

# Cabinet

8 February 2017

*Published 31 January 2017*

## **Agenda** for meeting of the Cabinet to be held at 6.00 pm on Wednesday, 8 February 2017 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.



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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 13 December 2016.** (Pages 1 - 20)

**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 General fund revenue budget 2017/18 and capital programme 2016/21 (BPF).** (Pages 21 - 52)
- Report of Deputy Chief Executive (Chief Finance Officer).  
Cabinet lead member: Councillor Gill Mattock.
- 8 Treasury management and prudential indicators 2017/18 (BPF).**  
(Pages 53 - 72)
- Report of Deputy Chief Executive (Chief Finance Officer).  
Cabinet lead member: Councillor Gill Mattock.
- 9 Housing revenue account (HRA) budget and rent setting 2017/18 and HRA capital programme 2016/20 (BPF).** (Pages 73 - 84)
- Report of Deputy Chief Executive (Chief Finance Officer) and Director of Service Delivery.  
Cabinet lead members: Councillors Alan Shuttleworth and Gill Mattock.
- 10 Tourist accommodation retention supplementary planning document (BPF).** (Pages 85 - 162)
- Report of Director of Regeneration and Planning.  
Lead cabinet member: Councillor Steve Wallis.
- 11 Local development scheme 2017-2020 (BPF).** (Pages 163 - 200)
- Report of Director of Regeneration and Planning.  
Lead cabinet member: Councillor Steve Wallis.
- 12 Eastbourne local lottery (KD).** (Pages 201 - 206)
- Report of Director of Service Delivery.  
Lead Cabinet member: Councillor Alan Shuttleworth.
- 13 New organisational development policy - change management (KDGE).** (Pages 207 - 256)
- Report of Assistant Director of Human Resources and Organisational Development. Cabinet lead member: Councillor Troy Tester.
- 14 Exclusion of the public.**

The Chief Executive considers that discussion of the following items is likely to disclose exempt information as defined in Schedule 12A of the Local Government Act 1972 and may therefore need to take place in private session. The exempt information reasons are shown beneath the items listed below or within the open part of the minutes. Furthermore, in relation to paragraph 10 of Schedule 12A, it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information. *(The requisite notices having been given under regulation 5 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.)*

(Note: Exempt papers are printed on pink paper).

**15 Confidential minutes of meeting held on 13 December 2016.** (Pages 257 - 258)

**16 Community grants programme - small grants (KD).** (Pages 259 - 272)

Report of Director of Service Delivery.

Cabinet lead member: Councillor Alan Shuttleworth.

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

**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:

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You can view the Forward Plan of Key Decisions at

<http://democracy.eastbourne.gov.uk/ieDocHome.aspx?bcr=1>

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# Cabinet



## Minutes of meeting held on Tuesday, 13 December 2016 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**, **Troy Tester** and **Steve Wallis**.

### 49 Minutes of the meeting held on 9 November 2016.

The minutes of the meeting held on 9 November 2016 were submitted and approved and the chairman was authorised to sign them as a correct record.

### 50 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.

Councillor Tutt declared personal (and non-prejudicial interest) in matters relating to minute 56 (housing investment company - joint working arrangements) as he was a council appointed non-executive director of Eastbourne Housing Investment Co. Ltd.

### 51 Sovereign Centre - proposals for improvement and future management.

51.1 The chairman reported upon representations that he had received from users of the Sovereign Centre. He gave an assurance that officers would organise further consultation with user groups and other interested parties on the design detail and in particular that of water based activities in the new centre.

51.2 Councillor Freebody addressed the cabinet and commended the proposal, acknowledging the viability of the business case and welcoming the promised further consultation. He questioned why cabinet had not been asked to consider other options for the renewal of the existing centre and spoke of the need to ensure that the new centre would have minimal impact on the neighbouring locality. The chairman replied saying it would not have been appropriate to bring this matter before cabinet at an earlier stage given the need to fully explore the viability of the different options and choice of location. Councillor Mattock referred to the prior involvement of the council's strategic property board (having cross-party membership) in receiving reports on the progress of this project and consideration of the different options.

51.3 Cabinet considered the report of the director of tourism and enterprise considering the business case for the construction of a new leisure centre to replace the Sovereign Centre and the future management of the new centre. The existing centre (opened in the 1970s with a large extension added in the 1980s) was let to the Eastbourne Leisure Trust (ELT) which had appointed Serco to operate the Centre. The lease and contracts would expire in April 2019.

51.4 In late 2015 the council commissioned FMG Consultants/GT Architects, to carry out a high-level review and business case development to test the options for the future of the centre. The review showed that both a refurbishment of the centre or, the construction of a new centre on the adjacent car park were viable. However, refurbishment was necessarily a compromise, would not completely address the operational issues caused by the layout of the building, was a higher risk than new build and would cause considerable disruption to the service during construction. Both ELT and Serco had expressed a preference for re-development. A new build option was therefore taken forward for detailed investigation. In order to test that a contract with a new operator could fund the revenue costs of constructing a new centre, it would be essential to run an operator procurement in parallel with taking forward the design and procurement of any new building.

51.5 A project team of officers drawn from tourism, planning, property, legal and finance had worked with external consultants, architects and quantity surveyors to develop a cost effective scheme which met the requirements of the revenue business case. The brief to the design team was as follows:

- To create a high profile centre adjacent to the existing site which both served the needs of the town's growing population and provided a new destination, to build on our already ambitious plans for the town's economic regeneration.
- The centre to be of a robust design, with a minimum 40 year life, which recognised the marine environment it was located within and the heavy footfall it would attract.
- The design of the centre should optimise the use of internal space to drive the highest possible commercial returns per m<sup>2</sup>.
- To integrate into the design where possible links with the seafront promenade to reinforce the council's strategy for improving the visitor offer east of the Pier.

51.6 The report outlined the range of facilities the new centre would be expected to offer and key factors influencing design and location. The report was accompanied by plans showing an initial draft design and layout of the proposed new centre. The project team would be undertaking further work to refine aspects of the design and layout in the light of market testing of certain optional items and the outcome of further stakeholder and statutory consultations. The timetable for the construction of the new centre had the following key milestones:

- Completion of stage 3 design for planning application – April 2017.
- Planning approval – October 2017.



- Procurement of construction contractor – May 2017 – December 2017.
- Construction – December 2017 –September 2019.
- Demolition of existing centre - Oct 2019 – March 2020.

These dates were dependent on an immediate start on the next phase of work immediately following the cabinet decision, prompt input and decision making by all statutory bodies and a successful contractor procurement process.

51.7 The replacement of the existing skate park adjacent to the Sovereign Centre was an outstanding issue. It was estimated that this would cost £200,000. Construction would take place in 2017/18.

51.8 The project team had considered a range of options for the future management of the council's leisure centres. They had also worked with an officer of Lewes DC to consider whether there were any opportunities for a shared approach. All the leisure centres in Lewes were currently managed by a not for profit trust (Wave Leisure). The contract for this was due to end in April 2021. The project team recommend that a tendering exercise for the Sovereign Centre be started immediately after the council's decision on whether to replace the Sovereign Centre. Further investigation of the options to manage Motcombe Pool, the council's dry side centres and the centres owned/operated by Lewes DC could then take place in the period January to March 2017.

51.9 At present external consultation had been limited to the board of ELT, 5 major national/regional leisure operators and certain user groups (Eastbourne Swimming Club, Sama Organisation, Eastbourne Voluntary Lifeguards, Eastbourne College, Jurgen Matthes and the Young at Heart Club). All would be sent a newsletter setting out the aspirations and timetable for the new development and commitment to keep the existing pool open until 2019. ELT had made a positive and strongly argued response to the council's consultation and the points made by ELT were set out in full in the report together with the project team's response.

51.10 The objective for the initial business case was for the service to break-even under any new contracting arrangements. The estimated capital cost of the scheme was £24.48 million inclusive of professional fees, surveys, equipment and other costs and the provision of a replacement skate-park. The initial business case projected that the long term annual revenue cost of the new centre would be £12,000 per annum. This was based on a payment by an operator being sufficient to cover an estimated debt cost of £1.2 million per annum. This assumed interest at a rate of 4% (the current PWLB rates were between 2.5% and 3% depending on the term). By comparison, the annual net cost to the council of the existing centre was some £340,000. Whilst no proposals had been made nor allowance made for the potential redevelopment of the current Sovereign Centre site, there was clearly a value attached to a site of some 1.8 hectares which would become free in early 2020.

51.11 In conclusion, the report indicated that the development of a new leisure centre adjacent to the Sovereign site would address the weaknesses in design of the current centre; spend capital on a new building with a 40 year life rather than addressing maintenance issue on a building dating from the 1970/80s; provide additional facilities which would extend the leisure offer to both residents and visitors; and provide a building which was attractive to commercial operators and so able to fund the revenue costs of the capital investment. Procurement of a new operator by late 2017 would ensure that the business case had been market tested and that the operator could contribute to the final design of the new centre.

**51.12 Resolved (key decision):** (1) That the construction of a new leisure centre adjacent to the Sovereign Centre be approved.

(2) That full council be recommended to include £24.48m in the capital programme to fund the construction of the new centre and replacement of the adjacent skatepark.

(3) That the proposed procurement of a new operator for the new centre be approved.

(4) That the commencement of the public procurement processes referred to in the report to deliver the new centre and a new operator be approved.

(5) That the director of tourism and enterprise in consultation with the lead cabinet members for tourism and enterprise and finance, the chief finance officer and the lawyer to the council be given delegated authority to work on the detailed development, management and approval of the public procurement processes to be followed and of all the procurement documentation required to deliver the project: Such delegation to include approval to allowing exceptions to the council's contract procedure rules should that be necessary.

(6) That officers be instructed to investigate options for the joint management of Motcombe Pool and the dry side centres together with the centres owned and/or operated by Lewes District Council.

*(Note: Councillor Tester was not present for this item of business)*

## **52 Corporate performance, quarter 2, 2016/17.**

52.1 Councillor Freebody addressed the cabinet. He restated his view, made at a previous meeting of the cabinet, that the 66% progress figure shown for the Sovereign Harbour community centre project was misleading, given that a start had yet to be made on site. He commended the council for putting action plans in place to mitigate the impact of increasing levels of homelessness. He questioned why the performance figures for telephone answering and call abandonment had not improved. The chairman said he believed that the government's welfare and housing policies were contributing to the worsening problem of homelessness and that he would welcome Councillor Freebody's

support in asking the local member of parliament to seek changes in government policy. He acknowledged the issue around telephone call performance, drew attention to the recruitment of additional staff and commented that a large majority of calls were dealt with at first point of contact.

52.2 Cabinet considered the report of the chief executive and chief finance officer reviewing the council's performance against corporate plan priority indicators and action targets, financial performance of general fund revenue expenditure, housing revenue account and capital programme and treasury management activities for the second quarter of 2016/17. Appendix 1 gave detailed information on non-financial performance indicators and highlighted those giving cause for concern. Councillor Mattock highlighted the figure of 689 dwelling units where planning permission had been granted but development had yet to commence. She said that there was a need nationally for pressure to be placed on developers to build. Councillor Shuttleworth referred to current housing initiatives including the contribution being made through the activities of the council's Eastbourne Housing Investment Company, the joint bid to government by Sussex councils for homeless prevention funding and the rough sleepers' initiative. He echoed the chairman's call for a change in government policy to address homelessness.

52.3 General fund performance for the year to September showed a variance of £122,000 on net expenditure which was a movement of £173,000 compared to the position reported at the end of the first quarter in June. Service expenditure had a variance of £22,000 mainly as a result of:-

- Municipal Mutual Insurance scheme of arrangement levy £47,000.
- Bed and breakfast accommodation £40,000.
- Airbourne £66,000.
- Customer First savings (£74,000).
- Catering increase in net income (£50,000).

The contingency fund currently stood at £125,800; which was available to fund inflationary increases and any future unforeseen one-off areas of expenditure during the year. This might however be required to fund any under-achievement in the joint transformation programme savings target for the year if financial benefits from the programme were delayed. The projected outturn showed a variance of £296,000. This was within 2% of the net budget and was within an acceptable tolerance level. However management continued to manage this position to ensure that this final outturn position was maintained. Approval was sought for transfer of £8,000 from reserves for Hampden Park sports centre court resurfacing in required in 2016/17.

52.4 Housing revenue account performance was currently above target by £115,000; this was mainly due to the new properties let at affordable rents not included in the budget (£37,000), a reduction required for the provision for bad debts (£54,000), and the slow take up of the under occupation scheme (£33,000). Other small variances were being carefully monitored.

52.5 The detailed capital programme was shown in appendix 3. Actual expenditure was low compared to the budget, due to delays in the start dates of various major projects. Expenditure was expected to increase as schemes progressed, however spending patterns would be reviewed at quarter 3 and re-profiled into the 2017/18 year where appropriate. The capital programme had been amended from that approved by cabinet in September to reflect new approved schemes, re-profiling of acquisition of land and buildings and removal of Princes Park which had now been included in the coastal communities schemes.

52.6 Council tax collection was currently showing a £977,000 surplus, a variance of 1.25%. This was due to a combination of factors including better performance against the collection allowance within the council tax base and a reduction in the council tax reduction scheme caseload. The business rates deficit of £433,000 was as a result of the number of outstanding business rate for outstanding appeals. The total number of appeals outstanding as at 30 September 2016 was 291 with a total rateable value of £23.5m. The deficit represented 1.66% of the total debit for the year.

52.7 The detailed mid-year review report had been submitted to the council's audit and governance committee on 30 November 2016 in compliance with CIPFA's code of practice for treasury management. A summary of the main points from the current economic background, interest rate forecasts, investment and borrowing performance was given in the report.

**52.8 Resolved (key decision):** (1) That performance against national and local performance indicators and actions from the 2016-20 corporate plan be agreed.

(2) That the general fund, housing revenue account and collection fund financial performance for the quarter ended September 2016, as set out in sections 3, 4 and 6 of the report, be agreed.

(3) That the transfer from earmarked reserve, as set out in paragraph 3.5. of the report, be approved.

(4) That the capital programme, as set out in appendix 3 to the report, be approved.

(5) That the treasury management performance, as set out in section 7 of the report, be agreed.

## **53 Council budget 2017/18 - draft budget proposals.**

53.1 Councillor Freebody addressed the cabinet and asked whether the proposed 2017/18 budgeted costs for software and levy administration costs to support the proposed business improvement district would be recoverable and funded in due course through the levy receipts.

53.2 Cabinet considered the report of the chief finance officer summarising the main elements of the emerging 2017/18 revenue budget and capital programme that had arisen from the corporate and service financial planning process to date. Each year the council consulted a range of stakeholders on its detailed draft budget proposals for the following financial year. This followed consultation on the corporate plan and medium term financial strategy (MTFS). Cabinet was asked to give initial responses to the consultations at this meeting and finally on 8 February 2016 in order to recommend a final budget and additions to the existing capital programme for 2017/18 to the council on 22 February 2016.

53.3 The council's medium term financial strategy (MTFS), agreed in July 2016, modelled the overall reduction in government support by 30% to 40% over the life of the current parliament (2016/20). The incoming government's 'stability budget' in July appeared to confirm this projection, subject to the comprehensive spending review taking place this autumn covering the period to 2020. At the time of writing the report neither the chancellor's autumn statement nor the resulting local government settlement was available, however there had been a ministerial announcement that an overall 30% reduction in government funding for the Department of Communities and Local Government (DCLG) had been agreed. Whilst the Council has elected to a fixed settlement for the period to 2020 DCLG had yet to announce figures for:-

- Business rates retention (general reward based retention).
- New homes bonus (general reward allocation based on new homes).
- Specific grants (e.g. housing benefit administration grant).

53.4 The council was, with other East Sussex authorities, part of a single business rates pool which allowed the council to increase its business rates retention over and above the national scheme (worth approximately £100,000 in 2015/16 and projected at £200,000 per annum thereafter). The additional retention supported growth initiatives in the council's capital programme.

53.5 The MTFS strategy set out a further 4-year rolling programme with savings targets of £2.7m recurring by 2019/20 (in addition to over £6m of recurring savings achieved in setting the 2011-2016 budgets). The overarching 'DRIVE' programme formed the basis of councils efficiency agenda and the sustainable service delivery strategy (SSDS) was a major component of the programme, which would deliver savings over the life of the current MTFS. The council's move towards shared services and integration with Lewes District Council was set to contribute a further £1m of savings over the next 3 years. These savings, together with savings from procurement and 'channel shift', provided the main emphasis of the current SSDS. The service and financial planning process was a rolling 3-year period to reflect the MTFS, which as well as providing £500,000 per annum to reflect growth in the capital programme was well developed to meet the overall target of £3m over the current plan to 2020.

53.6 Once the budget proposals had been adopted in February, service plans would be updated and resource allocations reviewed in the light of any changes required by corporate plan priorities or the budget. The council's performance management systems would be used to monitor progress with quarterly reports to cabinet.

53.7 The current strategy set out a rolling 3-year plan to:

- Deal with the anticipated reduction in the government support of a further 30% from the 2016/17 level.
- Integrate fully the service and financial planning process with the main change programmes under joint transformation programme.
- Deal with unavoidable growth in service demands.
- Maintain front line services to the public.
- Make further recurring savings of £3m per annum by 2019/20.
- Maintain at least a minimum level of reserves of £2m.
- Use surplus reserves in the medium term for:
  - Invest to save projects.
  - Smooth the requirement for savings over the cycle of the MTFS.
  - Invest in one off service developments in line with the corporate plan.
- Benchmark fees and charges against the service standard where possible.
- Reinvest in value adding priority services when headroom is created.
- Set council tax rises at the level of target inflation (CPI target 2%).
- Maintain a strategic change fund to finance the DRIVE programme in order to increase efficiency.
- Maintain a strategic change fund to finance the transformation programme in order to increase efficiency.
- Maintain an economic regeneration reserve to finance external interventions that promote economic activity.
- Use borrowing to support the capital programme only on a business case basis.
- Continue the process of priority based budgeting to target investment and differential levels of savings targets at services according to priority.
- Identify new income streams to supplement diminishing resources.

53.8 The final settlement in respect of revenue support grant (RSG) and retained business rates for 2017/18 were not yet known, together with numerous other grant announcements not yet made. The following assumptions were made in the draft budget:-

<b>Year</b>	<b>2017/18</b>
	<b>£m</b>
RSG	(0.9)
Retained business rates/section 31 grants	(4.9)
Other grants	(0.3)
New homes bonus	(1.0)
Council tax	(8.1)
<b>Total</b>	<b>(15.2)</b>

53.9 The service and financial planning had culminated in the four service areas presenting their plans to the cabinet and shadow cabinet in November. In response the challenge set out in the MTFs, the service and financial planning process had identified proposed savings of £1.140m (7% of net spend) (shown in appendix 1 to the report). These were categorised as:-

	<u>£m</u>
Efficiency savings	(0.495)
Increases in income	(0.645)
Total	<u>(1.140)</u>

A total of £0.653m of service growth was proposed categorised as follows (as shown in appendix 2 to the report):-

	<u>£m</u>
Corporate inflation	0.320
Other growth	<u>0.261</u>
Total	<u>0.581</u>

53.10 The draft budget assumed a rise in council tax for 2017/18 of 1.9% consistent with the MTFs. The proposals also included £546,000 of non-recurring service investment to be financed directly from reserves (shown in appendix 2 to the report). The requirement to hold a referendum might apply if any proposed tax rise were 2% or greater (the government might announce cap on council tax rises as part of settlement) or £5 per annum.

53.11 The proposal also included £0.497m of non-recurring service investment to be financed directly from general reserves as well as £0.646m to be financed from the Devonshire Park reserve (as shown in appendix 2 to the report).

53.12 The following summarised the effect of the proposed changes:-

	<u>Proposal</u> <u>£m</u>
Base budget 2016/17	15.8
Growth (outlined in para. 4.3 of report)	0.6
Savings (outlined in para. 4.2 of report)	(1.1)
Net budget requirement:	<u>15.3</u>
Funded by:	
Government grants/retained rates	(7.1)
Council tax (band D £224.19)	<u>(8.1)</u>
Total resources:	<u>(15.2)</u>

53.13 It was recommended that should the resources allocated by way of retained business rates and RSG differ from the assumptions, the suggested strategy would be to make the additional resources available to the capital programme. Should the resources be less than the assumptions then they should first reduce the addition to the capital programme resources, then reduce the contingency by up to £100,000 and beyond that, a further review of the service and financial plans would be required to identify additional savings/reduced growth.

53.14 The council currently financed its capital programme from capital receipts and grants and contributions. There was currently £0.5m of internal identifiable capital resources available for the next 4 years. It was intended that any headroom created by the 2017/18 revenue budget would be reinvested in the capital programme. In addition to these resources, borrowing was permitted on a business case basis where savings or new income generated from a scheme could repay the capital costs. Additional individual schemes to be added to the capital programme linked to priorities would be developed as part of the development of the corporate plan in December/January and contained in the final budget and capital programme proposals to be agreed by the full council in February. It was also noted that unlike the council tax, the capital programme could be varied at any time and that there were duties under certain schemes to consult with those affected before schemes were commenced. As well as schemes financed from internal resources, the corporate plan would include schemes financed from external resources.

**53.15 Resolved: (key decision):** (1) That the draft budget proposals be agreed for consultation.

(2) That the approach to dealing with changes in the expected resources available for the 2017/18 budget, as detailed in para. 5.3 of the report, be agreed.

(3) That, subject to there being no material change in the government settlement, cabinet is minded to propose a council tax rise of 1.9% for 2017/18 to make a band D charge £232.92 for council services.

(4) To note that there are a lot of announcements yet to be finalised by government and that currently the proposed budget is showing a gap of £91,000 between the resources available and the draft budget.

(5) That the strategy to close the gap, as shown in paragraph 5.3. of the report, be agreed.

(6) That the leader of the council write to the local member of parliament seeking her support in opposing any move by government to transfer the benefit of the new homes bonus from district to county councils.



54.1 Cabinet considered the report of the deputy chief executive. The council was required to set its council tax base and the expected business rate income for the forthcoming year. These calculations were used as the basis for the amount of income the council will precept from the collection fund. The council tax base for Eastbourne was calculated by multiplying the 'relevant amount' by the 'collection rate'.

54.2 The relevant amount was the estimated full year equivalent number of chargeable dwellings within the borough. This was expressed as the equivalent number of 'band D' dwellings with 2 or more liable adults. For 2017/18 this totalled 34,793.5 equivalent properties. (The relevant amount had increased by 237 (0.68%) band D equivalent dwellings from 2016/17. This reflected expected growth in the number of taxable properties of 80 plus the effect of the changes to the council's local council tax reduction scheme (LCTRS). The effect of these changes had resulted in an increase to the total number of chargeable dwellings of 244.)

54.3 The collection rate was the council's estimate of the proportion of the overall council tax collectable for 2017/18 that would ultimately be collected. This was expressed as a percentage. The current level of council tax collection and the forecast of a surplus balance on the collection fund indicated that the current collection rate of 97.25% should be adjusted upwards to 97.5% going forwards. Taking the relevant amount of 34,793.5 and applying a collection rate of 97.5% produced a council tax base for 2017/18 of 33,923.7.

54.5 The Local Government Finance Act 2012 had introduced a new system for the local retention of business rates. This meant that the council was required to formally approve the expected business rate income for the forthcoming year. The estimate for the 2017/18 financial year must be approved by 31 January 2017. The report described how the net rate income for 2017/18 would be calculated.

54.6 Currently the business rates were based on the valuation list produced in 2010; this list was now in the process of being updated and new valuations would be effective from 1 April 2017. Along with the revaluation the process for making appeals had been changed; this was intended to stop speculative appeals and speed up the process. Once all the facts had been checked as being correct, the ratepayer would have the responsibility to provide evidence as to why the rateable value should be changed. It was unknown at this time how many appeals would be received. The council still had a number of appeals outstanding from the current list, which would be carried forward until settled. The provision for appeals would need to cover both existing and new appeals.

54.7 The actual 'NNDR1' form for 2017/18 had not yet been received and until all the unknown issues mentioned above were resolved it was not possible to model the amount of expected business rate income for 2017/18. However on the assumption that income levels would be the same an indicative figure for net business rates yield of £35.6m could be expected. The allocation would be in the proportion of:

- 50% to central government.
- 40% to the local billing authority (this council).
- 10% to the other precepting authorities (9% to the county and 1% to the fire authority).

54.8 The amount of business rates income payable to the general fund was calculated by deducting tariff and levy payments from the amount of the local share of net business rate yield. The system of tariff or top up payment was to redress the balance of business rate income nationally to ensure that no local authority was worse off as a result of its business rates at the outset of the rates retention scheme in 2013. The levy rate allowed authorities to retain their growth in an equivalent proportion to its baseline revenue. The levy had been set at 50% of the growth business rates income over the baseline allowance set by government.

54.9 The Department for Communities and Local Government was proposing, through adjustments to the tariff/top up, to counteract the changes to the rateable value and the multiplier, to make it revenue neutral for local authorities. This authority currently made a tariff payment. Given the uncertainty about the amount of business rate yield and the tariff payment it was not possible at this time to calculate the amount that would be credited to the general fund. These figures would be confirmed once the final NNDR1 had been completed in January and the government grant settlement figures received later this month.

54.10 The council worked within a business rate pool with the other East Sussex borough and district councils, East Sussex County Council and East Sussex Fire Authority. Under pooling, the levy as set out above would be payable to the pool rather than to the government, and redistributed to participating authorities in accordance with the agreed memorandum of understanding. This money would be used to fund economic development. The first half year monitoring of the pool showed that overall the forecast levy payments across all authorities was £2,120m (down £174,000 from the original NNDR1 figures supplied in January). Eastbourne's share of the pool was expected to be £180,000.

54.11 As at 31 March 2016 the collection fund showed deficit of £206,003 (£1,403,477 council tax surplus and £1,609,480 business rates deficit). £352,606 was being recovered across council tax and business rates preceptors during 2016/17, leaving a balance of £146,607 to be distributed in 2017/18. The council had to estimate the overall surplus/deficit at 31 March 2017 and inform the precepting authorities in January 2017 of this estimate in order that the amount was included in the 2017/18 precept figures. Current monitoring figures indicated a surplus by 31 March 2017 of £976,687 for council tax; this would be revised in January and the results reported to members as part of the budget report to the February cabinet.

54.12 The calculation on the business rate income element of the collection fund currently indicated a deficit balance of £433,324 as a result of a bigger than anticipated provision for outstanding appeals. The

calculation would be revised for January and the results reported to members as part of the budget report to the February cabinet.

**54.13 Resolved (key decision):** (1) That a provisional council tax base of 33,923.7 for 2017/18.

(2) To note the indicative retained business rates income of for 2017/18, as set out in the report.

(3) That the chief finance officer, in consultation with the lead cabinet member for finance, be authorised to determine the final amounts for the council tax base and retained business rates income for 2016/17.

## 55 Active Eastbourne strategy.

55.1 Cabinet considered the report of the director of tourism and enterprise. The draft 'Active Eastbourne Strategy' had been developed by Sport Eastbourne and its partners including East Sussex County Council and Active Sussex to set out the aims and priorities for activities in Eastbourne. An initial consultation event had been held at the end of May 2016 to discuss the strategy and key priorities. Representatives of leisure trusts, sports clubs and voluntary organisations discussed the priorities and potential areas for action. The draft strategy had 4 objectives:-

- To support inactive people to be more active.
- To encourage people to stay active.
- To promote volunteering, training and professional development.
- To improve local facilities and amenities.

55.2 It was proposed that an Active Eastbourne Partnership be established to take forward delivery of the strategy. An Active Eastbourne network would also meet from time to time to share ideas, information and resources. The strategy would be a conduit for applying for funds through various funding streams.

55.3 The draft strategy would be sent to those who attended the consultation event in May to seek their feedback. Key stakeholders, including the University of Brighton, local sports clubs, leisure trusts and voluntary organisations would be contacted for their views. The draft strategy would also be published on the council's website for comment and feedback from the public. A copy of the draft strategy was appended to the report.

**55.4 Resolved (key decision):** (1) That the draft Active Eastbourne Strategy be published for consultation.

(2) That the director of tourism and enterprise in consultation with the lead cabinet member for tourism and enterprise be given delegated authority to approve amendments to the strategy, subject to final consultation.

## 56 Housing investment company - joint working arrangements.

56.1 Cabinet considered the report of the director of service delivery seeking approval for the development of a new joint housing and regeneration investment company with Lewes District Council (LDC). The government had recently introduced a series of measures which would reduce income, and restrict the council's housing revenue account (HRA) of its ability to afford the interest and principal repayments associated with additional borrowing to fund new homes for rent or shared ownership. As a result, councils were considering how to bring forward new homes and invest in ways that did not impact adversely on the HRA. The council also recognised that there was a role to play in taking up opportunities for commercial development where this might have a regenerative effect and/or assist the council in meeting strategic housing priorities.

56.2 Establishing a joint LDC/EBC (Eastbourne Borough Council) housing investment company (HIC) would simplify the sharing of necessary officer skills in managing future projects, allow the councils to choose to share risk on larger ventures and provide a stronger financial platform for activities in new commercial areas. The HIC would be wholly owned by the councils and any investment decisions would require EBC and/or LDC lending approval before development or purchase began, subject to appraisal, therefore the council would only approve schemes it was willing to support.

56.3 It was proposed that the new HIC would run alongside and separate to the existing EBC owned Eastbourne Housing Investment Company Limited (EHICL). The council would consider investment routes and the best vehicle to take forward schemes as part of the viability process. The new HIC would be supported by the housing and economic development partnership (HEDP) officer team (a joint initiative between EBC and Eastbourne Homes Limited) which provided development expertise that had already delivered over 100 affordable homes in Eastbourne.

56.4 Details of risk management, costs and legal implications were given in the report.

**56.5 Resolved (key decision):** (1) That the director of service delivery and the assistant director of legal and democratic services, in consultation with the lead cabinet member for housing and their counterpart at Lewes District Council be given delegated authority to undertake work to set up a joint Lewes District Council/Eastbourne Borough Council wholly owned housing investment company (HIC).

(2) That the director of service delivery be authorised to procure specialist advice as necessary up to a value of £30,000, this being the estimated cost of advice on setting up the joint HIC together with costs of developing the business case and investment proposals.

(3) That any investment proposals to be reported back to cabinet for approval.

**57 Bridgemere Centre.**

57.1 Cabinet considered the report of the director of service delivery seeking approval for allocation of £20,000 capital funding for the Bridgemere Centre to facilitate community ownership of the centre on a sustainable basis.

57.2 The Bridgemere Centre was built in the mid-1980s with support from the council. The centre is located on Environment Agency land in Bridgemere Road and offered local residents a wide range of services including a breakfast and after school club, a parent and toddler group, 'Bridgebuilders' activities for adults with learning disabilities, activities for teenagers, and an indoor bowls club. Following the collapse of the original community association, the local community church took on the management of the building in the late 1990s.

57.3 Since taking on the lease of the building, the Bridgemere Centre Ltd. faced increases in rent imposed by successors to Southern Water, currently the Environment Agency, from £1,500 to £9,500. The centre trustees had found it increasingly difficult to generate the income required to pay this level of rent and had been negotiating with the Environment Agency to purchase the freehold of the property. This offered a more sustainable future for the centre. They had succeeded in agreeing a reduced purchase price of £95,000 for the freehold of the site and building.

57.4 The centre trustees had secured a grant of £20,000 and loans from the community church of £45,000 and £10,000 from an individual supporter towards the purchase price and legal costs. They had approached the council asking for a grant or loan of £20,000 to make up the shortfall.

57.5 It was proposed that a sum of £20,000 be offered as a one-off grant to the Bridgemere Centre Ltd. to enable them to purchase the freehold subject to the certain conditions as set out in the report. These primarily related to ensuring continued use of the building as a community centre. The purchase of the freehold should allow the Bridgemere Centre Ltd. to run the centre on a sustainable financial footing in the future and would remove the need to continue supporting the centre with grants, freeing up an average of £3,000 a year, thereby covering the costs of this investment within 7 years.

**57.6 Resolved (key decision):** That the use of £20,000 capital funding to facilitate community ownership of a community centre on a sustainable basis be approved.

**58 Disabled facilities grants: Enabling disabled people to live independently.**

58.1 Councillor Freebody addressed the cabinet welcoming the extra grant funding and highlighting the benefit of helping people to remain in their own homes.

58.2 Cabinet considered the report of the director of service delivery proposing changes to the council's approach to funding disabled facilities and adaptations in the light of recent government changes to the funding arrangements and an increase in the monies made available. Nationally funding was set to double in the period 2015 to 2020. In Eastbourne this increased the disabled facilities grant (DFG) budget from £769,450 in 2015/16 to £1.2 million in 2016/17 with expectations that this level of funding would, at a minimum, be maintained for the next 3 years. Since the increase in DFG budget the demand for the existing service had not increased and with the removal of ring fencing there was a greater opportunity to make best use of surpluses within the fund by 'top-slicing' an amount to use at the council's discretion, supporting innovative projects in the town to improve the lives of our disabled residents.

58.3 To supplement the existing programme of 'mandatory' DFGs it was proposed to establish a discretionary fund in partnership with the East Sussex Better Together programme (a joint initiative between East Sussex County Council and the clinical commissioning groups to transform health and social care services in East Sussex over the next 3 years with a combined budget of £850m.). Funding of £600,000 from the DFG budget for this discretionary fund was proposed, made up as follows:-

- Fast track minor adaptations - £100,000.
- Discretionary grant for new developments and home relocation - £250,000.
- Discretionary grant for capital improvements of existing care facilities - £200,000.
- Project co-ordinator support - £50,000 incl. on costs.

Should any project exceed or be below expected demand, funding would be reallocated in the programme up to the £600,000 limit.

58.4 Aims included reducing delays in hospital discharge arrangements by allowing fast tracking the provision of such items as stair-lifts and specialist toilets; help in moving home when it was not reasonable or practicable to adapt the existing home to fully meet a person's needs; allowing for disabled needs to be met by developers when building new homes; and assistance to care home owners to convert a proportion of their homes into a space that could facilitate nursing care.

58.5 The amount needed to cover the council's requirement to deliver 'mandatory' DFG's was forecast to be £600,000 for 2016/17 based on previous years demand. It was considered that was enough DFG funding left to cover the cost of this project in 2016/17 and 2017/18. However, should there be a change in funding from central government the project would be reviewed.

**58.6 Resolved (key decision):** (1) That the following changes to the existing private housing policy and use of disabled facilities grant funding be approved:

- Introduction of a discretionary grant element which will allow the introduction of a fast track adaptations approach in line with best

practice from the National Audit Office, DCLG and Department of Health (DOH).

- Enhanced delivery of adaptations in the development of new housing, housing investment and care facilities in the town.

(2) That the director of service delivery be granted delegated authority to take any and all steps necessary for, and incidental to, the implementation and management of the changes approved above.

## **59 East Sussex building control partnership.**

59.1 Cabinet considered the report of the director of service delivery proposing a further agreement with the East Sussex Building Control Partnership for 5 years. The council had entered into a 5-year agreement with Wealden District Council to deliver building control services, via the East Sussex Building Control Service (ESBCP). The agreement was due to terminate on 31 March 2017. Under the arrangement, Wealden District Council took the lead on management and employment issues. The service had performed well and there were no concerns about Wealden's ability to deliver it.

59.2 Rother District Council and Hastings Borough Council had had a partnership agreement in place which would end in March 2017. Due to a vacancy, the manager of the ESBCP had managed that partnership as well for some months. Therefore, it was a logical step for both Hastings Borough Council and Rother District Council to consider joining the ESBCP. Given the joint transformation project, Lewes District Council was also considering joining the ESBCP so that both Eastbourne's and Lewes's building control services would be fully integrated.

59.3 An extended partnership board would be created, with representation from each council who would have one vote each. The current proposal was that Wealden as host would have a casting vote. Each authority would be represented by their portfolio cabinet member, but in their absence, the lead officer for that authority could deputise and represent the authority's interests (at present both the portfolio holder and lead officer had a vote). The Board would meet on a twice yearly basis.

59.4 Wealden District Council had previously advised of their intention to explore alternative methods of service delivery, and if this was approved by the new board, then during the 5-year agreement, a business case would be forthcoming to consider a local authority trading company. At the appropriate time, and if this issue was pursued, a further report would be brought to cabinet for consideration.

59.5 A staff restructure would be required. The current establishment across the 5 authorities was 30.3 FTEs, and the proposal for the new structure was 28.7 FTEs. However due to the current vacancy level and on-going turnover of staff, Wealden had assured the incoming partners that there would be no staff redundancies. Eastbourne's share of the

management fee would be £68,000 per annum, a reduction of £4,000 over the current fee.

**59.6 Resolved (key decision):** (1) That the new agreement for the East Sussex Building Control Partnership for five years be approved.

(2) That the director of service delivery in consultation with the assistant director for legal and democratic services, be given delegated authority to negotiate and finalise the agreement.

## **60 Land and property acquisitions and investment.**

60.1 Cabinet considered the report of the director regeneration and planning proposing a property acquisition and investment strategy (PAIS) for adoption by the council. In line with the council's commitment to achieve a sustainable asset base, it was continually reviewing its portfolio to maximise the yield from its assets as well as exploring investment opportunities to secure future revenue opportunities for the council. The council's medium term financial strategy target for new income generation by 2020 is £1m. Management of the council's property assets would go part-way to meeting that target, but it was clear that a step-change was needed by way of property acquisitions to generate new revenue opportunities.

60.2 At a time when interest rates were at an historic low, borrowing for investment would appear to be prudent, as long as the investment was profitable; fitted within the framework of the council's social and corporate goals; was subject to proper risk management; and the investment strategy was balanced by prudence and transparency. To reduce any risks the PAIS would incorporate a number of principles:-

- That the yield from the investment should achieve a return to the council at a specific % above the cost of capital borrowing, and after servicing the purchase costs, to be agreed on a case by case basis by the council's section 151 officer.
- Due diligence checks are to be carried out on each acquisition to include the analysis of:
  - (a) The minimum length of the unexpired lease terms.
  - (b) Tenant covenant strength and credit checks.
  - (c) Asset maintenance liability and building condition.
  - (d) Legal encumbrances, including 3rd party rights and covenants.
  - (e) Planning and/or regeneration potential.
- That investment risk is spread over a range of property assets to include:
  - (a) Retail – risks to be mitigated by selecting schemes in the right locations.
  - (b) Commercial, with opportunities for conversion, or part-conversion to residential.
  - (c) Industrial – risks to be mitigated by selecting schemes in good locations and where future capital investment costs are identified.



- The asset base is to be balanced with the overall aim to achieve 70% of assets held as a long-term investment and 30% trading for profit.

60.3 The council had been presented with a number of potential acquisitions. Some of these opportunities were on the open market, but others might be secured by private negotiation. An addendum to this report had been circulated in the confidential part of the agenda setting out the current opportunities. The opportunities were not inter-dependent and might not all come to fruition. Should all of the opportunities be worth pursuing, the effect on successful completion could mean a net positive variation to the revenue budget of up to £2m per annum commencing 2017/2018. A decision to proceed with any of these potential acquisitions would only be made by the director in accordance with the delegation set out in resolution (4) below and subject to compliance with the PAIS and completion of due diligence checks.

60.4 To provide surety over long term finance costs, at the detailed due diligence stage, the council would explore other options for borrowing in line with the treasury management strategy to include new forms of institutional funding. It was unlikely that these would be required, but would however provide important background to the councils' mid to long term capital financing requirements and ensure the council had a clear benchmark in making treasury management related decisions. The Council could utilise capital receipts of prudential borrowing to finance its capital programme and therefore investments had to be affordable and risk managed. Any borrowing required would be managed within the council's treasury management strategy approved by council annually.

**60.5 Resolved (key decision):** (1) That the proposed property acquisition and investment strategy (PAIS) be adopted for inclusion in the Council's asset management plan.

(2) That up to £30,000,000 within the Council's capital programme be set aside for the acquisition of land and property that meets the objectives of the PAIS.

(3) That up to £100,000 from the economic regeneration reserve be set aside to undertake due diligence work (to include surveys, legal, and other professional fees) relating to property acquisition, in the event that the expenditure cannot be capitalised.

(4) That the director of regeneration and planning, in consultation with the lead cabinet member for corporate and strategic services, the strategic property board and the council's section 151 officer, be given delegated authority to negotiate and finalise land and property acquisitions.

*Notes: (1) The confidential addendum to this report remains confidential. (2) Exempt information reasons: 3 - information relating to the financial or business affairs of any particular person (including the authority*

*holding that information) and 5 (information in respect of which a claim to legal professional privilege could be maintained in legal proceedings).*

**61 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 paragraphs of schedule 12A and descriptions of the exempt information are shown in minute 60 above and beneath the items below. *(The requisite notice having been given under regulation 5 of the Local Authorities (Executive Arrangements) (Meetings and Access to Information) (England) Regulations 2012.)*

**62 Redundancy and redeployment policy - update.**

62.1 Cabinet noted that one employee was subject to the procedure at present. They noted the actions taken to manage implications of change for displaced individuals through support, redeployment and assistance with self-marketing under the redundancy and redeployment procedure and the use of the procedure in managing the change resulting from implementation of the joint transformation programme.

*Notes: (1) The full minute of the above item is set out in the confidential section of these minutes. The report remains confidential.*

*(2) Exempt information reasons 1 and 2 – Information relating to an individual or likely to reveal the identity of an individual.*

**63 Housing and economic development partnership - Improvement programme.**

63.1 Cabinet agreed proposals for the fit-out and letting of Princes Park café to the University of Brighton.

*Notes: (1) The full minute of the above item is set out in the confidential section of these minutes. The report remains confidential.*

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

The meeting closed at 7.25 pm

**Councillor David Tutt**  
**Chairman**

<b>Body:</b>	<b>Cabinet</b>
<b>Date:</b>	<b>8th February 2017</b>
<b>Subject:</b>	<b>General Fund Revenue Budget 2017/18 and Capital Programme 2016/21</b>
<b>Report Of:</b>	<b>Deputy Chief Executive (Chief Finance Officer)</b>
<b>Ward(s)</b>	All
<b>Purpose</b>	To agree the detailed General Fund budget proposals for 2017/2018 and Capital Programme 2016/2021.
<b>Decision Type:</b>	Key Decisions requiring approval of Full Council
<b>Recommendation:</b>	Members are asked to recommend the following proposals to Full Council: <ul style="list-style-type: none"><li>(i) General Fund budget for 2016/17 (Revised) and 2017/18 (original) <b>Appendix 1</b> including growth and savings proposals for 2016/17 as set out in <b>Appendix 2</b>.</li><li>(ii) 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.</li><li>(iii) General Fund capital programme 2016/21 as set out in <b>Appendix 3</b>.</li><li>iv) Notes the section s151 Officers sign off as outlined in 1.6</li></ul>
<b>Contact:</b>	Alan Osborne, Deputy Chief Executive and Chief Finance Officer, Telephone 01323 415149 or internally on extension 5149. E-mail address: alan.osborne@eastbourne.gov.uk

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## **1.0 Introduction**

- 1.1 This report sets out the general fund revenue budget proposals for 2017/18 and a rolling three year capital programme 2016/21.
- 1.2 The Housing Revenue Account 2017/18 and associated capital programme, together with rent setting for 2017/18 is subject of a separate report elsewhere on this agenda.
- 1.3 The Council revised its medium term financial strategy (MTFS) in July 2016 and the Cabinet recommended a resulting draft 2017/18 budget proposal in December 2015 following the service and financial planning process in the

autumn.

1.4 The MTFS and the draft budget have been subject to consultation as reported to Cabinet and Scrutiny since December.

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

- The MTFS
- Asset Management Plans
- The Corporate Plan
- Workforce Strategy
- Treasury Management Strategy
- Service Plans
- HRA business plan
- Joint transformation programme with Lewes DC

1.6 The Chief Finance Officer has a specific legal responsibility to give positive assurances on:

- The robustness of the estimates used in the budget
- The level of reserves

If the recommendations of this report are agreed then these assurances will prevail.

The only area to note is that part of the increased budget for income from investment property (c£1m) is still subject to contract. Any further actions arising from this risk will be reported to Cabinet as part of the normal corporate performance monitoring.

## **2.0 Summary of recommended budget proposals**

2.1 The budget proposals include:

- An increase in the Council Tax in 2017/ 18 of 1.9%, the second increase in six 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 resources of £0.5m invested in new capital schemes

2.2 The budget represents continued management of financial risks by:

- Building on a balanced 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

### **3.0 2017/18 General Fund Resources**

#### **3.1 Government Funding**

3.2 The underlying methods of Local Government financing have 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

3.4 For Eastbourne the Headline figures of the Government settlement are:

- 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 will receive the second largest reduction nationally in "spending power" in the 4 year period to 2020
- The Government headline figure is a reduction of 16.4%, however this takes 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 is therefore over 40% over the period to 2020

3.5 The NNDR business rate base has remained static largely as a result of the continued provision for appeals and resulting collection fund deficit, despite an inflationary increase which is linked to the September 2016 RPI and an overall increase of 11% in the gross rateable values. The government has revalued the business rates base and overall this has little effect on the retained business rates for EBC. As part of the review into 100% retention of business rates the Government will reassess the "needs formula" to reflect demand for services and adjust redistribution accordingly.

3.6 The Government has announced that Eastbourne will receive £0.840m in total of new homes bonus due to the growth in housing in the area (a reduction of £200k on the projection) The settlement consultation reduces the period from 6 to 5 years that NHB is payable as well as a minimum threshold of 0.4% increase in Band D equivalents before qualifying.

3.7 The Government approved the Council's joint efficiency statement and application for the 4 year settlement (to 2020). Over 97% of Councils have opted for the fixed settlement including all neighbouring authorities.

## Council Tax

- 3.8 The proposal is for an increase in council tax of 1.9% for 2017/18 which results in a Band D rate of £232.92 for Council services. This is the second increase in 6 years.
- 3.9 The Council has to give an indication of likely future council tax rises, it is still expected that council tax will rise by less than 2% per annum for each of the next three years. This is the Governments 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 £30k per annum)
- 3.10 Within this context, for 2017/18, the Council will raise £7.9m from its share of the council tax. This is determined by multiplying the council tax base of Band D equivalent dwellings by the Band D tax rate of £232.92. This is unchanged from the December tax base setting report.
- 3.11 In addition, there is a distribution of £0.130m payable to EBC to the collection fund due to a collection fund surplus.

### 3.12 **Summary – 2017/18 Resources**

A summary of the resources available is shown below:

<b>Source:</b>	<b><u>£'m</u></b>
Government formula grant	(1.0)
Other grants	(0.3)
Retained business rates	(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)
<b>Total Resources Available</b>	<b><u>(14.5)</u></b>

- 3.14 In order to achieve a balanced budget without using reserves for recurring expenditure, the Council needs to set a net recurring budget for 2017/18 of £14.5m. In addition the Council will fund non-recurring investments of £0.5m from reserves as well as £0.7m from the Specific Devonshire Park reserve.

## **4.0 Specific Grants**

- 4.1 In addition to the general grant distributed through the new formula grant system, which is given towards financing the Council's net expenditure, the Government also provides some specific grants. These specific grants will fund in part or in full, service costs.

## Grant

2017/ 18  
£'m

Housing Benefit Subsidy	(50)*
H B Administration (5% reduction from 2016/17)	(0.5)
* Approximate	

### 4.2 Housing Benefit Subsidy:

As part of a national scheme delivered locally, this grant is intended to reimburse the Council for the awards of benefit it makes to eligible tenants in both the private and public rented sector. Not only is this by far the largest single specific grant that the Council receives, but it is performance related. The Council has maintained its good performance in recent years.

The system of universal credit is due to be completed by 2019 which will see the caseload moved to the Department for Work and Pensions. Currently only new applicants are put on universal credit. The main rollout of UC in Eastbourne is due in 2017

The admin grant has been reduced by c5% per annum for the last 6 years from £0.8m to £0.5m. The caseload has reduced only marginally in that time, and additional complexity has been introduced as part of the welfare reform programme.

### 4.4 Homelessness:

This is intended to assist with prevention and to find alternative accommodation other than bed and breakfast. This grant has now been subsumed into the main grant system. The government did announce a special grant for homelessness prevention during 2016/17. Homelessness presents a significant financial risk to the Council as not all costs are funded by Housing Benefit.

### 4.5. New Homes Bonus:

This was introduced in 2011/12 (£187,000) and grew to £1.040m in 2016/17 awards are currently guaranteed for five years which is a change from the original scheme which was 6 years. The Government has 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 £400k per annum are expected by 2020.

## 5.0 **Budget movements 2016/17 to 2017/18**

5.1 The detailed budget proposals are set out in **(Appendix 1)** show in detail the movement from the 2016/17 budget to the 2017/18 proposed budget. The movements are summarised below:-

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

5.3 If Cabinet approves the proposals set out in the report it will be able to recommend to Council on 22nd February a balanced budget in line with available resources without the need to use reserves for recurring expenditure.

5.4 The Council now follows a rolling three year financial planning cycle and the service and financial plans have been set out in detail for 2017/18. The next MTFS due in July will project forward a further three years and continue to provide the basis of service and financial planning for the medium term. It should be noted that at a significant level the savings required for the next MTFS have already been identified, further reports to Cabinet will detail the business plans under the Joint transformation programme and income generation initiatives.

5.5 The Government set out a revised four year programme of reductions in funding and the Council's current MTFS already takes account of this overall however the MTFS will be refreshed in July following the year end closedown.

## **6.0 Risks, Contingencies and Reserves**

6.1 All budgets contain an element of financial risk. The Council sets an operational budget with careful consideration of known risks, but accepts that this cannot cover every eventuality. As a consequence the Council sets a contingency budget and holds a minimum level of general reserve as a hedge against additional and significant financial turbulence.

### 6.2. Principal Risks

The key areas of financial risk that the Council faces in the operation of its 2017/18 budget are:-

- 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

On an exception basis, information on each of the risk areas identified above, together with any new and significant risks that may emerge over the course of the year, will be included in each financial performance report to Cabinet and Scrutiny during 2017/18.

### 6.3 Contingencies

The 2017/18 budget includes a corporate contingency budget of £0.120m to allow for unbudgeted expenditure or reductions in income. This is in addition to the known inflation that has been built into the service budgets and reserves.

### 6.4 Reserves

Part 2 of the 2003 Local Government Act requires the Chief Finance Officer to report on the adequacy of the proposed financial reserves, and determine the minimum level required. There is no statutory minimum requirement, but reserves must be set at a prudent level given the activities of individual Councils and potential liabilities that they face or may face in the future i.e. a risk based approach. The Council's earmarked reserves are reviewed at least annually for adequacy. If at any time the adequacy is in doubt the Chief Finance Officer is required to report on the reasons, and the action, if any, that he considers appropriate.

The Council will always seek to contain any unforeseen additional costs within allocated annual budgets, including the contingency budget. However, it is proposed that in addition the minimum level of general reserves be set at £2m based on the following:

6.5	<b>Risk</b>	<b>£m</b>
	Unexpected Events e.g. flooding, major storm in excess of Bellwin Scheme provision	0.4
	Significant financial overruns e.g. prior year negative Housing Benefits subsidy adjustments/homelessness and costs of welfare reform.	0.6
	Exceptional fluctuations in income that have a major corporate impact e.g. loss of major sponsor close to an event (2% of income)	0.6
	Cost of providing priority services during an incident or emergency in excess of insurance cover	0.2
	Cost of significant breach of legislation e.g. health and safety, human rights	<u>0.2</u>

The overall proposed minimum level of £2 million is the same as the current year albeit with some revision to the categories. It is the view of the Chief Finance Officer that this level of reserves remains adequate to meet the current commitments and proposals detailed within this report and any unforeseen expenditure that cannot be met by external resources.

Should the budget recommendations be followed, the level of general fund reserves is projected at over £4m by March 2018 (**Appendix 1**). In addition to acting as a potential buffer against future risks, this should create further opportunities for one off investments in the future.

#### 6.6 Other earmarked revenue reserves:

The Council has been following a process of consolidating its reserves into the corporate reserves above. This better facilitates corporate priority planning. The only further reserves that the Council holds have other obligations attached (e.g. Section 106/partnership contributions).

6.7 The Chief Finance Officer is satisfied that the integrated budget and corporate planning process provides a robust basis for identifying appropriate budget estimates and appropriate level of reserves.

### **7.0 Capital Programme 2016-2021**

7.1 The principles for formulating the capital programme were set out in the draft budget report submitted to Cabinet on 13th December 2016. The proposed new schemes to be financed are shown in **bold** in at (**Appendix 3**). All other schemes have been agreed by the Council previously.

7.2 The Council has a policy of only using borrowing for schemes that are invest to save and can generate enough savings or additional income to service the financing costs.

7.3 In addition to schemes that qualify for borrowing the Council had a further £0.5m of capital resources to apply to the programme.

7.4 The Housing Revenue Account capital programme is set out in another report on the agenda and is financed entirely from HRA resources. Once approved it will be amalgamated with the general fund programme.

7.5 No future capital receipts have been factored into the available resource where there is not a significant chance of them materialising. There will be opportunities to supplement the programme as the three year period progresses.

## **8.0 Consultation**

8.1 The Council's medium term financial strategy and the resulting draft budget proposal for 2017/18 as reported to Cabinet in December have been subject to wide and varied consultation. The Scrutiny Committee held a finance event in October and has been invited to comment on the budget proposals at its meetings in December and February.

## **9.0 Implications**

### **9.1 Financial**

The financial implications of all budget proposals are set out throughout the report and/or within its Appendices.

### **9.2 Human Resources**

Implications have been discussed with Members through the detailed service and financial planning process, and where appropriate with the local Branch of Unison. Specific staff briefings have taken place as necessary.

### **9.3 Environmental**

Both capital and revenue budget proposals include improvements to the maintenance of Council buildings and open spaces across the town. These include a number of energy efficiency initiatives to reduce usage, cost and emissions. Consultation with residents demonstrates that these types of initiatives are well supported and are seen as high priority areas for new investment.

## **10.0 Conclusion**

The Council is reasonably well placed financially to meet the demands on its services as well as the reductions in Government support. However, the challenge over the medium term is profound and more change is necessary to move to a sustainable position. The Council is more dependent on commercial activities than it has ever been and this requires a high level of monitoring and risk management.

Alan Osborne  
Deputy Chief Executive and Chief Finance Officer

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## **Background Papers:**

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

Cabinet reports:

December 2015

- Council Tax Base for 2016/17
- Draft Budget Proposals 2016/17
- Consultations on Council priorities

July 2015 – Medium Term Financial Strategy

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

**General Fund Revenue Budget 2016/17**

**Appendix 1**

	<b>2016/17 Original Budget £'000</b>	<b>2016/17 Revised Budget £'000</b>	<b>2017/18 Budget £'000</b>
<b>Corporate Services</b>			
Corporate Management	359	322	189
Corporate Services	1,365	1,422	1,062
Strategic Finance	1,913	1,952	2,115
Human Resources	380	382	464
Legal Services	230	230	234
Projects, Performance and Technology	1,983	1,930	1,980
Corporate Development and Governance	857	905	812
	<b>7,087</b>	<b>7,143</b>	<b>6,856</b>
<b>Service Delivery</b>			
Service Management	(63)	(63)	(69)
Strategy and Commissioning	189	201	96
Customer First	7,012	7,147	7,445
Bereavement Services	(1,067)	(1,082)	(1,147)
	<b>6,071</b>	<b>6,203</b>	<b>6,325</b>
<b>Regeneration and Planning</b>			
Service Management	59	58	62
Regeneration and Planning Policy	419	412	373
Estates and Property	(366)	(479)	(1,704)
	<b>112</b>	<b>(9)</b>	<b>(1,269)</b>
<b>Tourism and Enterprise Services</b>			
Service Management	99	99	69
Towner	680	622	623
Tourism and Enterprise	739	685	985
Sports Delivery	270	272	264
Seafront	(6)	(8)	(30)
Events	611	621	667
Theatres	824	813	1,186
	<b>3,217</b>	<b>3,104</b>	<b>3,764</b>
<b>Net Service Expenditure</b>	<b>16,487</b>	<b>16,441</b>	<b>15,676</b>
Contributions to/(from) Unearmarked Reserves	(636)	(574)	(497)
Contributions to/(from) Earmarked Reserves	-	(8)	-
Contributions to/(from) Strategic Change Fund	-	-	-
Contributions to/(from) Capital Programme Reserve	-	-	-
Contributions to/(from) Devonshire Park Reserve	-	-	(646)
<b>Eastbourne Borough Council Budget Requirement</b>	<b>15,851</b>	<b>15,859</b>	<b>14,533</b>
<b>Financed by</b>			
Government Formula Grant	(1,752)	(1,752)	(944)
New Homes Bonus	(1,165)	(1,165)	(844)
Other Specific Government Grants	(352)	(352)	(347)
Retained Business Rates	(3,822)	(3,822)	(4,023)
Contribution from Reserves	(685)	(685)	(341)
Contribution from East Sussex Business Rate Pool	(212)	(212)	-
Contribution from Council Tax Surplus	(184)	(184)	(130)
Council Tax Collection Fund Precept	(7,679)	(7,679)	(7,904)
<b>Total Financing</b>	<b>(15,851)</b>	<b>(15,851)</b>	<b>(14,533)</b>

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	<b>2016/17 Original Budget £'000</b>	<b>2016/17 Revised Budget £'000</b>	<b>2017/18 Budget £'000</b>
<b>General Fund Reserve</b>			
In hand at 1st April	(3,588)	(3,284)	(2,307)
Financing of Non Recurring Expenditure	586	576	497
Transfer from Earmarked Reserves	(500)	(500)	(1,000)
Withdrawal/(Addition)	735	683	-
Allocated for Future Use	-	218	-
In hand at 31st March	<b>(2,767)</b>	<b>(2,307)</b>	<b>(2,810)</b>
<b>Strategic Change Fund</b>			
In hand at 1st April	(201)	(356)	(251)
Withdrawal/(Addition)	-	-	-
Allocated For Future Use	-	105	-
In hand at 31st March	<b>(201)</b>	<b>(251)</b>	<b>(251)</b>
<b>Capital Programme Revenue Reserve</b>			
In hand at 1st April	(1,583)	(2,137)	(2,137)
Withdrawal/(Addition)	-	-	1,000
Allocated For Future Use	-	-	-
In hand at 31st March	<b>(1,583)</b>	<b>(2,137)</b>	<b>(1,137)</b>
<b>Regeneration Reserve</b>			
In hand at 1st April	(1,012)	(1,053)	(374)
Withdrawal/(Addition)	-	8	341
Transfer to General Fund Reserve	500	500	-
Allocated For Future Use	-	171	-
In hand at 31st March	<b>(512)</b>	<b>(374)</b>	<b>(33)</b>
<b>Devonshire Park Reserve</b>			
In hand at 1st April	(1,000)	(1,000)	(988)
Withdrawal/(Addition)	-	-	646
Transfer to/(from) General Fund Reserve	-	-	-
Allocated For Future Use	-	12	-
In hand at 31st March	<b>(1,000)</b>	<b>(988)</b>	<b>(342)</b>

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**Corporate Services Budget 2016/17**

**Appendix 1**

	<b>2016/17 Original Budget £'000</b>	<b>2016/17 Revised Budget £'000</b>	<b>2017/18 Budget £'000</b>
<b>Corporate Management</b>	<b>359</b>	<b>322</b>	<b>189</b>
Capital Financing	1,834	1,896	1,833
Corporate Savings - Future Model and Shared Servi	(620)	(599)	(890)
Contingencies	151	125	119
<b>Corporate Services</b>	<b>1,365</b>	<b>1,422</b>	<b>1,062</b>
Financial Services	1,364	1,403	1,563
Corporate Finance	313	313	312
Internal Audit and Corporate Fraud	236	236	240
<b>Strategic Finance</b>	<b>1,913</b>	<b>1,952</b>	<b>2,115</b>
<b>Human Resources</b>	<b>380</b>	<b>382</b>	<b>464</b>
<b>Legal Services</b>	<b>230</b>	<b>230</b>	<b>234</b>
IT and Systems Support	1,643	1,590	1,650
Projects and Performance	340	340	330
<b>Projects, Performance and Technology</b>	<b>1,983</b>	<b>1,930</b>	<b>1,980</b>
Corporate Development	153	204	201
Local Democracy	704	701	611
<b>Corporate Development and Governance</b>	<b>857</b>	<b>905</b>	<b>812</b>
<b>Total Corporate Services</b>	<b>7,087</b>	<b>7,143</b>	<b>6,856</b>

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**Community Services Budget 2016/17**

**Appendix 1**

	<b>2016/17 Original Budget £'000</b>	<b>2016/17 Revised Budget £'000</b>	<b>2017/18 Budget £'000</b>
<b>Service Management</b>	<b>(63)</b>	<b>(63)</b>	<b>(69)</b>
<b>Strategy and Commissioning - Community</b>	<b>189</b>	<b>201</b>	<b>96</b>
Head of Customer First	82	82	81
Customer Contact Centre	856	860	866
Specialist Advisory Team	4,465	4,572	4,843
Neighbourhood First Team	538	558	574
Case Management	615	615	633
Account Management	456	460	448
<b>Customer First</b>	<b>7,012</b>	<b>7,147</b>	<b>7,445</b>
<b>Bereavement Services</b>	<b>(1,067)</b>	<b>(1,082)</b>	<b>(1,147)</b>
<b>Total Service Delivery</b>	<b>6,071</b>	<b>6,203</b>	<b>6,325</b>

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**Regeneration, Planning Policy and Asset Management  
Budget 2016/17**

**Appendix 1**

	<b>2016/17 Original Budget £'000</b>	<b>2016/17 Revised Budget £'000</b>	<b>2017/18 Budget £'000</b>
<b>Service Management</b>	<b>59</b>	<b>58</b>	<b>62</b>
<b>Regeneration and Planning Policy</b>	<b>419</b>	<b>412</b>	<b>373</b>
Corporate Landlord	(572)	(682)	(2,037)
Facilities Management	206	203	333
<b>Estates and Property</b>	<b>(366)</b>	<b>(479)</b>	<b>(1,704)</b>
<b>Total Regeneration and Planning</b>	<b>112</b>	<b>(9)</b>	<b>(1,269)</b>

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**Tourism Enterprise Services Budget 2016/17      Appendix 1**

<b>Tourism &amp; Enterprise Services</b>	<b>2016/17 Original Budget £'000</b>	<b>2016/17 Revised Budget £'000</b>	<b>2017/18 Budget £'000</b>
Service Management	99	99	69
Towner	680	622	623
Tourism and Enterprise	739	685	985
Sports Delivery	270	272	264
Seafront	(6)	(8)	(30)
Events	611	621	667
Theatres	824	813	1,186
<b>Total Tourism &amp; Enterprise Services</b>	<b>3,217</b>	<b>3,104</b>	<b>3,764</b>

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## Proposed Savings

Department	Service	Proposal	December Cabinet 2017/18 £'000	February Cabinet 2017/18 £'000
<b>Efficiency Savings</b>				
Corporate	All	Joint Transformation Programme Savings	(400)	(400)
Corporate	Financial Services	Unfunded Pension liability reduction	(25)	(25)
Corporate	Financial Services	Audit Fees - national procurement	(6)	(6)
Service Delivery	Strategy and Commissioning	Community Environment Partnership - budget alignment	(20)	(20)
Regeneration & Planning Policy	Corporate Landlord	Savings from smarter procurement-corporate landlord	(20) *	(20)
Tourism & Enterprise	Events	Proms in the Park income	(7)	(7)
Tourism & Enterprise	Events	Events Support	(5)	(5)
Tourism & Enterprise	Events	Beachy Head Marathon	(12)	(12)
<b>Efficiency Savings Total</b>			<b>(495)</b>	<b>(495)</b>
<b>Income Generation</b>				
Service Delivery	Bereavement	Inflationary Increase in Fees and Charges	(92)	(92)
Service Delivery	Specialist Advisory	Planning fees - pre planning advice	(40)	(40)
Service Delivery	Strategy and Commissioning	Local Lottery Scheme	(10) *	(10)
Regeneration & Planning Policy	Corporate Landlord	Income from seafront leases	(40)	(40)
Regeneration & Planning Policy	Corporate Landlord	Increase in rental income across the estates portfolio	(442)	(1,317)
Tourism & Enterprise	Seafront	Additional income from Wish Tower car park	(5)	(5)
Tourism & Enterprise	Seafront	Income from Iconic Beach Huts	(6)	(6)
Tourism & Enterprise	Seafront	Income from Bandstand admissions	(10)	(10)
<b>Income Generation Total</b>			<b>(645)</b>	<b>(1,520)</b>
<b>TOTAL SAVINGS</b>			<b>(1,140)</b>	<b>(2,015)</b>

\* Linked savings &amp; growth items

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## Recurring Growth

Department	Service	Item	December Cabinet 2017/18 £'000	February Cabinet 2017/18 £'000
<b>Corporate Inflation</b>				
	Corporate	Pay Award, increments and other salary adjustments	240	279
	Corporate	Inflation on Contracts	80	143
	<b>Corporate Inflation Total</b>		<b>320</b>	<b>422</b>
<b>Other Growth</b>				
Corporate	Local Democracy	System annual Maintenance for Electoral Services	1	1
Corporate	Corporate Development	GovDelivery Consortium Licence	7	7
Service Delivery	Neighbourhood First	Increase in opening times for redoubt toilets	2	2
Service Delivery	Neighbourhood First	Access Officer	6	6
Service Delivery	Specialist Advisory Team	DWP Administration Grant (Housing Benefit)	23	23
Service Delivery	Specialist Advisory Team	DCLG Administration Grant (Business Rates)	13	13
Service Delivery	Specialist Advisory Team	B & B Block Booking	17	17
Service Delivery	Specialist Advisory Team	LHA/Rental Support Programme	30	30
Service Delivery	Specialist Advisory Team	Environmental Health Contract	20	20
Service Delivery	Specialist Advisory Team	Gypsy & Travellers Site Provision	4	4
Regeneration & Planning Policy	Regeneration & Planning Policy	Partnership Scheme - Locate East Sussex	20	20
Regeneration & Planning Policy	Corporate Landlord	Additional posts to support the shared service costs of Corporate Landlord across both EBC and LDC	67	67
Tourism & Enterprise	Tourist Information	Train ticket commission - reduced demand	10	10
Tourism & Enterprise	Sports & Community Facilities	VAT for Playschemes irrecoverable	14	14
Tourism & Enterprise	Sports & Community Facilities	Tennis Development Programme	10	10
Tourism & Enterprise	Seafront	Additional cleaning of the seafront toilets in respect of the changing places facility	4	4
Tourism & Enterprise	Events	Devonshire Park Grounds	13	13
	<b>Other Growth Total</b>		<b>261</b>	<b>261</b>
<b>TOTAL PROPOSED RECURRING GROWTH</b>			<b>581</b>	<b>683</b>

**Non Recurring Service Investments**

<b>Group</b>	<b>Service</b>	<b>Proposal</b>		
Corporate	Finance	Icon upgrade for PCIDSS - card payment compliance	10	10
Service Delivery	Strategy and Commissioning	Local Lottery	5 *	5
Service Delivery	Strategy and Commissioning	End-to-End funeral care	20	20
Service Delivery	Strategy and Commissioning	Community Safety Partnership Officer (Prevent/Protect)	28	28
Service Delivery	Strategy and Commissioning	Schools Homelessness Project	3	3
Service Delivery	Specialist Advisory Team	Ongoing Management of Council tree stock to retain the landscape character within Eastbourne bid	5	5
Service Delivery	Specialist Advisory Team	Seafront Rock gardens - large rocks destabilised	28	28
Service Delivery	Specialist Advisory Team	Subsidy review (invest to save)	25	25
Service Delivery	Specialist Advisory Team	E-billing - Landlord schedules	5	5
Service Delivery	Specialist Advisory Team	SMS for benefit reminders	1	1
Service Delivery	Specialist Advisory Team	SMS messaging payment recovery (Council Tax and Overpaid Housing Benefit)	7	7
Service Delivery	Specialist Advisory Team	Tracing - Allied Global	12	12
Service Delivery	Specialist Advisory Team	Business Rates (BID Levy administration costs)	15	15
Service Delivery	Specialist Advisory Team	Business Rates (BID Levy software)	20	20
Service Delivery	Specialist Advisory Team	Council Tax penalties module	6	6
Service Delivery	Specialist Advisory Team	New Homes Bonus (Empty Homes review)	20	20
Service Delivery	Specialist Advisory Team	Business Rates RV growth (Analyse Local)	30	30
Regeneration & Planning Policy	Regeneration & Planning Policy	Delivery of new Local Plan - Specialist Surveys and Reports (£140k over 2 years)	65	65
Regeneration & Planning Policy	Corporate Landlord	Pyxis Property Consulting Corporate Landlord Contract	32 *	32
Regeneration & Planning Policy	Corporate Landlord	Energy Act 2011 Survey	20	20
Tourism and Enterprise	Events	Aegon International Tennis	33	33
Tourism and Enterprise	Events	Aegon International Tennis town advertising/dressing	10	10
Tourism and Enterprise	Events	Music Live Events	10	10
Tourism and Enterprise	Events	Cycling Festival	2	2
Tourism and Enterprise	Events	Events Administration - temporary resource offset by base saving	38	38
Tourism and Enterprise	Events	Eastbourne International Balloon Festival	10	10
Tourism and Enterprise	Events	Devonshire Park Grounds Fraise Mowing improvement of playing surface	12	12
Tourism and Enterprise	Events	Devonshire Park Grounds Chemicals	5	5
Tourism and Enterprise	Events	Devonshire Park Grounds and Garage Tools	5	5
Tourism and Enterprise	Events	Devonshire Park - Fuel Tank	2	2
Tourism and Enterprise	Events	Events equipment for Health and Safety	8	8
Tourism and Enterprise	Sports	New gates needed at Old Town Tennis Courts	5	5
<b>TOTAL NON RECURRING INVESTMENTS</b>			<b>497</b>	<b>497</b>
<b>Devonshire Park Review</b>				
Tourism and Enterprise	Theatres	Devonshire Park review - funded from specific reserve	<b>646</b>	<b>646</b>

\* Linked savings &amp; growth items

**Summary of Capital Programme 2016 to 2021****APPENDIX 3**

	<b>Estimate Total 2016/17</b>	<b>Total 2017/18</b>	<b>Total 2018/19</b>	<b>Total 2019/20</b>	<b>Total 2020/21</b>
<b><u>Capital Programme</u></b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Community Services	5,924	8,595	9,452	9,330	300
Customer First	-	-	-	-	-
Tourism & Leisure	858	3,659	10,500	10,480	-
Corporate & Core Services	18,213	7,660	3,225	3,225	255
Asset Management	6,325	18,766	17,377	3,494	821
Grant Funded Schemes	1,439	1,159	-	-	-
<b>Total Programme</b>	<b>32,759</b>	<b>39,839</b>	<b>40,554</b>	<b>26,529</b>	<b>1,376</b>
<b><u>Financed By:-</u></b>					
Capital Receipts GF	5,882	11,473	10,680	2,345	368
Grants and Contributions	4,936	6,208	2,649	2,532	300
Revenue Contribution to Capital	684	-	-	-	-
Reserves	24	-	-	-	-
Section 106 Contributions	952	-	-	-	-
GF Borrowing (Committed)	12,106	14,061	18,095	12,522	628
GF Borrowing (Uncommitted)	8,175	8,097	9,130	9,130	80
HRA Borrowing		-	-	-	-
<b>Total Financing</b>	<b>32,759</b>	<b>39,839</b>	<b>40,554</b>	<b>26,529</b>	<b>1,376</b>

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Scheme	Total Scheme Approved	Spend to 31.3.16	APPENDIX 3				
			2016-17	2017-18	2018-19	2019-20	2020-21
<b>COMMUNITY SERVICES</b>							
Memorial Safety Cems	40,000	6,080	34,000	-	-	-	-
Digitalise Burial Records	10,000	-	10,000	-	-	-	-
Ocklynge Cemetery Chapel	150,000	82,322	67,700	-	-	-	-
Main Chapel Refurb - Phase 2	26,000	4,830	21,150	-	-	-	-
Disabled Facilities Grants	Ongoing	-	1,478,800	1,200,000	1,200,000	1,200,000	-
BEST Grant (housing initiatives)	Ongoing	-	116,750	117,000	117,000	-	-
Acquisition of Land & Property	23,420,000	-	1,052,500	6,767,500	7,800,000	7,800,000	-
Bridgemere CC	20,000	-	20,000	-	-	-	-
Willingdon Trees Multi Gym	20,000	-	20,000	-	-	-	-
Contaminated Land	185,000	82,966	102,000	-	-	-	-
Coast Defences Beach Management	Ongoing	-	567,550	300,000	300,000	300,000	300,000
Cycling Strategy	40,600	-	40,600	-	-	-	-
Play Area Sovereign Harbour	27,000	-	27,000	-	-	-	-
Terminus Road Improvements	500,000	-	500,000	-	-	-	-
CIL - Software	14,000	-	14,000	-	-	-	-
Sov Harbour Community Centre	1,600,000	282,188	1,317,800	-	-	-	-
Bodiam Cres Play Area Path	20,000	12,000	8,000	-	-	-	-
Shinewater Skate Park	50,000	-	50,000	-	-	-	-
Seaside rec - Play Equipment	60,000	-	60,000	-	-	-	-
Motcombe Pond	50,000	24,270	25,750	-	-	-	-
Hampden Park - Improvements (Green Flag)	50,000	-	50,000	-	-	-	-
Old Town Rec. - Improvements (Green Flag)	25,000	-	25,000	-	-	-	-
Allotments - Improvements	16,000	7,750	8,250	-	-	-	-
Seaside Rec - all weather path	50,000	-	50,000	-	-	-	-
Signage Re-branding (Parks & Open Spaces)	30,000	-	30,000	-	-	-	-
Tugwell Park - all weather path	25,000	-	25,000	-	-	-	-
Car Parking Machines	72,000	-	72,000	-	-	-	-
Public Conveniences Beachy Head	40,000	-	40,000	-	-	-	-
Public Conveniences Green St	40,000	-	40,000	-	-	-	-
Shinewater Park - Scoping	20,000	-	20,000	-	-	-	-
Air Quality Monitoring Equipment	30,500	-	30,500	-	-	-	-
<b>Helen Gardens Play Equip</b>	<b>40,000</b>	-	-	<b>40,000</b>	-	-	-
<b>Chiltern Close Play Equip</b>	<b>25,000</b>	-	-	<b>25,000</b>	-	-	-
<b>Oak Tree Lane Play Equip</b>	<b>35,000</b>	-	-	-	<b>35,000</b>	-	-
<b>Mulberry Close Play Equip</b>	<b>30,000</b>	-	-	-	-	<b>30,000</b>	-
<b>Lower Holywell Public Con</b>	<b>50,000</b>	-	-	<b>50,000</b>	-	-	-
<b>Redoubt Public Convenience</b>	<b>40,000</b>	-	-	<b>40,000</b>	-	-	-
<b>Green Street Disabled Toilet</b>	<b>31,000</b>	-	-	<b>31,000</b>	-	-	-
<b>Tugwell Park - Path Phase 2</b>	<b>25,000</b>	-	-	<b>25,000</b>	-	-	-

<b>Scheme</b>	<b>Total Scheme Approved</b>	<b>Spend to 31.3.16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
<b>Total Community Services</b>			<b>5,924,350</b>	<b>8,595,500</b>	<b>9,452,000</b>	<b>9,330,000</b>	<b>300,000</b>
<b>TOURISM &amp; LEISURE</b>							
Volleyball Court	25,000	2,000	23,000	-	-	-	-
Signage	40,000	23,917	16,100	-	-	-	-
Sports Park Flood Lights	30,000	-	30,000	-	-	-	-
Re-surface Tennis Courts	265,000	236,092	28,900	-	-	-	-
Wish Tower - Catering Outlet	40,000	36,000	4,000	-	-	-	-
ILTC - Air Conditioning	60,000	-	60,000	-	-	-	-
Redoubt - Stair Climber	20,000	-	20,000	-	-	-	-
Colonnade Removal	500,000	-	500,000	-	-	-	-
Redoubt - Asphalt Gun Platform	50,000	-	50,000	-	-	-	-
HPSC - Changing Rooms	20,000	-	-	20,000	-	-	-
New Beach Huts	235,240	164,319	70,950	-	-	-	-
ILTC Showers	25,000	-	25,000	-	-	-	-
Equipment at Devonshire Park	20,000	-	20,000	-	-	-	-
Old Ticket Pavilion refurbishment	10,000	-	10,000	-	-	-	-
Sovereign Centre	24,480,000	-	-	3,500,000	10,500,000	10,480,000	-
<b>Changing Places</b>	<b>69,000</b>	-	-	<b>69,000</b>	-	-	-
<b>Devonshire Park Wash Down</b>	<b>20,000</b>	-	-	<b>20,000</b>	-	-	-
<b>Devonshire Park Equipment</b>	<b>50,000</b>	-	-	<b>50,000</b>	-	-	-
<b>Total Tourism &amp; Leisure</b>			<b>857,950</b>	<b>3,659,000</b>	<b>10,500,000</b>	<b>10,480,000</b>	<b>-</b>
<b>CORPORATE SERVICES</b>							
Carbon Reduction Works	467,500	144,383	323,100	-	-	-	-
Invest to Save	49,500	-	49,500	80,000	80,000	80,000	80,000
Future Model Phase 2	3,660,550	3,415,449	245,100	-	-	-	-
Investment Capital	4,600,000	-	2,300,000	2,300,000	-	-	-
IT - Block Allocation	Ongoing	-	387,650	175,000	175,000	175,000	175,000
EHIC - Loan (Gowland Ct)	1,850,000	1,560,000	290,000	-	-	-	-
EHIC - Revolving Credit	100,000	-	100,000	-	-	-	-
EHIC - Loan Facility (EBC transfers)	4,173,000	-	4,173,000	-	-	-	-
EHIC - Loan Facility (Private Properties)	5,000,000	-	1,250,000	1,250,000	1,250,000	1,250,000	-
EHIC - Victoria Mansions	6,535,000	-	5,400,000	1,135,000	-	-	-
Bedfordwell Road - Land	2,450,000	-	1,450,000	1,000,000	-	-	-
Purchase of Land on Seafront	525,000	-	525,000	-	-	-	-
JTP Programme Office	6,878,000	-	1,719,500	1,719,500	1,719,500	1,719,500	-
<b>Total Corporate Services</b>			<b>18,212,850</b>	<b>7,659,500</b>	<b>3,224,500</b>	<b>3,224,500</b>	<b>255,000</b>
<b>Asset Management</b>							



<b>Scheme</b>	<b>Total Scheme Approved</b>	<b>Spend to 31.3.16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>2020-21</b>
Devonshire Park Redevelopment Project	44,000,000	567,866	5,434,150	17,806,000	16,877,000	2,994,000	321,000
Congress Theatre redesign & restoration	1,950,000	1,803,467	146,550	-	-	-	-
Spinnakers Café	200,000	-	-	200,000	-	-	-
Princes Park Fit Out	260,000	-	-	260,000	-	-	-
Hampden Pk Com Centre Fire Alarm & Light	18,150	-	18,150	-	-	-	-
Royal Hippodrome Theatre (Phase 2)	127,000	-	127,000	-	-	-	-
Devonshire Park Theatre - rendering & Towers	995,500	623,179	371,850	-	-	-	-
Town Hall Community Hub	20,000	-	20,000	-	-	-	-
Shinewater Boiler replacement	45,000	33,845	11,150	-	-	-	-
Hide Hollow Lay By	34,000	-	34,000	-	-	-	-
Car Park lighting adj SWA works	13,600	-	13,600	-	-	-	-
Seafront Lighting	36,500	-	36,500	-	-	-	-
Asset Disposal costs		56,781	112,260	-	-	-	-
Asset Management - Block Allocation	Ongoing		-	500,000	500,000	500,000	500,000
<b>Total Asset Management</b>			<b>6,325,210</b>	<b>18,766,000</b>	<b>17,377,000</b>	<b>3,494,000</b>	<b>821,000</b>
<b>Grant Funded Schemes</b>							
Wish Tower Restaurant	1,200,000	31,180	10,000	1,158,820	-	-	-
Replace staircase to Camera Obscura	90,000	-	90,000	-	-	-	-
Statue Sculpture Installation	22,000	-	22,000	-	-	-	-
Princes Park - Café Refurbishment	609,000	277,479	331,521	-	-	-	-
Princes Park - Public Realm Work	664,600	108,521	556,079	-	-	-	-
Sea Houses Sq - Plaza Improvements	157,000	44,154	112,846	-	-	-	-
Sea Houses Sq 1-5 Seaside Refurb	88,000	231	87,769	-	-	-	-
Seaside Rd - 67-69 Seaside refurb	149,000	5,581	143,419	-	-	-	-
Refurbishment of Council Building	85,000	-	85,000	-	-	-	-
			<b>1,438,634</b>	<b>1,158,820</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total General Fund</b>			<b>32,758,994</b>	<b>39,838,820</b>	<b>40,553,500</b>	<b>26,528,500</b>	<b>1,376,000</b>

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**BODY:** CABINET  
**DATE:** 8 February 2017  
**SUBJECT:** Treasury Management and Prudential Indicators 2017/18  
**REPORT OF:** Chief Finance Officer

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**Ward(s):** All

**Purpose:** To approve the Council's Annual Treasury Management Strategy together with the Treasury and Prudential Indicators for the next financial year.

**Decision Type** Key decision

**Contact:** Alan Osborne, Chief Finance Officer, Financial Services Telephone Number 01323 415149.

**Recommendations:** Members are asked to recommend to Council;

- i) The Treasury Management Strategy and Annual Investment Strategy as set out in this report.
- ii) The methodology for calculating the Minimum Revenue Provision set out at paragraph 2.3.
- iii) The Prudential and Treasury Indicators as set out in this report.
- iv) The Specified and Non-specified Investment categories listed in Appendix 2.

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## **1.0 Introduction**

- 1.1 The Council is required to receive and approve, the Prudential and Treasury Indicators and Treasury Strategy as part of the budget setting process each year. This covers:
- the capital plans (including prudential indicators);
  - a Minimum Revenue Provision Policy (how residual capital expenditure is charged to revenue over time);
  - the Treasury Management Strategy (how the investments and borrowings are to be organised) including treasury indicators; and
  - an investment strategy (the parameters on how investments are to be managed).
- 1.2 These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, the CLG MRP Guidance, the CIPFA Treasury Management Code and the CLG Investment Guidance.

- 1.3 The Council adopted CIPFA’s Treasury Management code of Practice on 18 May 2010. This code is supported by treasury management practices (TMPs) that set out the manner in which the council seeks to achieve the treasury management strategy and prescribes how it manages and controls those activities.

## 2.0 THE CAPITAL PRUDENTIAL INDICATORS 2015/16 – 2019/20

### 2.1 Capital Expenditure

The Council’s capital expenditure plans are the key driver of treasury management activity. The output of the capital expenditure plans is reflected in prudential indicators, which are designed to assist Member overview and confirm capital expenditure plans.

The table below summarises the Council’s capital expenditure plans and how these plans are being financed by capital or revenue resources. Any shortfall of resources results in a funding need (borrowing).

The capital expenditure forecasts for the Council are:

<b>Capital Expenditure £m</b>	<b>2015/16 Actual</b>	<b>2016/17 Estimate</b>	<b>2017/18 Estimate</b>	<b>2018/19 Estimate</b>	<b>2019/20 Estimate</b>
Non-HRA	10.89	32.8	39.8	40.6	26.5
HRA	7.04	10.6	4.3	4.3	4.4
Total	17.93	43.4	44.1	44.9	30.9
<b>Financed by:</b>					
Capital receipts	1.78	9.0	11.5	10.7	2.3
Capital grants	2.67	5.1	6.2	2.7	2.5
Capital reserves	5.38	6.8	4.2	4.3	4.4
Revenue	0.01	0.7	0.0	0.0	0.0
<b>Net borrowing needed for the year</b>	<b>8.09</b>	<b>21.8</b>	<b>22.2</b>	<b>27.2</b>	<b>21.7</b>

The above figures include uncommitted borrowing i.e. borrowing which has been approved but schemes have not yet been identified and will only proceed if they are financially advantageous.

### 2.2 The Council’s Borrowing Need (the Capital Financing Requirement)

The second prudential indicator is the Council’s Capital Financing Requirement (CFR). The CFR is simply the total historic outstanding capital expenditure which has not yet been paid for from either revenue or capital resources. It is essentially a measure of the Council’s underlying borrowing need. Any capital expenditure above, which has not immediately been paid for, will increase the CFR.

Following accounting changes the CFR includes other long term liabilities (e.g. Serco, finance leases) brought onto the balance sheet. Whilst this increases the CFR, and therefore the Council’s borrowing requirement, these types of scheme already include a borrowing facility and the Council is not required to separately borrow for them. There are currently £0.76m of such schemes within the CFR.

The Council is asked to approve the CFR projections below:

<b>£m</b>	<b>2015/16 Actual</b>	<b>2016/17 Estimate</b>	<b>2017/18 Estimate</b>	<b>2018/19 Estimate</b>	<b>2019/20 Estimate</b>
<b>Capital Financing Requirement</b>					
CFR – non housing	34.00	52.9	73.4	99.0	119.4
CFR - housing	41.09	42.6	42.6	42.6	42.6
<b>Total CFR</b>	<b>75.09</b>	<b>95.5</b>	<b>116.0</b>	<b>141.6</b>	<b>162.0</b>
<b>Movement in CFR</b>	<b>6.89</b>	<b>20.4</b>	<b>20.5</b>	<b>25.6</b>	<b>20.4</b>

<b>Movement in CFR represented by</b>					
Net financing needed for the year (above)	8.09	21.8	22.2	27.2	21.7
Less MRP and other financing movements	(1.2)	(1.4)	(1.7)	(1.6)	(1.3)
<b>Movement in CFR</b>	<b>6.9</b>	<b>20.4</b>	<b>20.5</b>	<b>25.6</b>	<b>20.4</b>

Note the MRP includes Serco repayments.

### 2.3 **MRP Policy Statement**

The Council is required to pay off an element of the accumulated General Fund capital spend each year (the CFR) through a revenue charge (the minimum revenue provision - MRP), although it is also allowed to undertake additional voluntary payments if required (voluntary revenue provision - VRP).

Regulations require the Council to approve an MRP Statement in advance of each financial year. A variety of options are provided to councils, so long as there is a prudent provision. It is recommended that the following methodology, as used in previous years, be continued:

- For capital expenditure incurred before 1.4.2008 MRP is provided for at 4% of the CFR.
- For capital expenditure incurred since 1.4.2008 MRP be charged using the most appropriate of the following two methods for the individual schemes as determined by the Chief Finance Officer under delegate powers
  - Asset Life method – based on the estimated life of the asset,
  - Depreciation method – based on standard depreciation accounting procedures.

No revenue charge is currently required for the HRA. However if the HRA is required to charge depreciation on its assets, this would have a revenue effect. In order to address any possible adverse impact, regulations allow the Major Repairs Allowance to be used as a proxy for depreciation.

Repayments included in annual Serco payments and any finance leases are applied as MRP.

There is no requirement to set aside a prudent provision for capital expenditure by way of loan (e.g. Eastbourne Housing Investment Co Ltd (EHIC) or investments (e.g. LAMS) which will be repaid in full at a future date.

## 2.4 Affordability Prudential Indicators

The previous sections cover the overall capital and control of borrowing prudential indicators, but within this framework prudential indicators are required to assess the affordability of the capital investment plans. These provide an indication of the impact of the capital investment plans on the Council's overall finances. Indicators are required to be prepared on the gross capital spend and do not include any resulting income contributions expected from the implementation of the capital scheme. The Council is asked to approve the following indicators:

- 2.4.1 **Actual and estimates of the ratio of financing costs to net revenue stream.** This indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

%	2015/16 Actual	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
Non-HRA	8.24	9.9	12.1	10.9	11.9
HRA	11.60	12.2	12.4	12.4	12.7

The estimates of financing costs exclude uncommitted borrowing.

- 2.4.2 **Incremental impact of capital investment decisions on the band D council tax.** This indicator identifies the revenue costs associated with proposed changes to the three year capital programme recommended in the budget reports compared to the Council's existing approved commitments and current plans. The assumptions are based on the budget estimates as well as other assumptions based on the Council's Medium Term Financial Strategy.

£	2015/16 Actual	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
<b>Council tax band D - Committed</b>	3.15	6.37	10.44	(5.69)	4.54
<b>Council tax band D - Uncommitted</b>	3.15	13.90	17.60	2.38	12.61

The effect on Council Tax only takes into account estimated investment income for committed borrowing.

The increase in 2016/17 onwards is attributable to the additional borrowing and increased MRP.

- 2.4.3 **Incremental impact of capital investment decisions on housing rent levels** - Similar to the council tax calculation, this indicator identifies the trend in the cost of proposed changes in the housing capital programme compared to the Council's existing commitments and current plans, expressed as a discrete impact on weekly rent levels.

£	2015/16 Actual	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
<b>Weekly housing rent levels</b>	(0.62)	(0.05)	0.22	0.05	0.28

This indicator shows the revenue impact on any newly proposed changes, although any discrete impact will be constrained by rent controls.

### 3.0 TREASURY MANAGEMENT STRATEGY

The capital expenditure plans set out in Section 2 provide details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet this service activity. This will involve both the organisation of the cash flow and, where capital plans require, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

#### 3.1 Current Portfolio Position

The Council's treasury portfolio position at 31 March 2016, with forward projections, are summarised below. The table shows the actual external borrowing (the treasury management operations), against the capital borrowing need (the Capital Financing Requirement - CFR), highlighting any under borrowing (i.e. the use of revenue cash balances referred to as internal balances).

£m	2015/16 Actual	2016/17 Estimate	2017/18 Estimate	2018/19 Estimate	2019/20 Estimate
<b>External borrowing</b>					
Borrowing at 1 April	48.00	52.0	73.8	96.0	123.2
Expected change in borrowing	4.00	21.8	22.2	27.2	21.7
Other long-term liabilities (OLTL)	1.30	1.1	0.8	0.5	0.1
Expected change in OLTL	(0.20)	(0.3)	(0.3)	(0.4)	(0.1)
<b>Actual gross borrowing at 31 March</b>	<b>53.10</b>	<b>74.6</b>	<b>96.5</b>	<b>123.3</b>	<b>144.9</b>
CFR – the borrowing need	75.09	95.5	116.0	141.6	162.0
Use of internal balances	21.99	20.9	19.5	18.3	17.1
Investments	0.00	0.0	0.0	0.0	0.0
<b>Net borrowing</b>	<b>53.10</b>	<b>74.6</b>	<b>96.5</b>	<b>123.3</b>	<b>144.9</b>

Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well defined limits. One of these is that the Council needs to ensure that its gross borrowing does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2016/17 and the following two financial years. This allows some flexibility for limited early

borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

Whilst investment interest rates continue to be below that for borrowing, value for money can be best achieved by avoiding new borrowing and using internal cash balances to temporarily finance new capital expenditure or to replace maturing external debt, thus maximising short term savings. However this needs to be carefully considered to ensure borrowing is taken at advantageous rates, but not taken too long before the need to borrow to avoid the cost of carrying the debt.

### 3.2 Treasury Indicators: Limits to Borrowing Activity

3.2.1 **The Operational Boundary.** This is the limit beyond which external borrowing is not normally expected to exceed.

The Council is asked to approve the following operational boundary limits:

<b>Operational boundary - £m</b>	<b>2016/17 Estimate</b>	<b>2017/18 Estimate</b>	<b>2018/19 Estimate</b>	<b>2019/20 Estimate</b>
Borrowing	94.7	115.5	141.5	162.0
Other long term liabilities	0.8	0.5	0.1	0.0
<b>Total</b>	<b>95.5</b>	<b>116.0</b>	<b>141.6</b>	<b>162.0</b>

3.2.2 **The Authorised Limit for external borrowing -** This represents a limit beyond which external borrowing is prohibited:

The Council is asked to approve the following authorised limit:

<b>Authorised limit £m</b>	<b>2016/17 Estimate</b>	<b>2017/18 Estimate</b>	<b>2018/19 Estimate</b>	<b>2019/20 Estimate</b>
Borrowing	109.7	130.5	156.5	177.0
Other long term liabilities	0.8	0.5	0.1	0.0
<b>Total</b>	<b>110.5</b>	<b>131.0</b>	<b>156.6</b>	<b>177.0</b>

Separately, the Council is also limited to a maximum HRA CFR through the HRA self-financing regime of £42.6m, which is included in the authorised limits above.

3.2.3 The Council has complied with these prudential indicators in the current year and does not envisage difficulties for the future. This view takes into account current commitments, existing plans, and the proposals in this budget report.

### 3.3 Prospects for Interest Rates

The Council has appointed Capita Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives their central view.



	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20
Bank rate	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.25%	0.50%	0.50%	0.75%	0.75%
5yr PWLB rate	1.60%	1.60%	1.60%	1.60%	1.60%	1.70%	1.70%	1.70%	1.80%	1.80%	1.90%	1.90%	2.00%	2.00%
10yr PWLB rate	2.30%	2.30%	2.30%	2.30%	2.30%	2.30%	2.40%	2.40%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%
25yr PWLB rate	2.90%	2.90%	2.90%	2.90%	3.00%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%
50yr PWLB rate	2.70%	2.70%	2.70%	2.70%	2.80%	2.80%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%

The Monetary Policy Committee, (MPC), cut Bank Rate from 0.50% to 0.25% on 4th August 2016 in order to counteract what it forecast was going to be a sharp slowdown in growth in the second half of 2016. Bank Rate was not cut again in November, as originally expected, due to improved economic data and, on current trends, it now appears unlikely that there will be another cut. During the two-year period 2017 – 2019, when the UK is negotiating the terms for withdrawal from the EU, it is likely that the MPC will do nothing to dampen growth prospects, (i.e. by raising Bank Rate). Accordingly, a first increase to 0.50% is not forecast until quarter 2 2019.

Investment returns are likely to remain relatively low during 2017/18 and beyond.

Borrowing interest rates have been highly volatile during 2016 as alternating bouts of good and bad news have promoted optimism, and then pessimism, in financial markets. Gilt yields have continued to remain at historically phenomenally low levels during 2016. The policy of avoiding new borrowing by running down spare cash balances, has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in later times, when the Council will not be able to avoid new borrowing to finance new capital expenditure and/or to refinance maturing debt.

There will remain a cost of carry to any new borrowing which causes an increase in investments as this will incur a revenue loss between borrowing costs and investment returns.

A detailed view of the Economic forecast is set out at Appendix 1.

### 3.4 **Borrowing Strategy**

The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash supporting the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is high and will be maintained.

There is an underlying need to borrow in the future to support capital expenditure and new external borrowing will be required by the end of this

year. Rates are currently being monitored and new borrowing will be taken when the rates are advantageous either as long term debt or temporary borrowing. Against the current economic background and the risks within the economic forecast, caution will be adopted with the 2017/18 treasury operations. The Chief Finance Officer will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances.

The Council will maintain a balanced, affordable and sustainable maturity profile as set out below and all new borrowing will be undertaken in line with this policy.

### 3.5 **Treasury Management Limits on Activity**

There are three debt related treasury activity limits. The purpose of these are to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates.

The Council is asked to approve the following treasury indicators and limits:

	2017/18	2018/19	2019/20
<b>Interest rate Exposures</b>			
	<b>Upper</b>	<b>Upper</b>	<b>Upper</b>
Limits on fixed interest rates based on net debt	100%	100%	100%
Limits on variable interest rates based on net debt	25%	25%	25%
<b>Maturity Structure of fixed interest rate borrowing 2017/18</b>			
	<b>Lower</b>	<b>Upper</b>	
Under 12 months	0%	25%	
12 months to 2 years	0%	50%	
2 years to 5 years	0%	75%	
5 years to 10 years	0%	100%	
10 years and above	0%	100%	

### 3.6 **Policy on Borrowing in Advance of Need**

The Council will not borrow more than, or in advance of, its needs, purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.

Risks associated with any borrowing in advance of activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

### 3.7 **Debt Rescheduling**

As short term borrowing rates are currently considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt.

Debt scheduling will only be considered under the following circumstances:

- the generation of cash savings and /or discounted cash flow to produce sufficient savings to cover the costs;
- it helps to fulfil the treasury strategy; and
- the balance of the portfolio (amend the maturity profile and/or the balance of volatility) is maintained.

Consideration will also be given to identify if there is any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

All rescheduling will be reported to Cabinet, at the earliest meeting following its action.

### 3.8 **Municipal Bond Agency**

It is likely that the Municipal Bond Agency will be offering loans to local authorities in the near future. It is also hoped that the borrowing rates will be lower than those offered by the Public Works Loan Board (PWLB). This Authority intends to make use of this new source of borrowing as and when appropriate.

## 3.9 **ANNUAL INVESTMENT STRATEGY**

### 3.9.1 **Investment Policy**

The Council's investment policy has regard to the CLG's Guidance on Local Government Investments ("the Guidance") and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment main priorities will be security first, liquidity second, then return.

After this main principle the Council will ensure:

- It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the Specified and Non-Specified investment at appendix 2 and
- It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested.

### 3.9.2 **Creditworthiness Policy**

In order to minimise the risk to investments, the Council has clearly stipulated the minimum acceptable credit quality of counterparties for inclusion on the lending list as set out in at Appendix 3. The aim is to generate a list of highly creditworthy counterparties which will also enable diversification and thus avoidance of concentration risk.

Credit rating information is supplied by Capita, the Council’s treasury consultants, on all active counterparties that comply with the criteria at Appendix 3. Any counterparty failing to meet the criteria would be omitted from the counterparty (dealing) list. Any rating changes, rating watches (notification of likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing.

The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AAA from Fitch, as well as UK, even if the UK rating falls below AAA.

The Chief Finance Officer will maintain a counterparty list in compliance with the criteria set out in Appendix 3 and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to that which determines which types of investment instrument are either Specified or Non-Specified as it provides an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.

### **The Local Authority Mortgage Scheme (LAMS)**

The Council is participating in the cash backed mortgage scheme which requires the Council to place a matching five year deposit to the life of the indemnity. This investment is an integral part of the policy initiative and is outside the criteria above.

### **Time and monetary limits applying to investments.**

The time and monetary limits for institutions on the Council’s counterparty list are as follows (these will cover both Specified and Non-Specified Investments):

	Money Limit	Time Limit
Banks 1 category high quality	£5.0m	1 yr
Banks 2 category – part nationalised	£5.0m	1 yr
Limit 3 category – Council’s banker (not meeting Banks 1)	£10.0m	1 day
Other institutions limit	£5.0m	1 yr
DMADF	Unlimited	6 months
Local authorities	£5.0m	2 yrs
Money market Funds	£10.0m	Liquid
Property funds	£10.0m	

The proposed criteria for Specified and Non-Specified investments are shown in Appendix 2 for approval.

Property Funds - The use of these instruments can be deemed capital expenditure, and as such will be an application (spending) of capital resources. This Authority will seek guidance on the status of any fund it may consider using. Appropriate due diligence will also be undertaken before investment of this type is undertaken.

## Non treasury management investments

This Council invests in non treasury management (policy) investments. These do not form part of the treasury management strategy. However, Members are advised that the following non treasury investments are currently in place:

Investment	Facility	Int Rate
CloudConnX	357,000	1.5%+Base
WEL	1,150,000	8%-10%
EHIC - Loan	17,558,000	4.50%
EHIC - Credit Facility	100,000	2%+Base
Seachange (Site 6 Sov Harbour)	850,000	5.00%
Seachange (Sov Harbour Innovation Mall)	1,400,000	5.00%

### 3.9.3 Investment Strategy

Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

### 3.9.4 Investment returns expectations.

Bank Rate is forecast to remain unchanged at 0.25% before starting to rise from quarter 2 of 2019. Bank Rate forecasts for financial year ends (March) are:

2016/2017	0.25%
2017/2018	0.25%
2018/2019	0.25%
2019/2020	0.75%

There are downside risks to these forecasts (i.e. start of increases in Bank Rate occurs later) if economic growth weakens. However, should the pace of growth quicken, there could be an upside risk.

The suggested budgeted investment earnings rates for returns on investments placed for periods up to three months during each financial year for the next years are as follows:

2016/2017	0.25%
2017/2018	0.25%
2018/2019	0.25%
2019/2020	0.50%
2020/2021	0.75%

### 3.9.5 Investment treasury indicator and limit

- Total principal funds invested for greater than 364 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

The Council is asked to approve the treasury indicator and limit:

Maximum principal sums invested > 364 days			
£m	2017/18	2018/19	2019/20
Principal sums invested > 364 days	£2.0m	£2.0m	£2.0m

For its cash flow generated balances, the Council will seek to utilise its current account, call accounts and short-dated deposits (overnight to three months) in order to benefit from the compounding of interest.

#### 3.9.6 **End of year investment report**

At the end of the financial year, the Council will report on its investment activity as part of its Annual Treasury Report.

#### 3.10 **Policy on the use of external service providers**

The Council uses Capita as its external treasury management advisors. The Council recognises that responsibility for treasury management decisions remains with the organisation at all times.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

### **4.0 Resource Implications**

All implications have been factored into the 2017/18 budget setting process.

**Alan Osborne**  
**Chief Finance Officer**

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#### **Background Papers:**

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

CIPFA Treasury Management in the Public Services code of Practice (the Code)

Cross-sectorial Guidance Notes

CIPFA Prudential Code

Treasury Management Strategy and Treasury Management Practices adopted by the Council on 18 May 2010.

Council Budget 8 February 2017

Finance Matters and Performance Monitoring Reports 2016.

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

## **APPENDIX 1 Economic Background**

**UK. GDP growth rates** in 2013, 2014 and 2015 of 2.2%, 2.9% and 1.8% were some of the strongest rates among the G7 countries. Growth is expected to have strengthened in 2016 with the first three quarters coming in respectively at +0.4%, +0.7% and +0.5%. The latest Bank of England forecast for growth in 2016 as a whole is +2.2%. The figure for quarter 3 was a pleasant surprise which confounded the downbeat forecast by the Bank of England in August of only +0.1%, (subsequently revised up in September, but only to +0.2%). During most of 2015 and the first half of 2016, the economy had faced headwinds for exporters from the appreciation of sterling against the Euro, and weak growth in the EU, China and emerging markets, and from the dampening effect of the Government's continuing austerity programme.

The **referendum vote for Brexit** in June 2016 delivered an immediate shock fall in confidence indicators and business surveys at the beginning of August, which were interpreted by the Bank of England in its August Inflation Report as pointing to an impending sharp slowdown in the economy. However, the following monthly surveys in September showed an equally sharp recovery in confidence and business surveys so that it is generally expected that the economy will post reasonably strong growth numbers through the second half of 2016 and also in 2017, albeit at a slower pace than in the first half of 2016.

The **Monetary Policy Committee, (MPC), meeting of 4th August** was therefore dominated by countering this expected sharp slowdown and resulted in a package of measures that included a cut in Bank Rate from 0.50% to 0.25%, a renewal of quantitative easing, with £70bn made available for purchases of gilts and corporate bonds, and a £100bn tranche of cheap borrowing being made available for banks to use to lend to businesses and individuals.

The **MPC meeting of 3 November** left Bank Rate unchanged at 0.25% and other monetary policy measures also remained unchanged. This was in line with market expectations, but a major change from the previous quarterly Inflation Report MPC meeting of 4 August, which had given a strong steer, in its forward guidance, that it was likely to cut Bank Rate again, probably by the end of the year if economic data turned out as forecast by the Bank.

The August quarterly Inflation Report was based on a pessimistic forecast of near to zero GDP growth in quarter 3 i.e. a sharp slowdown in growth from +0.7% in quarter 2, in reaction to the shock of the result of the referendum in June. However, **consumers** have very much stayed in a 'business as usual' mode and there has been no sharp downturn in spending; it is consumer expenditure that underpins the services sector which comprises about 75% of UK GDP. After a fairly flat three months leading up to October, retail sales in October surged at the strongest rate since September 2015. In addition, the GfK consumer confidence index has recovered quite strongly to -3 in October after an initial sharp plunge in July to -12 in reaction to the referendum result.

**Bank of England GDP forecasts** in the November quarterly Inflation Report were as follows, (August forecasts in brackets) - 2016 +2.2%, (+2.0%); 2017 1.4%, (+0.8%); 2018 +1.5%, (+1.8%). There has, therefore, been a sharp increase in the forecast for 2017, a marginal increase in 2016 and a small decline in growth, now being delayed until 2018, as a result of the impact of Brexit.

**Capital Economics' GDP forecasts** are as follows: 2016 +2.0%; 2017 +1.5%; 2018 +2.5%. They feel that pessimism is still being overdone by the Bank and Brexit will not have as big an effect as initially feared by some commentators.

**The Chancellor** has said he will do 'whatever is needed' i.e. to **promote growth**; there are two main options he can follow – fiscal policy e.g. cut taxes, increase investment allowances for businesses, and/or increase government expenditure on infrastructure, housing etc. This will mean that the PSBR deficit elimination timetable will need to slip further into the future as promoting growth, (and ultimately boosting tax revenues in the longer term), will be a more urgent priority. The newly appointed Chancellor, Phillip Hammond, announced, in the aftermath of the referendum result and the formation of a new Conservative cabinet, that the target of achieving a budget surplus in 2020 would be eased in the Autumn Statement on 23 November.

The other key factor in forecasts for Bank Rate is **inflation** where the MPC aims for a target for CPI of 2.0%. The November Inflation Report included an increase in the peak forecast for inflation from 2.3% to 2.7% during 2017; (Capital Economics are forecasting a peak of 3.2% in 2018). This increase was largely due to the effect of the sharp fall in the value of sterling since the referendum, (16% down against the US dollar and 11% down against the Euro); this will feed through into a sharp increase in the cost of imports and materials used in production in the UK. However, the MPC is expected to look through the acceleration in inflation caused by external, (outside of the UK), influences, although it has given a clear warning that if wage inflation were to rise significantly as a result of these cost pressures on consumers, then they would take action to raise Bank Rate.

What is clear is that **consumer disposable income** will come under pressure, as the latest employers' survey is forecasting median pay rises for the year ahead of only 1.1% at a time when inflation will be rising significantly higher than this. The CPI figure for October surprised by under shooting forecasts at 0.9%. However, producer output prices rose at 2.1% and core inflation was up at 1.4%, confirming the likely future upwards path.

**Gilt yields, and consequently PWLB rates**, have risen sharply since hitting a low point in mid-August. There has also been huge volatility during 2016 as a whole. The year started with 10 year gilt yields at 1.88%, fell to a low point of 0.53% on 12 August, and have hit a peak on the way up again of 1.46% on 14 November. The rebound since August reflects the initial combination of the yield-depressing effect of the MPC's new round of quantitative easing on 4 August, together with expectations of a sharp downturn in expectations for growth and inflation as per the pessimistic Bank of England Inflation Report forecast, followed by a sharp rise in growth expectations since August when subsequent business surveys, and GDP growth in quarter 3 at +0.5% q/q, confounded the pessimism. Inflation expectations also rose sharply as a result of the continuing fall in the value of sterling.

**Employment** has been growing steadily during 2016, despite initial expectations that the referendum would cause a fall in employment. However, the latest employment data in November, (for October), showed a distinct slowdown in the rate of employment growth and an increase in the rate of growth of the unemployment claimant count. **House prices** have been rising during 2016 at a modest pace but the pace of increase has been slowing since the referendum; a downturn in prices could dampen consumer confidence and expenditure.



**USA.** Overall, despite some data setbacks, the US is still, probably, the best positioned of the major world economies to make solid progress towards a combination of strong growth, full employment and rising inflation: this is going to require the central bank to take action to raise rates so as to make progress towards normalisation of monetary policy, albeit at lower central rates than prevailed before the 2008 crisis.

The result of the **presidential election** in November is expected to lead to a strengthening of US growth if Trump's election promise of a major increase in expenditure on infrastructure is implemented. This policy is also likely to strengthen inflation pressures as the economy is already working at near full capacity. In addition, the unemployment rate is at a low point verging on what is normally classified as being full employment. However, the US does have a substantial amount of hidden unemployment in terms of an unusually large, (for a developed economy), percentage of the working population not actively seeking employment.

Trump's election has had a profound effect on the **bond market and bond yields** have risen sharply in the week since his election. Time will tell if this is a temporary over reaction, or a reasonable assessment of his election promises to cut taxes at the same time as boosting expenditure. This could lead to a sharp rise in total debt issuance from the current level of around 72% of GDP towards 100% during his term in office.

**EZ.** In the Eurozone, **the ECB** commenced, in March 2015, its massive €1.1 trillion programme of quantitative easing to buy high credit quality government and other debt of selected EZ countries at a rate of €60bn per month. This was intended to run initially to September 2016 but was extended to March 2017 at its December 2015 meeting. At its December and March 2016 meetings it progressively cut its deposit facility rate to reach -0.4% and its main refinancing rate from 0.05% to zero. At its March meeting, it also increased its monthly asset purchases to €80bn. These measures have struggled to make a significant impact in boosting economic growth and in helping inflation to rise significantly from low levels towards the target of 2%.

**EZ GDP growth** in the first three quarters of 2016 has been 0.5%, +0.3% and +0.3%, (+1.6% y/y). Forward indications are that economic growth in the EU is likely to continue at moderate levels. This has added to comments from many forecasters that those central banks in countries around the world which are currently struggling to combat low growth, are running out of ammunition to stimulate growth and to boost inflation. Central banks have also been stressing that national governments will need to do more by way of structural reforms, fiscal measures and direct investment expenditure to support demand and economic growth in their economies.

**Asia.** Economic growth in **China** has been slowing down and this, in turn, has been denting economic growth in emerging market countries dependent on exporting raw materials to China. Medium term risks have been increasing in China e.g. a dangerous build up in the level of credit compared to the size of GDP, plus there is a need to address a major over supply of housing and surplus industrial capacity, which both need to be eliminated. This needs to be combined with a rebalancing of the economy from investment expenditure to consumer spending. However, the central bank has a track record of supporting growth through various monetary policy measures, though these further stimulate the growth of credit risks and so increase the existing major imbalances within the economy.

Economic growth in **Japan** is still patchy, at best, and skirting with deflation, despite successive rounds of huge monetary stimulus and massive fiscal action to promote consumer spending. The government is also making little progress on fundamental reforms of the economy.

**Emerging countries.** There have been major concerns around the vulnerability of some emerging countries exposed to the downturn in demand for commodities from China or to competition from the increase in supply of American shale oil and gas reaching world markets. The ending of sanctions on Iran has also brought a further significant increase in oil supplies into the world markets. While these concerns have subsided during 2016, if interest rates in the USA do rise substantially over the next few years, (and this could also be accompanied by a rise in the value of the dollar in exchange markets), this could cause significant problems for those emerging countries with large amounts of debt denominated in dollars. The Bank of International Settlements has recently released a report that \$340bn of emerging market corporate debt will fall due for repayment in the remaining two months of 2016 and in 2017 – a 40% increase on the figure for the last three years.

Financial markets could also be vulnerable to risks from those emerging countries with major sovereign wealth funds, that are highly exposed to the falls in commodity prices from the levels prevailing before 2015, especially oil, and which, therefore, may have to liquidate substantial amounts of investments in order to cover national budget deficits over the next few years if the price of oil does not return to pre-2015 levels.

## APPENDIX 2 - Specified and Non-Specified Investments and Limits

**SPECIFIED INVESTMENTS:** All such investments will be sterling denominated, with **maturities up to maximum of 1 year**, meeting the minimum 'high' quality criteria where applicable.

	<b>* Minimum 'High' Credit Criteria</b>
Debt Management Agency Deposit Facility	--
Term deposits – local authorities	--
Term deposits – banks and building societies (See appendix 5 for approved Counties)	Green - See note below
Collateralised deposit	UK sovereign rating
Certificates of deposit issued by banks and building societies covered by UK Government (explicit) guarantee	UK sovereign rating
Certificates of deposit issued by banks and building societies covered by UK Government (explicit) guarantee	UK sovereign rating
UK Government Gilts	UK sovereign rating
Bonds issued by multilateral development banks	AAA
Bond issuance issued by a financial institution which is explicitly guaranteed by the UK Government (refers solely to GEFCO – Guaranteed Export Finance Corporation)	UK sovereign rating
Sovereign bond issues (other than the UK govt)	AAA
Treasury Bills	UK sovereign rating

### Term deposits with nationalised banks and banks and building societies

	<b>Minimum Credit Criteria</b>	<b>Max % of total investments</b>	<b>Max. maturity period</b>
UK part nationalised banks	Blue - See note below	£5.0m	1 year

Eastbourne Borough Council uses Capita's credit worthiness service which overlays colour bandings to determine the maximum length of any investment. See Appendix 3 for further detail.

**Accounting treatment of investments.** The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by this Council. To ensure that the Council is protected from any adverse revenue impact, which may arise from these differences, we will review the accounting implications of new transactions before they are undertaken.

**NON-SPECIFIED INVESTMENTS:** These are any investments which do not meet the Specified Investment criteria. A maximum of 25% will be held in aggregate in non-specified investment.

**Maturities in excess of 1 year**

	<b>Minimum Credit Criteria</b>	<b>Max % of total investments</b>	<b>Max. maturity period</b>
Term deposits – local authorities	--	£2m with any institution	2 years
Term deposits – banks and building societies	Green	£2m with any institution	2 years
Certificates of deposit issued by banks and building societies covered by UK Government (explicit) guarantee	UK sovereign rating	£2m with any institution	2 years
Certificates of deposit issued by banks and building societies	Green	£2m with any institution	2 years
UK Government Gilts	UK sovereign rating	£2m with any institution	2 years
Bonds issued by multilateral development banks	AAA	£2m with any institution	2 years
Sovereign bond issues (other than the UK govt)	AAA	£2m with any institution	2 years
<b>Collective Investment Schemes structured as Open Ended Investment Companies (OEICs)</b>			
1. Bond Funds	Long-term AA-volatility rating	£2m with any institution	2 years
2. Gilt Funds	Long-term AA-volatility rating	£2m with any institution	2 years
3. Property Funds	Long-term AA-volatility rating	£5m with any institution	

**Local Authority Mortgage Scheme.**

Under this scheme the Council is required to place funds of £1,000,000, with the Lender for a period of 5 years. This is classified as being a service investment, rather than a treasury management investment, and is therefore outside of the specified / non specified categories.

### **APPENDIX 3 – Creditworthiness Policy**

This Council applies the creditworthiness service provided by Capita. This service employs a sophisticated modelling approach utilising credit ratings from the three main credit rating agencies - Fitch, Moodys and Standard and Poors. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- CDS spreads to give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the duration for investments. The Council will therefore use counterparties within the following durational bands:

- Blue 1 year (only applies to nationalised or semi nationalised UK Banks)
- Orange 1 year
- Red 6 months
- Green 3 months
- No Colour not to be used.

This methodology does not apply the approach suggested by CIPFA of using the lowest rating from all three rating agencies to determine creditworthy counterparties. The Capita creditworthiness service uses a wider array of information than just primary ratings and by using a risk weighted scoring system, does not give undue preponderance to just one agency's ratings.

Typically the minimum credit ratings criteria the Council use will be a short term rating (Fitch or equivalents) of Short Term rating F1, Long Term rating A-, Individual of Viability ratings of C- (or BB+), and a Support rating of 3. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored weekly. The Council is alerted to changes to ratings of all three agencies through its use of the Capita creditworthiness service. If a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately. In addition to the use of credit ratings the Council will be advised of information in movements in Credit Default Swap against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Sole reliance will not be placed on the use of this external service. In addition this Council will also use market data and market information, information on government support for banks and the credit ratings of that government support

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- BODY:** CABINET
- DATE:** 8 February 2017
- SUBJECT:** HRA Revenue Budget and Rent Setting 2017/18 and HRA Capital Programme 2016/20
- REPORT OF:** Deputy Chief Executive (Chief Finance Officer) and Director of Service Delivery
- Ward(s):** All
- Purpose:** To agree the detailed HRA budget proposals, rent levels, service charges and heating costs for 2017/18, and the HRA Capital Programme 2016/20.
- Contact:** Pauline Adams, Financial Services Manager  
Tel 01323 415979 or internally on ext 5979
- Recommendations:** Members are asked to recommend the following proposals to full Council:
- i) The HRA budget for 2017/18 and revised 2016/17 as set out in **Appendix 1**.
  - ii) That social and affordable rents (including Shared Ownership) are decreased by 1% in line with a change in government policy.
  - iii) That service charges for general needs properties are increased by 2.49%.
  - iv) That service charges for the 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.
  - v) That the Support charge for Sheltered Housing Residents remains at £7.50 per unit, per week.
  - vi) That heating costs are set at a level designed to recover the estimated actual cost.
  - vii) That water charges are set at a level designed to recover the estimated cost of metered consumption.
  - viii) Garage rents are not increased this year to improve increasing garage voids.
  - ix) To give delegated authority to the Chief Executive, in consultation with the Cabinet Portfolio holders for Community Services and Financial Services and the Financial Services Manager to finalise Eastbourne Homes' Management Fee and Delivery Plan.
  - x) The HRA Capital Programme as set out in **Appendix 2**.

## **1.0 Introduction**

- 1.1 The HRA is a statutory ring-fenced account that represents all landlord functions. The HRA is required to be self-financing, which means that expenditure has to be entirely supported from rental and other income. The main tool for the future financial management of the HRA is the 30 year Business Plan.
- 1.2 The Business plan was last reported to Cabinet at the December 2015 meeting 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 has since been updated to reflect the 2016/17 approved budget.
- 1.3 At the time the business plan was 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 will not be introduced on a compulsory basis as originally planned.
- 1.4 The budget proposals do not include the impact of the high value council house levy, as the government have not yet issued any consultation proposals or a start date on which to model potential impacts. Government messages on this policy have been mixed, but it would appear unlikely that this will be implemented before the end of this financial year. The impacts of this policy are substantial and should the government bring forward proposals, the Business Plan will be updated and reported back to members.
- 1.5 This report reflects the recommendations made by Eastbourne Homes Limited in relation to the increase in rent levels, service and other charges.

## **2.0 2017/18 HRA Revenue Budget**

- 2.1 The 2017/18 budget has been prepared following the principles adopted within the HRA 30 year Business Plan and is attached at **Appendix 1**.
- 2.2 The 2017/18 budget is showing a surplus of (£449k) from (£292) in 2016/17, a change of (£157k) which is mainly due to the factors listed below.
- 2.3 The major changes between the 2016/17 and the 2017/18 budgets are:
- Income increases and expenditure reductions:
- Support charge (offset by increase in management fee) (£86k)
  - Reduction in the transfer to the Housing Regeneration and Investment Reserve (£424k)
- Increase in expenditure and income reductions:
- 1% rent reductions £116k
  - Interest payments £64k
  - Management fee form new support charge £42k



- Depreciation £94k

- 2.4 The HRA budget is performing better than expected in the 30 year business plan due to various initiatives to control expenditure below that assumed in the business plan, lower than anticipated interest rates and higher rental income from affordable rents.
- 2.5 The 30 year business plan and the HRA budget policy allows 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 £924k for 2016/17, and £500k for 2017/18. This will be reviewed again when the business plan is updated in the autumn.
- 2.6 The Major Repairs Reserve is funded from cash backed depreciation of £4m plus inflation per year and is expected to breakeven 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.
- 2.7 The HRA debt outstanding at 31.3.16 was £41m rising to £42.9m by 31.3.18 which is the maximum borrowing permitted under the self-financing settlement. The majority of the new borrowing of £1.5m will be completed by 31.3.17 and will be external debt at fixed interest rates, leaving just a balance of £0.4m to be taken in 2017/18. The increase in borrowing is to support the HEDP programme. The additional interest payable from this borrowing will be funded from the additional rental as the properties are let. The Council's treasury management advisors are predicting that the current low levels of interest rates will continue into 2017/18 and the interest budget has been prepared on this basis.
- 2.8 The original 30 year business plan assumed from 16/17 to 28/29 that an average debt repayment of £2.8m per annum is funded from the HRA Revenue Account. This is no longer viable due to the rent decrease however, if possible when opportunities arise, consideration will 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.
- 2.9 The HRA outturn for 2016/17 is expected to deliver a (£426k) surplus, a positive variance of (£133k) over the original budget (0.80% of gross expenditure). This is mainly as a result of the decrease in the take up of the under occupation scheme (£46k), a reduction in the provision required for bad debts (£45k) and the net effect of the new support people charge (£19k).
- 2.10 The HRA Business Plan is 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 remains sustainable in the longer term and is able to deal with any risks posed by the current economic climate.

The Balances on HRA and Reserves are as follows:

	HRA	MRR	Housing Regeneration & Investment Reserve
	£'000	£'000	£'000
Balance at 1.4.16	3,678	0	1,752
Surplus/(Deficit)	416		
Revenue Contribution			924
Depreciation		4,113	
Major Works expenditure		(4,113)	(866)
Estimated Balance 31.3.17	4,094	0	1,810
Surplus/(Deficit)	449		
Revenue Contribution			500
Depreciation		4,206	
Major Works expenditure		(4,206)	
Estimated Balance 31.3.18	4,543	0	2,310

These are within the HRA strategy and policy expectations of the Business Plan.

### **3.0 Rent Levels for 2017/18**

- 3.1 The Council has been following the Government's guidance for rents for social housing since December 2001. In May 2014, the Government issued new guidance setting out its policy on rents for social housing from April 2015 (increase rents by September CPI + 1.0%).
- 3.2 The Welfare Reform and Work Act 2016 suspended this policy from 2016/17 and rents on social housing properties are to be reduced by 1% a year for a four year period.
- 3.3 The financial year commencing 3<sup>rd</sup> April 2017 is the second year that the rent reduction is to be applied to all socially rented and affordable rented properties.
- 3.4 Rents for Shared Ownership properties are excluded from the Welfare Reform and Work bill guidance. However, the terms of the lease for these properties determine that we should reduce their rents in line with the socially rented properties. Therefore, it is recommended that rents for all Shared Ownership properties are reduced by 1%.

### **4.0 Service Charges**

- 4.1 For properties in shared blocks, these charges cover common services such as communal heating, lighting, equipment maintenance contracts, cleaning

and grounds maintenance. In Older Persons Sheltered Accommodation the charges additionally include On-Site Co-ordinators, lift maintenance contracts, communal furniture and carpets maintenance and internal re-decorations. These costs should be charged separately from the rent in those properties to which they apply.

4.2 For general needs properties in blocks, the average service charge increase is 2.49% to ensure that costs relating to communal areas are reasonably recovered. This is an average increase in amount of 7p per unit, per week. To ensure that tenants do not experience an extreme rise in service charges any individual block increase has been capped at 10%.

4.3 For Retirement Court properties in blocks, the average service charge increase is 7.14% to ensure that costs relating to communal areas are fully recovered. This is an average increase in costs of £2.72 per unit, per week.

## **5.0 Support charge**

5.1 In May 2016, Supporting People withdrew their funding from EBC'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 its Sheltered Housing blocks.

5.2 Consultation was 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.

5.3 Following the cabinet decision in March 2016, it is recommended that the current support charge of £7.50 per unit per week remains at that level for 2017/18.

## **6.0 Heating costs - Older Persons Sheltered Accommodation**

6.1 These charges are set in line with known price decreases predicted by the Department of Energy and Climate Control. For 2017/18, it is recommended that the average charge decrease is 9.25%. This is an average decrease of 61p per week for tenants who pay these charges.

## **7.0 Water Charges**

7.1 These charges are also set in line with the known price decrease predicted by the Department of Energy and Climate Control. For 2017/18, it is recommended that the average charge increase is 1.07%. This is an average increase of 5p per week for tenants who pay these charges.

## **8.0 Garage Rents**

8.1 Following the previous year's rent increase, garage void debt is slowly increasing again and the number of garage voids has started to increase, rising from 50 garages at the start of 2015/16 to 70 as at week 34 in 2016/17.

- 8.2 Void works upon garages are taking longer due to the nature of the repairs that are needed.
- 8.3 A desk top appraisal completed by Eastbourne Homes Ltd shows that the rent currently being charged is sufficient to cover the annual garage repairs expenditure on a yearly basis.
- 8.4 When benchmarking garage rent costs with other authorities, it was found that the garage rents that EBC charge are slightly above the average rent charged for garages amongst the other authorities.
- 8.5 It is therefore recommended that no increase is applied to garage rents for 2017/18 in an effort to improve garage take-up.

## **9.0 HRA Capital Programme 2017/18 to 2019/20**

- 9.1 Capital Programme as set out in Appendix 2 has been prepared to meet the Council's strategies, as adjusted to reflect the availability of resources. Total budget expenditure for 2017/18 is £4,206,300.
- 9.2 The major works element of the programme is in line with the asset management plan and the self-financing business plan model. Funding is from the Major Repairs Reserve.
- 9.3 Cabinet has agreed a total budget of £14m for the Housing and Economic Development Programme. All schemes are expected to be completed by the end of the current year, but any slippage to this programme will be re-profiled as part of the year end process. This programme will be funded from borrowing, capital receipts and HCA grant. This programme has now come to an end as there are no further HRA resources available, any new schemes will be undertaken by the Eastbourne Housing Investment Company.

## **10.0 Eastbourne Homes Management Fee**

- 10.1 The Management Fee covers both operational and administration costs as well as responsive and cyclical maintenance.
- 10.2 The fee for 2016/17 was originally set at £7,319,500; this was then increased to £7,361,000 following the Cabinet approval of the new support charge in March 2016. It is proposed that the management fee will remain the same in 2017/18, the Board of Eastbourne Homes Ltd is considering whether it can be reduced.
- 10.3 To formally agree the management fee Members are asked to delegate this responsibility to the Chief Executive, in consultation with the Cabinet portfolio holders for Community Service and Finance Services and the Financial Services Manager.

## **11.0 Consultation**

- 11.1 The rent decrease reflects the requirements under the Welfare Reform and Work Act 2016. Additional consultation is carried out by engaging with

Residents Panels.

11.2 The Council is obliged to ensure that all tenants are given 28 days notice of any changes to their tenancy including changes to the rent they pay.

11.3 A copy of this report will be considered by the next meeting of the Scrutiny Committee on 30 January 2017. Any feedback will be reported verbally.

## **12.0 Implications**

12.1 Financial and Human Resources

There are no staffing implications arising out of this report.

12.2 Environmental

Eastbourne Homes is committed to delivering energy efficiency improvements in its maintenance and modernisation programme to help reduce heating costs in all homes.

12.3 Economic

The Council, in partnership with Eastbourne Homes, will make every effort to identify tenants who may face additional financial hardship as a result of rent or service charge increases in order to offer appropriate support and advice.

Anti-poverty activity by Eastbourne Homes Ltd takes place routinely throughout the year to maximise household income. This includes advice on benefits and arrears management. This targeted use of resources assists greatly in ensuring housing remains affordable

## **13.0 Conclusions**

13.1 The HRA Revenue Budget has been produced based on the policies set out in the HRA 30 year business plan and is showing an overall surplus of (£449k) for 2017/18.

13.2 The underlying HRA surplus has decreased between 2016/17 and 2017/18 due to the 1% rent decrease of £116k, increased borrowing costs resulting from the capital programme spending for 2016/17 of £64k and increase in the depreciation charge of £94k.

13.3 The levels of HRA balance and Housing Regeneration and Investment Reserve as at 31.3.18 are forecast to be £5m and £1.8m respectively. The Major Repairs Reserve is forecast to breakeven as expenditure is expected to equal contributions for 2017/18.

13.4 The rent levels have been prepared in accordance with the government's requirement to reduce rents by 1% a year for each of the four years from 2016-17 based on the rent charge as at 8 July 2015.

13.5 Service charges, heating and water charges are fixed weekly amounts set

at a level to recover the expected actual cost to be incurred for the respective properties in the forthcoming year.

- 13.6 Support charge is recommended to be retained at the 2016/17 level.
- 13.7 Garage rents are recommended to receive no increase.
- 13.8 Total budgeted expenditure on the HRA Capital Programme is planned at £4.2m for 2017/18. All new capital expenditure is solely on major repairs, which is funded from cash backed depreciation, as borrowing will have reached the maximum allowed within the self-financing settlement. The Major Repairs programme is in line with the asset management plan and HRA business plan model.

**Pauline Adams**  
**Financial Services Manager**

**Background Papers:**

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

*HRA 2017/2018 Budget working papers held by Eastbourne Council and Eastbourne Homes Ltd.*

*HRA Self Financing 30 year Business Plan.*

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

## HOUSING REVENUE ACCOUNT

2016-17			2017-2018
Original Budget £' 000	Revised Budget £'000		BUDGET £' 000
<b>INCOME</b>			
(14,580)	(14,647)	Gross Rents	(14,489)
(1,006)	(1,012)	Charges for Services	(1,061)
(15,586)	(15,659)	<b>GROSS INCOME</b>	<b>(15,550)</b>
<b>EXPENDITURE</b>			
7,319	7,361	Management Fee	7,361
1,002	955	Supervision and Management	1,023
126	81	Provision for Doubtful Debts	127
4,113	4,113	Depreciation and Impairment of Fixed Assets	4,206
12,560	12,510	<b>GROSS EXPENDITURE</b>	<b>12,717</b>
(3,026)	(3,149)	<b>NET COST OF SERVICES</b>	<b>(2,833)</b>
1,831	1,831	Loan Charges - Interest	1,895
(22)	(22)	Interest Receivable	(11)
(1,217)	(1,340)	<b>NET OPERATING SURPLUS</b>	<b>(949)</b>
924	924	Transfer to Reserves	500
(293)	(416)	<b>HOUSING REVENUE ACCOUNT (SURPLUS) / DEFICIT</b>	<b>(449)</b>
<b>HOUSING REVENUE ACCOUNT WORKING BALANCE</b>			
(3,549)	(3,678)	In Hand at 1st April	(4,094)
(293)	(416)	Transfer (To)/ From Working Balance	(449)
(3,842)	(4,094)	In Hand at 31st March	(4,543)

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HOUSING REVENUE ACCOUNT CAPITAL PROGRAMME 2016/17 - 2019/20							
Scheme	Total Scheme Cost	Spend to 31 March 2016	Approved Budget 2016/17	Revised Budget 2016/17	2017/18	2018/19	2019/20
<b>Managed By Eastbourne Homes</b>							
Major Works	Ongoing	Ongoing	4,072,650	4,892,700	4,166,300	4,250,400	4,376,200
Environmental Improvements		Ongoing	40,000	86,000	40,000	40,000	
			<b>4,112,650</b>	<b>4,978,700</b>	<b>4,206,300</b>	<b>4,290,400</b>	<b>4,376,200</b>
House Rescue Emergency Fund		-	-	200,000	-	-	-
<b>Empty Homes Programme Ph1</b>							
51-53 Seaside Road	343,615	315,584	-	28,061			
1-4 Arch Mews	620,480	612,166	-	8,314			
67 Langney Road	281,147	274,693	-	6,454			
19a Dallington	84,365	81,234	-	3,131			
Glynde Avenue & Bungalow	1,302,501	1,241,030	-	61,471			
3 St Aubyns Road	373,126	369,640	-	3,486			
F2, 20 Bourne Street	111,295	107,908	-	3,387			
<b>New Build Phase 1</b>							
Belmore & Longstone Road	1,431,468	1,108,669	-	322,799			
<b>New Build Phase 2</b>							
Sumach Close	1,858,171	31,224	1,315,425	1,826,947			
Rodmill			817,610	-			
Fort Lane	1,926,085	68,854	-	1,857,231			
Wayford Close	718,646	-		718,646			
<b>Empty Homes Programme Ph 2</b>							
1-5 Seaside	676,127	408,766	-	267,361			
62a Tideswell Road	542,515	149,156	-	393,359			
<b>Total HRA Capital Programme</b>			<b>7,712,285</b>	<b>10,679,347</b>	<b>4,206,300</b>	<b>4,290,400</b>	<b>4,376,200</b>
<b>Funded by:</b>							
Borrowing			1,646,710	1,585,661	-	-	-
Government Grant			545,000	165,500	-	-	-
Capital Receipts inc. RTB			1,407,925	3,067,445	-	-	-
Major Repairs Reserve			4,112,650	4,112,650	4,206,300	4,290,400	4,376,200
S106 Contributions			-	882,041	-	-	-
Revenue contributions from HRA			-	-	-	-	-
Reserves			-	866,050	-	-	-
<b>Total Financing</b>			<b>7,712,285</b>	<b>10,679,347</b>	<b>4,206,300</b>	<b>4,290,400</b>	<b>4,376,200</b>

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<b>COMMITTEE</b>	<b>CABINET</b>
<b>DATE</b>	<b>8 February 2017</b>
<b>SUBJECT</b>	<b>Tourist Accommodation Retention Supplementary Planning Document</b>
<b>REPORT OF</b>	<b>Director of Regeneration &amp; Planning</b>

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<b>Ward(s)</b>	Devonshire, Meads
<b>Purpose</b>	To seek Cabinet endorsement of the Tourist Accommodation Retention Supplementary Planning Document (SPD) for formal adoption at Full Council on 22 February 2017.
<b>Contact</b>	Matt Hitchen, Senior Strategy & Commissioning Officer (Planning Policy) 1 Grove Road, Eastbourne Tel no: (01323) 415253 E-mail: <a href="mailto:matt.hitchen@eastbourne.gov.uk">matt.hitchen@eastbourne.gov.uk</a>
<b>Recommendations</b>	<ol style="list-style-type: none"><li>1. That Cabinet endorse the Tourist Accommodation Retention SPD as set out in Appendix 4, and recommend its adoption by Full Council.</li><li>2. That Cabinet endorse, and recommend to Full Council, the revocation of the Assessment of Financial Viability of Tourist Accommodation Supplementary Planning Guidance as set out in Appendix 5.</li><li>3. That Cabinet recommend to Full Council 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 Cabinet portfolio holder.</li><li>4. That Cabinet agree the terms of reference for a Tourist Accommodation Consultative Group.</li></ol>

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## **1.0 Introduction**

1.1 Eastbourne Borough Council has prepared a Tourist Accommodation

Retention Supplementary Planning Document (SPD) to update the planning policy position in relation to tourist accommodation as a result of changes in visitor behaviour and attitudes in recent years. The new planning policy position will help the tourist accommodation stock remain fit for purpose and meet the requirements of current and future visitors.

- 1.2 The formulation of new planning policy can only take place through a Local Plan. As the next Local Plan is not due to be adopted until 2019, it is not possible to create a new policy for Tourist Accommodation at this current time. However, the production of a new Supplementary Planning Document allows a new interpretation of the existing policy, which will allow a new policy position to be provided.
- 1.3 A Supplementary Planning Document (SPD) is a planning policy document that builds upon and provides more detailed advice or guidance on the policies in a Local Plan. SPDs are material planning considerations in the determination of planning applications.
- 1.4 The Tourist Accommodation Retention SPD has been developed in consultation with Local Plan Steering Group and the Eastbourne Hospitality Association, and was subject to public consultation between 23 September and 4 November 2016. In order for it to be a material consideration in the determination of planning applications, it needs to be formally adopted by Full Council.
- 1.5 Once adopted, the Tourist Accommodation Retention SPD will supersede the existing Assessment of Financial Viability of Tourist Accommodation Supplementary Planning Guidance (SPG), which was adopted in 2004. Therefore there is a need for the Assessment of Financial Viability of Tourist Accommodation SPG to be revoked.

## **2.0 Background**

- 2.1 Eastbourne is one of the largest providers of tourist accommodation in the South East outside London, and has the 26<sup>th</sup> highest supply of hotel rooms in the country. Eastbourne has 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 are located within the area along the seafront defined as the Tourist Accommodation Area.
- 2.2 The majority of the rooms (81%) are located within hotels. Although there is one 5-star and two 4-star hotels in Eastbourne, the majority of supply is concentrated towards the lower end of the market in the three-star, two-star and budget categories.
- 2.3 Since 2008, there has 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 has led to a decrease in the proportion of trips to seaside destinations, as the tourist accommodation in these locations is often not up to the quality and standard that modern-day visitors expect.

- 2.4 The Tourist Accommodation Study (2015) considers that Eastbourne has an oversupply of lower quality accommodation, particularly that which previously catered for the coaching market. This oversupply means that average occupancy levels fall as the lower quality accommodation providers reduce their prices to attract custom, which in turn means other providers need to reconsider their pricing. This ultimately drives down the average room rate and occupancy levels, particularly during the low season, and means that owners are unable to continue to invest in the maintenance and upkeep of the property resulting in a downward spiral of poorer quality stock.
- 2.5 This has implications on how visitors perceive Eastbourne in terms of the quality of their visit and the likelihood of them returning or providing recommendations. It also impacts on how hotel investors perceive Eastbourne, which restricts the ability of the town to diversify the tourist accommodation offer to attract a broader range of visitors to Eastbourne thereby enhancing the destination's overall competitiveness.
- 2.6 The conclusion of the Tourist Accommodation Study is that there is a need to rebalance and diversify the supply of tourist accommodation with future emphasis on quality rather than quantity. This will allow Eastbourne's tourist accommodation to develop more organically and in turn appeal to and attract new markets.

### **3.0 Planning Policy Context**

- 3.1 The existing policies on tourist accommodation are contained within the Eastbourne Core Strategy 2006-2027 (adopted 2013), the Eastbourne Borough Plan 2001-2011 (adopted 2003) and the Assessment of Financial Viability of Tourist Accommodation SPG (adopted 2004).
- 3.2 The current position is that part of the seafront area is designated as the Tourist Accommodation Area, which represents what is considered to be the area where visitors would most expect to find visitor accommodation. The Tourist Accommodation Area is the area where the needs of tourists should prevail when considering development. At present, the majority of Eastbourne's tourist accommodation stock is concentrated within the Tourist Accommodation Area.
- 3.3 Within the Tourist Accommodation Area, applications that would result in the loss of tourist accommodation would only be permitted if it can be

demonstrated that the tourist accommodation is unviable. The 2004 SPG provides details on what evidence needs to be submitted to demonstrate that it is unviable.

- 3.4 The way that the 2004 SPG interprets the Borough Plan policy is very restrictive and makes it difficult for lower quality stock in areas that are located in streets away the seafront to change use in order to allow them to exit the market.
- 3.5 A rebalancing of the supply requires 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 is required.
- 3.6 However, due to the current stage of formulation of the Local Plan, it will not be possible to introduce a new policy until at least 2019. Therefore, the production of a new SPD will allow the existing Borough Plan policy to be interpreted differently to allow this change of approach to take place.

#### **4.0 Issues**

- 4.1 There are a number of issues that the new policy approach through the SPD is looking to address.

##### *4.2 Retaining an appropriate amount of accommodation*

It is essential that Eastbourne retains sufficient bedspaces to form a critical mass of accommodation that maintains the town's reputation as a tourist destination.

##### *4.3 Rebalancing the tourist accommodation stock to meet market demands*

There is a need to rebalance the supply, with future emphasis on quality rather than quantity, which can be achieved through a reduction in accommodation stock of lower quality in more secondary areas. This will help stimulate investment in better quality accommodation and develop more organically and in turn appeal to and attract new markets.

##### *4.4 Protecting the character of the seafront*

The importance of hotels along the seafront is crucial to the character and appearance, and also these locations are where tourist accommodation will be most viable due to the sea views.

##### *4.5 Clear and consistent policy*

It is important that the SPD is easily understood and can be applied consistently, but also allows for an element of sensitivity in order to

reflect changing circumstances.

#### 4.6 *Encourage owners to run their businesses appropriately*

If hoteliers think they can make money by selling their property for residential conversion, they may purposely run down the business. The SPD aims to discourage such actions.

### **5.0 New approach to Tourist Accommodation retention**

5.1 The basis for the change in approach is that it should be easier for lower quality tourist accommodation in less prominent locations to demonstrate that the continuing use as tourist accommodation is not viable, allowing them to change use. The gradual reduction of this lower quality accommodation from the supply will allow diversification in the product, increasing quality and making Eastbourne more resilient to changing market conditions.

5.2 As the Borough Plan policy cannot be changed, the Tourist Accommodation Area has to remain as it is. However, to facilitate the rebalancing of the tourist accommodation stock, the SPD proposes to split the Tourist Accommodation Area into a Primary Sector and a Secondary Sector.

5.3 The Primary Sector comprises the prime locations on the seafront with unobstructed sea views. Within these areas, significant amounts of evidence will be required to demonstrate that the continuing use of land as tourist accommodation is not viable, as these prime locations are where tourist accommodation should be most viable.

5.4 The Secondary Sector comprises the locations behind the seafront that do not have views of the sea or face onto gardens/squares. It is in these Secondary locations where there is a large concentration of lower quality accommodation that is struggling to compete, and this is where there should be a gradual reduction of poor quality stock, which in turn should help stimulate investment in better quality accommodation appealing to a broader range of visitors. Within these areas, the SPD will allow additional flexibility, with less onerous evidence requirements to justify a change of use, and more options in terms of partial conversion.

5.5 It is estimated that the Primary Sector contains 60 hotels and guesthouses, equating to approximately 2,600 rooms. The Secondary sector contains 25 hotels and guesthouses, equating to approximately 500 rooms.

### **6.0 Assessment of Viability of Tourist Accommodation**

6.1 The SPD sets out the criteria against which an application for the loss of

tourist accommodation will be assessed, in order to demonstrate whether or not the continuing use of the land as tourist accommodation is viable and economically sustainable. The SPD sets different criteria in the Primary and Secondary Sectors, in order to allow additional flexibility for tourist accommodation in the Secondary areas.

## 6.2 Primary Sector

6.2.1 Within the Primary Sector, applications for the loss of tourist accommodation will have to submit evidence to demonstrate compliance with a two-stage test.

6.2.2 The first stage involves an application needing to demonstrate that the existing use of the tourist accommodation is not viable. In order to do this, an applicant will have to submit evidence to demonstrate the following:

- There is no interest in the tourist accommodation business being bought as a going concern;
- The tourism accommodation business has been run in a reasonable and professional manner, and a serious and sustained effort has been made to save the business;
- The physical condition and cost of repair of the building would be prohibitive to running a viable business; and
- The running costs of the business cannot be covered.

6.2.3 Details of the evidence required to be submitted in order to allow this to be assessed is set out in the SPD.

6.2.4 Once the first stage has been satisfied, the second stage applies. The second stage of the test is the consideration of other tourist accommodation uses. Firstly, the applicant should show that they have considered partial conversion to unserviced accommodation (e.g. holiday flats), and then full conversion to unserviced accommodation, and then partial conversion to residential, before a complete loss of tourist accommodation can be justified.

## 6.3 Secondary Sector

6.3.1 Within the Secondary Sector, proposals for partial or full conversion to unserviced accommodation, or partial conversion to residential, will be supported. This is because it will reduce the number of rooms whilst enabling investment in the remaining serviced accommodation, enhancing the quality of the accommodation. This will be secured by a Section 106 legal agreement.

6.3.2 Proposals for the complete loss of tourist accommodation will need to



submit evidence to demonstrate the following:

- There is no interest in the tourist accommodation business being bought as a going concern;
- The tourism accommodation business has been run in a reasonable and professional manner; and
- The running costs of the business cannot be covered.

6.3.3 The evidence required to be submitted in order to allow this to be assessed is set out in the SPD.

## **7.0 Consultation**

7.1 The drafting of the Tourist Accommodation Retention SPD was informed by a Tourist Accommodation Study, produced in 2015 by consultants Acorn Tourism Consulting Ltd. It was also influenced by consultation responses received on the Seafront Local Plan Issues and Options Report, as well as through thorough discussions with the Eastbourne Hospitality Association.

7.2 A Draft Tourist Accommodation Retention SPD was subject to a 6 week consultation period between 23 September and 4 November 2016 to allow stakeholders and the local community to comment and make representations.

7.3 During the SPD consultation period, a total of 17 representations were submitted from 10 respondents. It is not considered that any of the representations raised any major issues. A full list of the representations received and responses is provided as Appendix 1.

7.4 In response to representations and reflection on the SPD since it was drafted, a small number of minor modifications are proposed to the SPD before adoption. A schedule of changes to the SPD is provided as Appendix 2.

## **8.0 Tourist Accommodation Consultative Group**

8.1 The draft SPD that was published for consultation contained reference to the formation of a Tourist Accommodation Consultative Group that could be used to assess the calibre of the application and whether or not the criteria have been met. This is a similar approach to that taken by other local authorities with similar issues to Eastbourne, most notably Bournemouth Borough Council.

8.2 It is envisaged that the Tourist Accommodation Consultative Group would evaluate proposals that would result in the loss of partial loss of tourist accommodation against the criteria set out in the Tourist

Accommodation Retention SPD. It is considered that this would be beneficial as it would provide a trade perspective on the factors which might influence the viability of a tourism accommodation business and would allow appropriate constructive criticism and advice to be given to business owners that will enhance the quality of any planning application submitted and allow it to be determined within statutory time limits.

8.3 The comments and recommendations of the Group would be a material consideration in the determination of an application for planning permission. However it is important to note that the role of the group would be strictly advisory and that the Council would not bound by its advice.

8.4 It is envisaged that the Tourist Accommodation Consultative Group would contain representatives from the Eastbourne Hospitality Association (one of whom would chair the group), officers from Eastbourne Borough Council, and a local property agent who is not connected with the proposal. The Eastbourne Hospitality Association has agreed to provide all administrative support to the group.

8.5 The Terms of Reference for the group is provided as Appendix 3.

## **9.0 Implications**

### **9.1 Legal Implications**

9.1.1 The Tourist Accommodation Retention SPD has been prepared in order to comply with Regulation 12 of the Town & Country Planning (Local Planning) (England) Regulations 2012, and with regard to the requirements of the National Planning Policy Framework.

9.1.2 The Local Authorities (Functions and Responsibilities) (England) Regulations 2000 requires that the adoption of a Supplementary Planning Document is a function of Full Council. However, it is a proper function of Cabinet to consider the SPD make a recommendation to Full Council for its adoption with or without amendment.

9.1.3 Following adoption, there is a 3 month period where any person aggrieved by the decision to adopt the Tourist Accommodation Retention SPD may make an application to the High Court for judicial review. Any application for judicial review should be made not later than 3 months after the date of adoption (i.e. no later than Wednesday 17 May 2017).

9.1.4 In revoking the Assessment of Financial Viability of Tourist Accommodation SPG, Regulation 15 of the Town and Country Planning (Local Planning) (England) Regulations 2012 requires that the Local Planning Authority cease to make any documents relating to the revoked

SPG available and take such other steps as it considers necessary to draw the revocation of the documents to the attention of persons living and working in their area. Therefore, and subject to Council agreeing recommendation 2 to this report, the SPG would be removed from the Council's website and a statement made available on the website and in next year's Authority Monitoring Report that the SPG has been revoked. (Lawyer consulted 16.1.17. Legal ref: 005954-EBC-OD).

## 9.2 Financial Implications

9.2.1 There are no financial implications to the Council as a direct result of this report.

## 9.3 Human Resource Implications

9.3.1 The Head of Tourism & Enterprise and a member of the Regeneration & Planning Policy team will attend meetings of the Tourist Accommodation Consultative Group as and when meetings are needed. Eastbourne Hospitality Association will provide administration support for the group, so it is not expected that there will be a significant resource implication for the Council.

## 9.4 Equalities and Fairness Implications

9.4.1 An Equalities and Fairness Impact Assessment has been undertaken and the assessment demonstrates that the Tourist Accommodation Retention SPD is unlikely to have any significant impact on equalities and fairness.

## **10.0 Conclusion**

10.1 There is a need for a change of planning policy approach to tourist accommodation as a result of changes in the tourism market and visitor behaviour since the policy was adopted. At this stage, the most appropriate method of implementing a new approach is through the creation of a new SPD to provide guidance on how planning policy should be interpreted.

10.2 The Tourist Accommodation Retention SPD was published for consultation between 23 September and 4 November 2016. A total of 17 representations were submitted from 10 respondents. It is not considered that any of the representations raised any major issues, although some minor amendments are proposed to the SPD.

10.3 The formation of a Tourist Accommodation Consultative Group, consisting of representatives from the Eastbourne Hospitality Association, EBC officers and a local property agent, will 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 can be determined more swiftly.

- 10.4 The SPD will need to be adopted by Full Council before it can be used in the determination of planning applications. The Assessment of Financial Viability of Tourist Accommodation SPG, which the new SPD will replace, will also need to be revoked.
- 10.5 Cabinet are requested to recommend to Full Council that the Tourist Accommodation Retention SPD be formally adopted at the Full Council meeting on 22 February 2017.
- 

#### Background Papers:

- Tourist Accommodation Retention Supplementary Planning Document (EBC, January 2016)
- Tourist Accommodation Retention SPD Statement of Consultation (EBC, January 2016)
- Tourist Accommodation Retention SPD Sustainability Appraisal Screening Report (EBC, August 2016)
- Assessment of Financial Viability of Tourist Accommodation Supplementary Planning Guidance (EBC, 2004)
- Tourist Accommodation Study (Acorn Tourism Consulting Ltd, 2015)
- Eastbourne Core Strategy Local Plan 2006-2027 (EBC, 2013)
- Eastbourne Borough Plan 2001-2011 (EBC, 2003)
- Here to Stay: Tourist Accommodation Retention & Loss - Guidance for Local Authorities on the Development of Planning Policy (Tourism South East, 2006)
- National Planning Policy Framework (DCLG, 2012)

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

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## APPENDIX 1

**Table of Representations Received on Draft SPD**

Rep ID	Name	Section	Representation	Officer Response
TAR_SPD/01	A Bythesea	Introduction	Why does the tourist area not extend to the harbour? There was planning permission for a hotel by the Martello tower the far side of water treatment works. This would provide another tourist area with great beaches and allow a recreational bar/cafe for residents in that area.	<p>The SPD provides a detail to assist in the interpretation of an existing policy. The SPD is not able to amend existing policy. The Tourist Accommodation Area is part of existing policy, and therefore cannot be amended by this SPD to extend as far as Sovereign Harbour.</p> <p>The Tourist Accommodation Area as defined by existing policy represents the area where it would be most expected to find tourist accommodation. It is considered that the area around Treasure Island is the eastern extent of the area in which visitors would expect to find accommodation.</p> <p>Although the site at Sovereign Harbour close to the Water Treatment Works was identified for a tourism use in the past, this site is now subject to an extant planning permission for residential development, and therefore is no longer available for a hotel.</p>
TAR_SPD/02	Mike Reid (Reid+Dean)	Assessment of Viability	I consider the threshold of 15 bedrooms (better defined as 15 letting bedrooms) is too high. I think the determining factor on whether the business is "lifestyle" is whether staff need to be employed to run it. The majority of businesses with up to 8 letting bedrooms are	<p>The SPD recognises that a 'lifestyle business' is a blend of home and business, set up with the aim of achieving a certain level of income.</p> <p>It is appreciated that definition would suggest that the business does not employ staff to</p>

Rep ID	Name	Section	Representation	Officer Response
			run by a husband and wife team and are truly "lifestyle". Any more letting bedrooms than this then staff will normally need to be employed.	<p>help run it, and consideration has been given to amending the threshold to 8 rooms.</p> <p>However, the EHA are aware of a number of establishments of more than 8 rooms who do not take on staff. In addition, it is the experience of the EHA that smaller businesses of less than 15 rooms are unlikely to have business plans for the purposes of the assessment criteria. In addition, a threshold of 15 rooms is used in other situations, such as by the TV licencing authority who require a different type of licences for establishments over 15 rooms. Therefore it is considered that a threshold of 15 rooms is appropriate for the purposes of this SPD.</p>
TAR_SPD/03	Mike Reid (Reid+Dean)	Assessment of Viability – Proposals within the Primary Sector of the Tourist Accommodation Area – para 5.12	The phrasing of Criteria B is wrong. Change "save" to "promote"	<p>Applications submitted for change of use in the Primary sector will be on the basis that the applicant believes that the tourist accommodation is unviable and cannot be saved. If the tourist accommodation can be saved, it would not satisfy the criteria in the SPD as a whole.</p> <p>Therefore it is considered the "save" is the correct word in this context.</p>
TAR_SPD/04	Mike Reid (Reid+Dean)	Assessment of Viability – Proposals within the Primary Sector of the	At 5.20 it should be noted that for many years banks will not lend on a closed business (on its own account). They will usually only be interested in funding after three years of trading.	<p>The unwillingness of banks to lend on a closed business is noted.</p> <p>However, for the purposes of the SPD, if a tourist accommodation establishment with no trading history provided the information</p>

Rep ID	Name	Section	Representation	Officer Response
		Tourist Accommodation Area – para 5.20		<p>required and had been turned down for a bank loan, this would demonstrate a clear intention to get the establishment up and running, but it has not been possible.</p> <p>Therefore it is considered that there is no reason to amend para 5.20.</p>
TAR_SPD/05	Mike Reid (Reid+Dean)	Assessment of Viability – Proposals within the Secondary Sector of the Tourist Accommodation Area	Taken overall there is no reference to the Council's attitude to "winter lettings". Each establishment will have its own season and for many smaller ones they will effectively be closed for more than half the year. The policy should have regard to, and maybe encourage the use of winter lettings even if that does not include any meals being provided. It should at least give the opportunity for this kind of letting without incurring enforcement.	<p>It is not considered appropriate for the SPD to encourage "winter lettings" of tourist accommodation where it would function as permanent accommodation.</p> <p>The main conference season in Eastbourne is in the 'shoulder' months and it is considered that there is sufficient demand for a well-run business to run all year round. In addition, as a blend of home and income, a 'Lifestyle business' should be able to open and close accordingly.</p> <p>The use of an establishment as permanent accommodation, even if just in the winter, would constitute a HMO, which is not permissible by policy.</p>
TAR_SPD/06	Kath Boak	Assessment of Viability – Proposals within the Primary Sector of the Tourist Accommodation	This policy does a lot to update the current policies in line with modern tourism. I think it is good.	Noted.

Rep ID	Name	Section	Representation	Officer Response
		Area		
TAR_SPD/07	Stuart Bannerman	Tourist Accommodation Area	Whilst the objective is sound, some idea is needed about what other uses will be acceptable in the secondary area. A more comprehensive plan is essential to prevent uncertainty and/or confusion leading to a planning vacuum - which in turn (and in time) could undermine the primary area. Obviously not HMOs, so what else can be ruled out and what might be ruled in?	Other uses that are compatible with tourist accommodation uses would be considered acceptable, in accordance with existing policy. The compatibility of any proposed use with tourist accommodation uses would be assessed through the planning application process.  Conversion to HMO is specifically ruled out as it is considered that it would be incompatible with the tourist accommodation use. There may be other uses that would also be incompatible. It is not possible to identify exactly what uses would be appropriate – this would be determined at the planning application stage.
TAR_SPD/08	Craig Booth	Tourist Accommodation Area	I agree that it is essential that redundant tourist accommodation is not allowed to be turned in to HMO's, or bed-sit style accommodation. Is there a method by which the planning authority could insist that buildings were kept as single family dwellings, or larger flats? I think such usage would encourage better maintenance, which will be crucial to maintain the welcoming appearance of the tourist accommodation areas.	It is not possible to insist that tourist accommodation that changes use to residential only does so in the form of single family dwellings or large flats. However, the Government have published nationally described space standards for new dwellings, and new residential units should comply with these standards.
TAR_SPD/09	Einar Solgaard	Assessment of Viability –	Additional criteria: Demonstrate that it has been attempted without success to merge the	It is not considered reasonable to require that tourist accommodation establishments merge



Rep ID	Name	Section	Representation	Officer Response
		Proposals within the Primary Sector of the Tourist Accommodation Area	tourist accommodation with neighbouring TAs to create a more robust business.	with neighbouring establishments. In addition, the Tourist Accommodation Study recognises that the establishments with between 10 and 50 rooms are too large for a lifestyle business, but too small to operate efficiently as a mainstream commercial hotel. Requiring tourist accommodation to consider merging could recreate more establishments between 10 and 50 rooms, and therefore would not necessarily create a more robust business.
TAR_SPD/10	Einar Solgaard	Assessment of Viability – Proposals within the Secondary Sector of the Tourist Accommodation Area	Additional criteria: Demonstrate that it has been attempted without success to merge the tourist accommodation with neighbouring TAs to create a more robust business.	See response to TAR_SPD/09.
TAR_SPD/11	Roger Clark	Background & Context – Background – para 2.7	<p>Since 1984 we have been a holiday accommodation provider on Eastbourne's seafront &amp; adjacent to it also. We have noticed over the past decade or so there has been a decline in visitors wanting accommodation with us. Thankfully we have many repeat bookings, because we provide what is expected/ needed. Our visitors love Eastbourne &amp; the surrounding areas, &amp; use their own transport to explore.</p> <p>Unfortunately the decline began years ago</p>	The Tourist Accommodation Study recognises that there is a need to upgrade the supply of tourist accommodation in order to meet future market needs and attract a wider range of people. However, due to Eastbourne being a highly seasonal destination this does not necessarily mean expanding the number of available rooms, but rather focusing on diversifying the product and enhancing the overall quality. The Tourist Accommodation Retention SPD aims to do this by allowing

Rep ID	Name	Section	Representation	Officer Response
			<p>when the big coach companies came to Eastbourne offering in their hotels "cut price all-in holidays" (for a few days-- not a week), which included ease of travel, in house entertainment, trips out etc. This is still on going. Of course it is mainly visitor age related, but has had a knock on effect for us, re our age related guests, as it has for the rest of smaller accommodation establishments.</p> <p>Thankfully we do have families, younger people too, who stay.</p>	<p>additional flexibility for tourist accommodation establishments in secondary locations to exit the market and reduce some of the oversupply. The advantage of this is that this will help change the structure of the tourist accommodation stock in order to appeal to a wider range of visitors and respond to market trends.</p> <p>Eastbourne Borough Council is also undertaking a rebranding exercise that will help with aspirations for changing the perception of the destination and attracting more families and younger people to visit.</p>
TAR_SPD/12	Roger Clark	Tourist Accommodation Area – para 4.6 / 4.7	Regarding the "gradual reduction of stock" in the Primary & Secondary areas (Eastbourne's eastern seafront) tourist accommodation buildings should be returned wholly to residential use, with the proviso that a building is not divided into separate flats, or made into an HMO, or let for student accommodation.	<p>It is not possible to insist that tourist accommodation that changes use to residential only does so in the form of a single dwelling and not in the form of flats.</p> <p>However, the current policy does resist changes of use within the Tourist Accommodation Area to uses that are considered to be incompatible with tourist accommodation use. Borough Plan Policy HO14 specifically states that HMOs will not be permitted in the tourist accommodation area.</p>
TAR_SPD/13	Roger Clark	Tourist Accommodation Area – para 4.9	"Gradual reduction of stock" should be returned to wholly residential use, not divided into separate flats, or given to student accommodation, or HMO's	See response to TAR_SPD/12.

Rep ID	Name	Section	Representation	Officer Response
TAR_SPD/14	Natural England	General	Whilst we welcome this opportunity to give our views, the topic of the Supplementary Planning Document does not appear to relate to our interests to any significant extent. We therefore do not wish to comment.	Noted.
TAR_SPD/15	Highways England	General	We have reviewed the consultation document and do not wish to make any comments.	Noted.
TAR_SPD/16	Marie Nagy (Teal Planning on behalf of Sovereign Harbour Limited)	Background and Context	<p>It is appreciated that the SPD deals specifically with the retention of tourist accommodation and how proposals for the loss of accommodation within the proposed primary and secondary tourist accommodation areas will be assessed. The document's Background and Context Sections however has two significant omissions. These should be addressed if future trends in the visitor accommodation sector are to be fully understood and future planning applications appropriately appraised.</p> <p>The significance of the Business / Conferencing Sector, as a demand group for accommodation is not recognised. Trends in this sector (and within the local economy overall) are important for Eastbourne and for its accommodation providers across the town, including outside of the proposed primary and secondary areas set out in the SPD.</p>	<p>The Tourist Accommodation Retention SPD aims to update the interpretation of existing policy relating to the loss of tourist accommodation in light of changes in the tourism market. The SPD is only relevant to existing policy and cannot change this.</p> <p>However, it is accepted that the conferencing sector and associated demand for accommodation is part of the context to the changes in the tourism market, and therefore reference to this will be added into the Background and Context section.</p>
TAR_SPD/	Marie Nagy	Background and	The role of Sovereign Harbour as a visitor	The SPD interprets existing policy relating to

Rep ID	Name	Section	Representation	Officer Response
17	(Teal Planning on behalf of Sovereign Harbour Limited)	Context	<p>destination, with EBC's ambitions to strengthen this, in particular for business based visitors should also be acknowledged. Sovereign Harbour currently has no formal tourist accommodation. The Draft Tourism Accommodation SPD however includes a photograph of Sovereign Harbour on its front cover, thereby acknowledging the neighbourhood's importance as a visitor attraction.</p> <p>Site 1 at the Harbour was previously set aside for a new hotel, the Sovereign Harbour SPD lists hotel accommodation as an appropriate addition to the Harbour, and outline permission has been granted for possible new accommodation on Sites 4 and 7a. EBC's other emerging policy document, the ELLP, as drafted and promoted by EBC, however actively seeks to limit the provision of such accommodation to the remaining smaller sites within the neighbourhood which will limit the format of visitor accommodation that can be provided and in turn limit operator interest and take-up.</p> <p>If visitor accommodation can progress here (on the smaller sites or ultimately the larger available site, Site 7a), this will support both tourist and business based visitors.</p> <p>The SPD must recognise this planning background, the new offers that may come forward at the Harbour and how it will</p>	<p>the retention of tourist accommodation. This policy only applies to the Tourist Accommodation Area and not to Sovereign Harbour. The design of the front cover of the SPD follows a standard template for all of Eastbourne Borough Council's planning policy documents. The picture of Sovereign Harbour is part of this template and not specific to the Tourist Accommodation Retention SPD.</p> <p>The SPD updates the interpretation of existing policy relating to the retention of tourist accommodation; it does not deal with new accommodation. The 'Background &amp; Context' section of the SPD recognises that there is an oversupply of accommodation stock, and a reduction is required to help stimulate investment in better quality accommodation appealing to a broader range of visitors. It is considered that this planning background is sufficient for the purposes of this SPD.</p>

Rep ID	Name	Section	Representation	Officer Response
			<p>contribute to the overall range of tourist accommodation for the town's visitors. This may impact on the Draft SPD's proposed primary and secondary tourist accommodation area but it will support the provision a wider choice for visitors, strengthening the town's as well as the Harbour's offer overall.</p>	

## APPENDIX 2

### Schedule of Changes to the Draft SPD

**Note:** Deleted text highlighted by ~~strikethrough~~. New text highlighted in red and underlined.

Ref	Section	Modification
C1	Introduction – Status of Supplementary Planning Document	Amend para 1.6:  This <del>draft</del> Tourist Accommodation Retention SPD has been prepared for consultation with the local community and other stakeholders. <u>It was subject to public consultation between 23<sup>rd</sup> September and 4<sup>th</sup> November 2016.</u>
C2	Introduction – Status of Supplementary Planning Document	Amend para 1.7:  <del>Once adopted, the</del> <u>The</u> Tourist Accommodation Retention SPD <del>will be</del> <u>is</u> a material consideration in the determination of planning applications. It <del>will then supersede</del> <u>has superseded</u> the <i>Assessment of Financial Viability of Tourist Accommodation Supplementary Planning Guidance</i> , which was adopted 2004.
C3	Introduction - Consultation	Delete para 1.9 to para 1.12.
C4	Background and Context – Background	Add new paragraph after para 2.7:  <u>In terms of conferencing, Eastbourne hosts an average of between 18 and 20 conferences per annum, attracting an average of between 12,500 and 14,500 delegates per year. However one of the constraints facing the conference market in Eastbourne in terms of attracting more corporate residential conferencing is that the majority of corporates do not book two- or three-star independent hotels, which are prevalent within Eastbourne’s tourist accommodation stock.</u>
C5	Background and Context - Issues	Add new paragraph after para 2.18:  <u>A £40m upgrade is being made to the town’s theatre and cultural offer at the Devonshire Park Complex, which will help to attract a new conference market to the</u>

Ref	Section	Modification
		<p><u>town. It is anticipated that rebalancing the tourist accommodation supply will attract investment to deliver the quality of accommodation that would appeal to the conference market, which will complement the Devonshire Park development.</u></p>
C6	Assessment of Viability	<p>Amend para 5.5:</p> <p><del>It is envisaged that a consultative group could be formed</del> <u>A Tourist Accommodation Consultative Group has been set up</u> to assess the calibre of the <del>application</del> <u>proposals for the loss of tourist accommodation</u> and <u>provide a view on</u> whether or not the criteria have been met. <u>The Tourist Accommodation Consultative Group will consist of Council officers and industry experts, including representation from the Eastbourne Hospitality Associations who will provide a trade perspective on proposals.</u> <del>It will be strongly recommended that any applicant should engage with this group before submission of an application.</del> Any recommendation made by the consultative group will be a material consideration in the determination of the application.</p>
C7	Assessment of Viability	<p>Add new paragraphs after para 5.5:</p> <p><u>It is strongly recommended that any prospective applicant for a proposal involving the loss of tourist accommodation should engage with this group before submission of an application. This can be done by submitting a request for pre-application advice via the Eastbourne Borough Council website (footnote: <a href="http://www.eastbourne.gov.uk/businesses/planning-and-building-control/make-planning-application/pre-application-advice/">http://www.eastbourne.gov.uk/businesses/planning-and-building-control/make-planning-application/pre-application-advice/</a>), which will be passed to the Tourist Accommodation Consultative Group for consideration.</u></p> <p><u>There is no obligation for prospective applicants to engage with the Tourist Accommodation Consultative Group; however it is considered that this would be in the interests of the prospective applicant so that they can better understand the way in which an application will be judged against the criteria in the SPD. This will help to ensure that any future application is complete and comprehensive, which will ensure a smoother and quicker passage through the decision making process and avoid early refusal of permission because of inadequate or insufficient information.</u></p>

Ref	Section	Modification
C8	Assessment of Viability	<p>Amend para 5.10:</p> <p>It is considered that an appropriate threshold for 'lifestyle businesses' is 15 <u>letting</u> bedrooms. Establishments that are over 15 <u>letting</u> rooms are less likely to be run as 'lifestyle businesses' and would be expected to operate in a more commercial manner. Therefore such businesses would be expected to have business plans and marketing tools that would not necessarily be available to 'lifestyle businesses'. Therefore the council will apply additional flexibility when examining evidence provided by a "lifestyle business.</p>



## **APPENDIX 3**

### **Tourist Accommodation Consultative Group – Terms of Reference**

**Name of group:** EASTBOURNE TOURIST ACCOMMODATION  
CONSULTATIVE GROUP

**Title:** TERMS OF REFERENCE (FEBRUARY 2017)

#### **Purpose / role of the group:**

1. The purpose of the Eastbourne Tourist Accommodation Consultative Group ("*the Group*") is to evaluate proposals that would result in the loss of partial loss of tourist accommodation against the criteria set out in the Tourist Accommodation Retention Supplementary Planning Document (SPD) (February 2017), in order to improve the standard and quality of applications and ensure that policy requirements have been met before planning application is submitted.
2. The role of the Group, which is independent from the development management function of the Council, is to provide a trade perspective on the factors which might influence the viability of a tourism accommodation and provide appropriate constructive criticism and advice to business owners and their appointed agents that will enhance the quality of the details to be submitted in support of a planning application for loss of tourist accommodation.
3. The aim of the Group is to ensure that sufficient information has been provided for a proposal for the loss of tourist accommodation to satisfy the criteria within the Tourist Accommodation Retention SPD. The Group will provide a recommendation to the Council as to whether the criteria have been met.
4. There will be a collective responsibility of those involved in the group to publicise the group's existence and encourage prospective applicants to engage with the group at the pre-application stage. However there is no obligation for a prospective applicant to use the pre-application advice service.
5. Although the intention is for the Group to be engaged at the pre-application stage, where an applicant submits a planning application without seeking the views of the Group, the Group will still make a recommendation as to whether the criteria set out in the Tourist Accommodation Retention SPD have been complied with.
6. The Group does not have any statutory planning function in its own right, but its guidance will be a material consideration for Eastbourne Borough Council's statutory planning function. For the avoidance of doubt the Council is under no obligation to strictly adhere to the advice of the Group.

## **Structure of the Group:**

7. The Group will be composed of:
  - Two representatives from the Eastbourne Hospitality Association;
  - The Head of Tourism & Enterprise at Eastbourne Borough Council;
  - A member of the Regeneration & Planning Policy team at Eastbourne Borough Council; and
  - A local property agent who is not connected to the proposal.
8. The Planning Case Officer from Eastbourne Borough Council will be invited to Group meetings as an observer and discretionary contributor.
9. The Group will be chaired by a representative from the Eastbourne Hospitality Association. The chair will act as a co-ordinator at all meetings. Recommendations should be made by vote of group members, based on a majority vote, which may include the chair.
10. All activity carried out under the auspices of the Group is to be done with prior agreement from the group members; this should also include declaration of interests of conflict.
11. The administration for the Group will be provided by the Eastbourne Hospitality Association. This will include, but not be limited to: setting up meetings; inviting Group members to meetings; taking minutes of meetings; and circulating minutes for approval.

## **Working Methods:**

12. The Group will carry out its functions through group meetings. These meetings will be held as and when necessary to discuss proposals that are submitted. The meetings are not public meetings.
13. The prospective applicant should submit a pre-application advice request to Eastbourne Borough Council, including evidence to support their proposal.
14. There is no obligation to use the Group at pre-application stage. However, where the view of Group has not been obtained and the required information has not been submitted with the application, this will impact upon the Local Planning Authority's ability to assess the application within the required timeframe, and will run the risk of the Council refusing permission on the basis of inadequate viability information being presented.
15. When a pre-application advice request or a planning application relating to the loss of tourist accommodation is submitted, Eastbourne Borough Council will inform the Eastbourne Hospitality Association about the proposal and request that a Group meeting be arranged.
16. Meetings will be organised by the Eastbourne Hospitality Association. Details and papers relating to the proposal up for discussion should be distributed by the

Eastbourne Hospitality Association to the other group members at least five working days in advance of the meeting.

17. The business owner or an agent acting on their behalf should be invited to the meeting to present their proposal and evidence. The group will discuss the proposal and the evidence submitted, and provide advice to the prospective applicant as to whether evidence submitted is in accordance with policy, or whether additional evidence/actions are required.
18. Following the group meeting, the Eastbourne Hospitality Association will circulate notes of meeting for approval, and subsequently feedback to applicant who can decide whether to submit application. The recommendation of the Group will be a material consideration in any future planning application.

### **Accountability:**

19. The Eastbourne Hospitality Association is responsible for arranging meetings, writing up the notes of the meeting and circulating them to Group members who attended the meeting for revision and refinement. Once approved, the Eastbourne Hospitality Association is responsible for sending the final comments to the prospective applicant and the Local Planning Authority.
20. All Group members are expected to be objective and professional in making comments and will be excluded from discussing proposals where they may be exposed to conflicts of interest. Where a conflict of interest becomes apparent, that member should inform the remaining group members and nominate a substitute to replace them.
21. Group Members will be expected to:
  - Focus on whether or not proposals are consistent with the Tourist Accommodation Retention SPD
  - Act respectfully and politely to presenting property owners/agents and fellow Group members
  - Conduct themselves in accordance with the Nolan Principles for public service<sup>1</sup>.
  - Encourage fair interpretation of relevant, up-to-date, legislation, policy and guidance
  - Contribute to a sound, collective, well-informed, professional opinion and avoid making personal or prejudiced comments
  - Respect the confidential nature of the proposals at the pre-application stage.

### **Sharing of information and resources:**

22. The Group will use email as a means of communication, including the sharing of information and resources related to any proposals that are to be discussed by the group.

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<sup>1</sup> The 7 principles of public life (<https://www.gov.uk/government/publications/the-7-principles-of-public-life/the-7-principles-of-public-life--2>)

23. Through the Group, confidential information relating to a proposal may be disclosed. This information should remain confidential and not be discussed outside of the Group meeting.
24. Information about the proposal and the response and recommendations from the Group will remain confidential at pre-application stage. However, the response and recommendations from the Group will be made public once the proposal is formally registered as a planning application.

**Review:**

25. The operation of the Group will be subject to a process of on-going review to refine and adjust the process in the light of practical experience, in an effort to ensure its function remains responsive and effective.
26. The Group Terms of Reference will be reviewed annually through the Council's Local Plan Steering Group and the Cabinet Portfolio Holder, in consultation with the Eastbourne Hospitality Association.

## **APPENDIX 4**

### **Tourist Accommodation Retention Supplementary Planning Document**

## **APPENDIX 5**

### **Assessment of Financial Viability of Tourist Accommodation Supplementary Planning Guidance**

# Tourist Accommodation Retention Supplementary Planning Document

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## 1.0 Introduction

- 1.1 Tourism is crucial to Eastbourne's economy. In 2014, over 5 million people visited Eastbourne, contributing nearly £380 million to the local economy with 20% of all jobs in Eastbourne being supported by tourism-related spending. A significant proportion of this income is generated through overnight visitors staying in the town's hotels, guesthouses and holiday flats. In order for Eastbourne to continue to thrive as a tourist destination there needs to be an appropriate supply of accommodation to cater for visitors.
- 1.2 Since the current planning policies relating to tourist accommodation were adopted, there have been significant changes in the tourism market, and particularly shifts in the behaviours and attitudes of tourists to the types of holiday, the destinations they visit and the type of accommodation that they want stay in.
- 1.3 It is crucial that the accommodation stock remains fit for purpose and meets the requirements of current and future visitors to the area in terms of quality, type and quantity. To assist in this endeavour, Eastbourne Borough Council has prepared a Tourist Accommodation Retention Supplementary Planning Document to update the interpretation of existing planning policies relating to tourist accommodation in light of changes in the tourism market and the expectations of overnight visitors.
- 1.4 This SPD is aimed at prospective applicants for planning permission to redevelop or change the use of hotels, guest houses and unserviced tourist accommodation that are located within the defined Tourist Accommodation Area. It sets out additional information on how planning policies relating to Tourist Accommodation will be implemented, and what is required in order to satisfy the policy and the reasons why such information is sought.
- 1.5 A Supplementary Planning Document (SPD) is a planning policy document that builds upon and provides more detailed advice or guidance on the policies in a Local Plan. The purpose of a SPD is to help applicants make successful applications<sup>1</sup>.

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<sup>1</sup> National Planning Policy Framework, para 153



## Status of Supplementary Planning Document

- 1.6 This Tourist Accommodation Retention SPD has been prepared for consultation with the local community and other stakeholders. It was subject to public consultation between 23<sup>rd</sup> September and 4<sup>th</sup> November 2016.
- 1.7 The Tourist Accommodation Retention SPD is a material consideration in the determination of planning applications. It has superseded the *Assessment of Financial Viability of Tourist Accommodation Supplementary Planning Guidance*, which was adopted 2004.
- 1.8 This SPD will provide policy advice on applications relating to the retention of tourist accommodation until new policies are adopted as part of the new Eastbourne Local Plan. This is likely to be adopted by 2020.

## 2.0 Background and Context

### Background

- 2.1 Eastbourne is one of the largest providers of tourist accommodation in the South East outside London, and has the 26<sup>th</sup> highest supply of hotel rooms in the country. However it is important that a seaside resort like Eastbourne has the right quality and quantity of tourist accommodation because if this is not right, visitors are unlikely to return.
- 2.2 In 2014, around 707,000 visitors stayed overnight in Eastbourne, staying for an average of just under three nights each. The majority of overnight stays were from domestic visitors (92%). Overnight visitors spent £167.8 million in Eastbourne, equating to approximately £237 each. This compares to approximately £29 each for day trippers. This demonstrates how important overnight stays and tourist accommodation is for the local economy.
- 2.3 Eastbourne has approximately 250 accommodation establishments (including hotels, guest houses, Bed & Breakfast and self-catering lets) with a total of around 3,500 rooms. 63% of Eastbourne's hotels are independent establishments, which is second only to Blackpool across the country.
- 2.4 In Eastbourne, a number of hotels are located immediately adjacent to the seafront, with the areas immediately behind the seafront being a mixture of residential and tourist accommodation. Many of the properties in this area were initially built as residential properties, which means that there is pressure to convert the buildings used as tourist accommodation back into residential. It is important to recognise that in such areas, residential and tourism uses can co-exist and that one use does not necessarily have to dominate.
- 2.5 Visitor Research conducted in 2012 indicated that accommodation usage in Eastbourne varies significantly by trip type and age of visitor. Hotels are more popular for those on a repeat visit, for couples, and older visitors, whilst B&B establishments have greater appeal amongst first time visitors, especially the under 35s.
- 2.6 The Tourist Accommodation Study identifies that there has been a notable change in holiday behaviour amongst British residents since 2008, with the 'staycation' phenomenon emerging in response to the economic recession. However, trends are showing that consumers are increasingly enjoying taking

multiple trips throughout the year rather than waiting for a single 'big' holiday. This has resulted in the average stay becoming shorter, with the average domestic holiday-taker being older and more affluent.

- 2.7 Overall, the volume of holiday trips to seaside destinations has declined over recent years, and for the first time has been overtaken by trips to city destinations, which have been increasing along with rural breaks. The decline in seaside trips can be explained by the fact that, although seaside resorts have under-utilised capacity and readily available tourism infrastructure, it is often not up to the quality and standard that modern-day visitors expect.
- 2.8 In terms of conferencing, Eastbourne hosts an average of between 18 and 20 conferences per annum, attracting an average of between 12,500 and 14,500 delegates per year. However one of the constraints facing the conference market in Eastbourne in terms of attracting more corporate residential conferencing is that the majority of corporates do not book two- or three-star independent hotels, which are prevalent within Eastbourne's tourist accommodation stock.

## Context

- 2.9 The current policy position relating to the retention of Tourist Accommodation is defined in the Eastbourne Borough Plan 2001-2011, which was adopted in 2003. This designates an area known as the Tourist Accommodation Area, which represents what is considered to be the area where visitors would most expect to find visitor accommodation. Within the Tourist Accommodation Area, applications that would result in the loss of tourist accommodation would only be permitted if it can be demonstrated that the tourist accommodation is unviable.
- 2.10 A Local Plan review is currently taking place, and this will allow new planning policies relating to tourist accommodation to be put in place. However it is unlikely that this will be adopted until around 2020.
- 2.11 Therefore, this SPD will provide direction on how the existing policy should be interpreted and implemented in light of changes in the tourism market and current trends. The success of this SPD will influence the creation of new policies for tourist accommodation for the new Eastbourne Local Plan.

## Definition of Tourist Accommodation

- 2.12 For planning purposes, tourist accommodation is not precisely defined. However, in Eastbourne for the purposes of this policy, Tourist Accommodation is defined as:

*An establishment that has a room, or rooms, to rent for a fixed period generally no greater than three months. This accommodation is not the renter's primary residence and the renter generally contributes to the revenue of the town, is not registered to vote in the town and is not a burden on local social services.*

## Issues

### *Retaining an appropriate amount of accommodation*

- 2.13 It is essential that Eastbourne retains sufficient bedspaces to form a critical mass of accommodation that maintains the town's reputation as a tourist destination. More important though is that the tourist accommodation stock remains fit for purpose and meets the requirements of current and future visitors to the town.
- 2.14 In addition, within the Tourist Accommodation Area, the availability of sites for hotel development is very limited, and there is pressure from competing higher value uses, particularly residential. As such, hotel sites relinquished to other uses are unlikely to be replaced by new hotel development. It is therefore important that viable hotels are retained to provide opportunities for new entrants to the tourist accommodation market that offer differentiated and distinct products that would enhance the destination's overall competitiveness.

### *Rebalancing the tourist accommodation stock to meet market demands*

- 2.15 Eastbourne has a large concentration of smaller independent two and three-star hotels, a significant proportion of which previously catered for the coaching market. Consequently, some of the smaller independent hotels towards the lower end of the quality spectrum are increasingly struggling to compete as they cannot offer the quality of accommodation that visitors expect.

- 2.16 In order to compete in a difficult and challenging market, these establishments often lower their prices to attract custom. This drives other accommodation providers to reconsider their pricing. This ultimately drives down the average room rate and occupancy levels, particularly during the low season, and means that owners are unable to continue to invest in the maintenance and upkeep of the property resulting in a downward spiral of poorer quality accommodation.
- 2.17 This has implications on how visitors perceive Eastbourne in terms of the quality of their visit and the likelihood of them returning or providing recommendations, and also on how investors perceive Eastbourne. This restricts the ability of the town to diversify the tourist accommodation offer attract a broader range of visitors to Eastbourne thereby enhancing the destination's overall competitiveness.
- 2.18 It is therefore considered that a reduction in this accommodation stock is required to ensure that it should help stimulate investment in better quality accommodation appealing to a broader range of visitors.
- 2.19 Therefore there needs to be a rebalancing of the tourist accommodation supply with future emphasis on quality rather than quantity. This can be achieved by allowing obsolete accommodation in secondary locations to exit the market, thereby allowing average room rates to increase and a tourist accommodation provider to invest in increasing the quality of their offer. This in turn will allow Eastbourne's tourist accommodation to develop more organically and in turn appeal to and attract new markets.
- 2.20 A £40m upgrade is being made to the town's theatre and cultural offer at the Devonshire Park Complex, which will help to attract a new conference market to the town. It is anticipated that rebalancing the tourist accommodation supply will attract investment to deliver the quality of accommodation that would appeal to the conference market, which will complement the Devonshire Park development.

#### *Protecting the character of the seafront*

- 2.21 The hotels fronting the seafront, from the Western Lawns down to Treasure Island, gives the seafront a locally significant character that makes a particular contribution to the town as a destination.
- 2.22 The importance of well-maintained hotel façades is crucial to the character and appearance of the seafront, and also these locations are where tourist accommodation will be most viable due to the sea views.

- 2.23 The provision of Houses in Multiple Occupancy (HMOs) is a significant threat to the attractiveness of the seafront. The presence of HMOs in the prime tourist areas does not portray a positive image of the destination, and could adversely impact the visitor experience. Therefore Borough Plan Policy HO14, which restricts Houses in Multiple Occupation being created from tourist accommodation within the Tourist Accommodation Area, should still be applied. Eastbourne Borough Council will be developing a policy to manage HMOs throughout the rest of the town through the new Local Plan.

*A clear and consistent policy*

- 2.24 In order for the SPD to be effective, it needs to be easily understood and applied consistently.
- 2.25 Policies also need to allow for an element of sensitivity as to how they are implemented in order to reflect changing circumstances. It is important that planning policy does not seek to attempt to perpetuate outdated forms of tourist accommodation for which there is no longer a market.
- 2.26 It is also important that there is regular monitoring of changes in occupancy levels and room rates in order to understand how successful the policy is. This would also create a robust evidence base against which to compare the performance of an individual accommodation establishment.

*Encourage owners to run their businesses appropriately*

- 2.27 The SPD should make a distinction between those establishments that are no longer viable, and those that have not been run and managed effectively.
- 2.28 The increasing demands for housing puts pressure on lower value uses to convert, meaning that a hotel could be worth significantly more than its business value if it becomes available for residential development. This could tempt some hotel owners to seek to sell for residential conversion instead of selling the hotel as a going concern. This does not necessarily mean that such hotels are no longer commercially viable or would not find buyers if they were put onto the market as tourist accommodation.
- 2.29 Providing a strong policy that provides clarity in terms of what should or should not be submitted to accompany an application will remove unrealistic expectations and provide encouragement to operators to make a success of their businesses. It will also assist in requiring that the premises are



marketed at more realistic prices that would allow the purchase of a going concern.



### 3.0 Planning Policy Context


- 3.1 The National Planning Policy Framework (NPPF) defines tourism development (including theatres, museums, galleries and concert halls, hotels and conference facilities) as a main town centre use.
- 3.2 One of the core planning principles of the NPPF is a requirement to proactively drive and support sustainable economic development. The NPPF requires local planning authorities to plan proactively to meet the development needs of business and support an economy fit for the 21st century.
- 3.3 This SPD will provide additional detail on the interpretation of the following adopted local planning policies:
- Eastbourne Borough Plan Policy TO1: Tourist Accommodation Area
  - Eastbourne Borough Plan Policy TO2: Retention of Tourist Accommodation
  - Core Strategy Policy D3: Tourism and Culture
- 3.4 The full wording of the policies is contained within Appendix 2.
- 3.5 The policies relevant to this SPD are summarised below:

*Eastbourne Borough Plan Policy TO1: Tourist Accommodation Area*

- 3.5.1 Policy TO1: Tourist Accommodation Area designates an area along the Seafront as the Tourist Accommodation Area. The policy states that within this area, applications for proposals that are incompatible with tourist accommodation use should be refused.

*Eastbourne Borough Plan Policy TO2: Retention of Tourist Accommodation*

- 3.5.2 Policy TO2: Retention of Tourist Accommodation identifies that within the Tourist Accommodation Area, applications for the redevelopment or change of use of tourist accommodation to any other use will be refused.
- 3.5.3 The policy does provide exceptional circumstances for when permission will be granted for other uses, but this is dependent on the applicant demonstrating that the continuing use of land as tourist accommodation is not viable. The policy sets out the factors that will be taken into account in the determination of viability.



*Core Strategy Policy D3: Tourism and Culture*


3.5.4 Policy D3: Tourism & Culture recognises the importance of the entertainment, cultural and sports facilities to the economic prosperity of Eastbourne, and supports the preservation and enhancement of these through a number of measures including resisting the loss of visitor accommodation through the retention of a tourist accommodation area and protection policy.

3.6 Other extant policies will continue to be used to determine relevant applications including:

- Borough Plan Policy TO3: Tourist Accommodation Outside the Designated Area;
- Borough Plan Policy TO4: Improvements to Existing Accommodation;
- Borough Plan Policy TO5: New Tourist Accommodation;
- Borough Plan Policy TO9: Commercial Uses on the Seafront; and
- Borough Plan Policy HO14: Houses in Multiple Occupation.

## 4.0 Tourist Accommodation Area

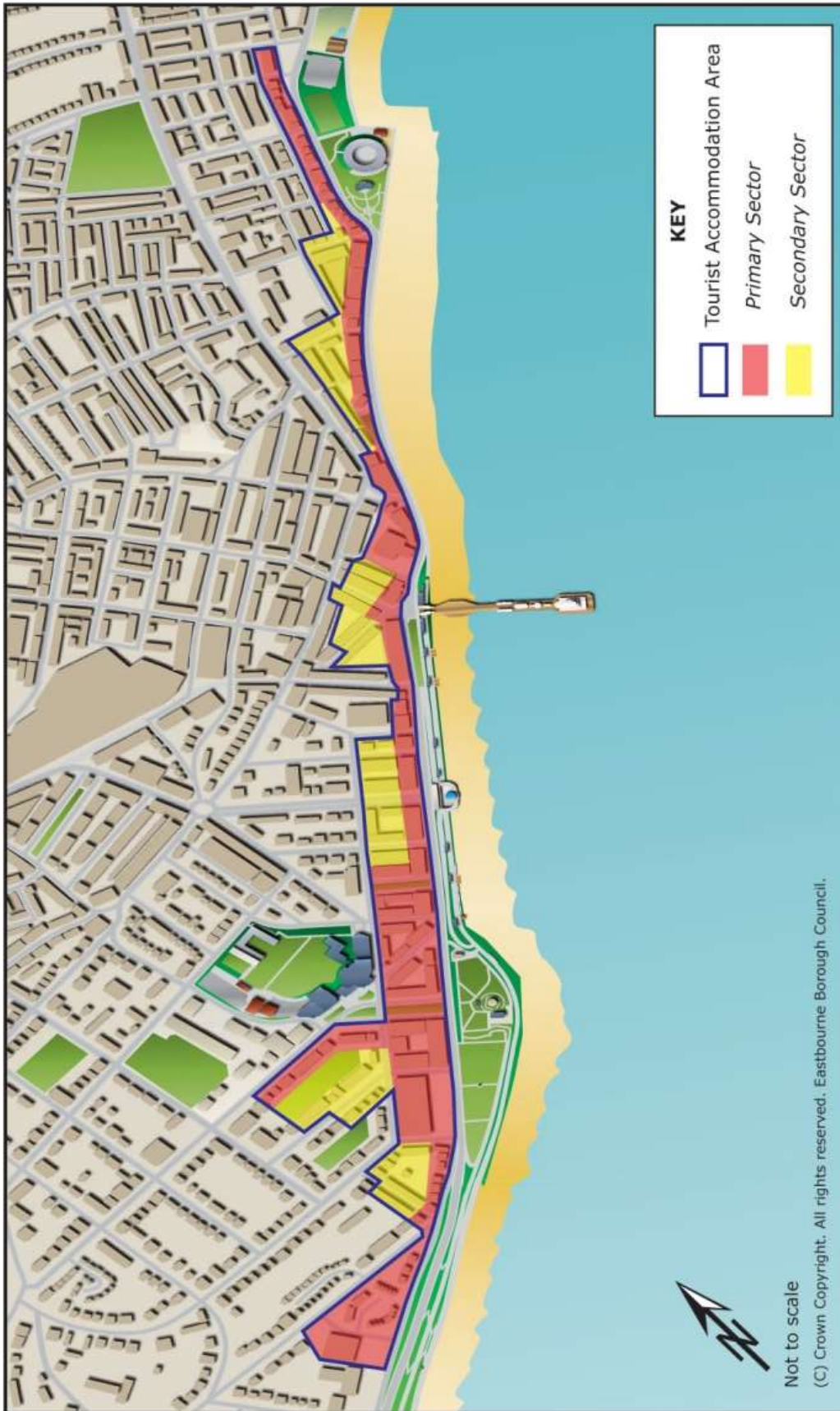
- 4.1 The Tourist Accommodation Area is defined by Eastbourne Borough Plan Policy TO1: Tourist Accommodation Area. It encompasses an area where it is considered that visitors would most expect to find tourist accommodation, and where it is appropriate that the needs of tourists should prevail in considering other developments.
- 4.2 At present, the majority of tourist accommodation stock is concentrated within the Tourist Accommodation Area. Whilst a seafront location with unobstructed sea views is a prime location, it is felt that some of the areas behind the seafront that do not have views of the sea or front onto gardens/squares do not have the same locational quality. It is in these locations where there is a large concentration of lower quality accommodation that is struggling to compete, and this is where there should be a gradual reduction of poor quality stock that will not be fit-for-purpose in the medium to long term, which in turn should help stimulate investment in better quality accommodation appealing to a broader range of visitors.
- 4.3 In order to ensure that that tourist accommodation that is within the prime and most popular areas is retained, and poor quality stock in less prominent locations can be reduced over time, it is considered that the Tourist Accommodation Area should be divided into Primary and Secondary Sectors.
- 4.4 The Primary and Secondary Sectors of the Tourist Accommodation Area have been identified in consultation with the Eastbourne Hospitality Association. The Sectors are identified in Figure 1, and a more detailed plan is provided in Appendix 3.
- 4.5 The Primary Sector encompasses the parade immediately adjacent to the Seafront from the Hydro Hotel in the west to the junction with Carlton Road in the east, as well as the area between Howard Square and Wilmington Square and adjacent to the Congress Theatre.
- 4.6 The Secondary Sector includes the areas behind the seafront, including Jevington Gardens, Compton Street, Elms Avenue, Marine Road and Cambridge Road.
- 4.7 The identification of Primary and Secondary Sectors of the Tourist Accommodation Area recognises that the location of the premises has



changed since its adoption, which is one of the criteria needed to demonstrate compliance with the policy.

4.8 Despite the identification of Primary and Secondary Sectors within the Tourist Accommodation Area, the Tourist Accommodation Area will still remain, and where the Tourist Accommodation Area is referred to in other policies, it is the full area that will be relevant.

4.9 This means that under Borough Plan Policy HO14, a change of use to a House in Multiple Occupation will not be permitted, even if a tourist accommodation establishment can demonstrate that it is no longer viable under the criteria set out in this SPD.



**Figure 1 – Diagram showing Tourist Accommodation Area and Primary and Secondary Sectors**

## 5.0 Assessment of Viability

- 5.1 When assessing a proposal for the change of use or redevelopment of tourist accommodation, the key consideration is whether or not the continuing use of the land as tourist accommodation is viable and economically sustainable.
- 5.2 An application for change of use concerns the premises rather than the owner. In order to demonstrate viability and establish whether a tourist accommodation premises has any prospect of continuing as tourist accommodation, evidence will be required to demonstrate that the premises are not economically viable in their current use, and are incapable of being made viable in its current use.
- 5.3 If tourist accommodation is assessed as being viable, or capable of being viable, then this will indicate the potential to meet current and future demand for visitors, resulting in a direct economic benefit from income and employment generation, and indirect benefit from visitors spending money on goods and services within the town. In contrast, where tourist accommodation is shown to be unviable, and with no potential of becoming viable, it clearly will not provide a useful contribution and therefore its loss will cause no harm.
- 5.4 This SPD sets out the criteria that should be taken into account in assessing the viability or potential viability of tourist accommodation. Any application should provide evidence to show how the relevant criteria have been met, or include a reasoned justification as to why the information cannot be supplied. Applications that provide inadequate or insufficient information, or do not provide a reasoned justification as to why information cannot be supplied, will be refused.
- 5.5 A Tourist Accommodation Consultative Group has been set up to assess the calibre of proposals for the loss of tourist accommodation and provide a view on whether or not the criteria have been met. The Tourist Accommodation Consultative Group will consist of Council officers and industry experts, including representation from the Eastbourne Hospitality Associations who will provide a trade perspective on proposals. Any recommendation made by the consultative group will be a material consideration in the determination of the application.
- 5.6 It is strongly recommended that any prospective applicant for a proposal involving the loss of tourist accommodation should engage with this group

before submission of an application. This can be done by submitting a request for pre-application advice via the Eastbourne Borough Council website<sup>2</sup>, which will be passed to the Tourist Accommodation Consultative Group for consideration.

- 5.7 There is no obligation for prospective applicants to engage with the Tourist Accommodation Consultative Group; however it is considered that this would be in the interests of the prospective applicant so that they can better understand the way in which an application will be judged against the criteria in the SPD. This will help to ensure that any future application is complete and comprehensive, which will ensure a smoother and quicker passage through the decision making process and avoid early refusal of permission because of inadequate or insufficient information.
- 5.8 The criteria and evidence required will differ between the Primary and Secondary Sectors, so to reflect that fact that that nature of the Tourist Accommodation Area has changed since it was designated. The SPD sets the principle that a lower level of evidence is needed in the Secondary Sector to demonstrate that tourist accommodation is unviable. However this does not necessarily mean that proposals for the loss of tourist accommodation in the Secondary Sector will automatically be granted planning permission. Similarly, proposals for loss of tourist accommodation within the Primary Sector will not automatically be refused planning permission. Applications will be assessed against the criteria set out in this SPD using the evidence submitted as part of the application in accordance with the requirements of the SPD.
- 5.9 It should be noted that within both Sectors, the key indicator of an establishment's viability will be its market value, which should take into account its trading potential. The market for tourist accommodation has been fairly active over recent years from a property transaction perspective, and therefore viable tourist accommodation is likely to be in demand. This should be tested by the establishment being put on the market at a price that reflects its use as tourist accommodation, for a period appropriate to the area within which it is located. The lack of interest in premises that have been marketed for a value that reflects a potential residential use will not be considered to have satisfied the marketing test.
- 5.10 It is important to ensure that any previous tourism related planning approval has been given a reasonable time to become commercially established, and

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<sup>2</sup> <http://www.eastbourne.gov.uk/businesses/planning-and-building-control/make-planning-application/pre-application-advice/>

any claims that these changes are no longer financially viable must show the relationship between the original business planning and the current situation.

- 5.11 It is recognised that within the Tourist Accommodation Area, and particularly the Secondary Sector, a number of tourist accommodation establishments will be run as 'lifestyle businesses'. A 'lifestyle business' is a mixture of home and business, set up with the aim of achieving a sustainable level of income. Commercial viability arguments are more difficult for 'lifestyle businesses' due to businesses being a blend of home plus income.
- 5.12 It is considered that an appropriate threshold for 'lifestyle businesses' is 15 letting bedrooms. Establishments that are over 15 letting rooms are less likely to be run as 'lifestyle businesses' and would be expected to operate in a more commercial manner. Therefore such businesses would be expected to have business plans and marketing tools that would not necessarily be available to 'lifestyle businesses'. Therefore the council will apply additional flexibility when examining evidence provided by a "lifestyle business.

#### Proposals within the Primary Sector of the Tourist Accommodation Area

- 5.13 There is a **two-stage process** for assessing proposals for the partial or complete loss of tourist accommodation within the Primary Sector of the Tourist Accommodation Area. Any application for the loss of tourist accommodation within the Primary Sector will be required to:

**STAGE 1** – Meet criteria demonstrating that the existing tourist accommodation is not viable through the submission of specified evidence.

**STAGE 2** – Consider the implementation of other tourist accommodation uses through a sequential approach to alternative uses.



**Stage 1 - Demonstrating that continuing the existing tourist accommodation within the Primary Sector of the Tourist Accommodation Area is not viable**

5.14 In order to demonstrate that continuing the existing tourist accommodation use within the Primary Sector of the Tourist Accommodation Area is not viable, proposals for the complete or partial loss of tourist accommodation should satisfy the following criteria:

**Criteria A** - There is no interest in the tourist accommodation business being bought as a going concern;

**Criteria B** - The tourism accommodation business has been run in a reasonable and professional manner, and a serious and sustained effort has been made to save the business;

**Criteria C** - The physical condition and cost of repair of the building would be prohibitive to running a viable business; and

**Criteria D** - The running costs of the business cannot be covered.

5.15 Any application promoting the loss of tourist accommodation would need to be accompanied by evidence in order for that application to be fully assessed against the criteria set out above. Evidence should be submitted against the following:

*Criteria A - There is no interest in the tourist accommodation business being bought as a going concern*

(A1) Evidence that the Tourist Accommodation establishment has been on the market at a price that reflects its tourist accommodation use and condition for reasonable period (which the Council would expect to be a period of a minimum of **2 years**). The type of material that should be submitted to satisfy this includes:

- Details of the agent used to market the business for sale, including whether they have any local or specialist expertise, and evidence of active marketing;
- Where and when the site was advertised, including copies of advertising material, sale particulars, website entries, brochures, etc.;
- Details of responses received, what interest has been shown and why any offers have been rejected (if known);
- Details of the agreed sale price, including any reductions made in asking price during the course of marketing.

*Criteria B - The tourism accommodation business has been run in a reasonable and professional manner, and a serious and sustained effort has been made to save the business*

(B1) Evidence of occupancy and room rates for comparison with competitors, including:

- Number of trading weeks per year over the last 3 years
- Total number of available room nights per year over the last 3 years
- Details of occupancy per trading week over the last 3 years
- Average room rate for each trading week over the last 3 years
- RevPAR for each trading week over the last 3 years

(B2) Owner's Personal Statement, outlining the following areas:

- Length of ownership
- Their personal background before running the business
- Their explanation as to why they believe the business is not sustainable
- An outline of what they believe they have done to make the business viable (which will be further expanded on by reference to the evidence referred to in the following sections)
- Reference to be made to online reviews – positive and negative. If negative an indication of how issues have been addressed and if they cannot be – why not?
- An indication of the change in business trends they have witnessed and how they have tried to adapt the business to follow those trends or explain why they could not.
- Any anecdotal information they have from neighbouring businesses that affirms the personal statement.

(B3) Evidence of marketing and business promotion, including but not limited to:

- Engagement with Eastbourne Borough Council's Tourism Department (or a statement indicating why assistance was not sought)
- Evidence of marketing activity over last 12 months
- Evidence of regularly updated website for the establishment
- Evidence of the establishment being placed with Online Travel Agents (OTAs)
- Evidence of how social media has been used to promote business (or why social media was not appropriate to the business model)
- Copies of brochures, adverts and entries in accommodation guides
- A plan for marketing activity over the next 12 months

- (B4) Evidence of annual business plan, including financial budget and sales/marketing strategy (for 'lifestyle businesses' where establishments are under 15 rooms it is accepted that business plans may not be available).

*Criteria C - The physical condition and cost of repair of the building would be prohibitive to running a viable business*

- (C1) Evidence from a surveyors report prepared by a suitably qualified person that details the physical condition of the building, including cost of repairs, and the age and condition of the building and length of time in tourism use
- (C2) Evidence of investment on refurbishment and maintenance to the property for each year over the last 5 years

*Criteria D - The running costs of the business cannot be covered*

- (D1) Evidence of costs of running the business, including:
- Profit and Loss Accounts covering the previous three years
  - Net income from rooms
  - Net income from food and beverages
  - Any other net income generated from the business
  - Trading profit before interest, tax, depreciation and amortisation
  - Breakdown of annual running costs for the business over the last 3 years including: commissions, wages, utilities, rates, food, beverage, additional guest services, administration costs, laundry, insurance, business to customer marketing, bank interest/charges, staff training and any other operating costs
  - Number of people employed including applicant and applicants family split full time and part time

**Stage 2 – Consider the implementation of other tourist accommodation uses through a sequential approach to alternative uses**

- 5.16 Where it can be demonstrated that the existing tourist accommodation use is unviable through Stage 1, consideration should be given to retaining an element of tourist accommodation use. The retention of an element of tourist accommodation use should be considered on a sequential basis, as identified below and should be evidenced within the application:
- (a) partial conversion to unserviced accommodation with a clear link in terms of the ownership of the serviced and non-serviced accommodation;
  - (b) full conversion to unserviced accommodation;
  - (c) partial conversion to non-tourism uses that would be compatible with the Tourist Accommodation Area (including residential) where there is an agreement to invest in the remaining tourist accommodation.
- 5.17 The sequential approach means that criterion (a) should be met before criterion (b) is considered, and so on. Only where it can be demonstrated that all criteria are satisfied and there is no potential for conversion to other tourist uses will a complete loss of tourist accommodation be a possibility.
- 5.18 Applications for the partial loss of tourist accommodation should satisfy all criteria in Stage 1, and the criteria in Stage 2 that is ahead of the proposal in the sequential process. Applications that include unserviced accommodation should take into account considerations for unserviced accommodation outlined in paras 5.21 and 5.22.
- 5.19 To ensure that any unserviced tourist accommodation created is used for tourist accommodation purposes only, or to ensure investment in remaining tourist accommodation as a result of partial conversion to non-tourism related uses, the Council will look to secure this by use of a condition on the planning permission or through a Section 106 legal agreement<sup>3</sup>.
- 5.20 In order to demonstrate that alternative tourist accommodation uses have been considered, the following should be submitted but not limited to:

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<sup>3</sup> Section 106 (S106) Agreements are legal agreements between Local Authorities and developers linked to a planning permission, made under section 106 of the Town and Country Planning Act 1990 (as amended).

*Criteria E*

- (E1) Evidence from independent experts that tourism alternative uses have been fully considered, including justification to clearly explain why other tourism accommodation uses are not viable, based on a sequential approach to alternative uses:
- a. partial conversion to unserviced accommodation
  - b. full conversion to unserviced accommodation
  - c. partial conversion to non-tourism uses (including residential) where there is an agreement to invest in the remaining tourist accommodation.

5.21 The evidence from independent experts that is needed to meet these requirements could be in the form of a specialist viability report, or it could be evidence from a number of different specialists in a report compiled by the applicant.

*Establishments with no trading history*

5.22 Where no trading history for the tourist accommodation establishment exists, applicants should submit evidence under (A1), (C1), (C2) and (E1), alongside a forward business plan with cash flow projections, including information required to secure a bank loan/financial investment, with a clear demonstration that an attempt has been made to implement it.

*Conversion to unserviced accommodation*

5.23 Where partial or complete conversion to unserviced accommodation is proposed within the Primary Sector of the Tourist Accommodation Area, the unserviced accommodation must aspire to be high end holiday flats, and should be designed and sited so as to maximise the on-going attractiveness of the holiday flats to visitors to ensure that it is viable. Therefore, proposals should include details of how holiday flats will be accessed, designing out shared accesses and corridors with residential units, and evidence of a business plan to show that the business can be operated as sustainable tourist accommodation.

5.24 In light of this, evidence should be provided to demonstrate that the following have been considered:

- Providing a separate entrance from any tourist accommodation or residential uses.

- Designing internal layouts to cluster holiday flats together for ease of management and minimise potential noise impacts and conflicts with other uses
- Ensuring that main bedspaces are located within bedrooms and not within lounges or other non-bedroom spaces, although sofa beds would be permitted to maximise occupancy potential;
- Ensuring that holiday flats have all of the facilities that would be required by a visitor, ensuring that holiday flats meet the requirements for Visit Britain/AA self-catering accommodation standards.

## Proposals within the Secondary Sector of the Tourist Accommodation Area

### *Proposals for partial loss of tourist accommodation*

- 5.25 Within the Secondary Sector, proposals for partial or full conversion of serviced accommodation to unserviced accommodation will be supported where the principles identified in paras 5.21 and 5.22 are taken into consideration.
- 5.26 In addition, proposals for part conversion to other uses that are compatible with the Tourist Accommodation Area will be supported if investment is made in improving the remaining tourist accommodation. This will be secured by a Section 106 legal agreement.

### *Proposals for complete loss of tourist accommodation*

- 5.27 In order to demonstrate that continuing the tourist accommodation use within the Secondary Sector of the Tourist Accommodation Area is not viable, all proposals for the complete loss of tourist accommodation will be required to satisfy the following criteria:
- Criteria F** – There is no interest in the tourist accommodation business being bought as a going concern;
- Criteria G** – The tourism accommodation business has been run in a reasonable and professional manner; and
- Criteria H** – The running costs of the business cannot be covered.
- 5.28 In order to allow a proposal for the loss of tourist accommodation to be assessed against the criteria set out above, evidence should be submitted against the following:

*Criteria F – There is no interest in the tourist accommodation business being bought as a going concern*


- (F1) Evidence that the Tourist Accommodation establishment has been on the market at a price that reflects its tourist accommodation use and condition for reasonable period (which the Council would expect to be a period of a minimum of **1 year**). The type of material that should be submitted to satisfy this includes:
- Details of the agent used to market the business for sale, including whether they have any local or specialist expertise, and evidence of active marketing;
  - Where and when the site was advertised, including copies of advertising material, sale particulars, website entries, brochures, etc.;
  - Details of responses received, what interest has been shown and why any offers have been rejected (if known);
  - Details of the agreed sale price, including any reductions made in asking price during the course of marketing.

*Criteria G – The tourism accommodation business has been run in a reasonable and professional manner*

- (G1) Evidence of occupancy and rooms rates for comparison with competitors, including:
- Number of trading weeks per year over the last 3 years
  - Total number of available room nights per year over the last 3 years
  - Details of occupancy per trading week over the last 3 years
  - Average room rate for each trading week over the last 3 years
  - RevPAR for each trading week over the last 3 years
- (G2) Evidence of efforts to sustain the business, including
- Engagement with Eastbourne Borough Council's Tourism Department (or a statement indicating why assistance was not sought)
  - Evidence of marketing activity over last 12 months

Tourist accommodation establishments within the Secondary Sector with 15 bedrooms or more should also provide the following evidence:

- (G3) Evidence of annual business plan, including financial budget and sale and marketing strategy



*Criteria H – The running costs of the business cannot be covered*

(H1) Evidence of costs of running the business, including:

- Profit and Loss Accounts covering the previous three years



## Appendices

### Appendix 1: Glossary

**Core Strategy** – Adopted in 2013, this Local Plan sets out the long term strategic planning vision for Eastbourne to 2027.

**Day-trippers** – a visitor who visits for the day and spends the night elsewhere.

**Development Plan** - A set of documents, comprising the Eastbourne Borough Plan 2001-2011 saved policies, the Eastbourne Core Strategy Local Plan 2006-2027, the Eastbourne Town Centre Local Plan 2006-2027, and the East Sussex Waste and Minerals Plans.

**Eastbourne Borough Plan 2001-2011** – Adopted in 2003, contains policies mainly related to development management. The policies were saved indefinitely in 2007, although some have since been deleted as a result of the adoption of other Local Plans.


**Eastbourne Local Plan** – Currently under production, the Eastbourne Local Plan will replace all existing adopted planning policies. It is anticipated that the Eastbourne Local Plan will be adopted in 2020.

**Local Plan** - The plan for the future development of the local area, drawn up by the local planning authority in consultation with the community. In law this is described as the development plan documents adopted under the Planning and Compulsory Purchase Act 2004.

**Online Travel Agency (OTA)** – An Online Travel Agency is a website that allows booking of hotel rooms, holiday packages, etc. Tourist Accommodation providers can advertise their product with OTA and customers can book rooms via the OTA website, with the OTA taking a commission.

**RevPAR** – Revenue per available room is a performance measure used by the tourist accommodation industry and is calculated by dividing total room revenue by the number of rooms available (or multiplying the average daily room rate by the occupancy rate).

**Section 106 Agreement** - Section 106 (S106) Agreements are legal agreements between Local Authorities and developers linked to a planning permission, made under section 106 of the Town and Country Planning Act 1990 (as amended).



**Tourism** - The World Tourism Organisation's definition of tourism is: 'a social, cultural and economic phenomenon which entails the movement of people to countries or places outside their usual environment for personal or business/professional purposes'.

**Tourist Accommodation** - an establishment that has a room, or rooms, to rent for a fixed period generally no greater than three months. This accommodation is not the renter's primary residence and the renter generally contributes to the revenue of the town, is not registered to vote in the town and is not a burden on local social services.

**Tourist Accommodation Study** - A study undertaken by Acorn Tourism Consulting Ltd in 2015 on behalf of Eastbourne Borough Council to better understand the up to date position in relation to the amount of tourist accommodation in the town, the need to retain existing accommodation and the need for new or improved accommodation in the town.

## Appendix 2: Adopted planning policies relating to tourist accommodation

### *Borough Plan TO1: Tourist Accommodation Area*

#### Policy TO1: Tourist Accommodation Area

Within the tourist accommodation area, shown on the Proposals Map, planning permission will be refused for proposals which are incompatible with the tourist accommodation use.

In considering proposals for development within this area regard will be made to the different lifestyles and special requirements of tourists. This consideration will include the following:

- a) the effect on residential and visual amenity (see Policies HO20 and UHT4);
- b) the likely hours of operation;
- c) safety and security implications.

### *Borough Plan TO2: Retention of Tourist Accommodation*

#### Policy TO2: Retention of Tourist Accommodation

Within the tourist accommodation area identified on the Proposals Map planning permission will not be granted for the redevelopment or change of use of tourist accommodation to any other use. In this Policy "tourist accommodation" means serviced tourist accommodation (Class C1 use) and unserviced tourist accommodation.

Only in exceptional circumstances will planning permission be granted for any other use. This means that the applicant must demonstrate that the continuing use of land as tourist accommodation is not viable.

In determining viability the following factors will be taken into account:

- a) the location of the premises;
- b) the physical condition and cost of repair of the premises;
- c) the potential for refurbishment, including the cost of works;
- d) the potential for conversion to other tourist uses, including the cost of works;
- e) the market valuation of the property reflecting the above factors;
- f) whether the direct costs of running the business can be covered; and
- g) whether a commercial rate of return on investment can be achieved.

However, factor g) above will be excluded from the viability analysis in all instances where the operator has private accommodation on the premises comprising at least 10% of the building (defined in terms of the proportion of the total habitable floor area, excluding hallways and landings).

*Borough Plan HO14: Houses in Multiple Occupation.*

Policy HO14: Houses in Multiple Occupation

Planning permission will be granted for the establishment and retention of Houses in Multiple Occupation (HMOs) provided they comply with residential, visual and environmental amenity considerations set-out in Policies HO20, UHT4 and NE28.

HMOs will not be permitted in the tourist accommodation area defined in Policy TO1.

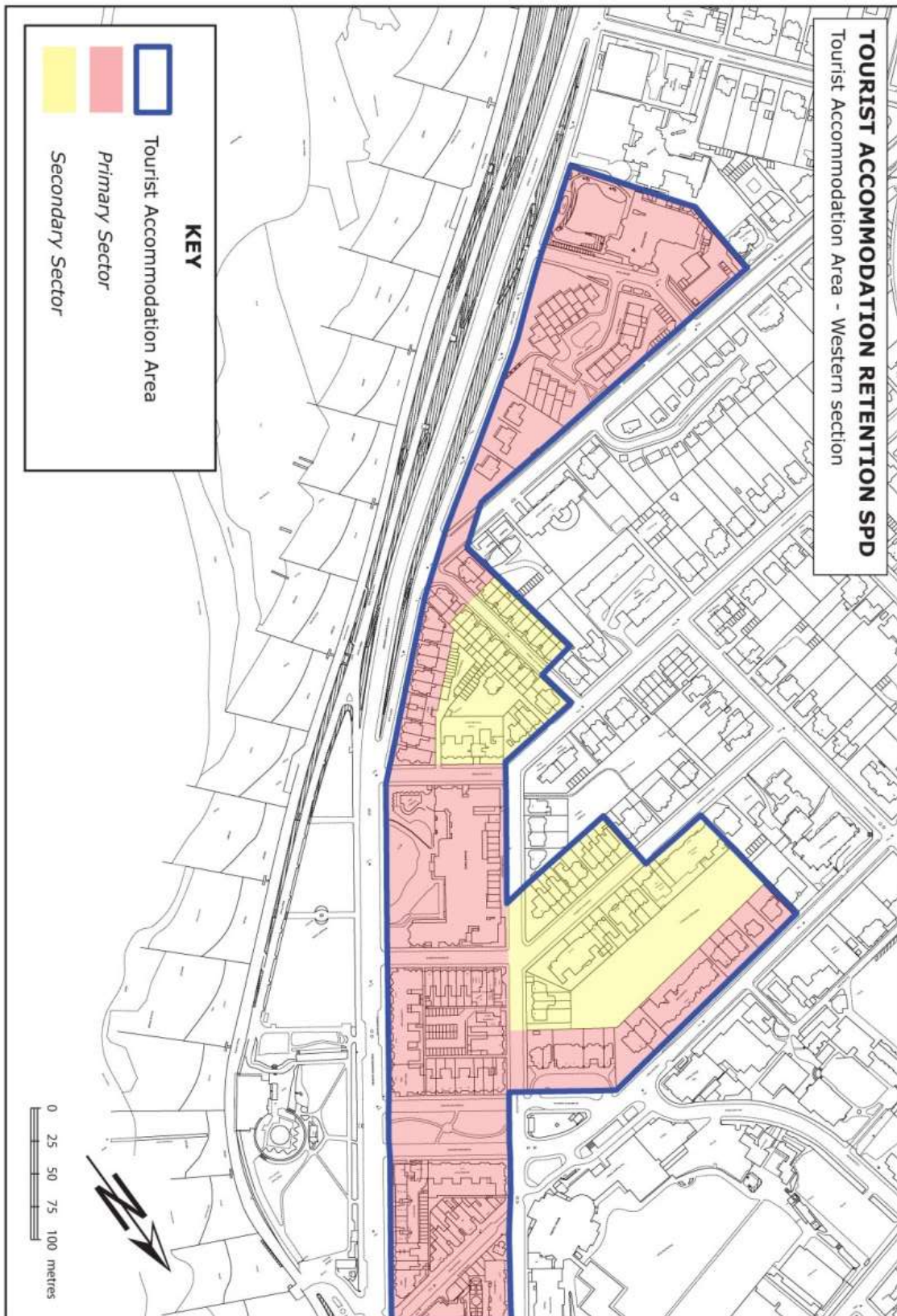
*Core Strategy Policy D3: Tourism and Culture*

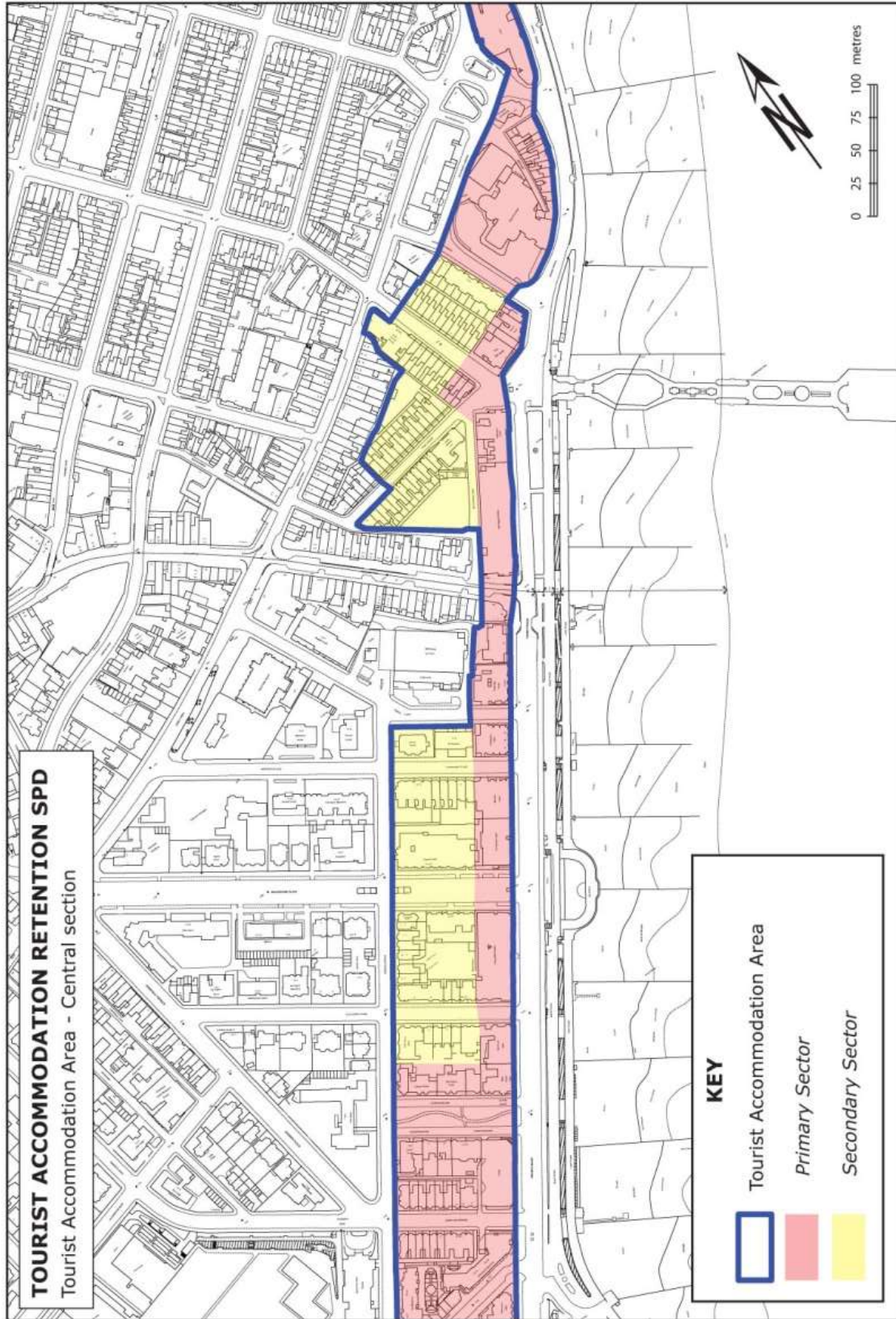
Policy D3: Tourism and Culture

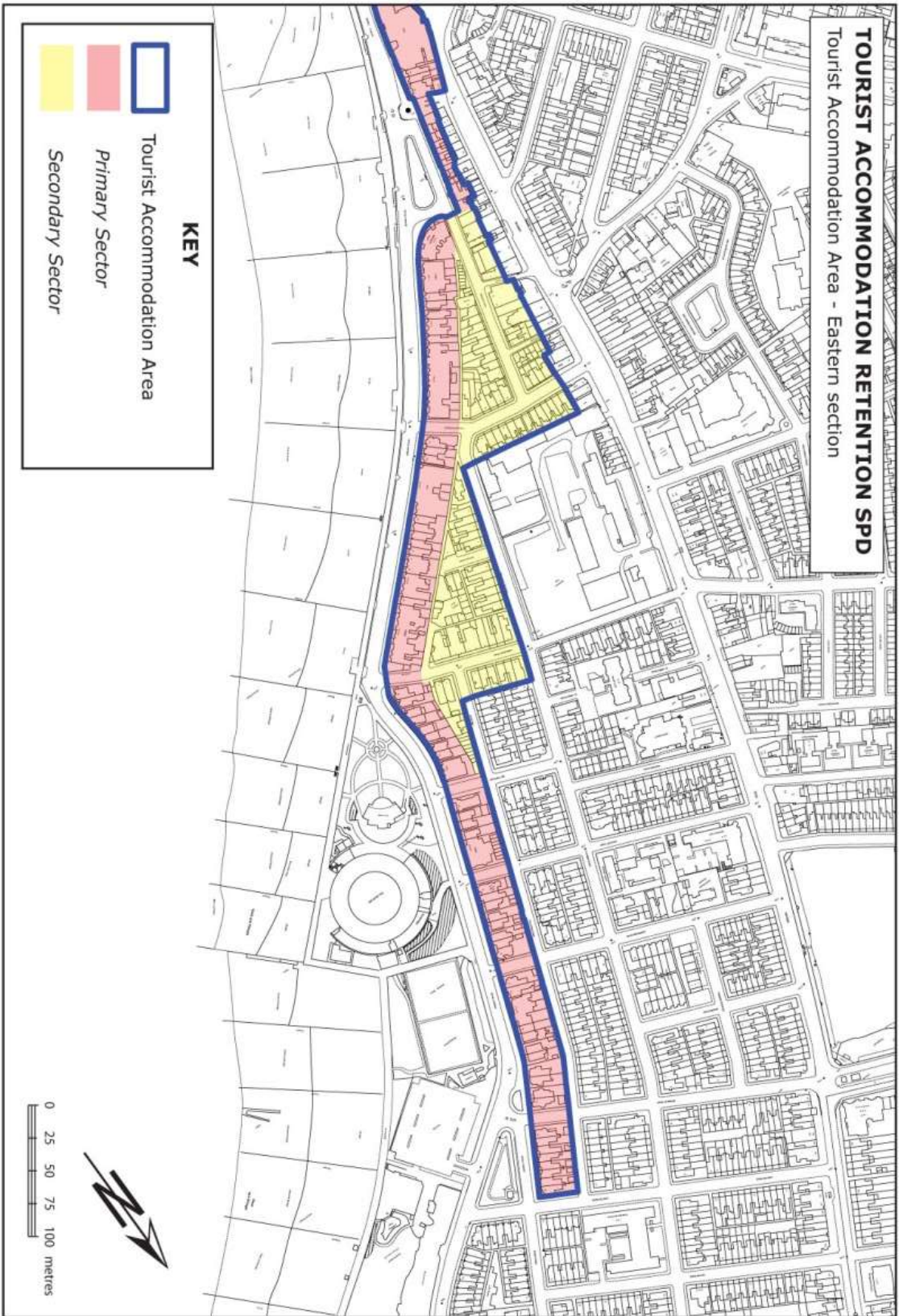
The importance of the entertainment, cultural and sports facilities to the economic prosperity of Eastbourne is recognised. The Council will support the preservation and enhancement of these through the following measures:

- Resist the loss of visitor accommodation through the retention of a tourist accommodation area and protection policy;
- Support the appropriate upgrading of existing hotels and holiday accommodation to provide improved facilities for visitors as well as supporting proposals for additional accommodation in the sustainable centres;
- Support new entertainment, cultural and sporting facilities in Eastbourne, where appropriate
- Recognise the value of the South Downs National Park as a visitor and recreation asset and work with the Park Authority, to protect the area from development which would damage or adversely affect its character and/or appearance;
- Support the retention and enhancement of the entertainment, cultural and sports facilities in Eastbourne through development management measures resisting changes which would lead to a downgrading in the town's cultural integrity and/or appearance;
- Prepare a strategy for the future of the seafront area through the production of a Seafront Area Action Plan; and
- Promote the development of the Wish Tower restaurant to provide an enhanced asset for the benefit of residents and visitors.

### Appendix 3: Tourist Accommodation Area







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# **Supplementary Planning Guidance**

## **Assessment of Financial Viability of Tourist Accommodation**

**Adopted  
December 2004**

## **Assessment of Financial Viability of Tourist Accommodation**

**Supplementary Planning Guidance**  
Adopted 10 November 2004

**Planning Policy Unit,  
Economy, Tourism and Environment  
Eastbourne Borough Council,  
1 Grove Road, Eastbourne,  
East Sussex, BN21 4TW**

**Tel no: 01323 415250  
Fax: 01323 641842  
Mincom: 01323 415111  
E-Mail: [planning.policy@eastbourne.gov.uk](mailto:planning.policy@eastbourne.gov.uk)**

**Date: November 2004**

**Price: £10.00**

## 1.0 Introduction

1.1 This supplementary planning guidance explains how the Council will apply policy TO2 of the adopted Eastbourne Borough Plan 2001-2011 when planning permission is sought for the change of use of hotels, guest houses and unserviced tourist accommodation that are in the defined tourist accommodation area to other uses.

1.2 Policy TO2 reads:

### **Policy TO2: Retention of Tourist Accommodation**

**Within the tourist accommodation area identified on the Proposals Map planning permission will not be granted for the redevelopment or change of use of tourist accommodation to any other use. In this Policy "tourist accommodation" means serviced tourist accommodation (Class C1 use) and unserviced tourist accommodation.**

**Only in exceptional circumstances will planning permission be granted for any other use. This means that the applicant must demonstrate that the continuing use of land as tourist accommodation is not viable.**

**In determining viability the following factors will be taken into account:**

- a) the location of the premises;
- b) the physical condition and cost of repair of the premises;
- c) the potential for refurbishment, including the cost of works;
- d) the potential for conversion to other tourist uses, including the cost of works;
- e) the market valuation of the property reflecting the above factors;
- f) whether the direct costs of running the business can be covered; and
- g) whether a commercial rate of return on investment can be achieved.

**However, factor g) above will be excluded from the viability analysis in all instances where the operator has private accommodation on the premises comprising at least 10% of the building (defined in terms of the proportion of the total habitable floor area, excluding hallways and landings).**

## 2.0 Using this Guidance

2.1 This guidance is aimed at prospective applicants for planning permission to redevelop or change the use of hotels, guest houses and unserviced tourist accommodation that are located within the defined tourist accommodation area, set-out on the proposals map which accompanies the adopted Eastbourne Borough Plan 2001-2011. The guidance sets-out the information the Council will require to assess such applications and the reason why such information is sought.

2.2 The Council is requiring prospective applicants for planning permission for the loss of hotel, guest house and unserviced tourist

accommodation to complete a special form as part of their planning application. The information requested on this form will enable clear and consistent assessments of why a proposal is acceptable or not. The form is based on the considerations set-out in this supplementary planning guidance. A copy of this form is included as appendix A.

- 2.3 It is considered that local agents, all owners and prospective owners of hotel, guest houses and unserviced tourist accommodation in the town should be aware that within the defined tourist accommodation area the strict tests set-out in this guidance will apply to deter speculative and ill-justified proposals.

### **3.0 Consultation**

- 3.1 The draft supplementary planning guidance was the subject of consultation with the general public, business and other interested parties. Comments received were considered and taken into account before the Borough Council formally adopted the guidance.

### **4.0 Status of the Supplementary Planning Guidance**

- 4.1 Supplementary planning guidance may be taken into account as a material planning consideration when reaching a decision on a planning application. Government guidance indicates that substantial weight can be attached to supplementary planning guidance where it has been prepared in accordance with the tests set-out in paragraphs 3.15- 3.18 of PPG12<sup>1</sup>. (See Appendix B for further details).

### **5.0 Background**

- 5.1 Since 1976 the Borough Council has consistently applied planning policy to restrict the loss of hotels, guest houses and unserviced tourist accommodation, within defined tourist accommodation areas, to support the town's role as an important seaside resort. This has meant that the town still retains a significant stock of accommodation and, that in comparison to many other resorts, it has been better equipped to face the challenges of the changing market.
- 5.2 Policy TO2 of the adopted Borough Plan is the latest evolution of this approach and is based on the premise that hotels, guest houses and unserviced tourist accommodation should be retained in the area where visitors would expect to find such accommodation. In itself the loss of one such establishment in this area would not appear significant, but it is the cumulative effect of such losses that it is of concern. The Council, therefore, considers it appropriate to scrutinise such proposed losses carefully in order that

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<sup>1</sup> Planning Policy Guidance Note 12: Development Plans.

establishments that are commercially viable are not lost from the stock of accommodation available to visitors.

## **6.0 What Constitutes Tourist Accommodation**

6.1 For planning purposes tourist accommodation is not precisely defined. However in Eastbourne it is an establishment that has a room, or rooms, to rent for a fixed period generally no greater than three months.. This accommodation is not the renters primary residence and the renter generally contributes to the revenue of the town, is not registered to vote in the town and is not a burden on local social services.

## **7.0 Information Required in Support of a Proposal for the Loss of Hotel, Guest House or Unserviced Tourist Accommodation.**

7.1 This guidance follows the structure of policy TO2 to indicate the information the Council will require when considering planning applications for the loss of hotels, or guest houses or unserviced tourist accommodation. Applicants should note that a reasoned justification based on just one of the factors identified in the policy is unlikely to demonstrate that the tourist accommodation use is not economically viable. Applicants are, therefore, advised to address all the criteria set-out in the policy. **In particular applicants should be aware that planning permission for the change of use of tourist accommodation is unlikely to be granted without evidence that the accommodation has been available on the open market for a reasonable period of time and that prospective buyers have not come forward.**

7.2 Where the Council does not consider a full and reasoned case has been prepared at the time of the submission of the planning application it will indicate to the applicant that it is unable to determine the application and seek its withdrawal. Where the applicant does not withdraw the application planning permission is likely to be refused. All information provided should be capable of independent verification and corroboration. The Council will treat all financial information on a confidential basis within the constraints of the legal processes in which it is engaged.

7.3 Applicants may consider the requirements of this guidance to be onerous but the Council considers that they reflect sound business practice, reflecting all the options an operator should consider before contemplating leaving the market. Operators should understand that once tourist accommodation is lost from the market it is unlikely to be available again in the future and that the Council is, therefore, counselling prudent use of the resource.

### ***The Location of the Premises:***

7.4 All streets within the accommodation area defined on the proposals map are considered to be suitable for hotels, guest houses and

unserviced tourist accommodation as they are within immediate proximity to the sea front. Visitors would reasonably expect to find such accommodation close to the sea in a coastal resort. The Council will, therefore, require:

- substantiated evidence that the nature of the immediate area has changed significantly since the base date (September 2003, when the Borough Plan was adopted) and that it no longer remains a location where visitors might expect to find accommodation.

***The Physical Condition and Cost of Repair of the Premises:***

7.5 The Council will require the following information from applicants in order to ascertain whether the physical condition of the premises is so poor and the cost of any repairs are so great as to affect the viability of the on-going tourist accommodation use :

- Professional evidence relating to the physical condition of the building and the costs of any repairs. As a minimum the Council will expect applicants to provide a structural survey report prepared by a suitably qualified surveyor (RICS or equivalent) and three quotations for the remedial works identified based on an identical specification.
- Evidence of maintenance/capital expenditure carried out on the premises over the past five years (whether in the ownership of the applicant or not)

***The Potential for Refurbishment, Including the Cost of Works:***

7.6 There is strong evidence to suggest that refurbishment has a positive outcome for business health, with local hoteliers indicating increased occupancy and visitor spend from refurbishments carried out. Applicants should, therefore, thoroughly investigate the opportunities for refurbishment before making a case for the loss of tourist accommodation. The Council will require applicants to provide:

- An assessment of the refurbishment potential supported by a specification of the works required prepared by a suitably qualified architect or surveyor (RIBA, RICS or equivalent chartered body) with three quotations for the works involved based on this specification. Where appropriate this assessment may be the feasibility study or cost/benefit analysis to support a loan application to a lending bank/financial institution to source the funds for the refurbishment.
- Evidence of capital expenditure on up-grading of facilities over the past five years (whether in the ownership of the applicant or not).

***The Potential for Conversion to Other Tourist Uses, Including the Cost of Works:***

7.7 In view of the importance the Council attaches to supporting and maintaining the local tourist economy the Council requires applicants to investigate the possibility of conversion of the premises to other tourist uses compatible with the location in the tourist accommodation area. This may mean, for instance, that hotels or guest houses could be converted to unserviced tourist accommodation. Also premises close to the town centre or other commercial areas could be converted into residential language schools (policy TO10 of the adopted Borough Plan applies). The Council will, therefore, require applicants to provide:

- An assessment of potential for conversion to other tourist uses supported by a specification of the works required prepared by a suitably qualified architect or surveyor (RIBA, RICS or equivalent chartered body) with three quotations for the works involved based on this specification. Where appropriate this assessment may be the feasibility study or cost/benefit analysis to support a loan application to a lending bank/financial institution to source the funds for the refurbishment.

7.8 Applicants should note that the Council is concerned to ensure that any unserviced tourist accommodation created is genuinely available as tourist accommodation and that it will, therefore, seek a unilateral undertaking<sup>2</sup> to ensure that it is used for tourist accommodation purposes only.

***The Market Valuation of the Property Reflecting the above Factors:***

7.9 In order that the Council can make an informed decision regarding viability open market valuations of the property are required. These valuations should be on the following basis:

- Physical condition- valuations before and after remedial works;
- Refurbishment- valuations before and after refurbishment works;
- Conversion to other tourist use- valuations before and after conversion.

The Council considers that, wherever possible, valuation should be on the basis of a "going business concern" rather than a simple building valuation since this will more accurately reflect the impact of the proposed expenditure.

7.10 Where applicants seek to demonstrate that there is no market interest in their operation the Council will require evidence of the

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<sup>2</sup> A unilateral undertaking is a legal obligation made under s.106 of the Town and Country Planning Act 1990 (as amended).

marketing strategy employed. Typically this will include a breakdown of the approach used to bring the availability of the premises to market and should include:

- The open market price;
- Any reductions made in open market price during the course of marketing;
- Where and how often the site was advertised;

The Council expects applicants to have marketed the operation through a RICS accredited agency specialising in the sale of such premises and to have sought valuations from more than one agency to establish that the market price reflects those prevailing in the market for operations of this type. It is widely accepted that there is a limited market for guest houses, hotels and unserviced tourist accommodation and that it may take 2-3 years to find a buyer, even at more buoyant times. The Council will, therefore, have regard to this time frame when considering proposals where lack of market interest is an expressed concern.

***Whether the Direct Costs of Running the Business can be Covered:***

7.11 The Council has prepared a methodology to enable the comparison of the viability of hotel/guest house and unserviced tourist accommodation on a consistent basis. Applicants will, therefore, be required to provide information to input into this methodology. The following information is required for the past three financial years on a year-by-year basis.

- Type of establishment (guest house or hotel)
- Number of operating days allotted for tourism use
- Number of beds
- Number of rooms
- Average bed occupancy during operational period
- Average room occupancy during operational period
- Minimum and maximum rates per room (per unit in the case of unserviced tourist accommodation)
- Revenues (net of VAT):
  - Average revenue from rooms
  - Average revenues from beds
  - Average revenue from unit (unserviced tourist accommodation)
  - Revenue from food
  - Revenue from beverages
  - Other revenues
- Operating expenses:
  - Wages
  - Cost of sales (food, beverages etc.)
  - Laundry, linen and guest supplies
  - Energy
  - Sales and marketing



- Insurance
- Business rate
- Maintenance
- Administration (daily administration cost, stationery and telephone charges)
- Other operating expenses
- Depreciation
- Loan interest (where applicable)
- Owner's or shareholder's dividends paid

(unserviced tourist accommodation need only provide revenue information on a per unit basis).

***Whether a Commercial Rate of Return on Investment can be Achieved:***

7.12 The Council does not consider it appropriate to indicate a specific rate of return that should be achieved by hotels, guest houses or unserviced tourist accommodation operating in Eastbourne as different entrepreneurs will have different expectations and the rates are affected by the prevailing economic circumstances.

7.13 The Council considers that special circumstances apply where the tourist accommodation is also the home of the owner<sup>3</sup> and that such operations are, therefore, ineligible for consideration under this factor. The benefit of home ownership and the saving in accommodation costs that would normally be incurred elsewhere are considered to prevail over the expectation of a commercial rate of return. For such businesses it is considered sufficient for the direct costs to be covered with a return for entrepreneurship at a lower rate than would be anticipated on a full business basis. It is not appropriate to specify the degree of discount as this will depend on individual circumstances.

**8.0 Other Considerations**

8.1 In addition to the factors identified above the Council considers that applicants should supply the following additional information:

- ***Annual Business Plan***

Competent and efficiently run businesses will normally prepare an annual business plan, which includes a financial budget and a sales and marketing strategy. (Where such a plan does not exist applicants should provide a reasoned justification as to why it has not been prepared).

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<sup>3</sup> This is defined in policy TO2 where the private accommodation of the premises comprises at least 10% of the building (defined in terms of the proportion of the total habitable floor area, excluding hallways and landings)

- ***Business Plan/Feasibility Study For a Lending Organisation***

Where such documentation has been prepared to obtain funding for the acquisition of the premises or for other business purposes, applicants will be expected to submit it with the planning application. They should also include an explanation as to why the business has been unable to sustain the performance envisaged at the time the documentation was prepared.

- ***Marketing Information***

Marketing forms a vital part of the success of any business and the Council requires information about the efforts made by applicants to market their accommodation over the past five years. As a minimum the Council normally expects applicants to be included in the Eastbourne Accommodation Guide, have their own web-site or be included in an Internet booking service and to justify a case for non-inclusion in these formats.

- ***Marketing and Business Support***

The applicant should demonstrate an active and on-going relationship with organisations and associations that can provide marketing and business support for the benefit of tourism businesses. In Eastbourne these organisations and associations are normally the Tourist Information Centre, the Eastbourne Hotels Association, Tourism East Sussex and Tourism South East. Applicants are required to explain how they have used these opportunities.

## **9.0 Conclusion**

- 9.1 The Council welcomes early discussion with prospective applicants for planning permission the change of use of hotels/guest houses and unserviced tourist accommodation to other uses. Officers of the Planning and Tourism sections will be pleased to offer appropriate assistance and advice in order for a comprehensive assessment of the future of the premises to be made.

**Appendix A: Form to be submitted by applicants for planning permission for loss of a guest house, hotel or serviced tourist accommodation to another use.**

**Application No.  
official use only.**

Applicants are advised to consult the Council's adopted Supplementary Planning Guidance on "Tourist Accommodation: Assessment of Viability" when completing this form.

1. Address
  
2. Proposal
  
3. Grounds on which applicant is seeking to demonstrate that the guest house, hotel or unserviced tourist accommodation is no longer viable (please tick as appropriate, applicants should claim under more than one heading):
  - a) The location of the premises.  go to question 4
  - b) The physical condition and cost of the repair of the premises  go to question 5
  - c) The potential for refurbishment, including the cost of the works.  go to question 6
  - d) The potential for conversion to other tourist uses, including the cost of the works.  go to question 7
  - e) The market valuation of the property reflecting the above factors.  go to question 9
  - f) Whether the direct costs of running the business can be covered.  go to question 8
  - g) Whether a commercial rate of return on investment can be achieved.  go to question 10

ALL APPLICANTS SHOULD COMPLETE QUESTION 11.

4. Please set-out below or on an attached sheet the reasons why you consider the location of the premises means that the premises are no longer viable (paragraph 7.4 of the supplementary planning guidance applies).

5. Please set-out below or on an attached sheet the reasons why you consider the physical condition and cost of repairs to the premises mean that the premises are no longer viable (paragraph 7.5 of the supplementary planning guidance applies).

Have you attached: supporting information?

6. Please set-out below or on an attached sheet the reasons why you consider that refurbishment of the premises would not contribute to the viability of the premises (paragraph 7.6 of the supplementary planning guidance applies)

Have you attached supporting information?

7. Please set-out below or on an attached sheet the reasons why you consider there is no potential for the conversion of the premises to other tourist uses. (paragraph 7.7 of the supplementary planning guidance applies)

Have you attached supporting information?

8. Please set-out below or on an attached sheet details of the market valuation of the premises (paragraph 7.9 of the supplementary planning guidance applies)
9. Please set-out below or on an attached sheet the reasons why you consider that the direct costs of running the business are not being covered (paragraph 7.11 of the supplementary planning guidance applies)

Have you attached supporting information?

For hotels/guest houses the Council requires following the information for the past 3 financial years to verify your case on this ground. Similar information is required for unserviced accommodation save that for revenue information is only required on a per unit basis.

	Previous Financial Year	Previous Financial Year -1	Previous Financial Year -2
<ul style="list-style-type: none"> <li>• Type of establishment (guest house or hotel)</li> <li>• Number of operating days allotted for tourism use</li> <li>• Number of bedrooms</li> <li>• Number of rooms</li> <li>• Average bed occupancy during operational period</li> <li>• Average room occupancy during operational period</li> <li>• Minimum and maximum rates per room (per unit in the case of unserviced tourist accommodation)</li> <li>• Revenues (net of VAT): <ul style="list-style-type: none"> <li>• Average revenue from rooms</li> <li>• Average revenue from beds</li> <li>• Average revenue from units (unserviced tourist accommodation)</li> <li>• Revenue from food</li> <li>• Revenue from beverages</li> <li>• Other revenues</li> </ul> </li> <li>• Operating expenses: <ul style="list-style-type: none"> <li>• Wages</li> <li>• Cost of sales (food, beverages etc.)</li> <li>• Laundry, linen and guest supplies</li> <li>• Energy</li> </ul> </li> </ul>			

<ul style="list-style-type: none"> <li>• Sales and marketing</li> <li>• Insurance</li> <li>• Business rate</li> <li>• Maintenance</li> <li>• Administration (daily administration cost, stationery and telephone charges)</li> <li>• Other operating expenses</li> <li>• Depreciation</li> <li>• Loan interest (where applicable)</li> </ul>			
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10 Please set-out below or on an attached sheet the reasons why you consider a commercial rate of return cannot be achieved with this business?

Have you attached supporting information?

**11 Applicants are advised that they should supply the following information (section 8.0 of the supplementary planning guidance applies):**

- Business Plan (annual and/or submitted to bank/lending institution)

If you are unable to supply this information please set-out our reasons below or on an attached sheet. Also set-out reasons where there is significant divergence from the projections proposed in the Business Plan

- Please supply details of the efforts made to market the accommodation.
- Please supply details of contacts with marketing and business support organisations and associations.

**Please return this form to Development Control Manager, 68 Grove Road, Eastbourne BN21 4UH.**

## Appendix B: Conformity with Planning Policy Guidance Note 12.

This draft SPG is considered to have been prepared in accordance with PPG12 for the reasons set-out below:

Requirement	Relevant paragraph of PPG12	Comment
SPG must be consistent with national and regional planning guidance and the adopted development plan.	3.15	This SPG is consistent with relevant guidance including PPG12: Development Plans and the adopted Eastbourne Borough Plan 2001-2011.
SPG must be cross referenced to the relevant plan policy which it supplements	3.15	This SPG specifically relates to policy TO2 of the adopted Borough Plan 2001-2011.
SPG must be issued separately from the Plan.	3.15	The Borough Plan 2001-2011 was adopted on 17 September 2003. This draft SPG was adopted on 10 November 2004
SPG must be made publicly available	3.15	Copies of the SPG are available from Development Planning, 68 Grove Road, Eastbourne BN21 4UH. It can also be viewed and downloaded from <a href="http://www.eastbourne.gov.uk">www.eastbourne.gov.uk</a>
Status of the SPG should be made clear	3.15	This is explained in the introduction to the SPG
Consultation should be undertaken with the general public, business and other interested parties with their views being taken into account before the SPG is finalised.	3.16	This draft SPG was subject to consultation, and a list of the main consultees was appended to the g committee report authorising consultation
A statement of the consultation undertaken, the representations received and the local authorities response to those representations must be made available with each copy of the SPG.	3.16	A report to committee was prepared along these lines. This report can be made available with the adopted SPG.
SPG must be subject to a council resolution to adopt it as supplementary planning guidance.	3.16	The Council was asked to adopt the SPG once it had been subject to consultation.

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<b>COMMITTEE</b>	<b>CABINET</b>
<b>DATE</b>	<b>8 February 2017</b>
<b>SUBJECT</b>	<b>Local Development Scheme 2017-2020</b>
<b>REPORT OF</b>	<b>Director of Regeneration and Planning</b>

---

**Ward(s)** All

**Purpose** To seek Cabinet endorsement of the Local Development Scheme 2017-2020 in order to allow formal adoption at Full Council on 22 February 2017.

**Contact** Matt Hitchen, Senior Strategy & Commissioning Officer  
(Planning Policy)  
1 Grove Road, Eastbourne  
Tel no: (01323) 415253  
E-mail: [matt.hitchen@eastbourne.gov.uk](mailto:matt.hitchen@eastbourne.gov.uk)

**Recommendations** That Cabinet recommend to Full Council:

1. That Eastbourne Borough Council adopts the Local Development Scheme 2017-2020 as set out in Appendix 1.
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 Cabinet portfolio holder.

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## **1.0 Introduction**

- 1.1 The Local Development Scheme (LDS) is the Council's timetable for the production of planning policy documents. It covers a three year period from 2017-2020 and outlines the planning documents to be produced with the key dates and milestones.
- 1.2 Local Planning Authorities are required to produce a LDS under Section 15 of the Planning and Compulsory Purchase Act 2004 (as amended by the Localism Act 2011). The LDS must specify (among other matters) the documents which, when prepared, will comprise the Local Plan for the area. The LDS must be made publicly available and kept up-to-date.
- 1.3 The current LDS was approved in February 2016. Progress against the LDS is

monitored on an annual basis through the Authority Monitoring Report (AMR). The AMR has recognised that the LDS needs to be amended to reflect changes in circumstances relating to Local Plan production.

1.4 The Government have introduced monitoring of progress in local plan preparation. This monitoring will take place through the LDS, so therefore it is necessary to amend the LDS to ensure that it is up-to-date by April 2017.

1.5 The adoption of the LDS is a function of Full Council, and it is requested that Cabinet endorse the LDS for adoption at Full Council on 22 February 2017.

## **2.0 Background**

2.1 The Government has set out a clear expectation that all local planning authorities should have a local plan in place, and that it should be kept up-to-date to ensure policies remain relevant.

2.2 The main document in Eastbourne's current Local Plan is the Core Strategy, which was adopted in 2013. The Core Strategy identifies that 5,022 new dwellings should be provided in Eastbourne over the period from 2006-2027. The Core Strategy contains planning policies to manage the delivery of development, including the meeting of the housing requirement.

2.3 The National Planning Policy Framework (NPPF) is clear that housing policies should not be considered up-to-date if the local planning authority cannot demonstrate a five-year supply of deliverable housing sites. Furthermore, guidance sets out that a local plan is likely to require updating in whole or in part at least every five years.

2.4 As at 31 October 2016, Eastbourne had a 3.47 year supply of housing land. The NPPF outlines that the absence of a five-year housing land supply means that our Local Plan policies cannot be considered to be up-to-date.

2.5 The implications of not having an up to date Local Plan are that the Council may lose control over what development takes place in the Borough. The Five Year Housing Land Supply is a material planning consideration in the determination of planning applications, and if the Council is unable to demonstrate a five year supply of housing land there is a significant risk that refusals of planning permission for residential development could be overturned on appeal. Appeal losses can result in unbalanced distribution of development, development in areas considered unsuitable by the Council, and lower levels of funding for affordable housing, community facilities and service infrastructure, as well as costs being awarded against the Council as a result of losing the appeals.

2.6 The AMR identifies that a total of 2,373 dwellings have been delivered since the start of the Core Strategy plan period. The annual target across the plan

period is 240 dwellings, which means that by the end of 2015/16, a total of 2,400 units should have been built. 2015/16 was the first year that the delivery rate has fallen below the cumulative annual target. This is due to a reduction in housing delivery rates over recent years.

- 2.7 The absence of a five year housing land supply, continued under-delivery of housing and the fact that the current Local Plan is already four years old demonstrate the need for the Council to prepare a new Eastbourne Local Plan.
- 2.8 In 2015, the Government committed to take action to get plans in place and ensure plans have up to date policies by:
- publishing league tables, setting out local authorities' progress on their local plans;
  - intervening where no local plan has been produced by early 2017, to arrange for the plan to be written, in consultation with local people, to accelerate production of a local plan; and
  - establishing a new delivery test on local authorities, to ensure delivery against the number of homes set out in local plans.
- 2.9 In those instances where progress is not being made on producing Local Plans, the Government intend to intervene to ensure plans with up-to-date policies are put in place in consultation with local communities using powers under the Planning & Compulsory Purchase Act 2004. Where it is necessary to intervene, the Government will take over responsibility for the remaining process of plan-making by appointing an external party to undertake the work.
- 2.10 The Government monitor progress of each local authority's Local Plan preparation through their Local Development Schemes. Therefore it is important that the LDS reflects an achievable timetable for preparation of the Local Plan, and that this timetable is adhered to.

### **3.0 Progress against 2016 LDS**

- 3.1 Progress against the LDS timetable is monitored on an annual basis through the AMR. The AMR covering the financial year 2015/16 was published in December 2016.
- 3.2 The 2016 LDS identified the production of a Core Strategy Policy Review on Affordable Housing to address changes in national policy relating to affordable housing requirements.
- 3.3 However, it has since been identified that these issues could be adequately addressed through the preparation of an Affordable Housing Supplementary Planning Document (SPD), and therefore a Core Strategy Policy Review on Affordable Housing is no longer being progressed. This allowed resources to

be concentrated on the examination of the Employment Land Local Plan that took place in summer 2016.

### 3.4 Current progress on new Local Plan

3.4.1 Work on the production of the new Local Plan has commenced through the gathering of evidence to inform what the Local Plan needs to address. The following evidence studies are currently being prepared, as the first stage in the preparation of the Local Plan:

- Strategic Housing Market Assessment (*SHMA*) – an assessment of the objectively assessed housing need in Eastbourne.
- Strategic Housing & Employment Land Availability Assessment (*SHELAA*) – an assessment of the amount of land that is potentially developable based on each site's *suitability, availability and achievability*.
- Strategic Flood Risk Assessment (*SFRA*) – an assessment of the level of flood risk in Eastbourne from tidal, fluvial, surface water and groundwater flooding.
- Eastbourne Park Flood Storage Scheme Review – a review of the capacity of the flood storage in Eastbourne Park to identify if additional capacity will be needed and how it could be provided.
- Community Facilities Assessment – an assessment of the current quantity and quality of community facilities and future needs.

## **4.0 Future Work Programme**

4.1 A new LDS covering the period from 2017 to 2020 is provided at Appendix 1.

### 4.2 Local Plan

4.2.1 The timetable for the preparation of the new Local Plan in the updated LDS is as follows:

- Evidence gathering and on-going engagement: July 2016 – July 2017
- Issues and Options Consultation: October – November 2017
- Publication: September 2018
- Submission: January 2019
- Examination: May 2019
- Adoption: November 2019

### 4.3 Other Documents

#### 4.3.1 *Statement of Community Involvement (SCI)*

The SCI explains to stakeholders and the community how they can be involved in the preparation of Local Plans, and the steps that will be taken to facilitate their involvement. Before consultation on the Local Plan takes place, the existing SCI (adopted 2006) needs to be updated. A new version will be

published for consultation in March, with adoption anticipated in July before the Local Plan Issues & Options consultation.

#### 4.3.2 *Community Infrastructure Levy (CIL) Charging Schedule*

CIL is a charge which local authorities are empowered to charge on types of new development in their area, with the proceeds being spent on infrastructure to support the development of the area. The Charging Schedule sets out how much different types of development will be charged. It is intended that a review of the CIL Charging Schedule will be undertaken with the intention to allocate a CIL charge for apartments, which are currently exempt from CIL under the existing charging schedule. It is anticipated that this will commence in late 2017 and be adopted by mid 2019.

#### 4.3.3 *Tourist Accommodation Retention SPD*

Changes in the tourism market and the expectations of overnight visitors have meant that current policy relating to tourist accommodation is out of date. This Supplementary Planning Document will provide a new interpretation of existing planning policies relating to tourist accommodation. Consultation has already taken place, and this is due for adoption in February.

#### 4.3.4 *Affordable Housing SPD*

The current adopted policy relating to affordable housing is not consistent with recent changes in national policy on affordable housing requirements. This Supplementary Planning Document will provide an update to the implementation of Core Strategy Policy D5: Housing in relation to securing affordable housing in development. A draft SPD will be published for consultation in May 2017, and it is anticipated that it will be adopted in November 2017.

### **5.0 Consultation**

5.1 The Local Plan Steering Group was consulted on the preparation of the LDS. The Local Plan Steering Group oversees the preparation and finalisation of Local Plan documents and SPDs before approval by the Cabinet.

### **6.0 Implications**

#### 6.1 Legal Implications

6.1.1 A Local Development Scheme is required under Section 15 of the Planning and Compulsory Purchase Act 2004 (as amended by the Localism Act 2011). It is a legal requirement in the examination of a Local Plan that the Local Plan being examined is listed within an approved LDS.

6.1.2 Under the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 and the Council's constitution, the adoption of the LDS is a function of Full Council. However, it is a proper function of Cabinet to consider the LDS and make a recommendation to Full Council for its adoption with or without amendment (*Lawyer consulted 16.1.17. Legal ref: 005954-EBC-OD*).

## 6.2 Financial Implications

6.2.1 The work programme identified in the LDS will be funded through an annual base budget of £20,000. Service and Financial Planning has identified a need for an additional £65,000 for 2017/18 and £75,000 for 2018/19 to cover the costs of specialist evidence studies to inform the preparation of the Local Plan.

## 6.3 Human Resource Implications

6.3.1 The Planning Policy service area will be responsible for progressing the work programme set out in the LDS.

## **7.0 Conclusion**

7.1 The current LDS (Feb 2016) is no longer up-to-date and needs to be revised to take into account changes in circumstance and timetable relating to Local Plan production.

7.2 A new LDS has been prepared, covering the period 2017-2020. This focuses on the production of a new Local Plan, which is anticipated to be adopted towards the end of 2019.

7.3 Cabinet are requested to recommend to Full Council that the LDS be formally adopted at the Full Council meeting on 22 February 2017.

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### Background Papers:

- Draft Local Development Scheme 2017-2020 (EBC, February 2017)
- Local Development Scheme 2016-2019 (EBC, February 2016)
- Eastbourne Authority Monitoring Report 2015/16 (EBC, December 2016)
- National Planning Policy Framework (DCLG, 2012)

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

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## **Appendix 1 – Local Development Scheme 2017-2020**

# Eastbourne LOCAL DEVELOPMENT SCHEME 2017 - 2020



February 2017



# **LOCAL DEVELOPMENT SCHEME 2017-2020**

**To be adopted by Full Council on Wednesday  
22 February 2017**

Regeneration & Planning Policy  
Eastbourne Borough Council  
1 Grove Road  
Eastbourne  
BN21 4TW

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Date: February 2017

The document can be viewed and downloaded from:  
[www.eastbourne.gov.uk/lds](http://www.eastbourne.gov.uk/lds)



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## 1.0 Introduction

- 1.1 The Planning and Compulsory Purchase Act 2004 requires Local Planning Authorities to prepare and maintain a Local Development Scheme (LDS). A Local Development Scheme sets out the work programme for the preparation of documents that will form the Local Plan over a rolling three year time period.
- 1.2 The Local Plan contains the policies which all planning applications are considered against, unless a material consideration indicates otherwise.
- 1.3 Legislation requires that the Local Development Scheme specifies the Local Plan documents that are to be produced; the subject matter and geographical area to which each document relates; and the timetable for the preparation and revision of these documents. It must be made publicly available and kept up-to-date as it is important that local communities and interested parties can keep track of progress.
- 1.4 Although the Planning and Compulsory Purchase Act originally required Local Planning Authorities to submit their Local Development Scheme to the Secretary of State, the Localism Act 2011 removed this requirement and allows Local Planning Authorities to adopt their own Local Development Schemes without approval from the Secretary of State.
- 1.5 This Local Development Scheme covers the period 2017-2020, and sets out the timetable for the production of the Eastbourne Local Plan. Progress will be monitored against the targets and milestones set out in this Local Development Scheme each year through the Local Monitoring Report, which will be published annually each December.

## 2.0 Background

- 2.1 Planning law requires that applications for planning permission must be determined in accordance with the Local Plan unless material considerations indicate otherwise<sup>1</sup>.
- 2.2 The National Planning Policy Framework (NPPF), which was published in 2012, requires Local Planning Authorities to produce a Local Plan as the plan for the future development of the local area, drawn up by the Local Planning Authority in consultation with the local community.
- 2.3 The NPPF sets out mandatory guidance as to how Local Plans should be shaped to accord with the principles of sustainable development, and all new Local Plans must be consistent with the NPPF in order to be sound. At the heart of the NPPF is a presumption in favour of sustainable development, which is supported by a number of core planning principles.
- 2.4 Local Plans must also be based on a proportionate evidence base which includes adequate, up-to-date and relevant evidence about the economic, social and environmental characteristics and prospects of the area. In addition, Local Plans are subject to the European Strategic Environment Assessment Directive and should incorporate a sustainability appraisal to ensure that they accord with the principles of sustainable development.
- 2.5 The Local Plan was previously known as the Local Development Framework (LDF), and comprised a number of different Local Development Documents (LDDs); however these terms are no longer used in national policy. The Core Strategy and other planning policies, which under the regulations would be considered to be Development Plan Documents (DPDs), now form part of the Local Plan.
- 2.6 Rather than produce a series of DPDs as part of the LDF, the NPPF requires the Local Plan to be produced as one single document, which can be reviewed in whole or in part to respond flexibly to changing circumstances. Any additional DPDs should only be used where clearly justified.
- 2.7 Supplementary Planning Documents (SPDs) can be produced to provide additional detail on a policy within a Local Plan, and are a material consideration in the determination of a planning application. The NPPF

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<sup>1</sup> Section 38(6) of the Planning and Compulsory Purchase Act 2004 and Section 70(2) of the Town and Country Planning Act 1990

requires that they should be used where they can help applicants make successful applications or aid infrastructure delivery, and should not be used to add unnecessarily to the financial burdens on development.

- 2.8 The Town & Country Planning (Local Planning) (England) Regulations 2012 (also known as '*the Local Plan Regulations*') sets out the stages in the preparation of Local Plans, which includes independent examination by a person appointed by the Secretary of State. The process for SPDs is similar but does not require the document to be subject to independent examination. The only exception to this is a Community Infrastructure Levy Charging Schedule, which has its own set of planning regulations, outlining how it is prepared and examined.

## 3.0 Purpose of Local Development Scheme

- 3.1 Under section 15 of the Planning and Compulsory Purchase Act 2004 (as amended by the Planning Act 2008, the Localism Act 2011 and the Housing and Planning Act 2016), Local Planning Authorities must produce a Local Development Scheme (LDS).
- 3.2 The LDS is a 3-year project plan setting out the timetable for the preparation of the Local Plan and any other DPDs that are proposed. It provides a starting point for the local community, businesses, other stakeholders to find out what planning documents the Council is intending to prepare and to see when they will be able to view and make comments on the contents of new planning policies and proposals. The LDS is available on the Council's website at [www.eastbourne.gov.uk/lds](http://www.eastbourne.gov.uk/lds).
- 3.3 Community Involvement throughout the preparation of the Local Plan is very important in order to ensure local views are taken into account. The Council is committed to the close involvement of stakeholders and the wider local community and this approach is set out in the Council's Statement of Community Involvement (SCI), which is due to be reviewed within this three year period. The SCI is available on the Council's website at [www.eastbourne.gov.uk/sci](http://www.eastbourne.gov.uk/sci).
- 3.4 In July 2015, the Government committed to publishing league tables setting out each local planning authority's progress in plan-making. Authorities without a Local Plan in place and authorities which have not kept the policies in their Local Plan up-to-date will be a high priority for intervention.
- 3.5 Each authority's Local Development Scheme will be used to provide the information required to assess whether the authority is meeting the timetable it has set itself. The Government will also compare this information against any subsequent updates to an authority's Local Development Scheme to identify any slippage in plan-making progress to identify where intervention may be needed.

## 4.0 Planning Context in Eastbourne

### Current Local Plan Position

- 4.1 The main focus of the LDS in recent years has been the preparation and submission of the Core Strategy, the Town Centre Local Plan and the Employment Land Local Plan.
- 4.2 The previous LDS was adopted in February 2016. This set out the Employment Land Local Plan as the main focus of work, but also included a timetable for the preparation of a partial review of the Core Strategy in relation to the affordable housing policy, as well as the production of a new Local Plan.
- 4.3 The effectiveness of adopted Local Plans and the progress against the LDS is assessed through the Annual Monitoring Report (AMR), which is published each December.
- 4.4 The AMR 2015/16 identifies that Eastbourne can only demonstrate a 3.47 year housing land supply, which means that in accordance with the NPPF the Core Strategy policies relating to housing delivery cannot be considered to be up to date.
- 4.5 The AMR 2015/16 also identifies that the previous LDS (February 2016) is out of date. The LDS 2016 identified the preparation of a Core Strategy Policy Review: Affordable Housing in order to address issues relating to changes in national policy regarding the thresholds for affordable housing contributions.
- 4.6 However, it is now considered that these issues can be adequately dealt with through the production of a Supplementary Planning Document, rather than a new DPD. This will allow work to be focused on the preparation of a new Local Plan to address the five year housing land supply issue. Therefore the LDS needs to be updated to reflect the removal of the Core Strategy Policy Review on Affordable Housing.

### Joint Transformation Programme

- 4.7 Eastbourne Borough and Lewes District Councils are embarking on an exciting and ambitious three year business transformation programme to modernise services and generate significant savings for both Councils. The programme will see the introduction of a new business model with joint teams delivering

shared services that deliver great outcomes for customers, and is known as the Joint Transformation Programme.

- 4.8 The purpose of the Joint Transformation Programme is the formation of two strong Councils through the full integration of management, services and ICT to:
- a) **Protect Services** - delivered to local residents while at the same time reducing costs for both Councils to together save £2.8m 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.



## 5.0 Adopted Local Plan and Other Planning Documents

### Local Plan

- 5.1 The Eastbourne Local Plan currently consists of:
- Saved Policies from the Eastbourne Borough Plan 2001-2011 (adopted 2003)
  - The Eastbourne Core Strategy Local Plan (adopted 2013)
  - The Eastbourne Town Centre Local Plan (adopted 2013)
  - The Eastbourne Employment Land Local Plan (adopted 2016)

### *Saved Policies from the Eastbourne Borough Plan*

- 5.2 The Eastbourne Borough Plan 2001-2011 was adopted in 2003. Selected policies from the Borough Plan were saved indefinitely in 2007.
- 5.3 The saved Borough Plan policies are mainly those related to Development Management issues that are used on a day-to-day basis in determining planning applications and guiding development.

### *Core Strategy*

- 5.4 The Eastbourne Core Strategy Local Plan was adopted in February 2013 following Public Examination by a Planning Inspector in May 2012.
- 5.5 The Core Strategy is the main strategic planning document and all other DPDs that are prepared will need to conform to the primary policies in this Plan. It sets out the Council's spatial vision for Eastbourne up to 2027, and the primary land use objectives which will deliver it. It includes broad locations for residential and economic development along with time frames and delivery mechanisms where appropriate. It also sets the direction for the Town Centre Local Plan, and future Local Plans and Supplementary Planning Documents.

### *Town Centre Local Plan*

- 5.6 The Eastbourne Town Centre Local Plan (TCLP) was adopted in November 2013 following Public Examination by a Planning Inspector in May 2013.

5.7 The Town Centre is an area which will experience considerable change over the coming years. The purpose of the TCLP is to provide a shared vision and strategy of actions, for the whole of the town centre. This Plan covers a wide range of issues relating to general planning and design management of the centre. It provides the basis of an agreed strategy for the allocation of land and other policies to guide the further development of the Eastbourne Town Centre.

#### *Employment Land Local Plan*

5.8 The Employment Land Local Plan (ELLP) will re-examine Policy D2: Economy and the identification of land for employment uses within the Core Strategy Local Plan. It will review the employment needs of Eastbourne to 2027 and consider how much land needs to be identified to provide for uses within Class B of the Use Classes Order. The location and quality of the land currently identified within the Core Strategy will be re-assessed to ensure it is suitable to meet future economic needs.

5.9 The early review is being undertaken as a direct result of the Inspector's consideration of the Core Strategy Local Plan employment policy at the Examination in 2012, and therefore the production of an additional Local Plan is justified.

#### Other Planning Documents

5.10 In addition, Eastbourne Borough Council has also produced the following documents:

- The Eastbourne Policies Map (adopted 2016)
- Statement of Community Involvement (adopted 2009)
- Community Infrastructure Levy – Charging Schedule (adopted 2015)
- Sovereign Harbour Supplementary Planning Document (adopted 2013)
- Eastbourne Park Supplementary Planning Document (adopted 2013)
- Sustainable Building Design Supplementary Planning Document (adopted 2013)
- Local Employment & Training Supplementary Planning Document (adopted 2016)
- Tourist Accommodation Retention Supplementary Planning Document (adopted 2017)
- Annual Monitoring Report

### *Policies Map*

- 5.11 The Policies Map (previously referred to as the Proposals map) illustrates graphically the policies and proposals of the Local Plan. The Policies Map excludes that part of the Borough which now forms part of the South Downs National Park, and falls under the jurisdiction of the South Downs National Park Authority (SDNPA). The SDNPA are responsible for planning policies and making development management decisions within the designated area of the National Park.
- 5.12 The current Policies Map was adopted alongside the Employment Land Local Plan in 2016. It will be revised and updated as new policies are adopted.

### *Statement of Community Involvement*

- 5.13 The Statement of Community Involvement (SCI) sets out how we will involve the community in the planning process, including Local Plans and planning applications (Development Management). It sets out the activities that the Council will undertake to reach stakeholders and the public during the various stages of preparation of Local Plan documents. The most recent SCI was adopted in 2009, although a review of the SCI is proposed for 2017. The current SCI can be viewed at [www.eastbourne.gov.uk/sci](http://www.eastbourne.gov.uk/sci).

### *Community Infrastructure Levy Charging Schedule*

- 5.14 The Community Infrastructure Levy (CIL) Charging Schedule was adopted on 1 April 2015 and builds upon information contained in the Council's Infrastructure Delivery Plan (IDP), which identifies the infrastructure needed to support future growth within the Borough. CIL takes the form of a levy per square metre of additional floorspace, based on £50 per square metre for residential uses (except apartments) and £80 per square metre for retail uses. The CIL rates were determined in order to ensure the overall viability of development in the area will not be compromised, and this was confirmed by an Examiner in January 2015.

### *Sovereign Harbour SPD*

- 5.15 The Sovereign Harbour SPD provides guidance on the future of Sovereign Harbour in support of Policy C14 of the Core Strategy. It was adopted alongside the Core Strategy in February 2013.

- 5.16 The SPD sets out a strategy for the completion of the planned Sovereign Harbour development proposals, whilst meeting the community needs of local residents. It ensures that any future development on the remaining sites provides the social infrastructure necessary to ensure the neighbourhood becomes a sustainable centre. In order to maximise the community benefits this infrastructure will include a community centre, children's play areas and public open space. A maximum of 150 homes will be permitted.
- 5.17 The SPD provides guidance on the uses considered to be appropriate for each of the remaining development opportunity sites, including details of the size, scale and form of development and the specific community benefits to be delivered.

#### *Eastbourne Park SPD*

- 5.18 The Eastbourne Park SPD was adopted in February 2013 alongside the Core Strategy, and provides additional detail to Core Strategy Policy D11: Eastbourne Park. Eastbourne Park covers the area of Willingdon Levels and forms a green largely undeveloped heart of the Borough, and is mostly an area of grazing fields and small scale recreational activities.
- 5.19 The future of Eastbourne Park is a key priority for the Council and the SPD builds on policies in the Core Strategy to provide a sustainable development framework for future management and change in the area.

#### *Sustainable Building Design SPD*

- 5.20 The Sustainable Building Design SPD was adopted alongside the Core Strategy in February 2013. It provides guidance on Core Strategy Policy D1: Sustainable Development in relation to the provision and design of sustainable buildings and environmentally friendly developments, reflecting best practice and the latest technologies.

#### *Local Employment & Training SPD*

- 5.21 The Local Employment and Training SPD was adopted alongside the Employment Land Local Plan in November 2016. It provides additional detail on the implementation of the requirement for local labour agreements within Policy EL1.

- 5.22 It provides a framework and guidance as to how local labour agreements (including employment and training measures) will be secured and how to maximise local employment opportunities at both the construction and first operational phase of the development.

#### *Annual Monitoring Report*

- 5.23 The Annual Monitoring Report (AMR) looks at how Local Plan policies and proposals are being implemented, and identifies any emerging issues that may need to be addressed. It has the following functions:
- to measure progress made in respect of the planning documents being prepared;
  - to review the effectiveness of the adopted planning policies;
  - to monitor the extent to which policies and targets in adopted documents are being achieved against a range of indicators.
- 5.24 All of the Council's Annual Monitoring Reports can be viewed at [www.eastbourne.gov.uk/amr](http://www.eastbourne.gov.uk/amr).

## 6.0 Work Programme for 2017-2020

### Eastbourne Local Plan 2015-2035

- 6.1 There is a clear expectation that local planning authorities should have a Local Plan in place, and that it should be kept up-to-date to ensure policies remain relevant.
- 6.2 The NPPF is clear that housing policies should not be considered up-to-date if the local planning authority cannot demonstrate a five-year supply of deliverable housing sites.
- 6.3 As at 31<sup>st</sup> October 2016, Eastbourne had a 3.47 year housing land supply, which means that the Core Strategy is out of date. It is considered that the lack of a Five Year Housing Land Supply is due to sites identified in the Core Strategy not coming forward, and the majority of development taking place on unidentified 'windfall' sites.
- 6.4 Therefore Eastbourne Borough Council are preparing a new comprehensive Local Plan as a single document, as promoted by the NPPF. The Eastbourne Local Plan will provide a review of the Core Strategy and consider strategic development requirements, including updated housing targets and how these targets will be met. It will also contain development management policies, which are the general policies taken into account when reaching decisions on planning applications. A profile for the Local Plan is provided in Appendix 1.
- 6.5 Evidence gathering for the new Local Plan has commenced with the production of a Strategic Housing Market Assessment (SHMA) and a Strategic Housing & Employment Land Availability Assessment (SHELAA). On-going engagement with the community and stakeholders under Regulation 18 of the Local Plan Regulations will take place throughout the first half of 2017.
- 6.6 The LDS identifies that an Issues & Options document will be published for consultation in autumn 2017, with the publication of a 'Pre-Submission' version under Regulation 19 of the Local Plan Regulations taking place in autumn 2018. Submission of the Local Plan to the Secretary of State for Examination under Regulation 22 of the Local Plan Regulations will take place in early 2018, with the examination hearings take place in mid 2018. This would result in adoption of the Local Plan in late 2019. The LDS timetable is provided in Appendix 2.

- 6.7 The previous LDS identified that an Issues & Options consultation would take place in summer 2017, and the 'Pre-Submission' version would be published in June 2018. This represents a slippage of around 3 months. A full analysis of progress against the previous LDS is set out in the Annual Monitoring Report 2015-16.
- 6.8 The previous LDS also identified the production of a Core Strategy Policy Review on Affordable Housing. The reason for including this in the previous LDS was due to changes in national policy on affordable housing requirements that were not consistent with the adopted Core Strategy policy position on affordable housing.
- 6.9 However, since the publication of the previous LDS, it has been identified that these issues could be adequately addressed through the preparation of an Affordable Housing SPD.

### Other Planning Documents

- 6.10 The work programme for 2017-2020 also identifies that Eastbourne Borough Council will progress other planning documents:
- Statement of Community Involvement
  - CIL Charging Schedule
  - Tourist Accommodation Retention SPD
  - Affordable Housing SPD
- 6.11 In addition, the Annual Monitoring Report will continue to be produced on an annual basis and published in December each year.

### *Statement of Community Involvement*

- 6.12 The current Statement of Community Involvement (SCI) was adopted in 2007 and updated in 2009 to reflect changes in legislation. The SCI sets out how, when and where the Council will consult with local and statutory stakeholders in the process of planning for the local authority area, both in producing development plan documents and in carrying out the development management functions.
- 6.13 A new Statement of Community Involvement is proposed to take into account legislative changes since 2009 and to reflect on previous experience of consultation in order to make the process more efficient and effective.

- 6.14 The new SCI is due to be published for consultation in March 2017, and is anticipated to be adopted in July 2017.

#### *Community Infrastructure Levy Charging Schedule*

- 6.15 The current Community Infrastructure Levy (CIL) Charging Schedule was adopted in 2015. Changes in development viability and the production of a new Local Plan provide justification for reviewing the CIL Charging Schedule in order to provide funding for infrastructure required to meet development needs.
- 6.16 A new CIL Charging Schedule will be progressed alongside the production of the new Local Plan. Work on this is scheduled to commence in summer 2017.
- 6.17 Consultation on the preliminary draft charging schedule will take place in summer 2018, with publication of the draft charging schedule in March 2019. As the CIL Charging Schedule will not be able to be examined until the examination of the Local Plan has concluded, this is scheduled for late 2019, leading to adoption in 2020.

#### Supplementary Planning Documents

- 6.18 Since the publication of the Planning Act 2008, Supplementary Planning Documents no longer have to be included in the LDS, but the Council has included these to provide a comprehensive picture of the planning documents that apply to the Borough. The purpose of SPDs is to provide guidance and more detail on the application of Local Plan policy.

#### *Tourist Accommodation Retention SPD*

- 6.19 A Tourist Accommodation Retention SPD is being prepared to update the interpretation of existing planning policies relating to tourist accommodation in light of changes in the tourism market and the expectations of overnight visitors.
- 6.20 The Tourist Accommodation Retention SPD was published for consultation with the local community and stakeholders, between 23 September and 4 November 2016, and will be adopted in February 2017.



### *Affordable Housing SPD*

- 6.21 The Affordable Housing SPD is being produced to provide an update on the implementation of Core Strategy Policy D5: Housing, specifically affordable housing, in light of changes in national guidance that have been published since the Core Strategy was adopted.
- 6.22 The Affordable Housing SPD will be published for consultation in May 2017, and it is anticipated that it will be adopted in November 2017.

## 7.0 Resources and Programme Management

### Governance

- 7.1 The implementation of this LDS will require effective governance support procedures.
- 7.2 The preparation of Local Plans and SPDs is guided by the Local Plan Steering Group. This consists of six Councillors, including the Leader of the Council, the Portfolio Holder for Place Services and Chair of Planning Committee, as well as a Member of the Opposition.
- 7.3 Local Plans and SPDs are to be reported to Cabinet for approval for publication and consultation at Regulation 18 stage and Regulation 19 stage according to the Local Plan Regulations, following a consultation with the Planning Committee. According to the Council's constitution, Full Council approval is required prior to formally adopt a Local Plan or SPD.
- 7.4 The timeframe necessary to comply with the Council's in-house processes and procedures have been included within timeline given for preparing the Local Plan and SPDs. The timescale for preparing the Local Plan also assumes that resources will be available to handle the workload.

### Resources

- 7.5 The Council's Planning Policy team will take the lead on preparing all Local Plans and SPDs, as well as the SA/SEA and the preparation of evidence base studies to support the Local Plan. The Planning Policy team will be supported by other Council officers where necessary.
- 7.6 Overall management responsibility for the Local Plan will be with the Planning Policy Manager, who will be responsible for appropriate allocation of staff and negotiating for resources and funding where necessary.
- 7.7 Following the adoption of the Employment Land Local Plan, the Planning Policy team's top priority is the preparation of the Local Plan. SPDs will only be produced where it is considered necessary to address a significant issue that has arisen.

- 7.8 External specialist consultants may also be used to supplement existing resources where studies are of a specialist nature and/or where there are benefits in terms of timing to outsource the work, or in providing a critical friend to the Council's teams.

### Risk Assessment

- 7.9 It is important that the risks associated with delivery of the Local Plan are acknowledged and mitigating measures put in place to avoid adverse impact on the delivery of the LDS.
- 7.10 The main risks to delivery together with proposed mitigation measures are identified in Table 1.

**Table 1 - Risk Assessment**

<b>Issue</b>	<b>Risk / Implications</b>	<b>Mitigation</b>
<b>Staff Resources</b>	EBC have also had issues recruiting suitably qualified staff. If positions become vacant and cannot be quickly filled by qualified staff, there may be a need to review the LDS.	Robust management of staff resources and cross-service and partnership working.  Consideration of additional external resources where appropriate
<b>Evidence</b>	Delay to Plan progress if the production of evidence studies is delayed.  Additional unforeseen evidence base requirements and the need for specialist information and expertise which is unavailable in-house.	Early and thorough assessment of available evidence and need. Prioritisation of further work.  Management of consultants, including setting of appropriate deadlines. Timely provision of information/comments for consultants. Close monitoring of adherence to project timescales.
<b>Political Decision-making</b>	Potential changes in political support for the Local Plan, due to events such as local and national	Ongoing engagement and progress updates given to the cross party Local Plan

Issue	Risk / Implications	Mitigation
	<p>elections.</p> <p>Politically contentious issues may require unforeseen procedures to resolve.</p>	<p>Steering Group</p> <p>Provide opportunities for Councillors to discuss emerging policies through Member Training sessions.</p>
<p><b>Legal compliance (including Duty to Co-operate) and Tests of Soundness</b></p>	<p>Risk that Local Plan could be found unsound or fail tests relating to legal compliance &amp; Duty to Co-operate. Being found unsound could cause a potential resultant major delay to the progress of the Local Plan.</p> <p>There may be risks to the timetable in securing the appropriate level of 'co-operation' with neighbouring authorities at officer and member level.</p>	<p>Continuous soundness self-assessment. Consultation with the Planning Inspectorate and Planning Advisory Service.</p> <p>Make use of the East Sussex Strategic Planning Members Group to discuss duty to co-operate issues.</p>
<p><b>Changes to National Planning Policy or procedural requirements</b></p>	<p>Changes to national policy and planning guidance could result in abortive or inappropriate progress.</p> <p>Changes to procedural requirements and new legislation may alter the stages in plan preparation.</p>	<p>Closely monitor new policy and practice guidance and anticipate changes to national policy.</p> <p>Take into account any changes at the next appropriate stage in preparation.</p> <p>Consistent and ongoing legal advice from within the Council.</p>
<p><b>Financial Resources</b></p>	<p>Undertaking evidence gathering projects, public consultation events and the examination of the new Local Plan require significant financial resources. Any additional unforeseen costs would place a further burden on the budget.</p>	<p>Close monitoring of the new Local Plan preparation budget and likely future commitments.</p>
<p><b>Consultation</b></p>	<p>Unexpectedly large numbers of representations may require extra work to respond to issues raised, or could require a longer</p>	<p>Identify expected level of response during consultation period and prioritise response to</p>



Issue	Risk / Implications	Mitigation
	examination in public and a delay in the Inspector reporting.	representations post consultation period.
<b>Timescales</b>	The scale and uncertainty of the content of a single Local Plan presents potential risks to its deliverability.	Robust scoping. Keep Local Development Scheme under constant review and amend as necessary. Ensure sound project planning.

## **8.0 Monitoring and Review**

- 8.1 The Local Plan Steering Group will oversee the preparation and finalisation of Local Plan documents and SPDs before approval by the Council's Cabinet and Planning Committee. Local Plan Steering Group meets on a monthly basis and consists of six Councillors, including the Leader of the Council, the Portfolio Holder for Place Services and Chair of Planning Committee, as well as a Member of the Opposition.
- 8.2 Overall responsibility for the ongoing management of the LDS programme rests with the Manager of the Planning Policy team. Input on certain documents and evidence studies will be required from other internal Council officers and external specialists as appropriate.
- 8.3 The Local Development Scheme will be monitored on an annual basis through the Annual Monitoring Report.

## Appendices

### Appendix 1: Local Plan Profile

<b>EASTBOURNE LOCAL PLAN</b>	
<b>Role and Subject:</b>	A new comprehensive Local Plan as a single document, as promoted by the NPPF. It will replace the Core Strategy and all other existing planning policies. It will consider strategic development requirements, including updated housing targets and how these targets will be met. It will also contain development management policies, which are the general policies taken into account when reaching decisions on planning applications.
<b>Geographical coverage:</b>	Whole of Eastbourne Borough outside SDNP.
<b>Status:</b>	Local Plan document which will form part of the statutory Development Plan. Once adopted it will replace all existing adopted planning policy.
<b>Conformity:</b>	The Eastbourne Local Plan will conform to the National Planning Policy Framework, the Town and Country Planning (Local Planning) Regulations (2012), and other national policies.
<b>Timetable &amp; Key Milestones</b>	
<b>Engagement and evidence gathering (Reg. 18):</b>	April-Sept 2017
<b>Consultation on Issues and Options (Reg. 18):</b>	Oct-Nov 2017
<b>Publication of Pre Submission version (Reg. 19):</b>	Sept 2018
<b>Representations on Pre Submission version (Reg. 20):</b>	Oct-Nov 2018
<b>Submission to Secretary of State (Reg. 22):</b>	Jan 2019
<b>Public Examination (Reg. 24):</b>	May-June 2019

## EASTBOURNE LOCAL PLAN

**Adoption and Publication (Reg. 26):** Nov 2019

### Production Arrangements

<b>Organisational lead:</b>	Planning Policy Team
<b>Management Arrangements:</b>	Local Plan Steering Group
<b>Resources:</b>	Planning Policy team, Specialist Advisors (Planning) and external consultants
<b>Approach to consultation:</b>	Set out in the Statement of Community Involvement. Consultation will be led by Eastbourne Borough Council.

### Post Production

<b>Monitoring and review mechanisms:</b>	The implementation of the objectives and policies of the Eastbourne Local Plan will be monitored in the Annual Monitoring Report
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## Appendix 3: Glossary

Term	Definition
<b>Adoption</b>	The final confirmation of a Development Plan / Local Plan or Supplementary Planning Document status by a Local Planning Authority.
<b>Annual Monitoring Report (AMR)</b>	Local Planning Authorities are required to prepare and publish an Annual Monitoring Report containing information on the implementation of the Local Development Scheme (LDS) and the extent to which the policies set out in the Local Plan documents are being achieved (previously known as Local Monitoring Report). Also known as <i>Authority Monitoring Report</i> .
<b>Community Infrastructure Levy (CIL)</b>	The Community Infrastructure Levy is a charge which local authorities in England and Wales are empowered, but not required, to charge on types of new development in their area. The proceeds of the levy will be spent on local and sub-regional infrastructure to support the development of the area.
<b>Community Strategy</b>	A strategy developed by the local community, focusing on what is important to people who live, work and visit the town and to make positive changes.
<b>Conservation Area</b>	An area of special architectural or historic interest, the character or appearance of which is desirable to preserve or enhance.
<b>Core Strategy</b>	The main planning policy document for Eastbourne that sets out the long term strategic planning vision between 2006 and 2027.
<b>Corporate Plan</b>	Sets out the major place-shaping initiatives crucial to the future success of Eastbourne. Examples of these initiatives are the Town Centre Regeneration and the development of a Business Park at Sovereign Harbour.
<b>Development Plan</b>	The set of documents that provide the Local Planning Authority's policies and proposals for the development and use of land and buildings in the authority's area. This includes adopted Local Plans, any Neighbourhood Plans and the Waste & Minerals Local Plan.

Term	Definition
<b>Development Plan Document</b>	Statutory documents which are subject to specified consultation periods and are subject to independent examination. Also known as Local Plans.
<b>Eastbourne Strategic Partnership (ESP)</b>	A non-statutory body made up of a wide range of representatives from the public, private and voluntary sector. The ESP is responsible for producing, monitoring and reviewing the Eastbourne Community Strategy, reducing duplication in the provision of services and developing joint projects.
<b>Evidence Base</b>	The information and data gathered by local authorities to justify the "soundness" of the policy approach set out in the Local Plan, including physical, economic, and social characteristics of an area.
<b>Examination / Examination in Public</b>	The process by which a Planning Inspector may publicly examine a Local Plan for legal compliance and 'soundness' before issuing a binding report.
<b>Infrastructure Delivery Plan (IDP)</b>	Detailed assessment of the infrastructure required to deliver the spatial development strategy and how this will be delivered.
<b>Inspectors Report</b>	A report issued by a Planning Inspector regarding the planning issues debated at an Independent Examination of a Development Plan or a Planning Inquiry.
<b>Joint Transformation Programme (JTP)</b>	A business transformation programme involving Eastbourne Borough and Lewes District Councils to modernise services and generate significant savings for both Councils. The programme will see the introduction of a new business model with joint teams delivering shared services that deliver great outcomes for customers.
<b>Local Development Document (LDD)</b>	A generic term for documents prepared by Local Planning Authorities for the use and development of land or containing environmental, social and economic objectives relevant to the development and use of land which are intended to guide the determination of applications for planning permission.

Term	Definition
<b>Local Development Scheme (LDS)</b>	The LDS sets out the programme for the preparation of the Local Development Documents. All plan making authorities must maintain an up to date LDS.
<b>Local Plan (LP)</b>	The plan for the future development of the local area, drawn up by the Local Planning Authority in consultation with the community
<b>Local Plan Regulations</b>	See Town & Country Planning (Local Planning) (England) Regulations 2012
<b>National Planning Policy Framework (NPPF)</b>	The NPPF sets out the Government’s planning policies and how these are expected to be applied. It was published on 27 March 2012.
<b>Planning and Compulsory Purchase Act 2004</b>	The legislation that introduced a new development planning system, based on the preparation of Local Development Frameworks. The Act commenced 28th September 2004.
<b>Policies Map</b>	A map which shows the policies and proposals in the Development Plan on a map.
<b>Soundness / Test of Soundness</b>	<p>In order to be sound, a Local Plan must be:</p> <ul style="list-style-type: none"> <li>• Positively prepared – the Plan should be prepared based on a strategy which seeks to meet objectively assessed development and infrastructure requirements, including unmet requirements from neighbouring authorities where it is reasonable to do so and consistent with achieving sustainable development;</li> <li>• Justified – the plan should be the most appropriate strategy, when considered against the reasonable alternatives, based on proportionate evidence;</li> <li>• Effective – the plan should be deliverable over its period and based on effective joint working on cross-boundary strategic priorities; and</li> <li>• Consistent with national policy – the plan should enable the delivery of sustainable development in accordance with the policies in the Framework.</li> </ul>
<b>South Downs National Park (SDNP)</b>	England's newest National Park, covering the South Downs and Western Weald, situated in the counties of Hampshire, and West and East Sussex. Planning responsibility within this area falls to the South Downs National Park Authority.

Term	Definition
<b>Statement of Community Involvement (SCI)</b>	Document explaining to stakeholders and the community how they can be involved in the preparation of Local Development Documents, and the steps that will be taken to facilitate their involvement.
<b>Strategic Environmental Assessment (SEA)</b>	The term used internationally to describe the environmental integration of policies, plans and programmes. The SEA Directive (2001/42/EC) requires a formal 'environmental assessment' of plans and programmes that are to be adopted by a public authority including those in spatial planning. This assessment is often combined with the Sustainability Appraisal.
<b>Supplementary Planning Document (SPD)</b>	These provide additional planning policy guidance to the policies and proposals in the Local Plan. They do not need to be subject to independent examination
<b>Sustainability Appraisal (SA)</b>	Assessment of the social, economic and environmental impacts of proposals in Local Development Documents.
<b>Town &amp; Country Planning (Local Planning) (England) Regulations 2012</b>	Regulations that govern the process for preparing Local Plans and Supplementary Planning Documents. Also known as 'Local Plan Regulations'.

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<b>Body:</b>	<b>Cabinet</b>
<b>Date:</b>	<b>8 February 2017</b>
<b>Subject:</b>	<b>Eastbourne Local Lottery</b>
<b>Report Of:</b>	<b>Ian Fitzpatrick (Director of Service Delivery)</b>
<b>Ward(s)</b>	All
<b>Purpose</b>	To gain agreement for 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.
<b>Decision Type:</b>	Key decision
<b>Recommendation:</b>	That Cabinet delegate to the Director of Service Delivery the authority to set up an Eastbourne Local Lottery
<b>Contact:</b>	Bill McCafferty, Lead for Revenues, Benefits & Service Support, Telephone 01323 415171 or internally on extension 5171. E-mail address: <a href="mailto:bill.mccafferty@eastbourne.gov.uk">bill.mccafferty@eastbourne.gov.uk</a>

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## **1.0 Introduction**

- 1.1 As budgets come under increasing pressure councils are looking at ways of reducing cost or raising additional income.
- 1.2 Local lotteries are a way of raising funds for good causes, which could take pressure off community grants budgets. The Council currently awards Major and Housing grants of £259,500 to six organisations and allocates a Small Grants budget of £60,000 to between fifteen and twenty five different organisations each year. Future contributions from the Eastbourne Local Lottery could be used to reduce the Council's expenditure on grants without reducing the level of funds allocated through the Community Grants programme.
- 1.3 Local lotteries are now being run by several councils, including Aylesbury Vale, Portsmouth and Mendip, and are being considered by several others, including Tunbridge Wells.
- 1.4 Lotteries have long been a way of smaller organisations raising income. They are regulated by the Gambling Act 2015. There are different types of lotteries; the one being proposed is a 'society lottery', which is a lottery promoted for the benefit of a non-commercial society.
- 1.5 A society is non-commercial if it is established and conducted for:
  - Charitable purposes

- The purpose of enabling participation in, or of supporting, sport, athletics or a cultural activity
- Any other non-commercial purpose other than that of private gain

1.6 In all cases, lotteries have to deliver a minimum of 20% of proceeds to good causes. This report recommends that a minimum of 60% of proceeds would go to good causes in Eastbourne.

## **2.0 Proposed form of lottery**

2.1 One overriding issue regarding the form of the lottery is that it will have to be online. This is due to the costs of distribution and sales in any other way. The lottery will be able to be accessed via desktop, mobile and tablet.

2.2 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 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 are 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.

2.3 The Council would be the licence holder and control the good causes joining the scheme. A draft set of criteria for acceptance into the scheme is at Appendix A.

## **3.0 Delivery Options**

3.1 There are two options for the delivery of the lottery, either in-house or through an External Lottery Manager (ELM).

- In-house – This option would necessitate creating new posts to administer the lottery. This has not been fully costed, but would likely be in the region of £75k. This would include the recruitment of a lottery manager and the purchase, or development, of the software to enable a lottery to run.
- External Lottery Manager – This option would see a partnership with an existing deliverer of lotteries. Effectively buying in the skills and expertise necessary. The ELM would deliver all aspects of the lottery, from taking ticket payment, prize management and licensing and would share with the Council and the good causes the role of marketing.



3.2 Based on the lack of in-house expertise the preferred option is to engage an ELM.

### **Ticket pricing**

#### **4.0**

4.1 Investigations have identified two ELMs, with the main difference being their ticket pricing. Provider A offers a product with a ticket price of £1, whereas Provider B's offer is a lottery with a ticket price of £2.

4.2 The start-up costs of Provider A are c£3,000 and Provider B c£5,000. Both offer a similar prize structure but with differing percentage splits to the operator, EBC and good causes. Provider B offers a matched jackpot prize, if won, to the good cause the player opted for.

4.3 The ticket price will obviously have an effect of the number of tickets sold. Research by The Leadership Factor in June 2013 suggests that there is a significant drop off in sales, up to 69%, if a ticket is priced at £2 compared to a ticket priced at £1.

### **5.0 Ticket Price, Proceeds apportionment and Prizes**

5.1 Based on the recommendations in this report the Eastbourne Lottery structure would operate as set out below:

- Ticket price £1 per week
- Draw once a week
- Two modes of operation – specific good cause or no specific good cause

<b>Proceeds apportionment</b>				
	<b>Specific Good Cause</b>		<b>No Specific Good Cause</b>	
	% allocation	£allocation per ticket	% allocation	£allocation per ticket
Specific Good Cause	50	£0.50	-	-
Prizes	20	£0.20	20	£0.20
Eastbourne Good Causes	10	£0.10	60	£0.60
ELM	17	£0.17	17	£0.17
VAT	3	£0.03	3	£0.03
Total	100	£1.00	100	£1.00

### **Number Selection and Prizes**

5.2 Players can purchase tickets, either on a monthly recurring basis or a 3/6/12 month payment upfront, on line by either setting up a Direct Debit or using a payment card.

5.3 Players have to register, giving their name, address, date of birth and email address.

- 5.4 Players choose six numbers or can have them selected randomly. To win the jackpot the player must match both the numbers and sequence as drawn. Players can also win prizes if the ticket matches the sequence of the first or last two, three, four or five numbers drawn. Bolt on 'raffle' type prizes are possible with this model.
- 5.5 The jackpot is an insured prize and it is a guaranteed pay out of £20,000 per winner, even if more than one person wins; the jackpot is not shared or rolled-over.

<b>Number selection and Prize structure</b>		
	Winning odds	£prize
6 numbers	1:1,000,000	£20,000
5 numbers	1:55,556	£1,000
4 numbers	1:5,556	£100
3 numbers	1:556	£10
2 numbers	1:50	3 free tickets

Set out below is a player modelling analysis. It shows that, over a year, a considerable amount of income can be generated for good causes.					
Ticket price	Number of players	Tickets bought per week	Number of weeks	Gross return	Received by good causes
£1	500	1	52	£26,000	£15,600
£1	1,000	1	52	£52,000	£31,200
£1	1,500	1	52	£78,000	£46,800
£1	2,000	1	52	£104,000	£62,400
£1	2,500	1	52	£130,000	£78,000

- 5.6 Day-to-day management of the lottery will be conducted by the ELM. This includes processing new players, contacting winners, distributing prizes and income for good causes. The ELM will send newsletters to all good causes signing up and will help the Council publicise the lottery and support its take-up. Apart from some officer time, set-up and marketing costs the lottery will be self-funding.

## **6.0 Gambling**

- 6.1 Lotteries are the most common form of gambling activity across the world and are considered to be a low risk form of gambling when it comes to problem gambling. The Eastbourne lottery mitigates against the risks of problem gambling by:
- Being only playable by pre-arranged sign-up and non-cash methods
  - There being no instant gratifications or reward in taking part
  - Being fully compliant with the Gambling Commission's licensing code of practice, which includes self-exclusion and links with support organisations
  - Due to these factors it is believed that the Eastbourne lottery will not significantly increase problem gambling and that the benefits to good causes outweigh the possible negative issues.

## **7.0 Equalities**

5.1 In terms of equalities a Local Lottery may be more relevant to some religious organisations as, if they have objections to gambling, they may not be able to benefit from it in the way other organisations do.

## **8.0 Resource Implications**

8.1 Financial

There are set-up costs in the region of £5,000 plus annual licence fees of £1,000 a year. Additional costs of up to £3,000 may also be incurred in the first year for marketing of the local lottery scheme.

8.2 Staffing

There would be some staff time taken in setting up the lottery, marketing and approving good causes but, from then on, the majority of work sits with the ELM.

8.3 Legal

- a) A local authority may 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.
- b) All local authority lotteries must be licensed by the Gambling Commission under the Gambling Act 2005 and must adhere to the rules and guidance set out therein regarding the running and reporting of a local lottery
- c) The designated lead officer will work with the ELM to ensure the necessary licences are in place before the lottery commences.
- d) The agreement with the proposed ELM constitutes a services agreement for the purposes of the Contract Procedure Rules but, due to the low estimated contract value, does not require the Designated Officer to obtain a certain number of quotes before award. This decision can be made by the Accountable Officer.

## **9.0 Conclusion**

9.1 An Eastbourne Local Lottery could not only reduce the pressures on the Council's grants programme, but also present an opportunity for local good causes to raise additional income.

**lead officer name: Bill McCafferty**

**job title: Lead for Revenues, Benefits & Service Support**

### **Background Papers:**

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

*Equality and Fairness Analysis*

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- Body:** CABINET
- Date:** February 2017
- Subject:** NEW HR/ORGANISATIONAL DEVELOPMENT POLICY – CHANGE MANAGEMENT
- Report of:** Becky Cooke, Assistant Director of Human Resources and Organisational Development
- Ward(s):** ALL
- Purpose:** To seek Cabinet approval to implement a new HR policy regarding Change Management
- Contact:** Helen Knight, Human Resources Manager  
Telephone 01323 415063 or internally on Extension 5063
- Recommendations:** **That Cabinet: Approve the implementation of this policy**

## **1.0 Overview**

- 1.1 Eastbourne Borough and Lewes District Councils have been individually committed to regularly reviewing HR policies to ensure they comply with current legislation, are based on ACAS best practice and are clear and concise for consistent application throughout the organisation. More recently the Councils have jointly committed to bringing their policies and procedures together as part of the Joint Transformation Programme (JTP) which is an important step towards aligning our people and business practices. This proposed new policy has taken the best aspects of Eastbourne and Lewes's current change policies and pulled them together into an updated version which is now fit to support the organisations through the next period of change.
- 1.2 Eastbourne and Lewes Councils are innovative and dynamic organisations and we are engaged in an ongoing process of continuous improvement which often results in the need for organisational changes. The way in which change is managed is crucial to a successful outcome and this new proposed policy provides an effective tool to inform and support a change process. Both Councils currently have separate guidance for managers and staff regarding change. We have sought to include this all in one policy with the intention of clear and consistent information being provided for both managers and staff during any period of change.

- 1.3 Both Councils have gone through periods of change during recent years, some minor and some major. Separate policies and guidance have been followed and applied but we have been in discussion with Unison for some time now about a holistic policy that can be applied to any change situation.
- 1.4 This policy will provide clarity for both staff and managers alike across both organisations regarding the procedure that should be followed during a period of change, the support that is available and the considerations that should be made.
- 1.5 In drafting this new policy, research has been undertaken with other organisational change policies and Eastbourne and Lewes Unison branches have provided helpful and constructive input.
- 1.6 This policy will also be supported by other policies (as named within) and should not be seen as 'stand alone'. Once approved by Cabinet (EBC) it will be launched across both organisations having already been approved at Employment Committee (LDC) and Joint Staff (EBC). This launch will include bite size sessions organised and facilitated by the HR Business Partners.

## **2.0 Joint Staff**

Members of Joint Staff discussed this policy at a meeting in November 2016. It was approved and recommended for implementation by Cabinet. As it is a brand new policy it is coming to Cabinet for approval first.

## **3.0 Cabinet is asked to:**

Endorse the Change Management policy and recommend that it is agreed for implementation.

**Becky Cooke**  
**Assistant Director of Human Resources and Organisational Development**

# STRONGER together



Lewes District Council



Working in partnership with Eastbourne Homes

## CHANGE MANAGEMENT POLICY

Version Number	Date	Review Date	Author	Reason for New Version
1	September 2016	TBC	Human Resources	Guidance to support managers and staff through a fair and equitable change management process

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## Introduction

1.1 It is the Council's aim, where possible, to maintain secure employment for its employees. The purpose of this policy is to provide a procedure and guidance for managers and staff where there are proposed changes in their service areas. Following the processes outlined in this guidance will ensure that employees and the trade union are fully consulted with, that meaningful consultation takes place, and that the change process is managed in a way which ensures staff are treated fairly and consistently.

1.2 This policy contains guidance and procedures on managing change, restructure and redundancy, voluntary redundancy, redeployment and retirement.

1.3 The key principles that underpin these processes are:

- All employees will be treated with fairness, openness, integrity and trust.
- The processes will be consistent, robust and transparent.
- We aim to minimise the period of uncertainty and disruption for staff, whilst ensuring sufficient time for a fair and transparent consultation and selection process.
- Meaningful consultation will take place around proposed changes including any steps that might be taken to mitigate the consequences of any changes and/or reduce the number of compulsory redundancies.
- The Councils aim is to promote positive employee relations and morale by managing change effectively through employee and trade union consultations, timely planning and action to avoid compulsory redundancy where possible.
- There will be an opportunity for individual consultation for affected employees where there are proposed substantial changes to the job role.
- Employees will have the right to be accompanied at individual consultation meetings by a trade union representative or a work colleague employed by either Council.
- Selection will focus on the skills required for the future of the organisation.
- The Service Manager will be responsible for the management of their employees through the process including liaison with the recognised trade union, the organising of communications and logistics for meetings.
- An HR Business Partner will support both the Manager and the employees by advising on the relevant policy and procedure including process, slotting in, ring fencing and compilation of selection pools where required.
- The Councils' are committed to supporting at risk / potentially redundant employees with their search for suitable alternative employment and redeployment opportunities within either Council.
- The Councils' will minimise the use of agency staff and contractors where possible during any change process where roles are at risk.

- Recruitment to any vacant posts will be subject to scrutiny by CMT. Managers should complete a Vacancy Review form (appendix 1) for submission to CMT. Posts will not be externally recruited to without a clear rationale and CMT authorisation.

## **2. Equality & Diversity**

- 2.1 Changes in the workplace must be implemented fairly. Some groups of staff may experience barriers to participating in and engaging with a restructure and/or redundancy process. For example, disabled staff or staff on maternity leave or long term sickness absence may face particular practical issues in engaging with aspects of the process. An early analysis of potential equality and diversity issues will ensure managers are effectively supporting their staff and complying with relevant legislation.
- 2.2 Where a staff member requires reasonable adjustments to attend and/or participate in consultation meetings, they may be accompanied by an appropriate person to provide support, in addition to their right to be accompanied by a colleague or trade union official. The manager responsible for the meetings at each stage will ensure reasonable adjustments and special arrangements are made. This includes ensuring information is in an accessible format, that meeting arrangements/venues are accessible to all parties and that reasonable adjustments are made to enable fair and complete participation by all parties. Staff members are invited to advise their line manager and subsequent managers of their needs and requirements to ensure they are fulfilled throughout the process wherever possible. This right is also extended to all meetings regarding an employee's employment.
- 2.3 At an early stage of any change proposals the manager is required to undertake an Equality Impact Assessment to identify and address any equalities issues identified through the assessment (appendix 2). Other related policies and procedures are detailed in Paragraph 15 of this document and are available in full on the Intranet.

### **3. Consultation with Employees and Trade Unions**

3.1 Consultation is a two way process, involving more than simply the provision of information. Meaningful consultation should;

- Take place when proposals are still at the formative stage
- Provide all relevant information on which to respond
- Provide adequate time in which to respond
- Involve conscientious consideration of the response to the consultation
- Be entered into with an open mind

There is no time limit for how long a period of formal consultation should be although the Councils will normally work to 30 days. The minimum for a redundancy situation is:

20 to 99 redundancies – the consultation must start at least 30 days before any dismissals take effect

100 or more redundancies – the consultation must start at least 45 days before any dismissals take effect

3.2 At an early stage managers need to be seeking advice from their Human Resources Business Partner (HRBP) including significant changes to jobs, potential redundancy, any TUPE implications and any equality issues affecting staff that have been identified on the Equality Impact Assessment / Equality and Fairness Analysis. This does not replace the need for formal consultation but allows trade unions to have a full understanding of the proposals to help support their members and raise queries at an early stage. Regular discussions are recommended throughout the process to address concerns as they arise. Managers may find it useful to complete a Staffing Assessment Form (appendix 3) which provides a template in which they can clearly focus on the reasons for the proposals, possible impact and benefits for the proposed changes. This form should always be completed for significant restructures.

3.3 Managers are encouraged to share the proposals with the recognised Trade Union at an early stage and allow for any initial feedback. This does not replace the need for formal consultation but allows trade unions to have a full understanding of the proposals to help support their members and raise questions at an early stage. Regular discussions, including with the recognised Trade Union, are recommended throughout the process to address concerns as they arise. Managers complete a staffing assessment form (appendix 3) which provides a template in which they can clearly focus on the reasons for the proposals, possible impact and benefits for the proposed changes.

3.4 Where proposals have an adverse/significant impact on some individuals more than others, managers may arrange to meet with those individuals on a

confidential 1:1 basis to let them know, for example, that their role is at threat of redundancy. Where proposals have a significant impact on some posts more than others managers should arrange to meet with individuals in those posts in a confidential basis to let them know. This meeting should happen prior to but as close as possible prior to the team briefing/staff meeting. A checklist to assist in preparation for such a meeting is attached at appendix 5.

3.5 A team briefing/staff meeting should be arranged with all affected staff to provide an overview of the proposed changes, explain the rationale for changes and invite questions, discussions and feedback. The Trade Union may be invited to attend such meetings .It is also advisable that the HRBP supporting the service area is advised and invited to attend briefings, to answer any policy or procedural queries that may arise. Managers should consider the timing of this meeting to allow all affected staff to attend whenever possible. Where staff are unable to attend (for example, due to annual leave or sickness) managers should discuss this with their HRBP.

3.5 At this meeting managers will clearly explain to staff the need for a review of the service and to provide a summary of the proposed changes. Employees and the trade union need enough information to understand the reasons behind the review and what changes are proposed. It is helpful for managers to consider the following when preparing for the meeting:

- Why is the review taking place?
- Which teams/staff are affected by the review?
- What are the timescales for proposed changes and what is a likely effective date?
- What is the motivation for the change?
- What will the change deliver?
- Detail the savings identified (if required) where appropriate
- What changes have already been made to mitigate redundancies?
- Explain the link to the overall shared service savings required and all options which have been considered

Managers should identify how the review will impact on current and future workloads within the team, and it is helpful to consider the following areas when preparing:

- Are there any areas where demand for the service area is reduced?
- Are there any new areas of work?
- Is growth needed in any areas of work?
- What areas of work remain?
- Are there any areas of service/business transformation?
- What impact will the proposed changes have on existing roles?

3.6 Managers should also detail the current and proposed structures where appropriate with the aim of seeking feedback from employees. It must be emphasised that the structures are provisional and that feedback regarding alternative proposals or setting out concerns on the impact of the service are welcome and encouraged. Careful consideration will then be given before finalising the future structure. Managers should cover:

- Details of the revised or new proposals for the structure of the service and/or teams together with a brief overview of new functions
- Details of changed positions within each proposed option outlining the headlines of the role and grade
- Any issues or challenges identified
- The number of reductions to positions that are anticipated
- Work or tasks that will no longer be required
- Explanation of any new positions
- Explanation of any changes to existing positions

3.7 Managers will also explain where savings and/or efficiencies have been identified as part of the review and how it is proposed that these will be achieved. Detail should be given about areas that have been identified (if any) in full or part to raise income. It is helpful for managers to consider:

- Savings against each potential option identified
- Savings identified from non-staffing areas
- Risks identified
- Areas identified to raise income and how this is proposed to be achieved
- Explain the link to the overall shared service savings required

3.8 Managers will invite feedback from employees on the proposals and the opportunity to raise any questions. Staff need to be clear about:

- The deadline for and method in which to raise any queries (including providing information about equality issues), and to provide feedback
- The opportunity for 1-2-1's to take place and the method to request this
- The next stages of the process and consultation

3.9 Managers should do all they can to maintain staff wellbeing as they move towards the implementation of the change. Managers should ensure that they continue to communicate with all staff throughout the process. This can be achieved by:

- Keeping formal and informal channels of communication open
- Continue to check staff wellbeing period of change and do not assume that because things are quiet that staff are ok
- Keep listening to staff and responding to questions

- Where possible, involve staff in driving forward change
- Remind staff of all support mechanisms available
- Ensuring that the recognised trade union are made aware of any changes to the timetable and that they are given appropriate notice to provide representation for key meetings.

## **4. Implementing New Staffing Structures**

4.1 Following the outcome of consultation, staff need to be clear on the final proposals and what (if any) changes have been made as a result of the consultation process. It is appropriate to share a further version of the consultation proposals to enable this.

4.2 Where a post or function no longer exists in the new structure the following will apply:

- Employees will be informed of any alternative roles in the new structure that they are eligible to apply for
- In the event there are no alternative roles to apply for, or in the event applications for alternative roles are unsuccessful, employees will be placed at risk of redundancy with a letter explaining the reasons for this, the support that is available for them and the redundancy process that will now be followed
- Employees will be invited to attend an individual consultation meeting which will include a discussion around the reason why they have been placed at risk of redundancy, whether there are any viable alternatives to redundancy, and the support that is available.
- A further consultation meeting will take place if there are any outstanding issues to be addressed following the initial consultation meeting
- Employees who are at risk of redundancy will be placed in the redeployment pool whilst suitable alternative employment is sought
- Consideration will also be given as to whether other less apparent posts have been affected as a result of the deletion of a function

4.3 Where a post has not changed or has relatively minor changes, and there are enough posts for people in the new structure, a simple slotting in process will apply and there will be no need to place an employee at risk of redundancy. Minor changes may include a different reporting line or small changes to responsibilities, however such changes should not have a significant impact on the substantive duties or responsibilities of the post.

4.4 The Councils are committed to using this slot in process wherever is appropriate in order to minimise anxiety and disruption to staff.

4.5 Where it has not been possible to slot people into posts within the new structure either due to there being more employees than available posts or where there have been significant changes to the post, staff will be informed of the roles that they are eligible to apply for and the process for doing so.

4.6 It may be that an expression of interest (EOI) process is required for affected staff to indicate which roles they are interested in applying for and how they meet the essential criteria for the roles. An example EOI form is attached at appendix.



- 4.7 Completion of an EOI form does not guarantee an interview as the manager will need to assess whether the employee has demonstrated that they fulfil the essential criteria requirements. Managers will be able to clearly demonstrate the reasons why this is the case.
- 4.8 In situations where an interview process is required managers will be assessing capabilities in line with the requirements of the role as detailed in the job description and person specification, and in line with the competency framework. The length and depth of the interview will depend on the nature of the role, its level of seniority and its impact with the organisation.
- 4.9 Appointments to the new structure will be primarily based on skills, knowledge and experience to fulfil the requirements of the new post as well as the service needs of the organisation. Individuals who are successful in their selection process will be appointed to a role in the new structure.

## **5. Selection Criteria and Interview**

- 5.1. The selection process will consist of a selection interview and a scoring exercise against a number of selection criteria. Managers will be assessing capabilities in line with requirements of the role as detailed in the job description and person specification, and in line with the Councils competency framework.
- 5.2 All factors considered within the selection criteria need to be fair, objective, justifiable and non discriminatory. The manager must decide which selection criteria will be used taking into account whether there is a fair and consistent method for assessing employees against such criteria. Discussions around selection criteria should take place with HR to ensure consistency of approach. Advice must be sought from HR regarding employees who have a protected characteristic under the Equality Act. There are statutory rules in place for staff during maternity, adoption and paternity leave. The relevant policies are detailed in Paragraph 15 of this policy and can be found in full on the Intranet.
- 5.3 The selection panel will normally be made up of two appropriate managers, one of whom should be from the relevant service area and sometimes a member of HR. The panel should fully record and evidence the reasons for their scores and ultimate decision.
- 5.4 Those staff who are unsuccessful will be entitled to a meeting and full feedback on the outcome of the selection process.

## **6. Right of Appeal**

- 6.1 In the event a member of staff is not successful in being appointed to a position in the new structure and is formally given notice of redundancy they are entitled to appeal against dismissal due to redundancy.
- 6.2 The employee should submit their appeal in writing, clearly stating the grounds for their appeal to the relevant chief officer within 10 days of receiving the letter confirming the decision to issue notice of redundancy.
- 6.3 Appeals against redundancy dismissals are heard by an appeal panel of elected members. The panel will consider the case and determine whether or not to confirm the decision to make the employee redundant. This decision will be confirmed in writing to the employee within 5 working days.
- 6.4 An appeal panel would comprise of 3 Elected Members with cross party representation.

## 7. Voluntary Redundancy

- 7.1. Where there is a need to reduce the number of employees, the Council may, at its discretion, take expressions of interest from volunteers for redundancy from those who may shortly be at risk of redundancy due to organisational change or whose jobs could provide employment for employees who are on or may shortly be entering the Redeployment Register.
- 7.2. The principles for voluntary redundancy will be determined prior to any large restructure and those principles will be shared with all staff.
- 7.3. Staff will need to complete an expression of interest form to apply which will require a statement from the current line manager as to what the impact/benefits/disadvantages will be to the organisation of agreeing to the request.
- 7.4. Information regarding Voluntary Redundancy estimates and pensions will be made available to staff as requested and appropriate.
- 7.5. Applications will be carefully considered by the relevant chief officer for the service area with advice from the Assistant Director of Human Resources and Organisational Development. In determining which employees are to be granted voluntary redundancy, the councils' will have regard to the following:
  - The need to maintain efficient and effective practices
  - The need to retain a balance of key experience and skills across the workforce to meet future needs
  - The financial implications of the release

The ultimate decision whether to approve a voluntary redundancy request or not will be taken by the CMT.
- 7.6. If an individual is selected for voluntary redundancy he or she will have a final consultation meeting and a consideration period of no less than 5 working days prior to being issued with a notice of dismissal on the grounds of redundancy.
- 7.7. Where an application for voluntary redundancy is accepted, notice of redundancy will be issued confirming the redundancy payment and, if relevant, person figures based on the confirmed leaving date. Notice will be issued in line with the employee's contractual or statutory entitlement (whichever is the greatest).
- 7.8. If voluntary redundancy is turned down, the individual will not be able to grieve or make an appeal regarding this.
- 7.9. The recognised trade union will be advised by HR of the groups of employees in scope for Voluntary Redundancy and the number of expressions of interest subsequently received.

## **8. Employees and Redeployment**

- 8.1 Redeployment means the provision of employment by the Councils' in a different section, group or service area, including different but suitable work within the capability of the employee given suitable and adequate training.
- 8.2 The Council will attempt to seek suitable alternative employment for staff under the threat of notice of termination of employment for redundancy, and employees have a shared responsibility with the Councils in seeking redeployment.
- 8.3 An employee formally placed 'at risk' will be invited to an individual meeting with their manager and a member of the HR team. Staff have the right to be accompanied by a trade union representative or workplace colleague. The purpose of the meeting will be to:
- Provide an opportunity to discuss the situation in confidence and talk about any issues or concerns the employee may have
  - Discuss the employee's qualifications, skills, experience and areas of work in which they are interested. These details will be held on record and referred to if internal vacancies occur. It is helpful if the employee prepares a summary of their experience, skills and qualifications before the meeting to form the basis of the discussions.
  - To discuss any queries regarding redundancy and, where applicable, pension payments as well as notice periods/pay.
- 8.4 There are two tiers to the redeployment register. The reason for the two tiers is to maximise opportunities for staff to secure alternative employment if they find themselves 'at risk' of redundancy.
- 8.5 At the point the consultation begins and where there are proposals to delete or reduce posts, employees will be put on the Tier 2 redeployment register. This will enable those staff to have priority access to any roles that arise in other areas of the Council ahead of other internal staff not at risk.
- 8.6 At the point an employee has either had formal notice that their post has been deleted, or they have not been appointed to the new structure following a period of selection, and are therefore formally at risk of redundancy, they will move to Tier 1 on the redeployment register. Tier 1 redeployees have priority in selection decisions over Tier 2 redeployees.
- 8.7 As the employer the Councils will identify potential redeployments against the following criteria:
- Similar terms and conditions
  - Status and/or level of responsibilities
  - Knowledge, skills and experience
  - Broadly similar pay and grading
  - Working hours and time
  - Location

In addition, the employee must be capable of meeting the essential criteria of the person specification with appropriate support and retraining during a trial period. Reasonable adjustments will be considered in the case of employees with protected characteristics.

- 8.8 The Council will give due consideration to individual circumstances, where an employee does not regard the offer of redeployment as suitable.
- 8.9 An employee who is redeployed is entitled to a trial period of four weeks which may, with the agreement of the employee concerned, be extended for a maximum of six months to cover the period of any necessary retraining.
- 8.10 Any employee offered redeployment will be given a new contract of employment which will include details of:
- The type of work and job description
  - The trial period
  - The location and hours of work
  - The salary and other conditions of service (including pay protection arrangements where applicable)
  - The length of any trial period (minimum of 4 weeks) allowing for related training to be undertaken
  - Any other terms and conditions of employment relating especially to the post into which they are being deployed
  - Confirmation of start date and continuous service
- 8.11 If an offer of redeployment with the Councils' is made and the employee decides during the trial period that they wish to reject the offer, they should let HR know as soon as possible within the trial period.
- 8.12 An employee who believes that a job offer is not suitable alternative employment may claim a redundancy payment. However, this will only be paid where the chief officer, in consultation with the Assistant Director of HR & OD agrees that the job is unsuitable. The decision will be made taking account of all relevant circumstances.
- 8.13 If an offer of redeployment is unreasonably refused, the employee will lose their statutory right to a redundancy payment.
- 8.14 Business as usual will continue while the employee works their notice period. It is the decision of the manager to define business as usual. In some exceptional circumstances garden leave may be appropriate.

## **9. Compulsory Redundancy**

9.1 If it is not possible to prevent the compulsory termination of employment of an employee, then his or her employment will be terminated.

9.2 The Councils' will give employees dismissed on the grounds of compulsory redundancy a full statement of their position setting out effective dates, financial entitlements, and options within the pension scheme to include:

- a period of notice, depending upon their continuous local government service
- if they have worked in local government for two years, a statutory redundancy payment

9.3 The Councils will also allow for reasonable time off with pay for the purposes of:

- Attending interviews
- Using advisory and counselling services of relevant agencies
- Attending to domestic matters triggered by redundancy or new job requirements

9.4 A statutory redundancy calculator can be found at <https://www.gov.uk/calculate-your-redundancy-pay> and examples of calculation based on the 1.75 multiplier are in appendix 7.

## **10. Support for Employees**

10.1 The wellbeing of all employees is a priority throughout any restructuring process.

10.2 A range of support mechanisms will be available for employees who are involved in organisational change which may include one of more of the following:

- Support from the manager, HR team and from Unison
- Information relating to pay, redundancy and pension figures
- Time off to job search and seek financial and other relevant advice (when formally 'at risk' of redundancy)
- Access to external outplacement support covering topics such as completing expression of interest forms (for internal processes) competing application forms, interview preparation and general career coaching
- Priority access to internal vacancies similar to your current role
- Training – consideration will be given to training in all areas of interest to staff who may be at threat of redundancy in order to support their future working life.

10.3 The Councils' also offer a free and confidential counselling service, information on how to access the counselling service can found on the Councils intranet page under Employee Assistance Programme (EAP).

10.4 The Councils recognise the Trade Union Members will be seeking support and representation from their trade union.



## 11. Voluntary Early Retirement and Flexible Retirement

11.1 There is no longer a fixed retirement age for employees. However managers are encouraged to discuss an employees training and development needs and plans for the future as part of their annual appraisal. If an employee approaches you about retirement please talk to your HRBP who can support you through the process and support the employee with obtaining pension estimates.

11.2 In cases where an employee expresses an interest in voluntary early retirement, the following factors will be taken into consideration:

- the extent to which the work of the Councils' may suffer through any loss of experience of a particular skill
- the extent to which more than one inexperienced or relatively unskilled person might be required to do the work of the employee who might take early retirement
- the financial effect on the Councils' of accepting voluntary early retirements
- the extent to which the duties of the subsequent vacant posts would, with a reasonable degree of retraining, be within the capability of any employees who may be at risk of being displaced

There is no obligation on the Councils' to accept any request for early retirement, even if invitations to consider it have been issued.

11.3 What is Flexible Retirement?

Flexible retirement enables employees to:

- reduce their working hours and/or
- move to a job on a lower salary and;
- receive their pension (or part of their pension) early to offset the reduction in salary.

11.4 In response to written requests from eligible employees for Flexible Retirement, the Councils' will consider all requests for flexible retirement and approve requests only when it is in the Councils' interests to do so. A request should normally involve a reduction in salary of at least 30/40%, either through reduced hours or level of responsibility (grade). The employee's contract of employment will be amended by mutual agreement to reflect the new hours or grade, as agreed, and continuity of service will be preserved for terms and conditions purposes. The waiving of pension benefit reductions will only be considered in exceptional circumstances.

## **12. Leavers & Knowledge Transfer**

- 12.1 Employees may leave the service, or the organisation, as a consequence of organisational change. Many will be highly experienced, with long service and will have valuable views about the existing working arrangements and styles that prevail in their service area. Many will also have views on how things can be improved.
- 12.2 A handover by way of a Knowledge Transfer form is essential to capture the knowledge detail of those who are leaving the service or organisation. The Knowledge Transfer form is attached to this guidance at appendix 8. It is the manager's responsibility to ensure the Knowledge Transfer form is completed by the employee and appropriate actions taken.
- 12.3 The normal leavers' procedure should be followed. This will include offering an employee an exit interview, listening to their views and ensuring that equipment such as ID badges, laptops or uniform are returned. Managers must ensure that HR has the required information to authorise payments to employees.

### **13. Minor changes to Posts or Functions**

13.1 For minor changes to posts or functions the requirements for consultation and managing the change process may be adapted. This could, for example, involve a shorter period of consultation and it would not normally be appropriate to complete the Staffing Assessment form. . In any case the focus should be on reaching mutual agreement with the member of staff through the consultation process. Any proposals should initially be discussed with the HR Business Partner to ensure that any planned changes are done in a way that ensures staff are treated with equity and fairness.

13.2 To change the hours or working pattern of the post at either your or the postholders request you must also make contact with your HR Business Partner to discuss the best way of managing this. If the change of hours or working pattern is at your request or due to service need you must consult with the employee. Please also reference the related policies in Section 15 of this document which can be found in full on Infolink.

13.3 Please see section 3.1(a) above for general principles of consultation.

## 14. Managing after Change

14.1 In order to embed the new service design and to achieve maximum performance delivery; it is important to understand the emotional responses to change that employees may have and to recognise how employees may be feeling at this point.

- Feelings will vary, but may include; guilt, insecurity, loss, low competence/confidence, mistrust, or feeling unaffected. Guilt – Initial relief about securing a role in the new structure may turn to guilt at having retaining employment whilst colleagues have lost out. This initial guilt may also lead to envy over severance packages and resentment at perceived extra workload employees are expected to manage without the support of departed peers. |
- Insecurity – Change can impact on an individual's feeling of safety and security. An employee may have experienced feelings of loss of control, uncertainty about their choices and worry about their home life and colleagues. It is important to reassure employees about what will happen next and the support that will be available to them.
- Loss – Employees may feel that they will lose contact with those that matter to them as team(s) change, relocate or colleagues leave the organisation. It will be important for line managers to be positive and pro-active in encouraging team building and team co-operation. An effective communication strategy will be important in order to share information with the team as a whole.
- Low Competence / Confidence – Whereas an employee may previously have felt independent, confident and competent, they may now find themselves in a post where they rely upon some initial support in order to get to grips with changes in their post, new work colleagues and new systems/procedures. It is important to reassure these employees that support is available and that their previous competence has clearly given the organisation confidence that they are right for the role that they have been appointed to.
- Mistrust – An employee may feel that the new service design is 'doomed to fail' and so follows a period where they test the new service design to seek out its flaws. It will be important to highlight the successes to employees and recognise achievements by the team so that the benefits intended by the organisational change can be seen by all.
- Unaffected – An employee may feel largely unaffected by the organisational change of the service, or may not feel that the change has impacted negatively upon them. These employees will be good advocates of the organisational change and helpful to boost the confidence of other team members, however, it is important that these employees show some empathy to those who are not feeling quite as accepting of the organisational change.

#### 14.2 Possible activities that may help may include;

- Small team meetings within the service so that individuals feel more able to ask questions and discuss their concerns
- Newsletters
- Engagement events for the service as a whole to discuss the future
- Ongoing one to one meetings with employees who wish to talk about the changes that have occurred in confidence
- Teambuilding events
- Discussing the concerns with the trade union representative

## **15. Related Policies and Procedures**

15.1 Your attention is drawn to the following documents which should be read in conjunction with the Change Management Policy:

- Redundancy & Redeployment Policies & Procedures
- Flexible Retirement Policy
- Voluntary Redundancy Principles
- Stress Management
- Stress Risk Assessments
- Wellbeing
- Equalities
- Maternity Leave
- Attendance Management Policy

## **16. APPENDICIES**

- Vacancy Review Form (Appendix 1)
- Equality Impact Assessment Form (Appendix 2)
- Staffing Assessment Form (Appendix 3)
- Managing Consultation, Restructure & Redundancies Flowchart (Appendix 4a, 4b & 4c)
- Pre meet Checklist for managers (Appendix 5)
- Expression of Interest Form (EOI) (Appendix 6)
- Redundancy Pay Calculation Examples (Appendix 7)
- Knowledge Transfer Form (Appendix 8)

## Equality and Fairness Analysis

Findings report – [insert title of policy]

<b>Officer responsible for equality and fairness analysis</b>		
<b>Officer responsible for policy development</b>		
<b>Policy* area (or function)</b>		
<b>Service area responsible for implementing the policy</b>		
<b>Originator (if not the Council)</b>		
<b>Is the policy proposed (new) or existing?</b>	Proposed	Existing
<b>Is it an EBC policy or a partnership initiative?</b>	EBC only	Partnership
<b>Key people involved in the policy development and its implementation</b>		
<b>Decision making bodies the policy will be referred to</b>		
<b>Snr/Head of Service</b>		
<b>Date of Equality and Fairness Steering group</b>		

\*Policy = the full range of our policies, practices, activities, projects, procurement and decisions, whether it is formally written down or whether it is informal custom and practice. This includes all existing policies and any new policies under development.

<b>Title of policy</b>	
------------------------	--

<b>What is the purpose of the policy and why is it needed?</b>
--

*[Delete these prompts once the section is complete]*

*In this section set out the aims of the policy i.e. what is to be achieved by having this policy in place and why it is important/needed. Provide this explanation in plain English, and remember that the reader may have little or no knowledge of this policy so make sure you provide sufficient detail for them to gain a good understanding of it. Try to keep this high level and brief.*

<b>In what context will it operate and who is it intended to benefit?</b>
---

*In this section you need to explain the scope of the policy – is it internal or external or both, is it a partnership initiative, does it have dependencies/ influence on other policies? Think about the people who may come into contact with the policy and why and what that impact might be – this will help you focus on who might benefit from it, for instance, if internal does it impact on the whole workforce or only a section within it; if external is it specific or generic i.e. borough wide or focuses only on a specific area i.e. Sov Harbour; does it relate to all citizens or a specific set i.e. older people or disabled people. Remember that a specific scope may also have beneficial impacts across a wider area or other groups i.e. ‘older people’ as a group will also have a range of protected characteristics within it. If the policy is large in scope you may wish to think about the aspects of it that are most relevant to equality (people) and concentrate your analysis on these aspects only, but you need to be able to state why you consider these aspects are more relevant. If the policy has direct or indirect dependencies with other policies you may need to consider how these policies are affected and whether there is a need to carry out joint analyses. This will be the case for partnership initiatives – unless the Council’s involvement is single issue and specific.*

<b>What are the expected outcomes of the policy?</b>
--

*Be wary of general conclusions in terms of outcomes – it is not acceptable to simply conclude that the policy will universally benefit all service users therefore all protected groups will benefit – you need the evidence to back this up. In this section you need to concentrate on the ‘outcomes’ not outputs. Outcomes = the*



*changes, benefits, learning or other effects that happen as a result of what the policy offers or provides e.g. Objective = to provide one-to-one reading support, 'output' = 30 1:1 reading courses of 10 sessions each, 'outcome' = people who attend courses are more confident readers, read better, read outside our classes well enough to have independent lives, have improved self-confidence all round.*

<b>Which protected groups will it affect the most?</b>  <i>Considering who the policy is intending to benefit and what the expected outcomes are, assess each characteristic and indicate whether the policy has 'M' more, 'L' less, or 'E' equal relevance. Highlight the finding.</i>	Age	M	E	L
	Disability	M	E	L
	Gender reassignment	M	E	L
	Marriage and civil partnership	M	E	L
	Maternity and pregnancy	M	E	L
	Race	M	E	L
	Religion or beliefs	M	E	L
	Sex	M	E	L
	Sexual orientation	M	E	L
<b>Which parts of the PSED<sup>1</sup> is it most relevant to?</b>	1. Eliminate discrimination, harassment and victimisation		M	L
	2. Advance equality of opportunity		M	L
	3. Foster good relations		M	L

**Please explain your reasons for the above assessments**

(i.e. relevance in regard to protected groups and PSED)

*Remember the analysis is not just about establishing whether the policy disadvantages certain groups or not, but is also about discovering opportunities to further people's involvement in our services and in public life, and to foster good relations between people who share different characteristics. If the policy scope is borough wide and everyone has the potential to be a service user then you may presume it has an equal relevance however some national 'one size fits all' approaches rarely have an equal relevance when applied locally as local*

<sup>1</sup> Public Sector Equality Duty – for further information refer to the guide on same

demographics play a part.

### **Equality Information**

List all the sources of information you have gathered and will use to evaluate the effectiveness, or potential effectiveness, of the policy. Include the evidence gathered from engagement.

*A list will suffice in this section – if the policy is existing consultation should have been carried out on its development and you can refer to this as well as any satisfaction surveys/monitoring/benchmarking/complaints/ audits etc. that have happened since (relevant information is within three – five years old – anything older than this is not deemed relevant). If the policy is new you can refer to regional/national information as a start, but you will need to gather fresh feedback from a local perspective also to ensure local opinion is gathered – this would be true if the policy has been in place for a number of years without a review or monitoring of any kind.*

### **What is this information telling you? Are there are any gaps in this information and if so, what are these?**

*For instance, do you have information that is sufficient for the purpose of evaluating the effectiveness of the policy against all protected characteristics or the groups who have more relevance? The information you have to hand will tell you certain things about the policy but if the information isn't telling you what people from protected groups think, specifically the people who you have assessed to be most relevant, then you will need to mention these as gaps in your information. This would of course depend on the purpose and context of the policy, its beneficiaries and its potential outcomes.*

### **What steps did you take, or are you intending to take, to fill these gaps?**

*Based on the previous section findings you will need to explain how you are going to gather the information you need. Depending on the purpose of the policy it may prove useful to engage with service users, employees, equality/involvement groups/organisations, partners and other interested parties etc. You also need to consider the best method of obtaining the information you need – i.e. should you organise focus groups, question and answer sessions, drop-ins or will a short survey directed towards a specific group suffice etc.*

### **What does all the information gathered tell you about the policy?**

*The most important thing is to look all the information you have gathered and*

*consider whether the policy misses opportunities to advance equality and foster good relations. Remember an analysis isn't just about finding the areas of a policy that may disadvantage; it should also look at ways to improve people's life chances. You should be able to ascertain whether the policy will achieve its purpose and deliver its expected outcomes – if the information is saying otherwise you will likely need to change the policy. Alternatively, if the overall aim of the policy is so important that it outweighs people's opposition to it – you may continue with the policy despite negative feedback – unless the policy discriminates of course. You need to be able to objectively justify why you are carrying on with the policy regardless.*

**Based on your evidence and engagement is there a need to balance conflicting views and how will you do this?**

*The information gathered will tell you whether there are any conflicts in how people from different groups or within groups view the policy. You will need to find an appropriate balance for these groups and the policy in question. Remember that it is possible to treat disabled people more favourably because of their disability and this is lawful. So if the policy or aspects of it affects disabled people adversely you can give more weight to their views when making decisions about the policy. Also, it is lawful to design single sex services where there is a proven or highlighted need for these i.e. women only swimming sessions/women refuges; or there is a national rule governing single sex sports etc. It is also lawful to offer age related concessions i.e. older people discounts / children under 5 go free – and income related concessions i.e. reduced rates/discounts for students.*

**Is there a need to counter resentment or address inaccurate perceptions, if so what will you do?**

*This is more likely to arise in regard to policies that justifiably benefit certain groups over others and so give the impression of 'favourable treatment', some examples of favourable treatment are mentioned above. If there is resentment you will need to explain how you will foster good relations – if there are inaccurate perceptions you will need to explain how you will address these.*

**Findings of your analysis**

Having gathered in all the evidence and considered the potential or actual effect of the policy on equality, you should now be in a position to make an informed judgement about what should be done with the policy. There are four main steps to take:

1. No major change – the policy is robust and evidence shows no potential for discrimination and all opportunities to advance equality and foster good relations between groups has been taken;
2. Adjust the policy - some steps need to be taken to remove barriers in the policy or to better advance equality;
3. Continue the policy – you will adopt the policy despite any adverse effects or missed opportunities because you are satisfied that it does not unlawfully discriminate – you will need to document what the justification is for continuing the policy, and how you reached this decision;
4. Stop and remove the policy – there are adverse effects that are not justified and cannot be reduced.

***Irrespective of the step you recommend you are required to provide documentation in support of your decision and the reasons why you made it together with all supporting equality information used.***

Please type 'recommended course of action' against the desired step below.

<b>No major change</b>	
<b>Adjust the policy</b>	
<b>Continue the policy</b>	
<b>Stop and remove the policy</b>	

### **Proposed action plan in regard to policy implementation**

<b>Quality checking: What was the outcome of the Corporate Equality and Fairness Planning Group?</b>	[Leave blank – for completion by CEaFPG administrator]
<b>How will you implement any recommendations the group made?</b>	<i>The outcome is usually to take the analysis forward to the external Equality and Fairness Steering Group with no changes – but on occasion the CEaFPG (chaired by Chief Executive) raises a query or makes a comment – you will need to say how you will take this into consideration.</i>
<b>How will the policy be monitored once implemented, and who will</b>	<i>Consider how you will determine whether or not the policy is having its desired effects i.e. what type of information is needed and how often will it be</i>

<b>do this?</b>	<i>gathered? This is for you to decide – you can use existing monitoring arrangements where these are appropriate.</i>
<b>Who will analyse the monitoring at its review stages?</b>	<i>It is likely that whoever writes the policy will review the policy unless this is a FM2 project in which case the project/policy may be monitored and reviewed by another team. If this is likely to be affected by FM Phase 2 then you will need to say that the monitoring will comply with legislative requirements (if relevant) and be carried out by specialist advisors/team managers</i>
<b>What could trigger an early revision?</b>	<i>Think about the likely scenarios that would create a need to revisit the policy earlier than the publicised review date i.e. monitoring flags up anomalies; technological advances have been made; demographics of the town change; legislation alters etc.</i>
<b>How will you involve key service users/other parties in the review process?</b>	<i>Unless there are wholesale changes to the way a policy is being delivered there is no requirement to repeat an analysis. Therefore, the users that are most affected by the policy should be included in the review process – how will you involve them.</i>
<b>How will you publish the results of any reviews?</b>	<i>This is likely to be on the Council’s website and directly to stakeholders/partner/residents etc.</i>

**For completion by the Equality and Fairness Steering Group:**

<b>Results of group discussion and recommended course of action:</b>	Leave this section Blank – it will be completed by EaFSG administrator.
--	---

**Vacancy Review Form for Corporate Management Team**

Manager to complete

<b>Post Title (Current)</b>	
<b>Service Area &amp; Team (Current)</b>	
<b>EBC / LDC / Joint (current)</b>	
<b>New post:</b>	<b>YES    NO</b>
<b>If the existing Post Title is to change please give alternative</b>	
<b>Reason for Vacancy</b>	
<b>Is the vacancy temporary or permanent? Please detail and give reasons</b>	
<b>Is recruitment to be to a joint post across EBC and LDC? If not, detail reasons.</b>	
<b>Is there scope for a joint interview panel?</b>	
<b>Current Grade</b>	
<b>Date Job Evaluated. EBC or LDC?</b>	
<b>Hours</b>	
<b>Date Post Vacant</b>	
<b>Current Post holder</b>	
<b>What consideration has been given to reallocating or ceasing responsibilities of this role to avoid the need to recruit?</b>	
<b>How are you proposing to fill this vacancy e.g. secondment within EBC/LDC, internal advert to EBC and LDC, reorganisation of existing resources, external recruitment.</b>	
<b>Is there clear evidence of Recruitment &amp; Retention pressures for this work in last 12 months? If yes, please detail</b>	
<b>Cost of post salary, on-costs and associate spends. Please state if externally funded and state percentage</b>	

The Councils' have an obligation to consider redeployment opportunities for those staff who are at risk of redundancy. Before recruitment takes place, all vacant roles will be matched against the skills and experience of staff currently on the redeployment register and your

role may be offered as a redeployment opportunity subject to an appropriate matching process.

Manager completing form:

Date completed:

Date received by HR:

Date considered by CMT:

Record of CMT decision:

## Staffing Assessment Form

### Introduction

This staffing assessment will be used when there are plans for organisational change that could have a number of staffing implications such as potential redundancy, significant changes to working practices etc.

The pro forma will be kept under review and appropriate revisions incorporated as the need arises.

### Staffing Assessment s

These should be completed at the outset of any review or change issue and be kept under review throughout the process.

An assessment should be completed by the relevant manager/project lead with support from HR and a copy sent to Unison at the earliest possible opportunity. It may be that not all information can be provided initially however this should not stop the manager from completing the assessment and sending it to Unison.

One assessment will normally be required for each individual organisational change proposal and each assessment will follow a system of version control.

The information required is:

Title of the proposal(s)
Reasons for the proposals
Effects on the requirements for staff
Numbers, names, post titles, grades, department and workplace of staff concerned and the total number of staff potentially affected
Proposed structure charts, job descriptions, person specifications including any changes to working arrangements and methods of work
Details of any consultation undertaken with staff on the proposals
Any implication for the health and safety of staff (including appropriate Risk Assessment)
Proposed method of implementing changes.



Proposed methods of filling posts under the restructure.

Proposed management actions for dealing with the staffing implications of the assessment.

Equality Impact Assessment of the proposals for Organisational Change

### **Redundancies**

In cases where organisational change may lead to posts being put at risk or made redundant, the following additional information is required. This supports the Councils' Redundancy and Re-deployment Procedure.

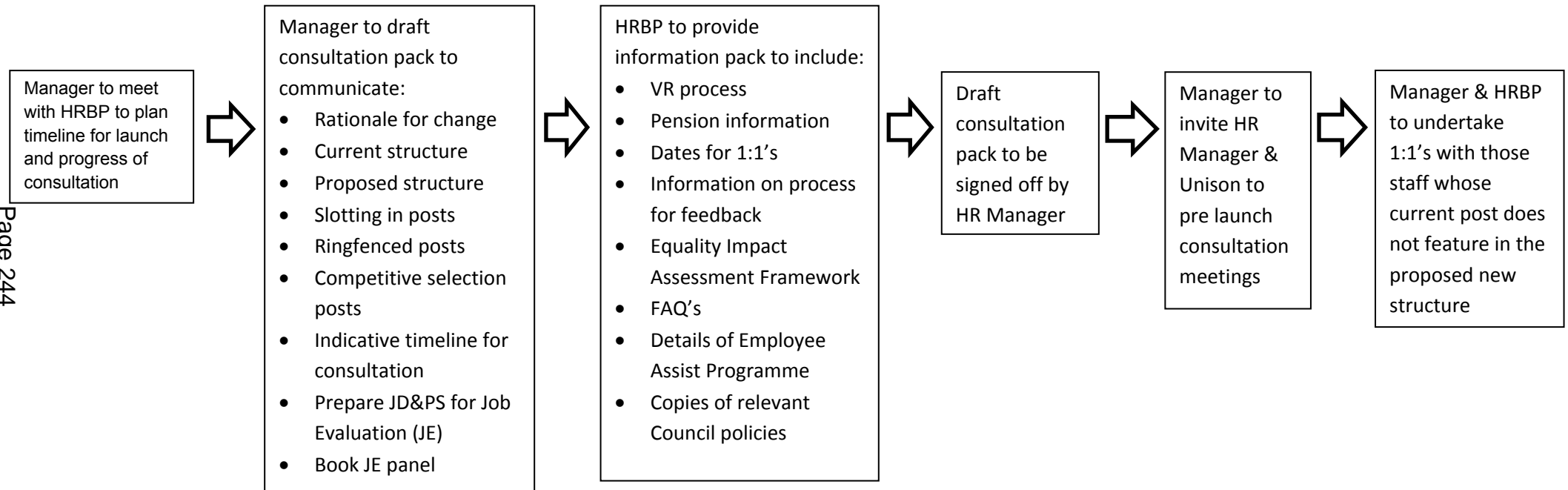
Details of consultation arrangements for affected staff.

The timescales for consultation, decision and implementation.

The proposed criteria for the selection of staff, which must be non-discriminatory and justifiable.

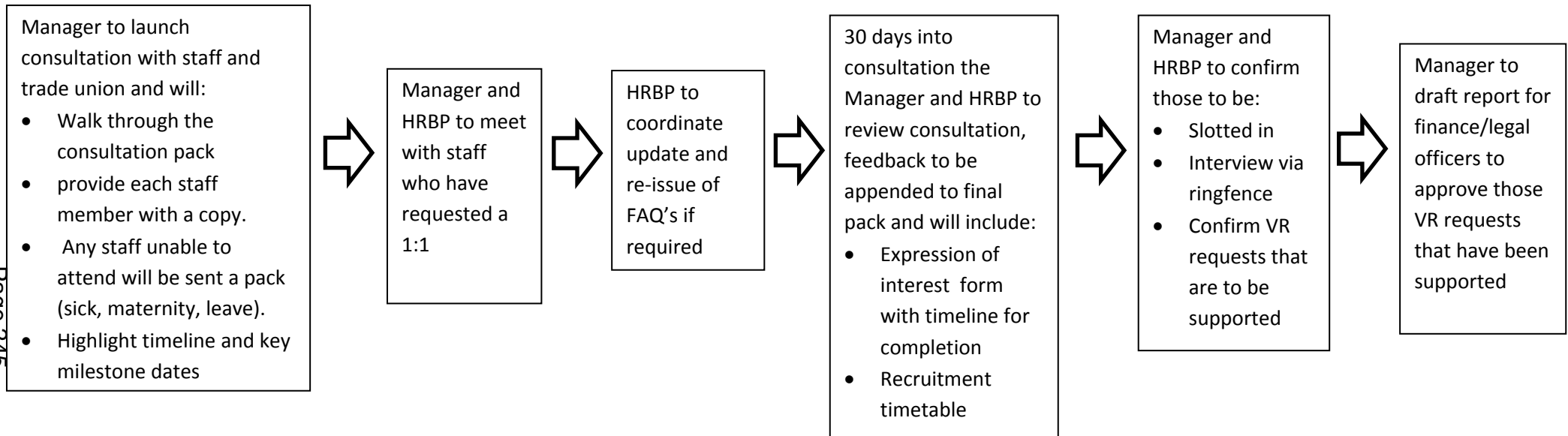
**Managing Consultation/Restructure & Redundancies**

**Pre Consultation Flowchart**

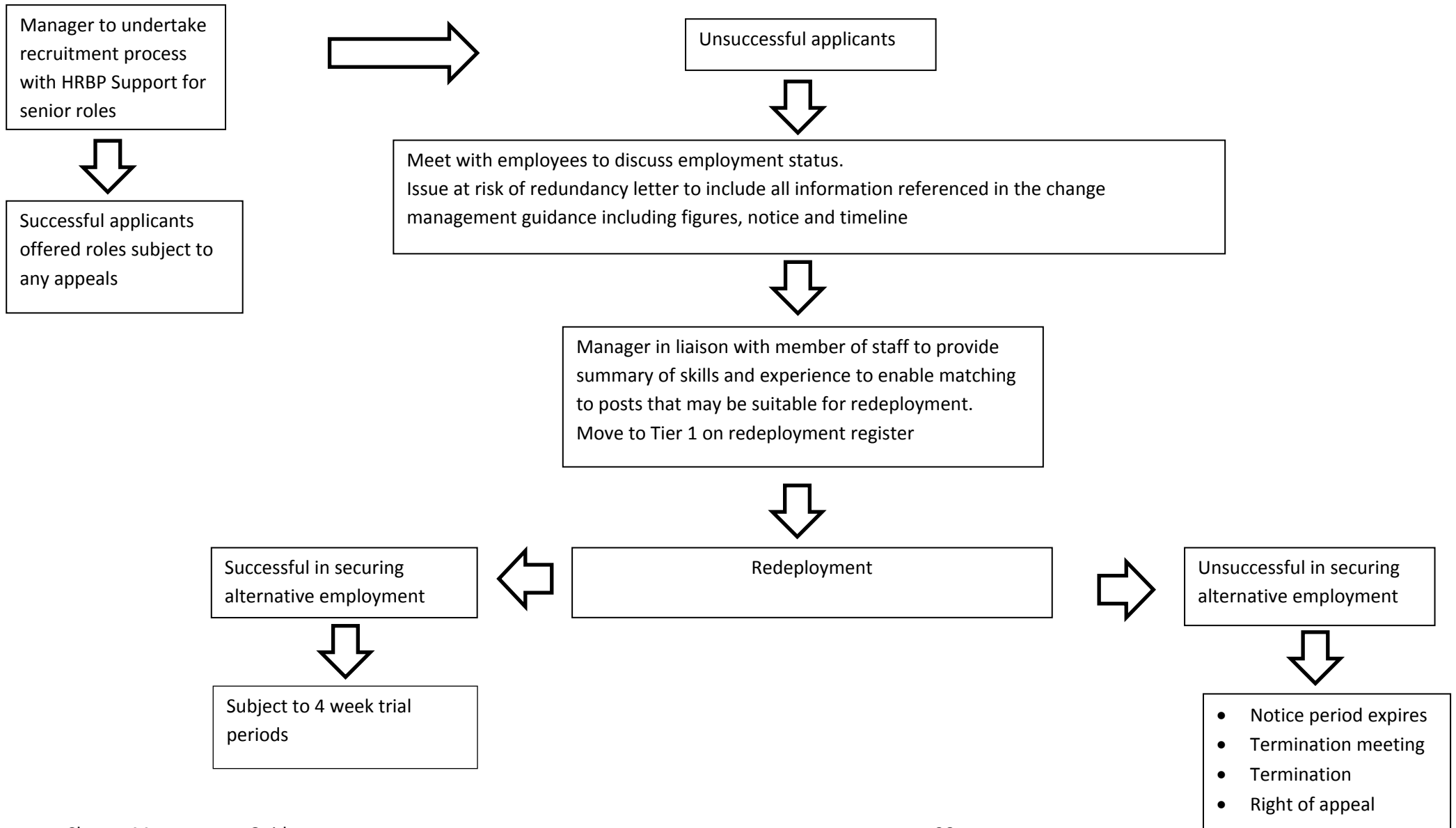


**Formal Consultation Flow Chart**

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**Recruitment Stage Flowchart**



## **Checklist: discussion with individual whose employment is at risk**

### **1. PREPARATION**

#### **Before the meeting:**

- Select the most appropriate venue, day and time to hold the meeting.
- Ensure that you will not be disturbed by visitors, customers or calls.
- Make plans to cover the work of those attending the meeting, as necessary.
- After the meeting it may not be appropriate for the employee to return to work. Consider each case on its merits.
- Consider what to do if a member of staff is too upset to go home alone. In some circumstances they may want or need to telephone someone after the meeting to take them home.

#### **2. During the meeting:**

##### **2.1 Introduction**

- Thank the employee for attending.
- Set the context and explain the reason eg: *Medium Term Financial Strategy; Service Planning; Outsourcing; Senior Management Restructure; the need to make savings.....*
- Explain that it is likely that a number of posts will cease to exist in the next financial year.
- Tell the employee that his or her post has been identified as being at risk.
- Explain that if the Cabinet (and Council) agree to the proposals his or her job, along with a number of other jobs, will be deleted.
- Explain the timetable for the decision-making process.
- Explain the process. (*Exact dates, details of selection process, redundancy payments are best discussed at a later date*)

##### **2.2 The Process**

- Explain that a period of consultation will start and the individual is to be covered by the Council's Redeployment Procedure to provide support and guidance. Explain that the procedure seeks to ensure that actions are taken to support individuals in finding alternative employment either within the Council or externally. The process starts early to maximise chances of redeployment or to find alternative employment .... if the decision is made to make the post redundant.
- Explain that the Senior Head of Service will write confirming the situation and that they will be covered by the Redeployment Procedure. *Provide a copy of the Redundancy and Redeployment Procedure at this stage if you think it appropriate to do so.*

- Tell them that, as part of the support given under the procedure, he or she will meet with a Human Resources Adviser and that they may be accompanied at that meeting by a Trade Union Representative or a nominated work colleague. The Human Resources Adviser will:
- Explain the Redeployment Procedure and provide details of any severance payments in the event of no redeployment.
- Look at potential job opportunities with them and discuss available support – work on cv, identify transferable skills and other self marketing actions;
- You may want to tell them at this point that reasonable time off with pay will be allowed to look for another job outside the Council or to arrange skills' training for another job. (*This is also covered in the meetings with HR.*)
- Confirm that you will be pleased to offer help and support throughout the process, as will the HR team who will work closely with individuals to help them find another job. You may also mention support from their trade union if you know that they are a member.
- Confirm also that support is available if he or she would welcome opportunity to discuss concerns, personal situation with someone external and impartial.

### **3. Initial response, questions and feelings**

*(See also appended sheet for context on individual's reactions to change)*

- Recognise that the announcement/information may come as a shock. Ask gently if they have any immediate questions, concerns or feelings. Note anything asked and what you say in response. Agree to get back to them on any unanswered queries.

## LOG of Meeting with individual

Record of who was present:

Signed:

Date:

- Repeat your ongoing offer of help and acknowledge that the next few months will be a worrying time for them.
- Be aware that reactions to the situation may include an individual becoming very distressed, very quiet or very angry.

### **Immediately after the meeting**

- If the employee returns to work, be satisfied that they are fit to do so.
- If they go home, make sure that they are in an appropriate frame of mind to drive, as applicable. It may be helpful to provide a taxi, or arrange for someone to take them home or arrange for someone to be at home when they get back.
- Keep a confidential record of the meeting and share this with HR and ensure that any support actions are put in place as swiftly as possible.

### **A few days after the meeting**

- Arrange to meet with the individual again to check on progress, his/her wellbeing and to deal with any questions he or she may have. Be prepared to repeat information already given.

## Redundancy Pay Calculation Examples

Using the government's website redundancy pay calculator:

<https://www.gov.uk/calculate-your-redundancy-pay>

### Example 1

Employee A, aged 55 has worked for the Council for 26 years. He joined from another local authority and therefore has continuous local government service of more than 30 years.

### Statutory redundancy pay calculation

Using the government's statutory calculator, Employee A knows that he is entitled to 27.5 weeks.

He gets:

- 0.5 week's pay for each full year worked aged under 22
- 1 week's pay for each full year worked aged between 22 and 41
- 1.5 week's pay for each full year worked aged 41 or older

Length of service is capped at 20 years.

Employee A earns £450<sup>2</sup> per week which is less than the statutory maximum of £464.

Based on his answers, the calculator tells him that his statutory redundancy payment is

$$27.5 \times £450 = \mathbf{£12,375}$$

### Enhanced severance payment

The Council enhances the statutory redundancy by multiplying the number of weeks by 1.75 and by using the actual week's pay.

For Employee A his redundancy pay will increase to **£21, 656.25**

This is calculated as follows:

$$27.5 \text{ (weeks)} \times 1.75 = 48.125 \times £450 \text{ (week's pay)} = \mathbf{£21,656.25}$$

---

<sup>2</sup>An estimate of weekly pay can be calculated taking an employee's monthly gross pay as shown on his or her pay slip, multiplying it by 12 and dividing by 52.1429. If the employee receives other allowances these may also be included in the calculation e.g. cash car allowance.



Note: Employee A earns below the statutory maximum so the weekly pay figure does not change.

### Example 2

Employee B, aged 40 has worked for the Council for 5 years.

#### **Statutory redundancy pay calculation**

Using the government's statutory calculator, Employee B knows that she is entitled to 5 weeks.

She gets:

- 0.5 week's pay for each full year worked when aged under 22
- 1 week's pay for each full year worked when aged between 22 and 41
- 1.5 week's pay for each full year worked when aged 41 or older

Employee B earns £500<sup>3</sup> per week. For the statutory calculation a week's pay is capped at £464.

Based on her answers, the calculator tells her that her statutory redundancy payment is

$$5 \times £464 = \mathbf{£2,320}$$

#### **Enhanced severance payment**

The Council enhances the statutory redundancy by multiplying the number of weeks by 1.75 and by using the actual week's pay.

For Employee B her redundancy pay will increase to **£4,375**

This is calculated as follows:

$$5 \text{ (weeks)} \times 1.75 = 8.75 \times £500 \text{ (week's pay)} = \mathbf{£4,375}$$

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<sup>3</sup>An estimate of weekly pay can be calculated taking an employee's monthly gross pay as shown on his or her pay slip, multiplying it by 12 and dividing by 52.1429. If the employee receives other allowances these may also be included in the calculation e.g. cash car allowance.

### EXPRESSION OF INTEREST FORM

Your completed form should be returned by HR by (insert date).

<b>Name</b>	Click here to enter text.
<b>Contact Details</b>	Click here to enter text.

***In a maximum of 500 words, please explain in your own words how you meet the essential criteria for the post.***

Click here to enter text.

## Expression of Interest Form (part 2)

<b>Qualifications and training</b>
------------------------------------

<b>Please give details of qualifications and training completed.</b>
--

Click here to enter text.
---------------------------

<b>Equal Opportunities Monitoring Data</b>
--

Do you consider you have a disability as set out in the Equalities Act?
---

Yes <input type="checkbox"/> No <input type="checkbox"/>
--

Signed: Click here to enter text.

Date: Click here to enter text.

<b>For HR Admin use only</b>
------------------------------

<b>Date received:</b>
-----------------------

<b>By:</b>
------------

### Knowledge Transfer Form

#### Contracts/Projects/ External Partners

Area of work	Name	Purpose	Contact details	Funding/cost	Location (electronic and physical)	Other issues
Contracts/ External suppliers						
Projects						
External partners						
Internal Partners						

#### Meetings/1-2-1's

Meetings	Name of Meeting	Purpose	Contact details /Timing/Frequency	Location of notes/minutes	Issues

#### Reports/Data

Name of report	Purpose	Contact details	Frequency	Location of report	Issues

#### Ongoing work

Case	Title	Details	Where documents stored

**Current issues within the service area (political, economic, social, technological, legislative, environmental)**

Service Area	Issue

**Your Contact Details**

Name	Role	Line Manager	Date of Leaving / Change of Role

**Signed by employee:**

**Date:**

**Signed by Manager/ Head of Service:**

**Date:**

**When completed, please return this form to HR.**

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By virtue of paragraph(s) 1, 2, 3, 5 of Part 1 of Schedule 12A of the Local Government Act 1972.

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

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