

Cabinet



Minutes of meeting held on Wednesday, 8 February 2017 at 6.00 pm

Present:-

Councillors **David Tutt** (Chairman and Leader of the Council), **Gill Mattock** (Deputy Chairman and Deputy Leader of the Council), **Margaret Bannister**, **Alan Shuttleworth** and **Troy Tester**.

66 Minutes of the meeting held on 13 December 2016.

The minutes of the meeting held on 13 December 2016 were submitted and approved and the chairman was authorised to sign them as a correct record.

67 Apologies for absence.

An apology for absence was reported from Councillor Steve Wallis.

68 Declarations of interests by members.

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

No declarations were made.

69 Questions by members of the public.

Ms Penny Shearer, an Eastbourne resident, asked a question concerning the council's proposed sale of the Downland farms and the council's intentions following the outcome of consultation. The question was answered by the chairman who referred to the forthcoming public consultation on this matter in the Eastbourne Review.

70 * General fund revenue budget 2017/18 and capital programme 2016/21.

70.1 Councillor Ballard addressed the cabinet of the subject of homelessness. She referred to the recent government announcement of £50m additional funding to councils and asked what steps were being taken by the council to secure a share of these funds. Councillor Shuttleworth reported that the council had successfully bid for £470,000 of funding and upon the council's ongoing work with local partners to address the problem of homelessness.

70.2 Cabinet considered the report of the deputy chief executive (and chief finance officer) setting out the general fund revenue budget

proposals for 2017/18 and a rolling 3-year capital programme 2016/21. The medium term financial strategy (MTFS) had been revised in July 2016 and the cabinet had agreed a draft 2017/18 budget proposal last December. The MTFS and resulting draft budget had been subject to extensive consultation and previously reported to cabinet and members of the scrutiny committee. The council's scrutiny committee had noted the contents of the current report at their meeting on 30 January 2017.

70.3 The budget was the product of various plans and strategies as part of an integrated and corporate planning process and was linked principally to:

- The medium term financial strategy (MTFS)
- Asset management plans
- The corporate plan
- Workforce strategy
- Treasury management strategy
- Service plans
- Housing revenue account business plan
- Joint transformation programme with Lewes District Council

70.4 The chief finance officer had a legal responsibility to give positive assurances on the robustness of the estimates used in the budget and the level of reserves. He commented that if the recommendations in his report were agreed then these assurances would prevail. The only area to note was that part of the increased budget for income from investment property (c.£1m) was still subject to contract. Any further actions arising from this risk would be reported to cabinet as part of the normal corporate performance monitoring.

70.5 The budget proposals included:

- An increase in the council tax in 2016/18 of 1.9%; the first second for 6 years.
- Dealing with reductions in government funding of £1.5m.
- Overall savings/new income totalling £2m (13% of the net budget).
- Efficiency savings of £0.5m (3% of the net budget).
- Inflation and unavoidable costs of £0.4m (2.5% of the net budget).
- Other recurring service growth of £0.3m.
- Non recurring service investments met from reserves of £0.5m.
- General reserves averaging in excess of £4m (against a minimum recommended of £2m).
- Capital receipts of £0.5m invested in new capital schemes.

70.6 The budget represented management of financial risks by:

- Building on a favourable outturn position.
- Balancing the base budget requirement without needing to use reserves for recurring expenditure.
- Identifiable and deliverable savings with accountability and no general unidentified targets.
- Reserves above the minimum level.

- Providing the funding required for the joint transformation programme to deliver the future savings required by the MTFs as well as capital investments in revenue generating assets.

70.7 The underlying methods of local government financing had changed significantly in recent years including the wrapping up of grants in the base 'standard funding assessment' notably:-

- The council tax freeze grants (2011-15).
- Some new burdens grants.
- Homelessness grant.

For Eastbourne the headline figures of the government settlement were:

- A further reduction in revenue support grant of £0.9m (50%) to £0.9m (reduced from £10.4m in 2010).
- Reduction in new homes bonus of £0.2m from the 2016/17 level.
- Eastbourne would receive the second largest reduction nationally in "spending power" in the 4 year period to 2020.
- The government headline figure was a reduction of 16.4%, however this took into account the ability to raise council tax, predicted growth in the tax base as well as increases in the new homes bonus.
- The real reduction was therefore over 40% over the period to 2020.

70.8 The national non-domestic business rate (NNDR) base had remained static largely as a result of the continued provision for appeals and resulting collection fund deficit, despite an inflationary increase which was linked to the September 2016 RPI and an overall increase of 11% in the gross rateable values. The government had revalued the business rates base and overall this had little effect on the retained business rates for the council. As part of the review into 100% retention of business rates the government would reassess the 'needs formula' to reflect demand for services and adjust redistribution accordingly.

70.9 The government had announced that the council would receive £0.840m in total of new homes bonus (NHB) due to the growth in housing in the area (a reduction of £200,000 on the projection). The settlement consultation reduced the period from 6 to 5 years that NHB was payable as well as a minimum threshold of 0.4% increase in band D equivalents before qualifying. The government had approved the council's joint efficiency statement and application for the 4 year settlement (to 2020). Over 97% of councils had opted for the fixed settlement including all neighbouring authorities.

70.10 It was proposed that council tax increase by 1.9% for 2017/18; which would result in a band D rate of £232.92 (an increase of £4.41 over the whole year). This would be the second increase in 6 years. The council was required to give an indication of likely future council tax rises. It was still expected that council tax would rise by no more than 2% per annum for each of the next three years. This was the government's target for inflation and also the current ceiling on rises that would otherwise require a referendum in order to exceed up to a £5 per year increase on a band D (an additional £30,000 per annum). Within

this context, for 2017/18, the council would raise £7.9m from its share of the council tax. This was determined by multiplying the council tax base of band D equivalent dwellings by the band D tax rate of £232.92. This was unchanged from the tax base setting report submitted to cabinet on 13 December last. In addition, there would be a distribution of £130,000 payable by the council to the collection fund due to a small collection fund surplus.

70.11 A summary of the resources available was given, as shown below:

	£'m
Government formula grant	(1.0)
Other grants	(0.3)
Retained business rates (normal)	(3.1)
New homes bonus	(0.9)
Section 31 grants	(0.9)
Contribution from business rate reserve	(0.3)
Collection fund surplus	(0.1)
Council tax	(7.9)
Total resources available (rounded)	<u>(14.5)</u>

In order to achieve a balanced budget without using reserves, the council would need to set a net expenditure budget for 2017/18 of £14.5m.

70.12 In addition to the general grant distributed through the new formula grant system, which was given towards financing the council's net expenditure, the government also provided some specific grants. These specific grants would fund in part or in full, service costs.

Grant	2016/17
	£'m
Housing benefit subsidy	(c.50.0)
Housing benefit administration	(0.5)

Housing benefit subsidy was intended to reimburse the council for the awards of benefit it made to eligible tenants in both the private and public rented sector. Not only was this by far the largest single specific grant that the council received, but it was performance related. It was noted that the council had maintained its good performance in recent years. A new system of universal credits was due to be completed by 2019 which would see the caseload moved to the Department for Work and Pensions. Currently only new applicants were put on universal credit. The main rollout of universal credit in Eastbourne was due in 2017. The administration grant had been reduced by c.5% per annum for the last 6 years from £0.8m to £0.5m. The caseload had reduced only marginally in that time, and additional complexity had been introduced as part of the welfare reform programme. It was noted that the former homelessness grant (to assist with prevention and to find alternative accommodation other than bed and breakfast) had now been subsumed into the main grant system. The government did announce a special grant for homelessness prevention during 2016/17.

Homelessness presented a significant financial risk to the council as not all costs were funded by housing benefit.

70.13 New homes bonus, introduced in 2011/12 at £187,000 had grown to £1.040m in 2016/17. Awards were now guaranteed for 5 years and the government had top-sliced an amount equivalent to 0.4% growth to divert resources to upper tier authorities for adult care services. Further reductions down to approximately £400,000 per annum were expected by 2020.

70.14 The detailed budget proposals were set out in appendix 1 to the report. Movement from the 2016/17 budget to the 2017/18 proposed budget were summarised as follows:

Movement from 2016/17 base budget:	£m	£m total
Change in resources:		
Government grants	1.5	
Council tax	<u>(0.2)</u>	1.3
Cost increases:		
Inflation and unavoidable costs	0.4	
Other growth and changes in income	<u>0.3</u>	0.7
Savings:		
Efficiency savings	(0.5)	
Increased income/other changes	<u>(1.5)</u>	(2.0)
		<u>0</u>

70.15 Details of proposed growth and savings were given in full in appendix 2 to the report. The proposals set out in the report would allow full council on 22 February to approve a balanced budget in line with available resources and without the need to use reserves.

70.16 The council now followed a rolling 3-year financial planning cycle and the service and financial plans had been set out in detail for 2017/18. The next MTFS due in July would project forward a further 3 years and continue to provide the basis of service and financial planning for the medium term. It was noted that the significant level of the savings required for the next MTFS had already been identified. Further reports to cabinet would detail the business plans under the joint transformation programme. The government had set out a revised 4-year programme of reductions in funding and the council's current MTFS already took account of this overall however the MTFS would be refreshed in July following the year end closedown.

70.17 The report detailed the principal financial risks the council was likely to face, as follows:

- Housing benefit performance.
- Welfare reform

- Inflation on goods and services.
- Income from services linked to customer choice (theatres, tourism; sports centres, car parking).
- Legal challenges.
- Savings or new income streams being delayed.
- Excessive demand for services.
- Failure to realise capital receipts to finance the capital programme.

70.18 On an exception basis, information on each of the risk areas identified above, together with any new and significant risks that might emerge over the course of the year, would be included in each financial performance report to cabinet and scrutiny during the 2017/18 financial year. A corporate contingency budget of £120,000 for unbudgeted expenditure or reductions in income had been allowed. This was in addition to the known inflation that had been built into service budgets.

70.19 The chief finance officer was obliged to report on the adequacy of the proposed financial reserves, and determine the minimum level required. There was no statutory minimum requirement, but reserves had to be set at a prudent level given the activities of individual councils and potential liabilities that they faced or might face in the future, i.e. a risk based approach. The council's earmarked reserves were reviewed at least annually for adequacy. If at any time the adequacy was in doubt the chief finance officer was required to report on the reasons, and the action, if any, that he considered appropriate. The council would always seek to contain any unforeseen additional costs within allocated annual budgets, including the contingency budget. However, it was proposed that, in addition, the minimum level of general reserves should be set at £2m. Should the budget recommendations be followed, the level of general fund reserves was projected at over £4m by March 2018. In addition to acting as a potential buffer against future risks, this should create further opportunities for one off investments in the future. The council had followed a process of consolidating its reserves into the corporate reserves above. This better facilitated corporate priority planning. The only other reserves that the council held had specific obligations attached (e.g. Section 106/partnership contributions).

70.20 The principles for formulating the capital programme were set out in the budget report to cabinet last December and the updated programme was given in appendix 3 to the report (proposed new schemes were shown in red text) and showed a projected outturn for 2016/17 of £32.759m; a total budget for 2017/18 of £39.839m; £40.554m for 2018/19; £26.529m for 2019/20; and £1.376 for 2020/21. The council had a policy of only using borrowing for schemes that were 'invest to save' and could generate enough savings or additional income to service the financing costs. In addition to schemes that qualified for borrowing, the council had a further £500,000 of capital receipts to apply to the programme. The housing revenue account (HRA) capital programme was set out in another report on the agenda (see minute 72 below) and was financed entirely from HRA resources. Once approved it would be amalgamated with the general fund programme. No future capital receipts had been factored into the available resource where

there was not a significant chance of them materialising. There would be opportunities to supplement the programme as the 3-year period progressed.

70.21* Resolved (budget and policy framework): That full council, at their meeting on 22 February 2017, be recommended to approve the following:

(a) A general fund budget for 2016/17 (revised) and 2017/18 (original) as set out in appendix 1 to the report including growth and savings proposals for 2017/18 as set out in appendix 2 to the report.

(b) An increase in the council tax for Eastbourne Borough Council of 1.9% resulting in a 'Band D' charge of £232.92 for 2017/18.

(c) A general fund capital programme and financing 2016/21 as set out in appendix 3 to the report.

(d) Notes that the council's 'section s.151 officer' has signed off the budget proposals as outlined in paragraph 70.4 above.

71 * Treasury management and prudential indicators 2017/18.

71.1 Cabinet considered the report of the deputy chief executive (and chief finance officer) seeking approval to the council's borrowing and investment strategies in line with legislative and other regulatory requirements as described in the report. The council was required to receive and approve, the prudential and treasury indicators and treasury strategy as part of the budget setting process each year. This covered:

- The capital plans (including prudential indicators).
- A minimum revenue provision policy (how residual capital expenditure was charged to revenue over time).
- The treasury management strategy (how the investments and borrowings were to be organised) including treasury indicators.
- An investment strategy (the parameters on how investments were to be managed).

71.2* Resolved (budget and policy framework): That full council, at their meeting on 22 February 2017, be recommended to approve the following:

(a) The treasury management strategy and annual investment strategy as set out in the report;

(b) the methodology for calculating the minimum revenue provision set out at paragraph 2.3 of the report;

(c) the prudential and treasury indicators as set out in the report; and

(d) the specified and non-specified investment categories listed in appendix 2 to the report.

72 * Housing revenue account (HRA) budget and rent setting 2017/18 and HRA capital programme 2016/20.

72.1 Cabinet considered the report of the deputy chief executive (and chief finance officer) and director of service delivery in respect of the

rents, service charges and heating costs to be set for all of the council's housing tenants. The report outlined the revenue account budget proposals for 2017/18 and housing capital programme 2017/20 and arrangements for agreeing Eastbourne Homes Limited's (EHL) management fee and delivery plan. The report reflected the recommendations made by Eastbourne Homes Limited in relation to the increase in rent levels, service and other charges.

72.2 The HRA was a statutory ring-fenced account that represented all landlord functions. The HRA was required to be self-financing, which meant that expenditure had to be entirely supported from rental and other income. The main tool for the future financial management of the HRA was the 30-year business plan.

72.3 The business plan was last reported to cabinet in December 2015 and at that time outlined the financial implications of the Housing and Planning Act 2016 and the Welfare Reform and Work Act 2016. This included the proposals for a 4 year 1% decrease in rents, pay to stay and high value council house levy. The business plan had since been updated to reflect the 2016/17 approved budget. At the time the business plan had been updated there was still considerable uncertainty over the pay to stay and high value council house levy. A ministerial statement made on 21 November 2016 announced that the government had reviewed the pay to stay policy and decided that it would not be introduced on a compulsory basis as originally planned.

72.4 The budget proposals did not include the impact of the high value council house levy, as the government had not yet issued any consultation proposals or a start date on which to model potential impacts. Government messages on this policy had been mixed, but it would appear unlikely that this would be implemented before the end of this financial year. The impacts of this policy were substantial and should the government bring forward proposals, the business plan would be updated and reported back to members.

72.5 The HRA revenue budget (appendix 1 to the report) had been produced based on the policies set out in the HRA 30-year business plan and showed an overall surplus of £449,000 for 2016/17. The budget was performing better than expected due to various initiatives to control expenditure, including a reduction in the management fee payable to EHL, lower than anticipated interest rates and higher rental income from affordable rents. The 30 year business plan and the HRA budget policy allowed for a contribution into the housing regeneration and investment reserves to meet future major works demands and other strategic housing related outcomes. This was set at £924,000 for 2016/17, and £500,000 for 2017/18. This would be reviewed again when the business plan was updated in the autumn. The major repairs reserve was funded from cash backed depreciation of £4m plus inflation per year and was expected to break-even in the short term, but should start to exceed capital spending requirements in the medium term, in order to provide sufficient resources to fund the demands of the asset management plan in the longer term.

72.6 The HRA debt outstanding at 31 March 2016 was £41m, rising to £42.9m by 31 March 2018; the maximum borrowing permitted under the self-financing settlement. The majority of the new borrowing of £1.5m would be completed by 31 March 2017 and would be external debt at fixed interest rates, leaving just a balance of £0.4m to be taken in 2017/18. The increase in borrowing was to support the housing and economic development programme (HEDP). The additional interest payable from this borrowing would be funded from the additional rental as the properties are let. The council's treasury management advisors were predicting that the current low levels of interest rates would continue into 2017/18 and the interest budget had been prepared on this basis.

72.7 The original 30-year business plan had assumed that from 2016/17 to 2028/29 an average debt repayment of £2.8m per annum would be funded from the HRA. This was no longer viable due the rent decrease and other government housing initiatives, however, if possible when opportunities arose consideration would be given to using any surplus funds for the repayment of debt or to be used to reinvest in housing properties in lieu of new borrowing.

72.8 The HRA outturn for 2016/17 was expected to deliver a £426,000 surplus, a positive variance of £133,000 over the original budget. This was mainly as a result of the decrease in the take up of the under occupation scheme, a reduction in the provision required for bad debts and the net effect of the new support people charge. The HRA business plan was based on a policy for a minimum level of HRA balance of £1m to maintain a prudent level of reserve to ensure that the HRA remained sustainable in the longer term and was able to deal with any risks posed by the current economic climate.

72.9 The Welfare Reform and Work Act 2016 required that rents on social housing properties be reduced by 1% a year for a four year period from 2016/17. Rents for shared ownership properties were excluded, however, the terms of the lease for these properties linked rents to the social rented properties and a 1% reduction would be applied to these properties.

72.10 For properties in shared blocks these charges covered common services such as communal heating, lighting, equipment maintenance contracts, cleaning and grounds maintenance. In older persons sheltered accommodation the charges additionally included on-site co-ordinators, lift maintenance contracts, communal furniture and carpets maintenance and internal redecorations. These costs were charged separately from the rent. For general needs properties in blocks the proposed average service charge increase was 2.49% to ensure that costs relating to communal areas are fully recovered. To ensure that tenants did not experience an extreme rise in service charges any individual block increase would be capped at 10%. For retirement court properties in blocks, the average service charge increase would be 7.14% to ensure that costs relating to communal areas were fully

recovered. This was an average increase in costs of £2.72 per unit, per week.

72.11 In May 2016, Supporting People withdrew their funding from the council's sheltered housing units. As a result of this, the on-site co-ordinators service was at risk of not being able to continue the vital work within the sheltered housing blocks. Consultation had been carried out with residents, who voted to reduce the on-site co-ordinator service by 1 member of staff and pay an additional cost of £7.50 per unit per week, to keep the service running. Following the cabinet decision in March 2016, it was now recommended that the current support charge of £7.50 per unit per week remain at that level for 2017/18.

72.12 Heating costs for older persons sheltered accommodation were set in line with known price decreases predicted by the Department of Energy and Climate Control (DECC). It was recommended that the average charge decrease is 9.25%. This was an average decrease of 61p per week for tenants who paid these charges.

72.13 Water charges were also set in line with the known price decrease predicted by DECC and it was recommended that the average charge increase is 1.07%. This was an average increase of 5p per week for tenants who paid these charges.

72.14 Following the previous year's rent increases, garage void debt was slowly increasing and the number of garage voids continued to increase. A desk top appraisal completed by Eastbourne Homes Ltd showed that the rent currently being charged was sufficient to cover the annual garage repairs expenditure on a yearly basis. When benchmarking garage rent costs with other authorities, it was found that the garage rents that EBC charged were slightly above the average rent charged for garages amongst the other authorities. It was therefore recommended that no increase is applied to garage rents for 2017/18 in an effort to improve garage take-up.

72.15 Total budgeted expenditure on the HRA capital programme was planned at £4,206,300 for 2017/18. The major works element of the programme was in line with the asset management plan and the self financing business plan model with funding from the major repairs reserve. Cabinet had previously agreed a total budget of £14m for the housing and economic development programme (HEDP). All schemes were expected to be completed by the end of the current year, but any slippage to this programme would be re-profiled as part of the year end process. This programme would be funded from borrowing, capital receipts and Housing and Communities Agency (HCA) grant. This programme had now come to an end as there were no further HRA resources available, any new schemes would be undertaken by the Eastbourne Housing Investment Company.

72.16 The EHL management fee covered both operational and administration costs as well as cyclical maintenance. The revised fee for 2016/17 was £7,361,000. It was proposed that the management fee

would remain the same in 2017/18; the Board of Eastbourne Homes Ltd was, however, considering whether it could be reduced.

72.17 The council was obliged to ensure that all tenants were given 28 days notice of any changes to their tenancy including changes to the rent they pay. The council's scrutiny committee had also noted the contents of the report at their meeting on 30 January 2017.

72.18* Resolved (budget and policy framework): That full council, at their meeting on 22 February 2017, be recommended to approve the following:

- (a) The HRA budget 2017/18 and revised 2016/17, as set out in appendix 1 to the report;
- (b) that social and affordable rents (including shared ownership) are decreased by 1% in line with the change in government policy;
- (c) that service charges for general needs properties are increased by 2.49%;
- (d) that service charges for older persons' sheltered accommodation are decreased by 7.14% to reflect a reduction in actual costs as well as notification of a reduction in heating and water costs;
- (e) that the support charge for sheltered housing residents remains at £7.50 per unit, per week;
- (f) that heating costs are set at a level designed to recover the estimated actual cost;
- (g) that water charges are set at a level designed to recover the estimated cost of metered consumption;
- (h) that garage rents are not increased this year to improve increasing garage voids;
- (i) a scheme to move new garage tenancies to market rent values for the 2017/18 financial year is examined;
- (j) that delegated authority be granted to the director of service delivery, in consultation with the lead cabinet members for community services and finance and the financial services manager to finalise Eastbourne Homes' management fee and delivery plan; and
- (k) the HRA capital programme as set out in appendix 2 to the report.

73

*** Tourist accommodation retention supplementary planning document.**

73.1 Cabinet considered the report of the director of regeneration and planning considering the need for a change of planning policy approach

to tourist accommodation as a result of changes in the tourism market and visitor behaviour. The formulation of new planning policy could only take place through a local plan. As the next local plan was not due to be adopted until 2019, it was not possible to create a new policy for tourist accommodation at this current time, however, the production of a new supplementary planning document would allow a new interpretation of the existing policy, which would allow a new policy position to be provided.

73.2 Eastbourne was one of the largest providers of tourist accommodation in the south east outside London, and had the 26th highest supply of hotel rooms in the country. Eastbourne had a significant stock of tourist accommodation, including 46 hotels, 60 guesthouses and 144 self-catering units, amounting to approximately 3,500 bedrooms. Over 90% of Eastbourne's hotels and guesthouses/B&Bs were located within the area along the seafront defined as the tourist accommodation area. The majority of the rooms (81%) were located within hotels. Although there was one 5-star and two 4-star hotels in Eastbourne, the majority of supply was concentrated towards the lower end of the market in the 3-star, 2-star and budget categories.

73.3 Since 2008, there had been a change in tourist behaviour and trends, with a focus on multiple breaks for shorter durations, and increasing expectations of quality of accommodation. This had led to a decrease in the proportion of trips to seaside destinations, as the tourist accommodation in these locations was often not up to the quality and standard that modern-day visitors expected. The conclusion of a tourist accommodation study undertaken in 2015 was that there was a need to rebalance and diversify the supply of tourist accommodation with future emphasis on quality rather than quantity. This would allow Eastbourne's tourist accommodation to develop more organically and in turn appeal to and attract new markets. A rebalancing of the supply required a more flexible approach to managing the tourist accommodation. In order to allow the gradual reduction of poor quality stock in more secondary locations and help stimulate investment in better quality accommodation, appealing to a broader range of visitors, a change of policy approach was required.

73.4 The new planning policy position would help the tourist accommodation stock remain fit for purpose and meet the requirements of current and future visitors. A tourist accommodation retention SPD had therefore been published for consultation between 23 September and 4 November 2016. A total of 17 representations were submitted from 10 respondents. A full list of the representations received and responses was provided as appendix 1 to the report. It was not considered that any of the representations raised any major issues, although some minor amendments were proposed to the SPD. A schedule of changes to the draft SPD was provided as appendix 2 to the report.

73.5 The formation of a tourist accommodation consultative group, consisting of representatives from the Eastbourne Hospitality Association, council officers and a local property agent, would help to provide a trade perspective on proposals and ensure the quality and standard of applications for the loss of tourist accommodation so that they could be determined more swiftly.

73.6 The SPD would need to be adopted by full council before it could be used in the determination of planning applications. The assessment of financial viability of tourist accommodation supplementary planning guidance, which the new SPD would replace, would also need to be revoked.

73.7* Resolved (budget and policy framework): (1) That the tourist accommodation retention supplementary planning document (SPD), as set out in appendix 4 to the report, be endorsed and that full council, at their meeting on 22 February 2017, be recommended to adopt the document.

(2) That full council be recommended to revoke the assessment of financial viability of tourist accommodation supplementary planning guidance, as set out in appendix 5 to the report.

(3) That full council be recommended that any minor or technical adjustments found necessary in the tourist accommodation retention SPD be delegated to the director of regeneration and planning in consultation with the lead cabinet member.

(4) That the terms of reference for a tourist accommodation consultative group, as set out in appendix 3 to the report, be agreed.

74 * Local development scheme 2017-2020.

74.1 Councillor Jenkins addressed the cabinet and thanked officers for their work in preparing the report. He noted the recently published government white paper and expressed concern that Eastbourne would find it difficult to find additional land for new housing given the physical constraints of sea and Downs. He believed the council was unfairly penalised when sites with existing planning consent were not developed. He also expressed concern at potential changes to the community infrastructure levy (CIL) arrangements.

74.2 Cabinet considered the report of the director of regeneration and planning concerning the local development scheme (LDS); the council's timetable for the production of planning policy documents. The LDS covered a 3-year period from 2017-2020 and outlined the planning documents to be produced with the key dates and milestones. The LDS must be made publicly available and kept up-to-date.

74.3 The current LDS (February 2016) was no longer up-to-date and needed to be revised to take into account changes in circumstance and timetable relating to local plan production. A new LDS had been

prepared, covering the period 2017-2020. This focused on the production of a new local plan, which was anticipated to be adopted towards the end of 2019.

74.4* Resolved: (budget and policy framework): (1) That full council, at their meeting on 22 February 2017, be recommended to adopt the local development scheme 2017-2020 as set out in appendix 1 to the report.

(2) That any minor or technical adjustments to the local development scheme found necessary be delegated to the director of regeneration and planning in consultation with the lead cabinet member.

75 Eastbourne local lottery.

75.1 Councillor Freebody addressed the cabinet on his concerns at the possible impact a council run lottery could have upon existing local charity lotteries, asked about take-up levels of other council lotteries and for clarification about the type of lottery operation proposed. He also asked if schemes such as this could be seen as encouraging gambling. The chairman replied saying he believed the planned lottery would allow many smaller local charities the opportunity of participating in this type of fund raising. He mentioned that Aylesbury Vale's lottery currently benefited some 138 local causes and the number was growing. He did not believe that the proposed lottery would encourage problem gambling.

75.2 Cabinet considered the report of the director of service delivery proposing the launch of an online Eastbourne local lottery to help fund discretionary support for community organisations and to enable good causes to raise funds directly. A local authority was allowed to run a lottery to raise funds to cover anything for which it has the power to incur expenditure (for example, local community projects, arts centres or parks and leisure facilities) and must be licensed by the Gambling Commission under the Gambling Act 2005.

75.3 Due to the costs of distribution and sales the lottery would need to be operated online and the suggested model would operate at two levels:-

Eastbourne lottery – operating council-wide with profits generated distributed through existing mechanisms to local good causes. Players selecting this option would not specify a group to benefit from the proceeds and the funding would be distributed by the council to existing council funding commitments.

Specific Eastbourne good causes – this version would enable groups to 'sign-up' to take part in the lottery specifically raising the 50% share for their good cause. By signing up they will have their own web page for the lottery helping them engage with players and raising income. Players buying tickets through specific web pages would know that the profits were for that specific good

cause. This option removes a hurdle for groups who might struggle otherwise to take part in their own lotteries for example, holding licences and setting up the necessary infrastructure. The proposed criteria to be used in deciding whether or not to allow organisations to become part of the lottery with given in appendix 1 to the report.

75.4 There were two options for the delivery of the lottery, either in-house or through an external lottery manager (ELM). Based on the lack of in-house expertise the preferred option was to engage an ELM. Based on the advice given in the report, it was proposed that the Eastbourne lottery would provide a weekly draw of £1 tickets and two modes of operation – specific good cause or no specific good cause.

75.5 Resolved (key decision): That the director of service delivery, in consultation with the lead cabinet member, be given delegated authority to set up an Eastbourne local lottery in line with the proposals set out in the report, including the engagement of an external lottery manager and an on-line weekly draw of £1 tickets.

76 * New organisational development policy - change management.

76.1 Cabinet considered the report of the assistant director of human resources and organisational development. Eastbourne and Lewes councils had jointly committed to bringing their policies and procedures together as part of the joint transformation programme (JTP) which was an important step towards aligning the councils people and business practices. This proposed new policy had taken the best aspects of Eastbourne and Lewes's current change management policies and pulled them together into an updated version which was now fit to support the organisations through the next period of change.

76.2 A copy of the policy was appended to the report. The council's joint staff committee had agreed this policy at a meeting in November 2016.

76.3* Resolved: That full council at their meeting on 22 February 2017 be recommended to approve the policy.

77 Exclusion of the public.

Resolved: That the public be excluded from the remainder of the meeting as otherwise there was a likelihood of disclosure to them of exempt information as defined in schedule 12A of the Local Government Act 1972. The relevant paragraph of schedule 12A and a description of the exempt information is shown beneath the item below. *(The requisite notice having been given under regulation 5 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.)*

78 Community grants programme - small grants.

78.1 Cabinet considered the report of the director of service delivery on the small grants element of the community grants programme. It was

proposed that a budget of £60,000 continue to be made available. Given the financial constraints on the council at present, the proposed budget continued to protect the voluntary and community sector as a whole from significant reductions in spending on their activities by this council.

78.2 In addition to the small grants programme, cabinet had previously agreed major grants for the three years to 2018/19 as follows:

	£
Citizen's Advice Bureau	115,000
BHT Eastbourne Housing Advice	56,500
Eastbourne and Wealden YMCA	40,000
Salvation Army	30,000
Shinewater Shaftesbury Centre	4,000
3VA	14,000
Total:	259,500

78.3 It was reported that the council also supported voluntary and community organisations in a variety of other ways including:

- The award of rent support grants to some organisations occupying council properties to the value of £142,795.
- Discretionary rate relief awards to voluntary and community sector occupying premises in the town with a budget in 2016/17 of £145,598.
- Allocation of £90,000 each year to the council's devolved ward budget scheme, with ward councillors were able spend up to £10,000 on quick fix one-off works or initiatives to improve the lives of local residents. Local residents could make suggestions on how this money should be spent by contacting their local councillor.

In total the council's direct support to voluntary and community organisations amounted to approximately £621,000 at a time when spending in other areas had been significantly reduced.

78.4 The current housing and community grants policy agreed by cabinet in 2015 set out the eligibility criteria for applications. These were designed to reflect the limited budget available and the wide demand for funding within the voluntary and community sector. The aim is to encourage volunteering and support the work of the voluntary and community sector in Eastbourne and new initiatives to meet local needs. Applications for large capital items could not be considered. Similarly applications for services which duplicated existing services and were available and funded elsewhere were ineligible. There must also be a clear financial need for funding and organisations with large unrestricted reserves or which made a significant surplus could not be funded. The policy also excluded any organisation which itself awarded grants to other organisations. Applicants are also required to have adequate governance and equality policies in place. Applicants were also required to have adequate governance, equality, safeguarding and health and safety policies in place as well as insurance covering their activities.

78.5 Submissions of interest were invited for projects which would address the following agreed priorities:

- Projects designed to promote inclusion and the needs of those communities and groups protected under current equality legislation.
- Projects which provide mental health services with a particular focus on young people.
- Projects to reduce social isolation in vulnerable people.
- Community buildings – one off small grants to help voluntary organisations increase the involvement of local residents as volunteers to help run the buildings and/ or new activities within those buildings; or to develop business plans to put them on a more sustainable financial footing.

78.6 Forty-six expressions of interest had been submitted totalling £335,052. Eight were judged ineligible or did not address the agreed priorities. Of the 38 organisations invited to apply in full 35 applications were received totalling £278,406, almost five times the funding available.

78.7 The grants policy stated that small grants were not awarded for core funding, but were designed to support new activities and projects and for one year only. A number of the applications received were ineligible as they related to ongoing activities, including a number where East Sussex County Council and other commissioners had withdrawn funding. Some others were for funding for projects or services already provided or eligible for funding from other sources such as Department for Work and Pensions or the Council's own devolved ward budgets.

78.8 The grants policy set out the process and criteria against which eligible applications were to be assessed with 40% based on the degree to which the project proposals showed they would address a need in line with the agreed priorities, 20% based on quality issues such as planning, consultation and the approach to equality and diversity, 20% based on the expected impact of the project proposed, and 20% on value for money including the value of other funding, volunteer time and other funding 'in kind' and shared resources through effective partnering.

78.9 The following recommendations were made by the council's grants task group:

	£
Trees Community Association	6,800
Old Town Library	6,400
Linking Lives	4,600
Eastbourne Access Group	1,500
Age Concern Eastbourne	4,600
Memory Lane	2,600
Now!	5,000
Stay Up Late	4,600
Possability People	4,800
Albion In The Community – Albion Goals	3,800
SASBAH	1,200
Families for Autism	3,500
Care for the Carers	4,000
Football Therapy Eastbourne	2,300
Culture Shift	3,800
Bourne Out	500

78.10 The recommended allocations reflect the relevance of the application to the priorities agreed and the quality of the application itself. A list of the applications not recommended for approval was given in the report together with details of funding approved in 2016/17.

78.11 The task group recommended that cabinet approve the following priorities for the small grants programme in 2018/19.

- Projects which promote the inclusion of groups protected under the Equality Act 2010.
- Initiatives designed to develop volunteering and/ or self-help activity which need funding to get started and will focus on one or more of the following:-
 - Improving people's mental health and wellbeing.
 - Supporting carers.
 - Reducing social isolation.
 - Tackling financial exclusion.
 - Tackling digital exclusion.

78.12 Resolved (key decision): (1) That the proposals for the award of small grants as recommended by the grants task group and set out above be approved.

(2) That the reasons given by the task group for the allocation of funding based on an assessment against the criteria set out in the council's community and housing grants policy be endorsed.

(3) That it be noted that the foregoing resolutions are subject to the approval by full council at their meeting on 22 February 2017 of the council's budget for 2017/18.

(4) That the priorities for the award of small grants in 2018/19 be agreed.

(5) That the recommended reduction in the maximum grant level (an upper limit of £5,000 per application; replacing the current limit of £10,000) be approved and the revised community and housing grants policy (appendix A to the report) be endorsed.

(Notes: (1) Exempt information reason 3 (information relating to the financial or business affairs of any particular person (including the authority) holding that information).

(2) The above minute and associated report to cabinet was made public following the cabinet's decision.)

The meeting closed at 6.55 pm

**Councillor David Tutt
Chairman**