

Cabinet



Minutes of meeting held on Wednesday, 22 October 2014 at 6.00 pm

Present:-

Councillors **David Tutt** (chairman and leader of the council), **Gill Mattock** (deputy chairman and deputy leader of the council), **Margaret Bannister**, **Troy Tester** and **Steve Wallis**.

(An apology for absence was report from councillor Carolyn Heaps.)

30 Minutes of the meeting held on 3 September 2014

The minutes of the meeting held on 3 September 2014 were submitted and approved and the chairman was authorised to sign them as a correct record.

31 Declarations of interest by members

Declarations of disclosable pecuniary interests (DPIs) by members as required under section 31 of the Localism Act and other interests as required by the council's code of conduct and regulation 12(2)(d) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.

(a) Councillor David Tutt declared a personal (and non-prejudicial) interest in matters reported in minute 34 (Sustainable Service Delivery Strategy (SSDS) - Update) as he was a council appointed non-executive director iESE Limited.

(b) Councillor Margaret Bannister declared a pecuniary interest in matters reported in minute 37 (Housing Allocation Policy) as a close family member might be affected by the policy for which approval was being sought. She withdrew from the meeting.

32 * Eastbourne Community Safety Plan

32.1 Cabinet considered the report of the senior head of community consider the current performance of the Eastbourne community partnership (ECSP) under the updated Eastbourne community safety plan and to outline issues that may potentially impact future crime and anti-social behaviour (ASB) performance. Bob Gough, Eastbourne crime reduction officer was invited to address the cabinet.

32.2 Cabinet had previously endorsed the successful crime reduction performance of the partnership. In 2005/06 Eastbourne was subject to around 11,000 crimes. For the performance year 2010/11 this had dropped to approximately 7,500 crimes and to the end of June 2014, this had reduced to around 5,700 crimes, a further reduction of 5% compared with the same period last year.

32.3 The current plan (2014/17) had been developed in consultation with key partners including the police and other members of the ECSP. A copy was appended to the report to cabinet. Plan targets were reviewed at the end of each performance year and key performance targets had been incorporated into the relevant sections of the council's corporate plan.

***32.4 Resolved (budget and policy framework):** (1) That cabinet notes the community safety partnership's achievements and future risks/opportunities to performance and endorses the 2014/17 community safety plan with continued delegated implementation authority to senior head of community.

(2) That full council be asked to approve the plan.

33 * Human Resources Policies

33.1 Cabinet considered the report of the head of corporate development. A review of human resources policies had been taking place over the last 12 months. The majority of proposed changes were around the style, format and length of the documents, with a view to making them more practical and user friendly. Changes had also been made to reflect statutory (legislative) amendments. Appendix 1 to the report summarised the more significant changes to policies in respect of disciplinary action, attendance management, drugs and alcohol in the workplace and capability procedure. Copies of the updated policies were appended to the report.

***33.2 Resolved** (budget and policy framework): That full council be recommended to approve the amended human resources policies as listed above.

34 Sustainable Service Delivery Strategy (SSDS) - Update

34.1 Cabinet considered the report of the chief executive updating members on the progress made within the SSDS programme, with particular reference to the findings of the corporate services review and business case for shared corporate services; the Future Model programme plan (phase two); the future shape of corporate management of the council as part of the emerging strategy and commissioning structure; and the corporate landlord implementation plan.

34.2 The SSDS was a key response to the increasing cost and demand pressures facing the council. The programme was developed to promote a range of solutions, both internal transformation and effective partnership working with other organisations. The programme aimed to improve service delivery whilst delivering savings estimated at £1.7m to £2m across the organisation. The current phase (phase two) was estimated to save £1.2m - £1.5m.

34.3 In July 2014 cabinet was advised of the revised implementation plan for the Future Model, the resulting 6 month extension of the programme and the reasons behind the changes. The majority of the phase one outstanding work had been completed, with the remaining processes coming live alongside phase two work. The next key programme milestone in phase two was the publication of the Target Operating Model (TOM), which would be the subject of a cabinet report in December.

34.4 The TOM would outline significant structural changes to the council, including the expansion of the Customer First structure that was created in phase one, the creation of a number of service delivery units and the strategic core of the organisation, referred to as strategy and commissioning. The TOM would also provide details of how roles and responsibilities for housing management would be aligned between the council and Eastbourne Homes Ltd (EHL) in order to maximise efficiencies, create improved customer journeys and yet ensure that the benefits of having a dedicated housing management organisation were retained.

34.5 The council's corporate management team (CMT) would sit within strategy and commissioning. The roles, responsibilities and accountabilities within the CMT were being reviewed to ensure that the configuration of the management team could effectively lead the new organisational structure. The proposed CMT functional structure was appended as appendix 1 to the report. Appointments to the new roles would be undertaken in line with the council's HR policies and procedures. Any decisions required regarding the statutory 'section 151 officer' and monitoring officer roles would be put to full council as required by the council's constitution. Since 2009, aggregate savings of £500,000 had been made through restructuring the council's CMT. The proposed structure at Appendix 1 would generate an additional £300,000 per annum across EBC and EHL, although it is likely that around £100,000 of these would be re-invested to strengthen the wider strategy and commissioning group.

34.6 The outcomes of the corporate services review conducted by Improvement and Efficiency Social Enterprise (iESE) were set out in appendices 2 to 6 of the report and comprised the business case for the HR service to be merged with that of Lewes District Council (LDC) with the borough council (EBC) as the employing authority (appendix 2); the business case for legal services to be merged with that of LDC with LDC as the employing authority and potential (after conducting further research) for the creation of a council joint-owned company in the future (appendix 3); a roadmap in respect of the future of financial services, recognising the need to align procedures and ways of working between EBC and LDC and the sharing of specialist resources (appendix 4); and IT services roadmap identifying the key actions and decisions that would be needed to coordinate the gradual alignment of IT infrastructures and systems between the 2 councils, noting that due to existing contractual arrangements this initiative would need to progress into the medium-term (appendix 5); and a property services roadmap acknowledging the

high potential for collaboration between the two councils and potential, in the longer term, to develop trading activities (appendix 6). The businesses cases indicated that potential savings of £135,000 could be generated from a shared HR service in total over its first 4 years of operation. A joint legal service was projected to generate savings of £183,000 over the same period.

34.7 A series of principles to help govern the process of aligning and sharing services were set out in the report. These emphasised an even-handed approach, fair apportionment of costs, appropriate engagement with customers and a joint communications strategy, the need for cultural change and the possibility that some initial investment may be needed to realise future benefits. The overriding principle would be that neither council would pay more for the same service through the joint initiative than would have been the case under the status quo position.

34.8 The report noted that there might be a future review exploring the business case for alignment or sharing of the remaining corporate services and leadership teams of both authorities. This could include consideration of procurement, audit and fraud, governance and democratic services and other strategy and commissioning functions.

34.9 Phased implementation of corporate landlord would commence in April 2015. The components relating to strategic asset management, asset challenge and estate management would begin next year. As mentioned above, opportunities would be taken for joint appointments that would assist strategic integration with LDC, while optimising efficiencies. Other components of the corporate landlord model would be developed with a view to implementation by April 2016, when the current EHL repairs and maintenance contract was due for renewal and the strategic issues outlined in the roadmap had been resolved. A further cabinet paper would be submitted once the details of this joint procurement approach had been finalised.

34.10 Resolved (key decision): (1) That the recommendations of the Improvement and Efficiency Social Enterprise (iESE) review of corporate services and authorise their implementation be endorsed; resulting in the alignment of finance, information technology (IT) and property services; a shared human resources (HR) service for the two authorities provided by Eastbourne Borough Council (EBC) and a shared legal service provided by Lewes District Council (LDC).

(2) That the principles set out in the report to govern the alignment and sharing of corporate services between EBC and LDC be agreed.

(3) To note that the chief executives of EBC and LDC will use their delegated powers, in consultation with their respective council leaders, to take advantage of opportunities as and when they arise to align systems or posts within the two authorities in order to generate benefits in terms of quality, savings or resilience.

(4) To note the aspiration of service managers to explore the potential to undertake work for a commercial purpose, in order to generate efficiencies and reduce the net cost of their service to tax payers.

(5) To note that both EBC and LDC have designated monitoring officers, as required by the Local Government and Housing Act 1989. The future arrangements for designation under the proposed new shared service will be reviewed and any proposals for changes will be subject to a future report to council.

(6) That the proposed new structure of the council's corporate management team (CMT) be agreed and that the chief executive be given delegated authority to appoint to the roles following normal human resources policies and procedures.

(7) That the amended implementation timescale for the corporate landlord programme be approved.

(Notes: (1) See minute 31 above as to personal interest declared by Councillor David Tutt.

(2) Members of the council's corporate management team, apart from the chief executive, withdrew from the meeting while discussion took place on the subject of the future shape of the team took place.)

35 Business Rate Pooling

35.1 Cabinet considered the report of the chief finance officer seeking agreement to enter into a business rates pool and for an application to be submitted on behalf of the East Sussex County, borough and councils and East Sussex Fire Authority in October 2014, subject to it being financially advantageous to do so.

35.2 A new funding regime was introduced on 1 April 2013 whereby local authorities effectively retained a proportion of any additional business rate income collected (above inflation) or conversely would experience a reduction in resources if business rates declined. Under the scheme 50% of business rates was localised through a system of top-up and tariffs that fixed an amount to be paid by high yield authorities and distributed to low yield authorities – this amount being increased annually by inflation (RPI). The proportion retained by individual collection authorities (before application of levy deductions) in East Sussex was 40%, 9% was payable to East Sussex County Council, and 1% to East Sussex Fire and Rescue authority. The Government received the remaining 50%. The 50% central government share was distributed through the formula grant process (now termed settlement funding assessment) – thus enabling the government to control the overall amount received by local authorities. Where there was a disproportionate growth this would be used to provide a safety net for those authorities experiencing little or negative growth and allowed the treasury to top slice business rates income. A reset mechanism would be in place with the first reset in 2020 and periods of 10 years between resets thereafter.

35.3 Local authorities were free to come together to form pools for non-domestic rating (NDR) purposes. In such cases tariffs, top-ups, levies and safety nets could be combined. This could result in more money being retained locally to support economic development objectives as the levy payments would no longer payable to the government but retained by the pool. To date on a national basis there were 18 pools, comprising 111 different authorities. The next opportunity for pooling was 2015/16, with a deadline for submission to the government of 31 October 2014.

35.4 A pan-Sussex business rates pooling arrangement could result in additional resources being retained within East Sussex. The estimates identified sums of £1.8m in 2015/16, £2m in 2016/17 and £2.2m in 2017/18 which would be shared between authorities and used for economic development purposes. The latest modelling indicated that Eastbourne Borough Council could receive an additional £223,000 in 2015/16 from being a member of an East Sussex business rates pool.

35.5 Resolved (key decision): That the council join a business rate pool with East Sussex County Council (ESCC), other East Sussex borough and district councils and the East Sussex Fire Authority, on the following terms:

- (a) Wealden District Council be nominated as the lead authority.
- (b) That the basic principle be agreed that no authority will receive a lower level of funding than they would have received without the pool.
- (c) To split the resources gained on the basis of the levy amount that was saved by individual authorities. The basis of the split being 40% to ESCC, 10% to the fire authority and the remaining 50% split amongst the district/borough councils.
- (d) That the finalisation of the submission, agreement of the memorandum of understanding, and the final decision on whether to partake in the pool, along with the annual review, is delegated to respective chief finance officers for the reasons outlined in the report.
- (e) Chief finance officers to review membership of the pool on an annual basis. Should an authority decide to withdraw membership, notification of intent to do so to be given to the remaining authorities at the earliest opportunity.

36 * Local Council Tax Reduction Scheme

36.1 Cabinet considered the report of the senior head of community. The coalition government abolished the national council tax benefit scheme and required local authorities to introduce local schemes of support from April 2013. The council was under a duty to review its local scheme each year and any changes to the scheme must be adopted by 31 January preceding the start of the new financial year.

36.2 The current scheme, which was also adopted by the other East Sussex districts and boroughs, followed the principles of protecting the most vulnerable, incentivising individuals into work and took into account and responds to the requirement of government to reduce the cost by

10% of the previous council tax benefit scheme. Key features of the adopted were the removal of the second adult rebate, a minimum award of £5 per week, and a reasonable increase in non-dependant deductions.

36.3 It was recommended that the current 2014/15 scheme, appended to the report as appendix A, with the minor amendments outlined in appendix B, be adopted as the 2015/16 scheme.

* **36.4 Resolved** (budget and policy framework): That full council be recommended to adopt the 2014/15 local council tax reduction scheme, with the minor amendments referred to in the report and summarised above, as the 2015/16 scheme.

37 Housing Allocations Policy

37.1 Cabinet considered the report of the senior head of community on proposed changes to the allocation scheme that relate to how priorities were determined and the application procedure. Councils were able to decide who qualified to apply for housing accommodation. The significant changes related to local connection, which would be strengthened in line with government guidance, and the armed forces. The only other proposed change to qualification was to reduce the level of capital savings or equity held by applicants from £60,000 to £32,000.

37.2 It was proposed to amend the policy to more accurately reflect housing need. The housing register currently comprised 2,600 applicants. The council needed to ensure that the register remained manageable and that costs were kept at a reasonable level. Given the significant mismatch between the number of people on the housing register and the number of lettings each year (approximately 200 per annum), it was also important that people's expectations were managed and that those with little chance of being housed were encouraged to consider alternatives.

37.3 Other changes and additions to the wording of the policy were described in the report and included the role and terms of reference of the discretionary housing panel, the definition of the size of a property and allocation of bedrooms and the registration process.

37.4 **Resolved** (key decision): (1) That the draft revised allocations policy be approved for consultation.

(2) That the senior head of community be given delegated authority, in consultation with the lead cabinet member, to finalise the scheme following consultation.

(Note: See minute 31 above as to pecuniary interest declared by Councillor Margaret Bannister. She withdrew from the meeting.)

38 Housing and Economic Development Partnership (HEDP) Delivery Programme

38.1 Cabinet considered the report of the senior head of community setting out proposals to take forward the next phase of HEDP programme delivery, including an update development and initiatives already underway, on proposals for the development of beach huts to the east of the pier and the establishment of a new asset holding vehicle.

38.2 In July 2014 cabinet agreed to the release up to £14.34m of capital programme allocation for new housing if bids for external funding, outstanding at the time, were successful. The council had been successful with capital funding bids from both the Local Growth Fund (LGF) and National Affordable Housing Programme (NAHP). The total grant funding secured from NAHP was £1.045m with a further £380k of additional housing revenue account borrowing capacity secured via LGF. This new grant, combined with grant previously secured and the additional borrowing capacity, meant that the council could proceed to deliver 97 of the planned new homes with a net capital programme allocation of £10.09m. The programme was scheduled to be delivered by March 2017 and would provide 85 new affordable homes, 8 homes for shared ownership and 4 homes for out-right sale.

38.3 Delivery to date had focused on 3 areas:

- a) Local authority new build: providing new housing on mainly council owned land. The first phase of the programme was underway to provide 56 new homes by March 2016.
- b) Empty homes programme: Bringing empty properties back into use, including redundant retail units. Phase 1 of this programme would provide 40 affordable homes, and the refurbishment and commercial letting of 3 retail units, by March 2016.
- c) Driving Devonshire Forward (DDF): A ward focused and locally led neighbourhood improvement project. A local steering group has been established to co-ordinate delivery and to prioritise and bring forward initial projects. These included improvements to the public realm, tourist offer and working with the local business community to improve the Seaside Road retail offer. To support this work an application had been made to the Coastal Communities Fund for £1.8m of funding in April 2014. The council was through to stage 2 of the process and was now preparing a more detailed submission. These included improvements to the public realm, tourist offer and working with the local business community to improve the Seaside Road retail offer. To support this work an application had been made to the Coastal Communities Fund for £1.8m of funding in April 2014. The council was through to stage 2 of the process.

38.4 Mindful of the continuing economic climate and the likelihood of reducing public subsidy in the medium term the HEDP project board had considered how additional new housing could be brought forward based on the assumption that no further external grant would be forthcoming. This would enable the council to sustain regeneration impact, and continue to directly meet new housing supply targets. The project board had noted that subsidy could instead come from a higher proportion of commercial development subject to a full appraisal of associated risks

and business case. Opportunities for commercial development were being considered and would be brought to cabinet for business case approval as and when they progress to this stage.

38.5 Eastbourne provided beach huts as part of its visitor offer. Currently there were 87 huts and 69 brick built chalets at six locations. Most were rented out on an annual or season basis, with 4 used for shorter lets (daily or weekly). There are currently no beach huts east of the pier. The DDF steering group had considered the benefits of providing new beach huts as part of the neighbourhood improvement programme. Plans had been progressed based on 25 huts in total to the east of the pier, 20 would be colourful traditional shaped huts (phase 1 delivered by Easter 2015) and 5 bespoke designed huts (phase 2, subject to a design competition). A summary of key development stages and a costs and income analysis were appended to the report.

38.6 Having undertaken extensive research and following receipt of external professional advice it was considered that the best means of achieving the council's regeneration, economic development, employment and training ambitions. would be assisted by setting up a new asset holding company (AHC).

38.7 The allocation of responsibilities following creation of the AHC would be as follows:

- The council has ownership of the properties during development and funds development directly.
- Eastbourne Homes Ltd (EHL) supports the development through providing the expert resources and entering into the contracts associated with the works on behalf of the council.
- AHC would be the owner and landlord of the newly developed properties (and acquired properties if appropriate) and would let these are market or affordable rent and will sell properties, in accordance with the individual project proposals;
- The council (through the housing revenue account) would retain ownership of the existing housing stock and the phase 1 properties.

38.8 In summary the company would have the following characteristics:

- Company limited by shares.
- Wholly owned subsidiary of Eastbourne Borough Council.
- Expected to operate at nil profit.
- Objectives to hold property assets, act as landlord, sell property assets, offer advice to other public bodies.
- All board directors for the AHC would be council appointees.
- Part of Council group accounts.

38.9 Tenants of AHC controlled properties would be charged either market or affordable rent; council policy might need to be reviewed to permit the AHC to offer less secure tenancies; and tenants will not have a right to buy the properties. The AHC would be accountable to the council's chief finance officer and controlled by a board of between 3 to 7 directors, based on advice from the external legal advisors, with the

majority being council nominees. The legal advice recommended but did not require independent directors to establish better separation from the Council and to allow decision making where conflict of interest existed. All decisions relating to undertaking property purchase and development would be subject to cabinet approval and this would only be sought where it was endorsed by a rigorous viability assessment of the proposed projects.

38.10 The senior head gave an oral report in respect of the scheme to develop 35 new homes on 3 council-owned sites which had been approved by cabinet at their meeting on 19 March 2014 as part of the HEDP programme. This matter was raised as a matter of urgency under the provisions of section 100B (4) of the Local Government Act 1972 with the chairman's consent given the need to ensure that effective contractual arrangements were in place for this development. The contract had originally been procured by Eastbourne Homes Ltd (EHL) who had their own rules for letting contracts. The council had subsequently received legal advice that the contract should be between the council and the contractor and should be split into three separate contracts. Subject to discussion with the contractor, it was proposed that the council enter into 3 contracts with the contractor relating to the 3 different sites. As EHL had procured/ tendered the work, the original contract had not been let in accordance with the council's usual contract procedure rules, but on the understanding that EHL had carried out a best value exercise and that the contractor was already on site, cabinet was asked to allow an exception to the contract procedure rules to enable contracts to be entered into between the council and the contractor.

38.11 Resolved (key decision): (1) That progress to date of the housing and economic development programme be noted.

(2) That in respect of the previously approved schemes to develop 23 new homes at 3 sites in Coventry Court, Tenterden Close and Belmore Road an exception be agreed to the council's contract procedure rules to allow contracts to be issued to the chosen contractor for the reasons outlined in paragraph 38.10 above.

(3) That the invest to save case be agreed and approval given to include £135,240 in the 2013/18 capital programme for the purchase of 20 traditional beach huts, installation, associated works and utilities.

(4) That the invest to save case be agreed and approval given to include a further £100,000 in the 2013/18 capital programme for a design competition, the purchase of 5 bespoke designed beach huts, installation, associated works and utilities.

(6) That the senior head of community be given delegated authority, in consultation with the lead cabinet members for community and finance, to take all steps and make all decisions necessary to effect the installation of beach huts referred to above subject to; planning

approval, consultation, procurement, legal checks and final financial appraisal.

(7) That the senior head of community be given delegated authority, in consultation with the lead cabinet members for community and finance, to approve the design competition brief, appointment of outside agency to deliver the competition, installation of 5 bespoke designed huts subject to planning approval, consultation, procurement, legal checks and final financial appraisal.

(8) That the chief finance officer be given delegated authority, in consultation with the lead cabinet member for finance, to incorporate a council owned and controlled asset holding company upon terms which ensure that it is accountable to the chief finance officer, including establishing its governance, management and financial arrangements, and to take all legal financial and other steps necessary to ensure that the company is in a position to be able to commence operations.

(9) That an exception be allowed to the council's contract procedure rules to allow the award of contracts for the development of 35 new homes for the reasons explained in paragraph 38.10 above.

The meeting closed at 6.36 pm

**Councillor David Tutt
Chairman**