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Cabinet 25 May 2016



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Agenda for meeting of the Cabinet to be held at 6.00 pm on Wednesday, 25 May 2016 in the Town Hall, Eastbourne

Members of the public are welcome to attend and listen to the discussion of items in the "open" part of the meeting. Please see notes at end of agenda concerning public rights to speak and ask questions.



The Cabinet meets in the Court Room of the Town Hall which is located on the ground floor. Entrance is via the main door or access ramp at the front of the Town Hall. Parking bays for blue badge holders are available in front of the Town Hall and in the car park at the rear of the Town Hall.



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Members of the Cabinet:

Councillor David Tutt (Leader and Chairman of Cabinet): Responsibilities aligned with Chief Executive and including the Community Strategy, Local Strategic Partnership, the Corporate Plan and economic development.

Councillor Gill Mattock (Deputy Leader and Deputy Chairman of Cabinet): Financial services including accountancy, audit, purchasing and payments.

Councillor Margaret Bannister: Tourism and leisure services.

Councillor Alan Shuttleworth: Direct assistance services including revenues and benefits, housing and community development, bereavement services and the Crime Reduction Partnership.

Councillor Troy Tester: Core support and strategic services.

Councillor Steve Wallis: Place services including cleansing and recycling, parks and downland, engineering, building and development control, planning policy and strategy, environmental health and licensing.

[KD] against an item indicates that the matter involves a Key Decision and that the item has been listed in the Council's Forward Plan for at least 28 clear days.

[BPF] against an item indicates that the matter is part of the Council's Budget and Policy Framework and as such will require the approval of the Full Council.

Publication of this agenda also constitutes notice (or confirmation that such notice has previously been given) to the Chairman of the Scrutiny Committee and members of the public as appropriate:

- (1) Under regulation 10(3) of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012 in respect of any key decision not included in the Council's Forward Plan of Key Decisions within 28 days of this meeting. Such items (if any) are marked **[KDGE]** and the reasons why compliance with regulation 9 (publicity in connection with key decisions) was impracticable are given.
- (2) Under regulation 5(4) of the above mentioned regulations that certain matters listed on this agenda (if any) may need to be considered in private. (This notice is given further to the earlier notice given under regulation 5(2). The reasons for private consideration are given at the relevant item, together with details of representations received (if any) about why the meeting should be open to the public.
- 1 Minutes of the meeting held on 23 March 2016 (previously circulated).
- 2 Apologies for absence.
- 3 Declarations of interests by members.

Declarations of disclosable pecuniary interests (DPIs) by members as required under Section 31 of the Localism Act and of other interests as required by the Code of Conduct and regulation 12(2)(d) of the 2012 Access to Information Regulations. (Please see note at end of agenda).

4 Questions by members of the public.

On matters not already included on the agenda and for which prior notice has been given (total time allowed 15 minutes).

5 Urgent items of business.

The Chairman to notify the Cabinet of any items of urgent business to be added to the agenda.

6 Right to address the meeting/order of business.

The Chairman to report any requests received to address the Cabinet from a member of the public or from a Councillor in respect of an item listed below and to invite the Cabinet to consider taking such items at the commencement of the meeting.

7 Membership and responsibilities of Cabinet members.

As set out above and as reported to Annual Council on 11 May 2016.

8 Dates of future Cabinet meetings 2016/17.

- 13 July 2016 at 6.00pm
- 14 September 2016 at 6.00pm
- 19 October 2016 at 6.00pm
- 13 December 2016 at 6.00pm (change from proposed date)
- 8 February 2017 at 6.00pm
- 22 March 2017 at 6.00pm
- 24 May 2017 at 6.00pm

9 Delegation of executive functions.

- (a) To agree that the delegation of executive functions to officers be as set out in the Scheme of Delegation to Officers (Section 3, Part D of the Council's Constitution) and noting that relevant lead Cabinet members are to be consulted by officers when exercising their delegated powers where required to do so.
- (b) To note that delegations to individual Cabinet members in respect of executive functions have not been made at this time.

10 Financial performance - Provisional outturn **2015/16 (KD).** (Pages 1 - 12)

Report of Chief Finance Officer

Cabinet lead member: Councillor Gill Mattock.

Wish Tower restaurant - Development and marketing programme update (KD). (Pages 13 - 20)

Report of Senior Head of Regeneration, Planning and Assets Cabinet lead member: Councillor Margaret Bannister.

Arndale Centre extension - use of 'Section 237' powers to assist with delivery of the proposed development (KD). (Pages 21 - 60)

Report of Senior Head of Regeneration, Planning and Assets Cabinet lead member: Councillor David Tutt.

13 'Stronger Together' - Joint transformation programme - Business case and implementation (KD). (Pages 61 - 142)

Report of Chief Executive and Senior Head of Projects Performance and Technology. Cabinet lead member: Councillor Troy Tester.

14 Joint venture on energy and sustainability (KD). (Pages 143 - 154)

Report of Senior Head of Community. Cabinet lead member: Councillor Steve Wallis.

15 Regulatory services - new and amended policies (KD). (Pages 155 - 194)

Report of Senior Head of Community on adoption of amended regulatory services enforcement policy, and three new policies:- Redress schemes enforcement policy; smoke and carbon monoxide alarms enforcement policy; and statement of principles for determining the amount of a penalty charge.

Cabinet lead member: Councillor Steve Wallis.

Inspection of background papers – Please see contact details listed in each report.

Public right of address – Requests by members of the public to speak on a matter which is listed in this agenda must be **received** in writing by no later than 12 Noon, 2 working days before the meeting (e.g. if the meeting is on a Wednesday, received by 12 Noon on the Monday before). The request should be made to Local Democracy at the address listed below. The request may be made by, letter, fax, or electronic mail. For further details on the rules about speaking at meetings or for asking a question on a matter not listed on the agenda please contact Local Democracy.

Public questions – Members of the public may ask a question on a matter which is not on the agenda. Questions should be made in writing and by the same deadline as for the right of address above. There are rules on the matters on which questions can be asked. Please ask Local Democracy for further information

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

Disclosure of interests - Members should declare their interest in a matter at the beginning of the meeting, and again, at the point at which that agenda item is introduced.

Members must declare the existence and nature of any interest.

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

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

Implementation of decisions - Implementation of any key decision will take place after 5 working days from the date notice is given of the Cabinet's decision (normally on the day following the meeting) unless subject to "call-in". Exceptions to this requirement are allowed when the decision is urgent.

Further information – The Forward Plan of Key Decisions, Councillor contact details, committee membership lists and other related information are available from Local Democracy. To receive regular e-mails alerting you to the publication of Cabinet agendas (or other meeting agendas) please send an e-mail to: localdemocracy@eastbourne.gov.uk

You can view the Forward Plan of Key Decisions at http://democracy.eastbourne.gov.uk/ieDocHome.aspx?bcr=1

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Agenda Item 10

BODY: CABINET

DATE: 25th May 2016

SUBJECT: Financial Performance – Provisional Outturn 2015/16

REPORT OF: Chief Finance Officer

Ward(s): All

Purpose: To update Members on the Council's financial performance

against the approved budgets for Quarter 4 2015/16.

To inform Cabinet of the Council's provision financial outturn

for Quarter 4 2015/16.

Contact: Pauline Adams, Financial Services Manager

Tel 01323 415979 or internally on ext 5979.

Recommendations: Members are asked to:

i) Agree the provisional general fund outturn on services expenditure for 2015/16 of £16.427m, a net favourable variance of £195,000 against the revised budget.

- ii) Agree the transfers to and from reserves as set out at Appendix 2.
- iii) Agree the provisional Housing Revenue Account surplus for 2015/16 of £559,000.
- iv) Agree the final Capital Programme and outturn for 2015/16 of £18.0m.

1.0 Introduction

- 1.1 This report provides cabinet with the provisional outturn results for the general fund, the housing revenue account (HRA) and capital programme for 2015/16.
- 1.2 Although service accounts have now been closed, other balance sheet and suspense accounts have yet to be finalised. So it is possible that there could be some further adjustments that may marginally affect the figures in this report.
- 1.3 The final outturn will form part of the statement of accounts that will be reported to the next Cabinet meeting in July.

2.0 General Fund Revenue Account

2.1 There was a net spend on service expenditure of £16.4m for the year analysed over services as follows:

General Fund Service Provision Outturn

	Original Budget	Revised Budget	Actual	Variance
	£'000	£'000	£'000	£'000
Corporate Services Community Services Regeneration, Planning Policy and Assets Tourism &Enterprise	5,457 6,249 (42) 3,085	5,836 6,058 49 2,958	5,807 5,870 (5) 2,795	(29) (188) (54) (163)
Contingencies Capital Financing Costs Transfer from Earmarked Reserves	14,749 (447) 1,834	14,901 (239) 2,195 (235)	14,467 - 2,195 (235)	(434) 239 - -
Service Total	16,136	16,622	16,427	(195)

- 2.2 The table at **Appendix 1** shows the Council's provision financial outturn compared to the agreed budget at service level. A more detailed breakdown at code or transactional level is available from Financial Services.
- 2.3 Service expenditure variance for the year is principally as a result of:
 - Theatres Show increased income achieved (£203k)
 - Savings on Street Cleansing contract (£102K)
 - Surplus on Catering Trading Account (£101k)
 - Additional income and expenditure savings on bereavement service (£74k)

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

- Redundancy payments £109k
- Rental income from corporate properties £83k.
- 2.4 Work is still underway reconciling some accounts and in particular the Housing Benefit Subsidy and Housing Benefits overpayments. It has been assumed for this report that these budgets will be on target, but experience from past years has indicated that this could vary considerably and any changes will be reported as part of the final outturn report to the next meeting of the Cabinet.
- The General Fund Summary figures include the transfers to and from reserves as shown in **Appendix 2.** In many cases these transfers reflect items previously agreed, or at the very least where the principle of a transfer from reserves had been established as part of the overall budget strategy. The figures that have been applied take into account more up-to-date information and anticipated circumstances.

3.0 Housing Revenue Account

- 3.1 The table at **Appendix 3** summarises the HRA performance for 2015/16 and shows a surplus of (£559,000). This represents a variance of (£218,000) against the revised budget of (£341,000).
- 3.2 The principle reason for this variance is due to savings in council tax on void properties, lower insurance premium, low demand on the under occupations transfer scheme and savings resulting from Future Model restructuring.
- 3.3 The difference between the budget figure for depreciation based on the 30 year Business Plan and the actual calculated amount of £728,825 is transferred into the Housing Regeneration and Investment reserves in line with the Budget Strategy to provide flexibility for funding future major projects or the repayment of debt.

4.0 Capital Programme

- 4.1 A summary of capital expenditure for the year is shown in **Appendix 4**.
- 4.2 The revised capital programme for 2015/16 was £19.9m and the outturn was £18.0m. This is a variance of £1.9m; (£0.3m) for general fund and £2.2m for HRA.
- 4.3 A detailed reason for the variance against each scheme is shown at **Appendix 4**.
- 4.4 The variance is a timing issue rather than a genuine under spend. The capital programme for 2016/17 will be updated to reflect the re-profiling changes required.

5.0 Consultation

5.1 Not applicable

6.0 Implications

6.1 There are no significant implications of this report.

7.0 Conclusions

- 7.1 Revenue expenditure is in line with budget monitoring predictions and the outturn variance represents 1.2% of net budgeted expenditure. There is still some work to be done on balance sheet, suspense and control accounts which may impact on the final outturn.
- 7.2 The council continues to have general balances in excess of the declared minimum which provides flexibility for future investment in corporate plan priorities over the medium term as well as providing funding for invest to save schemes and asset management requirements.

- 7.3 The Housing Revenue Account outturn delivered a surplus representing 1.3% over turnover. The HRA balance is in line with expectations and is sufficiently robust to support the housing self-financing 30 year business plan.
- 7.4 Over 90% of the capital programme was delivered in year and in line with resources allocated.
- 7.5 Work is still continuing in finalising the council accounts and the final statement of accounts will be reported to the Audit and Governance Committee at the end of June and Cabinet in July.

Pauline Adams Financial Services Manager

Background Papers:

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

Quarters 1, 2 and 3 monitoring to Cabinet September, December and February Quarter 4 2015/16 Budget monitoring working papers

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

GENERAL FUND REVENUE ACCOUNT 2015/16

	Original Budget	Revised Budget	Actual	Variance	Comments
	£'000	£'000	£'000	£'000	
CORPORATE SERVICES					
Corporate Management	409	386	347	(39)	
Joint Transformation Programme	-	176	176	-	Funded from Reserves
Financial Services Team	1,286	1,281	1,281	-	
Corporate Finance	294	314	290	(24)	
Internal Audit and Corporate Fraud	236	237	223	(14)	
Strategic Finance	1,816	1,832	1,794	(38)	
Human Resources	375	300	288	(12)	
Legal Services	233	231	240	9	
Systems Admin and Support	1,650	1,657	1,683	26	
Projects and Performance	77	329	294	(35)	
IT Šervices	1,727	1,986	1,977	(9)	
Comments Development	101	157	151	(6)	
Corporate Development Local Democracy	181 716	157 768	151 834	(6) 66	
Corporate Development and Governance	897	925	985	60	_
TOTAL CORPORATE SERVICES	5,457	5,836	5,807	(29)	
COMMUNITY SERVICES					
Service Management	(75)	(71)	(72)	(1)	
Strategy and Commissioning Community	54	52	14	(38)	
Service Management	75	77	82	5	
Service Improvement and Development	90	22	16	(6)	
Specialist Advisory	5,863	4,909	4,839	(70)	
Customer Contact	465	736	668	(68)	Salary underspend due to turnover and high level of vacancies
Case Management	408	545	531	(14)	
Account Management	(92)	285	371	86	Salary cost to be offset against savings in Customer Contract Team
Neighbourhood First	434	473	465	(8)	
Customer First	7,243	7,047	6,972	(75)	

	Original Budget	Revised Budget	Actual	Variance	Comments
	£'000	£'000	£'000	£'000	
Barran and Garriera	(070)	(070)	(1.044)	(74)	
Bereavement Services	(973)	(970)	(1,044)	(74)	
TOTAL COMMUNITY SERVICES	6,249	6,058	5,870	(188)	
REGENERATION, PLANNING POLICY & ASSETS					
Service Management	100	69	62	(7)	
Regeneration and Planning Policy	193	356	292	(64)	
Corporate Landlord	(536)	(585)	(617)	(32)	
Facilities Management Estates and Property	(335)	209 (376)	258 (359)	49 17	
	(000)	(010)	(000)		
TOTAL REGENERATION, PLANNING POLICY & ASSETS	(42)	49	(5)	(54)	
TOURISM AND ENTERPRISE					
Service Management	104	99	121	22	
Towner	685	623	621	(2)	
Tourism and Enterprise	373	414	440	26	
Catering Heritage	32 173	(4) 177	(99) 170	(95) (7)	
Tourist Information	81	83	101	18	
Tourism and Enterprise	659	670	612	(58)	
Sports Delivery	322	226	254	28	
Seafront	(11)	(13)	(22)	(9)	
Events	586	601	553	(48)	
Theatres	740	752	656	(96)	
TOTAL TOURISM AND ENTERPRISE	3,085	2,958	2,795	(163)	
TOTAL SERVICE EXPENDITURE	14,749	14,901	14,467	(434)	

Page 6

Revenue Transfers to/(from) Reserves			
Reserve and Purpose	Transfer to (from) General Fund	Transfer between reserves	:
	£	£	
GENERAL FUND EARMARKED RESERVE - z10112			
Improvement Fund Cems and Crem	(25,760.00)		TBC
Taxi & Private Hire	(66,004.86)		TBC
Sports Park - Astro Park	(10,000.00)		
HPSC - Multi Court	(3,301.02)		
Redoubt - Cannon Appeal	(10.00)		
Tennis Development Project	(16,000.00)		
Devonshire Park Buildings - replacement windows and doors	9,090.00		Approved Cabinet 01/06/15
STRATEGIC CHANGE RESERVE - z10125			
IESE 15/16	75,000.00		Approved Cabinet 09/12/15
Civica Subsidy Service - Revs and Bens	20,865.00		Approved Cabinet 23/03/16
Transformation fund	(184,912.14)		
JTP	26,684.27		Approved Cabinet 21/10/15
Future Model	149,126.88		Approved Cabinet 10/07/13
CAPITAL PROGRAMME RESERVE - z10127			
Town Hall Vending Machine	6,000.00		
REVENUE GRANTS RESERVE - z10128			
			Grants receive in advance where expenditure incurred in future year. Accounting technical
Grants received in advance	13,840.31		adjustment TBC
REGENERATION RESERVE - Z10130			
Eastbourne Brand Development - A Shared Identity	30,000.00		Approved Cabinet 16/07/14
Town Team	18,988.15		Approved Cabinet 30/05/12
Heritage Lottery Fund	10,000.00		Approved Cabinet 23/03/16
Inward Investment/Partnership schemes (3 year scheme) - Year			See Cabinet 11/07/12
DEVONSHIRE PARK REVIEW RESERVE			
Investment Properties/Services Charges		(1,000,000.00)	Approved Cabinet 18/03/15
Total Movement in Transfer to and from Reserves	76,306.59	(1,000,000.00)	
GENERAL FUND REVENUE ACCOUNT - z10190	6 667 00		Approved Cabinet 32/02/16
RV finder licence	6,667.00		Approved Cabinet 23/03/16
Creation of Devonshire Park Review Reserve		1,000,000.00	Approved Cabinet 18/03/15
Total Movement in Transfer to and from General Fund balance	6,667.00	1,000,000.00	



HOUSING REVENU	Comments				
	ORIGINAL BUDGET £' 000	REVISED BUDGET £' 000	ACTUAL £' 000	VARIANCE £' 000	
INCOME					
Gross Rents Charges for Services	(14,710) (1,037)	(14,710) (1,037)	(14,781) (982)	(71) 55	
TOTAL INCOME	(15,747)	(15,747)	(15,763)	(16)	
EXPENDITURE					
Management Fee (Eastbourne Homes Limited) Supervision and Management Provision for Doubtful Debts Depreciation and Impairment of Fixed Assets	7,375 1,060 126 4,212	7,375 1,060 81 4,212	7,375 878 81 3,406	(182) 0	
TOTAL EXPENDITURE	12,773	12,728	11,740	(988)	
NET COST OF SERVICE	(2,974)	(3,019)	(4,023)	(1,004)	
Loan Charges - Interest Interest Receivable	1,896 (2)	1,896 (2)	1,875 (1)	(21) 1	
NET OPERATING (SURPLUS) DEFICIT	(1,080)	(1,125)	(2,149)	(1,024)	
Appropriations Transfer to Reserve	784	784	1,590	806	See comments on Depreciation
HOUSING REVENUE ACCOUNT (SURPLUS) / DEFICIT	(296)	(341)	(559)	(218)	
HOUSING REVENUE ACCOUNT WORKING BALANCE					
In Hand at 1st April 2015	(3,116)	(3,116)	(3,116)		
Surplus for 2015/16	(296)	(341)	(559)		
In Hand at 31st March 2016	(3,412)	(3,457)	(3,675)		

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Capital Programme Appendix 4

HOUSING REVENUE ACCOUNT	Scheme	Total Scheme Approved	Total Spend to 31 Mar 2015	Spend in 2015-16	Revised Budget 2015-16	Variance to revised budget	Variance to scheme where completed	%	Comments
Other Scheme Programme Ph1 3,140,496 2,720,156 402,662 39,100 363,562 Practically complete New Build Phase 4,514,657 2,553,450 1,949,452 1,979,194 -29,742 Practically complete New Build Phase 2,832,58 68,613 35,028 1,417,456 -1,364,408 Completion expected 2016-17	HOUSING REVENUE ACCOUNT								
Empty Homes Programme Ph1		Ongoing		4,213,702	5,079,750	-866,048			Re-profiled to 2016-17. Works committed in April & May
New Build Phase 1									
New Build Phase 2 838,258 666,613 53,028 1,417,436 1,364,408 Completion expected 2016-17									
Empty Homes Programme Ph2 2,864,354 897,519 500,235 833,521 -353,286 Completion expected 2016-17									
Total HRA									
CoMMUNITY SERVICES	Empty Homes Programme Ph2	2,864,354	897,519	500,235	853,521	-353,286			Completion expected 2016-17
Ocklyinge Cemetery Chape 150,000 5,750 76,573 69,250 7,323 Remaining works to be completed in 2016-17	Total HRA		6,239,738	7,119,080	9,369,001	-2,249,921			
Disabled Facilities Grants	COMMUNITY SERVICES								
BEST Grant (housing infilatives) Ongoing 1,825,519 Social Housing Enabling Coast Defences Beach Management Ongoing 4,821,722 213,616 181,150 32,466 Planned works completed Planned works works will be 2016-17 Planned	Ocklynge Cemetery Chapel	150,000	5,750	76,573	69,250	7,323			
BEST Grant (housing intilatives)		Ongoing							
Coast Defences Beach Management Ongoing 4,821,722 213,616 181,150 32,466 Planned works completed	BEST Grant (housing initiatives)								
Coast Defences Beach Management Ongoing 4,821,722 213,616 181,150 32,466 Planned works completed				,	·	·			
Hampden Park Skate Park	Coast Defences Beach Management		4,821,722	213,616	181,150	32,466			Planned works completed
CIL - Software				1,145	1,100				
Sov Harbour Community Centre			•				918	1%	
HighField Allotments 25,000 22,855 2,145 2,150 -5 0 0% Completed Bay Track Hampden Park 46,000 1,150 43,000 0 25,000 0 0 0% Completed Bay Track Hampden Park Path 25,000 0 25,000 25,000 0 0 0% Completed Bay Track Hampden Park Path 25,000 0 25,000 25,000 0 0 0% Completed Bay Track Park Path 20,000 0 12,000 20,000 20,000 26 1,974 -9% Completed Bay Track Park Park Park Park Park Park Park Par									
Magned Park Path 25,000 0 25,000 25,000 0 0 0 0 0 0 0 0 0	Sov Harbour Community Centre				•				
Magned Park Path 25,000 0 25,000 25,000 0 0 0 0 0 0 0 0 0	Highfield Allotments							0%	
Bignam Cres Play Area Path 20,000 0 12,000 20,000 -8,000 Works started. To be completed in 2016-17 20,000 20,026 20,000 26 -1,974 -9% Completed Completed Completed Completed Completed Park - Toddler Equipment 22,000 0 24,000 0 49,979 50,000 -21 -21 0% Completed Completed Completed Completed Completed Park - Nulti Play Unit 50,000 0 49,979 50,000 -21 -21 0% Completed Complet	BMX Track Hampden Park		Λ	-,	-,	-			
Criffredge Park - Toddler Equipment 22,000 0 20,026 20,000 26 -1,974 -9% Completed							0	0%	
Princes Park - Bowls Roof							1 074	00/	
Hampden Park - Multi Play Unit					,				
Motcombe Pond 50,000 0 24,270 50,000 -25,730 Works commenced Feb 2016. Completion due in 2016. Allotments - Improvements 16,000 0 7,750 0 7,750 2016-17 scheme but works started early Total Community Services 9,914,486 1,266,812 1,403,100 -136,288 TOURISM & LEISURE Signage 40,000 23,917 0 16,100 -16,100 Design in progress. Completion planned for 2015-16 Considering alternative ways of delivering access to the courts 265,000 208,946 27,146 27,050 96 Considering alternative ways of delivering access to the courts Courts Courts Courts Considering alternative ways of delivering access to the courts									
Allotments - Improvements 16,000 0 7,750 0 7,750 2016-17 scheme but works started early	nampuen Park - Multi Play Unit	:		49,979	50,000	-21	-21	U%	
Total Community Services 9,914,486 1,266,812 1,403,100 -136,288				Ť	•	•			Works commenced Feb 2016. Completion due in 2016-17
TOURISM & LEISURE Signage	Allotments - Improvements	16,000	0	7,750	0	7,750			2016-17 scheme but works started early
Signage 40,000 23,917 0 16,100 -16,100 Design in progress. Completion planned for 2015-16	Total Community Services		9,914,486	1,266,812	1,403,100	-136,288			
Re-surface Tennis Courts 265,000 208,946 27,146 27,050 96 Considering alternative ways of delivering access to te courts	TOURISM & LEISURE								
Wish Tower - Catering Outlet		40,000	23,917	0	16,100	-16,100			
Wish Tower - Catering Outlet 40,000 36,000 0 4,000 -4,000 Generator to be purchased. Serco Contract Ongoing 297,988 31,672 31,650 22 On target to complete in 2015-16 ILTC - Air Conditioning 60,000 0 60,000 -60,000 Planned to complete in 2015-16 ILTC - Public Address System 40,000 15,000 27,857 25,000 2,857 7% Complete ILTC - Fire Alarm 10,000 0 16,877 10,000 6,877 6,877 69% Complete, higher cost than estimated Sports Park Railings 11,000 0 7,272 11,000 -3,728 -3,728 -34% Completed under budget Devonshire Park - Roller 14,000 0 14,000 0	Re-surface Tennis Courts	265,000	208,946	27,146	27,050	96			Considering alternative ways of delivering access to tennis courts
ILTC - Air Conditioning 60,000 0 60,000 -60,000 Planned to complete in 2015-16 ILTC - Public Address System 40,000 15,000 27,857 25,000 2,857 7% Complete ILTC - Fire Alarm 10,000 0 16,877 10,000 6,877 69% Complete, higher cost than estimated Sports Park Railings 11,000 0 7,272 11,000 -3,728 -3,728 -34% Completed under budget Devonshire Park - Roller 14,000 0 14,000 0 0 0% Complete Devonshire Park - Verti Drain Aerator 14,000 0 14,000 0 0 0 0% Complete Devonshire Park - Hollow Corer 15,000 13,250 1,750 1,750 0 0 0 0% Complete Devonshire Park - Grounds Van 7,500 0 7,232 7,500 -268 -268 -268 -4% Complete New Beach Huts 235,240 0 158,362 173,250 -13,888 Traditional huts to be installed March 2016. Iconic huts </td <td>Wish Tower - Catering Outlet</td> <td>40,000</td> <td>36,000</td> <td>0</td> <td>4,000</td> <td>-4,000</td> <td></td> <td></td> <td></td>	Wish Tower - Catering Outlet	40,000	36,000	0	4,000	-4,000			
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ILTC - Public Address System 40,000 15,000 27,857 25,000 2,857 2,857 7% Complete ILTC - Fire Alarm 10,000 0 16,877 10,000 6,877 6,877 69% Complete, higher cost than estimated Sports Park Railings 11,000 0 7,272 11,000 -3,728 -3,728 -34% Completed under budget Devonshire Park - Roller 14,000 0 14,000 0 0 0% Complete Devonshire Park - Verti Drain Aerator 14,000 0 14,000 0 0 0% Complete Devonshire Park - Hollow Corer 15,000 13,250 1,750 1,750 0 0 0% Complete Devonshire Park - Grounds Van 7,500 0 7,232 7,500 -268 -268 -4% Complete New Beach Huts 235,240 0 158,362 173,250 -13,888 Traditional huts to be installed March 2016. Iconic huts	ILTC - Air Conditioning	60,000	0		60,000	-60,000			Planned to complete in 2015-16
ILTC - Fire Alarm 10,000 0 16,877 10,000 6,877 6,877 69% Complete, higher cost than estimated Sports Park Railings 11,000 0 7,272 11,000 -3,728 -3,728 -34% Completed under budget Devonshire Park - Roller 14,000 0 14,000 0 0 0 0 Complete Devonshire Park - Verti Drain Aerator 14,000 0 14,000 0 0 0 0 Complete Devonshire Park - Hollow Corer 15,000 13,250 1,750 1,750 0 0 0 0 Complete Devonshire Park - Grounds Van 7,500 0 7,232 7,500 -268 -268 -4% Complete New Reach Huts 235,240 0 158,362 173,250 -13,888 Traditional huts to be installed March 2016. Iconic huts			15,000	27,857	25,000				
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Devonshire Park - Verti Drain Aerator 14,000 0 14,000 0 0 0% Complete Devonshire Park - Hollow Corer 15,000 13,250 1,750 1,750 0 0 0% Complete Devonshire Park - Grounds Van 7,500 0 7,232 7,500 -268 -268 -4% Complete New Beach Huts 235,240 0 158,362 173,250 -13,888 Traditional huts to be installed March 2016. Iconic huts									
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New Reach Huts 235 240 0 158 362 172 250 -13 888 Traditional huts to be installed March 2016. Iconic huts			}			· ·	}		
	Devonshire Park - Grounds Van	/,500	0	7,232	/,500	-268	-268	-4%	
i De il Stalled 2016-17 With Completion June 2016	New Beach Huts	235,240	0	158,362	172,250	-13,888			Traditional huts to be installed March 2016. Iconic huts will be installed 2016-17 with completion June 2016

Capital Programme Appendix 4

Scheme	Total Scheme Approved	Total Spend to 31 Mar 2015	Spend in 2015-16	Revised Budget 2015-16	Variance to revised budget	Variance to scheme where completed	%	Comments
Total Tourism & Leisure		595,101	306,169	394,300	-88,131			
CORPORATE SERVICES							ļ	
Carbon Reduction Works	467,500	0	144,383	143,000	1,383			Planned works completed. Further works due 2016-17
1 Grove Road - Redesign CCC	370,000	423,675	59,190	0	59,190	112,865	31%	Works complete. Overspend due to additional fire safety requirements
Future Model Phase 2	2,990,000	2,459,398	951,935	951,150	785			Programme nearing completion
Capital Contingencies	Ongoing	3,704,976	7,853	0	7,853			Subject to legal process
Sovereign Harbour Innovation Mall	1,400,000	0	1,400,000	1,400,000	0	0		Complete
Solar Panels (2nd Programme)	500,000	303,778	232,871	196,200	36,671	36,649	7%	All works completed. Over spend relates to Phase 1
IT - Block Allocation	Ongoing	241,726	278,615	251,250	27,365		ļ	Planned works completed.
EHIC - Loan (Seaside)	1,850,000	0	1,560,000	1,560,000	0			Property purchase 26.11.15. Full loan not yet drawn down
Total Corporate Services		7,133,554	4 634 847	4,501,600	133,247			
Total corporate services		7,155,554	4,054,047	4,501,000	133,247		ļ	
Asset Management								
Devonshire Park Review Stage 1-4a	2,875,000	762,164	2,160,856	2,112,850	48,006	48,020	2%	Complete
Devonshire Park Project Incl Stage 4b	44,000,000	0	567,866	125,000	442,866			Separate Cabinet reports
Congress Theatre redesign & restoration	1,950,000	1,109,316	694,150	810,700	-116,550		<u> </u>	Practically complete
D qy vnland Pumps/Pipes Replacement	24,900	24,376	56,025	56,000	25			Scheduled works completed. Remaining budget re-profiled to 2016-17
मुक्केtched Shelters - re-roofing	23,600	0	24,973	25,000	-27	1,373	6%	Completed under original budget of £40k
Devonshire Park Theatre - rendering &				•				Significant additional work identified including structural
Towers	197,000	833	622,886	576,750	46,136			defects and effect of subsidence. Work will continue into 2016-17.
Motcombe Dovecot	17,000	0	24,296	18,500	5,796	7,296	43%	Works completed
Shinewater Boiler replacement	45,000	Ō	33,845	45,000	-11,155	-11,155	-25%	Works completed
Total Asset Management		1,896,689	4,184,898	3,769,800	415,098			
							ļ	
Pier Grant & Coastal Communities Grant								
Wish Tower Restaurant	1,200,000	0	36,444	30,000	6,444			Works due to commence 2016-17. Consultant costs only
Princes Park - Café Refurbishment	394,556	0	265,423	149,556	115,867		ļ	in 2015-16 Works started 1.2.16. Completion due June 2016
Princes Park - Public Realm Work	512,359	81,872	23,860	30,487	-6,628			Works due to start 28.3.16. Majority of works will be in
Sea Houses Sq - Plaza Improvements	169,500	20,677	22,000	8,823	13,177			2016-17 Works planned to start May 2016
Seaside Rd - Elms Bdg Façade	172,826	5,743	99,641	167,083	-67,442	-67 442	-30%	Works complete under budget
Seaside Rd - 67-69 Seaside refurb	68,687	,,, ₄₅	99,041	68,687	-68,687	0,7772		Re-profiled to 2016-17
			-	50,007			1	
		108,291	447,368	454,637	-7,269			
General Fund		19,648,121	10.840.094	10.523.437	316,657	103.0%	ļ	% completed
HRA			7,119,080			76.0%		% completed
Total		25,887,859	17,959,174	19,892,438	-1,933,264	90.3%		% completed

Agenda Item 11

Body: Cabinet

Date: 25th May 2016

Subject: Wish Tower Restaurant – Development and Marketing

Programme Update

Report of: Nazeya Hussain, Senior Head of Regeneration,

Planning and Assets

Ward(s) Meads

Purpose To receive and note this update report on the development of

the former Wish Tower restaurant and to delegate authority to the Senior Head of Regeneration, Planning and Assets to conclude commercial terms with an operator, including a

lease of the building.

Decision type: Key Decision

Recommendation: Cabinet is recommended to:

(i) Note the contents of this report.

(ii) Delegate authority to the Senior Head of Regeneration, Planning and Assets to conclude the commercial agreement with the preferred operator.

(iii) Delegate authority to the Senior Head of

Regeneration, Planning and Assets in conjunction with the Lead Member for Tourism and Leisure Services, and the Lead Member for Core Support and Strategic Services, to let the construction contract for delivery of the new building, subject to

planning and other consents.

Contact: Bee Lewis, Head of Property & Facilities. Telephone 01273

471600 ext 1101. Email:bee.lewis@lewes.gov.uk

1.0 Introduction

- 1.1 In June 2015, Cabinet approved the following recommendations in relation to the Wish Tower site:
 - i. Agree to recommendations for the marketing and future development of the site.
 - ii. Agree to the appointment of the project manager to assemble the project team and prepare concept designs to support the marketing of the site.
 - iii. Delegate to the Senior Head of Regeneration, Planning and Assets in consultation with the Strategic Property Board the marketing of the

- site to secure a cafe/restaurant operator and agree the final design. iv. Agree the £1.2m from the DCLG grant fund is allocated to the new Wish Tower development.
- 1.2 Following these recommendations, Focus Consulting (FC) were appointed as Project Managers, together with Levitt Bernstein (LB) as architects and Bruce Gillingham Pollard (BGP) to procure a high quality operator for the site, with the aim of bringing a different offer to Eastbourne that would both improve what already exists, but without competing with it. In accordance with agreed longer term objectives, the Council has agreed to move forward with the development of a permanent top quality venue that offers an exceptional dining experience, boosted by high end interior and exterior design values.
- 1.3 The unique location of the site presents the Council with an unparalleled opportunity to deliver a flagship development; the intention being that the new scheme will prove attractive to both visitors and residents. However, in accordance with the Council's commitment to a sustainable asset base, it is imperative that the new development is financially viable providing an income to the Council.
- Funding for the new development is provided by the successful award of capital from the DCLG grant fund of up to £1.2m. This project represents the largest element of the total £2m fund granted by DCLG, which is providing support to a range of other economic development activities across the town.
- 1.5 Notwithstanding the above and befitting the generous donation made by the Foyle family in the 1950s, the permanent facility has been designed to complement the planned war memorial and peace garden at the Wish Tower, providing a visual link between the two, in memoriam to the civilians of Eastbourne, killed in World War II. To that end, officers and LB have been working closely with representatives of the Foyle family to ensure there is a synergy between the two projects and the design of the new restaurant has been influenced by the proposed memorial.

2.0 Background

- 2.1 The Council commissioned and received a 'soft market test', undertaken by an international leisure market and investment appraisal specialist. The key points from the study which informed the marketing strategy are summarised below:
 - The unique location and its potential are likely to appeal to independent operators which may be less attractive to operators within the corporate sector as it is considered off pitch when compared to the town centre.
 - The site has the potential to become a significant draw for visitors attracting footfall towards the Devonshire Park and cultural quarter of the town.
 - Rather than constraining the opportunity at this stage, the marketing campaign offered a flexible approach to terms, offering both standard commercial and long lease options.
 - Through the implementation of an effective marketing programme, the

appropriate disposal/letting method will be adopted to secure the optimum development to meet the Council's financial, economic, social and environmental objectives.

3.0 Operator Procurement

- Following a period of advertising to the market, there were 14 initial requests for information and 6 potential operators submitted expressions of interest.
- 3.2 The assessment panel tested the expressions of interest against a number of criteria:
 - Extent to which the proposal meets the Council's vision.
 - Extent to which the commercial viability and terms are acceptable to the Council.
 - Extent to which the Council has the confidence in the bidder's ability to deliver.
 - Extent to which the Council is satisfied that the bidder has the appropriate financial capability to deliver the offer.
- Three operators have been shortlisted and will now go through a negotiated process to determine their Best and Final Offer (BaFO). The preferred operator will be determined in mid-June.
- 3.4 Officers have mapped out the existing offer along the seafront and the results are attached at Appendix 1. There is a clear gap in the market for a high quality day to night restaurant, with an emphasis on local, fresh produce.
- As part of the council's Vision to create a footfall driver to the seafront, the preferred bidder must demonstrate a menu and price point to appeal to all potential customers and markets including beach goers, tourists and locals. Restaurateurs are encouraged to provide sample menus with prices to cover the range of offer that they are proposing.
- 3.6 In tandem with menu affordability the preferred operator must be able to demonstrate their respective varied food offers across the day i.e. breakfast, lunch and dinner. It's important that the menu isn't too focused on one particular food type without offering alternatives. Seafood is a natural food type given the location and this would be encouraged to appear on the menu.
- 3.7 When considering each bid, and the suitability of the offer for Eastbourne, a high degree of regard has been given to the existing seafront offer. It is important that the preferred operator is able to offer something that does not already exist, bringing with it a certain cachet that will both attract new visitors to the town, but that will also hold appeal to local people.

4.0 Design and Planning

4.1 The project manager (FC) is driving through progress on the new permanent facility. The architects, LB, have been working up designs to RIBA stage C of

the scheme within the parameters of the planning guidance note and reflecting the Council's aspiration for this iconic site. The plans are to assist potential operators visualise the scale and form of the new facility, in turn assisting them in submitting bids for the future operation of the new café/restaurant.

- 4.2 The footprint of the proposed building, whilst larger than the existing Western View café, is considerably smaller and less imposing than the original Wish Tower restaurant. It is also further away from the Wish Tower itself and the design aim has been to minimise potential impact upon the tower.
- 4.3 The design has been through several iterations and LB are keen to deliver something that is sympathetic to the surroundings, but that is not a direct replacement, on a larger scale, of the existing facilities.
- 4.4 A construction contractor will be appointed to deliver the scheme. Internal fit out will be the responsibility of the tenant. The permanent facility will need to meet the target yield, consistent with the commitment to achieving a sustainable asset base by 2021.
- 4.5 A planning application will be submitted in June, for determination in September.

5.0 The Western View

- 5.1 The Western View café opened in July 2013 and operates within a gross internal area of 66 sq m with a further decking area of circa 390 sq m. There are 30 internal covers and capacity for 250 covers on the decking.
- The facility opens daily from 08.30 until dusk, offering a light bite menu with hot and cold snacks. On the busiest days, the Western View receives an average of 450 customers each day and the average spend per head is £6.50.
- 5.3 The core business is repeat business with an approximate mix of use of around 60% residents and 40% visitors.
- Officers have canvassed the regular users and their reasons for using the Western View are: quality and price, customer service, location, and views. The only adverse comment received is that the Western View is just not big enough.
- 5.5 The Western View was constructed in such a manner that most of the building could be salvaged and relocated elsewhere. It is proposed the facility will continue to operate until the end of November 2016, then it will be dismantled and moved to another location.
- Three sites have been identified as potentially suitable for the relocation of the facility. Officers are working up the options in more detail and relocation will need to take place between January 2017 and March 2017.
- 5.7 The costs of relocating Western View are outside of the scope of the Wish

Tower restaurant project. Likely relocation costs will include site surveys, connection to utilities, planning application, associated legal costs relating to governance. It is recommended that officers bring a separate report to Cabinet in due course relating to the options and costs of relocating Western View.

6.0 Consultation

- 6.1 The Wish Tower location is a treasured part of the seafront. Within the context of sensitive and considered plans it has huge potential. The Council anticipates and welcomes significant interest from the public in respect of the future development of this important site.
- In line with the Cabinet decision, officers have been briefing the Strategic Property Board. There have also been a number of stakeholder meetings with heritage, commerce and tourism stakeholders, including the Wish Tower memorial group, Business Breakfast, Pier Action Group, and the Wish Tower Project Board.

There will be further public consultation as part of the planning process.

7.0 Corporate Plan and Council Polices

- 7.1 The proposal to provide a permanent facility at the Wish Tower site conforms to the Corporate Plan priorities to create a prosperous economy and quality environment. That the new development be financial viable aligns with the commitment to sustainable performance.
- 7.2 The proposal to provide a permanent facility is consistent with the Corporate Plan as working in partnership to redevelop the Devonshire Park complex and the Wish Tower Restaurant site on the seafront.

8.0 Legal Implications

This is an update report and there are no legal implications arising from it. The Council has appointed Blake Lapthorn LLP to assist with the specialist legal agreements required for this project.

9.0 Equality analysis

- 9.1 The building will meet Building Regulations requirements, ensuring that it meets the access needs of a number of protected characteristics such as age, disability, and pregnancy and maternity.
- 9.2 Additionally, the service will aim to meet the needs of users, including those who may be disadvantaged on socio-economic grounds.

10.0 Performance and outcomes

The progress of the project will be monitored by the Strategic Property Board in accordance with standing instructions.

11.0 Conclusion

- 11.1 The future development of the Wish Tower site is an integral part of the Council's seafront and tourism strategy. Significant progress has been made to develop a design and determine an operator. The next steps will be to appoint an operator, submit the planning application, and to prepare the construction contract.
- 11.2 Members are requested to approve the recommendations as outlined in the report.

Background papers

The Wish Tower, King Edwards Parade, Eastbourne - Leisure Market and Investment Appraisal - a report by GVA, a Bilfinger Real Estate Company, November 2014. Wish Tower Site, King Edwards Parade - Planning Advice Note, May 2015

Appendix 1: Analysis of seafront food and beverage offer

Seafront F&B	Location	Food Offer	Operator
Pistachio in the Park	Princes Park	Day time offer, light lunches. Tea/coffee/ice cream. Will operate as a training facility for hospitality students	Lease about to be signed with the University of Brighton
Beach Deck	Treasure Island	Restaurant, fully licenced. Day and evening offer. Breakfast, lunch full menu.	GPSI Europe
Spinnakers	Redoubt	About to be refurbished and new lease issued, will be a day time offer, tea, coffee/cake	Lease about to be signed will form part of the volleyball offer
The Outpost	Inside the Redoubt	Daytime offer. Light lunches, mainly tea/coffee cake	Devonshire Park Catering
The Pavilion	Royal Parade	Licensed café, day time only. Light lunches. Tea/coffee cake	Devonshire Park Catering
The Broadwalk	Lower promenade	Licensed café, housed within the seafront shelter. area of decking on the beach Day and evening offer. Speciality pizzas made on site	GPSI Europe
St Aubyns Kiosk	Marine Parade	Ice creams. Teas and coffee	GPSI Europe
Roux Express	Lower promenade	Licensed café housed within the seafront shelter. Decked area of beach mainly open during the day. Light lunches. Tea/coffee cake	GPSI Europe
Marine Parade - Kiosk	Marine Parade	Ice creams. Teas and coffee	GPSI Europe
The Beach House	Grand Parade	Licensed café housed within the seafront shelter. Area of decking on the beach. Mainly daytime offer. Light lunches. Tea/coffee cake	Ocean Breeze

Carpet Gardens		Ice creams. Tea and coffee	
Kiosk	Grand Parade		GPSI Europe
Devonshire Place -		Ice creams. Tea and coffee	
Kiosk	Grand Parade		GPSI Europe
Perriwinkles	Lower promenade	Seafood bar. Frozen yoghurts. Ice	EBC owned, leased to
		creams	tenant
Swiss Chalet	Lower promenade	Ice creams. Tea and coffee	GPSI Europe
Bandstand - West	Grand Parade	Ice creams. Tea and coffee	GPSI Europe
Howard Square -		Ice creams. Tea and coffee	
Kiosk	Grand Parade		GPSI Europe
Carlisle Road -		Ice creams. Tea and coffee	GPSI Europe
Kiosk	Grand Parade		
Wish Tower - Kiosk	Grand Parade	Ice creams. Tea and coffee	GPSI Europe
Western View	King Edwards	Licensed café. Large area of	
	Parade	decking. Light lunches and tea,	Devonshire Park Catering
		coffee and ice creams	
Holywell Café	King Edwards	Licensed café, mainly light lunches	EBC owned, with a lease
	Parade	and breakfast menu. Tea/coffee	to tenant
		cakes and ice creams	

Agenda Item 12

CABINET BODY

DATE 25th May 2016

SUBJECT Eastbourne Town Centre – Arndale Centre

extension - use of 'Section 237' powers to assist

with delivery of the proposed development.

REPORT OF Senior Head of Regeneration Planning & Assets

Ward(s) Devonshire

To seek Cabinet support for the Borough Council to **Purpose**

> assist in facilitating the development of the extension to the Arndale Centre by acquiring land from the developer and appropriating the land for planning purposes in order that Section 237 of the Town and Country Planning Act 1990 ('the Act') can be relied

upon.

Lisa Rawlinson, Head of Regeneration and Planning Contact

Policy

1 Grove Road, Eastbourne Tel no: (01323) 415250

E-mail: lisa.rawlinson@eastbourne.gov.uk

Recommendations It is recommended that the Cabinet resolve in

> principle to authorise the acquisition of the land, as identified on the attached plans and schedule by the Council pursuant to Section 227 of the Town and Country Planning Act 1990 in order to then engage powers under Section 237 of the Town and Country

Planning Act 1990 for the planning purpose of

facilitating the carrying out of the Development (in its current form or as may be varied or amended) and subsequent disposal of that land to the Developer (or an associated company) under Section 233 of the Town and Country Planning Act 1990, and that the following authority be delegated to the Senior Head of Regeneration, Planning and Assets in consultation

wit the Lead Cabinet member to:

1. Finalise the terms for the acquisition and disposal

of the above land with the Developer (or

- associated company) and for the relevant documentation to be entered into by the Council;
- 2. Finalise the extent/boundary of the land identified in the attached plans and schedule to be acquired by the Council and subsequently disposed of to the Developer once S237 powers have been exercised over the land.

1.0 Introduction

1.1 Members will recall that at the Cabinet meeting on 5 February 2014, Members were advised that Performance Retail Limited Partnership (the Developer) had submitted a revised application (application ref: 131071) for an extension to the Arndale Centre. Planning permission was granted on 13 May 2014 for:

Demolition of existing buildings to provide for an extension to the existing shopping centre for new Class A1, A2, A3, A4 and A5 (retail) use at ground and first floors and a multi-screen cinema complex (Use Class D2) plus ancillary space at second floor, a two storey extension to existing car park deck, new pedestrian access including new shopfronts on to Terminus Road and associated highway works ("the Development").

The new 170,000 sq ft scheme, that includes the demolition of buildings west of the existing Arndale Centre along Terminus Road, will bring an additional 22 new retail units, approximately 300 extra car parking spaces, seven restaurants and a nine-screen cinema to Eastbourne. The scheme is expected to create approximately 800 retail and catering jobs.

In order to facilitate the Development the Council considered it appropriate to exercise its CPO powers pursuant to S226(1)(a) to compulsorily acquire the land and new rights needed to enable the Development to proceed. Use of CPO powers was duly authorised by Cabinet on the 6 February 2013 (in relation to planning application 120904 issued on 30 May 2013). Following receipt of the revised application, the Cabinet further authorised on 5 February 2014 that, if consented, the authority to make a CPO (as resolved on 6 February 2013) continued to apply to the Development.

On 26th February 2015 the Council made "The Eastbourne Borough Council (Arndale Centre and Surrounding Land at Terminus Road, Sutton Road and Ashford Road) Compulsory Purchase Order 2015 (the CPO).

- The CPO was considered at a public inquiry and was subsequently confirmed by the Secretary of State on 29th February 2016.
- 1.3 As Members were previously advised, prior to the CPO being made, the Developer had sought to separately negotiate with relevant third party landowners in order to secure the land required for the Arndale extension by agreement. The Developer continued to negotiate following the making of the CPO and has been successful in securing the majority of the freehold interests by private treaty. As a result, part of the Development will take place on land that has been acquired by the Developer by private treaty and not as a consequence of implementing the CPO.
- 1.4 Various restrictive covenants exist over some areas of land which have been acquired by the Developer and also over its existing land holding. A composite list of those rights, so far as it is possible to ascertain the rights from the title documentation, is set out in the schedule attached to this report. The Development may interfere with those rights.
- 1.5 Under the CPO Indemnity Agreement (entered into between the Council and the Developer on 10 February 2015) the Developer may require the Council to take a transfer of the land required for the development for planning purposes and to utilise section 237 of the Act over such land for the purpose of enabling the lawful interference with any rights of restrictive covenants which may impede the delivery of the development. The CPO Indemnity Agreement also contemplates that where the developer acquires further parts of the site by private treaty the Council will enter into an option agreement in respect of that additional land for the purposes of utilising S237 powers. One Section 237 has been exercised over the land, it will be transferred back to the Developer in order for it to then commence the development, free of the risk from possible injunction where third party rights are being interfered with.

2.0 Process and Application

- 2.1 The Council may acquire an interest in land to be developed, by agreement pursuant to Section 227 of the Town and Country Planning Act 1990. Such acquisition must be for a reason for which land can be compulsorily acquired under Section 226 of the Town and Country Planning Act 1990. The purposes for which land may be acquired are defined in Section 226(1) as follows:
 - (a) if the authority think that the acquisition will facilitate the carrying out of development/redevelopment or improvement on or in relation to the land; or

- (b) if the land is required for a purpose which it is necessary to achieve in the interests of the proper planning for an area in which the land is situated.
- In this case the purpose falls within Section 226(1)(a) as the carrying out of the scheme which has been the subject of planning permission would be facilitated. The local authority however must not exercise the power under Section 226(1)(a) unless they think the development/redevelopment or improvement is likely to contribute to the achievement of the economic social or environmental well being of their area.
- 2.3 Section 237 of the Town and Country Planning Act 1990 provides that the erection, construction, or carrying out or maintenance of any building or work on land which has been acquired or appropriated by a local authority for planning purposes (whether done by the local authority or by a person deriving title under them) is authorised if done in accordance with planning permission notwithstanding that it involves interference and easement or breach of restrictive covenant. Section 237(4) confirms that in respect of any interference with such a restrictive covenant then compensation is payable on the basis of diminution in the value of the claimant's land. The loss will only occur and the right to compensation arise once that interference occurs and the measure of compensation payable is therefore the diminution in value of the interest affected.
- 2.4 Thus an effect of Section 237 is to remove the ability of a third party (with the benefit of any such right) obtaining an injunction to prevent the development; it reduces the risk of the development process being stopped once it has started. Upon acquisition and exercise of S237, the Council would have the power to dispose of the interest acquired pursuant to Section 233 of the Town and Country Planning Act 1990. Disposal takes place where the Council is satisfied it is expedient in order:
 - (a) to secure the best use of that or other land and any buildings or works which are to be erected or carried out on it (whether by themselves or any other person); or
 - (b) to secure the erection, construction or carrying out on it of any building or works appearing to them to be needed for the proper planning of the area.
- 2.5 There is no formal statutory procedure, notice, requirement, or guidance for the exercise of the Section 237 power. However, the effect is to

- deprive a third party of the property rights (albeit be compensated) and the Council should, prior to exercising that right, have proper regard to the likely consequences of using that power.
- 2.6 Accordingly, the Council, if it is to utilise the above power, should be satisfied with the following:
 - (i) whether the restrictive covenants/rights to be interfered with cannot reasonably be released by agreement and consider what efforts have been made to reach agreement with the affected parties;
 - (ii) that use of Section 237 powers will facilitate the carrying out of development, redevelopment or improvement on or in relation to land;
 - (iii) that the development/redevelopment or improvement will contribute to the promotion or improvement of the economic, social or environmental wellbeing of the Borough and therefore it is in the public interest that it be carried out;
 - (iii) whether the benefits of the Development could be achieved without giving rise to all or some of the infringements;
 - (iv) whether the public benefits arising from the recommendations are proportionate to the private rights being infringed having regard to the European Convention on Human Rights.

Whether the relevant covenants can be released by agreement

- 2.7 As detailed at Appendix 1, the Developer's land is subject to various rights and interests. Extensive due diligence has been undertaken to ascertain the beneficiaries of these rights including:
 - a) Serving requisitions for information
 - b) Searches at Companies House
 - c) Site visits
 - d) Reviewing adjacent title registers
- 2.8 As is detailed in the schedule at Appendix 1 all of the restrictive covenants which have been identified as burdening the land are largely historic, being imposed as early as 1867 to 1971. Consequently identifying those who have the benefit of those covenants has proven difficult to establish; where companies have been identified as being the beneficiaries of the covenants searches have been undertaken by the Developer's advisors at Companies House but it is understood those companies no longer exist. In some instances the details of the restrictive covenants themselves are not known. Where the details of the restrictive

covenants are known, it is questionable whether the Development will genuinely infringe some of these covenants. The broad nature of the covenants fall within the following categories:

- (a) restriction on carrying out any dangerous noisy or offensive trade which causes nuisance or disturbance to the beneficiary of the covenant;
- (b) not to erect a building or carry out any business involving the wholesale of beers wines or spirits other than those brewed by the Wine Exchange Limited
- (c) not to carry out any business other than that of a medical practitioner dental surgeon or other practice
- (d) restriction to use of land as a private dwelling;
- (e) not to use the land for a public house.
- 2.9 It is possible some of these covenants will already have been breached by the former/current owners/occupiers of the site. However it is understood the Developer, prior to commencing works on the Development requires any potential risk, which could impede the Development, be removed.
- 2.10 Accordingly officers are satisfied that the Developer has undertaken sufficient due diligence to identify the potential beneficiaries of the restrictive covenants and that, for the reasons identified above, it is not reasonable to expect the Developer to secure the release of these covenants and rights by agreement prior to the anticipated date to commence the Development in July 2016.

Use of the powers will facilitate the carrying out of development, redevelopment or improvement on or in relation to land

- 2.11 As already confirmed, the Council granted planning permission for the Development in 2014 and has made and confirmed a CPO in order to facilitate the carrying out of the Development. It is anticipated that works will commence on site in July 2016.
- 2.12 However in order to carry out the Development the Developer requires comfort that it can commence the development process without any risk that those whose rights are being infringed could seek an injunction preventing the Development proceeding. It is considered that the acquisition of the identified land for planning purposes and use of S237 of the land will provide this comfort and therefore facilitate the carrying out

of the development.

That the development/redevelopment or improvement will contribute to the promotion or improvement of the economic, social or environmental wellbeing of the Borough

- 2.13 This issue has already been considered in detail as part of the CPO process. The Secretary of State's decision confirming the CPO (and supporting Inspector's decision) also agreed that the Development will contribute to the promotion or improvement of the economic, social or environmental wellbeing of the Borough.
- 2.14 The Council is satisfied that development on this scale represents a significant investment in the Town Centre and complies with the Council's planning policies and aspirations for the regeneration of Eastbourne Town Centre; the benefits of which will be considerable to the economical, social and environmental wellbeing of the Borough, in terms of:
 - (a) becoming a retail destination for existing residents of the borough and those who live elsewhere;
 - (b) contributing to the town centre's evening economy which will secure additional spending within the town;
 - (c) attracting new retailers to the town centre and investment;
 - (d) creating a significant number and range of new employment opportunities, with the S106 obligations seeking to secure these at a local level so far as possible.
- 2.15 As a consequence of this investment and the economic benefits, there will also be significant social and environmental benefits for the borough, consisting of:
 - (a) modern and better designed retail units, a well designed scheme and layout, all of which will enhance the immediate environment and create a more attractive area for the public to visit and enjoy
 - (b) a package of Section 106 measures which will enhance the pedestrian environment and the public transport interchange. Including facilitating the considerable package of environmental improvements to Terminus Road;
 - (c) enhancing the evening economy in the town centre by providing a choice of leisure and food uses.

2.16 Accordingly officers are satisfied that S226(1)(A) of the Act is met. The proposed development will provide and enhance the economic, social and environmental wellbeing of the area.

Whether the benefits of the Development could be achieved without giving rise to all or some of the infringements

- 2.17 As identified in the section above, there are a number of benefits which the Development will deliver. The restrictive covenants affect the majority of the land upon which the extension to the existing Mall will be constructed and some of the Developer's existing land holdings. The Development cannot be feasibly altered to avoid the land affected by the restrictive covenants.
- 2.18 Accordingly if the Development does not proceed then the benefits identified above will not be delivered.

Whether the public benefits arising from the recommendations are proportionate to the private rights being infringed having regard to the European Convention on Human Rights.

- 2.19 The CPO has already been assessed by the Secretary of State, who was satisfied that there was a compelling case in the public interest that it be confirmed.
- 2.20 The European Court has recognised that "regard must be had to the fair balance that has to be struck between the competing interests of the individual and of the community as a whole".
- 2.21 Both public and private interests are to be taken into account in the exercise of the Council's powers and duties as a local planning authority. Any interference with a Convention right must be necessary and proportionate.
- 2.22 The Council is therefore required to consider whether its actions would infringe the human rights of anyone affected by the exercise of the s237 powers. The Council must carefully consider the balance to be struck between individual rights and the wider public interest.
- 2.23 Human Rights arise in respect of the proposed arrangements. Following the introduction of the Human Rights Act (1998) the Council is required to act in accordance with the European Convention on Human Rights (ECHR) in deciding whether or not to implement the arrangements. Article 1 of the First Protocol of the ECHR provides that every natural or legal person is entitled to peaceful enjoyment of their possessions.

- Acquisition of property under section 227 of the Act which engages section 237 of the Act to authorise interference with rights of light involves interference with a person's right under the article.
- 2.24 However, the rights to peaceful enjoyment of possessions in this Article is a qualified rather than absolute right, as the wording of Article 1 or Protocol 1 permits the deprivation of an individual's possessions where it is in the public interest and subject to the conditions provided for by law, and (in relation to the right to respect for private and family life and a person's home) Article 8(2) allows for interference which is "in accordance with the law and is necessary in a democratic society in the interests of national security, public safety or the rights and freedoms of others".
- 2.25 There must therefore be a balancing exercise between the public interest and the individual's rights whereby any interference in the individuals' rights must be necessary and proportionate. 'Proportionate' in this context means that the inference must be no more than is necessary to achieve the identified legitimate aim. A fair balance must be struck between the rights of the individual and the rights of the public.
- 2.26 Paragraphs 2.11 to 2.12 of this report highlights the substantial benefits from the scheme in terms of meeting the wellbeing tests. The public interest in facilitating the development and achieving the substantial public benefit outweighs the rights of the individuals to peaceful enjoyment of their possessions. The Secretary of State has already determined that there was a compelling case in the public interest to confirm the CPO. The proposed use of section 237 powers therefore amounts to a proportionate interference in all circumstances. In this regard the availability of compensation to those whose rights are interfered with is of relevance to the issue of proportionality.
- 2.27 The planning implications of the development have been fully considered. The development has been deemed acceptable in planning terms by the Council. Consideration of the scheme should not re-open consideration of the accepted planning merits of the development.
- 2.28 On balance, the infringements of the restrictive covenant for which the compensation prescribed by law will be payable, is outweighed by the substantial public benefit which the Development will deliver.

3.0 Implications

3.1 Legal Implication

- 3.1.1 The legal process and issues are dealt with in detail above. The Borough Council's risks will be managed via the existing strategic risk management process. Procedural risk with regard to the exercise of section 237 powers will be minimised by the use of external legal and commercial advisers and working in partnership with a similar team employed by the Developer.
- 3.1.2 The CPO Indemnity includes an indemnity in respect of any costs incurred by the Borough Council in connection with the transfer of the Developer's Land and the exercise of Section 237 powers. The Council will not be exposed to costs.

3.2 <u>Financial Implications</u>

3.2.1 The CPO Indemnity Agreement provides that the Council's costs associated with the transfer of third party rights, the exercise of the section 237 power and any compensation payable as a result will be met by the Developer. Accordingly, there are no financial implications for the Council.

3.3 <u>Human Resource Implications</u>

3.3.1 With the help of external specialists, existing council staff across the relevant services can manage the process within existing resources. The costs of external specialists are being fully met by the developer via the CPO Indemnity Agreement.

3.4 <u>Human Rights Implications</u>

3.4.1 The Human Rights Act 1998 prohibits public authorities from acting in a way which is incompatible with the European Convention on Human Rights. The Borough Council is therefore required to consider whether its actions would infringe the human rights of anyone affected by the exercise of Section 237 powers. While certain Convention rights may be relevant (such as the "right to peaceful enjoyment of possessions"), interference with such rights by public authorities will be justified where the public interest outweighs the interest of the private individual. It is considered that any interference with the Convention rights caused by the exercise of section 237 powers will be justified and proportionate in the wider public interest in order to secure the economic, social, physical and environmental regeneration of the town centre.

3.5 Equalities and Fairness Implications

3.5.1 An Equalities and Fairness Assessment has already been undertaken as

part of adopting the planning policy supporting the regeneration of Eastbourne Town Centre. Equalities was also assessed when proceeding with the CPO process. It is considered that the exercise of S237 to facilitate the proposals is unlikely to have any significant impact on fairness or equality.

4.0 Conclusion

- 4.1 Following the Secretary of State's decision to approve the CPO to allow the £85 million planned extension to the Arndale to proceed, which will provide an additional 22 new retail units, seven restaurants and a ninescreen cinema, it is considered that the acquisition of the land for planning purposes of the Development, so as to engage S237 of the Act, should be approved on the following basis:
 - (i) The Development has the benefit of planning permission and it is considered desirable that the Development progress and be completed as soon as possible;
 - (ii) the Council has already undertaken a lengthy CPO process to secure the necessary land and rights needed to facilitate the Development;
 - (iii) It is considered that appropriate investigations have been undertaken by the Developer to identify those with the benefits of the rights proposed to be infringed and that it is reasonable to conclude such beneficiaries cannot or will not be identified within a reasonable time period;
 - (iv) The Development will deliver public benefits to the borough;
 - (v) those who currently benefit from the restrictive covenants will be entitled to compensation for the interference with their rights;

Accordingly, all relevant considerations have been assessed and on balance it is considered appropriate that the Recommendation be approved.

Appendix

Plans

Schedule of restrictive covenants

Background Papers:

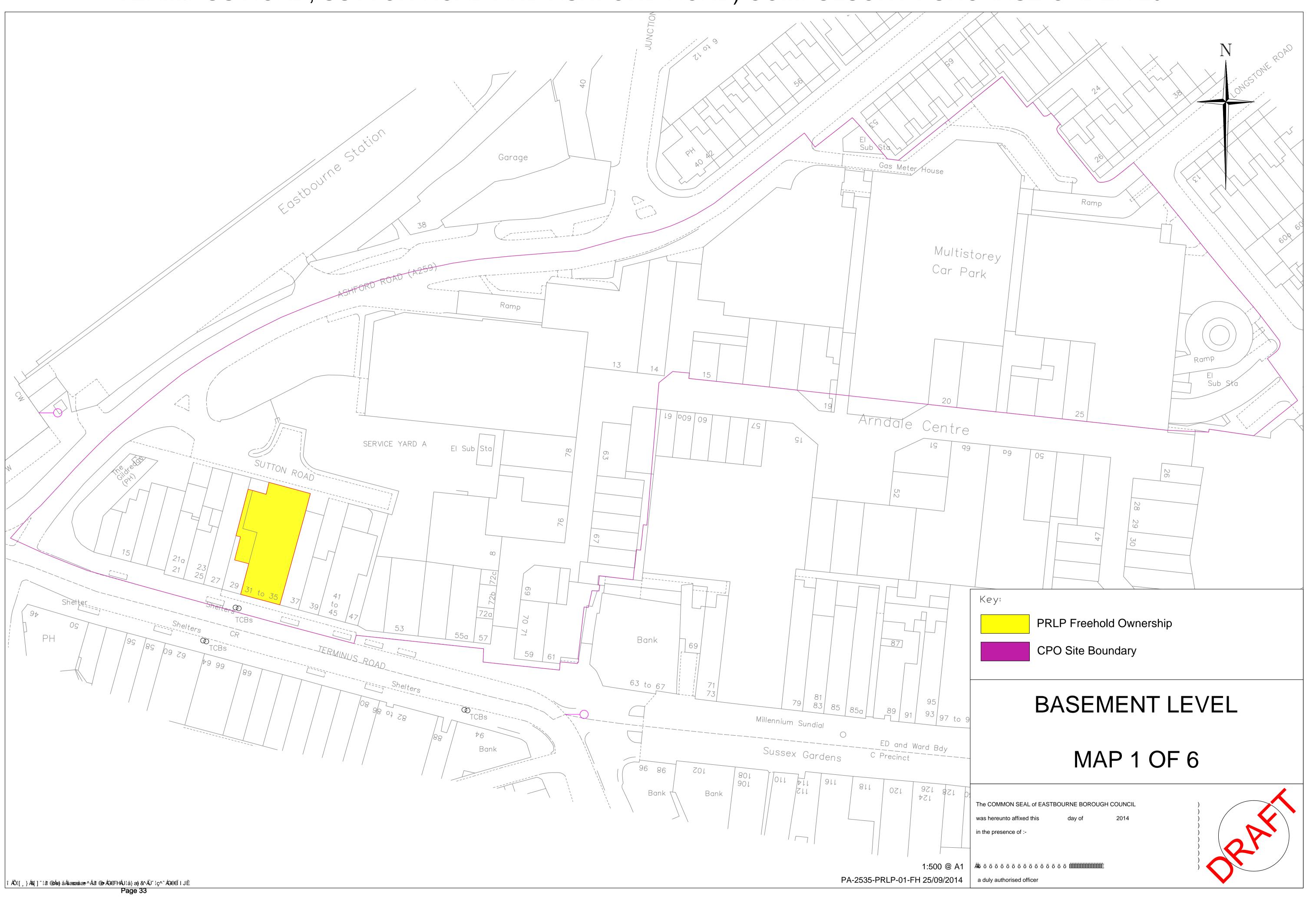
Report to Cabinet - 6 February 2013 Minutes of Cabinet meeting 6 February 2013

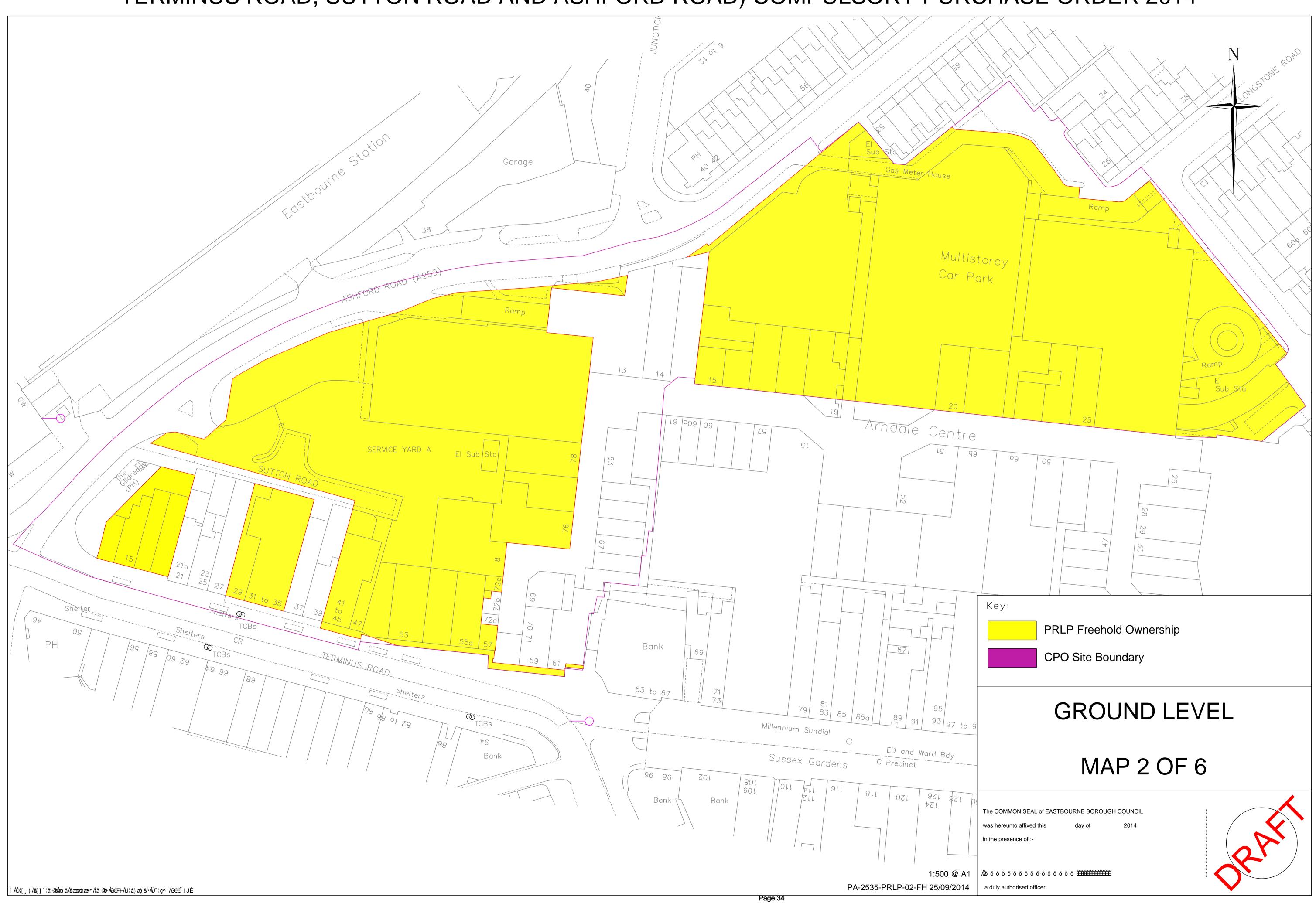
Report to Cabinet - 5 February 2014 Minutes of Cabinet Meeting of 5 February 2014

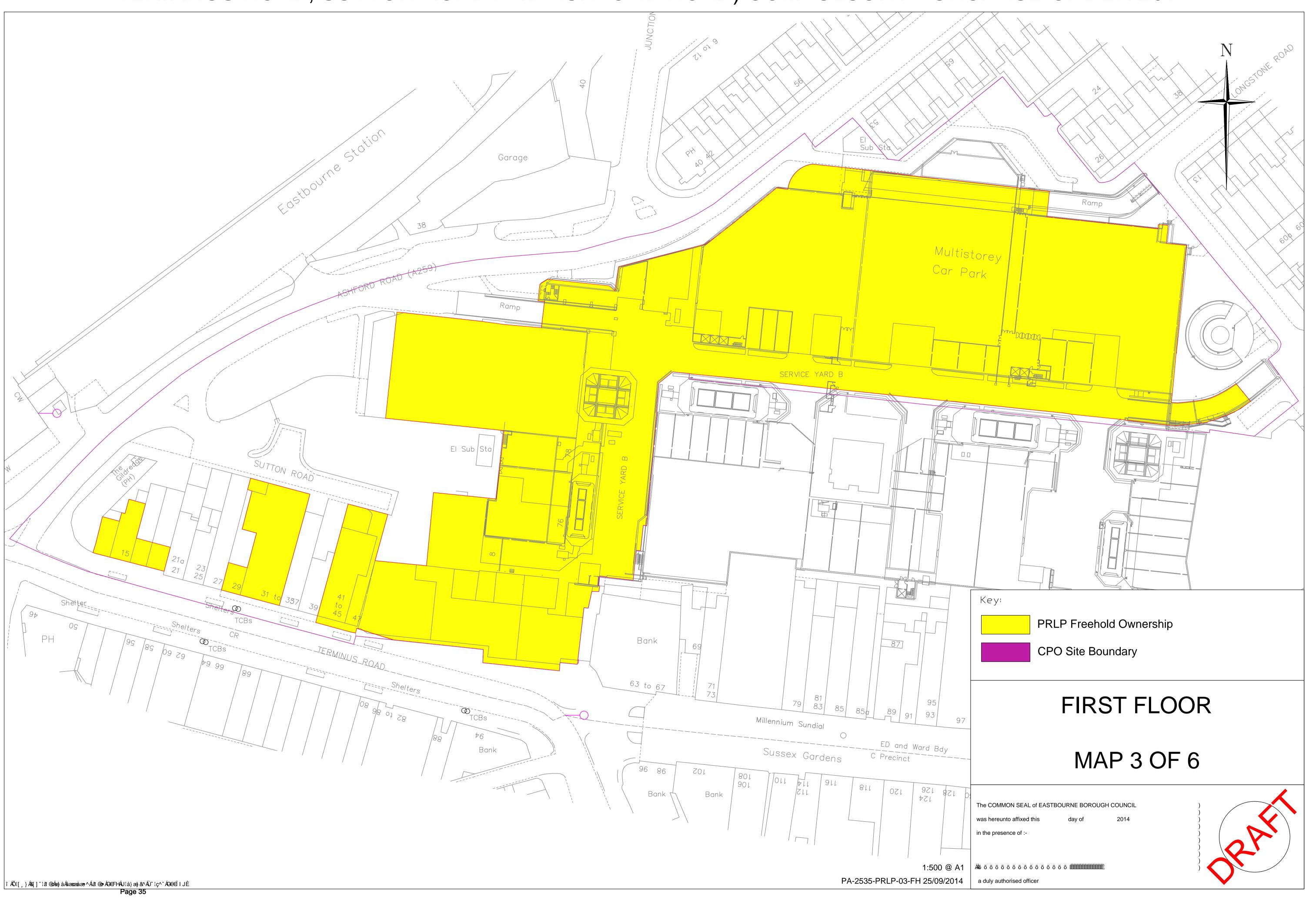
The Eastbourne Borough Council (Arndale Centre and Surrounding Land at Terminus Road, Sutton Road and Ashford Road) Compulsory Purchase Order 2015 and all supporting documentation.

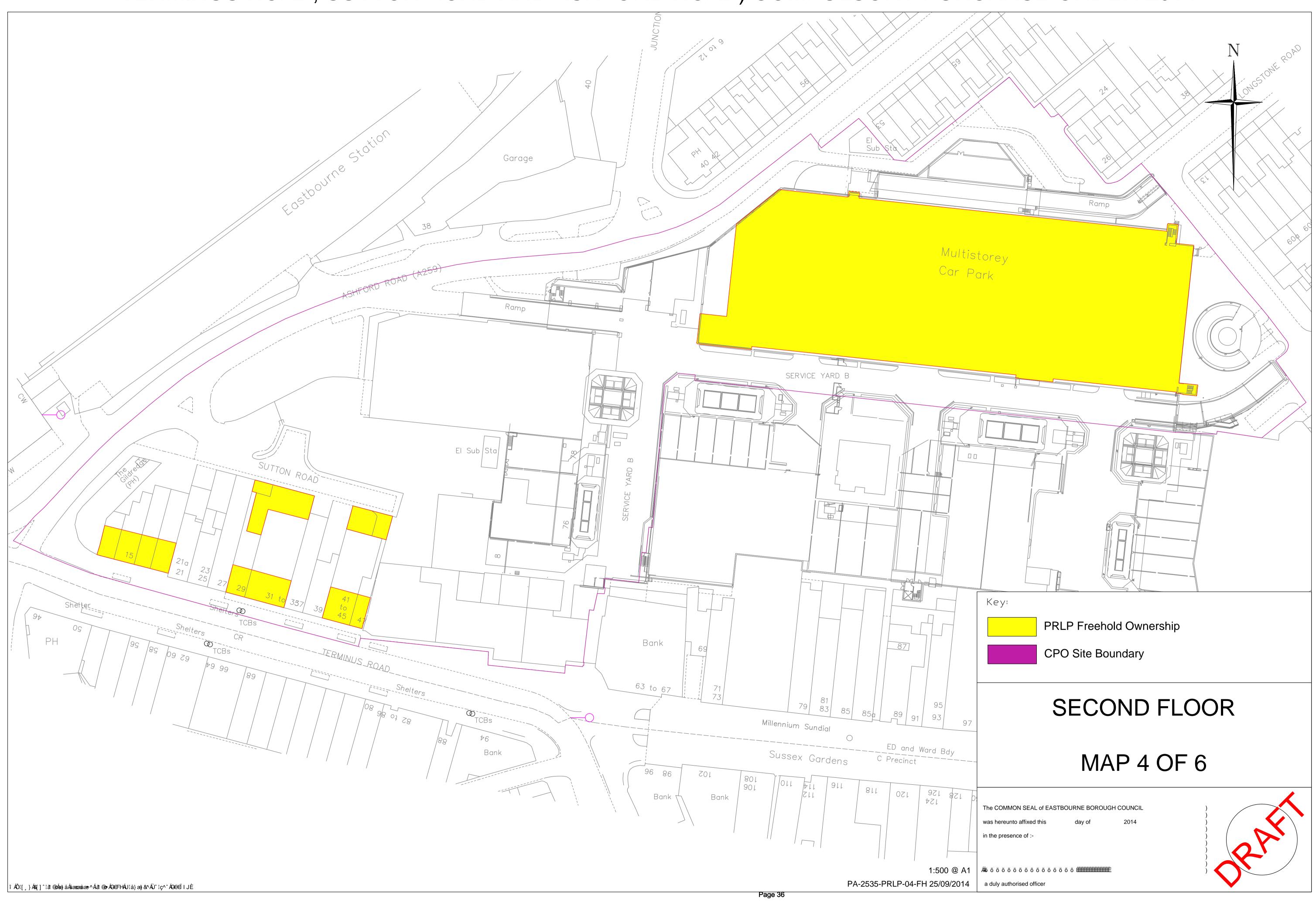
To inspect or obtain copies of the background paper, please refer to the contact officer listed above.

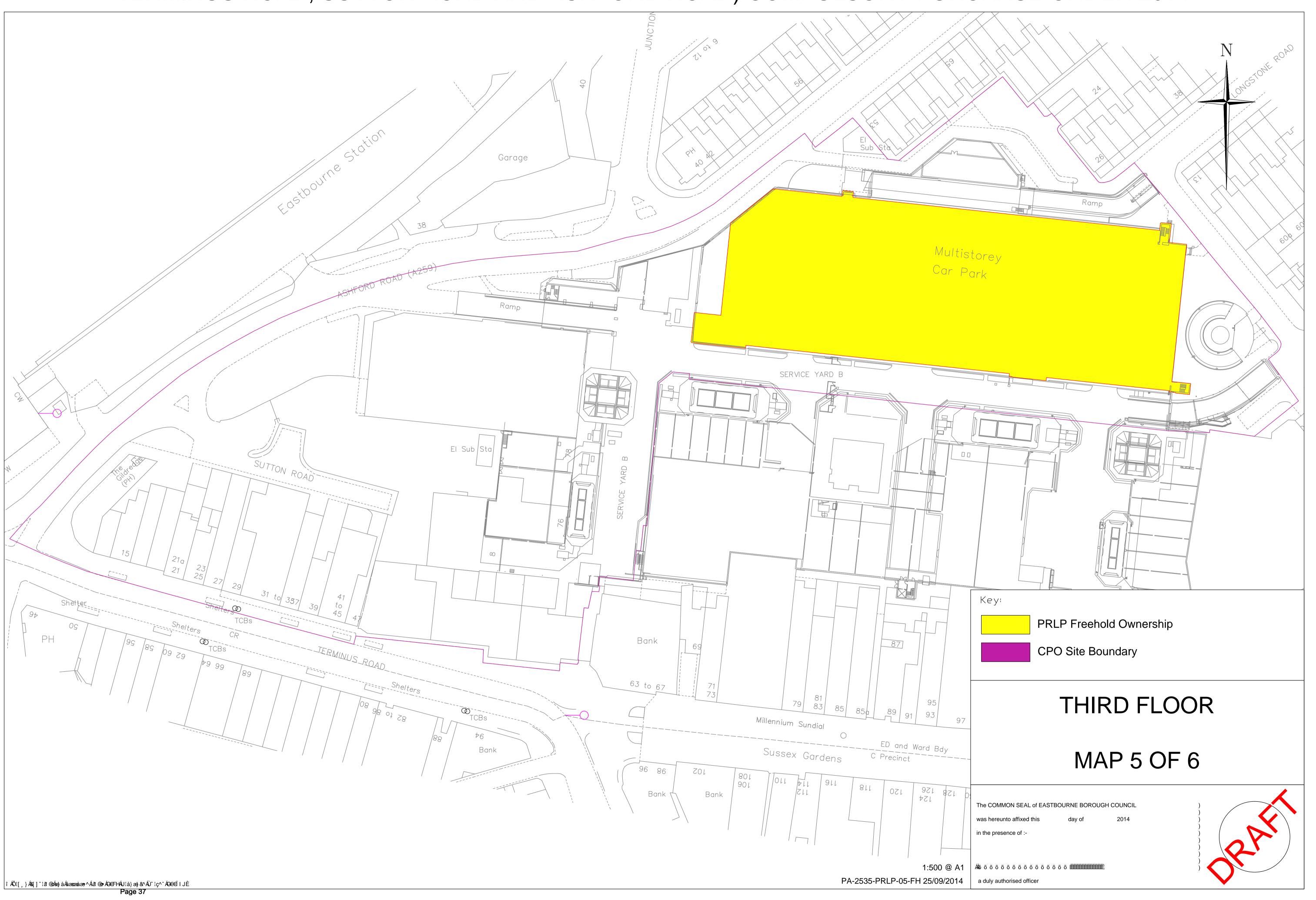
Appendix 1

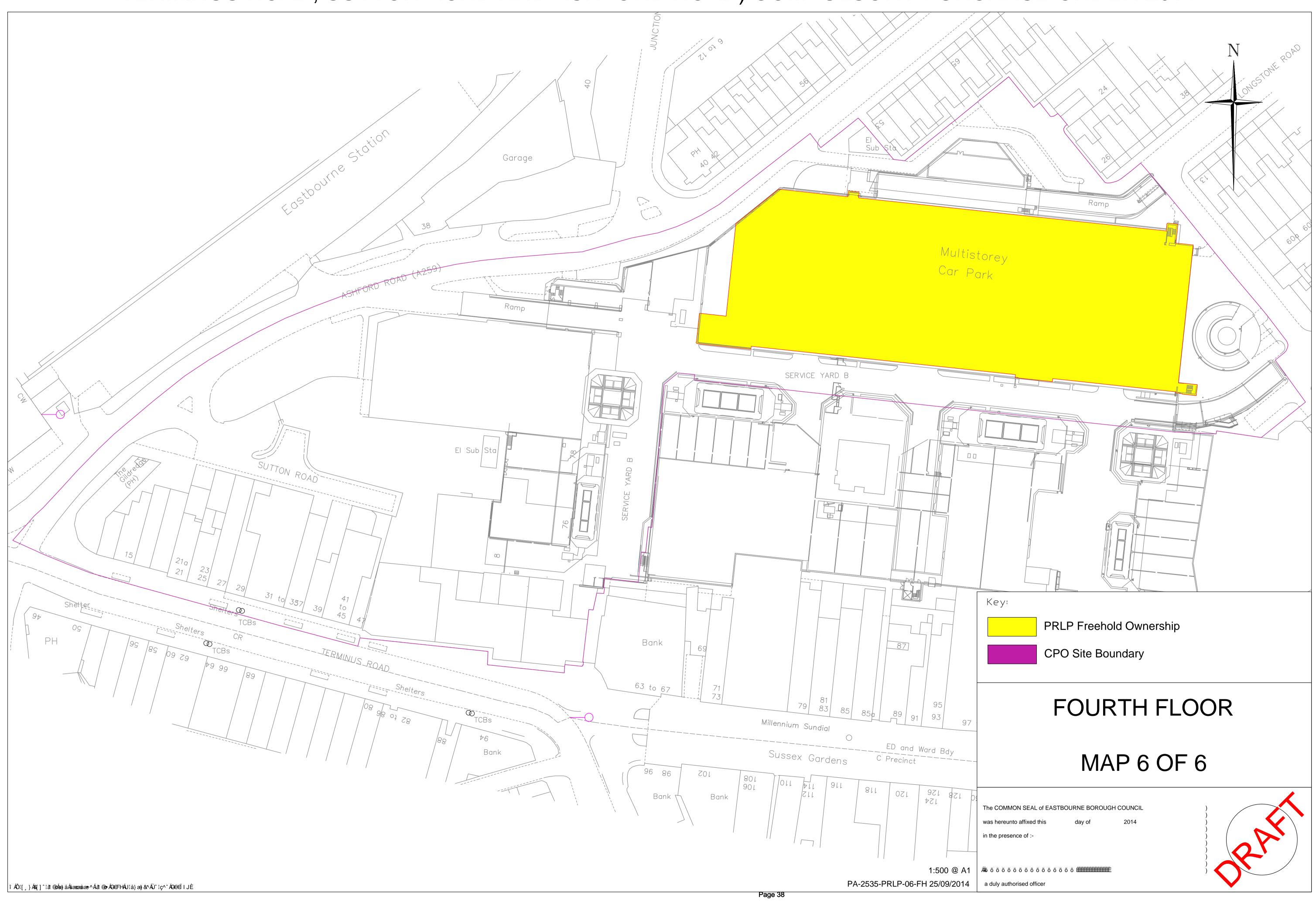










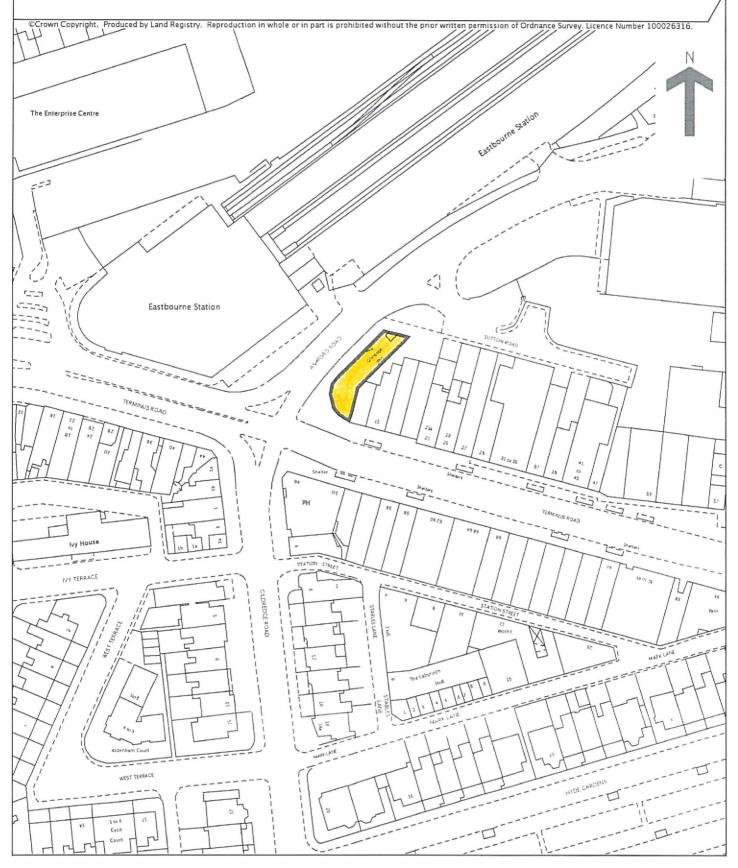


Land Registry Official copy of title plan

Title number EB20866 Ordnance Survey map reference TV6199SW Scale 1:1250

Administrative area East Sussex: Eastbourne





21 Terminuo Rd

Land Registry Official copy of title plan

Title number EB7781
Ordnance Survey map reference TV6199SW
Scale 1:1250
Administrative area East Sussex: Eastbourne



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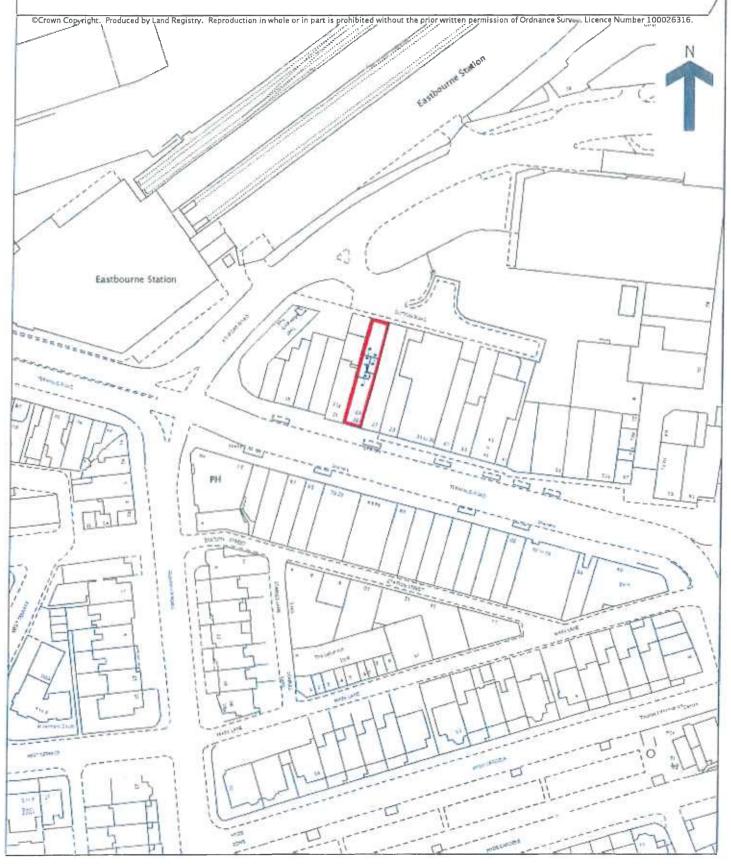
23-25 Tuminuo Rd

Land Registry Official copy of title plan

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Administrative area East Sussex: Eastbourne





H. M. LAND REGISTRY GENERAL MAP

SUSSEX (EASTBOURNE)

LXXX.10. SHEET

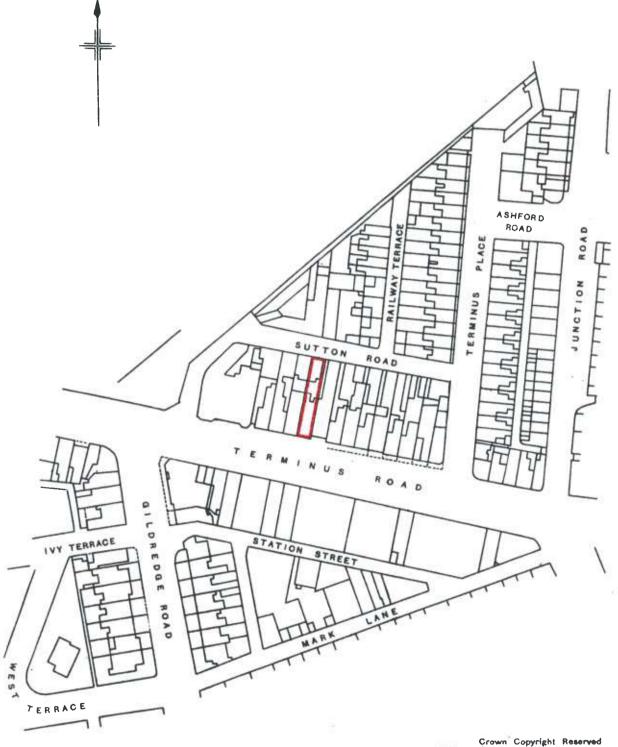
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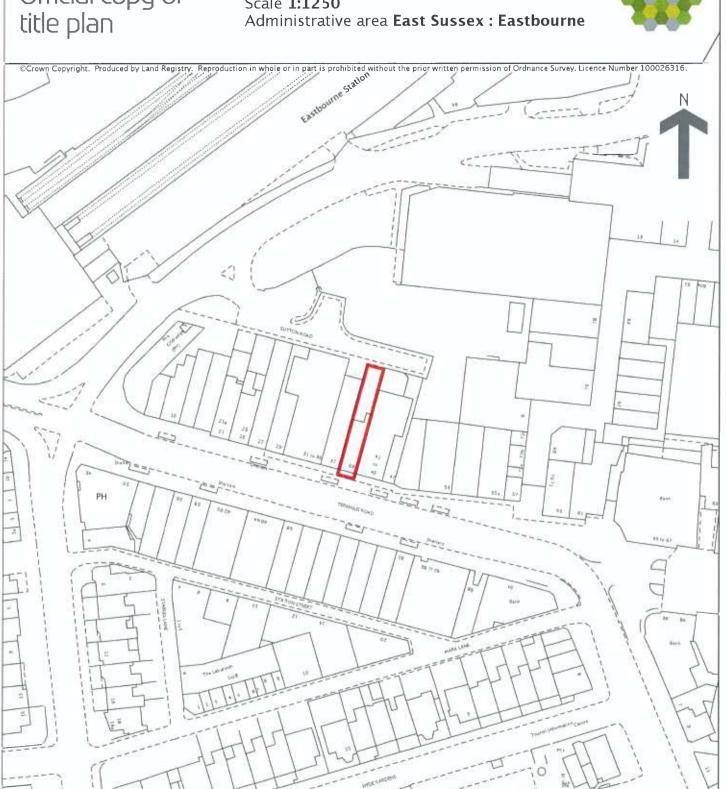
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COUNTY OF EAST SUSSEX EASTBOURNE DISTRICT



Field Plan of Time No. EB 13663

Land Registry Official copy of title plan Title number **EB21665**Ordnance Survey map reference **TV6199SW**Scale **1:1250**



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SUSSEX

SHEET

TV 6199

SECTION W

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COUNTY OF EAST SUSSEX

PASTBOURNE COUNTY BOROUGH



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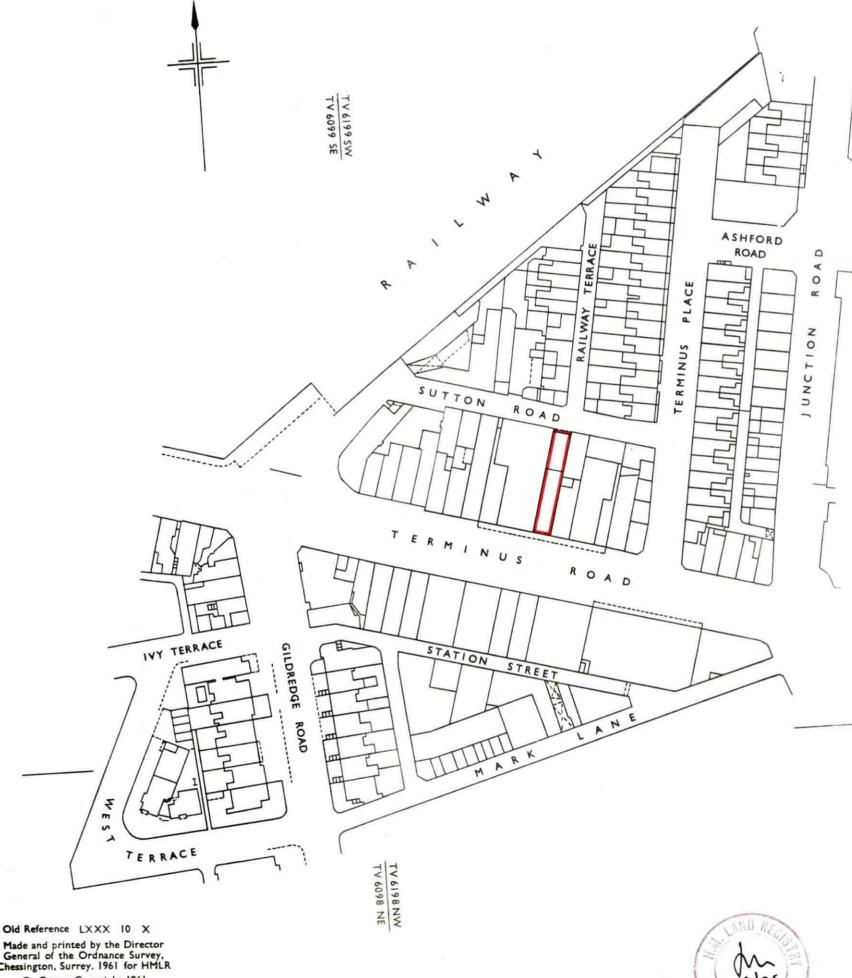
TV 6199

SECTION

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COUNTY OF EAST SUSSEX EASTBOURNE DISTRICT

EASTBOURNE COUNTY BOROUGH



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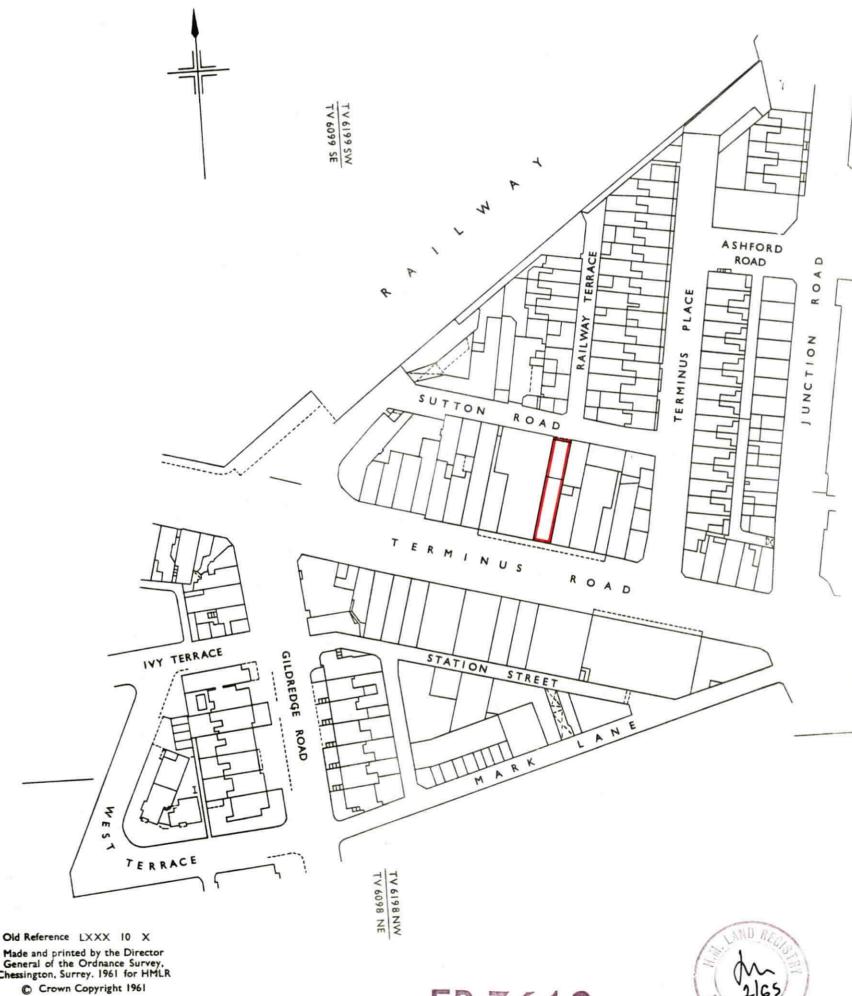
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COUNTY OF EAST SUSSEX EASTBOURNE DISTRICT

EASTBOURNE COUNTY BOROUGH



Filed Flan of Title No. EB 3612
Page 48

21 Terminuo Rd

Land Registry Official copy of title plan

Title number **EB7781**Ordnance Survey map reference **TV6199SW**Scale **1:1250**Administrative area **East Sussex**: **Eastbourne**



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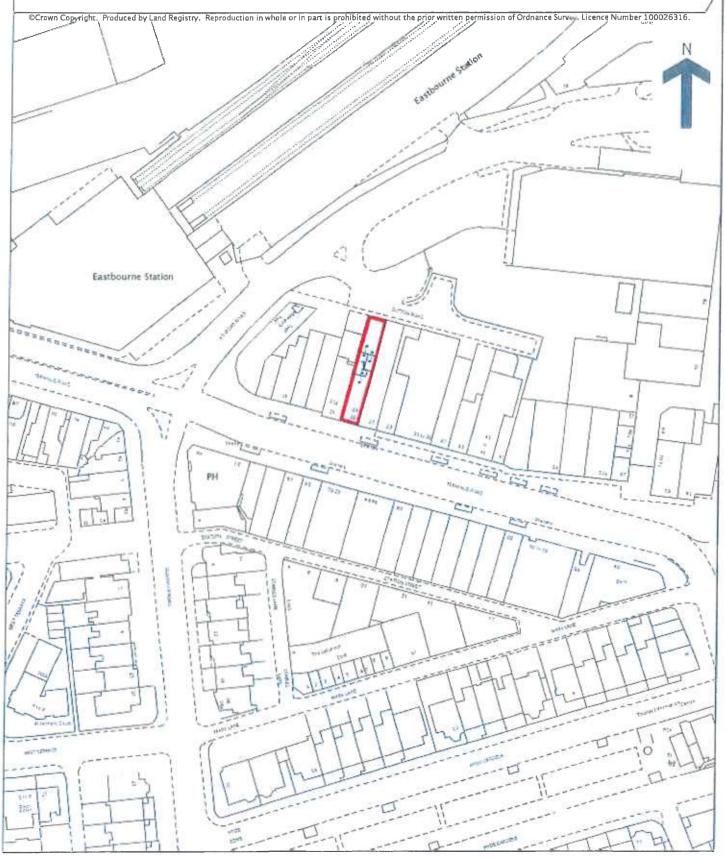
23-25 Turninuo Rd

Land Registry Official copy of title plan

Title number **EB5717**Ordnance Survey map reference **TV6199SW**Scale **1:1250**

Administrative area East Sussex: Eastbourne





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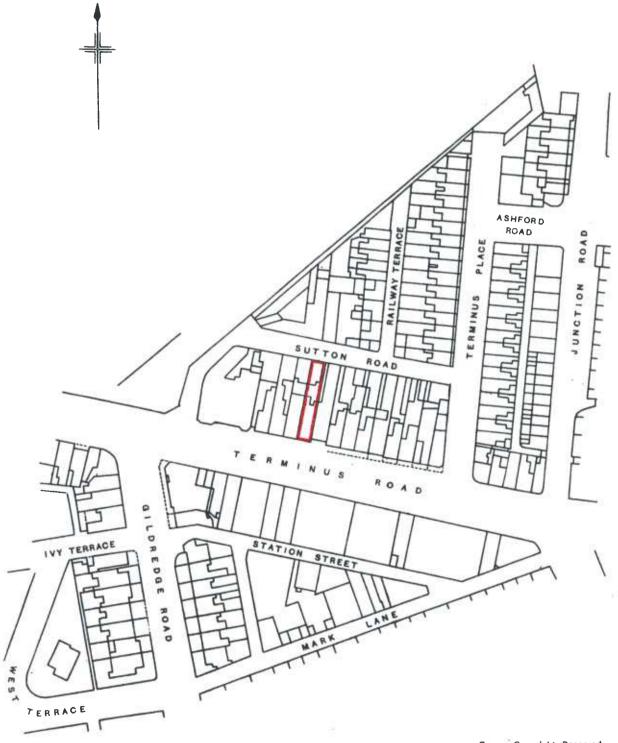
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COUNTY OF EAST SUSSEX EASTBOURNE DISTRICT



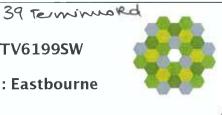
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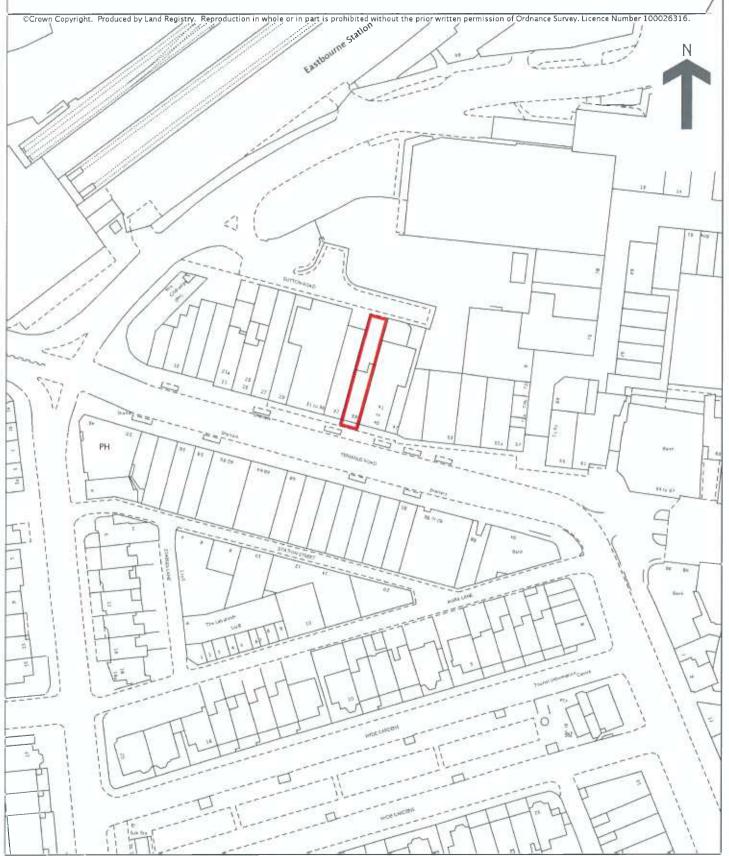
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Land Registry Official copy of title plan

Title number **EB21665**Ordnance Survey map reference **TV6199SW**Scale **1:1250**

Administrative area East Sussex: Eastbourne





Property	Detail of Rights/Covenants	Benefit	
11 Terminus Road	Restrictive Covenant in Conveyance dated 24 November 1919 made between (1) Minnie Davies Golbert (Vendor) (2) Grace Catherin Rose Davies Golbert (3) The Honourable Richard Plantagenet Nevill and (4) Watney Combe Reid & Company Limited	consent of the Vendor not to carry out dangerous noisy noisome and offensive trade that becomes a nuisance or disturbance to the Vendor	
13-19 Terminus Road	Restrictive Covenants contained in Conveyance dated 24 November 1919 made between (1) Minnie Davies Golbert (2) Grace Catherin Rose Davies Golbert (3) The Honourable Richard Plantagenet Nevill and (4) Watney Combe Reid & Company Limited	Details: restrictive covenant not to build without consent of the Vendor not to carry out dangerous noisy noisome and offensive trade that becomes a nuisance or disturbance to the Vendor Benefit: unknown successors in title to Minnie Davies Gilbert	
13-19 Terminus Road	Covenants re intoxicating liquor contained in Transfer dated 1 March 1971 made between (1) Watney Mann (London and Home Counties) Limited and (2) Royal National Pension Fund for Nurses	Details: restrictive covenants not to erect any building trade or business of wholesale of beers wines and spirits or intoxicating liquors and not to erect a club or a place where intoxicating liquors shall be sold or consumed or for display of advertisement other than those brewed by The Wine Exchange Limited Benefit: 11 Terminus Road, 59 Terminus Road and New Hotel Grange Road; The Wine Exchange Limited, Sabmiller House, Church Street West, Woking	

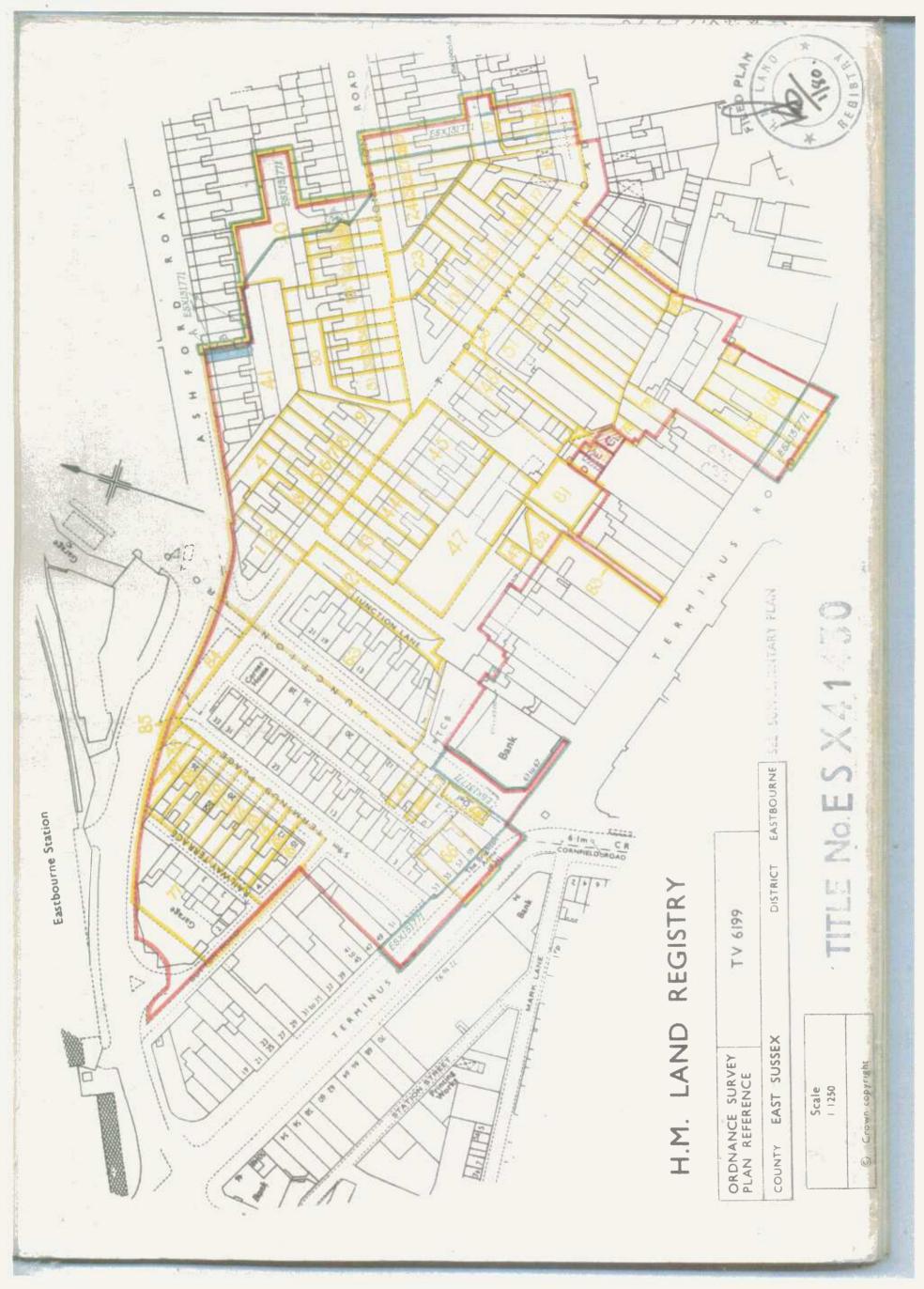
Property	Detail of Rights/Covenants	Benefit
21 Terminus Road	Covenants in Transfer dated 29 January 1960 made between (1) Watney Mann Limited and (2) Watney Mann Property Company Limited (although expressed to be released by a Deed dated 31 March 1967 made between (1) Watney Mann Limited and (2) Waney Mann Property Company Limited (but still on title)	Details: not to erect any building trade or business of wholesale of beers wines and spirits or intoxicating liquors and not to erect a club or a place where intoxicating liquors shall be sold or consumes or for display of advertisement other than those brewed by The Wine Exchange Limited Benefit: The Wine Exchange Limited
13-19, 29-35 and 41-45 (odds) Terminus Road	Restrictive Covenants contained in Conveyance Dated 3 August 1922 made between (1) Minnie Davies Gilbert (2) []	Details: not to carry out any trade business other than that of a medical practitioner dental surgeon or other profession or practice. Not to use other than for a private dwelling on land used as grass verge of highway known as Ashford Road Benefit: unknown successors in title to Minnie Davies Gilbert NOTE: this is referred to in the CPO Schedule, but this Conveyance is not registered against the titles to these properties.
37 Terminus Road (in the process of being acquired)	Transfer dated 11 May 1949 made between (1) Family Butchers Limited and (2) Barchel Estates Limited – for the benefit of all other premises which at the date of the transfer belong to Family Butchers Limited in the County Borough of Eastbourne, not to carry on upon the said land or any part thereof the trade of business of a Butcher,	This was expressed to be released by a Deed dated 14 April 1966, but the Land Registry did not remove the entry from the Land Registry title.

Property	Detail of Rights/Covenants	Benefit	
	Poulterer or Fishmonger.		
Existing Centre - Title Number ESX41430 (land within the development site)			
Edged and numbered 7 in yellow on the Title Plan	Covenants contained in a Conveyance dated 27 April 1889 made between (1) The Most Noble William Duke of Devonshire and (2) James Boulden		
Edged and numbered 64 in yellow on the Title Plan	Covenants contained in a Conveyance dated 24 March 1908 made between (1) Henry Mandy Simmons (2) The London City and Midland Bank Limited (3) Minnie Lucy Corke		
Edged and numbered 65 in yellow on the Title Plan	Covenants contained in a Conveyance dated 31 March 1908 made between (1) Henry Mandy Simmons (2) The London City and Midland Bank Limited (3) Arthur James Chitty		
Edged and numbered 66 in yellow on the Title Plan	Covenants contained in a Conveyance dated 11 July 1867 made between (1) John Goseden (2) William Vickers	Details unknown Benefit: unknown successors in title to John Gosden	
Edged and numbered 67 in yellow on the Title Plan	Covenants contained in a Conveyance dated 20 June 1923 made between (1) Minnie Davies Gilbert (2) Grace Catherine Rose Davies Gilbert	Details: unknown Benefit: unknown successors to Minnie Davies	

Property	Detail of Rights/Covenants	Benefit	
	and (3) Edward Alfred Taylor	Gilbert	
Edged and numbered 68 in yellow on the Title Plan	Covenants contained in a Conveyance dated 20 June 1923 made between (1) Minnie Davies Gilbert (2) Grace Catherine Rose Davies Gilbert and (3) Edward Alfred Taylor	Details: unknown Benefit: unknown successors to Minnie Davies Gilbert	
Edged and numbered 69 in yellow on the Title Plan	Covenants contained in a Conveyance dated 20 June 1923 made between (1) Minnie Davies Gilbert (2) Grace Catherine Rose Davies Gilbert and (3) Sarah Ann Bignell	Details: unknown Benefit: unknown successors to Minnie Davies Gilbert	
Edged and numbered 70 in yellow on the Title Plan	Covenants contained in a Conveyance dated 6 February 1924 made between (1) Minnie Davies Gilbert (2) Grace Catherine Rose Davies Gilbert and (3) Ellen Rebecca Lintell	Details: unknown Benefit: unknown successors to Minnie Davies Gilbert	
Edged and numbered 71 in yellow on the Title Plan	Covenants contained in a Conveyance dated 20 June 1923 made between (1) Minnie Davies Gilbert (2) Grace Catherine Rose Davies Gilbert and (3) Alice Harriett Gardener	Details: unknown Benefit: unknown successors to Minnie Davies Gilbert	
Edged and numbered 72 in yellow on the Title Plan	Covenants contained in a Conveyance dated 20 June 1923 made between (1) Minnie Davies Gilbert (2) Grace Catherine Rose Davies Gilbert and (3) Lizzie Hilton	Details: unknown Benefit: unknown successors to Minnie Davies Gilbert	
Edged and numbered 73 in yellow on the Title	Covenants contained in a Conveyance dated 20 June 1923 made between (1) Minnie Davies	Details: unknown	

Property	Detail of Rights/Covenants	Benefit
Plan	Gilbert (2) Grace Catherine Rose Davies Gilbert and (3) Alexander McIntosh	Benefit: unknown successors to Minnie Davies Gilbert
Edged and numbered 74 in yellow on the Title Plan	Covenants contained in a Conveyance dated 20 June 1923 made between (1) Minnie Davies Gilbert (2) Grace Catherine Rose Davies Golbert and (3) Kate McIntosh	Details: unknown Benefit: unknown successors to Minnie Davies Gilbert
Edged and numbered 75 in yellow on the Title Plan	Covenants contained in a Conveyance dated 24 August 1933 made between (1) Walter Raleigh Gilbert and Lancelot Prideaux-Brune (2) Alexander McIntosh	Details: unknown Benefit: unknown successors in title to Walter Raleigh Gilbert and Lancelot Prideaux
Edged and numbered 76 in yellow on the Title Plan	Covenants contained in a Conveyance dated 19 January 1937 made between (1) Commander Walter Raleigh Gilbert R.N. and Lancelot Prideaux (2) Emma Francis	Details: unknown Benefit: unknown successors in title to Walter Raleigh Gilbert and Lancelot Prideaux
Edged and numbered 84 in yellow on the Title Plan	Covenants contained in a Conveyance dated 20 February 1863 made between (1) John Gosden (2) James Vallance and others	
Edged and numbered 84 in yellow on the Title Plan	Covenants contained in a Conveyance dated 12 December 1928 made between (1) Paine Rogers and Company Limited (2) P Panto and Company Limited	
Edged and numbered 85 in yellow on the Title	Covenants contained in a Conveyance dated 20 June 1923 made between (1) Minnie Davies	

Property	Detail of Rights/Covenants	Benefit
Plan	Gilbert (2) Alfred Hudson	offensive trade that becomes a nuidsance or disturbance to the Vendor not to be used as a public house or beershop on verge and part highway known as Ashford Road Benefit: Unknown successors to Minnie Davies Gilbert
Edged and numbered 48 in yellow on the Title Plan	Covenants contained in a Conveyance dated 16 May 1923 made between (1) Minnie Davies Gilbert (2) Grace Catherine Rose Davies Gilbert and (3) Charles Edward Horne	Details: unknown Benefit: unknown successors to Minnie Davies Gilbert



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Agenda Item 13

Body: Cabinet

Date: 25 May 2016

Subject: "Stronger Together" Joint Transformation Programme

Business Case and Implementation

Report of: Chief Executive and Senior Head of Projects

Performance and Technology

Ward(s) All

Purpose To approve the Business Case and implementation of the Joint

Transformation Programme

Decision Type: Key Decision

Recommendation: It is recommended that Cabinet:

(1) Approves the business case for the Joint Transformation Programme and provisionally allocates a total of £6.878m to the programme (para 4.4).

- (2) Delegates authority to the Deputy Chief Executive to determine the appropriate allocation of costs against revenue and capital funds (para 4.5).
- (3) Delegates authority to the Deputy Chief Executive, in consultation with the Joint Transformation Programme Board, to determine to determine the methodology for cost and benefits sharing with an overriding principle that joint costs are allocated on the basis of the benefits realisation ratio (para 4.6).
- (4) Delegates authority to the Chief Executive in consultation with the Joint Transformation Programme Board to run the Programme within the allocated resources, reporting to Cabinets regularly (para 5.1).
- (5) Approve the high level programme plan (para 5.3).
- (6) Approve the shared services employment model with Eastbourne Borough Council acting as host authority (para 5.4).
- (7) Approve the procurement approach and contract variation outlined in this report including the exceptions to contract procedure rules and the proposed changes to information and communications technology service provision and delegate authority to the Deputy Chief Executive in consultation with the Joint Transformation Programme Board to negotiate the associated cost of pension protection with the service provider (para 5.10 to 5.13).
- (8) Approve the adoption of the proven 'Digital 360' platform as the basis for the Joint Transformation Programme, subject to procurement (para 5.12).

Contact: Henry Branson, Senior Head of Projects, Performance and

Technology

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1.0 Executive Summary

1.1 In October 2015, Cabinet approved a strategy for the development of shared services between Lewes District Council (LDC) and Eastbourne Borough Council (EBC) based on the integration of the majority of council services.

This report asks Cabinet to approve the detailed business case, high level plan and technology arrangements for the implementation of that strategy, known as the Joint Transformation Programme ('the Programme').

1.2 Strategic Case and Objectives Summary

Both councils have significant savings to deliver over the next four years and therefore need to find new ways to deliver public services, for less money.

More than **400 councils nationally are sharing services** to deliver efficiencies, and LDC and EBC have a **strong established relationship**, having shared senior posts and services since 2012.

Therefore, our four strategic objectives of the Programme are:

Protect services

Protect services delivered to local residents while at the same time reducing costs for both councils to together save £2.8m annually

· Greater strategic presence

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

• High quality, modern services

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

Resilient services

Building resilience by combining skills and infrastructure across both councils

1.3 Financial Case Summary

The total estimated savings of the Programme as a whole is £2.797m with an equivalent reduction of 79 FTEs across both councils. LDC will achieve a higher share of the benefits than EBC because EBC has already delivered significant savings through its Future Model programme and the Joint Transformation Programme inherits the savings target from LDC's cancelled New Service Delivery Model programme.

The total budget for the programme is £6.878m of which £1.275m was already allocated for technology investment that would be required anyway. Therefore the investment required specifically to deliver the Programme is £5.603m. This meets the financial business case test.

Costs and benefits will be shared in the same proportion.

1.4 <u>Management Case Summary</u>

The programme will be managed in accordance with standard programme and project management methodologies. The Joint Transformation Board will oversee delivery, monitor risks and be consulted on key deliverables and decisions, and Cabinets will receive regular updates.

The recommended employment model, having reviewed a number of options, is a shared services model with Eastbourne Borough Council acting as the host authority.

The programme depends on a common approach to information and communications technology (ICT) strategy and service provision, and a number of options have been considered to deliver this. The recommended option is for application management to be performed by a joint internal team and to vary EBC's contract with SopraSteria Ltd to provide infrastructure management services to LDC.

It is also recommended that the Digital 360 platform in use at EBC is extended to LDC, subject to commercial and procurement matters being settled satisfactorily. This means that LDC will benefit from the significant investment EBC has already made in that platform.

Legal and procurement advice has been sought on these matters and is detailed in the main body of the report.

2.0 Approach to Developing the Business Case

2.1 A joint team of officers across the two councils (the 'Core Team') have worked with Ignite Consulting Ltd to develop the business case presented here.

The work has involved a number of workshops involving staff from different teams and levels of both organisations to explore the vision, opportunities, similarities, differences and risks of the shared services programme. Activity mapping and analysis has been used to inform the savings estimates, and Ignite has also applied learning from its experience of working with other councils on similar programmes. Further information about the approach taken can be found in the business case at Appendix One. The engagement with staff that started during the development of the business case will continue and increase throughout the implementation of the Programme.

Improvement and Efficiency Social Enterprise (iESE), the authors of the outline business case considered in October, also contributed to the work around the employment model. iESE is a non-profit company made up of members and directors in local authorities, including LDC and EBC, which means we are working with a trusted partner with an excellent insight into how councils across the UK have delivered shared services using a range of models.

The work on the business case has been monitored and steered by the Joint Transformation Programme Board, which consists of the leaders and deputy leaders and the leaders of the main opposition groups of both

councils. This cross-party approach is key to ensuring the maximum degree of consensus in the way the work is directed, and minimise the risk of a radical shift in direction part way through implementation.

- 2.2 In line with Treasury's Green Book Guidance for public sector Programmes, both the business case itself and this report are divided into sections outlining:
 - The Strategic Case to demonstrate how the Programme fits with the local and national strategic context and how it meets business needs.
 - The Financial Case to outline the costs and benefits of the Programme, the capital and revenue implications and the funding required.
 - The Management Case to outline how the Programme will be managed, including governance, risk, change management, external support and benefits realisation.

Some Green Book business cases include separate sections for the Economic Case and the Commercial Case. These are merged with the Financial Case and the Management Case respectively here.

3.0 The Strategic Case

3.1 National Context

Local authorities have been at the forefront of the Government's austerity Programme since 2010. Both LDC and EBC have already made significant savings in recent years, but following the most recent local government funding settlement, in which both councils were amongst the 10% hardest hit councils, significant further savings are required. The Revenue Support Grant will be phased out altogether by 2019, and the reductions in funding will hit earlier in the current parliamentary cycle than anticipated.

At the same time as facing unprecedented reductions in funding, councils nationally are also responding to changing customer needs, requiring them to engage with an increasingly technology-capable population, whilst at the same time dealing with an ageing infrastructure.

These challenges necessitate a radical review of the way councils currently operate – an operating model that delivers a customer centric, effective and efficient way of providing local government services.

Many councils, especially smaller councils, are increasingly looking to work together and share services to deliver sustainable savings. The LGA cites 416 shared service arrangements nationally, estimating £462m in efficiency savings across all aspects of local authority expenditure¹. The national context points towards ever greater integration and collaboration in search of efficiencies and customer benefits for the long term.

3.2 Local Context

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¹ http://www.local.gov.uk/shared-services-map

The national trend towards shared services and collaboration, as well as looking at ways to exploit modern technology to redesign services, is reflected in the increasingly close strategic relationship between LDC and EBC. This manifests itself in three ways:

1. Existing shared service arrangements

LDC and EBC have been working together to share resources and expertise since 2012. There are currently three shared senior management roles, including the joint chief executive, two fully shared corporate services (Legal and HR) and a number of other individual arrangements.

2. Common strategic priorities

The councils share a number of strategic priorities:

- Regeneration to attract inward investment and boost employment, e.g. Devonshire Park, Sovereign Harbour and the town centre in Eastbourne, and North Street Quarter and the Newhaven Enterprise Zone in Lewes district.
- Working collaboratively with local communities through positive engagement with neighbourhood panels, residents associations, town and parish councils.
- Protecting and enhancing service delivery by investing in new technologies and focussing on resolving customer enquiries at the earliest possible point.

3. Shared vision for service redesign

EBC, through the Future Model, and LDC, through the intent of the New Service Delivery Model, have shown that both councils share a common view of the principles on which services should be redesigned, based on the following principles:

- Managing and reducing customer demand
- Delivering as much customer service as possible through a universal contact method
- Drawing on expert skills and knowledge only where appropriate
- Managing the organisation in an efficient and streamlined way

Financially, the business transformation represents the biggest single contributor to both councils' medium term financial strategies:

	2016/17	2017/18	2018/19	2019/20
Lewes	£400k	£400k	£400k	£400k
transformation				
savings target				
Eastbourne	£250k	£500k	£250k	£250k
transformation				
savings target				

3.3 The Joint Transformation Model as the basis for integration

The Joint Transformation Model (applied in EBC as the Future Model, and adopted in principle in LDC as part of the New Service Delivery Model, hereafter simply 'the Model') provides a common direction and platform that fits the national and local context. It will:

- 1. Build on the existing work in LDC and EBC to create a new, shared operating model based on common principles.
- 2. Create a common organisational culture focussed on delivering positive outcomes and experiences for customers.
- 3. Exploit modern, digital technologies to automate, streamline and improve access to council services.
- 4. Build more empowered and resilient teams and services.

Adopting the Model in LDC will deliver significant savings by fully embedding the work started through the development of the NSDM. Subsequently it provides a common language and basis for economies of scale through true integration with EBC. Integration is critical to real sustainability as the financial opportunities are higher and the strategic benefits are greater than implementing the Model separately.

The Programme will make a significant contribution to both councils'
Medium Term Financial Strategies and support the councils' goals to deliver
excellent, efficient and modern services rather than cutting service levels
simply to reduce costs. It will create a new, flexible and resilient
organisation with a high regional profile.

4.0 The Financial Case

4.1 Projected Savings

The financial case analyses the savings that can be achieved by applying the Model to LDC, and by integrating LDC and EBC management and service delivery.

There are 223.4 full time equivalent (FTE) roles in scope at LDC with a current cost of £7.770m.

There are 206.1 FTE roles in scope at EBC with a current cost of £6.752m after the transformation of EBC services under the Future Model Programme.

The baseline for the Programme is therefore 429.5 FTE roles at a combined cost of £14.522m

The total estimated savings of the Programme as a whole is £2.797m with an equivalent reduction of 79 FTEs across both councils.

In the business case at Appendix One, the savings are broken down in more detail, by efficiency driver and activity type.

4.2 <u>Scope of the Business Case</u>

The scope of the business case is, in broad terms, the customer facing activity of both councils. The key exclusions are:

- Waste service delivery (outsourced at EBC, and subject to a strategic investment Programme at LDC) – some elements of management, customer service and administration have been included.
- Devonshire Park at EBC, including Theatres and Heritage.

Benefits from integration of corporate support services are also excluded from the business case, as they are already being planned or delivered as shared services across the two councils:

- IT (partially outsourced at EBC)
- Finance
- HR
- Legal
- Property

Although excluded from the business case, further savings should be accrued over time from the integration of corporate support services. It is important to understand that exclusion from the business case does not mean exclusion from the Programme – the overall programme will control and steer all integration activity.

4.3 Costs of the Programme

The Programme will be the biggest integrated change programme either council has undertaken. It will involve:

- The creation of a single senior management team operating across both councils.
- Reviewing current pay scales and structures and potentially adopting a new joint pay and grading system.
- Redesigning and integrating the technology infrastructures of both councils.
- Significant investment in new technologies, both hardware and software.
- Creating a new target operating model for 350 staff working in joint teams.
- Building hundreds of integrated business processes for the joint teams, based on harmonised policies, driven by common technology.
- Significant cultural change to ensure staff exhibit the same core competencies and customer-centric attitudes and behaviours.

A high level view of the Programme, which includes more than 30 projects across six major work streams, is provided at Appendix Two.

A programme of this scale and complexity requires significant investment in programme and project management, delivery of project activity, technology and specialist support and advice.

A full net present value calculation on the Programme costs is presented at Appendix Three.

A summary of the non-discounted costs and benefits is presented below:

Direct programme costs	£5.603m
Existing allocated technology investment	£1.275m
Total programme budget	£6.878m
Business case savings	£2.797m
Payback period (all costs)	2.5 years
Payback period (excl. existing allocated costs)	2 years

4.4 Business Case

It can be seen that a significant investment is required to deliver the Programme. In total the Programme will cost £6.878m, of which more than half is investment in new technologies.

Some of the investment has already been allocated and would be required anyway, for example to replace LDC's end of life housing system, to upgrade LDC's finance system or to upgrade desktop devices across LDC and EBC. This investment, which totals an estimated £1.275m, can therefore be discounted against the core business case.

A financial business case test for a programme such as this would typically be 3-5 years. Allowing for all costs, the payback for this programme is 2.5 years. If one deducts the £1.275m of already allocated costs, the payback reduces to just two years.

The business case does not take account of redundancy and redeployment costs. This is because, due to the scale of the reduction in funding, these costs would be inevitable in any case. However, the Programme will seek to minimise these costs through careful management of vacancies as they arise.

Recommendation: Cabinet is asked to approve the business case for the Joint Transformation Programme and provisionally allocate a total of £6.878m to the programme.

4.5 <u>Funding</u>

It is proposed to fund the capital and one off revenue costs from a mixture of capital receipts, prudential borrowing and reserves and with the ongoing revenue costs coming from the efficiency savings generated. Both councils have existing earmarked sums which will be used to contribute to the Programme, including:

- LDC funding that was allocated for the New Service Delivery Model Programme in November 2014
- EBC strategic change fund
- EBC IT capital block allocation

Recommendation: Cabinet is asked to delegate authority to the Deputy Chief Executive to determine the appropriate allocation of costs against revenue and capital funds.

4.6 <u>Cost and Benefits Sharing</u>

It is important that there is a fair, rational and transparent mechanism for allocating costs and benefits of the Programme to each council. The Deputy Chief Executive will oversee this work, and recommend the approach to the Board.

EBC has delivered more than £1.5m of savings already through the implementation of the Model. This Programme inherits LDC's savings target from the New Service Delivery Model programme (£1.2m) and then targets additional savings for both councils from integration. This means that LDC will benefit from a higher share of the overall programme savings and will therefore bear a higher share of the costs, in a similar ratio. At this stage, it is anticipated that the split of costs and benefits will fall 60:40 LDC to EBC.

Recommendation: Cabinet is asked to delegate authority to the Deputy Chief Executive, in consultation with the Joint Transformation Programme Board, to determine to determine the methodology for cost and benefits sharing with an overriding principle that joint costs are allocated on the basis of the benefits realisation ratio.

5.0 The Management Case

5.1 Governance

A Programme of this scale requires robust governance and oversight.

The Programme Board will provide members with the ability to track the Programme's progress. Key Programme deliverables will be signed off by the Board. Examples include, but are not limited to:

- Changes to governance arrangements for shared services
- Recommendations around policy alignment
- The target operating model
- Arrangements regarding voluntary redundancy and vacancy management

The Board would also be required to consider any significant changes to scope or delivery timeframes.

Cabinets of both councils will receive regular updates on progress, at a minimum of four-monthly intervals. Any significant changes to the business case would require approval by both Cabinets.

Corporate Management Team (CMT) will receive Programme status reports no less than once every two months, and with greater frequency as required during key times.

Recommendation: Cabinet is asked to delegate authority to the Chief Executive in consultation with the Joint Transformation Programme Board to run the Programme within the allocated resources, reporting to Cabinets regularly.

5.2 Programme Management

The Programme will be managed in accordance with formal programme and project management techniques and standards. This will include, but is not limited to:

- Programme and project initiation documents that define the scope and key deliverables for each project.
- Programme and project plans
- Product breakdown structures
- Programme and project risk logs and active risk management
- Programme and project highlight reports
- Exception reporting
- Benefits tracking and realisation
- Customer & Stakeholder Engagement

A member of CMT will be nominated as the Programme Director. An overall programme manager will be appointed and major technology projects, such as system migrations or significant infrastructure changes, will have dedicated project managers.

The approach to resourcing the Programme has been informed by lessons learned through EBC's Future Model programme, and there is a clear desire for the councils to develop a highly-skilled, properly resourced internal programme team, and minimise the amount of work that is done by external contractors. This is for several reasons:

- To ensure that the councils are owning the design and development of new processes and customer journeys
- To provide development opportunities for staff
- To minimise the impact on 'business as usual' service delivery
- To keep Programme costs lower

The programme team will consist of 15-20 FTEs and will change depending on programme needs and project activity. These are fixed term roles that are additional to the councils' permanent staff base.

5.3 <u>Programme Plan</u>

The Programme consists of more than 30 projects across seven work streams, running from 2016/17 to 2019/20. A high level view of the programme plan is provided at Appendix Two.

Technology – New/Replacement Systems

Projects in this workstream will deal with replacing existing systems with new joint systems (e.g. housing), implementing brand new systems and migrating one council to the other council's system (e.g. finance)

Technology – Infrastructure

Projects in this workstream will focus on integrating the two councils' information and communications technology (ICT), building resilience (e.g. disaster recovery and backups) and replacing end of life systems (e.g. desktop replacement)

Shared Corporate Services

Work on integrating ICT, property and finance will sit within this

workstream.

• Organisation Design and Change Management

This workstream will manage all aspects of the change focussed on people – delivering the Target Operating Model, recruitment processes, pay and grading, team building, transition, knowledge and skills and ways of working.

Business Process Migration

This workstream will determine the sequence and priority of developing new joint processes and customer journeys, delivery of online processes and the creation of golden customer records.

Partnership Strategy

Develop an overarching strategy for the new working arrangements to cover aims, objectives, working principals, governance, integrated provision and commissioning, staffing arrangements and other issues such as document management and data sharing. This workstream also includes the review and alignment of key policies across the councils, tracking performance through the change, reviewing ongoing governance of services and will also include the work around allocation of costs and benefits.

• Programme Management

This includes programme planning, programme governance, communications and benefits realisation.

Customer & Stakeholder Engagement

Introducing changes in delivery-level public services critically depends on consulting with services users and achieving a deep understanding of citizens' needs and expectations. The programme will also depend on gaining buy-in from other stakeholders and partners.

Recommendation: Cabinet is asked to approve the high level programme plan.

5.4 Employment Model

There are a number of models local authorities have adopted when coming together to share services. The councils asked iESE to undertake a review of the pros and cons of different models:

- 1. Shared Services
- 2. Public Sector Mutual
- 3. Local Authority Trading Company
- 4. Outsource / Joint Venture

Members on the Programme Board have considered the options as presented by iESE and noted the additional risks identified in models 2-4. Accordingly, the recommendation is to adopt the shared services model, with staff transfer to a single 'host' authority.

The Board also recommended that EBC act as the host authority, given EBC's role as host of the shared HR service. It has furthermore recommended that the shared HR service be tasked with reviewing the pay and grading systems of both councils with a view to recommending the most suitable pay and grading structure, either new or existing, for both councils.

Recommendation: Cabinet is asked to approve the shared services employment model with EBC acting as host authority.

5.5 Change Management

The transition to the Model will entail a significant amount of change for both organisations. High quality change management is required to ensure that:

- We engage staff in building a unified organisational culture, focussed on delivering for our customers.
- Changes made to processes and staff structures are in line with the principles of the Model and the assumptions built into the business case.
- Staff are supported through all the changes, whether they are to systems, processes, culture or roles.

Both councils have dedicated and talented staff, many of whom have been engaged in the workshops that have fed into the business case, and who will be involved in further sessions to develop new joint processes in line with the Model.

Full implementation of the Model, supported by an integrated technology platform will require further changes to roles and responsibilities across both councils. Where redesign and significant changes to roles are proposed, we are committed to supporting staff to shape and understand these new roles, and the skills and attitudes that will be required to succeed in them. All proposed changes will be subject to full staff consultation. Costs to provide effective support to staff during the period of change and transition are reflected in the overall programme budget.

5.6 <u>External Support</u>

Notwithstanding the councils' commitment to growing and developing our own internal resources to deliver the Programme, there are areas of activity where external support will be required:

Organisation Design and Change Management

It is anticipated that this will be delivered in partnership with Ignite Consulting Ltd. Ignite developed the Future Model and has been a key delivery partner for EBC and other councils adopting the same approach. Ignite are a change management consultancy and have an excellent track record in helping organisations to deliver wide scale transformations and performance improvements.

• Technology - New/Replacement Systems

All new systems or system migrations require support from the system provider to implement them successfully. Therefore the technology costs in the Programme include both software purchase costs and implementation support services.

Technology – Infrastructure

Integrating and upgrading core ICT infrastructure to support the wider programme will involve advanced capabilities that don't exist within the councils. EBC's contract with SopraSteria Ltd has provision

for them to deliver significant ICT transformation, and EBC has previously worked successfully with SopraSteria Ltd on the delivery of its award-winning Agile Working Programme, which included significant ICT infrastructure change. It is anticipated that SopraSteria Ltd will be a key delivery partner for infrastructure change.

5.7 Risk

All changes programmes of this scale involve risk. A detailed risk log has been developed and mitigation will be put in place. The risk log will be actively monitored, managed and updated throughout the Programme.

The most significant risks and high level mitigations are outlined in the table below:

Risk	Mitigation
Disruption to staff Delays to programme implementation timetable	 Ensure programme is properly resourced to limit the impact on business as usual operations. Ongoing staff engagement and communications programme. Package of support built in to programme. Recruit dedicated programme team plus external support where required. Robust programme management and governance.
Failure to meet business case due to increased costs and/or reduced savings	 Realistic programme budget with some contingency. Clear accountability within the Programme team for service design decisions and benefits realisation.
Inability to deliver integrated, shared technology solutions on time	 Benefits profile reflects closer integration over time. Building on known technology platforms. Specialist integration resources built into Programme.
Drop in service performance during implementation of changes	 Identify and track key performance indicators. Ensure programme is properly resourced to limit the impact on business as usual operations. Communicate with customers before and during key periods of change.
Issues of governance, territory and the surrender of individual control means that there is failure to achieve and/or maintain member consensus on key policy matters affecting the Programme.	 Development of a shared partnership agreement Cross-council and cross-party membership of Joint Transformation Programme Board. Early consultation with members on 'red lines'. Regular dialogue with members

		throughout, via the Board and Cabinet updates.
Failure to understand customer requirements means the programme would deliver processes and services that the customer	•	Ensure that all service redesign work is carried out with an in-depth understanding of the customer (both internal and external), and all processes are designed with the customer at the
didn't want or need.		centre.

5.8 Benefits Realisation

One of the high level risks to the Programme is that we fail to deliver the anticipated benefits, whether in terms of efficiency savings, cultural change or service improvement for customers.

For this reason, it is important that benefits are tracked carefully throughout the Programme, and this activity will sit within the programme management work stream. Both the Programme Manager and Ignite, as 'guardians' of the Model, will have an important role to play in ensuring that the councils hold true to the principles and underlying assumptions of the model and business case, and clearly articulate the consequences, financial or otherwise, of failing to hold true to these.

5.9 <u>One Senior Management Team</u>

It is essential that the councils have a single senior management team with a clear vision and a shared commitment to the Model from the early stages of the Programme.

For that reason, one of the earliest programme activities will involve the restructuring of key senior management and strategic roles across both councils. This is also an important driver of the year one savings.

The restructuring of the corporate management team (CMT) will be led by the Chief Executive, and will be completed by mid-summer. This will be followed by restructuring of a number of second tier management roles, and certain key strategic functions, to be completed by the end of the year.

Members will be involved in the appointment to all chief officer roles.

5.10 One Information and Communications Technology (ICT) Service

Given the amount of technology driven change in the Programme, it is also essential that a common model of ICT service delivery is in place as early as possible, working to deliver a clear joint ICT strategy. The risk of trying to deliver the Programme under the current arrangements, with different managers, teams and approaches, would be significant.

A joint ICT strategy has been developed and reviewed by both councils' ICT

teams. However, the two councils currently operate different models for the ICT service. LDC has an entirely in-house service whereas EBC has a hybrid service, with systems support in-house and infrastructure management (service desk, desktop, network and server support) delivered by SopraSteria Ltd in a contract due to end on 31 December 2021.

Three options for the creation of a common ICT service have been considered:

1. Cancellation of EBC's contract with SopraSteria Ltd and transition to fully in-house service

The current contract does not include any rights of termination for convenience without cause by the council. Therefore termination for convenience would need to be introduced via change control and subject to SopraSteria Ltd's mutual agreement. The minimum cost would be to pay off the remaining years of the contract, at a total of £3.7m.

In addition to this, there would be a range of additional charges to migrate to the in-house service, likely to be at least a six figure cost. This option would effectively negate the entire business case and is not recommended.

2. Vary the SopraSteria Ltd contract to enable similar services to be provided by SopraSteria Ltd, through EBC, to LDC

This option has been extensively discussed and outline costs have been determined. This would entail the transfer of some members of the existing LDC ICT team to SopraSteria Ltd, under the Transfer of Undertakings (Protection of Employment) Regulations 1981 (TUPE). The number of individuals affected would be likely to be three or four.

The legal implications of this option are discussed below.

This option would see SopraSteria Ltd provide a single point of contact, with 24/7 call logging, for all ICT services across EBC and LDC. LDC would benefit from a range of services not currently provided, including industry standard approaches to managing ICT services. A significant proportion of issues raised would be resolved as 'first time fixes' by the SopraSteria Ltd service desk, negating the need for in person visits by on-site staff. The councils would benefit from a highly resilient ICT support infrastructure provided and managed by SopraSteria Ltd centrally, whilst retaining on-site presence in both Lewes and Eastbourne.

This option would increase the overall ICT service cost across EBC and LDC by around £100k per annum (around 4% of the combined service costs).

3. Vary the SopraSteria Ltd contract to deliver a hybrid model based on SopraSteria Ltd acting as 'managing agents'

This option would see the existing on-site SopraSteria Ltd team in EBC TUPE transfer to the council and be combined with the existing LDC infrastructure team. SopraSteria Ltd would operate as the Councils single point of contact that will manage, monitor and report on all services provided by in-house teams and third parties in relation to the full end to end ICT service delivered to the councils. But the councils would be responsible for actually employing the staff who are managing and delivering the infrastructure management services.

This option is not one which SopraSteria Ltd have delivered elsewhere, and they view it as a significant change to the purpose and nature of the contract and have indicated that after due consideration, they would be not be willing to proceed with this option. As such, this option is not recommended.

5.11 Risks and Legality of Option 2

Based on the above analysis, the only viable option to deliver a common ICT service is Option 2 – a hybrid model where systems support remains with the councils and infrastructure management is delivered by SopraSteria Ltd.

It is clear that Option 2, like Option 3, entails a change of scope to the SopraSteria Ltd contract and so there is a risk that EBC and/or LDC might face a legal challenge as to the change being made.

However, justification for this type of modification is acknowledged and catered for in the Public Contract Regulations 2015. These recognise (Regulation 72 (1)(b)) that contracts may be modified without a new procurement procedure where a change of contractor would involve significant duplication of costs and would cause significant inconvenience. This would be the case here as the JTP would be delayed whilst a new procurement exercise took place. This would prevent the councils from delivering the savings required by the MTFS. The increase in price involved in the change would not exceed 25% of the value of the original contract. (The Regulations permit an increase of up to 50%)

Therefore, after careful consideration of the options, and based on clear legal advice, the recommendation is to adopt Option 2.

It is proposed that the Council mitigates the risks of a challenge by issuing a Voluntary Ex Ante Transparency Notice (VEAT), which sets out a short description of the proposed new arrangements and the justification for not going through a new OJEU procurement. This gives an economic operator a short window in which to challenge the proposed arrangements, after which the opportunity to challenge is lost. There is still potential for a claim in damages to be made, but again the window of opportunity for such a claim is small (30 days).

It is intended that the parties will enter into a collateral agreement which sets out the course of action to be followed in the event of any challenge being made to the proposed arrangements.

5.12 <u>One Digital Platform</u>

The core technology which supports the delivery of the Model is a digital platform which includes:

- Workflow to ensures the correct tasks are sitting with the correct teams within the new model and to automate key tasks to drive efficiencies
- Electronic document management, to ensure all teams can work in a paperless, flexible and mobile fashion
- Customer relationship management, to provide a single customer database against all enquiries are logged, enabling the new teams to have a single view of the customer
- Digital portal and online forms to enable most enquiries to be submitted and tracked online, triggering workflow automatically and linking to the customer record
- Mobile tools to enable locality teams to pick up and progress tasks when out of the office

EBC has invested significantly in Civica's Digital 360 platform to deliver these components. Given the investment and the learning EBC has undertaken, there is a strong argument to extend this platform to LDC, so that the EBC processes can be used as a starting point for new joint processes.

However, new technologies are now being used which were not available when EBC selected the Civica platform, and the core team were asked by the Board to carry out an assessment of a platform that has been adopted by Adur and Worthing Councils, involving the use of Salesforce CRM and MATS low code platform, both modern cloud-based systems very different from those on offer from the large local government software suppliers.

This work was undertaken by a joint team and a report delivered to the Board. The Board concluded that in order to minimise risk, achieve maximum benefit in the shortest time and for LDC to benefit from the work already done by EBC, the best approach was to continue to build on the Digital 360 platform, assuming an acceptable commercial agreement can be reached.

Recommendation: Cabinet is asked to approve the adoption of the proven 'Digital 360' platform as the basis for the Joint Transformation Programme, subject to procurement.

5.13 Other Legal and Procurement Issues

A number of legal and procurement issues have already been discussed, notably the approach to varying the SopraSteria Ltd contract. Other areas of Programme activity will also involve procurement, and a range of procurement strategies have been discussed with the councils' legal and procurement advisors.

1. Extension of existing licences

In some cases, where the councils have decided to extend the use of one council's system across both, it may be possible to assign or otherwise share existing licences. EBC's contract with Civica has been reviewed by the legal service, and it includes provision to transfer or share licences with another contracting authority. It is therefore possible that EBC's core licensing could be extended to cover LDC without the need for procurement under the terms of the existing contract. This may be possible in other areas as well.

2. Incidental Services

There will be a requirement for additional services to implement the Civica digital platform. It will not be possible to use a contractor other than Civica for these services due to the intellectual property rights attached to the software.

Regulations 32 (2)(b) (ii) and (iii) allow the award of a new contract through the negotiated procedure without prior publication of a notice in OJEU where the services can be supplied only by a particular contractor:

- para (ii) because competition is absent for technical reasons and/or
- para (iii) due to the protection of exclusive rights, including intellectual property rights.

In order to properly rely on either of these exceptions the council must be satisfied that no reasonable alternative or substitute exists and the absence of competition is not the result of artificially narrowing down of the parameters of the procurement process. Where this provision is used a contract award notice must be published setting out the justification for its use. The council could again mitigate a risk of challenge by issuing a VEAT notice in advance of entering the new contract.

3. Framework Procurements

Any new systems, or extensions of existing systems, which involve a contract value over the OJEU threshold will be procured via government frameworks, such as the Crown Commercial Services Local Authority Software Applications framework².

Other frameworks have been identified for consultancy services and approved by the legal service.

4. Direct Award

Where extensions of existing systems are below OJEU thresholds, the default approach will be to make a direct award, in line with the councils' contract procedure rules.

5. Operating within existing contracts

As indicated earlier, EBC's contract with SopraSteria Ltd includes

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² http://ccs-agreements.cabinetoffice.gov.uk/contracts/rm1059

provision for delivery of ICT transformation Programmes. Subject to reaching commercial agreements which meet the councils' obligations regarding best value, SopraSteria Ltd would be regarded as the default supplier of infrastructure projects, under the terms of the existing contract.

Recommendation: Cabinet is asked to approve the procurement approach and contract variation outlined above including the exceptions to contract procedure rules and the proposed changes to information and communications technology service provision and delegate authority to Deputy Chief Executive in consultation with the Joint Transformation Programme Board to negotiate the associated cost of pension protection with the service provider.

5.0 Consultation

5.1 Staff and Union Consultation

We have communicated with staff and staff representative groups throughout the development of the business case. This has included face to face briefings with management forums and multiple written updates to staff. One meeting of the newly formed Joint Transformation Programme Consultative Forum has taken place, which involved a range of staff representatives including UNISON representatives, and this Forum will continue to meet on a bimonthly basis throughout the Programme.

5.2 <u>Legal Consultation</u>

The key legal implications of the Programme are concerned with the procurement of goods and services, and these issues have been picked up and discussed within the Management Case section of the report.

5.3 Public Consultation

The decision to approve the implementation of the Programme does not in itself necessitate changes that are likely to affect service users, taxpayers, businesses or residents and therefore there is no statutory duty to consult at this stage.

However customer and stakeholder engagement is one of the key workstreams of the Programme and we will be consulting and engaging as part of the Programme. Effective customer and stakeholder insight ensures that the council develops its policies and services taking into account the views of individuals, communities, stakeholders, forums, organisations, etc. We will be using a range of methods to engage and consult during the programme including:

- surveys
- meetings
- focus groups or discussions
- user testing

6.0 Equality and Diversity

An initial analysis has been carried out on the business case for the Programme, concentrating on the high-level overriding principles of the Programme only. At this early stage there are no apparent equality implications, however, due to the high-level nature of this analysis there is a requirement to carry out more detailed analysis as the Programme unfolds. Therefore, equality analysis will be built into the Programme and significant findings will be reported to Cabinet as necessary.

Background Papers:

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

- 1. Joint ICT Strategy
- 2. EBC Cabinet reports July 2014, October 2014, October 2015
- 3. LDC Cabinet reports June 2014, November 2014, September 2015
- 4. iESE Future Options Report

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

Appendix One – Full Business Case

Attached

Appendix Two – Programme Plan (High Level)

attached

Appendix Three –Costs and Net Present Value Analysis

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	Total
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	
Programme	-1,860,000	-3,080,000	-1,475,000	-135,000			-6,550,000
costs							
Contingencies	-93,000	-154,000	-73,750	-6,750			-327,500
Total (net)	-1,953,000	-3,234,000	-1,548,750	-141,750	0	0	-6,877,500
Costs							
Benefits	650,000	1,550,000	2,200,000	2,800,000	2,800,000	2,800,000	12,800,000
Net flows	-1,303,000	-1,684,000	651,250	2,658,250	2,800,000	2,800,000	5,922,500
Cumulative	-1,303,000	-2,987,000	-2,335,750	322,500	3,122,500	5,922,500	
(non-							
discounted)							
DCF 3.5%	1	0.966	0.934	0.902	0.871	0.842	
NPV	-1,303,000	-1,627,053	607,949	2,397,589	2,440,038	2,357,525	4,873,048
Cumulative	-1,303,000	-2,930,053	-2,322,104	75,485	2,515,523	4,873,048	
(discounted)							





Lewes District Council and Eastbourne Borough Council

Joint Transformation Programme

Business case for integration through application of the Joint Transformation Model

11 May 2016 DRAFT v5.2

Contents

- 1. Executive Summary
- 2. Background
- 3. Strategic case
- 4. Financial Case
- 5. Management case

Appendices:

- 1. Introduction to Joint Transformation Model
- 2. Summary of Blueprint approach
- 3. Opportunity Assessment
- 4. Organisational model for integrated council

1. Executive Summary

The purpose of the Joint Transformation Programme (JTP) is the formation of two strong councils through the full integration of management, services and ICT to:

a. Protect Services

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

b. Greater strategic presence

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

c. High quality, modern services

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

d. Resilient services

Building resilience by combining skills and infrastructure across both councils

This document provides the business case for the delivery of the Joint Transformation Model (JTM) across Eastbourne Borough Council (EBC) and Lewes District Council (LDC). This builds on the outline business case developed by IESE. The Strategic Case reiterates the requirement of the Medium Term Financial Strategy (MTFS), the case for integration and establishes the JTM as a strong basis for that integration. The Financial Case includes a refined business case and indicative timeline for benefit realisation, whilst the Management Case highlights the key assumptions made and time lines required for implementation. The Management Case also highlights key risks and mitigations.

In order to develop the business case a two stage process was used - initially to work with LDC staff to establish a baseline for the establishment of the JTM within LDC, and review progress in EBC of the current status of Phase 2 of Future Model implementation. Once this baseline was completed an analysis of integration benefits was undertaken.

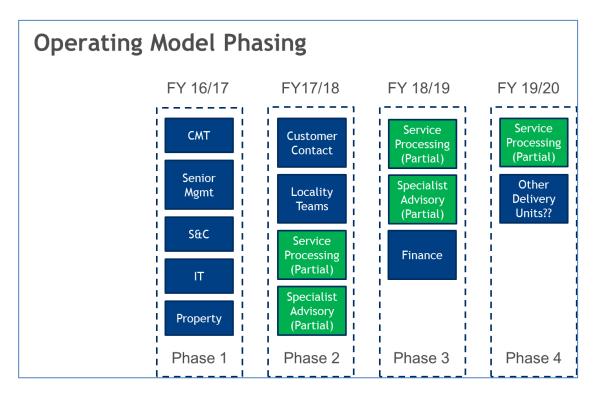
In LDC a total of 223.4.0 FTEs (full time equivalents) were identified as being in scope at a fully loaded cost of £7.770M. As a result of the Blueprinting exercise to apply the JTM to LDC, this business case proposes a reduction in the number of FTEs by 42.4 (19%) to 181.1, with a corresponding reduction of £1.393M (18%) of cost per annum, whilst at the same time enhancing customer service delivery. This aligns LDC in terms of implementing JTM with Phase 2 of EBC Future Model implementation. In EBC a total of 206.1 FTE where in scope of the integration analysis at a fully loaded cost of £6.752M. This provided a combined total of 387.2 FTE at a cost of £13.129M.

In order to identify further savings through integration of services across the two councils the following factors were assessed and agreed with CLT:

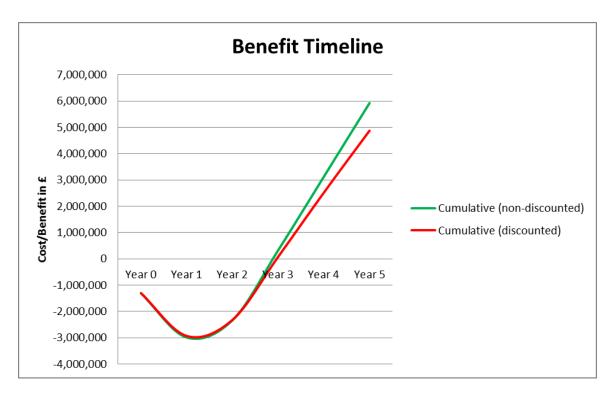
- Leadership & Management (including Strategy & Commissioning)
- Economies of scale, e.g. sharing specialist knowledge
- Policy Alignment
- Geographic links

This analysis of integration factors identified an additional benefit of 36.7 FTE at a cost of £1.403M. This provides a total benefit through the application of the JTN to both councils of 79.1 FTEs providing a financial benefit of £2.796M.

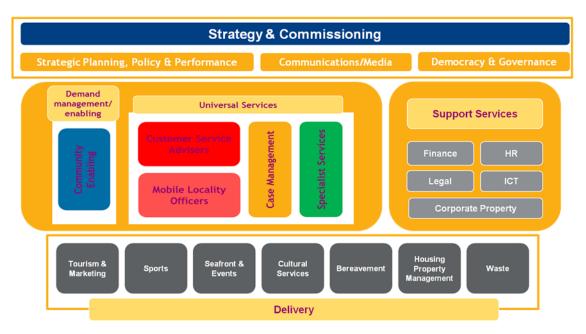
Implementation costs have been estimated, although a number of assumptions have been made to identify technology requirements and implementation costs. In order to achieve the MTFS requirements a phased approach to implementation and delivery has also been adopted as shown below:



Applying the JTM benefits to this phasing and setting potential costs against them provides a potential payback on investment within 3 years, as shown below:



An outline Target Operating Model for the JTM is also provided. This operating model focusses on the types of activity that are performed, unconstrained by current organisational models:



2. Background

2.1 Introduction

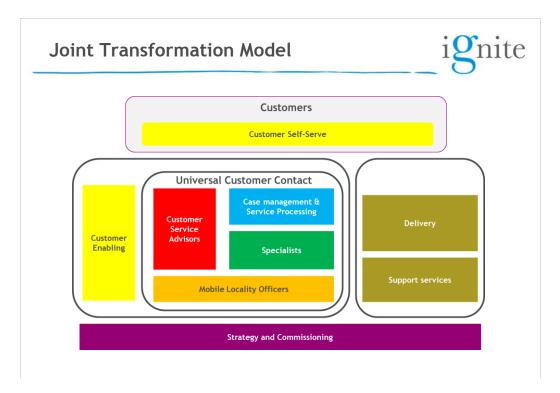
Eastbourne Borough Council (EBC) and Lewes District Council (LDC) commissioned Ignite to

- develop an organisational blueprint and to model the financial impact of LDC adopting the Joint Transformation Model (JTM)
- use this LDC blueprint as a strong basis for integration of the customer-facing aspects of the two councils' operations. The JTM is fully aligned with the Future Model which EBC has been progressively implementing and operating since 2012.

This business case is intend to refine the Shared Services Outline Business Case developed by iESE in August 2015, which made some specific assumptions notably about the exclusion of Housing and Waste for their scope, and the inclusion of all support services within it. However, to correctly assess the opportunity for LDC and EBC, this business case has focused on all service activities. Where there are separate 'in progress' business cases under development, e.g. integration of corporate shared services and certain delivery units, the activity has been excluded from this business case. Specific details of services in scope are included within the Financial Case.

2.2 Overview of the Joint Transformation Model

The graphic below illustrates the conceptual model that has been applied in EBC and that was used as the basis for this business case:



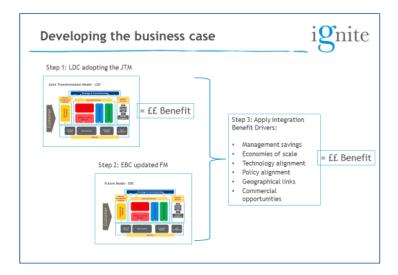
This conceptual framework has been applied with local variations in EBC, and was used as the starting point for engagement and design work in LDC. The key components are:

- Customers different customer groups access services in different ways. Some groups can
 be encouraged to self-serve on line or to draw on support from customer service staff
 only, whereas others may need to access the support of specialist staff more quickly
- Strategy & commissioning translates community/customer intelligence and political will and ambition into strategic direction, and commissions what's required to deliver this
- Customer enabling helps the community and customers to help themselves so as to address aims and reduce demand for services
- Universal customer contact all activity associated with customer contact, customer service, managing cases, resolving questions and issues (simple and complex), and scheduling input from others where required
 - Customer service advisors centred on resolving customer queries and handling the majority of service requests
 - Case managers focused on service processing and end to end management of cases
 - Specialists focused on complex case management and providing genuinely specialist input
 - Locality 'place' based resources embedded in the community to focus on enabling, prevention, compliance, enforcement and supporting case managers and specialists in the field. These roles are critical in developing customer and community capability, reinforcing the Council's relationship with key stakeholders
- **Delivery** delivery of core services e.g. waste collection, street cleaning, leisure, etc. Note that this area is out of scope of this business case.
- Corporate support non-customer facing back office functions, much transactional but some requiring organisational specific intelligence. Note that this area is out of scope of this business case, and is covered by the Shared Services initiative.

Staff in a council applying the JTM will migrate from traditional silo-based service areas into this competency/skill-based model. It is through this migration that savings in resource and improvements in customer service can be realised. Further details of the JTM are included in Appendix 1.

2.3 Approach

Details of the engagement approach, activity and service analysis undertaken during the development of the business case is included in Appendix 2. Creating the business case from this approach consisted of 3 key steps - modelling the implementation of the JTM and financial impact for LDC, updating the Future Model implementation outturn for Phase 2 in EBC and finally mapping the integration benefits against a series of additional drivers:



The financial and staffing impact of LDC adopting the JTM was modelled based on the output for the workshops and service work. Completion of the changes would put LDC in conceptually the same position as EBC is currently, having implemented two phases of Future Model.

Concurrently, an activity analysis was undertaken with EBC to update the baseline for the organisation at the current stage of Phase 2 implementation.

Finally the headcount and costs from the two organisations were combined to create a joint baseline and this was assessed for the potential of further savings through integration of each aspect of work done in the JTM.

A set of drivers for integration savings was developed and applied to this baseline. These were:

Management

- savings that can be made across integrated customer-facing roles by reviewing the spans of control and eliminating marginal supervisory posts
- rationalisation at CMT level joint posts mean that some headcount can be eliminated
- o savings that can be made across non-customer-facing roles, specifically in Strategy & Commissioning. Integration of the two councils provides the opportunity to revisit the effectiveness of how S&C works, with each team needing only one lead.
- **Economies of scale**, especially in specialist work where, for example, the councils may only need one full-time skilled person for flood management
- Technology such as developing and managing single facilities such as internal or external websites
- Policy alignment such as appointment of a single contractor to replace multiple contracts, reduction in housing bands and charging for services (enable alignment and streamlining of work processes)
- Geography such as through sharing skills or capacity across the urban parts of the coastal strip in neighbourhood teams
- Commercial opportunities such as commercial waste, energy, regeneration

3. Strategic Case

3.1 Appetite for shared service arrangements nationally

Councils are facing significant challenges across a number of fronts. Whilst the most significant challenge for many is financial, others are looking to improve their service for a new generation of customers; and to build their capability to engage with an ever increasingly technology-capable population, whilst at the same time dealing with an ageing infrastructure. This broad combination of challenges necessitates a radical review of the way councils currently operate - an operating model that delivers a customer centric, effective and efficient way of providing local government services.

The progress with transformation nationally is already advanced, but councils are finding that sustainable success requires a scale that smaller councils cannot reach on their own. At the same time, the need for coordinated economic growth and infrastructure planning will require greater cooperation and capacity to deliver.

For this reason, councils are increasingly looking at shared services and integration with their neighbours as a means of achieving greater financial stability and a stronger regional presence. The LGA cites 416 shared service arrangements nationally, estimating £462m in efficiency savings across all aspects of local authority expenditure. Councils are seeking to realise the benefit of economies of scale, and consolidate their fragmented and frequently outdated service delivery structure

The benefits which these arrangements are delivering are:

- Financial Ignite's work with councils adopting these arrangements show that savings of 15-25% can be targeted and realised (e.g. SHWD achieved 25%, Eastleigh is targeting 19%)
- Service resilience by being able to allocate resources more flexibly across areas of demand
- Strategic regional presence better able to address local and sub-regional issues and to have a louder voice in influencing regional policy
- Staff capability and opportunities providing greater opportunities for career development
- Customer service due to merged councils having better access to investment for new technologies and to protect services, especially for the vulnerable

The national context points towards this trend towards ever greater integration and collaboration in search of efficiencies and customer benefits as continuing for the long term.

Having already reduced revenue budgets significantly, LDC and EBC councils are therefore not alone in facing further cuts in government grants. It appears likely that council tax increases to keep pace with inflation will be permitted by government and that Revenue Support Grant will be reduced substantially until 2020, which may result in a larger reduction locally. Other funding streams such as New Homes Bonus may not provide a secure source of revenue.

3.2 The Joint Transformation Model as a strong basis for integration

It is clear that a collaborative or shared service arrangement between councils needs to have a common view from the top down of what the organisation will look like, and how both its technology and it culture will support that. The Joint Transformation Model (applied in EBC as the Future Model, and adopted in principle in LDC as part of their New Service Delivery Model) provides that common direction and platform.

The principles underpinning the JTM have been applied by many councils nationally. They embody the following key features, all based around customer-centricity:

- Managing and reducing customer demand
- Delivering as much customer service as possible through a universal contact method
- Drawing on expert skills and knowledge only where appropriate
- Managing the organisation in an efficient and streamlined way

The outcome is an organisation that is focused on resolving customer enquiries at the earliest possible point and with the most appropriate type of resources. It takes advantage of the opportunity to share core skills of customer service and rules-based processing across the organisation and, in so doing, provides the flexibility for changes and growth in demand.

The benefits which councils see are both financial and non-financial. In effect it puts in place the first stage of transformation that integration and shared services can consolidate. Ignite's experience with councils implementing the JTM principles on a sole-council basis is that savings of 15 - 25% can be realised, with associated benefits for:

- Customers such as improved customer journeys that are more intuitive, user friendly, simple, responsive and speedier; independent access to services through self-serve; councils able to build relationships and raise visibility in the community; ability for customers to access services without having to provide the same information multiple times; an ability to retain and protect locally-valued services, including support for more vulnerable people
- Staff improved staff morale through reduction in unnecessary administration; ability for specialist to focus on genuinely specialist and more challenging activity; a workforce that is more empowered and implementation of roles that are recognised as being equally important; a stronger focus on people management for all, including the separating out of performance management from continuous professional development
- The council itself improved service resilience and flexibility; an operating model that is
 flexible enough to shrink and grow with changing pressures; improved service performance
 enabled through technology that provides reliable evidence; innovative insight to support
 effective strategic planning

Through Phases 1 and 2 of their Future Model programme, EBC has already seen overall savings of 19% (£565,000 (23%) from Phase 1, and £940,000 (17%) from Phase 2, plus an additional £300,000 in housing revenue account savings) and realised many of the qualitative benefits outlined above. LDC also has moved in the same direction, beginning to implement a new organisational model (New Service Delivery Model (NSDM)) from 2014.

The councils are well on their way to being able to build on their separate savings targets by combining together to exploit the value in the JTM of common language, common skill sets, common processes and common technology.

In line with national trends, the CMT has recognised that implementing the JTM in a single council is not enough, and that integration will achieve further benefits in service resilience and strategic regional presence that such a single council cannot hope to realise. The report to EBC Cabinet in July 2015 on the Medium Term Financial Strategy (MTFS) highlighted that, following a 50% real term cut to council funding in the previous parliament, Government funding is expected to be phased out altogether over the next parliamentary cycle to 2020. It is therefore clear that despite the significant savings delivered to date through the SSDS, the councils continue to face challenging savings targets going forward. The December 2015 settlement has now reset the requirements for these savings targets as shown in the table below. For EBC, the MTFS sets a target of £1.25m of recurring savings to be delivered between now and 2020 from shared services. LDC has an MTFS target of £1.6m through transformation, including shared services. This also sets out a more challenging timeline in terms of achieving benefits in FY17/18:

Council	2016/17	2017/18	2018/19	2019/20	Total
EBC	250k	500k	250k	250k	1.25m
LDC	400k	400k	400k	400k	1.6m

The JTM provides a firm and consistent set of principles and organisational model that will strengthen the basis for sustainable delivery of services for customers across the EBC and LDC areas. Integration should enable LDC to accelerate and both councils to strengthen their ability to realise these benefits.

3.3 Successful integration in EBC and LDC

The two councils have made collaborative progress towards integration over the past two years:

- Formal arrangements are already in place for Corporate Shared Services HR and Legal
- A single Chief Executive post was announced in December 2015 and ratified in January 2016
- There is, as of February 2016, a single CMT and there are multiple shared senior manager/specialist roles across the two councils
- Finance, IT, Housing Property services, numerous aspects of strategy & commissioning already have shared leadership, and are working on initiatives exploring the opportunity for closer working and realisation of benefit across the councils
- Sharing specialist skills around council tax and community infrastructure levy (CIL)
- The councils have agreed to the formation of two strong councils through the full integration of management, services and ICT to:

Protect services

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

- Greater strategic presence

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

High quality, modern services

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

Resilient services

Building resilience by combining skills and infrastructure across both councils

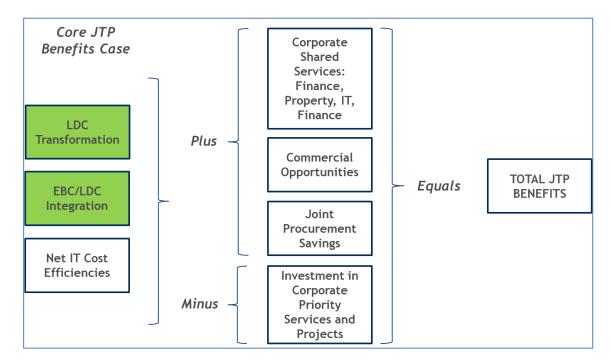
Adopting the JTM in LDC will deliver significant savings locally by fully embedding the work started through the development of the NSDM. Subsequently it provides a common language and basis for economies of scale through true integration with EBC. Integration is critical to real sustainability as the financial opportunities are higher and the strategic benefits are greater than implementing the JTM separately.

4. Financial Case

The financial case sets out the potential impact on headcount and headcount costs of LDC adopting the JTM, and of EBC and LDC using this as the basis for merging their customer-facing, commissioning and leadership activities.

4.1 Scope

The scope of this business case includes all the customer-facing aspects of work done in both councils, with the exception of specified services listed below, each of which is subject to separate strategic and/or integration business cases. In the graphic below, the green boxes show the scope of this business case.



In addition, there are specific parts of service delivery whose integration and strategic benefits are excluded from this business case:

- Waste service delivery (outsourced in EBC, and subject to a strategic investment programme in LDC) - some elements of management and administration have been included
- Devonshire Park in EBC, including Theatres and Heritage

Benefits from integration of corporate support services are also excluded, as they are already being planned or delivered as shared services across the two councils:

- IT (partially outsourced in EBC)
- Finance
- HR
- Legal
- Property

The chart below shows the number of FTE currently engaged in in-scope activities in LDC:

Service Area	FTE AS IS	Comments
Audit, Fraud and Procurement	5.05	
Democratic services	10.20	
Revenues & Benefits	28.50	
Business Strategy & Performance	9.12	
Customer Hub	24.20	
Env health - licensing	20.31	
Mobile	8.67	
Parks & Cemeteries	4.00	
Building Control	7.00	
Planning	21.51	
Regeneration & Investment	8.25	Includes TIC staff - permanent
		and seasonal
Senior Management & Support	11.99	Includes PA support and shared roles
Tenancy Management	22.85	
Waste	9.35	Includes team leaders and admin roles
Contracts & procurement housing	11.95	
Strategic policy	8.90	
Needs and private housing	11.59	
Total	223.44	

Note these numbers include 13.8 FTEs of current vacancies.

4.2 Applying the JTM to LDC District Council

The current cost of the 223.4 FTEs of in-scope staff is £7,769,990. On the basis of the revised activity analysis, the table below sets out the 'As Is' staffing and staffing costs compared to a 'To Be' or future state following implementation of JTM opportunities.

FM Activity	ASIS FTEs	TOBE FTEs	Saving FTE	% saving	ASIS FTE Costs	TOBE FTE Costs	Saving £	% savings
Leadership, management & supervision	22.2	17.5	4.7	21%	£1,256,883	£992,938	£263,945	21%
S&C - strategic cycle, change, corporate governance	15.4	15.0	0.5	3%	£786,328	£762,738	£23,590	3%
S&C - democratic support	5.7	5.3	0.3	6%	£197,787	£185,920	£11,867	6%
S&C - communications, marketing, media	2.5	2.4	0.1	3%	£94,217	£91,390	£2,827	3%
Corporate programmes and projects	3.7	3.5	0.2	6%	£146,707	£137,904	£8,802	6%
Community/ customer enabling	5.1	5.0	0.2	3%	£165,938	£160,960	£4,978	3%
Triage	28.8	23.0	5.8	20%	£717,604	£571,855	£145,750	20%
Mobile / locality working	20.7	18.3	2.4	12%	£582,335	£527,747	£54,589	9%
Service processing (rule based cases and accounts)	59.9	42.6	17.3	29%	£1,690,681	£1,201,615	£489,065	29%
Specialist	33.7	26.6	7.1	21%	£1,279,338	£1,013,100	£266,238	21%
Corporate support - triage	0.7	0.6	0.2	22%	£17,725	£13,896	£3,829	22%
Corporate support - service processing, admin	6.7	5.1	1.6	24%	£185,335	£140,431	£44,904	24%
Corporate support- complex advice/cases	3.1	2.7	0.4	14%	£118,056	£101,846	£16,210	14%
Corporate support- governance/compliance	2.6	2.6	0.1	3%	£119,231	£115,655	£3,577	3%
Service delivery	6.2	5.5	0.7	12%	£187,389	£164,903	£22,487	12%
Asset management	6.4	5.5	0.9	14%	£224,435	£194,024	£30,411	14%
Totals	223.4	181.1	42.4	19%	£7,769,990	£6,376,921	£1,393,069	18%

The current FTEs were mapped from the activity analysis spreadsheets and the Finance/HR reconciliation of establishment and actual FTEs in conjunction with the LDC project team. There are some minor inconsistencies between the numbers, but in the main these have now been reconciled to include all vacancies, and changed role titles where appropriate.

As a result of this proposed transition to the JTM, the number of FTEs is reduced by 42.4 (19%) to 181.1 with a corresponding reduction of £1.393 million (18%) of fully loaded salary cost per annum.

Initially, a small amount of activity was mapped to Facilities Management, but this was subsequently re-allocated to Mobile/locality working so as to align with EBC's assumptions.

The service delivery activity that has been mapped in the analysis (5.5 FTEs) includes work currently being done by staff, such as tourist information officers, mobile rangers and elements of housing maintenance.

The savings identified in the table above are based on a number of drivers which have been applied to the existing services and their mapping of activities to the JTM areas. The drivers are based on our experience of identifying and delivering savings with other councils. By structuring the activities of the Council into the JTM activity areas, we can assess the likely benefit that can be achieved in each area from each driver. These drivers were:

- **Customer enabling or managing demand;** reducing or shaping demand to reduce the level of service required from customers
- **Self-serve or channel shift**; enabling customers to do more for themselves and reducing council workload in the process
- Remodelling (new structures and ways of working); improving productivity and releasing capacity in the organisation through the reallocation of work, workforce optimisation and better workforce practices. This will be achieved by shifting work and knowledge closer to the customer and embedding rule based 'knowledge' into processes and scripts, developing agile working and customer centric attitudes and behaviours.
- Efficiency (technology and process improvement); stripping out waste and non-value added activity from journeys and processes

The scale of benefit applied against each of the drivers in LDC is informed by the maturity profile developed with staff through the workshops.

The most significant areas of potential saving are in:

- **Service-processing** much of this work can be shifted forwards into customer self-serve and customer advice
- Corporate support service processing and admin for the same reasons as above
- Triage and corporate support triage in the as-is this work is scattered across many individuals; in the model it will be consolidated and made more efficient
- **Specialists** there will be some economies as work that is rules-based or administrative in nature can be migrated to the service-processing and customer advisor teams
- Leadership, management and supervision although supervision is still needed, the creation of a smaller number of management entities should lead to a rationalisation of management time

The table below illustrates the scale of estimated saving against each benefit driver.

FTE AS IS	Customer enabling	Customer self serve	Internal re- modelling	Technology/ process improvement	FTE TO BE	FTE SAVING	% SAVING
223.4	5.2	11.4	15.3	10.5	181.1	42.4	19%
% of savings	12%	27%	36%	25%			
FTE Cost As IS					FTE Cost TO BE	FTE Cost SAVING	% SAVING
£7,769,990	£161,498	£298,511	£601,974	£307,265	£6,376,921	£1,393,069	18%
% of savings	12%	21%	43%	22%			

It shows that the most significant driver of benefit is re-modelling of activity - in particular the shifting of rules-based work away from higher-paid staff and improving the efficiency with which it can be delivered. The table below compares the sources of benefit with a sample of other councils. Typically, savings from re-modelling are a high proportion of the total; in LDC this is reduced somewhat as re-organisation of service areas into customer-facing teams has already been started.

Council	As-is FTE	So	urce of saving	s (total = 100	To-be FTE	FTE saving	% FTE saving	
		Customer enabling	Self-serve	Internal re- modelling	Technology			Juving
Lewes DC	223	12%	27%	36%	25%	181	42.0	19%
Eastbourne BC Phase 2	219.5	2%	27%	50%	21%	188.3	31.1	14%
Eastleigh BC	361	13%	21%	46%	20%	290.9	70.1	19%
SHWD	372.4	9%	25%	38%	27%	278.8	94	25%

In the Illuminate workshops, we asked participants from LDC and EBC to identify specific opportunities for improvement against each of the four drivers. Appendix 3 includes analysis of those opportunities on an illustrative basis, showing that potential savings of around £522,000 have already been identified. Examples include:

- Customer enabling manage down demand for pre-apps for building alterations by providing more/better information about permitted developments. Potential saving of £19,442 in Planning
- **Customer self-serve** reporting changes of circumstance online. Potential saving of £11,000 in Benefits
- Customer self-serve and growth enable 90% of Building Control bookings to be made online. Potential saving of £14,329
- Internal remodelling multi-skilling staff in Revenues and Benefits so that there is better resilience, flexibility and cover for absence. Potential saving of £44,000
- **Customer self-serve and efficiency** automate the updating of changes of circumstances. Potential saving of £96,411

These opportunities are indicative rather than specific but provide a sense check against the maturity assessment and benefits identified.

4.3 Updating the EBC Phase 2 Future Model

The second part of the analysis involved confirming the current headcount and staffing cost in EBC to use as the baseline for integration. The baseline identified provides the following totals mapped to the same JTP activities:

To Be Activity	TO BE FTE	TO BE FTE Costs
Leadership, management & supervision	24.7	£1,513,873
S&C - strategic cycle, change, corporate	15.3	£546,767
governance		
S&C - democratic support	11.2	£365,358
S&C - communications, marketing, media	0	
Corporate programmes and projects	7	£288,734
Community/ customer enabling		
Triage	37.9	£866,956
Mobile / locality working		
Neighbourhood - incl C/CE and M/LW	17.7	£437,570
Service processing (rule based cases and	60.4	£1,562,338
accounts)		
Specialist	31.9	£1,170,547
Corporate support - triage		
Corporate support - service processing, admin		
Corporate support- complex advice/cases		
Corporate support- governance/compliance		
Service delivery		
Facilities management		
Asset management		
Totals	206.1	£6,752,143

4.4 Identifying the integration benefits

The combined FTE and cost totals for EBC and estimated to-be headcount in LDC creates the initial baseline for the combined JTM. It is important to understand this baseline so that the integration savings can be applied to the merged organisation without favouring one council or

the other. It is expected that LDC's migration to the JTM will happen alongside integration with EBC, so this combined headcount will not be realised in isolation.

At this stage the headcount for Tourism and Enterprise, Seafront and Events within EBC were added to this total so as to provide comparability with LDC, and because it was felt that it was now appropriate to assess these areas as part of the JTM.

The initial baseline for the combined JTM is shown below:

JTM Activities	JTM FTE	JTM Cost
Leadership, management & supervision	42.2	£2,506,811
S&C - strategic cycle, change, corporate governance	30.3	£1,309,505
S&C - democratic support	16.5	£551,278
S&C - communications, marketing, media	2.4	£91,390
Corporate programmes and projects	10.5	£426,638
Community/ customer enabling		
Triage	60.9	£1,438,811
Mobile / locality working		
Neighbourhood Model	40.9	£1,126,277
Service processing (rule based cases and accounts)	103.0	£2,763,953
Specialist	58.5	£2,183,647
Corporate support - triage	0.6	£13,896
Corporate support - service processing, admin	5.1	£140,431
Corporate support- complex advice/cases	2.7	£101,846
Corporate support- governance/compliance	2.6	£115,655
Service delivery	5.5	£164,903
Facilities management	0.0	
Asset Management	5.5	£194,024
Totals	387.2	£13,129,064

This shows a combined total of 387.2 FTEs at a total cost of £13,129,064 including on-costs. There are several points to note:

- These numbers do not include the out of scope roles identified earlier, nor do they take
 into account the 'in flight' business case development for support services and some
 delivery units
- The FTEs allocated to corporate support activity from LDC originate from the in scope service areas and will include activities such as systems admin predominantly based within services, transactional finance etc. Where this sits within the organisational design would be established during detailed design work in implementation
- It has been assumed (supported by the localities workshop outputs) that the LDC approach aligns to the EBC Neighbourhood model
- EHL leadership is included within the EBC numbers
- Comms activity is outsourced in EBC, in house within LDC no assumption has been made at this stage as to the future delivery of comms support
- Tourism and Marketing, Seafront and Events in EBC, and Tourism in LDC have been included in the Service Delivery activity area.

As mentioned earlier this combined baseline was refined against the integration benefit drivers. The benefit from each of the drivers was agreed with CMT to achieve the following savings:

- Leadership, management and supervision 20% reduction, to include elimination of one Chief Executive post and other management reductions
- Strategy & commissioning 15% reduction, to account for rationalisation of leadership of the teams
- Customer advisor/triage, service processing and specialists 5% reduction through economies of scale and de-duplication of specific expertise
- **Service processing and specialists** 5% reduction through streamlining of work through alignment of policies
- Neighbourhood teams 5% saving through sharing resources across the coastal urban strip

These assumptions provide a revised operating model for the JTM across both councils, as shown below:

JTM Activities	JTM FTE	JTM Cost	Integration FTE Saving	Integration FTE Cost Saving	Future TOM	Future TOM Cost
Leadership, management & supervision	42.2	£ 2,506,811	-8.4	-£ 501,362	33.8	£2,005,449
S&C - strategic cycle, change, corporate governance	30.3	£ 1,309,505	-4.5	-£ 196,426	25.7	£1,113,080
S&C - democratic support	16.5	£ 551,278	-2.5	-£82,692	14.0	£468,586
S&C - communications, marketing, media	2.4	£ 91,390			2.4	£ 91,390
Corporate programmes and projects	10.5	£ 426,638	0.0		10.5	£426,638
Community/ customer enabling						
Triage	60.9	£ 1,438,811	-3.0	-£ 71,940.53	57.8	£1,366,870
Mobile / locality working						
Neighbourhood Model	40.9	£ 1,126,277	-2.0	-£56,314	38.9	£1,069,963
Service processing (rule based cases and accounts)	103.0	£ 2,763,953	-10.3	-£ 276,395	92.7	£2,487,558
Specialist	58.5	£ 2,183,647	-5.9	-£ 218,365	52.7	£1,965,282
Corporate support - triage	0.6	£ 13,896			0.6	£13,896
Corporate support - service processing, admin	5.1	£ 140,431			5.1	£ 140,431
Corporate support- complex advice/cases	2.7	£ 101,846			2.7	£ 101,846
Corporate support- governance/compliance	2.6	£ 115,655			2.6	£ 115,655
Service delivery	5.5	£ 164,903			5.5	£ 164,903
Facilities management	0.0	£ -			0.0	£ -
Asset Management	5.5	£ 194,024			5.5	£ 194,024
Totals	387.2	£ 13,129,064	-36.7	-£1,403,494	350.5	£ 11,725,570

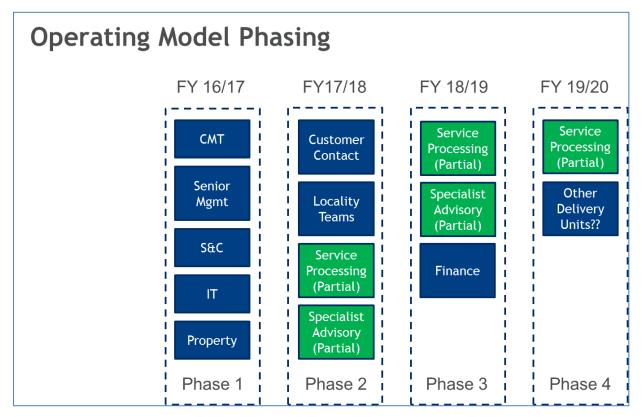
The outcome of these calculations is a further potential saving of 36.7 FTE and £1.403M. This excludes any upside from commercial opportunities, as separate business cases will be needed in order to release the investment required for these. Appendix 4 shows the detail of the revised organisation model to reflect this analysis.

The total benefit therefore combing the initial benefit from LDC implementation of the JTM and the integration savings above is 79.1 FTEs at a cost of £2.796M (incl on-costs) as shown below:

		FTE			FTE Cost	
JTM Activities	LDC	Integrati on	Total	LDC	Integration	Total-
Leadership, management &	4.7	-8.4	-13.1	- £263,945	-£501,362	-£ 765,308
supervision						
S&C - strategic cycle, change, corporate governance	0.5	-4.5	-5.0	- £ 23,590	-£196,426	-£ 220,016
S&C - democratic support	0.3	-2.5	-2.8	- £ 11,867	-£82,692	-£94,559
S&C - communications, marketing, media	0.1	0.0	-0.1	- £2,827		-£ 2,827
Corporate programmes and projects	0.2	0.0	-0.2	- £8,802		-£ 8,802
Community/ customer enabling	0.2	0.0	-0.2	- £4,978		-£ 4,978
Triage	5.8	-3.0	-8.8	- £145,750	-£71,941	-£ 217,690
Mobile / locality working	2.4	0.0	-2.4	- £ 54,589		-£54,589
Neighbourhood Model	2.5	-2.0	-4.6	- £ 59,567	-£56,314	-£ 115,881
Service processing (rule based cases and accounts)	17.3	-10.3	-27.6	- £489,065	-£ 276,395	-£765,461
Specialist	7.1	-5.9	-12.9	-£ 266,238	-£ 218,365	-£484,603
Corporate support - triage	0.2	0.0	-0.2	- £3,829		-£ 3,829
Corporate support - service processing, admin	1.6	0.0	-1.6	- £44,904		-£44,904
Corporate support- complex advice/cases	0.4	0.0	-0.4	- £16,210		-£16,210
Corporate support- governance/compliance	0.1	0.0	-0.1	- £3,577		-£ 3,577
Service delivery	0.7	0.0	-0.7	- £22,487		-£22,487
Facilities management	0.0	0.0	0.0			
Asset Management	0.9	0.0	-0.9	- £30,411		-£30,411
Totals	42.4	-36.7	-79.1	- £ 1,393,069	-£ 1,403,494	-£2,796,563

4.5 Phasing of benefits

The management case highlights the phasing of the employment model implementation to align with the revised MTFS as per the December 2015 settlement as outlined in the diagram below:



Based on these implementation phases, the following high level phasing of benefit delivery has been developed:

	FTE	FTE Cost	Bei	nefit Rea	lisation	FTE	Ве	enefit Realisa	tion FTE Cos	st
JTM Activities	Total	Total-	FY 16/17	FY 17/18	FY 18/19	FY 19/20	FY 16/17-	FY 17/18-	FY 18/19-	FY 19/20-
Leadership, management & supervision	-13.1	-£ 765,308	-13.1				-£ 765,308			
S&C - strategic cycle, change, corporate governance	-5.0	-£ 220,016	-5.0				-£ 220,016			
S&C - democratic support	-2.8	-£ 94,559	-2.8				-£ 94,559			
S&C - communications, marketing, media	-0.1	-£ 2,827	-0.1				-£ 2,827			
Corporate programmes and projects	-0.2	-£ 8,802	-0.2				-£ 8,802			
Community/ customer enabling	-0.2	-£ 4,978								
Triage	-8.8	-£ 217,690		-8.8				-£ 217,690		
Mobile / locality working	-2.4	-£ 54,589								
Neighbourhood Model	-4.6	-£ 115,881		-4.6				-£ 115,881		
Service processing (rule based cases and accounts)	-27.6	-£ 765,461		-13.8	-8.3	-5.5		-£ 382,730	-£229,638	-£153,092
Specialist	-12.9	-£ 484,603		-7.8	-5.2			-£ 290,762	-£193,841	
Corporate support - triage	-0.2	-£ 3,829			-0.2				-£ 3,829	
Corporate support - service processing, admin	-1.6	-£ 44,904			-1.6				-£ 44,904	
Corporate support- complex advice/cases	-0.4	-£ 16,210			-0.4				-£ 16,210	
Corporate support- governance/compliance	-0.1	-£ 3,577			-0.1				-£ 3,577	
Service delivery	-0.7	-£ 22,487			-0.7				-£ 22,487	
Facilities management	0.0	£ -			0.0				£ -	
Asset Management	-0.9	-£ 30,411			-0.9				-£ 30,411	
Totals	-79.1	-£2,796,563	-21.2	-35.0	-17.4	-5.5	-£1,091,511	-£1,007,063	-£544,897	-£153,092

This phasing approach provides an indication when likely benefit will drop based on headcount release. Rationalisation of the management structure and Strategy & Commissioning across the 2 councils during FY 16/17 could realise a potential benefit for the full FY 17/18 of 21.2 FTEs at a loaded cost of £1.091M. This doesn't reflect that some benefit may be released earlier by managing vacancies, early rationalisation etc. Nor does it yet take into account additional costs of implementation required, such as additional technology costs and implementation capacity.

It has also been assumed that during transition some resource capacity will be maintained to support transition in both ways of working and technology implementation. It is anticipated that these additional resources would be focused in the case management and specialist elements of the model. The following assumptions have been made in determining the release of benefit in subsequent years:

		FY17/18	FY18/19	FY19/20
Caseworker Red	luction	50%	30%	20%
Specialist Reduction		60%	40%	

This creates an annual benefit timeline through to FY19/20 as follows. This is a projection only, and has not been adjusted to reflect part-year impact on cash flow. The discounted cash flow analysis has been adjusted to reflect such factors (see 4.7 below).

Benefit	FY 16/	17	FY 17/1	L8	FY 1	18/19	FY 1	19/20	Total	
FTE		-21.2		-35.0		-17.4		-5.5		-79.1
FTE Cost	-£	1,091,511	-£	1,007,063	-£	544,897	-£	153,092	-£	2,796,563

Although excluded from the business case, further savings should be accrued over time from the integration of corporate support services. It is important to understand that exclusion from the business case does not mean exclusion from the JTP - the overall programme will control and steer all integration activity.

4.6 Implementation Costs

The JTP will be the biggest integrated change programme either council has undertaken. It will involve:

- The creation of a single senior management team operating across both councils.
- Reviewing current pay scales and structures and potentially adopting a new joint pay and grading system.
- Redesigning and integrating the ICT infrastructures of both councils.
- Significant investment in new technologies, both hardware and software.
- Creating a new target operating model (TOM) for 350 staff working in joint teams.
- Building hundreds of integrated business processes for the joint teams, based on harmonised policies, driven by common technology.
- Significant cultural change to ensure staff exhibit the same core competencies and customer-centric attitudes and behaviours.

A programme of this scale and complexity requires significant investment in programme and project management, delivery of project activity, technology and specialist support and advice.

Technology Investment

The primary investment required to implement the JTM is in the integrated, customer focussed technology solution that will underpin and enable new ways of working. More than half the programme budget of £6.878m is investment in new technologies, both systems and ICT infrastructure. These numbers include technology investments that would be needed anyway

amounting to £1.275M, such as replacement of end of life systems, systems upgrades and infrastructure upgrades.

Implementation delivery

Significant resource for implementation is built into the above technology investment costs from the ICT suppliers. On top of this resource there is clearly a need for a range of other internal and external expertise to support the successful implementation of this new operating model and technology solution. An initial assessment is described below:

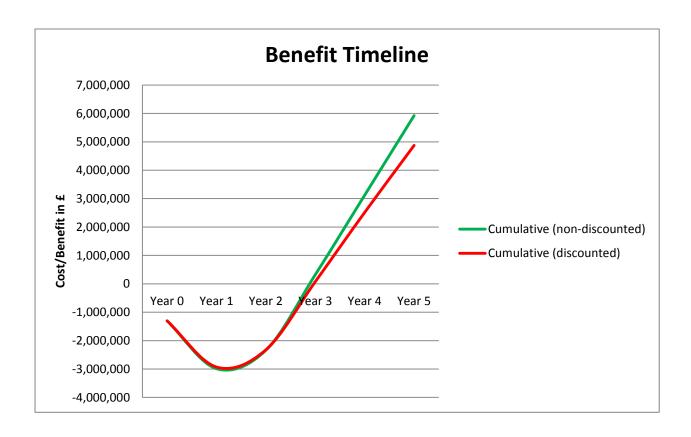
- Internal Programme team representing around 25% of the programme budget, to include:
 - o Programme management
 - o Technology team to support the transition to and integration of the new systems
 - o Business and technology analysts to map processes and develop scripts
 - Functional experts from across the Council to specify services policy and ensure that these policies are embedded in the new ways of working
- Change and transition support, representing around 10% of the programme budget to include:
 - Design oversight to ensure that the aspirations and principles of the Blueprint area achieved
 - Change management expertise to bring best practice approach to implementing such a complex multi-faceted change programme
 - Expertise to train, develop and support the wider team in technology, process and ways of working implementation
 - Business analysis expertise and experience working with other Councils to implement similar transitions

The remaining programme budget is allocated to a range of miscellaneous costs including running the programme office, equipment, branding and contingency.

4.7 Benefit Realisation

Whilst it is acknowledged that the figures in this business case are best estimates, experience of previous change processes and technology implementation means the figures will be very close to the final position and provide a reasonable estimate of benefit realisation from the JTP. As stated earlier it has also been assumed that the full benefit for each phase of implementation is only achieved in the year following. The table below contains a discounted cash flow (DCF) analysis of the entire programme costs to show net present value over time. The subsequent graph below shows the annual position of cumulative saving from the programme over its first six years, discounted and non-discounted (2016/17 being designated as 'Year 0'):

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	Total
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5	
Programme costs	-1,860,000	-3,080,000	-1,475,000	-135,000			-6,550,000
Contingencies	-93,000	-154,000	-73,750	-6,750			-327,500
Total (net) Costs	-1,953,000	-3,234,000	-1,548,750	-141,750	0	0	-6,877,500
Benefits	650,000	1,550,000	2,200,000	2,800,000	2,800,000	2,800,000	12,800,000
Net flows	-1,303,000	-1,684,000	651,250	2,658,250	2,800,000	2,800,000	5,922,500
Cumulative (non- discounted)	-1,303,000	-2,987,000	-2,335,750	322,500	3,122,500	5,922,500	
DCF 3.5%	1	0.966	0.934	0.902	0.871	0.842	
NPV	-1,303,000	-1,627,053	607,949	2,397,589	2,440,038	2,357,525	4,873,048
Cumulative (discounted)	-1,303,000	-2,930,053	-2,322,104	75,485	2,515,523	4,873,048	



5. Management Case

This section of the business case sets out the implementation approach and outline implementation plan to achieve the benefits described elsewhere in the document. It also describes the governance arrangements and the risk management approach that will be used to safeguard the timely delivery of benefit and the maintenance of 'business as usual' levels of performance.

5.1 Implementation assumptions

- Implementation of the changes to achieve the JTM in LDC and EBC will be run as part of the wider integration of all service areas across the two councils.
- Every opportunity will be taken to realise benefit and prevent the delay of benefit release. For example, protocols are being agreed to ensure that, where vacancies arise in one council, the first option to fill the vacancy is to look to the other council's headcount and at-risk staff.
- Transformation of LDC's activities into the JTM will take place at the same time as the two
 councils integrate their operations. In other words, there will not be a 'LDC
 Transformation Phase'.
- Delivery of benefit against this business case is largely reliant on implementation of the employment model associated with the JTM i.e. the alignment of senior management and Strategy & Commissioning roles, and the migration of activity into Customer Advisors, Locality teams, Case Workers and Specialists.
- The implementation of integrated systems will enable the full benefits of the JTM to be realised. The first phase of organisational change will be CMT, second tier management roles and key strategic functions none dependent on systems changes. The second phase of change will focus on supporting customer contact face-to-face, phone and web and will involve systems support to the customer contact and mobile locality teams. The third phase of change will take longer to achieve fully as back office systems are replaced in order to deliver the full benefits for service delivery and specialist advisory teams.
- A single CRM (Customer Relationship Management) system and workflow will be implemented in LDC as an early priority. It is assumed that the systems will:
 - Be able to operate across existing systems in LDC so that the front end of all processes can be enabled for maximum self-serve and rules-based access and processing,
 - Enable early establishment of a single Customer Advisor team, as defined in the JTM.
 - Push work into the back-office systems used by some Case Workers and Specialists, who may continue to work on just one council's business, or may be trained to operate both councils' systems, dependent on complexity.

5.2 Implementation phases

The implementation of the JTM across LDC and EBC will be phased as shown in the table below.

Scope	Timing	Comments		
CMT eCMT	In place and integrated across both councils by end of 2016	Critical to have singular & committed leadership for the transformation.		
Strategy & Commissioning		Limited technology and process change dependency.		
Customer advisors	In place in both councils by end September 2017.	Single customer advisor team includes cross-skilling and team-		
	Single integrated customer advisor team.	building		
Locality-based teams	Locality teams under single management by September 2017	Scope and structure of locality- based teams may vary according to local need.		
		Key enabler is use of CRM, workflow and single telephony system.		
Case workers	Caseworker benefits: 50%	Working in single teams across		
Specialists	delivered by end March 2018; 80% delivered by end March 2019; fully delivered by end March 2020.	both councils, but will continue to work in the 'old way' until technology change enables consistency.		
	Specialist benefits: 60% delivered by end March 2018; fully delivered by end March 2019.			

This phasing has been used as the basis for the phasing of benefit delivery described in the financial business case.

5.3 Implementation cost assumptions

These are the initial assumptions for the implementation costs as used in the financial case. The cost areas to be covered include:

- Programme management to include programme management and governance, as well as programme office support
- Organisational design and benefit realisation dedicated resource to manage the delivery of the target operating model and delivery of benefits
- Systems migration each system migration will require both management and support resources at the appropriate times within the programme, supported throughout by a data/integrations specialist

- Change management management of change to include developing the change approach, establishing ways of working, culture change, communications and engagement. This requirement is likely to fluctuate throughout the programme
- Transition and cutover management planning and coordinating all the business activities for each cutover, including oversight of training and knowledge transfer
- Employee support / outplacement assumed to be an external cost
- Process design and build costs the build approach will need to be designed and developed, as well as resources mobilised to undertake the approach. Resources will be required in the first instance to support this mobilisation phase, followed by build delivery resources as follows:
 - o Build Process Management
 - Build Activity process mapping, script and content development
 - Process training and cross-training across existing systems. Use actual training days to date per role (CA, CW, Specialists, Neighbourhood worker) in EBC as the basis for estimating the volume of process training per person in-scope in LDC. Training development - TBD, based on process design collateral.
 - System training (for each implementation). Super User approach.
 - External technical resource
- Technology these costs to include estimates for:
 - Annual licence costs and maintenance costs (inc savings on these) including where software is being extended from 1 council to the other
 - Software acquisition
 - Implementation of new systems (system training covered above), then ongoing new licence costs
 - IT Infrastructure investment costs
- Note that (as in iESE report) redundancy costs are excluded as these would not be additional costs of integration; savings targets to meet the MTFS by both councils would require staff savings even if integration didn't take place.

5.4 Critical success factors

Based on learning from EBC's implementation of two phases of the Future Model, and Ignite's experience with other councils, these are the key aspects of the implementation that it is critical to get right if the benefits are to be delivered as planned.

Explicit recognition that the integrated organisation will need a single culture and set of
values and behaviours. This provides a huge opportunity for leadership to engage staff
across both councils in developing what the culture needs to be and in contributing ideas
for how to put it visibly into action. This needs to be a thread that runs throughout the
implementation, and delivery of the changes need to be managed in accordance with the
agreed values.

- Recognition that the two councils are starting the transformation from different starting places, and will face different challenges.
- Refining the organisation designs to meet the needs of the integrated organisation and not simply slotting roles into the existing Customer First structure
- Alignment of role descriptions across the integrated teams, which may require changes to current EBC roles as well as current LDC roles
- Having an open process for candidates to apply for all roles advertised during the transition, with appropriate ring-fencing for roles where specific expertise or capability is needed.
- Technology support. Full benefit delivery will ultimately depend on having a uniform IT
 infrastructure and systems landscape. However, the approach to systems implementation
 needs to be mindful of the capacity impact and risks of changing too many systems
 simultaneously.
- Achieve and publicise early wins, as this will promote a sense of progress as well as delivering benefits in cost savings and/or customer service improvement.
- Ongoing, consistent and two-way communication that engages members, staff and customers honestly in the progress made and the challenges that are being resolved.

5.5 Risks in implementation

The key challenges and risks which will need to be understood and managed are:

Performance

 Management of performance across the implementation period, especially customer service levels

To be mitigated by:

- Focus on a manageable number of KPIs and leading indicators, so that action can be taken quickly at any sign of fall-off
- Communication of changes before they happen, to manage expectations and raise awareness of the need to check on performance
- Focus on training staff as they are asked to take on new activities, so that backlogs are less likely to arise
- Refinement of activity analysis and process design work to identify where specific work will be needed to adapt existing EBC processes to LDC requirements (or vice versa), and where headcount impacts need to be confirmed

People

Staff morale

To be mitigated by:

- Communication and consultation at all levels
- Strong leadership messaging around the purpose and impact of the programme

- Opportunities for one-to-one and local engagement with decision-makers and leaders
- Dedicated change management resource to advise on risks and strategies to build morale, cooperation and acceptance of the new model
- Mis-match of organisational culture and behaviours

To be mitigated by:

- Early definition and engagement in the target culture for the integrated organisation
- Embed the behaviours and values into the way the programme is implemented, as well as in the performance management framework
- Acknowledge the differing start points, and that the implementation programme may include different activities for each council in order to get everyone to the same place

Political

 Political differences between the councils could slow down decision-making and/or the delivery of benefit if they get in the way of aligned processes and ways of working

To be mitigated by:

- Consistent communication with members so that they understand the decisions they are asked to make and the implications of proposed changes
- Early agreement to a framework for apportioning costs, savings and benefits across all the organisations impacted

Technology

New technology may take longer or is more complex to deliver

To be mitigated by:

- o Risk-based planning
- Allocation and release of sufficient business and IT resource to meet the assumptions in project plans
- Early assessment of data structures to assess the scale of data standardisation and take-on for the 'golden customer record'
- Existing technology may be harder to integrate via workflow than expected and/or it is more challenging than expected for staff to operate across more than one system

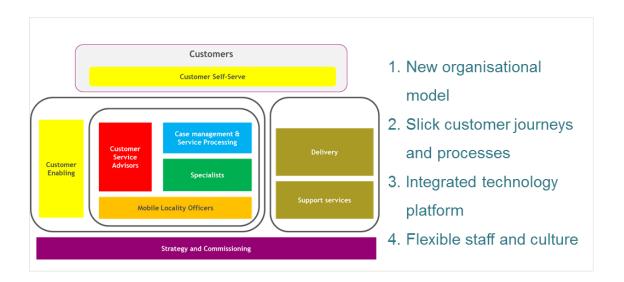
To be mitigated by:

- Early assessment of workflow feasibility against each LDC system
- Early decision on workflow tools to be deployed

Appendix 1 - Introduction to the Joint Transformation Model

The proposal described here is to base the integration of customer-related activities in LDC District Council and EBC Borough Council on the Joint Transformation - or Future - Model. This is

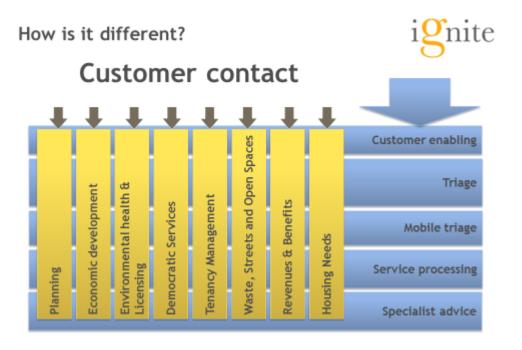
a new customer-centric operating model for Local Government. Specifically designed for the sector, it provides long term solutions that benefit customers, staff, the organisation and the community at large.



The Joint Transformation Model (JTM) includes:

- A new organisational model that migrates staff from a traditional silo based structure into a competency/skill based model; improving productivity and releasing scarce specialist capacity
- Slick customer journeys and process; improving customer experience and releasing efficiencies by being digital by default, paperless with automated workflow
- An integrated technology platform that will enable genuine integration and automation of end to end customer journeys and processes
- A new culture; aimed at providing exceptional customer service.

The Joint Transformation Model focuses on how services are delivered to the customer - effectively turning the existing silos on their sides and organising the council around the customer.



Organisational Model

Staff migrate from a silo based model into a competency/skill based model:

- Customer service advisors; centred on resolving customer queries and handling the majority of service requests
- Case managers; focused on service processing and end to end management of cases
- Specialists; focused on complex case management and providing genuinely specialist input
- Locality; 'place' based resources embedded in the community to focus on enabling, prevention, compliance, enforcement and supporting case managers and specialists in the field. These roles are critical in developing customer and community capability, reinforcing the Council's relationship with key stakeholders
- Delivery; standalone delivery units that deliver core Council services and corporate support services
- Corporate support; delivering corporate support services to internal customers enabling them to manage the Council's business and delivery of services to citizens
- Strategy and commissioning; the activity and resource required to translate political will
 and ambition, and ensure that the Council remains a unique, accountable and capable
 public authority.

How these teams are organised and structured depends on a number of considerations, including the scale of the challenge facing the Council, the geographic location (split between rural and urban wards) and strategic direction.

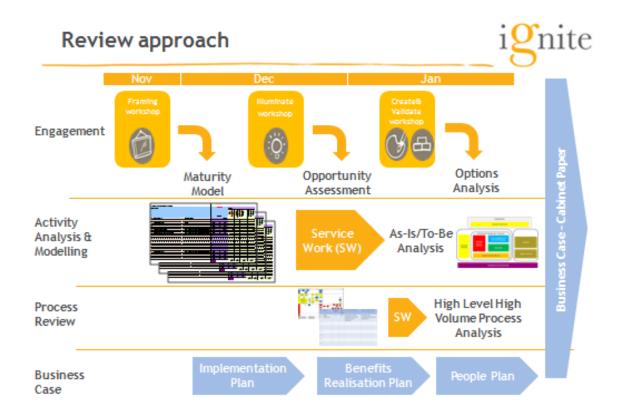
During the workshops, LDC staff prioritised and refined a set of design principles that underpin the JTM. These are set out below and will be used during detailed design to ensure the organisational design maintains the desired outcomes of the model:

- 1. Focus on the **customer experience**
- 2. Redesign processes around the **ideal customer journey** so they are quick and uncomplicated and take as few steps as possible
- 3. Manage customer capability. **Enable customers to do more for themselves** by building capacity, providing better information
- 4. **Manage customer demand.** Prevent demand, shape demand so that it is easier to deal with, steer demand to appropriate (or cheaper) channels
- 5. Address issues at first point of contact by providing staff with high quality scripts and diagnostics
- 6. Collect information once, and only if we actually need it
- 7. Make processes digital by default, but with alternative access channels where appropriate
- 8. Tell customers what to expect and keep them up to date along the way
- 9. Move as much work forward into customer contact, case management and mobile locality by developing high quality processes flows and process guidance.
- 10. Move work quickly and easily around the organisation by using workflow, work-trays and automated process prompts.
- 11. Automate controls within processes to ensure compliance
- 12. **Measure performance** as part of the process/ workflow to drive improvements

Added to the list but not formally prioritised: Build in safeguards so that we can ensure equal access for all to our services and to employment

Appendix 2 - Summary of business case approach

In developing this business case, we followed the approach shown below:



- Mobilisation of a small core team in LDC to provide an engagement link to staff based at the council
- Frame workshops we ran three of these sessions with a mixed audience of 64 LDC and EBC officers. LDC representatives comprised a cross-section of staff, including a manager and a team leader from each of the in-scope service areas. A smaller number of EBC staff attended in order to start building relationships and educate LDC people on how the JTM works in practice.

In each session we:

- Introduced the workings and impact of the JTM
- Invited input to the design principles underpinning the JTP
- Assessed progress already made toward the JTM and the level of opportunity still available to LDC District Council (the maturity model)
- Introduced the activity analysis piece of work
- o Facilitated conversation around implementation challenges and opportunities
- An activity analysis which involved LDC teams mapping all their current in-scope staff resource to activities in the JTM. They used a pre-defined list of activities, but were able to add any specific activities that are unique to LDC or which take up a substantial amount of staff time (typically 5% of an FTE or more). Following detailed reconciliation against

budget staff data, we then applied a range of benefit drivers to estimate the savings that could be made by implementation of the JTM

- Illuminate workshops we ran five of these workshops, each themed around 2-3 service areas. Participants were a roughly equal mix of LDC and EBC officers. The agenda covered:
 - Opportunity assessment the first stage involved the identification of key processes or activities where demand could be reduced (or managed) and/or where customer self-service could be grown. The second stage involved the application of thinking around improvements through growing efficiency and re-modelling who delivers specific activities. This data was captured and used to underpin some of the assumptions in the benefit drivers.
 - Process comparison where available, the joint teams reviewed standard JTM process flows to confirm what changes - if any - would be needed to enable them to operate in each council.
- Create workshops we ran three of these workshops in areas where a 'deep-dive' was needed to confirm the implications of the JTM for specific service areas. They were attended by mixed teams from LDC and EBC. The areas were:
 - Neighbourhood teams because of the difference in rural/urban mix between the two council areas, we needed to explore how the locality model could be adapted to meet LDC' needs
 - Housing LDC does not have an ALMO, so we needed to explore how all aspects of the housing service could be delivered within the JTM, ensuring that we did not eliminate any integration options for later consideration
 - Environmental Health there is a wide range of policy differences between the two councils, and we needed to provide reassurance that the JTM would still be able to deliver the target benefits in spite of this.
- The application of our evidence base from Future Model implementations at other Councils across the UK. We have used this to further validate savings opportunities identified in the Illuminate workshops and in the activity analysis model.
- A review of 550 processes developed in EBC, to assess the level of fit in LDC in order to estimate the scale of work to integrate or align technology and workflow.

Appendix 3 - Opportunity Assessment

Example opportunities identified during Illuminate workshops with service reps analysed against activity analysis:

Service	Financial driver	Opportunity	What will we do/ change?	What improvement are we targeting?	What is cost to deliver?	What is benefit?	Cashable savings	Totals for service
Revenues	Remodelling	Aligning/ cross skilling across revs and bens	Multi skill staff so that they are able to work across revs and bens - allowing better flexibility and cover	Staff saving estimated at 5%	Training of staff to allow multiskilling	Improved flexibility and cover - supporting customer improvements. Efficiency saving of 5% on current staff cost of £890,098 (revenues and benefits) - from AA	£44,545	
	Efficiency	Align and simplify letters that inform of rent changes, council tax changes and benefit changes	Consolidate 3 long and complex letters into one - with clarity on what tenant needs to do. Align timing.	Reduce customer calls in March by 75% (from workshop)	Development of single letter	Customer improvements - simplification/ reduced confusion Reduced volume of calls in March - current cost of triage in R&B is £46,824 (from AA) - calculate monthly cost and take 75% on one month as potential saving	£2,927	
	Demand management	Better credit management	Better visibility of cross council debt allowing a coordinated response, and earlier identification and intervention to prevent or reduce escalation of debt	ТВС	ТВС	Less debt/ more income. ?	ТВС	

/ efficiency serve possible e.g. calculations 10% (my estimates) letting agents is £102,257 (from AA) £10,226 Customer improvements - easier to make payment. Increase in revenue. Mobile teams enabled to take Allow mobile teams to take Increase in revenue/ Mobile systems. investment in staff balanced Growth payments payments - income and penalties reduction in debt? Staff training by increased income £0 £71,421	Self serve/ demand management Self serve/ demand management / efficiency	Ability to set up a direct debit online	Allow customers to set up direct debit online - council tax, business rates and rents Increase self serve for revenues processes e.g. bills sent electronically, online changes of details/ circumstances, occupations/ vacations, application for discount/ exemption etc. Automate where possible e.g. calculations.	Increase council tax and rent direct debits by 5%. Target 75% self serve for council tax, 50 - 75% for business rates and 80% for rents. (fromworkshop). Reduce workload by 50% (estimate) Target 25% self serve, reducing workload by 5 - 10% (my estimates)	Development of online facility for direct debit set up. Promote to customers. Customer support System changes & improvements. Promotion of self serve options and customer support - including for letting agents	Current cost of direct debit activity is £27,446 (AA) - assume this can be reduced by 50% Customer improvements (including letting agents). Staff saving 5 - 10% (estimated here at 10%). Current staff cost for occ/vac, annual billing, change in circs, exemptions/discounts, refunds/ credits - is £102,257 (from AA)	£13,723	
	,	Mobile teams enabled to take	Allow mobile teams to take	Increase in revenue/	Mobile systems.	Customer improvements - easier to make payment. Increase in revenue. Reduction in debt. Assume investment in staff balanced	,	
	GIOWIII	ραγιπετιτο	payments - income and pendities	reduction in dept:	Jan dannig	by mareased madme		£71 //21

Service	Financial driver	Opportunity	What will we do/ change?	What improvement are we targeting?	What is cost to deliver?	What is benefit?	Cashable savings	Totals for service
Benefits	Self serve	Reporting change of circumstance	Allow people to report a change of circumstance online	Target 80% self serve (from workshop). Reduce workload on these enquiries by 40% (estimate)	System changes & improvements. Promotion of self serve options and customer support	Customer improvements. Reduction in workload on these calls estimated at 40% on current triage cost of £29,077 (from AA)	£11,631	ı

Self serve & efficiency Self serve	processing of changes of circumstance	of circumstances - but we have assumed it is applicable more broadly) Develop landlord portal so landlords have access to relevant information and processes	(from workshop) in workload - estimated here at 50% (estimate) Target 10% reduction in workload (from workshop)	System changes & improvements. System changes & improvements. Promotion of self serve options	and specialist) estimated as 50% reduction on current cost of £192,822 (from AA) Improvements for landlords. Reduction in workload estimated at 10%. Not identified separately in AA - assume included in rows above	£96,411
	Automate	Automate forms and allow to update other benefits (Note - LDC staff may have defined this more narrowly to some specific changes of circumstances, but we have	Target 100% reduction	System shanges	Reduce fraud and reduce claims. Customer benefit - instant assessment of benefit. Impact on workload (service processing, mobile	
Self serve & efficiency	Online applications for new claims	Allow people to apply on line - using new web based forms	Target 25% self serve (estimate). Impact on workload estimated at 5% reduction (from workshop)	& improvements. Promotion of self serve options and customer support	Customer improvements. Increase claim rate. Impact on workload estimated at 5% on current cost of £66,469 (from AA)	£3,323
Self serve	Track claim online	Allow customers to have an account and track progress online	Reduce enquiries - limited impact as relatively few enquiries. Estimate here at 5% impact on triage workload (estimate)	System changes & improvements. Promotion of self serve options and customer support System changes	Customer improvements. Reduction in benefits triage workload estimated at 5% on current new claim triage cost of £18,997 (from AA)	£950

Revs and bens totals £183,736

								Totals
	Financial			What improvement	What is cost to			for
Service	driver	Opportunity	What will we do/ change?	are we targeting?	deliver?	What is benefit?	Cashable savings	service

Internal audit and fraud	Self serve / efficiency Growth	Shift work to managers - develop self serve Develop scope of fraud work	Encourage/ enable managers to do elements of audit work that they are able to do more quickly and effectively, e.g. self ssessment Extend scope and proactivity of fraud investigations - including sharing projects across LDC and EBC	Target X% reduction in workload (need staff input) - estimated here at 5% (estimate) Target 10% growth in activity (from workshop)	Training and support for managers Assume additional staff cost balanced by financial return and/ or economy of scale from combining LDC and EBC teams	Impact on workload estimated at 5% reduction on current cost of audit work £153,245 (AA) Increased identification of fraud, prevention of fraud	£7,662 £0	
								£7,662

Business, strategy & performance	Self serve/ demand management	Better management of FOI requests	Encourage self serve - so that people find their own answers on the web. Rapid triage and prioritisation of requests. Predict and pre empt requests e.g. by providing the right information on the web	20% reduction in demand. 50% self serve. Overall reduction in workload of 50% (from workshop)	Promote new approach to customers. Customer support Better information on web. System changes and	High priority cases get more focus and effort. Self serve can lead to quicker response for customer. Impact on workload estimate at reduction of 50% on current cost of this activity - estimated at one third of cell H20 on AA (information management) - £6169	£3,085
	Self serve/ growth	Shift engagement and consultation online	Encourage and enable online engagement and consultation. Use customer analytics to underpin targeting of engagement and consultation	Increase responses by 50% - target 75% self serve. Impact on workload estimated at a reduction of 25% (from workshop)	improvements. Promotion of self serve options. Customer support	Customers consulted on pertinent issues - more effective engagement. Workload reduced by 25% on current cost of £16,604 (AA)	£4,151
	Self serve/ remodelling	Online reporting of problems and issues - social media channels embedded in customer services	Enable online reporting and shift enquiries & social media reports to customer services	25% growth in reports and 75% self serve. Impact on workload estimated at a reduction in 25%	Development of online reporting.	Customer improvements. Reduction in workload on dealing with reports / enquiries. Skill mix saving on remaining work that is shifted to customer services	May duplicate self serve savings in other services - no additional benefit claimed

Service	Financial driver	Opportunity	What will we do/ change?	What improvement are we targeting?	What is cost to deliver?	What is benefit?	Cashable savings	Totals for service
Customer services	Self serve & efficiency	Improve arrangements for bulky waste admin	Enable and encourage book and pay online. Simplify eligibility criteria and charging arrangements. Better information on the web for customers	Fewer enquiries. Reduced workload - estimated at 40 - 50% (from workshop) Grow demand by 100%, target 60 - 70% self serve (from workshop) (impact on	Development of improved process, and facility for online book and pay. Promotion of new approach and customer support Development of facility for online book and pay. Promotion of new	Customer improvements - access 24/7, clearer information. Reduction in FTE cost requirement by 40-50% (estimated here at 50%) - on current cost of £10,897 (one third of triage costs in Waste service area)	£5,448	
	Demand management, self serve	Pest control book and pay	Grow demand and increase self serve	triage workload estimated at a reduction of 60% (estimate) Prevent 20% enquiries. Target 80% self serve	approach and customer support	Reduction in FTE cost requirement for pest control triage of 60% Customer improvements.	Assume included in row below	
				for remaining fly tip/ missed bin reports and 70% for housing repairs. Estimated impact on triage activity - a reduction in workload of 60%	Better information on web so people can answer own questions. Facility to report and track	Reduction in FTE cost requirement for fly tip/ bin, and housing repair reports of 60%. Given we don't have call volumes or separate analysis for different call types/		
	Demand management & self serve	Online reporting - housing repairs and fly tip/ missed bin	Enable and encourage online reporting of fly tip/ missed bin and housing repairs. Enable customers to answer own questions with better information on the web	(estimate). Assume this can be broadly extrapolated across enquiries/ reports - with an overall reduction in workload of 30% (estimate)	reports and issues online. Promotion of new approach to customers and customer support	subjects - extrapolate a slightly lower level of reduction across all of (customer hub) triage - estimated at 30% on current cost of £311,569 (from AA)	£93,471	
				(r r	, ,	- 2,	£98,919

Waste & recycling	Efficiency / self serve/ remodelling	Assisted collections - requests shifted to customer services, and information goes directly to crews.	Allow online request/ booking for assisted collections. Where non - self serve request is directed through customer services. Information flows directly to crews	20% reduction in workload (from workshop) - Note - is this a reduction overall - or a reduction just in this team and a shift to customer services - in which case the savings become a lower skills mix saving	Cost of developing online process/ service, scripts for customer services and promotion/ support for customers Cost of developing	Faster process, easier/ better for customer. Workload reduction of 20%. (savings included in £41k below)			
	Efficiency/ self serve	Bulky waste collections - online and automated process	Introduce online and automated process. Customers can book and pay online	50% reduction in workload (from workshop)	online process/ service, scripts for customer services and promotion/ support for customers	Faster process, easier/better for customer. Workload reduction of 50%. (savings included in £41k below) Faster process, easier/better for customer. Workload reduction of 30%. (Note - the AA			
	Efficiency/ self serve	Missed bin reports - online and automated process Commercial collections - customer journey	Introduce online and automated process. Customers can report online	35% reduction in workload (from workshop) 50% reduction in	Cost of developing online process/ service, scripts for customer services and promotion/ support for customers	doesn't separate out different types of report and request - so we have made a general assumption that there is a 33% workload reduction on report and request activity in this team - current FTE cost is £125,602 Improved customer journey and more efficient process. Reduction in workload of		£41,449	
	Efficiency/ self serve	and efficiency improvements		workload (from workshop)	?	50% on current FTE cost of	?	-	£41,449

Service	Financial driver	Opportunity	What will we do/ change?	What improvement are we targeting?	What is cost to deliver?	What is benefit?	Cashable savings	Totals for service
Environmental health	Demand management, self serve & efficiency / remodelling	Noise - demand management, self serve, and improved process/ remodelling	Prevent demand, where there is remaining demand shift to self serve. Remodel process - automating where possible and shift from specialist staff to case work	75% reduction in demand. 10% of remaining work is self serve (overall reduction is 78%). Impact on workload - a reduction of 70%. (fromworkshop). Note - to be conservative, we have assumed a shift from specialist to case work, leading to a lower skill mix saving rather than an absolute saving of up to £76k	Investment in customer education and enabling to reduce demand. Development of process and online facility. Training case workers. Promotion to customers. Customer support	Customer improvements. Workload reduction of 70% on current FTE cost of £108,997 (from AA) OR (which we have used) a skills mix saving - estimated at £9k per noise FTE (3) = £27,000	£27,000	
	Self serve, growth, efficiency	Food registration - self serve and improved process/ systems	Encourage and enable online registration. Improve process/ system so online forms populate back office	Grow demand by 15% but target 75% self serve (from workshop) - assume workload reduction of 70% (estimate)	Development of online process and system improvements. Promotion to customers. Customer support	Customer improvements. 70% workload reduction on current FTE cost of £4803 (triage and service processing) - from AA	£3,362	
	Self serve	Taxi licensing - self serve	Allow online applications and tracking for taxi licensing	Target 30% self serve (from workshop) - assume this leads to a 10% reduction in workload (estimate)	Development of online process. Promotion to customers. Customer support	Customer improvements. 10% workload reduction on current FTE cost of £16,123 (from AA). Note if extrapolated to other licenses - current FTE would be £34,422 (we have used this figure)	£3,442	
	Remodelling	Move triage activity to customer services. Based on opportunity called 'training and scripts for customer services'	Higher proportion of customer enquiries resolved by customer services supported by training, scripts and diagnostics	Shift of all activity mapped as triage to customer services. Estimate a skill mix saving of £0 as ave FTE cost for current triage in this service is £21k.	Training for customer service staff and development of scripts and diagnostics	Skill mix saving estimated at £0	£0	

gro	If serve/ owth/	Grow chargeable pest control and reduce demand for non-chargeable.	Grow chargeable pest control and reduce demand for non-chargeable pest control. Increase self serve so customers can book	Grow chargeable pest control by 200%. Reduce demand for non-chargeable by 50%. Target self serve book and pay at 70% (from workshop) Assume free pest control is also a higher level of self serve - 70%. Assume this results in a reduction in core pest control workload of 50% - and a reduction in triage of 70%. Any growth in chargeable work would	Customer education and enabling to reduce pest control demand. Development of facility for online	Customer improvements. Reduction in workload of 50% on FTE cost of £36,094 (pest control visits/ AA). Reduction in triage costs of	
		Increase self serve	and pay online	be funded by income.	book and pay	70% - current cost £3324	£20,374
den mai Self den	If serve/ mand anagement If serve/ mand	Reduce abandoned vehicle reports and shift remaining reports online	From workshop	Prevent 50% reports and target 50% self serve on remaining - overall reduction of 75% (from workshop). Assume mobile/ locality workload reduced 50% and triage related workload reduces 75% (my estimate) Prevent 50% and target 70% self serve on remaining (from	Education and enabling activity to reduce number of cases. Development of online capability. Promotion to customers/customer support Assume is included in row	Customer improvements. Reduction in workload of mobile/ investigation activity by 50% on current FTE cost of £10,684 (Note this is the AA cost for all reports - so am assuming the same targets can be applied to other reports). Reduction of 75% in triage associated with customer reports and requests - current FTE cost is £7803 Assume is included in row	£11,194
Self den	If serve/ mand	issues, sports Event bookings, volunteering	From workshop	workshop) Prevent 50% and target 100% of remainder for self serve (from workshop)	Assume is included in row 48?	Assume is included in row	

Self serve/ demand management	Animal licensing self serve	Encourage and enable online animal license applications	100% self serve (from workshop). Assume workload reduction is 75%	Development of online capability. Promote to customers/ customer support	Customer improvements. Reduction in workload of 75% on current FTE cost of £4503	£3,377 _	
							£34,945

Housing - tenancies, garages	Self serve/ efficiency	Garage requests and enquiries - self serve	Improve information on web so customers can answer own questions. Shift processes online so customer can self serve e.g. apply and pay online. Simplify process so mobile team do inspection and 1 visit for keys and sign up	Target 80% self serve and grow demand by 30% (from workshop). Assume this reduces both triage and service processing activity by estimated 50% (estimate)	Development of online capability and better information on web. Promote to customers/ customer support	Customer improvements - faster service and less to-ing and fro-ing. Workload reduced by 50% on current FTE cost of £3737	£1,869
	Self serve/ demand management	Anti- socialbehaviour - demand management and self serve	Use online guidance, checklists, and tenants' charter - to reduce demand. Enable self serve for reporting	15% reduction in demand - through prevention. 10% self serve on remaining reports (from workshop). Estimate overall workload reduction of 15% (estimates)	Development of online capability and better information on web. Promote to customers/ customer support	Customer improvements. Reduction in workload of 15% on current service processing FTE cost of £5591. note - there is additional specialist cost - but this covers a range of issues - so we haven't included a reduction on this cost (£53,488)	£839
	Remodelling	Move housing options advice to customer service team	Deal with housing options at first point of contact by shifting this work to customer services and supporting this team with training, scripts and diagnostics	Workshop estimate is 20% saving - assume this is a shift in workload	Training, scripts and diagnostics for customer services	Customer improvements - shorter waiting times, quicker response, richer role for staff. Skill mix saving of £5000 per FTE (current triage FTEs in this team is 0.1 FTE, which has an ave cost of £21k - so can't assume a skill mix saving)	£0

Remodelling	Shift sheltered scheme daily calls to customer services (from scheme managers)	Allow customer services to make daily calls to residents - support with scripts and training	Workshop estimate is 5 - 10% saving - assume this is a shift. Estimate a £4000 per FTE skill mix saving (estimate)	Training, scripts and diagnostics for customer services	Better resilience with staff absence - better for customer. Skill mix saving of £4000 per FTE - currently 0.8 FTE on this activity (AA)	£3,200 _	CF 007
							£5,907

Service	Financial driver	Opportunity	What will we do/ change?	What improvement are we targeting?	What is cost to deliver?	What is benefit?	Cashable savings	Totals for service
Housing repairs	Self serve / demand management	Enable tenants to self serve for permission to make alterations	Enable/ increase online requests/ applications to make alterations. Improve information on web to reduce ineligible requests	Reduce ineligible requests by 50% (estimate). Increase self serve (from workshop). Target 50% self serve (estimate). Overall workload reduction estimated at 50% (estimate)	Development of better information for web - and online facility/ process for self serve. Promote to customers and support customers	Customer improvements. Workload reduced by 50%. FTE cost for dealing with customer requests (AA contracts and procurement housing tab) is £22, 964. Assume 20% is permission requests.	£4,593	
	Self serve / demand management	Housing transfers - increase demand and enable self serve	Encourage more tenants to apply for housing transfers to better balance demand and need. Enable/ increase self serve for applications	10% increase in demand (from workshop). Increase in self serve (from workshop). Target 50% self serve - overall reduction in workload estimated at 25% (estimates)	Development of online facility/ process for self serve. Promote to customers and support customers	Customer improvements e.g. more larger homes released, easier access to process. Reduction in workload of 25% - current FTE on housing transfers (in tenancy management tab AA) - is £12,210 (transfers and mutual exchanges)	£3,053	
	Efficiency	Introduce workflow into case management	Introduce workflow into case management to increase efficiency - fewer blockages and bottlenecks, fewer lost documents, less duplication, better file and time management	Target 30 - 40% saving on case management time (from workshop)	Development of workflow. Staff training	Process improvements. Reduction in workload of 30 - 40% (estimated here at 30%). Current Case work FTE in housing repairs (contracts and procurement housing is £74,431) and housing admin for repairs (in env health and licensing tab) -is £17,912	£27,703	

Efficiency/ remodelling	Chargeable repairs management of payments	Recharge through rent account rather than sundry debtors - allowing closer management Charge items through rent	High?	TBC	Reduce arrears	ТВС	
Efficiency/ remodelling	Chargeable items - management	account, stop using cash, develop personal account management for tenants	High?	TBC New housing	Easier to manage money	ТВС	
Efficiency	Generating housing reports	Replace housing management system with system that is easier to interrogate	High?	management system. Staff training	Better performance management	TBC	
							£35,348

Democratic services	Efficiency Self serve/ remodelling	Tell us once - allow electoral registration changes to trigger notifications across services Electoral registration self serve and shift non-self serve to customer services	Enable electoral registration changes to trigger notifications across services e.g. council tax, housing databases Enable customers to register online, and enable customer services to resolve remaining registration enquires and request.	Target workload reduction of X% n X services? Increase in self serve (from workshop). Target 50% self serve (estimate) - estimate reduction in workload of 25%. Remaining requests resolved by customer services (assume 25% of work) - allowing a small skill mix saving.	System development Development of online registration processes. Development of scripts for customer services. Training customer services staff.	Customer only has to notify council once. Workload reduction - if updates across all relevant databases can be automated/ save time?? Customer improvements. Workload reduction of 25% on electoral registration - current FTE cost is £30,292/ 1FTE (from AA). Assume 25% of remaining work (remaining work = 0.75 FTE) shifts to customer services with a skill mix saving of £10,000 per FTE	TBC	£9,448
	Self serve/ demand management	Easier location of reports	Make it easier for customers to find reports online - reducing enquiries and increasing self serve	Reduce demand as more customers find reports on web themselves without needing to contact the Council. Target 50% reduction in enquiries/requests for reports (estimate) - leading to 50% reduction in workload	Improve information about and accessibility of reports on web. Promote to customers and support customers	Customer improvements. Workload reduction (50%) on a proportion of the current FTE of £23,737 - customer enquiries and requests (from AA). Assume 10% of this cost relates to reports		£1,187

Self serve/ demand management	Reduce demand and increase self serve for common requests and enquiries	Reduce demand and increase self serve for common enquiries and requests such as petitions, register to speak at committee, who is my councillor	Reduce demand and increase self serve (from workshop). Target 50% reduction in enquiries/reports (estimate) - leading to 50% reduction in workload	Develop online processes and better information on the web. Promote to customers and support customers	Customer improvements. Workload reduction (50%) on a proportion of the current FTE of £23,737 - customer enquiries and requests. Assume 20% of this cost relates to these common reports and enquiries		£2,374	
Efficiency	Develop workflow for land charges	Introduce workflow to maximise efficiency of individual inputs to the process	Target 10% saving on land charges processing (estimate)	Development of workflow for land charges. Staff training	Performance consistency for customers. 10% workload reduction on land charges processing - current FTE is £53,129		£5,313	
Remodelling	Move customer enquiry time to customer services	Move all triage / enquiry activity from the service to customer services- supported with scripts, diagnostics and training	Shift of all enquiries/ straightforward requests.	Development of scripts diagnostics. Training for customer services staff	Customer improvements. Skill mix saving - £10,000 per FTE shifted. AA shows 0.4 FTE on triage - 30% of this already reduced by 50% (see rows 72 and 73) - so by 15% overall - leaving 0.34 FTE		£3,400	
Efficiency	More efficient compiling of committee reports	Make fuller use of existing committee system including automating processes	Target 10% saving (estimate)	Staff training and development	Efficiency saving on current FTE cost of £62072 - (1.8 FTE in Dem Services)		£6,207	
Efficiency	Improved management of councillor diaries	Use standard outlook councillor diaries - rather than personal emails/ diaries	TBC	ТВС	Efficient organisation of meetings. Compliance with information governance/data security policies. Efficiency savings?	ТВС	-	£27,929

Service	Financial driver	Opportunity	What will we do/ change?	What improvement are we targeting?	What is cost to deliver?	What is benefit?	Cashable savings	Totals for service
Housing needs	Self serve	Online applications for housing register	Develop online applications for housing register so customers can self serve - including web enabled forms and triggers for document checks	an Target 50% self serve ed (estimate) and	Development of online process. Promote to customers/ support customers	Customer improvements. Workload reduction of 20% on current FTE cost of £12,844 - (assume this is housing admin processing time for housing needs - processing time for housing register applications)	£2,569	
	Efficiency	Rationalise databases	Rationalise databases- currently use 7 (needs a bit more explanation). Target 5% saving on relevant activity?	Reduce to a single database	ТВС	Customer improvements - only have to tell us once. More usable data. (Need to identify relevant activity in AA - can we can then apply a small % saving)	ТВС	
	2	Constitut	Re introduce scheduled drop ins	2.5-4::	TDC	TDC	TDC	
	?	Surgeries	for housing needs?	? Earlier intervention??	TBC	TBC	TBC	£2,56
								12,3
		Manage down demand for householder pre apps - alteration of property (assumed as a reduction in the volume of pre application advice to customers						

This makes up 50% of

total work (assume this

means 50% of pre app

in demand and

50% (estimate)

work). Target reduction

associated workload by

Development

of design

information

and promotion

Customer improvements.

Reduced demand and

workload - estimated at

50%. Current FTE cost for

£77,769 - assume half of

this is on property

alterations,

pre app service processing is

£19,442

Manage down demand for this

information / leaflets - including

work by providing design

on web.

about whether

application by providing better

a planning

info about

permitted

development)

they need to put in

Demand

management

Planning &

building control

Self serve/ growth	Shift building control booking online. Grow demand	Enable customers to book and pay online for building control. Grow demand for the service Grow pre application advice for commercial, industrial,	Target 90% self serve (from workshop). Assume this reduces workload by 90 %	Development of online process for book and pay. Promote to customers and customer support. Assume any growth is balanced by increased income	Customer improvements. Workload reduction of 90%. Current triage cost is £31,842 (AA) - assume half of this is bookings and payments Applications more likely to	£14,329
Growth	application advice for some areas	agricultural and household new build	?	balanced by income?	succeed. Fewer re applications and appeals?	£0
Remodelling	Shift building control enquiries to customer services	Shift enquiries to customer services - with support of scripts, diagnostics and training	Shift of all enquiries to customer services	Development of scripts and diagnostics and training for customer services staff	Customer improvements - easier access, quicker resolution. Skill mix saving. Current triage FTE is 1.2. Exclude saving already made in row 88 (estimated at 0.54FTE). Skill mix saving estimated at £10k per FTE (specialist to triage)	£6,600
						£40,371

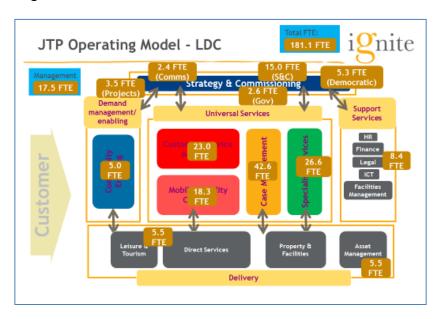
Appendix 4 - organisational model and FTE for the integrated council

Through using the activity analysis as a way to model current activities in LDC as well as the to-be model of integrated services, we are able to illustrate the FTE engaged in each part of the model for:

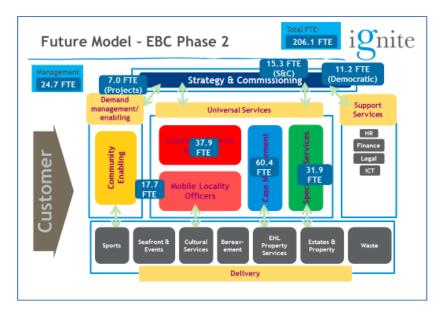
- LDC to-be though it should be recognised that this model is not likely ever to be realised, as integration will take place at the same time as transformation
- EBC as-is
- Integrated across LDC and EBC

The graphics below show the FTE in each of these stages.

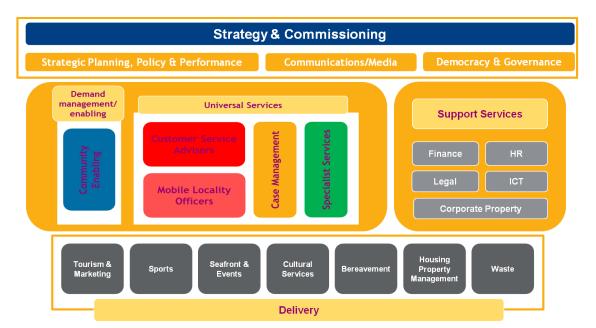
Stage 1: LDC To-Be



Stage 2: EBC Post Phase 2



Stage 3: Integrated JTM





SUMMARY JTP PROGRAMME PLAN V9 - APRIL 2016			201	.6						2017									2018								2019					2020
	JUN	JUL A	UG SEP	OCT	NOV DEC	JAN I	EB MAI	R APR	MAY J	UN JUL	AUG	SEPT O	CT NOV	/ DEC	JAN FE	B MAR	APR I	MAY JUI	JUL	AUG S	EPT OC	NOV	DEC JA	N FEB	MAR AF	PR MAY	JUN JU	AUG	EPT OCT	NOV D	EC JAN	FEB MAR
MAJOR SYSTEMS REPLACEMENTS	Ш		Ш	Ш			Ш		Ш	Ш	Ш				Ш	Ш	Ш			Ш	Ш	Ш		Ш			++++	###				
T1 PROCUREMENT / REPLACEMENT OF HOUSING SYSTEM															11111	Ш	ш	ш	Ш	Ш	Ш	Ш	шш	ш	ш		Ш	Ш	шш	ш		
T2 PROCUREMENT / MIGRATION TO FINANCE /PAYMENTS SYSTEM	Ш	Ш	Ш	Ш													ш		Ш	Ш	Ш	Ш	ШШ	Ш			Ш	Ш		Ш		
T3 CRITICAL INTEGRATIONS AND SYNCHRONISATIONS											Ш	Ш		ш	Ш	Ш	Ш		Ш	Ш	Ш	Ш		Ш	Ш		Ш	Ш				
T4 LDC/EBC WEBSITE INTEGRATION	Ш								Ш	Ш	Ш	Ш		ш	Ш	Ш	ш	ш	Ш	Ш	Ш	Ш	Ш	ш	Ш	шш	Ш	Ш	шш	ш		
T5 MIGRATION TO SINGLE DOCUMENT MGT SYSTEM											Ш	Ш			ш	Ш	ш		Ш	Ш	Ш	Ш	ш	ш	ш		ш		ш			
T6 PLANNING & EH INTEGRATION (timeline TBC)	Ш		Ш				Ш				Ш			ш	Ш								111111				Ш					
T7 REVS & BENS INTEGRATION (timeline TBC)	Ш		Ш				Ш				Ш			ш		Ш		Ш	Ш		Ш	ШП	ППП									
T8 HR SYSTEM INTEGRATION (single employer in place)	Ш		Ш		Ш		Ш				Ш				Ш																	
T9 PAYROLL SYSTEM INTEGRATION (single employer in place)		Ш	Ш	Ш	Ш		Ш	Ш	Ш	Ш	Ш			ш	Ш	Ш												###		Ш		
			Ш	Ш	Ш		Ш	Ш		Ш	Ш	Ш		Ш	Ш	Ш	Ш		Ш	Ш	Ш	Ш	Ш	Ш			Ш	Ш		Ш		
ICT INFRASTRUCTURE											Ш													Ш								
T10 TELEPHONY	-									Ш	++++	++++			Ш	++++	Ш			Ш	++++	Ш		Ш			+++++		+++++	Ш	+++++	++++++
T11 CORPORATE DIRECTORY							Ш	Ш			Ш	Ш		Ш	Ш	Ш	Ш		\prod	ШП	Ш	Ш	\prod	Ш			Ш	Ш	ШШ	\prod		
T12 CROSS-SITE WORKING							Ш	Ш			Ш	Ш			Ш					ШШ		ШШ		Ш								
T13 ONE ICT SERVICE							Ш	Ш			Ш	Ш			Ш		Ш		Ш					Ш								
T14 DATA STORAGE / BACKUP / RESILIENCE	Ш		Ш		Ш	+++++	Ш				11111						Ш	Ш	+++		+++	Ш	++++	Ш	н	+++++	+++++	+++	++++	Ш		
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TIS ONE SESTION	Ш		Ш	Ш	Ш	Ш	Ш		Ш	Ш	Ш	Ш		Ш	Ш	Ш		Ш	Ш	ШШ	Ш	ШШ	ШШ	Ш	ШТ		Ш	Ш	Ш	Ш		
SHARED CORPORATE SERVICES	нн		нн		+++++		Ш		Ш	Ш	++++						ш		++++	н	++++	н	++++	++++	++++	+++++	++++		+++++	++++	+++++	++++++
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M5 FINANCE SHARED SERVICE	 				******		Ш	H 1 1 1 1		111111	11111	+++++	 		+++++	11111	 	 	111111	111111	***		####	₩								
M6 IT SHARED SERVICE		ШШ	ШП	ШШ	ШШ	ШШ	ШШ	Щ	Ш	Ш	НН	НН	НН	++++	НН	Ш	Ш	Ш	++++	Ш	HH	Ш		$\mathbf{H}\mathbf{H}$			++++	###	++++			
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P1 CHANGE MANAGEMENT STRATEGY			Ш	ш		Ш	Ш	Ш	Ш	Ш	Ш	Ш	ШШ	ш	Ш	Ш	ш	ш	Ш	Ш	Ш	Ш	Ш	Ш	Ш	шш	ШШ	Ш	ШШ	ш		
P2 ORGANISATION DESIGN & TARGET OPERATING MODEL					111111	111111	11111			Ш	Ш			ш	Ш		Ш		Ш	Ш	Ш	Ш		Ш			Ш	Ш				
P3 STAFF CONSULTATION, SELECTION, APPOINTMENT	Ш	Ш	Ш	Ш	Ш	ШШ	Ш	Ш		111111	11111								Ш	Ш	Ш	Ш	ш	Ш	ш	ш	Ш	Ш	Ш	Ш		
P4 WAYS OF WORKING, TRAINING AND KNOWLEDGE TRANSFER																								Ш			ШШ	Ш	ШШ	ШШ		
BUSINESS PROCESS MIGRATION						+++++	Ш			Ш	++++				+++	+HH	Ш		+H		++++			ШН		++++	++++	+HH	+++++			
B1 DETAILED PROCESS ANALYSIS & PRIORITISATION											Ш	Ш			Ш	Ш	Ш		Ш	Ш	Ш	Ш	Ш	Ш			$\mathbf{H}\mathbf{H}$	Ш	Ш	Ш		
B2 TRANSITION LDC TO PRIORITY SET OF BUSINESS PROCESSES	 	шш	ш	ш	ШШ	111111	шш	шш	шш	шш	11111	шш	шш	ш	11111	11111		Ш		Ш	Ш	Ш					$\mathbf{H}\mathbf{H}$					
B3 CUSTOMER RECORDS / PROPERTY RECORDS / DOCUMENT MGT											$H\Pi$	HH	HHH	$+H\Pi$	+HT	$+H\Pi$	ШΕ	$\coprod \coprod$	\coprod	\coprod	\coprod	\coprod	$\coprod \coprod$	Ш	+		Ш			\coprod		
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B5 MOBILE TEAM WORKING	+																	\mathbb{H}	\mathbb{H}	$\mathbb{H}\mathbb{H}$	\mathbb{H}	$\mathbb{H}\mathbb{H}$	\square	++++			$\coprod \coprod$		+ + + + + + + + + + + + + + + + + + +	\coprod		
B6 SERVICE PROCESSING / SPECIALIST ADVISORY			Ш	н	₩	++++++	Н			111111	11111	11111			111111	11111	11111		ПП	111111	Ш	111111	111111	11111					+ + + + + + + + + + + + + + + + + + +			
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M1 PROGRAMME MANAGEMENT AND BENEFITS REALISATION																				ШШ		ШШ										
M2 COMMUNICATIONS AND CUSTOMER ENGAGEMENT		шш	ШП	Ш			Ш	ШП			ШП	Ш			Ш	Ш			ПП		Ш			Ш								
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M3 BRANDING PLANNING & IMPLEMENTATION - EBC, LDC, EHL			Ш	ШП			Ш				ШН	Ш					ШН				Ш											
ORGANISATIONAL GOVERNANCE & PERFORMANCE MGT	$+\Pi$	HH	+	HH		++++++++++++++++++++++++++++++++++++	HH	HH	++++	+++++	$+\Pi$	HH	HHH	$+\Pi$	++++	$+\Pi$	$\mathbb{H}\mathbb{H}$	HH	$+\Pi$	HHH	$+\Pi$	HHH	++++++++++++++++++++++++++++++++++++	+++	++++	++++++++++++++++++++++++++++++++++++	HHH	++++	+HH	HHH	HHH	+++++
M7 JOINT ORGANISATIONAL GOVERNANCE MODEL																																
M8 COST/BENEFIT ALLOCATION MODEL								\mathbf{H}			$\parallel \parallel \parallel$	HH		\square	HH	++++			\mathbb{H}	$\mathbb{H}\mathbb{H}$	$\Pi\Pi$		+++++	\mathbf{HH}					+++++			
M9 POLICY AND PERFORMANCE ALIGNMENT											11111	11111				11111			11111		11111		111111				++++					
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Agenda Item 14

Body: Cabinet

Date: 25th May 2016

Subject: Joint Venture on Energy and Sustainability

Report Of: Ian Fitzpatrick, Senior Head of Community and EHL

Managing Director

Ward(s) All

Purpose To set up a structure with a private sector partner that will

deliver resilience against future energy, food and sustainability

challenges.

Decision Type: Key decision

Recommendation: i. Approve the start of a public procurement process advertised in OJEU for a joint venture with a private sector partner;

- ii. Delegated authority to be given to the Senior Head of Community & EHL Managing Director to take all decisions during the joint venture procurement process, up to and including the selection and appointment of the private sector partner [where appropriate in consultation with the Chief Finance Officer and Lawyer to the Council]. The delegation to include the detailed development, management and approval of the public procurement process to be followed and of all the procurement documentation required to deliver the project and the development and approval of all the contractual documentation to appoint the private sector partner;
- iii. Delegated authority to be given to the Senior Head of Community and EHL Managing Director to agree the inclusion in the joint venture structure of other local authority and public body partners within Kent, Surrey and Sussex.

Contact: Sue Oliver, Strategy & Commissioning Lead for Environment &

Waste

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E-mail sue.oliver@eastbourne.gov.uk

Nick Adlam

Senior Sustainability Specialist, Strategy & Commissioning Telephone 01323 415717 or internally on extension 5717.

Email <u>nick.adlam@eastbourne.gov.uk</u>

1.0 Background

- 1.1 Within the energy sector there is a trilemma of increasing prices, future shortage of supply, and the need to reduce carbon emissions. The food chain faces similar future uncertainty with population growth and major global food regions under threat from extreme weather patterns. There will also be future sustainability issues with transport, waste and water.
- Eastbourne Borough Council has a good track record of investing and delivering in sustainability, such as the investment in solar panels on social housing, town wide- improvements to the energy efficiency of people's homes, reducing its own carbon footprint, investing in green spaces, investing in our allotments, supporting local community groups, and increasing the amount we have recycled. However in the context of future needs, a more ambitious approach to achieve large scale change is required, and a step change in investment, and working alongside commercial organisations for their specialist skills and experience, is required.

This reports sets out how the Council could take a leading role to develop projects that both tackle the issues in paragraph 1.1, and in addition provide an income for the Council. Appendix 1 lists the types of projects that could be considered, for example, a public sector backed energy supply company, energy generation such as solar or CHP (combined heat and power) and commercial greenhouses.

Given that Lewes District Council and Eastbourne Borough Council will shortly be sharing services, this report will be considered by Lewes District Council's Cabinet on 4th July 2016. Eastbourne Borough Council will lead on the procurement, however, if Lewes District Council approves the recommendations, then they will be specifically named alongside Eastbourne Borough Council in the procurement process.

2.0 Delivering at Scale

- 2.1 To see if there were commercial organisations willing to partner up with Eastbourne Council to deliver large scale change, an early market engagement exercise was carried out via European wide advertisement in OJEU. The results were positive.
- 2.2 Interviews were held with three major companies, which confirmed:
 - a desire to work jointly with Eastbourne Borough Council to deliver the long term sustainability aims, including energy and food;
 - the costs of development, investment, risk and returns could be shared;
 - heat networks, energy generation plant, demand management to balance the national grid, and commercial greenhouses are financially viable and can provide an income;
 - the anticipated IRR/ROI threshold ranges between 6-15%;
 - there is no need for an expensive upfront masterplan sites and business plans can be developed jointly as and when required;
 - our long term thinking is in line with the need to tackle energy and food supply, waste and sustainability;
 - flexibility in approach to structuring the arrangements.

- 2.3 The market engagement, and advice from external energy consultants Cornwall Energy, also confirmed that the approach should be phased starting with key projects first and building up capacity and market value over time.
- As an example of scale, the annual electricity market for domestic and non-domestic users in Eastbourne is worth £47m. If there was a 5% market penetration into the supply to the non-domestic sector (easier and smaller than the domestic market) and within this there was a 5% return, then there could be an annual income of £50, 000. The protected crop market e.g. greenhouses has one of the greatest opportunities as; the UK imports the majority of its protected crop (and from regions that have water stress); there are shorter payback periods; and returns are higher.
- 2.5 Local energy companies and local energy tariffs have started to be created by local authorities including Peterborough, Cheshire East, Norfolk, and Bristol. Bristol Energy and Technology Services Ltd holds a full energy supply licence, and so has the most flexibility in generating, trading and selling energy, and subsequently can make the most savings to residents, and maximise revenue for Bristol City Council.

3.0 Department for Energy & Climate Change position

3.1 Officers from the Department of Energy and Climate Change have observed the market engagement exercise and are positive about our approach and long-term thinking.

4.0 Joint Working and Procurement

- 4.1 As part of the market engagement follow-up, discussions have taken place with Councils who are nearing the completion of procurement processes to appoint joint venture partners in relation to energy projects (Cheshire East Council and Newcastle City Council). Each has taken a very different approach to the procurement process and the structure of the commercial arrangements to reflect local objectives. The time taken and costs of setting up the arrangements reflects the approaches taken.
- 4.2 For Eastbourne, the optimum route for joint working appears to be a mixture of the two approaches building on well-established commercial and procurement methodologies. It is recommended that the Council sets up a joint venture which at its top level is through a 'Strategic Partnership Agreement' (SPA) as this gives the greatest flexibility for the long term aims. The SPA will act as an enabling body for the individual projects that will sit beneath it.
- The SPA will be procured through the Competitive Procedure with Negotiation. It is anticipated that the commercial partner will need to be a significant market player and have a turnover of at least £50 million. The key elements of the SPA that the Council would be looking to secure are:
 - Flexible governance arrangements, providing the Council with the

- capability to take forward projects with the private sector partner. If Lewes District Council or another local Council joined Eastbourne Borough Council in the joint venture, each Council would have a direct 50:50 relationship with the private sector partner, but in addition, this would allow for a 50:50 public: private split where appropriate;
- Business plans are jointly developed on a needs basis between all parties or by only one public sector party and the private sector partner;
- The commercial partner could have conditional exclusivity rights. The Councils will need to be clear as to the extent of any exclusivity so that the Strategic Partnership Agreement/Joint Venture with a private sector partner would not preclude working with other partners where they wish to do so;
- There would be no need for further procurement so the SPA can choose its own supply chain (subject to usual good value tests);
- Subsidiary joint ventures (which are likely to be incorporated SPVs)
 can be set up as and when appropriate. The structure can be
 determined to suit the project;
- Internal and external capital can be raised as and when required;
- There would be gateways and suitable exit rights;
- Contracts for additional joint ventures and regeneration projects will be drawn up on a needs basis;
- The opportunity to build in potential for other Councils or public bodies to be able to participate and use the business planning process. It is suggested that this is limited to within Sussex, Surrey and Kent.
- 4.4 The procurement process will not require sample projects to be fully worked up to contract award but will ask for illustrative examples of business models against exemplar sample projects, which will not only help with the selection assessment, but will give an early indication on viability and the income streams that can be obtained from key projects.
- 4.5 If Cabinet approves the procurement, then it is anticipated that the SPA will be in place by June 2017. The purpose of this report is to enable the approval of the OJEU procurement to set up the Joint Venture for Energy & Sustainability. Once the SPA has been set up, the next step will be for individual projects to be considered. It is likely that these would be taken forward through SPVs or specific project agreements developed through the business planning process. Each individual project that sits beneath the SPA will be reported to Cabinet to enable approval of a business plan, and the necessary capital allocation.

5.0 Legal implications

5.1 Legal Services have been closely involved with the project from inception, and in particular with the procurement process. The following specific comments have been received:

1. Public Procurement

The creation of a joint venture entity between a public and private sector body will not of itself trigger a call for competition under the public procurement rules, though if the opportunity is of cross border interest, contracting authorities may need to comply with the obligation of transparency which entails adequate advertising allowing the opening of the opportunity to competition. If the arrangements also involve the award of works, services or supplies contracts by the public sector to the private sector and/or the joint venture then the public procurement regime may be triggered in relation to those contracts.

Establishing the Strategic Partnership for the Joint Venture on Energy & Sustainability will involve both the selection of a joint venture partner and the award of contracts/concessions. The process undertaken will therefore cover both of these elements to create a long term incremental partnership arrangement.

The nature of this arrangement may entail contracts covered by the Utilities Contracts Regulations 2016 and the Concessions Contract Regulations 2016 as well as the Public Contract Regulations 2015 (PCR 2015). There are rules to govern which procedure should be applied in mixed procurements and in the present case the procurement process will fall under the PCR 2015.

It is considered that the most appropriate procedure is the competitive procedure with negotiation. There are specific situations in which the council may use this procedure and for this project these are:

- the needs of the contracting authority cannot be met without adaptation of readily available solutions;
- they include design or innovative solutions;
- the contract cannot be awarded without prior negotiation because of specific circumstances related to the nature, the complexity or the legal and financial make-up or because of risks attaching to them;
- the technical specifications cannot be established with sufficient precision by the contracting authority with reference to a standard, European Technical Assessment, common technical specification or technical reference.

The competitive negotiated procedure involves the publication of a contract notice in OJEU to enable potential suppliers to express an interest to be selected to tender. A minimum of three contractors must be invited to tender. Whilst the council can decide to award the contract on the basis of the initial tender, it may negotiate with the contractors who submit tenders to improve their content. If it does so the process ends with a final tender on which the award decision is based.

2. Public Services (Social Value) Act 2012

This provides that the Council must consider how what is proposed to be procured might improve the economic, social and environmental well-being of the relevant area; and how in conducting the process of procurement, it might act with a view to securing that improvement. Details of these considerations in relation to the proposed procurements are outlined in this report and further consideration will be given to these matters in the preparation of the detailed procurement process and documentation for the project.

3. Powers

When considering a complex or multi layered arrangement, the council is likely to have regard to a number of powers to cover all aspects of the arrangements. It is considered that there are sufficient powers to enable the council to procure and participate in the proposed arrangements. Key powers include:

- Section 1 Localism Act 2011: general power of competence
- Section 11 of the Local Government (Miscellaneous Provisions)
 Act 1976 (as amended by the Electricity Act 1989) which
 provides that a local authority may generate and sell heat and
 electricity, and may also purchase and supply heat.

General Consideration of Council's Fiduciary Duty

In deciding whether and how to exercise its powers in relation to this proposal, Cabinet must consider the council's fiduciary duty to conduct its administration in a fairly business-like manner with reasonable care, skill and caution along with a due and alert regard to the interest of the Council Tax payers.

Local Government Act 1999

Officers will need to have regard to the need for appropriate consultation during the development of this proposal.

4. State Aid

Consideration of State Aid rules will clearly be relevant to this proposal, both in the way that it is established but also in relation to each project. This element will be monitored to ensure compliance with applicable rules.

6.0 Resource Implications

6.1 **Staffing**

The majority of the procurement costs can be absorbed by existing Eastbourne Borough Council staff and this has already been built into the planned workload for the coming year. Support throughout the process will be provided by in-house lawyers.

6.2 **Financial**

External advice may be required for assessing some technical elements of the procurement e.g. responses on energy supply, and this is estimated to cost no more than £10,000.

Once the joint venture is set up, external legal advice may be required to

CJEC / 003811 - EBC - CJEC / 158408 / / Version :

verify bespoke contracts. Eastbourne Council has set aside a budget of up to £50, 000 each year for the next three financial years to assist with these external costs.

It is anticipated that any expenditure will be shared equally between Eastbourne Borough Council and any other public sector partner/s in the Joint Venture.

One anticipated benefit of the joint venture is the ability to work up project documentation using the experience of the private sector partner, and this may significantly reduce consultancy costs on technical areas in particular.

A business case will be developed for each individual project that sits beneath the SPA, and capital allocations will be requested for each project. Both the business case and capital allocation for each project will require Cabinet approval.

7.0 Other Implications, Environmental, Community Safety, Youth, Antipoverty, Equality and Fairness analysis

7.1 **Environmental:**

The projects that sit beneath the SPA will assist the reduction of carbon emissions throughout the town and deliver long-term sustainability aims.

7.2 **Equality and Fairness analysis**:

An equality and fairness analysis will be conducted.

8.0 Summary

- 8.1 Setting up a Strategic Partnership Agreement (SPA) joint venture, as described below, is a low cost, low risk option for Eastbourne Borough Council, putting the Council in a strong position to deliver sustainability ambitions, and invest in future significant projects with good returns over a period of at least 10 years and up to 30 years.
- 8.2 As the SPA forms and grows, this will be a platform for advice and capacity building to other local authorities, something DECC is keen to encourage and see develop.

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

Bristol Council Cabinet Report– 3rd February 2015 - Establishment of an Energy & Technology Company and associated companies: https://www2.bristol.gov.uk/committee/2015/ua/ua000/0203_6.pdf

Cheshire East Council Cabinet Report – 10th November 2015 – District Heating Joint Venture Partner Procurement:

http://moderngov.cheshireeast.gov.uk/ecminutes/mgConvert2PDF.aspx?ID=43632

Public tender for the Procurement of an Energy Partner for the City of Newcastle upon Tyne February 2015:

http://england.unitedkingdom-

tenders.co.uk/78754 004375 Procurement of an Energy Partner for the City of Newcastle upon Tyne 2015 Newcastle upon Tyne

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

Appendix A Potential concepts and opportunities

Potential concepts and opportunities currently technologically available are listed below. This does not represent a list of suggested projects, but some outline information about the types of projects that can be developed.

Energy

As regards Energy, the aim is to reduce demand to its lowest possible level and then utilise local assets to meet this demand - creating self-sufficient neighbourhoods or energy islands. Energy could be decentralised and work to benefit local communities, and for resilience, rely on capacity in neighbouring authorities as opposed to the National Grid.

Fossil fuels should be used as a last resort or for times of emergency. Instead the focus would be on fuels for the future including next generation biofuels (e.g. algae), tidal, hydro and solar. All generation would assume no subsidies from the Government. Each of the potential energy opportunities are summarised below.

Area	Potential Opportunities
Energy efficiency	Industrial scale retrofit of properties (domestic and non-domestic) to reduce power and heat demand e.g. LEDs, insulation, batteries;
	Advice and alternative dwelling solutions to Eastbourne Council's housing investment company (EHIC) and other developers e.g. non-brick;
Energy generation	The potential for investment in an area-wide network of energy hubs, utilising the area's natural assets, creating energy 'islands'. e.g. solar, CHP using biogas or green gas, hydro, and tidal;
	Energy centres could be built into new housing and commercial developments e.g. CHP powered by biogas, or electric heating using cheaper electricity;
Energy supply	Potential to supply large sections of town with a public sector backed supply licence;
	Investigate the extension of the market through the issue of 'Licence Lite' licences to other Councils in District Network Operator (DNO) region;
	Utilise Council's broadband company and water deregulation to create a multi-utility platform;
Energy demand & distribution	Develop a true, real time smart grid that can balance load, demand, and people's lifestyles, to provide an income stream, reduced DNO reinforcement costs and bills;

	Manage energy networks and centres;
Energy Research & Development	Bring commercial reality to new technologies that can deliver cleaner cheaper energy e.g. electric based heating for flats using cheaper electricity.

Food

The aim is to create a network of commercial greenhouses that provides local resilience to future food price increases, creates jobs and brings investment. As the greenhouse will use hydroponics (cultivation of plants by placing the roots in liquid nutrient solutions rather than in soil) a higher yield can be for the same area of land, which is important as land is of a premium.

The UK currently imports 75% of its fresh produce and much this is from regions that have or will have water stress, so there is plenty of scope and potential for growth.

Area	Opportunity
Commercial Greenhouses	A network of next generation greenhouses (urban and rural) utilising technologies such as hydroponics to maximise yield and reduce running costs;
	Combinations of housing, energy centres and greenhouses in communities that have restricted space and areas of poverty;
	Produce to be sold to supermarkets and/or new local cooperatives;
Fresh fish or protein production	Support the greenhouses and the potential threat to fish production with a changing climate, & set up fresh fish aqua-centres;
	Provide alternative protein supplies to complement the supply chain;
	Potential to set up aquaculture in lagoon marine space if tidal power is introduced.

Transport

The aim is to change the focus of how people travel, encouraging more people to cycle and walk, share cars, and use public transport more frequently. This will help tackle health issues such as obesity, give people a better sense of wellbeing, and save them money.

This will be done in consultation with East Sussex County Council (who have the responsibility for transport). Both Councils have produced a Cycling Strategy, soon to be updated with a Walking & Cycling Strategy.

Area	Opportunity
Cleaner transport	Area wide cycle hire and adoption scheme;
	Improved cycle network and green tourism with links to the South Downs National Park;
	Investment in infrastructure to supply the range of motorised vehicles (including HGVs) with cleaner fuels i.e. Electricity and hydrogen;
Vehicle usage	Car sharing and community car clubs to reduce overall vehicle ownership;
	Insurance backed schemes where people are rewarded for healthier lifestyles.

Waste

The aim is to adopt a resource-based economy (or Circular Economy), by using waste wisely and for the maximum benefit, & re-thinking waste as an asset.

East Sussex County Council has responsibility for waste disposal, and the districts and boroughs have responsibility for waste and recycling collection. The current Joint Waste Contract for domestic collection expires in 2023 so there are limited opportunities at the present time. However this is an ever-developing field and there will be waste management opportunities that could be explored.

Water and adaptation

The aim is to plan and protect against changing weather patterns and build a resilient society. This will involve working with South-East Water and the Environment Agency, to make sure there is enough water during droughts and long periods of dry weather, and to make sure coastal defences remain fit for purpose with the changing sea levels. Tidal energy schemes may play a role in assisting with this.



Agenda Item 15

Body: Cabinet

Date: 25th May 2016

Subject: Adoption of amended Regulatory Services Enforcement

Policy, and three new policies - Redress Schemes

Enforcement Policy, Smoke and Carbon Monoxide Alarms

Enforcement Policy, and Statement of Principles for

Determining the Amount of a Penalty Charge.

Report of: Ian Fitzpatrick, Senior Head of Community and EHL MD

Ward(s) All

Purpose To consider an amendment to the Regulatory Services

Enforcement Policy, and to consider three further new private

housing policies:

1. Redress Schemes Enforcement Policy

2. Smoke and Carbon Monoxide Alarms Enforcement Policy

3. Statement of Principles for Determining the Amount of a

Penalty Charge

Decision Type: Key decision

Recommendation: That Cabinet:

Recommends that full Council adopts;

o the amended Regulatory Services Enforcement

Policy

the Redress Schemes Enforcement Policy;

o the Smoke and Carbon Monoxide Alarms

Enforcement Policy;

o the Statement of Principles for Determining the

Amount of a Penalty Charge;

Recommends that full Council delegates the

administration and enforcement of all the above policies

and Statement of Principles in exercise of relevant

legislation to the Senior Head of Community.

Contact: Sue Oliver, Strategy & Commissioning Lead for Environment &

Waste

Telephone 01323 415360 or internally on extension 5360.

E-mail address sue.oliver@eastbourne.gov.uk

1.0 Background

1.1 When exercising specified regulatory functions, local authorities are required by the Regulator's Code to publish a clear set of service standards, including their enforcement policy, explaining how they respond to non-compliance.

This is an important document for regulators in meeting their responsibility under the statutory principles of good regulation, and to be accountable and transparent about their activities.

The Regulators' Code can be found on the GOV.UK website at; https://www.gov.uk/government/publications/regulators-code

1.2 The amended Regulatory Services Enforcement Policy is attached at Appendix A.

The term "Regulatory Services" covers the Environmental Health and Licensing functions, and specifically the following areas of work:

- Pollution
- Food
- Health and Safety
- Private Housing
- Licensing premises, taxi and private hire, gambling and ancillary functions.

The primary aim of the Environmental Health and Licensing function is to protect public health. This is done by ensuring compliance with the legislative framework so that consumers, businesses, employees, individuals and the environment are protected. Fair, proportionate, targeted and effective enforcement is essential to protecting the health, safety and economic interests of all concerned. Generally advice and support is provided to those seeking to comply and, at the same time, those who choose not to comply are dealt with, taking a proportionate approach. The detail on how and when action may be taken is outlined in the content of the Regulatory Services Enforcement Policy, adopted by Council in November 2015. This Policy has been amended with a new section 5.5, to reflect the option to issue penalty charge notices.

- 1.3 The draft Redress Schemes Enforcement Policy is attached at Appendix B.
 - The purpose of this Policy is to implement the requirements of The Redress Schemes for Lettings Agency Work and Property Management Work (Requirement to Belong to a Scheme etc) (England) Order 2014, made under the Enterprise and Regulatory Reform Act 2013. From 1st October 2014, all lettings agents and property managers in England must have joined one of three Government established and approved redress schemes, for dealing with complaints in connection with that work.
- 1.4 The draft Smoke and Carbon Monoxide Alarms Enforcement Policy is attached at Appendix C.

The purpose of this Policy is to implement the requirements of The Smoke and Carbon Monoxide Alarm (England) Regulations 2015 which came into force on the 1st October 2015. The regulations require landlords of privately rented dwellings to:

- a) Install smoke alarms on each floor of their rented property;
- b) Install a carbon monoxide alarm in each room where there is a solid fuel burning appliance;
- c) Carry out checks to ensure the alarms are in working order at the start of each new tenancy.

- 1.5 The draft Statement of Principles for determining the amount of a penalty charge is attached at Appendix D. Both The Redress Schemes for Lettings Agency Work and Property Management Work Order 2014, and Smoke and Carbon Monoxide Alarm (England) Regulations 2015, enable the local authority to issue penalty charge notices, and in line with Government guidance this is the maximum of £5000. However, in extenuating circumstances this sum can be varied, and so the draft Statement of Principles sets out what the penalty charge notice will include, and the factors that will be taken into consideration.
- 1.6 The adoption of policies determining whether, and in what manner, to enforce regulatory requirements are a matter for full Council.

2.0 Consultation

2.1 Consultation has taken place with the National Landlords' Association. No comments have been received.

3.0 Resource Implications

- 3.1 **Financial** there are no financial implications, although the application of penalty notices may lead to some additional income.
- 3.2 **Staffing** interventions and enforcement will be carried out within existing staff resources.
- 4.0 Other Implications, Environmental, Community Safety, Youth, Antipoverty, Equality and Fairness analysis
- 4.1 **Equality and Fairness analysis**: Enforcement decisions will be fair, independent and objective and will not be influenced by issues such as ethnicity or national origin, gender or gender identity, religion or belief, political views, disability, age or the sexual orientation of the suspect, victim, witness or offender.

The town has businesses managed and run by black and minority ethnic groups, and English may not be their first language. We will endeavour to provide material in their first language, and arrange interpretation services where necessary, to assist the individual to access advice, guidance, information and legislation.

Equality and fairness analyses will be conducted of these policies.

5.0 Summary

- The Regulators' Code requires local authorities to have an enforcement policy, to explain how they will deal with non-compliance. It also prescribes the information for businesses and individuals that these documents must contain. Adoption of the revised Regulatory Services Enforcement Policy enables the Council to comply with the Regulators' Code.
- 5.2 Adoption of the Redress Schemes Enforcement Policy, the Smoke and

Carbon Monoxide Alarms Enforcement Policy, and the Statement of Principles enables the Council to implement relevant private sector housing legislation.

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

The Regulators' Code;

https://www.gov.uk/government/publications/regulators-code

Lettings agent redress schemes

http://england.shelter.org.uk/get_advice/private_renting/problems_with_renting/letting_agent_redress_schemes

DCLG The Smoke and Carbon Monoxide Alarm (England) Regulations 2015 – Q & A booklet for landlords and tenants

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/46471 7/150929 SC Explan_book Annex A LandlordsTenants REVISED.pdf

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

Appendix A

Eastbourne Borough Council



May 2016



Regulatory Services Enforcement Policy

1.0 Introduction

Local authorities are required by the Regulator's Code to publish a clear set of service standards, including their enforcement policy, explaining how they respond to non-compliance. This is an important document for regulators in meeting their responsibility under the statutory principles of good regulation, to be accountable and transparent about their activities.

The Regulators' Code can be found on the GOV.UK website at; https://www.gov.uk/government/publications/regulators-code

This document contains Eastbourne Borough Council's Regulatory Services Enforcement Policy, which was approved by full Council on 18th November 2015.

The term "Regulatory Services" covers the Environmental Health and Licensing functions, and specifically the following areas of work:

- Pollution
- Food
- Health and Safety
- Private Housing
- Licensing premises, taxi and private hire, gambling and ancillary functions

In Eastbourne, these services are delivered by our Customer First teams, which includes our Customer and Neighbourhood Advisors, but it is our Customer Caseworkers and Specialist Advisors who are specifically involved in enforcement and regulatory activity.

The primary aim of the Environmental Health and Licensing function is to protect public health. This is done by ensuring compliance with the legislative framework so that consumers, businesses, employees, individuals and the environment are protected. Fair, proportionate, targeted and effective enforcement is essential to protecting the health, safety and economic interests of all concerned, and there is a range of tools available to the Service to achieve this.

Generally we will provide advice and support to those seeking to comply and, at the same time, deal with those who choose not to comply, taking a proportionate approach. The detail on how and when action may be taken is outlined in the content of this policy. We must have regard to various general duties e.g. section 17 of the Crime and Disorder Act 1998, and we must also comply with the Human Rights Act 1998, taking its provisions into account when making decisions relating to enforcement action.

This Policy should be read in conjunction with our service standards, see separate document.

2.0 Policy scope

Relevant legislation must always be adhered to by an officer whilst carrying out all Environmental Health and Licensing enforcement and investigation work, such as:

- Human Rights Act 1998;
- Regulatory Enforcement and Sanctions Act 2008;
- Legislative and Regulatory Reform Act 2006;
- Police and Criminal Evidence Act 1984;
- Regulation of Investigatory Powers Act 2000;
- Criminal Justice Act 2003;
- Criminal Procedure and Investigation Act 1996;
- Criminal Justice and Police Act 2001;
- Equality Act 2010;
- Data Protection Act 1998.

We are committed to providing an effective service with officers carrying out their duties in a way which is:

- Proportionate our activities will reflect the level of risk to the public and enforcement action taken will relate to the seriousness of the offence;
- Accountable our activities will be open to public scrutiny, with clear and accessible policies, and a fair and efficient complaints procedure;
- 3. Consistent our advice to those we regulate will be robust and reliable, and we will respect advice provided by others. Where circumstances are similar, we will endeavour to act in similar ways to other local authorities;
- 4. Transparent we will ensure that those we regulate are able to understand what is expected of them and what they can anticipate in return, and
- 5. Targeted we will focus our resources on higher risk enterprises and activities, reflecting local need and priorities.

To achieve this we have adopted the principles of the following:

- The Department for Business, Innovation and Skills' (BIS) Regulators Compliance Code;
- The Enforcement Concordat;

- Local Better Regulation's Priority Regulatory Outcomes (BRDO);
- BIS Code of Practice on Guidance on Regulation;
- Health and Safety Executive/Local Authorities Enforcement Liaison Committee (HELA) Guidance to Local Authorities on Priority Planning;
- HELA Incident Selection Criteria Guidance;
- Local Government Regulation's Home Authority Principle;
- BRDO's Primary Authority Principle and Guidance;
- The Crown Prosecution Service Code for Crown Prosecutors (as amended);
- The Food Law Code of Practice;
- Health and Safety Executive Enforcement Management Model;
- The Health and Safety Commission's Enforcement Policy Statement;
- European Convention on Human Rights
- Government guidance on the enforcement of the Housing, Health and Safety Rating System.

We will comply with any statutory requirement placed upon us and align our procedures with best practice, including any codes introduced subsequent to the adoption of this Policy.

The Policy applies to actions in relation to the legislation enforced by the Environmental Health and Licensing function. This enforcement action includes any action taken by officers aimed at ensuring that individuals or businesses comply with the law, however we are committed to avoiding the imposing of unnecessary regulatory burdens.

3.0 General principles

Prevention is better than cure. Therefore, our role involves actively working with businesses and the public to advise on and assist with compliance. Where we consider that formal action is necessary, each case will be considered on its own merits. However, there are general principles that apply to the way each case must be approached. These are set out in this Policy, and officers authorised to act under relevant legislation will do so in accordance with this Policy.

The Council's Scheme of Delegation can be found at; http://www.eastbourne.gov.uk/about-the-council/the-constitution/?assetdet4046349=222942

The majority of cases involving regulatory action will relate to businesses, however, there will be some cases that relate to

individuals, particularly those involving statutory nuisance. Cases involving individuals will be treated in the same way as those involving businesses, and the general principles around proportionality of action will be followed, e.g. where appropriate trying informal approaches before resorting to formal action.

Enforcement decisions will be fair, independent and objective and will not be influenced by issues such as ethnicity or national origin, gender or gender identity, religion or belief, political views, disability, age or the sexual orientation of the suspect, victim, witness or offender. Such decisions will not be affected by improper or undue pressure from any source. Where applicable, we will take into account the views of any victim, injured party or relevant person to establish the nature and extent of any harm or loss, and its significance, in making the decision whether to take formal action.

This enforcement policy helps to promote efficient and effective approaches to regulatory inspection and enforcement, which improve regulatory outcomes without imposing unnecessary burdens. We recognise the positive impact that the Environmental Health and Licensing services can have on economic progress and growth in the local economy, and see it as part of our role to encourage and support the growth of legitimate business activity within the legal framework provided by central government.

4.0 Risk Based Enforcement for Businesses

We will ensure that our resources are targeted where they will be most effective. We will ensure that intelligence and risk assessment inform all aspects of our approach to business regulatory activity, including:

- Data collection and other information requirements;
- Inspection programmes;
- Advice and support programmes;
- Enforcement activity and sanctions.

We will normally use the appropriate Government risk assessment scheme to inform any inspection programme but, where these do not exist, we will publish the details on our website.

In the absence of other factors, when determining risk we will consider:

- Compliance history and potential future risks;
- The existence of effective management systems;
- Evidence of recognised external accreditation;
- Management competence and willingness to comply;

We will also use intelligence to direct inspection based projects or business where there are known issues. Obviously, a complaint may also trigger a visit or inspection, if that is the most appropriate response.

4.1 Advice and Guidance for Businesses

We will provide general information, advice and guidance to make it easier for businesses to understand and meet their obligations. This will be provided promptly, in clear and concise language, using a range of appropriate formats and media. Information will cover all legal requirements relating to our regulatory activities, as well as changes to legal requirements. Where changes are of great significance, we will look at the best ways of informing businesses of the changes e.g. through newsletters, mail-shots or seminars.

We recognise that we have businesses in the town managed and run by black and minority ethnic groups, and English may not be their first language. We will provide material in their first language, and arrange interpretation services where necessary, to assist the individual to access advice, guidance, information and legislation.

When offering advice, we will clearly distinguish between statutory requirements, and advice or guidance aimed at improvements above minimum legal standards. We seek to provide proportionate advice, the content of which will help achieve compliance but impose the minimum burden required on the business concerned.

Where a business identifies a problem and seeks advice to remedy the situation, it will not normally trigger enforcement action. Where appropriate we will seek to support the remedial action to prevent future problems, however, we reserve the right to take enforcement action where applicable, particularly to protect public health. However, we are committed to dealing firmly with those who deliberately or persistently fail to comply.

Generally, we will provide our advisory services free of charge however we may charge a reasonable fee for services beyond the basic advice and guidance necessary to help ensure compliance with the law. We may suggest you seek advice from a consultant to assist you.

4.2 Inspection of Businesses

We will ensure inspections and other visits to businesses only occur in accordance with a risk assessment methodology, except where visits are requested by businesses, following receipt of complaints, or where we act on relevant intelligence. We will focus our efforts on businesses where intelligence and risk assessment shows there is a higher likelihood of non-compliance or which pose a more serious risk to regulatory outcomes. Some processes by their nature present a greater risk to health or the environment, or due to their complexity, may make it more difficult to ensure compliance. These are the areas where we will focus our inspection resources.

When we visit or carry out inspections, we will give feedback to businesses to encourage and reinforce good practice. We will also share information about good practice amongst businesses, and with other regulators.

Where we and another regulator have a shared interest in a business we will work together to rationalise our activities to minimise the burden on the business, providing this is of benefit to the business and does not harm the standard of enforcement for either regulator.

4.3 Information Requirements

We do not routinely require information from businesses, and when determining what data we may require, we will consider the costs and benefits of data requests to businesses and:

- Limit the data that we request to that which is either appropriate, or required by statute e.g. food registration, licensing applications, etc;
- Minimise the frequency of collection and seek the information from other sources where relevant and possible.

5.0 Enforcement Action

In accordance with good practice, we will:

- Publish our Enforcement Policy;
- Follow-up enforcement actions where appropriate;
- Be transparent in the way in which we enforce requirements and apply and determine penalties (when such powers are made available);

When considering what action should be taken, we will look to:

- Be proportionate to the nature of the offence and the harm caused;
- Change the behaviour of the offender;
- Eliminate any financial gain or benefit from non-compliance;
- Address the harm caused by regulatory non-compliance, where appropriate;
- Deter future non-compliance; and

• Be responsive and consider what is appropriate for the particular offender and regulatory issue.

When considering formal enforcement action, we will, when appropriate, discuss the circumstances with those suspected of a breach. We will take any comments made into account when deciding on the best approach (unless immediate action is required to prevent or respond to a serious breach or where to do so would be likely to defeat the purpose of the proposed enforcement action).

We will ensure that clear reasons for any formal enforcement action are given to the person or entity at the time the action is taken. These reasons will be confirmed in writing at the earliest opportunity. Complaints and relevant appeals procedures for redress will also be explained at the same time.

5.1 Deciding what enforcement action is appropriate

In assessing what enforcement action is necessary and proportionate, consideration will be given to:

- The seriousness of compliance failure;
- Past performance of the business and current practice;
- In the case of new businesses, an assessment of the operator's willingness to undertake the work identified by the Officer;
- The risks being controlled;
- Legal, official or professional guidance;
- Acting in the interest of Public Health.

The Council recognises that where a business has entered into a Primary Authority Agreement, the primary authority may provide compliance advice and support, and we will take such advice into account when considering the most appropriate enforcement action. We may discuss any need for compliance advice and support with the primary authority.

Primary authority allows businesses to be involved in their own regulation. It enables them to form a statutory partnership with one local authority, which provides robust and reliable advice for other local regulators to take into account. The aim is to ensure that local regulation is consistent at a local level. For more information, see https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/396388/pa-overview.pdf

There are a range of potential enforcement options, and the level of the action taken varies from no action through to proceedings in Court. Examples of the main types of action that can be considered, if specifically permitted by legislation, are shown below:

- No action;
- Informal Action and Advice;
- Fixed Penalty Notices;
- Variable Monetary Penalty (penalty charges)
- Statutory Notice;
- Formal closure;
- Seizure of goods/equipment;
- Injunctive Actions;
- Refusal/revocation of a licence;
- Simple Caution;
- Prosecution.

With regard to breaches of health and safety legislation, we will use the Health and Safety Executive's Enforcement Management Model.

Under the provisions of food safety legislation, specific statutory notices can be issued. These are:

- 1. Hygiene Improvement Notices
- 2. Hygiene Emergency Prohibition Notices (where there is an imminent risk of injury to health)

Information relating to these notices can be found at Appendix 1, on page 16.

Specific requirements relating to Private Housing can be found at Appendix 2, on page 19.

5.2 No Action

There will be circumstances where a contravention may not warrant action, or it may be inappropriate. Many minor contraventions can be dealt with via advice and/or assistance.

5.3 Informal Action and Advice

For certain minor breaches of the law we will give advice on how to put them right, including a deadline by which this must be done. The time allowed will be reasonable and will take into account the seriousness of the contravention and the implications of the non-compliance. Where the advice required is detailed, or there are potentially serious implications from the failure, the advice will be provided in writing. Failure to comply could result in an escalation of enforcement action.

Wherever possible we will advise the person or business about 'good practice', but we will clearly distinguish between what they

must do to comply with the law and what is recommended best practice.

5.4 Fixed Penalty Notices

Certain offences are subject to fixed penalty notices where prescribed by legislation. These notices are recognised as a low-level enforcement tool and avoid the defendant obtaining a criminal record. Where legislation permits an offence to be dealt with by way of a Fixed Penalty Notice (FPN), we may choose to administer a FPN on a first occasion, without issuing a warning. They will be used in appropriate circumstances to give a fast and measured response to the situation.

Payment of a fixed penalty does not provide immunity from prosecution in respect of similar or recurrent breaches. If a fixed penalty is not paid the Council will commence criminal proceedings or take other enforcement action in respect of the breach. Fixed penalty notices will not be issued to persons under the age of 16 years.

5.5 Variable Monetary Penalty (penalty charges)

With regard to determining breaches of housing legislation, for example The Redress Schemes for Lettings Agency Work and Property Management Work (Requirement to Belong to a Scheme etc) (England) Order 2014, and The Smoke and Carbon Monoxide Alarm (England) Regulations 2015, is the ability to issue Variable Monetary Penalties (penalty charges) for regulatory noncompliance.

Eastbourne Borough Council as the enforcement authority can impose a penalty charge of up to £5,000 where it is satisfied that there is an offence against this legislation.

The expectation contained in Government guidance is that a £5,000 fine should be considered the norm, and that a lower fine should only be charged if the enforcement authority is satisfied that there are extenuating circumstances.

It will be up to the enforcement authority to decide what the extenuating circumstances might be, taking into account any representations made.

Detail on how Eastbourne Borough Council will consider each case is given in the Statement of Principles for Determining the Amount of a Penalty Charge.

Further information on The Redress Schemes for Lettings Agency Work and Property Management Work (Requirement to Belong to a Scheme etc) (England) Order 2014 is contained in the Redress Schemes Policy.

Further information on The Smoke and Carbon Monoxide Alarm (England) Regulations 2015 is contained in the Smoke and Carbon Monoxide Alarms Policy.

5.6 Statutory Notices

Officers have powers under some legislation to issue notices that:

- Prohibit the sale or distribution of food or use of property for letting where relevant provisions may have been breached; Prohibit the use of equipment, carrying out activities, entry to certain areas of a site etc. where there may be a risk of personal injury;
- Require a business to take specific actions to remedy an identified problem;
- Require a business to desist from particular activities that may not comply with legal requirements;
- Require any person to take action to ameliorate or stop nuisances being caused by their actions.

Notices may require immediate action where, for example, there are risks to public health or safety, or an immediate risk of environmental damage or serious nuisance. In other circumstances, a reasonable amount of time will be given, depending on the circumstances, to rectify the problem.

Certain types of notice allow works to be carried out in default. This means that if a notice is not complied with (a breach of the notice) we may carry out any necessary works to satisfy the requirements of the notice ourselves. Where the law allows, we may then charge the person/business served with the notice for any cost we incur in carrying out the work. See section 5.7 for further information.

An application to a Court is not required in the case of Housing Act Prohibition Orders but there is a right of appeal.

Failure to comply with a statutory notice can be a criminal offence. All notices issued will contain details of any appeals process that may be available to the recipient.

5.7 Seizure of Goods/Equipment

The right to privacy and respect for personal property are key principles of the Human Rights Act 1998. Powers of entry, search

and seizure should be fully and clearly justified before use because they may significantly interfere with the occupier's privacy. Officers should consider if the necessary objectives can be met by less intrusive means. In all cases authorised officers should:

- exercise their powers courteously and with respect for persons and property; and
- in circumstances where a warrant has been obtained and is appropriate, only use reasonable force when this is considered necessary and proportionate to the circumstances.

Section 20 of the Health & Safety at Work etc Act 1974 contains the various powers of inspectors, including the power to take possession and detain articles or substances that have caused or are likely to have caused danger to health and safety.

5.8 Works in default

Works in default or emergency remedial action may be carried out if:

- There is no prospect of the person responsible carrying out the work e.g. the person is absent;
- There is an imminent risk to public or environmental health;
- A prosecution is not appropriate;
- A prosecution has been brought and works have still not been carried out; and
- It is appropriate to get a nuisance abated quickly.

The Council will seek to recover all the costs incurred including officer time. The costs of the works will be charged (not including VAT) plus the cost of officer time, plus twenty percent to cover administration costs.

5.9 Injunctive Actions

In some circumstances the Council may seek a direction from the court (in the form of an order or an injunction) that a breach is rectified and/or prevented from recurring. The court may also direct that specified activities be suspended until the breach has been rectified and/or safeguards have been put in place to prevent future breaches.

5.10 Licence Conditions

The Council issues a number of Environmental Health and Licensing related licences and permits. We also have a role to play in ensuring that appropriate standards are met in relation to licences issued by other agencies. Most licences include conditions which require the licence holder to take steps to ensure that, for example, a business

is properly run. Breach of these conditions may lead to a prosecution or in the case of licences issued under the Licensing Act 2003, a prosecution or a review of the licence which may result in its revocation or amendment by the Council's Licensing Committee.

5.11 The Use of Simple Cautions

Where the public interest justifies it, we will consider offering a Formal (Simple) Caution (or Reprimand/ Final Written Warning if the offender is under 18). In offering a Caution, we will take account of the Home Office Guidelines in relation to the cautioning of offenders and the Code for Crown Prosecutors.

Where the offender is under 18 and a formal approach is being considered, appropriate bodies such as the Youth Offending Team will be consulted. A Caution requires an admission of guilt on behalf of the offender, however there is no sentence and there is no recorded conviction. A caution will remain on record for a period of two years and may be cited in Court should a further offence be committed and prosecuted during that time. Where a simple caution is offered and declined the Council will consider prosecution.

6.0 Commencement of Legal Proceedings

Once an officer has completed his/her enquiries, a case report will be submitted to a Manager authorised to institute legal proceedings, who is independent of the investigation, and who will decide, using the criteria below, the most appropriate course of action.

Where the law has been broken, there is a range of enforcement options available to seek compliance with the law. Under normal circumstances, a process of escalation will be used until either compliance is reached or there is no option other than to instigate proceedings. Exceptions would be where there is a serious risk to public safety or the environment, or the offences have been committed deliberately or negligently or involve deception. Each case is unique and will be considered on its own facts and merits.

The officer authorised to institute legal proceedings will take into consideration the requirements of the Code for Crown Prosecutors and other relevant codes before deciding whether or not to authorise the institution of legal proceedings. This officer will have to be satisfied that there is sufficient evidence to provide a realistic prospect of conviction against each defendant on each charge (i.e. that a jury or bench of Magistrates, properly directed in accordance with the law, is more likely than not to convict the defendant of the charge alleged). To this end, the officer authorised to institute legal proceedings will look at all the available evidence, reliability of

witnesses, supporting documentation and any other matters relating to the investigation. They must consider what the defence case may be and how it is likely to affect the prospects of conviction [Code for Crown Prosecutors]. Only when this evidential test has been satisfied will the public interest to proceed with the prosecution be considered.

In deciding whether a prosecution will serve the public interest, this officer will balance factors for and against the prosecution carefully, fairly and impartially. Some factors may increase the justification to prosecute whereas others may militate against. Below are some of the matters to be taken into consideration for and against criminal proceedings. This is not an exhaustive list and, as such, each case is considered strictly on its own individual merits;

Factors in favour of prosecution:

- The offender was in a position of control within the business;
- The offender acted dishonestly, wilfully, premeditatedly or negligently;
- The product or service was aimed at a vulnerable group or person;
- The product or service has caused or had the potential to cause physical or mental injury or suffering, significant harm or loss
- The offender has received advice or a warning concerning the circumstances of the offence or similar matters;
- The offender has failed to comply with the requirements of a formal notice;
- The offender has received previous formal warning or a caution from an enforcement officer;
- The offender has previous convictions that are relevant;
- The offence, though not serious in itself, is widespread in the area where it was committed;
- A conviction is likely to result in a significant sentence;
- There are grounds to believe that the offence is likely to be continued or repeated, for example by a history of recurring conduct;
- The outcome of a prosecution might serve an important, informative purpose or establish a legal precedent.

Factors which might mitigate against the need for prosecution:

 The offence was minor in nature and as a result of a genuine mistake or misunderstanding, which did not involve significant negligence;

- The offender is elderly, or was at the time of the offence suffering from significant mental or physical ill health, which contributed to the commission of the offence, and the offence was neither serious nor likely to be repeated;
- A prosecution is likely to have an adverse effect on the victim's physical or mental health, always bearing in mind the seriousness of the offence and the views of the victim about the effect of a prosecution on his or her physical or mental health;
- The loss or harm could be described as minor and was as a result of a single incident, particularly if it was caused by a failure of judgment;
- The offender put right the loss or harm caused prior to the intervention of the Council
- Prior to the Service's intervention, the offender had introduced adequate steps to prevent further similar offences
- The defendant was a youth at the time of the offence
- There has been a long delay between the offence and any potential court action, unless either:
 - The offence is serious;
 - The delay has been caused by the defendant or his/ her legal representatives;
 - o The offence has only recently come to light; or
 - The complexity of the offence meant that there has been a long investigation.

7.0 Role of Legal Services

The Manager involved in making the more serious decisions will also have regard to advice from the Council's Legal Services.

8.0 Liaison with other regulatory bodies and enforcement agencies

Where appropriate, enforcement activities within the Environmental Health or Licensing activities will be coordinated with other regulatory bodies and enforcement agencies to maximise the effectiveness of any enforcement. The Council will respect advice that has been provided by other regulators and enforcement agencies. Where an enforcement matter affects a wide geographical area beyond the Council's boundaries, or involves enforcement by one or more other local authorities or organisations, where appropriate all relevant authorities and organisations will be informed of the matter as soon as possible, and all enforcement activity coordinated with them.

Relevant Environmental Health and Licensing intelligence relating to wider regulatory matters will be shared with other regulatory bodies and enforcement agencies, and examples include:

- Government Agencies;
- Police Forces
- Fire Authorities;
- Other Statutory Bodies;
- Local Authorities.

9. Review

This policy will be reviewed annually and updated if necessary to take into account legislative changes. The policy will also be reviewed if comments are received.

Comments should be sent to;

Sue Oliver Strategy & Commissioning Lead for Environment & Waste Eastbourne Borough Council Tel no 01323 415360 Email sue.oliver@eastbourne.gov.uk

May 2016

APPENDIX 1

SPECIFIC REQUIREMENTS RELATING TO FOOD SAFETY

1.0 General

The Council's approach to the enforcement of Food Safety reflects the responsibilities placed upon it by the Food Safety Act 1990, Food Safety and Hygiene (England) Regulations 2013, General Food Regulations 2004, the Official Feed and Food Control (England) Regulations 2009 and other regulations. The Authority's approach will also comply with the Framework Agreement on Local Authority Food Law Enforcement, the statutory Code of Practice and guidance issued by the Food Standards Agency (FSA). It will also reflect the principles of the Enforcement Concordat, adopted by the Council.

The Authority's key objective in terms of food safety is:-

" to strive to ensure that food and drink intended for sale for human consumption, which is produced, stored, distributed, handled or consumed within the Borough is without risk to the health or safety of the consumer, as far as is reasonably practicable"

The primary responsibility for ensuring food safety lies with the food handlers who produce or handle food, and in particular food business operators must recognise their responsibilities for ensuring food safety.

2.0 Enforcement options

If enforcement officers, in carrying out their functions, find evidence that the law is being broken they may exercise a range of powers, and will respond according to the particular circumstances of the case.

2.1. Hygiene Improvement Notices

Hygiene Improvement Notices may be appropriate where one or more of the following criteria apply:-

- There are significant contraventions of legislation.
- There is a lack of confidence in the proprietor or business to respond to an informal approach.
- There is a history of non-compliance with informal action.
- Standards are generally poor with little management awareness of statutory requirements.

- The consequences of non-compliance could be potentially serious to public health.
- Although it is intended to prosecute, effective action also needs to be taken as quickly as possible to remedy conditions that are serious or deteriorating.

The use of Hygiene Improvement Notices will be related to the potential risk to health, and they will only be issued by officers specifically authorised to do so in accordance with the statutory Code of Practice. Hygiene Improvement Notices will not be signed by authorised officers on behalf of other officers unless the authorised officer has witnessed the contravention and is satisfied that it is significant and that any other appropriate criteria are satisfied.

Failure to comply with a Hygiene Improvement Notice will generally result in prosecution.

2.2 Hygiene Emergency Prohibition Notices

Hygiene Emergency Prohibition Notices will be issued where in the opinion of the authorised officer there is an imminent risk of injury to health. It should only be necessary to consider the use of Hygiene Emergency Prohibition Notices in one or more of the following circumstances:

- An imminent risk of injury to health can be demonstrated.
 This might include evidence from relevant experts, including a food analyst or food examiner;
- The consequences of not taking immediate and decisive action to protect public health would be unacceptable;
- The guidance criteria, specified in the relevant statutory Code of Practice, concerning the conditions when prohibition may be appropriate, are fulfilled;
- There is no confidence in the integrity of an unprompted offer made by a proprietor voluntarily to close premises or cease the use of any equipment, process or treatment associated with the imminent risk;
- A proprietor is unwilling to confirm in writing his/her unprompted offer of a voluntary prohibition.

2.3 Remedial Action Notices

In Approved Premises (premises which require approval to trade due to the high risk nature of the undertaking) officer may consider the use of remedial action notices (a prohibition notice not requiring Court attendance designed to provide a higher level of consumer protection). Officers will only initiate procedures to suspend or withdraw a business's approval if all other enforcement options have been considered. Any recommendation for suspension or withdrawal will be discussed with a senior officer.

2.4 Consistency

Where any enforcement action considered is believed to be inconsistent with that adopted by other Authorities or is contrary to any advice from the Local Government Group Association (LGA), the matter will be referred to the East Sussex Food Liaison Group.

Where enforcement action proposed is contrary to any advice issued by the relevant Home/Originating Authorities or Primary Authority, the matter will be discussed with them before taking action. Reference to the Home Authority will always be made where enforcement action impacts on aspects of a business policy which has been agreed centrally by the decision making base of the business.



APPENDIX 2

SPECIFIC REQUIREMENTS RELATING TO PRIVATE HOUSING

Introduction

Eastbourne Borough Council is responsible for enforcing a wide range of statutory provisions relating to housing and environmental conditions affecting health and safety.

Our objectives are to:

- improve the standards of homes in the private sector;
- assess local housing conditions;
- reduce the number of properties with serious risks to health and safety;
- reduce the number of vulnerable households living in nondecent homes;
- improve energy efficiency, warmth of homes and help reduce fuel poverty;
- improve standards in private rented sector (PRS) accommodation;
- improve the standards in HMOs (houses in multiple occupation);
- work closely with private landlords towards improving PRS conditions;
- provide an excellent service accessible to everyone in private housing.

Housing, Health and Safety Rating System

The Health and Safety Rating System (HHSRS) is set out in Part 1 of the Housing Act 2004 (the Act). The Council will base enforcement decisions in respect of residential premises on assessments made under the HHSRS.

Action by the Council will be based on a three stage consideration:

- a. The hazard rating determined under HHSRS;
- b. Whether the authority has a duty or power to act, determined by the presence of a hazard above or below a threshold prescribed by Regulations (Category 1 and Category 2 hazards); and
- c. The authority's judgement as to the most appropriate course of action to deal with the hazard.

The Act contains enforcement options, and the choice of the most appropriate course of action is decided having regard to statutory enforcement guidance.

All ratings are made with regard to Government operating guidance and worked examples.

Further information on HHSRS can be found at:

https://www.gov.uk/government/publications/hhsrs-operating-guidance-housing-act-2004-guidance-about-inspections-and-assessment-of-hazards-given-under-section-9

The Enforcement Framework

Local Authorities have a duty to act when Category 1 type hazards are found. They have a discretionary power to act in respect of a Category 2 hazard. The courses of action available to authorities where they have either a duty or a power to act are to:

- Serve an improvement notice requiring remedial works;
- Make a prohibition order, which closes the whole or part of a dwelling or restricts the number or class of permitted occupants, or restricts its use;
- Suspend either of the above, until a date or time specified
- Serve a Hazard Awareness Notice;
- Take Emergency Remedial Action;*
- Serve an Emergency Prohibition Order;*
- Make a Demolition Order;*
- Declare a Clearance Area;*

The action the Council chooses to take will be the most appropriate course of action in relation to the hazard. With the exception of a hazard awareness notice, each of the notices and orders are declared on local land charges and outstanding notices may affect the sale or value of a property.

Where the Council takes action and the property owner does not comply, the Act gives powers to authorities to act in default (i.e. carry out the work themselves and recover the cost from the owner of the property) and/or to prosecute. It also enables the Council to charge and recover charges for enforcement action.

The Council may revoke or vary Notices served.

^{*} Only in respect of Category 1 hazards

Use of Discretionary Power: Decision Rules

The Housing, Health and Safety Rating System: Enforcement Guidance, statutory guidance made under section 9 of the Housing Act 2004, gives advice on how local housing authorities should use their discretionary powers. In deciding what the most appropriate course of action is, the statutory guidance states that there should be regard to a number of factors. The Council is obliged to give a formal statement of reasons for the action it intends to take.

For the purposes of assessing the hazard, it is assumed that the dwelling is occupied by the most vulnerable household (irrespective of what household is actually in occupation or indeed if it is empty). However, for the purposes of deciding the most appropriate course of action, regard is had to the actual household in occupation.

An authority has to take account of factors such as:

- Extent, severity and location of hazard;
- Proportionality cost and practicability of remedial works;
- Multiple hazards;
- The extent of control an occupier has over works to the dwelling;
- Vulnerability of current occupiers;
- Social exclusion of tenants;
- The views of the current occupiers;
- The landlord's history of compliance.

In some cases, the Council is required to consult with other bodies when taking enforcement action. An example of this is where we take action to improve fire safety and are required by law to consult with the Fire Authority.

The Most Appropriate Course of Action – Category 2 Hazards

In addition to the Council's duty to take action where a Category 1 hazard exists, the Council will generally exercise its discretion to take the most appropriate course of action where a Category 2 hazard exists in the following situations:

A. Band D Hazards

There will be a general presumption that where a Band D hazard exists, officers will consider action under the Housing Act 2004 unless that would not be the most appropriate course of action.

B. Multiple Hazards

Where a number of hazards at Band D or below appear, when considered together, to create a more serious situation, or where a

property appears to be in a dilapidated condition, they may authorise the most appropriate course of action to be taken.

C. Exceptional Circumstances

In exceptional circumstances where A and B above are not applicable, a manager may authorise the most appropriate course of action to be taken.

Level to which Hazards are to be improved

The Housing Act 2004 requires only that the works specified when taking the most appropriate course reduce a Category 1 hazard to Category 2 hazard. For example Band C and Band A hazards need only be reduced to Band D. The Council will generally seek to specify works which, whilst not necessarily achieving the ideal, will achieve a significant reduction in the hazard level and in particular will be to a standard that should ensure that no further intervention should be required for a minimum period of twelve months.

Tenure

In considering the most appropriate course of action, the Council will have regard to the extent of control that an occupier has over works required to the dwelling. In normal circumstances, this will mean taking the most appropriate course of action against a private landlord (including a Registered Social Landlord) and in most cases this will involve requiring works to be carried out. With owner occupiers, in most cases they will not be required to carry out works to their own home and the requirement to take the most appropriate course of action will be satisfied by the service of a Hazard Awareness Notice.

However, the Council may in certain circumstances require works to be carried out, or use Emergency Remedial Action or serve an Emergency Prohibition Order, in respect of an owner occupied dwelling. This is likely to be where there is an imminent risk of serious harm to the occupiers themselves or to others outside the household, or where the condition of the dwelling is such that it may adversely affect the health and safety of others outside the household. This may be because of a serious, dangerous deficiency at the property. Another example is a requirement to carry out fire precaution works to a long leasehold flat in a block in multiple occupation.

Houses in Multiple Occupation (HMOs)

The Council has further powers to ensure adequate standards in HMOs are met and maintained. The Housing Act 2004 introduced a

mandatory scheme to licence HMOs. Mandatory licensing is intended to apply only to larger high risk HMOs of three or more stories occupied by five or more people, comprising two or more households.

The HMO licensing regime provides procedures to assess the fitness of a person to be a licence holder, potential management arrangements of the premises and suitability of the property for the number of occupants, including the provision of relevant and adequate equipment and facilities at the property. It is a criminal offence if a person controlling or managing a HMO does not have the required licence. Breaking any condition of a licence is also an offence. The Housing Act 2004 also addresses the on-going management of unlicensed or problem HMOs, with view to protecting occupiers and those in the vicinity and, where possible getting properties licensed and properly managed.

Management Regulations made under the Housing Act 2004 impose duties on landlords and managers of HMOs (whether or not subject to licensing). There are no notice serving powers under the Management Regulations but the Council can prosecute for breach of the regulations, and is able to do so where a premises exhibits multiple contraventions of the regulations.

Overcrowding notices apply to HMOs that are not required to be licensed. The effect of an overcrowding notice is that the person served must comply with the terms of the notice and if they fail to do so they commit an offence for which the Council is able to prosecute. An overcrowding notice must either prohibit new residents or limit the number of people sleeping in the HMO. The Council may take action on overcrowding under the rating system hazard of crowding and space.

Caravan Sites

The use of land as a caravan site usually requires a caravan site licence under the Caravan Sites and Control of Development Act 1960 and the Council may impose site licence conditions. The Council is able to take enforcement action should a site be operating without a licence or where site licence conditions are not being met.

Appendix B

Eastbourne Borough Council

Redress Schemes for Lettings Agency Works and Property Management Work Enforcement Policy



Redress Schemes for Lettings Agency Work and Property Management Work Enforcement Policy

Eastbourne Borough Council Redress Schemes for Lettings Agency Works and Property Management Work Enforcement Policy

Introduction

The Redress Schemes for Lettings Agency Work and Property Management Work (Requirement to Belong to a Scheme etc) (England) Order 2014, made under the Enterprise and Regulatory Reform Act 2013, introduced the legal requirement that from the 1st October 2014 all lettings agents and property managers in England must have joined one of three Government established and approved redress schemes, for dealing with complaints in connection with that work. The Order can be found at the link below.

http://www.legislation.gov.uk/uksi/2014/2359/contents/made

Most letting agents and managing agents should be aware of these schemes and are likely to have joined, as good practice, before 1 October 2014. Membership of the schemes is subject to annual renewal.

Eastbourne Borough Council is the enforcing authority for this legislation, and so is responsible for ensuring that all applicable agents and property managers within the borough have complied with the new rules and joined an approved scheme.

Definitions of "lettings agency" and "property managers" are contained within the legislation, and Government guidance.

Redress schemes

The three Government approved redress schemes are:

- Ombudsman Services Property <u>www.ombudsman-services.org/property.html</u>
- Property Redress Scheme www.theprs.co.uk
- The Property Ombudsman <u>www.tpos.co.uk</u>

Each scheme publishes a list of members on their respective websites so it is possible to check whether a lettings agent or property manager has joined one of the schemes. Redress Schemes for Lettings Agency Work and Property Management Work Enforcement Policy

Whilst the majority of lettings agents and property managers provide a good service there are a minority who offer a poor service and engage in unacceptable practices. This requirement will mean that tenants and landlords, with agents in the private rented sector, and leaseholders and freeholders dealing with property managers in the residential sector will be able to complain to an independent person about the service they have received, and prevent disputes from escalating.

The decision made by a redress scheme is binding on all parties.

Enforcement

Eastbourne Borough Council as the enforcement authority can impose a penalty charge of up to £5,000 where it is satisfied, on the balance of probability, that someone is engaged in letting or management work and is required to be a member of a redress scheme, but has not joined.

The expectation contained in Government guidance is that a £5,000 fine should be considered the norm, and that a lower fine should only be charged if the enforcement authority is satisfied that there are extenuating circumstances.

The authority must give written notice of their intention to impose a penalty, setting out the reasons and the amount of the penalty to the person or company who has not complied with the legislation. The lettings agent or property manager will have 28 days to make written representations or objections.

At the end of the 28 day period the Council must decide, having taken into account any representations received, whether to impose a fine, and if so, issue a final notice to the lettings agent or property manager giving at least 28 days for payment to be made.

It will be up to the enforcement authority to decide what the extenuating circumstances might be, taking into account any representations the lettings agent or property manager makes, which would deem that no fine or a lesser charge would be appropriate. Detail on how Eastbourne Borough Council will consider each case is given in the Statement of Principles for Determining the Amount of a Penalty Charge.

An appeal may be made to the First Tier Property Tribunal following issue of the final notice. The contact details for this are;

Redress Schemes for Lettings Agency Work and Property Management Work Enforcement Policy

Ground Floor Magistrates' Court and Tribunals Centre 6 Market Avenue Chichester West Sussex PO19 1YE

Email; rpsouthern@hmcts.gsi.gov.uk

Telephone 01243 779 394

Fax 0870 7395 900

The enforcement authority can impose further penalties if a lettings agent or property manager continues to fail to join a redress scheme despite having previously had a penalty imposed.

The penalty fines received by Eastbourne Borough Council may be used by the authority for any of its functions.

Review

This policy will be reviewed annually and updated if necessary to take into account legislative changes. The policy will also be reviewed if comments are received.

Comments should be sent to;

Customer First Eastbourne Borough Council Tel no 01323 41000

Email: customerfirst@eastbourne.gov.uk

Appendix C

Eastbourne Borough Council

Smoke and Carbon Monoxide Alarm Enforcement Policy



Eastbourne Borough Council Smoke and Carbon Monoxide Alarm Enforcement Policy

Introduction

The Smoke and Carbon Monoxide Alarm (England) Regulations 2015 came into force on the 1st October 2015. The regulations require landlords of privately rented dwellings to:

- a) Install smoke alarms on each floor of their rented property;
- Install a carbon monoxide alarm in each room where there is a solid fuel burning appliance;
- c) Carry out checks to ensure the alarms are in working order at the start of each new tenancy.

Enforcement

Eastbourne Borough Council as the local housing authority enforces the regulations. Where the Council has reasonable grounds to believe that a landlord is in breach of the regulations, they must serve a 'Remedial Notice', giving the landlord 28 days in which to comply. Where the local authority is satisfied that a landlord has not complied with a remedial notice, they have a duty to arrange for the required works to be carried out (with the consent of the occupier).

The local authority also has a discretionary power to require the landlord to pay a penalty charge of up to £5000. The authority may, at its discretion, specify that if a landlord pays the penalty charge within a specified earlier period, or where a review of the penalty charge notice is requested, a reduction in the penalty charge may be applied.

The local authority must prepare and publish a statement of principles that it proposes to follow in determining the amount of penalty charge. Eastbourne Borough Council has a Statement of Principles dated May 2016.

The local authority may recover the charge under a Court Order.

Sums received under a penalty charge may be used by the authority for any of its functions.

The regulations apply to all privately rented domestic premises although exemptions apply to accommodation shared with the landlord, long leases, student halls of residence, hostels, care homes, refuges and hospices, as defined by the Schedule within the Regulations.

Appeals

A landlord will have a right to request a review of a penalty charge and can appeal to a First Tier Tribunal against the review decision on specific grounds, including that the amount of charge is unreasonable. Appeals should be made in writing to the First Tier Tribunal;

Ground Floor
Magistrates' Court and Tribunals Centre
6 Market Avenue
Chichester
West Sussex
PO19 1YE
Email; rpsouthern@hmcts.gsi.gov.uk
Telephone 01243 779 394

Fax 0870 7395 900

Review

This policy will be reviewed annually and updated if necessary to take into account legislative changes. The policy will also be reviewed if comments are received.

Comments should be sent to;

Customer First
Eastbourne Borough Council
Tel no 01323 41000

Email: customerfirst@eastbourne.gov.uk



Appendix D

Eastbourne Borough Council

Statement of Principles for Determining the Amount of a Penalty Charge



Statement of Principles for Determining the Amount of a Penalty Charge

Eastbourne Borough Council Statement of principles for determining the amount of a penalty charge

Introduction

As a local authority, Eastbourne Borough Council has a statutory duty to enforce a wide range of laws affecting local businesses and individuals. The Council is committed to fair and effective enforcement, which protects both the economic interest and the health and safety of the public, businesses and the environment. To ensure that we fulfil this commitment, the Regulatory Services Enforcement Policy was adopted by Full Council in November 2015, and reviewed and readopted in *** 2016.

Section 5 of the Regulatory Services Enforcement Policy sets out the enforcement options available to the Council when determining breaches of housing legislation. Included within these options is the ability to issue Variable Monetary Penalties (penalty charges) for mid to high level examples of regulatory non-compliance. This statement sets out the principles which the Council will follow in determining the amount of such penalty charges.

Penalty Charge Notice

Where the Council is satisfied that there is evidence of regulatory noncompliance, and the breach allows for the Council to require the offender to pay a penalty charge, it will issue a penalty charge notice for the amount agreed in local policy.

Any penalty charge notice will include;

- the reasons for imposing the penalty charge;
- where applicable, the premises to which the penalty charge relates;
- the amount of the penalty charge;
- that the person responsible for the breach is required, within a period specified in the notice –
 - o to pay the penalty charge, or

Statement of Principles for Determining the Amount of a Penalty Charge

- to give written notice to the local housing authority that the offender wishes the authority to review the penalty charge notice;
- how payment of the penalty charge must be made;
- any reduction for early payment of the penalty charge;
- where applicable the statutory appeals process;
- the person to whom, and the address (including if appropriate any email address) at which, a notice requesting a review may be sent, and to which any representations relating to the review may be addressed; and
- any other information as required by statute.

Review of the Penalty Charge

Any representations to review the penalty charge shall be considered by the Senior Specialist Advisor. In deciding whether to confirm, vary or withdraw the penalty charge notice, the review will take into account all representations made. The representations will be considered on their own merit in respect of that case and in particular the following may be considered relevant in deciding any reduction in the charge made:

- Good attitude and cooperation with the Council in cases where the offender has cooperated fully with the Council in investigating the breach of the regulations;
- Immediate and voluntary remediation when the offence was brought to the attention of the offender they immediately rectified any breach of the regulations;
- No previous history of non-compliance with other Housing legislation – if this is a first breach of any housing related legislation;
- Any relevant personal circumstances;
- Undue financial hardship if the fine would cause the offender undue financial hardship such that it might not be able to continue to operate.

In any case it will be the responsibility of the recipient to provide sufficient evidence to support their representations.

Statement of Principles for Determining the Amount of a Penalty Charge

When any review determines a final amount of penalty and this is not paid, the Council will pursue non-payment of the penalty through a court order process.

Review

This policy will be reviewed annually and updated if necessary to take into account legislative changes. The policy will also be reviewed if comments are received.

Comments should be sent to;

Customer First Eastbourne Borough Council Tel no 01323 41000

Email: customerfirst@eastbourne.gov.uk

