



**Lewes District Council**

**To all Members of the Cabinet**

A meeting of the **Cabinet** will be held in the **Ditchling Room, Southover House, Southover Road, Lewes Southover House, Southover Road, Lewes** on **Wednesday, 08 February 2017** at **14:30** which you are requested to attend.

Please note the venue for this meeting which is wheelchair accessible and has an induction loop to help people who are hearing impaired.

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

21/02/2017

Catherine Knight  
Assistant Director of Legal and Democratic Services

**Agenda**

- 1 Minutes**  
To approve the Minutes of the meeting held on 4 January 2017 (copy previously circulated).
- 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.
- 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 Questions 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. Questions received from Councillor lent herewith - page 5.

**7 Matters Referred to the Cabinet**

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

None.

**8 Reporting Back on Meetings of Outside Bodies**

To receive feedback from the Council's representatives who serve on outside bodies in respect of meetings they have attended (if any).

**9 Reports from Officers**

**- Non-Key Decision**

**9.1 Voluntary Sector Support**

*Cabinet Member: Councillor Nicholson*

To consider the Report of the Director of Service Delivery (Report No 21/17 herewith – page 6).

**- Key Decisions**

**9.2 General Fund Revenue Budget 2017-2018 - Report**

*Cabinet Member: Councillor Giles*

To consider the Report of the Deputy Chief Executive (Report No 22/17 herewith – page 14).

**9.3 Housing Revenue Account Budget 2017-2018 - Report**

*Cabinet Member: Councillor Maskell*

To consider the Report of the Director of Service Delivery (Report No 23/17 herewith – page 33).

**9.4 Capital Programme 2016-2017 to 2019-2020 - Report**

*Cabinet Member: Councillor Giles*

To consider the Report of the Deputy Chief Executive (Report No 24/17

herewith – page 47).

**9.5 Annual Treasury Management Strategy Statement and Investment Strategy 2017-2018 to 2019-2020 - Report**

*Cabinet Member: Councillor Giles*

To consider the Report of the Deputy Chief Executive (Report No 25/17 herewith – page 59).

**9.6 Waste and Recycling Review Update - A New Recycling Collection Service - Report**

*Cabinet Member: Councillor Franklin*

To consider the Report of the Director of Service Delivery (Report No 26/17 herewith – page 93).

**9.7 Proposals for the Material Recycling Facility at North Street**

*Cabinet Member: Councillor Franklin*

To consider the Report of the Director of Service Delivery (Report No 27/17 herewith – page 103).

**9.8 Anchor Field Ringmer and Old Mallong Farm - Report**

*Cabinet Members: Councillors Giles and Maskell*

To consider the joint Report of the Director of Regeneration and Planning and of the Director of Service Delivery (Report No 28/17 herewith – page 109).

*(NB Appendix A to the above Report contains exempt information as defined in paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972 (as amended) (ie information relating to the financial or business affairs of any particular person (including the authority holding that information)). The public interest in maintaining the exemption outweighs the public interest in disclosing the information. It can be found starting on (pink) page 177).*

**- Non-Key Decisions**

**9.9 Progress Report on the Coastal Defence Implementation Plan**

*Cabinet Member: Councillor Nicholson*

To consider the Report of the Director of Service Delivery (Report No 29/17 herewith – page 115).

**9.10 Wave Leisure Annual Service Delivery Plans 2017-18 - Report**

*Cabinet Member: Councillor Nicholson*

To consider the Report of the Director of Tourism and Enterprise (Report No 30/17 herewith – page 120).

**9.11 Annual Equalities Report 2016**

*Cabinet Member: Councillor Merry*

To consider the Report of the Director of Service Delivery (Report No 31/17 herewith – page 165).

**Exclusion of the Public and Press**

To consider, under Section 100(A) of the Local Government Act 1972 (as amended), excluding the public and press from the meeting during the discussion of Appendix A to Report No 28/17 entitled "Anchor Field Ringmer and Old Malling Farm" on this Agenda as there is likely to be a disclosure of exempt information as defined in paragraph 3 of Part 1 of Schedule 12A of the Act (ie information relating to the financial or business affairs of any particular person (including the authority holding that information)).

**9.8 Anchor Field Ringmer and Old Malling Farm - EXEMPT Appendix A**

For further information about items appearing on this Agenda, please contact Trevor Hayward at Southover House, Southover Road, Lewes, East Sussex BN7 1AB. Telephone 01273 471600

**Distribution:**

Councillors: P Franklin, B Giles, T Jones, R Maskell, E Merry, T Nicholson and A Smith

## **Cabinet**

**8 February 2017**

### **Written Questions from Councillors (Agenda Item No 6)**

**The following written questions have been submitted by Councillor Ient in respect of Report No 26/17 (Waste and Recycling Review Update: A New Recycling Collection Service), which he wishes to ask of the Cabinet Member for Waste and Recycling, Councillor Franklin:**

Question 1;

The report indicates some of the long-awaited changes to improve the disastrously low recycling rate within the Lewes District Council area. The one in this report refers to the adoption of co-mingling recycling collections however it does not mention when the new service will be introduced. *Could the Lead Member please advise of the programme including target dates for the introduction of co-mingling?*

Question 2:

The move to co-mingling is, as I have said, an improvement and will help avoid the plethora of bags that a resident has to leave outside their house. However no mention is made of any improvement to the range of material that a householder can recycle. There have been previous reports but I think it's appropriate that with these proposed changes we see some benefits by increasing the range of recycled items. *Could the Lead Member please provide members and the public with a schedule showing what new items will be included in the recycling list?*

Question 3:

In connection with the adoption of co-mingling the report mentions the provision of recycling containers including 240 L Wheelie bins and lidded bins and later on in the report there is a mention of the possibility of introducing gull proof sacks and clear recycling bags. Thankfully we have moved, in most cases, away from black plastic bags which were often ripped apart by vermin and gulls before the refuse collection team arrived in the area. Therefore I'm particularly concerned to read in the report mention of clear plastic bags. This is a retrograde step. 240 L bins for mixed recycling items are very suitable for householders who have the room to store them but that does not apply to every householder. Other than the 240 L bin, it is unclear from the report exactly what the range of new bins and recycling containers will be. *Please could the lead member review what other successful councils in coastal regions have done in providing a coordinated set of bins and vermin/gull proof heavy duty, 'heavy lidded bags' and bring back to the committee a firm proposal for their introduction in the Lewes District?*

**Agenda Item No:** 9.1 **Report No:** 21/17

**Report Title:** Voluntary Sector Support

**Report To:** Scrutiny **Date:** 12 January 2017  
Cabinet 8 February 2017

**Cabinet Member:** Cllr Tony Nicholson

**Ward(s) Affected:** All

**Report By:** Ian Fitzpatrick, Director of Service Delivery

**Contact Officer(s)-**

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#### **Purpose of Report:**

- 1 To report on the performance of those voluntary organisations funded by the Council in 2016/17 under a service level agreement and confirm arrangements for 2017/18.

#### **Officers Recommendations (to Scrutiny):**

- 2 To scrutinise the performance of those voluntary organisations that received funding from the Council in 2016/17.
- 3 To note the proposed allocation of funding to relevant voluntary organisations for 2017/18.

#### **Officers Recommendations (to Cabinet):**

- 4 To consider any recommendations arising from the Scrutiny Committee's consideration of the report on 12 January 2017.
- 5 To agree the allocation of funding to relevant voluntary organisations for 2017/18 as set out in para 34, in line with the Service Level Agreements agreed in 2015.

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#### **Reasons for Recommendations**

- 6 The Council has historically provided support to a number of strategic voluntary sector organisations, which provide a range of direct services to our residents, in line with the Council's priorities. In 2015/16 this arrangement was formalised by the negotiation of Service Level Agreements with these key organisations.

## Information

- 7 The Council recognises the significant contributions that the community and voluntary sector play in delivering services to our residents. Partnership working is a key priority for Lewes District, and the Council is committed to working with voluntary and community organisations through the giving of community grants. This helps support a thriving voluntary sector in Lewes District. In addition, the giving of funding to such groups can also provide a cost effective way of delivering the Council's objectives.
- 8 Historically, the Council has provided funding to a small number of voluntary and community organisations on a recurring basis, these being: the Citizen's Advice Bureau (CAB), 3VA, Action in Rural Sussex (AiRS) and Sompriti. These particular organisations have been funded because of the core role they play in enabling and supporting other parts of the community and voluntary sector (3VA and AiRS) or because of the unique advisory role they provide to those experiencing hardship or disadvantage (CAB and Sompriti).

## Service Level Agreements

- 9 In February 2015, the Council agreed a three year Service Level Agreement (SLA) for each of the four key organisations which the Council has previously funded on a regular basis (CAB, AiRS, 3VA and Sompriti). These SLAs provide certainty to organisations for a three year period. This enables them to plan ahead and ensure consistent delivery of service. Having the security of a 3 year SLA with the Council can also assist voluntary organisations in the leverage of further funding from other sources.
- 10 The SLA also provides a mechanism for the Council to closely monitor the organisations' performance and delivery. The SLAs are agreements that specify the amount of funding, what activities it covers, legal requirements, monitoring and evaluation processes. It should be noted, however, that all SLAs contain clauses enabling review, termination and/or renegotiation of terms should the need for the service change or performance issues be encountered.
- 11 During 2015/16 a fifth Service Level Agreement has been negotiated. The SLA is with East Sussex Credit Union. This organisation has received funding in the past from the Council, through the Housing Revenue Account. In order to bring about greater consistency in the funding and monitoring of voluntary organisations an SLA has been agreed, initially for one year, from September 2015 to August 2016.

## Performance in 2016/17

- 12 Regular quarterly monitoring meetings have been held with those organisations which receive larger awards. The lower level SLAs are subject to annual monitoring.

### CAB

- 13 The CAB helps people resolve their legal, money and other problems by providing free, independent and confidential advice. LDC currently provides the majority of their core funding, with the Town Councils across the district also

providing smaller contributions. LDC makes a specific contribution, through HRA funds, for specialist benefits and money advisors to be employed by the bureau, in recognition that many of the clients making use of this service will be LDC housing tenants.

- 14 In the past year the CAB has continued to provide advice services for a range of clients across the district. Most recent data indicates that the CAB is likely to have seen over 4000 clients at the Bureau's various locations by the end of the year. Benefits (44%) and debt (16%) and housing issues (7%) forming a significant proportion of the enquiries.
- 15 One of the key measures used to determine the success of the Bureau is the financial outcomes for clients (in terms of income gain, debts written off or repayments rescheduled) resulting from the help provided through CAB advice. This is expressed as an 'annualised value'. The total value for the second quarter of 2016/17 was £603,072 which compares with £471,492 in the same quarter of the previous year.
- 16 The Bureau is reaching clients from across the district with the largest numbers coming from Seaford (27%), Newhaven (18%), Peacehaven (14%) and Lewes (21%).
- 17 A significant development in the past year has been the decision by the CAB to move their main offices to Newhaven, supported and enabled by the Council. It was agreed by Cabinet in September 2017 to approve capital investment of up to £175,000 at Newhaven Square, Newhaven, to refurbish premises to enable the relocation. The refurbishment works are currently underway and it is hoped that the move will take place later in the year. Once the main office is relocated to Newhaven, the CAB will continue to operate a service in Lewes from Southover House, making use of part of the LDC main reception area.

### 3VA

- 18 As a Council for Voluntary Service, 3VA provides support for voluntary and community organisations across the Eastbourne, Lewes District and Wealden areas of East Sussex. They provide a range of practical support to charities and community groups including start-up support, funding advice, help with governance and training. Their services help to inform, sustain and develop the voluntary and community sector in the area.
- 19 In the past year 3VA has continued to provide valuable up-to-date information to local groups through its digital newsletter, 3View, which currently reaches 1,824 groups, organisations and individuals. In the first half of the year, 11 Lewes based organisations received one to one help and advice from 3VA and 2 local training courses were delivered. The service's local Community Development Officer (CDO) for the Lewes area has started to operate out of Southover House reception during the past year. This has been welcomed by local groups as being a more accessible, central location than their previous office base. The CDO also meets with groups at other locations across the district as needed, depending on the group being supported.



Funding provided by LDC in addition to the core grant has enabled 3VA to work with the council specifically on a Dementia Friends project. This has been successful in supporting the development of two local Dementia Action Alliances as well as providing a range of training and advice. The project has run over two years, but will end in March 2017, with the last few months being focused on ensuring the on-going sustainability of the Alliances into the future.

### AiRS

- 20 AiRS is the Rural Community Council for Sussex. The organisation's purpose is to provide practical help and support to rural communities across both East and West Sussex enabling them to be vibrant, living and working places. The funding provided by the Council is specifically to support the organisations work with village halls and community buildings.
- 21 Over the past year, AirS has provided regular e-newsletters to subscribers to the Village Halls and Community Buildings Service, alongside the Village Halls Advisor offering face to face and phone advice where appropriate. If questions need a legal answer these are referred to the Village Halls National Association (ACRE) who have a retained specialist charity lawyer for these services. There have been an average of 6 email or telephone questions each week to this service.
- 22 AirS has worked in particular with hall management committees at Barcombe, Cooksbridge, Newick, Kingston and Ringmer. AirS has also worked with Newhaven, Rodmell, Wivelsfield and Firle Village Halls on specific initiatives mainly relating to developing new activities in the hall. At the request of Lewes District Council AirS contacted Newhaven Town Council with regard to Shakespeare Hall offering advice and services.
- 23 AirS has organised 2 village halls seminars this year focusing on understanding health and safety issues and with speakers from Insurers, Police and Fire Services and PAT testing services. Two more workshops are also scheduled for January and February.
- 24 In addition AirS has worked with Wave Leisure to bring exercise activities to village halls in Lewes District. The 'Strength and Balance' classes have been organised with the village hall in 2 locations – Rodmell and Firle and there are now discussions about the same activities being provided in Wivelsfield. This pilot that lasted for 6 weeks in Rodmell is now completely self financing and has produced very positive results with participants reporting improved health and the village hall benefiting from the increased income and service provision. In Newick AirS has supported the development of a new lunch club in the community run from the church hall. The AirS Village Agents regularly attend activities in village halls, whether they are subscribers or not, and have assisted in more informal ways in providing information and advice and have support the halls to provide new activities.

### Sompriti

- 25 Sompriti is a project run by Sussex Community Development Association that supports black and minority ethnic (BME) communities and individuals across

East Sussex. They work with people from a range of different backgrounds, organising community events and provide bilingual support to residents in a variety of community languages.

- 26 In the past year the project has provided bilingual advocacy to 10 clients and their families. Support was provided in five languages this year – Arabic, Bengali, Mandarin, Romanian and Turkish – and included assistance with issues such as housing, benefits, council tax, children and health.
- 27 Sompriti also runs support groups for local BME women and businesses. The women's group has 24 members representing 12 different nationalities, and 3 well attended meetings were held in the past year. The meetings included activities such as health walks, dementia information sessions, and promotion of council services. Ongoing support was provided for the BME business forum and outreach work to promote the group and increase membership was undertaken. The group held two meetings and a training session on health and safety. Sompriti focused their engagement with older BME community members on running an IT workshop at the Phoenix Centre in Lewes. The Centre is run by SCDA and this gave a good opportunity for members to find out more about what is on offer there. Members were taught the basics of computers, how to send emails and attachments and how to get on the internet to search websites. Lunch and transport were provided, which encouraged attendance.
- 28 Conversational English language courses were run in Peacehaven and attended by 8 residents from Kurdish, Palestinian, Bengali and Romanian backgrounds. Crèche facilities were provided so those with young children could also attend. Feedback from the sessions was good, with attendees saying it increased their confidence to speak to people from different backgrounds.
- 29 Sompriti also ran two community events. One celebrated the use of light in by communities when marking special occasions and included story-telling and lantern-making in the Newhaven Community Space Garden. The other was marking the Chinese New Year at St Leonards Church in Seaford, which included Chinese brush painting demonstrations, tea tasting and paper crafts, along with traditional food and sweets.
- 30 Supporting this organisation assists the Council in fulfilling its Public Sector Equality Duty under the Equality Act 2010. We are required to give due regard to the need to eliminate discrimination and harassment, advance equality of opportunity, and foster good relations between groups of people with protected characteristics. Sompriti helps us to achieve this in a number of ways. The bilingual advocacy service helps improve access to Council services for BME communities, the support groups enables the Council to communicate and engage with potentially harder to reach groups, and the outreach activity and community events help foster integration and good relations within the wider community.

East Sussex Credit Union

- 31 The East Sussex Credit Union is a not-for-profit savings and loans co-operative. It helps customers to save money and offer cost effective and flexible loans which meet individual needs. It also works in partnership with local communities and other agencies to provide joint solutions to money related issues. There is a particular emphasis on those who are disadvantaged, marginalised or poorly served by mainstream financial providers.
- 32 The funding that has been provided by the Council was specifically for the Credit Union to work with LDC tenants affected by welfare reform and those on low incomes. This included providing basic banking facilities for those who were unable to access mainstream banking and providing training in money management.
- 33 Funding for this project started in September 2015 and was granted for 18 months, up until August 2017. Given that the East Sussex Credit Union was committed to becoming a financially self-sufficient organisation, it was decided that funding would not be ongoing beyond this time.

### Proposed Funding for 2017/18

- 34 It is proposed that core funding for CAB, 3VA, AiRS and Sompriti be granted in 2017/18 at the same level as for 2016/17. This is detailed in the table below.

Org	Funding £ (16/17)	Proposed Funding £ (17/18)
<b>CAB</b>	140,340 (HRA benefits advice) 13,400 (HRA money advice) <u>13,465</u> <u>167,205</u>	140,340 (HRA benefits advice) 13,400 (HRA money advice) <u>13,465</u> <u>167,205</u>
<b>3VA</b>	28,000 (Dementia Friends: 1 yr only) <u>3,500</u> <u>31,500</u>	28,000
<b>AiRS</b>	3,500	3,500
<b>Sompriti</b>	10,000	10,000
<b>East Sussex Credit Union</b>	(HRA Apr16 – Aug16) 11,663 (HRA Sept 16 – Mar 17) <u>8,330</u> <u>19,994</u>	0

### Financial Appraisal

- 35 The core elements of funding for 2017/18 proposed in this report are consistent with the agreed SLAs and can be met from base budgets.

## Legal Implications

The Legal Services Department has made the following comments:

- 36 Since the proposed allocation of council funds specified in paragraph 23 above constitutes public funding, regard must be had to EU rules on State Aid. The purpose of the State Aid regime is to prevent governments (including local government) within the EU from giving financial advantages to certain organisations in a way which distorts or could distort competition between Member States.
- 37 Public funding of any organisation up to a maximum of 200,000 euros over a rolling period of 3 years is classed by the EU as “de minimis aid” (subject to certain other qualifying criteria). The EU considers that this amount of aid has a negligible impact on competition and trade, and does not need notification or approval by the Commission. The level of proposed funding to 3VA, AiRS, and Sompriti falls within the scope of de minimis aid.
- 38 The proposed funding to CAB exceeds the de minimis aid threshold. However, the nature of CAB’s activities means that local public support measures (such as local authority funding) can be granted without prior Commission approval. Guidance issued by the Commission in April 2015 indicates that public support to purely local operations do not involve state aid within the meaning of EU rules, because they are unlikely to have a significant effect on trade between Member States.
- 39 CAB’s advice is aimed only at the local population, competition for which only exists at local level. Further, language issues, and features of the local health, benefits and debt systems (the principal topics dealt with by CAB) make cross-border competition unlikely.
- 40 Accordingly, it is considered lawful – in terms of State Aid – to proceed with the funding as proposed, without the need for prior EU Commission notification or approval.

(Lawyer consulted: OD 1.12.16)

## Risk Management Implications

- 41 I have completed a risk assessment. No new risks will arise if the recommendations are not implemented. The following risks will arise if the recommendations are implemented, and I propose to mitigate these risks in the following ways:
  - a) Close monitoring of voluntary groups to ensure services are delivered.
  - b) Funding only provided to groups if satisfied with relevant evaluation.

## Equalities Analysis

- 37 Equalities screening was undertaken on 6 November 2014. As only positive implications were identified, a full equalities analysis was not required. The

nature of the services provided by the organisations referred to in this report have not changed since the screening was undertaken and therefore a new impact assessment is not required.

### **Background Papers**

- 38 The performance monitoring reports relating to each of the organisations funded are held by the Business Strategy and Performance Team.

<b>Agenda Item No:</b>	<b>9.2</b>	<b>Report No:</b>	<b>22/17</b>
<b>Report Title:</b>	<b>General Fund Revenue Budget 2017/2018</b>		
<b>Report To:</b>	<b>Cabinet</b>	<b>Date</b>	<b>08 February 2017</b>
<b>Cabinet Member:</b>	<b>Councillor Bill Giles</b>		
<b>Ward(s) Affected:</b>	<b>All</b>		
<b>Report By:</b>	<b>Alan Osborne, Deputy Chief Executive</b>		
<b>Contact Officer(s)- Name(s):</b>	<b>Alan Osborne</b>		
<b>Post Title(s):</b>	<b>Deputy Chief Executive</b>		
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**Purpose of Report:**

To present the 2017/2018 General Fund Revenue Budget to be recommended to Full Council.

**Officers Recommendation(s):**

**That Cabinet:**

- 1** Reviews the contributions to reserves and use of reserves as set out in Appendix D.
- 2** Considers any recommendations of the Scrutiny Committee.
- 3** Notes the Council Tax and Business Rates Collection Fund balances to be returned in 2017/2018.
- 4** Considers the statutory report of the Designated Chief Finance Officer as required by section 25(1) of the Local Government Act 2003, set out in section 14.
- 5** Notes completion of the statutory Non Domestic Rates Return (NDR1) and consequent retained rating income for 2017/2018, as explained in paragraph 5.2(f).

**That Cabinet recommends to Council:**

- 6** An aggregate Council Tax requirement of £7,089,200 (a Band D Council Tax increase of £4.44, 2.3% for the aggregate Lewes District Council "Council Tax Requirement) comprising
  - a. A General Expenses Council Tax requirement of £6,496,260
  - b. A Special Expenses Council Tax Requirement of £592,940.

- 7 That following publication of the Final 2017/2018 Local Government Finance Settlement the Deputy Chief Executive be authorised to make the necessary adjustments to maintain the general expenses council tax requirement at the above level and to report any adjustments to the next Cabinet meeting.

## **Reasons for Recommendations**

- 1 Cabinet is required to approve the budget in accordance with the Council's Constitution. This budget report sets out the level of General Fund revenue resources needed to support the Council's priorities and services.
- 2 The Council has a statutory duty to determine its Council Tax Requirement and level of Council Tax for the coming year. Cabinet makes a recommendation to Council on this matter having taken account of the Deputy Chief Executive's statutory report on the adequacy of reserves and balances.

### **1 National Context**

- 1.1 On 15 December 2016, the Secretary of State for Communities and Local Government gave his statement on the local government finance settlement for 2017/2018, subject to consultation with local authorities and representatives bodies. The consultation closed on 13 January 2017. Details of the final settlement have not been released at the time of writing this report.
- 1.2 97% of local authorities, including this Council, have signed up to the Government's offer of a multi-year settlement, 2017/2018 being the second year of its 4 year term. Participating authorities now have increased certainty about the financial resources which will be made available to them from the Government through to 2019/2020.
- 1.3 The provisional finance settlement contained proposals for the reform of the New Homes Bonus which has been distributed annually to local authorities since 2011 to provide an incentive to encourage housing growth in their areas. At present the New Homes Bonus rewards all net housing additions in each local authority each year. The Government has decided to:
  - reduce the number of years for which legacy payments are made from 6 years to 5 years in 2017/2018 and then to 4 years from 2018/2019; and
  - introduce a baseline for housing growth set at an initial baseline of 0.4% of the council tax base for 2017/2018. Housing growth below this level in each authority will not receive Bonus allocations. The Government will retain the option of making adjustments to the baseline in future years in the event of a significant increase in housing growth.
- 1.4 These reforms are expected to release an additional £240m of funding in 2017/2018, which the Government intends to return to those authorities with responsibilities for adult social care. In this area, therefore, resources will move away from the district and borough councils to East Sussex County Council.

- 1.5** From 2018/2019 the Government is considering withholding New Homes Bonus payments from local authorities that are not planning effectively, by making positive decisions on planning applications and delivering housing growth. To encourage more effective local planning the Government is also considering withholding payments for homes that are built following an appeal.
- 1.6** Within the business rates retention system the National Non-Domestic Rates (NNDR) baseline and top up/tariff amounts have been amended to reflect the NNDR Revaluation 2017. The adjusted amounts are intended to make changes in Rateable Value revenue neutral for individual authorities; with changes to authorities' NNDR Baseline (and therefore tariff/top up) being equal and opposite to the forecast change in the ability to raise business rates locally.
- 1.7** In overall terms, the provisional local government finance settlement indicates a 1.1% reduction in local authorities' Core Spending Power (comprising Revenue Support Grant and other core grants, retained business rates at baseline levels and council tax).

## **2 Policy Context**

- 2.1** Cabinet has previously set Financial Principles and Objectives in its Medium Term Financial Strategy (Appendix A). These are used as part of the framework to guide budget preparation and compilation of the Medium Term Financial Strategy.

## **3 Council Tax Referenda**

- 3.1** The Localism Act 2011 introduced a requirement for referenda to approve or veto council tax increases that exceed limits set out by the Secretary of State (and approved by Parliament) in "principles" defined for the following financial year.
- 3.2** For district councils, increases of less than 2% or up to and including £5 (whichever is higher) above the authority's relevant basic amount of council tax for 2016/2017 can be made without triggering a referendum. This threshold is applied to changes in the aggregate of an authority's "General" and "Special" Expenses.

## **4 Lewes District Council council tax requirement for 2017/2018**

- 4.1** The Council's average band D tax each year is calculated as follows:



$$\frac{\text{Aggregate Council Tax Requirement}}{\text{Band D taxbase}} = \text{Band D tax requirement}$$

**4.2** The aggregate Band D requirement comprises two elements:

- Special Expenses in respect of the cost of managing and maintaining parks and open spaces. The cost of each site is charged to the council taxpayers of that part of the district area in which it is located.
- General Expenses, all other costs

**4.3** The Council has made a commitment to passing on changes in the cost of the upkeep of open spaces, reflecting the devolution of these assets to town and parish councils. Special Expenses amounts are shown in the table below:

Town/Parish area	Special Expense 2016/2017 £	Band D 2016/2017 £	Special Expense 2017/2018 £	Band D 2017/2018 £
Lewes	298,720	49.22	345,430	56.40
Newhaven	98,630	27.52	98,890	27.32
Telscombe	51,430	20.88	51,890	20.83
Seaford	54,540	5.82	54,060	5.70
Peacehaven	39,570	8.65	37,510	8.00
Chailey	1,070	0.84	1,050	0.81
Ringmer	0	0.00	4,110	2.19
<b>Total</b>	<b>543,960</b>	<b>15.20</b>	<b>592,940</b>	<b>16.31</b>

**4.4** Applying a 1.9% increase to the General Expenses element of the Council Tax gives a Band D tax amount of £178.74 as shown in the table below.

Band D	2016/2017 £	2017/2018 £	Change £	Change %
Special Expenses	15.20	16.31	1.11	7.3
General Expenses	175.41	178.74	3.33	1.9
<b>Total</b>	<b>190.61</b>	<b>195.05</b>	<b>4.44</b>	<b>2.3</b>

The increase in the total council tax requirement, £4.44 is within the £5 referendum limit.

## **5 The 2017/2018 General Fund Budget**

**5.1** The table below indicates the change in resources made available to the Council from the Government.

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
<b>Lewes District Council</b>				
<b>Settlement Funding Assessment</b>	<b>3.048</b>	<b>2.469</b>	<b>2.164</b>	<b>1.825</b>
Revenue Support Grant	0.995	0.375	0.002	0.000
Baseline Funding Level	2.053	2.094	2.162	2.239
Tariff / Top Up Adjustment <sup>a</sup>	0.000	0.000	0.000	-0.414
<i>Change in SFA:</i>				
<i>Annual change</i>		-19.0%	-12.4%	-15.7%
<i>Cumulative change</i>		-19.0%	-29.0%	-40.1%
<b>All District Councils</b>				
<i>Annual change in SFA</i>		-15.1%	-7.8%	-13.7%

**5.2** The General Fund Budget Summary for next year is shown at Appendix B together with the movement between 2016/2017 and 2017/2018. A statement showing the major variations arising from the Council's efficiency programme, inflation, variations in income and changes in demand for services is given at Appendix C.

- (a) A balanced budget for next year requires a total savings target of £641,000 (of which £341,000 has been achieved and is incorporated within the service budgets shown in the Summary) with £400,000 to be met from the joint transformation programme, of which £100,000 is projected to be allocated to the Housing Revenue Account budgets. There is no withdrawal from the General Fund reserve is to meet non-recurring expenditure.
- (b) A budget of £109,000 is available in 2017/2018 to support the implementation of service priorities, unchanged from 2016/2017.
- (c) A budget of £209,600 is available in 2017/2018 as financing for General Fund capital programme and investment initiatives.
- (d) £84,000 Transition Grant from the Government in 2017/2018 is available as funding for non-recurring projects.
- (e) A summary of contributions to and from reserves is shown in Appendix D. Reserves can be used to finance revenue or capital expenditure and the summary shows the aggregate planned use in 2016/2017 and 2017/2018.
- (f) Business Rates retained by the Council under the retention arrangements introduced by the Government from 1 April 2013. The amount shown for 2017/2018 is indicative, at the level included within the 2016/2017 budget. The Government was late in releasing details of the NNDR transitional relief scheme which will apply to businesses affected by the 2017 Revaluation. As a result software suppliers were required to delay the release of the NNDR system updates which will make the necessary calculations. At the time of writing this report, this Council's system was in the process of being updated. The final estimate of

retained business rates income, derived from the detailed business rates estimates (to be reported to Government through the annual NNDR1 return) should be available when Cabinet meets: it is expected to offset the change between projection and final estimate by a contribution to/use of the Strategic Change Reserve

- (g) Due to the uncertainty surrounding business rate income forecasts following Revaluation, and the volume of appeals which may be triggered, the East Sussex district and borough councils, East Sussex County Council and Sussex Police Authority will end their current local pooling arrangement. Each district and borough council will revert in 2017/2018 to paying any levy (arising from business rates income exceeding the Government baseline amount) into the national pool.
- (h) Details of Government grants are shown in the sources of finance section of the General Fund Budget Summary. Key movements are the reduction in Revenue Support Grant (£620,000) and New Homes Bonus (£345,000).

### 5.3 Pay and Price Assumptions

The 2017/2018 draft budget has been prepared in accordance with the following framework:

#### *Base budget:*

- (i) No new items to be added to the budget except where approved by Cabinet in the year to date.
- (ii) Savings reported to and agreed by Cabinet to date to be incorporated within draft budgets.

#### *Employee budgets:*

- (iii) An average provision of £83,000 has been made for movements in the pay bill in line with the Government's policy that pay will increase by 1% in the sector.
- (iv) Provision has been made of £82,000 for annual contractual salary increments.
- (v) All pay budgets are now set with a built in vacancy factor of 2%.
- (vi) The budgeted employer's pension contribution for 2017/2018 (17.1% plus an adjustment of £442,000) is the same as that proposed by the actuary following the three yearly review of the East Sussex Pension Fund finalised in December 2016, and equates to 22% the same level as in 2016/2017. Following discussion with East Sussex County Council and the pension fund actuary, it is assumed that the pension cost of former Lewes District Council staff will not change following their transfer to Eastbourne Borough Council on 1 February 2017. A supplementary contribution of 1% is budgeted to offset pension strain costs arising from staffing changes through the Joint Transformation Programme.

*Inflation:*

- (vii) No allowance for general price increases other than where these are unavoidable eg business rates
- (viii) Agreed cost indices in tendered contracts.
- (ix) Should average price inflation (excludes pay) exceed assumptions in the budget outlook by 1%, this would add around £100,000 to the budget savings target.
- (x) Income from general fees and charges is largely related to usage and activity levels. A separate report is agreed annually to agree increases in volume and price to be reflected in the budget. The Medium Term Finance Strategy assumes that overall income will rise by CPI.

## **The Council's Savings Plan**

- 5.4 Appendix E shows the savings plan through to 2021. The target for the current year is set to be achieved.
- 5.5 The savings for 2017/2018 will mainly derive from the Joint Transformation Programme and growth in commercial income streams.

## **6 Medium Term Budget Outlook**

- 6.1 The Medium Term Budget Outlook is shown at Appendix F. It builds upon the budget for 2017/2018 and uses assumptions for future years. No significant changes in assumptions have been made from 2016/2017.
- 6.2 Council tax levels for 2018/2019 onwards have been modelled at 1.9% to allow for inflation and assuming that current referendum principles continue to apply. In line with objectives, the Budget Outlook delivers a sustainable recurring base budget up to 2021, with no call on reserves for recurring expenditure. The four year savings target from 2017/2018 to 2020/2021 amounts to £2.344m which is an excess of £147,000 over the forecast requirement identified in the MTFS.
- 6.3 In the event that savings fail to materialise it would be necessary to utilise the New Homes Bonus spending power and even then a substantial budget gap would remain. The Council's reserves and balances would be under great pressure and the shape of the Council's service provision would be biased more towards statutory services.

**6.4** A number of underlying risks need to be constantly monitored:

**(a)** Retained business rates:

- there is likely to be a loss of retained rate income associated with regeneration projects in Lewes and Newhaven. This will be partly balanced in the medium term by newly created non domestic premises within the Newhaven Enterprise Zone and additional New Homes Bonus where non domestic premises are replaced with domestic dwellings. In such cases there may be a need to use the additional New Homes Bonus spending power to cover any loss in retained business rates.
- the outcome of appeals against business rate valuations remains a key risk, with the added complexity of the 2017 Revaluation. Successful appeals can be backdated to 2010 and the decisions of Valuation Tribunals elsewhere in England can trigger fresh appeals from certain categories of business. There are currently 160 outstanding appeals against the LDC rating list.

**(b)** General income levels:

- income from the sale of recyclates can be volatile, depending on the market price for materials.
- income from fees and charges is dependant on demand, and the impact on the wider economy resulting from the UK's withdrawal from the European Union is uncertain.

**6.5** Throughout the coming year Cabinet will receive monitoring reports to review budget against actual quarterly.

**7 The Council's Capital Programme**

**7.1** The Prudential Code requires local authorities to plan their capital expenditure programme for at least three years ahead. This corresponds with the time scale covered by the Council's Capital Strategy. Understandably, the most detailed information is available for Year 1, with the programme for years 2 and 3 liable to variation when more precise forecasting can be undertaken in terms of both the availability of capital resources and spending requirements.

**7.2** Revenue contributions to capital can be made either by the provision of a non-recurring contribution in the Revenue budget when circumstances permit or by annual recurring contributions if further savings can be generated within the revenue budget. Alternatively, contributions can be made from unallocated reserves and balances, or by using balances on reserves which are no longer required.

**7.3** The Capital Programme report demonstrates that a programme focussed on statutory requirements and core service needs and priority Council projects can be achieved for the next 3 years.

## **8 Conclusions**

- 8.1** In light of the above commentary it is essential that Cabinet carefully controls the recurring base budget.
- 8.2** The General Fund Reserve can be used as a short term measure to manage the pressures arising from lower income, rises in demand for statutory services and the lead in time needed to deliver savings.
- 8.3** The Council's earmarked reserves could be reassigned to balance a future budget in exceptional circumstances, but again this is not a sustainable solution.
- 8.4** Current and medium term pressures require the recurring base budget to be significantly reduced. Unless there is a compelling business case that helps achieve the base budget restructuring any calls for additional recurring resources need to be considered only when the desired savings targets are delivered.
- 8.5** There is capacity within the budget to meet time limited initiatives of a non-recurring nature, either from specific earmarked reserves, the General Fund Reserve, or the service priorities budget which is in effect a contingency that can be deployed once the overall year end position can be reliably predicted.
- 8.6** The Council needs to be reassured that the aggregate of reserves and the working balance is sufficient to meet the medium term finance strategy principles and objectives.

## **9 Reserves**

- 9.1** Section 25 of the Local Government Act 2003 contains the statutory duty on the Chief Finance Officer to report to the authority on the robustness of the estimates it makes when setting the Council Tax and on the adequacy of its proposed financial reserves.
- 9.2** The Chartered Institute of Public Finance and Accountancy issued updated guidance in July 2014 (The Local Authority Advisory Panel Bulletin no. 99) in relation to reserves and balances. This has been taken into account in this report.
- 9.3** The Council's reserves and balances need to cover all significant identified risks and operational service needs. As part of the annual budget and closing of accounts processes, the Council reviews and approves the position on its reserves. This is a mandatory requirement for all councils.
- 9.4** Where it is known in advance of a financial year that a reserve will be used, the expenditure is budgeted for and included in the draft budget and a contribution is made from that reserve. The Leader can authorise additional uses up to £100,000 during the year in accordance with the Council's Constitution and Council above that amount.
- 9.5** Savings can be achieved by reducing the annual level of contributions to reserves, but reserves are essential to ensure the financial sustainability of services. Making short term cuts to annual contributions is not a sustainable course of action but reviewing the level of contribution in parallel with service

reviews and realignment exercises may enable reductions to be achieved. Reviews are made at least twice a year, during the budget cycle and as part of the accounts closure process.

- 9.6** A statement of the Council's Main Reserves projected through to 31 March 2018 is shown at Appendix D.
- 9.7** The Strategic Change Reserve holds New Homes Bonus received pending its use on approved projects. The most significant project to be funded from the Reserve is the Joint Transformation Programme with Eastbourne Borough Council, with £0.7m committed to supporting changes to the Waste and Recycling service.
- 9.8** The Asset Maintenance Reserve provides resources for major works to General Fund assets including corporate buildings, parks, and the indoor leisure facilities for which the Council has landlord repairing responsibilities.
- 9.9** The Vehicle and Equipment Replacement Reserve provides funding for the cyclical replacement of the vehicle fleet. In 2017/2018, £1.1m is committed to fund the up-front costs of restructuring the Waste and Recycling Service.
- 9.10** The General Fund Reserve holds funds pending allocation to specific projects. It also retains a balance as a buffer against unforeseen expenditure or reductions in income as explained in section 11 below.

## **10 Collection Fund Balance**

- 10.1** The Council Tax Collection Fund Balance and the Non Domestic Rates Collection Fund Balance are key components of the Council Tax setting process. A principle of the MTFS is to achieve a zero balance (or as close as possible) each year. A review of the likely Collection Fund position is made at 31 March 2017 including a review of the provision for doubtful debts.
- 10.2** There is an estimated credit balance of £1.7m on the Council Tax Collection Fund which can be utilised in the 2017/2018 budget. The surplus will be redistributed to preceptors as follows:

<b>Council Tax Collection Fund</b>	<b>£</b>
East Sussex County Council	1,206,500
Lewes District Council	266,400
Sussex Police and Crime Commissioner	143,500
East Sussex Fire and Rescue	83,600
<b>Total</b>	<b>1,700,000</b>

- 10.3** A debit balance of £1.4m is estimated on the Business Rates Collection Fund at 31 March 2017 as a result of the provision needed in respect of business rates valuation appeals. The balance will be charged against the 2017/2018 budget, shared as follows:

<b>Business Rates Collection Fund</b>	<b>£</b>
East Sussex County Council	124,800
Lewes District Council	554,500



Central Government	693,200
East Sussex Fire and Rescue	13,800
<b>Total</b>	<b>1,386,300</b>

## **11 Unallocated General Fund Reserve**

**11.1** The Council uses a risk-based approach to setting the level of General Fund Reserve Minimum.

**11.2** As a guideline the Council should keep a minimum level unallocated General Fund Reserve of £1m.

**11.3** This can be further analysed as:

<b>Risk</b>	<b>£</b>
Unforeseen emergencies not covered by the Bellwin Scheme, capital programme overrun and general requirements	500,000
Delays in savings and lower than expected income	400,000
General provision for service risks	50,000
Provision for contingencies to be used in accordance with Financial Procedure Rules	50,000
<b>Total Minimum General Fund Reserve</b>	<b>1,000,000</b>

The projected General Fund Reserve at 31 March 2018 is £2.1m.

## **12 Setting the Council Tax including the other preceptors**

**12.1** The calculation of the overall tax requirement will be presented to Council on 23 February 2017, when all precept details will be known. The precept details for East Sussex County Council, East Sussex Fire Authority and Sussex Police Authority should all be available before Council meets.

**12.2** At the time of writing this report, not all Town and Parish Councils had notified the Council of their precept requirements.

## **13 Report of the Chief Finance Officer (Deputy Chief Executive)**

**13.1** The Chief Finance Officer is the Council's principal financial advisor and has statutory responsibilities in relation to the administration of the Council's financial affairs (Section 151 of the Local Government Act 1972 and Section 114 of the Local Government Finance Act 1988).

**13.2** The budget proposals before Cabinet have been prepared in accordance with the Council's policy framework and reviewed by Corporate Management Team, Heads of Service, Lead Councillors and the Scrutiny Committee.

**13.3** Prudent use of reserves is an appropriate measure to finance one off budgets.

**13.4** The underlying earmarked reserves will continue to be replenished from annual contributions in the base budget.



- 13.5** The earmarked reserves are not used to fund the recurring base budget or to fund initiatives that will add to the recurring base budget.
- 13.6** The commentary within this report provides a framework for achieving a sustainable medium term budget position. The level of the Council's reserves, balances and provisions are adequate and prudent for the commitments within the Medium Term Financial Strategy.
- 13.7** Should the budget be adopted by the Council be materially unaltered then in the opinion of Chief Finance Officer, the estimates used to calculate the budget are robust and the levels of reserves are adequate.

## **14 Legal Implications**

- 14.1** The requirement for financial reserves is acknowledged in statute. Sections 32 and 43 of the Local Government Finance Act 1992 require local authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating their budget requirement.
- 14.2** Chief Financial Officers also have a duty to report on the robustness of estimates and adequacy of reserves under Section 25 of the Local Government Act 2003.
- 14.3** Section 151, of the Local Government Act 1972 requires that every local authority make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs.

## **15 Risk Management**

- 15.1** A risk assessment in accordance with the Council's Risk Management methodology has been completed and the following significant risks and mitigating factors have been identified.
- (a)** Revenue Budgets – these have been compiled in accordance with the approved budget preparation guidelines, mitigating the risk that the budgets do not reflect likely expenditure needs or income levels. Cabinet will consider the estimates and recommend an overall budget to Council, having assessed the position in relation to its approved MTFS.
  - (b)** The Council has adequate Reserves and Balances established as a mechanism to support the Council through its deficit reduction programme and preparing for the future.
  - (c)** Reductions in income – Reserves provide a buffer to absorb falls in income and property related transactions in the short to medium term.
  - (d)** As inflation begins to take effect there is the prospect that future pay settlements will follow a similar pattern. The Medium Term Budget Outlook anticipates inflation rates in line with national projections including pay and price movements through to 31 March 2021 and takes into account local circumstances.

## **16 Equality Screening**

- 16.1** This is a budget 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 and it is not considered necessary to undertake an overarching analysis of the budget proposals as a whole.

## **17 Background Papers**

- 17.1** Information on the Provisional Local Government Finance Settlement for 2017/2018 is available from this website:  
<https://www.gov.uk/government/collections/provisional-local-government-finance-settlement-england-2017-to-2018>

## **18 Appendices**

Appendix A – Medium Term Finance Strategy – Principles and Objectives.

Appendix B – The 2017/2018 General Fund Budget Summary.

Appendix C – General Fund budget movements from 2016/17 to 2017/18

Appendix D – Summary of Contributions to and use of Reserves

Appendix E – 2021 Savings Plan.

Appendix F – Medium Term Budget Outlook 2017/2018 to 2020/2021

### Extract From the Medium Term Finance Strategy

The Objectives of the Council's MTFS are as follows:

	<b>Objective</b>
1	To provide a robust framework to assist the decision making process.
2	To enable the Council to be proactive rather than reactive.
3	To act as a barometer and give early indication of need to review priorities.
4	To show how resources support the Council Plan over a four year period.
5	To support sustainable services through reserves, equalisation and renewal funds.
6	To hold a working balance at an adequate level to respond to unexpected events and opportunities.
7	To be flexible and responsive to changing needs and legislation.
8	To support the Council's service and core strategies.
9	To provide forward indications of Council Tax levels.

A number of Principles have been established to underpin the financial objectives:

	<b>Key Principles</b>
1	Resources will be prioritised to meet statutory (core service) obligations.
2	We will work with partners and the local community to determine priorities.
3	We will constantly review and reconcile priorities in line with the available resources.
4	Capital receipts will only be used to fund capital programmes, when banked.
5	General Fund capital receipts will be used to improve and replace existing assets.
6	Capital receipts from Council house sales will be reinvested in a housing capital programme or to improve and replace existing assets.
7	The budget for investment income will take account of specific market advice. If investment rates rise or are expected to rise, we will not use the additional income to fund items within the recurring base budget.
8	We will aim to achieve a zero balance on the Collection Fund when estimating the Council Tax collection rate each year.
9	Council Tax amounts will be transparent and sustainable. This means that the Council Tax Requirement will not be lowered through the use of one-off balances or reserves without a published intention to realign priorities with the Medium Term Financial Strategy.
10	Changes to the Council's priority programme must be reported to Cabinet and supported by a risk assessment and financial appraisal showing part year and full year costs, including the revenue consequences of any capital investment and lifetime costs.
11	Every request for capital investment must be supported by a Business Case which shows how the cost of that investment will be repaid over time.

## General Fund Budget Summary

	2016/17 Budget £	2017/18 Budget £	Year on year change £
<b>Director of Regeneration and Planning</b>			
Assets and Property	(564,600)	(964,000)	(399,400)
Planning	(791,700)	(741,500)	50,200
Regeneration	215,700	152,800	(62,900)
Salaries and administration	1,797,900	1,897,300	99,400
	<b>657,300</b>	<b>344,600</b>	<b>(312,700)</b>
<b>Director of Service Delivery</b>			
Community	96,500	99,900	3,400
Environmental Health and Licensing	17,000	46,400	29,400
Housing (General Fund)	(29,200)	(102,700)	(73,500)
Local Taxation	(173,900)	(169,100)	4,800
Parks and Playing Fields	595,600	612,400	16,800
Waste and Recycling	2,308,700	2,169,200	(139,500)
Salaries and administration	5,500,900	5,477,900	(23,000)
	<b>8,315,600</b>	<b>8,134,000</b>	<b>(181,600)</b>
<b>Director of Tourism and Enterprise</b>			
Tourism	137,200	123,700	(13,500)
Wave Leisure	621,300	509,300	(112,000)
	<b>758,500</b>	<b>633,000</b>	<b>(125,500)</b>
<b>Deputy Chief Executive</b>			
Corporate Services	542,900	415,500	(127,400)
Democratic Services	341,600	354,900	13,300
Capital Financing	150,000	206,600	56,600
Salaries and administration	4,591,800	4,565,700	(26,100)
	<b>5,626,300</b>	<b>5,542,700</b>	<b>(83,600)</b>
Recharges to the Housing Revenue Account	(3,287,800)	(3,303,000)	(15,200)
Reserves used to finance non-recurring expenditure	(590,100)	(346,600)	243,500
Efficiency Savings	(400,000)	(300,000)	100,000
<b>Recurring Net Expenditure</b>	<b>11,079,800</b>	<b>10,704,700</b>	<b>(375,100)</b>
Contributions to Reserves	2,156,600	1,850,100	(306,500)
<b>Net Budget Requirement</b>	<b>13,236,400</b>	<b>12,554,800</b>	<b>(681,600)</b>
Council Tax (Increase in taxbase plus @ 1.9%)	(6,823,300)	(7,089,200)	(265,900)
Council Tax Collection Fund Surplus	(172,400)	(266,400)	(94,000)
Retained Business Rates	(3,070,000)	(3,070,000)	0
Retained Business Rates Deficit on Collection Fund	639,800	554,500	(85,300)
Contribution from Uncommitted Reserve	(639,800)	(554,500)	85,300
Government Grants:			
- Revenue Support	(995,000)	(375,000)	620,000
- New Homes Bonus	(1,592,000)	(1,246,700)	345,300
- Housing Benefit and Council Tax Support administration	(424,300)	(423,500)	800
- Section 31 Grant	(75,400)	0	75,400
- Transition Grant	(84,000)	(84,000)	0
<b>Sources of Finance</b>	<b>(13,236,400)</b>	<b>(12,554,800)</b>	<b>681,600</b>
<b>Taxbase [B]</b>	<b>35,797.1</b>	<b>36,345.6</b>	
<b>Aggregate Council Tax = [A] ÷ [B]</b>	<b>£190.61</b>	<b>£195.05</b>	<b>£4.44</b>
			<b>2.33%</b>

## General Fund budget movements from 2016/17 to 2017/18

	£'000		£'000
Net Budget Requirement 2016/17	13,236	Sources of Finance 2016/17	(13,236)
<u>Increases</u>			
Pay costs	165	Reduction in Revenue Support Grant	620
Contracts inflation	26	Reduction in New Homes Bonus	345
Pension costs from actuarial review	105	Reduction in other Government Grants	76
Apprenticeship levy	25	Increase in council tax base	(105)
Reduction in Efficiency Savings Target	100	Increase in average council tax	(161)
Net effect of other changes	31	Increase in council tax surplus	(94)
	452		681
<u>Reductions</u>			
New property income streams	(347)		
Recycling income	(115)		
Trade and green waste income	(91)		
Wave Leisure saving	(105)		
Reduction in Parish grants	(30)		
Reduction in one off budgets	(100)		
Reduction in contribution to reserves	(345)		
	(1,133)		
<b>Net Budget Requirement 2017/18</b>	<b>12,555</b>	<b>Sources of Finance 2017/18</b>	<b>(12,555)</b>

## General Fund Reserves - contributions, use and projection to projection to March 2018

		Updated Budget 2016/17				Budget 2017/18		
		Balance at 1 April '16 £'000	Contributions & transfers £'000	Commitment £'000	Balance at 31 March '17 £'000	Contributions & transfers £'000	Commitment £'000	Balance at 31 March '18 £'000
<b>1</b>	<b>Strategic Change</b>	(3,657)	(2,383)	3,939	(2,101)	(1,473)	1,431	(2,143)
<b>2</b>	<b>Asset Maintenance</b>	(2,653)	(303)	929	(2,027)	(283)	591	(1,719)
<b>3</b>	<b>Vehicle and Equipment Replacement</b>	(2,440)	(320)	215	(2,545)	(320)	1,333	(1,532)
<b>4</b>	<b>Economic Regeneration</b>	(351)	0	142	(209)	0	60	(149)
<b>5</b>	<b>Revenue Grants and Contributions</b>	(253)	0	69	(184)	0	30	(154)
<b>6</b>	<b>Unallocated</b>	(3,105)	813	0	(2,292)	226	0	(2,066)
<b>7</b>	<b>TOTAL</b>	<b>(12,459)</b>	<b>(2,193)</b>	<b>5,294</b>	<b>(9,358)</b>	<b>(1,850)</b>	<b>3,445</b>	<b>(7,763)</b>

The 2021 Savings Plan	17/18	18/19	19/20	20/21	Total
	£'000	£'000	£'000	£'000	£'000
<b>Savings Requirement per MTFS</b>	<b>(641)</b>	<b>(913)</b>	<b>(605)</b>	<b>(38)</b>	<b>(2,197)</b>
Wave Leisure service fee reduction	(105)	(104)	(104)	(105)	(418)
Final phasing out of LCTS grant to Towns and Parishes	(30)	(30)	(30)	(30)	(120)
Joint Transformation Programme - GF element	(300)	(300)	(300)		(900)
Income generation - Commercial		(200)			(200)
Income generation - waste and recycling	(206)				(206)
Income generation - regeneration		(300)	(200)		(500)
<b>Total Savings Targets</b>	<b>(641)</b>	<b>(934)</b>	<b>(634)</b>	<b>(135)</b>	<b>(2,344)</b>
<b>Surplus target over MTFS requirement</b>	<b>0</b>	<b>(21)</b>	<b>(29)</b>	<b>(97)</b>	<b>(147)</b>

## General Fund Budget - Medium Term Outlook as at February 2016

	Base Year 2017/18 £	2018/19 £	2019/20 £	2020/21 £
<b>1 Recurring Net Expenditure</b>	<b>10,624,700</b>	<b>11,224,100</b>	<b>10,539,200</b>	<b>10,164,600</b>
2 Pay awards and increments	165,000	165,000	165,000	165,000
3 Pension Contributions	105,000	37,000	39,000	39,000
4 Inflation on contracts	26,000	26,000	26,000	26,000
<b>5 Total Budget Requirement with inflation</b>	<b>10,920,700</b>			
<b>6 Savings targets (corporate)</b>	<b>(300,000)</b>	<b>(912,900)</b>	<b>(604,600)</b>	<b>(38,100)</b>
7 Base contributions to Reserves	603,400			
<b>8 Recurring Net Expenditure</b>	<b>11,224,100</b>	<b>10,539,200</b>	<b>10,164,600</b>	<b>10,356,500</b>
9 New Homes Bonus contribution to Strategic Change Reserve	1,246,700	771,300	738,200	697,100
10 Non-recurring Transition budget	84,000			
<b>11 Net Budget Requirement</b>	<b>12,554,800</b>	<b>11,310,500</b>	<b>10,902,800</b>	<b>11,053,600</b>
12 Council Tax	(7,089,200)	(7,259,300)	(7,433,500)	(7,611,900)
13 Council Tax Collection Fund Surplus	(266,400)	(65,000)	0	0
14 Retained Business Rates	(3,070,000)	(2,831,400)	(2,388,000)	(2,435,800)
15 Retained Business Rates Deficit on Collection Fund	554,500	0	0	0
16 Contribution from Strategic Change Reserve	(554,500)	0	0	0
17 Government Grants:				
18 - Revenue Support	(375,000)	(2,300)	0	0
19 - New Homes Bonus	(1,246,700)	(771,300)	(738,200)	(697,100)
20 - Housing Benefit and Council Tax Support admin	(423,500)	(381,200)	(343,100)	(308,800)
21 - Transition Grant	(84,000)	0	0	0
22 Use of General Fund Revenue Balance	0	0	0	0
<b>23 Sources of Finance</b>	<b>(12,554,800)</b>	<b>(11,310,500)</b>	<b>(10,902,800)</b>	<b>(11,053,600)</b>
24 Assumed Council Tax Increase	1.9%	1.9%	1.9%	1.9%
25 Assumed Increase in Council Tax Base		0.5%	0.5%	0.5%



**Agenda Item No:** 9.3 **Report No:** 23/17

**Report Title:** Housing Revenue Account Budget 2017/2018

**Report To:** Cabinet **Date:** 8 February 2017

**Cabinet Member:** Councillor Ron Maskell

**Ward(s) Affected:** All

**Report By:** Ian Fitzpatrick, Director of Service Delivery

**Contact Officer(s):**

**Name(s):** Stephen Osborne

**Post Title(s):** Principal Accountant

**E-mail(s):** [stephen.osborne@lewes.gov.uk](mailto:stephen.osborne@lewes.gov.uk)

**Tel No(s):** 01273 471600

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**Purpose of Report:**

This report presents the Housing Revenue Account Budget 2017/2018.

**Officers Recommendation(s):**

That Cabinet reviews the Housing Revenue Account Budget and approves recommendations 1, 2, 3, 4, 5, 6 and 7.

1. The budgets for 2017/18 (*Appendix 1 of this report*).
2. A reduction in dwelling rents of 1%, effective from 3 April 2017. (*Section 9 of this report*).
3. A reduction of 1% in Affordable Rents, effective from 3 April 2017 (*Section 10 of this report*).
4. An average garage rent increase of 2.2%, effective from 3 April 2017. (*Section 11 of this report*). This is in line with the Business Plan and current Council policy on garage rentals.
5. An increase of 2.2% in Private Sector Leased Property rents, effective from 3 April 2017 (*Section 12 of this report*).
6. Implement revised Service Charges, effective from 3 April 2017 (*Sections 13 to 17 of this report*).
7. The 30-year Housing Business Plan is refreshed.

## **Reasons for Recommendations**

1. To enable the Council to fulfill its legal obligations to produce a balanced Housing Revenue Account for 2017/2018.

## **Information**

### **2. Introduction**

**2.1.** The national Housing Revenue Account self-financing system allows all income generated to be kept locally and available to fund the maintenance and management of the housing stock, service debt and acquire and provide additional Social Housing.

**2.2.** Part 4 of the Housing and Planning Act 2016 introduced powers:

- To require councils to consider selling high-value homes and require them to make payments to central government calculated on the assumption that such homes will be sold as they become vacant. Implementation of this proposal, which is still being evaluated by Government, will not take place in 2017/18 as had been expected. It is still not possible to evaluate the financial impact on the Housing Revenue Account with any certainty;
- To require councils, along with housing associations, to charge market or near-market rents to tenants with household incomes above £31,000 a year (£40,000 in London). The Government has now decided not to proceed with this policy in its current form. Councils have the discretion to implement the policy for tenants with income over £60,000;
- To require councils to issue 2 to 5 year fixed term tenancies to nearly all new tenants.

**2.3.** The budgets have been prepared on the basis of the national Housing Revenue Account Accounting Code of Practice, with management, maintenance and debt financing costs offset by income from rents, service charges and other contributions.

### **3. Budget Information**

**3.1.** The Housing Revenue Account Budget 2017/2018 reflects the organisational change taking place within the Council, the Government's policy on dwelling rents and the new priorities for capital and maintenance works. The budget does not include a contribution to finance the capital programme, and shows a total estimated balance in hand at year end of £2,836,200.

**3.2.** A provision has been made for movements in the pay bill in line with the expected national settlement. Salary budgets also allow for contractual

salary increments, employers pension contributions, organisation change and a 2% vacancy rate.

- 3.3.** The budgeted employer's pension contribution rate for 2017/2018 is the same as that proposed by the actuary following the three yearly review of the East Sussex Pension Fund, which was finalised in December 2016.
- 3.4.** Following discussion with East Sussex County Council and the pension fund actuary, it is assumed that the pension cost of former Lewes District Council staff will not change following their transfer to Eastbourne Borough Council on 1 February 2017.
- 3.5.** The 2017/2018 budget has not been reduced by including a savings target to be generated by the Council's Joint Transformation Programme with Eastbourne Borough Council. An appropriate share of the saving generated will pass through to the HRA in 2017/2018 as it is realised and will be reflected in future years' budgets.
- 3.6.** Inflation has been provided to cover known price changes, such as utility and contractual commitments. In addition, the noted items in 3.5 to 3.14 have been provided in the budget.
- 3.7.** The stock condition survey has been completed and the results have been used in compiling the 2017/2018 budget. The results of the survey will be also used to inform a full update of the 30-year Business Plan, which will also reflect the impact of the Government policy to reduce rents by 1% for a period of four years. This will allow expenditure on future major repairs and replacements to be synchronised with available resources.
- 3.8.** The planned and responsive maintenance budget provides for an increase of £97,000. This follows the review of planned, responsive and void works to properties.
- 3.9.** The repairs budget includes £60,000 for professional fees in connection with the procurement of a new repairs contract and the commissioning of Fire Risk Assessments.
- 3.10.** A budget of £48,500 is included for non-recurring professional fees in respect of Leasehold Service Delivery (£19,000); review of sheltered housing (£10,000); review of garage sites (£5,000); Health & Safety statutory compliance (£7,500); and Asset Management & Procurement Strategy (£7,000).
- 3.11.** A review of the contract cleaning service has resulted in additional costs of £30,100, and is included in the budget. The increase is recovered through service charges.
- 3.12.** An improved level of service in the Sheltered Housing alarm call system has resulted in a budget increase of £23,000. The increase is recovered through service charges.

**3.13.** The Council's programme to replace old electric storage heating with sustainable air source heat pump systems attracts Renewable Heat Incentive payments. Additional income of £30,000 is anticipated in 2017/2018, which has been included in the budget.

**3.14.** The Council's new dwellings construction programme, on former garage sites, is progressing with the first units nearing completion and occupation. The budget provides for a phased rental stream commencing from February 2017.

## **Budget Presentation**

### **4. Budget Layout**

**4.1.** The budget layout complies with national accounting requirements and includes explanatory notes within the body of the budgets. An explanation of items included within the expenditure headings is given below.

- a) Employees – Includes the salary costs of the Council's workforce directly providing the service. This heading includes employee related insurance premiums.
- b) Premises – Includes the costs associated with buildings such as repairs and maintenance, upkeep of grounds, energy, and water charges.
- c) Transport – Running costs of council owned vehicles together with employee car allowances and use of public transport.
- d) Supplies and Services – Day to day running costs such as printing, stationery, telephones, external professional services and administrative overheads in respect of employees who directly provide the service.
- e) Agency and Contracted Services – Where a contractor wholly undertakes the provision of a service, the costs will be shown against this heading.
- f) Support Services – This heading includes costs such as accountancy, legal, and IT services (e.g. hardware, software and operational systems).
- g) The Housing Revenue Account Budget is set out at Appendix 1.

## **Housing Revenue Account Debt**

### **5. Housing Debt and Debt Ceiling**

**5.1.** The Government continues to maintain control of borrowing for local authority housing. The Council's successful bid to Government for additional borrowing of £2.317m, to finance the construction of thirty new

dwellings, increased the Housing Revenue Account 'Debt Cap' to £75.248m.

- 5.2.** The Council's Housing Revenue Account borrowing is now capped at £75.248m. Actual borrowing at 1 April 2017 is projected to be £65.682m, leaving borrowing headroom of £9.566m, as shown in Table 1.
- 5.3.** The HRA Capital Financing Requirement is met by a combination of loans, as summarised in Table 1. This assumes that no premature loan repayments are made before 31 March 2017.
- 5.4.** The Public Works Loan Board (PWLB) loan interest rate is the average interest rate payable on a combination of individual loans with varying maturity dates. A fixed rate of interest applies to the Barclays Bank loan. The internal borrowing (from the General Fund) interest rate is equivalent to the indicative PWLB one year rate. The approach that is taken on internal borrowing is specified within the Council's Treasury Management Strategy.

**TABLE 1**

	<b>Loans 1 April 2017 £</b>	<b>Interest Rate %</b>	<b>Interest Amount £</b>
Public Works Loan Board	51,673,000	2.9192	1,508,400
Barclays Bank	5,000,000	4.5000	225,000
Internal Borrowing from General Fund	9,009,485	1.3300	121,700
<b>Total Debt</b>	<b>65,682,485</b>	<b>2.8838</b>	<b>1,855,100</b>
Increase Approved by DCLG (New Dwellings Construction)	283,800		
Debt Headroom	9,281,805		
<b>Debt Allocation &amp; Debt Cap</b>	<b>75,248,090</b>		

## **The Budget 2016/2017**

### **6. The Major Repairs Reserve**

- 6.1.** It is essential that there are sufficient resources set aside within the Housing Revenue Account for the long term maintenance and renewal of the housing stock. This is achieved by setting aside in the Major Repairs Reserve the amount charged to the Housing Revenue Account as depreciation each year.
- 6.2.** Authorities are expected to use the Major Repairs Reserve in line with the priorities and phasing set out in the Business Plan and maintain the decent homes standard, rather than fund the acquisition of new assets.
- 6.3.** The projected movements on the Major Repairs Reserve are shown in TABLE 2 below. The amounts shown for 2016/2017 differ from the original budget having been updated to take into account the revised Capital

Programme and depreciation calculated on the actual value of housing stock components at 1 April 2016.

**TABLE 2**

	2015/16	2016/17	2017/18	2018/19	2019/20
	£	£	£	£	£
Balance 1 April	1,112,431	2,157,721	1,841,951	1,585,251	1,690,251
Depreciation	4,938,810	5,148,000	5,140,800	5,132,500	5,121,500
Capital Programme	(3,893,520)	(5,463,770)	(5,397,500)	(5,027,500)	(3,616,000)
Balance 31 March	<b>2,157,721</b>	<b>1,841,951</b>	<b>1,585,251</b>	<b>1,690,251</b>	<b>3,195,751</b>

**6.4.** Cabinet will consider the use of the Major Repairs Reserve and the level of balance required for the immediate future as part of its capital programme recommendations. Tenant representatives are consulted on the use of the Reserve.

## 7. Working Balance

**7.1.** The HRA Business Plan has a planned general Working Balance of £1.5 million. This position allows for a buffer against unforeseen events with an impact on expenditure or income in the year.

**7.2.** In addition to the General element of the Working Balance, amounts are held to fund potential costs in future years. TABLE 3 draws together all the earmarked components of the HRA working balance and shows the projected Working Balance at 31 March 2017.

**7.3.** The Special Projects element of the working balance is available to fund the HRA share of the Joint Transformation Programme.

**TABLE 3**

Working Balance Allocation	Actual 2015/16 £	Original 2016/17 £	Projected 2016/17 £	Budget 2017/18 £
General Working Balance	1,042,765	1,500,000	1,500,000	1,500,000
Special Projects	1,408,000	683,100	1,061,200	1,061,200
Self-Insurance	275,000	275,000	275,000	275,000
<b>Total Working Balance</b>	<b>2,725,765</b>	<b>2,458,100</b>	<b>2,836,200</b>	<b>2,836,200</b>

## 8. The Revenue Budget 2017/2018

**8.1** Income in 2017/2018 is planned to exceed expenditure by £806,600, which will be used to repay internal borrowing, reducing the surplus for the year to zero. The major variations for 2017/2018 are analysed below in TABLE 4.

TABLE 4

Budget Variations	Budget 2017/2018 £'000	Budget Variations	Budget 2017/2018 £'000
Original Budget Surplus 2016/14	<b>(519)</b>	Supplies and Services	149
Rental Income (New Dwellings)	(203)	Agency Services	2
Rental Income (1% Ren Reduction)	151	Support Services	(63)
Rental Income (RTB Sales)	104	Rent & Council Tax/Rates	25
Rental Income (Other)	15	Provision for Bad Debts	18
East Sussex County Council Grant	12	Depreciation of Fixed Assets	219
Grounds Maintenance Contribution	7	Debt Management Charges	9
Solar/Renewable Heat Tariffs	(25)	Interest on Borrowing	(2)
Service Charges	(24)	Repayment of Internal Borrowing	20
Leaseholder Charges	(23)	Net Variation	<b>519</b>
Other Sundry Charges	(3)	Projected Net Deficit/Surplus	<b>-</b>
Employees	27	Estimated Balance 1 April 2016	(2,836)
Premises and Property	93	Estimated Balance 31 March 2017	<b>(2,836)</b>
Transportation	11		

## 9. The Rent Decisions

- 9.1.** The Welfare Reform and Work Act 2016 required local authority and housing association rents to be reduced by 1% per year for 4 years, starting in April 2016.
- 9.2.** The budget has been prepared on the basis of an overall 1% reduction in dwelling rents from 3 April 2017.
- 9.3.** Projected Rents (Based on December 2016 Data) are shown in TABLES 5 & 6.

TABLE 5

Dwelling Type	Average Weekly Rent	
	2016/17 £	2017/18 £
Bedsits	61.04	60.43
1 Bedroom Flat	73.05	72.32
2 Bedroom Flat	82.40	81.58
3 Bedroom Flat	87.78	86.90
4 Bedroom Flat	98.50	97.52
1 Bedroom House	82.28	81.46
2 Bedroom House	95.41	94.46
3 Bedroom House	106.25	105.18
4 Bedroom House	114.35	113.21
5 Bedroom House	118.12	116.94
6 Bedroom House	133.73	132.39

TABLE 6

Dwelling Type	Average Weekly Rent	
	2016/17 £	2017/18 £
All Bedsits	61.04	60.43
All Flats	76.02	75.26
All Houses	99.95	98.95
All Dwellings	<b>89.41</b>	<b>88.52</b>

## 10. Affordable Rents

- 10.1.** The Council has two properties for which the rents are set as Affordable Rents, which are based on 80% of the monthly Market Rent. The agreements under which these properties were acquired, provide that the rents will increase in April each year by the Retail Price Index (September RPI (2.2%) plus 0.5%).
- 10.2.** The rents are subject to the Government's 1% reduction policy referred to in paragraph 9.1.

## 11. Garage Rents

- 11.1.** Garage Rents are not within the scope of formula rents. It is left to each Council to formulate its own policy on garage rents.
- 11.2.** The Council has undertaken a substantial programme of refurbishment works to council garages. In approving the refurbishment programme, Cabinet agreed that garage rents should reflect the local garage rental market.
- 11.3.** A market review of garage rents is undertaken every five years and in November 2015, District Valuer Services undertook a review of market rents. The new rents were implemented from April 2016. Following a market review, garage rentals are uprated each subsequent year by September RPI (2.2%).
- 11.4.** TABLE 7 sets out the weekly garage rentals.

**TABLE 7**

	<b>Rents 2016/17</b>	<b>Rents 2017/18</b>	<b>Rent Increase</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>%</b>
Lowest	11.63	11.89	0.26	2.2
Average	16.54	16.91	0.37	2.2
Highest	17.25	17.63	0.38	2.2

## 12. Private Sector Leased Property Rentals

- 12.1.** The Council's private sector leasing (PSL) scheme falls outside the scope of formula rents and is accounted for in the General Fund. The properties are leased from owners/landlords for a three-year period and sub-let to homeless families. There are currently eighteen properties within the scheme.
- 12.2.** The annual rent increase, if any, to owners is dealt with in the head lease.



- 12.3.** The Council's policy is to increase PSL rents each April by the September RPI inflation factor, which is 2.2% for 2017/2018.

## **The Service Charges Decisions**

### **13. The Communal Service Charge**

- 13.1.** The Communal Service Charge was recently reviewed with the aim of aligning the charges for tenants with those of leaseholders; reflecting the organisational change within the Council and the new contracts for grounds maintenance and communal cleaning.
- 13.2.** The charge recovers the cost of communal services provided to general needs flats. The services include grounds maintenance, maintenance of lifts, caretaking and cleaning, door entry and alarm systems, TV aerials, laundry services and communal lighting.
- 13.3.** The revised charges were implemented from April 2016, with all reductions implemented and increases capped at £3 per week. This approach has been adopted for the 2017/2018 charges.
- 13.4.** The communal element of the service charge is eligible for housing benefit.
- 13.5.** The average service charge is £5.03, with the lowest at £0.66 and the highest at £12.59. The position before the £3 cap is applied is shown in Table 8.

**TABLE 8**

	Properties	Minimum £	Average £	Maximum £
Reductions	568	0.01	0.92	3.35
Increases up to £3	420	0.01	1.09	2.87
Increases over £3	176	3.01	4.58	11.38
Total	<b>1,164</b>			

### **14. The Homeless Accommodation Service Charge**

- 14.1.** The service charge relates to the facilities provided at homelessness properties held within the Housing Revenue Account.
- 14.2.** The Homeless Accommodation Service Charge for 2017/2018 has been reviewed, in accordance with agreed Council practice, to reflect the proposed budget. The communal element of the service charge is eligible for housing benefit.

### **15. The Supported Housing Service Charge**

- 15.1.** The review of the sheltered housing service and the organisational change within the Council is reflected in the service charge.

- 15.2.** The service charge has been updated to reflect the 2017/2018 budget to achieve full cost recovery.
- 15.3.** The communal element of the service charge is eligible for housing benefit.

#### **16. The Support Scheme Charge**

- 16.1.** Following the withdrawal of East Sussex County Council from the Supporting People scheme, the Council introduced, from May 2016, a redesigned Support Scheme for tenants in sheltered accommodation.
- 16.2.** The charge for 2016/17 was £3.36 per week. The charge has now been reviewed to reflect the first year of operation of the redesigned scheme. The charge achieves full cost recovery and will increase to £4.14 per week from 3 April 2017.

#### **17. Other Service Charges**

- 17.1.** All other service charges have been updated to reflect the 2017/2018 budget and achieve full cost recovery. This charge includes sundry charges for digital television reception, residual lifeline services and domestic cookers provided at certain properties.

### **The Capital Programme**

#### **18. The capital programme is restricted to the amount of funding available from four major sources.**

- *Prudential Borrowing.* Any borrowing to fund additions or improvements to the stock must be affordable to the HRA. The borrowing must not take the total debt above the cap of £75,248,090 (paragraph 5.4 - TABLE 1).
- *The Major Repairs Reserve* (paragraph 6.3 - TABLE 2).
- *Capital Receipts.* As an indication, in the first six months of 2016/2017, the proceeds from the sale of nine dwellings amounted to £1,317,870, which have been allocated, in accordance with statutory requirements, for four purposes.
  - (i) To finance Non-HRA capital expenditure (£91,060);
  - (ii) To repay HRA borrowing, in accordance with the self-financing settlement (£261,870);
  - (iii) To pay the Government its prescribed share, (£204,010);
  - (iv) To fund new affordable housing, in accordance with the Government '1-4-1 retained receipts' scheme introduced in April 2012 (£760,930).

#### **19. Retained receipts from Council House Right to Buy Sales must be spent on new affordable housing, but can only be used to fund a maximum of 30% of the cost of the new homes within a rolling 3-year period. Any unused receipts must be returned to the Government with interest. The retention scheme was implemented**

on 1 April 2012 and since that date receipts with a total value of £2.954m have been initially retained requiring spending of £9.847m on new affordable homes. Of this amount, £2.966m has been spent and a further £2.520m is committed to the construction contract for 30 new dwellings on former garage sites.

**20.** The accumulative amount of capital receipts retained since April 2012 to repay HRA borrowing is £1.324m. No repayments have been made to date and there is no requirement to do so. The receipts can be used to finance capital expenditure and will be available towards the high value homes levy when it is introduced.

**21.** Capital Requirements for the next three years are shown in TABLE 10, which is based on the results of the new stock condition survey.

**21.1.** TABLE 9 shows those items within the approved 2016/2017 Capital Programme relating to those services covered by the Housing Revenue Account.

**TABLE 9**

Line No	HRA Investment Capital Programme	Approved Programme 2016/17	Approved Programme Variations	Revised Programme 2016/17
		£	£	£
1	New Dwellings	4,240,400	(98,800)	4,141,600
2	Improvements to Existing Stock	4,258,770	-	4,258,770
3	<i>Other Works</i>			
4	Adaptations for Disabled Tenants	415,000	-	415,000
5	Community TV Aerials	35,000	-	35,000
6	Recreation & Play Areas	62,590	-	62,590
7	Rooms in Roof Conversions	315,000	-	315,000
8	Lift Replacements	120,000	-	120,000
9	Door Entry Systems	20,000	-	20,000
10	Roads, Paths & Engineering	200,000	-	200,000
11	Environmental Improvements	50,000	-	50,000
12		<b>9,716,760</b>	<b>(98,800)</b>	<b>9,617,960</b>
13	<i>Funded by:</i>			
14	Borrowing	2,657,170	(98,800)	2,558,370
15	Capital Receipts	1,581,980	-	1,581,980
16	Major Repairs Reserve	5,463,770	-	5,463,770
17	Revenue Contributions	1,250	-	1,250
18	Other Contributions	12,590	-	12,590
		<b>9,716,760</b>	<b>(98,800)</b>	<b>9,617,960</b>

**21.2.** Capital schemes in respect of private sector housing or housing association schemes are within the General Fund Housing Investment Capital Programme.

**21.3.** This approach is adopted because some of the resources which are available to the Council to fund the Capital Programme can be used on either the General Fund or Housing Revenue Account, for example capital receipts, whereas other resources can only be used for HRA

purposes. Cabinet agrees the split of the shared resources, according to its overall priorities for capital expenditure.

- 21.4.** The proposed programme for the three-year period 2017/2018 to 2019/2020 is shown in TABLE 10 below. It assumes the Council undertakes prudential borrowing of £0.654m and utilises £14.041m from the Major Repairs Reserve.

The proposed programme includes £0.099m for residual payments under the current contract to construct new dwellings on former garage sites, £0.555m for the potential buy-back of dwellings; £12.046m for improvements to existing stock; and £1.995m in respect of other works outside of the stock condition survey.

**TABLE 10**

Ref	HRA Investment Capital Programme	2017/18 £	2018/19 £	2019/20 £
1	New Dwellings	283,800	185,000	185,000
2	Improvements to Existing Stock based on the Stock Condition Survey	4,732,500	4,362,500	2,951,000
3	<i>Other Works not included in Survey</i>			
4	Adaptations for Disabled Tenants	415,000	415,000	415,000
5	Community TV Aerials	35,000	35,000	35,000
6	Recreation & Play Areas	50,000	50,000	50,000
7	Rooms in Roof Conversions	165,000	165,000	165,000
8	<b>Total</b>	<b>5,681,300</b>	<b>5,212,500</b>	<b>3,801,000</b>
9	<i>Funded by:</i>			
10	Borrowing	283,800	185,000	185,000
11	Major Repairs Reserve	5,397,500	5,027,500	3,616,000
12	<b>Total</b>	<b>5,681,300</b>	<b>5,212,500</b>	<b>3,801,000</b>

## **22. Tenant Consultation**

- 22.1.** An integral part of the Budget process is a constructive dialogue with The Tenants of Lewes District Group (TOLD). Officers met with TOLD to review the draft Revenue Budget and Capital Programme on 23 January 2017.

## **Financial Implications**

- 23.** These are included in the main body of the report.

## **Risk Management Implications**

- 24.** I have completed a risk assessment in accordance with the Council's Risk Management methodology and the following risks and mitigating factors have been identified.

- 24.1.** The Revenue Budget has been compiled in accordance with the approved budget preparation guidelines, mitigating the risk that the budgets do not reflect likely expenditure needs or income levels.

### **Equality Screening**

- 25.** This is a budget 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 and it is not considered necessary to undertake an overarching analysis of the budget proposals as a whole.

### **Legal Implications**

- 26.** None arising from this Report

### **Background Papers**

None

### **Appendices:**

Appendix 1 – Housing Revenue Account Budget 2017/2018

LINE NO.	SUMMARY	2016/17 ESTIMATE £	2017/18 ESTIMATE £
1	Rental Income	15,290,300	15,223,600
2	Charges for Services	1,156,000	1,230,900
3	Contributions towards Expenditure	53,300	41,000
4	Community Amenities Contribution	166,400	158,500
5	<b>Total Direct Income</b>	<b>16,666,000</b>	<b>16,654,000</b>
6	Supervision and Management	2,204,100	2,283,600
7	Special Services	1,468,100	1,381,600
8	Repairs and Maintenance	4,665,900	4,892,100
9	Rents and Rates	152,200	177,400
10	Provision for Bad Debts	50,000	68,000
11	Depreciation of Fixed Assets		
12	- Dwellings	4,384,200	4,529,800
13	- Other Assets	563,400	636,900
14	- Intangible Assets	6,300	6,300
15	Debt Management Costs	38,000	47,000
16	<b>Total Direct Expenditure</b>	<b>13,532,200</b>	<b>14,022,700</b>
17	<b>Net Cost of Services</b>	<b>(3,133,800)</b>	<b>(2,631,300)</b>
18	Interest Payable	1,857,300	1,855,100
19	Interest Receivable	(26,000)	(27,000)
20	<b>Net Operating Expenditure</b>	<b>(1,302,500)</b>	<b>(803,200)</b>
21	Repayment of Internal Borrowing	786,600	806,600
22	Capital Expenditure Funded from Revenue	-	-
23	Amortised Premiums and (Discounts)	(3,400)	(3,400)
24	Reversal of Depreciation & Impairments	(4,953,900)	(5,173,000)
25	Transfer to / (from) Major Repairs Reserve	4,953,900	5,173,000
26	<b>Net (Surplus) / Deficit</b>	<b>(519,300)</b>	<b>-</b>
27	BALANCE 1 APRIL	1,938,812	2,836,200
28	BALANCE 31 MARCH	2,458,112	2,836,200

**Agenda Item No:** 9.4 **Report No:** 24/17  
**Report Title:** Capital Programme 2016/2017 to 2019/2020  
**Report To:** Cabinet **Date:** 8 February 2017  
**Cabinet Member:** Councillor Bill Giles  
**Ward(s) Affected:** All  
**Report By:** Alan Osborne, Deputy Chief Executive  
**Contact Officer(s):**  
    **Name(s):** Stephen Jump  
    **Post Title(s):** Head of Finance  
    **E-mail(s):** [steve.jump@lewes.gov.uk](mailto:steve.jump@lewes.gov.uk)  
    **Tel No(s):** 01273 471600

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### **Purpose of Report:**

To recommend to Council the revised 2016/2017 Capital Programme, the 2017/2018 Capital Programme, the outline Capital Programme 2018/2019 to 2019/2020 and the associated Prudential Indicators.

### **Officers Recommendation(s):**

- 1** To approve the revised 2016/2017 Capital Programme of £23.819m at Appendix 1 and recommend it to Council.
- 2** To approve the 2017/2018 Capital Programme of £14.556m at Appendix 2 and recommend it to Council.
- 3** To approve the outline Capital Programme 2018/2019 to 2019/2020 of £19.612m at Appendix 2 and recommend it to Council.
- 4** To approve the Prudential Indicators in respect of the Capital Programme detailed in Section 6, and recommend to Council that they are adopted for 2017/2018.

### **Reasons for Recommendations**

- 1** As part of the annual budget cycle the Cabinet considers what level of capital support to allocate to its policy programme. It also considers the medium term position in relation to likely capital needs and available resources. The Council's Constitution requires Cabinet to make a recommendation to Council on the level of the Capital Programme budget.

- 2** Part 1 of the Local Government Act 2003 introduced a framework for local authority capital expenditure and financing, the 'Prudential Capital Finance System'. The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003, which define this system, requires local authorities to follow the 'Prudential Code for Capital Finance in Local Authorities' (the Prudential Code) when taking their decisions. The Prudential Code requires authorities to set a number of 'Prudential Indicators' before the beginning of each financial year.

### **3 Background to the Capital Finance system**

- 3.1** The Local Government Act 2003 introduced a framework for local authority capital finance. The key feature of the system is that local authorities are free to raise finance for capital expenditure where they can afford to service the resulting debt.
- 3.2** In the case of non-Housing Revenue Account schemes, a local authority is able to borrow to finance capital expenditure without any limit being imposed by the Government, provided that the local authority considers the borrowing to be 'affordable'. The Secretary of State retains an overall power to intervene if the national total of intended local authority borrowing is unacceptable 'for national economic reasons'.
- 3.3** In determining how much borrowing is 'affordable' local authorities are required to have regard to the Prudential Code. The Prudential Code does not set out in detail how authorities should calculate their own level of borrowing, but provides an overall framework within which local authorities must ensure that their capital spending plans are prudent, affordable and sustainable.
- 3.4** In the case of capital expenditure in respect of council housing, the Government considers that it is necessary, due to the current fiscal position, to maintain control on authorities' debt. It exercises control by specifying for each housing authority a limit to that authority's housing indebtedness (a Debt Cap). The Debt Cap restricts the ability of an authority to take on additional borrowing in respect of its housing stock even if that borrowing is affordable by its Housing Revenue Account (HRA). The Government set this Council's Debt Cap at £72.931m. In 2014/2015 the Council successfully applied to the Local Growth Fund for an increase in the Debt Cap to £75.248m on the condition that the additional borrowing is used for new build schemes on specified former garage sites.
- 3.5** In following the framework of the Prudential Code, every local authority is required to set a number of 'Prudential Indicators' before the start of the financial year. These indicators cover capital expenditure plans, the impact of those plans on revenue budgets, and the link between the need to borrow to finance those plans and the Council's overall Treasury Management strategy.



- 3.6** The Prudential Code makes it clear that the Prudential Indicators are not designed to be compared between authorities and explains that it would be misleading and counter-productive to treat them in this way. The system is designed to support local decision-making in a manner that is publicly accountable.

## **4 Financing Capital expenditure**

- 4.1** All capital expenditure has to be financed, either in the year that it is incurred or over a period of time (recognising that capital assets have a life which extends into the future). The core sources of finance are:

- Capital receipts generated from the sale of capital assets
- Reserves
- Direct from Revenue budgets
- Third-Party Contributions e.g. from developers as required by 's106 agreements'
- Grants and Contributions

- 4.2** Capital expenditure not financed in year remains as a 'capital financing requirement' funded temporarily by borrowing. Annual provision is made from the revenue budgets to repay this outstanding borrowing over time. As noted above, the total amount borrowed must be affordable, when taking into account both the principal repayments required and the interest payable on outstanding loans.

- 4.3** Capital Receipts from the sale of houses and flats under the Right to Buy scheme are a key source of funding for capital expenditure. Regulations specify that these receipts are divided into four elements as shown in the table below. The amounts shown are for illustration and relate to the nine properties sold by the Council in the first six months of 2016/2017.

	<b>1 April to 30 Sept 2016</b>	
	<b>£</b>	<b>%</b>
Core receipts retained to fund capital expenditure	91,060	7
Receipts retained for the repayment of HRA debt	261,870	20
Receipts paid to the Government	204,010	15
Additional receipts retained to fund new affordable housing	760,930	58
<b>Total</b>	<b>1,317,870</b>	<b>100.0</b>

- 4.4** Capital Receipts derived from the sale of non-housing assets do not have to be allocated in a specified way but can be used to pay for any kind of capital expenditure or, if the Council prefers, as provision to repay debt or meet premiums on the early repayment of debt.

## **5 Capital Programme**

**5.1** The Capital Programme is an allocation of resources to projects relating to the major repair, enhancement or purchase of long-term assets. In many cases these projects will span financial years.

### **5.2 Capital Programme 2016/2017**

**5.2.1** The approved 2016/2017 Capital Programme is set out in Appendix 1 (lines 1 to 29), with a total value of £26.160m. As noted above, for completeness, this includes the full cost of implementing new capital schemes although some of the expenditure will fall into 2017/2018 and, potentially, later years. Where it is known that projects to which budgets had been allocated in 2016/2017 will not now start until 2017/2018, those budgets are now rolled forward. Total spend at the end of Quarter 3 was £11.411m.

**5.2.2** Cabinet is recommended to approve the variations to the 2016/2017 Capital Programme identified in Appendix 1, reducing the total value of the programme by £2.361m to £23.819m. Variations are as follows:

- (a)** Line 2 New Dwellings – residual payments on the current contract for the construction of new dwelling on former garage sites, carried forward from 2016/2107 to 2017/2018
- (b)** Line 14 Parks, Recreation and Play Areas– spend on some projects deferred from 2016/2017 to 2017/2018, and inclusion of Malling Skateboard Park project with a value of £0.220m fully funded from external contributions and grants
- (c)** Line 20 Commercial Development – deferral of approved projects into 2017/2018
- (d)** Line 21 Property acquisition North Street – the increase in the programme reflects costs incurred in acquiring the headlease of properties in January 2017
- (e)** Line 23 Change to Waste and Recycling Service – expenditure on this project is likely to be deferred until 2017/2018
- (f)** Line 25 Property assets major works – deferral of project into 2017/2018

### **5.3 Resources to support the future Capital Programme**

**5.3.1** The following table sets out a projection of the core resources which will be available at 1 April 2017 to fund capital expenditure, other than borrowing.

Line		£m
1	<i>Resources for the HRA Programme</i>	
2	- Major Repairs Reserve	6.983
	- Retained Right to Buy receipts	2.065
3	- Capital Expenditure Financed from Revenue	0.000
4	Sub-total HRA	9.048
5	<i>Resources for the General Fund Programme</i>	
6	- Disabled Facilities Grant – Better Care Fund	0.840
7	- Capital Expenditure Financed from Revenue	0.255
8	Sub-total General Fund	1.095
9	Capital Receipts	2.288
10	Total	12.431
Note: In addition, the Council's earmarked reserves can be used to support capital expenditure (e.g. Vehicle and Equipment Reserve).		

Line 2 – Major Repairs Reserve (MRR): The contribution into the Reserve each year is based on the annual depreciation charge in respect of HRA assets. The contribution in 2017/2018 will be £5.141m. At 1 April 2017, the balance of MRR received in previous years, but not yet used, is expected to be £1.842m.

Line 3 - HRA Revenue Contribution: no direct revenue funding of the HRA capital programme is proposed for 2017/2018..

Line 6 - Disabled Facilities Grant funding: This amount reflects Better Care Funding of the cost of awarding mandatory Disabled Facilities Grants made available by East Sussex County Council, ESCC. The allocation shown is provisional, pending confirmation by ESCC, and is at the 2016/2017 level.

Line 8 - Capital Receipts: These are available to support either the General Fund or Housing Revenue Account capital programmes and Cabinet has previously agreed that they should be allocated according to spending priorities. The total shown is the expected balance at 1 April 2017, with no account taken of any receipts that may be received in 2017/2018, or subsequent years. In accordance with the Key Principle number 4 of our Finance Strategy which is shown in the General Fund Revenue budget report we only include capital receipts when they are “banked”.

- 5.3.2** Retained receipts from Council House Right to Buy Sales must be spent on new affordable housing, but can only be used to fund a maximum of 30% of the cost of the new homes. The retention scheme

was implemented on 1 April 2012 and since that date receipts with a total value of £2.954m have been initially retained requiring spending of £9.847m on new affordable homes. Of this amount £2.966m has been spent to date and £2.520m has been committed to the construction of new homes. £2.0m of receipts from the sale of land at the rear of Lewes House in 2015/2016 will be used to reduce the level of General Fund borrowing and the minimum revenue provision which is charged to the General Fund budget.

- 5.3.3** Cabinet has previously determined that as Disabled Facility Grants are mandatory, they should be the first call on available funds, with any remaining core housing receipts used to pay for other elements within the Private Sector Housing Renewal programme (e.g. energy efficiency initiatives).
- 5.3.4** General Fund Reserves are also available to fund either revenue or capital expenditure.
- 5.3.5** Under the Prudential Borrowing regime the only cap on General Fund Borrowing is one of affordability to the taxpayer. The Housing Revenue Capital Programme on the other hand is constrained by a borrowing cap. There is currently £9.281m of borrowing headroom available to support the construction or acquisition of new Council-owned homes, up to 30% of the cost of which can be financed from retained Right To Buy receipts as explained in paragraph 5.3.2.

#### **5.4 Capital Programme 2017/2018 to 2019/2020**

- 5.4.1** The Prudential Code requires local authorities to plan their capital expenditure programme for at least three years ahead. The most detailed information is available for year 1, with the programme for years 2 and 3 liable to variation when more precise forecasting can be undertaken in terms of both the availability of capital resources and spending requirements.
- 5.4.2** The recommended Capital Programme for 2017/2018 to 2019/2020 is set out in Appendix 2. It should be noted that the items shown for 2018/2019 and 2019/2020 are provisional at this stage.
- 5.4.3** Housing Capital Programme
  - (a)** The proposed three year Housing Capital Programme is shown at Appendix 2 (lines 2 to 15), with a total value of £6.656m in 2017/2018.
  - (b)** The proposed programme includes an annual allocation of £0.185m for the potential purchase of properties previously sold under the Right to Buy Scheme. The capital programme will be amended as specific projects are developed for the construction of

new dwellings, part-financed from retained right to buy receipts with funding from borrowing to the level of the HRA debt cap.

- (c) Those items which relate to improving the Council's own housing stock and other works (Appendix 2 - lines 4 to 9) are consistent with the Housing Business Plan. The allocation for improvements (line 4) is derived from the stock condition survey that was completed in 2016. The total HRA Capital Programme for this three year period, £14.695m, is funded by borrowing (£0.654m) and the Major Repairs Reserve (£14.041m).
- (d) The mandatory Disabled Facilities Grants programme in 2017/2018 is £0.840m (line 13) and provides aids and adaptations for disabled persons to live independently in their own homes. The programme is wholly funded by Government grant passed down via East Sussex County Council.
- (e) It is proposed to continue the programme of Private Sector Housing grants and loans for emergency repairs and energy efficiency measures, with an allocation of £0.135m in each year of the programme, funded from capital receipts.

#### **5.4.4 General Fund Capital Programme**

- (a) The Non-Housing Programme (Appendix 2, lines 16 to 33) has a proposed value in 2017/2018 of £7.900m. This excludes any provision that Cabinet may make available when it agrees the General Fund Revenue Budget for 2017/2018.
- (b) A recurring allocation of £0.050m (line 17) is provided for major works for which the Council is responsible as landlord at the leisure facilities which are operated by Wave leisure. This allocation is enhanced by £0.200m in 2017/2018 for potential improvements at Seahaven Pool, Newhaven.
- (c) The programme of work at parks, recreation grounds and play areas (line 18) is funded from developer (s106) contributions and the Asset Maintenance Reserve.
- (d) £0.233m (line 19) is allocated for the replacement of vehicles (£0.183m) (excluding those utilised in the waste and recycling service which is subject to review) and IT equipment (£0.050m), fully funded from reserves. The funding requirement for IT replacements in future years will be assessed in the light of investment in new technology as part of the Joint Transformation Programme.
- (e) A total of £0.184m is allocated across two years in respect of Flood Alleviation measures (line 21). This completes the programme of work agreed by Council in February 2016,

undertaken by Ouse and Adur Rivers Trust (OART), funded from monies which were previously paid as a levy to the Environment Agency in respect of the Drainage Board which ceased in December 2016.

- (f) A provision of £0.050m (line 22) is included for refurbishment work to Newhaven Fort, as agreed with WAVE Leisure which is operating the Fort under a management agreement with the Council.
- (g) An allocation of £4m has been made in the programme (line 29) to enable commercial property acquisitions with the purpose of generating future rental income streams. Any specific acquisition will be subject to a detailed financial appraisal and approved by Cabinet before going ahead.
- (h) The allocation for changes to the Waste and Recycling Service (line 31) is carried forward from 2016/2017.
- (i) A general provision for major works to Property Assets is included in the forward three year capital programme at £0.150m (line 32).
- (j) The General Fund Capital Programme 2017/2018 is funded from Borrowing (£4.970m), Reserves (£2.340m), Contributions (£0.394m), and direct revenue contributions (£0.136m).

## **6 Prudential Indicators**

**6.1** As noted in section 3 above, the Prudential Framework requires local authorities to ensure that their capital expenditure plans are affordable and sustainable in the longer term. A key element in making this judgment is the impact that the capital expenditure plans will have on the General Fund and the Housing Revenue Account. The impact is measured through a number of 'Prudential Indicators'.

**6.2** The indicators derived from the capital programme at Appendix 2 are given in 6.21 to 6.24 below. The effect of the capital programme on both the General Fund and Housing Revenue Account is considered to be affordable. There will be no impact on affordability by the introduction of any new schemes in to the programme, provided that they are fully funded from external sources.

### **6.2.1 Estimates of Capital Expenditure**

This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax and in the case of the HRA, housing rent levels.

No	Capital Expenditure	2016/17 Estimate £m	2016/17 Revised £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m
1a	Non-HRA	8.731	14.102	8.875	5.323	5.275
1b	HRA	8.740	9.717	5.681	5.213	3.801
	<b>Total</b>	<b>17.471</b>	<b>23.819</b>	<b>14.556</b>	<b>10.536</b>	<b>9.076</b>

## 6.2.2 Ratio of Financing Costs to Net Revenue Stream

This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet borrowing costs. The ratio is based on costs net of investment income.

No	Ratio of Finance Costs to Net Revenue Stream	2016/17 Estimate %	2016/17 Revised %	2017/18 Estimate %	2018/19 Estimate %	2019/20 Estimate %
2a	Non-HRA	1.64	1.61	1.62	1.76	1.81
2b	HRA	15.71	15.70	15.82	15.82	15.82

## 6.2.3 Capital Financing Requirement

The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose. The calculation of the CFR is taken from the amounts held in the Balance Sheet relating to capital expenditure and the financing.

No	Capital Financing Requirement	2016/17 Approved £m	2016/17 Revised £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m
3a	Non-HRA	10.067	13.858	18.848	22.589	26.077
3b	HRA	64.982	65.722	65.168	64.512	63.853
	<b>Total CFR</b>	<b>75.049</b>	<b>79.580</b>	<b>84.016</b>	<b>87.101</b>	<b>89.930</b>

## 6.2.4 Incremental Impact of Capital Investment Decisions

This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax and Housing Rent levels. The incremental impact is calculated by comparing the total revenue budget requirement of the current approved capital programme with an equivalent calculation of the revenue budget requirement arising from the proposed capital programme. The revenue budget requirement includes the use of Reserves.

No	Incremental Impact of Capital Investment Decisions	2016/17 Approved £	2016/17 Revised £	2017/18 Estimate £	2018/19 Estimate £	2019/20 Estimate £
5a	Increase in Band D Council Tax	127.19	167.97	79.35	10.90	9.53
5b	Increase in Average Weekly Housing Rents	1.31	1.21	0.85	0.78	0.57



The above table has been calculated taking into account:

- capital expenditure directly funded from revenue
- capital expenditure funded from reserves (which could otherwise have been used for revenue purposes)
- the loss of potential investment income which could have been earned had funds not been used to finance the capital programme
- in 2017/2018 and 2018/2019 the costs shown relate to the recurring effects of the 2016/2017 programme only
- the 2017/2018 tax base has been used in the calculations for 2018/2019 onwards

### **Financial Implications**

**7** This is included in the main body of the report.

### **Legal Implications**

**8** None arising from this Report.

### **Risk Management Implications**

**9** I have completed a risk assessment in accordance with the Council's risk management methodology and the following risks and mitigating factors have been identified.

In common with all plans which necessitate major expenditure there is a risk that insufficient funds will be available. However, this risk is mitigated by ensuring that current resources match the total cost of the programme with no account taken of the proceeds of future asset sales. The programme has been developed in accordance with the Prudential Framework, which includes an assessment of affordability.

Monitoring of the projects, which comprise the programme, takes place regularly through the year and any changes are reported to Cabinet. The letting of contracts in respect of the projects contained within the programme is carried out in accordance with the contract procedure rules set out in the Council's Constitution.

**Equality Screening:** This is a budget 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 and it is not considered necessary to undertake an overarching analysis of the budget proposals as a whole.

**Background Papers:** None

**Appendices:** Appendix 1 Revised Capital Programme 2016/2017  
Appendix 2 Proposed Capital Programme 2017/2018 to 2019/2020



Line No	SUMMARY	Initial Programme 2016/17	Approved variations	Approved Programme 2016/17	Variations to approve	Proposed Programme 2016/17	Quarter 3 2016/17 spend	Remaining allocation
		£	£	£	£	£	£	£
1	<b>HRA HOUSING INVESTMENT CAPITAL PROGRAMME</b>							
2	New Dwellings	185,000	4,055,400	4,240,400	(98,800)	4,141,600	2,775,320	1,366,280
3	Improvements to Stock	4,840,000	258,770	5,098,770	0	5,098,770	1,632,320	3,466,450
4	Recreation & Playareas	50,000	12,590	62,590	0	62,590	61,630	960
5	Room in Roof Conversions	165,000	40,000	205,000	0	205,000	3,060	201,940
6	Common Room Conversions	0	110,000	110,000	0	110,000	0	110,000
7	<b>TOTAL HRA HOUSING INVESTMENT CAPITAL PROGRAMME</b>	<b>5,240,000</b>	<b>4,476,760</b>	<b>9,716,760</b>	<b>(98,800)</b>	<b>9,617,960</b>	<b>4,472,330</b>	<b>5,145,630</b>
8	<b>GENERAL FUND HOUSING INVESTMENT CAPITAL PROGRAMME</b>							
9	Private Sector Housing Support	135,000	59,890	194,890	0	194,890	148,030	46,860
10	Mandatory Disabled Facilities Grants	600,000	287,630	887,630	0	887,630	346,510	541,120
11	<b>TOTAL GENERAL FUND HOUSING INVESTMENT CAPITAL PROGRAMME</b>	<b>735,000</b>	<b>347,520</b>	<b>1,082,520</b>	<b>0</b>	<b>1,082,520</b>	<b>494,540</b>	<b>587,980</b>
12	<b>GENERAL FUND CAPITAL PROGRAMME</b>							
13	Indoor Leisure Facilities - Major repairs and improvements	0	369,180	369,180	0	369,180	206,160	163,020
14	Parks, Recreation, Play Areas	31,000	481,580	512,580	(124,380)	388,200	118,870	269,330
15	Coastal Defence Works	0	40,170	40,170	0	40,170	4,310	35,860
16	Flood Alleviation Project	112,750	0	112,750	0	112,750	112,750	0
17	Newhaven Fort Major Repairs and Improvements	50,000	21,980	71,980	0	71,980	12,790	59,190
18	Newhaven Growth Quarter	0	78,570	78,570	0	78,570	31,120	47,450
19	Avis way depot	0	220,000	220,000	0	220,000	182,530	37,470
20	Asset Management - Commercial Development	0	1,960,000	1,960,000	(970,000)	990,000	881,680	108,320
21	Property acquisition - North Street development	2,900,000	0	2,900,000	672,000	3,572,000	25,950	3,546,050
22	Joint Transformation Programme	1,000,000	1,300,000	2,300,000	0	2,300,000	359,030	1,940,970
23	Implementing Change to Waste and Recycling Service	1,800,000	0	1,800,000	(1,800,000)	0	0	0
24	Vehicle Replacements	165,000	0	165,000	0	165,000	125,470	39,530
25	Property Assets Major Works	150,000	334,810	484,810	(40,000)	444,810	29,020	415,790
26	Commercial Property Acquisition - The Friars	0	4,345,500	4,345,500	0	4,345,500	4,346,700	(1,200)
27	Community Infrastructure	20,000		20,000		20,000	8,070	11,930
28	<b>TOTAL GENERAL FUND CAPITAL PROGRAMME</b>	<b>6,228,750</b>	<b>9,151,790</b>	<b>15,360,540</b>	<b>(2,262,380)</b>	<b>13,118,160</b>	<b>6,444,450</b>	<b>6,661,780</b>
29	<b>TOTAL OVERALL CAPITAL PROGRAMME</b>	<b>12,203,750</b>	<b>13,976,070</b>	<b>26,159,820</b>	<b>(2,361,180)</b>	<b>23,818,640</b>	<b>11,411,320</b>	<b>12,395,390</b>
30	<b>CAPITAL PROGRAMME FUNDING</b>							
31	Borrowing					11,235,390		
32	Capital Receipts					1,991,060		
33	Reserves					9,256,360		
34	Capital Grants					907,180		
35	Section 106 Contributions					333,020		
36	Other Capital Contributions					70,810		
37	Capital Expenditure Financed from Revenue (General Fund)					3,570		
38	Capital Expenditure Financed from Revenue (Housing Fund)					1,250		
39	CIL Grants					20,000		
40	<b>TOTAL CAPITAL PROGRAMME</b>					<b>23,818,640</b>		

Line No.		2017/18 £	2018/19 £	2019/20 £	Total £
1	<b>HOUSING CAPITAL PROGRAMME</b>				
2	<b>HRA Housing Investment Capital Programme</b>				
3	New Dwellings	283,800	185,000	185,000	653,800
4	Improvements to Existing Stock	4,732,500	4,362,500	2,951,000	12,046,000
5	Improvements to Stock - other not included in survey				
6	: disabled adaptations	415,000	415,000	415,000	1,245,000
7	: communal tv aerials	35,000	35,000	35,000	105,000
8	Recreation & Playareas	50,000	50,000	50,000	150,000
9	Room in Roof Conversions	165,000	165,000	165,000	495,000
10	<b>Total HRA Housing</b>	<b>5,681,300</b>	<b>5,212,500</b>	<b>3,801,000</b>	<b>14,694,800</b>
11	<b>General Fund Housing Investment Capital Programme</b>				
12	Private Sector Housing Grants	135,000	135,000	135,000	405,000
13	- Mandatory Disabled Facilities Grants	840,000	840,000	840,000	2,520,000
14	<b>Total General Fund Housing</b>	<b>975,000</b>	<b>975,000</b>	<b>975,000</b>	<b>2,925,000</b>
15	<b>Total Housing Capital Programme</b>	<b>6,656,300</b>	<b>6,187,500</b>	<b>4,776,000</b>	<b>17,619,800</b>
16	<b>GENERAL FUND CAPITAL PROGRAMME</b>				
17	Indoor Leisure Facilities - Major repairs and improvements	250,000	50,000	50,000	350,000
18	Parks, Recreation, Play Areas	270,900	50,000	50,000	370,900
19	Vehicle and equipment replacements	233,000	-	-	233,000
20	Coastal Defence Works	-	-	-	-
21	Flood Alleviation Project	136,000	48,000	-	184,000
22	Newhaven Fort Major Repairs and Improvements	50,000	50,000	50,000	150,000
23	Newhaven Growth Quarter	-	-	-	-
24	Avis way depot	-	-	-	-
25	<b>Asset Management - Commercial Development</b>				
26	19-21 Cradle Hills incl above, defer refurb spend	220,000	-	-	220,000
27	Denton Island skate incl above, defer spend	530,000	-	-	530,000
28	Turkish Baths, defer spend	220,000	-	-	220,000
29	Commercial property acquisitions	4,000,000	4,000,000	4,000,000	12,000,000
30	Property acquisition - North Street development	-	-	-	-
31	Implementing Change to Waste and Recycling Service	1,800,000	-	-	1,800,000
32	Property Assets Major Works	190,000	150,000	150,000	490,000
33	<b>Total General Fund Capital Programme</b>	<b>7,899,900</b>	<b>4,348,000</b>	<b>4,300,000</b>	<b>16,547,900</b>
34	<b>TOTAL CAPITAL PROGRAMME REQUIREMENT</b>	<b>14,556,200</b>	<b>10,535,500</b>	<b>9,076,000</b>	<b>34,167,700</b>
35	<b>FUNDING AVAILABILITY</b>				
36	Borrowing - HRA	283,800	185,000	185,000	653,800
37	Borrowing - General Fund	4,970,000	4,000,000	4,000,000	12,970,000
38	General Fund Capital Receipts	165,800	135,000	135,000	435,800
39	Grant - Disabled Facilities	-	-	-	-
40	General Fund Reserves	2,624,100	250,000	250,000	3,124,100
41	HRA Reserves	5,397,500	5,027,500	3,616,000	14,041,000
42	Capital Grants	840,000	840,000	840,000	2,520,000
43	General Fund Section 106 Contributions	139,000	50,000	50,000	239,000
44	Capital Expenditure Financed from Revenue - General Fund	136,000	48,000	-	184,000
45	Capital Expenditure Financed from Revenue - HRA	-	-	-	-
46	<b>Total Funding Availability</b>	<b>14,556,200</b>	<b>10,535,500</b>	<b>9,076,000</b>	<b>34,167,700</b>

**Agenda Item No:** 9.5 **Report No:** 25/17  
**Report Title:** Annual Treasury Management Strategy Statement and Investment Strategy 2017/2018 to 2019/2020  
**Report To:** Cabinet **Date:** 8 February 2017  
**Cabinet Member:** Councillor Bill Giles  
**Ward(s) Affected:** All  
**Report By:** Alan Osborne, Deputy Chief Executive  
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**Purpose of Report:**

To advise Cabinet of the proposed Treasury and Investment Strategies for 2017/2018 to 2019/2020.

To seek Council determination of (i) the 2017/2018 authorised borrowing limit (as required by section 3(1) of the Local Government Act 2003), (ii) the Council's 2017/2018 Investment Strategy and (iii) the method of calculating the Council's Minimum Revenue Provision.

**Officers Recommendation(s):**

**1** To recommend to Council that:

- a. It adopts the Treasury Management Strategy Statement and Investment Strategy 2017/2018 to 2019/2020 set out in Appendix 1.
- b. The Council's 'Prudential Indicators' for the year are those set out in Appendix B of the Strategy document.
- c. The Council's level of affordable borrowing, determined in accordance with the Local Government Act 2003, is subject to the following limits:

	2017/2018	2018/2019	2019/2020
Authorised limit for external debt	£85.5m	£88.5m	£91.5m

- d. The Council's approach to allocating debt and associated costs between the Housing Revenue Account and General Fund be as set out in Section 9 of the Strategy Statement.
  - e. The Council's Minimum Revenue Provision be calculated as set out in Section 13 of the Strategy Statement.
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## **Reasons for Recommendations**

1. The Council has adopted the CIPFA Code of Practice on Treasury Management. In accordance with the Code of Practice, the Cabinet recommends to Council an Annual Treasury Strategy Statement before the start of each financial year. This includes an Investment Strategy for the year ahead (which Government guidance notes should be adopted by full Council) as well as 'Prudential Indicators' which are required to be set in order to comply with the 'Prudential Code for Capital Finance in Local Authorities' (The Prudential Code). The majority of these indicators are an essential element of an integrated treasury management strategy.
2. The Local Authorities (Capital Finance and Accounting)(England)(Amendment) Regulations 2008 place a duty on local authorities to make a prudent provision for debt redemption. Guidance has been issued by the Secretary of State on determining 'Minimum Revenue Provision'.
3. Section 3 of the Local Government Act 2003 requires the Council to determine and keep under review how much money it can afford to borrow. This is known as the 'affordable borrowing limit'.

## **Annual Treasury Management Strategy Statement and Investment Strategy 2017/2018 to 2019/2020**

### **1. Introduction**

- 1.1. The draft Strategy Statement is attached at Appendix 1. It sets out the background to the Council's treasury management activity both in terms of the wider economy and the Council's own current and projected financial position. It sets out the approach which will be taken to borrowing and the investment of cash balances. It explains the risks which are inherent in treasury management and how these are to be mitigated. The Strategy Statement specifies the Prudential Indicators which the Council is to set in order to meet the requirements of the Prudential Code; contains an 'MRP Statement' which defines the approach that the Council will take to make prudent provision for debt redemption; and establishes the policy for the separate management of General Fund and Housing Revenue Account borrowing.
- 1.2. The content of the draft Strategy Statement follows the requirements of CIPFA's revised Code of Practice which was published in November 2011 and has been prepared with the support of Arlingclose, the Council's Treasury advisers. The Strategy Statement is a lengthy document and includes the use of technical terms where they are unavoidable.
- 1.3. In 2016/2017 the Council has expanded its commercial property portfolio to generate revenue income streams. This investment of financial resources in property assets, is outside the remit of (though has an impact on) this Strategy which has a remit of treasury management activity only.

## **2. Audit and Standards Committee Review**

- 2.1.** The Audit and Standards Committee received the draft Strategy Statement at its meeting on 16 January 2016 in line with the Code of Practice's recommendation that the annual Treasury Strategy should be subject to scrutiny. The Audit and Standards Committee's made no specific comments for Cabinet to consider. The Audit and Standards Committee's review did not encompass the Prudential Indicators, because some of these were still subject to final calculation pending the finalisation of the draft Capital Programme.
- 2.2.** The Audit and Standards Committee were made aware that the draft Strategy Statement presented to them contained values (eg capital expenditure, use of reserves, capital financing requirement) which were best estimates at the time of preparing their report, and which may be revised when draft budget papers are finalised for consideration by Cabinet at this meeting. It was explained that any revisions were expected to be immaterial, with no bearing on the Strategy proposed.

## **3. 2017/2018 Strategy Statement in context**

- 3.1.** Given the risk and continued low returns from short-term unsecured bank investments, the Strategy enables the Council to continue diversification into more secure and/or higher yielding asset classes during 2017/2018. Diversification is of importance in the context of the Council's reserves and balances reducing as they are called on to support the Council's organisational change programme. With diminishing reserves, the impact of a single counterparty default would be greater.

## **4. Proposed changes to Investment Strategy**

- 4.1.** The minimum credit rating for investments permissible under the current Strategy is long-term 'A-'. This was more cautious than Arlingclose's recommended minimum of long-term 'BBB+' for 2016/2017.
- 4.2.** Arlingclose continue to advise a minimum credit rating criteria of long-term 'BBB+', one mark below the 'A-' rating and it is proposed to move to that level for 2017/2018, increasing investment opportunities.
- 4.3.** The current Strategy limits the total of long-term investments (ie more than one year) to £2m. Arlingclose advise that clients should seek longer term-investment opportunities, where funds are known to be available, which brings the potential for higher returns. It is proposed, therefore, to increase the limit for the total of long-term investments (ie more than one year) to £3m from the current limit of £2m.
- 4.4.** The current strategy precludes investments with corporate institutions or registered providers (housing associations) with a credit rating of A-. Arlingclose advise that investment with such counterparties is appropriate, and it is proposed to amend the Strategy accordingly.

**4.5.** Appendix C (page 21) of the Strategy sets out approved counterparty types and limits for 2017/2018 in detail. A limit of £2m per counterparty will apply, with the exception of investments with Government bodies (unlimited) and pooled funds, for example Money Market Funds, for which the individual limit will be £3m. With the exception of the change to the credit rating criteria referred to above, all counterparty types and investment durations remain unchanged from the current Strategy.

**4.6.** It should be noted that the presence of a counterparty type on the list at Appendix C does not necessarily mean that it will be used by the Council.

## **5. Borrowing Strategy**

**5.1.** The current approach of 'internal borrowing' (ie using cash held as balances, reserves and working capital as an alternative to long-term borrowing) as a means of funding capital expenditure will continue in 2017/2018.

**5.2.** The Council will remain open to the possibility of debt rescheduling (ie replacing an existing loan with a new loan or loans, or repaying a loan without replacement) where this is expected to lead to an overall saving or reduction in risk.

## **6. Provision for debt repayment**

**6.1.** Local authorities are required to make prudent provision for the repayment of debt, and set its Policy for doing so each year. With the Council increasingly looking to extend its commercial property portfolio, develop its land holdings and realise assets, the Policy has been amended to identify how associated debt will be treated. This is set out in Section 13 of the Strategy.

## **Risk Management Implications**

**7.** The risk management implications associated with this activity are explained in the Strategy Statement.

## **Financial Implications**

**8.** All relevant implications are referred to in the Strategy Statement.

## **Legal Implications**

**9.** The legislative context is set out in the Strategy Statement.

## **Equality Screening:**

**10.** The contents of this report is technical in nature, relating to the management of the Council's investments and borrowing. As such, Equality Screening was not required.

## **Appendix**

**11.**Appendix 1 – Treasury Management Strategy Statement and Investment Strategy 2017/2018 to 2019/2020.

## **Background Papers**

**12.**Treasury Strategy Statement 2016/2017 <http://www.lewes.gov.uk/council/20987.asp>

## Lewes District Council

### Treasury Management Strategy Statement and Investment Strategy 2017/18 to 2019/2020

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## **1. Executive Summary**

- 1.1 Borrowing – the Council can borrow to finance capital expenditure in a similar way to an individual taking out a mortgage to buy a house. At 31 March 2017, total cumulative capital expenditure which will need to be funded amounts to £79.5 m. The actual long term-borrowing (the mortgage) that we have is only £56.7m because we are using the cash held in our reserves to make up the difference, rather than invest that money. (See Sections 6 and 7 for the details).
- 1.2 Debt rescheduling – The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall saving or reduction in risk. (See Section 8 for the details).
- 1.3 Accounting for debt – the Council will adopt a two-Pool approach in order to manage and account for the debt of the General Fund/Housing Revenue Account. (See Section 9 for the details).
- 1.4 Investing – at any given time, the Council has varying amounts of cash consisting of reserves and balances, as well as working capital, which must be held securely. The security of our investments is our highest priority. We have defined the types of investment that we will make and the criteria that those organisations with which we will deal must meet. (See Sections 10 and 11 for the details).
- 1.5 Providing for the repayment of debt – we will continue to make annual provisions to repay our long term borrowing. (See Section 13 for the details).
- 1.6 Reporting – we will closely monitor our Treasury Management activity and make reports to every meeting of the Council's Audit and Standards Committee, with quarterly reports to Cabinet. (See Section 14 for the details).

## **2. Treasury Management Defined**

- 2.1 The Council defines its Treasury Management activities as:  
*“the management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”*
- 2.2 Treasury Management is not undertaken in isolation. The Council acknowledges that effective Treasury Management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in Treasury Management and ensuring that performance is monitored and reported. All Treasury Management activity takes place within the context of effective risk management.

### **3. Scope of the Treasury Management Strategy Statement**

- 3.1 This Strategy Statement sets out the Council's approach to financing (borrowing) and investment for the financial year but also sets the context for the following two years.
- 3.2 The Council has adopted the Chartered Institute of Public Finance and Accountancy's (CIPFA's) Code of Practice for Treasury Management in Public Services (the "TM Code"). This requires local authorities to determine the Treasury Management Strategy Statement (TMSS) before the start of the financial year.
- 3.3 The Department for Communities and Local Government. (DCLG) issued revised 'Guidance on local Authority Investments' in 2010 that requires each local authority to approve an investment strategy before the start of each financial year. This Strategy Statement incorporates that formal Investment Strategy.
- 3.4 The Strategy sets out the context to Treasury Management in terms of the Council's financial resources as measured in its Balance Sheet and external factors, in particular the outlook for interest rates. It considers how the Revenue Budget and Capital Programme will impact on the Balance Sheet position.
- 3.5 In accordance with the DCLG Guidance, the Council will be asked to approve a revised Treasury Management Strategy Statement should the assumptions on which this report is based change significantly. Such circumstances would include, for example, a large unexpected change in interest rates, or in the Council's capital programme or in the level of its investment balance.

### **4. Approach to Risk**

- 4.1 The Council has borrowed and expects to invest substantial sums of money and is therefore exposed to financial risks including the revenue effect of changing interest rates and, in the extreme, the loss of invested funds.
- 4.2 The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its Treasury Management activities will be measured. Accordingly, the analysis and reporting of Treasury Management activities will focus on their risk implications for the Council. No Treasury Management activity is without risk. The main risks to the Council's Treasury activities are:
  - Credit and Counterparty Risk (security of investments)
  - Liquidity Risk (adequacy of cash resources)
  - Market or Interest Rate Risk (exposure to fluctuations in interest rate levels)
  - Inflation Risk (exposure to inflation)
  - Refinancing Risk (impact of debt maturing in future years)
  - Legal & Regulatory Risk (compliance with statutory powers and regulatory requirements)

- Fraud, Error and Corruption and Contingency Management (maintenance of sound systems and procedures)

## 5. External Context

### 5.1 Economic Background

The major external influence on the Council's treasury management strategy for 2017/18 will be the UK's progress in negotiating a smooth exit from the European Union. Financial markets, wrong-footed by the referendum outcome, have been weighed down by uncertainty over whether leaving the Union also means leaving the single market. Negotiations are expected to start once the UK formally triggers exit in early 2017 and last for at least two years. Uncertainty over future economic prospects will therefore remain throughout 2017/18.

The fall and continuing weakness in sterling and the near doubling in the price of oil in 2016 have combined to drive inflation expectations higher. The Bank of England is forecasting that Consumer Price Inflation will breach its 2% target in 2017, the first time since late 2013, but the Bank is expected to look through inflation overshoots over the course of 2017 when setting interest rates so as to avoid derailing the economy.

Initial post-referendum economic data showed that the feared collapse in business and consumer confidence had not immediately led to lower GDP growth. However, the prospect of a leaving the single market has dented business confidence and resulted in a delay in new business investment and, unless counteracted by higher public spending or retail sales, will weaken economic growth in 2017/18.

Looking overseas, as expected the US Federal Reserve increased the target range for official interest rates for just the second time in the last decade. The range was increased to between 0.5% and 0.75%, from 0.25% and 0.5%. The accompanying statement by Fed Chair, Janet Yellen, suggested that they currently expect three rate hikes in 2017 and in both 2018 and 2019. What is much less predictable are the actual economic consequences of the economic policies that will accompany the incoming Trump presidency. The markets, including the Federal Reserve, are presumably confident that the outcome is likely to result in higher inflation and the need for higher interest rates.

The Eurozone meanwhile has continued to struggle with very low inflation and lack of momentum in growth. The impact of political risk on financial markets remains significant over the next year. With challenges such as immigration, the rise of populist, anti-establishment parties and negative interest rates resulting in savers being paid nothing for their frugal efforts or even penalised for them, the outcomes of the French presidential and general elections (April – June 2017) and the German federal elections (August – October 2017) have the potential for upsets.

### 5.2 Credit Outlook

Markets have expressed concern over the financial viability of a number of European banks recently. Sluggish economies and continuing fines for

pre-crisis behaviour have weighed on bank profits, and any future slowdown will exacerbate concerns in this regard.

Bail-in legislation, which ensures that large investors including local authorities will rescue failing banks instead of taxpayers in the future, has now been fully implemented in the European Union, Switzerland and USA, while Australia and Canada are progressing with their own plans. The credit risk associated with making unsecured bank deposits has therefore increased relative to the risk of other investment options available to the Council; returns from cash deposits however continue to fall.

### 5.3 Outlook for Interest Rates

The detailed economic interest rate outlook provided by the Council's Treasury advisor, Arlingclose Ltd, is attached at Appendix A. The Arlingclose central case is for Bank Rate to remain at 0.25% through to March 2020, but there is a low possibility of a drop to close to zero. Negative Bank Rate is currently perceived by some policymakers to be counterproductive but, although a low probability, cannot be entirely ruled out in the medium term, particularly if the UK enters recession as a result of concerns over leaving the European Union.

Gilt yields have risen sharply, but remain at low levels. Arlingclose is projecting the 10 year gilt yield (which is an indicator of borrowing rates) to decline from 0.95% to 0.90% when the Government triggers Article 50.

5.4 Interest rates are of fundamental importance to the Council's Treasury Management operation. The ideal scenario would be to make short-duration investments if interest rates are low and are expected to rise significantly in the near future and to invest for longer periods if interest rates are considered to be close to their peak. In terms of borrowing, it is preferable to borrow short-term when interest rates are high and expected to fall and to undertake long-term borrowing when interest rates are low and expected to rise.

5.5 The estimate for external interest payments in 2017/2018 is £1.73m, unchanged from 2016/2017, which reflects the stability of the loan portfolio at fixed interest rates. The estimate for external interest receipts is £0.104m, unchanged from 2016/2017 in which year actual interest returns have exceeded the budget.

5.6 The Council's need to borrow and its ability to invest are interrelated, as explained elsewhere in this Strategy Statement. The Council will reappraise its strategy in both of these areas from time to time and, if needs be, realign it with evolving market conditions and expectations for future interest rates. Any such changes will require the prior approval of Cabinet.

## 6. The Need to Borrow Long Term

6.1 Other than for temporary cash flow purposes, local authorities are only allowed to borrow to finance capital expenditure (eg the purchase of property, vehicles or equipment which will last for more than one year, or the improvement of such assets). The Government limits the amount

borrowed by local authorities for housing purposes only by specifying 'debt caps'. This Council's underlying debt cap has been fixed at £72.931m. In 2014/2015 local authorities were able to bid for an increase in its housing debt cap in order to enable specific projects. A bid from this Council was successful and this Council's debt cap will increase to a maximum of £75.248m to match expenditure incurred in building new houses on 7 specified former garage sites.

- 6.2 In accounting terms, the underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment. In recent years, the Council's strategy has been to maintain borrowing and investments below their underlying levels, known as internal borrowing, and this remains the Strategy for 2017/2018.
- 6.3 The CFR is, in simple terms, the amount of capital expenditure which has been incurred by the Council but which has not yet been paid for (by using, for example, grants, capital receipts, reserves or revenue income) and in the meantime is covered by internal or external borrowing. 'External borrowing' is where loans are raised from the Public Works Loans Board (PWLb) or banks. Alternatively it is possible to 'internally borrow' the significant levels of cash which has been set aside in Balances and Reserves and which would otherwise need to be invested with banks or other counterparties..
- 6.4 The CFR is calculated each year in accordance with a statutory formula. As noted above, the level of CFR increases each year by the amount of capital expenditure which is yet to be financed and is reduced by the amount that the Council sets aside for the repayment of borrowing. This is illustrated in the table below. Amounts from 2017/2018 onwards are indicative. Projected capital expenditure in 2017/2018 with a financing requirement comprises allocations for new housing (£0.3m) and commercial development projects (£4.9m) which will generate rental income to support the General Fund budget.

	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
Opening CFR	69.979	71.531	79.580	84.016	87.101
Capital exp in year	12.957	23.819	14.556	10.536	9.076
Less financed	(9.378)	(12.583)	(8.983)	(6.300)	(4.891)
Less amount set aside for debt repayment	(2.027)	(3.190)	(1.137)	(1.149)	(1.356)
Closing CFR	<b>71.531</b>	<b>79.580</b>	<b>84.016</b>	<b>87.101</b>	<b>89.930</b>

- 6.5 The overall CFR can be split between the General Fund and Housing Revenue Account as follows:

	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
General Fund	7.607	13.858	18.848	22.589	26.077
HRA	63.924	65.722	65.168	64.512	63.853
<b>Total CFR</b>	<b>71.531</b>	<b>79.580</b>	<b>84.016</b>	<b>87.101</b>	<b>89.930</b>

- 6.6 The following table compares the CFR with the amount that the Council holds in balances and reserves as well as working capital (day to day cash movements as well as grants, developer contributions and capital receipts held pending use):

	31/3/16 £m	31/3/17 £m	31/3/18 £m	31/3/19 £m	31/3/20 £m
(a) Capital Financing Requirement	71.531	79.580	84.016	87.101	89.930
(b) Actual external borrowing	(56.673)	(56.673)	(56.673)	(56.673)	(56.673)
(c) Use of Balances, Reserves and working capital as alternative to borrowing (a)–(b)	14.858	22.907	27.343	30.428	33.257
(d) Total Balances and Reserves	17.343	13.926	12.074	12.179	13.685
(e) Working capital	15.909	15.034	17.171	20.320	21.676
(f) Amount used as an alternative to borrowing (c) above	(14.858)	(22.907)	(27.343)	(30.428)	(33.257)
<b>(g) Total investments (d)+(e)+(f)</b>	<b>18.394</b>	<b>6.053</b>	<b>1.902</b>	<b>2.071</b>	<b>2.104</b>

- 6.7 The table above (line b) assumes that the current external loan portfolio is unchanged across the period. The potential for and approach to repaying or rescheduling existing loans is explained in Section 8 below.
- 6.8 Line g in the table above indicates that it will be possible to continue the current approach of internal borrowing as an alternative to raising new external loans, which remain at their current level across the period (line b). However, it will be necessary to monitor the position closely as projections of the capital programme, use of reserves, capital receipts generated from the sale of assets and the level of working capital shown in the later years are less certain. Market conditions, interest rate expectations and counterparty and credit risk considerations will influence the Council's strategy in determining the borrowing and investment activity against the underlying Balance Sheet position. The following section explains the approach to borrowing in more depth.

## 7. Borrowing Strategy

- 7.1 As noted above, the Council's underlying need to borrow for capital purposes is measured by reference to its CFR. In respect of General Fund



activities, local authorities are required to make a charge to Revenue budgets each year at a prudent level, ensuring that the underlying need to borrow is eliminated over the longer term period across which the initial expenditure continues to provide economic benefit.. This charge is known as the Minimum Revenue Provision for Debt Redemption (MRP). There is no requirement to make a provision to reduce HRA borrowing, although it is prudent to do so.

7.2 Capital expenditure not paid for from internal resources (i.e. Capital Receipts, Capital Grants and Contributions, Revenue or Reserves) will produce an increase in the CFR (the underlying need to borrow) and in turn produce increased annual MRP charges in the Revenue Account.

7.3 In accordance with the Prudential Code, the Council will ensure that net external borrowing does not, except in the short term, exceed its highest CFR over the next three years.

The cumulative estimate of the Council's long-term borrowing requirement in respect of historic and planned capital expenditure is shown in the table below. As explained in paragraph 6.4, the increases in the CFR are largely the result of investment in commercial property which will generate annual rental income streams.

	31/03/2017 Estimate £m	31/03/2018 Estimate £m	31/03/2019 Estimate £m	31/03/2020 Estimate £m
<b>Capital Financing Requirement</b>	79.6	84.0	87.1	89.9
<b>Less:</b> Profile of current Borrowing	(56.7)	(56.7)	(56.7)	(56.7)
<b>Cumulative Maximum External Borrowing Requirement</b>	22.9	27.3	30.4	33.2

7.4 The Council's chief objective when borrowing money is to strike an appropriately low risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required. The flexibility to renegotiate loans should the Council's long-term plans change is a secondary objective.

7.5 Given the projected reduction in revenue funding from the Government through to 2019/2020 and the Council's General Fund savings target of £2.7m over that period, the Council's borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio, With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead. By doing so, the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. For example, the current rates (January 2017) available to the Council for 2-year and 5-year PWLB maturity loans are 1.17% and 1.64% respectively

compared with 0.15% which can be earned on a temporary deposit with the Government.

- 7.6 The benefits of internal borrowing will be monitored regularly against the potential for incurring additional costs by deferring borrowing into future years when long-term borrowing rates are forecast to rise modestly. At some stage the level of General Fund Reserves and Balances will become depleted (as they are used for the purpose for which the funds were set aside) restricting the ability to borrow internally.
- 7.7 The Council's appointed Treasury advisor, Arlingclose, will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2017/2018 with a view to keeping future interest costs low, even if this causes additional cost in the short-term. Alternatively, the Authority may arrange forward starting loans during 2017/2018, where the interest rate is fixed in advance, but the cash is received in later years. This would enable certainty of cost to be achieved without suffering a cost of carry in the intervening period. Any decision to borrow will be confirmed with the Cabinet Member for Finance and reported to the next meeting of the Cabinet.
- 7.8 The Council may borrow short-term loans (normally up to one month) to cover unexpected cash flow shortages should they arise.
- 7.9 The approved sources of new long-term and short-term borrowing will be:
- Public Works Loans Board (and any successor body)
  - UK Local Authorities
  - any institution approved for investments (see Section 11) below
  - UK public and private sector pension funds (except East Sussex County Council Pension Fund)
  - UK Municipal Bonds Agency plc and other special purpose companies created to enable local authority bond issues

In the event that alternative sources of borrowing are identified in the year, which are considered to be more appropriate in the context of the overall strategy, a report will be made to Cabinet and Council. Arlingclose will assist the Council with the analysis of options.

- 7.10 The Council has previously raised the majority of its long-term borrowing from the PWLB but it will investigate other sources of finance, such as local authority loans and bank loans, which may be available at more favourable rates.
- 7.11 The Local Government Association established the UK Municipal Bonds Agency plc in 2014 as an alternative to the PWLB. It plans to issue bonds on the capital markets and lend the proceeds to local authorities. This will be a more complicated source of finance than the PWLB for a number of reasons including the fact that there will be a lead time of several months between committing to borrow and knowing the interest rate payable. Any



decision to borrow from this source will therefore be the subject of a separate report to full Council.

## 8. Debt Rescheduling

- 8.1 At the time of preparing this Strategy, the Council's loan portfolio was as shown in the table overleaf. All of the PWLB loans listed below were taken out in March 2012 in order to finance the payment to the Government needed for the national transition to self-financing for local authority housing. The Barclays loan shown in the table above was taken out in April 2004 with a term of 50 years maturing in April 2054. The bank has now decided to permanently waive its initial contractual right to change the interest rate on this loan, which effectively becomes fixed at the current rate of interest 4.5%.

Lender	Interest	Amount £m	Rate %	Maturity
PWLB	Fixed	4.00	2.7000	01/03/2024
PWLB	Fixed	5.00	3.3000	01/03/2032
PWLB	Fixed	2.00	3.0500	01/09/2027
PWLB	Fixed	2.00	2.7600	01/09/2024
PWLB	Fixed	4.00	2.9700	01/09/2026
PWLB	Fixed	5.00	3.2800	01/09/2031
PWLB	Fixed	4.00	2.6300	01/09/2023
PWLB	Fixed	5.00	3.4400	01/03/2037
PWLB	Fixed	6.67	3.5000	01/03/2042
PWLB	Fixed	5.00	3.4300	01/09/2036
PWLB	Variable	5.00	0.6200	28/03/2022
PWLB	Fixed	4.00	3.0100	01/03/2027
	Sub-total	51.67		
Barclays	Fixed	5.00	4.5000	06/04/2054
	Total	56.67		

- 8.2 The PWLB allows authorities to repay loans before maturity and either pay a premium or receive a discount according to set a formula based on current interest rates. Other lenders may also be prepared to negotiate premature redemption terms. The Council may take advantage of this and replace some loans with new loans, or repay loans without replacement, where this is expected to lead to an overall saving or reduction in risk. Any intended debt rescheduling activity will be confirmed with the Cabinet Member for Finance and reported to the next Cabinet meeting.

## 9. The Housing Revenue Account Share of Treasury Management Costs.

- 9.1 Local authorities are required to recharge interest expenditure and income attributable to the HRA in accordance with Determinations issued by the DCLG. The Determinations do not set out a methodology for calculating the interest rate to use in each instance. The Council is therefore required to adopt a policy that will set out how interest charges attributable to the HRA will be determined. The CIPFA Code recommends that authorities present this policy in their Strategy Statement.

- 9.2 The Council has adopted a '2 pool' (General Fund and HRA) approach to accounting for long-term loans. All current loans were allocated to the HRA on the introduction of 'self-financing'. Any new long-term loans borrowed will be assigned in their entirety to one pool or the other. Interest payable and other costs/income arising from long-term loans (e.g. premiums and discounts on early redemption) will be charged/credited to the respective revenue account.
- 9.3 At the start of each year, an assessment will be made of the difference between the value of the HRA loans pool and the HRA's underlying need to borrow (adjusted for HRA balance sheet resources available for investment). If the resulting cash balance is negative, an 'internal loan' will be advanced from the General Fund (Reserves and Balance) to the HRA and interest charged at a rate equivalent to a one-year maturity loan from the PWLB at the start of the financial year. This is a reasonable approach and reflects the fact that strategic borrowing decisions will generally be made on an annual basis, as demonstrated in this Strategy. The same approach will be adopted for any new internal borrowing required in the year to support the cost of HRA capital expenditure not anticipated in the initial annual capital programme.

## **10. The Need to Invest**

- 10.1 As shown in the table in paragraph 6.6 the Council currently holds healthy Reserves and Balances (£13.6m projected at 31 March 2017 excluding working capital eg s106 Developer Contributions and Capital Receipts which will be used to fund the future Capital Programme). In simple terms, Reserves represent amounts of money which have been set aside for use in future years for specific purposes (eg to pay for the replacement of vehicles at the end of their useful life) and Balances are cash which is retained both to ensure that the Council is able to respond effectively if an unforeseen event arises (eg the failure of a major contractor) and also to act as a buffer against unpredicted cash flow movements. Reserves and Balances are forecast to reduce over the next three years as they are called upon to support projects, services and the Council's Joint Transformation Programme.
- 10.2 Although a proportion of the Reserves and Balances are being used as an alternative to external long-term borrowing, this still leaves a residual amount as retained cash. In addition, the Council's cash flow movements fluctuate on a day to day basis, with cash received exceeding cash paid out at key points over the year. For example, at the start of 2016/2017 £13m was available for investment but the maximum amount invested at any point in the year was £30m. The purpose of the Investment Strategy is to define the conditions under which this 'surplus' cash is to be managed, with the priority being security of the sums invested.
- 10.3 DCLG Guidance on Local Government Investments in England requires authorities to set an Annual Investment Strategy. The speculative procedure of borrowing purely in order to invest is unlawful. However, taking on new external loans to reduce the level of internal borrowing is

permissible, and, if this takes place, the Council will place importance on the flexibility of its loan portfolio as well as the liquidity of its investments.

## 11. Investment Strategy

- 11.1 The Council's general policy objective is to invest its surplus funds prudently, striking a balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income. Where balances are expected to be invested for more than one year, the Authority will aim to achieve a total return that is equal or higher than the prevailing rate of inflation, in order to maintain the spending power of the sum invested.
- 11.2 The Council's investment priorities are:
- highest priority*** - security of the invested capital;
  - followed by*** - liquidity of the invested capital (this enables the Council to react to changing circumstances)
  - finally*** - an optimum yield which is commensurate with security and liquidity.
- 11.3 If the UK enters into a recession in 2017/2018, there is a small chance that the Bank of England could set its Bank Rate at or below zero, which is likely to feed through to negative interest rates on all low risk, short-term investment options. This situation already exists in many other European countries. In this event, security will be measured as receiving the contractually agreed amount at maturity, even though this may be less than the amount originally invested.
- 11.4 Given the increasing risk and falling returns from short-term unsecured bank investments, the Council aims to diversify into more secure and/or higher yielding asset classes during 2017/2018. This is especially the case for funds that are identified as being available for longer-term investment. This diversification will represent a continuation of the strategy adopted in 2015/2016 and implemented in 2016/2017.
- 11.5 The Council may invest its surplus funds with any of the counterparty types identified in Appendix C, subject to the cash limits (per counterparty) and the time limits shown. It is important to note that not all of the types of investment listed above will necessarily be used in 2017/2018, and some have not been used previously. Before any type of investment instrument is used for the first time, the advice of Arlingclose will be sought.
- 11.6 Investment limits are set by reference to the lowest published long-term credit rating from Fitch, Moody's or Standard & Poor's. Where available, the credit rating relevant to the specific investment or class of investment is used, otherwise the counterparty credit rating is used. However, investment decisions are never made solely based on credit ratings, and all other relevant factors including external advice will be taken into account.

- 11.7 The Council and its advisors remain vigilant at all times, monitoring signs of credit or market distress that might adversely affect the Council.
- 11.8 Credit ratings are obtained and monitored by Arlingclose who will notify changes in ratings as they occur. Where a counterparty has its credit rating downgraded so that it fails to meet the approved investment criteria then:
- no new investments will be made
  - any existing investments that can be recalled or sold at no cost, will be
  - full consideration will be given to the recall or sale of all other existing investments with the affected counterparty
- 11.9 Where a rating agency announces that a rating is on review for possible downgrade (also known as 'rating watch negative') below the approved investment criteria, then only investments that can be withdrawn on the next working day will be made with that counterparty until the outcome of the review is announced. This approach will not apply to 'negative outlooks' which indicate a long-term direction of travel rather than an imminent change of rating.
- 11.10 The Council understands that credit ratings are good, but not perfect, predictors of investment default. Full regard will therefore be given to other available information on the credit quality of the organisations in which it invests, including credit default swap prices, financial statements, information on potential government support and reports in the quality financial press. No investments will be made with an organisation if there are substantive doubts about its credit quality, even though it may meet the credit rating criteria.
- 11.11 When deteriorating financial market conditions affect the credit worthiness of all organisations (as happened in 2008 and 2011), this is not generally reflected in credit ratings, but can be seen in other market measures. In these circumstances the Council will restrict its investments to those organisations of higher credit quality and reduce the maximum duration of its investments to maintain the required level of security. The extent of these restrictions will be in line with prevailing financial market conditions. If these restrictions mean that insufficient commercial organisations of high credit quality are available for the investment of the Council's cash balances, then the surplus will be deposited with the UK Government, via the Debt Management Office or invested in government treasury bills for example, or with other local authorities. This will cause a reduction in the level of investment income earned, but will protect the principal sum invested.
- 11.12 Investments are categorised as 'Specified' or 'Non Specified' investments based on the criteria in the DCLG Guidance.
- Specified investments are
- denominated in £ sterling
  - due to be repaid within 12 months of arrangement
  - not defined as capital expenditure by legislation

- invested with the UK Government or local authority or a body or investment scheme of high credit quality'

11.13 The Council defines 'high credit quality' organisations and securities as those having a long-term credit rating of A- or higher that are domiciled either in the UK or in a foreign country with a sovereign rating of AA+ or higher. For money market funds and other pooled funds 'high credit quality' is defined as those having a credit rating of A- or higher.

11.14 Any investment not meeting the definition of a specified investment is classed as non-specified. The Council does not intend to make any investments denominated in foreign currencies nor any that are defined as capital expenditure (eg company shares). Non-specified investments will therefore be limited to long-term investments ie those that are due to mature 12 months or longer from the date of arrangement and investments with bodies and schemes not meeting the definition of 'high credit quality'.

Limits on non-specified investments are shown below.

	Cash limit
Total long-term investments	£3m
Total investments rated below A-	£5m
Total investments (except pooled funds) with institutions domiciled in foreign countries rated below AA+	£2m
Total non-specified investments	£10m

11.15 The Council's revenue reserves available to cover investment losses are forecast to be £9m on 31st March 2017. The maximum that will be lent to any one organisation (other than the UK Government) will be £2m. A group of banks under the same ownership will be treated as a single organisation for limit purposes. Limits will also be placed on fund managers, investments in brokers' nominee accounts, foreign countries and industry sectors as below. Investments in pooled funds and multilateral development banks do not count against the limit for any single foreign country, since the risk is diversified over many countries.

	Cash limit
Any single organisation, except the UK Central Government	£2m each
UK Central Government	unlimited
Any group of organisations under the same ownership	£2m per group
Any group of pooled funds under the same management	£3m per manager
Negotiable instruments held in a broker's nominee account	£10m per broker/account
Foreign countries	£3m per country
Registered Providers	£4m in total
Money Market Funds	£10m in total

- 11.16 The Deputy Chief Executive will undertake the most appropriate form of investments in keeping with the investment objectives, income and risk management requirements and Prudential Indicators. Confirmation that investments have been made in accordance with the Strategy will be reported to meetings of the Audit and Standards Committee and Cabinet. Investment returns will be benchmarked quarterly against the average published 7 day LIBID rate.
- 11.17 All of the Council's investments are currently managed in-house and this approach will continue for the duration of this Strategy unless otherwise approved in advance by Cabinet.
- 11.18 The Council uses a spreadsheet model, updated daily, to determine the maximum period for which funds may prudently be committed. The forecast is compiled on a pessimistic basis, with receipts under-estimated and payments over-estimated to minimise the risk of the Council being forced to borrow on unfavourable terms to meet its financial commitments. Limits on long-term investments are set by reference to the Council's medium term financial plan and cash flow forecast.
- 11.19 Investment of Money Borrowed in Advance of Need: The Council may, from time to time, borrow in advance of need, where this is expected to provide the best long term value for money. Since amounts borrowed will be invested until spent, the Council is aware that it will be exposed to the risk of loss of the borrowed sums, and the risk that investment and borrowing interest rates may change in the intervening period. These risks will be managed as part of the Council's overall management of its treasury risks. The maximum period between borrowing and expenditure is expected to be two years, although the Council is not required to link particular loans with particular items of expenditure.

## **12. The Use of Financial Instruments for the Management of Risks**

- 12.1 Local authorities have previously made use of financial derivatives embedded into loans and investments both to reduce interest rate risk (eg interest rate collars and forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans and callable deposits). The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (ie those that are not embedded into a loan or investment).
- 12.2 The CIPFA Code requires authorities to clearly detail their policy on the use of derivatives in the annual strategy. The Council will only use standalone financial derivatives (such as swaps, forwards, futures and options) where they can be clearly demonstrated to reduce the overall level of the financial risks that the Council is exposed to. Additional risks presented, such as credit exposure to derivative counterparties, will be taken into account when determining the overall level of risk. Embedded derivatives, including those present in pooled funds and forward starting transactions, will not be subject to this policy, although the risks they



present will be managed in line with the overall treasury risk management strategy.

- 12.3 Financial derivative transactions may be arranged with any organisation that meets the approved investment criteria. The current value of any amount due from a derivative counterparty will count against the counterparty credit limit and the relevant foreign country limit.

### **13. Providing for Debt Repayment - 2017/18 Minimum Revenue Provision Statement**

- 13.1 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 (SI 2008/414) place a duty on local authorities to make a prudent provision for debt redemption. Guidance on this MRP has been issued by the Secretary of State and local authorities are required to “have regard” to such Guidance under section 21(1A) of the Local Government Act 2003.
- 13.2 The four MRP options available are:
- |                             |                               |
|-----------------------------|-------------------------------|
| Option 1: Regulatory Method | Option 2: CFR Method          |
| Option 3: Asset Life Method | Option 4: Depreciation Method |
- 13.3 Options 1 and 2 may be used only for supported non-HRA capital expenditure (ie where the Government supports the cost of financing new borrowing through a recurring grant). Methods of making prudent provision for self financed non-HRA capital expenditure include Options 3 and 4 (which may also be used for supported expenditure if the Council chooses). There is no requirement to charge MRP in respect of HRA capital expenditure funded from borrowing.
- 13.4 The MRP Statement will be submitted to Council before the start of the financial year. If it is ever proposed to vary the terms of the original MRP Statement during the year, a revised statement will be put to Council at that time.
- 13.5 The Council’s Policy for making a MRP in 2017/2018 will be:
- *capital expenditure incurred before 1 April 2008*: MRP will be provided at an approximate reduction of 4% in the CFR
  - *capital expenditure which is supported by recurring revenue grants or contributions*: there is no expectation that the Council will incur this type of expenditure in 2017/2018, but if so Option 1 will apply – MRP will be equal to the amount determined in accordance with the former regulations 28 and 29 of the Local Authorities Capital Finance and Accounting (England) Regulations 2003 as if they had not been revoked
  - *capital expenditure incurred for development or asset realisation purposes*: where capital expenditure is incurred in respect of a project which is intended to unlock future capital receipts (eg the refurbishment of a building ahead of its sale, the acquisition of sites associated with the North Street Development) no MRP will be

provided, the expectation being that the increase in CFR will subsequently be offset by use of the eventual receipts

- *capital expenditure on commercial investment property*: where capital expenditure is incurred on the acquisition, construction or improvement of land and buildings with the intention of generating a recurring income stream, no MRP will be provided. Any such projects will have been evaluated prior to commencement to ensure that it provides a positive annual long-term return after allowing for interest costs and notional repayment of principal
- *any other capital expenditure*: Option 3 will apply – MRP will be calculated according to the asset life method and will be made in equal instalments over the life of the asset.

- 13.6 The Housing Revenue Account 30-year Business Plan includes the principle that the long-term borrowing required on the move to self-financing will be repaid at the earliest opportunity. However, there is no requirement to do so and become 'debt-free'. In order to maintain flexibility, resources will be set aside in the HRA balance for potential debt repayment, but formal Revenue Provisions (which cannot be reversed) will not be made other than to reduce internal borrowing from the General Fund.

## 14. Reporting on the Treasury Outturn

The Deputy Chief Executive will report on Treasury Management activity/performance as follows:

Report to/Coverage	Frequency:
<b>Council</b>	
Treasury Management Strategy/Annual Investment Strategy/MRP Policy	Annually before start of the year
Treasury Management Strategy/Annual Investment Strategy/MRP Policy – mid year report	Annually mid year
Treasury Outturn report	Annually after year end and by 30 September
<b>Cabinet</b>	
Receives each of the above reports in advance of Council and makes recommendations as appropriate	In advance of year/mid-year/after year end and by 30 September
Receives confirmation that Treasury transactions have complied with Strategy and benchmark performance information	As part of Quarterly Financial Performance reports.
<b>Audit and Standards Committee</b>	
Receives each of the above reports in advance of Cabinet (where publication timetable permits) and makes observations as appropriate	In advance of year/mid-year/after year end and by 30 September
Reviews details of Treasury transactions against Strategy and makes observations to Cabinet	Every cycle

## 15. Training

- 15.1 The TM Code requires the Deputy Chief Executive, as responsible officer, to ensure that all councillors tasked with Treasury Management



responsibilities, including scrutiny of the Treasury Management function, receive appropriate training relevant to their needs and understand fully their roles and responsibilities. Arlingclose will be asked to continue the briefing programme for Councillors which has been running since 2009.

- 15.2 The training needs of the Council's Treasury Management staff will be reviewed as part of the annual corporate staff appraisal/training needs assessment process for all Council employees. The Council's contract with Arlingclose includes provision for staff to attend training seminars and workshops.

## **16. Investment Consultants**

- 16.1 The Council appointed Arlingclose as its financial advisers for the period 1 July 2012 to 30 June 2016, with an option to extend for a further year at the discretion of the Council. The Council exercised the option to extend this agreement, which will now come to an end on 30 June 2017.
- 16.2 Until the end of its contract period, Arlingclose will be the Council's primary source of information, advice and assistance relating to investment activity. Individual investment decisions are made by the Council. Review meetings are held at least twice a year, at which the quality of the service received to date is discussed.
- 16.3 In late 2016, the East Sussex Procurement Hub (lead authority Wealden District Council) conducted a joint procurement for treasury management services on behalf of all East Sussex district and borough councils, in response to which Arlingclose submitted the most economically advantageous tender. As a result, the Council will be able to appoint Arlingclose for a further four years from June 2017. The final decision whether to do so will be made in conjunction with Eastbourne Borough Council given that a shared finance team (with treasury management responsibility) is expected to be established in 2017.

## **17. Publication**

The Annual Treasury Management Statement and Investment Strategy, along with any in-year revisions, can be downloaded from [www.lewes.gov.uk](http://www.lewes.gov.uk) and is also available on request to the Director of Corporate Services, Southover House, Southover Road, Lewes, or by email to [finance@lewes.gov.uk](mailto:finance@lewes.gov.uk).

## Appendix A - Arlingclose's Economic and Interest Rate Forecast

	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Average
<b>Official Bank Rate</b>														
Upside risk	0.00	0.00	0.00	0.00	0.00	0.00	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.13
Arlingclose Central Case	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Downside risk	-0.25	-0.25	-0.25	-0.25	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.42
<b>3-month LIBID rate</b>														
Upside risk	0.05	0.10	0.10	0.10	0.15	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.19
Arlingclose Central Case	0.25	0.25	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.29
Downside risk	-0.25	-0.25	-0.25	-0.30	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.40	-0.36
<b>1-yr LIBID rate</b>														
Upside risk	0.10	0.15	0.15	0.15	0.20	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.30	0.24
Arlingclose Central Case	0.50	0.50	0.50	0.50	0.50	0.50	0.60	0.70	0.85	0.90	0.90	0.90	0.95	0.68
Downside risk	-0.15	-0.15	-0.15	-0.20	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.30	-0.26
<b>5-yr gilt yield</b>														
Upside risk	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40
Arlingclose Central Case	0.50	0.45	0.45	0.45	0.50	0.50	0.50	0.55	0.60	0.65	0.70	0.75	0.80	0.57
Downside risk	-0.45	-0.45	-0.45	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.48
<b>10-yr gilt yield</b>														
Upside risk	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40
Arlingclose Central Case	0.95	0.90	0.90	0.90	0.95	0.95	0.95	1.00	1.05	1.10	1.15	1.20	1.25	1.02
Downside risk	-0.45	-0.45	-0.45	-0.45	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.48
<b>20-yr gilt yield</b>														
Upside risk	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40
Arlingclose Central Case	1.50	1.45	1.45	1.45	1.50	1.50	1.50	1.55	1.60	1.65	1.70	1.75	1.80	1.57
Downside risk	-0.55	-0.55	-0.55	-0.55	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.58
<b>50-yr gilt yield</b>														
Upside risk	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40	0.40
Arlingclose Central Case	1.40	1.35	1.35	1.35	1.40	1.40	1.40	1.45	1.50	1.55	1.60	1.65	1.70	1.47
Downside risk	-0.55	-0.55	-0.55	-0.55	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.60	-0.58

### Underlying assumptions:

- The medium term outlook for the UK economy is dominated by the negotiations to leave the EU. The long-term position of the UK economy will be largely dependent on the agreements the government is able to secure with the EU and other countries.
- The global environment is also riddled with uncertainty, with repercussions for financial market volatility and long-term interest rates. Donald Trump's

victory in the US general election and Brexit are symptomatic of the popular disaffection with globalisation trends. At the moment financial markets appear to be expecting stronger global growth, but the potential rise in protectionism could dampen global growth prospects and therefore inflation. However, following significant global fiscal and monetary stimulus, the short term outlook for the global economy is somewhat brighter than earlier in the year. US fiscal stimulus is also a possibility following Trump's victory.

- Recent data present a more positive picture for the post-Referendum UK economy than predicted due to continued strong household spending.
- Over the medium term, economic and political uncertainty will likely dampen investment intentions and tighten credit availability, prompting lower activity levels and potentially a rise in unemployment.
- The currency-led rise in CPI inflation (currently 1.2% year/year) will continue, breaching the target in 2017, which will act to slow real growth in household spending due to muted or negative real wage growth.
- The depreciation in sterling will, however, assist the economy to rebalance away from spending. The usual negative contribution from net trade to GDP growth is likely to diminish, largely due to weaker domestic demand. Export volumes will increase marginally.
- Given the pressure on household spending and business investment, the rise in inflation is highly unlikely to prompt monetary tightening by the Bank of England, with policymakers looking through import-led CPI spikes to the negative effects of Brexit on economic activity and, ultimately, inflation.
- Bank of England policymakers have, however, highlighted that excessive levels of inflation will not be tolerated for sustained periods. Given this view and the current inflation outlook, further monetary loosening looks less likely.

#### **Forecast:**

- Globally, the outlook is uncertain and risks remain weighted to the downside. The UK domestic outlook is uncertain, but likely to be weaker in the short term than previously expected.
- The likely path for Bank Rate is weighted to the downside. The Arlingclose central case is for Bank Rate to remain at 0.25%, but there is a 25% possibility of a drop to close to zero, with a very small chance of a reduction below zero.
- Gilt yields have risen sharply, but remain at low levels. The Arlingclose central case is for yields to decline when the government triggers Article 50.

## Appendix B – Prudential Indicators 2017/2018 to 2019/2020

### 1. Background:

There is a requirement under the Local Government Act 2003 for local authorities to have regard to CIPFA's Prudential Code for Capital Finance in Local Authorities (the "CIPFA Prudential Code") when setting and reviewing their Prudential Indicators. Some of the Prudential Indicators relate directly to the Council's Capital Programme and are considered by Cabinet when the Capital Programme is set. These Indicators are also included below for completeness of reporting.

### 2. Net Borrowing and the Capital Financing Requirement:

- 2.1 This is a key indicator of prudence. In order to ensure that over the medium term net borrowing will only be for a capital purpose, the local authority should ensure that the net external borrowing does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years.
- 2.2 The Deputy Chief Executive reports that the Council has had no difficulty meeting this requirement in 2016/2017, nor are there any difficulties envisaged for future years. This view takes into account current commitments, existing plans and the proposals in the draft budget for 2017/2018.

### 3. Estimates of Capital Expenditure (direct link to Capital Programme)

This indicator is set to ensure that the level of proposed capital expenditure remains within sustainable limits and, in particular, to consider the impact on Council Tax and in the case of the HRA, housing rent levels.

No.	Capital Expenditure	2016/17 Original £m	2016/17 Revised £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m
1a	Non-HRA	8.731	14.102	8.875	5.323	5.275
1b	HRA	8.740	9.717	5.681	5.213	3.801
	<b>Total</b>	<b>17.471</b>	<b>23.819</b>	<b>14.556</b>	<b>10.536</b>	<b>9.076</b>

### 4. Ratio of Financing Costs to Net Revenue Stream (direct link to Capital Programme)

- 4.1 This is an indicator of affordability and highlights the revenue implications of existing and proposed capital expenditure by identifying the proportion of the revenue budget required to meet borrowing costs.

- 4.2 The ratio is based on costs net of investment income. Where investment income exceeds interest payments, the indicator is negative.

No.	Ratio of Financing Costs to Net Revenue Stream	2016/17 Original %	2016/17 Revised %	2017/18 Estimate %	2018/19 Estimate %	2019/20 Estimate %
2a	Non-HRA	1.64	1.61	1.62	1.76	1.81
2b	HRA	15.71	15.70	15.82	15.82	15.82

## 5. Capital Financing Requirement

- 5.1 The Capital Financing Requirement (CFR) measures the Council's underlying need to borrow for a capital purpose. The calculation of the CFR is taken from the amounts held in the Balance Sheet relating to capital expenditure and its financing.

No	Capital Financing Requirement	2016/17 Original £m	2016/17 Revised £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m
3a	Non-HRA	10.067	13.858	18.848	22.589	26.077
3b	HRA	64.982	65.722	65.168	64.512	63.853
	<b>Total CFR</b>	<b>75.049</b>	<b>79.580</b>	<b>84.016</b>	<b>87.101</b>	<b>89.930</b>

- 5.2 The year-on-year change in the CFR is set out below.

Capital Financing Requirement	2016/17 Original £m	2016/17 Revised £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m
<b>Balance B/F</b>	70.893	71.531	79.580	84.016	87.101
Capital expenditure financed from borrowing	6.002	11.236	5.573	4.234	4.185
Revenue provision for Debt Redemption.	-1.846	-3.190	-1.137	-1.149	-1.356
<b>Balance C/F</b>	<b>75.049</b>	<b>79.580</b>	<b>84.016</b>	<b>87.101</b>	<b>89.930</b>

## 6. Actual External Debt

This indicator is obtained directly from the Council's balance sheet. It is the closing balance for actual gross borrowing plus other long-term liabilities. This Indicator is measured in a manner consistent for comparison with the Operational Boundary and Authorised Limit.

No.	Actual External Debt as at 31/03/2017	£m
4a	Borrowing	56.673
4b	Other Long-term Liabilities	0.080
<b>4c</b>	<b>Total</b>	<b>56.753</b>

## 7. Incremental Impact of Capital Investment Decisions Stream (direct link to Capital Programme)

This is an indicator of affordability that shows the impact of capital investment decisions on Council Tax and Housing Rent levels. The incremental impact is

calculated by comparing the total revenue budget requirement of the current approved capital programme with an equivalent calculation of the revenue budget requirement arising from the proposed capital programme. The revenue budget requirement includes the use of Reserves.

No.	Incremental Impact of Capital Investment Decisions	2016/17 Original £	2016/17 Revised £	2017/18 Estimate £	2018/19 Estimate £	2019/20 Estimate £
5a	Increase in Band D Council Tax	127.19	167.97	79.35	10.90	9.53
5b	Increase in Average Weekly Housing Rents	1.31	1.21	0.85	0.78	0.57

The increase in Band D council tax/average weekly rents reflects the funding of the capital programme: for example, funding from reserves utilises resources which could have otherwise been used to fund revenue expenditure.

## 8. Authorised Limit and Operational Boundary for External Debt

- 8.1 The Council has an integrated Treasury Management strategy and manages its Treasury position in accordance with its approved strategy and practice. Overall borrowing will therefore arise as a consequence of all the financial transactions of the Council and not just those arising from capital spending reflected in the CFR.
- 8.2 The **Authorised Limit** sets the maximum level of external borrowing on a gross basis (i.e. not net of investments) for the Council. It is measured on a daily basis against all external borrowing items on the Balance Sheet (i.e. long and short term borrowing, overdrawn bank balances and long term liabilities). This Prudential Indicator separately identifies borrowing from other long term liabilities such as finance leases.
- 8.3 The Authorised Limit has been set on the estimate of the most likely, prudent but not worst case scenario with sufficient headroom over and above this to allow for unusual cash movements.
- 8.4 The Authorised Limit is the statutory limit determined under Section 3(1) of the Local Government Act 2003 (referred to in the legislation as the Affordable Limit). The increases indicated below reflect the increases in CFR.

No.	Authorised Limit for External Debt	2016/17 Original £m	2016/17 Revised £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m
6a	Borrowing	76.00	81.00	85.00	88.00	91.00
6b	Other Long-term Liabilities	0.50	0.50	0.50	0.50	0.50
6c	<b>Total</b>	<b>76.50</b>	<b>81.50</b>	<b>85.50</b>	<b>88.50</b>	<b>91.50</b>

- 8.5 The **Operational Boundary** links directly to the Council's estimates of the CFR and estimates of other cashflow requirements. This indicator is based

on the same estimates as the Authorised Limit reflecting the most likely, prudent but not worst case scenario but without the additional headroom included within the Authorised Limit.

- 8.6 The Deputy Chief Executive has delegated authority, within the total limit for any individual year, to effect movement between the separately agreed limits for borrowing and other long-term liabilities. Decisions will be based on the outcome of financial option appraisals and best value considerations. Any movement between these separate limits will be reported to the next meeting of the Cabinet.

No.	Operational Boundary for External Debt	2016/17 Original £m	2016/17 Revised £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m
7a	Borrowing	70.50	75.50	79.50	82.50	85.50
7b	Other Long-term Liabilities	0.50	0.50	0.50	0.50	0.50
7c	<b>Total</b>	<b>71.00</b>	<b>76.00</b>	<b>80.00</b>	<b>83.00</b>	<b>86.00</b>

## 9. Adoption of the CIPFA Treasury Management Code

This indicator demonstrates that the Council has adopted the principles of best practice.

No.	Adoption of the CIPFA Code of Practice in Treasury Management
8	The Council approved the adoption of the revised CIPFA Treasury Management Code in February 2010. The Council has incorporated the changes from the CIPFA Code of Practice and subsequent revisions into its treasury policies, procedures and practices.

## 10. Upper Limits for Fixed Interest Rate Exposure and Variable Interest Rate Exposure

- 10.1 These indicators allow the Council to manage the extent to which it is exposed to changes in interest rates. This Council calculates these limits on net principal outstanding sums ie fixed rate debt net of fixed rate investments.
- 10.2 The upper limit for variable rate exposure has been set to ensure that the Council is not exposed to interest rate rises which could adversely impact on the revenue budget.

No.		2016/17 Original £m	2016/17 Revised £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m
9	<b>Upper Limit for Fixed Interest Rate Exposure</b>	76.50	81.50	85.50	88.50	91.50
10	<b>Upper Limit for Variable Interest Rate Exposure</b>	(27.5)	(27.5)	(27.5)	(27.5)	(27.5)

- 10.3 The limits above provide the necessary flexibility within which decisions will be made for drawing down new loans on a fixed or variable rate basis; the



decisions will ultimately be determined by expectations of anticipated interest rate movements as set out in the Council's Treasury Management Strategy.

- 10.4 Because the Council's investments are substantially in excess of its variable rate borrowing, the Upper Limit for Variable Interest Rate exposure is shown as a negative figure.

## 11. Maturity Structure of Fixed Rate borrowing

- 11.1 This indicator highlights the existence of any large concentrations of fixed rate debt needing to be replaced at times of uncertainty over interest rates and is designed to protect against excessive exposures to interest rate changes in any one period, in particular in the course of the next ten years.

- 11.2 It is calculated as the amount of projected borrowing that is fixed rate maturing in each period as a percentage of total projected borrowing that is fixed rate. The maturity of borrowing is determined by reference to the earliest date on which the lender can require payment.

No.	Maturity structure of fixed rate borrowing	Lower Limit %	Upper Limit %
11a	under 12 months	0	70
11b	12 months and within 24 months	0	70
11c	24 months and within 5 years	0	75
11d	5 years and within 10 years	0	75
11e	10 years and above	0	100

## 12. Upper Limit for total principal sums invested over 364 days

The purpose of this limit is to contain exposure to the possibility of loss that may arise as a result of the Council having to seek early repayment of the sums invested.

No.	Upper Limit for total principal sums invested over 364 days	2014/15 Original %	2014/15 Revised %	2015/16 Estimate %	2016/17 Estimate %	2017/18 Estimate %
12	Upper limit	50	50	50	50	50

## 13. HRA Limit on Indebtedness

This Prudential Indicator is associated with the introduction of self-financing for housing. It indicates the residual capacity to borrow for housing purposes, while remaining within the overall HRA Debt Cap specified by the Government.

No	Capital Financing Requirement	2016/17 Original £m	2016/17 Revised £m	2017/18 Estimate £m	2018/19 Estimate £m	2019/20 Estimate £m
13a	HRA CFR	64.982	65.722	65.168	64.512	63.853
13b	HRA Debt Cap	75.248	75.248	75.248	75.248	75.248
	Difference	10.266	9.526	10.080	10.736	11.395



## Appendix C – Approved Investment Counterparties and Limits

Credit Rating	Banks Unsecured	Banks Secured	Government	Corporates	Registered Providers
UK Govt	n/a	n/a	£ Unlimited 50 years	n/a	n/a
AAA	£2m 5 years	£2m 20 years	£2m 50 years	£2m 20 years	£2m 20 years
AA+	£2m 5 years	£2m 10 years	£2m 25 years	£2m 10 years	£2m 10 years
AA	£2m 4 years	£2m 5 years	£2m 15 years	£2m 5 years	£2m 10 years
AA-	£2m 3 years	£2m 4 years	£2m 10 years	£2m 4 years	£2m 10 years
A+	£2m 2 years	£2m 3 years	£2m 5 years	£2m 3 years	£2m 5 years
A	£2m 13 months	£2m 2 years	£2m 5 years	£2m 2 years	£2m 5 years
A-	£2m 6 months	£2m 13 months	£2m 5 years	£2m 13 months	£2m 5 years
BBB+	£1m 100 days	£1m 6 months	£1m 5 years	£1m 6 months	£1m 2 years
Pooled funds	£3m per fund				
Note - Unsecured investment (restricted to overnight deposits only) with a bank rated BBB or below will be permissible in the case of the Council's current account bank in the event that it is rated at that level.					

Further details of the counterparty types shown in the table above are as follows:

**Banks Unsecured:** Accounts, deposits, certificates of deposit and senior unsecured bonds with banks and building societies, other than multilateral development banks. These investments are subject to the risk of credit loss via a bail-in should the regulator determine that the bank is failing or likely to fail.

**Banks Secured:** Covered bonds, reverse repurchase agreements and other collateralised arrangements with banks and building societies. These investments are secured on the bank's assets, which limits the potential losses in the unlikely event of insolvency, and means that they are exempt from bail-in. Where there is no investment specific credit rating, but the collateral upon which the investment is secured has a credit rating, the highest of the collateral credit rating and the counterparty credit rating will be used to determine cash and time limits. The combined secured and unsecured investments in any one bank will not exceed the cash limit for secured investments.

**Government:** Loans, bonds and bills issued or guaranteed by national governments, regional and local authorities and multilateral development banks. These investments are not subject to bail-in, and there is an insignificant risk of

insolvency. Investments with the UK Central Government may be made in unlimited amounts for up to 50 years.

**Corporates:** Loans and bonds and commercial paper issued by companies other than banks and registered providers. These investments are not subject to bail-in, but are exposed to the risk of the company going insolvent. Loans to unrated companies will only be made as part of a diversified pool in order to spread the risk widely.

**Registered Providers:** Loans and bonds issued by, guaranteed by or secured on the assets of Registered Providers of Social Housing, formerly known as Housing Associations. These bodies are tightly regulated by the Homes and Communities Agency and, as providers of public services, they retain the likelihood of receiving government support if needed.

**Pooled Funds:** Shares in diversified investment vehicles consisting of any of the above investment types, plus equity shares and property. These funds have the advantage of providing wide diversification of investment risks, coupled with the services of a professional fund manager in return for a fee. Short-term Money Market Funds that offer same-day liquidity and very low or no volatility will be used as an alternative to instant access bank accounts, while pooled funds whose value changes with market prices and/or have a notice period will be used for longer investment periods.

Bond, equity and property funds offer enhanced returns over the longer term, but are more volatile in the short term. These allow the Council to diversify into asset classes other than cash without the need to own and manage the underlying investments. Because these funds have no defined maturity date, but are available for withdrawal after a notice period, their performance and continued suitability in meeting the Council's investment objectives will be monitored regularly.

## Glossary of Treasury Management Terms

Affordable Borrowing Limit	Each local authority is required by statute to determine and keep under review how much money it can afford to borrow. The Prudential Code (see below) sets out how affordability is to be measured.
Bank Rate	The main interest rate in the economy, set by the Bank Of England, upon which others rates are based.
Basis Point	A convenient way of measuring an interest rate (or its movement). It represents 1/100th of a percentage point, ie 100 basis points make up 1%, and 250 basis points are 2.5%. It is easier to talk about 30 basis points than “point three of one per cent”.
Bonds	Debt instruments issued by government, multinational companies, banks and multilateral development banks. Interest is paid by the issuer to the bond holder at regular pre-agreed periods. The repayment date of the principal is set at the outset.
Capital Expenditure	Spending on the purchase, major repair, or improvement of assets eg buildings and vehicles
Capital Financing Requirement (CFR)	Calculated in accordance with government regulations, the CFR represents the amount of Capital Expenditure that it has incurred over the years and which has not yet been funded from capital receipts, grants or other forms of income. It represents the Council's underlying need to borrow.
Certificate of Deposit	A short-term marketable financial instrument typically issued for periods of less than six months by banks and building societies. Interest can be at a fixed or variable rate.
Chartered Institute of Public Finance and Accountancy (CIPFA)	CIPFA is one of the leading professional accountancy bodies in the UK and the only one that specialises in the public services. It is responsible for the education and training of professional accountants and for their regulation through the setting and monitoring of professional standards. CIPFA has responsibility for setting accounting standards for local government.
Counterparty	Institution with which the Council may make an investment
Credit Default Swaps	CDS are a financial instrument for swapping the risk of debt default and are effectively an insurance premium. Local authorities do not trade in CDS but trends in CDS prices can be monitored as an indicator of relative confidence about the credit risk of counterparties.
Credit Rating	A credit rating is an independent assessment of the credit quality of an institution made by an organisation known as a rating agency. The rating agencies take many factors into consideration when forming their view of the likelihood that an institution will default on their obligations, including the institution's willingness and ability to repay. The ratings awarded typically cover the short term outlook, the long term outlook, as well as an assessment of the extent to which the parent company or the state will honour any obligations. The three main agencies providing credit rating services are Fitch Ratings, Moody's and Standard and Poor's.

Fixed Deposits	Loans to institutions which are for a fixed period at a fixed rate of interest
Gilts	These are issued by the UK government in order to finance public expenditure. Gilts are generally issued for set periods and pay a fixed rate of interest. During the life of a gilt it will be traded at price decided in the market.
Housing Revenue Account (HRA)	There is a statutory requirement for local authorities to account separately for expenditure incurred and income received in respect of the dwellings that they own and manage.
Internal Borrowing	The temporary use of surplus cash which would otherwise be invested, as an alternative to borrowing from the PWLB or a bank in order to meet the cost of capital expenditure.
LIBID	The rate of interest at which first-class banks in London will bid for deposit funds
Minimum Revenue Provision (MRP)	The minimum amount which must be charged to an authority's revenue account each year and set aside as provision for the repayment of debt.
Operational boundary	This is the most likely, prudent view of the level of gross external indebtedness. A temporary breach of the operational boundary is not significant.
Prudential Code/Prudential Indicators	The level of capital expenditure by local authorities is not rationed by central government. Instead the level is set by local authorities, providing it is within the limits of affordability and prudence they set themselves. The Prudential Code sets out the indicators to be used and the factors to be taken into account when setting these limits
Public Works Loan Board (PWLB)	A central government agency which provides long- and medium-term loans to local authorities at interest rates only slightly higher than those at which the Government itself can borrow.
Treasury Management Strategy Statement (TMSS)	Approved each year, this document sets out the strategy that the Council will follow in respect of investments and financing both in the forthcoming financial year and the following two years.
Treasury Bills (T-Bills)	These are issued by the UK Government as part of the Debt Management Office's cash management operations. They do not pay interest but are issued at a discount and are redeemed at par. T-Bills have up to 12 months maturity when first issued.

**Agenda Item No:** 9.6 **Report No:** 26/17

**Report Title:** Waste and Recycling Review Update: A New Recycling Collection Service

**Report To:** Cabinet **Date:** 8 February 2017

**Cabinet Member:** Cllr Paul Franklin

**Ward(s) Affected:** All

**Report By:** Ian Fitzpatrick, Director of Service Delivery

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### **Purpose of Report:**

This report provides an update to Cabinet following report no 118/16, 28 September 2016, which recommended undertaking further due diligence tests against a number of options for the future model of the waste and recycling service at Lewes District Council.

This paper proposes fundamental changes to the recycling collection service and the consequential disposal of recyclable material.

### **Officer Recommendations:**

- 1** To maintain the current weekly residual and food waste collection service.
  - 2** To adopt a co-mingled recycling collection service, continuing on a fortnightly basis, to include the provision of recycling containers, 240 ltr wheeled and lidded bins, where appropriate, following the procurement exercise in 3, below.
  - 3** To authorise the Director of Service Delivery, in consultation with the Lead Member for Waste and Recycling, to go out to market to procure a recycling disposal partner and to prepare a report for Cabinet with final costs and business case for the implementation of the new recycling service.
-

## **Reasons for Recommendations**

- 1** The council seeks to improve recycling and reduce residual waste by diverting recyclable material from incineration.
- 2** The recommendations seek to adapt those elements of previously modelled options which are considered best fit for Lewes District Council (LDC) in meeting the objective, above, while remaining flexible and sustainable for the future.
- 3** This solution is designed to meet the aspirations of LDC residents as expressed in a recent customer survey, to be able to recycle more materials and to have a simpler recycling collection system.
- 4** Wheeled and lidded bins will keep materials secure, clean and dry. The provision of these bins will also help address some health and safety concerns for staff, particularly muscular-skeletal injuries from heavy lifting and cuts and grazes to hands and arms.
- 5** The service design is scalable and affordable and could present a viable option for other waste collection authorities seeking an alternative local provider.

### **1 Information**

- 1.1** The current service offer is complicated and has inherent limitations, see Appendix 1: The waste and recycling service at LDC
- 1.2** The LDC recycling rate is within the lower quartile of local authorities in the country.
- 1.3** The national focus is on a 50% recycling rate by 2020 and almost one in four local authorities have achieved that level of performance.
- 1.4** In relation to recycling rates, the experience of high-performing local authorities suggests that behaviour change comes with simpler collection systems.
- 1.5** LDC anticipates improving recycling rates with the implementation of a co-mingled collection method, through a combination of simplicity of system and higher participation among residents. Recycling performance will continue to be monitored and reported regularly.
- 1.6** Officers and Members involved in the Waste and Recycling Review would like to thank Members of Scrutiny Committee for their comments and suggestions at the meeting on 1 July 2016 and at the Cabinet meeting, 28 September 2016, as they have informed the work programme and this report (see sections 2, 3 and 4).

## **2 Customer survey**

- 2.1** From 12 September to 12 October 2016 LDC carried out a survey to explore the barriers to recycling among our residents and to check some ideas to increase recycling. This included asking specific questions about food recycling.
- 2.2** 1444 residents completed the survey, a good response rate, and a summary of the report is on the LDC website at <http://www.lewes.gov.uk/council/25656.asp>
- 2.3** It is noted that this is a self-selecting sample, nevertheless it is statistically valid.
- 2.4** Key findings were that:
- 76% (1045) of recyclers indicated that 'collection of a wider variety of items such as plastic pots and Tetrapaks' would help them recycle more from home.
  - 47% (656) of recyclers indicated that 'a simpler way to recycle such as putting everything in a single large container' would help them to recycle more from home.
  - Only 26% (355) of recyclers indicated that more frequent recycling collections would help them recycle more from home.
- 2.5** When asked for ideas and suggestions for improving our recycling service the most frequent comments recyclers gave were:
- Using a single large container (139 'freestyle' comments)
  - Collecting a wider variety of items (e.g. plastic pots and tubs) (90 comments)
- 2.6** However the difficulties with meeting residents' aspirations within the constraints of the current collection method are:
- a) the vehicles cannot accommodate any more material (see Appendix 1) – and this may continue to be the case if the fleet is replaced with another that requires separation into pre-set compartments as required by kerb side sort
  - b) these materials cannot be disposed of through current arrangements – e.g. no market locally for low grade plastic (there is a market further afield)
  - c) introducing different material may mean another storage container, which residents would not welcome

### **3 Co-mingled collection and quality of recyclate**

- 3.1** Assurances about the quality of recyclate are essential to developing solutions as to how waste is managed.
- 3.2** Since 1 January 2015, by virtue of regulation 13 of the Waste (England and Wales) Regulations 2011, all councils implementing changes to their waste services have to demonstrate compliance with the requirement to produce high quality recyclates and processing arrangements are assessed against the 'practicability' test – technically, environmentally and economically practicable (TEEP).
- 3.3** The necessity to produce quality recyclates from co-mingled materials has been challenging for older material recycling facilities (MRFs).
- 3.4** Modern MRFs locally, such as the facility at Ford in West Sussex and others on the periphery of London, are technically up-to-date producing excellent material with low levels of contamination.
- 3.5** The onus is on MRFs to produce quality recyclate in order to benefit from the income from the material processed.
- 3.6** Until 2013, the recycling organisation WRAP preferred kerbside sort as a collection type but, since then, has confirmed that co-mingling can be the best option: <http://www.letsrecycle.com/news/latest-news/wrap-changes-stance-on-commingling/>
- 3.7** The combination of quality recyclate from modern MRFs (such as the facility at Ford in West Sussex), alongside higher quantities of material generated through simple collection systems, has established a strong argument for co-mingled collection.
- 3.8** Co-mingling of recycling is now undertaken by the majority of councils (52% co-mingled and 34% two stream, WRAP 2015/16 <http://laportal.wrap.org.uk/Statistics.aspx>.)

### **4 Locally-appropriate solutions**

- 4.1** Concerns have been raised about one model of service being applied across Lewes district as there are varying local needs to be taken into account.
- 4.2** The review is seeking to identify the best overall fit and to agree a strategic direction for the service. However, within that there will be operational variations to accommodate some types of property and location, for example, smaller vehicles to collect from narrow lanes and suitable communal facilities for flats (see Table 1, below).



**Table 1 Example - a typical specification for communal waste facilities**

Communal (6 Flats or more) Example
1 x 1100litre recycling bin with aperture
1 x 1100litre residual bin
1 x 140litre communal food bin

- 4.3** The current recycling service is 'opt in' where practical and it is proposed that it becomes a universal offer, adapted to local circumstances.
- 4.4** The proposal to provide 240 ltr wheeled bins may not apply to parts of the district, for example Lewes town centre, and an alternative solution may be required for on-street properties, such as gull-proof sacks or a supply of clear recycling bags.
- 4.5** LDC will provide bins for circa 40,000 households, the remaining properties having alternatives (as above, communal facilities or bags).

## **5 Testing the market**

- 5.1** Limited soft market testing has taken place to ensure cost modelling is realistic and representative of current market conditions.
- 5.2** LDC will go out to tender to procure a disposal partner. This will incorporate a standalone position as well as options to include other partner waste collection authorities.
- 5.3** The destination for the reprocessing of recycling materials will be determined on cost. Moreover, the destination will be a determining factor in the collection method.

## **6 Financial Appraisal**

- 6.1** Kerb-side sort is a labour intensive and therefore expensive collection method.
- 6.2** There are other less obvious costs associated with the current collection service. For example, last year, 2015/16, replacement requests for lids boxes and bags generated 1,872 calls into the

Customer Service Hub at an approximate administrative cost to the council of £5,616.

- 6.3** Costs for co-mingled collection methods will be finalised following the proposed procurement. The costed options and the business case will be provided following the tendering exercise, to set out actual prices and their impacts.
- 6.4** The cost of bin provision will be in the region of £640,000 (40,000 units at £16), from the £2 million capital provision set aside for the waste and recycling review.
- 6.5** There will be an additional cost for the provision of the bags or sacks as an alternative to bins (see 4.4).

## **7 Legal Implications**

- 7.1** The Legal Services Department has made the following comment:
  - (a)** If the council intends to enter a contract whereby it is disposing of recyclate for payment then this does not constitute a public services contract subject to the procurement rules since the Council is not acting as a purchaser. Paragraphs 19 and 20 of the council's Contract Procedure Rules (CPR) will apply for disposal of assets and income generating contracts.
  - (b)** Assets for disposal must be sent to public auction except where better value for money is likely to be obtained by inviting quotations or tenders. (These may be invited by advertising on the council's internet site or other appropriate means of advertisement). Quotations or tenders will not be required where an expert valuation has confirmed that an alternative method of disposal (such as where there is a Special Purchaser) will secure market or above market value. The method of disposal of surplus or obsolete assets other than land must be formally agreed with the Chief Finance Officer.
  - (c)** A contract entered into whereby the council make payment for the disposal of recyclate would be categorised as services contracts under the Public Contract Regulations 2015 (PCR 2015). It is therefore necessary to work out the estimated value of the proposed contract as that will determine if and how the PCR applies and also how the council's Contract Procedure Rules (CPR) will apply.

## **8 Risk Management Implications**

- 8.1** Risk analysis to take place as part of the procurement exercise and final business case.

## **9 Equality Screening**

- 9.1** The council currently operates an assisted collections service for households in the district. This service is provided for residents who

are unable to take their refuse or recycling container to the kerb.  
Assisted collections will continue as part of any service development.

## **10 Background Papers**

### **10.1 Cabinet report no 118/16, 28 September 2016**

## **11 Appendices**

Appendix 1: The waste and recycling service at LDC

## Appendix 1: The waste and recycling service at LDC

Issues with the current recycling service relate to the complexity of the current collection system, capacity within the system and the ageing recycling fleet.

### The current service offer

- LDC's waste service is provided to approximately 44,500 properties across the district. Domestic waste is collected weekly, from black plastic bags and bins, supplied by the customer
- Food waste is collected weekly from those residents who opt in to the service (currently around 10,000 households). A kitchen caddy and larger outdoor caddy are supplied by LDC.
- Dry recycling is collected fortnightly, again from those who opt in (currently around 33,000 households)
- The containers supplied are:



Small box	paper
Large box	cans, plastic bottles, small items of scrap metal
Reusable bag	card
Reusable bag	glass
Single-use sack	textiles
Single-use sack	batteries

## **A different level of service**

- Communal recycling bins for paper and cardboard are available for blocks of flats where kerbside collections are not practical. Food waste caddies are offered to flats where practical.
- Less accessible properties in the district e.g. remote/ narrow streets or twittens are provided with a weekly refuse collection and offered kerbside recycling collection where practical.
- This different level of recycling and food waste collection service affects about 5,000 properties.

## **Capacity issues, recycling**

- **Residents would like to recycle a greater volume of material**
- **There is no capacity to take more material**

The current service for dry recycling offers capacity for approximately 95 litres of material per household per week against the WRAP target of 120 litres a week. This represents a shortfall of 25 litres a week, or 1,300 litres per household per year.

Feedback from residents (via Customer Services) indicates that many would like to be able to recycle a greater volume of material, for example to have more cardboard collected from the kerb side.

Anecdotally, committed recyclers indicate they have to make trips to Household Waste Recycling Sites in order to dispose of card which does not fit into the bag provided, entailing additional car journeys, carbon emissions and inconvenience to our customers.

Materials taken to the HWRS do not attract a recycling credit for LDC. Alternatively, the recyclable material goes to incineration.

However, the vehicles which collect dry recycling materials are at capacity:

- EV capacity = 7000 litres
- Each EV is filled to capacity up to 5 times per day

## **The electric vehicle fleet**

- **The current recycling collection fleet is at end of life**
- **Approximately £80,000 is required to keep it on the road for the next 12 – 15 months**

The fleet of electric vehicles (EV) used in the kerb-side sort and collection of dry recycling is coming to the end of life and the manufacturer is out of business. Reliability is compromised by the lack of (second hand) replacement parts, despite best efforts of the fitters at Robinson Road. The breakdown rate affects round schedules.

Additional to the budget for 2016/17, the existing EV fleet requires substantial refurbishment investment, in the region of £80,000, to extend life for between 12 and

15 months. The investment is essential and unavoidable in order to keep the fleet on the road but will not be recouped.

A modern replacement vehicle for the current collection method, the basic model 'Romaquip', costs £125,000. LDC cannot make that investment without knowing the longer term strategic direction for the waste and recycling service.

Any replacements for EVs will also require a transfer station facility to service the vehicles and manage materials.

### **Crew-related issues with kerb-side sort**

- **The process is slow and this causes conflict with the road-using public**
- **Sorting and lifting the material causes muscular-skeletal injuries**

### **Transportation arrangements**

From kerbside pick-up, paper, cardboard and glass are held at drop off points (e.g. car parks) before being collected by HGVs and transported to various waste transfer stations around the district, then taken on to the market without further sort, e.g. paper is delivered to a facility in Uckfield and card to Hailsham. The number of outlets receiving recyclate is reducing (e.g. Aylesford Newsprint Ltd has ceased trading).

These transportation arrangements – which are necessitated by current disposal methods – are inefficient in terms of labour and fuel.

Furthermore, noise and safety concerns have been raised by residents about car parks and other community amenities being used for dropping off and holding quantities of material.

### **Recycling fleet – the HGVs**

There are 5 recycling HGV lorries collecting and distributing materials as described above. Some of the lorries are 10 years old and due to be replaced. New vehicles can be ordered once the direction for the service is set.

Ends -

**Agenda Item No:** 9.7 **Report No:** 27/17

**Report Title:** Proposals for the Material Recycling Facility at North Street

**Report To:** Cabinet **Date:** 8 February 2017

**Cabinet Member:** Councillor Paul Franklin, Cabinet Member for Waste and Recycling

**Ward(s) Affected:** All

**Report By:** Ian Fitzpatrick, Director of Service Delivery

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### **Purpose of Report:**

The LDC-run material recycling facility (MRF) is situated in the North Street Quarter which is due for redevelopment and therefore its future at that site is assured only until 2018 at the latest. Plans for refurbishing the depot at Robinson Road will be determined by the outcomes of the waste and recycling review, and a MRF will not be required if the recycling collection method moves from kerbside sort to co-mingled.

In addition, the equipment, such as belts that carry the recycling material, is old and in need of repair and replacement if the MRF is to continue to operate at its current location.

The purpose of this report is to

- Brief Cabinet on issues relating to the MRF at North Street, Lewes
- Consider the future viability of the MRF
- Set out the alternative recycling disposal methods should the MRF close

### **Officer Recommendations:**

- 1** To close the North Street material sorting operation and consult with staff affected.
- 2** To deliver plastic and cans to the Veolia Mixed Recycling Facility in Brighton as an interim solution until a new recycling collection method is adopted.
- 3** To authorise the Director of Service Delivery, in consultation with the Lead Member for Waste and Recycling, under Contract Procedure Rule 2.4.1(a) to

agree a waiver to proceed to contract with Veolia directly, rather than seek three quotes for the reasons set out in this report, or to deliver the materials into the East Sussex County Council & Brighton & Hove City Council Integrated Waste Management Services Contract (IWMSC), whichever is the most advantageous arrangement for this interim period.

## **Reasons for Recommendations**

### **1 The reasons are as follows:**

- 1.1. The MRF requires significant investment in repair and replacement of parts in order to remain in operation in the short to medium term.
- 1.2. This facility is not fit for purpose for future collection methods and the site needs to be vacated by 2018.
- 1.3. The value of recyclate has fallen dramatically in recent years and income from recyclate is less than the cost of running the facility (see **7.3**, Table 2, **7.4** Table 3 and **8.1** Table 4). Alternative disposal arrangements can be made for the short to medium term which will be more cost effective than keeping the MRF running.
- 1.4. A timely decision on the future of the MRF is key to making alternative arrangements for the recycling collected and, importantly, on starting consultations with North Street depot staff on their options for future employment with LDC.
- 1.5. As an interim measure - until a new recycling collection method is agreed and implemented - unsorted plastic and metals can be delivered to the nearby facility at Hollingdean, Brighton.

### **2 Operational Information**

- 2.1 The MRF at North Street is used to sort plastics from metals only.
- 2.2 Paper cardboard and glass do not go through the MRF. From kerbside sort they are held at drop off points (e.g. car parks) before being collected by HGVs and transported to various waste transfer stations around the district, then taken on to the market without further sort.
- 2.3 The depot at North Street is also required for parking of refuse vehicles as well as being an operational base for two kerbside sort electric vehicles (EV's). Therefore, it will continue to be required for this purpose for the foreseeable future, possibly until the site is redeveloped.
- 2.4 We currently operate five recycling HGV lorries collecting the various materials from drop offs around the District. Trade paper and card is also collected by some of these crews.

### **3 Repair / renew equipment**

- 3.1 Some of the equipment at the North Street depot is 20 years old and at or near 'end of life'.



**3.2** Investment proposals re maintaining current operations at North Street are in Table 1, below

**3.3 Table 1:** Investment proposals

End date	Level of investment	Equipment
February 2017	Low/ Medium 10k	Repair and maintain belts
September 2017	High £40k	Replace belts
September 2018	High 100k	Replace belts and purchase vehicle (hopper)

#### **4 HR Matters**

- 4.1** There are 7 posts, including 1 vacancy currently at the MRF, 3 of which are a part time basis.
- 4.2** Informal consultation with staff at the North Street MRF has taken place.
- 4.3** Subject to Cabinet's decision, formal consultations will begin straightaway, with the intention of offering alternative redeployment options to the LDC staff affected.

#### **5 Equality Screening**

- 5.1** An Equality Assessment and Staffing Assessment have been completed.

#### **6 Alternative recycling disposal methods for the short/medium term**

- 6.1** The alternative recycling disposal method should the MRF close is the Veolia MRF, Hollingdean, Brighton. This is the best option economically and logistically.
- 6.2** Veolia have agreed in principle to accept our plastic and cans and are also looking into whether they can also accept our card.
- 6.3** We would not receive any income from the sale of the material once delivered to Veolia.

#### **7 Financial Appraisal Summary**

Income

- 7.1** Table 2 (below) shows the change in income received by LDC for recyclable materials over the last five years including glass, paper, cardboard and aluminium.

**7.2** Note, only plastics and metals are sorted at the MRF, therefore the income from glass, paper and cardboard is not dependent on the facility at North Street.

**7.3 Table 2:** Recycling income over the last 5 years

2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
£525,877	£616,181	£568,768	£478,438	£278,994	£159,000

**7.4 Table 3:** Income from plastic and cans 2015/16

Plastics	£60,000
Metals	£41,000
Total	£101,000

**7.5** Note: Income is less than the operational costs (see Table 3 below 8.1)

## **8 Operational/ Decommissioning Expenditure**

**8.1 Table 4:** Cost of MRF

Operational costs of the MRF in 2015/16	£33,000
Staffing costs (including on-costs)	£120,500
Total	£153,500

**8.2** Anticipated investment required in the MRF to 2018 is £100k. We cannot accommodate the sorting belt at Robinson Road depot.

**8.3** In order to maintain the MRF through the new financial year, approximately £40k will have to be spent on repairing the conveyor belts at North Street.

**8.4** The sorting equipment has limited value due to its age and condition. The Fleet Manager is looking at the current market value of the balers. There may be an element of scrap value for the other pieces of equipment but this would possibly only cover the cost of dismantling and disposal.

**8.5** Current budget can be reallocated to cover disposal costs.

**8.6** Budget Code 282 Recycling Kerbside:

- 13035 Equipment Maintenance £8,900
- 11641 Fixed Machinery Maintenance £ 400 (current spend £912)
- 13025 Equipment Purchases £4,000
- 13026 Small Plant and Tool Purchases £1,500
- **Total** **£14,800**

- 8.7** There are additional costs and budget allocated to the North Street MRF operation such as utilities, insurance, cleaning etc.
- 8.8** Agency cover for the depot is a significant cost which will be eliminated should the MRF operation cease.

## **9 Legal Implications**

Legal Services has made the following comments regarding the disposal of plastic and metals:

- 9.1** The proposed contract for disposal to Veolia would be categorised as a services contract under the Public Contract Regulations 2015 (PCR 2015). It is therefore necessary to work out the estimated value of the proposed contract as that will determine if and how the Public Contracts Regulations 2015 (PCR 2015) applies and also how the council's Contract Procedure Rules (CPR) will apply.
- 9.2** Veolia have indicated that the contract will be on a rolling monthly basis. Under the PCR 2015 where a contract is without a fixed term the estimated value is the monthly value multiplied by 48. If the contract is therefore on a rolling monthly basis it would appear that with an estimated yearly cost of £16,500, the average monthly value will be £1,375 which makes the total estimated contract value for the purposes of the PCR 2015 assessment as approximately £66,000. This means that the proposed contract with Veolia is not subject to the full PCR 2015 requirements (as it is below the relevant threshold of £164,176).
- 9.3** As contract is above £25k but does not exceed £100k there is a requirement under the council's CPRs to seek a minimum of three quotes but no obligation to advertise. If the council does not wish to follow the requirement in the CPRs for below threshold procurements of this value then consideration needs to be given to an appropriate waiver. Under CPR 2.4.1(a) the Cabinet has power to waive any requirements for specific projects, in which case its reasons for doing so shall be recorded in the Minutes of the Cabinet meeting. As a general principle, waivers should only be authorised where there are objectively demonstrable grounds for doing so. The reasons for seeking a waiver to proceed with Veolia directly rather than seek quotes are set out in this report, below

Iken: 005734-LDC-CJEC Date: 22/12/16

## **10 Operational Justification**

- 10.1 Veolia MRF, Hollingdean, Brighton:**
- 10.2** This is the cheapest solution for LDC
- 10.3** This would be the best option operationally/logistically
- 10.4** The value of the potential contract (in gate fees) in the first year is below the £25K threshold.

- 10.5** Veolia are the only tried and tested facility that is able to manage our material without the need of a waste transfer station to facilitate the works.
- 10.6** There may be other companies able to take the material but their facilities are further afield and would incur additional operational costs or, we have previously used these other companies and there are due diligence issues raising concerns regarding repeat business.

## **11 Risk Management Implications**

- 11.1** The following risks will arise if the recommendations are not implemented:
- The North St MRF could break down irreparably at any point and contingency plans are business critical.
  - Market value for recycle remains low which means the operation costs more than the achieved income.
- 11.2** The following risks will arise if the recommendations are implemented, and I propose to mitigate these risks in the following ways:
- Gate fees may increase should the quality of recycling delivered drop – There is no reason why the quality of our material should drop but we will continue to manage and inspect crews to ensure this does not happen.
  - Gate fees may increase annually and at other times as notified by Veolia – There is very little we can do to mitigate this risk but supplying material with low contamination levels will ensure the lowest gate fee.

## **12 Background Papers**

- 12.1** Cabinet report, September 2016, 'Waste and recycling service review'

**Agenda Item No:** 9.8 **Report No:** 28/17  
**Report Title:** Anchor Field Ringmer and Old Malling Farm  
**Report To:** Cabinet **Date:** 8 February 2017  
**Cabinet Member:** Cllr Bill Giles  
Cllr Ron Maskell  
**Ward(s) Affected:** Ouse Valley and Ringmer  
Lewes Bridge  
**Report By:** Nazeya Hussain, Director of Regeneration and Planning  
Ian Fitzpatrick, Director of Service Delivery

**Contact Officer(s)-**

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**Purpose of Report:**

This report seeks consent to conclude negotiations on land for development at Anchor Field, Ringmer; and commercial negotiations to enable a development at Old Malling Farm, Lewes.

**Officers Recommendation(s):**

- 1 To delegate authority to the Director of Regeneration and Planning, the Director of Service Delivery, and the Deputy Chief Executive in conjunction with the Lead Member for Finance and the Lead Member for Housing to enter into a Development Agreement with Anchor Field Ltd to deliver a housing scheme at Anchor Field, Ringmer, subject to appropriate due diligence being completed.
- 2 To delegate authority to the Director of Regeneration and Planning, the Director of Service Delivery, and the Deputy Chief Executive, in conjunction with the Lead Member for Finance and the Lead Member for Housing to enter into a Conditional Option Agreement in respect of access rights to a potential development at Old Malling Farm, Lewes subject to appropriate due diligence being completed.

- 3 To appropriate the land at Anchor Field, Ringmer from the Housing Revenue Account to the General Fund.
- 

## **Reasons for Recommendations**

- 1 To partner with Anchor Field Ltd who will develop land at Caburn Field, Ringmer and land owned by Lewes District Council to deliver new housing.
- 2 To enter into an agreement to grant rights of access across land owned by Lewes District Council in the event that planning permission is granted for a new housing scheme at Old Malling Farm.

## **3 Information**

### Anchor Field, Ringmer

- 3.1 In September 2015, Cabinet approved a recommendation that officers be authorised to negotiate a Development Agreement for the disposal of land for development for housing at Anchor Field in Ringmer, based on draft Heads of Terms. However, since that time, the negotiations have continued and the proposed commercial deal has been simplified.
- 3.2 The Council owns three parcels of land that border the football club and one area leased to the Club (see Appendix B). The land is held within the Housing Revenue Account.
- 3.3 The football ground (Caburn Field – edged in blue on the attached plan) is owned by Ringmer Football Club.
- 3.4 The proposal involves developing the existing football ground for a mixed residential scheme. Such a proposal is supported in principle, with ‘saved’ Policy RG1 from the Local Plan 2003 allocating the existing ground for a residential development provided a suitable replacement facility is identified and established. The developer has entered into an agreement with Ringmer College to re-provide facilities on their site. The site is noted in the Ringmer Neighbourhood Plan but not allocated as it is already allocated within the Joint Core Strategy.
- 3.5 It will be a condition of contract with Anchor Field Ltd that they will produce their agreements with Ringmer Football Club and Ringmer College relating to the re-provision of the football ground and Gun Club.
- 3.6 Initial appraisals of the proposed scheme at Ringmer value the whole of the land (both LDC and privately owned) demonstrate the viability of the scheme. The Council’s land taken alone would be difficult to develop, but there is marriage value with the land owned by Ringmer Football Club. Accordingly, the Council would expect to receive a proportion of the uplift in land value as a capital receipt net of professional fees and costs, as a percentage of the land

included within the agreement, and in recognition that the developer has no access to Caburn Field.

- 3.7** Negotiations have continued and there is now a new proposal whereby the Council sells part of its landholdings (identified as areas 1 and 2 at Appendix B) to Anchor Field Ltd for a nominal sum. The developer will build out the affordable units as per planning requirements (40% of the total scheme) subject to planning on the land hatched in red. The affordable units will then be transferred to the Council at nil cost. The Council will be able to decide on tenure and whether to retain the affordable housing, or to dispose of some or all of it on the open market. The Council will retain the revenue or capital receipt from the affordable housing that is transferred.
- 3.8** A further condition of contract will be that if the LDC flats construction is not commenced by the time that 25 houses are built, the contract will be voided. Completion of the sale of the two areas of land will not take place until the LDC flats are built to the Council's reasonable satisfaction.
- 3.9** The road easement will be completed when work starts on the football ground. However there will be a condition paramount that if the construction of the LDC Flats is not started as stated above it will be voided.
- 3.10** The scheme has been promoted widely in Ringmer and the Town Council is broadly supportive and further consultations will take place as part of the planning process. The developer will be responsible for re-providing or relocating the skate park should the need arise.

#### Old Mallong Farm

- 3.11** The Council has been approached by agents acting for the landowner at Old Mallong Farm. The site has been allocated within the Joint Core Strategy for housing and the landowner wishes to proceed with a development there.
- 3.12** Appendix A details the Heads of Terms (HOTs) which have been agreed between the landowner and the Council. It also contains a plan which shows the access required onto the land for development. The second plan in Appendix A shows the extent of the Council's landownership (shaded in green).
- 3.13** The Vendor referred to in the HOTs is the Council and the Purchaser is the landowner at Old Mallong Farm. It is intended that the Council's future interests will be protected. Any further sites which may come forward as a result of the Council reaching agreement on access to the Old Mallong Farm site will be excluded from the agreement and would require a new and separate negotiation and agreement.
- 3.14** The HOTs are subject to contract and the scheme is subject to planning. Agreeing to the HOTs does not prejudice the Council's position in any way with regard to any future planning application and does not imply that the Council would either support or object to the planning application. South Downs National Park will be the Planning Authority when the application is submitted.
- 3.15** The proposed development at Old Mallong Farm is a high-value scheme which will deliver in excess of 200 houses within the National Park boundary, 40% of

which will be affordable. The Council will benefit from a capital receipt should the scheme proceed as a consideration for access rights across Council land.

## **4 Financial Appraisal**

- 4.1** The new proposal for Anchor Field means that instead of a capital receipt as envisaged when Cabinet agreed draft Heads of Terms in September 2015, the Council will receive property worth several million pounds. The newly constructed affordable housing units would generate an ongoing income stream, a future capital receipt (if sold) or a combination of the two.
- 4.2** The Council will seek advice on the Stamp Duty Land Tax implications of the proposal at Ringmer to ensure that the transaction is carried out in the most tax-efficient manner.
- 4.3** The proposed development at Old Malling Farm, should it proceed, will produce a capital receipt worth several million pounds, which can be used as financing for future the capital programme.
- 4.4** Section 123 of the Local Government Act 1972 requires that a local authority achieve best consideration for any freehold or disposal or a leasehold disposal in excess of seven years. The negotiations for both proposals have been conducted in light of this statutory requirement and each scheme will be appraised by the District Valuer to ensure that it is both viable for the developer and represents best value for the Council.

## **5 Legal Implications**

- 5.1** Part of the land at Ringmer is currently used as public open space and is leased to the Parish Council. There are procedural requirements to be complied with on a disposal of open space land. A local authority is required to advertise its intention to sell in a local newspaper for two consecutive weeks and to consider objections. This should be done before any final decision is taken on the disposal, so that proper consideration is given to the responses that are received. Therefore, the delegation to officers will be subject to the officers undertaking a process that is compliant with the Council's legal obligations relating to disposal of open space land.
- 5.2** The Council's land at Anchor Field is currently held in the Housing Revenue Account (HRA). The land is not being used for the purposes of meeting social housing needs under Part II of the Housing Act 1985. A local authority may appropriate for an alternative purpose any land which is no longer required for the purpose for which it is held immediately before the appropriation. The Secretary of State's consent is required for the appropriation of any part of HRA land consisting of a house or part of a house for any other purpose. There are no houses on the HRA land referred to in this report, so the Secretary of State's consent is not required.



**5.3** There are controls relating to the disposal of land held in the HRA. The land is not being used for the purposes of meeting housing needs. It is therefore recommended that the land be appropriated from the HRA to the General Fund to facilitate the proposed disposal.

**5.4** Appropriate due diligence will have to be completed in respect of both proposed transactions.

## **Risk Management Implications**

**6**

**6.1** The key risks have been identified within the body of the report. See Legal and Finance sections for specific comments.

## **Equality Screening**

**7** There are no equality impacts as a result of the recommendations in this report.

## **Background Papers**

**8** None

## **Appendices**

Appendix A Commercial terms for Old Mallin Farm (exempt)

Appendix B Development Plan at Anchor Field, Ringmer

- LDC current ownership
- Site 1. } to be sold to BPD
- Site 2. }
- land for 31 flats & car-parkings
- land owned by RPD
- easement.

Organisation	Lewes District Council
Department	
Comments	Not Set
Date	20 January 2017
Scale	1:625

Note:- areas may vary a little as schemes develop plan-wise.



**Agenda Item No:** 9.9 **Report No:** 29/17

**Report Title:** Progress Report on the Coastal Defence Implementation Plan

**Report To:** Cabinet **Date:** 8 February 2017

**Cabinet Member:** Tony Nicholson

**Ward(s) Affected:** All

**Report By:** Ian Fitzpatrick, Director of Service Delivery

**Contact Officer(s)-**

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### **Purpose of Report:**

To update cabinet on the management of flood and cliff erosion risks along the coast between Cuckmere Haven in the east and Saltdean in the west.

### **Officers Recommendation(s):**

It is recommended that Cabinet:

- 1** Notes the Council's responsibilities and duties under the Coast Protection Act 1949 and identifies and notes where there currently are defences and where there are not and who is responsible for those defences.
- 2** Agrees to a series of targeted consultations with key stakeholders and individuals explaining the findings of the Brighton to Newhaven Coastal Management Implementation Plan (BNCMIP) to be undertaken in February/March 2017.
- 3** Notes the existence of an internal working group to explore the implication of the BNCMIP.
- 4** Requests an update report on the implications of the BNCMIP within the next 6 months

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### **Reasons for Recommendations**

- 1** LDC and Brighton and Hove City Council employed consultants to develop a Coastal Implementation Plan to explore with key stakeholders. The Plans aim was to explore how the coast, both defended and undefended stretches, is likely to change over the next 100 years. The plan reports on

the implications and options and how councils, key stakeholders and communities may manage the risks posed as the shoreline changes due to the action of the sea.

## **Information**

### **Background**

- 2** LDC with other agencies manages the coast stretching from Saltdean in the west to Cuckmere in the east, some 14.5 km of shoreline. Over two hundred years many structures have been built to manage the risks posed by our ever changing shoreline. This report identifies those measures have been taken to protect the cliffs from erosion and land from flooding and how LDC has managed the cliffs and their defences in the last 10 years.
- 3** The Coastal Protection Act 1949 provides Lewes district Council with permissive powers to take steps to manage the risks posed by the erosion of cliffs. There are 9.7 km of cliffs where we might wish to use these powers to manage the shoreline. There are several stretches of coast where there are no houses or roads close to the cliff edge or where presently the houses and roads are some distance away from the cliff edge.
- 4** Newhaven Port and Properties are responsible for Newhaven Harbour and the mouth of the Ouse, which they maintain for navigation purposes.
- 5** The Environment Agency is responsible for managing the beaches at Seaford Bay, from the mouth of the Ouse east to Splash Point. These defences comprise of a shingle beach, which at Seaford is placed in front of a concrete sea wall. The Environment Agency undertakes annual beach recycling operations and so protects parts of Newhaven, Bishopstone and Seaford from flooding by the sea.
- 6** At Portobello Southern Water Services Ltd is responsible for sea defences that protect the Portobello works and long sea outfall.
- 7** The Channel Coast Observatory, part of a national network, undertakes long term strategic monitoring of the coast, providing data about wave heights, cliff erosion rates, aerial photographs and beach profiles; data essential in managing the coast.
- 8** The processes that determine how the coast erodes or where shingle and sediments accumulate is governed by tides, currents and storms that work along our coast over at a large-scale. In order to manage the risks associated with a changing coast, the UK coast has divided into distinct sections. For each section, a high level document for coastal flood and erosion risk management plan, has been developed, namely the Shoreline Management Plan. The management of the Sussex Coast between Selsey Bill and Beachy Head is guided by such a Plan. The SMP was last updated in 2005/6 and provides a framework for the management policies for the coastline into the 22<sup>nd</sup> Century. Under the Shoreline Management

Plan a series of more detailed plans and strategies are required, identifying in more detail the long term management objectives, environmental and technical issues, planning policies and economic viability of the options that could be adopted to manage specific shoreline frontages.

### **Current Protection**

**9** Currently we have cliff protection at the following locations:

- Coastguard Cottages where a private scheme was originally built in the 1950's
- Cliff protection at Splash Point Seaford possibly dating back to Victorian times and the 1950's
- Newhaven Western Arm built in 1881 protecting the Harbour and Newhaven Fort
- Peacehaven sea defences built in stages from 1976 to 1997
- Portobello Outfall owned and managed by Southern Water Services, originally Victorian rebuilt in 1976
- East Saltdean Sea defences built in 1996

### **Unprotected areas**

**10** There are several locations along where there are no defences to reduce the risk of cliff erosion, these are between:

- Coastguard Cottages at Cuckmere to Splash point at Seaford including Seaford Head
- Newhaven Western Arm to Peacehaven including Old Nore Point
- Peacehaven to Portobello at Telscombe
- Portobello to East Saltdean

**11** In recent years Lewes District Council has delivered the following to seek to manage and assess the cliff erosion risks along our coastline:

- In 2009 Lewes District Council was awarded £700,000 of Flood Defence Grant in Aid (FDGiA) monies to undertake major repair works to sea defences between Groynes 1 and 17 at Peacehaven. The works commenced in April 2011 and were completed in October that year;
- Commissioned a study examining the options to best manage Groynes 18 and 19 at Peacehaven, which have fallen into a poor state of repair, but because they do not protect any properties are unlikely to be eligible for FDGiA;
- Repairs to Peacehaven and East Saltdean defences and Splash Point, following the storms of 2013/14;
- Implemented a programme of cliff monitoring;
- Obtained funding to develop the Brighton Marina to Newhaven Coastal Management Implementation Plan; and
- Ongoing surveys of the cliff top fences, access tracks, signs and life buoys.

## **Brighton to Newhaven Coastal Management Implementation Plan (BNCMIP)**

- 12** The BNCMIP was jointly commissioned by Brighton and Hove City Council and Lewes District Council. The Plan provides a more detailed understanding of how this stretch of coastline is likely to change due to the action of the sea over next 100 years. The plan identifies properties, roads, and infrastructure along the coast and seeks to estimate when these items may be at risk if no further steps are taken to manage the coast. The Plan examined how the coast is likely to develop utilising current understanding of how the sea behaves by working with leading experts on chalk cliffs and analysing how a changing climate may impact on the coast in the future.
- 13** The BNCMIP explores the potential options for the management of the risks posed along the shoreline by assessing discreet sections of the coast. The BNCMIP identified the cost for each option taking full account of environmental considerations, comparing these with the value of the properties and infrastructure and land protected by the works against the potential costs. The BNCMIP also examined how the costs might be funded in the context of the Environment Agency's funding criteria. The Environment Agency is the funding body for all capital coast protection and flood defences in England.
- 14** The BNCMIP identifies the relevant licenses and permission that would be required given that much of our shoreline and coast is designated as a National Park, Site of Scientific Special Interest and/or a Marine Conservation Zone.

### **Proposed Next Steps**

- 15** In February and March 2017 we are aiming to undertake a number of targeted consultations exercises, explaining to invited individuals the findings of the BNCMIP and seeking their opinions and views on the Plan and how it could be implemented and whether or not they wish to be involved.
- 16** These events will be undertaken in Newhaven, Peacehaven and Telscombe. Local Councillors will be invited to attend. The most likely format will be drop in sessions, where officers will be on hand to explain the project, the options identified and to listen to stakeholder's initial thoughts and opinions.
- 17** One of the aims of these events would be to identify key stakeholders who would be willing to give of their time and energy in a working group to assist in exploring how the BNCMIP can be implemented.
- 18** At the same time an internal working group will be convened to analyse the BNCMIP and explore the implications of the Plan with regard to how we manage the coast, the Local Plan and financial issues raised.

- 19** Meetings will be arranged with representatives of East Sussex County Council, Environment Agency, Natural England, and Southdown's National Park, Marine Management Organisation and Brighton and Hove City Council to discuss the Plan and implications in the short, medium and long term.

### **Financial Appraisal**

- 20** There is no financial appraisal required at this stage.

### **Legal Implications**

- 21** Not applicable at this stage.

### **Risk Management Implications**

- 22** This reports sets out actions that will lead to the formulation of a long term plan to manage the coastline. This plan will be developed to identify risk and mitigation where applicable.

### **Equality Screening**

- 23** Not applicable at this stage

### **Background Papers**

- 24** None

**Agenda Item No:** 9.10 **Report No:** 30/17  
**Report Title:** Wave Leisure Annual Service Delivery Plans 2017/18  
**Report To:** Cabinet **Date:** February 2017  
**Cabinet Member:** Councillor Nicholson  
**Ward(s) Affected:** All  
**Report By:** Phillip Evans, Director of Tourism and Enterprise  
**Contact Officer(s)-**  
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#### **Purpose of Report:**

To seek Cabinet approval for the 2017/2018 Annual Service Delivery Plans for Leisure and Newhaven Fort proposed by Wave Leisure Trust (WLT).

#### **Officers Recommendation(s):**

- 1** That Cabinet approves the Annual Service Delivery Plan for Leisure as set out in the report.
  - 2** That Cabinet approves the Annual Service Delivery Plan for Newhaven Fort as set out in the report.
- 

#### **Reasons for Recommendations**

- 1** The management agreement between the Council and Wave Leisure requires Cabinet to approve the Annual Service Delivery Plans.

#### **Information - Annual Service Delivery Objectives Leisure 2017-2018**

##### **2**

- 2.1** WLT have produced a proposed Annual Service Delivery Plan and this is reproduced at Appendix A (for the leisure service) and Appendix B (for Newhaven Fort) to this report.
- 2.2** The priorities for 2017/2018 continue to build upon those set out in previous years. Wave is encouraged to augment existing networks and partnerships and seek to establish new relationships to deliver services



that will be of benefit to the local community. The plan underpins the Council's strategic aims and objectives.

- 2.3** The plan is aligned with three core objectives:
- (a)** Increasing participation and reducing health inequality;
  - (b)** Improving accessibility and social inclusion;
  - (c)** Reducing environmental impact.
- 2.4** Emphasis is placed upon encouraging participation in rural communities and for families on a low income.
- 2.5** WLT is encouraged to provide activities aimed at opportunities for increasing physical activity for older people. This is to reflect the District's ageing population which is above the national average in every band over 50.
- 2.6** The plan takes account of equality of opportunity to ensure that services are accessible as widely as possible and reflects the diversity of the local community.
- 2.7** If the proposed plan for 2017/2018 is approved by Cabinet, WLT will be notified of the Council's agreement and the plan will form part of WLT's contractual responsibility to deliver on behalf of the Council.
- 2.8** The Council's Client Officer will monitor and evaluate WLT's performance against the plan. There will be a quarterly review of performance along with monitoring of the agreed performance indicators.
- 2.9** WLT recognise that the plan should be numerate where possible with realistic and achievable outcomes. Where it is not possible to measure outcomes statistically, alternative success criteria will be employed to measure the benefits to the community.
- 2.10** The Council's Client Officer sets and monitors the performance of the Leisure Trust against key performance indicators. The indicators are a means for the Council to monitor the performance of WLT in meeting the Council's agreed aims and objectives. They are regularly monitored through the quarterly meetings between LDC and WLT and are set out at Appendix C.

## **Information - Annual Service Delivery Objectives Newhaven Fort 2017-2018**

- 2.11** WLT have produced a proposed Annual Service Delivery Plan and this is reproduced at Appendix B to this report.

**2.12** On 1st May 2015 WLT was granted operational management responsibility for the Newhaven Fort. The four priorities for 2017/2018 are for WLT to:-

- 1) Enhance the regeneration opportunities in Newhaven by increasing the number of visitors to Newhaven Fort and generating local job opportunities.
- 2) Maintain and grow the heritage and educational potential of Newhaven Fort in a way which is accessible to the general public.
- 3) Improve the current facilities on offer.
- 4) Minimise the ongoing liabilities of the Council and potentially produce a revenue stream for the Council.

**2.13** In order to achieve the above four LDC priorities, WLT has identified three separate but interlinked areas for the Newhaven Fort Management and Operational Team to focus on, namely:

- Experience
- Education
- Events

The plan attached at Appendix B details how the Council's priorities and Wave's three pillars interlink.

## **Financial Appraisal**

- 3** The Council provides WLT with an Annual Service Fee in return for which the Trust helps the Council achieve its aims and objectives as detailed in this report. The Annual Service Fee for 2017-2018 was approved by Cabinet in September 2016. The Service Delivery Plan as provided by WLT therefore has no additional financial implications.

## **Legal Implications**

- 4** There are no legal arising as a result of this report.

## **Risk Management Implications**

**5**

- 5.1** Risk management screening has been completed and there are no additional risk to mitigate.

## **Equality Implications**

### **6**

- 6.1** Equality, accessibility and equality of opportunity are the building blocks of the Annual Service Delivery Plans. The key components of the plans have been designed to increase participation across a number of disadvantaged groups; reduce health inequality; improve accessibility and social inclusion and education. The plans detail how these aims will be achieved.

## **Background Papers**

- 7** None

## **Appendices**

Appendix A – WLT Proposed Annual Service Delivery Plan Leisure 2017/2018

Appendix B – WLT Proposed Annual Service Delivery Plan Newhaven Fort 2017/2018

Appendix C – Performance Indicators 2017/18

Appendix D – Equalities Impact Assessment



Wave Leisure Trust

# Annual Service Delivery Plan 2017/2018

*"Inspiring Active Lifestyles"*





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## **Annual Service Delivery Plan (2017/18)**

On an annual basis Lewes District Council (LDC) is required to furnish Wave Leisure Trust (Wave) with an "Annual Service Statement" that provides the Trust with a framework to produce an Annual Service Delivery Plan.

The Annual Service Delivery Plan that Wave produces complements and supports the Council's objective to promote healthy lifestyles by developing a district wide leisure strategy. The Council recognises that reducing hazards like cold houses and falls in homes could save the NHS over £1 million in treatment costs.

The Council have committed to improve the condition of both private and council homes to prevent accidents and ill health. They will continue to work with the NHS and other partners in the county to improve the health and wellbeing of Lewes District residents.

Besides the major contributions to ill-health prevention from housing programmes, LDC will work with local communities and companies to provide sport and recreation facilities where people need them. As a result, the Council has set the following objectives for Wave in relation to the Leisure contract.

The LDC Annual Service Statement framework focuses on three core outcomes, namely:

- 1. Increasing Participation and Reducing Health Inequality.**
- 2. Improving Accessibility and Social Inclusion.**
- 3. Reducing Environmental Impact.**

Within each of the three core outcomes, LDC has provided a number of "Key Priorities" that define the requirements further.

Aligned to the LDC Outcomes and Key Priorities, Figure 2 presents Wave response to the LDC Service Statement, presenting the specific actions to be implemented to ensure that the LDC's requirements are achieved. The Plan is also a demonstration of Wave's shared commitment to the priorities and the valuable partnership that exists between LDC and Wave.

At the end of 2017/18 the Annual Performance and Monitoring Report will provide Key Examples and Outcomes for each of the Wave Actions defining successful delivery.



## Background

### Purpose

"Inspiring Active Lifestyles"

### Vision

"To be at the heart of the improvement of health and wellbeing in our communities."

### Objectives

"By **engaging with partners** Wave Leisure, an established charitable trust, will agree a shared programme of activities to **deliver to the community**. Wave aspires **to achieve excellence** in the delivery of services which will provide **customers with choice** and inspire active lifestyles. The ultimate objective is to create a **sustainable business** contributing towards the long term health and wellbeing of our community.

Figure1: "Inspiring Active Lifestyles" Strategy



**Figure 2: Outcome 1 - Increasing Participation and Reducing Health Inequality**

**LDC Key Priority 1**

*"Provision of activities to meet the needs of the aging population of the District, inclusive of outreach work to provide opportunities of increasing participation and wellbeing, particularly in the rural communities, where people need them."*

Wave Actions	Measure	Target	Outcome
To monitor and review the approach to "Older Persons" activity provision for 2017/18	All aspects of strategy monitored, reviewed and implemented.		
To continue to develop and implement activities for Older People to participate in designed to develop confidence and encourage participation in regular activity.	Number of activities.	80	
	Average number of participants per activity.	6	
	Total number of participants.	480	
Continue to work with older people's networks, such as Age UK and the Alzheimer's Society, to develop taster sessions specifically targeting service users and/or carers experiencing barriers to participate in regular activity.	Number of sessions.	5	
	Average number of participants engaging.	6	
	Total number of participants.	40	
	%age of participants reporting engaging in further activity due to participating in sessions.	35%	
To attend the East Sussex Seniors Forum meetings and events, ensuring that Wave is aware of the latest issues relating to the older person's agenda.	Wave representation at Seniors Forum meetings and events	3	
To continue and seek to expand the support of National Older Peoples Day.	Number of activities.	24	
	Number of participants	130	
Support Action in rural Sussex's and 3VA' to further develop and implement regular activity sessions, specifically targeting less active older people in rural settings.	Number of sessions.	8	
	Average number of participants in each session.	8	
	Total number of participants.	70	
Wave to engage with other partners, such as Lewes Football Club, Eastbourne Borough Football Club and Sussex Veterans League, to further develop a programme of walking football events, leagues and competitions during 2017/18.	Number of events.	1	
	Number of participants in event.	20	
	Number of leagues.	1	
	Number of participants in league.	20	
Develop and operate the Strength and Balance Programme (Falls Prevention) and launch five new sessions in 2017 out of centre and in community settings.	Number of sessions delivered.	250	
	Average number of participants in each session.	8	

	%age of participants reporting engaging in further activity due to participating in programme.	55%	
	%age of participants reporting feeling more confident to participate in regular activity.	80%	
Working with partners to develop new walking opportunities and sessions to encourage participation from the older person living in rural settings	Number of walks created.	4	
	Number of events	3	
	Average number of participants in each session	8	
	Total number of participants	150	
To maintain, and expand where possible, the older persons walking group sessions.	Number of groups.	4	
	Number of sessions.	200	
	Average number of participants in each session.	8	
	Total number of participations.	800	

## Key Priority 2

*"Seek to develop new partners as well as enhancing existing relationships with the Council and other key partners, to increase the availability and take up of positive activities for children and young people with the aim of encouraging greater participation by young children and families on a low income."*

Wave Actions	Measure	Target	Outcome
Continue to develop and implement community based activity to promote diversionary activities, including those at risk of involvement in nuisance and anti social behaviour, across the District.	Number of activities.	20	
	Number of participants attending each activity.	10	
	%age of participants attending regular activity after engagement.	45%	
Continue to be an active participant with Children, Young People and Family support agencies and networks, such as the Children Centre's, to further develop a programme of activities targeting families.	Number of meetings attended.	4	
	Number of programmes launched.	2	
	Average number of people attending each programme.	6	
	Total number of participants.	12	
Continue to be an active participant within the SPARK Network, working with partners to establish a programme of activities.	Number of meetings attended.	3	
	Number of programmes launched.	2	
	Average number of people attending each programme.	6	
	Total number of participants.	12	
Continue to implement a diverse programme of "Reach Out" activities, in partnership and isolation, from Shakespeare Hall and Newhaven Fort targeting children and young people who are otherwise disengaged from mainstream activities due to low income.	Number of activities.	36	
	Average number of people attending each activity.	12	
	Number of total participants.	432	
Continue to work with East Sussex County Council Youth Services and other youth service providers to offer programmes of activity including "Drop In" sessions from specialist partner agencies.	Number of "Drop In" sessions.	36	
	Average number of participants in each session.	6	
	Total number of participants.	216	
Continue to offer accessible holiday programmes, such as low cost or no cost..	Number of holiday programmes.	21	
	Average number of participant per holiday programme	12	

	Total number of participants.	300	
Deliver a number of initial engagement programmes, such as which are funded, such as Active Sussex or diversionary activities funded by Crime Reduction Partnership targeting younger people who are less physically active and not engaged in regular activity.	Number of programmes.	16	
	Average number of participants in each programme.	8	
	Total number of participants.	128	
	%age of participants progressing into further activity.	55%	
Continue to organise a range of taster sessions for children to try new activities and feed into established Clubs.	Number of taster sessions.	150	
	Average number of participants on each session.	10	
	Total number of participants.	600	
	Number of children transferring into established Clubs.	30 (5%)	
Expand the programme offerings into Schools by introducing new activities, for example; "Drop and Shop" and Inset Days activity sessions.	Number of new sessions.	9	
	Average number of participants on each session.	15	
	Total number of participants.	135	
Continue to expand and develop whole of family participation activities and events, across site and within the community.	Number of activities	4	
	Average number of participants on each session.	10	
	Total number of participants.	40	

### Key Priority 3

*"Provide a varied programme of activities including taster sessions that positively encourage and promote physical activity, particularly amongst those who are not currently active."*

Wave Actions	Measure	Target	Outcome
To develop and implement referral into activity opportunities with partner organisations, such as ESFRS, Alzheimers Society and 3VA who visit people in their homes.	Total number of refferals made.	36	
	%age of refferals attending an activity opportunity.	70%	
	%age of participants reporting feeling more confident in attending regular activity.	35%	
Continue to work with Community and Voluntary Sector and Stakeholder led Health Partnerships to deliver a range programmes through 2017/18.	Number of Health Partnerships attended	12	
	Number of programmes.	5	
	Average number of participants on each programme.	10	
Continue to deliver "Change4Life" days in Lewes, Peacehaven and Seaford.	Number of Events	3	
	Number of locations.	3	
	Total number of participants.	360	
Increase the number of Weight Management programmes, and initiatives to support those with a diagnosed health condition, for adults, Children and young people and families..	Number of weight management programmes	8	
	Number of diagnosed health condition programmes	5	
	Number of participants on each programme.	8	
	Total number of participants.	104	
Continue to provide a range of supporting mechanisms to encourage activity participation to address barriers accessing activity.	Total number of participants.	32	
	Number of sites with Journey Plans available	4	
	Number of sites offering creche and childcare facilities.	3	
	Number of Regular offsite exercise programmes being delivered.	10	
Wave to continue to proactively reach out into GP Surgeries across the District to encourage participation and provide patient engagement oportunities on site.	Number of GP Surgeries Visited Annually.	12	
	Number of engagement oportunities delivered.	6	
	Number of participants engaged on GP referral pathway.	48	
	Number of participants engaged on a	30	

	supported GP referral pathway.		
	%age participants attending a further wellbeing activity.	35%	

#### **Key Priority 4**

*"Provision of a range of holiday activities for children and young people of all age ranges."*

<b>Wave Actions</b>	<b>Measure</b>	<b>Target</b>	<b>Outcome</b>
In order to diversify the holiday programme, ensuring the delivery remains fresh and dynamic, Wave will continue to engage with partners involved in the delivery of each holiday programme.	Average number of partners in each holiday programme.	4	
	Total number of partners.	16	
Ensure that funding is secured for all holiday programmes for each of the towns in the District.	Funding secured.	100%	
Work with Town Councils and other stakeholders to run a specific Holiday Programme.	Number of participants.	30	
Work with resident and community associations to be able to make a holiday activity available to children and young people who are unable to access a Wave site.	Number of activities	8	
	Average number of participants.	10	
	Total number of participants.	80	
To develop and implement holiday activities which are inclusive of parents and/or carers to encourage family participation in regular activity.	Number of activities.	8	
	Average number of participants.	10	
	Total number of participants.	80	
To continue to deliver and support holiday activity programmes in Seaford, Lewes, Newhaven and Peacehaven.	Total number of programmes.	24	
	Total number of participants.	240	



**Key Priority 5**

*"Give due regard to the Equality Act 2010, particularly when there is a change to Policy; project development or where new services are being provided or where existing services are discontinued."*

Wave Actions	Measure	Target	Outcome
Wave recognises that discrimination can occur and will ensure that no individual will be unjustifiably discriminated against. This includes, but not exclusively, on the basis of gender, race, nationality, ethnic or national origin, religious or political beliefs, disability, marital status, social background, family circumstance, sexual orientation, gender re-assignment, spent criminal convictions, age or for any other reason.	Number of Claims	0	

### Key Priority 6

*"Provide opportunities and activities for residents on low incomes, which are either outreach or centre-based and which include residents in rural communities."*

Wave Actions	Measure	Target	Outcome
Through 2017/18 Wave will continue to initiate and develop programmes of activity in isolation and by partnering key stakeholders, for example Action in rural Sussex, 3VA and Active Sussex. Sport, Physical Activity and Health and Wellbeing Programmes will be both leisure centre based and in other community and rural settings.	Number of programmes.	6	
	Average number of participants on each programme.	8	
	Total number of participants.	48	
	Number of sessions in leisure centres.	4	
	Number of sessions in rural settings.	2	
Wave will continue to support and develop 'Open Spaces' community events working with Lewes District Council, social housing landlords and resident participation groups and local community groups.	Number of Open Spaces event.	6	
	Number of participants.	120	
Wave will seek to develop further activity programmes in or accessible to residential care settings (such as warden controlled, care and rest homes).	Number of residential care settings Involved.	5	
	Number of activities.	10	
	Average number of participants in each activity.	8	
	Total number of participants.	400	
Wave will continue to work with Resident and Community Associations to support consultation and resident engagement activities, to further support to development of activities which are accessible to those less likely to engage with physical activity.	Number of events.	2	
	Average number of participants in each event.	15	
	Total number of participants	30	

**Key Priority 7**

*"Provide opportunities to engage with the rural population, increasing access to activities."*

Wave Actions	Measure	Target	Outcome
Continue to work with Action in rural Sussex, South Down National Park Authority (SDNPA), Parish Councils and Community Transport Lewes Area (CTLA) to rural proof provision of services by identifying barriers to accessing services and creating opportunities for participation in regular activity.	Number of consultation activities undertaken.	4	
	Number of new services provided.	4	
	Number of services adapted to overcome barriers to access.	2	

**Figure 3: Outcome 2 – Improving Accessibility and Social Inclusion**

**Key Priority 1**

*"Ensuring activities are accessible by the whole community, but working particularly with people and families on a low income, ensuring that activities are provided in such a way to meet the needs of specific groups within the community."*

Wave Actions	Measure	Target	Outcome
Wave will seek to roll out the "i-go" audits across all Wave sites in 2016/17.	Number of sites audited by "i-go".	4	
Continue to work with partner organisations to expand the range of accessible activities available for the disabled at low or no cost.	Number of activities.	200	
	Average number of participants in each activity.	6	
	Total number of participants.	1,200	
Continue to work with support organisations, such as Seaford Downs Syndrome and Special Needs Group (SDSSNG) to support participants with additional needs to access activity, at low or no cost.	Number of sessions.	4	
	Average number of participants in each session.	6	
	Total number of participants.	24	
Continue to develop and expand on the activities available to the Shakespeare Hall Multi Skills Group at low or no cost, specifically engaging children and young people with additional education needs such as Autism and Aspergas, their sibling and parents and carers to access regular activity.	Number of additional sessions.	5	
	Average number of participants in each session.	8	
	Total number of participants.	40	
	%age of participants reporting they are engaging in a new regular activity.	35%	
Working with Resident and Community Associations continue to develop a programme of low or no cost activities for rural and urban residents.	Number of activities.	6	
	Average number of participants on each activity.	8	
	Total number of participants.	48	
To further develop and deliver low or no cost access to Holiday Schemes, specifically targeting those in low income households.	Number of Holiday Schemes.	4	
	Average number of low income household participants per Holiday Scheme.	8	
	Total number of low income household participants.	32	
Partnering with other providers continuing to create an offer	Number of activities.	3	

specifically appealing to children and young people who otherwise would not engage in mainstream physical activities.	Average number of participants on each activity.	6	
	Total number of participants.	18	
To continue to provide the ParaGames, in partnership with Sainsbury's at Downs Leisure Centre, providing competitive opportunities for people with disabilities to engage in activities.	Number of events.	1	
	Number of participants.	30	
	%age of participants reporting engaging in further activity due to participating in event.	45%	
Offer chair based exercise sessions in partnership with Sheltered Housing Schemes.	Number of sessions.	10	
	Average number of participants on each session.	8	
	Total number of participants.	80	

## Key Priority 2

*"Working with partners to identify appropriate funding to support sessions and activities that could be offered free to users at the point of delivery as a means of overcoming lack of income as a barrier to participation."*

Wave Actions	Measure	Target	Outcome
Wave will continue to work in partnership with a number of key stakeholders to develop targeted programmes designed to encourage greater levels of physical activity by individuals and groups of people for whom lack of income is a barrier to participation.	Number of stakeholders.	4	
	Number of targeted programmes.	4	
	Average number of participants on each targeted programme.	8	
	Total number of participants.	32	
Identify and apply for funding to support activity diversification and delivery	Number of funds applied for.	12	
	Number of successful applications	6	
Wave will continue to provide and promote the "Wave Leisure Trust Community Fund" to enable individuals and groups to obtain funding to support activity.	"Wave Leisure Community Trust Fund" provided and funds distributed.	£3000	
Wave will continue to work with Town Councils to provide Summer Holiday Schemes at low or no cost to those where income is a barrier to participation.	Number of Town Council's participating.	4	
	Number of Holiday Schemes.	4	
	Average number of participants in each Holiday Scheme.	100	
	Total number of participants.		
Wave will continue to offer a wide range of discounted and subsidised rates across the product range to encourage participation.	Price list published with discounted rates applied.		
Wave will continue to work with Active Sussex to support access for young people and young adults at low or no cost.	Number of funded programmes.	7	
	Total number of participants.	200	
Weight Management programmes and initiatives for those with a diagnosed health conditions will be offered at low or no cost to those who access the service.	Number of sessions.	40	
	Average number of participants.	8	
	Total number of participants.	320	
	%age participants remaining active on completion.	35%	
Work with partners to design and implement a low cost activity programme for those people and families who find cost a barrier to participation.	Number of activities.	3	
	Average number of participants on each activity.	6	
	Total number of participants.	18	

Working with TOLD, Lewes District area Credit Unions and Furniture Now seek to be able to offer funded or part funded places for children, who's main carer is in employment, to attend activities but otherwise would not be able to participate due to cost	Number of funded places across all sites available.	72	
To develop a stronger vounteer base with specific skills in delivering activities.	Number of volunteers.	50	
Working with East Sussex County Library Services, Children Centres and schools to develop supportive resources which provide information and instructions for families to participate in free to access activities, such as storytelling, walk leaflets, providing routes and activities to participate in across the District.	Number of seperate topic resources created.	4	
	Total number of families provided resource.	250	

### Key Priority 3

*"Promote opportunities for workforce development to encourage training and skills development for individual staff."*

Wave Actions	Measure	Target	Outcome
Work in partnership with Albion in the Community and Swim UK to implement the Traineeship Scheme with a target of providing 6 placements each year.	Number of placements.	6	
	Average number of participants moving into apprenticeships.	50%	
Work in partnership with Albion in the Community and LEAP to implement the Apprenticeship Scheme with a target of providing 13 placements each year.	Number of placements.	13	
	Average number of participants moving into permanent employment.	80%	
To provide specific training and qualification opportunities for all contracted staff.	All statutory training requirements achieved.	100%	
Provide placements on the Aspiring Managers programme to ensure Wave has a robust succession plan which will guarantee the continued and uninterrupted expected service delivery standards and provide career enhancement and progression opportunities to the staff.	No of placements.	5	
	Number of participants graduating.	100%	
Implement the Inspiring Managers programme for Managers and Supervisors to provide an opportunity for delegates to examine their own behaviours and adapt them to ensure their teams are motivated and engaged.	Number of participants.	12	
	Number of participants graduating.	100%	
Capture data in all key areas to inform and guide the ongoing development of HR Strategy.	Key areas.	6	
	%age of key areas captured.	100%	
Continue to provide opportunities for Volunteers and ensure that they feel valued and part of the Wave Team.	Number of volunteers.	40	
	Number of volunteer events.	2	
	Number of welcome letters.	1 x Sign up	
	Number of thank you letters issued.	1 x Annually	



#### **Key Priority 4**

*"Explore opportunities to increase non-centre based activity to further reduce access barriers and to encourage participation from current non-users."*

<b>Wave Actions</b>	<b>Measure</b>	<b>Target</b>	<b>Outcome</b>
Wave will deliver activities in community settings, targeting people who have no access or currently do not access leisure centres.	Number of activities delivered in community settings.	20	
	Number of Town Councils covered by programmes.	4	
	Average number of participants on each programme.	8	
	Total number of participants.	160	
Wave's Activator will continue to work with the Seaford School Cluster group to provide a range of; breakfast, lunch and after school clubs within schools and outdoor play areas.	Number of clubs.	20	
	Average number of participants in each club.	15	
	Number of total participants.	300	
Wave will seek to develop further activity programmes in residential and day care settings.	Number of care settings involved.	5	
	Number of activities.	10	
	Average number of participants on each activity.	8	
	Total number of participants.	80	
Through the development of the partnership between Lewes District Council Housing Services, TOLD, Resident and Community Associations and Wave a number of activities will be developed, specifically for low income households.	Number of activities.	6	
	Average number of participants in each activity.	8	
	Total number of participants.	48	
To work with CTLA to address transport as an identified barrier for individuals to participate in regular activity, where an activity is centre based.	Number Wave sites offering journey plans for participation in session.	4	

**Key Priority 5**

*"To assist Lewes District Council with undertaking ongoing equalities assessments and monitoring."*

Wave Actions	Measure	Target	Outcome
Wave will co-operate fully with LDC regarding any required Equalities Assessments and Monitoring.	Number of assessments.	100% Completed	

**Figure 4: Outcome 3 – Reducing Environmental Impact**

**Key Priority 1**

*"Continue to look for opportunities to increase recycling for customers and staff wherever possible."*

Wave Actions	Measure	Target	Outcome
<p>Wave will continue to provide recycling facilities for Wave staff to re-cycle paper, cardboard, plastic bottles and printer and photocopier cartridges.</p> <p>Additionally there are facilities for customers to re-cycle plastic bottles. These facilities are audited for effectiveness each year as part of Wave Leisure's Internal Environmental Audits programme and biennial external audits conducted by SAI Global.</p>	Number of paper recycling bins across Wave.	15	
	Number of plastic recycling bins across Wave	8	
	Number of cardboard recycling bins across Wave	5	
	Number of printer and photocopier cartridge recycling bins.	4	
	Rating result at each site from internal audit.	Satisfactory	
	Investigate opportunities for food waste recycling at cafe outlets.	2 sites	
	Rating result from external audit.	Conforming	

## Key Priority 2

*"When planning future investment with the Council, identify opportunities to reduce energy usage and help to reduce CO<sub>2</sub> emissions. When replacing plant and equipment, cleaner and energy efficient technology should be considered that will help to generate future efficiency savings."*

Wave Actions	Measure	Target	Outcome
Wave will ensure that all works take into account "Green" factors including efficiency, CO <sub>2</sub> emissions, and up to date technology.	"Green factors" to be included as a standing agenda item on all pre works meeting agendas.	100%	
	"Green" factors to be identified and implemented or explained why unachievable.	100%	
In partnership with LDC, Wave will investigate a number of more energy efficient plant and equipment options. Where possible Wave will obtain grants and/or loans to install more energy efficient equipment and plant.	Number of more energy efficient plant and equipment options identified.	3	
	Number of more energy efficient plant and equipment options implemented.	1	
	Number of grants identified.	1	
Wave will closely monitor energy use through its half-hourly Automatic Meter Readings (AMR's) to ensure sound performance monitoring.	Energy measured via half-hourly automatic meter readings (AMRS).	100%	
	Energy performance to be reported within the CEO's quarterly and annual reports.	100%	
Wave will continue the accreditation to the "Social Enterprise Mark" which demonstrates ongoing commitment to people and plant.	"Social Enterprise Mark"	Retained	
Wave will maintain standards in line with ISO 14001.	Maintenance of ISO 14001 registration.	Registration	



**Wave Leisure Trust**

# Annual Service Delivery Plan 2017/2018

*"Inspiring Active Lifestyles"*

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### **Annual Service Delivery Plan (2017/18)**

On an annual basis Lewes District Council (LDC) is required to furnish Wave Leisure Trust Ltd (Wave) with an “Annual Service Statement” that provides the Trust with a framework to produce an Annual Service Delivery Plan.

On 1<sup>st</sup> May 2015 Wave was granted operational management responsibility for the Newhaven Fort. This plan sets out the key actions that Wave will focus on for the 2017/18 financial year.

The Fort procurement exercise focused on four core outcomes, namely:

1. Enhance the regeneration opportunities in Newhaven by increasing the number of visitors to Newhaven Fort and generating local job opportunities.
2. Maintain and grow the heritage and educational potential of Newhaven Fort in a way which is accessible to the general public.
3. Improve the current facilities on offer.
4. Minimise the ongoing liabilities of the Council and potentially produce a revenue stream for the Council.

In order to achieve the four LDC outcomes, Wave has identified three separate but interlinked areas for the Fort Management and Operational Team to focus on, namely:

1. Experience.
2. Education.
3. Events.

The key actions in this Plan are detailed under these three headings and will, if successfully implemented, meet the LDC four core outcomes.

The outcomes and outputs from these work streams will be implemented during 2017/18.

This Plan will guide actions in 2017/18 and is therefore highlighted within each of the Experience, Education and Events section that follow.

**Figure 1: Outcome 1 - Experience****LDC Key Priority 1**

*“To improve the overall visitor experience at the Fort, making it a great destination for all the family and one which encourages repeat visits”*

Wave Action	Measure	Target	Outcome
Deploy visitor feedback/satisfaction system to track experience and identify areas for improvement.	System deployed with at least 350 responses received.	350	
To measure the percentage of visitors rating their visit as “good” or “excellent”.	Percentage of visitors rating their visit as good or excellent	80%	
Achieve positive Trip Advisor ratings from visitors.	Rating of minimum of 4 out of 5 stars from 2017/18 respondents.	4.0 stars or above	
Review and improve visitor signage to the Fort.	Signage reviewed and recommendations implemented.	100%	
Implement new Fort branding and marketing strategy to widen its appeal and reposition the venue in line with research project undertaken in 2016.	Agreed new branding and marketing strategy implemented.	100%	
Implement new Season Ticket pricing strategy based on less than 2 visits per year to encourage sales.	Increase season ticket sales by at least 50% from 2016 numbers (40 sales)	60	
To increase the number of family visits through a reduction in the ticket price.	Family ticket sales increase by 10% from 2016/17 levels.	TBC	
Promote the benefits of Gift Aid on season tickets/admissions to maximise revenue from each UK Taxpayer visit.	Amount of Gift Aid recovered from HMRC.	£6,000	
Design and print new visitor Guide Book to encourage better visitor interaction during their visit and generate additional revenue	New revenue generated based on 500 sales.	£1,500	
Investigate improvements in Tea Rooms to encourage greater usage and spend per head	Spend per head achieved.	£2.30	
Investigate improvements in the Shop to encourage greater sales and spend per head.	Spend per head achieved.	£0.90	



Design and implement new Quiz Trail using stamps/scratch card to enhance the fun/learning and engagement by young people.	Percentage of visitor feedback as good or excellent.	80%	
To promote an exciting range of children's activities during school holidays.	Number of sessions delivered.	22	
	Total number of participants.	220	

## Figure 2: Outcome 2 – Education

### LDC Key Priority 2

*“To ensure that the educational offer for schools is current, relevant and one which children will find interesting and fun.”*

### LDC Key Priority 3

*“To ensure that the exhibits and displays are well presented to maximise their educational value.”*

Wave Action	Measure	Target	Outcome
Implement marketing and promotional campaign agreed with education consultants “Heritec”.	Marketing and promotional campaign implemented	100%	
To improve on the number of school pupil visits from 2016/17.	School pupil visits to increase by 10% from 2016/17	TBC	
To improve of the number of different schools that visit.	Schools visits to increase by 10% from 2016/17	TBC	
To implement a tracking system that allows simple analysis of visiting schools.	System to monitor key metrics such as distance travelled, number of children, purpose of visit and feedback obtained.	100%	
To assess the feasibility of a tiered system of school visit prices based upon the nature of the services the schools wish to purchase.	Feasibility study completed and any agreed changes implemented during 2017.	100%	
Design and prepare new pre and post visit resources for primary school visits covering WW1 and WW2.	Resources developed with good feedback received from schools on relevance to national curriculum.	100%	
To implement a range of artefacts and clothing/uniform that schools can handle/wear during their visit to improve the educational value.	Range of relevant artefacts and clothing to made available to those schools that want this service.	100%	
To seek funding for the development of one of the casemates into a pre-roman learning resource for both schools and general visitors.	Funding applications made and subject to funding being secured, the project to be implemented.	100%	
Recruit volunteers with education experience to assist with education visitors.	Number of volunteers recruited and used on schools programme.	2	
To increase number of international students by	Number of international students to grow by 10% from	TBC	

10%.	2016/17 levels		
To submit funding bids to improve the educational offer either in isolation or by working with partners.	Number of applications made.	3	
	Number of successful applications.	1	
Using the MODES software purchased through the HLF Transition Fund to catalogue the Fort exhibits.	To have at least 25% of the Fort's exhibits catalogued on MODES (c.15,000 exhibits).	3,750	
Prepare detailed report on the cost/benefit for digitisation of archives.	Cost and benefit report completed.	100%	

### Figure 3: Outcome 3 – Events

#### LDC Key Priority 4

*“To provide and promote a wide range of appealing events to attract more visits.”*

Wave Action	Measure	Target	Outcome
Develop an events Marketing Strategy for 2017 to clearly identify the approach to external communications with existing and potential customers.	Marketing Strategy developed and implemented.	100%	
Capitalise on outreach opportunities to promote existing events and engage with potential audiences.	Number of outreach events attended	6	
To promote a wide number of appealing events.	Internal (Fort organised)	TBC	
	External hire	TBC	
	Partnership (Fort and other partner)	TBC	
To increase attendance at events from 2016/17 numbers by 10%	Internal (Fort organised)	TBC	
	External hire	TBC	
	Partnership (Fort and other partner)	TBC	
Achieve income target for events.	Target achieved.	£10,000	
To research the feasibility of promoting a number of music festivals at the Fort.	Feasibility completed and subject to viability up to 4 festivals being promoted.	4 festivals	
During October half term, promote “Let’s get spooky” Halloween activities to attract family visitors.	To increase income generated over the 9 days of half term by 10% above 2016 actual.	TBC	
To promote a Christmas Market and Santa Claus experience to attract visitors and revenue at a time the Fort is normally closed to the public.	Visitor number target achieved.	800	
To promote the Fort as a venue for Paranormal adventures/ghost hunts.	Increase number of bookings from 2016 (4 bookings)	6 bookings	
Actively market the Fort as a wedding venue.	Number of wedding bookings secured.	3 bookings	

To promote a number of “Talks in the Tea Rooms” to engage and entertain.	To promote a series of 6 talks.	6 talks	
To promote the Fort for physical activities such as Fun Runs	To promote Zombie Fun Runs or similar based on current trends.	2 runs	

## Appendix C – KPI Table

		Downs Leisure Centre			Lewes Leisure Centre			Peacehaven Leisure Centre			Seahaven Swim and Fitness		
		15/16 Target	15/16 Actual	16/17 Target	15/16 Target	15/16 Actual	16/17 Target	15/16 Target	15/16 Actual	16/17 Target	15/16 Target	15/16 Actual	16/17 Target
<b>1</b>	<b>General usage</b>												
1.1a	Visits for dryside activities	295,000	296,482	300,000	260,000	233,877	237,000	155,000	135,386	137,000	17,500	11,537	12,000
1.1b	Visits for wetside activities				170,000	141,406	144,000				117,000	111,298	115,000
1.2a	Total visits by children and young people	65,000	58,192	60,000	170,000	163,218	165,000	170,000	69,476	70,500	56,000	52,120	53,000
1.5	Membership Retention rate	68%	67.3%	68%	69%	66.5%	67%	67%	66.6%	68%	62%	65.6%	67%
4.2	Visits at Health Walks	1,100	1,126	1,200	485	377	425	960	909	1,000			
<b>2</b>	<b>Customer Satisfaction</b>												
2.1	Overall user satisfaction (net promoter score) %	50	29	45	45	27.5	45	65	50.8	60	30	15	30
2.2	Mystery Visit Score	85%	80.5%	85%	80%	78%	85%	80	85.5	85%	80%	82%	85%
<b>5</b>	<b>Quality</b>												
5.1b	Quest score	Good	Good	Good	Good	Good	Good	Good	Excellent	Good	Good	Good	Good
<b>6</b>	<b>Environmental</b>												
6.2a	Gas KWh per degree day	125	115	120	745	820	775	70	63	65	625	567	585
6.2b	Electricity KWh per user	1.00	0.89	0.95	1.72	1.76	1.72	1.14	1.00	1.00	2.55	2.92	2.85
6.2d	CO2 Emissions - tonnes (NI185)	175	157	155	525	592	550	85	82	82	355	367	355
<b>7</b>	<b>Financial</b>												
7.1	Utilities cost per m2	£ 19.00	£ 19.29	£ 19.00	£ 40.00	£ 46.44	£ 43.00	£ 13.00	£ 12.82	£ 13.00	£ 65.00	£ 69.07	£ 67.00

## Appendix D - Equality Analysis Report

<b>Title:</b>	<b>Wave Leisure Trust Annual Service Delivery Plan 2017-2018</b>
<b>EA Lead :</b>	<b>Bee Lewis, Head of Property &amp; Facilities</b>
<b>EA Team:</b>	
<b>Date Commenced:</b>	<b>22/12/ 2016</b>
<b>Target Completion Date:</b>	
<b>Reason for assessment:</b>	<b>Report to Cabinet</b>

### Context and Scope

1. What are the main purposes and aims of the service/project/decision?

WLT operate 4 Leisure Centre sites across Lewes on behalf of LDC as well as providing outreach services across the community. WLT also run Newhaven Fort. In order to do this in a way which meets the community's needs, LDC are required to set WLT annual service delivery objectives. Every year WLT are required to provide LDC with a service delivery plan that outlines how they intend on delivering services to meet the needs of the community through the set objectives.

2. What effect does it have on how other organisations operate and what commitments of resources are involved?

Without developing a service delivery plan WLT may not be able to provide services that allow the best possible participation levels from the local community. The WLT annual objectives are aligned with LDC Council Plan objectives.

3. How does it relate to the demographics and needs of the local community?

Objectives set for WLT are aimed at improving participation within hard to reach sectors of the community including children and young people, people on a low income, the elderly and people with disabilities. WLT objectives are also aimed at improving participation from Council tenants and rural communities through delivering outreach services.

4. How does it relate to the local and national political context?

In response to the local and national pressures, the Council recognised that there was an opportunity to close the gap between the current level of leisure provision and the anticipated need, through more a more targeted approach to programming and outreach work.



5. Is there any obvious impact on particular equality groups?

	Race (includes ethnic or national origins, colour, & nationality)			Disability (includes mental & physical)			Gender (includes gender reassignment)			Pregnancy (includes maternity & paternity)			Sexual Orientation (includes heterosexual, homosexual & bisexual)			Religion & Belief (includes all faiths, beliefs & agnostic)			Age (includes all age groups)		
Impact	Positive	Negative	None	Positive	Negative	None	Positive	Negative	None	Positive	Negative	None	Positive	Negative	None	Positive	Negative	None	Positive	Negative	None
Tick if relevant				X															X		

6. How does it help to us meet our general duties under the Equality Act 2010?

The objectives set for WLT the service delivery plan are designed to ensure that WLT deliver inclusive and accessible facilities and activities. Services delivered by WLT allow those with protected characteristics to participate in leisure activities without discrimination.

7. What is the scope of this analysis?

Adopting the recommendations would lead to positive impacts for a number of people with protected characteristics, in particular disability and age. It will also deliver opportunities to access sport and leisure provision for people on low incomes and contribute to healthier lifestyles.

## Information gathering and research

8. What existing information and data was obtained and considered in the assessment?

2015 Equalities Assessment of the Leisure Service, WLT Annual Report 2015/16

9. What gaps in information were identified and what action was undertaken/is planned to address them?

None

10. What communities and groups have been involved and what consultation has taken place as part of this assessment?

Wave has ongoing dialogue with a number of groups and their feedback is considered in relation to the programme of activities on offer. The programme is adjusted accordingly.

## Analysis and assessment

11. What were the main findings, trends and themes from the research and consultation undertaken?

WLT deliver services to the whole community and ensure that the Leisure programme on offer grants equality of access and aims to remove barriers that may prevent some members of the community participating in leisure activities. This is demonstrated in the service delivery plan.

12. What positive outcomes were identified?

The service delivery plan outlines the positive outcomes achieved by WLT during 2015/16.

13. What negative outcomes were identified?

None
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### Action planning

14. The following specific actions have been identified: *(see paragraph 25 of the guidance)*

Issue Identified	Action Required	Lead Officer	Required Resources	Target Date	Measure of Success
Approve recommendation as proposed in the report					

## Summary Statement


In December 2016 an Equality Analysis was undertaken by Bee Lewis, Head of Property & Facilities on the report to Wave Leisure Annual Service Delivery Plan for 2017/18

Due regard was given to the general equalities duties and to the likely impact of the decision on people with protected characteristics, as set out in the Equality Act 2010.

The assessment identified: *(\*delete as appropriate)*

\*No major changes are required. The EA demonstrates the service/policy/decision/project is robust, there is little potential for discrimination or adverse outcomes, and opportunities to promote equality have been taken.

## Approval

Director/Head of Service	Phil Evans, Director of Tourism and Enterprise
Signed	
Dated	17 January 2017

**Agenda Item No:** 9.11 **Report No:** 31/17  
**Report Title:** Annual Equalities Report 2016  
**Report To:** Scrutiny **Date:** 12<sup>th</sup> January 2017  
Cabinet 8<sup>th</sup> February 2017  
**Cabinet Member:** Councillor Elayne Merry  
**Ward(s) Affected:** All  
**Report By:** Ian Fitzpatrick, Director of Service Delivery  
**Contact Officer(s)-**

**Name(s):** Lisa Tiller  
**Post Title(s):** Performance Officer (Equalities)  
**E-mail(s):** [lisa.tiller@lewes.gov.uk](mailto:lisa.tiller@lewes.gov.uk)  
**Tel No(s):** 01273 471600 ext 1370

**Purpose of Report:**

The report sets out progress against Lewes District Council's (LDC) Equalities Objectives for 2016 and seeks approval of the planned activities for 2017.

**Scrutiny Committee is recommended to:**

- 1 Consider progress against LDC's Equality Objectives during 2016 and make any relevant recommendations to Cabinet.

**Cabinet is recommended to:**

- 1 Consider progress against LDC's Equality Objectives during 2016.
  - 2 Consider any relevant recommendations made by Scrutiny Committee.
  - 3 Approve the proposed Equalities Action Plan 2017 set out in Appendix C.
-

## **1 Reasons for Recommendations**

- 1.1** The Equality Act 2010 protects people from discrimination on the basis of the protected characteristics of disability, race, sex, age, sexual orientation, religion or belief, gender reassignment, pregnancy and maternity, and marriage and civil partnership. The Act applies to employment rights, service provision, and the provision of goods and facilities.
- 1.2** The Act includes a general Public Sector Equality Duty, which requires public authorities to proactively consider equality implications in all they do. This involves giving due regard to the need to eliminate discrimination and harassment, advance equality of opportunity, and foster good relations between groups of people with protected characteristics.
- 1.3** In addition, the Act imposes specific duties on public authorities for the purpose of enabling the better performance by the authority of the general duty referred to above. The specific duties require local authorities to set one or more Equality Objectives, publish information annually to show how they have met the provisions of the Act, and review their objectives at least every four years.
- 1.4** This report details progress against LDC's Equality Objectives during 2016 and summarises some of the equalities related work undertaken. This enables Members to scrutinise the Council's work in this area, and ensures that LDC fulfils the specific equality duties set out above.

## **2 Equality Analysis of Council Services**

- 2.1** At LDC, we demonstrate we are giving the due regard required to the equality duties by carrying out Equality Analysis (EA). We regularly analyse our services and our policies, as well as any planned changes to them. There has been in place a three-year rolling Programme of Scheduled Equality Analyses of service delivery areas. EA is also carried out for any key decision, such as new service or policy proposals or project initiation, as part of committee reporting process and structures. This helps to ensure that key decisions to be made by the Cabinet or Council have considered equalities implications.
- 2.2** The analysis prompts consideration of whether the service, policy or the key decision being proposed unreasonably discriminates against people who have one or more of the protected characteristics as set out in the Act. It also assesses how equality of opportunity and good relations between groups are to be promoted, and what positive impacts there are for equalities.
- 2.3** 6 EAs are scheduled to be carried out as part of the 2016 programme, and 12 EAs have been carried out for key decisions as of the end of November. These EAs have resulted in 17 recommendations being

made. Examples of actions completed in 2016 that came out of equality analysis undertaken in 2015 and 2016 include:

- Planning forms were amended to enable people making representations to include their equalities monitoring information, with the aim of being able to identify what groups are using the service so improvements to meeting their needs can be made.
- Increased use of social media and greater engagement with young people and harder to reach groups, such as ethnic minorities and disabled people, to promote electoral registration and voting.
- The introduction of regular social activities and increased support and information around rent and support charges for Sheltered Housing Tenants.
- Increased review frequency of the most vulnerable Sheltered Housing Tenants and liaison with Adult Social Care regarding potential support measures.

**2.4** Examples of recommendations arising from EA that are due to be completed during 2017 include:

- Ensuring equality monitoring information for staff is as complete and up-to-date as possible.
- Effective communication and consultation for staff and external stakeholders for JTP processes.
- Robust affordability assessments for homelessness applicants housed in private sector accommodation.
- Improved equality monitoring for people using the licensing service.

**2.5** In February 2016 the Programme of Scheduled Equality Analysis for 2014/17 was reviewed in light of Joint Transformation Programme (JTP). It was noted that a number of the services included in the Programme were either already shared with Eastbourne Borough Council (EBC) or were in the scope of the first phases of the JTP. As such, the decision was taken by the Corporate Management Team (CMT) to revise the Programme of Scheduled Equality Analysis to remove those that were in the immediate scope of the JTP and to retain those already shared with EBC but carry out analysis in conjunction with them. The revised Scheduled Programme of Equality Analysis can be found at Appendix A.

**2.6** The importance of giving due regard to equalities implications for both service users and staff throughout JTP processes has been recognised. A new joint approach to EA for the various stages and projects within the JTP is to be developed by LDC/EBC officers. The new services and

policies developed as part of the JTP will be analysed using this joint approach rather than the LDC only EA process as set out in our current committee reporting structure. This new approach will involve consultation with both staff and external stakeholders to ensure robust and quality analysis is undertaken. Developing and then undertaking this joint approach to equalities analysis for the JTP will form a significant amount of the equalities work to be completed during the 2017 year.

### **3 Progress towards meeting LDC Equality Objectives**

**3.1** In 2015, LDC reviewed the three high-level Equality Objectives adopted for 2012/16 and agreed that these objectives remain relevant and can guide LDCs current programme of work on equalities. As the Council is in a period of significant change, and will continue to be so over the next 12 months, it was agreed by Members that the objectives be retained and reviewed again in 2017.

**3.2** The objectives are:

Theme: inspire exceptional contribution – awareness and understanding

- Objective: ensure all councillors and staff receive appropriate learning opportunities so that good practice in equality and diversity is embedded in the culture and work practices of the organisation.

Theme: unswerving commitment to customer service – flexibility and responsiveness

- Objective: ensure effective use of engagement, consultation, monitoring and equality analysis to develop services responsive to the diverse needs of our community.

Theme: fairness and accessibility

- Objective: ensure offices and services are accessible to people with disabilities.

**3.3** An Annual Equalities Action Plan sets out specific equalities-related work the Council commits to undertaking to help it meet these objectives. Appendix B details progress against the 2016 Equalities Action Plan, which included:

- Equalities training sessions were provided for Councillors.
- An on-line equalities training module for staff was introduced to provide an annual 'refresher' to supplement face-to-face induction sessions.



- Training was provided for Managers and Project Leads on Equality Analysis.
- Use of Ward Profiles, detailing information about the demographic make-up and economic situation for each area, were promoted to Councillors.
- The Celebrating Diversity themes promoted to staff during the year were Men's Health and International Women's Day.
- We continued work on our two-year project to make our District more Dementia Friendly. The focus during this first year was to train two Officers to become Dementia Friends Champions who then delivered dementia awareness information sessions to staff and Councillors.
- Our Food Hygiene Team delivered training to the Turkish food businesses on 'how to achieve 5 and keep it' in their community language.
- We continued to support the White Ribbon Campaign and promote it at events within the District, such as the Tenants Conference, the RISE Living Library and the Lewes District Business Awards. In November we achieved reaccreditation of White Ribbon status in partnership with EBC.

**3.4** Equality is at the heart of all that the Council does, and many other projects have a significant impact on the achievement of our Equality Objectives. A number of key achievements over the 2016 year, which promoted equality and aimed to eliminate discrimination, included the following:

- We continued to support the education and personal development of young people in the District, promoting work experience, apprenticeship and graduate trainee schemes.
- We continued to work with Plumpton College to support their Supported Internship Programme for young people with learning disabilities. We provided talks at the college, tours of our work places, activities out in the community with our Rangers and internship placements within our Waste and Recycling and Customer Service teams.
- Our Community Grants programme maintained grants to key organisations such as the Citizens Advice Bureau and Sussex Community Development Agency at existing levels.
- We continue to work with the Black and Minority Ethnic (BME) Advocacy service 'Sompriti' to provide outreach and advocacy support to BME residents. In 2015/16 they provide bilingual advocacy to 10 clients around issues such as housing, benefits,

and health. They ran 3 well attended Women's Group meetings that included activities such as health walks, dementia information sessions, and promotion of council services. Ongoing support was provided for the BME business forum, with two meetings incorporating a training session on health and safety. An IT workshop for older BME community members held. They ran two community events, which included story-telling and lantern-making in the Newhaven Community Space Garden and marking the Chinese New Year at St Leonards Church in Seaford.

- 3.5** In February 2016, in light of the implications of the JTP, CMT made the decision to defer undertaking a self-assessment against the Equality Framework for Local Government. This will be completed in conjunction with Eastbourne Borough Council once the Joint Transformation Programme is complete.

#### **4 Equalities Work Programme for 2017**

- 4.1** The proposed action plan for 2017 is set out in appendix C.
- 4.2** A significant new area of focus is ensuring the equalities implications of the JTP are given robust and due regard. There will be focus on how the transformation will impact both our staff and customers.
- 4.3** We will review our Equality Objectives and related policies in conjunction with Eastbourne Borough Council as part of the JTP policy alignment work-stream.
- 4.4** We will embark on the second year of our campaign to help make the District more 'Dementia Friendly'. We will be running more information sessions for staff and Councillors and will be working with partners to establish two Local Dementia Action Alliances within the District.
- 4.5** We will implement the White Ribbon Campaign action plan and continue to campaign against violence against women and girls.

#### **Financial Appraisal**

- 5** There are no direct financial implications as a result of this report.

#### **Legal Implications**

The Legal Services Department has made the following comments:

- 6** The general public sector equality duty referred to in paragraph 1 above is conferred by section 149(1) of the Equality Act 2010; and the specific equality duties also referred to in paragraph 1 are set out in the Equality Act 2010 (Specific Duties) Regulations 2011.

The information which the council is required to publish annually under its specific equality duties must include, in particular, information relating to

persons who share a relevant protected characteristic (e.g. disability, race, sex, age) who are—  
(a) its employees;  
(b) other persons affected by its policies and practices.

Information about this and the council's equality objectives must be published in such a manner that ensures the information is accessible to the public.

This report fulfils the council's specific equality duties.

(Lawyer consulted: OD – 1.12.16)

## **Risk Management Implications**

7 No risks are identified.

## **Equality Screening**

8 It is the function of this report to scrutinise the progress of the Council towards meeting its equality objectives in eliminating discrimination, promoting equality of opportunity and fostering good relations. For this reason it is not considered necessary to carry out a separate Equality Analysis of the report itself.

## **Background Papers**

9 [Equality Act 2010 Guidance](#)

10 [LDC Equality Policy](#)

## **Appendices**

11 Appendix A - Revised Programme of Equality Analysis 2016

Appendix B – Equalities Action Plan 2016

Appendix C - Draft Equalities Action Plan 2017

## Appendix A - Revised Programme of Equality Analysis 2016

	Focus	Responsible Manager	Target Date	Comment
HR	Recruitment and Development	Helen Knight	April 2016	This will now be completed as part of the wider JTP HR Policy Alignment Project.
Legal and Democratic	Legal Enforcement and Advice	Mark Reynard (Lead TBC)	June 2016	Review as scheduled in conjunction with EBC
Facilities	Property and Estate Management	Bee Lewis (Contracts Manager)	Dec 2016	Review as scheduled in conjunction with EBC
Business Strategy and Performance	Partnerships and Grant Funding	Jo Harper (Lead TBC)	Dec 2016	A governance review of Partnerships is taking place so this EA will be retained as part of that process
Waste and Recycling	Waste Review	Greg Martin	June 2016	As the Waste Review is taking place, an EA of that process will be retained ahead of the JTP process
Facilities	Car Parking	Bee Lewis (Contract Manager)	Dec 2016	Review as scheduled in conjunction with EBC
Facilities	Public Conveniences	Bee Lewis (Contracts Manager)	Dec 2016	Review as scheduled in conjunction with EBC

## Appendix B – Equalities Action Plan 2016

Ref	Action	Lead Officer	Resources	Target date	Year End Position
1.	Provide training for managers and lead officers on equality analysis	Equalities Officer	Officer time	Complete for all heads of service and managers by March 2016	Completed
2.	Develop e-learning courses for staff and councillors on equalities topics on Learning Pool/Nexus Academy	Equalities Officer/Human Resources Manager	Officer time	March 2016	Completed
3.	Promote internal learning and promotion of equalities through seasonal Celebrating Diversity themes	Equalities Officer/Communications Officer	Officer time, design and print costs	3 themes completed during 2015/16	Completed
4.	Undertake an Equal Pay Review	Human Resources Manager	Officer time	n/a	Deferred until after Phase 1 of JTP
5.	Develop equalities data reporting on the workforce profile in line best practice and open data transparency	Equalities Officer/Performance Officer/Human Resources Manager	Officer time.	n/a	Deferred until after Phase 1 of JTP
6.	Provide Cabinet with Annual Equalities Report for 2015/16	Equalities Officer	Officer time	January 2017	Completed
7.	Promote use of equality profiles for wards within Lewes district with staff and Councillors	Equalities Officer	Officer time	March 2016	Completed

Ref	Action	Lead Officer	Resources	Target date	Year End Position
8.	Review equality monitoring policy and procedures	Equalities Officer	Officer time, possible investment in software/technologies	n/a	To be completed as part of JTP Policy alignment
9.	Provide training to managers and lead officers on equality monitoring policy	Equalities Officer	Officer time	n/a	Deferred until after Phase 1 of JTP
10.	Develop publicity to support equality monitoring	Equalities Officer/ Communications Officer	Officer time, design and print costs	n/a	Deferred until after Phase 1 of JTP
11.	Offer 'Dementia Friends Information Sessions' to all staff and Councillors	Equalities Officer/Access Officer	Officer time	December 2016	Completed and Ongoing
12.	Investigate the resources needed and partners available to assist with seeking accreditation as a 'Dementia Friendly Community'	Equalities Officer	Officer time	March 2016	Completed, decision made not to proceed with accreditation.
13.	Promote 'White Ribbon' Activities and seek reaccreditation as White Ribbon authority in partnership with ESCC and the Lewes Domestic Abuse Working Group	Equalities Officer	Officer time	November 2016	Completed and Ongoing
14.	Promote external awareness and equality through seasonal Celebrating Diversity themes	Equalities Officer/Communications Officer	Officer time, design and print costs	3 themes completed during 2015/16	Completed

## Appendix C - Draft Equalities Action Plan 2017

Ref	Action	Lead Officer	Resources	Target date
1.	Develop joint LDC/EBC approach to Equality Analysis for the Joint Transformation Project.	Performance Officer (Equalities)	Officer time	Jan 2017
2.	Set up Equality and Fairness Forum for consideration of equalities implications of JTP	Performance Officer (Equalities)	Officer time	Jan 2017
3.	Set up Equality and Fairness External Stakeholder Group for JTP	Performance Officer (Equalities)	Officer time	Jan 2017
4.	Provide training and guidance on Equality Duties and Equality Analysis for JTP Project Leads and Equalities Champions, Equality and Fairness Forum and Equality and Fairness External Stakeholder Group	Performance Officer (Equalities)	Officer time	Jan 2017
5.	Provide Scrutiny Committee and Cabinet with Annual Equalities Report for 2017	Performance Officer (Equalities)	Officer time	Dec 2017
6.	Offer 'Dementia Friends Information Sessions' to all staff and Councillors	Performance Officer (Equalities)	Officer time	March 2017
7.	Develop Local Dementia Action Alliance for Havens and Lewes areas.	Performance Officer (Equalities)	Officer time	March 2017
8.	Promote 'White Ribbon' Activities and implement action plan in partnership with EBC and Domestic Abuse Working Group.	Community Safety Officer	Officer time	Dec 2017

Ref	Action	Lead Officer	Resources	Target date
9.	Highlight 2 'Celebrating Diversity' themes to promote equality and diversity internally	Performance Officer (Equalities)	Officer time	Dec 2017
10.	Review and align LDC/EBC Equality Objectives and Equality Policies for JTP	Performance Officer (Equalities)	Officer time	Deferred until after Phase 1 of JTP (2017/18)
11.	Review and align LDC/EBC Safeguarding Policies for JTP	Performance Officer (Equalities)	Officer time	Deferred until after Phase 1 of JTP (2017/18)
12.	Review and align LDC/EBC Equality Monitoring Policies for JTP	Performance Officer (Equalities)	Officer time	Deferred until after Phase 1 of JTP (217/18)
13.	Undertake an Equal Pay Review	Human Resources Manager	Officer time	Deferred until after Phase 1 of JTP (2017/18)
14.	Develop equalities data reporting on the workforce profile in line best practice and open data transparency	Performance Officer (Equalities)	Officer time	Deferred until after Phase 1 of JTP (2017/18)
15.	Provide training for staff on all new joint LDC/EBC equalities related policies and practices.	Performance Officer (Equalities)	Officer time	Deferred until after Phase 1 of JTP (2017/18)
16.	Undertake self-assessment against Equality Framework for Local Government	Performance Officer (Equalities)	Officer time	Deferred until after completion if JTP (2019/20)