accountable Body for any funding if the bid is successful.

Our Vision and Investment Themes

- 2.4 The Vision for Newhaven has been informed by a wide range of strategies and engagement. This includes the Neighbourhood Plan (Newhaven Town Council), LDC's Future High Streets Fund bid, business and community engagement undertaken by the Council and its partners.

- 2.5 The Vision must showcase the 'golden thread' that links all of the proposed Towns Fund interventions together and makes a compelling case on the need for

investment in Newhaven. This work has been informed by a 'Visioning Workshop' held on 6 August 2020 and facilitated by Arup, paid for by the Towns Fund.

- 2.6 The Vision and priority Themes for investment in Newhaven are shown in Appendix 2 to this report.

Accelerated Project Funding

- 2.7 As part of the Government's Covid-19 response, Newhaven was offered £500k to deliver a capital project by March 2021. Six projects were shortlisted, with the Board choosing to bring forward the Railway Quay Hub scheme for meanwhile uses as a priority.

- 2.8 The scheme at Railway Quay is as detailed in the Executive Member Report (dated 7 August 2020), and Members should note that a planning application was submitted in October. Delivery on site is planned to commence in January 2021.

Proposed Strategic Programmes

- 2.9 As part of the development of the Town Investment Plan, a call for projects from partners and Board members resulted in a total of 29 capital projects being submitted. A number of other projects were ruled out as they relied solely on revenue funding. This is not permitted within the Towns Fund.

- 2.10 Following an initial sift, 10 projects were not taken forward. This was due to various factors including cost, deliverability, level of outputs and market failure¹.

- 2.11 The remaining 19 projects have been combined into 7 different strategic programmes. This is to ensure that as much added value is secured as possible, by combining related projects to create a 'critical mass' of interventions that will benefit the community and boost the local economy.

- 2.12 The seven strategic programmes identified are:
- **An Active Community:** delivering land and water-based recreation initiatives to offer greater access to healthy lifestyles for the community.
 - **Re-connecting our Town:** improving accessibility to key residential and business areas for pedestrians and cyclists.
 - **Re-imagining our Town Centre:** a revitalised town centre as a focus for community life.
 - **Building our Economic Strength:** ensuring a strong and diverse economic base, space for business growth and employment opportunities for local residents.
 - **Destination Newhaven:** building on Newhaven's status as a gateway to the South Downs National Park.
 - **Better Journeys for All:** ensuring a comprehensive and sustainable public transport network.
 - **Maintaining Maritime Vitality:** supporting and growing the maritime sector in Newhaven, reflecting the town's heritage.

¹ Government funding is intended to address areas that the private sector will not invest in (ie. there is a market failure).

2.13 The detail within these programmes is still being finalised, but the intention is to bid for as close to £25m as possible to maximise the impact of the funding for Newhaven, our residents and our businesses.

3 Consultation

3.1 As part of the Towns Fund process, the Board has given due consideration to the extensive engagement that has taken place in Newhaven over recent years. This includes the Neighbourhood Planning process, the work of the Newhaven Enterprise Zone and those of other key stakeholders.

3.2 In addition, Government has run the #MyTown campaign for each of the shortlisted towns. This has shown key community focus on areas that are addressed by the seven strategic programmes proposed.

3.3 Members should note that a community survey is currently live and will inform the final draft of the Town Investment Plan. Community and business engagement will be ongoing throughout the lifespan of the Towns Fund programme and a detailed Stakeholder Engagement Plan will be prepared and submitted alongside the Town Investment Plan.

4 Corporate plan and council policies

4.1 The Council's Corporate Plan 'Re-imagining Lewes District Corporate Plan 2020-2024' sets out a number of areas that will be addressed by Newhaven's Town Investment Plan:

4.2 Building Community Wealth

4.3 The strategic programmes identified will contribute to reducing employment inequality, help the Council to prioritise investment into the local economy and increase training and employment opportunities for local residents. The extensive engagement undertaken and proposed will help to ensure that community views and aspirations are firmly embedded within the bid.

4.4 Sustainability and Climate Change

4.5 Providing new facilities and routes to enable more walking and cycling fits strongly with this theme of the Corporate Plan. The potential for provision of low-carbon public transport and infrastructure will help lead the ambition for cleaner air in the district – which is particularly important in Newhaven, and its Air Quality Management Area around the Town Centre.

5 Business case and alternative option(s) considered

5.1 As noted in Paragraph 2.9, a number of projects have been omitted for various reasons. These are based on the Towns Fund guidance provided by Central Government.

5.2 Given the restrictions of the funding, it is considered that there are no appropriate alternative options to be considered. These have already been considered by the Town Deal Board in keeping with the required governance for this funding.

6 **Financial appraisal**

6.1 The Towns Fund is a £3.6billion Government funding pot, which Newhaven has been shortlisted to submit a bid of up to £25m of capital funding that will contribute to economic recovery and growth. This will be provided as a capital grant to the Council which means it must be spent on capital projects. By their nature capital projects can be challenging to deliver within an exact cost envelope. The proposals in this report will provide flexibility to best ensure that the funding allocated to the Council is used in full and the risk of having to return unused funds is minimised.

6.2 While the fund is 90% capital, generally, the Council will need to ensure that funding bids concentrate on capital spend on tangible assets. There may be a particular need for a small amount of revenue funding – perhaps to support implementation of a capital project. However, this will need to be fully evidenced and will be the exception.

6.3 If the Council is successful in securing the Towns Fund, then it is expected that there will be additional financial reporting, however these details will be outlined in any subsequent future report. As such, there are no additional direct financial implications because of this report at this stage.

7 **Legal implications**

7.1 As the accountable body, LDC will be expected to enter into a funding agreement with Central Government that will set out the detailed terms. The Council will in turn need to enter agreements with each funding recipient to ensure that any funding conditions are met and the council protected from any clawback. The nature of those agreements will depend the project being funded and the conditions attached by Central Government.

7.2 Some projects may be subject to the public procurement rules when being delivered. This may depend on the status of the grant recipient (if they are a contracting authority procuring goods, works or services when spending the funding) or if the projects fall to be considered as “subsidised contracts”. The Council will ensure that any procurement obligations are clear and incorporated into any funding agreements.

7.3 The Council is considering the application of any applicable subsidy rules (such as State Aid and the WTO agreement) as part of the development of its bid submission to ensure that any proposals are compliant. The major change on the horizon though is what happens when the Brexit transition period ends. In September, the Government issued the draft of the State Aid (Revocations and Amendments) (EU Exit) Regulations 2020. If these become law as planned it will mean that as from 31 December 2020 the rules of State Aid will no longer be recognised, available or enforced in England with regard to subsidies provided after that date. The Government’s intention is that the UK will continue to be

governed by the WTO Agreement on Subsidies and Countervailing Measures and any rules forming part of future trade agreements. Further Government guidance is expected along with a consultation on any additional subsidy regime. The scope of the future UK subsidy regime is interconnected with the outcome of the UK-EU negotiations on future economic partnership and so at present it is not possible to be certain what additional rules will apply when the Town Funds are distributed. It is anticipated that this should be clearer before the bid submission is made.

Ref: 9684-LDC-CJEC 11/11/2020

8 Risk management implications

8.1 The following risks may arise if the recommendations are implemented. It is proposed to mitigate these risks as follows:

| Risk | Likelihood | Impact | Mitigation |
|---|--------------|--------|---|
| Failure to secure appropriate Towns Fund funding | Low / Medium | High | Officers have undertaken robust project assessments on all proposals submitted for consideration. |
| Failure to deliver projects within Towns Fund programme timeframe | Low / Medium | High | Deliverability is one of the key criteria that has been assessed for all proposals submitted. |
| Funding does not meet needs of Newhaven resident and business communities | Low | High | The Town Investment Plan has been informed by extensive engagement with the community and businesses to ensure needs are met. |

9 Equality analysis

9.1 This report is focused on the submission of a strategic funding bid to Central Government. Should the bid be successful, individual strategic programmes will have their own equality analyses undertaken as needed to ensure the Council's statutory duties are met.

10 Environmental sustainability implications

10.1 There are no significant environmental sustainability effects as a results of the recommendations in this proposal. Indeed, some of the strategic programmes accord strongly with the Council's environmental aims.

10.2 However, should Government funding be forthcoming, the potential impact of each strategic programme will be considered in greater detail as required.

11 **Appendices**

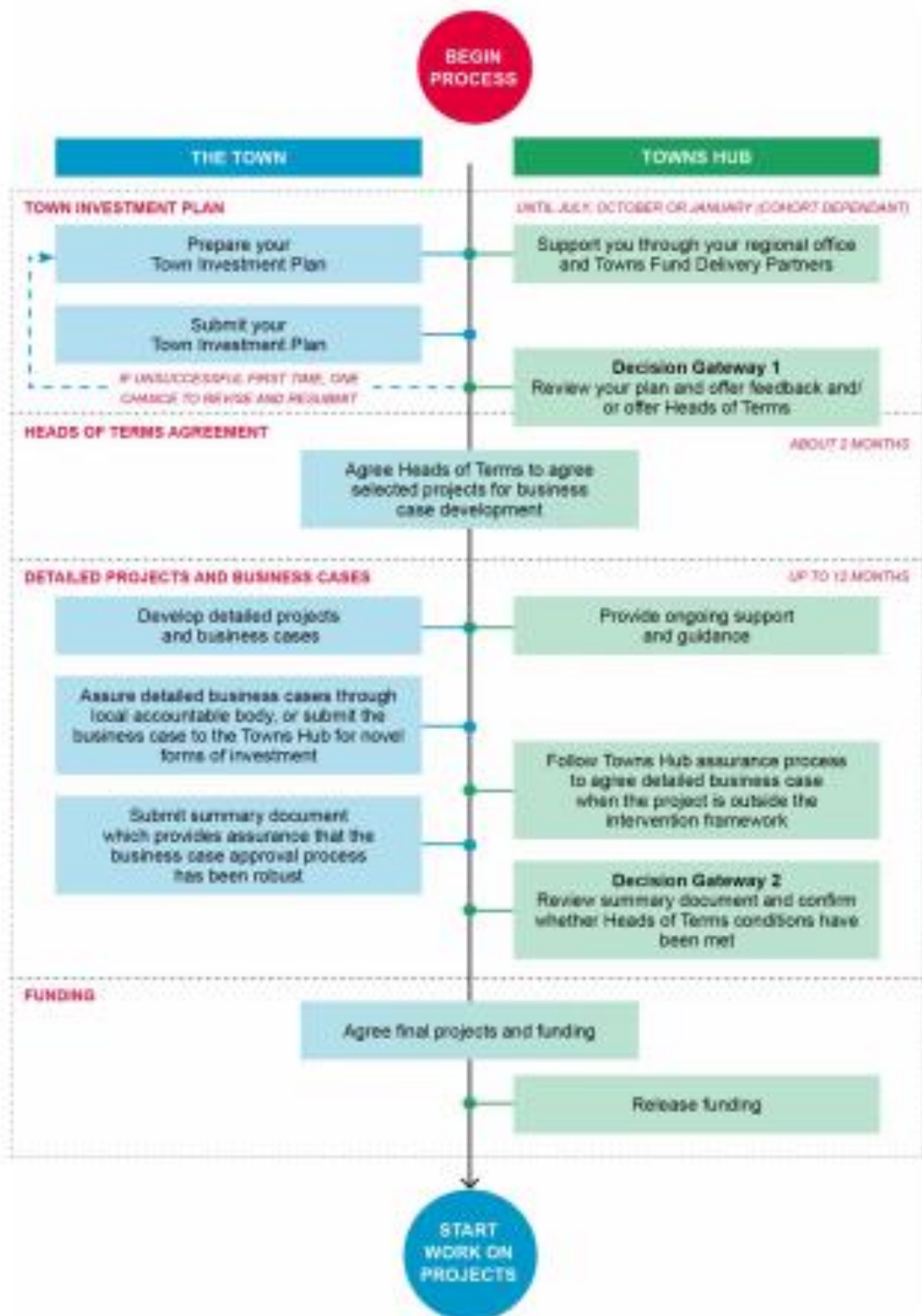
- 11.1
 - Appendix 1: The Towns Fund Process
 - Appendix 2: Vision and Themes for Newhaven

12 **Background papers**

- 12.1 The background papers used in compiling this report were as follows:
 - [Towns Fund Further Guidance](#).

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Appendix 1: The Towns Fund Process



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THEMES

- A THRIVING AND VITAL SOUTHERN GATEWAY FOR THE UK
- REIMAGINING OUR TOWN CENTRE AS A FOCUS FOR COMMUNITY LIFE
- VALUING CREATIVE FREEDOM
- MAKING THE MOST OF THE TOWN'S MARINE HERITAGE
- CELEBRATING THE ENERGY OF INDUSTRY

VISION

By 2030, Newhaven will be a southern gateway to the UK with a thriving port.

- Our town centre will be revitalised, providing a vibrant and experiential focus for community life and personal wellbeing with a well maintained public realm and enhanced economic activity.
- Our town will provide sustainable travel options and a good quality of life for residents with access to leisure and recreational facilities, open space and countryside, linking closely with our status as a gateway to the South Downs National Park.
- Our town's industry will be a point of pride with established businesses and new enterprises having capitalised on advancements in technology to increase productivity as well as providing a range of employment opportunities. Marine, sustainable energy and manufacturing will be key sectors with direct links to educational research, skills and training and opportunities.
- Our town will value creative freedom, providing new opportunities in the fast-growing creative and digital sector, as well as maximising the importance of our maritime connections.
- Our town will also celebrate the energy of our industry, championing the innovation and inventiveness that characterises our community, whilst also capitalising on existing assets to establish Newhaven as a centre for green and sustainable energy.

However, this is not the end of the story. By 2050, significant progress will have been made on addressing longstanding issues, including traffic congestion and sustainable travel, as well as ensuring a range of attractions and activities that will benefit residents, visitors and businesses alike, retaining more spending within our local economy to the benefit of our hard-working community.

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| | |
|-------------------------------------|--|
| Report to: | Cabinet |
| Date: | 10 December 2020 |
| Title: | Memorandum of Understanding between Environment Agency and Lewes District Council relating to coastal risk management at Telscombe Cliffs. |
| Report of: | Tim Whelan, Director of Service Delivery |
| Cabinet members: | Cllr Matthew Bird, Cabinet member for Sustainability Cllr Emily O'Brien Cabinet Member for Planning and Infrastructure. |
| Ward(s): | East Saltdean and Telscombe Cliffs |
| Purpose of report: | Request for the Chief Executive to enter into a Memorandum of Understanding with the Environment Agency. |
| Decision type: | Key |
| Officer recommendation(s): | (1) To agree to enter into Memorandum of Understanding, and (2) Work in partnership with the Environment Agency to explore the options viable to manage the risks posed by the undefended cliffs at The Esplanade, Telscombe Cliffs. |
| Reasons for recommendations: | By entering into the Memorandum of Understanding with the Environment Agency, their larger technical capability and resources can be utilised to seek an appropriate solution to managing the risks posed by an eroding coast at this location. |
| Contact Officer(s): | Name: Tim Bartlett Post title: Specialist Adviser Flood and Coastal Risk Management E-mail: tim.bartlett@lewes-eastbourne.gov.uk Telephone number: 01273 085490 |

1 Introduction

- 1.1 The stretch of coast from Ambleside Avenue South to the Southern Water's Portobello Works is presently undefended from erosion by the sea at the foot of the cliffs. The Shoreline Management Plan policy for this stretch of coast is Hold the Line at the cliff toe, a policy to attempt to protect the cliff from future erosion.

- 1.2 The Brighton to Newhaven Coastal Implementation Plan (2016) identified that it would be difficult to obtain central government Flood Defence Grant in Aid. However, building upon the BNCMIP, further detailed work has established that there may be an opportunity to fund a coastal risk management scheme partly utilising Flood Defence Grant in Aid and potentially contributions from other yet to be identified sources.
- 1.3 Recognising this opportunity, a submission has been made through the Environment Agency's Project Application and Funding Service (PAFS). The purpose of this submission is to ensure that this project is on the EA's national Medium-Term Plan, operating from 2021- 2027.

2 Proposal

- 2.1 Delivery of the cliff erosion defence at Telscombe Cliffs will be both highly technical, require a great deal of consultation with many stakeholders and the procurement of a range of permissions, consents, and licenses.
- 2.2 The EA has a strategic overview of coastal risk management and officers meet regularly to discuss the challenges along the coast. The EA is aware of complexities and technical difficulties posed at Telscombe Cliffs and recognises that, in the coming years, our focus will be to ensure an effective recovery for our communities from the pandemic. Given these challenges, the EA is offering, if we agree, to take the lead role in managing the risks posed by coastal erosion at Telscombe Cliffs.
- 2.3 The Flood and Water Management Act 2010 enables the EA to operate where there is a risk of coastal erosion. In order to initiate this process, the EA's Area Director of Solent and South Downs wishes Lewes District Council to enter into a Memorandum of Understanding.
- 2.4 The EA can offer greater capacity, in house specialist knowledge, existing governance and management processes and a proven track record in seeking funding contributions, all of which should assist in effective and timely delivery. To replicate such capability the council would need to develop its own in-house Coastal Management Team.
- 2.5 The MoU seeks to provide a framework for how the EA, as Lead Partner, will work with Lewes District Council to deliver the most viable coastal erosion risk management measures at The Esplanade, Telscombe, between the Eastern side of Portobello Pumping Station, and Lincoln Avenue South
- 2.6 The MoU clarifies the roles and responsibilities of the EA and LDC and the general principles for their cooperation, including details of the governance structure, how and by whom the different elements of the Project will be delivered, and the management arrangements to be put in place

2.7 The MoU requires that Lewes District Council agrees to:

- Support the Environment Agency to identify and bid for funding, and where appropriate and in agreement with both Parties, write and submit funding applications on behalf of the Project where appropriate,
- Remain responsible for compliance with any terms and conditions that are within its remit, subject to which grants, or funding have been obtained for the Project,
- To share with the EA the risks posed by such a project,
- Provide support and assistance as may be required, by the Project Board or the Agency's project manager in assisting the Agency, depending upon resource availability, particularly regarding Planning permissions etc.,
- To work with the EA to ensure project-specific branding, which can be used for the external promotion of the Project via the internet, social media and in hard copy formats.
- Following completion of the new Sea Defence Assets, or such other date as mutually agreed between the parties, the new assets will be transferred to Lewes District Council and/or relevant landowner, who will then be responsible for their ongoing inspection, monitoring, maintenance and repair.

3 Outcome expected and performance management

3.1 By signing the MoU and entering into partnership with the EA, Lewes District Council can ensure the considerable resources and large-scale project management ability of the EA is available to deliver a critical project.

3.2 In particular, if a cliff toe erosion control scheme were to be implemented at Telscombe Cliffs, it would protect residential properties and non-residential properties. There are other high-level benefits such as the A259 and a range of utilities. There are many beneficiaries and stakeholders that will need to be engaged and involved with the project, the MoU will assist in that process.

4 Consultation

4.1 To date no consultation has been undertaken on the MoU, previous consultations have taken place for The Shoreline Management Plan policy and The Brighton to Newhaven Coastal Implementation Plan (2016). Any future projects will require significant consultation with a wide range of stakeholders.

5 Corporate plan and council policies

5.1 Entering into the MoU and actively engaging in this project will assist in delivering the Corporate Plans Goal of a climate resilient district by 2030 and having well managed and protected coastal areas.

6 Business case and alternative option(s) considered

- 6.1 Given the scale of any potential projects and the wide number of stakeholders, the MoU provides the best opportunity to jointly deliver future projects and should we not adequately seek to manage the risks posed by coastal erosion appropriately, we may have an adverse impact on the long term confidence of the coastal communities and in addition reputation of the Council

7 Financial appraisal

- 7.1 Entering into the MoU initially has limited financial implications. As the project develops there may be a requirement for the Council to make contributions or to finance specific elements of the project. Such requirements would be reported to Corporate Management Team, Cabinet, and the Council as and when appropriate.
- 7.2 In the long term should the project be successful in delivering a coastal defence then the asset would become the responsibility of Lewes District Council as the responsible relevant Coastal Protection Authority.

8 Legal implications

- 8.1 Legal Services has reviewed the draft MOU and suggested some amendments to protect the council from over-committing its resources on this project.
- 8.2 The MOU is not intended to be legally binding and states as such; however it does set out obligations for each party, including responsibility for compliance with agreements arising from the project and providing staff and other resources where applicable.
- 8.3 It is advised that relevant staff and solutions to the MOU requirements are identified in advance of signature, to ensure the council's obligations will be met.
- 8.4 It is noted that LDC legal services is referred to in the MOU as supporting the project and is therefore expected to be properly instructed and advise on relevant documents and activities as and when they arise.

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9 Risk management implications

- 9.1 Currently there is a section of coast where the Shoreline Management Plan is Hold the Line, by entering into this MoU LDC is in a better position to help protect properties and assets belonging to and serving our residents.
- 9.2 By entering into the MoU we would be also enabling us to meet our Corporate Plan objectives around managed coastal areas and ensures that the reputation of the Council as a competent Coastal Protection Authority is maintained, by working with critical partners.

10 Equality analysis

10.1 At this stage there are no direct implications regarding equalities, however if LDC enters into the MoU and as the project goes forward Equalities and Fairness will be a key element of the project particularly regarding:

- How communities and stakeholders are consulted (ensuring this is accessible)
- Their views and considerations obtained, and
- Incorporated into the project and any outcomes that are identified and pursued.

In the long term the project should provide greater confidence for all those living and working along the coast, contributing to health and wellbeing.

11 Environmental sustainability implications

11.1 Potentially one solution that might arise from the MoU would be the construction of a sea defence. This would have a considerable carbon footprint. During the development of the project the carbon reduction issue and sustainable options will be addressed at every stage as the EA like LDC are committed to being carbon zero by 2030.

Entering into the MoU and actively engaging in this project will assist in delivering the Corporate Plans Goal of a climate resilient district by 2030

12 Appendices

Appendix 1 - MEMORANDUM of UNDERSTANDING
Coastal Unit SU06 Portobello to Peacehaven Cliff Erosion Risk Management

13 Background papers

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

<https://www.lewes-eastbourne.gov.uk/about-the-councils/coast-management-and-protection/?assetdet39e14ce8-bfa6-4bb1-a5b3-2c92d6811d83=258572>

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MEMORANDUM of UNDERSTANDING

Coastal Unit SU06 Portobello to Peacehaven Cliff Erosion Risk Management.

Version 2.3

Authors:

- Dean Crispin, Partnership & Strategic Overview, Environment Agency
- Tim Bartlett, Lewes District Council

List of consultees

Environment Agency

- James Humphrys, Area Director
- Nick Gray, Area Flood & Coastal Risk Manager / Coastal Engineer

Lewes District Council

- Tim Bartlett, Specialist Advisor, Coastal & Flood Risk Management
- Tim Whelan Director Customer First ?

This Memorandum of Understanding is made the DD day of MMMMMM 2020

Memorandum of Understanding: Unit SU06 Portobello to Peacehaven Cliff Erosion Risk Management.

BETWEEN

Lewes District Council of Southover House, Lewes, East Sussex, BN7 1AB (“the Council”)

And

the Environment Agency of Guildbourne House, Chatsworth Road, Worthing, West Sussex, BN11 1LD (“the Agency”)

(who are collectively referred to in this Agreement as “the Parties”)

A. The Agreement and Definitions

(i). In the Agreement, unless the context otherwise requires, the following words and expressions shall have the following meanings:

| | |
|---------------------------|--|
| “Agreement” | This Memorandum of Understanding. |
| “Business Case” | The business case that will be developed in stages through the 5-case business model by the Agency and submitted to the Environment Agency’s Large Project Review Group for assurance. |
| “Contributions Agreement” | A standard legal agreement used by the Agency to secure Financial Contributions for the use in projects. |
| “FDGiA Funding” | Flood Defence Grant in Aid Funding provided by the Agency for the purposes of providing, maintaining and improving flood defences. |
| “Feasibility Study” | Work by Mott MacDonald for Lewes District Council, to develop greater understanding of the benefits and costs of the key options to manage this coast, and ascertain whether these options are economically feasible. |
| “Financial Contributions” | The financial contributions to be made by the Parties pursuant to Clause 6 of the Agreement. |
| “Funding Partner” | The partner that will take the lead for producing a strategy for securing the necessary partnership funding required by the project and will lead on the delivery of that strategy. |
| “Highlight Report” | A regular report produced by the project managers and distributed to the Project Board to keep them informed about the Project’s progress and performance against key criteria including progress against milestones, budget, spend, financial forecasts, risks, issues and opportunities. |
| “Large Projects Review | The Agency group that undertakes comprehensive |

| | |
|---|--|
| “Group” | assurance reviews of flood and coastal erosion risk management strategies and projects from all risk management authorities that seek gain approval to spend central Government flood and coastal risk grant in aid funding. |
| “Lead Partner” | The Party that will take the lead in managing and delivering the Project as set out in Clause 3. |
| “Local Enterprise Partnership” | Voluntary partnership between local authorities and businesses, set up by the Department for Business, Innovation and Skills to help determine local economic priorities and lead economic growth and job creation within the local area |
| “Party” | Refers to an organisation that has signed up to this Agreement. |
| “Parties” | Collective reference to the organisations that have signed up to this Agreement. |
| “Project” | Unit SU06 Portobello to Peacehaven. |
| “Project Board” | The body that will be responsible for overseeing the management and supervision of the Project as set out in Clause 4. |
| “Project Costs” | Any costs incurred by or on behalf of the Agency in regard to delivery of the Project, subject to approval of the Project Board. |
| “Project Funds” | Any funds identified and secured for the purpose of delivering the Project, to include enhancements, as agreed by the Project Board and included in the overall design, to add additional benefit to the scheme. |
| “Project Period” | The period between the date that this Agreement is executed until Project completion (the timing of which is decided by the Sponsors Group), or both Parties agree that the Project is no longer viable or the Agreement is superseded. |
| “Project Team” | The team made up of staff from each Party and the Suppliers which is led by the project managers to undertake the day to day activities required to deliver the Project. |
| “Project Works” | Such works as are appropriate or necessary as determined or approved by the Project Board for the purposes of implementing and delivering the Project. |
| Service Plan / Operation and Maintenance Manual | A document delivered by the project that contains all the necessary details following delivery and closure of the project regarding the construction design, future maintenance, improvement, replacement, |

| | |
|--------------|---|
| | renewal or operation of any of the Flood Defences which have been constructed as part of the Project. |
| “Staff” | Any employees, contractors, consultants and agents of a Party who are engaged or provided by that Party for carrying out of its obligations in connection with the Agreement. |
| “Suppliers” | Any provider of bought in services procured to support the delivery of the project, including consultants and contractors. |
| “Tolerances” | Parameters set by the Sponsors Group for the Project Board and Project Team to operate within. |

B. Aim of the Memorandum

- (i). The Agreement sets out the terms and understanding between the Council and the Agency to govern their relationship relating to the Project. The Project seeks to build on recent studies and further explore the leading options identified to reduce the risks of cliff erosion along the vulnerable stretch of frontage, including the options of cliff defence infrastructure and adaptation to erosion. The Project aims to identify and implement the most viable coastal erosion risk management measures at Unit SU06 from Portobello to Lincoln Avenue South.

C. Purpose of the Memorandum

- (i). The purpose of the Agreement is to clarify the roles and responsibilities of the Parties and the general principles for their cooperation, including details of the governance structure, how and by whom the different elements of the Project will be delivered, and the management arrangements to be put in place.
- (ii). The Agreement shall be effective from the date of its execution for the Project Period as further set out in Clause 11.
- (iii). The Council and the Agency agree that the Agreement is not legally binding and does not create any legal rights or obligations. It is a statement of their shared intention to work together in a spirit of cooperation and collaboration. It is intended that the Parties remain independent of each other and that their collaboration does not create a contract, constitute a partnership or operate as any sort of legal commitment. The Agreement is a living document that may be amended as the Project develops.

D. Purpose of the Project

- (i). The purpose of project is to:
 - a. reduce coastal erosion risk to people, property and infrastructure;
 - b. provide cost effective and deliverable coastal erosion risk management intervention which is technically feasible and sustainable;
 - c. maintain and where possible enhance natural, historic and built environments;
 - d. facilitate sustainable growth along the A259 corridor between Brighton and Newhaven for business and residential purposes, including access.
 - e. Work with partners to secure partnership funding and deliver wider benefits. This is likely to include Southern Water, East Sussex Highways and Telscombe Town Council in addition to wider utility providers.

E. Background

- (i). Erosion assessments of the cliffs at Telscombe have identified that many clifftop properties and non-residential properties could be at risk from 2028 onwards.
- (ii). In the high level benefit assessment it has been noted that there is a large benefit from the protection of the A259. A number of wider beneficiaries have been identified by this assessment that will need to be engaged to support the delivery of the scheme due to the wider key assets that will also be protected. This includes Southern Water (SWS), East Sussex Highways, Brighton & Hove City Council, and the Local Enterprise Partnership (LEP).
- (iii). The Parties note from the studies that work needs to start on the project as soon as possible to secure contributions from partners and gain environmental permits before construction is completed in 2028.
- (iv). In addition to the need to establish strong partnerships, there is also a requirement to obtain a number of environmental permits as the site is within a Site of Special Scientific Interest (SSSI) and Marine Conservation Zone (MCZ). This will also involve significant engagement with South Downs National Park, Natural England and other key environmental groups.
- (v). The Project was recommended in the Brighton to Newhaven Coastal Management Implementation Plan that LDC commissioned in 2015.

- (vi). The Parties have agreed to act together for the purpose of delivering the Project.
- (vii). The Parties have agreed that the Agency will take the Lead Partner role and will work collaboratively with the Council according to the terms set out in this Agreement.
- (viii). Based on work previously undertaken by consultants on behalf of the Council, including the high level benefit assessment and feasibility study, the anticipated overall cost of the project is approximately £10m. The Parties are aware that the costs may change as the Project progresses and as the construction design is finalised.
- (ix). The Agency will develop a “Strategic Outline Case” to obtain funding to start an “Outline Business Case”. The Agency will submit these to the Agency’s Large Project Review Group. Based on current estimates, once approved by the Large Projects Review Group it is expected the Business Case will demonstrate that the Project is eligible for approximately £1.9m of Flood Defence Grant in Aid (FDGiA) subject to conditions.
- (x). Consequently the Parties anticipate there will be an estimated £8.1m funding gap for the Project. The Agency has agreed to take the lead in seeking to source and secure funding to bridge the funding gap.
- (xi). Appraisal on the Project will begin in April 2021, with the earliest aim to have construction complete by 2028, to minimise the risk to properties. This is dependent on the challenges faced during the design phase which include, but are not limited to: the suitability of ground conditions, the willingness of landowners and occupiers to engage with the Project, and securing the necessary access agreements, permissions and funding required.
- (xii). Both Parties understand that, given the nature and complexity of the Project, costs may increase beyond those stated in the Agreement.

1. The Parties’ Obligations

1.1. The Parties agree:

- 1.1.1. subject to Project Funds being secured and available, to use all practicable endeavours to deliver the objectives of the Project.

- 1.1.2. that the timely and open exchange of information is a fundamental feature of good working arrangements, and both Parties agree to provide each other with all information necessary to undertake their respective obligations, and that they will keep each other informed of data, research, other work or developments that may influence the decision or activities of the other Party.
 - 1.1.3. the Agency will be the Lead Partner in the management of the Project as set out in Clause 1.4 and Clause 3 of the Agreement, subject to the Council providing support and assistance, as far as is reasonably possible;
 - 1.1.4. subject to approval of the Project Board, that all reasonable costs incurred by the Parties in relation to the Project shall be considered to be Project Costs and, subject to funds being available, shall be claimable from the Project Funds in accordance with Clause 8 of the Agreement.
- 1.2. The Parties shall each:
- 1.2.1. undertake all reasonable endeavours to fulfil their responsibilities as set out in the Agreement;
 - 1.2.2. co-operate and use all reasonable endeavours to ensure the successful completion of the Project;
 - 1.2.3. act in good faith and in the spirit of co-operation in carrying out the Project;
 - 1.2.4. ensure that all communications between the Parties are constructive, comprehensive, timely and open;
 - 1.2.5. provide information promptly to one another relating to their involvement in the Project;
 - 1.2.6. promptly raise and use all reasonable endeavours to resolve any issues, difficulties, problems or opportunities that arise relating to the Project;
 - 1.2.7. subject to acting reasonably in their own interests, aim to reach agreement in discussions for the good of the Project;
 - 1.2.8. inform the Project Board promptly of any event that is likely to prejudice or delay the performance or completion of the Project or any part thereof, or

of any situation or event that may hinder or prevent that Party from providing its Financial Contributions or any part of them;

- 1.2.9. in carrying out their obligations under the Agreement not do anything that may damage or prejudice the reputation of the other Party or its business or other interests.

1.3. The Parties shall ensure that all of their staff involved in the Project:

- 1.3.1. are appointed with the approval of each Party's project sponsor(s) (or delegated power) respectively.
- 1.3.2. are sufficiently qualified, trained, skilled and experienced in the type of work which they are to perform;
- 1.3.3. will exercise all due skill, care, attention and diligence in their work including carrying out such in a timely manner;
- 1.3.4. will, where appropriate, liaise with the other Party in respect of their work.
- 1.3.5. will promptly inform the other Party of any difficulties, problems or opportunities that arise in their work;
- 1.3.6. will provide all reports at the times and in the manner specified in the Agreement or as otherwise agreed between the Parties or specified by the Project Board.

1.4. The Agency will:

- 1.4.1. establish a Sponsors Group, a Project Board and Project Team;
- 1.4.2. appoint the roles of project sponsor, project executive, senior user(s), assurance advisor and project manager staffed from the Agency;
- 1.4.3. upon receipt of the required approvals and funding allocations, procure who will fulfil the senior supplier roles.

1.5. The Council will:

- 1.5.1. ensure appropriate representation of itself in the Project Team;
- 1.5.2. nominate a Council project sponsor(s) to represent itself on the Sponsors Group;
- 1.5.3. nominate a Council director, and other senior personnel as appropriate, to sit on the Project Board for the Project;

- 1.5.4. nominate a project manager and Council staff (either as part of an employee's existing role that aligns to their job description, or using the Council's recruitment processes) to work as part of the Project Team to fulfil the Council's responsibilities to the Project.

2. Lead Partner

- 2.1. The Agency shall be the Lead Partner for the Project.
- 2.2. As the Lead Partner for delivery of the Project, the Agency, supported by the Council, will be responsible for project governance, delivery of all the Business Cases required for assurance, the design and construction of the Project and the appointment and management of consultants and contractors.
- 2.3. The Agency will develop the Business Cases in line with the current Government Guidance and funding rules and ensure that the preferred way forward is agreed by the Parties. This will be subject to the respective Parties' formal approval processes.
- 2.4. The Lead Partner will:
 - 2.4.1. manage and review the delivery of the Project;
 - 2.4.2. provide the management and support personnel to administer the Project effectively;
 - 2.4.3. establish the Project Governance structure and roles specified in Clause 4;
 - 2.4.4. be responsible for the financial management and administrative aspects of the Project;
 - 2.4.5. be able to use or approve the use of the Project Funds (subject to any conditions to which those funds were obtained) as the Project Board considers appropriate for the purposes of the Project;
 - 2.4.6. subject to Clause 10, be responsible for overall communication and publicity of the Project.

3. Project Governance

- 3.1. The Project Board will:
 - 3.1.1. oversee the management and delivery of the Project;
 - 3.1.2. be chaired by the Project Executive;

- 3.1.3. be comprised of the Agency's Project Executive, senior users from the Agency and the Council (representatives as agreed by each organisation's senior leadership team), and senior supplier(s);
 - 3.1.4. be attended by the project managers, with optional attendance by the project sponsors and assurance advisor, and any other person(s) deemed necessary by the Project Board;
 - 3.1.5. meet at least every 6 weeks or when required by exception;
 - 3.1.6. provide overall direction and management of the Project;
 - 3.1.7. make decisions based on the group majority where the majority includes at least one member from LDC and the EA, or escalate to the Sponsors Group;
 - 3.1.8. ensure sufficient resources are allocated to the Project Team for the delivery of the Project;
 - 3.1.9. monitor the overall progress of the Project against the objectives/deliverables in the Business Case, including the appendices and any revisions made to these documents;
 - 3.1.10. have overall responsibility for the financial management of the Project;
 - 3.1.11. consider changes to the Project form and timing;
 - 3.1.12. be the first point of referral for any disputes arising at the Project Team.
- 3.2. The Project Team will:
- 3.2.1. be led by the project managers;
 - 3.2.2. undertake the day to day activities required to deliver the Project;
 - 3.2.3. meet weekly or as required;
 - 3.2.4. give due consideration to the Tolerances set by the Sponsors Group and escalate issues, difficulties, problems or opportunities to the Project Board accordingly;
 - 3.2.5. make decisions based on the agreement of the Project Managers from LDC and the EA, or escalate to the Project Board;
 - 3.2.6. be comprised of representatives from each Party and the Suppliers procured to deliver the Project (as shown in the Project Structure; Appendix 1 and agreed by the Project Board).

4. Reporting

- 4.1. The project managers will provide regular “Highlight Reports” to the Project Board on a frequency and in a format to be agreed by the Project Board, which will include, but is not limited to, key information relating to the Project’s progress against milestones, budget, spend, financial forecasts, risks, issues and opportunities.
- 4.2. In the event that one of the Tolerances specified by the Sponsors Group is expected or suspected to be exceeded, the Agency’s project manager will, as soon as reasonably possible, send a notification to the Project Executive and any other roles specified in the terms of the Tolerances.
- 4.3. As soon as reasonably possible after the identification of an actual exceedance of one of the Tolerances specified by the Sponsors Group, the Agency’s project manager will send a notification to the project executive and any other roles specified in the terms of the Tolerances and create an exceedance report that will detail the situation, causes, potential impacts and options for mitigating the impacts.

5. Financial Contributions

- 5.1. The Parties understand that successful delivery of the Project relies on securing sufficient partnership funding to the value determined by the Business Case.
- 5.2. The Parties agree that all FDGiA Funding allocated to the Project following the approval of the Business Case, shall be classified as Project Funds.
- 5.3. The Agency will be the Funding Partner and, supported by the Council, will endeavour to source and secure funding for the Project from wider partners in accordance with the Business Case.
- 5.4. Subject to the Council being satisfied that any terms under which funding has been secured can and will be met, the Council understands that any grants or other funding obtained by it for the purposes of the Project will need to be paid to the Agency under the terms of a standard Agency Contributions Agreement(s) which will be separate and legally binding agreement(s) and will require agreement by both the Council’s Legal and Finance Teams. The details of the Contributions Agreement(s) will be developed as the project progresses and as potential contributions are identified. Once payments are

made under the terms of a Contributions Agreement they shall be regarded as Project Funds.

- 5.5. The parties will share the risk of any potential grant clawback for not meeting the conditions of any funding that has been secured.
- 5.6. The Agency as the Lead Partner will:
- 5.6.1. produce a strategy for securing the necessary partnership funding required for the Project;
 - 5.6.2. put in place such resources as are necessary to implement such strategy;
 - 5.6.3. provide regular updates to Project Team and Project Board meetings;
 - 5.6.4. consult with the Council on the terms and conditions of any potential grants;
 - 5.6.5. remain responsible for compliance with any terms and conditions that are within its remit as the Environment Agency and/or Lead Partner subject to which grants or funding have been obtained for the Project.
- 5.7. Lewes District Council agrees:
- 5.7.1. to support the Agency to identify and bid for funding, and where appropriate and in agreement with both Parties, write and submit funding applications on behalf of the Project where appropriate;
 - 5.7.2. remain responsible for compliance with any terms and conditions that are within its remit as the Local Authority subject to which grants or funding have been obtained for the Project..

6. Financial Management

- 6.1. The Parties agree:
- 6.1.1. that Project Funds may be used by the Agency for any purposes consistent with the aims and objectives of delivering the Project;
 - 6.1.2. that as the Lead Partner, the Agency shall be responsible for holding the Project Funds.
- 6.2. The Agency shall put in place appropriate financial management and auditing procedures for the Project to control expenditure and ensure that costs are properly incurred and can be clearly identified.

7. Reimbursement to Parties of Project Costs

- 7.1. All costs incurred by the Agency or the Council for the purposes of the Project should be forecast and approved at the appropriate level as dictated by the Tolerances.
- 7.2. Costs incurred by the Agency or the Council under the direction of the Agency's project manager or the Project Board for the purposes of the Project will be Project Costs and, subject to Project Funds being available, will be reimbursable to the respective Parties.
- 7.3. Each stage of the Project will require confirmed and agreed funding before progress to the next project stage is agreed by the Project Board.
- 7.4. Claims for costs will be submitted by the Council to the Agency's project manager on a quarterly basis. Such claims may be subject to approval by the Project Board, depending on the Tolerances defined by the Sponsors Group. Any dispute on costs will be settled in accordance with the dispute resolution procedure as set out in Clause 12.

8. Design, Construction, Permissions and Consents

- 8.1. In carrying out its role as the Lead Partner, the Agency will be responsible for:
 - 8.1.1. the design and construction of the Project Works;
 - 8.1.2. obtaining all necessary permissions and consents statutory or otherwise necessary for carrying out the Project Works and ensuring compliance with any such consents or permissions.
- 8.2. The Council agrees to provide support and assistance as may be required, by the Project Board or the Agency's project manager in assisting the Agency, depending upon resource availability.
- 8.3. Where appropriate and in agreement with all Parties, the Council may undertake elements of work in areas that they are better placed to deliver including, but not limited to; Town and Country Planning; quantifying potential growth benefits of the Project; and engaging and negotiating with business groups, individual businesses and landowners.
- 8.4. The Parties agree that as and where appropriate, they will exercise their powers as may be required by the Project Board or the project managers for the furtherance and implementation of the Project.

9. Maintenance and Ownership of Defences

- 9.1. Following completion of any new Sea Defence Assets, or such other date as mutually agreed between the parties, the new assets will be transferred to Lewes District Council/relevant landowner, who will then be responsible for their ongoing inspection, monitoring, maintenance and repair.

10. Publication, Publicity and Use of Logos

- 10.1. The Parties will seek to ensure consistent and coordinated messages when working with the government, delivery partners, stakeholders, public and the media.
- 10.2. The Parties agree to develop project-specific branding to the satisfaction of both Parties, which can be used for the external promotion of the Project via the internet, social media and in hard copy formats.
- 10.3. All external correspondence and publicity messages relating to the Project shall be agreed in advance by Project Board members for each Party, and neither Party will make any public announcement, disclosure or statement concerning the Project without prior approval of the Project Board.
- 10.4. The Parties acknowledge that they are each bound by freedom of information legislation and that they are each subject to statutory obligations regarding the disclosure and publication of certain information, and as such are unable to give any undertaking not to release information about the Project or the Agreement which conflicts with such obligations.
- 10.5. Neither Party will make use of another Party's branding, logos or trademark in any publications without prior permission in writing. Such authority may be provided in advance for specific purposes if agreed by all Parties on the Project Board.

11. Ending the Agreement

- 11.1. The Agreement will end by default at the end of the Project Period or if the Agreement is superseded.
- 11.2. Either Party may choose to end the Agreement early if there is a significant change in circumstances. This could include, but is not limited to, the Parties agreeing that the Project is unaffordable or is not technically feasible, or a change in the legal responsibilities of either Party.

- 11.3. Any Party wishing to end the Agreement early will give 12 weeks' notice to the other Party.

12. Dispute Resolution

- 12.1. During the Project Period, the Project Team shall attempt to resolve all disputes and differences between themselves. If they are unable to do so, the matter shall be referred to the Project Board.
- 12.2. If the Project Board is unable to resolve the dispute or difference to the satisfaction of the Parties within 4 weeks, the matter shall be referred to the Sponsors Group for a final decision.
- 12.3. If the matter referred to the Parties' senior managers pursuant to Clauses 3.1.6, 12.1 or 12.2 cannot be resolved, the Parties in dispute shall consider referring the matter to mediation. If those Parties acting in good faith do not consider that mediation is an appropriate method of dispute resolution they shall consider such other methods of alternative dispute resolution as they reasonably consider to be appropriate in the circumstances and shall seek to resolve the matter using such methods as they may agree.

13. Review and Variations of the Agreement

- 13.1. No change or variation to the Agreement will be effective unless and until it is agreed in writing and signed by all Parties and annexed to the Agreement.

14. Disclaimer

14.1. By signing this document the Parties are not committing to legally binding obligations. It is intended that the Parties remain independent of each other and that their collaboration and any use of the term "partner" does not constitute the creation of a partnership at law or a legal entity, nor authorise the entry into a commitment for or on behalf of each other.

Signed for on behalf of Lewes District Council:

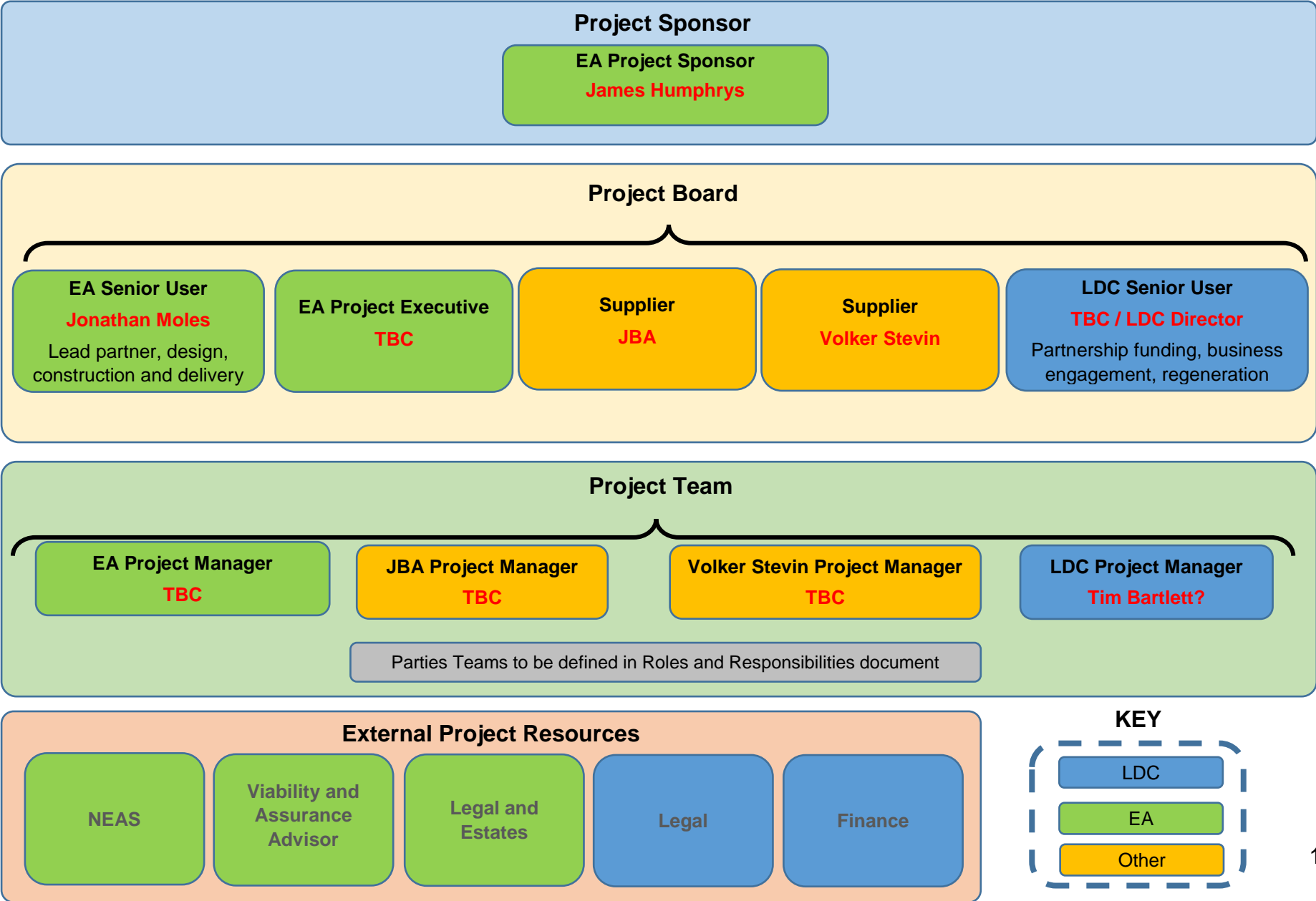
Signed for on behalf of the Environment Agency:

.....
Robert Cottrill
Chief Executive,
Lewes District Council

.....
James Humphrys
Area Director,
Environment Agency



Appendix 1



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Report to: Cabinet

Date: 10 December 2020

Title: North Street Quarter (NSQ) - scheme delivery

Report of: Ian Fitzpatrick, Director of Regeneration and Planning & Deputy Chief Executive

Cabinet member: Councillor Zoe Nicholson, Cabinet member for finance and assets

Ward(s): Lewes Bridge, Lewes Castle and Lewes Priory

Purpose of report: This report provides an update on progress with securing a developer for the NSQ scheme. It seeks Cabinet approval of Heads of Terms (HoTs) of a legal agreement with a prospective third party purchaser – Human Nature. It also seeks delegated authority for the Council to enter into a legal agreement, based on these HoTs, with this party.

Decision type: Key

Officer recommendation(s):

- (1) To agree the HoTs of the proposed sale and purchase agreement for the Council’s part of the NSQ site, as set out in exempt Appendix 1.
- (2) To delegate authority to the Director of Regeneration and Planning, in consultation with the Leader of the Council and Head of Legal Services, to complete negotiations with Human Nature and enter into a sale and purchase agreement with this party, and all ancillary documents, based on the agreed HoTs set out in Appendix 1.

Reasons for recommendations: (1) & (2) To progress redevelopment of the strategically significant North Street Quarter (NSQ) site in Lewes.

Contact Officer(s): Name: Bev Lucas
Post title: Specialist Project Manager
E-mail: beverley.lucas@lewes-eastbourne.gov.uk
Telephone number: 01273 085233

1 Background

- 1.1 At a meeting of Cabinet on 30th September 2013, it was resolved that the Council would enter into a joint agreement with the majority landowner at the North Street Quarter (NSQ) – Santon North Street (now North Street Quarter Ltd (NSQL)), subject to agreeing Heads of Terms (HoTs) and securing planning permission. This joint Land Collaboration Agreement (LCA) would, in accordance with planning policy, facilitate the comprehensive redevelopment and regeneration of the NSQ site.
- 1.2 HoTs of the LCA were approved by Cabinet on 7th January 2016, along with the procurement route for the development. The HOTS proposed that NSQL, as majority landowner and the Council's joint venture partner, would have exclusive rights to undertake the development and appoint the developer. In these circumstances the Public Contracts Regulations 2015 allow a direct award of the contract to be made without prior competition.
- 1.3 The two landowners (NSQL and Lewes District Council (LDC)) continued to negotiate the content of the LCA, and in line with the previously agreed procurement route whereby NSQL would appoint the developer, NSQL began marketing the NSQ development opportunity on 22nd June 2019. The marketing exercise for a developer concluded on 9th December 2019 and bids were assessed.
- 1.4 On 2nd April 2020, the Leader of the Council gave delegated authority for the Council to enter into an Exclusivity (Lockout) Agreement with NSQL's preferred developer.

2 Proposal

- 2.1 In a change to the anticipated route to delivery of the NSQ scheme, NSQL has confirmed that it has accepted an offer from Human Nature to purchase all of the NSQL land and interests in the NSQ site. As a consequence, Human Nature will become the majority landowner and NSQL will no longer maintain any interest in the site or be involved in the delivery of the NSQ scheme.
- 2.2 This means that NSQL is not appointing a developer for the NSQ site. In addition, Human Nature will not be recruited to act as the developer for LDC because it will not be entering into a LCA in the place of NSQL. Human Nature's status is therefore that of a simple purchaser, though one who intends to develop the NSQ site without assuming an obligation to the Council to carry out the development. In the procurement context the mere disposal of land, as opposed to the appointment of a developer, does not engage the public procurement regime.

- 2.3 As a result of this deal, the procurement route and HoTs of the LCA which were agreed by Cabinet are no longer relevant as they do not reflect the current proposals of both NSQL and Human Nature.
- 2.4 The land holdings at the NSQ cannot be developed in isolation from each other. Planning policy requires the comprehensive development of the site including the comprehensive flood defences needed to mitigate against flood risk. NSQL's agreement to sell its land to Human Nature is, therefore, dependent on this third party agreeing sale and purchase terms with the Council. At the same time, the Council's deal with Human Nature is dependent on this purchaser reaching an agreement with NSQL.
- 2.5 Cabinet is asked to agree new HoTs of a sale and purchase of the Council's land, as set out in exempt Appendix 1. Cabinet is also asked to grant delegated authority to the Director of Regeneration and Planning, in consultation with the Leader of the Council and Head of Legal Services, to complete negotiations with Human Nature and enter into the sale and purchase agreement and all ancillary documents, based on the HoTs set out in Appendix 1.
- 2.6 Alongside negotiations on the sale and purchase agreement, the Council may also enter into a Lockout (Exclusivity) Agreement with Human Nature as agreed by the Leader on 2nd April 2020. This agreement would, for a limited period, prohibit the Council from dealing with its land at the NSQ site in any way that would prevent Human Nature from entering into a sale and purchase contract with the Council and will provide Human Nature with an opportunity to:
- carry out its own due diligence (i.e. detailed investigations into the title and property) at the NSQ site, and
 - negotiate contractual arrangements with the Council, and commit to a proposed contract, without competition from third parties.
- 2.7 Officers have worked closely with the Council's legal and commercial advisors in drafting the HoTs which are nearing agreement by Human Nature. The HoTs remain commercially sensitive at this time. In accordance with the Council's Corporate Procurement Rules and S123 of the Local Government Act (1972), any final agreement between the Council and Human Nature will be dependent on the Council receiving best consideration for its land and interests at the NSQ site.
- 2.8 Once negotiations on the sale and purchase agreement are in progress, the Council will be in a position to better understand Human Nature's proposed development timescales for the NSQ site.

3 Outcome expected and performance management

- 3.1 The Council continues to work with the majority NSQ landowner and Human Nature to progress delivery of the NSQ development in the context of the proposed sale and purchase agreements. The NSQ project is monitored via the

Council's corporate project monitoring programme, with additional oversight carried out by a dedicated NSQ Members' Board.

4 Consultation

- 4.1 Public consultation on proposals for the NSQ has taken place during the planning application stages of the permitted scheme, and at subsequent points during the current scheme's development. The views of local residents and community groups have also been represented through the North Street Quarter Sounding Board, Landscape & Play Working Group and Design Working Group. Changes to the permitted scheme that require a new planning application will, in line with planning policy requirements, involve the developer in detailed engagement and consultation with local residents.

5 Corporate plan and council policies

- 5.1 Redevelopment of the NSQ site in accordance with planning policy will meet objectives of the Council's Corporate Plan 2020-2024 including the delivery of new flood defences, affordable housing and local employment opportunities. Policy SP3 of the Lewes District Local Plan: Part 1 Joint Core Strategy 2010-2030 calls for the comprehensive regeneration of the North Street site - an important gateway to the town. The NSQ site is a strategic allocation in the Council's Joint Core Strategy and constitutes a significant proportion of its housing target.

6 Financial appraisal

- 6.1 Since January 2016, Cabinet has approved total capital expenditure of £6.15m for the NSQ scheme. Prior to the current, proposed deal, the Council had incurred £1.3m of recoverable project costs in relation to the NSQ scheme.

Staffing and any other costs associated within the report's recommendations will be capitalised. The Council's expenditure on the project will be recovered from the purchase price for its land at the NSQ.

Should the NSQ scheme not go ahead, then the area will remain at significant risk of flooding. Piecemeal development of land in the area (including Council owned land) will not be supported by the Planning Authority. In addition, the town would not benefit from the new homes, community benefits (including a Health Hub) and employment opportunities.

- 6.2 The financial implications of the Council's agreement with Human Nature are set out in the HoTs in exempt Appendix 1.

Staffing and any other costs associated within the report's recommendations will be capitalised.

7 Legal implications

7.1 The legal implications are set out in the body of this report and the appendices. In particular:

- NSQL is not appointing a developer for the NSQ site. Human Nature will not be recruited to act as the developer for LDC, because it will not be entering into a LCA in the place of NSQL. Human Nature's status has therefore changed to that of a simple purchaser, though one who intends to develop the NSQ site without assuming an obligation to the Council to carry out the development.
- In the procurement context the mere disposal of land, as opposed to the appointment of a developer, does not engage the public procurement regime.

It will be important to ensure that the sale and purchase agreement and ancillary documents ("SPA") do not move outside of a land sale and include a works contract that is subject to the procurement regime.

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8 Risk management implications

8.1 The financial implications of the draft HoTs are included in Appendix 1. The Council continues to work with partners to deliver the NSQ development. Officers continue to engage with the Council's legal, commercial and financial advisors to minimise the risks to the Council at this stage of the project. The draft HoTs establish the basis on which the Council will proceed.

9 Equality analysis

9.1 An Equality and Fairness Analysis for the NSQ scheme was undertaken and subsequently updated when potential impacts of the scheme changed. There are no new equality impacts arising from this report. A copy of the analysis is available on request from the report author. Any future changes to the permitted scheme must be in accordance with local (South Downs National Park Authority) and national planning policy and legislation. In the event of a new planning application, further engagement and consultation with local residents and groups would be needed.

10 Sustainability implications

10.1 Development of the NSQ site will meet objectives in the Council's Sustainability Policy 2018 specifically by delivering development (in accordance with planning policy): in a sustainable location (brownfield site), reducing the risk to local communities of flood events, delivering energy efficient new homes, including affordable homes in line with housing need, and improving biodiversity.

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By virtue of paragraph(s) 3, 5 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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